



WASH BUDGET BRIEF 2023



Introduction

Access to clean drinking water and sanitation are human rights linked to dignity and health of all people, reflected in Sustainable Development Goal (SDG) 6: ‘Ensure availability and sustainable management of water and sanitation for all’¹. Water, sanitation, and hygiene (WASH) also have important implications for good health and well-being (SDG 3), gender equality (SDG 5), and sustainable cities and communities (SDG 11). The Government of Ghana (GoG) has declared its ‘steadfast commitment’² to the SDGs and set a target to improve access to safe, affordable, reliable, and sustainable water, environmental sanitation, and hygiene services for all by 2030³.

Ghana’s economic crisis has reduced household and government spending power, is currently experiencing a prolonged economic crisis, which has seen high levels of price inflation, rising debt servicing costs, a decline in the value of Ghana Cedi (GHS), and a decline in GDP per-capita⁴. In response to this, the GoG has conducted a comprehensive restructuring of its debts, negotiated a three-year Extended Credit Facility Agreement with the IMF which came into force in May 2023⁵, and sought assistance from other development partners (DPs), including the major international financial institutions (IFIs). These measures are expected to help restore economic growth, stabilise inflation and the exchange rate, and increase the sustainability and long-term fiscal space available

to the GoG. Overall GoG expenditure is expected to fall as a percentage of GDP over the coming years, with no explicit protections for WASH expenditure within the IMF programme⁶.

Efforts to expand access to safe water need to be accelerated, whilst progress on sanitation needs to be quadrupled to get back on track. With 88% households accessing basic water Ghana has made significant progress in providing water. Progress in expanding access to sanitation has been slower with only 25% households access basic sanitation⁷. In both domains, rural residents are relatively underserved. Significant challenges with respect to safety and reliability of water remain. Urban estimates for water coverage, at 96.4%, are significantly higher than rural – 74.4%. In rural areas, where challenges are more acute, 1 out of 2 water points are not fully functional⁸. Similarly, 1 out of 2 water points in rural areas also have traces of faecal contamination⁹. As many as 18% of Ghanaians still practice open defecation, and majority of the faecal sludge goes into the environment untreated. Income and geographic-related inequities remain in access to basic water sanitation and hygiene. The poorest quintile is twice as unlikely to use basic drinking water as the two richest quintiles. Similarly, for water collection time, the poorest quintile is 110 times more likely to spend over 30 minutes per trip than the two richest quintiles⁶.

1 <https://sdgs.un.org/goals/goal6>

2 MOF, 2023. ‘Ghana’s 2022 SDGs Budget and Expenditure Report’

3 MSWR, 2023. ‘Ghana WASH Sector Development Programme 2021-2030’

4 World Bank, 2023. ‘7th Ghana Economic Update. Price Surge: Unraveling Inflation’s Toll on Poverty and Food Security’

5 IMF (2023) ‘Ghana: Request for an Arrangement Under the Extended Credit Facility’

6 IMF (2023) ‘Ghana: Request for an Arrangement Under the Extended Credit Facility’

7 Population and Housing Census, 2021, GSS

8 MSWR and NDPC (2021) ‘Sustainability Check Report’

9 Multi Indicator Cluster Survey (MICS) 2017, Ghana Statistical Services

The MSWR has set ambitious targets of universal WASH access by 2023, requiring estimated investment of US\$1.7bn per year until 2030¹⁰. The WASH sector development plan 2023 envisaged that users/private sector 45%; DPs 18%, GoG 33% and MMDAs 5% of this would come from users/private sector. However, it is essential that governance, financing and budgeting are significantly improved to address private sector participation as well as equity and quality issues around water supply, as well as to accelerate progress on sanitation.

Fig. 1: Population Access to Sanitation Progress and Targets¹¹

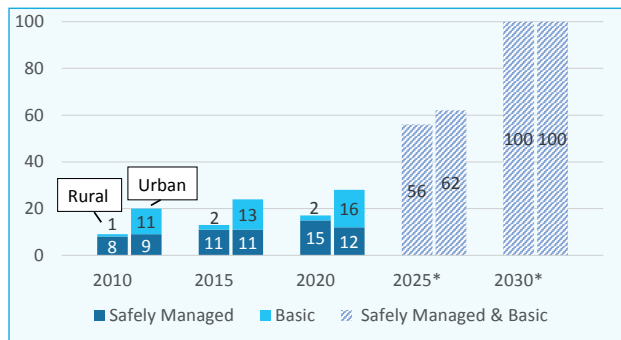
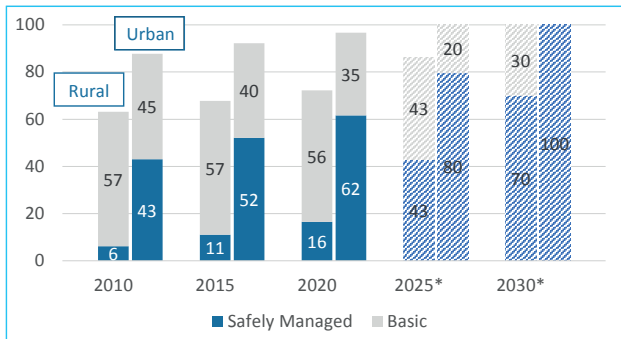


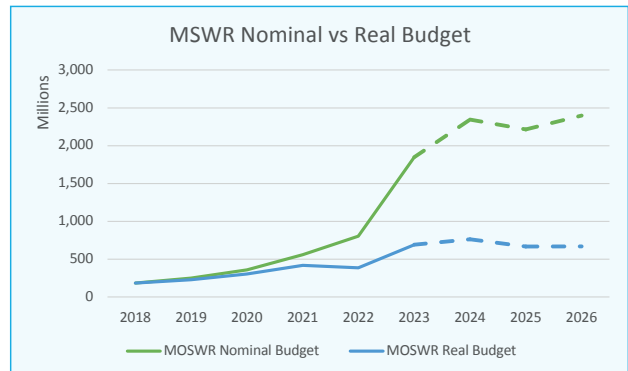
Fig. 2: Population Access to Water Progress and Targets¹²



Sector Budget and Expenditure Trends

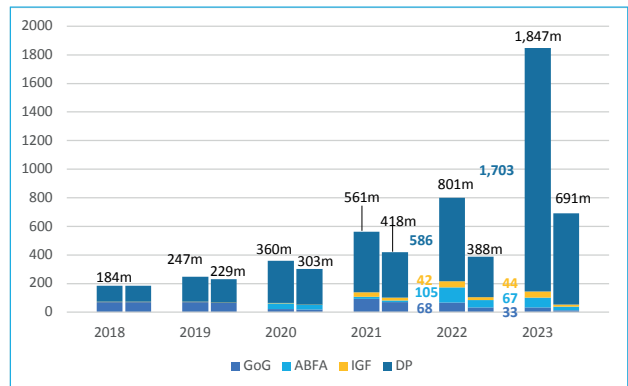
The MSWR budget has been increasing in both nominal and real terms. The MSWR budget increased from GHS 801 million in 2022 to GHS 1,847 million in 2023, an annual increase of 131%. In real terms (i.e. adjusted for inflation) the budget grew 78.1%¹³. This was driven by an increase in the allocation from development partners, which grew from GHS 586m to GHS 1,703m¹⁴; while domestic government¹⁵ funding actually declined from GHS 84m in 2022 to GHS 37m in 2023.

Fig. 3: MSWR Nominal and Real Budget



Source: MOF Annual Budget Statements, CPI data from IMF World Economic Outlook

Fig. 4: MSWR Nominal and Real Budget



10 Ghana WASH Sector Development Programme (GWASHSDP) 2021 – 2030, 2023, MSWR

11 MSWR (2023) 'Ghana WASH Sector Development Plan 2021-2030'

12 WHO/UNICEF Joint Monitoring Programme for Water Supply, Sanitation and Hygiene accessed 2023 at <https://washdata.org/>

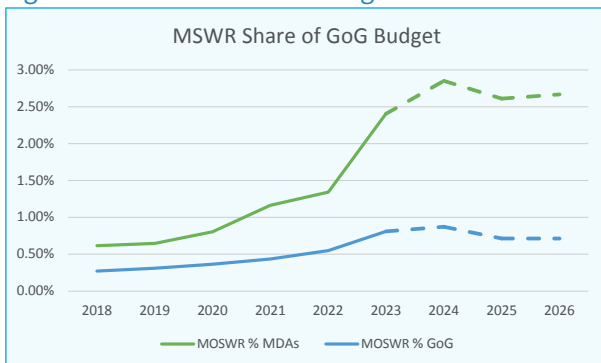
13 MOF 'The Budget Statement and Economic Policy 2023'

14 The increase in development partner funding partially reflects the deterioration in the exchange rate, from USD \$1: GHS 6.05 in January 2022 to USD \$1: GHS 11 in January 2023

15 Domestic government financing is recorded in the budget as GoG (Government of Ghana) and ABFA (Annual Budget Financing Amount). ABFA is funding from oil revenues allocated to developmental projects

The MSWR budget has increased as a proportion of total government budget from 0.55% of total government spending in 2022 to 0.81% in 2023. Since 2018 the MSWR budget has tripled as a proportion of total government spending. The proportion of MDA¹⁶ budgets, which excludes interest payments and payments to the energy sector, allocated to MSWR has increased in recent years, from 0.62% in 2018 to 2.41% in 2023.

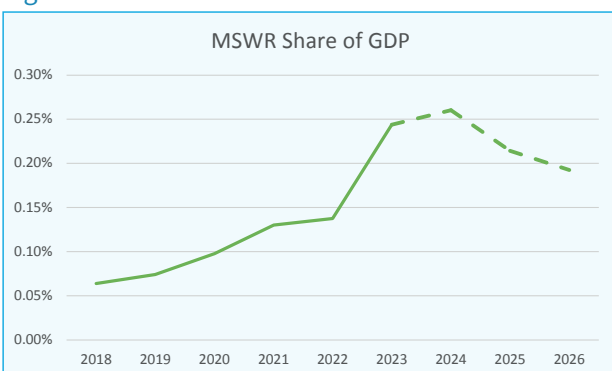
Fig. 5: MSWR Share of GoG Budget



Source: MOF Annual Budget Statements

The MSWR budget has increased as a percentage of GDP from 0.14% of GDP in 2022 to 0.24% for 2023. Not all WASH budgets and expenditure fall under the MSWR. Significant WASH expenditures are also made by other MDAs, MMDAs and non-governmental organisations. This makes it difficult to assess whether the the N’Gor declaration commitment of 0.5% of GDP is being met.

Fig. 6: MSWR Share of GDP



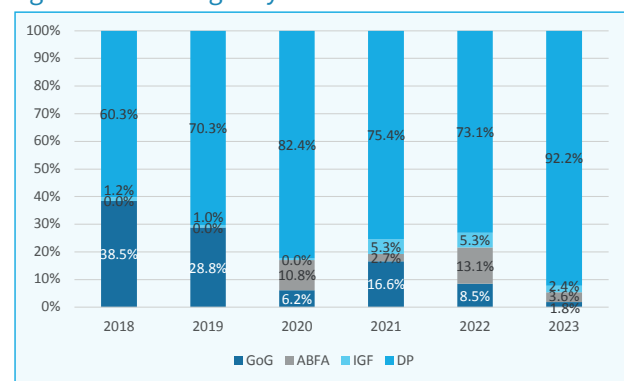
Source: MOF Annual Budget Statements

WASH expenditure is heavily dependent on development partners, with over 90% of expenditure in 2023 expected to be funded by donors. The share of domestic government financing in the MSWR budget has fallen from 38.5% in 2018 to 5.4% in 2023. This contrasts with the MSWR’s target for at least 30% of sector resources to come from domestic government financing¹⁸. A significant proportion of this donor funding is on large capital-intensive programs which

are the flagships of the MSWR. Programmes include the Yendi Water Project, and the Greater Accra and Greater Kumasi Metropolitan Area Sanitation and Water Projects¹⁹.

The other major source of funding in the sector is user fees, classified as part of internally generated revenues (IGF) within the national budget. However, cost-recovery within the sector is suboptimal – the urban water billing and collection ratio is 74.5% and non-revenue water is 45.3%²⁰. Limited cost recovery through tariffs²¹ increases the risk that funding will be reliant on the government’s ability to raise revenue from other sources along with continued dependence on donor financing. This dependence raises concerns around sustainability and prioritisation by the government.

Fig. 7: MSWR Budget by Source



Source: MOF Annual Budget Statements

WASH spending is dominated by capital expenditure, with limited allocation to compensation or goods and services. This reflects the need for continued heavy investment in expanding access to water mains and sewerage but falls short of the MSWR’s aim of allocating at least 10% to recurrent operation and maintenance²². An increase in capital investments will also require investment in maintenance to ensure sustainability. Where the costs of long-term capital investments and maintenance will not be recovered from users, these need to be acknowledged in subsequent budget plans. There is also a need to ensure sufficient funding is made available for staffing to regulate, monitor and maintain the infrastructure being constructed, and to support education and behaviour change interventions to sustain the demand for services and their utilisation. Education and behaviour change should be emphasized as evidence shows that households can, and will, make significant capital investments for water and sanitation if they understand the benefits, and are facilitated through innovative financing of water and sanitation services²³.

16 Ministry, department, or agency

17 Ghana WASH Accounts, TrackFin 3 Policy Brief, 2022, WHO and MSWR

18 MSWR 2023, ‘Ghana WASH Sector Development Plan 2021-2030’

19 MSWR 2023 Programme Based Budget

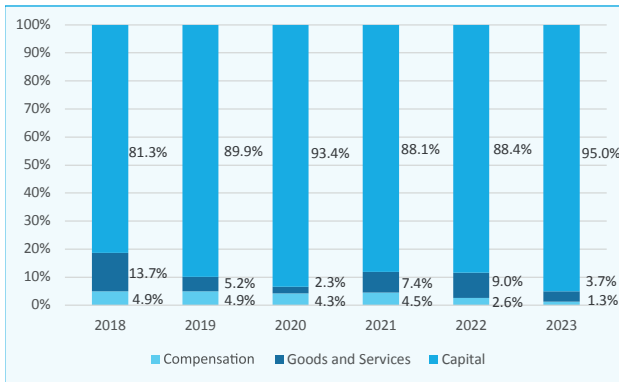
20 MSWR 2023 Programme Based Budget

21 MSWR (2023) ‘Ghana WASH Sector Development Plan 2021-2030’

22 Ibid.

23 MSWR (2022) ‘Sanitation Financing Assessment’

Fig. 8: MSWR Budget by Economic Classification

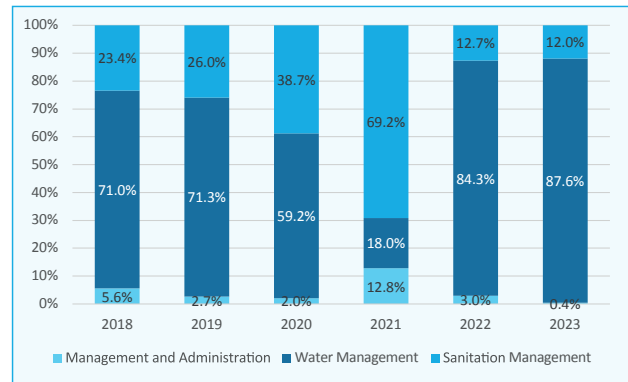


Source: MOF Annual Budget Statements

Almost all WASH spending is allocated to provision of water and sanitation services, with only 0.4% for management and administration in the MSWR budget for 2023. Two-third of the investment is targeted towards water supply in 2023 while the needs are equally pressing if not more in sanitation. In general, low spending on management and administration is desirable to maximise the efficiency and impact of spending, however it is important that sufficient funding is allocated to allow proper management, monitoring/oversight, and planning within the sector.



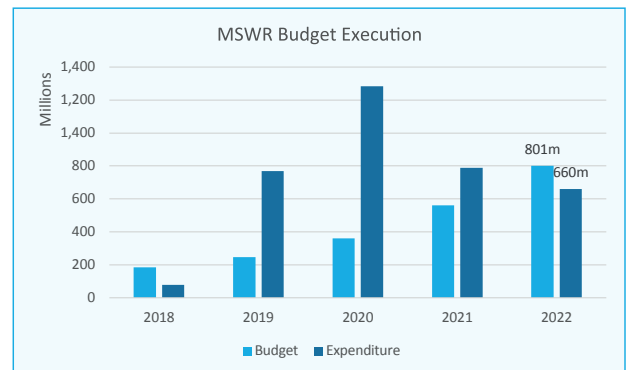
Fig. 9: MSWR Budget by Programme



Source: MSWR Programme Based Budgets

Budget credibility has been a significant issue in recent years, with spending by the MSWR bearing little relation to the approved budget. For 2020 and 2021 the high levels of overspending could be due to the COVID-19 pandemic response, however even prior to this the budget was either significantly under- or over-executed. Whilst 'overspending' implies welcome additional resources in the sector, such spending may not be well planned or efficient if it is not included in the MSWR's annual plans.

Fig. 10: MSWR Budget Execution



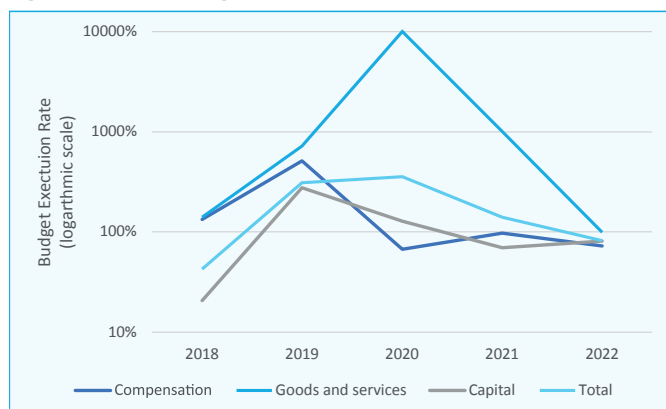
Source: MOF Annual Budget Statements, Auditor General Annual Reports 2018-20, CAGD Annual Accounts 2021, MOF Annual Budget Performance Report 2022

“

Budget credibility has been a significant issue in recent years, with spending by the MSWR bearing little relation to the approved budget

”

Fig. 11: MSWR Budget Execution by Economic Classification



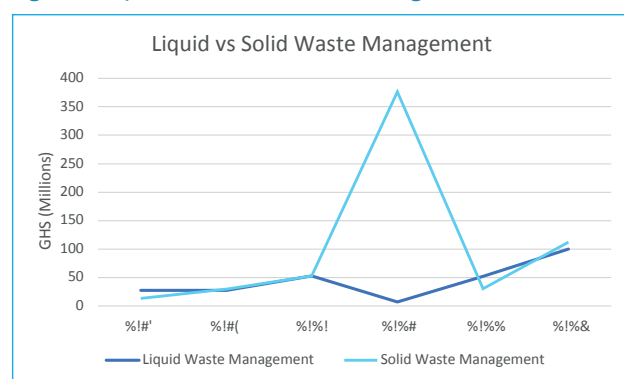
Source: MOF Annual Budget Statements, Auditor General Annual Reports 2018-20, CAGD Annual Accounts 2021, Annual Budget Performance Report 2022

Table 2: Access to Sanitation Services

	2018	2019	2020	2021	2022	Average Variance
Compensation	133%	513%	67%	98%	73%	+77%
Goods and services	140%	718%	10,031%	1,008%	99%	+2299%
Capital	21%	277%	128%	70%	81%	+15%
Total	43%	311%	357%	140%	82%	+87%

The COVID-19 epidemic led to a significant reallocation of funding from liquid to solid waste management. Concerns about the impact of this were raised in previous Budget Briefs. For 2022 and 2023, there has been a positive reprioritisation of liquid waste management.

Fig. 12: Liquid vs Solid Waste Management



Source: MSWR Programme Based Budgets

Priority actions

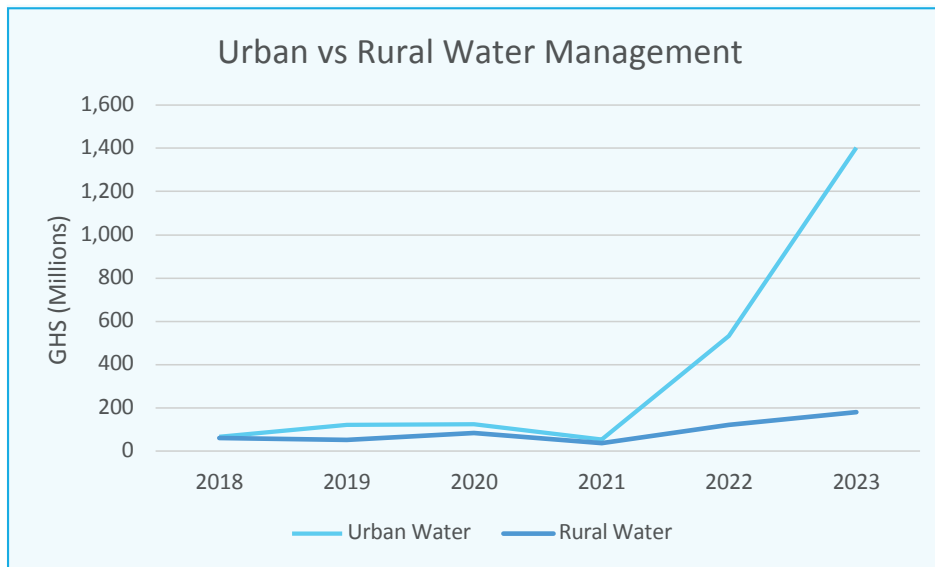
- 1. Improve financing for Water Services.** There is a significant imbalance in government expenditures between rural and urban water services. Investment is higher for the urban water sector as compared to the rural water sector.
- 2. Planning, coordination and tracking of WASH expenditure needs to be improved.** Weaknesses in tracking of intersectoral and non-Govt budget and expenditure.
- 3. Effort needs to be intensified to meet SDGs on sanitation.** Limited progress towards meeting SDGs on sanitation, basic and safely managed in both urban and rural area is a serious challenge.



Improve Equity and Sustainability of Financing for Water Services

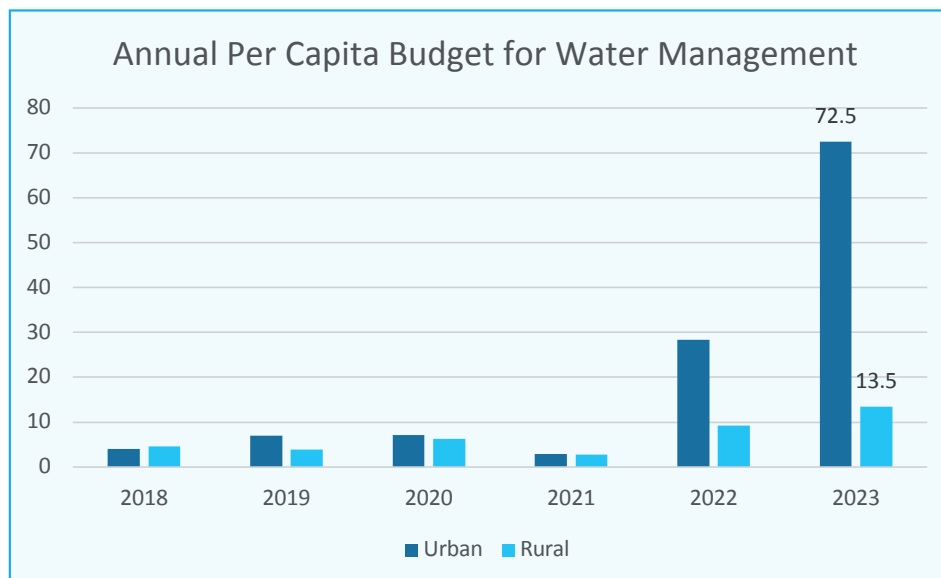
Since 2021 there has been rapid growth in spending on urban water management. The majority of Ghana's population lives in urban conurbations and the country continues to experience urbanisation. Urban areas are particularly vulnerable to disease outbreaks resulting from inadequate access to clean drinking water and sanitation. However, current levels of expenditure on rural water management are equivalent to GHS 12.3 per capita per year in especially rural areas, compared to GHS 71.8 per capita per year in urban areas. Such levels of expenditure are unlikely to enable Ghana to meet the SDG goals of increasing access to clean water and sanitation.

Fig. 13: Urban vs Rural Water Management



Source: MSWR Programme Based Budgets

Fig. 14: Annual per Capita Budget for Water Management Urban and Rural



Source: Calculated from MSWR PBB, United Nations World Urbanization Prospects 2020

KEY FACT



11%

Only 11% of the water management budget is targeted at rural areas, despite large shortfalls in access to safe drinking water.

Fortunately, some large capital investments in urban water systems, promise to provide access to satellite peri-urban and rural areas²⁴. However, such investments in improving water services have in the past; not reached the poorest²⁵, had challenges with capital maintenance for sustained functionality of service infrastructure²⁶, or presented challenges in terms of water quality. Whilst it is necessary to sustain levels of capital investment, broader action is needed around investment, planning and budgeting for sustainability, regulation and financing – particularly towards creating an enabling environment for private sector participation.

The broad strategies for the water sub-sector are not novel and have been set out in the new Ghana WASH Sector Development Plan (GWASHSDP). For public financing, the sector needs to prioritize:

- i. Investments into planning, implementing and regulating water safety plans as part of integrated water supply management, for both rural and urban areas.
- ii. Consolidate planning and tracking water supply across sectors – including MMDAs, Education and

Health – through improved coordination and management information systems.

- iii. Evaluate and strengthen the enabling environment for increased investment. This should particularly focus on private sector investments and innovative public financing mechanisms.
- iv. With reference to the above, enable improved cost-recovery through tariff review, water loss management and digital innovations for improved billing performance.
- v. Through technical assistance and political advocacy, encourage decentralized participation and/or leadership for improved monitoring, planning, operations and maintenance.

It is vital to also improve equity in water services across the country. This may be linked to tariff reform as well as improved targeting of water service subsidies through monitoring and information systems.

Linked to the points above, there is the need to evaluate investments in the context of WASH sector results. This leads to the following action area around improved multi-sectoral planning and coordination.

2

Improve Planning, Coordination and Tracking of WASH

In 2017, the Ministry of Sanitation and Water Resources (MSWR) was established to lead progress in Water, Sanitation and Hygiene. However, WASH remains [a] cross-cutting issue with investments and benefits within other sectors including health, local development, and education. It is difficult to track WASH expenditure outside of the MSWR because expenditure and budgeting may be integrated as part of non-WASH programs, projects, or outcomes. Similar issues spill over when it comes to non-government expenditure on WASH, where data is often inconsistent or unavailable.

To improve coordination for WASH across sectors and MDAs, the Government of Ghana and the MSWR should:

- i. Leverage on the Ghana Integrated Financial Management System (GIFMIS) which provides an opportunity for tracking WASH budget and expenditure across sectors.
- ii. Continue to invest in and prioritize improvement in cross-sectoral coordination, including at the decentralized level, for common understanding of how budgets and expenditure are recorded
- iii. Strengthen, in collaboration with relevant MDAs', decentralized capacity for planning and coordination of WASH. The achievement of these improvements are tied to political will and prioritisation.
- iv. Lead integration of multiple sector information systems, together with cross-sectoral stakeholders – for example MOH, OHLGS, MOE – and MMDAs, to improve quality of planning and budget evaluation.

KEY FACT



Over
90%
in 2022

In 2019, over
95% of WASH
sector
expenditure
was from non-
governmental
sources

24 MSWR 2023 Programme Based Budget

25 Multi Indicator Cluster Survey (MICS), 2017, Ghana Statistical Service

26 Sustainability Check Report, 2021, MSWR and NDPC

Collation, analysis, and documentation of cross-sectoral WASH expenditure – in conjunction with improved sector information systems – are important for improving budget efficiency. This is especially important in the context of a constrained fiscal space

3

Effort needs to be quadrupled to meet SDGs on sanitation.

Progress on sanitation (urban and rural) has been extremely slow. The data showed 0.4% reduction in open defecation in urban areas between 2010 and 2021. Improvements in rural areas, where inadequate access to sanitation is more acute, have not been much better. 31.3% of rural households did not use toilets in 2021 compared to 32% in 2010^{27,28}. Although a lower number of households use public toilets in 2021 as compared to 2010 (34.6% to 23%), over 50% of Ghanaians used shared toilets (including paid public facilities) in 2021. The number of households with improved and exclusive use toilets have increased from 0.914 million in 2010 to 2.15 million in 2022; 130% increase during the period.

Table 2: Access to Sanitation Services

Category	Service Level	% Of Households
Urban	Safely Managed	12
	Basic	28
	Shared	56
	Unserved	4
Rural	Safely Managed	15
	Basic	17
	Shared	34
	Unserved	34

Source: Ghana WASH Sector Development Plan (GWASHSDP), 2023, Ministry of Sanitation and Water Resources

Government investment in sanitation programmes has been very low, with a limited number of ongoing sanitation projects and high dependency on funding from development partners. Sanitation programmes and approaches have not been scaled up to all MMDAs except in limited number of MMDAs where DPs support is available. There are several projects that have effectively delivered results at scale for both urban and rural areas, but limited investment by public sector means, the evidence and learnings remain unutilized for scaling-up. Even though progress on universal sanitation access lags significantly behind water supply, the overall public funding has remained very low for liquid waste management.

To accelerate progress towards achieving the SDG for sanitation, the following are proposed:

- Government needs to ensure adequate budget and expenditure at national and sub-national levels for scaled up implementation of the National Liquid Waste Management Strategy and the revised Rural Sanitation Strategy in urban and rural areas respectively.
- The MSWR, MLGDRD and the OHLGS need to

enhance capacities of their workforce within MMDAs for planning and implementing sanitation interventions, especially in creating demand for sanitation through community mobilization and law-enforcement.

- MSWR and MLGDRD need to support and facilitate MMDAs to play a lead role in facilitating sanitation service delivery through effective mobilization, facilitation, and monitoring.
- Central government should focus investments on faecal sludge treatment facilities as they are highly capital intensive (and so difficult for MMDAs to finance). Treatment systems are essential for increasing coverage for safely managed sanitation.
- Government must facilitate private sector participation in sanitation service delivery including facilitating access to affordable sanitation financing for households and sanitation enterprises including targeted subsidies for extremely poor and vulnerable households
- Government should invest in robust monitoring and data management systems for sanitation

KEY FACT



1. Between **2010 and 2021** open defecation in Ghana reduced by only **1.6%**.
2. **23%** of Ghanaian Households (**1.6 million households**) rely on paid public toilet facilities.
3. Out of **1.2m household toilets** built between **2010-2022**, only one third were built with public funding²⁹.



²⁹ Two thirds of toilets were built with funding from the private sector and households. These investments were influenced by increased awareness as well as an improved supply chain and sanitation market