

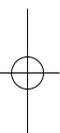


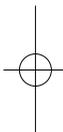
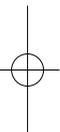
Think local, act local



Ghana

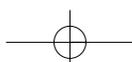
Effective financing of local governments to provide water and sanitation services





A WaterAid report

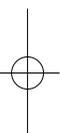
Front cover image: WaterAid/Jon Spaul





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Recommendations

WaterAid in Ghana calls on the government to:

- Strengthen and formalise the District Water and Sanitation Teams (DWSTs)
- Build the capacity of district assemblies to mobilise and use funds for water supply and sanitation (WSS) efficiently and effectively
- Improve downward accountability through citizen participation in the planning and budgeting for water and sanitation services

Background

Inadequate supply of water and sanitation services is identified as a priority by most communities. Although this prioritisation is reflected in the District Medium Term Plans, it is rarely translated into actual investments. Resource flow to the districts is diminishing, the funding gap for the provision of water and sanitation services keeps widening and the scarce resources available are not efficiently utilised.

The DWSTs of district assemblies, which oversee service provision, have weak influence within the assembly structure and are very often unable to articulate the issues affecting community access to water and sanitation. This is because the DWST is neither a department of the assembly nor a formal body recognised under the assembly system and hence cannot join in assembly decision-making.

This report focuses on the financing of water and sanitation in Bongo District Assembly, one of the eight districts in the Upper East region. The report highlights that, although decentralisation reforms have given district assemblies the mandate to deliver water and sanitation services to people at local level, they rarely have sufficient predictable resources to do so. Ensuring efficient finance at district level is a major challenge and is critical for the attainment of the water and sanitation Millennium Development Goals (MDGs) in Ghana.

Section 1

Water and sanitation at national and local government levels

In spite of the government's commitment to reduce poverty, and the recognition that access to water and sanitation services is critical to these efforts, coverage levels remain low. It is estimated that coverage for rural water supply (point and pipe schemes) is 52% while that of urban water is 55% as of 2005.¹ Sanitation coverage is much lower. Estimates put coverage for sanitation at 28% and 40% respectively for rural and urban areas in 2002. The MDG target for both water and sanitation, using the 1990 base year coverage of 36%, is 68%. However, the Ghana government has set itself the more ambitious target of 85% coverage for both water and sanitation by the year 2015. The authenticity and reliability of the coverage statistics for both water and sanitation in Ghana are sometimes questioned because of the great variance in the coverage figures provided by different organisations.²

The Ghana Poverty Reduction Strategy (GPRS) provides the overall framework for national development. It is the reference point for all key policy and budgetary decisions at both the national and sub-national levels. Water and environmental sanitation has been recognised as a pillar for poverty reduction in the country. The GPRS recognises that to achieve the national target of 85% coverage, concrete actions and policies need to be pursued. The National Water Sector Policy was approved in 2007 as was a five-year Sector Investment Programme (SIP) for community water. There are six key donors behind the rural water sub-sector – Danida, CIDA, AFD, EU, WB, AfDB. Danida is the largest donor to the rural water sector. The main sponsors of the urban sector are the multilaterals and the Dutch.

“The sector was like a forest; everyone was cutting and building their farm where they could”

Interview with non governmental organisation representative

The efforts of the Community Water and Sanitation Agency (CWSA) have led to improved coordination among development partners in the sector. For partners such as the World Bank, DANIDA and others, there is a standing bi-monthly donor meeting arrangement and periodic conferences. However, coordination among the non governmental organisation community, particularly in the rural sub-sector, is still a challenge, leading to inequitable investment across regions. There is no sector-wide approach for the water and sanitation sector but the rural sub-sector is moving towards a programmatic approach. On the whole, donors still favour the project approach, even though the government of Ghana is pushing for a multi-donor budgetary system.

¹ CWSA Strategic Investment Plan (2006-2015)

² Interview with CWSA Official.

Key strategies for the sector

Rural water supply

- Providing new investments in rural water, especially in guinea worm endemic areas
- Strengthening the management of on-going investments in deprived regions
- Ensuring timely disbursement of recurrent budget to CWSA
- Ensuring timely disbursement of the District Assembly Common Fund
- Strengthening public-private and non governmental organisation partnerships in water provision
- Improving community owned and managed water supply systems
- Providing for the enactment of the building code requiring all building plans to include rain harvesting facilities
- Providing check-dams (dug out) to harvest rainwater for agricultural purposes
- Strengthening human resource capacity in water supply
- Disseminating information on safe water

Urban water supply and sanitation

- Establishing regional offices of the Public Utilities and Regulatory Commission
- Mobilising new investments for urban water systems
- Extending distribution networks, especially to low-income consumers
- Strengthening the management of the Ghana Water Company to enhance service delivery
- Assessing lifeline tariff for poor urban households
- Providing standpipes for the poor
- Providing, in the building code, an enactment requiring all building plans to include rain harvesting facilities
- Supporting the introduction of private sector into management and operation of water supply systems under management and/or lease contract arrangement
- Disseminating information on safe water

Basic sanitation

- Promoting the construction and use of domestic latrines
- Improving the treatment and disposal of waste in major towns and cities
- Enforcing laws on the provision of sanitation facilities by landlords
- Promoting widespread use of simplified sewerage systems in poor areas
- Improving the management of urban sewerage systems
- Improving household and institutional sanitation, including schools
- Rationalising and updating district assembly bye-laws on safe management of liquid and solid waste at the household level
- Integrating hygiene education into water and sanitation delivery

Environmental sanitation

- Promoting physical planning in both urban and rural areas, including the acquisition of land for the treatment and disposal of solid waste in major towns and cities
- Establishing water and sanitation boards in small towns
- Supporting public-private partnership in solid waste management
- Building the capacity of district assemblies to better manage environmental sanitation

Sector financing

The financial requirements for WSS in rural areas and small towns were elaborated in CWSA's Sector Investment Plan 2005-2015. To achieve the targets set of 85% coverage, a total of \$756 million is required for both water and sanitation delivery. This will be a major challenge as the sub-sector has been investing an average \$17 million annually, compared to the annual requirement of about \$75 million. There is a heavy dependence on funds from the country's development partners. Donor funding for the sub-sector amounts to over 90%.

The Ministry of Finance and Economic Planning plays a significant role in fund mobilisation for the sector. The ministry works closely with CWSA and facilitates the signing of project agreements with relevant development partners. The Ministry of Water Resources, Works and Housing, in particular the Directorate for Water, also plays a coordinating and facilitating role in fund mobilisation. In 2006, rural water alone accounted for 49.23% of the ministry's budget, while it is estimated this will have increased to 55.38% in 2007.

The flow of funds to the sector is segmented. Most funding does not pass through the sector ministry³ and so tracking the flow of funds to district assemblies is difficult. Furthermore, some of the funds channelled to the district assemblies as intergovernmental transfers do not have clear lines to guide allocations to the sector. These factors, coupled with poor archival systems and information and knowledge management, especially at the district level, make expenditure tracking extremely difficult in spite of the immense potential of this tool in ensuring transparency and accountability in the sector.

Decentralisation

The reference point for Ghana's decentralisation is 1988, when the then Provisional National Defence Council (PNDC) government introduced the Local Government Law (PNDC law 207). The objectives of these local government and administrative reforms were to:⁴

- Promote local level social and economic development, including satisfying the basic needs of the people
- Promote and sustain community participation, including decision-making for development, implementation of development programmes, and the distribution and sharing of development benefits
- Ensure balanced, fair, equitable, integrated and comprehensive development, taking due account of the linkages between the economic, social, physical, environmental and political factors that impinge on the process of development.

³ Interview with CWSA Official.

⁴ Cofie-Agama, J (2003) *Fiscal Policy and Growth in Africa: Fiscal Decentralisation Ghana's Experience: Lessons and Issues*. ECA.

Decentralisation introduced structural changes in the public administrative system, most importantly the establishment of metropolitan, municipal and district assemblies as the highest political, planning and administrative and development authorities. The reforms also established sub-national (regional coordinating councils) and sub-district structures (urban, town/zonal/area councils and unit committees). The national decentralisation process was given a boost when the Fourth Republican Constitution entrenched the process in the Constitution.

A number of acts including the following were enacted to achieve the objectives of the decentralisation policy:

- Civil Service Law 1993 (PNDCL 327)
- Local Government Law 1993 (Act 462)
- National Development Planning (System) Act 1994 (Act 479)
- National Development Planning Commission Act 1994 (Act 480)
- District Assemblies Common Fund Act 1993 (Act 455)
- Local Government Service Act 2003 (Act 656)
- Institute of Local Government Studies Act 2003 (Act 647)

These laws contributed to the devolution of central administrative authority to sub-national governments, decentralised 22 functional areas of government to the local government authorities, contributed to the divestiture of implementation responsibilities and transferred those responsibilities to the local government with the aim of contributing to popular participation. The Ministry of Local Government and Rural Development was established to promote the development of a vibrant and well-resourced decentralised system of local government.

In spite of the comprehensive legislation supporting decentralisation, the process has been slow to affect service delivery. Fiscal reforms have remained the most intractable to implement.⁵ Though some initiatives (such as the introduction of ceded revenue, the merger of two treasuries at the district level into the District Finance Office, the establishment of the District Tender Boards and the introduction of the District Common Fund) have been implemented, there is still the need for a more comprehensive approach to fiscal reforms to take due account of decentralisation. Another explanation given for the sluggishness in the process is that local government authorities do not have the capacity to be fully autonomous. Most departments at local level still report and pay allegiance to their parent ministries instead of to district assemblies; funds are also allocated directly to the departments instead of the district assemblies. In most cases, the projects and activities that these departments implement are not drawn from the District Medium Term Plan.⁶

There are also inconsistencies in legislation and regulation which have led to overlapping responsibilities between central government agencies and local government authorities at the sub-national level. This confusion compromises the proper functioning of the local government system and hence service provision.

⁵ As part of the decentralised planning system, all districts prepare Medium Term Plans which are used as a basis for resource allocation and development implementation and management. These are also the basis for District Water and Sanitation Plans.

⁶ The planning period for the local authority is over five years – 2004-2009; the estimates are therefore a reflection of the targets to reach by the end of this period. Resource requirement estimates are based on targets set in the Medium Term Plan using local government unit costs. The target for water for the plan period 2005-2009 is 80%.

The target for sanitation is to increase access from 23 to 35%. The Medium Term Plan was prepared with the support of WaterAid based upon the water and sanitation mapping data.

The role of local government in water and sanitation service delivery

The functions of district assemblies are to identify and promote development opportunities, mobilise human and physical resources, coordinate all development activities in the district, facilitate public participation in the development process and disseminate information on all matters related to development. District assemblies, by law, are the sole bodies responsible for the delivery of water and sanitation services at the local level.

Service delivery for health and education is done through a decentralised department of the assembly in conjunction with other interested stakeholders such as non governmental organisations. The challenge in delivering water and sanitation services is that, unlike these other social services, there is no department responsible at assembly level. Responsibility lies with the DWST, made up of seconded staff from the Department of Community Development, Environmental Health Unit and Department of Public Works. Since the DWST is not a department, planning and budgeting, mobilising resources and advocating to the district assembly for increased allocation of funds for the delivery of water and sanitation services is a challenge. They cannot be part of heads of departments' meetings and they do not sit in meetings of the social services or the works sub-committees (where water and sanitation issues are discussed and recommendations sent to the general assembly for consideration). There is therefore a structural gap, which partly explains the low funding allocated to water and sanitation in the districts.

The financial autonomy of local governments is critical to effective planning and budgeting for the delivery of services. The major challenge of local governments is limited capacity to generate enough local revenue. District assemblies have three sources of revenue: The District Assemblies' Common Fund (DACF), ceded revenue and own revenue.⁷ The DACF is the main source, providing a constitutionally guaranteed minimum share of government revenue (no less than 7.5%) to all district/municipal and metropolitan assemblies based upon an agreed formula.⁸ These sources have been inadequate over the years.

⁷ Crawford, I (2004) *On a system of inequalities in demand analysis; an extension of the classical methods*, p 22

⁸ *Ibid*, p 22

Section 2

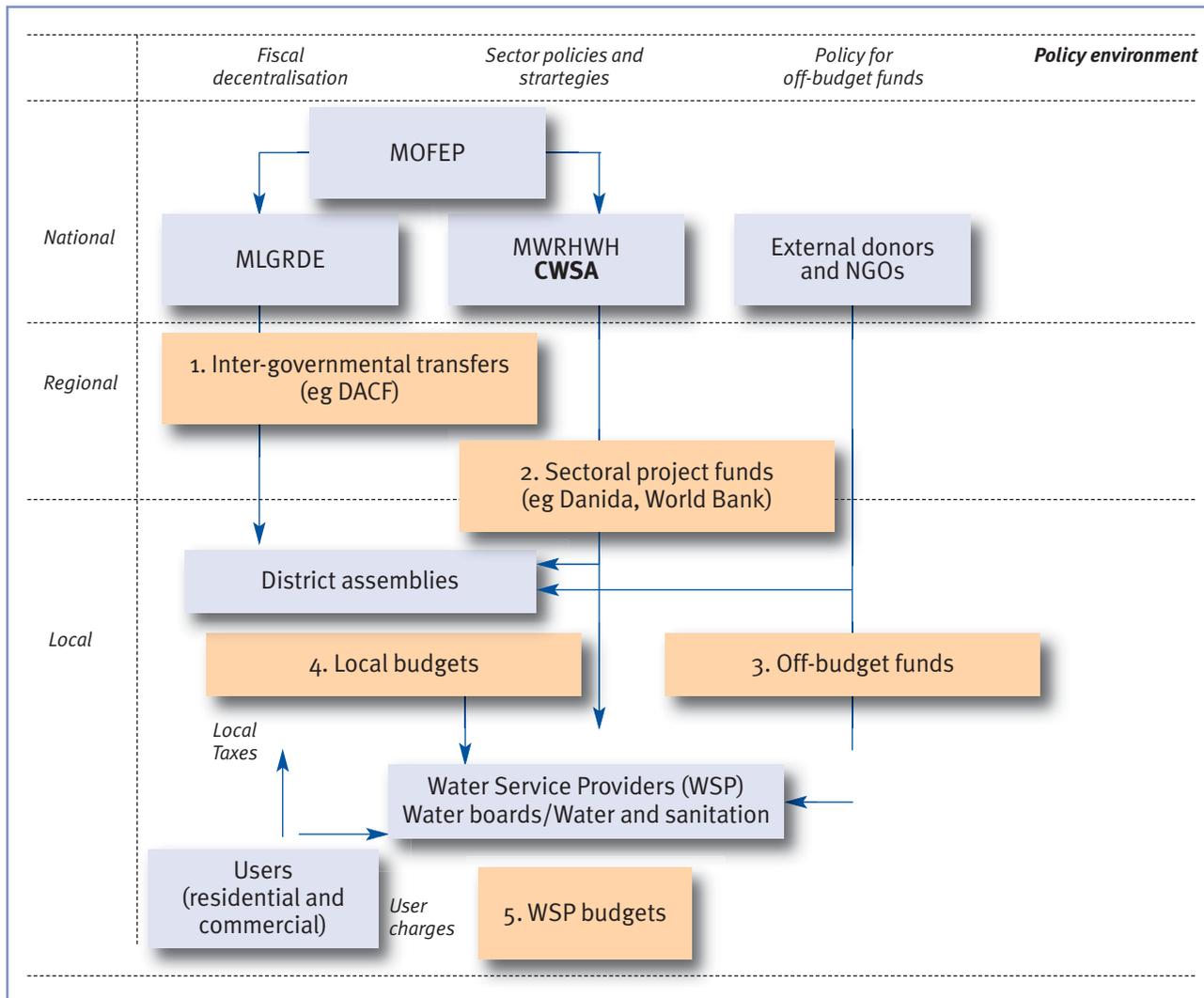
Snapshot of finance for water supply and sanitation at the local level

There are several fund flows to the local level for water and sanitation. Off-budgetary sources constitute the most important source of funding for WSS in the district. These are funds available to non governmental organisations operating in the WSS sector in the district. Sector projects for water and sanitation (mainly from the CWSA) do not feature in the budget of the district assembly. Although inter-governmental transfers are an important source of funds to the district in general, the allocation of funds from this source for WSS is very low. The other on-budget source is through the use of internally generated revenue, which has been reducing over the years. Thus the local government budget (consisting of inter-governmental transfers, own sources and on-budget projects) constituted 42% of funds spent on water and sanitation facilities in 2006, whilst sectoral (CWSA) and non governmental organisation sources accounted for 57% of expenditure on WSS in 2006.

Sources of income to the district assembly are highly unpredictable. An analysis of Bongo district budget revealed significant variations between expected income and what is eventually mobilised each year. In 2004, the variation was \$543,927 or ₵5,058,522,400 (about 45%) **more** than what was planned. In 2005, however, there was a shortfall of \$920,670 or ₵8,562,234,351 (about 40%) in expected revenue. In 2006, actual expenditure was only 10% of planned expenditure. In addition to the variation between expected income and actual income, Bongo District Assembly over the period 2004-2006 consistently experienced decreases in total revenues mobilised. Between 2004 and 2005 there was a decrease of \$334,584 or ₵3,111,626,751 (about 19% of 2004 income). The decrease between 2005 and 2006 was \$112,831 or ₵1,049,328,847, constituting about eight percent of the revenue for 2005. The decrease was across most of the sources of revenue, including the inter-governmental transfers.

Section 2

Fund flows: water and sanitation to rural and small towns



Adequacy of WSS financing

In Bongo district, there is a significant mismatch in resource availability and requirement to achieve local targets. For instance in 2006, the estimated resource requirements for water and sanitation were respectively \$593,548 or ₵5,520,000,000 and \$129,032 or ₵1,200,000,000 while actual mobilisation was only \$76,660 or ₵712,939,578 and \$65,699 or ₵611,000,000 respectively, amounting to a funding gap of \$516,888 or ₵4,807,060,422 and \$63,333 or ₵589,000,000 for water and sanitation respectively. To meet this funding gap, the district assemblies' commitment to water and sanitation has to be translated into concrete action through budgetary allocation of resources, especially from the inter-governmental transfers, to complement the sectoral and off-budget resources of non governmental organisations.

In addition to the weak structural position of the DWST within the district assembly, which negatively affects its ability to influence fund allocation to the sector, there is also the inability of the key sector player (CWSA) to mobilise sectoral funds and honour commitments to WSS projects budgeted for by district assemblies at CWSA's suggestion. Funds for small towns, boreholes and other sanitation projects budgeted for in 2006 eventually could not be implemented because CWSA could not mobilise the promised funds. The table below illustrates this point further.

Table 1: Analysis of resource requirement and availability⁹

2006 budget	Water	Sanitation	Total
Total estimated capital resources – \$(m) per annum			
Local government budget (including inter-governmental transfers, own sources and on-budget projects)	34,294	25,806	60,101
Other sector projects in local area that are not on local government budget			
Off-budget and non governmental organisation resources	42,365	39,892	82,258
Total resources available	76,660	65,698	142,359
Total estimated resource requirements to achieve MDGs or local targets – \$(m) per annum			
	593,548	129,032	722,580
Estimated finance gap – \$ per annum (requirements minus estimated resources available)			
	516,888	63,333	580,221

Analysis of funding blocks

1) Inter-governmental transfers

Inter-governmental transfers constitute one of the most important sources of revenue to the district. These transfers are made from the District Assemblies' Common Fund (DACF), from heavily indebted poor countries (HIPC) debt relief and from ceded revenue.

District Assemblies' Common Fund (DACF)

The DACF is a revenue-sharing arrangement stipulated in the 1992 constitution of Ghana. The government pays 7.5% of total tax revenue into the fund for distribution to local authorities. The distribution of the DACF is based on a formula from the DACF Administrator and approved by Parliament. Ministers of both the Ministry of Finance and Economic Planning and the Ministry of Local Government, Rural Development and the Environment, in consultation with the DACF Administrator determine the aspects of district budgets that can be financed from the fund. The following factors are taken into consideration in the allocation:

⁹ The planning period for the local authority is over five years – 2004-2009; the estimates are therefore a reflection of the targets to reach by the end of this period. Resource requirement estimates are based on targets set in the Medium Term Plan using local government unit costs. The target for water for the plan period 2005-2009 is 80%. The target for sanitation is to increase access from 23 to 35%. The Medium Term Plan was prepared with the support of WaterAid based upon the water and sanitation mapping data.

- **Need factor:** That the distribution should be done in such a way as to redress any imbalance in the levels of development of the districts. This factor is allotted **50%** of the total DACF, of which water constitutes ten percentage points, ie **10%** of the total DACF allocation.
- **Responsive factor:** That the distribution should motivate the district to generate more revenue for their own development – the more district assemblies are able to mobilise revenue internally, the more funds they are allocated. The ceiling for this is **five percent**.
- **Equalisation factor:** The district must have access to a minimum level of funding. This is weighted at **35%** of the total allocation.
- **Service pressure factor:** That urban areas should be compensated for the population pressure on facilities. The amount given constitutes **five percent** of the DACF allocation.
- **Poverty:** This is to correct the situation where in the past, provision for maintenance of educational facilities favoured urban centres. It also gets **five percent** of the total DACF allocation. This factor was added during deliberations on the memorandum by Parliament.

The current guidelines for expenditure of the DACF grant, issued by the Ministry of Finance and Economic Planning, mandate that 10% of the allocation for each metropolitan, municipal, and district assembly (MMDA) be retained as a reserve fund. About 41% of the grant is tied. The remaining 49% is to be used in the following indicative areas: economic, social services (including education, health and water supply), administration, and environment (including sanitation).

HIPC funds

The guidelines for the use of HIPC funds specify three main areas of expenditure:

- Using 20% of the relief for interest payments on domestic debt. This was a strategy designed to ease interest payments and thereby free government discretionary funding for the social sectors.
- Funding projects developed by sector Ministries, Departments and Agencies (MDAs) for both poverty reduction and growth.
- Funding specified projects submitted by Metropolitan, Municipal and District Assemblies (MMDAs).

Twenty percent of HIPC funds are for the reduction of domestic debt and the remaining 80% for MDA and MMDA programmes and projects. From 2002, variations to the composition of the 80% of the proportion for MDA and MMDA programmes and projects have been dictated by the annual national priorities with respect to poverty reduction and growth, determined by Cabinet.

A significant proportion of inter-governmental transfers are allocated at the national level. For instance, in 2006, as much as 49% of the common fund was predetermined at the national level. Even though there may be very good reasons for this, including the need to ensure that expenditure is in line with government priorities, it tends to affect the ability of the district assemblies to plan effectively based upon local priorities. Another area of concern is that some portion of the fund is retained at the

national level for procurement purposes. For instance, the Bongo district had about \$6,452 or €60 million of their DACF retained by the sector ministry for procurement.

Ceded revenue refers to revenue received from a number of lesser tax fields that the central government has ceded to the district assemblies. It is collected by the Ghana Internal Revenue Service, and then transferred to district assemblies via the Ministry of Local Government and Rural Development.

Sectoral project funds

The main sectoral project in Bongo district is the World Bank funded Community Water and Sanitation Programme. This programme, which hitherto focused on boreholes, now includes small towns' water supply systems. Under this project, the district will benefit from one small town pipe scheme for the district capital, Bongo. CWSA has an agreement with all district assemblies. Through this agreement, district assemblies operate a special account for water and sanitation service delivery in the district. Bongo also benefits from a District Capacity-Building Project (DSICAP), a CIDA-sponsored project. The project aims to build the capacity of district assembly staff involved in the direct delivery of water and sanitation services. The programme has assisted the district to develop a database (asset register) on water and sanitation facilities. CIDA, which used to be very active in the district providing water and sanitation services directly, now places more emphasis on a district-wide approach where bulk funding is provided to the district assembly to use according to priorities outlined in the Medium Term Development Plan. This approach has proven to be effective in promoting effective planning and budgeting at the district level.

Off-budget funds

Off-budget funding within the sector is the manifestation of certain weaknesses, including the slow pace of fiscal decentralisation, the heavy dependence on donors for funding resulting in inadequate government ownership of the process, and lack of programmatic or sector-wide approaches, among others. District assemblies have a sense of powerlessness because of inadequate resources to meet the developmental needs of their people. Any intervention that is perceived to help their people is acceptable. The districts are in competition for resources; therefore any district wanting to be strict on formalities is likely to lose some resources. Local government is forced to relax its control in order to attract funding. This makes it extremely difficult to track the volume of resources that has been invested in the sector. At the policy level, the emphasis has been on harmonisation of technology and approaches to community development, and operation and maintenance. The issue of coordinated planning and budgeting is raised occasionally at sector platforms and fora, but in truth has only just begun to receive attention from the development partners. Among the non governmental organisation community, coordination is still a big challenge.

Given this confusion of actors, ensuring transparency and accountability is a challenge. The Ministry of Water Resources, Works and Housing acknowledges the difficulty, and the absence of a mechanism to track and keep records of these off-budget programmes at the national and local levels.

The non governmental organisation coalition, CONIWAS, is well positioned to track and keep records of many of the organisations that undertake off-budget activities for members of the coalition. The coalition needs further support to perform this role. This would improve both the credibility and profile of non governmental organisations. The availability of such information will also increase government and citizens' confidence in the work of non governmental organisations.

Local expenditure

Utilisation

Utilisation of funds is not an issue in Bongo district. All on-budget funds mobilised are utilised completely within the period that they are meant to be used. Off-budget funds are sometimes delayed in use. This is sometimes due to technical problems – for example the inability to hit water in the locality within which the facility is to be provided.

Equity

Analysis of water and sanitation mapping information in the seven Area Councils in the district revealed that all of them have been equitably served with water facilities. The provision of sanitation facilities is however observed to be low throughout the district, covering less than one percent of the population. The practice of using water and sanitation mapping information and the presence of non governmental organisations (such as WaterAid and its non governmental organisation partners, Rural Aid, World Vision International and Action Aid), which have undertaken poverty mapping in the district, contribute to equity in the distribution of resources. In all cases, the selection of beneficiary communities is done with the active participation of district staff using water and sanitation mapping information as a basis for decision-making.

Efficiency

Based on comparative figures available for the delivery of some water and sanitation facilities, the unit costs of water projects can be said to be relatively higher for off-budget projects than others as illustrated in table 2. The explanation offered for this is that off-budget project costs include monitoring whilst the others do not.

Table 2: Comparative analysis of unit costs

	Local government budget (from own funds/ inter-governmental transfers/projects)	Sectoral project World Bank/CWSA	Off-budget Rural Aid
Per capita costs of output delivered			
Software	Community mobilisation and water and sanitation training for point source – ₵8,000,000 (\$860) Small towns hygiene, sanitation promotion and community mobilisation and water board formation and training – ₵400,000,000 (\$43,010)	Not available	₵5,000,000 (\$537) ₵300,000,000 (\$32,258)
Hardware	Borehole fitted with pump – ₵65,000,000 (\$6,989) Hand-dug well – ₵22,000,000 ₵34,000,000 (\$2,446) VIP Latrines – ₵700,000 (\$75) KVIP 1 hole – ₵20,000,000 (\$1,036) Small town piped scheme – ₵4,800,000,000 (\$ 516,129)	Borehole – ₵70,000 (\$7,526) Hand-dug well – ₵26,000 (\$2,795) KVIP 1 hole – ₵13,000,000 (\$1,397) Small town piped scheme – \$40/capita	Borehole – ₵70,000,000 (\$7,526) Hand-dug well – (US \$1,139) KVIP: not applicable Small towns piped piped scheme – ₵6,000,000 (\$645)

Currently there are only two main technologies (hand-dug wells and boreholes) used in the district. There is a pipe scheme project to supply water to the Bongo township which is not yet operational. With regard to sanitation, local government efforts are concentrated on public rather than household latrines. Most non governmental organisations and sectoral projects focus on household latrines. To achieve the MDG target for sanitation, there needs to be increased attention – and budget – given to behaviour change: for example, community led total sanitation (CLTS) approaches, which have the potential of transforming community members' attitudes and practices for the full realisation of the benefits of the investment in this sub-sector.

Sustainability

Sustainability of water and sanitation services provided in the district is one of the areas of great concern. The water service providers in the district are the water and sanitation committees for the point sources. There is no small town piped scheme in the district and hence no Water and Sanitation Development Board. The study found that the water and sanitation committees neither collect user fees, nor do they manage funds in the district. There is no system in place to generate funds for either the operation and maintenance of the system or for future expansion or replacement as required to make the facilities sustainable. The immediate reason is that the people of the district are poor. Currently, the assembly supports them to undertake routine maintenance by paying for spare parts and for the servicing of the mechanics. The people also rely on their Member of Parliament for support when immediate support is not forthcoming from the district. In some cases, water and sanitation members have had to bear the cost of repairs to the tune of \$94 or ₵870,000 with the water and sanitation chairman alone absorbing \$60 (₵560,000). Record-keeping is also a challenge for the committees. For instance, the records book of the Nayire water and sanitation committee cannot be traced.

Transparency and accountability

Structures for promoting accountability exist through the efforts of the District Capacity Building Project (DISCAP) and the recent efforts of WaterAid in Ghana through the Local Millennium Development Goals Initiative, in the pilot districts. These processes include: opening up the budget preparation process to the public; opening up progress reporting on budget implementation to the public; civil society organisation participation in budget hearings and annual stakeholders' assembly meetings; and holding citizens-service provider interface meetings. At the interface meetings, for instance, service providers are assessed by citizens based upon information on cost of projects, timely delivery of projects, and quality of service delivery, among other factors. The existence of structures such as the Unit Committees and Area Councils provides additional impetus for ensuring downward accountability. Lines of accountability differ from one funding block to the next:

- **Inter-governmental transfers**

The present arrangement for ensuring accountability emphasises 'upward' accountability. The national budget reports on allocations of the DACF and HIPC resources to all districts. The budget is published on the government website and is available to the public. The appendices which contain the details are available in hard copy. There is a formula approved by Parliament for disbursing the common fund and the HIPC funds. This formula is known to all and is available on the internet. Once funds have been transferred to the districts, it becomes the responsibility of the Ministry of Local Government and Rural Development and regional coordinating councils to monitor the utilisation of the funds at the district level. All these arrangements promote upward flow of information.

District assemblies have little voice as far as intergovernmental allocations to the district assemblies are concerned. In some cases, the sectors in which these funds have to be spent are also predetermined. It is, however, worth noting that as part of the local budget preparation process and also during the citizens-service provider interfaces, community members have the opportunity to express their views on inter-governmental transfers. However, these interfaces exist only in a limited number of districts (nine), mostly in northern Ghana.

● Sectoral budgets

Sectoral budgets, like inter-governmental transfers, also tend to promote ‘upward’ accountability. By law, sector ministers or their representatives could be summoned by Parliament to answer questions. This places greater responsibility for public financial management at the national level and tends to entrench upward accountability.

Project evaluation and monitoring reports are normally submitted to sector agencies and ministries and are not shared with the local people who are affected by the sector project. Sector reporting follows the national process, which is geared towards providing information for the purpose of preparing the country’s budget and equipping ministers with ample information to be able to provide in-depth answers to questions by Parliament, among others. Sector review meetings allow stakeholders the opportunity to discuss relevant issues confronting the sector. At these platforms, all relevant stakeholders including government, sector agencies, non governmental organisations and civil society, as well as donors, are represented. At the local level, quarterly review meetings allow sector agencies to interact with district assemblies and other stakeholders. This platform provides an insight into sector trends and allows district assemblies input into sector programmes. However, these activities all entrench upward accountability.

In principle, district assemblies should have a voice in the formulation of sectoral budgets. Sectoral budgets are supposed to be fed with information from the district assemblies. In practice, however, district assemblies have little influence on sectoral budgets. The district budgeting calendar is at variance with the national process thus making it difficult for the sectors to incorporate district sector information into their budgets. As part of sector strategy, water and sanitation committees and WSDBs are required to hold regular interactions with their communities, involve them in tariff-setting and report to them on the utilisation of funds. They are supposed to publish minutes of their meetings and financial statements for the quarter.

● Off-budget funds

Similarly, most non governmental organisations, including those who promote downward accountability, tend to practice upward accountability. These organisations report more to their donors than to the communities which are beneficiaries of their actions. District assemblies’ influence over off-budget funds varies. Some organisations give the district assemblies the free will to choose projects they will want to undertake in their districts while others come in and implement their projects and only report to the district assemblies.

Conclusion

The Bongo district case study shows a clear need for:

- **A review of the role and position of the District Water and Sanitation Team** within the district assembly structure to make it more functional, responsive to the needs of the people and more effective in planning and influencing resource allocation to the water and sanitation sub-sector. This will involve formalising their position within the assembly system and building capacity for improved performance.
- **A reassertion of the fund mobilisation roles of district assemblies:** Being the sole authorities responsible for the development of their local authority areas, including the delivery of water and sanitation services, district assemblies can play an influential role in the marketing of district water and sanitation plans and eventual mobilisation of funds from the donor community for their implementation. This is necessary to supplement the scarce resources they are currently receiving through inter-governmental transfers. This role is, however, not being played effectively and as a result, the funding gap for WSS keeps widening each year.
- **Increased emphasis on sanitation:** The estimated coverage for Bongo is about one percent, which is very low. The reasons for the low coverage are associated with the low profile of sanitation at the national, local and household levels. Households and communities always state a preference for water and other services above sanitation. This, coupled with local government authorities' focus on public latrines as opposed to household latrines and promotion of VIP latrines, which are very expensive for most households, has accounted for low coverage for sanitation. There is the need for a shift to CLTS approaches, which have the potential to transform community members' attitudes and practices on sanitation and hygiene for the full realisation of the benefits of investment in this sub-sector. Financing appropriate but low-cost technologies and marketing remains a critical issue.

Fact boxes

The District Water and Sanitation Team

The District Water and Sanitation Team (DWST) is a three-member group made up of personnel drawn from community development, environmental health and public works departments. The team is responsible for the management of the water supply and sanitation activities in the district. It supports, supervises and monitors the service delivery agencies, and provides day-to-day assistance with contract management as well as collaborating with community-based institutions and water and sanitation committees to ensure sustainability. The DWST is not a department of the district assembly.

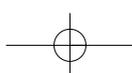
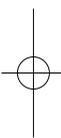
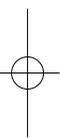
Ghana

Population	20.2 million (estimated 2003), 20.9 million (estimated 2007)
GDP	\$10.2 billion
Access to safe water (rural/urban)	52% /55% (2005)
Access to safe sanitation (rural/urban)	28% /40% (2002)
Current annual water spend	Rural: \$25 million; urban: \$20 million; total: \$40.5 million
Current annual sanitation spend	Not available
Percentage of ODA in budget	Not available
Annual MDG finance gap	\$133 million

Conclusion

Bongo district

Population	Total population of district: 91,949 Growth rate: 2.7% Total number of households: 9,995 (estimated, 2006)
Socio-economic	Main economic activities: Predominantly subsistence agriculture – crop cultivation and rearing of animals. Basket-weaving and pottery are also gaining prominence in the district
	Poverty incidence: 80% of residents of the district are deemed to be poor
Water and sanitation profile:	Water resource availability: ground water, streams, rivers, dams
	Access to water supply: 51.27%
	Access to sanitation: 1% Hand-dug wells: 199 Boreholes: 282 Non-functionality rate: 12.1% Piped scheme covers only a small proportion (five households) of the district capital. The public standpipes have been abandoned because the people are either not used to paying for water; it may be partly because they have access to the boreholes which are also available around the town. Point sources are far more important in meeting the water needs of the residents of the district.
	Number of institutional latrines: 42 Number of household latrines: 854
Service providers	Main water service providers in the local area (eg local government, community-managed user associations, small private providers etc.). District assembly, DWST, Rural Aid, Ghana Water Company Ltd (GWCL) and Community Water and Sanitation Agency (CWSA)
Total annual expenditure by local government	\$2,528,085 or ₵23,764,000,000. This represents the gross expenditure of the district assembly. The total annual expenditure on WSS is \$140,844 or ₵1,323,939,578.
Funding gap at local level	\$511,389 (₵4,807,060,422)



Think local, act local

Finance for water supply and sanitation is not reaching local authorities charged with providing services. This report maps out the key blockages and systemic weaknesses that need to be addressed in order to move the water and sanitation sector forward.



WaterAid's mission is to overcome poverty by enabling the world's poorest people to gain access to safe water, sanitation and hygiene education.

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