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**WATER, SANITATION AND HYGIENE:
SUSTAINABLE DEVELOPMENT AND MULTISECTORAL APPROACHES**

**In the cause of improving
community water supply management**

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A community water supply succeeds when its leadership is accountable and responsive to its customers. Tremendous efforts have gone towards capacity building project management teams, but there is still a bigger gap that is yet to be filled. WaterCredit initiatives take proven micro-finance principles and apply them to the water and sanitation sector. One of the outcomes on the projects has been better project governance bearing in mind the greater responsibility of servicing the credit. The seven water projects done under this program has come out exceptionally good in managing the affairs of the projects leading to efficiency and sustainability. Changing from run down supplies to profit making is quite encouraging and something to be emulated. The water sector reform in Kenya leveraged this initiative after the water act 2002 streamlined the community management water supply systems after there has been no proper regulation for a long time.

Introduction

This paper seeks to highlight WaterPartners and its partner's contribution towards community water supply management. WaterPartners is an International NGO that works with local partners in a country to provide the needy access to water, sanitation and hygiene education by funding them using grants and the innovative WaterCredit way. Through the innovation tremendous improvement on project governance has been noted, which includes better managed structures, more transparency and accountability that has resulted to improved services as a key outcome. This works on Micro finance principle zeroing in the WATSAN sector, where we have communities apply for a credit facility from our partner organizations based in different regions of the country, who have laid down criteria on how to vet the beneficiaries. Those who qualify use the facility to build their own water supplies, with a contractual commitment to pay back the capital from their water sales proceeds on agreed monthly installment for a given period. The money is recouped back into a revolving fund for onward lending to the next community. Seven projects were initiated three years back and are currently under recovery stage with over 20% of the \$250,000 lent recovered. These were Water Supplies that were dilapidated and couldn't break even in their operations, as a result of mismanagement and lack of adequate water to effectively serve their beneficiaries.

The WaterCredit initiative came in at the wake of reforms aimed at regulating the water sector in Kenya gave it leverage towards the success being witnessed. The millennium development goal of halving the number of people who have no access to water by the year 2015 is quite ambitious as the population continues to expand day after day in a back drop of dwindling resources, which calls for sound management of the already established supplies and at the same time be able to expand. WaterPartners in realized that this was a big dream that couldn't be easily achieved unless an innovative way of availing capital is found. Water and Sanitation activities are heavy investment ventures that require colossal amounts to get the projects going, of which the so called traditional Donors have been overwhelmed. WaterCredit has come in handy to fill part of this gap, by getting the donors money to more people than one time grants.

Water sector reforms in Kenya

The Water sector reforms saw the enactment of the Water Act 2002 which had been seen by many as a mirage, comes on the scene with more accountability and responsiveness to both giant and small water supplies in the rural areas. It established autonomous institutions with different mandates that saw decentralization of services in the sector. This has been effected through the formation Regional Water Service Boards (WSB) being in charge of the investments and overseeing water service provision, while Water Services Regulatory Board (WSRB) ensures beneficiaries satisfaction through its monitoring role. On the ground we have Water Users Associations entering into service agreements with WSBs to manage and operate the small water supplies under a defined geographical area, with clear guidelines provided that all have to adhere to.

Sigomre Water Supply is a good case study in western Kenya that serves approximately 16000 people. Like many other within the country, the project had been characterized with a number of challenges in their operations which included:

- Old dilapidated equipments whose running cost had become unmanageable
- Low revenue collection resulting from high uncounted for water which as over 70%.
- Lack of accountability and poor customer relations and care.
- Access to additional funding was a mirage
- No policies on the environments and sanitation issues.
- Limited access to safe Water, due to non availability, prohibitive cost for the poor and long distances to water points.
- Poor water quality leading to prevalence to water-borne disease.

These characteristics cut across most of the other supplies within the region including the six rural community water supplies that Water Partners has been able to partner with.



Figure 1. Sigomre water supply; a customer being served at the project office (top left); a tank constructed from WaterCredit funds (top right), Sigomre, Kogero spring

Why WaterCredit

Many of the multinational and major traditional donors in the water sector have traditionally been able to fund the big water supplies, in the municipalities and the urban centers. These are more professionally managed supplies and are able to enter into negotiations with banks and other multinationals in terms of financing. The smaller water supplies have not been able to enjoy such facilities and as such they have been going down in their operations once they meet these challenges. Most of them operate under very hard conditions that they cannot break even in their operations. This is the gap that through WaterCredit finds itself quite relevant and useful to the small water supplies and other individuals.

The WaterCredit approach

WaterPartners has developed and piloted two models for delivering credit targeting poor populations: micro-finance that enables households to directly meet water and sanitation needs through small loans to pay connection fees and micro-project finance that allows members of communities to come together to access loans to finance communal solutions. The other model is where WaterPartners has identified channels that have emerged as the best intermediaries for WaterCredit. Each channel tends toward WS&H solutions with divergent solution characteristics. These are the MFI, NGOs and enterprises and other business institutes in the sector.

MFIs play a unique role in the initiative. They serve as a financial intermediary for WaterPartners to deliver credit to the other channels, and also work directly with the end users. Many MFIs have the capability to become “stand alone” in their ability to source capital from commercial markets and extend their reach down to NGOs, small-scale private providers, CBOs, and individual households.

WS&H NGOs also have a unique role in the initiative. They have deep experience in mobilizing communities to achieve high-quality, sustainable water and sanitation solutions. This experience should prove highly valuable to any of the channels seeking to provide solutions.

While WaterPartners wants to distinctly highlight the various channels, in reality (and as is the hope), multiple organizations will partner with one another to bring complementary expertise to WS&H solutions. For example, an NGO and MFI might partner to drive toward a micro-project credit solution for a community well.

The WaterCredit Initiative is intended to serve as an accelerator for natural market processes that should drive commercial capital to WS&H solutions among poor populations. Thus, WaterCredit will provide strategic capital to organizations to spur those solutions. Organizations that represent the above channels will be eligible to access this strategic capital in the form of:

- Grants to build capacity, conduct market research and pilot credit schemes.
- Credit enhancements to back MFI lending to the above channels/solutions.
- If credit enhancements are not feasible, WaterCredit may also provide loans directly to MFIs for the same purpose.

These represent *smart subsidies* that are designed to accelerate markets rather than distort them. Some of the immediate outcomes of this initiative have been improvement of the socio-economic status and Health standards of the targeted communities.

This includes:

- Efficient and technically viable community based water systems established.
- Efficient and effective management water user’s association.
- Streamlined book keeping and better information management system established
- Good hygiene and sanitation practices promoted
- Credit facilities/scheme for the development of WSS available and accepted by target communities
- Investment in IGAs promoted.
- Other environmental activities have been enhanced and supported.

Lessons learnt

This being a new concept many communities have been able to embrace the concept with benefits despite the many hiccups experiences, some of the lessons include:

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- *Good Leadership is the key to success for a project* – this has been achieved through our partner’s efforts encouraging communities to demand for good leadership which in many cases has resulted in to new election or confirmation the old committee to the office. Communities are enlightened on qualities of good leadership before electing the office who capacity built to run the project. The training topics include project management, leadership skills, simple book keeping and skills in community mobilization and organization.
- *Community mobilization and capacity building is crucial for better project management;* Creating awareness and educating the communities on WaterCredit to appreciate and endorse before project implementation- ‘Why WaterCredit’.
- *Adequate grace and recovery periods should be granted appropriately.* In most of the project from six month to three years has been recommended as recovery period, after discovering the many challenges that community water supplies go through in term of the project management which includes mobilization and construction activities.
- *Proper planning for the project is crucial;* this affects project durations and the budgets puts forward must have ability to compete the project.
- *Portfolio performance:* Any credit scheme performance depends on the repayment rates which are dictated by the presence of proper policies procedures to cab the default rate without compromising the whole concept of total cost recovery.
- *Adequate human resources development is the cornerstone to any successful project.* Qualified staffs both from the partner organization and the community makes it easy for project to run smoothly especially during the construction stages.
- *Community’s willingness to pay for services;* Willingness to pay for services has been come out as not a problem to the poor , but lack of infrastructure and high connection fees are the barriers to the people / poor access to the commodity.

Acronyms

CBO:	Community Bases Organizations
IGA:	Income generating activity
MFI:	Micro finance institute
NGO:	Non Governmental Organisation
WSB:	Water service Boards
WSRB:	Water Service Regulatory Board
WS&H:	Water Sanitation and Hygiene
WATSAN:	Water and Sanitation.

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