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**ACCESS TO SANITATION AND SAFE WATER:
GLOBAL PARTNERSHIPS AND LOCAL ACTIONS**

Water for development: Cost recovery and local development financing

T. Yabi & J. Boko, Benin

This paper is based on the experience of the HAADI-Sud Project, a joint initiative of the Netherlands Development Organisation (SNV) and PROTOS, a Belgian NGO for water provision in the South West of Benin. As with many community based projects, the challenge of the project was how to deal with the cost recovery issue. But the stakeholders wanted to go beyond this recurrent issue to negotiate the contribution of the water sector to the financing of local development. Through a long process of 4 years and 1500 workshops and other meetings with communities in 60 villages and 5 rural Benin communities the stakeholders came to the conclusion that it is possible through effective water management to finance local development and enhance governance.

Introduction

Decentralisation process started in Benin with the first municipal elections held in December 2002. This new experience in the development context was expected to improve effectiveness and responsiveness of local governments. Among many other challenges the supply of good and adequate basic services was one of the priorities.

For five years, the Benin communities have been awaiting transfer of resources from the central government to help them undertake actions for the development of their localities. Meanwhile, they strive to mobilize resources to supply somehow their communities' need for basic services. This constitutes a real burden on municipalities.

Access to safe drinking water is one of the targets of the Millennium Development Goals. The world statistics showed that in a lot of developing countries (including Benin), access to safe drinking water is still very low, especially in rural areas. For many projects in these areas, management and cost recovery remain the main challenges. However, the experience of water and sanitation provision project in some communities of the South West Benin has shown some potential for resources mobilisation around water points.

The main question in this paper is how a good management of the safe drinking water supply project can result in a good cost recovery and even provide financing for local development. The project is included in the HAADI-Sud¹ program conducted by the Netherlands Development Organisation (SNV) and the Belgian NGO PROTOS.

Research framework Decentralisation in Benin

Five laws set the decentralisation framework in Benin. According to law 97-029 of January 1999 describing the organisation of municipalities and communities in Benin, the elected counsellors are the representative bodies of local governments and the mayors the executive ones. The number of councillors in a municipality depends on the importance of its populations. Chapter 3 of this law outlines competencies transferred to local governments, among which is the responsibility of providing drinking water to their communities (article 93).

This law underlines also that resources should be transferred from Central Government to local governments for the exercise of these competencies.

The decentralisation process started five years ago but the important part of this process has not yet been touched: resources are not transferred.

A few donor-financed projects were undertaken with the objective to reduce the financial burden on the

municipalities. One of them is the HAADI-Sud Project which started in 2002 in five communities (Aplahoué, Dogbo, Houéyogbé, Lalo and Toviklin). The objective was to help the involved communities build their capacity for controlling the whole project cycle and managing public contracts for water supply works in order to enhance water supply and sanitation for their communities (with the real participation of these communities and the implication of women).

The national water supply strategy

The water supply sector in the Republic of Benin falls under the responsibility of the Ministry of Mines, Energy and Hydraulic. Since the Drinking Water and Sanitation Decade in 1980 to 1990, the management of the sector was undertaken by the General Directorate of Hydraulic and its offices at provincial level. These offices became operational with the 1992 strategy and have acquired total control over the water supply and sanitation works including the Support Projects for the Provision of Drinking Water and Sanitation in Rural areas (PADEAR)².

The whole water supply strategy in rural settings in its actual shape (since 2005) is based on five principles:

- decentralisation of the decision making process through the municipalities and communities. They must do their planning based on the demand of their communities
- participation of the users (beneficiaries) to the financing, the management, the maintenance and the monitoring of the water supply facilities
- search for reduced cost of water supply by taking into account the most cost effective technical proposals
- privatisation of activities such as construction, operation, maintenance, monitoring, social intermediation; with a particular effort consented to support the professionalization of local actors operating in the sector
- strengthening of technical and administrative deconcentration of the central administration as the regulator of the sector and the establishment of functional relationships between the deconcentrated structures and the municipalities/communities.

The objective of the strategy is to make available a water facility for a maximum of 250 inhabitants.

The localisation of the research

The five municipalities where the present research was undertaken are all located in a rural setting in the South West of Benin in the Mono and Couffo provinces; they were chosen because of their relatively low drinking water and sanitation supply coverage and their high level of poverty incidence. A theoretical average coverage in water supply facilities is 46.1%³, with noticeable geographical disparities (the water supply facilities coverage varies between 34.9 and 83%). The hydro geological situation is much diversified, with a few zones where technological alternatives are very complex.

	Population	Access to water(%)	Poverty incidence
Aplahoué	116.988	52.7	56.2
Dogbo	76.947	83.1	43.7
Houéyogbé	74.492	33.8	47.4
Lalo	79.685	66.9	67.3
Toviklin	60.910	35.6	63.3
Source: INSAE ⁴ (2002)			

Research question and hypotheses

The decision to decentralise was made in the earlier 1990, but it took ten years to arbitrate the contradictory interests of the stakeholders and come up with an agreed on legal framework (Langley et al., 2006). On the one side, the political authorities were afraid of not being able to control the local political challenges; on the other side, the civil servants at the central level of the State were wondering how a decentralised system could function. They were also afraid of losing advantages and power over some state projects.

The people on their side welcomed with a lot of enthusiasm the first municipal elections but were cautious about the real scope of their power. At the same time, technical and financial partners encouraged the implementation of the decentralisation, on the assumption that managing the funds closer to the beneficiaries will reduce the risks of abuses and all kinds of mismanagement (Hilhorst, 2007).

The decentralisation laws give very important attributions to the municipalities in the water supply and sanitation sector and in the integrated water resources management (Hilhorst, 2007). However, as a matter of fact, the resources needed have not been transferred to the municipalities so far. According to Boko (2007), a number of authors have underlined the fact that in Africa, local government bodies lack resources to discharge the transferred responsibilities. (Finken, 2002) and (Bird & Vaillancourt, 1997). In order for municipalities to comply with their endeavours they have to rely on local taxes such as market dues, taxes on sand and gravel pit exploitation and other local taxation revenues, etc. that the Finance Law (the State Budget) allow them to collect (Boko, 2007)

Under these conditions, the municipalities are pushed to find innovative approaches to mobilise the required resources to cope with their duties and promote local governance in the sector of water supply and sanitation.

This brings up the question this research was interested in: how can a good management of the safe drinking water supply contribute to a better cost recovery and the financing of local development?

Two hypotheses were drawn from this question and formulated as follows:

- the water and sanitation sector management constitutes a good experiment field for local governance in Benin
- the water and sanitation sector embeds a potential for resource mobilisation and the financing of local development.

Literature review

In the water and sanitation, the issues mostly at concern are the question of governance and cost recovery. Many authors highlighted the difficult to comply with this requirement of the number of institutions for their projects, with a concern for the sustainability of the facilities (Muhairwe, 2006). However, others showed it is possible to achieve cost recovery target and finance the sector (Biswas & Adank, 2004). The cost recovery issues finally turned out to be a controversy, as some researchers questioned the mechanisms of cost recovery (McDonnell, 2001; Yacoob, 1990) and wonder if it is more important than the right to a safe drinking water.

To achieve the cost recovery target, governance has always been a cross-cutting issue; as good governance in the sector, at all levels would offer more guarantee for cost recovery.

- Of the huge amount of literature dealing with financing and cost recovery, the focus has always been put on the financing of the water and sanitation sector. See for instance Fonseca & Adank (2004) and Raghupathy (1996). The scarcity of literature on the use of water revenue to finance community development shows the innovativeness of the present work.

Methodology

To research the above mentioned question, the methodology used was build upon the municipal contracting owner cycle of the HAADI-Sud project. This cycle consists of three main phases:

- facilities planning and programming
- implementation and construction of facilities
- facilities use and management

During the first two phases, a series of workshops were organised to discuss with the communities and make them accept the idea that the function of works control in the sector could only be performed by the municipality. For this purpose, communities in the five municipalities were placed at the centre of the interventions:

- At the planning and programming phase, the municipalities were guided towards the respect of the regulation in the sector, so as to apply the principles of equity, good governance etc. They were in the front line when it came to setting up the criteria and make public the rules presiding the identification of the places where to build the facilities. A communal council decision was then made to validate the choices and allow the continuing of the process.
- At the construction phase, the municipalities conducted the process that led to the tender process and the recruitment of the service providers. Contrary to the common practice in the sector, the municipali-

ties were the ones who contracted with the different service providers and assured a highly visible and effective presence in the monitoring of the installation of the facilities.

These two first phases showed the communities were thus, the works controllers in the process.

- It was in the exploitation and management phase that the resources mobilisation and cost recovery questions were raised. This was materialised by the management delegation system formalised under a memorandum of understanding between the municipalities and the communities organised in Water Users Associations (Water Committees). Furthermore, to comply with and strengthen the existing institutional framework, the system supported the implementation of a regulation system and municipal control over the facilities, with the co-operation of deconcentrated structures of the State (at the Prefecture level). A number of workshops and public consultations were organised between the local government and the communities (Water Committees) to harmonise the definition of management modalities and the rates (a share in percentage of the water revenues) to be applied to water revenues in a given community as a contribution to the communal resources under the Communal Water Fund. For the determination of the applicable rates the first concern was to preserve the sustainability of the facilities as these rates should not hinder the maintenance and the renewal of the facilities. The application of the rates were also guided by the analysis of the exploitation charges diagram of the facilities; this diagram was composed of the functioning charges, maintenance charges, renewal charges, and technical and financial (audit) monitoring charges.

In total, 1500 workshops in more than 60 villages and 5 communities where the HAADI-Sud project intervenes were needed to reach the results set below. This was done in a four-year period.

Research findings

The process carried out with the communities and the five municipalities of the South West of Benin involved in the HAADI-Sud Project led to the results below.

Resources mobilisation

The successive workshops made it clear to all parties what their responsibilities and rights were. The rules set up were understood to apply to all the water facilities constructed under the HAADI-Sud Project.

A distinction was made between complex and simple facilities. This made it possible to decide different rates for the shares of water revenues on the HAADI-Sud water facilities. The overall process showed, according to the analysis which was carried out, the willingness of the communities to contribute for between 2% and 5% of their water revenues to the Communal Water Fund.

To measure the potential of resources mobilized from water facilities in the communities concerned, the integrated databank of the Ministry of Mines Energy and Water was used to have an estimation of water facilities in total in each of the municipalities. This databank permitted to estimate the average annual revenue of a water point to some USD 375 for simple facilities and USD 281.25 for complex facilities. This calculation was done on the basis of a daily revenue of USD 1.04 per water point functioning 365 days a year.

If the same process on the HAADI-Sud Project were to be performed at the other water facilities of the communities concerned, the potential resource mobilization of each commune would increase to the level shown in the Table 2.

At this point, the system is not yet applied to all the water points of the five municipalities. At the moment, the only entry point is the water facilities installed under the HAADI-Sud Project; however, the decentralisation laws give the opportunity to the municipalities to extend the scheme to all the water facilities under their jurisdiction.

	Number of equivalent water point	Rates of contribution	Potential for RM (USD)
Aplahoué	Simple: 109	3%	1226.25
	Complex:120	4%	1350
Dogbo	Simple: 98	2%	735
	Complex:144	3%	1215
Houéyogbé	Simple: 51	3%	573.75
	Complex:106	5%	1490.63
Lalo	Simple: 110	2%	825
	Complex: 76	3%	641.25
Toviklin	Simple: 49	4%	735
	Complex: 40	0%	0

Local governance experiences

From the process made with the communities and municipalities in the water sector, it was clear that the communities came up with their own management arrangements in a negotiation process with their local government. They had a voice and the power over a resource of high priority for them. Thus the process enhanced their participation in decision making and empowered them.

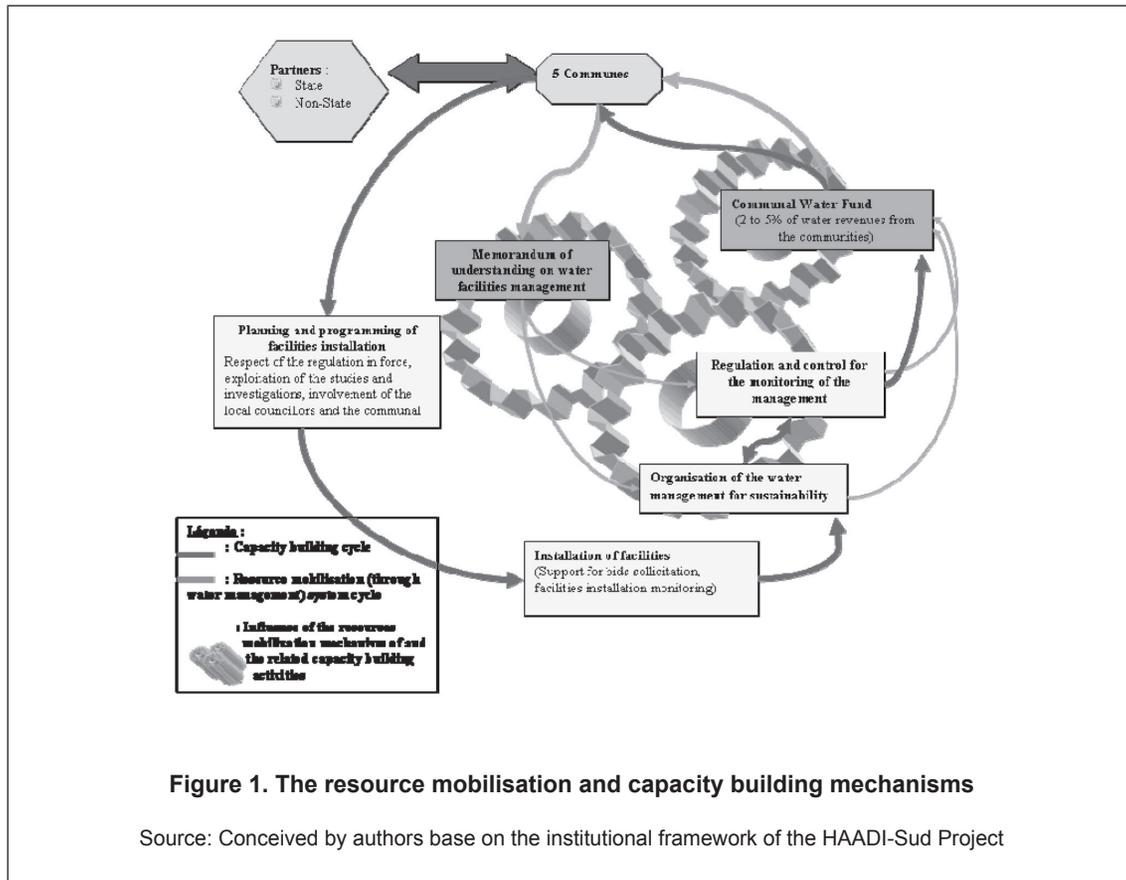
Another contribution to good local governance resides in the fact that it was foreseen in the memorandum of understanding between the municipality and each water committee that the resources mobilised should feed a municipal water fund that should be used to finance the development and the construction of other community facilities; however, priority was understood to be given to water facilities through the mobilisation of community financial collaterals in the poorest communities, the mobilisation of financial collaterals for the installation of water provision projects, the revitalisation and heavy maintenance of water facilities. The memorandum foresees also accountability mechanisms for the management of the municipal water fund. The local government will indeed give account of the use of the funds periodically to the communities.

However, some capacities are still to be strengthened so as to allow the system to continue to function effectively:

- the professionalisation of the water users associations (water committees)
- the capacities needed to co-operate effectively with the deconcentrated structures of the State.
- the capacities to monitor and control the management and the exploitation of the facilities

Conclusion

The process undertaken within the HAADI-Sud Project in the South West of Benin republic showed it is possible to see beyond the cost recovery issue and think of resource mobilisation in the water provision sector. The amount of time needed for the arbitration and facilitation of the process that led to the agreements between the communities and the municipalities revealed the challenge of building a public private partnership around the water management issue in a newly established decentralisation setting. However, there is hope in the five municipalities and beyond, that the actions started will be pursued and contribute to the local municipal development.



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Note/s

- ¹ Hydraulique et Assainissement en Appui au Développement Institutionnel des Communes au Sud du Bénin (Water, Sanitation and Institutional Development of municipalities in South Benin).
- ² PADEARs being the State's main experiment area in the sector.
- ³ Integrated Databank of the General Department of Hydraulic/Ministry of Mines, Energy and Water.
- ⁴ The National Institute for Statistics and Economic Analysis.

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