

The Regional State of Oromiya
Water, Minerals & Energy Resources Development Bureau

Guidelines
for
Management of Rural Water Supply Systems

August 1998
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1. Introduction

These guidelines should stipulate the management by Water Committees of all Rural Water Supply Systems (RWSS) including those constructed by Non Government Organisations (NGOs) in order to ensure adequate and reliable operation of the RWSS.

2. Objectives

2.1 To clarify and regulate the legal status, the formation and the rights and obligations of Water Committees (WC).

2.2 To clarify and regulate the relationships between Water Committees and Zonal Offices (ZO), Urban Water Supply Systems (UWSS) and NGOs.

2.3 To introduce the concept of Cost coverage in the financial management of Rural Water Supply Systems.

3. Water Committees

All RWSSs shall be administered by Water Committees (WC) which are to be elected by the communities which benefit from them prior to the start of any new planning and construction.

3.1 Legal Status

The legal status of WCs is based on specific authorities given to them by the Oromiya Water, Mineral & Energy Resources Development Bureau (OWMERDB) by way of a Letter of Recognition (Annex).

3.2 Formation, quorum, special functions and service period

The Committee members shall be democratically elected by the beneficiary communities. The service period shall be two years, re-election of members is possible.

The committee shall consist of five to seven members out of which two to three shall be women. Legally binding decisions may only be taken if the committee members have been invited by the chairperson in accordance with the law and if more than half of the members are present.

The committee shall consist at least of a chairperson, a secretary, a finance officer and a technical officer whose responsibilities shall be laid down in a Management Manual.

3.3 Recognition of WC by the Zonal Office (ZO)

The Zonal Office shall recognise the Water Committee on behalf of the OWMERDB as the legal representative of the communities which benefit from the Water supplies and as the agent of the OWMERB as laid down in the letter of recognition (see Annex), upon the request of the WC.

The recognition shall be made public.

3.4 Rights and obligations

The Water Committee shall assume full responsibility for the Water Supply facility. It is authorised to manage and control all transactions concerning revenues and properties of the Water Supply scheme.

3.4.1 Rights

- to use the Water Supply system to the benefit of the community
- to collect revenues from water sales
- to propose the selling price for Water (tariff)
- to incur Water related expenditure
- to open and operate bank accounts
- to enter into and terminate employment contracts with support staff required for RWSS operations
- to fix the salaries of such support staff
- to decide upon modifications and extensions of the Water Supply system in co-operation with the ZO
- to employ private licensed contractors for maintenance, repair and expansion works

3.4.2 Obligations

- to properly maintain the Water Supply system
- to provide the community with sufficient potable Water
- to organise timely repairs of broken parts
- to measure regularly the amount of Water provided
- to keep healthy sanitary conditions of the scheme
- to submit quarterly reports to ZO
- to use revenues collected for Water sales for Water related expenditure only
- to safe keep of surplus funds in the bank account of the WC
- to implement Water tariffs which cover the Cost of the RWSS
- to keep proper records of all income and expenditure
- to encourage the community to utilise the Water Supply scheme

4. The Relationship between WC and ZO

Zonal Office

The ZO shall be responsible for the supervision of the Water related activities carried out by Water Committees governing the RWSS in the respective areas. The ZO shall take appropriate action in case of mismanagement of the RWSS by the WC of the beneficiary communities.

The ZO shall provide advice to the WC in all management and technical matters (establishment of WC, financial management, Water metering, repair and expansion of systems).

The ZO shall approve the Water tariffs proposed by the WC after verification of its adequacy in accordance with the cost coverage principles stipulated under § 7. In case of disagreement the Bureau shall take the last decision.

The ZO shall offer to the WC the provision of technical services like maintenance, repair and rehabilitation of schemes against payment of service charges.

The ZO may delegate certain duties to the UWSS to which RWSS are attached except decisions related to the Water tariffs.

The ZO shall establish a revolving fund for the purchase of spare parts to be offered to the WC against payment.

The ZO shall provide the WC with quarterly figures on replacement, maintenance and repair reserves.

The ZO shall regularly monitor the Water Quality of the RWSS by taking samples one in three months for chemical and bacteriological testing. The WC shall be informed about the results within two weeks. If measures (i.e. disinfection, source protection) reveal necessary the ZO shall act immediately.

Water Committee

The WC shall co-operate with the ZO in all Water related issues and provide regular reports on technical and financial matters. The financial report shall be submitted each quarter of a year and shall contain a copy of the cash book.

The WC shall propose to the ZO for approval the Water tariff and necessary amendments to cover the Cost for the provision of Water.

The WC may request the ZO to provide managerial and technical advice.

The WC shall endorse any measure concerning the Water Quality as demanded by the ZO as a result of Quality testing.

5. The Relationship between WC and Urban Water Supply Services (UWSS)

The UWSS may act on behalf of the ZO if authorised. It may assume responsibilities in particular for technical services, establishment of WC and monitoring of the financial management of the WC.

6. The Relationship between WC and NGOs

When constructing or financing the construction of a Water Supply system, the NGOs shall ensure the establishment of a WC at the start of the planning phase and the implementation of the Cost coverage principles.

All RWSS constructed or financed by NGOs shall be handed over to the WC of the beneficiary community immediately upon completion. The ZO to which the RWSS is attached has to supervise the construction and the commissioning of the Water scheme to the WC.

In case of malfunctioning of the scheme, which was constructed by a NGO, the ZO has the right to refuse handing over.

7. Water Tariff

7.1 Water tariffs shall be proposed by WC and approved by ZO unless the WC is exempt from the approval requirement by official letter from the ZO.

7.2 Water provided by RWSSs shall be sold at tariffs which cover the Cost of its production, distribution and administration.

7.3 Where Water is supplied to the community free of charge or at charges which do not fully cover its production Cost, Water charges shall be introduced (where commercially viable as to be decided by the ZO) and gradually raised to full Cost coverage levels.

7.4 Water charges shall be based on Water quantities supplied to customers as determined by Water meters. Where Water meters are not installed or do not function properly, other means of fixing Water charges may be used.

7.5 When a WC has achieved Cost coverage as to be determined by the ZO based on the quarterly financial reports this event shall be recognised by official letter from the ZO and the following privileges shall be awarded to the WC:

- Water tariff autonomy
- members may receive fees for their committee work as to be determined by the WC
- autonomy regarding the application of surplus funds
- sole right to operate bank accounts.

However, such privileges may be withdrawn by the ZO if Cost coverage is lost at a later reporting period.

7.6 Cost coverage means that income from Water operations equals (or exceeds) all Cost incurred by the RWSS in a given period. Such Cost can be broken down into three categories:

- running Cost
- maintenance and repairs
- replacement reserve (depreciation of fixed assets)

As maintenance and repair Cost may not occur in every quarter and the value of the Water installations may not be known by the WC, the ZO will provide each WC with quarterly figures on the amounts of these Cost.

A maintenance and repair reserve per annum amounting to 3 % of the total installation/replacement Cost should be used unless a better way of estimating this Cost category is known.

The replacement reserves will be calculated on the basis of the Cost of replacement of each RWSS at today's prices (or actual Cost of installations not older than two years) and the estimated useful life of its components - taking into account the daily running hours of motorised systems.

7.7 In order to determine whether Cost coverage has been achieved the following calculation will be applied based on the quarterly cash accounting records:

| | |
|-------|---|
| + | income from Water sales (actual) |
| - | running Cost (actual - excluding expenses for maintenance/repair) |
| <hr/> | |
| = | Surplus/Deficit I |
| - | maintenance and repair reserve (provided by ZO) |
| <hr/> | |
| = | Surplus/Deficit II |
| - | replacement reserve (provided by ZO) |
| <hr/> | |
| = | Surplus/Deficit III |

If Surplus/Deficit III is zero or positive for two consecutive three-month periods Cost coverage has been achieved.

8. Endorsement and Amendments

8.1 These guidelines shall be endorsed by the OWMERDB as guidelines of the Bureau. They shall come into effect with the day of their publication in the legal organ of the Bureau/Regional State of Oromiya.

8.2 Any amendment of these guidelines are subject to legal decisions taken by the Bureau.

signed/seal

published

date/place