



Uncovering the Potential of Water Users Associations to Contribute to Community Driven Development

CARE Madagascar's urban poverty reduction programme

CARE Madagascar has been fighting urban poverty for over eight years, starting in the capital, Antananarivo, in 2000, and expanding to the urban commune of Fort Dauphin in southern Madagascar in 2003, with funding from the US Agency for International Development (USAID). At the beginning of 2009, the programme was working in a total of 91 urban neighbourhoods, or *Fokontany*¹, building institutional capacity and promoting community-driven development. The overall goal of the programme was to strengthen urban governance at multiple levels to promote healthier living and CARE recognized that in order to meet that goal, the programme needed to be able to learn from its good governance, civil society strengthening and poverty reduction approaches about what works and what does not in the evolving urban context.

In 2007 CARE UK started helping CARE Madagascar's urban programme do just that – learn better – through funding from its Programme Partnership Agreement (PPA) with DFID. CARE Madagascar used PPA funding to create a learning environment within its urban programme, which included undertaking an action research project to learn whether and how local Water Users Associations could contribute to community-driven development. This learning piece was developed to share the results of the action research with CARE colleagues and external partners.

Background of the action research

The community-driven development approach (CDD) has long been the core of CARE

¹ *Fokontany* are the smallest administrative unit in Madagascar; an urban *Fokontany* may have upwards of 10,000 inhabitants.

Madagascar's urban programme strategy, and is defined below. One of the most obvious signs of CARE's CDD work in Antananarivo

Community Driven Development (CDD) gives control of decisions and resources to community groups. These groups often work in partnership with demand-responsive support organizations and service providers, including elected local governments, the private sector, NGOs, and central government agencies. CDD is a way to provide social and infrastructure services, organize economic activity and resource management, empower poor people, improve governance, and enhance security of the poorest—*The World Bank*

and Fort Dauphin is the existence of *Fokontany*-level development committees, (called *Sehatra Fampanandroana ny Fokontany* or SFF). SFFs bring together *Fokontany* officers and representatives of public service providers and local associations, and provide a space for exchanging information about and coordinating local development initiatives. These SFFs have also drafted local development plans based on participatory needs assessments and are responsible for finding the funds to implement them. But although the CDD approach has empowered the leaders and residents of urban *Fokontany* to undertake local development initiatives themselves, instead of waiting for municipal authorities, *Fokontany* administrations have almost no budget to speak of. And where there are no resources to fund CDD, the CDD approach loses credibility among those it is intended to serve.

Yet there *are* significant resources at the *Fokontany*-level. Another way that CARE has promoted CDD has been to mobilize and build the capacity of neighbourhood Water Users Associations (WUA) to manage public tap stands, charging a fee for use which is applied

toward operations and maintenance costs. This cost recovery system is mandated by the Water Code of Madagascar but not evenly applied, and in recent years municipal authorities and candidates for public office have occasionally proposed abandoning the system and to completely subsidize public water supply in order to mobilize political support.

However in CARE's experience, even the poorest neighbourhoods demonstrate a general willingness and capacity to pay for water, especially when users are consulted on the mode of cost recovery (for example payment per bucket or monthly payment). Currently almost 700 Water Users Associations in urban Antananarivo actively manage over 1,000 public tap stands—and over time many of them have raised considerable levels of revenue² which the National Water Code requires them to reinvest in water infrastructure or water supply related initiatives. Many Water Users Associations however, new to financial management, are such careful stewards of their assets that they are reluctant to reinvest. CARE recognized this situation as a potential opportunity and designed the action research to learn if Water Users Associations could better leverage their resources by funding local development projects identified through the CDD approach—namely projects to improve local water supply.

² How are Water Users Associations making a *profit* if their objective is to *recover costs*? In fact CARE conducted a profitability study for the Urban Municipality of Antananarivo which found that ability to recover costs depended on the numbers of clients using a tap stand. The Municipality used the results of CARE's study to set the price of one 10-liter bucket of water at 10 Ariary, approximately 9 Ariary more than the real cost. This price, while still within range of clients' willingness and ability to pay, ensures that WUAs are still able to pay public utility bills and maintenance costs if the number of clients drops. However the number of clients per tap stand is generally very high, which has allowed WUAs to generate revenue. Furthermore, the Municipality still contributes to the public utility bills of some of the older tap stands (which also generally function poorly) and this helps boost WUAs' revenues.

CARE based the research out of two *Fokontany* in Antananarivo, each with an active and financially stable Water Users Association. CARE also identified two local NGOs with which to partner on the research design and field work³. If the research findings were positive, CARE and its partners would scale up the learning in additional *Fokontany*, in order to eventually launch evidence-based advocacy in support of Water User Association management of water supply infrastructure and widespread adoption of the cost recovery system at the municipal level.

Research hypothesis, research questions and methodology

In line with the principles of action research, which include the participation of stakeholders in the research design and the empowerment of the researchers themselves, CARE and its partners spent over a month on the research design, steps and timeframes. Specific research questions were developed around a stated hypothesis (see box below).

Research hypothesis: *IF* Water Users Associations continue to recover costs for public water supply and *IF* the capacities of WUAs *and* collaboration between WUAs and neighbourhood development committees are strengthened, *THEN* WUAs will be increasingly able to develop and fund projects from *Fokontany* development plans, thereby demonstrating the added value of the cost recovery system for local development.

Key assumptions:

- The cost recovery system is the best system for ensuring public water supply. Important to note—it is also the system legally mandated by the National Water Code.
- The associative model for managing public water infrastructure is more consonant with local development than other models.
- The projects identified in *Fokontany* local development plans will, if implemented, have a positive effect on local development from the perspective of the *Fokontany* residents who drafted the plans.

³ CARE has partnered with local NGOs and associations on its governance work for several years as part of its strategy to build local capacity and ensure sustainability.

The action research was planned for a period of 16 months and included building the capacity of the two Water Users Associations in the development and implementation of business plans as a tool for helping forecast, manage and reinvest profits. CARE conducted an initial, two-day training covering the theoretical notions of a business plan and some practical exercises. Subsequently, CARE's partner NGOs did three months of field-based follow up, helping the associations finalize their business plans and monitoring implementation.

The local NGOs also worked on strengthening collaboration between the Water Users Associations and SFFs. CARE thought that this was critical, believing that the SFFs would help the Water Users Associations identify public and private sector partners who would contribute funds and support, accelerating the implementation of the infrastructure projects.

In January 2009, the research suffered a setback when a political crisis erupted in the country—essentially a power dispute between the President of Madagascar and the Mayor of Antananarivo—which eventually resulted in the removal of the President from power and the establishment of a transitional government. Violence severely disrupted everyday life in the capital for over four months, and the highly politicized nature of the crisis made it difficult for CARE to continue its work with *Fokontany* administrations without compromising its neutrality. With *Fokontany* leaders and even Water Users Associations choosing sides,



Consulting clients of a new tap stand during the action research

CARE maintained a low profile and watched while once again, political leaders promoted “free” water at public tap stands in a bid for popular support.

Results

By June 2009 each of the target Water Users Associations had finalized their business plans. The projects included therein are summarized in the box below. The box also shows that progress in implementing the business plans varied. The Water Users Association “Manja” joined forces with a French NGO which contributed technical assistance and funds, to build two public tap stands—both of which are now operational. Manja even included non water supply-related projects in its business plan, namely the rehabilitation of walkways to ensure better water drainage in the *Fokontany*. All of these projects were completed.

WUA	Project	Project identified from local development plan?	Partners	Completed?
Manja	2 public tap stands	Yes	NGO EAST	Yes
	60 m. of path rehabilitation and canal drainage	Yes	None	Yes
	250 m. of path rehabilitation	Yes	None	Yes
Tsimia-lonjafy	1 public tap stand	Yes	Community members	Underway (due in 2011)
	Electrification of public wash stand	No	None	Underway (due in 2011)

However the second Water Users Association, “Tsimialonjafy,” had encountered difficulties; although it had collaborated with the local SFF to acquire a donation of private property on which to build a tap stand and submit all the necessary papers to the public utility company, and although the construction materials had been purchased with the Association’s funds and contributions by local residents, the public utility company was now balking at making the connection to the water main over 200 meters away, even though they had initially approved the project. Tsimialonjafy had also paid the fees but was waiting for the complete installation of an electrical meter and light fixtures at a public wash stand, to allow laundry women to wash clothes in the evening hours. (At the time of writing, the full installation was imminent).

It must be said that these two projects were not scheduled for completion before 2011 according to Tsimialonjafy’s business plan—so in fact they were more or less on track. But matters had been complicated by the political



Business plans help Water Users Associations invest in new infrastructure. This new tap stand was built by *Manja*, a Water Users Association in Manjkaray Fokontany.

crisis, since which time Tsimialonjafy had stopped submitting regular financial reports to municipal authorities, as Water Users Associations are required to, because of increased mistrust fuelled by political differences. Tsimialonjafy feared that the \$300 they had in a local credit institution might be misappropriated by the municipality; however their refusal to submit reports put their association at risk of being suspended. This situation exposed the vulnerability of Water Users Associations in the larger political context.

Research conclusions

At the end of the action research, CARE, its partner NGOs and the two Water Users Associations met together to draw the main conclusions.

Conclusion #1: Business plans may be effective and sustainable tools for leveraging Water Users Associations’ resources.

The use of business plans was perceived to help professionalize Water Users Associations by promoting more rigorous management of water infrastructure and of financial resources, compared to Water Users Associations that did not use business plans. This was cited by both Manja and Tsimialonjafy, and there were anecdotal reports of increased demand in training for developing business plans among Water Users Associations *not* included in the research. According to one of the research participants, these associations felt that Manja and Tsimialonjafy were able to do more with their limited funds. The demand for business plans among Water Users Associations indicates their potential sustainability as a management and investment tool.

This conclusion is especially interesting because donors in Madagascar are questioning the effectiveness and sustainability of community-based water infrastructure management models compared to private

management models. In fact the associative model promoted by CARE Madagascar also has other elements of a private management model, with tap stand attendants who are contracted by the associations and salaried, for example. Can the right tools and management strategies help strengthen community-based management of water infrastructure? The research participants believed that they could, and that the benefits of a community-based management model—which include the commitment of Water User Association members to invest in the development of their neighbourhoods—were worth the effort.

Conclusion #2: A capacity-building programme with both theoretical and practical components can help Water Users Associations successfully develop and implement business plans.

Based on the results of the action research, it is important to carefully plan the capacity building for Water Users Associations in developing and implementing business plans. The research participants felt that although CARE’s initial training in business plans was essential, the Water Users Associations would not have been able to finalize and begin implementing their business plans without the field-based support of the NGO partners.



One of the projects in Tsimialonjafy’s business plan is to connect this public wash stand to electricity, which will allow laundry women to work later hours and earn more money.

Furthermore, they felt that the three months allocated to the NGOs for guidance and monitoring of the Water Users Associations were insufficient to help the associations do such things as identify new partners willing to invest in their business plans.

Therefore if CARE or other institutions take the capacity building programme to scale, they will need to invest both sufficient time and funds⁴. Local NGOs that work at the *Fokontany* level may be best and most cost-effective way to implement the capacity building programme, given the time and close contact with Water Users Associations necessary to get results.

Conclusion #3: Collaboration between Water Users Associations and local development committees (SFF) helps create a favourable environment for the implementation of business plans that reflect local development priorities.

In other words, it’s important for Water Users Associations to be linked to and interface with local government and development actors, in order to optimise their contribution to local development. That the two Water Users Associations were connected to their local development committees and development actors helped 1) translate the priorities of the local development plans into the Water Users Associations’ business plans; 2) put together the legal and administrative documents necessary to start a project; and 3) negotiate the donation and acquisition of private property for construction of new infrastructure. However the results of the research showed that SFFs were less useful for helping the Water Users Associations find public or private partners; the one association that partnered

⁴ CARE spent approximately \$16 per participant for the two-day initial training in business plans; the two local NGOs were contracted for an average of \$1,500 for three months of their effort on the action research. During this time their staff spent an average of 3 half-days in the field per week, supporting the WUAs.

with a French NGO had established that relationship before the action research.

Interestingly, although the action research was designed to identify strategies for funding community-driven development and specifically to learn whether Water Users Associations could fund some of the larger infrastructure projects in the *Fokontany* development plans, CARE and its partners learned that the relationship between Water Users Associations and CDD is not one-way; but rather it is mutually reinforcing. Not only are Water Users Associations a potential source of revenue for funding CDD (see Conclusion #5); but the CDD approach, as demonstrated for example by the existence of representative local development committees at the *Fokontany* level, was shown to facilitate the optimal use of Water Users Associations' funds for local development.

Conclusion #4: Nevertheless, the existence of business plans and strong local collaboration alone cannot predict whether Water Users' Associations will fully contribute to local development; the larger institutional and political environment also has a strong influence.

During the action research, a change of plans at the public water utility stalled the construction of a tap stand and neither the Water Users Association nor the local development committee had sufficient weight to resolve the problem. The research participants also observed the potential of the political crisis to divide Water Users Associations and municipal authorities, to reduce Water Users Associations' accountability to their clients, and to reduce the overall acceptance of the cost recovery system. All these were seen to have a potentially negative effect on Water Users Associations' ability to contribute to local development. These problems have also underscored the need to look beyond the *Fokontany* in CARE Madagascar's urban governance work. CARE has promoted the

CDD approach as a way to empower local leaders to take development into their own hands; however operationalising CDD still very much depends on the larger institutional and political environment and CARE's strategies at that level.

Conclusion #5: With the right support and in the right environment, Water Users Associations can use revenues raised through the cost recovery system to make a direct and tangible contribution to community driven development.

In spite of the challenges mentioned under Conclusion #4, the results of the action research were positive overall, and the participants felt that they had proved their initial hypothesis. Both Manja and Tsimialonjafy had business plans that reflected local development priorities and had made important progress on completing the projects in their plans. One of the initial assumptions was that if implemented, projects from the local development plans would have a positive effect on local development. And so where the business plans included projects from the local development plans, these projects, if implemented, would also have a positive effect on local development. However participants



A water user pays the tap stand attendant for a 10 liter bucket: her small contribution allows Water Users Associations to cover operations and maintenance costs, and to reinvest in the *Fokontany's* development.

did gather information from *Fokontany* residents to verify this assumption. Indeed, residents in the *Fokontany* where Manja had completed the projects in its business plan were unanimous that these projects had contributed to *their* vision of local development⁵. The participants also felt that any scale up of the research should be able to better quantify the contribution—in order to strengthen future advocacy actions.

End notes

The action research was a learning experience for CARE and its partners, and CARE plans to build on and extend the research through the recently funded Water and Sanitation for the Urban Poor (WSUP) project in Antananarivo, to advocate for using Water Users Associations revenues to contribute to *any* local water, sanitation or hygiene project (instead of being limited to water supply projects). This will require collecting successful experiences—such as those of the Association Manja, which already included sanitation projects in its business plan—and using them to advocate to the Ministry of Water.

Although the current action research was limited to two *Fokontany* and is just the start of developing an advocacy strategy, CARE Madagascar is increasingly hopeful that the benefits of the cost recovery system and the associative model for managing water supply are being recognized by the country's decision makers: although the cost recovery system is occasionally held hostage by political interest, the new Minister of Water appointed by the transitional government recently announced that Water Users Associations should continue to manage public tap stands applying the cost recovery system. And the Municipality of Antananarivo is also moving toward institutionalising the use of a convention

⁵ Residents were first asked to describe their vision of local development, and then to justify if and how the projects in Manja's business plan had contributed to that vision.

between Water Users Associations and the Municipality which will clarify the roles and responsibilities of each and allow clients to evaluate the quality of services offered by Water Users Associations. CARE Madagascar will share the learning from its action research with the Municipality of Antananarivo to support initiatives such as these that strengthen Water Users Associations and advance community-driven development.



Building new tap stands (above) helps reduce long lines for water (top)

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