

ADOPTING A LIFE-CYCLE COSTS APPROACH FOR SUSTAINABLE SERVICE DELIVERY

This document gives an overview of the progress made on the Triple-S experiment on Life-Cycle Costs Approach (LCCA) and Asset Management in Ghana. The experiment aimed to strengthen the financing of direct support to service providers and the capital maintenance of water supply assets. The experiment reached limited piloting stage of infrastructure asset management and planning and budgeting for life-cycle costs of water services.

THE INNOVATION PROCESS

The Triple-S (Sustainable Services at Scale) initiative has led a process of learning and innovation to improve rural water service delivery in Ghana and Uganda. This document briefly describes one of the innovations with reference to the generic phases in an innovation process:

- Phase 0: Understanding and ‘socialising’ the problem, which leads to a clear articulation of a problem and generates awareness among stakeholders.
- Phase 1: Proof of concept, which leads to detailed articulation of an innovation and consideration of its feasibility.
- Phase 2: Limited piloting, provides evidence on outcomes, impacts and costs of the innovation and the requirements to make it work.
- Phase 3: Full scale roll-out, means application of the innovation (almost) nationwide and for multiple years.
- ‘More research’ ideas, which can be developed into further research into specific parts of the problem
- There are also actions that are deemed not to require an experiment, for example because the cost of an experiment would be higher than implementing the innovation.

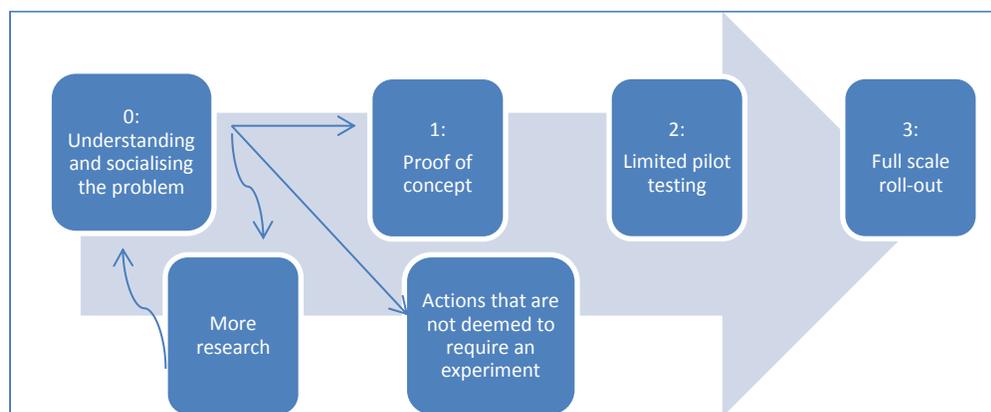


Figure 1 Innovation process: phases in experiments

BACKGROUND

Budgeting and planning for regular, structured support to service providers helps them fulfil administration, operation, asset management and maintenance functions. It has been shown to

improve the likely sustainability of water services and to help reduce major breakdowns and faults. The IRC-led WASHCost project generated insight into the bias towards funding initial investments in rural water supplies at the expense of necessary recurrent costs of direct support and capital maintenance, resulting in ad hoc maintenance and low service levels.

In order to develop capacity and tools for planning and budgeting at district level for direct support and asset management, Triple-S undertook an experiment. This experiment also aimed to field test the applicability and relevance of these tools in the Brong Ahafo, Volta and Northern Regions in Ghana

PHASE 0: UNDERSTANDING AND 'SOCIALISING' THE PROBLEM

The IRC-led WASHCost project and the Triple-S (2011) baseline study on water infrastructure assets management demonstrated that district budgets are heavily biased towards initial investment costs rather than recurrent costs of service delivery such as direct support and capital maintenance. This evidence and training in the Life Cycle Cost Approach has helped national and district level stakeholders understand the problems associated with lack of insight into the life-cycle costs of WASH services and generated an interest in strengthening budgeting and planning. Putting monetary values to the time spent by district staff on direct support, was however still met with resistance.

In collaboration with stakeholders in the Triple-S pilot districts - Akatsi; Sunyani West and East Gonja- the following responses were defined:

- A budget tracking exercise to get further insight into how districts budget and obtain funding for recurrent costs (further research).
- Development of an appropriate framework for infrastructure asset management (IAM) and capital maintenance
- Development of a concept for direct support.

PHASE 1: PROOF OF CONCEPT

Capital maintenance does not exist in the nomenclature of rural water service delivery in Ghana. Minor and major maintenance are not clearly defined in the policy, leaving room for ambiguity where responsibilities lie. The districts acknowledged the need for District Assemblies to support communities or management teams in undertaking capital maintenance, but also highlighted their overburdened budgets and erratic inflows of funds from central Government as major constraints. This highlighted the need for finding innovative ways of financing capital maintenance.

Infrastructure asset management (IAM) is a systematic approach to ensure facilities continue to deliver the desired level of service at a minimal cost. The first step in developing the infrastructure asset management concept has been through Triple-S involvement in the revision of the District Operational Manual (DOM). The new manual was launched in March 2014 and has defined minor and major repairs and who is responsible for funding them.

In March 2013 a desk study examined the need for improved asset management of water supply facilities in rural and small town areas of Ghana and gave recommendations on appropriate asset management within the current policy and monitoring framework. Through a series of workshops, the experiment team validated the findings with district and national stakeholders, along with guidance on developing an asset management plan and a prototype asset register.

To enable the pilot districts to determine the condition of their WASH assets, predict maintenance requirements and plan and budget for maintenance, the staff of the three pilot districts, CWSA and other sector stakeholders were trained on infrastructure asset management planning. Through consensus with the districts, CWSA and the asset management consultant, a template asset register was developed. Asset registers for Akatsi North and South districts were developed and piloted by the districts collected with support from an asset management consultant. The consultant then developed an infrastructure Asset Management improvement plan for Akatsi, and a more generic Asset Management plan template and balances score card/self-assessment cards for CWSA and the Metropolitan, Municipal, and District Assemblies (MMDAs).

Regional staff of CWSA and of the three Triple-S pilot districts were trained on using LCCA for planning and budgeting for WASH service delivery. They were supported to revise their district water and sanitation plans and budgets to accommodate costs of direct support and capital or major facility maintenance as well as for new infrastructure. To establish whether the capacity support has indeed translated into improved planning and budgeting for WASH service delivery, Triple-S undertook a district budget tracking study (report forthcoming).

PHASE 2: LIMITED PILOTING

The experiment is at the limited piloting stage. It is expected that the capacity support and the decision support on infrastructure asset management planning will enable the pilot districts to regularly determine the condition of their WASH assets, plan and budget effectively for service delivery and carry out maintenance in an organized and structured manner.

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