

Profile: Ghana Water Company Limited (GWCL)



Delivering water to low-income customers through a hybrid management model

Challenge

Two million annual deaths occur due to unsafe water, sanitation and hygiene and four percent of the global disease burden could be prevented by improving water supply, sanitation, and hygiene.

Underserved residents in Kotei, Ghana access water of unknown quality from hand-dug wells, or purchased from boreholes or on-sellers at around USD 1.65–3 per cubic meter. The official charge for obtaining a household connection in Ghana is around USD 100 but it is estimated that the actual full cost to the utility once investments and financing are taken into account is closer to USD 350 per connection. In Ghana, the GWCL, a state-owned, limited liability company, has national responsibility for urban water supply and operates around 80 systems. Fourteen million people fall within GWCL's mandate; of these, four million are underserved. GWCL must find ways to provide clean, safe water to low-income urban consumers that cannot afford household connections.

Innovation

The model delivers water via community standpipes to low-income consumers in partnership with these underserved communities. The model requires the legal formation of a Community Management Committee (CMC), with representatives from the community and local government. GWCL retains ownership of the piped infrastructure and is responsible for upkeep and maintenance, but awards a management contract to the Committee. The Committee then employs an administrator to manage the sale of water within the area to be served. It liaises with the community within the scheme area, manages complaints, and locates and contracts individual water vendors to sell water from the delivery points (standpipes) in the GWCL system. Finally, the Committee collects money from the water vendors through its administrator and pays GWCL the bulk tariff that has been negotiated.

The Community Management Committee in Kotei negotiated a bulk tariff with GWCL which amounts to USUSD 0.30 per cubic meter. Water vendors are allowed to charge customers USUSD 0.50 per cubic meter. This margin is sufficient to cover operational costs and give water vendors a viable livelihood.

Impact

The pilot scheme in Kotei provides clean water to 5,000 people and the second scheme will provide water to about 32,000 people. In Kumasi, the next roll out, 900,000 people lack safe drinking water and so there is a much greater demand than is currently being met by this scheme or other GWCL provision.

Despite charging less for the water than for an individual domestic connection, a recent sustainability survey of water supply in Kotei indicated that the Community Management Committee is covering its costs and has developed a trusted relationship with local consumers.

Scaling Up

The model reduces the number of transactions that GWCL would have to make with individual customers because they have a single point of contact and billing. This enables them to manage the challenges of servicing low-income customers who can have high default rates and live in settlements in which infrastructure is vulnerable to vandalism and theft.

GWCL is a large, complex organization, making it difficult to be flexible and to develop innovative business models that are different from its core operations providing piped water to households. In such a context, the role of catalytic organizations such as WSUP has been essential to enable the development of a new model.

Sources

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