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

- WaterAid’s Experiences in South Asia -

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Capacity Building Workshop for Partnerships for Improving the Performance of Water Utilities in African Region
December 6 - 8, 2006

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- WaterAid – Where we work
- WaterAid’s Urban work experiences & objectives
- Community Finance in Urban WatSan
- Case studies:
  - Bangladesh
  - Pakistan
- Key difficulties, constraints & lessons
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-Leste
- 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

✓ 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)

✧ 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 Bastee, 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 ...

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 important, new Dhaka Water Supply Guidelines incorporates community financing and ownership

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 ...

- **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

- **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 Dhuddiwal, 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 water & sanitation facilities and services
  - Equity of supply to the urban poor is politically rewarding
  - A lot can be achieved with changes in official mindset & 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 require 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