



Community financing – challenges to community management



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IN DEVELOPING COUNTRIES most of the water projects are funded by Donors with relatively low matching funds from the governments. There is an indication of inadequate resources from government and Donors to match the pace of request from communities. In Ghana, according to Community Water Needs Assessment, 1992 only 33 per cent of the rural communities were served with potable water.

The experience in Eastern Region of Ghana shows that progress in extending coverage has been limited. The UNDP Rural Water Supply and Sanitation Project (1991-1997) which was designed for implementation in five districts of the region had to be limited to only two districts viz Birim North and Birim South due to limited financial resources. The JICA Project (1997 - 1999) which was supposed to provide 400 Boreholes in the region has been reduced to 380 Boreholes and would be reduced further depending on the success rate and funds remaining. A proposed Danida Project conceived to cover the whole region has the tendency to be limited to some selected districts out of the 15 districts, because of inadequacy of funds. The coverage of Community Water Supply in Eastern Region according to the 1992 survey was only 29 per cent. Financing either externally or through government subsidies is inadequate and even more difficult in covering local recurrent costs than development expenditures. Institutions and agencies can cope with limited water programmes within their financial proposals and therefore become overstretched if water facilities have to be maintained and extended. It has become obviously imperative that communities must raise sufficient funds to the development and operation of their water projects. Community contributions also ensure interest and are seen as the best mechanism to promote sustainability.

In this direction, the provision of community water facilities in the Eastern Region under the Community Water and Sanitation Programme (CWSP) in Ghana is based on the demand driven approach and the Community Ownership and Management (COM) concept. The demand driven approach is whereby communities are required to co-finance facilities. User ownership of facilities including full financial responsibility for operation and maintenance to ensure sustainability is emphasised in line with the COM concept. The guiding principle of the CWSP is to achieve sustainability of water supply facilities by shifting away from dependency on government towards greater self reliance by user communities.

Among the major challenges of providing water in the region is how the communities can take effective measures

to generate funds continually to meet their financial obligations to be able to demand, operate and maintain the facilities. Community Financing has become a critical dimension in community Management upon which the success of Community Ownership and Management and sustainability of water facilities depend.

Types of financial contributions

The specific contributions expected from the communities under the CWSP are:

- 5 per cent of the capital cost, that is c650,000 and c300,000 with dollar equivalent of about \$277 and \$128 to acquire a borehole and Hand dug well respectively.
- Operation and Maintenance cost c150,000 and c200,000 about \$64 and \$85 for Hand dug well and borehole respectively to be used for the purchase of spare parts, payment of the services of a mechanic and construction of drainage systems (Aprons).
- Rehabilitation cost with regards to conversion of existing facilities to Community Ownership and Management. The cost c130,000 about c55 for installation and transportation of a new pump.
- The average contribution per person in the communities is about c10,000 - \$4. (c2350 = \$1 as at March 1998)

Fund generation options

There are various options of fund generation in the communities. These options are usually chosen or determined by water point committees in consultation with the entire members of the communities. This is to ensure the support of the communities toward fund raising because almost all the options have weaknesses and therefore very important that the entire community decide on what type of option would be suitable.

The major options identified are:

- Communal Levies - where individuals or households in a community agree to contribute an agreed amount of money towards the acquisition of the facility.
- 'Kilo-Kilo'/'Olonka' deduction - some commercial farming communities who produce cash crops like cocoa, maize deduct a kilogram of cocoa or olonka of

maize as the farmers' annual contribution to maintenance.

- Communal farms or labour - some communities establish community farms or organise communal labour to generate funds for maintenance.
- User fees;
 - a. Flat rate - All members of the community have access to the facility and each individual or each household head pays a regular fee usually at the end of every month.
 - b. Pay as you fetch/levy on each bucket - A fixed amount is levied at the water point on each bucket of water collected.
- Others - contributions or donations during church harvest, deductions from funeral contributions, fines imposed for non-adherence to community norms, appeals to natives living outside the community and voluntary contributions.

The options considered in the communities are sometimes cumbersome to implement, inefficient and inequitable, however, they are the familiar means of generating income and are in harmony with their Socio-economic circumstances or way of life in the communities. That notwithstanding the effectiveness of these options depend also on the Socio-Cultural, economic and political factors.

Weakness on the various options

Communal levies

- Difficulties in collection.
- Low returns.
- Time and energy consuming - collectors go round to collect.
- A threat to stability of committee membership - members insulted by the community.
- Dependent on good will of community members.

"Kilo-kilo" or "Olonka"

- Feasible only in cash crop growing area.
- Not every inhabitant may have a cash crop farm.
- Inadequate and unreliable source of funds due to poor harvesting.
- Source seasonal and dependent on weather.
- Inequitable - not related to consumption.

Communal farm and labour

- Seasonal source of funding.
- Income unpredictable and depends on the weather, yield, price.
- Farms not properly maintained - poor yields.
- Lack of storage facilities.
- Creditability/reliability of "sellers" and "harvesters".
- Non participation of other members.
- Depends on existence of jobs.

User fees

- Misappropriation of fund due to lack of mechanism for monitoring sale of water.
- Favouritism towards kin and friends.
- Flat rates are inequitable - not related to consumption.
- Return to traditional sources.
- Payment dependent on quantity (yield) and quality (taste).

Factors affecting community contributions

The generation of funds in the communities also depend on the ability and willingness to pay. The ability/willingness to pay are dependent on Socio-cultural, economic and political factors.

Socio-Cultural

In some of the communities the availability of water in traditional sources such as streams and rivers reduces the incentive to pay more for potable water. In the dry season traditional sources of water dry up and people are willing to pay. The boreholes becomes the only source of water available and also closer to their homes.

The willingness/ability to pay also relates to attitudes and behaviour of the people. In some of the communities potable water has been accepted as a priority need, however, certain habits like smoking, drinking, having many wives, organising expensive funerals and outdooing take a greater part of their income and therefore such people place premium on these attitudes instead of paying for water.

In addition some communities think water is supposed to be free because paying for water is not part of their traditional way of life and also the perception about themselves as being poor. The extent to which people feel responsible for their water facilities usually affect their willingness to pay. Also unity within the communities serve as an incentive to pay for water. Communities where there are no conflict and are homogenous are willing to come together to raise funds to pay for the water.

In some of the Krobo communities where there are chieftancy disputes the people refused to contribute toward acquisition of water facility. In some cases settlers think the facility belong to the indigenous people and are not willing to pay for the maintenance of the facility.

Economic

Economic realities are also to be contended with in terms of community financing. The main source of income in the communities is farming. The ability and willingness to pay varies according to the season. In the dry season as the harvesting of various crops is carried out which provides a source of income to the people they are willing to pay. In cocoa growing areas like Suhum, Birim North and Birim South districts the dry season is targeted for collection of money. In the wet seasons most food stocks begin to dwindle, there are no more commodities to sell and payment levels fall and the willingness/ability to pay also decline.

Political

The willingness to pay in some communities is influenced by political considerations. In Manya and Yilo Krobo districts where politicians give signals that it is the duty of the government to provide water the communities prefer to wait for the District Assemblies to provide the facilities for free. Where Assembly men (local political representative) to gain the support or votes of the people made vague financial promises the people are unwilling to pay even though they have the money. In general when provision of water is politicised the people are unwilling to pay.

Other factors like embezzlement, mis-management of funds, lack of transparency and past experience of project failure discourage the people to contribute.

Effect of lack of community financing

The effect of lack of Community financing on Community Management in Eastern Region of Ghana is evident in the 3000 wells project (late 1970s and early 1980s) where 618 water facilities were given to about 194 communities without any contributions from them. The lack of community financing had a negative consequences for operational sustainability.

At a later time where tariffs were introduced as a way of overcoming the maintenance problem it also could not work because the rates charged were determined by the Central government.

The expectations that the government must provide water for free or at a subsidized rates were rife and had a negative effect on the operation and maintenance of existing facilities. These have culminated in heavily indebtedness in the form of arrears of water bills, broken down pumps, long periods of inoperative hand pumps, return to the use of polluted water, poor pumpsite maintenance and a general inadequate maintenance of the facilities.

The experience of low sustainability of investment from the 3000 wells project partly formed the basis upon which the CWSP was formulated in Ghana with emphasis on Community financing for effective Community Management. The existing facilities under the 3000 wells project are now being converted from centrally managed to Community Management. Under the conversion project the communities are being sensitized to pay their arrears and put structures in place for operation and maintenance of the facilities at the community level according to the CWSP.

Recommendations

To ensure financial contributions in the communities the following recommendations are being made for consideration.

1. Effective community animation to create awareness on limitation of government/donor funding of water supply.
2. Training programmes to equip the communities to handle their financial management.
3. Transparency of financial management through adequate book keeping and regular review of accounts to the communities.
4. Effective health/hygiene education on the relationship between water supply, health and sanitation could improved understanding of the links between water supply and diseases to motivate the people to pay for potable water.
5. Assessment of the Socio-economic situation and the ability and willingness to pay in the communities.
6. Effective combination of existing income generation options in the communities can be a good source of funds since the options are in tune with the way of life of the people.

Conclusion

Community financing has been identified as a key to increasing the coverage of water supply and the sense of ownership needed to keep the water systems functioning on a sustainable basis in the communities.

The potential of generating funds in the communities exist but needs to be enhanced to become an effective and reliable source of funding for provision and maintenance of water facilities.

References

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