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# **USAID REAL-Water Explores the Impact of the Water Quality Assurance Fund on Ghana's Water Sector Formalization**



“We used to  
say water is  
life.

Now, we say  
safe water is  
life.”

**Name:** Nana Kwadwo Nyarko Diabour  
**Title:** Traditional Chief  
**Community:** Drobo  
**District:** Jaman South  
**Region:** Bono

**Bono and Ahafo Region, Ghana** — Ensuring the safety and quality of drinking water supplies is a pressing concern for public health. While urban areas often benefit from established procedures for water quality monitoring, rural regions frequently lack resources and expertise. This blog explores how a rural water innovation is shifting the communal mindset from "water is life" to "safe water is life," emphasizing the importance of water quality and its implications for water operators. It also notes the challenge of meeting the growing demand for innovation before researchers have completed their evaluation—an interesting “researcher’s dilemma.”

## ***A Rural Water Innovation***

The [Water Quality Assurance Fund](#) bridges the urban-rural divide and enables established [urban laboratories](#) to provide water quality testing services to rural water systems. Below, we describe how the Assurance Fund works and we describe the lessons we’re learning from our on-going evaluation of the Assurance Fund in Ghana.

The Assurance Fund makes monitoring of rural water systems more attractive to urban water quality laboratories because the Fund acts as a financial safeguard and guarantees consistent and reliable payments for testing services. This payment guarantee allows established laboratories to provide smaller systems with the information they need to maintain safe water quality standards.

“We used to only test our water twice a year. Now, we test our water every month.”

**Name:** Alexander Tachie  
**Title:** Accountant  
**Community:** Japekrom  
**District:** Jaman South  
**Region:** Bono



USAID’s [REAL-Water](#) (Rural Evidence and Learning for Water) program is evaluating this [financial innovation](#) in [Ghana](#) and [Kenya](#) with plans to also pilot in [Uganda](#) and [Tanzania](#). In Ghana, where the [Assurance Fund](#) was [initially piloted](#), 34 rural water systems across 11 districts of the Bono and Ahafo regions are now enrolled in the Assurance Fund evaluation. Though the evaluation is still underway, there are initial signs that regular water testing of small rural water systems is increasing public awareness of safe water practices. Local stakeholders also suggest that the Water Quality Assurance Fund is improving the adoption of chlorination practices, increasing revenue for water systems and laboratories, and leading to stronger ownership among water operators (via a heightened sense of responsibility, commitment, and control).

Many of these perceived benefits stem from monthly Assurance Fund debrief meetings attended by participating water supply operators and the District Assembly officials who oversee them. These meetings are used to compare water quality results and discuss water treatment methods, with periodic deep dives into specific water-related topics, such as “how to keep your water points clean.” These collective efforts can potentially result in safer water for communities and reduce waterborne diseases.

### ***An Increased Focus on Informal Water Suppliers***

The implementation of the Water Quality Assurance Fund in Ghana has also led to increasing engagement between District Assemblies and informal water suppliers in rural areas. These informal providers are typically entrepreneurs who pay out-of-pocket for the drilling and mechanization of boreholes and then sell water to local customers. The informal operators are unregulated, leading to uncertainties about water quality for consumers and a lack of standardized treatment procedures. **While the existence of informal water suppliers is**

well-documented in urban areas, their prevalence in rural settings is poorly understood in Ghana.

The Assurance Fund evaluation's early findings suggest that informal water suppliers are a much bigger part of the water supply landscape than initially thought. **In the Bono and Ahafo regions of Ghana, they may serve up to a quarter of the population in some communities.** Their prevalence and their perceived freedom to set their own water rates can lead to tensions with regulated suppliers who must follow government-approved tariffs. Sometimes informal operators compete with regulated suppliers for customers.

## ***A Spark of Change***

The Water Quality Assurance Fund program and its goal of improving water quality holistically have encouraged District Assemblies to begin registering informal operators. This process should also generate revenues for the local government in the form of registration fees and business taxes. **Using their own resources, six District Assemblies in the Bono and Ahafo regions identified nearly 200 informal water operators.**

Initially, many informal water operators were unaware of the registration requirement. Now, at least some appear eager to register with local authorities and join the Assurance Fund program. **Around 80 of the 200 entrepreneurs have completed the formal registration process, submitting all required paperwork and fees.** REAL-Water delved into the motivations behind their choice to undergo oversight, including the role of the Assurance Fund program in influencing their decision.

## ***Motivation I: Bridging Knowledge Gaps***

**“I didn’t know we should treat our drinking water. It surprised me.”**

**Names:** Amoah and Ampaabeng Kyeremeh  
**Titel:** Informal Water Vendors



Our discussions with informal water suppliers indicate that their interest in registering with the District Assemblies was often based on a desire to join the Water Quality Assurance Fund. This feedback from the informal suppliers is supported by our observation that in districts where Assurance Fund personnel had not yet engaged with informal operators, none of them registered.

Inspired by their perceived initial successes of the Water Quality Assurance Fund, informal water suppliers told us that they are interested in accessing the Fund's financial and educational resources. Participation in the Assurance Fund program would also increase their recognition among customers and provide access to the Fund's learning opportunities, such as monthly debrief meetings.

Furthermore, informal operators appear to be realizing the importance of water quality testing. "Before the Fund, I thought clean-looking water was safe water," one operator admitted. Another informal operator expressed commitment to providing high-quality service to their community and family: "I drink this water," underscoring a desire to build the confidence of customers in the community.

## **Motivation 2: Financial Impact**



**“Our revenue has gone up because people know we are giving them safe water.”**

**Name:** Azuma Wale  
**Title:** Water System Manger  
**Community:** Ntotroso Resettlement  
**District:** Asutifi North  
**Region:** Ahafo

As the Water Quality Assurance Fund program is rolled out, it may transform the financial dynamics of water suppliers. As consumers grasp the importance of water quality, their preferences may shift toward regulated suppliers who are known to test their water and who display test results in their offices. Some District Assembly members and informal suppliers make the case that increasing the public awareness of water quality in the Assurance Fund study districts could result in a loss of income for informal water suppliers who are not participating in the Assurance Fund. This potential loss of market share may also underlie their interest in joining the Assurance Fund program.



**“Seeing the [laboratory] trucks come by has increased our confidence that the water is safe for drinking”**

**Name:** Mumuni Abdul Wahab  
**Title:** Water User and Veterinarian  
**Community:** Ntotroso Resettlement  
**District:** Asutifi North  
**Region:** Ahafo

This trend may gain momentum as consumers replace bottled and sachet drinking water from informal and unregulated suppliers with less expensive public water supplies that are now monitored through participation in the Assurance Fund.

**“Community members will stop purchasing sachet water and use piped water for drinking because the piped water is of good quality.”**

**Name:** Cecilia ( Aunt Ceci)  
**Title:** Water Vendor  
**Community:** Ntotroso Resettlement  
**District:** Asutifi North  
**Region:** Ahafo



### Motivation 3: Government Support and Pressure

**“If you are an informal service provider and you don’t take this opportunity to join [the WQAF], we will apply the law. You will risk your business.”**

**Name:** Franklin Walier  
**Title:** Municipal Planning Officer  
**Community:** Goaso  
**District:** Asunafo North  
**Region:** Ahafo



For District Assemblies, regulating informal water operators presents a dual benefit: it fulfills their mandate of overseeing water services and increases their revenue base. According to one District Assembly official, "We are partners in development, aiming to create an enabling environment for informal operators to thrive and complement the government's efforts in providing safe water."

**“When the directive comes, I will test my water. I don’t want to supply contaminated water that ends up killing someone. I drink the same water.”**

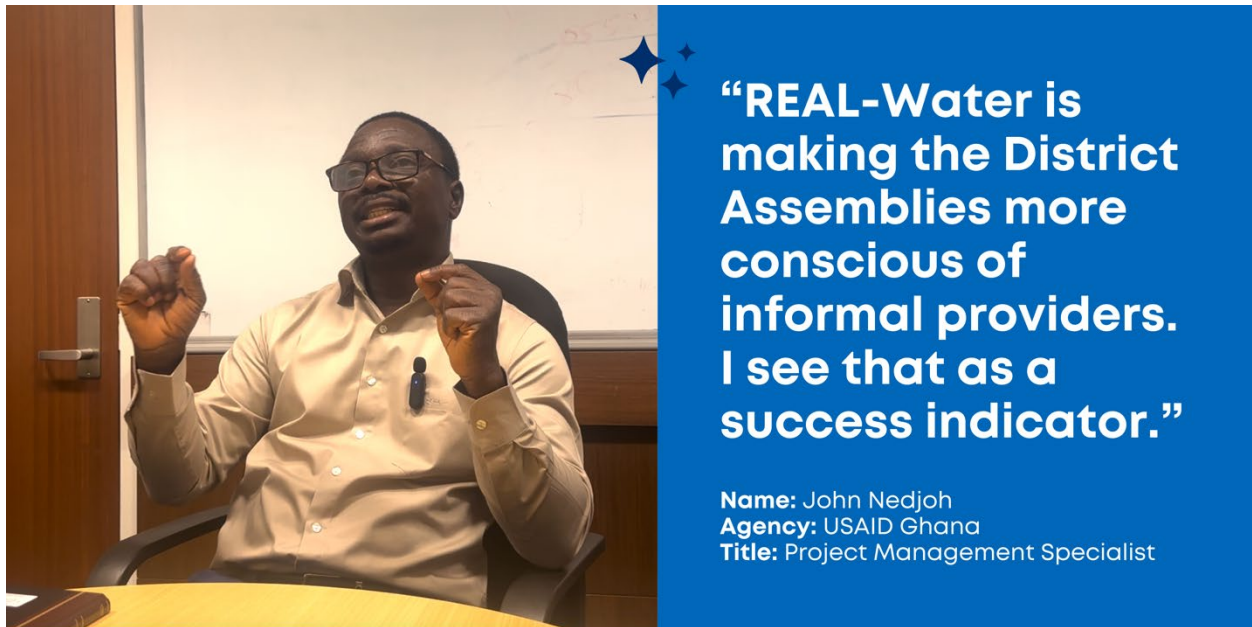
**Name:** Rose Addai  
**Title:** Informal Water Operator  
**Community:** Kenyasi No.1  
**District:** Asutifi North  
**Region:** Ahafo



While District Assembly authorities indicated that they preferred informal water operators to register their businesses voluntarily, some officials also noted that they were willing to apply pressure when the informal operators do not come forward on their own. Although it is possible that District Assemblies may eventually impose penalties on unregistered operators, they have not done so yet. In addition, some informal operators indicated that there may be additional benefits of registration, beyond participation in the Assurance Fund evaluation. These possible benefits included District Assembly support in receiving permits, such as those required for water abstraction.

## ***All in Favor***

The increasing interest in registering informal providers among District Assemblies exposed to the Assurance Fund evaluation and the corresponding interest among some of the informal operators, has not gone unnoticed. USAID Ghana points to the increasing attention on regulation of the informal water sector as an important outcome of the Assurance Fund evaluation.





**“If we treat the water on the public side but leave behind the private providers, people will still get sick. That is why we want to include private systems.”**

**Name:** Andrews Bediako  
**Title:** Municipal Chief Executive  
**Community:** Drobo  
**District:** Jaman South  
**Region:** Bono



**“Whenever I meet another informal water provider, I will tell them: come join the program! This will enable us to provide safe water for the community.”**

**Name:** Joseph Kyei  
**Title:** Informal Water Operator  
**Community:** Kenyasi No.1  
**District:** Asutifi North  
**Region:** Ahafo

## ***Unexpected Benefits***

The Assurance Fund’s unintended effect of increasing the attention on informal water is driving an emerging consensus that both formal and informal water supply schemes are important parts of the water supply landscape in rural Ghana, and the collaborative registration and enrollment of informal water operators in the Assurance Fund will improve water quality and, in turn, community health.



◆◆ “All informal operators should be enrolled [in the WQAF] so that all providers can treat and test their water.”

**Name:** Paul Osei  
**Title:** Assembly Member and Water System Manager  
**Community:** Akrodie  
**District:** Asunafo North  
**Region:** Ahafo

## ***REAL-Water's Dilemma***

The popularity of the Assurance Fund among District Assemblies and water suppliers is an unexpected dilemma for REAL-Water. Adding more water suppliers to the current Assurance Fund evaluation without sufficient planning could overwhelm the laboratory’s capacity and potentially undermine the validity of the evaluation. However, not responding to the surge in interest from more water suppliers risks alienating local partners and missing a chance to grow.

REAL-Water is now working with local authorities to identify options for engaging newly registered water suppliers. These could include a more active role for District Assemblies in the management of testing among newly registered water suppliers and the coordination with laboratories. This process could provide opportunities to examine Assurance Fund implementation through government channels. Future government roles are important considerations if the impact evaluation shows that the Water Quality Assurance Fund is a cost-effective intervention that merits expansion.