



WATER, SANITATION, ENVIRONMENT and DEVELOPMENT

Privatization of rural water supply

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Introduction

Since independence in the 1960s most governments of developing countries have been the main providers of improved rural water supplies and sanitation facilities. They adopted a socialist stance whereby the state provided for basic services. The rationale for this approach was that communities could not afford to develop water or sanitation systems themselves. At that time there were very few non-government organizations or private companies that could do such work. During the International Drinking Water Supply and Sanitation Decade (1980-90) of the total global funding for water supply and sanitation of \$10 million, 65% came from state sources (1).

But over the last 30 years or so this approach has been only partially successful. Thousands of systems were constructed but at the start of the 1990s one in three people in developing countries still lacked access to the two most basic requirements for health and dignity; a safe and reliable water supply and adequate sanitation facilities (2). Although governments did manage to increase the number of people provided with water supply by 240% during the Decade, this does not mean that these systems are still functioning effectively today.

Because the emphasis in the past has been on constructing new systems, maintenance of these and older systems has been neglected. The figure of 40% of systems not working has often been quoted.

Background

During the 1970s and 80s the economies of most developing countries slid into decline as a result of falling prices for export commodities coupled with a dramatic rise in the cost of imports, particularly of oil. Consequently governments were obliged to borrow from international organizations in an attempt to balance their economies. These organizations forced governments to adopt harsh economic policies which caused a cut-back on social spending in the areas of health services and the provision of water supplies. This cut-back was felt more in rural areas which had less political clout than the burgeoning urban areas where population pressure forced governments to provide services.

Decline in government services

Some governments have also been spending a large proportion of their GNP on the military. For example in Ethiopia during the latter years of the Mengistu era; as much as 60% of GNP was being spent to fight insurgents in the north. This meant that the budgets for the provision of water and health services were cut back dramatically.

Government departments, strapped for cash, during the 1980s were unable to maintain the services they had provided.

During the 70s and 80s most governments' actively discouraged the private sector in favour of developing state enterprises. Hefty import tariffs and taxes on private property discouraged private initiative. In some Marxist oriented countries like Ethiopia, Mozambique and Angola, the state nationalized many private firms and confiscated their assets. Foreign investment was discouraged.

With the collapse of communism in the East and the rise in the influence of capitalism from the West, many developing countries have been forced to change their policies.

They have been forced to cut back their over-staffed bureaucracies. There have been massive lay-offs in the public sector. Up to 60 000 civil servants were made redundant in Ghana in the mid eighties, for example (3).

The emergence of the private sector

Countries adopting a market-oriented approach have been rewarded by support from international financial organizations and western donor governments. Ghana launched her own Economic Recovery Plan in the early 1980s which included measures designed to encourage foreign investment and to get private entrepreneurs involved in setting up small businesses.

Following the collapse of the Marxist regime in Ethiopia in 1991, the Transitional Government has adopted a similar economic recovery program. Private investors are now being encouraged by a number of practical measures which include:

- reduced import tax
- reduced level of income tax on private businesses
- a reduction in the amount of red tape required to get a business licence
- a devaluation of the currency, making imports cheaper (4)

In other African counties, however, the private sector is already well developed. In Kenya, for example, there are a number of private companies constructing water supplies and sanitation facilities.

In Burkina Faso, the Yatenga Project of the 1980s promoted the private sector in the maintenance of rural water supplies. Entrepreneurs were given assistance to purchase toolkits and received training from project staff. Spare parts for Village Level Operation and Maintenance (VLOM) handpumps were made available to local shopkeepers. Mechanics buy the parts and are paid by communities for repairing pumps.

In Ghana, the Wenchi Mission Water Project asked communities to pay 70 000 cedis (about \$350 in 1986) into a rural bank account as a contribution towards constructing a borehole and installing a handpump. Some of the funds were set aside in a maintenance fund which is used when the Mission maintenance team is called to repair the pumps.

A water society in Kenya

There has always been a strong sense of self-help in the rural areas of Kenya expressed through the 'Harambee' concept. To fund the capital cost of a development project, money is contributed from each household according to how much it can afford. These funds are then augmented by the government.

In the early 1980s in Meru District on the lower slopes of Mount Kenya, seven small community groups existed with the aim of providing an improved water supply through gravity systems. In 1984 these groups decided to join together as individually they lacked a large enough membership to develop the extensive infrastructure required for piped water systems. They were also inexperienced in management and financial accounting and lacked the ability to mobilize their communities beyond initial fund-raising activities.

The groups amalgamated under the Murugi-Mugomango Water Society in 1983. The Society was constituted under the Kenya Societies Act, and so became eligible to receive NGO assistance.

The Ministry of Water Development helped the Society to approach NGOs for assistance in funding and for management training. The Canadian Hunger Foundation, an NGO, responded and contracted the services of Research and Planning Services, a Kenyan development consulting firm and Technoserve Inc., a Kenya-based American NGO. A trilateral agreement was signed between these agencies and Murugi-Mugomango Water Society. Technoserve and CHF assisted the Society to draw up a set of by-laws, rules and guidelines to govern the Society on a commercial basis.

This process was important in forging links between the self-help groups and helped to form a common consensus on the objectives and longer term goals of the Society. The

NGOs also assisted the Society to enter into legally binding agreements with outside parties.

Laying the groundwork

During the first 18 months the Society achieved a great deal in setting up a workable administrative structure which reconciled the accounts and records of the former small groups.

Membership

To become a member of the Murugi-Mugomango Water Society, householders have to be approved by the Society's Management Committee. They then pay a registration fee of Ksh 4,170 (US\$150 in 1991). Members are obliged to provide 60 days of labour for digging trenches and backfilling. Cash in lieu of labour is discouraged because it is felt that this labour contribution forms an important part of creating a sense of ownership of the Society and of the water system.

Institutions like schools and clinics pay Ksh.6843 (US\$ 245) for membership. By 1991 the Society had a membership of 2,150 of whom 1,350 were connected to the water system. From membership fees the Society had assets of over Ksh.600 000 (US\$21,500) and labour valued at over Ksh.1 million (US\$35,700) had been contributed. In addition, members of the Society contributed Ksh.280,000 (US\$10,000). The Society built offices and stores from 'harambee' contributions and from a Ksh.200,000 (US\$7,000) grant from the government.

CHF provided over Ksh.2.8 million (US\$100,000) in materials, technical assistance and training.

The gravity system

The Society was assisted by CHF and engineers from the Ministry of Water Development in designing the gravity system. Intakes have been constructed on the Meru River on the slopes of Mount Kenya. By 1991, over 380 km of pipeline has been constructed in main and branch lines along with six reservoirs and 20 break pressure tanks and valve chambers.

By mid 1991, 1350 consumers were receiving water through metered yard connections.

User fees

Each household pays a flat rate of Ksh.20 (US\$ 0.75) for the first 30 cubic metres consumed per month. Consumers are then billed Ksh.2 for each additional cu.m. used. Institutions pay Ksh. 100 (US\$ 3.60) for the first 30 cu.m. and Ksh. 3/cu.m above that amount. The number of defaulters has been very low.

Project management

The philosophy of the Society is to run it in a business-like manner so that the organization makes a modest profit. The Society elects a management committee at the annual general meeting. In 1991, eight members were elected and four, including two women, were co-opted. The chiefs and sub-chiefs of the area are among the members of this committee.

An executive committee of four of the top office holders is the Society's main decision making body. The Society employs 18 staff, headed by a project manager. Their salaries come from revenue generated from the tariffs which amounts to about Ksh 35,000 (US\$1250) per month.

Problems

Although the Society is well managed, it is not without its problems. In 1991, the Society was only making a very small profit. This can be attributed to the comparatively low rate of the tariff, particularly for institutions. Commercial outlets like hotels are paying only Ksh. 100 (US\$ 3.60) for 30 cu.m. Hoteliers in the area agreed that they would be willing to pay much more for water. Many farmers use more than 30 cu.m. per month as they irrigate vegetables and coffee which they sell as cash crops. The levy of Ksh.2 per cu.m. appears low. However, the Society was unwilling to increase the tariff in light of low coffee prices in 1990-91. However, farmers were getting a good price for green beans during that time.

Water shortages have also been experienced during the dry season.

To alleviate this, the Society constructed a new intake and 7.8 km of pipeline to the main reservoir. The cost of this expansion was Ksh. 1.8 million (US\$ 64,000).

The Society has been criticized for the low level of womens' involvement in the management of the organization. There were only two women on the management committee, and they had been co-opted. The reasons given were that members of the society believed that their interests would be better served by the men they had elected to the committee.

Observations

This Society provides a good example of a group of communities coming together in a spirit of self-help and being assisted in key areas of finance and training in which they were deficient, by outside agencies. These agencies have committed a considerable investment in this organization but they have been careful to allow representatives of the community to take major management decisions. Now the challenge for these external bodies is to gradually withdraw from the scene as the Society becomes more able to run its affairs in the best interests of its members in a more independent way.

This is just one example of privatization in the water sector. The following criteria can be drawn from this example which appear to be necessary for a private sector initiative to succeed:

- A community who need an improved system and who are prepared to commit their time and money to building it.
- A government who are prepared to back community self-help initiatives with cash and technical assistance, and which drafts legislation to encourage a business-like approach towards the provision of services.
- An external agency which is prepared to provide technical and financial assistance in return for accountability and a strong sense of community commitment.
- A community who have access to a cash economy.
- A community with leaders who are committed to the improvement of their community above their own self interest.

For privatization to work in the provision of essential services like water and sanitation, governments and external agencies must adjust their role to become more like facilitators for community initiatives and less like providers of systems for communities.

References

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- (2) *The New Delhi Statement*, Sept.1990; UNDP.
- (3) *West Africa Magazine*, Oct.1985.
- (4) *Investment Code for Ethiopia*, T.G.E.,1992.