

# **Water and Sanitation in Social Funds**

## **A Rapid Assessment in Sub Saharan Africa**



The Water and Sanitation Program is an international partnership for improving water and sanitation sector policies, practices, and capacities to serve poor people

May 2003



## CONTENTS

Abbreviations and Acronyms .....	ii
<b>1. Overview</b> .....	1
1.1. Study purpose and approach.....	1
1.2. Key findings.....	2
<b>2. Water and Sanitation in the Social Funds in Africa</b> .....	4
2.1. Wider context.....	4
2.2. Case studies.....	4
<b>3. Policy and Institutional Issues</b> .....	7
3.1. Social fund management.....	8
3.2. Community based approach .....	9
3.3. Decentralization .....	11
<b>4. Sub-project Design and Sustainability</b> .....	14
4.1. Strategic planning.....	14
4.2. Targeted WSS promotion .....	17
4.3. Community mobilization and sub-project development.....	18
4.4. Appraisal and approval .....	20
4.5. Sub-project implementation.....	21
4.6. Sustainable operations and maintenance.....	25
<b>5. Key Lessons</b> .....	29
<b>References</b> .....	34
<b>Annex 1:</b> WSS Sub-project Processes .....	35
<b>Tables</b>	
Table 2.1 Status of WSS component in the Social Funds of 10 African countries.....	5
Table 2.2 Socio-economic context of the case study countries.....	6
Table 2.3 Funding by the Social Funds .....	6
Table 2.4 Number of schemes and distribution by type of technology .....	7
Table 3.1 Descriptive components of the Social Funds.....	8
Table 4.1 Program and Project Cycle – Illustrative activities and key stakeholders .....	15
Table 4.2 Utilization of the RWSS handbook and Manuals (Ethiopia) .....	16
Table 4.3 Community contributions.....	23
Table 4.4 Management systems for scheme typologies (Ethiopia) .....	25
<b>Boxes</b>	
Box 3.1 Collaboration with sector institutions.....	9
Box 3.2 Demand responsive approach .....	9
Box 3.3 Changing approach.....	10
Box 3.4 Legal status of community committees.....	11
Box 4.1 Participatory local planning.....	18
Box 4.2 Identification and preparation of project proposals.....	19
Box 4.3 Community role in contracting.....	22
Box 4.4 Capacity building of small private contractors .....	22
Box 4.5 Community contribution .....	23
Box 4.6 Implementation and management committees.....	26
Box 4.7 Community financing of operation and maintenance .....	27
Box 4.8 Technical support.....	27
Box 4.9 Supply chains.....	28
Box 4.10 Best practice.....	28

## **ABBREVIATIONS AND ACRONYMS**

CBO	Community Based Organization
CPC	Community Project Committee
DRA	Demand Responsive Approach
DWSF	District Water and Sanitation Fund
DWST	District Water and Sanitation Team
ESRDF	Ethiopian Social Rehabilitation and Development Fund
FADC	Social Fund (Comores)
FID	Fonds d'Investissement pour le Développement (Investment Fund for Development)
FY	Financial Year
GDP	Gross Domestic Product
IEC	Information, Education and Communication
MASAF	Malawi Social Action Fund
NGO	Non Governmental Organization
O&M	Operation and Maintenance
PAIB	Programme d'Appui aux Initiatives de Base (Support Program for Grassroots Initiatives)
PIC	Project Implementation Committee
RWSS	Rural Water Supply and Sanitation
SAF	Social Action Fund (Angola)
SDF	The Gambia Social Development Fund
SSAF	Second Social Action Fund (Burundi)
TASAF	Tanzania Social Action Fund
VLOM	Village Level Operation and Management of Maintenance
WAO	Water Administration Office
WSP	Water and Sanitation Program
WSS	Water Supply and Sanitation

## **ACKNOWLEDGEMENTS**

This rapid assessment of Ethiopian Social and Rehabilitation Development Funds has been done as a part of a joint study by PSEau - Paris and Water and Sanitation Program Africa. The study was supported by funds from the AFD and water and Sanitation Program Africa.

This report was prepared by Gerry Garvey, based on studies of social funds in four countries (Ethiopia, Malawi, Mali and Madagascar) and preliminary analysis by Marc Vezina of pSEau and Be. Feedback on this report was provided by Jean Doyen of water and Sanitation Program Africa.

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Production and research assistance was provided by Shamis Salah, Lewnida Sara and Jecinter Hezron

## **1. Overview**

### **1.1. Study purpose and approach**

Social Funds (SFs) are quasi-financial intermediaries that channel resources, according to pre-determined eligibility criteria, to small scale projects for poor and vulnerable groups, proposed, designed and implemented by public and private agencies, such as local governments or NGOs, or by community groups themselves. There is considerable variation across countries in terms of the objectives of social funds and mechanisms used by them. Over the years these funds have evolved to respond to sector reforms and stakeholder feedback. Water Supply and Sanitation (WSS) has been one of the main components in many of the social funds, and over the past few years, the Water and Sanitation Program (WSP) has provided design and implementation support to the WSS component of several social funds.

Based on this experience, two related issues have been identified as important: (i) relationship of a fund with the country's sector strategy – whether it operates without (or outside) a well defined national WSS sector strategy, and (ii) extent to which a SF actually follows its own operational rules, especially for WSS sub-projects which are likely to be complex in nature. Reasons for the first issue may be: an updated or an effective strategy does not exist; it is formulated after the SF has been operational for a few years; or that the SF is seen as a competitor by sector agencies. Reasons for the second issue may be either that the SF operational guidelines may not be adequate for the WSS sub-projects or that time pressures may force decisions and procedures that do not support a true demand responsive approach.

A Rapid Assessment of Water and Sanitation in Social Funds in Sub-Saharan Africa is planned in three phases: (i) study of the WSS component of social funds in selected countries, (ii) regional workshop to develop an action plan for effective WSS component, and (iii) implementation of the action plan as appropriate. The main objectives of this first phase are to: (i) develop a macro understanding of the role of WSS in social funds, (ii) draw on the ground experience of WSS sub-projects in relation to design and sustainability issues, and (iii) develop lessons for WSS sub-projects in future SF operations and for decentralized delivery of WSS services. This first phase study examines the water and sanitation component of four Social Funds in Sub-Saharan Africa namely:

- The Ethiopian Social Rehabilitation and Development Fund (ESRDF), a large-scale post-war rehabilitation project for rural areas.
- The Fonds d'Investissement pour le Développement (FID) in Madagascar, which works closely with local authorities to build hundreds of gravity fed water schemes.
- The Malawi Social Action Fund (MASAF), which has financed, among other micro-projects, the drilling of thousands of boreholes and the installation of handpumps.
- The Programme d'Appui aux Initiatives de Base (PAIB) in Mali, which works on a smaller scale with an emphasis on capacity building and the involvement of the private sector to maintain photovoltaic systems.

The Social Funds of the four countries were each the subject of a particular study carried out by national consultants, who participated in a joint preparatory meeting that led to the determination of a common study framework. Each one of them visited between four and six sites to hold discussions with community officials and users, and they met with many resource persons both at the national and regional levels. Two coordinators edited the report, a limited circle of collaborators read it and made critical comments, and an international consultant finalized it. Work proceeded normally, except in Madagascar where, after the presidential elections, the unstable political situation prevented the national consultant from carrying out the field work. In Ethiopia, the study was carried out in two phases. An international consultant was requested to deal with the general aspects, relying on the numerous existing reports, and a national consultant visited four sites in order to prepare case studies.

The conceptual framework of the analysis focuses more on the operations and achievements of the Social Funds, and is not a comparison with any other mode of intervention, for example sectoral programs set up in the context of bilateral funding or the micro-projects set up by Non-Governmental organizations (NGOs). Some inter-country comparisons proved difficult. The total cost of a project and the cost per user emanating from it are hardly comparable from one country to the other. An "all things being equal" analysis proved impossible given the number of factors at play, for example: access to the site, availability of construction materials, the typology of the terrain and depth of the ground water, level of service, and the lifespan of the installations. It is however useful to appreciate the extent of the differences. Although visits on the ground were edifying, their small number does not permit the formulation of a general observation. The shortcomings noted are therefore referred to as possible difficulties to avoid in the future.

The key findings are presented below. Section two presents the wider context of water and sanitation in the social funds in Africa followed by a more detailed assessment of the four case study countries. Policy and institutional issues are considered in section three, and sub-project design and sustainability in section four. A summary of key lessons is presented in the fifth and final section.

## **1.2. Key findings**

Established in the 1990s, the Social Funds in this study have, as their primary objective, the creation of a community infrastructure in the most deprived and vulnerable rural areas, while at the same time strengthening the decentralization process. They are funding mechanisms which, upon request by future users, provide financial grants and organize technical support for the establishment of schools, health centers and systems for drinking water supply. Social funds are in fact rural infrastructure programmes that aim to support a multitude of self-help micro-projects initiated at the grassroots level. These Social Funds help local authorities and rural communities finance and build schools, bridges, health centres, and water supply schemes. Over the past few years, they have enabled the construction of thousands of small-scale water projects, from spring protections, to wells and piped water supplies.

Principles that underlie the structure of all Social Funds are similar. Governments set up autonomous non-profit organizations to manage a block grant. Their governance structure give line ministries, local authorities and a broad base of stakeholders a say in the manner that lower tiers of government can access financial assistance to build basic infrastructure. The onus is on local authorities to set eligibility criteria

and prioritize requests made by villages or community groups. Users are encouraged to voice their needs and choose the level of service and technology they prefer and are willing to sustain.

The manner in which funds are organized and operate differs. In Mali, the PAIB head office manages a sub-set of block grants extended to three or four international NGOs which, in the water sector, have helped a small number of village associations dig deep wells or install solar powered pumped schemes. The international NGO contracts local construction firms to dig wells and drill boreholes and local NGOs to assist and advise members of a village water committee who are expected to operate the scheme. In Malawi and Ethiopia, the Social Funds have regional offices which call for micro-project proposals. For simple schemes (spring protection and hand dug wells), communities are taught to contract suppliers and construction firms. For drilled wells and complex piped schemes, the regional office does so.

Social Fund workers inform villages of the opportunity to obtain support in a variety of ways (political rallies, rural radio, brochures and word of mouth) and invite communities to submit a written request for assistance. A committee, representing a broad base of stakeholders at regional level, selects the micro-projects based on a set of eligibility criteria. Communities set up a project committee to oversee project implementation. In the case of boreholes and complex piped schemes, they supervise and sign off work. For more simple schemes, they are given the support needed to contact suppliers and contract artisans or local firms. Once the construction phase is complete, a second committee takes charge of operating the scheme.

Social funds abide by a Government's sector strategy where it exists, or have contributed significantly to promote a demand responsive approach as part of sector reform. Nevertheless, implementation of micro projects has some shortcomings. Intermediation and capacity building activities do not live up to expectations. Training is seemingly focused on filling out forms and following procedures, touching on generalities and simple methods of accounting, and training is not sufficiently rooted in the practical aspects of running a water supply scheme. As a result, community leaders are informed of the provisos to obtain financial support and, in fact, they usually contribute 5 to 20 percent of the cost of the project. However, they are for the most part oblivious of the future costs of operating their scheme. In the majority of cases, the project committee just becomes the management committee. If new members join the committee, they have no opportunity for training.

Once schemes are completed, people do use the improved water source, and management committees perform as best they can, however, most users do not pay for the water they draw, and are rarely aware of the cost of repairs they may face in the coming years. Many feel the government will provide for them. Spare parts for handpumps are not readily available on the local market, because there are not enough handpumps located in a given area to make it worth someone's while to buy, keep and sell spares. As more pumps of the same make are installed in the same area, then shopkeepers or pump repairers may devote part of their business to making spares available. Until then, government technical departments are called upon to supplement the supply chain (which rarely happens and, if it did, would not cost less). Piped schemes co-financed by social funds and managed by communities experience the same problem as most other community managed schemes. The difficulties are not inherent to Social Funds: volunteers



fire of the daily chores; committees rarely function as democratic bodies but reflect how family-groups share power at the local level; user fees and tariffs, if collected, barely cover operating costs.

The sustainability of many schemes remains fragile. So why do results fall short of expectations? Social Funds have put too much emphasis on procedures and building infrastructure, and given too much importance to the idea that water schemes are more likely to be sustained if the users have partially funded their construction. It is certain that community participation, in cash or in kind, can help identify user groups that are not willing to sustain their water supply. It is not, however, a condition that proves communities are able to do so.

Evidence would suggest that Social Funds are more cost efficient than centrally run projects managed by line ministries. In fact, they should cost out what they do differently and make a case for cost inflating aspects of their approach. Two aspects warrant attention: (i) Social Funds do more than “classical water projects” implemented through line ministries. They build on local authorities, build up the local economy and teach village leaders a new set of skills; and (ii) there is more to be done in the water sector than in other sectors. By their nature, piped schemes should be run like a small business (unlike a school or a bridge) and preparing volunteers to do so is no small task.

From a structural point of view, Social funds could build on these differences: They could earmark community cash contributions exclusively for the procurement of capacity building services. The aim is to make trainers and intermediaries responsive and responsible to rural communities. The percentage of cash contributions by communities is less important than the fact that the capacity-building component is truly accountable to the end user.

Social fund managers have learnt a great deal that can guide and motivate the next generation of projects. These should continue to offer precious financing for micro-projects initiated by grassroots communities and provide local authorities with hands-on learning for decentralized governance. If future sub-projects grow in size, they must also learn to delegate tasks to operators remunerated on a fee-for-service basis in a manner that makes them directly accountable to the end users and their representatives.

## **2. Water and Sanitation in the Social Funds in Africa**

### **2.1. Wider context**

Over 60 social fund programs exist in the world, 16 of which are in Africa. Ten of the African countries completed a questionnaire on the WSS component (Table 2.1) of their social funds: Angola, Burundi, Comores, Ethiopia, the Gambia, Ghana, Madagascar, Malawi, Mali and Tanzania.

### **2.2. Case studies**

The four case study countries are Ethiopia, Madagascar, Malawi and Mali, which feature among the world's poorest nations, where millions of people consistently lack access to good quality water in sufficient quantities. In order to improve the situation, these countries, with the assistance of the World Bank, established Social Fund programs to finance micro-projects (including a water and sanitation component): the Ethiopian Social Rehabilitation and Development Fund (ESRDF); Fonds

d'Investissement pour le Développement (FID) in Madagascar; the Malawi Social Action Fund (MASAF); and Programme d'Appui aux Initiatives de Base (PAIB) in Mali.

**Table 2.1: Status of WSS component in the Social Funds of 10 African countries**

	Angola	Burundi	Comoros	Ethiopia	Gambia	Ghana	Madagascar	Malawi	Mali	Tanzania
Fund	SAF	SSAF	FADC	ESRDF	SDF	SIF	FID	MASAF	PAIB	TASAF
Total budget	47.0	13.2	13.2	242.0		20.8		141.0	23.0	71.8
WSS budget	4.5		2.1	75.0	0.3	0.5		20.0		3.5
WSS %	9.6%		16.1%	31.0%				14.1%		4.9%
Total projects	1,270		139					12,624	177	1,236
WSS projects	276	631	42	2,250	89	83		6,905	65	725
WSS %	21.7%		30.2%					54.7%		58.6%
Point source	88	0	21	1,862	83	82		3,691	65	118
Piped system	0	631	16	388	6	1		109		57
Sanitation facility	119		68		6			6,611		550
Completed WSS	207	237	42	1,766	85	6		1,854		24

Source: WSS-SF Questionnaire

The countries selected for this study were those with very high rural populations, where subsistence agriculture is predominant, drought is frequent, and poverty a major burden on the population. Ethiopia, whose population far exceeds that of the other countries studied, is the poorest of them all, and has relatively few fresh water resources. Although its GNP is the highest of the group, Mali portrays the most critical socio-medical situation with a very high mortality rate for children under 5 years. The proportion of Malians living on less than one US dollar per day is higher than 60 percent. In these countries, the coverage level for supplying drinking water is low and its development is slow. Since 1990, in Ethiopia, the number of people without access to drinking water increased by 8 million, while the number of people without access to drinking water in Madagascar increased by 1.6 million. The situation is better in Malawi and Mali, where the rate of achievements slightly exceeded the population growth rate. During the last decade, a certain level of political stability has allowed demand driven project implementation to take place.

**Table 2.2: Socio-economic context of the case study countries**

	<b>Ethiopia</b>	<b>Madagascar</b>	<b>Malawi</b>	<b>Mali</b>
Total Population (millions)	59.7	14.1	9.6	10.1
GDP (US\$ current value , millions)	6,391	3,878	1,697	2,298
GDP per capita (US\$ current value)	110	250	220	260
Fresh water resource per capita (cubic meters)	1,711	21,710	1804	9,225
Access to drinking water (% of the population)	24	47	57	65
Mortality rate, under 5 years (per 1,000 births)	166	158	189	235
Health Sector: capital expenditure (US\$ current value)	4	5	20	10

Source: Health, Nutrition, and Population Statistics, World Bank Human Development Network

All the Social Funds operate in rural areas only with the exception of MASAF (Malawi) which also operates in urban areas. They operate in the whole of Ethiopia, Madagascar and Malawi. The distribution of the projects is unequal: in Ethiopia, three regions out of 10 take up 80% of the budget. In Malawi, 8 regions out of 27 (approximately 30%) benefit from more than 50% of the projects. In Mali, only one region is involved with PAIB. The budgets vary from 16 to 218 million dollars. In Malawi, the size of the budget is justified given the area of operation (rural and urban). In Ethiopia, the ESRDF forms part of the massive activities of reconstruction following several years of political instability.

**Table 2.3: Funding by the Social Funds**

	<b>Ethiopia</b>	<b>Madagascar</b>	<b>Malawi</b>	<b>Mali</b>
Budget (in millions US\$)	218.0	16.6	69.9	23.0
Government	16.7%	9.6%	5.6%	6.5%
World Bank	55.0%	90.4%	94.4%	93.5%
Bilateral Partners	28.0%	-	-	-
WSS component of total social fund	30%	6%	10%	45%
WSS-social fund share invested in the water sector	35%	Negligible	12%	negligible

Source: WSS-SF Questionnaire

The achievements are primarily water related, to the detriment of sanitation and are, for the most part, simple in technical terms. The portion of the budget set aside for the water and sanitation sector differ considerably. In Madagascar, the share of the budget is negligible and is going down (10% in 1997), as another Social Fund Programme is devoted specifically to Water and Sanitation, le Projet d'alimentation en Eau Potable et Assainissement en milieu Rural (Rural Drinking Water Supply and Sanitation Project) (PAEAPAR). In Mali, the share is significant (45% of the committed budget), which is explained by the fact that PAIB operates in an agro-pastoral area prone to rainfall shortages. There too, a type of Social Funds programme devoted only to the water and sanitation sector, PNIR, is in the planning process. On the whole, participation of the Social Funds in the investments made at the national level in the Water and Sanitation sector varies: 12% in Malawi; 35% in Ethiopia, and as such they seem to be significant players in the sector.

Spring development and drilling of shallow wells are the more current micro-projects: 68% of the projects in Ethiopia; 77% in Mali. Complex installations are also funded, such as boreholes with motorized pumping, photovoltaic pumping systems, and piped distribution systems. They are few, but raised a significant share of the budget (in Ethiopia, 86% of the funds for 32% of the installations).

The level of technology varies from country to country. In Malawi, MASAF drilled 3,665 boreholes equipped with handpumps, more than six hundred of which are to be found in schools. MASAF provides funding for the construction of latrines in public institutions such as schools, post offices and health centers. Elsewhere, forty households benefited from free sanplat concrete slabs for their improved latrines. Sometimes, public latrines are built in the bush near a drinking fountain serving several hundreds of people. The ESRDF has completed 1,766 water schemes, 87 percent of which are point sources.

**Table 2.4: Number of schemes and distribution by type of technology**

Type of technology	Ethiopia	Madagascar	Malawi	Mali
<b>Point sources</b>	<b>1544</b>	<b>261</b>	<b>3,691</b>	<b>45</b>
- Spring protection development	356	0	0	0
- Hand dug well with handpump	801	252	0	0
- Drilled well with handpump	378	0	3,665	0
- Large diameter well	0	0	0	50
- Well with solar pump	0	0	0	15
- Other	9	9	26	0
<b>Piped systems</b>	<b>222</b>	<b>58</b>	<b>135</b>	<b>0</b>
- Motorized system	110	0	26	0
- Gravity system	96	58	2	0
- Rehabilitation/expansion	16	0	107	0
<b>Total completed WSS schemes</b>	<b>1,766</b>	<b>319</b>	<b>3,826</b>	<b>45</b>
WSS schemes currently under implementation	484	-	928	-

Source: WSS-SF Questionnaire

The four programs are therefore very different. In one year, commitment in expenditure translates into less than 0.5 million dollars in Madagascar and over 10 million in Ethiopia. The Social Funds in Ethiopia and Malawi constructed thousands of boreholes and reservoirs with handpumps. In Mali, the Social Fund has led to the creation of fifteen solar pumping systems and about fifty large diameter wells. Already a typology emerges: programs which carry out a great number of not very complex water schemes, and others which carry out less significant numbers of works but which are more complex.

### **3. Policy and Institutional Issues**

One of the factors leading to the creation of social funds was the widespread awareness that governments lacked the capacity to take targeted actions, implement projects, and work directly with communities and

the private sector. Thus, social funds were created to fill an institutional gap on the understanding that their operations would have to coincide with the larger policy framework as well as with sector policies.

### 3.1. Social fund management

The management units of the Social Funds are constituted as autonomous or semi-autonomous agencies reporting to a board made up of representatives from government and, in some cases, also from civil society (Table 3.1).

**Table 3.1: Descriptive components of the Social Funds**

	<b>Ethiopia</b>	<b>Madagascar</b>	<b>Malawi</b>	<b>Mali</b>
<b>Name</b>	Ethiopian Social Rehabilitation and Development Fund	Fonds d'Intervention pour le Développement	Malawi Social Action Fund	Programme d'Appui aux Initiatives de Base
<b>Abbreviation</b>	ESRDF	FID	MASAF	PAIB
<b>Established in</b>	1996	1993	1995	1998
<b>Current Phase</b>	Phase 1 1996 – 2004	Phase 3 1999 -2002	Phase 2 1998 - 2003	Phase 1 2000 - 2004
<b>Supervising Ministry</b>	Office of the Prime Minister	Office of the Prime Minister	Ministry for Planning and Economic Development	Ministry of Social Affairs, Unity and the Elderly
<b>Composition of Boards and Steering Committees</b>	Government Regional Community	Government Donors NGOs Professional bodies	Government Traditional Leaders NGOs Research Institutes Regional Community	Government Donors Regional Community NGOs

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All the social funds have a central unit and regional offices, but only Ethiopia's ESRDF and Madagascar's FID have decentralized their operations down to the level of financial autonomy with fledged regional offices having technical and administrative divisions, including WSS specialists. In these cases, the central offices operate more as support and monitoring units. Malawi's MASAF is centralized with regard to technical and financial management, though the operations are decentralized. Much of the effectiveness of social funds in general has been attributed to the autonomy of the social fund agency. Although this arrangement has been key to the strength of social funds producing immediate outputs and in attracting external finance, it has also presented difficulties of coordination and accountability relative to mainstream central, regional, and local public sector agencies. The main form of interaction has been through mechanisms to coordinate social fund activities with sectoral recurrent budgets and technical standards, which typically depends on: (i) line ministry representation on social fund steering boards (Ethiopia/ESRDF); (ii) framework agreements between the social fund and line ministries defining

cooperative arrangements at various stages of the project cycle; and (iii) requirement for prior approval of sub-projects by the relevant line ministry (World Bank, 2002a).

**Box 3.1: Collaboration with sector institutions**

The Minister of Water Resources is a member of the ESRDF Board, and Heads of Regional Water Bureaus act as technical advisers to Regional Steering Committees. Zonal Water Departments are involved in the preparation of proposals, detailed design and construction supervision. The Ministry of Water Resources was actively involved in reviewing the draft ESRDF RWSS Handbook and Manuals, and initially raised the issue of ESRDF encroachment on its sector mandate but this was resolved through discussion, which laid the ground for enhanced collaboration.

*Source: Liim and Garvey (2002)*

Social funds usually: (i) have a much higher degree of independence from line ministries and sectoral budgets, (ii) make decisions on allocation of resources among alternative investments both across and within sectors, and (iii) acquire *de facto* long-term status, as their mandates continue to be extended on the strength of external funding, with continuing accountability usually to donors as much as to national stakeholders (World Bank, 2002a).

**3.2. Community based approach**

As a starting point for all social fund sub-project support, an expression of demand for improved services and/or facilities should be received from a community. In addition, communities are encouraged to make informed choices about service options and how these services are to be delivered. Communities are then expected to contribute toward the overall capital cost of each scheme, the amount of which will vary with the technology selected and to some extent will be relative to the level of service provided. Such contributions help to confirm actual demand and help secure the commitment of individual community members. Communities will ultimately own and bear responsibility for the operation and maintenance of all facilities. The Social Funds have shown that a community based approach works and as a result, in Ethiopia, the demand responsive approach was incorporated into national policy, when no prior experience existed within the rural water supply sub-sector.

**Box 3.2: Demand responsive approach**

The introduction of the Demand Responsive Approach (DRA) was probably easier in Ethiopia through the ESRDF than it may have been through the regular sector institutions. With the active participation of the zonal water departments in various stages of the ESRDF project cycle, to some extent the DRA became more acceptable to the sector institutions and was subsequently incorporated in the *Water Resources Management Policy*.

*Source: Liim and Garvey (2000)*

ESRDF was in a position to influence the early introduction of the DRA strategy to Ethiopia, especially given the scale of its contribution to the national WSS sector (35 percent of all allocations for the FY 2001-02). In general, however, the intervention of the Social Funds in the other countries lies within the scope of sectoral policies, and it is difficult to establish a precedence link between the two approaches, as

they are in line with current thinking in the sector which is a product of lessons learned from past experiences and an analysis of those conditions that have led to successful projects. The Social Fund in Ethiopia, however, is not a replacement for large-scale public agency responsibility for delivering sector programs, but rather an essential complement, because while the ESRDF ensures that sector standards were respected, it is also able to respond rapidly and flexibly to community initiatives.

It will take time for DRA to become fully accepted, and conventional (supply) driven approaches are still common among many of the partners with whom social funds work.

**Box 3.3: Changing Approach**

During discussions with the South Wollo Zonal Water Department in Amhara Region, the staff expressed the view that they didn't see the ESRDF sub-project approach as any different to their own or those that they had implemented on behalf of other agencies. There is an understandable tendency to fall back on old and familiar approaches, but this does clearly point towards a need for greater adherence to ESRDF approaches during implementation.

*Source: Liim and Ratcliffe (1998a)*

Conventional approaches tend to prevail as some water departments are more comfortable with 'business as usual' and communities tend to request for conventional solutions that are better known to them. Economic evaluation of technical options for a basic service level is rarely discussed with communities, notably the O&M costs are often left out. With the implementation of new strategies, however, it is expected that there will be a change in 'mind-set' of staff within the regional water bureaus and lower levels, away from a 'supply driven' towards a more "Demand Responsive Approach".

For the demand responsive approach to be effective in rural areas, it is essential that the technical and financial capacity of each community be strengthened. Considering the diverse situations across many countries it is difficult to adhere to one rigid set of rules; some degree of flexibility and innovation is inevitably required. Departures from a social fund's mainstream rules should however be specific and justified on objective socio-economic grounds for the actual sub-project.

One of the biggest challenges facing social funds is the reconciliation of short-term and long-goals (Frigenti and Harth, 1998), especially between the pressure to finish projects quickly and the longer period needed to ensure ownership and social sustainability through the involvement of the beneficiary communities. The social fund in Ethiopia started in 1992 as an emergency measure and subsequently evolved into a nationwide fund under ESRDF. While the pilot focused on support for water and sanitation facilities, the ESRDF has as one of its main objectives to "promote a community-based approach in project identification, preparation, implementation, administration and maintenance". Overall, the findings of WSS supervision missions have been generally positive in terms of observed functionality and utilization, but the safeguarding of long-term sustainability is not yet satisfactory. It has been observed that pressure for rapid implementation is strengthened where private contractors are used, often resulting in compromise of community participation, including agreed contributions.

In many countries, however, while the principle of community responsibility is widely accepted, it is not embedded in law, which then becomes an issue for sustainability of social fund supported WSS investments. The legal status of sub-project committees is often not clear.

**Box 3.4: Legal status of community committees**

In Malawi, the Project Implementation Committee and the Maintenance Committee may be viewed as social service committees constituted on demand to serve the interests of the communities. However, one may argue that they are legal entities because under the structure of the new Local Government system, the District Assemblies are empowered to create communities at area, ward and village level for purposes of facilitating participation of the people in the Assembly's decision-making process. Since the District Executive Committee and lower level colleagues, the Area Executive Committees, participate in the establishment of these committees one can say they do have legal status.

*Source: Kariuki and Gama (2002)*

In the Tigray Region of Ethiopia, steps were taken in 1996 to legalize the role and authority of community water committees for the O&M of community water supplies through the issuing of a proclamation. In Oromiya Region, water committees are legal entities, accountable to the beneficiary community and the local water department, and can open a bank account and sue or be sued on behalf of a water supply scheme.

In general, the Social Funds have been good at mobilizing communities, have demonstrated the practicality of DRA, and supported the evolution of policies in Malawi and Ethiopia.

### **3.3. Decentralization**

Two important aspects of Bank support for local governance are social funds, which seek to target and empower poor communities to improve participation and local service delivery, and support to governments committed to decentralization of responsibility and power for local development to local governments and other local institutions. There are concerns that these two approaches, which address different elements of governance, may sometimes work at cross-purposes. For example, if social funds establish parallel channels for local expenditures and community participation without building proper channels for local accountability or financial sustainability, they can weaken nascent local governments and impede decentralization efforts. Conversely, if decentralization programs build financially health local governments without provisions for orienting spending to the poor, they will be at odds with social fund efforts of increasing access to the poor to local services and infrastructure.

However, it is possible, as brought out by Parker and Serrano (2000) that these will be complementary if "key decentralization policy reforms are in place and the social fund is aligned with them". When appropriate decentralization policies are in place, then a social fund can work effectively through local governments instead of setting up its own structures for community participation, especially when the planning process starts with an open menu of choices rather than a limited sub-project menu. When there is no decentralization strategy, social funds can still play a positive role in enhancing local governance by demonstrating the feasibility and the potential role of local actors in decision making. The question of whether, how, and in what circumstances social funds can support decentralization is receiving increasing attention. However, even if the link with local government is built into the project design, involving district personnel in the project cycle takes time, incentives, training, and communication management (Frigenti and Harth, 1998)



In Mali and Madagascar, the process of decentralization is very gradual, while in Ethiopia, which follows a federal political system, significant responsibilities for planning and mobilization currently exist at regional level and the reform process is continuing to a lower level of government. In Malawi, MASAF is closely linked to local government through decentralized operations, yet financial control, contracts and procurement are still at the headquarters.

**Box 4.1:**

In Malawi, at the stage of project identification, three copies of an application are completed: one is sent to the MASAF Zone Office, one to the District Assembly, and one remains with the community. Members of the District Executive Committee conduct desk and field appraisals in liaison with the Zone Office. If the request meets MASAF criteria, it is passed to the MASAF Management Unit or review before it goes to the Board for final approval. Recently, the Board has started to send the approved request back to the District Assembly for endorsement. It is not clear if the District Assembly can make alterations following Board approval.

*Source: Kariuki and Gama (2002)*

3.3.1. *Moving to decentralization (Ethiopia)*

Since mid-2001, radical political reforms have given a renewed impetus to Ethiopia's fiscal and administrative decentralization agenda. The Government has taken a variety of measures to breathe life into the formal structures of local governments, by encouraging in particular a systematic transfer of block grants, and clarifying the distinction between political actors and technical staff. Envisaged as part of the Government's broad empowerment and accountability agenda, these efforts to deepen "democratic decentralization" – to devolve authority with responsibility – are potentially far reaching. The issue, for ESRDF, is to define how to evolve.

The decentralization process in Ethiopia will take some time to provide all local governments with adequate financial and human resources to allow them to be more responsive to the needs of the poorest communities. In this context, ESRDF could have a triple role (World Bank, 2002b) to: (i) continue delivering basic services directly to poor and remote communities in regions which are not yet going ahead with block grants to woredas (local governments), (ii) become a capacity building agency that will transfer its knowledge (in participatory planning, project screening, implementation, supervision, etc) to woredas in regions which are moving to block grant transfer, and (iii) further strengthening poor communities' ability to articulate and voice their needs to the woredas by providing training and facilitating the communication of those needs.

One of the most important features of a Social Fund is its targeting of the poorest, un-reached communities, which is precisely the communities to which traditional systems of governance have not been able to deliver basic services. Within the context of the democratic decentralization effort, ESRDF targeting could be articulated in four basic stages: (i) allocation of resources to the regions, (ii) regional authorities select the poorest woredas to benefit from ESRDF funding based on a poverty map, (iii) woreda authorities use ESRDF funds to finance projects requested by poor communities, and (iv) ESRDF provides facilitation and training services to help communities identify and prepare their projects and apply for funding. This process would allow integration and synergy of ESRDF investments with

other activities at the local level, and enrich the experience of regional and local governments in participatory planning and innovative approaches to poverty alleviation.

### 3.3.2. *Water Service Trust Fund (Kenya)*

A Water Services Trust Fund has been established in Kenya with the objective of assisting in financing the provision of water services to areas of Kenya which are without adequate water services. The idea of such a Trust Fund was developed when key policies with respect to decentralized development were still in the making and therefore the design does not fully take into account the new policy framework and related stakeholders such as local authorities. However, the Trust Fund can still play an important role in demonstrating the positive effects of community empowerment and addressing poverty concerns and priorities while the process of reform takes momentum and is consolidated, a process which may continue for a considerable number of years.

### 3.3.3. *District Water and Sanitation Funds (Tanzania)*

New support to the rural water supply and sanitation sub-sector in Tanzania (World Bank, 2002c) includes the establishment of a District Water and Sanitation Fund (DWSF) for community sub-projects. Each participating district would, as part of its District Water and Sanitation Plan, open a DWSF, which would be a dedicated conditional grant account from which proceeds could be used to finance community identified sub-projects. To ensure that communities make informed decisions, the District Water and Sanitation Teams (DWSTs) would employ facilitation service providers (specialized NGOs) and technical service providers (local consulting firms) to assist: (i) communities in planning and management of the WSS service (leadership building, basic hygiene, proposal preparation, operation and maintenance, post construction user education and other relevant training); and (ii) DWST to design sub-projects, procure works and supervise construction.

**Confirmation of District Participation:** All participating districts would be eligible to benefit from the Project subject to meeting the following conditions: (i) contribute to recurrent budget to DWST; (ii) appoint qualified staff to manage sub-projects implementation; (iii) prepare a rolling district water and sanitation plan; and (iv) establish a DWSF and submit acceptable sub-project proposals and procurement plans.

**Community Selection:** Communities will initially be selected by the District Council (through the DWST) based on the following criteria: (i) existence of WSS committee and bank account; and (ii) expressed willingness of community members to contribute 5 percent of the capital cost and assume full responsibilities for O&M of the selected facilities. Only communities that have submitted an application would be allowed to contact the shortlist of facilitation service providers for technical assistance to prepare a funding proposal. Proposals that fully meet the appraisal criteria would be funded on a first-come, first-serve basis.

**Sub-project Appraisal Criteria and Implementation Process:** Strictly a technical review undertaken by the District Council to make sure that the sub-project meets all criteria, including: minimum service level (number of people per facility), environmental, technical, social, financial and institutional criteria.

**Financial Policy:** The investment cost of water and latrine sub-projects would be financed through a community and Government of Tanzania contribution of at least 10% (5 percent each) and the Project providing a grant of 90 percent. In communities requesting a piped system, individuals who demand a higher level of service (i.e. a house connection) would be expected to pay an estimate of 4-8 months monthly bill. The community contribution of 5 percent shall be made after sub-project appraisal. The Project would initially establish a per capita subsidy ceiling, initially set at US\$40/capita for all systems.

**Linkage between Community and District Council** Communities would be involved in all stages of the project cycle. Each time a task or decision that affects their sub-project is made on their behalf by the District Council, the community would be consulted or involved. Communities, represented by their WSS committees would sign-off on all official documentation pertaining to sub-project implementation (i.e. contract award, payment certificates, completion certificates). Village government will provide the necessary legal coverage (signed constitution) which will mandate a WSS committee to carry out such functions.

#### **4. Sub-project Design and Sustainability**

The project cycle for (sub-project) implementation is an essential element of project design, defining steps, roles of stakeholders and necessary procedures. In addition, the WSS component needs a 'program' part for planned activities, such as preparation of promotion and training material, general capacity building, mobilization of implementation resources, establishment of project organization and developing working relationships to key partners.

Sustainability encompasses the sustainability of the sub-projects themselves and whether they are still useful in the medium term, and also the sustainability of the mechanisms used to implement the sub-projects (Frigenti and Harth, 1988).

##### **4.1. Strategic planning**

Sector institutions and local authorities are consulted in the operations of the Social Funds through representation at national, regional and local levels. Integration with sector development programs is prioritized and reference is made to national sector policies and strategies where they exist. Rules/guidelines have been developed on cost sharing, technology options, cost ceilings, sanitation component, and operation and maintenance. A community contribution in the form of cash and/or in kind payments, usually between 5 -20 percent of the capital cost of the sub-project is required, with users committing themselves to maintaining and partially replacing the equipment. Tacitly, governments commit themselves to funding the major part of the replacement costs, though the Social Funds tend to put too much emphasis on the importance of the initial contribution rather than insisting more on indicators that directly translate the ability and willingness of communities to operate and maintain systems.

The social funds in Ethiopia, Madagascar and Mali operate in rural areas, targeting poorer communities, while MASAF in Malawi also operates in urban areas in disadvantaged neighborhoods. Areas are selected either at regional level on a priority basis using poverty as an indicator, or, as in the case of PAIB in Mali, defined by the National Directorate of Statistics and Information based on an analysis of poverty

statistics. In principle, the Social Funds invite communities to present proposals, and all communities can submit requests.

**Table 4.1: Program and Project Cycle – Illustrative activities and key stakeholders**

<b>Illustrative Activities</b>	<b>Ethiopia</b>	<b>Madagascar</b>	<b>Malawi</b>	<b>Mali</b>
<b>Strategic planning</b>	Social funds	Social funds	Social funds	Social funds
<ul style="list-style-type: none"> <li>• Consultations with sector institutions / local authorities</li> <li>• Review sector strategy</li> <li>• Rules for WSS sub-projects</li> <li>• Allocations for capacity building and software</li> <li>• Studies to identify technology choices, WSS status and poverty profiles</li> </ul>	Public sector	NGOs Public sector	Communities Public sector Private sector	Public sector
<b>Targeted WSS promotion</b>	Social funds	Social funds	Social funds	NGOs
<ul style="list-style-type: none"> <li>• Development of WSS promotional materials</li> <li>• Identify partners (such as NGOs, local authorities) and build capacity</li> <li>• Identification of 'eligible' communities and prioritization</li> <li>• Outreach program</li> </ul>		NGOs	Communities	
<b>Community mobilization and sub-project development</b>	Social funds	Social funds	NGOs	NGOs
<ul style="list-style-type: none"> <li>• Formation of community based organization (CBO)</li> <li>• Technical studies as necessary</li> <li>• Software support for participatory development of sub-projects</li> <li>• Capacity building for 'partners'</li> <li>• Criteria for up-front assessment of community potential</li> </ul>	NGOs Private sector	NGOs		
<b>Appraisal and approval</b>	Social funds	Social funds	Social funds	Social funds
<ul style="list-style-type: none"> <li>• Desk and field appraisal against 'appropriate' criteria</li> <li>• Checking / coordination with local authorities</li> <li>• Agreements between SF, local authorities and CBOs</li> </ul>		Communities	Communities Public sector	NGOs Public sector
<b>Sub-project implementation</b>	Social funds	NGOs	Social funds	Communities
<ul style="list-style-type: none"> <li>• Financing arrangements for community share (cash/kind) and disbursements</li> <li>• Contracting for works</li> <li>• Capacity building for O&amp;M</li> </ul>	NGOs Public sector Private sector	Public sector Private sector Communities	Communities Public sector Private sector	NGOs Public sector Private sector
<b>Sustainable operations and maintenance</b>	NGOs			
<ul style="list-style-type: none"> <li>• Take over with detailed O&amp;M plans</li> <li>• Capacity building for ongoing O&amp;M</li> <li>• Continued hygiene promotion</li> </ul>	Public sector Private sector			

In addition to the overall framework of a Social Fund's Operational Manual, several Social Funds have prepared additional sub-project guidelines, including in Ethiopia where WSS specific handbooks and manuals in which the principles of demand responsive approach, cost effectiveness, and sustainability are elaborated. Unfortunately, there has been poor adherence to these documents, and they have also been under-utilized. Experience has shown that they are too complex and should have a more 'user friendly' format (Table 4.2). In Malawi, the MASAF guides were also found to be more of advertisements than useful tools.

**Table 4.2: Utilization of the RWSS Handbook and Manuals (Ethiopia)**

<b>Problems</b>	<b>Solutions</b>
<ul style="list-style-type: none"> <li>• Late dissemination from CO to ROs</li> <li>• Lack of workshops at lower levels to promote the manuals</li> <li>• Limited utilization due to language barriers</li> <li>• Lack of professional commitment and/or support from decision makers to spend sufficient time at site to fulfill the requirements of the manual/handbooks</li> <li>• Lack of accountability to follow the implementation as per guidelines</li> </ul>	<ul style="list-style-type: none"> <li>• Disseminate at an early stage and in sufficient numbers</li> <li>• Conduct orientation workshops at regional and sub-regional levels</li> <li>• Translate into regional languages</li> <li>• Evaluate RWS sub-projects based on issues of sustainability rather than purely the number of schemes constructed</li> <li>• Ensure appraisal is conducted according to the manual before financing sub-project</li> <li>• Sub-projects to be implemented with strict accountability for following guidelines</li> </ul>

*Source: ESRDF (2000)*

In Mali, the budgetary allocation proposed for Information, Education and Communication (IEC) activities can go up to 30 percent for simple installations while for more complex infrastructure it is usually less than 5 percent. The budgetary allocation for IEC activities is lower in the other social funds, averaging around 5 percent. Training activities and human resource capacity building generally receive separate budgetary allocations which call for a specific project approach to their implementation. The training systems in all the social funds have a number of limitations. The needs assessment exercise is weak or non-existent and the actors, whose level of education is generally very low, do not always seem to be well equipped at the end of the process to fulfill their role. Training offered at the beginning of the project cycle and adapted to the needs of the participants would be beneficial, followed up by refresher courses organized on a regular basis, so as not to limit the training to a select group of individuals.

The sustainability of project interventions and durability of physical infrastructures requires the program approach and hardware components to be socially acceptable, technically suitable and, above all, affordable by beneficiary communities. Many of the software components (adherence to principles of DRA, community contributions, consideration of gender aspects, village level operation, management and maintenance (VLOM) principle, standardization of equipment and access to spare parts, training, provision of referral service, involvement of private sector, improving hygiene education and promoting sanitation) have been underestimated, resulting in implementation constraints as well as more rapid deterioration in the quality and durability of services. In Ethiopia, after several years of field operations,

revised cost guidelines were drafted to include specific budget provisions for software components. Up to that point, ESRDF's investment in software of RWSS sub-projects had remained minimal, and budgeted costs did not adequately include software costs because (i) emphasis was placed on rapid physical implementation of sub-projects, (ii) software items were wrongly perceived as cost-inflating inputs, (iii) hygiene education and sanitation had not been well integrated with water supply activities, and (iv) the Operational Manual assumed that ESRDF would appraise and finance sub-projects for which studies and designs had already been carried out by the requesting agency or community.

It was envisaged that incorporating all community level training and capacity building in the sub-project budget would enable (i) better packaged, timely and on-site delivery, thereby avoiding the previous practice of training large groups at regional level, which was negatively impacting on the quality and timing of training, (ii) provision of different forms of training and capacity building, suited to the requirements at different stages in the project cycle thereby avoiding the previous practice of considering such activities as post-handover concerns, and (iii) assessment of the level of investment in software costs in explicit terms.

The major part of the achievements of the Social Funds relate solely to construction of water points. Few sub-projects have made provisions for the construction of public latrines near to the water points, and clearly the sanitation component requires more consideration than the Social Funds have given so far.

#### **4.2. Targeted WSS promotion**

Information on the possibility and conditions for Social Fund support is the first opportunity for the Social Funds to make their message on demand driven and community based development known and understood among eligible communities. Dissemination of this information is usually through rural radio, political meetings or through community members living or commuting between rural and urban areas. Flyers and brochures are distributed to the general public and potential implementing agents in Madagascar to support audio-visual campaigns on radio and television, while PAIB recently commenced with the use of video kits and local radio stations. In Malawi, MASAF has its own Information, Education and Communication (IEC) Unit. It takes time to carry out promotion activities, especially in remoter areas, for eligible communities to become well acquainted with a Social Fund's objectives and mode of operation, and this was the case for ESRDF which operated in every region of a very large country.

MASAF uses established district level institutional structures (District Executive Committee, Chiefs, Members of Parliament, church and community leaders, and NGOs) as facilitators to reach communities and introduce MASAF objectives, using a Facilitators Manual. Unfortunately, the various manuals and guides tend to be more of information than methodological tools, and are not adapted to use by communities for whom a simple illustrated booklet, written in the local language, would be more appropriate. The booklet should explain the advantages and disadvantages of each type of water point as well as the recurrent costs involved, and the implications for management of the water schemes. In Ethiopia, Madagascar and Malawi, the Social Funds operate through community leaders, local authorities and NGOs, whereas in Mali contracted international NGOs operate at the community level through local NGOs.

### **4.3. Community mobilization and sub-project development**

The capacity of a community to identify needs, prepare and submit proposals, and manage implementation and maintenance is assessed, and the provision of a local facilitator to provide assistance in preparing a sub-project proposal discussed. For those wishing to submit a proposal for ESRDF support in Ethiopia, communities are assisted to form Community Project Committees, which take leadership of the process.

#### **Box 4.1: Participatory local planning**

In Malawi, the social fund begins with the formation of a community project committee (CPC) that is responsible for preparing, managing and supervising project activities and serves as an intermediary between the community as a whole and MASAF. The process begins with an open community meeting to discuss priority needs and problems and to identify a priority project. The meeting is convened by a traditional authority, usually a village headman, who targeted in MASAF publicity campaigns to raise awareness of its activities and application procedures. Once the community chooses a project, it elects a CPC. An application form is completed that contains details of the project-types and funding requested. It also includes a description of the participatory process followed during preparation. Following project appraisal and approval, MASAF provides four days of training in the district headquarters to members of the CPC. Training covers MASAF procedures, leadership skills, procurement, bookkeeping, accounting and other project management skills.

*Source: Ayres (2002)*

Prior to submission of sub-project proposals, Water Consumer Associations are formed in Madagascar.

Training of committee members in project management and financial administration is essential, and batching of training is normally undertaken to ensure economies of scale in capacity building and software support for sub-project development. In Ethiopia, batches of 50 Community Project Committees are trained at one venue over a 3 day period. Refresher trainings are envisaged to be given, both during sub-project implementation and post implementation phases, as may be necessary, but this does not always take place. The establishment and functioning of community committees in rural settings can sometimes result in a compromise between divergent interest groups rather than real representation. The local dynamics can be far from equitable and fair and may mask the involvement of users, who may accept the idea of a particular sub-project but without considering it a priority.

Community leaders sometimes reiterate previous requests to a local authority or sector institution for a water point for which no replies have been received, and there is a danger that a list of requests automatically becomes the sub-projects to be funded without consideration of eligibility criteria. During the initial period of ESRDF, many projects were formulated at regional/zonal level by NGOs and government line bureaus, reflecting a more 'supply driven' than truly 'demand driven' approach. Proposals were simply drawn from the regular 'project lists' in an attempt to jump-start the WSS component. Increasingly, however, the approach applied is characterized by NGOs and regional/zonal water bureaus assisting communities in the identification and preparation of project proposals.

NGOs facilitate the articulation of community needs. In funding a series of projects proposed by an NGO, however, the dynamics can change from the communities initiating a request to being recipients of an NGO initiative. For instance, an NGO specialized in wells, will most often propose wells as the solution required and this can influence the request from the community itself. NGOs should position

themselves as facilitators to the community and not as bringers of projects for which they are the initiators, the designers and the implementers.

**Box 4.2: Identification and preparation of project proposals**

The community of Sega and Misa in Soro Zone, SNNP Region, approached a local NGO, Water Action, for assistance in preparing a proposal. Water Action helped form a WatSan committee and the proposal was developed in collaboration between Water Action and the committee. Agreed components included water supply, sanitation (public and demonstration latrines), hygiene education and management development. Water Action carried out a baseline survey to enable planning and to use for later evaluation. The proposal was submitted to ESRDF with Woreda endorsement, and then subject to negotiation as part of appraisal.

*Source: Muluneh and Garvey (2002)*

In general, community representatives are well informed about implementation modalities for a given sub-project, but they seem not to be informed about the obligations tied to the running of the water schemes, and prefer known solutions that may not be the most suitable in a particular circumstance. Instead of planning investments according to the service needs and norms, the demand responsive approach requires that users make informed decisions, knowing the alternative solutions possible, and for each option understand the advantages and disadvantages, together with an appreciation of the financial liabilities and responsibilities with regard to future operation and maintenance. More effort needs to be spent on sub-project preparation, especially on the O&M aspects.

In terms of impact, support provided by NGOs is more effective than that provided by sector agencies and local authorities, as the NGO staff members tend to possess higher skill levels and more field experience in community based work, whereas sector agencies and local authorities tend to be limited by a lack of technical and financial capacity, mistrust of the communities and issues of a political nature. Ultimately, the efficiency of the support provided depends on the skills of those who are in charge and on the fact that they are obliged to produce results. Social funds will need to devise means of verifying this and professionals will need to be held accountable. Prior to submission of proposals to the Regional Office of a Social Fund, the local authorities normally endorse the applications.

In general, the Social Funds have promoted the use of low-cost and simple to maintain technologies for direct community participation, although sometimes due to site specific circumstances simple technical options are not available. In Ethiopia, the ESRDF-RWSS Technical Design Manual states that the guiding principle in technology choice for a particular area should be the least cost sustainable option to satisfy the design criteria within the given budget and with affordable operation and maintenance costs, which the community is willing to pay. The following selection criteria, in decreasing priority, is outlined in the Manual: (i) springs (either as point or gravity supplies), (ii) hand dug wells installed with handpumps, and (iii) shallow drilled wells (up to 60 m deep) installed with handpumps. If one technology alone could not meet the community demand then a mix of technologies (e.g. spring development and hand dug wells, or hand dug wells and shallow drilled wells) in combination could be considered. In priority areas where these technologies, due to hydrogeological conditions, were not feasible, then other technologies could be considered namely: (i) springs fitted with motorized pumps, (ii) deep boreholes installed with a handpump if the static water level allowed, (iii) deep boreholes installed with submersible pumps preferably powered



by wind or solar energy, (iv) subsurface dams, and (v) infiltration galleries. Options requiring water treatment were not considered.

The difference in cost per capita as a result of different selection strategies, often caused by not offering choice between different options during promotion and project appraisal, is an issue that needs closer scrutiny. Even where the local water resources do not offer feasible, low cost possibilities, it should not be considered a straight forward decision to 'over-invest' in facilities for any given community. Informed investment choice and better understanding of O&M requirements need a better underpinning through dialogue between facilitator (Implementing Agent) and communities. In Ethiopia, there is a general trend towards more complex schemes with rising per capita costs is evident, and there is also huge disparity across the regions in terms of technology choice, with consequent impact on cost per capita.

A menu of eligible technologies should not just concentrate on standard technologies, but also be expanded to include rainwater harvesting (particularly in conjunction with large corrugated sheet roofs and runoff harvesting technologies), solar and wind energy utilization, sub-surface dams and even open improved hand dug well without handpumps, as in many cases marginal improvements to traditional sources can make a difference both to quantity and quality.

#### **4.4. Appraisal and approval**

Regional social fund offices screen proposals to determine whether they fall within a funds mandate, are relevant to the needs and priorities of the community, are the result of community initiative, are prepared in a complete enough form, and appear feasible. After this preliminary screening, a formal field appraisal is conducted, in Ethiopia by an ESRDF Project Officer in coordination with the regional water bureau, in Malawi by the District Executive Committee, and in Mali by a technician from the Regional Water Department.

Appraisals generally focus on (i) the seriousness of the water problem in the community, and the extent to which the proposed scheme can remedy it; (ii) the community's willingness and ability to contribute to both project and recurrent costs, and to maintain the scheme; (iii) the appropriateness of the community management structure, and the participation of women; (iv) technical capacity and training requirements for implementation and maintenance; (v) potential for self-sufficiency based on feasible user fees; and (vi) cost-efficiency of the proposed scheme compared to established investment and recurrent cost standards and other feasible options.

Unfortunately, in practice, many project proposals are detailed only in so far as the civil works and capital cost is concerned, and hence appraisal forms are generally not completed in sufficient detail on which to base a recommendation, particularly with respect to cost recovery. Of interest during appraisal is evidence of meetings held with communities and decisions made based on the technical and financial options presented. Field visits have confirmed that communities are neither fully aware nor adequately informed of their financial liabilities and responsibilities with regard to the future operation and maintenance of facilities. The core problem is inadequate sub-project preparation.

In Ethiopia, successfully appraised sub-projects are submitted by the Regional Office to a Regional Steering Committee for approval, while in Madagascar and Malawi the regional committees only

recommend sub-projects for approval to Management Boards at central level which give final approval. The signing of a Maintenance Agreement between the FID and a Beneficiary Association is a precondition for the formal approval of a sub-project. Often, project approval is given based on incomplete data (e.g. lack of cost recovery plan). Requests submitted by intermediaries on behalf of communities, which do not always reflect the real needs and demands of those communities, are sometimes approved. The absence of choice between various options can lead to substantial differences in per capita costs. In general, the approval process is perhaps not as selective as one would wish it to be, and in this regard, it would be useful to examine the requests that have been rejected to (i) verify eligibility criteria; and (ii) determine the reasons for rejection and ascertain if genuine selection is taking place.

For sub-projects approved in Ethiopia, the Regional Office signs a Financing Agreement with the Community Project Committee (and with any intermediary acting on behalf of communities) specifying (i) the goals of the sub-project; (ii) accountability and liability; (iii) project costs; (iv) details of community contribution; (v) implementation, procurement and supervision arrangements, disbursement procedures, special actions needed to mitigate any negative environmental effects; and follow-up arrangements for maintenance and recurrent costs.

#### **4.5. Sub-project implementation**

The general principles guiding implementation are to (i) maximize community involvement, (ii) ensure adequate quality; and (iii) ensure the most cost-effective methods through competitive bidding. WSS sub-projects require some measure of technical competence that is often not available at the local level e.g. borehole siting and drilling supervision, design of multi-village schemes etc. A variety of implementing agents are being used, from medium sized contractors via NGOs to associations of artisans.

Batching of sub-projects can ensure economies of scale in capacity building and software support for sub-project development, though care needs to be taken to strike a balance between size which is large enough to ensure economies of scale yet small enough to match the capacity of local firms to tender. In Mali, Appointed Contracting Authorities, bodies with sufficient technical and financial management experience to assume the role of Project Head (contractor), implement sub-projects for village lots batched on a geographical basis. In Malawi, boreholes are sited by MASAF, then packaged into groups by geographical location, for drilling by commercial entrepreneurs, NGOs or sector agencies. The Project Implementation Committee (PIC) is trained for one week so that members can understand the criteria of quality and the technical opinion given by an inspector of works.

The role of the PIC is then limited purely to certifying that the work has been completed. Payment is made directly by MASAF to the drilling company so the community gains no direct experience in contract management. In Ethiopia, the amount of implementation by Water Bureaus/Departments (force account or similar) was common during the early stages but has been drastically reduced. Regional state owned construction enterprises are now used to a varying degree as well as private sector contractors. Whereas these enterprises are said to be operating independently and without subsidies, it is obvious that they receive preferential treatment, which inevitably discourages private contractors from investing in capacity for WSS work.

**Box 4.3: Community role in contracting**

In Malawi, a Project Implementation Committee (PIC) manages funds for piped water and hand dug well schemes. MASAF disburses the funds directly into the community project account, and the PIC is responsible for project implementation and accounting for usage of the funds. The PIC identifies and contracts local contractors, and also engages a district water sector representative to provide technical supervision. Once a water project is approved, the PIC undergoes implementation training for one week.

*Kariuki and Gama (2002)*

In Madagascar, as a general rule, sub-projects requiring funding above US\$ 30,000 are implemented through the FID as delegated Project Manager with the participation of the user community. In this case, the Beneficiary Association enters into a project management and maintenance agreement with the FID, while the works are contracted to firms selected through competitive tendering. Feasibility study and design work is contracted to specialized consultancy firms.

*Source: Ramaroharinosy (2002)*

**Box 4.4: Capacity building of small private contractors**

ESRDF provided financial support to the Amhara Development Association for the training of masons, carpenters and plumbers. After completing their training, they were advised to form construction teams and with loans provided to them by the Association, encouraged to tender and take up construction contracts in accordance with their capacity. The initial phase of the training and capacity building amounted to ETB 234,000. A second phase of similar arrangement is in progress to train technicians in blue print reading, quantity take-off and cost estimation. The ESRDF support for the second phase is ETB 600,000. The program could be expanded to include topics such as water well digging, concreting, etc.

*Source: Liium et al. (1997)*

In Ethiopia, there is low private sector capacity for implementation of schemes. ESRDF has tried to increase the involvement of local small scale contractors and artisans, where possible through direct community contracting. There is, however, a general reluctance to rely on communities/CBOs for direct implementation (contracting) as quality assurance and accountability has been put in doubt. The community role in contracting has been limited as rationalization of implementation has not been obvious, ignoring the important empowerment aspect, though there are exceptions. In one region of Ethiopia, a determined effort has been made to maximize the level of community contracting, i.e. community managed and implemented sub-projects, specifically for point source spring protection development.

Average cost per capita for completed schemes has been found to be 35 percent cheaper than those constructed by private contractors, and community contribution has also been found to be much higher for the community contracted schemes. The following limitations were found when using large-scale private contractors (i) reluctance to participate in small projects as the small volume of work and geographical location was not attractive; (ii) under-valuation of community contributions by contractors led to repetitive, time consuming, negotiations regarding payment, and (iii) community contributions could not always be provided as per the contractors work schedule, and in many cases contractors unilaterally undertook the activity thereby limiting the community contribution.

The community's contribution to the implementation of a project can be broken down into monetary contribution (initial financial contribution), physical and material contribution (work, materials) and contributions in kind (accommodation of the teams). The contributions made physically and in kind, though quite substantial, are not always included in the computation of total sum of the community's contribution. Community contributions (Table 4.3) generally correspond to the minimum requirement and are calculated on the basis of infrastructure cost (Ethiopia) or total sub-project cost (Madagascar) including cost of studies, works, supplies, monitoring, supervision, and operation of a Project Unit.

**Table 4.3: Community contributions**

	<b>Ethiopia</b>	<b>Madagascar</b>	<b>Malawi</b>	<b>Mali</b>
Formally recognized contribution	10% minimum of the capital costs	20% of total cost of the project	20% in general; 5% for drilling	5 - 6% of total project cost
Contribution related to capital costs	10%		5 - 20% depending on the installations	30 - 50 %
Payment period	During implementation of project		After approval of project	Before implementation

The basis for calculating the contribution is not the same for all the countries: while in Mali it is the total cost of the project in Mali, in Ethiopia and Malawi only the capital costs are considered. The financial capabilities of the communities are not taken into account when calculating the community's contribution. Only Malawi makes a distinction between the different types of installations and fixes the rate of the contribution at a higher level for the less expensive of them.

Community committees are responsible for collecting community contributions, which is normally paid in advance of implementation (Malawi and Mali), but more often than not during implementation (Ethiopia) or, in some cases, the full payment is never finalized. In practice, high-tech schemes (e.g. borehole drilling) have limited the scope for off-setting community contributions; unskilled labour inputs and payments in kind are less.

**Box 4.5: Community contribution**

At Walargi motorized borehole and distribution scheme in Chiro Woreda, Oromiya, the scheme had been operational for 15 days at the time of the supervision mission visit, but only 15 percent of the 'minimum' 10 percent community contribution had been collected. Birr 1,000 in cash had been deposited in a bank account in Chiro, some 32 km from Walargi, and Birr 5,880 was in the form of material contribution. It was noted, however, that the in-kind community labor contribution for trench excavation and backfilling, construction of access road etc. had not yet been quantified in cash terms. The CPC members expected the outstanding community cash contribution to be paid after the harvest, but it may be difficult to collect the outstanding contributions now that the construction work is finished. A problem may be faced when having to make the retention payment to the contractor on expiry of the current maintenance period.

*Source: Liim and Garvey (2000)*

In Madagascar, it was found that when beneficiaries of some sub-projects were called upon to make contributions, they exhibited some reticence because they had not been provided with the required

information on technology choice at an earlier stage or been insufficiently consulted.

As part of preparation for the proposed second phase of ESRDF, the whole mechanism and level of community contribution is being reviewed. First, it would make sense if there were a mandatory cash element to promote the notion that access to improved water supply and sanitation will always require cash payments for repairs or other services at some stage in the future. Second, the standard requirement of 'minimum 10 percent' community contribution should be reviewed – it is an insignificant contribution for the low cost schemes and even for more costly schemes it may not be high enough to really test the communities' demand. Some NGOs, and also in one of ESRDF's sub-projects, have achieved community contributions exceeding 30% of the sub-project costs. On the other hand, the concept of 'Basic Service Level', i.e. communities acting within their means, is also being promoted, to the extent that ESRDF should not accept anything above an identified basic service level. If communities choose a higher service level then they must cover all costs associated with that increment. The concept of incremental improvements, linked to an expanded menu of eligible technologies, needs to be promoted more, e.g. initial choice of several hand dug wells with a handpump, or even simple rope and bucket, instead of a motorized scheme with piped distribution.

Social Funds could earmark community cash contributions exclusively for the procurement of capacity building services, with the aim to make trainers and intermediates responsive and responsible to rural communities. Communities would pay solely for the assistance and advice they receive. In this manner, community development agents charged with the delivery of training and intermediation could be made accountable to the community, not the Social Fund. Because Social funds offer assistance in several sectors and, for the supply of water, they offer a range of technical options, communities can express their needs and preferences without being influenced by the sectoral nature of the programme, which is a key facet to the demand-based approach. That communities contribute a percentage of initial cost, in cash or in kind, is probably less important than the way they choose their micro-projects, which is why community leaders should be in control of the capacity building and training component, and should pay for or sign off for the capacity building services they receive.

Prior agreement and acceptance by the community of a contribution is required, and a convenient time for the payment determined. An upfront payment before implementation is preferable. The contribution per person can amount to quite a lot where the installations are complex and the contributions in kind and in the form of work should be included in the calculation.

Supervision of works differs from country to country depending on the nature of the tasks to be accomplished. In Mali, and to a lesser extent in Madagascar, the international NGO sub-contract the implementation of the activities to local companies, and entrust the organization and training activities to national NGOs, while the decentralized engineering departments undertake supervision. The ESRDF and the FID entrust control of support to the public actors such as the decentralized engineering departments, the local communities and to a lesser extent national NGOs. If it is a simple technology, the community representatives contract directly with contractors. On the contrary, if it is a complex case (drilling or distribution system) the Social Fund directly contracts a contractor. The situation is similar in Madagascar where supervision of work is by FID for the more complex projects.

For simple installations, supervision of the work is given to NGOs or local consultancy firms. In other instances, the Social Fund responds to a request by an NGO which has already evaluated the feasibility of a batch of micro-projects, and the NGO then carries the work out itself. The Social Funds have shown that local, small-scale contractors can handle simple tasks, and tool and procedures for procurement, contracting and supervision have been developed. The local communities are involved throughout the process, represented by a committee, which is charged with the responsibility of monitoring the project, explaining and informing the villagers about it. In Mali, this same committee is then charged with the responsibility of managing the water point. Elsewhere, it is expected that the project committee be dissolved and that the users elect new office bearers to form a committee for the management of the water scheme.

In Malawi, water sub-projects funded through the MASAF are 13 percent cheaper to implement than those implemented through public institutions.

#### **4.6. Sustainable operations and maintenance**

There is more to be done in the water sector than other sectors as operating and maintaining a water scheme is also about setting up a small business. Recovering the cost of operating a piped water scheme is very different from running a health centre, a school or using a bridge. Developing the skills to achieve economies of scale and sustaining the scheme is a vocation in itself.

In Mali, a Management Board is formed at the beginning of the project cycle and follows implementation through to operation and maintenance. In Ethiopia, Madagascar and Malawi, a Community Project Committee is elected to oversee implementation, and normally a separate Water Committee elected to oversee operation and maintenance. The distinction made between an implementation and a management committee sometimes has the effect of leaving consideration of operation and maintenance issues until the completion of construction.

**Table 4.4: Management systems for scheme typologies (Ethiopia)**

	<b>Point Source Protected Spring</b>	<b>Shallow Drilled/ Hand Dug Well with Handpump</b>	<b>Gravity Scheme / Motorised Borehole with Distribution</b>
<b>Managing entity</b>	Water Committee (voluntary)	Water Committee (voluntary)	Water Committee (voluntary) or Water Administration (salaried)
<b>Maintenance</b>	Water Committee (voluntary)	Handpump caretaker (salaried or payment in kind)	Pump operator/ water point attendants (salaried)
<b>Technical support</b>	Zonal Water Department	Zonal Water Department	Zonal Water Department / Private Mechanic
<b>User fee</b>	No	No or fixed monthly fee	Volumetric basis (jerry can or water meter)
<b>Bank account</b>	No	No	Yes (or micro-finance institution)

Source: based on Liim and Garvey (2000) and Muluneh and Garvey (2002)

There are different requirements for community training and capacity building between those needed for implementation and those for sustained operation and maintenance. MASAF facilitates community based management training for Water and Health Committees when facilities are completed with Government

officials or NGOs carry out the training. The leadership and drive required from members of an implementation committee to get a sub-project off the ground may vary from the skills needed to sustain a scheme in the long term.

In practice, the only criteria that seem to be required for members to be nominated to a management committee are those of moral authority, competence and availability, and members tend to be chosen by the communities according to the traditional roles they play in society. Often, the community leaders identify members to the committee and the proportion of women tends to be low. In some villages in Mali and Malawi, however, women represent half of the members of the management committee.

**Box 4.6: Implementation and management committees**

At Kurasekel Esifanos spring protection development in South Gondar Zone, Amhara, the CPC had effectively collapsed on completion of the sub-project. The community explained that it was difficult to sustain the CPC once their implementation duties were discharged – they had stopped collecting user fees, so could not pay the caretaker. One member of the CPC had died, another had left the area, and no mechanisms existed to elect a new committee.

*Source: Liim and Ratcliffe (1998)*

Through an open ballot, the community elected a Maintenance Committee at the end of a drilling exercise in Malawi. Four members of the committee (two men and two women) underwent training in health, leadership skills and management of maintenance. Subsequently, the committee members felt that they needed further training, and expressed the need to train more people so that they can have a reserve of trained people in the community who could be called upon.

*Source: Kariuki and Gama (2002)*

Management committees generally do not have a legal status, although a bank account can be opened in the name of a committee. It conducts its work through volunteers who manage the operation and maintenance of the installations, through appointment of someone responsible for collecting contributions from the users and for bookkeeping. The committee is free to outsource maintenance services. In Mali, none of the management committees have the associative status as the recommended by the National Strategy for the management of the supply of drinking water, yet the solar pump management boards are very active. The members meet on a regular basis, control maintenance tools, and maintain a cash box which has considerable funds, for example, last year, the committees met 15 times at Bangadié, 13 times at Simerou, 12 times at Danadougourou, and 8 times at Anakedje. Often, in Ethiopia, community project committees simply renew their tenure, in spite of the requirement that a management committee be formed. Many of the volunteers who are in charge of maintenance receive very basic training and are not adequately qualified to perform the tasks required of them.

The regular maintenance of WSS schemes is largely self-financing through the collection of user fees, though in addition, in Madagascar, 1 percent of the initial 20 percent community contribution is earmarked for sub-project maintenance. A Maintenance Agreement between the FID and the Beneficiary Association in Madagascar, approved by the community, should set out the terms and conditions of O&M, and the Financing Agreement in Ethiopia should estimate user fees and specify the community organizational structures for maintenance and fee collection. In practice, while implementation issues are addressed in detail in project proposals, little consideration is given to water management organizational

structures and systems, and the analysis of a tariff/user fee appropriate to the technology chosen and estimated water demand.

**Box 4.7: Community financing of operation and maintenance**

Community finance to support O&M is rather alarming, even in areas of relatively good annual harvest and not just for communities living in drought prone areas. Only about one-quarter of the communities make use of water through cash contribution or water vending. In most situations the cash contributions cover nothing more than the salary of guards, who are hired by the community to watch the schemes. Only few schemes succeeded to deposit excess money for maintenance. Reasons given by the communities are diverse, however, most gave the reason that “we were not requested” and assume the task to belong to the Government.

*Source: AWMERDB (2001)*

In Malawi, the Government meets major operations and maintenance requirements on boreholes under the present sectoral arrangements. For piped water schemes, Water Boards meet operation and maintenance requirements up to the meter. In Ethiopia, the responsibility for repairs which are beyond the capacity of the communities, lies with the state water agencies, while for solar powered schemes in Mali it lies with the private sector. Rural dwellers in a drought prone region pay for the water they use a price set to cover the cost of operations, maintenance and replacement. The water committee pays a private firm for services rendered to maintain the photovoltaic powered pumps. Revenues more than cover costs and savings accrue in a bank account. Villagers use the improve water source. Impact is significant albeit at a cost per capita that may be considered relatively high but, in case, the design seems appropriate. Committees are representative and decisions taken in a collegial manner. Moreover, the committee delegates maintenance to a private operator, which has thus far sustained the schemes' operation, but there have been exceptions.

Most schemes do not have simple ‘user friendly’ O&M plans suited to the use of local caretakers and committee members for respective scheme typologies. For some schemes, even where a user fee is collected, no spare parts are available to be purchased with the money raised, either from the organization

**Box 4.8: Technical support**

In Mali, SOMIMAD is a solar equipment distribution and maintenance company that was recruited through an invitation to tender for a maintenance contract based on geographical proximity to the water schemes. A water leak in the system at Simérou began two months ago and is causing a hopeless waste of water. The contractual clauses on maintenance stipulate that in such cases, the community must inform the company, which must then come to assess the situation and if need be undertake repairs. The community has fulfilled its duty of paying an annual contribution and alerting the company of the problem. Despite this, the waste of water continues without intervention from the company. The long periods of waiting could probably be attributed to the company's distant location (Bamako) and to the lack of rapid means of communication, or to the company's unwillingness to send transport to the area.

*Source: Cisse (2002)*



which imported the handpump, the water department or the private sector. A viable mechanism for spare parts supply remains a sector issue. The problem is related to the dispersed installations and to the diversity of equipment caused either by donor/NGO preferences or by government tendering procedures whereby standardization is discouraged. Where it is not viable for a small scale trader to make a viable business, it also means that the cost of a government based supply service will be high.

**Box 4.9: Supply chains**

There are 270 handpumps registered with the Eastern Zonal Water Department in Tigray Region of Ethiopia, but the department has no handpump spare parts in stock and no system established for purchase of spare parts. Technicians are making replacement 'O' rings for the Afridev footvalve from tyre inner tubes. The Regional Bureau has a plan to establish 'shops' for spare parts through the zonal departments, whereby it would provide an initial stock of spares which would then be purchased by the small town water service offices. The zonal department would submit the money to the regional bureau on a quarterly basis which would in turn be used to purchase more spares. This revolving fund system has little coverage so far and is generally aimed at small town water supplies with motorised pump schemes.

*Source: Liium et al. (1997)*

**Box 4.10: Best Practice**

The project proposal for the Anole scheme in Ethiopia was developed in collaboration between an elected Watsan committee and a local NGO, Water Action. A baseline survey was conducted for planning and later evaluation purposes, and the proposal was submitted to ESRDF with Woreda endorsement. Appraisal was 'easy' as the proposal was comprehensive and thoroughly prepared. Most issues had been discussed up-front with the community including future management requirements. Cost per capita is about Birr 160 – 'normal' for this type of scheme, covered (14%) by community. O&M costs will be low and justifies an increased community share of costs. Implementation is carried out by Water Action in partnership with community with technical supervision provided by the water department. The project has a steering committee with Zonal water, health bureau (Woreda and Zonal department), Woreda Council and Water Action among members. In addition to water supply facilities: 3 public latrines and 12 traditional pit latrines constructed; 8,294 people have attended hygiene education events (conducted by seconded health bureau staff). Community identified 25 'technicians' at project start for training by Water Action. Trainees were assessed by WatSan committee and by Water Action – now assigned and given additional training to serve as Water Administration Office (WAO) staff and water point tap attendants. For management of O&M, a Water Board is established with membership comprising project steering committee, 4 PAs representatives, 5 WatSan committee members, clinic and school staff, and Woreda representative. An Executive Committee meets once every 2 weeks to direct and oversee activities of the WAO. Water tariffs/charges: Birr 0.05 per 20 litres / Birr 2.50 per m<sup>3</sup>; WAO staff and water point attendants receive salary: Birr 60-100 per month. No payment, however, to Board and Executive Committee members – is this 'voluntarism' sustainable?

*Source: Liium and Garvey (2000)*

For simple installations which do not require daily follow-up, such as point source spring developments, repairs are rare and the availability of spare parts is not an issue. For the operation of hand pumps, the management committee assigns a paid person the duty of taking care of the maintenance and outsourcing the repair works when needed. Spare parts are bought with contributions from the users. This set up is more traditional and its weaknesses are well known. The most critical of these is related to the performance of the spare parts supply chain. The Social Funds have no mandate to strengthen the supply

chains, except to establish micro-projects in the villages, as this responsibility lies with the governmental water sector agencies. In Ethiopia and Malawi, the management committees depend on the government to provide the initial supply of spare parts and also for major repairs.

In general, WSS post project performance has been unsatisfactory but probably in line with the performance of the water sector as a whole. The Social Fund sub-projects are no better or worse than others, except possibly where there is continued NGO involvement in the post project-phase. Technical support can also be provided through the private sector and strengthened district services within the framework of decentralization reform.

## **5. Key Lessons**

Social fund managers have learnt a great deal that can guide and motivate the next generation of project making them even more responsive to user groups. Social Funds should continue to focus on financing micro-projects initiated by communities in remote rural areas and provide local authorities with hands on learning in decentralized governance. Line ministries have the lead in building up the spare parts supply chain and assisting communities in managing water supply schemes or delegating key tasks to private operators.

### **Social fund management and collaboration with sector agencies**

Much of the effectiveness of social funds in general has been attributed to the autonomy of the social fund agency, though this has also presented difficulties of coordination and accountability relative to mainstream central, regional and local public sector agencies (World Bank, 2002). All the Social Funds have a central unit and regional offices, but only Ethiopia's ESRDF and Madagascar's FID have decentralized their operations down to the level of financial autonomy with fledged regional offices having technical and administrative divisions, including WSS specialists. In these cases, the central offices operate more as support and monitoring units. Collaboration with sector agencies has been relatively good. In Ethiopia, the Minister of Water Resources is a member of the ESRDF Board, and Heads of Regional Water Bureaus act as technical advisers to Regional Steering Committees. Zonal Water Departments are involved in the preparation of proposals, detailed design and construction supervision. The Ministry of Water Resources was actively involved in reviewing the draft ESRDF RWSS Handbook and Manuals, and initially raised the issue of ESRDF encroachment on its sector mandate but this was resolved through discussion, which laid the ground for enhanced collaboration.

### **Community based approach**

The Social Funds have shown that a community based approach works and as a result, in Ethiopia, the demand responsive approach was incorporated into national policy when no prior experience existed within the rural water supply sub-sector. In general, however, the intervention of the Social Funds in the other countries lies within the scope of sectoral policies, and it is difficult to establish a precedence link between the two approaches, as they are in line with current thinking in the sector which is a product of lessons learned from past experiences and an analysis of those conditions that have lead to successful projects. However, while the principle of community responsibility is widely accepted, it is not embedded in law, which then becomes an issue for sustainability of social fund supported WSS investments.

## **Decentralization**

If social funds establish parallel structures for local expenditures and community participation without building proper channels for local accountability or financial sustainability, they can weaken nascent local governments and impede decentralization efforts. However, it is possible that social funds and decentralization will be complementary if key decentralization reforms are in place and the social fund is aligned with them (Parker and Serrano, 2000). In countries undergoing decentralization reform, which inevitably is a process that will take a considerable number of years, social funds could play a role to: (i) deliver basic services directly to poor and remote communities in regions which are not yet going ahead with block grants to local governments, (ii) become a capacity building agency that transfers its knowledge (in participatory planning, project screening, implementation, supervision, etc) to local governments in regions which are moving to block grant transfer, and (iii) further strengthening poor communities' ability to articulate and voice their needs to local governments by providing training and facilitating the communication of those needs.

New support to the rural water supply and sanitation sub-sector in Tanzania includes the establishment of a District Water and Sanitation Fund (DWSF) for community sub-projects. Each participating district would, as part of its District Water and Sanitation Plan, open a DWSF, which would be a dedicated conditional grant account from which proceeds could be used to finance community identified sub-projects. To ensure that communities make informed decisions, the District Water and Sanitation Teams (DWSTs) would employ facilitation service providers (specialized NGOs) and technical service providers (local consulting firms) to assist: (i) communities in planning and management of the WSS service (leadership building, basic hygiene, proposal preparation, operation and maintenance, post construction user education and other relevant training); and (ii) DWST to design sub-projects, procure works and supervise construction.

## **Strategic planning**

Rules/guidelines have been developed on cost sharing, technology options, cost ceilings, sanitation component, and operation and maintenance. A community contribution in the form of cash and/or in-kind payments, usually between 5-20 percent of the capital cost of the sub-project is required, with users committing themselves to maintaining and partially replacing the equipment. Tacitly, governments commit themselves to funding the major part of the replacement costs, though the Social Funds tend to put too much emphasis on the importance of the initial contribution rather than insisting more on indicators that directly translate the ability and willingness of communities to operate and maintain systems.

Many of the software components (adherence to principles of DRA, community contributions, consideration of gender aspects, village level operation, management and maintenance (VLOM) principle, standardization of equipment and access to spare parts, training, provision of referral service, involvement of private sector, improving hygiene education and promoting sanitation) have been underestimated, resulting in implementation constraints as well as more rapid deterioration in the quality and durability of services. Incorporating all community level training and capacity building in sub-project budgets would enable: (i) better packaged, timely and on-site delivery; (ii) provision of different forms of training and

capacity building, suited to the requirements at different stages in the project cycle, and (iii) assessment of the level of investment in software costs in explicit terms.

Major achievements of the Social Funds relate solely to construction of water schemes, and clearly the neglected sanitation component requires much more consideration.

### **Targeted WSS promotion**

The various manuals and guides developed for promotion work tend to be more of information than methodological tools, and are not adapted to use by communities for whom a simple illustrated booklet, written in the local language, would be more appropriate. The booklet should explain the advantages and disadvantages of each type of water point as well as the recurrent costs involved, and the implications for management of the water schemes.

### **Community mobilization and sub-project development**

In general, community representatives are well informed about implementation modalities for a given sub-project, but they seem to be uninformed about the obligations tied to the running of the water schemes, and prefer known solutions that may not be the most suitable in a particular circumstance. Instead of planning investments according to the service needs and norms, the demand responsive approach requires that users make informed decisions, knowing the alternative solutions possible, and for each option understand the advantages and disadvantages, together with an appreciation of the financial liabilities and responsibilities with regard to future operation and maintenance. More effort needs to be spent on sub-project preparation, especially on the O&M aspects.

In terms of impact, support provided by NGOs is more effective than that provided by sector agencies and local authorities, as the NGO staff members tend to possess higher skill levels and more field experience in community based work, whereas sector agencies and local authorities tend to be limited by a lack of technical and financial capacity, mistrust of the communities and issues of a political nature. Ultimately, the efficiency of the support provided depends on the skills of those who are in charge and on the fact that they are obliged to produce results. Social funds will need to devise means of verifying this and professionals will need to be held accountable.

In general, the Social Funds have promoted the use of low-cost and simple to maintain technologies for direct community participation, although sometimes due to site specific circumstances simple technical options are not available. The difference in cost per capita as a result of different selection strategies, often caused by not offering choice between different options during promotion and project appraisal, is an issue that needs closer scrutiny. Even where the local water resources do not offer feasible, low cost possibilities, it should not be considered a straight forward decision to 'over-invest' in facilities for any given community. Informed investment choice and better understanding of O&M requirements need a better underpinning through dialogue between facilitator/ Implementing Agent and communities.

## **Appraisal and approval**

Appraisal forms are generally not completed in sufficient detail on which to base a recommendation, particularly with respect to cost recovery. Of interest during appraisal is evidence of meetings held with communities and decisions made based on the technical and financial options presented. Field visits have confirmed that communities are neither fully aware nor adequately informed of their financial liabilities and responsibilities with regard to the future operation and maintenance of facilities. The core problem is inadequate sub-project preparation.

Requests submitted by intermediaries on behalf of communities, which do not always reflect the real needs and demands of those communities, are sometimes approved. The absence of choice between various options can lead to substantial differences in per capita costs. In general, the approval process is perhaps not as selective as one would wish it to be, and in this regard, it would be useful to examine the requests that have been rejected to (i) verify eligibility criteria; and (ii) determine the reasons for rejection and ascertain if genuine selection is taking place.

## **Sub-project implementation**

WSS sub-projects require some measure of technical competence that is often not available at the local level e.g. borehole siting and drilling supervision, design of multi-village schemes etc. A variety of implementing agents are being used, from medium sized contractors via NGOs to associations of artisans. Batching of sub-projects can ensure economies of scale in capacity building and software support for sub-project development, though care needs to be taken to strike a balance between size which is large enough to ensure economies of scale yet small enough to match the capacity of local firms to tender.

There is a general reluctance to rely on communities/CBOs for direct implementation (contracting) as quality assurance and accountability has been put in doubt, but this ignores the important empowerment aspect, though there are also limitations when using private contractors, including: (i) reluctance to participate in small projects as the small volume of work and geographical location is not attractive; (ii) under-valuation of community contributions by contractors led to repetitive, time consuming, negotiations regarding payment, and (iii) community contributions could not always be provided as per the contractors work schedule, and in many cases contractors uni-laterally undertook the activity thereby limiting the community contribution.

Community committees are responsible for collecting community contributions, which is normally paid in advance of implementation, but more often than not during implementation, though in some cases the full payment is never finalized. In practice, high-tech schemes (e.g. borehole drilling) have limited the scope for off-setting community contributions; unskilled labour inputs and payments in kind are less. It would make sense if there were a mandatory cash element to promote the notion that access to improved water supply and sanitation will always require cash payments for repairs or other services at some stage in the future. The standard requirement of 'minimum percentage' community contribution should be reviewed, as usually it is an insignificant contribution for the low cost schemes and even for more costly schemes it may not be high enough to really test the communities' demand. On the other hand, the concept of 'Basic Service Level', i.e. communities acting within their means, should also be promoted, to the extent that a social fund should not accept anything above an identified basic service level. If

communities choose a higher service level then they must cover all costs associated with that increment. The concept of incremental improvements, linked to an expanded menu of eligible technologies, needs to be promoted more.

Social Funds could earmark community cash contributions exclusively for the procurement of capacity building services, with the aim to make trainers and intermediates responsive and responsible to rural communities. Communities would pay solely for the assistance and advice they receive. In this manner, community development agents charged with the delivery of training and intermediation could be made accountable to the community, not the Social Fund.

### **Sustainable operation and maintenance**

There is more to be done in the water sector than other sectors as operating and maintaining a water scheme is also about setting up a small business. Recovering the cost of operating a piped water scheme is very different from running a health centre, a school or using a bridge. Developing the skills to achieve economies of scale and sustaining the scheme is a vocation in itself.

A Community Project Committee is elected to oversee implementation, and normally a separate Water Committee elected to oversee operation and maintenance, and this distinction can have the effect of leaving consideration of operation and maintenance issues until the completion of construction.

The regular maintenance of WSS schemes is largely self-financing through the collection of user fees, though in practice, while implementation issues are addressed in detail in project proposals, little consideration is given to water management organizational structures and systems, and the analysis of a tariff/user fee appropriate to the technology chosen. It has proven difficult in many cases to convince communities of the need to collect water charges to support O&M.

Most schemes do not have simple 'user friendly' O&M plans suited to the use of local caretakers and committee members for respective scheme typologies. For some schemes, even where a user fee is collected, no spare parts are available to be purchased with the money raised through water charges, but a viable mechanism for spare parts supply chains remains a sector issue.

In general, WSS post project performance has been unsatisfactory but probably in line with the performance of the water sector as a whole. The Social Fund sub-projects are no better or worse than others, except possibly where there is continued NGO involvement in the post project-phase. Technical support can also be provided through the private sector and strengthened district services within the framework of decentralization reform.

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**Annex 1: WSS Sub-project Processes**

	<b>Ethiopia</b>	<b>Madagascar</b>	<b>Malawi</b>	<b>Mali</b>
<b>Executing Agency</b>	Ethiopian Social rehabilitation and Development Fund (ESRDF)	Fund for Development [Fonds d'Investissement pour le Développement] (FID)	Malawi Social Action Fund (MASAF)	Programme d'Appui aux Initiatives de Base (PAIB)
<b>Targeted promotion</b>	ESRDF explains its operating mechanisms and benefits, describes its experiences with other communities, and discusses links between ESRDF-financed activities and other development initiatives. This is followed by a participative review of the community's overall needs and priorities, and ways in which the Fund can assist. During promotional visits, the ESRDF presents its particular mandate within the context of overall community needs.	Flyers and brochures are distributed to the general public and potential implementing agents to support audio-visual campaigns on radio and television. Inaugurations and reports to the National Assembly make FID known among the elected political class. Information to present or potential beneficiaries is done by direct contact with the beneficiaries through the Regional Directors, or through NGO partner networks.	IEC Unit: develops promotional messages and is responsible for Public Relations dissemination of information and documentation. The national and private radio stations, Presidential rallies and other political rallies, district level meetings, workshops, and seminars, posters, Public transport and people to people contacts, are common sources information for the community.	
<b>Community mobilization and sub-project development</b>	Fund staff assess the capacity of the community to identify needs, prepare and submit proposals, and manage implementation and maintenance. They will also discuss the possibility of local facilitators to provide assistance. For those wishing to submit a proposal for ESRDF support, Fund staff help communities establish Community Project Committees to take leadership of the process. Communities submit proposals to a ESRDF Regional Office directly or with the help of a facilitating intermediary or NGO. Proposals can be sent by a Community Project Committee, a local association, or a	Village communities draw up their applications covering all areas of rural development including drinking water supply. Following dialogue between communities and FID, a Water Consumers Association is formed, and a request submitted to the Commune. The Communes give their views on these applications, which are then sent to the respective FID Regional Director who forwards them to the Regional Consultative Committee for recommendation.	Community Sub projects planning process begins with community sensitization. MASAF uses established district level institutional structures (DEC, AEC, Chiefs, Members of Parliament, Church and community leaders and NGOs) as facilitators to reach communities and introduce MASAF objectives, principles, norms and approach. The facilitators use Facilitators' Manual. MASAF demands the formation of Project Implementation Committees prior to submission of project proposals. DEC conducts desk and field appraisals and technical issues are referred to Water Sector unit. NGOs, or DEC. train the	Consultants undertake data collection research and studies, and Community Development Agents (CDAs) support this process through organizing the population in participatory surveys.



	<b>Ethiopia</b>	<b>Madagascar</b>	<b>Malawi</b>	<b>Mali</b>
	cooperating set of individuals.		PIC. With funding from MASAF. Communities are involved right from project selection. MASAF has developed a set of criteria for project selection.	
<b>Appraisal and approval</b>	<p>The Regional Office screens proposals to determine whether they fall within ESRDF's business mandate, are relevant to the needs and priorities of the community, are the result of community initiative, are presented in a complete enough form, and appear feasible. Proposals that fail to satisfy ESRDF standards and criteria are rejected, although ESRDF arranges for assistance to improve proposals that show promise but are in some way defective. After the preliminary screening, a formal appraisal is done by an ESRDF Project Officer in coordination with the regional sector bureau concerned, which focuses on (i) the seriousness of the water problem in the community, and the extent to which the proposed scheme can remedy it; (ii) the community's willingness and ability to contribute to both project and recurrent costs, and to maintain the scheme; (iii) the appropriateness of the community management structure, and the participation of women; (iv) technical capacity and training requirements for implementation and maintenance; (v) potential for self-sufficiency based on feasible user fees; and (vi) cost-</p>	<p>A Regional Consultative Committee (RCC) recommends for approval proposed sub-projects. Final approval is with the Management Board. The RCC is composed of: the FID Regional Director and representatives of the provincial authority, NGOs, grassroots communities, and socio-professional organizations. The signing of a Maintenance Agreement between the FID and the Beneficiary Association is a precondition for the formal approval of the sub-project by the FID.</p>	<p>DEC conducts desk and field appraisal They check if community contribution is available. Technical matters are referred to the relevant sector to ensure proposals conform to sector requirements. Proposals appraised positively are submitted to Management Unit for review and later to the Board for approval.</p>	

	<b>Ethiopia</b>	<b>Madagascar</b>	<b>Malawi</b>	<b>Mali</b>
<b>Sub-project implementation</b>	<p>efficiency of the proposed scheme compared to established investment and recurrent cost standards and other feasible options. Successfully appraised sub-projects are submitted by the Regional Office to a regional Steering Committee for approval. For approved projects, the Regional Office will sign a Financing Agreement with the Community Project Committee (and with any intermediary acting on behalf of communities) specifying the goals of the sub-project, accountability and liability, project costs, details of community contribution, implementation, procurement and supervision arrangements, disbursement procedures, special actions needed to mitigate any negative environmental effects, and follow-up arrangements for maintenance and recurrent costs. Agreements are required on the community's responsibility for maintenance and recurrent costs. The communities are responsible, through Community Project Committees, for managing implementation. To reflect very different conditions among the regions in terms of availability of services, markets and local contractors, the implementation arrangements are kept flexible, however, the general principles guiding implementation are to (i) maximize community involvement</p>	<p>Beneficiaries are requested to contribute at least 20 percent of the total sub-project cost (this includes the cost of studies, works, monitoring, supervision, supplies, and operation of a Project Unit), and usually this must be received before commencement of work or activities. The contribution can be in cash or in the form of labour and transport of materials.</p> <p>As a general rule, for sub-project costing less than US\$ 10,000, community projects are implemented and managed by Beneficiary Associations themselves through a Project Unit appointed committee that is normally of a technical nature, with a chairperson elected from among six or seven members. One of the members will be a technician, designated as the Project Officer, whose task it is to manage the project.</p> <p>For sub-project requiring funding above US\$ 30,000, implementation is through the FID as delegated Project Manager with the participation of the beneficiaries. In this case, the Beneficiary Associations enter into</p>	<p>Once a water project is approved pre-launching training is conducted for the PIC for a week. For a borehole, the Management Unit selects a contractor to drill the borehole. MU pays the driller after certification by the Project committee. The community contributes sand, stones and bricks; dig soak away pit and select site. The PIC signs a contract with the contractor to ensure he/she carries out the work according to specification. They supervise her/him and certify that work is completed and according to technical specifications. For piped water the approved budget is released into the project account and managed by the PIC. The community digs trenches and contributes sand, stones and bricks. For PWP work funds are managed at the district level by district staff.</p>	<p>User participation usually consists of collection and transportation of local materials, manual labour, accommodation of teams, and often a financial contribution. The average community contribution varies between 4-6 percent.</p> <p>Appointed Contracting Authorities are bodies that have sufficient technical and financial management experience to assume the role of Project Head (contractor) for village lots batched on a geographical basis.</p>

	<b>Ethiopia</b>	<b>Madagascar</b>	<b>Malawi</b>	<b>Mali</b>
	and responsibility; (ii) ensure adequate quality; and (iii) ensure the most cost-effective methods through competitive bidding.	project management and maintenance agreements with the FID, while the works are entrusted to firms selected through competitive tendering. Feasibility study and design work is contracted to specialized consultancy firms.		
<b>Operations and maintenance</b>	<p>The regular maintenance of RWS schemes is largely self-financing through the collection of user fees. The Financing Agreement estimates user fees and specifies the community organizational structures for maintenance and fee collection. Training is provided for community caretakers. Maintenance for hand dug wells and spring development schemes is simple and cheap over the short to medium term. For drilled wells, maintenance may be more costly, including periodic cleaning of the borehole, replacement of hand-pump components, and repair to motorized installations. These repairs are the responsibility of the water bureaus in the short term as they exceed the capacity of communities.</p>	<p>1 percent of the initial 20 percent community contribution is earmarked for sub-project maintenance. A maintenance agreement between the FID and the Beneficiary Association, approved by the community, sets out the terms and conditions of operation and maintenance. O&amp;M costs are wholly borne by the users.</p>	<p>To ensure sustainability of the facilities created, there is joint responsibility for operation and maintenance between the community and Government, or service provider. Government meets major operations and maintenance requirements on boreholes under the present sectoral arrangements. For piped water schemes, Water Boards meet operation and maintenance requirements up to the meter. MASAF facilitates community based management training for Water and Health Committees when facilities are completed Government officials or NGOs carry out the training. Communities pay maintenance fees per month, per household for boreholes and piped water schemes in rural areas. In peri-urban areas, an agreed levy per pail of water is collected for payment of bills, wages of revenue collectors and repairs.</p>	<p>Water is either sold directly at source or through periodic payments by users.</p> <p>Solar pump management committees liaise with a solar equipment distribution and maintenance company (SOMIMAD) which has a 5-year maintenance contract for each solar pump installed on a well. Each management committee pays 348,000 CFA to SOMIMAD.</p> <p>On of the project requirements is an initial contribution of 1 to 1.350 million CFA which is kept in an account in the name of the particular village.</p>

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The Governments of Australia, Austria, Belgium, Canada, Denmark, Germany, Italy, Japan, Luxembourg, the Netherlands, Norway, Sweden, Switzerland, and the United Kingdom, the United Nations Development Programme, and The World Bank.

### **ACKNOWLEDGEMENTS**

This rapid assessment of Ethiopian Social and Rehabilitation Development Funds has been done as a part of a joint study by PSEau- Paris and Water and Sanitation Program Africa.

This report was prepared by Gerry Garvey, based on studies of social funds in four countries (Ethiopia, Malawi, Mali and Madagascar) and preliminary analysis by Marc Vezina and Beatrice Seror of pSEau. Feedback on this report was provided by Jean Doyen of Water and Sanitation Program Africa.

The task management was done jointly by Meera Mehta of Water and Sanitation Program Africa and Marc Vezina of pSEau, Paris.

Production Assistance: Shamis Salah, Lewnida Sara, Jecinter Hezron and Florence Makokha

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