Social Funds in Africa: Supporting Community-Managed Projects in Rural Water Supply

Water, sanitation and hygiene are vital components of sustainable development and the alleviation of poverty. Across Africa, political leaders and sector specialists are generating new momentum in these important areas. This Field Note, together with the others in the same series, constitutes a timely contribution to that work. It is intended principally to help politicians, leaders and professionals in their activities. As the Water Ambassador for Africa, invited by the African Development Bank and endorsed by the African Water Task Force and the African Ministerial Conference on Water (AMCOW), I commend it to your attention.

Salim Ahmed Salim
Water Ambassador for Africa

Summary

Social funds are development programmes that help local governments and communities to build basic infrastructure such as schools, health centres and water supply schemes at relatively low cost. Across Africa, social funds have supported a large number of small-scale water projects — from wells to capped springs and piped water supplies — which serve several million people. This Field Note looks at four social funds in Africa that work in rural water and sanitation.

Social funds can start projects quickly, and disburse their funds with a minimum of bureaucracy or delay. They mobilise the resources of the communities themselves, and they train people to manage their own projects. The institutional arrangements enable communities to choose the appropriate levels of service and technology. They increase the capacity of the communities for other development work, at the same time as helping them to improve their infrastructure. The consumers also contribute in cash or in kind as much as 10 to 20% of the capital cost. In effect, social funds take the development philosophy pioneered at a small scale by NGOs, and apply it at a much larger scale.

Social funds have encountered problems. It can be difficult to supply the neediest people with the information they need to take full advantage of the opportunities offered by social funds. It has also proved difficult to build capacity within communities in management, operation and maintenance, and financing and accounting procedures, which has implications for the long-term sustainability of projects supported by social funds. Nevertheless, the flexibility and dynamism of social funds make them a useful and well-proven tool as African leaders look for all possible ways to improve water and sanitation services across the continent.
Background

Social funds are large development programmes that help local governments and communities in developing countries to build basic infrastructure. Most are set up either as not-for-profit organisations or as parastatal entities. They are funded by grants or loans from external support agencies, particularly the World Bank, and their finances are normally kept separate from those of the host governments. Each social fund follows the overall development policies of the host government and is governed by a wide range of people from national and local government and NGOs.

Over the past decade, 24 such programmes have started across Africa, many of them intended to cushion poor people from the impact of structural adjustment programmes. Some are urban rehabilitation projects designed to alleviate poverty through public works, while others work in rural areas by giving grants to communities to develop basic small-scale infrastructure such as schools, health centres or water supplies. This Field Note is concerned with the latter type of social fund. It draws upon examples from Ethiopia, Madagascar, Malawi and Mali to describe how social funds can help implement rural water and sanitation projects.

How social funds work in rural water supply

Scale of their work

Social funds vary widely in their scale of operation. For example, the annual expenditures on water and sanitation by the four social funds mentioned in this Field Note range from less than US$0.5 million in Madagascar to about US$10 million in Ethiopia (see table below). These figures represent a significant percentage of the total expenditures on rural water and sanitation in these countries.

To put the scale of these programmes into context:
- ESRDF accounts for over 15% of capital expenditure in the rural water supply sector in Ethiopia. From 1996 to 2001 it financed the construction of 1,642 water points of which 70% are springs, dug wells or boreholes equipped with hand-pumps. About 1.5 million people benefited from new infrastructure in a context of post-war rehabilitation.
- During a three-year period (1998-2000) in Madagascar, over 109 gravity-flow water supply schemes were built with FID funds, at an average cost of US$10,000 each.
- MASAF is the largest rural infrastructure agency in Malawi. From 1998 to the end of 1999, MASAF financed over 2,000 boreholes with hand-pumps throughout the country, 30% of which serve schools.
- In Mali the programme is smaller and has concentrated on a single district, serving two dozen villages ranging in size from 300 to 3,000 people. Between 1998 and 2001,

<table>
<thead>
<tr>
<th>Country</th>
<th>Ethiopia</th>
<th>Madagascar</th>
<th>Malawi</th>
<th>Mali</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>Ethiopian Social Rehabilitation and Development Fund</td>
<td>Fonds d’Intervention pour le Développement</td>
<td>Malawi Social Action Fund</td>
<td>Programme d’Appui aux Initiatives de Base</td>
</tr>
<tr>
<td>Abbreviation/acronym</td>
<td>ESRDF</td>
<td>FID</td>
<td>MASAF</td>
<td>PAIB</td>
</tr>
<tr>
<td>Budget (US$ millions)</td>
<td>218</td>
<td>17</td>
<td>70</td>
<td>23</td>
</tr>
<tr>
<td>% of budget used for water &amp; sanitation</td>
<td>30%</td>
<td>&lt;10%</td>
<td>10%</td>
<td>&lt;10%</td>
</tr>
</tbody>
</table>

1 This Field Note draws mainly on a recent comparative study of social funds in these four countries carried out by Programme Solidarité-Eau (Paris) and the Water and Sanitation Program—Africa Region: see references.
PAIB financed the digging of 15 large-diameter dug wells, 7 with motorised pumps, and 8 solar-powered piped water supply schemes.

**Working principles**

The main objective of social funds is generally to help poor people to construct basic community infrastructure. In the four countries mentioned, it is intended that social funds complement national water supply policies. Thus they work on the principle of community management, recognising that water services are more likely to be sustained if the users have managed and partially funded their construction. They try to address the real needs of communities by offering a wide range of solutions and explaining in advance what each entails. The people in a community can then prioritise from among the options. The process of choosing from among a set of solutions on the basis of future operating costs is itself an important part of the community management system.

During the construction phase, communities are asked to contribute a proportion of the capital cost either in cash or in kind. They manage the construction of their water services, for example by contracting a construction firm or by supervising drilling operations. This work includes assessing alternative technical options, procuring goods and services, negotiating contracts, supervising and accounting.

The communities also manage the operation of their schemes, in order to recover all costs related to operation and maintenance. This involves another set of important skills. They generally designate the members of a water committee, who receive training in the operation and maintenance of the system.

**Financial procedures**

Social funds aim to finance construction of water supply schemes on a demand-driven basis. They can start projects rapidly and disburse the funds quickly, which is a particularly important feature in countries whose governments lack the capacity to do so. Disbursements do not go through the central government accounts and therefore avoid lengthy delays. Procedures to allocate and disburse funds differ according to the country and the type of scheme to be implemented. In principle, they operate in one of two ways:

- The social fund can disburse funds directly to communities who in turn employ masons, well diggers or contractors. Government technical departments supervise the work and provide training to members of community project committees (CPCs). In some cases, communities themselves supervise drilling work.

- The social fund can appoint NGOs or private-sector companies to implement the programmes. They may in turn sub-contract local NGOs to conduct training and community mobilisation and local companies for construction work. Communities themselves do not manage their projects but are expected to take key decisions and contribute in cash or in kind.

Social funds are intended to be more cost effective than centrally implemented projects. Costs are kept low in most cases through the use of local artisans or entrepreneurs to construct relatively simple schemes.

**Building for the future in Mali**

From 1999 to 2001, PAIB’s national core staff worked with six NGOs to implement 66 projects in Mali. A greater share of time and money was allocated to training and community mobilisation than to the actual water supply.

‘We were not only given a medication for our problem but also its recipe’: A villager in Mali speaking about PAIB.
Taking examples from Ethiopia: in Homate a gravity-flow piped system serving 2,300 people cost US$30 per person; in Denbola 9 shallow wells serving about 400 households and the local school were improved at a cost of US$20 per person; in Laska Zuria 20 springs were improved to serve about 2,000 people at a cost of US$10 per person.

In Malawi, MASAF-financed boreholes cost about 20% less than the regular government programme and small piped water projects typically cost less than US$15 per person served.

Social funds often specify that a particular percentage (the actual figure varies) of overall project costs must be contributed by the local authorities and/or the users. These may be difficult targets to achieve. Cash contributions in Mali, for example, range from a few hundred dollars for a hand-dug well to a few thousand for a solar-powered pumping scheme. This money has to be deposited in a savings fund to be used to replace or renew equipment. The users are also expected to pay for the full operating and maintenance costs. On the solar pumped schemes in Mali, the water committees collect user fees to pay the tapstand attendants and mechanics. They in turn contract a private firm to maintain and repair the solar pumping system at an annual cost of US$350. It is estimated that the user fees generate a surplus of a few hundred dollars every year.

Social funds’ influence on national water sector policies

Social funds aim to bring their experiences from the project level to the national policy arena, in order to influence national water and sanitation policies. They also aim to support policy implementation, for example by strengthening decentralised government agencies and engaging private-sector operators, with the intention that other agencies can replicate these local initiatives at district and community level.

Their size helps them to be influential: as mentioned above, the four social funds highlighted in this Field Note are major players in the water sectors of their countries, and hence are likely to have a strong influence on policy. For example, in Ethiopia a constructive dialogue between ESRDF and the line ministries at regional level has shaped the national water and sanitation strategy to include such fundamental points as a certain percentage (10% in this case) community contribution. ESRDF has also helped to introduce large-scale demand-responsive work into Ethiopia: its independence from the government enabled it to demonstrate and advocate demand-responsive principles more readily than the government itself could do.

Challenges encountered by social funds

Contacting the neediest people

It is inherently difficult for a new organisation to publicise its work to poor people in rural areas. Social funds can use various methods to overcome this difficulty. In Malawi, for example, people learn about MASAF through presidential rallies, radio broadcasts, posters and word of mouth (traditional chiefs, extension workers, teachers, etc.). In Mali, the social fund’s international NGO partners work through local organisations to visit villages and inform community members about selection criteria and implementation procedures.

Social funds also print brochures that are widely circulated. For literate people, they are informative and may be sufficient to encourage a dynamic individual to take the lead in his or her community. However, they are not sufficiently detailed to explain the project cycle or the possible technical options. This problem has been noted by commentators, who have suggested that social funds should improve the quality and detail of their brochures.2

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2 A good example of such a brochure is A Guide to Formulate Your Request for Water Supply Infrastructure produced by the National Water Directorate of Benin.
Improving systems for appraisal and approval

Some of the systemic and technical problems faced by social funds are illustrated by the four funds considered here. Many of their project appraisal systems are weak in examining operation and maintenance requirements, and hence communities are rarely told in advance about the cost implications. They also consider only a limited range of technical options. For example, rainwater harvesting and improving hand-dug wells may be viable options to consider. However, they are aware of the need to improve these systems. In Ethiopia, for example, ESRDF initially took proposals from the government's regular waiting lists of projects. This supply-driven approach has subsequently become more demand-responsive: NGOs and regional water offices assist communities to identify and prepare project proposals, to which ESRDF responds.

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Balancing the needs for rapid construction and long-term capacity building

Social funds aim, as an integral part of their work, to build people's capacity to manage their projects. Community members generally learn by doing, assisted by a trainer. For example, before drilling a borehole, CPCs in Malawi undergo a week’s training so that they can supervise the driller.

In three of the four countries studied, training is conducted by local NGOs. Only in Ethiopia does the social fund itself conduct training sessions. ESRDF’s regional offices train CPCs to supervise project implementation. They also train local contractors to prepare bids. However, the training content and duration are determined by the need for rapid construction work, so they may not give community members enough knowledge to supervise drilling work, let alone operation and maintenance.

Social funds are becoming increasingly aware of the need to achieve this balance.

Improving cost recovery in community-managed systems

The four social funds take different approaches to covering running costs. In Ethiopia, more than half of ESRDF schemes (mostly springs and wells) do not charge systematically for water. Some community members prefer to contribute when a specific need arises, others believe that operation and maintenance is the responsibility of the government. In Madagascar, however, schemes financed by FID were among the first to charge for water and have set a national precedent.

In general, many project committees operate wells, springs and gravity flow supplies on a voluntary basis, and users do not pay for water. They perceive that operation and
maintenance costs are negligible and that the government will help if problems occur. Unfortunately, regional technical departments rarely have the means to provide effective support. Spare parts may not be readily available on the local market. Users of such supplies frequently expect their government to replace the existing infrastructure.

Water committees that manage pumped schemes have to make better financial arrangements because they have to pay continuously for fuel costs. In this respect, pumped water supply schemes are different from other types of community infrastructure, such as schools and health centres. Their finances need to be managed like those of small businesses. This can be difficult because volunteers may not be as motivated to recover costs from the users as people who earn their living from managing the scheme.

Lessons

Social funds can put community management into practice on a large scale

Community management has become largely accepted as the most suitable system for implementing water and sanitation services for poor people. However, the NGOs around the world that have pioneered community management over the past two decades generally work at a fairly small scale, while governments and others point out that the needs are very large. Social funds are a step forward in bridging this gap, by using NGO principles at a governmental scale.

In all four countries studied, the social funds follow the country’s water and sanitation strategy for community-managed water supply schemes. In some countries (such as Ethiopia and Madagascar) social funds have given a large
number of professionals and politicians practical experience in a demand-driven approach. Water components of social fund projects have demonstrated speed in delivering community-managed water infrastructure at reasonable cost. The four social funds described here are typical of others in Africa in this respect.

Social funds go beyond developing infrastructure

Social funds reach out effectively to the rural poor and operate in some of the most remote areas in the countries. They offer financial and professional assistance to communities who identify their own development priorities. This helps the communities both to build infrastructure and to learn useful managerial and development skills. This system:

• Enables community members to manage their own projects and to acquire valuable life skills.
• Helps elected officials and local authorities to work together to set criteria of eligibility and to prioritise project proposals from communities.
• Provides various line ministries, for whom co-ordination is often a difficult problem, with the means to work together more effectively.

Social funds encounter familiar problems with community management

Social funds expect communities to manage their water supply systems. Overall this is a successful policy. Yet social funds also encounter some inherent weaknesses of community management:

• Committees may not function as democratic bodies but reflect how power is shared at the local level.
• Volunteers work well during the construction phase but may lose interest and commitment if asked to manage operation and maintenance.
• If the supply chain for spare parts in a particular country is not functioning well, community committees rarely overcome the problem to obtain the parts they need.
• Once a project is completed, government technical departments may not have the resources to conduct site visits, advise communities and monitor their performance.
The Water and Sanitation Program (WSP-AF) is an international partnership to help the poor gain sustained access to improved water supply and sanitation services. The Program's main funding partners are the Governments of Australia, Austria, Belgium, Canada, Denmark, France, Germany, Luxembourg, the Netherlands, Norway, Sweden, Switzerland, and the United Kingdom; the United Nations Development Programme, and the World Bank.

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References

- Comparative studies and country reports written by Béatrice Seror, Daouda Cissé, Gerry Garvey, Eyob Belete Asfaw, Kariuki Kamau, Jino Gama, William Ramaroharinosy, and Meera Mehta.
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