Structured Learning in Practice:
Lessons from Sri Lanka on Community Water Supply and Sanitation

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Foreword

Application of the principles of a demand-based approach in rural water supply and sanitation projects is fairly new. As a result, most project rules do not yet explicitly focus on responding to demand of the beneficiaries. Globally there are few large-scale investments in rural water supply and sanitation that have attempted to adopt a demand-based approach.

The Sri Lanka Community Water Supply and Sanitation Project is one of the few examples of a large-scale World Bank supported project that has attempted to establish project rules and procedures that respond to community demand for improved services. It adopted a flexible implementation strategy by creating a learning culture within the project and by making adjustments to project rules and procedures as lessons emerged.

This study describes the conceptual framework used for structured learning, how structured learning has been operationalized in the project, and how structured learning has been used to improve project performance. Project staff pursuing the learning agenda were able to refine the project rules and processes to create investments that are more responsive to demand, and to identify additional areas where more needed to be learned.

It is hoped that the lessons and insights from the Sri Lanka experience will prove useful in other countries and will contribute to the global learning agenda on what works and does not work in large rural water supply and sanitation projects.

Brian Grover
Program Manager
In recent years, the decline of sustainable access to drinking water supply in rural areas has prompted the World Bank and other donors to finance rural water supply and sanitation projects with a new approach. This approach is designed to ensure sustainability by responding to consumer demand. It aims to strike a balance between the economic value of water to users, the cost of providing services to users, and the prices charged for these services. Consumer demand and willingness to pay guides key investment decisions regarding planning, implementation, cost sharing, operations and maintenance, and asset ownership.

But while studies have shown that such demand-based projects are more sustainable, implementing such an approach continues to be a challenge. In practice, how to establish demand-responsiveness remains largely abstract. The Community Water Supply and Sanitation Project (CW SSP) in Sri Lanka has attempted to create a demand-responsive project that can be replicated on a national level. It employs structured learning—the process of establishing monitoring mechanisms, collecting data and analyzing the project as it progresses—as a tool to modify the project rules and processes. This study explores the CW SSP experience with structured learning. It examines how project staff created a culture of learning and flexibility among all stakeholders—the government, project staff, partner organizations, and communities.

Through the structured learning process, project staff have extracted a number of lessons on eligibility criteria, institutional arrangements, and financial policy. The main lessons of the project include:

**Eligibility criteria**
At the beginning of the project, eligibility criteria was based primarily on need and technical feasibility. The outcome was that villages were often selected on the basis of factors other than demand for services. As a result, the project revised the rules by introducing the requirement that the community must formally make a request to participate in the project. Communities must also show a willingness to pay a minimum of 20 percent of the project cost and the full cost of operations and maintenance.

The project found that demand responsive eligibility criteria should permit communities to compete according to their level of contribution for capital investment. Two-stage eligibility and prioritization criteria should also be instituted so that communities are required to carry out their own assessment of demand and willingness to pay.

**Demand for higher service levels**
The original project design was based on the assumption that communities could afford only the most simple technical options and would be satisfied with basic levels of service. Partner organizations guided communities toward predetermined technologies and service levels.

The project found that people in rural communities are willing to pay for improved water and sanitation services, but must be given
adequate choices about technical options and service levels. Communities preferred house connections wherever feasible and paid nearly five times more for water points serving 1-5 households than they did for water points serving 20 or more households. The project should offer a wide range of technology options and service levels. It should be flexible enough to introduce additional options as needed.

**Financial policy**

The project revised its financial policy of multiple subsidy ceilings to a universal subsidy ceiling once it was realized that communities were choosing the highest cost option primarily to take advantage of the highest available subsidy. The project needs to continue to assess whether the financial policy is in fact producing the desired results.

The cost sharing principles, should be consistent with other rules and should guide the community to select the appropriate technological option and level of service based on their demand for improvement. An appropriate universal subsidy ceiling should be linked to the prioritization of schemes based on the highest level of contribution, thereby maximizing the benefits of the investment. It is critical that the communities receive adequate information about the full cost of services.

**Role of partner organizations**

While many partner organizations quickly embraced the CWSSP social strategy, many have required additional training to effectively implement the community mobilization strategy and the health and hygiene education component. The project has adopted explicit selection criteria based on experience in water and sanitation projects, the number of qualified technical staff, institutional presence, and financial management capabilities.

The process of identifying and assigning contracts to partner organizations needs to be further reviewed by the project. The project should focus on partner organization capacity building or explore other options such as private sector involvement in the delivery of services.

**Role of communities**

The project has shown that communities can organize themselves and choose the type of system they want, provided that they receive adequate information. Direct involvement of the community has resulted in more efficient implementation. Of the 170 schemes analyzed, 163 have been completed at costs below the original estimates.

The project has found that communities invested in the project have a stake in seeing it completed and are able to find creative ways to lower overall costs. Access to and control over resources significantly enhances people’s willingness to mobilize additional resources. The project’s revised estimated community contribution is US$9.4 million compared with the original estimate of US$2.5 million.

**Operations and maintenance**

Since many systems have just been completed, there are few specific lessons to date regarding operations and maintenance. The project will need to explore whether community-based organizations have the capacity to provide operations and maintenance support by working with partner organizations, local government, and the private sector.

The CWSSP experience has shown that learning efforts need to be even more analytic and targeted. Although structured learning includes modifying rules and procedures to improve performance, the project needs to go further in analyzing the reasons why a given set of rules has or has not worked. In particular, more needs to be learned about how financial policies and cost sharing rules can further guide investment toward demand for service.

CWSSP has undergone a number of design changes since it began in 1993. This has been possible because of the flexibility provided to the project staff by the government and the World Bank. The results have been encouraging as the project has moved toward offering the community services that they have selected and are willing to pay for. The project’s structured learning approach will continue to provide feedback needed to further define the appropriate roles of users, the public sector, and the private sector in the delivery of sustainable rural water supply and sanitation services.
Part 1: Introduction

In most contemporary rural water supply and sanitation projects, governments and international donor agencies determine the project design, types of technology, and levels of service during the project preparation phase. These agencies tend to manage the facilities they construct and heavily subsidize routine costs of operations and maintenance. Typically, they allow little or no flexibility to alter the project design during its implementation, even when there are valid reasons to make those changes.

As a result of this rigidity, performance reviews often reveal that users are not satisfied with the schemes. When users are not adequately consulted during planning and construction, they tend to distance themselves from responsibility for operations and maintenance and for management. The results of such projects have been disappointing; many systems either do not function at all or operate at less than optimal levels.

Such failures have led to a new approach to rural water supply and sanitation. This demand-based approach is a strategy that allows consumer demand to guide key investment decisions (see Box 1). With this approach, users decide what service they want and how it will be provided and maintained. Service levels depend on consumers’ willingness to pay and their responsibility for improved services. Consumers make decisions based on information about initial capital cost contributions, maintenance expenditures and comparative advantages of available alternative technical options. Studies indicate that such demand-based projects are more likely to provide satisfaction to users on a sustainable basis.

The IDA-supported Community Water Supply and Sanitation Project (CW SSP) in Sri Lanka is one of the few examples of a large-scale World Bank-funded project that has attempted to establish project rules that respond to user demand and community preferences. The project is designed with the flexibility to test and refine project rules and procedures as the project progresses. Through a process of systematic learning, the project has established mechanisms to collect and analyze data and incorporate lessons into the project.

As a result of this approach, the project today is substantially different than it was at the outset. While the project could not be considered fully demand-based during its formative stages, it has moved in the direction of offering communities wider choices in types of technology and levels of service. The original rules focused on providing services to the communities determined to be most in need and decided what services were most appropriate for them.

This document examines how structured learning and an adaptive project design has helped to achieve the objectives of the project. It describes how project rules and processes were originally established, monitored, and later modified, and how the project gradually moved away from predefined needs and closer to user demand. This document attempts to illustrate how rules have changed and why, and what more needs to be done to design investments that respond to demand.
Box 1 Characteristics of a Demand-Based Approach

A demand-based approach has emerged as an innovative strategy for assisting communities to improve their water supply services. It recognizes the existing capacity of communities to take responsibility for identifying and solving their water supply problems. A working definition of the approach is:

A demand-based approach is a strategy that empowers a community to initiate, choose, and implement a water supply system that it is willing and able to sustain.

In a demand-based approach:
- The community initiates and makes informed decisions about service options and how services are delivered.
- The community contributes to investment costs relative to the level of service and has significant control on how funds are managed.
- The government has a facilitative role and sets clear national policies and strategies including the necessary legal framework and creates an enabling environment for all participating groups.
- The community owns and is responsible for sustaining its facilities.
- Community capacity is appropriately strengthened and awareness is raised to stimulate demand.
- The approach promotes innovation and requires flexibility.
Overview of the Sector

In 1995, about 80 percent of Sri Lanka’s population of 18 million lived in rural areas. Sri Lanka has higher living standards and socio-economic conditions compared with nearby countries of South Asia (see Box 2). Access to drinking water supply and sanitation is also higher in Sri Lanka than in neighboring countries. A 1993 study jointly conducted by the Government of Sri Lanka and UNICEF indicated that urban water supply coverage was 89 percent and rural water supply coverage 60 percent. Coverage rates for urban and rural sanitation were 80 percent and 70 percent respectively. These high coverage rates can be misleading since they do not take into account different levels of service or the performance of water and sanitation schemes. For example, a 1995 evaluation conducted by the Danish Agency for International Development (DANIDA) of a rural water supply and sanitation project concluded that project performance suffered due to poor cost recovery, unacceptable service levels, and inadequate management skills at the local government level.

The technologies included in that project were tubewells with handpumps, hand dug wells, piped schemes, and pit latrines.

A large number of government agencies, local and international nongovernmental organizations (NGOs), and bilateral donors are involved in the rural water supply and sanitation sector. The key government agency is the National Water Supply and Drainage Board (NWSDB). While NWSDB is responsible for the entire sector it concentrates mainly on the urban sector, which receives nearly 75 percent of the total public investment flows. The government relies heavily on assistance from bilateral agencies to meet the needs of the rural water and sanitation sector. The multiplicity of institutions working in the rural sector has resulted in overlapping responsibilities, disparate policies and strategies, high-cost schemes, and poor cost recovery.

Many schemes were constructed with the expectation that the schemes would eventually be taken over by the NWSDB or local government units known as Pradeshiya Sabhas (PSs). The NWSDB has established a national tariff structure for rural water schemes and assigned revenue collection either to PSs or the NWSDB’s operations and maintenance unit. Cost recovery to date has been dismal and is far below the routine operating expenditure of the schemes.

Lessons from experience show that no single government agency is responsible for oversight or policymaking for the sector. Communities have been provided with water supply and sanitation facilities in a top-down manner. Policies have been target-oriented and inadequate to ensure that there is community demand for new water facilities before construction begins. Villages have generally been selected based on coverage figures and selection criteria have differed among organizations serving communities.

Prescribed technological options with fixed service levels have generally been offered to rural communities based on technical feasibility,
and users have often been convinced by design criteria and national specifications to accept the options offered to them. A uniform national tariff structure was imposed on users irrespective of the level of service they received and the performance of the schemes. These characteristics reflect on the traditional practice of treating drinking water as a free public commodity, which makes it difficult to implement basic cost recovery principles.

### Government Strategy for the Rural Water Supply and Sanitation Sector

The problems identified in the rural water and sanitation sector prompted the government to carry out a thorough review of the sector and to come forward with a new approach to help ensure sustainability of the schemes. A comprehensive study completed in 1988 recommended initiating new projects based on a uniform set of standards, selection, and appraisal criteria. Recent global experiences and regional lessons shared by the UNDP-Water Bank Water and Sanitation Program contributed to a change of emphasis in the planning process from a technically-oriented approach to effective community participation, including community involvement in the selection of schemes.

The policy emphasis has also shifted toward institutional assessment and finding effective ways to implement projects in partnership among users, NGOs, and public sector agencies. Objectives focused on sustainability rather than meeting specific coverage targets. However, the new policies still fell short of defining explicit rules to guide decisions based on economic demand from communities.

### Box 2 Selected Socio-Economic Indicators for South Asia

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Sri Lanka</th>
<th>Bangladesh</th>
<th>India</th>
<th>Nepal</th>
<th>Pakistan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (millions)</td>
<td>18</td>
<td>115</td>
<td>898</td>
<td>21</td>
<td>123</td>
</tr>
<tr>
<td>Population growth rate (%)</td>
<td>1.5</td>
<td>2.1</td>
<td>2.0</td>
<td>2.6</td>
<td>2.8</td>
</tr>
<tr>
<td>Infant mortality (% per 1000 live births)</td>
<td>17</td>
<td>106</td>
<td>80</td>
<td>96</td>
<td>88</td>
</tr>
<tr>
<td>Life expectancy (years)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>70</td>
<td>56</td>
<td>61</td>
<td>55</td>
<td>61</td>
</tr>
<tr>
<td>Female</td>
<td>74</td>
<td>56</td>
<td>61</td>
<td>54</td>
<td>63</td>
</tr>
<tr>
<td>Literacy rate 1990 (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>88</td>
<td>35</td>
<td>48</td>
<td>26</td>
<td>35</td>
</tr>
<tr>
<td>Female</td>
<td>83</td>
<td>22</td>
<td>34</td>
<td>13</td>
<td>21</td>
</tr>
<tr>
<td>GNP per capita (US$)</td>
<td>600</td>
<td>220</td>
<td>300</td>
<td>190</td>
<td>430</td>
</tr>
</tbody>
</table>

Footnotes
Part 3: The Community Water Supply and Sanitation Project

The Government of Sri Lanka, with assistance from the World Bank, launched the Community Water Supply and Sanitation Project (CW SSP) in 1993. This is a pioneering initiative to introduce a new approach to sector development through increased user participation and to enable the public sector to shift its role from being a provider to a promoter of services. The CW SSP has taken a leading institutional role in the rural water and sanitation sector. It facilitates the identification, design, and implementation of schemes by communities assisted by partner organizations.

The project objectives include:
- developing systems and procedures for planning, implementing, and managing cost-effective and sustainable schemes with direct community involvement;
- implementing water supply schemes for 650,000 people in about 2,700 settlements and 17 small towns in three districts; sanitation incentive programs in 3,800 settlements; and school sanitation in about 3,000 schools in three districts; and
- preparing a follow-on national project based on lessons from the current project.

The implementation strategy requires CW SSP to provide project management and to enter into contracts with partner organizations.

Project Principles and Strategy
The project principles aim to promote cost-effective and sustainable service delivery based on users’ choices and preferences. The following five key principles were endorsed by the Cabinet of Ministers in March 1993:
1. The community’s role is central; beneficiaries are both the decisionmakers and the doers.
2. The government has a catalytic role in mobilizing all available resources toward achieving the objectives set by the community.
3. Partner organizations play a key role in assisting communities to develop the necessary competence, skills, and institutional capabilities to actively participate in the planning, construction, operation, and maintenance of the facilities.
4. People in communities provide an in-kind contribution of 20 percent of the capital cost and women participate actively in decisionmaking.
5. An appropriate community-based organization representing beneficiaries is established to be actively involved in planning and construction and to manage the day-to-day operations and maintenance of the schemes, with full cost of operations and maintenance financed by the beneficiary community.

The World Bank (through IDA) was expected to provide US$24.3 million, the government US$5.5 million, and the communities US$2.5 million.
and community-based organizations to implement the project.

Community Water Supply and Sanitation Program Unit (CW SPU). The project unit acts as an intermediary between the government and partner organizations, and is responsible for the overall management, coordination, and supervision of project activities. It is located in the Ministry of Housing and Urban Development and serves as the link between the Government of Sri Lanka and partner organizations in implementing the project. The project unit is responsible for:

- developing a strategy for implementing the government's policies on community-based rural water supply and sanitation;
- monitoring and modifying the project strategy when necessary;
- contracting partner organizations for project development and implementation;
- exercising overall financial control, and
- contributing to general policy formulation.

The CW SPU has branch offices in each of the three districts where the project is being implemented in addition to its headquarters in Colombo. The district offices coordinate day-to-day operations of the project and work directly with partner organizations and community-based organizations.

National Steering Committee. The National Steering Committee is chaired by the Secretary of the Ministry of Housing and Urban Development. It consists of representatives of relevant ministries, public agencies, provincial councils, partner organizations, and NGOs. Its main functions are inter-agency coordination, policy review and refinements, conflict resolution, policy decisions, and monitoring of overall progress.

Partner Organizations. The project is implemented through partner organizations. These include organizations that are capable and willing to assist the communities in implementing the project. Eligible partner organizations include local government organizations or Pradeshiya Shabas (PSs), the NWSDB, NGOs, and the private sector.

Partner organizations are contracted by the CW SSP to:

- initiate a dialogue with communities interested in water and sanitation services, undertake community mobilization activities to aggregate community preferences and demand, and assist communities in establishing community-based organizations;
- assist community-based organizations in initiating water and sanitation schemes consistent with CW SSP policy, prepare detailed designs, and provide technical support in constructing, operating, and managing schemes;
- monitor project implementation; and
- provide community health and hygiene education.

Community-Based Organizations. Partner organizations help to create community-based organizations that represent the users. Community-based organizations are actively involved in planning, designing, and implementing water supply and sanitation schemes. They contribute cash and/or communal labor for construction and assume responsibility for operations and maintenance of facilities and for collecting user fees.

Implementation Phases

The project implementation strategy focuses on active community decisionmaking, leading to community contributions, construction, and ultimately community ownership of the improved facilities. The project implementation process includes three main phases:

- Development phase (6-18 months). The activities in this phase help to ensure community participation, communicate project rules, aggregate users' preferences, and enable community management. The community establishes a community-based organization, plans and designs their water supply scheme and sanitation program, and mobilizes resources. Partner organizations begin training and health and hygiene education activities.
- Construction phase (4-10 months). The community-based organization takes responsibility for constructing the water supply system and implementing the sanitation program with support from the partner organization.
- Consolidation phase (16-19 months). This phase helps to ensure the long-term sustainability of the facilities. Partner organizations provide follow-up support to community-based organizations in operations and maintenance and provide training to community-based organizations, individuals, and user groups as
needed for user fee collection. Partner organizations also provide follow-up support.

Village Water Supply and Sanitation is the core program and Small Town Water Supply and School Water Supply and Sanitation are subsidiary programs. Each program is implemented by villages through small community projects following the three phases described above. The project implementation process is illustrated in Box 3.

### Box 3 Project Implementation Phases

<table>
<thead>
<tr>
<th>Time Frame</th>
<th>Project Phase</th>
<th>Activities</th>
<th>Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>6-18 months</td>
<td>Development</td>
<td>identification of village&lt;br&gt;mobilization of users&lt;br&gt;formation of CBO&lt;br&gt;fund mobilization&lt;br&gt;plan &amp; design&lt;br&gt;training &amp; hygiene education</td>
<td>PO, CWSPU, District Office</td>
</tr>
<tr>
<td>4-10 months</td>
<td>Construction</td>
<td>procurement of materials&lt;br&gt;construction&lt;br&gt;caretakers’ training&lt;br&gt;hygiene education</td>
<td>CBO</td>
</tr>
<tr>
<td>16-19 months</td>
<td>Consolidation</td>
<td>commissioning&lt;br&gt;O&amp;M training&lt;br&gt;revenue collection&lt;br&gt;conflict resolution&lt;br&gt;routine O&amp;M&lt;br&gt;CBO sustenance</td>
<td>PO, CBO</td>
</tr>
</tbody>
</table>
Part 4: Adapting Project Design

Structured Learning
The project has phased implementation to permit testing rules and processes. Project staff focused on setting up a monitoring system to systematically analyze lessons from project experience that could then be fed back into the project to refine its policies and procedures in a timely manner. This active process of systematically learning and adapting the project design to improve the outcome of the project is also known as structured learning.

Main steps of structured learning
Structured learning is a key tool in the proper implementation of the project’s community-based approach. It includes gathering data on key issues, analyzing what has worked and what has not worked, and adapting the project based on these lessons. Learning is rooted in the day-to-day implementation of the project, the analysis of findings, and making timely readjustments. The main steps of the structured learning process are outlined in Box 4.

The original project rules emphasized providing low-cost appropriate options to the community and assumed that communities could not afford higher levels of service such as house connections. However, in a demand-based approach project rules should be explicitly designed to guide users in making key investment decisions. Communities should be provided with information that allows them to choose the type and level of service they want, based on prices they are willing to pay.

Rules and procedures for this consultative approach in the rural water and sanitation sector are still at an early stage so that building a certain degree of flexibility into project design is essential. Adaptive project design encourages review and permits modification. Such flexibility is critical to the improved performance and investment sustainability of rural water supply and sanitation projects.

As a first test of the adaptability of the CW SSP, the project staff revised the project implementation phases. The project began in mid-1992 with a pilot phase in seven villages in the Ratnapura district. During this phase, the CW PSU focused on testing and refining strategies and approaches and worked with six partner organizations. About a year later, the small-scale implementation phase started with 30 villages and 28 partner organizations. This was followed by the large-scale implementation phase in which seven partner organizations implemented 10 projects each. The last phase, consolidation, started at the end of 1995 and involves 835 villages and 63 partner organizations.

During each phase the project carried out a systematic review of the outcome of various activities especially the application of project rules. The project made a series of changes including revision of the eligibility criteria, financial arrangements, contractual arrangements with partner organizations, and expansion of the range of technological options and service levels. Box 5 illustrates the original and revised project phases.
The Monitoring System

The CW SSP approach to structured learning is anchored in its participatory monitoring and evaluation system. The overall objectives of this system are to:

- achieve efficient and effective performance by providing feedback at all levels;
- assess the achievements of overall results-efficiency, outputs, effects, and impacts;
- analyze the root causes of difficulties;
- identify the need for adjustments to policies, programs, or systems to improve effectiveness and impact;
- analyze whether the rules and methods of applying the rules are leading to demand-based decisionmaking by the users; and
- understand which elements of the strategy can be replicated.

The implementation of the monitoring and evaluation system relies on cooperation among the national project unit, partner organizations, and community-based organizations. The system has been integrated into project planning and implementation and is in place at four different levels: (1) partner organization/community, (2) district, (3) head office, and (4) national. Monitoring and evaluation is carried out by the project staff as an integral part of their day-to-day activities. It is participatory and supportive, not supervisory, and focuses on extracting very specific lessons to assist in the next round of implementation.

<table>
<thead>
<tr>
<th>Box 4 Six Steps of Structured Learning</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Define project rules.</td>
</tr>
<tr>
<td>2. Determine rationale for the rules.</td>
</tr>
<tr>
<td>3. Define data requirements.</td>
</tr>
<tr>
<td>4. Analyze procedures and field results and linkages to project rules.</td>
</tr>
<tr>
<td>5. Provide feedback, refine rules and or process of application of rules.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Box 5 Project Implementation Phases</th>
</tr>
</thead>
<tbody>
<tr>
<td>According to Staff Appraisal Report</td>
</tr>
<tr>
<td>Actual Implementation</td>
</tr>
<tr>
<td>Pre-Project</td>
</tr>
<tr>
<td>Pilot</td>
</tr>
</tbody>
</table>
Project Rules

To achieve the project's objectives and translate its principles into action, the project established a set of rules for testing, refining, and applying project lessons to its large-scale implementation. Based on lessons from each phase, the project has refined these rules and procedures and has applied, when necessary, a revised set of rules and procedures for the next phase.

Through ongoing and systematic analysis, the project staff learned that the rules and procedures established at the beginning of the project were not geared to achieve the desired results. The original rules did not allow communities to make key decisions to the extent that they should and did not reflect consumer willingness to pay for services. The project has moved in the direction of improving the community selection criteria and offering communities more choices of service levels as well as reviewing the financial policies to provide suitable incentives for the users to select water systems that respond to their preferences.

Eligibility criteria

There are two main issues in setting out the project's eligibility criteria: defining which communities are eligible to participate in the project and determining the order in which they are reached. The goal was to create a set of rules that would give priority to the communities that demonstrate a high demand for improved services. The original project design did not establish such clear and adequate criteria and has been modified.

At the beginning of the project, no clear eligibility criteria or procedures were set out for the selection of villages. Instead, very comprehensive design criteria were established that included a needs assessment of quantity, quality, and reliability of existing sources; details of the yield of water sources; and technical feasibility. The assumption was made that partner organizations would select which communities would participate in the project.

The pilot project sites were selected by project staff in consultation with partner organizations. The selection of villages was not always based on need or demand, but rather on factors determined by partner organizations. Complex design criteria proved time consuming, lengthy, and impractical.

As a result of the pilot phase experience, project staff simplified the design criteria and developed a new set of rules for the selection of communities for the small-scale implementation phase. The new rules helped to prioritize communities on the basis of existing coverage and need. The rules encouraged partner organizations to select communities from pre-identified areas. However, this needs-based approach still resulted in the selection of communities that had not really demonstrated a demand for improved services. Efforts were therefore required to mobilize communities to generate demand for the project.

The project further revised the eligibility criteria to improve demand responsiveness. The project introduced community selection criteria that required interested communities to demonstrate interest and take initiative by completing a self-assessment. Communities were asked to have each interested family assess their existing water supply and sanitation facilities and express their willingness to pay for improved services. Based on these self-assessments, communities could be prioritized on the basis of the percentage of families requesting improved services.

By the time the project moved to the large-scale implementation phase, many communities had put in requests to participate in the project. Awareness of the project increased in the three districts and its success generated momentum for the project as a whole. Since the number of communities interested in participating exceeded the resources of the project, the project further revised the eligibility criteria and introduced a prioritization based on willingness to pay over 20 percent of the capital costs. The eligibility criteria was simplified and any community with less than 65 percent coverage was eligible to participate. As the project has moved to the final consolidation phase, it may further refine the eligibility criteria by linking it more closely to the financial policy.

Service levels and technical options

The original project design was based on the assumption that communities could afford only the most simple technical options and would be satisfied with basic levels of service. The project encouraged partner organizations to guide communities toward predetermined technologies.
and service levels, and produced guidelines on types of technologies, distance to improved sources, number of sources, and number of households per source. The present approach differs significantly from the initial one. The project has evolved into one that focuses on responding to community choices about water and sanitation by offering a choice of technologies and service levels based on willingness to pay.

During the pilot and small-scale phases, it became clear that people in many communities were interested in higher levels of service than originally anticipated. Many families preferred yard taps rather than community standposts and demonstrated willingness to pay for these taps in cash and in-kind. For example, in one pilot village (Dandiniya), the community formally requested that the project change its rules to allow yard taps and agreed to bear the full incremental costs above the subsidy ceiling (see Box 6). Communities requested a greater choice of technical options and higher levels of service within each option than offered initially. At the beginning, the project offered piped gravity systems, pumping systems, tubewells, and protected wells. It strictly defined the service levels the project would provide for each option. However, topographical and hydrogeological

Box 6  Dandiniya: Demand for a Higher Service Level

Dandiniya, with a population of about 1,000, is one of the six pilot villages selected to test the project’s rules and procedures. One of the six partner organizations identified to implement the pilot phase began to mobilize the community in mid-1992. During the participatory planning process, a core group of community members worked with the technical officer of the partner organization to explore water supply options for the community. They found three feasible options and presented the findings and cost implications at a community meeting. During the discussions, it became clear that there was enough water in the source to allow yard taps rather than public stand posts.

The community chose yard taps—and expressed a willingness to pay 100 percent of the additional cost. But because the project rules did not permit such high levels of service, the technical officer initially rejected the request. The community formally complained to the project staff, asking why they were not allowed to have the services they wanted, if in fact they were making the decisions. The issue was eventually brought to the national steering committee, which agreed to allow the community to select yard taps.

The change in the rules had a dramatic impact on how the project was completed. The community gained a strong sense of ownership of and commitment to the project. The project was completed in five months instead of six months as originally planned. It was estimated that thirty working days of unskilled labor would be required for each family to construct the schemes. But only 19 days were actually needed due to long and effective working days. The community contributed 33 percent of the actual cost, rather than the required 20 percent.
constraints meant that in some cases none of the options were feasible. The project had to identify and offer additional technical solutions such as rainwater harvesting and rope pumps (see Box 7). Data analysis indicates that communities are willing to pay more for higher levels of service. Communities paid nearly five times as much for a water point serving 1-5 households as they did for a water point serving 20 or more households (see Box 8). They paid the most for piped gravity systems, which had an average of 3 households per water point; and the least for wells, which had an average of 11 households per water point. These findings indicate that even in these low-income communities, there is an economic demand for water related to the level of service. In response to requests from communities, the project increased the number of technical options it offered and allowed for higher levels of service including yard taps, house connections, and individual wells. This change represented a shift from pre-determining the needs of beneficiaries to increasingly responding to their demands for improved services.

Financial policy and cost sharing
In Sri Lanka, the government traditionally provided the up-front capital costs of new water supply facilities. It expected to recover 15 percent of this cost through tariffs collected by the
NWSDB. This arrangement applied to all technologies except improved wells, which were fully subsidized. The recovery was extremely poor, in fact the government even subsidized the recurrent expenditure for most of the rural schemes.

The CWSSP financial policy differs from the traditional government policy since it focuses on ensuring sustainability as well as on increasing service coverage. The project requires a strong community contribution, more than 20 percent of the capital cost, in cash or in-kind, to foster ownership and commitment to their schemes, and also to ensure that facilities are provided on the basis of effective demand. Communities manage their own resources, instead of paying tariffs to a government agency. The cost sharing arrangements are as follows:

- Communities contribute at least 20 percent of the capital cost in cash and/or in-kind with the exception of handpump tubewells. For this technology, the contribution is at least 10 percent of the direct cost since the skills required for drilling and installation are not readily available within the community.
- The government contributes 80 percent of the project costs, up to the subsidy ceiling per household. Communities pay the entire additional costs above the ceiling, if there are any additional costs.
- Communities willing to pay more than the minimum 20 percent contribution receive priority.
- The community bears the full cost of operations and maintenance and manages the schemes.

The 20 percent cost sharing by the community is based on the estimated value of in-kind contributions of land, labor, and local materials, which generally amounts to between 11 to 30 percent of a scheme. Where the value of the in-kind contribution is less than 20 percent, the project requires that the community pays the balance in cash.

The project has learned that the level of community contribution is higher than the requirement of 20 percent and the average has been 28 percent. This higher percentage is due to a revision of the financial policy during the small-scale implementation phase that required communities to make a mandatory contribution of 100 percent of the unskilled labor and local materials to be used, irrespective of their percentage share of the total cost (see Box 9). The project has also found that community-based organizations have been able to collect sufficient funds for the routine operations and maintenance of schemes.

The project should further explore the possibility of introducing a declining subsidy level for capital costs linked with the prioritization of schemes. For example, communities willing to pay more than 30 percent of capital costs and communities willing to pay in cash should perhaps have priority in the selection process. Project staff are designing a new cost sharing formula to provide incentives to communities that want to be selected sooner.
Box 9 Adapting Project Rules and Procedures - Financial Policy

**Pilot**
- Users contribute 20% of capital costs in cash or in-kind.
- Users bear 100% of O&M costs.
- Multiple subsidy ceiling applied based on technology type and basic level of service.
- Users to bear any incremental cost of service above the basic level.

**Feedback**
- Community willing to contribute unskilled labor and local materials.
- 20% community contribution in-kind for unskilled labor is low.
- Cost-sharing rule could be revised for community to contribute 100% of unskilled labor and local materials.
- Multiple subsidy ceiling is complex and difficult to apply.
- Users requested higher service levels for protected wells, revised economic analysis justifies reduction of distance to water point.

**Small Scale**
- Revised cost sharing arrangement (in addition to a minimum of 20%) includes 100% of unskilled labor and local materials.
- Introduction of a universal subsidy ceiling irrespective of technology type for basic service level.
- Construction contracts with POs and CBOs provide for reimbursement of only actual cost of skilled labor and goods.

**Feedback**
- Community contributions average 28%.
- Actual cost subsidy of scheme is less than the subsidy ceiling.
- Wider range of technology mix results in greater community satisfaction.
- Project can also cover difficult and complex schemes/villages.

**Large Scale**
- Maximum subsidy ceiling relaxed for villages to introduce new technology options such as rainwater harvesting or rope pump.
- Continue to apply the same financial policy as in small scale implementation.

**Feedback**
- Community contribution continues to average about 28%.
- Actual cost of scheme less than the estimated cost.
- Actual cost subsidy below the subsidy ceiling.
- Necessary to review the subsidy ceiling, however, difficult to change as financial policy is communicated to the villages in all the districts.

**Consolidation**
- Continue application of same financial policy as in the large scale phase.

**Feedback**
- Subsidy ceiling needs to be revised and lowered.
- Need to explore new financial policy to enable scheme prioritization based on higher community contributions and lower subsidy ceiling.
The subsidy ceiling
The subsidy ceiling—the amount that the government will provide per household for a basic level of service—is the most critical element of the financial policy. The ceiling is designed to safeguard the social dimension of potable water and sanitation and at the same time provide adequate incentives to the users to choose levels of service based on their affordability. If a community wants to improve services beyond this basic level, it must pay the full costs above this level.

While determining subsidy ceilings can be arduous, the level of the ceiling directly affects the decisions that communities make and helps communities make clear financial choices about service levels. It is not yet clear from the project's experience whether the current ceiling creates the right incentives for communities to make financial choices that reflect demand.

Multiple subsidy ceilings. At the beginning of the project, subsidy ceilings were determined for each technical option. Ceilings were based on an assessment of the economic benefits of each option and the cost per water and sanitation scheme. The project preparation team estimated the time saved by improving the service level and calculated its economic value. This figure was then compared with the economic cost of construction and maintenance of the system over its design life to determine the optimum service level for each type of technology. The relative net benefits of each technology at the minimum service levels for each technology was used to calculate the maximum allowable cost per household.

Many difficulties arose during the pilot phase in applying the multiple subsidy ceilings. Ceilings were not transparent or equitable and were difficult to enforce. Most communities opted for gravity systems—the technical option with the highest cost ceiling. This option was often chosen irrespective of whether this type of system was technically viable. Community members were dissatisfied when topographical constraints required point source water systems for only a few clusters of houses. This resulted in some households receiving a larger subsidy and higher service levels than others.

The universal subsidy ceiling. Given problems in implementing the financial policy during the pilot phase, the project staff decided to establish an universal cost ceiling. The new policy set the ceiling at US$102 (1994) per household with an annual 10 percent increase for inflation. The ceiling is equivalent to the ceiling for the gravity system, which was the option most preferred by users. Along with the higher subsidy ceiling, the CWSSP introduced new technology options and more complex schemes in 1994.

The universal subsidy ceiling has two benefits. First, the government risks financing very costly projects with high investment costs per capita when no ceiling exists. The same resources could finance projects with lower investment costs and benefit a much larger number of people. Second, governments only subsidize a basic level of service, and communities that demand higher levels must bear the entire additional cost above this level.

The project is continuing to learn about whether the level of the ceiling encourages communities to make choices based on demand for services. If the ceiling is too high, it creates incentives for communities to choose more expensive technical options without regard to cost. The required 20 percent community contribution may not be sufficient to influence choices between service levels and may even bias communities toward higher levels of service to utilize the full amount of the subsidy.

Analysis of data from 76 completed schemes indicates that the average actual cost of the schemes is lower than the 1996 subsidy ceiling of US$107 (see Box 10). The reason is that partner organizations are reimbursed the actual cost of construction, which is always less than the design estimates. This lower cost may be attributed to little or no wastage, better financial discipline given community control and transparency, and timely implementation so that there is minimal or no cost escalation. Experience so far indicates that it may be possible to further reduce the subsidy ceiling or introduce declining subsidy ceilings with community prioritization based on willingness to pay more than the 20 percent community contribution.

Structured learning efforts should go further in analyzing whether the financial policy is in fact producing the desired results. An ideal financial policy should reveal demand for services. Communities need to know the full cost of services and incentives are needed for communities to make decisions based on the price they will have to pay for services. The project needs to analyze in depth the choices that communities are making. Does the project require a level of contribution from communities that indicates a demand for services? How does the subsidy ceiling relate to the sustainability of the project?
Box 10 Actual Scheme Cost by Type of Technology and Service Level

Subsidy ceiling US$ 107

Note: The subsidy ceiling is applicable only to the project cost.
CW SSP moved into the consolidation phase in late 1995. To date the project has completed 170 rural water supply schemes and launched another 790 schemes. It is expected that by the end of the project in 1998, over 2,800 villages will have received improved water supply and the project is likely to exceed its target of reaching over 650,000 people. Over 10,000 household latrines have been constructed and another 35,000 are expected to be built. The project has completed 43 school water supply and sanitation projects and over 500 projects are being implemented. Out of the 17 small towns covered by the project, one scheme has been completed, six schemes are under construction, and the other 11 are in the design stage.

Community Contributions
An analysis of the completed schemes indicates that most of the community contributions have been in labor and that cash contributions have been negligible. Community cash contributions tended to occur primarily in the case of tubewells with handpumps since the community has to pay in full for the apron. The community contribution in these cases amounts to between US$75 and US$108, which is about 10 percent of the investment costs.

Community contributions have been higher than set out in the original project design. Communities have tended to select higher levels of service and have contributed more than the required 20 percent. The average community contribution to project costs has been 28 percent. The project calculates the in-kind contribution either in actual value (for example the cost of sand or bricks) or in days worked. A work day is valued between US$1.6 and US$2.2. Often the rate used is slightly below the actual rate a contractor would pay for unskilled labor. The community contribution is estimated at the time of design and recalculated at the time of completion by checking the daily labor ledger maintained by the community-based organization.

The large community contributions in labor and local materials reduced the total project cost. Of the 170 schemes analyzed, 163 were completed at costs below the original estimates:
- 7 schemes (4 percent) were completed above the estimated cost;
- 18 schemes (11 percent) were completed 0-10 percent below the estimated cost;
- 40 schemes (24 percent) were completed 10-20 percent below the estimated cost;
- 33 schemes (19 percent) were completed 20-30 percent below the estimated cost;
- 72 schemes (42 percent) were completed more than 30 percent below the estimated cost;

People who feel invested in the project have a stake in seeing its completion as soon as possible and have found creative ways to lower the total cost. The project is finding that people are willing to pay and contribute valuable resources for a water system that satisfies their demand and meets their preferred level of service, and when they have adequate control over the resources. The project revised its total cost estimates based on the current level of community contributions.
The revised estimated community contribution is US$9.4 million compared with the original estimate of US$2.5 million—an increase of 370 percent. This has resulted in an increase in the total project cost from US$32.3 million to US$39.5 million. The government’s share has risen from US$5.5 million to US$6.4 million, while the IDA share remains the same as the original amount. Box 11 illustrates the original and revised project costs with the projected community contribution.

Role of Partner Organizations
The lack of capacity of partner organizations has emerged as one of the most critical issues facing the project. Partner organizations play a major role in the project. They serve as intermediaries between the project and communities, provide training and technical guidance during design and construction, and implement the health and hygiene component. The overall strategy assumes that partner organizations are:
• flexible and willing to pursue an adaptive approach to implementation;
• more experienced in community-based approaches than government organizations;
• expecting to have long-term partnerships with communities thus ensuring the sustainability of the facilities;
• aware of the important role of women in development; and
• likely to adopt an integrated approach to development.

Many partner organizations involved in the project have demonstrated high levels of professionalism and competency. However, the project has encountered considerable difficulties as well. Many partner organizations suffer from a shortage of skilled engineers and technical staff. They continually face the problem of losing staff to the private sector or government agencies. In many cases, this has had a severe impact on project implementation, resulting in long delays or faulty construction.

Providing adequate training to implement the social component of the project has been costly and time consuming. Although many partner organizations have quickly embraced the community-based approach, others have required extensive training to do so. This has been especially true for partner organizations that started up to work with the project and lack water and sanitation experience.

Project staff have been burdened by the administrative requirements of coordinating more than 80 partner organizations. Partner organizations include large, national NGOs as well as small NGOs and local government entities.

Building capacity of partner organizations
Given the weak performance of many partner organizations, project staff have focused on building their capacity and taken many steps to
improve field level performance. In particular, the project has:

• established a technical resource pool to provide ongoing support; monitor construction and resolve day-to-day implementation problems;
• adopted explicit selection criteria based on experience in water and sanitation projects, number of technical staff, institutional presence, and financial management capabilities;
• developed new monitoring procedures based on community satisfaction;
• increased performance requirements; and
• increased training for the health, hygiene, and community mobilization components.

These steps have minimized delays in community mobilization, improved the quality of construction, and streamlined the health and hygiene education programs. The project has become much more selective over time in choosing partner organizations. During the pilot phase, it selected 80 percent of the partner organizations that applied, but today it accepts only 50 percent.

Despite these improvements, building capacity is time-consuming and costly. It requires additional staff to provide training and support at both the national and district levels. It can be accompanied by high administrative costs as well as micro-management of partner organizations by project staff.

A weakness has been that the project has focused more on capacity building of partner organizations rather than on the institutional design of the project itself. The project staff originally assumed that given adequate training and support, partner organizations would carry out their roles effectively. However, the project realizes that it needs to explore ways of introducing innovative measures to create competition among partner organizations and also to explore other institutional arrangements that do not rely as heavily on partner organizations. These may include:

• Introducing financial incentives. How can the project introduce greater financial incentives for partner organizations to improve their performance? How can the project develop a more competitive bidding process that awards contracts based on the quality of the technical proposal?
• Reducing the number of partner organizations. Should the project limit the number of partner organizations to minimize training and administrative costs? Can large partner organizations subcontract smaller ones and assume responsibility for capacity building?
• Involving the private sector. How can the project get the private sector more involved? Does the private sector have a larger role to play?
• Increasing the role of the community. Are there mechanisms that would allow community-based organizations to gain access to funds directly from the project?

Partner organization contracts

The project design assumed that a few large partner organizations identified during the project preparation phase would participate in implementing the project. However, political sensitivity, reluctance of partner organizations to adhere to project rules, and the idea of working as contractors distanced the large partner organizations from participating at the beginning of the project. Initially partner organization contracts were input-based with no incentives for acceleration of implementation cycles. Contracts were frequently extended since the cycles were often longer anticipated.

Today partner organization contracts are based on outputs and payments are based on achievement. However, the project needs to assess how it will work with partner organizations in the future. Learning efforts should analyze whether the project's main assumption is valid—that partner organizations in Sri Lanka can effectively implement the social and technical components of the project. Initial project experience suggests that partner organizations do not necessarily have sufficient capacity to do so. The project must analyze what are the most appropriate roles for partner organizations, the government, the private sector, and communities.

New Project Cycle

An analysis of results of the pilot phase prompted a reduction in the length of the project implementation cycle. The project found that schemes could be completed in less time when the communities provide labor and local materials. Therefore, the development phase was reduced from twelve months to between six and eight months. The construction phase was reduced from ten months to between four and eight months. Further structured learning efforts will focus on determining during which phase
Demonstration Effect on Project Promotion
At the beginning of the project, selection of communities was centralized and largely determined by the project staff. During the pilot phase, project staff from the national office selected the villages that would participate in the project. In the small-scale phase, villages were selected by partner organizations. Villagers were often skeptical about whether the project unit would allow users to participate in making decisions. Many villagers perceived the project’s strategy as another attempt by the government to extract money from people in order to raise tariffs. Politicians were also highly critical of the financial policy, especially the users’ contribution. But as the project began constructing schemes, it built momentum. Neighboring villages became interested and by mid-1995 the project received more requests from villages than the project could handle. Box 12 shows the growth of scheme requests from the villagers and the actual schemes launched.

The project needs to go further in establishing criteria for eligibility and prioritization that coincide with the financial policy and cost sharing arrangements. Rules should provide incentives for communities to compete for priority status based on their level of contribution.

Role of Community-Based Organizations
Community responsibility for operations and maintenance is crucial to the long-term sustainability of the project. Experience has shown that massive water supply and sanitation investments have not reaped their full benefits due to the lack of effective systems and mechanisms to guarantee sustainability. The project is addressing this problem by strengthening the managerial and technical capacity of community-based organizations to help ensure effective use of facilities.

Before construction begins, communities must agree to take full and permanent responsibility for operations and maintenance. The community-based organization collects money from each household for preventive maintenance and selects a caretaker who is then responsible for ongoing management and repair of the systems.

Early project experience revealed that the project must increase its efforts to build the capacity of community-based organizations. When a community-based organization depends on individuals or personalities, it is more likely to face the risk of collapsing. The most successful community-based organizations are those that have become institutionalized, financially stable, and have expanded their role beyond water and sanitation to include income-generating and other economic development activities. Over 900 community-based organizations have been formed of which about 170 are maintaining completed schemes.
Box 13 Mirissa: Management at the Community Level

The Mirissa water supply project was completed in April 1995. Mirissa is a fishing community and has a cooperative that cleans and freezes fish for dispatch to Colombo. As Mirissa is located only a few meters away from the sea, all wells are brackish and drinking water is not available. Thus, Mirissa was included in the CW SSP.

Upon evaluation of the technical options, pumping from a large well located at the bottom of the hill some 400 meters away from the sea was the only reasonable option. However, in view of the cost of pumping and erratic income of people in Mirissa, the CW SSP advised against this solution. Apart from rainwater harvesting, no other water source was available and the Mirissa community insisted on getting drinking water through a pumping scheme. Ultimately, the CW SSP approved a pumped scheme with standposts serving 80 households.

Since the scheme was not very large and the community was enthusiastic, the scheme was completed rapidly. Standposts provided water throughout the day. However, the community-based organization (CBO) was shocked when they started receiving the electricity bill. The bill was thousands of rupees larger than they had expected or were able to collect from the users. The CBO closed down the scheme since it could not pay the bill. The community was very disturbed and arguments broke out. It was clear that a different water supply management system was needed.

The chairman of the influential village Fishery Society took the lead and convened several CBO meetings to resolve the problem. The discussions continued for about six weeks until the solution was found in selling water to the fishing boats, and using the income as a cross subsidy for the standpost supply. Simultaneously, the hours of operation of the scheme were reduced to three hours in the morning and three hours in the evening. This still cost too much and service hours had to be reduced further to two hours in the morning and the evening.

Not everyone agreed to pay the monthly water rates, and so the scheme continued with about 40 families participating in the scheme. People have adjusted to the system and have purchased 100 drums to store drinking water during the day. Water for other domestic purposes is taken from the sea or from the brackish shallow wells.

Financially, the scheme has flourished since it was decided to sell drinking water to the fishing boats. Monthly, the caretaker collects Rs. 4,500 from the boats. This pays for the direct electricity charges, which range from Rs. 4,000 to Rs. 5,000. The caretaker draws his salary of Rs. 1500 from the collection of water rates which amount to about Rs. 3000 a month. The balance is kept in the bank. In April 1996, the Mirissa scheme had Rs. 13,000 in the bank, and had to do some repairs on one of the two pumps. Rs. 2000 was expected to be required that could easily be paid from the healthy bank balance. As the scheme is moving along smoothly, several families that withdrew from the scheme have returned as consumers.

The experience in Mirissa clearly demonstrated that communities need to be fully informed of the financial implications of their decisions and agree up-front on their responsibility for O&M. It also showed that since responsibility for management of the system was transferred to the community, the beneficiaries were able to exercise entrepreneurship to keep the system functioning.
It is too soon to assess the outcome of the operations and maintenance efforts of community-based organizations. However, there are examples in which the entrepreneurial skills of community-based organizations have helped to keep systems functioning despite serious community conflicts (see Box 13).

A study of the experience of three community-based organizations involved in the pilot phase found that each one took measures to institutionalize their role in the community. Each was registered with the line ministry as an independent legal entity. These steps have helped them to develop financial capabilities, collect membership fees, charge new water consumers, and pay for maintenance of the systems. Community-based organizations have also broadened their objectives to include other development activities such as nutrition, agriculture, income-generation, and vocational training. These findings have important implications for the sustainability of the project. Given the community-based organizations' responsibility for long-term operations and maintenance of facilities, the project must help to ensure that these organizations stay active in the long run or find alternative ways to maintain the systems.

**Role of Government Agencies**

The project was originally designed so that the project unit (CWSSPU), located within the Ministry of Housing and Urban Development, would serve as a policymaking body with responsibility for general oversight and monitoring of the project. However, actual experience has been that in the early phases of the project, the national project unit was heavily involved in implementing the project, conducting technical training, developing the social strategy, and coordinating partner organizations. As the capacity of the district offices has improved, the district offices have gradually taken more responsibility for day-to-day activities and problem solving. This decentralization has improved performance at the field level and has allowed the national project unit to assume the more appropriate role of policymaking and institutional strengthening.
When the project began in 1993, its community-based approach was a radical departure from the approaches used by traditional projects in the water and sanitation sector in Sri Lanka. The lessons have benefited the government as it develops a uniform policy for rural areas. In particular, the CW SSP has tested new institutional arrangements for delivering community managed water and sanitation. The Government of Sri Lanka has also gained experience about how to play a more facilitative role and work more effectively with non-formal organizations.

The CW SSP has demonstrated that structured learning can play a key role in building sustainable community water and sanitation schemes in Sri Lanka. The project focused on systematic learning in a few specific areas: financial policy, eligibility criteria, role of partner organizations, choice of technical options and service levels, and responsibility for operations and maintenance. The overall goal was to establish rules and procedures that are conducive to responding to community demand for improved services.

The primary conclusion of this study is that although the project continues to move toward providing services based on demand, the interim results have been mixed. Project staff are still trying to improve in a number of areas. Eligibility requirements do not yet ensure that communities demonstrating the greatest demand and contributing the most get served first. The financial policy is being modified to create greater incentives for communities to make decisions based on the amount they will have to pay. Procedures for working with partner organizations are being streamlined.

Because of its commitment to structured learning, the CW SSP is likely to be quite different when it ends in 1998 than it was at the outset. Project staff cannot predict what choices a community will make or what procedures will be most effective. Institutional arrangements may need to be changed as the government develops its national sector policy. The roles and responsibilities of the government, partner organizations, and communities are also likely to change. This flexibility and a willingness to learn will help ensure the success of the project in improving sustainable access to drinking water and adequate sanitation in rural communities of Sri Lanka.
Bibliography


