

# PUBLIC-PRIVATE PARTNERSHIP (PPP) PILOT

## MARCH 2017

This note provides an update on the **Public-Private Partnership (PPP) Pilot** discussed at our March 2016 “Beyond the Pipe” Forum. This initiative is supported by the PPP Working Group, which is comprised of thought leaders and representatives from sector stakeholder groups (see the PPP Working Group, page 2). This PPP project provides an example of an initiative structure that will attract funding from the Trust (see *Spotlight: Ghana Water Enterprise Trust* document) and demonstrates an economically viable proposition for sustainable water provision.

### Initiative Overview

<b>Project Name</b>	PPP Demonstration Initiative
<b>Location</b>	Adawso (Eastern Region)
<b>Description</b>	Micro-utility with a network of standpipes and household connections
<b>Technology</b>	Limited Mechanisation/Reticulation
<b>Private Sector Participant</b>	JOISSAM GHANA LTD
<b>Public Sector Participant</b>	Akwapim North Municipal Assembly
<b>Facilitator</b>	Safe Water Network
<b>Capital Cost</b>	~ USD 100K
<b>Ownership</b>	Safe Water Network, Akwapim North Municipal Assembly
<b>Launch</b>	April 2017

### Public-Private Partnership

<b>Rationale</b>	The PPP Pilot project seeks to demonstrate a model for small water enterprises that can be used for catalyzing additional resources from the government of Ghana, development partners, and the private sector to fill the gap in reliable safe water access in small towns and peri-urban areas in Ghana. This project was conceptualized by the PPP Working Group with representation from sector stakeholders, and chaired by the Director, Financial Sector Division, at the Ministry of Finance, Mrs. Magdalene Apenteng.
<b>Update</b>	<p>Since the 2016 Forum, we have completed the following:</p> <p><b>CWSA Collaboration</b> – We met with the Community Water and Sanitation Agency (CWSA) to secure their commitment for the proposed project and implementation modalities—a financing, tariff setting, and revenue sharing mechanism among implementing partners. CWSA facilitated access to funding and requested to review the project plan when finalized.</p> <p><b>Project Relocation</b> – The project was relocated from its original location, Danfa (Greater Accra) to Adawso (Eastern Region), due to readily available public funding for the project in Adawso.</p> <p><b>New Private Partner</b> – The original private partner was replaced due to unforeseen financial challenges. A new Request for Expression of Interest was issued to solicit interest from alternate private sector participants. The request received great interest from the private sector and resulted in the selection of JOISSAM GHANA LTD.</p> <p><b>Project Design</b> – The project design, which includes financial projections, was revised to reflect changes in the project location and market characteristics. Solar power and household connections were introduced to lower operating cost, increase market penetration, and improve financial viability of the proposition.</p>

## Public-Private Partnership (continued)

<p><b>Update</b> (continued)</p>	<ul style="list-style-type: none"> <li>• <b>Roll out</b> – Implementation of the project was split into two phases: <ul style="list-style-type: none"> <li>- Phase 1 – Construction of a water treatment plant with storage capacity of 20 m<sup>3</sup>, funded with initial capital investment by Akwapim North Municipal Assembly, and Safe Water Network (2017).</li> <li>- Phase 2 – Installation of 40 m<sup>3</sup> in additional water storage capacity, including drilling of boreholes and household connections, funded with capital from the private sector (2018).</li> </ul> </li> <li>• <b>BOT agreement</b> – A draft Build Operate and Transfer agreement is currently being prepared for review by all implementing partners and will be signed in April 2017.</li> <li>• <b>Construction</b> – Phase 1 is currently underway, with operations expected to start in April 2017.</li> <li>• <b>Working Sessions</b> – The PPP Working Group held working sessions in 2016 and 2017 to scope the project and discuss ownership, oversight, and governance structure</li> </ul>
<p><b>Next Steps</b></p>	<p>As implementation has started, we are continuing to work to address emerging challenges and document the lessons learned:</p> <ul style="list-style-type: none"> <li>• <b>Engagement</b> – We are in discussions with the World Bank Public-Private Infrastructure Advisory Facility (PPIAF) and the Ghana Netherlands WASH Programme (GNWP) to support ongoing work to strengthen policy, governance, and an implementation framework for PPPs in water supply (2017-2018).</li> <li>• <b>Governance</b> – We are completing and signing contract agreements to reflect partnership funding structures and to clearly separate ownership of assets (equity based with option for recapitalization by funders) from operation and management (April 2017). This agreement will define the framework for: <ul style="list-style-type: none"> <li>- <b>Financing and Controls</b> – To ensure transparency and accountability through regular audits and reports to all stakeholders (especially community and local government leadership).</li> <li>- <b>Management of Incentives</b> – To both the public and private sector, balanced by maintaining affordable tariffs within existing guidelines.</li> <li>- <b>Regulation</b> – To maintain water quality standards and ensure service reliability and financial viability in the long term.</li> </ul> </li> <li>• <b>Size the Opportunity</b> – To identify and scope other PPP opportunities in Ghana (2018).</li> <li>• <b>Disseminate</b> – To share lessons learned and engage with relevant stakeholders for scaling up (2018).</li> <li>• <b>Policy</b> – To develop a PPP policy document (contingent on funding) specific to the water sector in Ghana (2021 and beyond).</li> </ul>

### Members of the PPP Working Group

**Magdalene Apenteng (Mrs)**, Director, Financial Sector Division, Ministry of Finance (Chair)

**Atta Arhin, Vice Chairman**, Coalition of NGOs in Water and Sanitation

**Benedict Kubabom**, Head of Planning & Investment, Community Water and Sanitation Agency

**Ekow Coleman**, Senior Investment Officer, Ministry of Finance

**Emmanuel Nkrumah**, Senior WASH Specialist World Bank

**Fred Addae**, Former Director of Water, Ministry of Water Resources, Works and Housing

**Janet Arthur**, Policy Officer, Water and Sanitation, Embassy of the Kingdom of the Netherlands

**Kwame Asubonteng**, Programme Manager, IRC

**Minta Aboagye**, Private Consultant

**Rees Mwasambili**, WASH Specialist, African Development Bank

**Joseph Ampadu-Boakye**, Safe Water Network (Coordinator)

#### FUNDING PARTNERS:



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