

FINANCING THE WATER SECURITY

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

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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

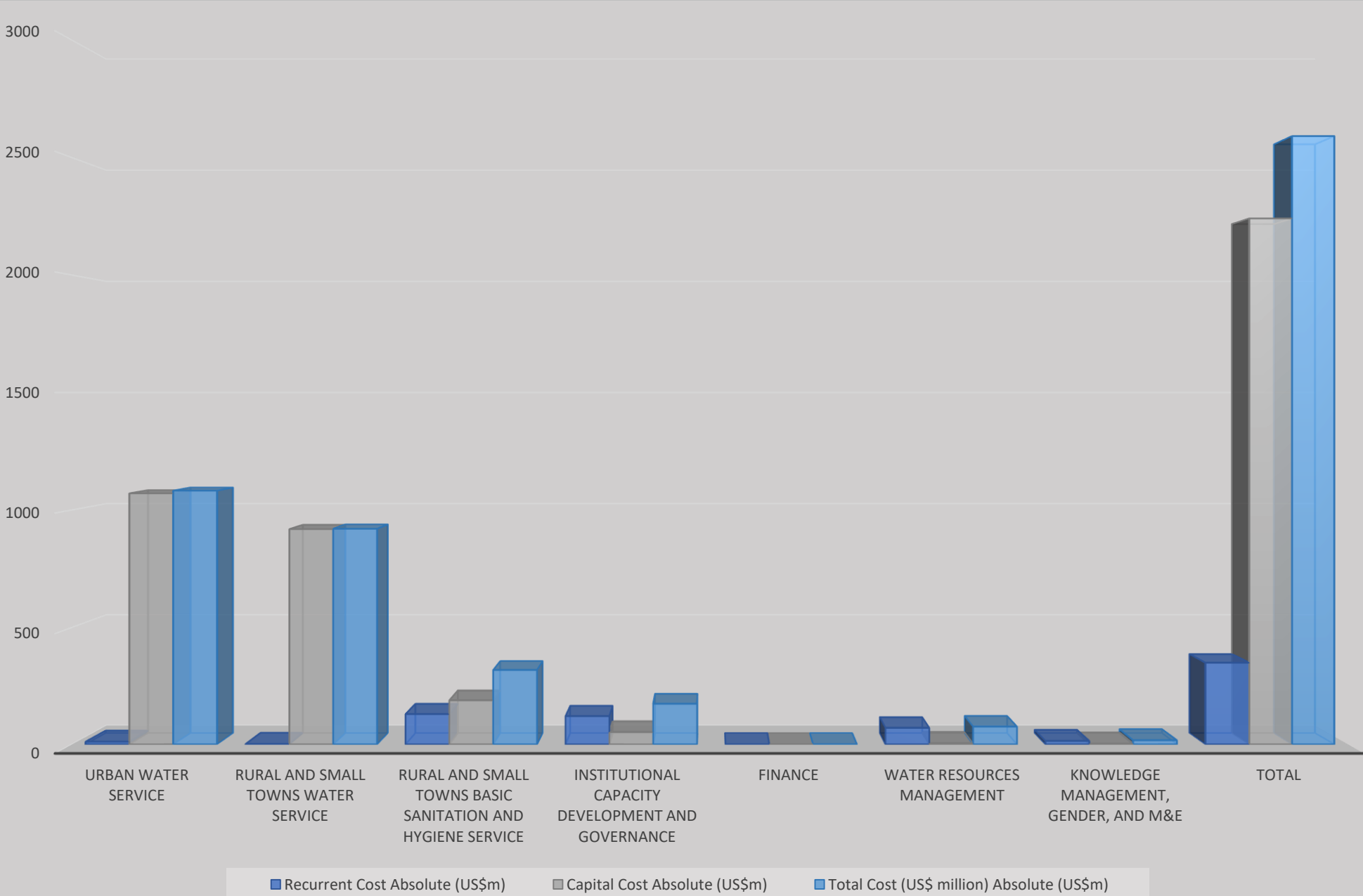
Stewardship/
Services

Infrastructure

Traditional Sources of Financing

Category	WRM	WSS
Governance	<ul style="list-style-type: none">• <i>Water Use charge</i>• <i>Gov't budget</i>• <i>Official Development Assistance (ODA) – grants for specific functions</i>	<ul style="list-style-type: none">• <i>Fees and tariffs</i>• <i>Government budget (mainly for Rural WSS)</i>
Stewardship/ Services	<ul style="list-style-type: none">• <i>Water Use charge</i>• <i>State budget</i>• <i>ODA (grants for projects & capacity building)</i>	<ul style="list-style-type: none">• <i>ODA (Bi-laterals, Multilaterals, Dev't Banks)</i>• <i>Gov't budget</i>
Infrastructure	<ul style="list-style-type: none">• <i>Subsidies</i>• <i>ODA (grants for social purposes)</i>	<ul style="list-style-type: none">• <i>ODA (Bi-laterals, Multilaterals, Development Banks)</i>• <i>External concessional borrowing</i>

Funding Gap (2025).....



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

