FINANCING THE WATER SECURITY

Lessons from Ghana’s Experience and Policy Direction on Financing Water Security

Hon. Michael Yaw Gyato

INTERNATIONAL SUMMIT ON WATER SECURITY
September 30th 2019 - October 3rd 2019 - Marrakech (Morocco)
Financing is in two components and three categories of water security

* Management of water resources (WRM)
* Provision of safe domestic water supply and sanitation services for people (WSS).

Governance  |  Stewardship/Services  |  Infrastructure
## Traditional Sources of Financing

<table>
<thead>
<tr>
<th>Category</th>
<th>WRM</th>
<th>WSS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance</td>
<td>• Water Use charge&lt;br&gt;• Gov’t budget&lt;br&gt;• Official Development Assistance (ODA) – grants for specific functions</td>
<td>• Fees and tariffs&lt;br&gt;• Government budget budget (mainly for Rural WSS)</td>
</tr>
<tr>
<td>Stewardship/Services</td>
<td>• Water Use charge&lt;br&gt;• State budget&lt;br&gt;• ODA (grants for projects &amp; capacity building)</td>
<td>• ODA (Bi-laterals, Multilaterals, Dev’t Banks)&lt;br&gt;• Gov’t budget</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>• Subsidies&lt;br&gt;• ODA (grants for social purposes)</td>
<td>• ODA (Bi-laterals, Multilaterals, Development Banks)&lt;br&gt;• External concessional borrowing</td>
</tr>
</tbody>
</table>
The Situation and Issues......

• Ghana spends relatively low budgetary amount on infrastructure.

• Expenditure is less than 1% GDP
  • (0.66 % of GDP in 2017 up from 0.15% in 2012)

• Access to concessional lending is declining.

• Shift from grant to loan financing in the water sector

• Development partners fund more than 80% of WSS budget through aid (transfers);

• Sector financing is skewed towards “new infrastructure”; less on rehabilitation

• PPP in water management and service delivery is quite low
The Policy Redirection for Financing

Looking beyond traditional financing

Target financial actors - strategic corporates, venture capital, development finance institutions, and philanthropic investor

Operating Ghana Infrastructure Investment Fund

Comprehensive impact investing partnership framework – e.g. PPPs

Classified water as a priority infrastructure sector.

Building accountability of institutions governing the management and uses of water.