

PEOPLE-CENTRED APPROACHES TO WATER AND ENVIRONMENTAL SANITATION

## Community Development Fund Approach in RWS financing

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In order to strengthen the real ownership and leadership of the communities in rural water supply implementation the Community Development Fund (CDF) approach was developed in Rural Water Supply and Environmental Programme in Amhara Region. The purpose of the CDF approach is to create an alternative funding mechanism, which is separate from the conventional governmental funding mechanisms, which are many times slow and bureaucratic and cannot support natural private sector development. In this approach the funds for the water supply construction are not anymore channelled to the implementing Water Office, instead the funds are transferred to the community using private credit institution in fund management. In CDF the community elects an executive body called WATSANCO, which manages the funds, construction and material management as well as the management of the water point after construction. Amhara Credit and Savings Institution (ACSI), a share company, which has branches in each Woreda (District) carries out the fund management with 2% commission only. The CDF project coordination at the Woreda level is carried out by the Woreda Community Development Fund Board (CDFB) having members from government offices and local organizations and private sector. CDF approach in funding will support the decentralization of responsibilities, i.e. initiating and implementing water supply projects by communities and user groups themselves, which will have a significant impact on the ownership issue from the very start. This approach has had enormous impact on the community's capacity and it has also increased the rural water supply implementation pace. The approach builds the community capacity to take the lead of their own development with other sector development projects as well.

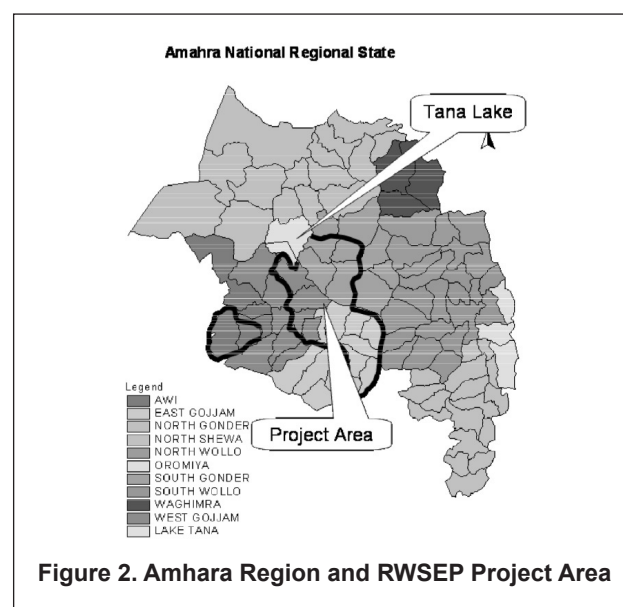
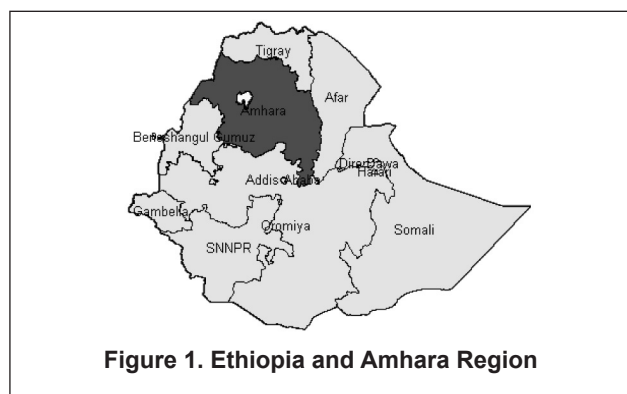
### General

Rural Water Supply and Environmental Programme (RWSEP) is a bi-lateral Programme agreed between Finland and Ethiopia in 1994.

The Programme is located in Amhara Region. The total population of Amhara Region is close to 18 million and the total area of the Region is 170,000 km<sup>2</sup>. The average annual household income is Euro 103.

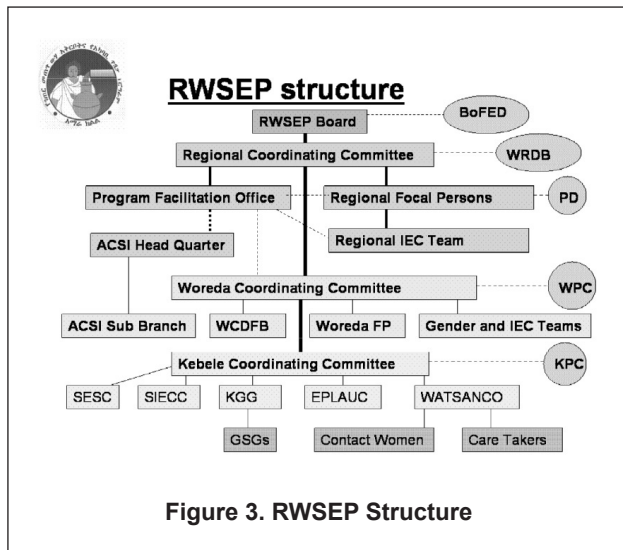
Amhara Region is divided into 106 rural Woredas (Districts). Each Woreda is divided into administrative Kebeles (equivalent to a big village). RWSEP is implemented in 18 Woredas and 320 Sub-Kebeles at the moment. Woreda level

rural water supply coverage varies between 20-30 % and sanitation coverage is 0-6 %. Rural water supply systems are mainly developed springs or hand dug wells with a hand pump (mainly Indian origin Afridev) each system serving a community of 200-300 people. Average household size is 5 persons.



## Rural Water Supply and Environmental Programme (RWSEP)

The Programme is integrated into the six relevant Regional Government sectors (Water, Health, Finance, Education, Environment and Women Affairs) and it is implemented by these sectors at the Region and Woreda levels. Programme financing for the Phase III (2003-2006) is Euro 11.1 million in total. This consists of Euro 8.1 million (from the Government of Finland, Euro 2.4 million from the Ethiopian Government and Euro 0.6 million is financed by rural communities themselves.



So far 1,350 community and 250 institutional water points have been constructed. This construction has provided clean drinking water for more than 500,000 people. The average rural water supply coverage in the RWSEP Woredas is 27.5%. Spare parts are sold by the Woreda Water Offices. The households also pay a fee, typically 0.5 Euro per year per household, for the access to clean water; this money is saved to the bank accounts, used and managed by the communities towards maintenance. At this point 96 % of the constructed water points are operational.

Sanitation component of RWSEP includes the increase of the latrine coverage in the rural communities and schools and clinics. Also “clean water from tap to mouth” awareness creation in sanitation and personal hygiene, and improving environmental sanitation of the water points are part of sanitation.

Women, as main managers of water in the households, are involved in all the project stages from planning to the management. Each water point also has 4-5 contact women who are trained in household management, sanitation, gender and hygiene promotion and who then train the other households of the community.

RWSEP trains school teachers and students, water and sanitation committees, and kebele and sub-kebele level environmental protection land administration and use committees on environmental protection.

## Previous approach of direct funded water supply construction

During 1994-2002 RWSEP was implemented using the direct funded rural water supply implementation approach, in which the rural water supply construction management was carried out by the government bodies of the woreda following the priorities and demands expressed by the communities. The role of the communities in the actual implementation was limited to participation in community planning and evaluation and provision of locally available materials and labor when needed. Local individuals, trained as artisans, carried out the actual construction with the help of community members.

The major problem of the old approach is that the actual management of the community is weak because the community does not:

- Design its own water supply, but receives the proposal from the Woreda Water Office
- Estimate the total costs of their water supply system and therefore has no idea of the value of the water supply
- Manage the actual construction, but only participates and provides labour when needed
- Carry out the financial management of the project implementation
- Procure, transport and store the materials needed, but only provides some locally available stones and wood
- Have the capacity at the end to manage the required rehabilitation or expansion
- Have strong sense of ownership

Other weaknesses of the old system are:

- Slow and bureaucratic construction and material management of the government and therefore wastage of materials is high
- Slow and bureaucratic financial management of the government limiting the speed of construction

## New Approach: Community Development Fund

In order to strengthen the real ownership and leadership of the communities in rural water supply implementation the Community Development Fund (CDF) approach was developed. The purpose of the CDF approach is to create an alternative funding mechanism separate from the conventional governmental funding mechanisms.

In this approach the funds for the water supply construction are not anymore channelled to the Woreda Water Office, instead the funds are transferred to the community using private credit institution in fund management. Water and Sanitation Management Committee (WATSANCO) manages the funds, construction and material management as well as the management of the water point after construction.

Amhara Credit and Savings Institution (ACSI), a share

company, has offices in each Woreda carries carry out the fund management with 2% commission only.

The CDF project coordination at Woreda level is carried out by the Woreda Community Development Fund Board (WCDFB) having members from government offices and local organizations and private sector.

The Community Development Fund is established for the financing of **new construction** or *re-locations* of hand dug wells or spring protections. The fund is mainly used for the procurement of materials and skilled labour, if not available in the locality.

The overall fund for each project is budgeted after the project application is appraised by the technical personnel and approved by the Woreda CDF Board. Based on the approved budget, fund will be released as follows:

- WATSANCO CDF account is opened by authorization letter from the Woreda CDF Board Chair Person
- The money is disbursed from the Woreda CDF Board account to the water point account in three or four instalments (less than Euro 570 each). Each withdrawal is authorized by the Woreda Water Desk.
- The first instalment is disbursed not more than three weeks from the signing date of the Funding Agreement.
- There are following requirements before the next fund instalment is disbursed:
  - At least 80 % of the previous instalment must be settled by providing
    - i Account report
    - ii Original receipts of made payments
    - iii Other supporting documents such as collected proformas-invoices and minutes of meetings on the procurement decisions
  - For the last payment, 80% of the previous instalments must be settled, and the WATSANCO should request the exact/most likely amount of money required to complete the project.

Corruption or bribing has not been observed in the programme so far. There was an incident where a material supplier tried to bribe WATSANCO members, but WATSANCOS refused to do so because:

- The unit price for most materials in the specific locality is known by Woreda officials
- The quantity to be procured is estimated by a technical person and it is a standard
- The items to be procured are decided and purchased by the WATSANCO as a committee; not by individuals
- WATSANCOS consider the fund as their own pocket money
- Most of the time payments are effected immediately after withdrawal from the bank. The possible left over cash in the hands of the WATSANCO is very little.
- WATSANCOS are trained on basic principles of accounting, procurement and material quality assessment.

So far no money has been lost in the implementation of the CDF in Amhara Region, Ethiopia.

Implementation in Ethiopia can be carried out only during the dry season, which is January-June.

The key issues when implementing the CDF activities are:

- 1) Implementation fully depends on community's own initiative
- 2) Community receives technical support from the Woreda authorities before, during and after the construction of water points.
- 3) Communities will be fully responsible for the funds allocated to them during the construction phase.
- 4) Communities have to demonstrate both their willingness and capacity to finance the future operation and maintenance activities by depositing an initial up-front contribution into a savings account. Minimum requirement for this up-front cash contribution is 10 Euro.
- 5) Communities are expected to commit themselves to undertaking and financing the operation and maintenance of the water points in the future.

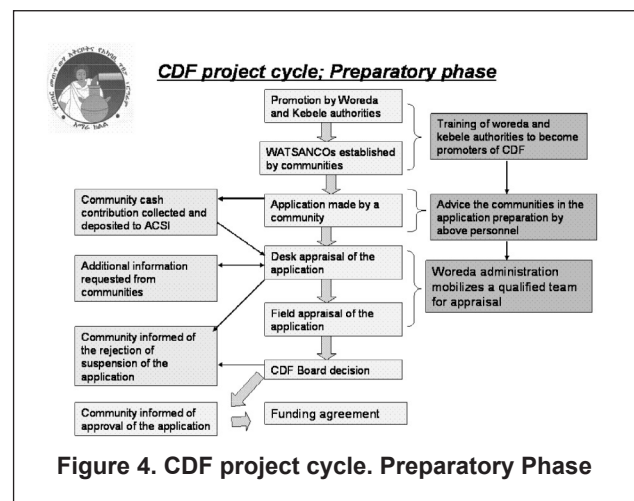


Figure 4. CDF project cycle. Preparatory Phase

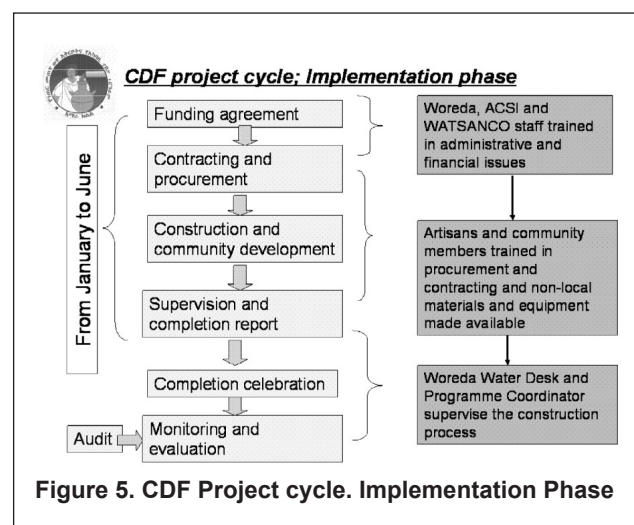
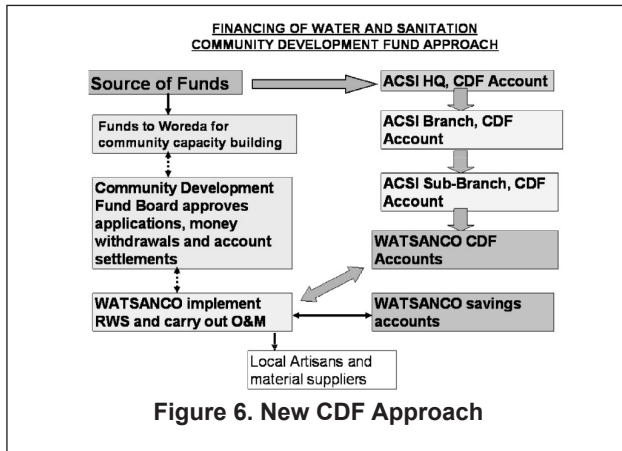


Figure 5. CDF Project cycle. Implementation Phase

- 6) The communities are required to cover at least 15 % of the total construction costs of the project in provision of labour, local materials and in cash.



The average direct construction costs of one hand dug well with the hand pump or a spring protection are Euro 1,650. The average number of households using these water points is 50. The average cost of a water point per household is Euro 33 and per capita cost is Euro 7. The community contribution from the total cost of an average water point varies between 20-30% and is mainly in the form of labour and local materials.

## Lessons Learned

### Strengths

- All Woreda and Kebele as well as private sector stakeholders have been extremely supportive and have participated in the CDF promotion actively
- The approach is absolute demand driven.
- Up-front cash contribution has been much higher than expected. From the required 10 Euro communities' deposits have gone up to 250 Euro per water point.
- Communities' motivation to carry out material and construction management has been very high and the management has been surprisingly efficient.
- The required 15% community contribution (local materials and labour) has increased even up to 40%
- Communities have still started the construction process without any delay by procuring transport service and materials on credit basis
- Full cooperation received from the Kebele administration and private sector
- Material suppliers have been actively marketing their products to the communities
- Direct community level procurement has reduced the time for material procurement
- Communities pro-activity and initiation from the beginning to the end has dramatically increased compared to the old direct funded support approach
- By providing funds to the community, problem solving capacity at community level has increased

- The time needed for construction has decreased from 60 days to 28-35 days
- The community's ownership has increased

### Weaknesses

- Regional Government matching fund has not been adequate causing some delays in implementation.
- Private or family applications have been found hidden behind of the community applications
- There is a risk that more wealthy families (communities) will benefit as they can contribute more cash than the poorest, if the up-front cash contribution is given too much priority.
- RWSEP has procured the pumps with national tender and sold pumps to the communities without profit.

## Abbreviations and Acronyms

ACSI	Amhara Credit and Savings Institution
BoFED	Bureau of Finance and Economic Development
CDF	Community Development Fund
EPLAUC	Environment Protection Land Administration and Use Authority
FP	Focal Person
GSG	Gender Sensitization Group
IEC	Information, Education and Communication
KGG	Kebele Gender Group
KPC	Kebele Programme Coordinator
O&M	Operation and Maintenance
PD	Programme Director
PFO	Programme Facilitation Office
RWSEP	Rural Water Supply and Environmental Programme
SESC	School Environment and Sanitation Club
SIECC	School IEC Club
WAO	Women Affairs Office
WATSANCO	Water and Sanitation Management Committee
WCDFB	Woreda Community Development Fund Board
WPC	Woreda Programme Coordinator
WRDB	Water Resources Development Bureau

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