Water supply governance in Accra: “authentic” or “symbolic”

Lina Suleiman* and Göran Cars

Division of Urban and Regional Studies, School of Architecture and the Built Environment, The Royal Institute of Technology 100 44, Stockholm, Sweden. *Corresponding author. E-mail: lina.suleiman@infra.kth.se

Abstract

This paper uses a governance theory framework to analyse the introductory process for the private sector managing and operating the public water utility Ghana Water Company Limited (GWCL). The analysis was performed from three standpoints: process inputs, process conduct and process outcomes. The consultation process on involvement of the private sector was hostile and resulted in a “light” form of private sector participation in the form of a management contract that can be considered a de facto compromise, although not deliberate, by stakeholders. The challenges in improving the water sector performance and water supply services are profound. Because of continuing institutional, social, political and legal constraints, the involvement of the private sector per se is not the solution to providing long-term improvement in water services. The article concludes that it is misleading to leapfrog from government to governance, calling for the transmission of a governance “recipe”, as conceptualised in the Western context, and to assume that it can work in an unaccommodating institutional context.

Keywords: Governance; Privatisation; Water utility

1. Introduction

The poor provision of water services in Ghana, Western Africa, poses a critical threat to public health and human development. Water-related diseases represent 70% of all diseases. Only half the population, which currently amounts to approximately 20 million people, has access to adequate water supply services. The state responsibility to improve water supply services is hugely challenged in a country where over 40% of the population lives below the poverty line.

A situation where the state fails to deliver water supply services has been defined as a crisis of governance (Rogers & Hall, 2003). The departure point of the research described in this paper was that regardless of whether water utilities are publicly, privately or mixed managed, they will remain inefficient without a good governance framework and process (Rogers & Hall, 2003; Matthew, 2005). In view of this, this paper examines the governance process for reform of the water sector and privatisation of the water utility in Ghana. It looks at how the different stakeholders interact to define


© IWA Publishing 2010
the problems of the water sector, propose solutions and arrive at mutually satisfactory and binding decisions, and cooperate in the implementation of these decisions. Accordingly, the research questions were identified as:

(1) What underlying factors initiated the reform policies and shifts in water utility management?
(2) How is the shift to the private operator in the water supply management perceived by the groups concerned.
(3) How do stakeholders perceive the consultation process, the outputs and the anticipated improvements and challenges?

2. Background to water sector reform

Until the end of the 1980s, reform attempts in the water sector did not achieve improvements (Nkrumah, 2006; Tsikata, 2006). In the early 1990s, water sector reform was placed at the top of the government’s priorities. The government approached the World Bank for financial assistance. The main profound problem in the water utility (WU), the Ghana Water Company Limited (GWCL), had been diagnosed as lack of investment and inefficiency. The World Bank has been instrumental in driving the whole reform process (Abdul-Nashiru, 2006). Based on the foreign expertise of two commissioned consultants, the donor agencies concluded that privatisation of the GWCL was necessary to enhance the performance and the efficiency of the WU. Lending resources were conditional on involving a form of private sector participation in WU management and operation. Yeboah (2006) argues that “Ghana’s development practice is characterised by a culture of dependency on foreign sources of capital and expertise that illustrates a psyche and mindset of Eurocentrism, associated with the elite and decision-makers of the country”.

A water policy for a privatisation programme in the form of a 20-year leasing contract for the urban water supply systems in Ghana was drafted. The draft proposal was presented at what the government called a stockholders’ forum in February 1995, in order to build up popular consent.

A broad coalition of individuals, civic organisations and the Trade Unions Congress (TUC) with the exception of the union of GWCL workers (PUWU) emerged to form and promote the Ghana National Coalition Against the Privatisation of Water “NCAP-Water”. This coalition was recognised by the international community and received adequate support to fight against privatisation. NCAP-Water utilised mass mobilisation tactics to stall the government’s effort at privatisation of the water utility. The Integrated Social Development Centre (ISODEC), a not-for-profit social development organisation, was at the forefront of NCAP-Water and pushed for the Accra declaration on the right to water, issued on 19 May 2001.

2.1. Setting the stage: radical institutional restructuring

Prior to the water sector reform, the water supply and sanitation services were integrated under one national institutional entity, the Ghana Water and Sewerage Corporation (GWSC) to serve 370,000 water connections and 6–8 million people in the ten political regions of the whole country (Groot, 2006). In 1993/94, the institutional framework of the water sector changed. The GWSC was downsized to become the GWCL, which remained centralised and structured under the Ministry of Housing, Works
and Water Resources and was assigned the responsibility for only 84 urban water systems out of an initial 210 urban water systems. The other systems were left to the Community Water and Sanitation Agency (CWSA), a new institutional body created in 1998, ostensibly to deal with communities via their elected assembly members. While the urban water supply systems remained centralised, the responsibility for sanitation and wastewater management was decentralised and shifted to district assemblies under the CWSA, structured under the Ministry of Local Government (MLG).

Other sub-level water institutions emerged with different tasks: the Water Resources Commission (WRC) to manage the national raw water bodies and the Public Utilities Regulation Commission (PURC), in 1997, to regulate the tariffs and ensure the quality of services provided by water and electricity utilities. The PURC is an independent entity under the direct authority of Parliament. Within the new institutional setting, the GWCL was accountable to the regulator, PURC.

3. Methodology

This article looks at the ongoing water reform policies and the involvement of the private sector in the management of the water utilities and analyses the empirical findings of the water supply reform policies in Accra from a governance perspective. The analyses draw on literature reviews of the theoretical perspectives on governance developed in the Western context to analyse qualitatively interviews with stakeholder representatives (“respondents”). The interviews were conducted by the author of this paper in November 2006 in Accra with the objective of capturing the perceptions of stakeholders on the proposed changes to the WU. Based on the analyses, some conclusions can be drawn. In this paper the terms “stakeholder” and “respondent” are used interchangeably to mean the interviewees.

Stakeholders as categories were identified based on a pilot study carried out in February 2005. One of the objectives of the study was to identify actors with an interest at stake in the revision of WU polices. The Project Management Unit (PMU), being responsible for the implementation of urban water project, the coordination of consultation forums and the meetings and invitation of representatives from interest groups, was the first to be approached. The main objective of the urban water project was to assist the Government of Ghana in the reform of its urban water sector. Through the interviews and scrutinizing of written documentation, a list of stakeholders was identified, actors with an interest in the issues at stake.

Based on this list, the interviewing process was propagated and a “snowball sample” (Denscombe, 2003) emerged to include other representatives from organisations and interest groups. Thus the list of interviewees was based on what was empirically found and on the researcher interpretation. For example, politicians at different levels of governance were not identified as an interest group by the coordinators of the consultation forums. However, it was perceived by the researcher that politicians, according to conventional knowledge, being elected by citizens under their jurisdictional areas, have a stake in the process and also hold the power to influence the outcome of the process. The coordinators of the consultation forums also did not also pay much attention to incorporating academia. The role of the academia as a stakeholder is crucial for two main reasons. One is that higher education and research centres are knowledge producers and have a significant potential role to play in problem solving. Second, academia has a great influence on the media and on citizens perceptions. Therefore it was important to capture the perceptions of this group. Figure 1 shows the stakeholder categories identified in the study.

The interviews integrated a fixed structured questionnaire with open-ended questions to open up a dialogue on specific issues of main concern. The questions were focused on capturing the respondents
perceptions on: (1) the driving forces in the water governance process, (2) which interest groups were involved and who represents citizens, (3) the utility performance and constraints, (4) locally emerging solutions, (5) conduct of the process and the environment, (6) the output of the process and finally (7) future expectations of the utility’s performance.

There were a total number of more than 25 interviewees in the study, indicated in a personal communication in the bibliography list. Whenever needed, more than one interview was carried out with the same person. For some stakeholder groups that were deemed to have a significant role in the water governance process such as public water institutions, NCAP-Water and donors, at least two persons were interviewed. In most interviews, the key person representing a stakeholder was interviewed.

4. Governance: theory, concept and context

Governance is not a new concept and formerly it has been equated with what governments do. The governance concept in a newly defined perspective has emerged as a result of the alleged shift towards the market, to blur the division between the three realms of the state, civil society and the market, and refers to a new relationship (Pierre & Guy, 2000; Cars et al., 2002). As Stoker (1998) remarks, governance is used to provide the acceptable face of cuts in public spending and is a code for less government. Down-sizing the role of the state from the national level to the municipal level and contracting out the delivery of infrastructure services has left a vacuum in functions that has to be maintained by the role of civil society or the so-called voluntary sector. In essence, governance is about the dynamics and interaction of the state, civil society and the market in a specific social setting in enhancing the quality of life.

Pierre (1998) defined governance as: “... A process in which local political institutions implement their policies, plans and programmes in concert with civil society actors”. Rhodes (1997) more radically defined governance as “self-organising networks characterised by their interdependence, resource exchange, rules of the game and significant autonomy from the state”. For Moulaert et al. (2005), the governance process is how to find the right balance between the top-down and bottom-up approach in order to maintain collective affairs.
Cars et al. (2002) quote Jessop, who defined governance as “an alternative model for managing the collective affairs” by which he meant “horizontal self-organisation among mutually interdependent actors”. Jessop argues that “self-organising governance operates with reflective rationality, avoiding the failures of state and market”. Most likely such approaches create a place of intermediation between state, citizens and the market tending towards the general welfare of the place (Gerometta et al., 2005). However, the vital role of the state in governance arrangements and networks cannot be overlooked. The new modalities of governance are mobilised by the state to make sure that stakeholders are responsible for their actions and to set up benchmark rules to monitor performance. Therefore the governance network cannot operate outside and independently of the state. Governance does not replace government; rather it is complementary (Cars et al., 2002).

Quoting Schmitter, Swyngedouw (2005) defined governance as “A method/mechanism for dealing with a broad range of problems/conflicts in which actors regularly arrive at mutually satisfactory and binding decisions by negotiating with each other and co-operating in the implementation of these decisions”. Swyngedouw (2005) defines governance as “the horizontal associational network, both formal and informal, of private (market), civil society (usually non-governmental organisation, NGO) and state actors (often referred to parts of the traditional state apparatus) to conduct the process of collective rule setting, implementation and often including policy as well”.

In this paper, governance is defined in normative terms as “a dynamic process of interaction of the different sectors (apparatus of the state, civil society and the market) in a specific local setting, mobilised by the state, to deal with a broad range of problems/conflicts and arrive at mutually satisfactory and binding decisions and cooperating on the implementation and monitoring of these decisions, through a collective learning process, ultimately to enhance the quality of life”.

Governance as an operational concept emerged to deal with different rationales. In the developed countries, it emerged to deal with the failure of the state to adhere to the provision of welfare aspects and the externalisation of the state functions to the business sector (Cars et al., 2002; Brenner, 2004; Gerometta et al., 2005). Residents were considered passive consumers rather than active subjects and thus the idea of “joined-up” thinking has been promoted to avoid social exclusion (Cars et al., 2002). Gonzalez & Healey (2005) define governance in a Western context as “the shift from government arrangements associated in Europe with the post-war welfare settlements which gave a strong role to the state in supporting the economy and civil society towards a form of governance with a stronger role for the economy and civil society in self-managing what had previously been provided by the state”. Civil society is seen as a necessary complement to the welfare state, a permanent precondition, but never a substitute for it (Gerometta et al., 2005).

In the developing countries, however, the concept of governance has been posed by international development agencies pursuing a neo-liberal agenda as a curative concept (Amin, 2006) to deal with what has been defined as crises of governance where the state fails to deliver the basic needs of infrastructure services (Rogers & Hall, 2003). Development agencies in the last two decades acknowledged the potential role of civil society in development processes and they strengthen this role in the developing countries. Salamon & Anheier (1998), however, pointed out that the capacity of civic organisations to have an effective role in managing public affairs is the output of an evolutionary process. It has deep historical roots and is embedded and delineated by social, political and economic realities. This capacity, which is referred to by Putnam (1993) as social capital, is crucial to effective political performance. The governance process is path-dependent (Cars et al., 2002).
The historic roots on which governance is based in developed countries are lacking in many of the developing countries. Governance resonates in modern democracy theory and the shift from government to governance means a shift from representative democracy to participatory democracy (Swyngedouw, 2005). In the developing countries, however, a genuine representative democratic system, if there is any, is still lacking in at least some respects. According to Amin (2006), the concept, if it is implemented, dissociates democratic progress from social progress and reduces democracy to good management practices subject to the demand of private capital.

While the governance process is problematic and operationally challenged in the context of the developed countries and in the sense of inclusiveness, accountability and legitimacy aspects (Cars et al., 2002; Moulaert et al., 2005; Swyngedouw, 2005), it is to a large extent used for rhetorical rather than substantive reasons in the developing countries.

5. Input to the water governance process

This section deals with the formal and informal actors involved in defining the problems of the water sector, the assessment of water utility performance, solutions perceived by stakeholders and the driving forces for success in the decision-making process for the water utility privatisation programme.

5.1. Who are the actors?

The discourse process on reform policies for the water sector has involved a plethora of actors. Official actors in policy formulation have included the responsible Ministry (The Ministry of Works and Housing (MWH)), the parliamentary select committee, the PURC and the WRC. Development partners in the water sector together with Water Aid, an international UK-based NGO, have constituted a group which is able to interact and influence the sector ministry and government in general (Abdul-Nashiru, 2006). Other actors include the trade unions, the Ghana Consumer Association (GCA) and local and international NGOs. However, the process has still not been sufficiently inclusive. Citizens were neither consulted nor represented (Apoya, 2006; Korley, 2006), at least in a designed manner and with formalised procedures to deliver information and inputs and to receive feedback.

However, one can argue that citizens were involved de facto at different levels of discussion and debate on the subject. Many of the NGOs and other civic society groups were vocally involved in the process through NCAP-Water and their mass mobilisation tactic against privatisation, so to speak. They were also involved through the Urban Water Project at the GWCL (Abdul-Nashiru, 2006). But from the communications with the interviewees, including the ISODEC, it can be concluded that the pressure groups in the coalition such as the ISODEC were more concerned with “manufacturing” public opinion against the privatisation schemes rather than with public hearings on their own perceptions and concerns regarding policy formulation.

Surprisingly, assembly members elected by the public do not have any role to play in the provision of urban water supply services (Odotei, 2006). It is only when communities under their jurisdiction have a severe water shortage that assembly members intervene through the MLG, which in turn raises the issue with the Ministry of Housing and Works to provide water tankers from the GWC, according to Korley (2006). In the policy discourse on how the water supply should be managed, the research findings indicate that the assembly also does not have a role to exercise directly or through the regulator—the
PURC. The assembly members are neither members of the PURC commission board nor represented on the board which is allegedly established to reflect the stakeholders interests. However, Nkrumah (2006) claims that the assembly members were invited but those who attended did not disseminate information to those who did not attend. Accordingly, one can conclude that the participation of some assembly members in the consultation forums was based on \textit{ad hoc} principles rather than accountability to their voters and stakeholding in an institutionalised setting.

The water governance process at the time of fighting against privatisation was dynamic. However, it lacked formalised procedures to open up a space for the public to come up with new ideas and local solutions. In a similar context, Novy & Leubolt (2005) report that the participatory public approach through open and transparent discussions has the ability to replace clientelism by a democratic civic manner as participants learn to transform their personal needs into public interests and put an end to corruption. Gonzalez & Healey (2005) argue that even when the governance initiative fails, it may inspire a creative learning process and underpin governance capacity and future change promoting the quality of life. Conflict arises in governance but conflict management is a learning experience and an institutional resource. Governance capacity is not a fixed asset but evolves over time (Cars et al., 2002).

5.2. Utility performance

The performance of the national public water utility in Ghana was assessed by all the respondents as being far short of what is expected in terms of citizens’ demands for reliable water supply services. The water utility has only been able to provide water for half of all urban dwellers. Even in the well-served areas, water supply is constrained by interruptions on at least two days per week (Tay, 2006). In areas which are not served by a pipe network, the cost of water provided by tankers is about ten times the cost of public piped water (Tay, 2006).

Most of the respondents attributed the poor performance to factors other than lack of skills and the capacity of the staff. However, the utility lacks skilled personnel in the area of accounting and finance (Ahaligah, 2006; Ashon, 2006). Thus the public–private partnership manifested in contracting out the management responsibility to the private operator was assumed to strengthen the business aspects in the sense of “more efficiency potentially exists” (Bompoe, 2006).

5.3. Utility constraints: causes and/or effects

Respondents perceived the root causes of the underperformance to be the lack of investment caused by inadequate and politicised tariffs at the utility level, the lack of allocated public capital at the national level, political interference, unplanned urbanisation combined with a lack of institutional coherency, lack of political will and commitment, centralised government, de-motivated personnel and a very bad attitude and discipline of workers, all of which factors can be aggregated into management inefficiency.

On one hand, the government could not provide enough resources to carry out expansion of the water supply, which is one of the priority improvement projects (PIP), and this resulted in a deficit in supply relative to demand (Van-Ess, 2006). On the other hand, the utility did not have the power to set prices, even though water is an economic good that requires capital to buy marketable inputs for water production. Thus the operating system was short of cash (Ahaligah, 2006).

The rapid and unplanned urbanisation in Ghana, which could not be matched by service expansion, has been another constraint. System needs are overstretched, as capacity is not adequate to meet the
growing population (Apoya, 2006). The lack of coordination and coherency in urban planning institutes and the ageing of the already existing infrastructure are further constraints (Bibah, 2006).

The most profound obstacle to a functioning water utility, as cited by all respondents, is political interference manifested in different aspects but with interlinked consequences. The appointment of chief executives is based on patronage rather than merit and competence and is carried out according to the interests of politicians who want people they can trust (Ashon, 2006). Because of political interference, there has been a constant change in the management positions of the water institutions. “If we fail to meet the performance targets, no one asks why they were not met”, according to Ahaligah (2006).

One can expect that the patron–client basis of appointing key personnel rather than merit–competence creates a rent-seeking system, where the loyalty of appointed leadership is orientated to the satisfaction of the patronage rather than to commitment to professional expectations. In such organisations, it is difficult to demand a moral sense of professionalism from the employees (Owusu, 2006). In addition, where the appointment of key personnel is based on patronage rather than merit, it may be difficult to penalise poor performance, which may be justified or tolerated rather than sanctioned (Yusuf Bangura & Larbi, 2006).

If the issue of appointing key personnel is accompanied by political instability, the impact of such interference is more intense. The situation of political instability is traced backwards by Van-Ess (2006). He believes that the political environment has not been stable and that there was a lack of consistent planning in the period from post-independence to the present, in which most of the governments were military.

Stakeholders go further in their analysis and trace the root problems back more deeply to corruption, and to a lack of political will and commitment to make the water sector viable and the GWCL operate efficiently. An established regulatory and legislative system integrating anti-corruption mechanisms is still lacking, according to Bibah (2006).

5.3.1. Lack of political will: the root cause of the problems. Corruption is a main cause, but also an effect of the root cause of the utility constraints—the lack of political will and commitment to create the necessary environment to facilitate an efficient utility. Water was not always a priority on the political agenda (Abloso, 2006; Korley, 2006; Manuh, 2006) and the government was not motivated to allocate or mobilise sufficient resources to improve water services, which is something a government could do if it is committed (Manteaw, 2006; Manuh, 2006; Tay, 2006). Ahaligah (2006) also claims that politicians never address the truth and that success is about commitments and getting priorities right. “They keep promises but resources are shifted and priorities changed”.

Announcements are not being linked to and backed by real action, according to both Ahaligah (2006) and Manteaw (2006). “We always shout that we want water to develop and we don’t do much to provide water” said Ahaligah (2006). Furthermore, water is used as a tool for political manipulation. In one case close to elections, politicians forced the GWCL to construct and place overhead water tanks in certain communities to gain their votes, according to Ashon (2006). These tanks are not close to a source of water for distribution and thus operationally not viable. Since then the water has not flowed and the tanks were only for the media to report provision of running water (Ashon, 2006).

According to Ahaligah (2006), the Ministry of Works and Housing (MWH) is responsible for developing the capacity of the water utility and securing resources of manpower, equipment, logistics and adequate remuneration to attract and retrained qualified staff. This issue was also picked up by Apoya (2006), who claimed that despite their responsibilities, trained personnel are not given the
necessary resources to operate and no effort is being made to modernise the utility, leading to high levels of inefficiency. “They are really handicapped”, is how Ahaligah (2006) described the government.

Matthew (2005) underscores the issue. For him, attempts at governance reforms in Africa have largely failed because of lack of commitment from leaders and the prevailing clientelist politics which rose from the early independence and have survived till today. In Africa, developmental state apparatus is not priority.

The research findings indicate that the government started to show signs of commitment when it agreed to the conditions of the World Bank and was pushed by the donors to integrate the private sector. How to secure the factors of water production was addressed in the preparatory stages. It is only recently, according to Swatson (2006) that water has become a political issue. Prior to private sector involvement, the government politicised the water tariff and the water utility had no control of the tariff structure. However, the government could go for an economic formula that allows for tariff adjustments to generate revenues and mobilise resources. To ensure a regular power supply for the smooth operation of water treatment plants and of distribution, a project has been established to import natural gas from Nigeria substantially to improve the power supply stations (Bompoe, 2006). According to Bompoe (2006), the terms of the contract with the private operator have guaranteed the alleviation of political interference.

Bibah (2006) observed that in a short period after the utility became accountable to the regulator and before effective commencement of the private operator, in October 2006, the utility turned around its inefficiency and generated a positive cash flow. This proves that this is not a management issue but is due to the lack of political will and commitment to facilitate an enabling working environment for the utility to operate efficiently before being committed to the privatisation scenario.

6. Conduct of the water governance process

This section deals with stakeholders’ perceptions of solutions to water supply constraints, the openness, transparency and legitimacy of the consultation process and the main characteristics of the consultation process environment.

6.1. Local solutions and local rationality

The respondents demonstrated that they were not only capable of identifying the problems of the water utility, but that they could also propose solutions, although the proposed solutions were not brought up to the table and discussed seriously. First, most of the respondents perceived that decentralisation of the water supply system to the regional or district level rather than one huge (infra) water supply system is the best governance model for the water supply services since it could be responsive to the needs of the Ghanaian people, while also being more economically efficient (Apoya, 2006; Korley, 2006; Manuh, 2006; Tay, 2006). In a centralised water system, the infrastructure is costly to operate and going to small-scale water systems seems economically efficient (Manuh, 2006). Second, Ahaligah (2005) called for prioritised investment in the four regions (Accra Tema, Kumasi, Sekondi-Takoradi and Cape Cost) where 80% of water is produced and revenue is generated. As a consequence of this planning approach, the stable revenue generated from the improvement in the water services due to the investments would enable the utility to invest in the other six regions of the country. Third, Manteaw (2006) from ISODEC believed that the coalition proposed to give the GWCL performance targets for
a certain period of time and make them accountable to the stakeholders, with whom the annual performance report should be discussed openly and the reasons why they are not performing satisfactorily identified (Abloso, 2006). The weakness, as they see it, is that the system is not accountable, because citizens are not involved in management of the system (Manteaw, 2006). This issue was brought strongly to the table but government and the donors made up their own minds (Abloso, 2006). Abloso believed it was not permissible to propose options since the solutions were fixed by the donors and government beforehand.

These alternative solutions were never taken up and have not been seriously considered. The Government argues that these solutions are economically, politically or socially non-viable. Others perceive the solutions to be too slow a process to achieve improvements (Bompoe, 2006). However, it is rare that development processes are not slow.

In the same line of thought, Yeboah (2006) pointed out that “subalterns” have devised solutions to the water problem in urban Ghana, while the state has conceived a Western system outside its means. He defined subalterns as persons or human agencies whose voices on development approaches differ from the Western approach to what is locally appropriate in development practice. The privatisation of water is an example where subaltern voices were not heard (Yeboah, 2006) and local priorities and problems not considered (Ahligah, 2005).

From the interviews and dialogues conducted with the respondents, it is obvious that they have sufficient capacity to diagnose the water sector problems, think about and propose solutions and draw on feasible implementation and monitoring programmes for how these solutions could be realised. However there are no institutional settings and governance networks where this capacity can be channelled, examined and translated into local policies and plans to serve collective affairs. The World Bank and the elite’s perceptions and ideas dominate the space, leaving no room for others. Under these conditions, actors motivated towards development practices end up being frustrated.

6.2. Can stakeholders find a way out?

The stakeholders agreed consensually on the urgent need for a reform strategy but not on the solutions and direction. Perceptions of how this should be done have been a contested issue (Manteaw, 2006). Driven by the state responsibility to respond to citizens’ basic needs for water supply services and the ideological belief of the donor agencies and their conditionality, the Government of Ghana found that there was no other way out than to go for a comprehensive reform strategy of the water sector that integrated the private sector. However, stakeholders perceive that the Ghanaian government could refuse the conditions imposed, take initiatives and build local capacity (Abdul-Nashiru, 2006; Addo, 2006). However, “the desire of the decision-makers to please the World Bank overrides the national interest”, according to Apoya (2006).

The first stakeholders’ forum was held in February 1995 when participants met and examined and studied a number of public private partnership (PPP) options, from which a lease contract was chosen. Only two-thirds of the participants (60 individuals) were Ghanaian, who mainly came from government bodies. Intensive participation was either from the government, the bilateral agencies or the private water operators and maintenance contractors. The NGOs were represented by only two organisations which are internationally based and their activity agenda does not relate to water supply in urban areas. It was only after formation of the NCAP-Water coalition that the forums and workshops started to integrate civic groups.
In the beginning the consultation process had a narrow focus, as the concept of private sector participation was warped (Yeboah, 2006). Once the concept was understood, the process became hostile (Ahaligah, 2006). Before NCAP-Water came into being, consultations were held with donors and development agencies in order to sell the idea to the people without involving the general public (Tay, 2006). The process then took on an important dimension. The opposing civil groups did not like the whole idea of privatisation and believed that Ghanaians were up to the task and competent to deal with any problems themselves (Ahaligah, 2006). They questioned the continuing dependency on outsiders and seeking help from foreigners (Addo, 2006).

According to Bompoe (2006), the consultation process was engineered to be carried out in a civic manner, but most of the consultations ended up in arguments, debates, disagreement and insults. There were opposing ideas that came from different Ghanaians and were raised on all occasions to cause confusion and distract the whole process (Bompoe, 2006), ending up with deadlock between government agencies and citizens’ groups (Abdul-Nashiru, 2006).

Perceptions of the transparency and the openness of the process varied significantly. While some stakeholders claimed that the consultation process could not be more open and transparent (Aboagye, 2006; Addo, 2006; Bompoe, 2006; Van-Ess, 2006), where everybody had the right to contribute and discuss and reach a final decision, others claimed it was not transparent, not open and not sufficiently participatory (Abloso, 2006; Manteaw, 2006). It is claimed that the consultation forums were a gimmick to give the impression that stakeholders had already been involved in decision-making (Abloso, 2006). In another assessment, Abdul-Nashiru (2006) believed that there was an appreciable level of openness. He added that there have been concerns that the consultations, especially with civil society, were not adequate, but also questioned how one can measure what is adequate if the standards are lacking. Unsurprisingly, stakeholders’ views differ significantly regarding lack of standardised operating procedures or collective perceptions about how the consultation should be conducted.

The policy of involving the private sector still remains a challenge, despite the efforts that have been made to get local buy-in, according to Abdul-Nashiru (2006). The opposition, nevertheless, does not have the strong stand it once had and has more or less softened, concluded Van-Ess (2006).

6.3. Public or private: is it a key main issue?

Most stakeholders, except NCAP-Water, are not opposed, at least in principle, to private sector involvement, but their main concerns lie in three key areas: (1) Making the private sector accountable; (2) being socially responsible for the urban poor; and (3) integrating Ghanaian local capacity. This required consensus, which could not be achieved. Manteaw (2006) from ISODEC stressed the idea that “water is a strategic asset and we can’t let the private foreign operator run it”, but in what he called “choosing between two evils”, he favoured the local approach. Water Aid believes that the local private sector has a major role to play in the rural and urban water supply which has yet to be seriously considered (Abdul-Nashiru, 2006).

Other stakeholders did not care much whether a private or public operator took over the management of water services but the more vital issue is to have an efficient and regulated service (Addo, 2006; Bibah, 2006). The consumer association maintains the position saying “water provision is a social good and should be managed properly”. “What we want is a reliable water source and good quality water at affordable prices and deciding who is able to do that, whether private or public, is not a consumer issue but a development issue” (Addo, 2006; Tay, 2006). For Tay and Addo, however, the foreign investor is
interested in making profit but not development, an issue that should be a concern of the state but not the consumers or the workers.

Bibah (2006) also believes that people are not interested in whether a private or a public person is delivering the water and they were not against a privately managed water supply system for a certain period. A study by the PURC revealed that people are more concerned about having affordable water. Whether black people or white manage the water supply system is not the main issue (Nkrumah, 2006). A public opinion poll on the Ghana water restructuring project showed that people are open to the idea of having the private sector participating in the water supply system and they even prefer a foreign private operator over the locals (MWH, 2004). People are not against the private sector because, in essence, it is already involved in many forms for which they pay for water at commercial and not public rates. Unregulated private sector operations exist in the water sachets, bottled water, water tankers and informal water business. Individual and households are also investing in the water business by collecting public water in large reservoirs and selling it to others who are not connected to the public water system, making huge profits (Nkrumah, 2006). Ironically, the TUC, which has been opposing privatisation, is also involved in the water tanker business (Tay, 2006).

7. Output of the governance process

The privatisation process in Ghana has undergone different rounds of advancement and slowing down. Owing to external and local factors, the initially ambitious private sector participation schemes evolved into an approved five-year management contract. In accordance with the respondents’ opinions, one can argue that NCAP-Water was instrumental in bringing the government to a change in position. Although Ghana NCAP-Water does not reflect public opinion and it is not collectively recognised that this coalition is representative of civil society in a true sense (Tay, 2006; Bompo, 2006), the civic groups have used the media to stimulate public awareness of their reasons for fighting against privatisation. This fight achieved some benefits and has protected public interests on the ground, even though the governance process has been power-laden by the donors and the government. NCAP-Water brought the issue forward. Because of the civic groups, the government became alert and cautious. People are becoming more interested in knowing what the terms of the contract are and what the benchmarks are. This has made people act as watchdog, a role that was initially not designed or intended. On the other hand, the increasing international public protest worldwide and the reluctance of the international water companies to invest in long-term risky business in the developing countries owing to political and economic instability are other important external factors (Hall, 2003; Tsikata, 2006).

The management contract as an outcome was not reached through negotiation and a civic deliberation process among stakeholders. The government was pushed by the demands of NCAP-Water to keep the water utility in public hands and the prerequisites of the World Bank to involve the private sector in accessing resources. The international private sector was also reluctant to invest in what they perceived as a socially and economically risky country. All stakeholders were pushed to rethink their initial plans. The workers’ union of the GWCL could negotiate on the redundancy package on behalf of laid-off workers as a consequence of private sector involvement, defend their interests and conclude a good deal (Addo, 2006). The consumer association could include a charter in the management contract that protects consumers’ interests (Tay, 2006). The ISODEC was more open to accepting the
management contract than the initially decided lease contract as a form of private sector participation (Nkrumah, 2006).

In recognition of the process backdrop, one can argue that the final decision on the management contract could be practically considered as a compromise outcome, although not initially intended and not deliberate, which has gained a broad acceptance concerning the introduction of the private sector into the urban water supply. Though it is not based on the larger national interest (Manteaw, 2006), most stakeholders show an agreement to different extents on the final decision to involve the private operator in the form of a management contract, at least in the sense of trying a solution that may be workable.

The management contract was awarded based on a bid, claimed to be open internationally, by a joint venture, Aqua Vitens Rand Ltd (AVRL), which consists of shareholdings by Vitens from the Netherlands (51%) and Rand Water from South Africa (49%). Its operations commenced in June 2006. Although AVRL is seen as private profit-making operator, the managing director of Vitens asserts that the operator is not interested in making money but is acting from a corporate social responsibility perspective. AVRL is concerned to contribute towards achievement of the UN Millennium Development Goals but on the basis of no gains and no losses (Groot, 2006). The private operator is interested in exchange of knowledge and experience in terms of technical, financial and managerial skills between the operator staff, amounting to eight personnel and the seconded staff of GWCL, amounting to 2830. The risk for the private operator is of losing its image (Groot, 2006).

7.1. Expectations and challenges

The expectations of the respondents regarding private operator performance are high. The private operator, according to the terms of the management contract, is responsible for the realisation of specific performance targets of cutting down water losses and increasing water connections (Abdul-Nashiru, 2006). However, the challenges are markedly significant.

7.1.1. Will expectations turn to empty hopes? There are still two principal issues for concern. One is that it is still not clear how the urban poor will be served. Another is how to integrate accountability mechanisms, to hold the service provider accountable to the citizens and not only to government, issues which are still very weakly addressed and not well articulated in the contract (Abdul-Nashiru, 2006; Nkrumah, 2006). With such low accountability to citizens, it is difficult to track performance in accordance with mandate and to meet the targets of service coverage, which will culminate in further public distrust (Abdul-Nashiru, 2006).

Voicing the same concerns, Nkrumah (2006) emphasises that a good performance monitoring framework is still lacking. The achievements of the private operator should be subjected to an efficient associative monitoring system and objective criticism by the actors involved to make sure that it meets its targets and adheres to its visions. In a critical stand against the ISODEC approach, Nkrumah (2006) stressed the importance of the objective role of NGOs and constructive criticism instead of fighting against the policy. Nkrumah (2006) alludes to the more vital role of the NGOs in how to set out and network the template of the monitoring process of the targets and achieve a management information system where the reports can be checked by the civil society. “If the management contract fails, we can’t put that only at the door step of the private operator. We must also be held responsible”, said Nkrumah (2006). He called for “not standing somewhere away waiting to jump in and say I told you so”, giving the impression of an expected situation where some want to “go fishing in dirty water”. The problem is that
every actor wants to prove that he has taken the right stand (Addo, 2006). According to Addo, “when a democracy experience is not mature, it is dangerous”. The role of NGOs, commented Nkrumah (2006), is crucial when official staff responsible for monitoring and checking the private operator may have no voice if things go wrong and they fear being victimised. He also pointed out that experience shows that the private sector is profit-motivated and they can lobby governments in areas where they are not doing well. Such considerations necessitate a significant role of NGOs (Nkrumah, 2006).

Stakeholders also raised other concerns. They questioned whether the government will be able to sustain the whole scenario of water sector reform (Nkrumah, 2006; Obutey, 2006). Sceptical opinions on other issues were expressed. Will the private operator be able to demonstrate the expertise that was shown in the bidding documents, asked Nkrumah (2006) and will private operator and workers mutually adapt to each other’s culture (Aboagye, 2006; Addo, 2006)?

7.2. What matters more—operator or settings?

7.2.1. Institutional constraints still exist. When the decision was made about privatisation of the water utility, the stage was set to accommodate the involvement of the private sector by institutional restructuring, decided only by the government and the donor agencies. The question arises as to whether the institutional changes will lead the way to better performance? One can be sceptical about this. The separation of the water supply services from the sanitation services acts against the principle of the holistic institutional approach to integrate the two service sectors together to achieve sustainability (GWP, 2000). In a weak institutional framework and weak democratic mechanism in particular, the separation could have negative impacts instead of improvements.

The water sector reform in Ghana seems to be quite ambitious, without questioning whether there is a local capacity to accommodate the change. In any laboratory experiment, only one variable should be changed at a time to investigate the impact of that variable on the process output. The contradiction here is that while the problem with the water utility is mainly attributed to the inefficiency and lack of coherency of the institutions, the solution takes the form of a plethora of simultaneously emerging institutions. Cars et al. (2002) stress that governance is highly contingent on specific institutional histories and the inheritance of institutions affects the way governance practices are shaped. Empirical experience shows when reform strategies do not consider local capacity and context, states face a dilemma when they are asked to undertake complex institutional tasks and their capacity to do so is limited. A study of public sector reforms in developing countries carried out by Yusuf Bangura & Larbi (2006) showed that reform designs were ambitious and wide-ranging on paper but actual implementation was usually weak. Yusuf Bangura & Larbi (2006) explained that this was because, unlike developed countries, where reforms can be instigated and developed in response to local pressures, developing countries have less opportunity to develop their own policy discourse.

7.2.2. Social constraints still exist. It is assumed that the involvement of the private sector can bring in cultural practices leading to efficiency, as is the case for business (Tsikata, 2006). To change workers’ discipline, attitude and working culture, Groot (2006) stresses the need to act transparently, to make people feel part of the process and to make few rules on how to behave, work and operate. Contradicting such assumptions, Owusu (2006) concluded that organisation cultures are like social cultures, not easily changed.
The question arises whether the eight personnel employed by the operator will be enough to create a significant difference over a short period of time. Putnam (1993), studying institutional performance in Italy, argues that it is strongly correlated to civic community manifested in civic virtues, expressed as “civic-ness”. He defined the civic-ness status as social capital and conceptualised civic virtue as “a steady recognition and pursuit of the public good at the expense of all purely individual and private ends”, in other words democratic performance. What is more, social capital has its own roots in a past that extends hundreds of years backwards in time, a resource that is lacking in the developing countries. This is not that to say that change is impossible, but that it is certainly not a given (Putnam, 1993; Hooghe & Stolle, 2003).

7.2.3. Political constraints still exist. One of the advantages of contracting out the utility is to downsize political interference (Addo, 2006). If the private sector is involved, the government would allegedly be obliged not to favour people they know but people who perform well (Amoateng-Mensah, 2006). It is well recognised that efficiency can be only achieved if the government lets the private sector work and does not act as “a square peg in a round hole” (Tsikata, 2006). However, political interference is not easily controlled by contracting out managerial responsibility to the private operator. A social process is an inertia-prone process. Politics and social processes are “path-dependent” and grounded in a dynamic process of resistance to change (Pierson, 2000). In a political culture of corruption and clientelism, nepotism and where old administrative rules are still effective, political interference is hard to stop and it undermines operational autonomy and performance. As Putnam (1993) rightfully observes, political culture functions as a kind of legacy even when the conditions in which that culture was functional have disappeared. Political cultures are not immune to change, however, and government policies can be instrumental in furthering or preventing these changes (Hooghe & Stolle, 2003).

Empirical evidence is given by the respondents’ statements. Although the PURC was established as an independent entity accountable to parliament and the public and was mandated to assess, regulate and approve the tariff, presumably to be less subject to political interference, it could not pass the recently assessed and approved tariff on to the public. The government decided to absorb the difference in the revenues. Stakeholders claimed that it is not easy to pass such a new tariff on to the public while the quality of services is not tangibly improved (Adusei, 2006; Obutey, 2006). “To be able to collect the tariff, you have to secure the delivery first”, according to Aboagye (2006). Others think it is because of security reasons. Rationalisation of political interference is expected and whatever the political reasoning behind the decision and whether it was wise or not, the PURC could not stop the government from interfering and postponing the effectiveness of the new tariff.

7.2.4. “Lack of legislation” still exists. Corruption is the root cause of the problems in the arena of policy formulation and the decision-making process. Unless legal and state-facilitated mechanisms are in place to empower the victims of corruption practices, corruption can interpenetrate everywhere in a society. Thus, the private operator alone would not be able to deal with the issue. On the contrary, it has been found that new public management practices may promote self-interest and corruption as policy makers and senior bureaucrats opt for privatisation and contracting out because of increased opportunities for rent-seeking and other forms of corruption (Matthew, 2005; Yusuf Bangura & Larbi, 2006).

The private sector is not the solution per se. It is hard to believe that the privatisation process would bring any long-term improvements within these social and political settings. GWP (2000) defined water
governance as “... the range of political, social, economic and administrative systems that are in place to develop and manage water resources and the delivery of water services, at different levels of society” (Rogers & Hall, 2003). This definition explicitly correlates governance with functioning and coherent systems in place and not to a simple institution by itself. Owusu (2006) emphasises that shock-therapy reforms of the public sector in order to address the direct causes of the poor performance of institutions are likely to be unsuccessful. Analysis also suggests that when water management processes are non-participatory, there might be problems of sustainability (Heinelt et al., 2002). Thus one can question the sustainability of any improvements achieved.

Owusu (2006) pointed out that short-term demands by donor agencies have sometimes compromised the long-term goals of institution-building, with negative long-term impacts. A study that integrated 16 cases in developing countries concluded that reforms driven by outsiders—which are not socially accountable and sensitive to political realities and ignore the development missions of the state—have often wreaked havoc in vital institutions that societies had created, undermining political stability and national economy (Yusuf Bangura & Larbi, 2006). As Cars et al. (2002) rightly state “There is no substitute for situated local design of governance practices”. The context is what matters and not only the operator.

8. Conclusions

The water sector in Ghana has been constrained by many interlinked political, administrative, economic, social and legislative factors that hinder a working water supply system in a country where half the urban population is without access to public water pipelines. Against this backdrop, the public water utility could not meet the demand for water supply services and the way chosen to improve the water services was to involve the private sector.

The decision-making process on whether and how to involve the private sector was dynamic but remarkably hostile and had no integrated rules or well-defined governance structure. Lack of formalised procedures on how to arrange the interaction loops between stakeholders lead to deficits in the governance process manifested by a lack of genuine institutionalised representation and inclusion of the public interest, lack of legitimacy, lack of an effective monitoring approach and weak accountability mechanisms. The pressure group NCAP-Water used the public sphere to “manufacture” public opinion against the government policy rather than for a public hearing of their concerns or perceptions.

The final decision to award a five-year management contract to operate the utility could be seen as a compromise, although not deliberate, between stakeholders. However, the decision failed to incorporate public consensus and to create and diffuse a sense of collective stewardship on the reform policies.

Expectations of the performance of the private operator are high but there are cautions and considerable challenges. There are still major pressing and unresolved issues on how to strengthen the accountability framework and mechanisms of the service provider for citizens, to make sure that the urban poor are not excluded from service delivery and to create a collective framework for monitoring the performance of the operator.

Institutional, social, political and legislation constraints still exist. Within these settings, it is doubtful whether the private sector alone will be able to achieve significant and sustainable progress. The operator per se does not matter as much as the political, legislative and social setting. Coinciding with our research findings, Matthew (2005) concludes that the context must be delineated if governance reforms
in Africa are to be effective. In conclusion, one main message can be elucidated. While we recognise that the failure of states to deliver water services in developing countries is a manifestation of a crisis of governance, the notion being conceptualised in developed countries is not a theoretical prescription that can be transmitted to Ghana or similar countries with the assumption that it will work. Governance can neither work in an institutional vacuum nor in an unaccommodating context. Therefore, good governance in Ghana may mean a genuine and a mature representative democracy as it is not yet prepared for participatory democracy. While developing countries have the prospect to benefit from knowledge that has been developed in developed countries and to leapfrog over some processes (e.g. technical), caution is necessary when that knowledge is applied to social processes.

Acknowledgements

The fieldwork in Accra on which this paper is based was supported by funds allocated to a project approved by FORMAS to Associate Professor Jan-Erik Gustafson. Lina Suleiman is very grateful for their generosity and support.

References


Received 30 April 2008; accepted in revised form 6 June 2008. Available online 9 November 2009