

# Community Finance as Instruments to Facilitate WatSan Services to the Urban Poor

- WaterAid's Experiences in South Asia -

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## Where we work...

**WaterAid works in  
17 countries in Africa,  
South Asia and the  
Pacific region**

**“to improve  
quality of life through  
lasting improvements  
to water, sanitation and  
hygiene education  
using local skills and  
practical, sustainable  
technologies”.**

- Bangladesh
- Burkina Faso
- Ethiopia
- Ghana
- India
- Madagascar
- Malawi
- Mali
- Mozambique
- Nepal
- Nigeria
- Pakistan
- Papua New Guinea
- Tanzania
- Timor-L'este
- Uganda
- Zambia



## Urban work experiences

- ❖ Spans both program & policy work in
  - small towns (pop. 5,000-50,000)
  - medium cities (>50,000)
  - mega cities (8-10 million)
- ✓ In response to needs and demands of partners, communities
- ✓ In pursuing policy & practice changes in governments and institutions



## WaterAid Global Urban Policy Challenges (2006 – 2010)

- ✓ Achieving pro-poor universal access
- ✓ Targeting reforms at making public utilities:
  - Improve performance
  - Strengthen public role
- ✓ Integrating all service providers in a coordinated city-wide approach led by the public sector
- ✓ Ensuring sanitation receive due attention and commitment



## WaterAid Policy Change Objectives (2006 – 2010)...2

- ❖ Overarching policy change objective
  - ✓ *Urban watsan sector reforms and investments will benefit the urban poor and result in universal services for urban residents*
- ❖ Specific policy change objectives
  1. **Visibility of the poor: Make the poor visible to authorities and secure public and political commitment to serve them**
  2. **Democratize urban sector reform process**
  3. **Make sanitation and hygiene education a political priority in urban investments**
  4. **Make water & sanitation investments effective**
  5. **Improve knowledge for staff and urban partners on urban sector reform issues**



## Case Studies of Community Finance in Urban WatSan

- **Bangladeshi experiences:**
  - ✓ **WA support to local NGOs DSK & PSTC in Dhaka & Chittagong**
  - ✓ **WA support to local NGOs DSK and PSTC in Dhaka & Chittagong for water supply**
  - ✓ **WA support to local NGOs PSTC in Anyal's Baste, Dhaka for sanitation**
- **Pakistani experiences:**
  - ✓ **WA support to OPP (Karachi) & ASB (Faisalabad)**



### Bangladeshi experiences: Community Finance in Urban WatSan ... 1

- **WA support to local NGOs DSK & PSTC in Dhaka & Chittagong**
  - **Integrated approach - incorporate WSS components within overall urban improvement initiatives & advancing Initial Deposit for Community Connection – Taka 7,600 (\$110)**
  - **Advocacy** - Recognition of community right to service despite no right to land, only about 3% of urban poor have legal status
  - **Social mediation between urban poor and DWASA**
    - Mobilization & support for community organised management committees
    - Devolution of management to communities
    - Designed community managed bulk water system to link unplanned, low income communities to utility's mains;
    - Set up community bank accounts for bill payment & development purposes, sanitation promotion & sanitation block management



## Bangladeshi experiences: Community Finance in Urban WatSan ...2

➤ **WA support to local NGOs DSK and PSTC in Dhaka & Chittagong for water supply**

- **Results**

- 2 water points in 1992 = 88 water points in 70 slums (200,000 people)
- Recovery of advance, part construction cost & user charges possible based on ability to pay, equity (1.38 – 1.81% of income)
- 12 water points now completely owned by community
- Replication in 110 community-managed systems by DWASA through Interest Free Connection Fee Credit Account
- Plans to implement in largest slum with 250,000 population by DWASA
- WA support to other NGOs to replicate model in Narayangoni & Chittagong City
- Perhaps most import, new Dhaka Water Supply Guidelines incorporates community financing and ownership



## Bangladeshi experiences: Community Finance in Urban WatSan ...3

➤ **WA support to local NGOs PSTC in Anyal's Bastee, Dhaka for sanitation**

- **Background**

- 22 slums covered with 3 Sanitation Blocks, 37 Communal latrines, 10 Twin pit latrine & 1,026 individual slab latrines in both Dhaka & Chittagong
- Discussion from Anyal's Bastee with 2,000 ppl living in Dhaka City Corporation (DCC) homes
- 20 – 25 hanging latrines – no privacy, near open defecation, weak base of bamboo, queues, Open sewers
- Interest Free Watsan Loan Facility for a 3 year period managed by Community Management Committee (CMC)

- **Results**

- 2 Sanitation Blocks (SB) developed at \$8,000 by Sanitation Block Management Committee (SBMC) sub-committee of CMC
  - ✓ Each with 8 toilets – 2 for children, 1 urinal, 1 Bath room for women
  - ✓ 1 DWASA water pipeline connection with 4 water taps for use in SBs
- Use by 1,800 ppl & 300hhs paying \$2.60 (Tk. 150) per month for loan repayment
- Each hh pays \$0.17 (Tk. 10) maintenance fee, including 2 caretakers salaries per SB at \$5.17 (Tk. 300) each
- 82% of loan paid up in Anyal's Lane (est. 2001) & 32% in Swhawkot's Lane (est.2002)
- All residents of Anyal's slum use sanitary toilet and practice safe hygiene behaviour
- Community has developed advocacy skills and regularly engages with government



## Pakistani experiences: Community Finance in Urban WatSan ... 1

### ➤ WA support to OPP (Karachi) & ASB (Faisalabad)

- Component sharing approach – Community funds Internal Development while state/donors fund External Development
- Basic Principles
  - Community has resources, only needs support for effective use & to identify skill gaps & training needs
  - Study is not needed to identify projects in slums, but required to understand the people - their processes & relationships & identify appropriate solutions & methods
  - NGOs as support organisations, local social organisers for extension
  - Useful advice from interaction, mutual respect, sharing & learning
  - Small levels of organisation at lane/streets, of 20 – 40 people
  - People & Governments are partners in development, neither can succeed alone
- Community's role – Fund raising, fund management & expenditure
- OPP's / ASB's Role – Motivation, technical inputs – surveys, plans & cost estimates - loan of construction equipment & technical advice



## Pakistani experiences: Community Finance in Urban WatSan ...2

- **Difference between OPP & ASB**
  - OPP – Underlying ideology is that charity & subsidy are bad, people should not be made to be dependant on government as programmes become unsustainable
  - ASB – Loan financing for external development, Cross-subsidy within lanes & Revolving Credit Scheme for 'poorest of poor' in internal development
- **Result of OPP in Orangi, Karachi**
  - In 20 years, 96% coverage in Orangi with over 1 million population (1,610 lanes with direct OPP support)
  - Improved design through technical supervision
  - Self-help rather than dependence on municipality sanitation infrastructure
  - Low cost enables low-income hh access to pour-flush latrines & underground sewerage pipelines
  - Elimination of profiteering & introduction of realistic cost estimates
  - Achieved within 10 - 14% cost of similar Karachi Municipal Corporation's infrastructure
  - Approval by the KMC to develop the Karachi Sewerage Master Plan after the OPP Model
- **Result of ASB in Dhuddiwala, Faisalabad**
  - In 12 Years, coverage in 97 Communities, 11,216 Household contributed self-financed for construction of their own WATSAN infrastructure Rupees 360.12 Millions through revolving 0.5 Millions
  - Repayment of loan for external development through community water supply committee's supervision
  - Initial discussions with the District Nazim to develop Faisalabad Sewerage Master Plan on the component sharing model
  - GIS Mapping initiated in a Tehsil Jaranwala first time in Pakistan



## Key difficulties, constraints & lessons

### ❖ *Difficulties & Constraints*

- *Exclusion of the 'poorest of the poor'* – because of the desire to recover cost and investment in Dhaka, Bangladesh. Community agreed cross-subsidy may address issue of exclusion (e.g ASB)
- *Initial Connection Charges* are perhaps the greatest barriers to access

### ❖ *Lessons*

- Informal communities can be capable & responsible managers of essential services
- Working with community can help to eliminate scourge of non-revenue water & ensure sustainability of watsan facilities and services
- Equity of supply to the urban poor is politically rewarding
- A lot can be achieved with changes in official mind set & regulations about the poor
- Achieving significant changes in the power relations between slum dwellers, landlords, water utilities and city authorities takes time
- Senior managers in key agencies are the determining factors for these changes, but changes also requires the cooperation of field staff
- International NGOs & donors are better as support to local knowledge



## Future of Community Financing for WatSan

### ❖ *Sources of credit for scale-up delivery for urban poor areas*

- Currently, funding from donors and IFIs are directed at Central Governments and in large sums
- ✓ How do we multiply these experiences?
- ✓ How do we ensure the development of innovative finance & investment portfolios offering small loan packages and facilities for:
  - providing Interest Free Connection Fee Credit
  - supporting community level infrastructure investments
- ✓ Where should sure finance facilities be domiciled?



Thank You

