From Commitments to Action:
Financing Equitable WASH Services in Ghana

Points for action

Achieving Ghana's 2030 WASH targets requires concerted efforts by various actors. The government must lead by increasing domestic investment and prioritising underserved regions. Donors should provide technical support for sanitation and hygiene infrastructure while supporting system strengthening. NGOs must focus on gap-filling service delivery in rural areas and advocacy. The private sector should offer innovative financing and solutions. All actors must measure and track progress in investments and results, ensuring resources are effectively targeted to close the funding gap and deliver sustainable services for all.

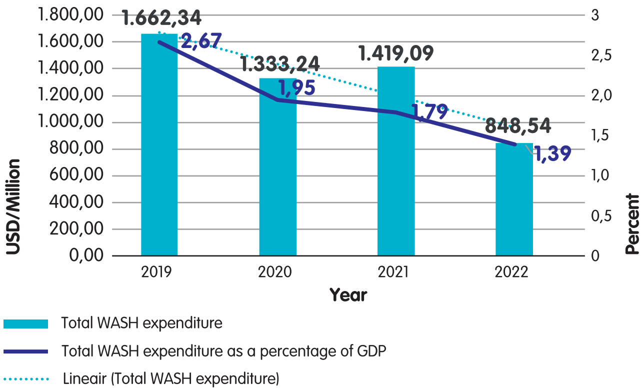
Introduction

The Government of Ghana has a target to improve access to safe, affordable, reliable, and sustainable water, environmental sanitation, and hygiene services for all by 2030. The World Bank estimates that US$114bn of capital investment is needed annually to achieve universal access to safely managed water, sanitation, and hygiene (WASH) services by 2030.[1] It is estimated that US$1.7bn of annual investments is required to achieve universal access to basic WASH services by 2030. However, recent analysis reveals that current financing is critically insufficient and has been declining since 2020.

Key findings

1. **Declining Real Investment in the WASH Sector**
   While nominal WASH expenditure in Ghana Cedis (GHS) has increased, the real value of WASH expenditure in US dollars has decreased to about half between 2019 and 2022. Again, the share of the WASH expenditure as a percentage of GDP has also been declining, from 2.67% in 2019 to 1.39% in 2022. These trends may be due to macroeconomic pressures, including high inflation, an increase in national debt, and a depreciating currency (the exchange rate fell from approximately GHC 5.26/USD in 2019 to approximately GHC 10.00/USD in 2022), which effectively reduces the sector's purchasing power and capacity to deliver services.

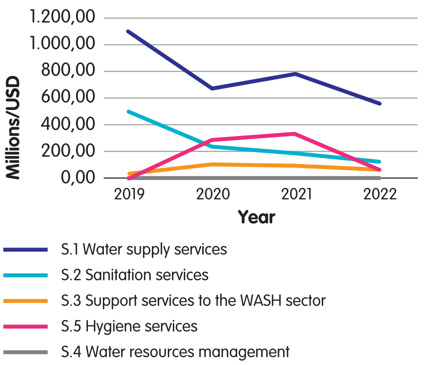
Total WASH Expenditure



Source: Ghana WASH Account, Fourth Cycle: Final Report Aug 2024

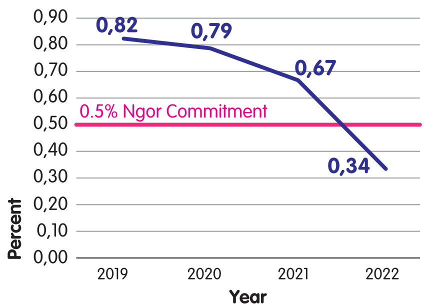
1. Hutton, Guy; Varughese, Mili. 2016. The Costs of Meeting the 2030 Sustainable Development Goal Targets on Drinking Water, Sanitation, and Hygiene. World Bank, Washington, DC.

Distribution of Expenditure by WASH Services



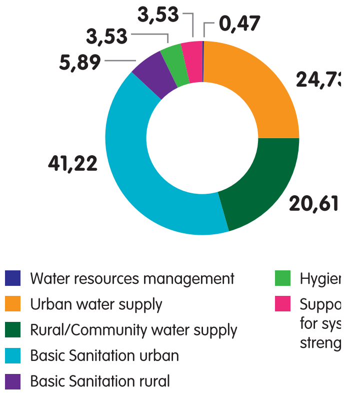
Source: Ghana WASH Account, Fourth Cycle: Final Report, Aug 2024

Proportion of Sanitation and Hygiene Expenditure to GDP



Source: Ghana WASH Account, Fourth Cycle: Final Report, Aug 2024

Annual Budget Estimates (%) in GWASHDP

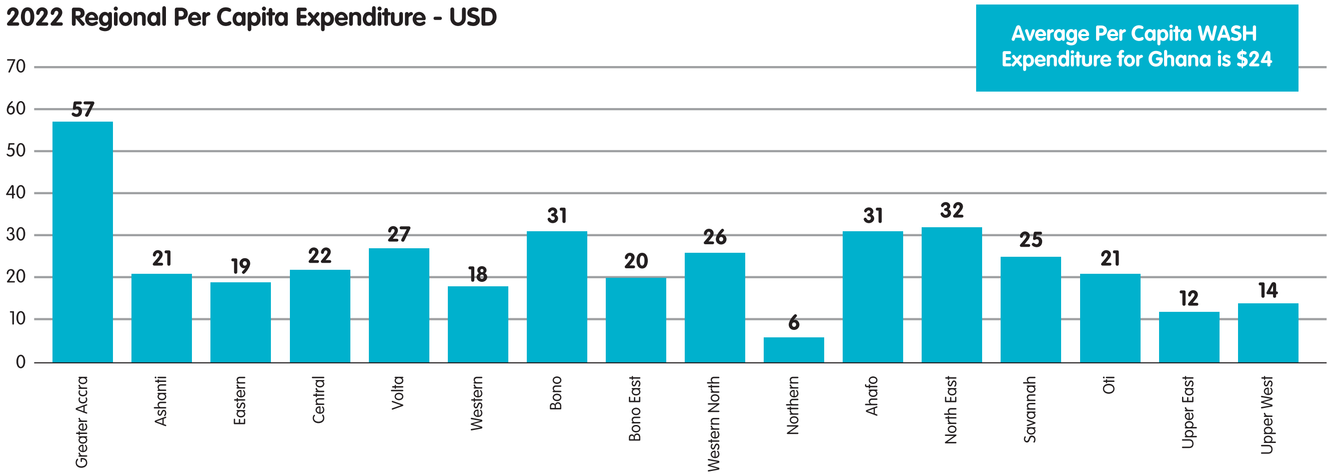


Source: WASH Sector Development Programme (GWASHSDP) 2021-2030

2. **Critical Underfunding of Water Resource Management, Sanitation and Hygiene**
   Expenditure is heavily skewed towards water supply (58%), neglecting the foundational sub-sector of Water Resources Management (WRM). The Ghana Water, Sanitation and Hygiene Sector Development Programme (GWASHSDP) estimated an annual investment of about 0.5% of total WASH expenditure to WRM; however, actual expenditure was a mere 0.1% from 2020 to 2022. This chronic underinvestment in protecting water sources (rivers, aquifers) directly threatens the sustainability of all water supply services. Also, expenditure for sanitation and hygiene is generally falling far below the international benchmark of 0.5% of GDP, per the Ngor Commitment of the African Ministers' Council on Water (AMCOW).

3. **Inequitable Expenditure Distribution Across Regions and Localities**
   The per capita expenditure by region shows that nine out of the sixteen regions have per capita expenditure below the average (USD 24). The three Northern Regions (Northern, Savannah and North-East) and two Upper Regions (Upper East and Upper West) are among the most deprived in terms of per capita WASH expenditure. This should be of particular interest to sector stakeholders and should be considered a matter of urgency.

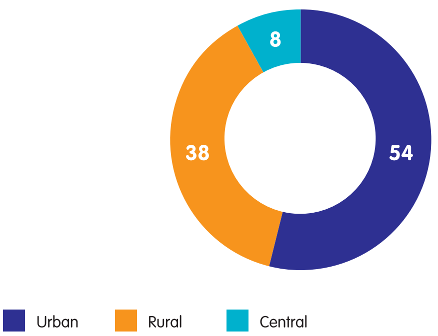
2022 Regional Per Capita Expenditure - USD



Source: Ghana WASH Account, Forth Cycle: Final Report, Aug 2024

Urban-Rural Disparity: The rural areas attract less funding compared to the urban areas. Urban localities contribute over 60% of funding to the WASH sector, exacerbating access inequalities in rural areas. WASH services are generally expensive and need to be paid for. The income disparities between urban and rural households may be one of the many factors accounting for this disparity. According to the Ghana Living Standard Survey round 7 (GLSS 7), households in urban areas earn twice as much as rural households. This disparity is reflected in the level of water services available to rural populations, as highlighted in the 2023 JMP report. While 74% of rural residents have access to at least basic water services, 12% rely on limited services and the remaining 14% depend on unimproved or surface water sources. In contrast, 98% of urban populations have access to at least basic services, with only 2% relying on limited water services.

Distribution of Expenditure by Locality - 2022



Source: Ghana WASH Account, Fourth Cycle: Final Report, Aug 2024

4. High User Burden

Users bear approximately 80% of total WASH sector costs through tariffs and self-supply. This high financial burden, often accompanied by service inefficiencies and poor service quality, places a disproportionate strain on the poorest households. It also suggests that there are opportunities to mobilise internal resources from the contributions of households. Service providers must apply revenues from tariffs efficiently, focusing on service quality, as users are able and likely willing to pay for services when they are efficient, reliable and of quality.

Key Messages

1. **Urgent Need to Close the WASH Funding Gap:** Current WASH expenditure is insufficient, falling short of national targets by approximately US$500 million annually. A significant and sustained increase in public investment is urgently needed to achieve universal basic access by 2030.

2. **Leverage User Contributions for Infrastructure Development:** Users are the largest funders of WASH (80%), primarily through tariffs and self-supply. Policy should create attractive and innovative financing schemes to channel this capacity into household and public sanitation infrastructure while delivering quality and efficient services.

3. **Prioritise WRM, Sanitation and Hygiene Financing:** Expenditure on sanitation and hygiene has dropped below the international benchmark (0.5% of GDP per the Ngor Commitment). Expenditure on WRM falls short of estimates. Specific, ring-fenced funding and innovative financing mechanisms are required to address this critical gap.

4. **Address Stark Regional Inequalities in WASH Investment:** Significant disparities exist, with the three Northern Regions, two Upper Regions and Oti Region receiving the least funding. Policy must mandate equitable resource allocation and prioritise investments in these underserved regions to truly "leave no one behind."

5. **Bridge the Urban-Rural Divide in Service Provision:** Urban areas receive over half of all WASH funds. Policy must support pro-poor, targeted investments and service delivery models that explicitly address the higher costs and lower revenue realities in rural areas without compromising the quality standards of the infrastructure.

Reference list

1. UNICEF, 2023. Ghana Budget Briefs - WASH Budget Brief 2023
2. TrackFin (August 2024) - Ghana WASH Account, Forth Cycle: Result Brief (unpublished)
3. Ministry of Water Resources and Sanitation, 2022. Programme Based Budget Estimates for 2023
4. Ministry of Water Resources and Sanitation Ghana, 2023. WASH Sector Development Programme (GWASHSDP) 2021-2030
5. Hutton, Guy; Varughese, Mili. 2016. The Costs of Meeting the 2030 Sustainable Development Goal Targets on Drinking Water, Sanitation, and Hygiene. World Bank, Washington, DC.

About this brief

Advocacy messages on increasing funding for water, sanitation and hygiene (WASH) in Ghana and ensuring equitable distribution of existing funds. These messages have been developed based on reports on budget and expenditure analysis for the period 2020, 2021, and 2022

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