Community Water Services

Management manual and training guide

The *Community Water Services Management Manual and Training Guide* was prepared by the development consulting firm Absolute Options (AO) between February and May 2015. AO would like to thank Concern Worldwide and DRC WASH Consortium partner staff for their time and input into the Training Guide. AO would also like to thank several agencies and individuals for sharing training methodologies and materials including Peter Lochery from CARE USA for sharing water committee training materials, Paul Hicks from Catholic Relief Services, Stef Smits, Patrick Moriarty, and Catarina Fonseca from IRC WASH for Life Cycle Costing and advice on capacity development approaches, Susan Douglas, ADIR and ASUREP for insights into federations of water management committees, the Global Water Initiative, Arche Nova, and the World Bank Water and Sanitation Programme. AO would also like to thank AO local consultants Dr. Robert Kalala and Lydia Kaheru, in addition to Nikson Nikita, SeraphinBwanakweli, Piere Luis Bercion, Paul d'Anglejean, Joseph Loboko(Solidarites), Jean-Paul Kabore, JérômeOtchinga (ACTED), and Felix Kabemba, ChaungoBarasa, and Olivia Leroux (Concern WW) for their support and contributions during AO field research visits.

This work was commissioned by the DRC WASH Consortium with the generous support of UK aid from the UK government.

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Acronyms

ACF	*Action Contre La Faim*
ACTED	Agency for Technical Cooperation and Development
AGM	Annual General Meeting
CAP	Community Action Plan
CCU	Consortium Coordination Unit (of DRC WASH Consortium)
CRS	Catholic Relief Services
DFID	Department for International Development
DRC	Democratic Republic of Congo
HH(s)	Household(s)
IGA	Income Generating Activity
MSP	Maintenance Service Provider
NGO	Non-governmental Organization
PAFI	*Petit Actions Faisables et Importantes* (Small Doable and Important Actions)
RMA	Rapid Market Assessment
WMC	Water Management Committee/WASH Management Committee
WPS	Water Point Supervisor
WSP	Water and Sanitation Programme (World Bank)

Introduction

In the Democratic Republic of Congo (DRC) investments in rural water infrastructure are generally made without adequate information on what is required in the long term, especially in terms of financing and technical support, for the infrastructure to provide a sustainable service to the users. The responsibility for organising and financing long-term operation, maintenance, and minor and major repairs is left to the users by default, usually through community-based water management committees. The actor with the greatest influence on the choice of infrastructure and the decision to invest is often an external NGO or private company who is present in the area only for a limited period.

However, evidence shows that communities are rarely able to maintain infrastructures without some form of long-term external support. At the very least, technical support is required such as skilled mechanics who can carry out significant repairs. Other forms of support are also usually needed, such as support to help communities raise money to pay for repairs (for example, through helping develop local tariff systems or income-generating activities), and also direct financial support for some repairs themselves. Given the weak capacity of all local actors in DRC (communities, local authorities, health services, private sector etc.), it is important to make investment decisions about what infrastructure to install and where to install it based on a realistic assessment of local capacities to ensure the infrastructure functions in the long-term.

In this context, the DRC WASH (Water, Sanitation and Hygiene) Consortium comprises five international NGOs working to increase the coverage of sustainable water and sanitation provision and hygiene behaviour in rural areas of DRC. The Consortium members are: Action Against Hunger (ACF); Agenced'aide à la Coopération Technique et au Développement (ACTED); Catholic Relief Services (CRS); Concern Worldwide (as lead agency) and Solidarités International. The DRC WASH Consortium is funded by the UK Department for International Development (DFID) through a grant of £23.9m from 2013-2017 as part of DFID's 2013-2019 WASH programme in DRC.

In total, the DRC WASH Consortium aims to support 461 villages and 554,122 beneficiaries in up to 17 health zones in rural DRC through a 12-step process which lasts eighteen months in each village, followed by additional monitoring and evaluation for a further six months. Programme activities include the promotion of good hygiene behaviours through "Small Doable Actions", support to the construction of household and institutional latrines, and (where judged technically and economically feasible for long-term sustainability) the development of water points such as spring protections, protected wells, and boreholes. The Consortium also works with local health services, local authorities, the private sector and civil society to develop their capacity to support communities and promote the sustainability of WASH services. The Consortium aims to use its experiences, innovation and research to produce and disseminate evidence for sustainable, community based solutions to WASH needs in the DRC.

The Community Water Service Management Manual and Training Guide is the primary output of operational research into capacity development needs of water management committees supported by the DRC WASH Consortium. Building upon its 2014 research of the Hand Pump Spare Parts and Maintenance Service Supply Chain, the development consulting firm Absolute Options (AO) developed this management manual and training guide through a five-step analytical process. First, AO conducted

secondary research to identify and analyze existing capacity development training material at three levels: 1) existing Consortium training materials; 2) training materials available in the broader WASH sector and 3); materials related to community owned non-WASH assets. AO then conducted rapid field research to confirm findings and conclusions from the 2014 Spare Parts study. AO staff members conducted in-depth field interviews of ten WMCs in Mushie (Bandundu) and Manono (Katanga). AO developed draft training materials based upon field research and secondary research, including modules on Good Governance, Quality Water Service Delivery (operations and maintenance), Basic Financial Management, Business Planning and Financial Sustainability, Income Generating Activities, and Conflict Management. Training tools, management tools, and training exercises for all modules were field tested in Mushi, Manono, and Kolongo (Katanga Province). AO consultants solicited feedback from Consortium partner staff and WMC members on the effectiveness of tools presented, and revised the training materials accordingly.

Although the Community Water Services Management Manual and Training Guide is quite thorough, AO deliberately chose not to develop materials covering technical water point repair, as the topic is well covered by *Village Assani* training materials. AO also did not develop materials related to the promotion of improved hygiene and sanitation behavior, as the Consortium already has training materials on this subject (soon to be augmented by further operational research).

This *Management Manual and Training Guide* is intended to offer a menu of training materials that can be customized and sequenced according to Consortium partner beneficiary needs. Partner staff should conduct capacity assessments of WMCs (whether through Consortium-led Auto-evaluations or through independent assessments) to identify the most critical capacity development needs of WMC training participants. Based upon this assessment, Partner staff should adapt the modules presented herein to best address capacity needs identified. Although the full complement of modules could be implemented in as little as one month, given the complexity and breadth of the materials and time constraints of both Consortium staff and WMC members, complete training cycles could likely take anywhere from six to twelve months to implement (see the accompanying *WMC Capacity Development Strategic Analysis* for further guidance on implementing the training and the DRC WASH Consortium 12-steps Manual, which will be updated in August 2015 to provide guidance on full integration).

Lastly, it is our hope and expectation that this Management Manual and Training Guide will continue to evolve as WASH practitioners continue to learn and adjust capacity development approaches, and that material, tools and exercises will be added to this training platform to meet the ever-evolving needs and opportunities facing water management committees in rural Africa.

Facilitators Guide

This section offers guidance to trainers on how to maximize the effectiveness of the approaches, tools, a Training of Trainers PowerPoint, and exercises included in the technical modules. Most importantly, this guide empowers facilitators to dynamically engage training participants. Facilitators will likely include NGO staff and government staff (e.g., SNHR, *village assaini* committees, and others). Active participation is critical not only to increase understanding and learning, but for implementing partners and staff to adjust the emphasis on certain messages and content according to the capacity and experiences of committee members and community members. Referring to stories and examples from the participant group throughout the training will make the content more interesting and relevant for participants. This section also provides alternative training roll-out and sequencing strategies related to the Consortium's twelve steps, allowing implementing partners to sequence content according to critical needs of the target water management committee (WMC)[1], to determine the time required for the delivery of specific modules, and to adopt a training roll-out schedule which is most feasible given staff levels, number of WMCs to be trained, capacity levels and critical needs of the committees, and the Consortium's period of performance.

> **Key topics in this section:**
> *Roles and responsibilities of the facilitator*
>
> *Attributes of an effective facilitator*
>
> *Overview of approaches, tools, and exercises*
>
> *Pre-training preparation*
>
> *Training tips*
>
> *Training roll-out strategies*

Purpose of the Training

The purpose of this training is to provide information, approaches, and tools to develop necessary capacities of WMCs so they are able to sustainably manage improved water points and community development initiatives (small doable actions, hygiene and sanitation promotion) long after the conclusion of the DRC WASH Consortium programme. Although many perspectives exist on what is meant by sustainable, the challenges of rural WMCs to effectively continue their activities after the withdraw of external technical and financial support is well known. Challenges to WMC sustainability are numerous and varied, and as such any capacity development curricula must allow for flexibility and adaptation in its implementation, and must provide information and tools relevant to all capacity levels, including even very basic management and operations techniques. For the DRC, which has one of the highest failure rates of recently (within ten years or so) improved water infrastructure, tools and approaches must be practical, actionable, and delivered via mechanisms appropriate for very low organizational management capacities and high rates of illiteracy. This training manual has been developed with this context in mind.

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[1] Although WMC is still used as short-hand by the Consortium, WMCs are typically WASH management committees or *comites village assaini*, responsible for the overall management of village water and hygiene services.

Attributes of an Effective Facilitator

As a training facilitator, you play one of the most critical roles in the capacity development process. Your effectiveness in introducing new, sometimes difficult to understand concepts, largely determines how much understanding and learning training participants are able to achieve. As described in the training tips section below, adults learn more effectively when they are able to actively participate in training discussions and exercises. This is contrary to how most Congolese are accustomed to teaching and learning. The facilitator must be disciplined not to conduct trainings as lectures. The lecture and repeat format common in many Congolese schools will not develop the necessary understanding of the subject matter required for skill development and effective self-management of WMCs. Therefore, good facilitators must have certain key attributes to effectively lead WMC capacity development trainings. These, at a minimum, include:

- **Interested in the subject matter.** To be an effective facilitator, you must be *interested* and *interesting*. This means that you care about the subject matter and that you engage in the material with passion and purpose that is evident to participants. Disinterested facilitators who lack animation and intensity often lose the interest of training participants quickly, which greatly decreases participant learning.
- **Dynamic.** Similarly, you must be a dynamic trainer who is active physically, emotionally, and mentally. You must be willing to try different approaches if it is evident that participants are not engaged in discussions or activities. You must have a high-degree of *energy* in your presentation of ideas and solicitation of participant feedback, comment, and discussion.
- **Good technical understanding of the material.** You must understand the content you are facilitating. Participants will perceive a lack of technical understanding of the material being presented quickly, and you will lose *credibility* if you are uncomfortable with the subject matter and not able to answer participant questions. Some of the material included in this manual is complex, and while you are not expected to be an expert to lead this training, it is your responsibility to be familiar with the material and to seek further guidance from your organization or other resources if certain concepts are not clear.
- **Good listener.** A core pedagogical methodology employed throughout this training is the *participation* of trainees. You must not only motivate such participation and engagement, but be able to effectively listen to comments, examples (stories), thoughts and perspectives from training participants. The most effective facilitators are able to incorporate participant input into training examples in nearly real-time.
- **Ability to adjust pace according to participant reaction.** In order to facilitate maximum levels of participant understanding, you should adjust pace and detail according to participant reaction to material presented. Being aware of body language, eye contact, side discussions, fatigue, boredom, and other indicators that the participants do not understand the material, is critical to the success of the trainings. As the facilitator, it is your responsibility to either slow down (if participants appear confused or perplexed) and speed-up (if participants seem bored or disinterested).

Overview of the Training Material

The subjects of this capacity development manual have been selected based upon interviews with water management committees, discussions with implementing partner staff and management, an online survey of WASH RDC practitioners, strategic input from the Consortium Coordinating Unit, and experience of the developers conducting previous research into WMC capacity levels. Although a comprehensive WMC training manual could reasonably include well over a dozen topics, the manual development team has chosen to limit technical modules to the six most critical WMC capacity gaps.

Training modules include:

Module I: Introduction to Sustainable Water Management Committees

This module introduces participants to key concepts of effective community management of public assets (e.g., improved water point). This module includes an overview of the technical modules, solicits the expectations of participants regarding the training, and explains the ground rules for the trainings: participatory, respectful, freedom and responsibility to ask clarifying questions, and an overview of how exercises will be implemented.

Module II: Organizational Governance

Module II covers fundamental concepts of good organizational governance such as representation, equity, accountability, transparency. It also provides technical information on the formation of the committee including the development of a governing document, by-laws, key committee positions and responsibilities, election policies, operational policies and procedures (i.e., procurement and record keeping), legal status options, and an introduction to public engagement. The virtuous circle of quality service-sustainable fee revenue, a tool that is referenced throughout the manual, is introduced here.

Module III: Quality Water Service Delivery (Operations & Maintenance)

Module III emphasizes the challenge WMCs will face in achieving sustainability of their improved water point. Technical causes of water system failure are discussed and participants are engaged in developing an operations and maintenance plan to mitigate the frequency and severity of breakdowns. Basic operational management is discussed including hours of operation, access and equity, collection of water user fees, and basic record keeping. Alternative operations models are discussed (WMC-led, water point supervisor model), as are key tools such as maintenance and repair logs, maintenance schedules, responding to breakdowns, and the use of external resources such as maintenance service providers and spare parts suppliers.

Module IV: Basic Financial Management

Module IV introduces basic financial management approaches and tools to help WMCs manage community water fees in a transparent manner. Key topics include cash ledgers, storage of cash, cash counts and reconciliation, reporting to the WMC, reporting to the broader community, and new strategies to protect WMC funds such as banking services and IGAs. Financial sustainability, business planning, and fee setting strategies will be introduced in the final session of this module, but the majority of this content will be left for Module V.

Module V: Business Planning and Financial Sustainability

Module V is the most technically complex module and will require more time to implement than other modules (see individual modules for time allocations. This module moves beyond spread-sheet based financial models (currently the Business Plan using consortium terminology) to include comprehensive

business planning components such as a Vision Statement, Strategic Plan, Organizational Development Plan, Operations and Maintenance Plan, and Financial Planning for Sustainability. This module builds on previous consortium business plan work and allocates significant content to cost projections, the three Consortium defined financial equilibria, fee setting strategies and promotion, alternative sources of revenue, and cash flow projections to help WMCs understand water user fee targets and longer term financial sustainability.

Module VI: Income Generating Activities

Module VI focuses on alternative sources of revenue introduced in Module V. For many WMCs, initial collection of water user fees and fee amounts will not be sufficient to cover anticipated major repairs. This module introduces other strategies to enhance WMC revenue by investing committee financial capital into income generating activities, and potentially other strategies such as providing seed capital for savings groups. Concepts such as liquidity, return on investment, diversification, and risk management are discussed here. This module also provides tools for conducting Rapid Market Assessments (RMAs) to identify potential IGA opportunities, evaluating and ranking of IGA opportunities, and simple cost-benefit analyses to project returns and manage risks.

Module VII: Conflict Resolution and Public Engagement

The final technical module focuses on strategies for conflict resolution, including avoiding conflict, stakeholder identification tools, stakeholder interest and influence analysis (power analysis), conflict resolution techniques, and strategies for the WMC to effectively engage local officials, community members, territory authorities, and other stakeholders.

Definition of Symbols Used in this Manual

To help facilitators understand key points of emphasis, define key terms and concepts, provide guidance on training approaches, and to identify training exercise timing and detail, this manual utilizes a set of symbols throughout the modules:

Important Information: Details important points of emphasis, defines key terms and concepts, cautions facilitators on common sources of participant misunderstanding and culturally and/or political sensitive topics.

Training Tip: Provides important guidance to the facilitators on training techniques and approaches that maximize participant understanding and mitigates common points of confusion.

Management Tool: Identifies key tools the water management committee can utilize to increase the efficiency, effectiveness, and transparency of their management activities.

Exercise: Signals timing of training exercises, and provides the facilitator(s) with exercise content, handouts, and facilitation strategies.

This manual also includes signals to help facilitators gauge the complexity of specific concepts and tools. These symbols are intended to assist facilitators in the adaptation and customization of training material depending upon the capacity level of the WMC being trained.

Basic: Concepts fundamental to the operation and management of WMCs. This material should be covered comprehensively. Facilitators should ensure that training participants understand material designated with this symbol.

Intermediate: This symbol designates material that may be more challenging for training participants to grasp, and may not be appropriate for the lowest level WMCs. Facilitators should adjust the time and emphasis of this material according to WMC capacity levels.

Advanced: Concepts, tools and approaches designated by this symbol are the most complex and difficult material for participants to understand. Although the term 'advanced' is used within the context of lower-level capacity WMCs in the DRC, the subject matter will require greater amounts of time, explanation, examples, and hands-on exercises for participants to grasp the content.

Required Material: Material designated with a check mark should be introduced to all WMCs. Most required material is comprised of basic concepts, but in some cases more complex Intermediate and Advanced material is recommended for WMCs of all capacity levels.

Preparation of Training Materials, Venues, and Participants

In preparation for the training, facilitators need to arrange logistical and material preparations. However, even prior to this preparation, the implementing partner ideally should have conducted an assessment of potential and targeted WMCs for this training.

> **Partner Assessment of WMC Capacity Levels and Targeting Strategy**
> At this stage of implementation in mid-2015, partner staff members should be very familiar with the capacity levels of Wave 1 committees and have at least a preliminary idea of capacity levels of Wave 2 committees. Partner staff should conduct (if they have not done so already) a capacity assessment of likely WMC participants so partners can determine the appropriate level of detail and complexity of specific trainings.

Other items for preparation include:

- **Participants:** Facilitators should work closely with targeted participants to schedule trainings and participants should be reminded in advance (the day prior) of the training.
- **Venue:** Identifying suitable locations within the villages (or the Area de Sante office). Trainings within the village are preferred so that participants are comfortable in their own environment and to minimize travel costs. Training materials and handouts are appropriate for outdoor settings.
- **Training Materials:** Facilitators need to ensure that all participant hand-outs, training tools (A1 or AO versions of "key tools"), flip charts, pens, cards, images for exercises, etc. are prepared well in advance of the trainings.
- **Refreshments:** Depending upon implementing partner policies and budget, facilitators may need to arrange for lunch and refreshments for participants. A full day of training can be exhausting, and hungry participants are not very effective learners.

Training Methodology

In addition to individual training tips including in the individual modules, facilitators should be mindful of the following techniques and approaches to effective training and learning:

- After introducing the primary topic of a session, be sure to facilitate participant discussion to draw out their understanding of the topic, specific examples from their community, thoughts and suggestions as to why the subject matter might be useful or important. By engaging participants early and often, they will remain more engaged in the training and will have greater retention of the subject matter (see Figure 1: The Learning Pyramid).

- Exercises are extremely important teaching tools. As Figure 1 demonstrates that participants have a 50% retention rate when engaging in **group discussions** and a 75% retention rate when they **practice by doing**. Facilitators are encouraged to design their own activities and exercises catering to specific community contexts. **Exercises are more important than the presentation of technical content.**

- Facilitators should **pace** the presentation of materials and group discussions based upon the capacity level of participants and based upon facilitator observations of body language, side conversations, attentiveness, eye contact, and other indicators of engagement and understanding.

- **Encourage clarifying questions.** Facilitators should encourage participants to ask clarifying questions at any point in the Session. Given the level of WMC capacities targeted by this training, no question is irrelevant.

Figure 1: Retention rates of different teaching methods - the Learning Pyramid
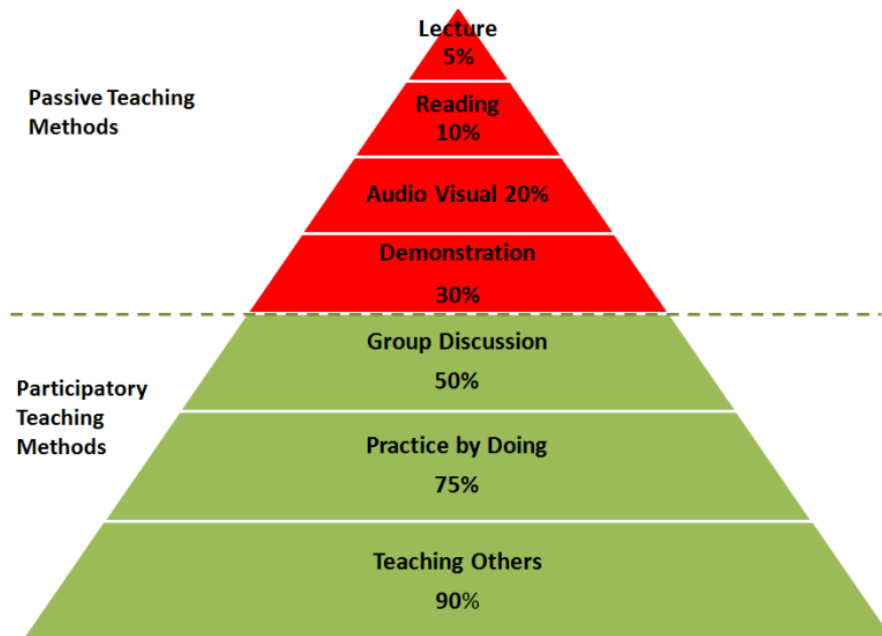
Sequencing of Training Modules and the WASH Consortium 12-Steps

The sequencing of the modules in this training manual were determined according to a deliberate, step-wise introduction of material consistent with the WMC development process and according to the complexity of material. However, every geographic area is unique as are individual WMCs. Therefore, partner NGOs should determine which sequencing of modules is most appropriate for specific contexts. The DRC WASH Consortium outlines 12-steps to facilitate the development of sustainable WMCs. Figure 2 outlines how individual modules related to specific steps of the WMC development process (see the DRC WASH Consortium 12-steps Manual, due to be updated in August 2015).

Figure 2: DRC WASH Consortium 12-step WMC development process and recommended sequencing of training modules

WASH RDC 12 Steps

1	2	3	4	5	6	7	8	9	10	11	12
	Module I		Module II	Module V (Intro)	Module III		Module V		Refresher Trainings as Needed		
					Module IV		Module VI				
							Module VII				

Module I Introduction to Sustainable Community Water Services.
Module II Organizational Governance
Module III Water Service Quality (Operations & Maintenance)
Module IV Basic Financial Management
Module V Financial Sustaintabililty (Business Planning)
Module VI Income Generating Activities
Module VII Conflict Resolution and Public Engagement

1 Coordination
2 Promotion
3 Initial Evaluation
4 Mobilization
5 CAP/PAFI
6 Social Marketing
7 Auto-Evaluation
8 IWP Feasibility
9 Installation/ CVA Training
10 Marketing: Norms-Payment
11 Evaluation & Certification
12 PC Follow-Up

Design Elements
Modular
Customizable
Tools are resources, not mandates
Roll-out specific to each WASH RDC partner
Participatory approach essential:
    Exercises, group work, and
      trainee presentations

Operational Guidance
Full Training of Trainers: 7 days
Module 1: ½ day
B-plan Module: 3 days
Other Modules: 1.5 days
Staff requirements:
     Three facilitators per training

I. Sustainable Rural Water Management Committees

Facilitator Guidance

Module Objective: To give practitioners and participants an overall understanding of the Management Manual and Training Guide; to introduce key concepts and to emphasise the participatory format of the trainings towards engagement and feedback from the training participants and facilitators.

Required Time: One half-day

Materials Needed: A1 copies of key tools listed below
Flip chart, markers
Participant hand-outs

Session-by-Session Checklist:

Estimated Session Time	Key Concepts	Key Tools	Exercises
Session I-A: Expectations of Participants & Rules for the Sessions			
60 minutes	Group Activity: What are your partner's expectations?	Paired exercise	**V.1** Expectations for the Trainings & WMC Capacity Building. **Time:** 40 minutes **Exercise Materials:** Flip chart, markers. Paired session for individual presentations.
Session I-B: Purpose of Training			
60 minutes	Overview of the Modules	Outline of training and management capacity building manual	**I.2** Short discussion of module contents related to expectations. **Time:** 25 minutes **Exercise Materials:** Flip chart, markers.
Session I-C: Foundational Concepts			
60 minutes	Overview of Key Concepts for Effective WMCs and Water Service Delivery	Key Concepts and Training Guide Glossary of Terms	**I.3** Discussion of Key Concepts for Sustainable Water Management Committees. **Time:** 30 minutes **Materials:** Flip chart, Markers.
Session I-D: The WMC Development Process			
45 minutes	Linking the Training to the Consortium's work in community mobilisation through the 12-step process	Partner or Participant Examples of: -Rêve Communautaire	**I.4** Discussion of Participant experiences engaging in the process and implementing SC guidelines.

	of *Community Action Planning* towards certification as a Village Assaini.	-PAFI -Plan d'Action -Auto-Evaluation -WMC Statutes -12 Steps	**Time:** 25 minutes **Materials:** Flip chart version. Markers.

SESSION I-A: Expectations of Participants& Rules for the Sessions

Engage participants to discuss their expectations of the trainings. These can include goals and ambitions, but should be specifically tied to their perspectives on what they feel the outcomes of the particular trainings will be. For this introductory module, this can broadly cover expectations for the entire suite of trainings within the capacity building manual; but expectations should also be reinforced or clarified at the initiation of each individual module.

Exercise 1: Expectations for the Trainings & WMC Capacity Building
Facilitator(s): Each person will match themselves with one other from the group (if number is odd, participants can form a group of three or facilitator can join with one participant). Each person will note the expectations of their partner(s) on the provided paper. Each person will introduce their partner by giving three (3) pieces of information about that person; and will follow by stating their partner's expectations aloud to the group. Participants should provide 1 – 2 of their key expectations for the module/training(s)—what participants would like to get from their experience (e.g. better understanding, technical knowledge, etc.); and what their ultimate goals in participating in the trainings are (can be related to specific modules or generally). **Exercise time:40 minutes**

Rules for Sessions:
- ✓ **Participatory:** participation is essential to creating a good working environment for learning, and to ensure that the training materials are most effective. Facilitators should strive to engage participants as much as possible while keeping time limits; but also to encourage those receiving the training to give as much feedback from their own experiences as possible in sharing.

- ✓ **Respectful:** facilitators will have to ensure that feedback and discussions remain respectful at all times, and that they are aware of potential fault lines between participants related to gender, ethnicity, religion or cultural background. Guidelines on respect should be made clear from the outset of the training.

- ✓ **Clarifying Questions:** encourage participants to seek clarification if subject matter or concepts are unclear, especially where the topics are new or being engaged for the first time. Facilitators should check their delivery of the training materials by asking if the subjects presented are clear, or by asking participants for their own examples to assess understanding and learning.

✓ **Exercises:** these are meant to create a working environment that emphasises engagement and reinforces participation. Exercises might simulate WMC activities through use of the tools provided, or they may be meant to stimulate conversation and discussion of key topics and concepts. The exercises are a key part of the training, but are also meant to be flexible in their adaptation for each particular audience.

SESSION I-B: Purpose of Trainings

This module is meant to give practitioners an overview of the WMC management and capacity building manual; as well as to provide a briefing session of the capacity building framework for WMCs via the six training modules. Secondly, Module I provides a conceptual introduction to public service delivery and a rights-based approach (RBM) to public service management of a water source. Module I also provides an overview of key thematic areas related to WMC formation, structure and functions:

- Community Service Delivery (Collective Impact)
- Purpose of WMCs in relation to quality water service delivery
- Sustainability
- Rights-based approach to service delivery management
- Relating capacity building module guidelines to the WASH-RDC *Suivi Communautaire*

Outline of the Training Modules:

Module I: Introduction to Sustainable Water Management Committees

This module introduces participants to key concepts of effective community management of public assets (e.g., improved water point). This module includes an overview of the technical modules, solicits the expectations of participants regarding the training, and explains the ground rules for the trainings: participatory, respectful, freedom and responsibility to ask clarifying questions, and an overview of how exercises will be implemented.

Module II: Organizational Governance

Module II covers fundamental concepts of good organizational governance such as representation, equity, accountability, transparency. It also provides technical information on the formation of the committee including the development of a governing document, by-laws, key committee positions and responsibilities, election policies, operational policies and procedures (i.e., procurement and record keeping), legal status options, and an introduction to public engagement. The virtuous circle of quality service-sustainable fee revenue, a tool that is referenced throughout the manual, is introduced here.

Module III: Quality Water Service Delivery (Operations & Maintenance)

Module III emphasizes the challenge WMCs will face in achieving sustainability of their improved water point. Technical causes of water system failure are discussed and participants are engaged in developing an operations and maintenance plan to mitigate the frequency and severity of breakdowns. Basic operational management is discussed including hours of operation, access and equity, collection of water user fees, and basic record keeping. Alternative operations models are discussed (WMC-led, water point supervisor model), as are key tools such as maintenance and repair logs, maintenance schedules, responding to breakdowns, and the use of external resources such as maintenance service providers and spare parts suppliers.

Module IV: Basic Financial Management

Module IV introduces basic financial management approaches and tools to help WMCs manage community water fees in a transparent manner. Key topics include cash ledgers, storage of cash, cash counts and reconciliation, reporting to the WMC, reporting to the broader community, and new strategies to protect WMC funds such as banking services and IGAs. Financial sustainability, business planning, and fee setting strategies will be introduced in the final session of this module, but the majority of this content will be left for Module V.

Module V: Business Planning and Financial Sustainability

Module V is the most technically complex module and will require more time to implement than other modules (see individual modules for time allocations. This module moves beyond spread-sheet based financial models (currently the Business Plan using consortium terminology) to include comprehensive business planning components such as a Vision Statement, Strategic Plan, Organizational Development Plan, Operations and Maintenance Plan, and Financial Planning for Sustainability. This module builds on previous consortium business plan work and allocates significant content to cost projections, the three Consortium defined financial equilibria, fee setting strategies and promotion, alternative sources of revenue, and cash flow projections to help WMCs understand water user fee targets and longer term financial sustainability.

Module VI: Income Generating Activities

Module VI focuses on alternative sources of revenue introduced in Module V. For many WMCs, initial collection of water user fees and fee amounts will not be sufficient to cover anticipated major repairs. This module introduces other strategies to enhance WMC revenue by investing committee financial capital into income generating activities, and potentially other strategies such as providing seed capital for savings groups. Concepts such as liquidity, return on investment, diversification, and risk management are discussed here. This module also provides tools for conducting Rapid Market Assessments (RMAs) to identify potential IGA opportunities, evaluating and ranking of IGA opportunities, and simple cost-benefit analyses to project returns and manage risks.

Module VII: Conflict Resolution and Public Engagement

The final technical module focuses on strategies for conflict resolution, including avoiding conflict, stakeholder identification tools, stakeholder interest and influence analysis (power analysis), conflict resolution techniques, and strategies for the WMC to effectively engage local officials, community members, territory authorities, and other stakeholders.

Module I, as with the other six modules, ultimately seeks to orient NGO partners and facilitators to the suite of capacity building trainings through the engagement of exercises, individual or group-led activities, and tools designed to stimulate discussion and feedback from those engaging in the trainings as either future facilitators/trainers, or for WMC members who will eventually receive the trainings in the field from Consortium partner organisations.

This introductory module is also intended to serve as a link for NGO practitioners, partners and facilitators—between this manual for management capacity building *and existing activitie*s under the "12-Step process" of the DRC WASH Consortium as described in the 12-step Manual, particularly the guidelines that encompass the "Community Dream" (*Rêve Communautaire*), Action Plan (*Plan d'Action*) and

promotion and monitoring of Small Doable Actions *("Petites Actions Faisables Importantes" – PAFI*) supported by the Consortium within early community mobilisation and implementation.

An important point of note is that this suite of training and capacity building modules for WMC members are meant to be ***engaged through a flexible approach*** to their implementation in the field. *Not all* of the tools herein will suite all of the WMC members in all locations at all times. NGO partners will ultimately have to discern the existing level of capacity of individual WMCs in order to deliver the material that is most relevant to their immediate context, with tools and concepts that will be most practical for the WMCs needs.

However, it should not be assumed that any content that is technical or complex is automatically off the table. The information in this manual represents best practices for both the WASH sector broadly, the development sector as well as in organisational development for community-based management groups. The success and sustainability of WMCs, as with the services of quality water delivery and water point management and protection, will be determined by their ability to adapt as much of these elemental practices as possible.

Exercise 2: Discussion of Modules in the Context of Participant Expectations
Facilitator(s): Relate the coverage of individual modules and the outline back to the expectations exercise from the previous session. Also solicit feedback on the overall outline of the training manual, thoughts, apprehensions and/or affirmations about how the trainings would be delivered. Take 5 – 10 minutes to ask about the key concepts introduced: sustainability, service delivery, and rights related to water access and management of an improved water source.
Exercise time:30 minutes

SESSION I-C: Foundational Concepts

What are the key concepts that facilitators should emphasise given the capacity, situational and environmental realities of WMC members in supporting community mobilisation around access to quality water services? Training NGO facilitators and WMC members on related concepts around the technical and organisational best practice in order to help WMCs reach their capacity objectives though organisational governance, business planning and the delivery of quality water services through strong operational procedures, roles and responsibilities.

The overall objectives of the WMC training on community water services can be summarised as follows:
• Build organizational capacity
• Make sure that the skills and abilities of the issues and gaps filled
• Help guide the formation of the committee and necessary guidelines for governance and operations
• Ensure that standards promoted by the Consortium are better achieved by WMC
• To help ensure sustainability of access to quality water through the provision of services

The role for NGO participant facilitators is therefore to:
• Learn how to facilitate the structure of training contents to WMCs managers/personnel
• Improve participatory process by enhancing capacities of WMCs

- Ensure that WMCs take ownership over defining roles and functions in organisational make up
- Ensure buy-in of WMCs on key concepts within the capacity building guidelines

Key Concepts to discuss and that will be reinforced throughout the training modules:
- Effective organisational governance accountability and transparency
- Importance of authority and authorisation: legitimacy, agency and mandate
- Legality/legal registration and recognition
- Public service/service delivery managed by community-based organisations
- For-fee service provision & cost/recovery of facilities – willingness vs. ability to pay
- Participation & stakeholder engagement
- Planning, budgeting and good financial management
- Operational management & maintenance
- Water source protection & rights-based community management of water.
- Sustainability: water point vs. WMC

An important point of note: under the consortium programming for committee capacity building and training, NGO partners and facilitators need to be honest and upfront with committee members that ***the installation of a water point is not guaranteed***. Practitioners should repeat this theme, both as a way of increasing support, interest and engagement, but also as a way to avoid raising false expectations. Furthermore, facilitators should also emphasise that the skills and capacities addressed in this manual are also relevant even without a functioning water delivery system, or a fee-for-service system in place.

Exercise 3: Discussion of Key Concepts for Sustainable Water Management Committees
Facilitator(s): Put the concepts up on a flip chart, Power Point, or provide a hand-out (for WMC members, make sure that concepts are translated well into the local language – a discussion with WMC members to identify and agree on the most appropriate local word or phrase for the French concept is very useful to ensure common understandings). Take 10 – 20 minutes to discuss participants' understanding of these key concepts and how they think they relate to WMCs and sustainable water point management and service delivery. Provide some guidance where necessary, but let participants speak to their own understanding of terms. Draw from the questions and summary points listed below as needed to guide discussion. **Exercise time:30 minutes**

Effective organisational governance accountability and transparency
Discussed in Modules II, IV and VII, for WMCs to realise their mandate to provide quality water service to community members and to serve as honest stewards of community resources (assets and money), WMC members must hold themselves accountable to their communities. This involves taking responsibility for WMC actions, activities, successes and challenges. Even if a WMC is facing difficulty executing its duties, accountability requires that the WMC report challenges transparently and in a timely manner.

Examples of Transparency:
- The right and the means to examine the process of decision making is known as transparency;
- Community members have the right to review of cash ledgers;

- Regular General Assemblies with full community participation;
- Open reporting of WMC election results;
- Community can review meeting minutes;
- Open information about community and IGA investments (who, what, how much).

Importance of authority and authorisation: legitimacy, agency and mandate

The delegation of responsibility for the water point management must be made by the community, through the collective engagement of the community. With the community's input (including relevant local governmental authorities, local government bodies or departments, tribal or village Chiefs, etc.) delegating the responsibility of water point management to the committee becomes a collective action for managing the local community resource of a water access point. This is also what's known as a *Public Mandate*. The public mandate gives the water management committee authority to take action in maintaining and managing the delivery of water services on behalf of community members.

Legality/legal registration and recognition

The formal registration of water management committees as a legal entity can improve the agency of the committee to perform its duties, protect it from unwarranted dissolution or interference by local authorities, facilitate its involvement in a broader federation of WMCs, and increase opportunities to access credit and financial services. The short list below captures some of the primary purposes and benefits of regal registration and compliance:

- Legal recognition means the project can open bank accounts
- Compliance with laws in regard to permits and licenses means the project can avoid closure, or harassment by government officials for non-compliance or extra-legal fines and rents
- Project assets will be protected from disputes on ownership
- Project will be protected from poor services of service providers through use of proper contracts
- Proper written contracts will minimise disputes and provide clear information on what has been

Public service/service delivery managed by community-based organisations

Another fundamental concept discussed throughout the training modules is that WMCs must maintain a "client-service mentality". Community members and water users must be treated as clients in order for WMCs to function optimally and to increase user willingness to pay adequate fees for the water they consume through an improved water point. Good client service requires that committee members answer community questions or concerns, communicates quickly and effectively, and conducts its business in a transparent manner.

For-fee service provision &cost/recovery of facilities: willingness vs. ability to pay

The core mission for most committees, however, is the sustainable delivery of clean, quality water. The inclusion of the word sustainable is important, as a primary duty of committees is to ensure that improved water points are properly maintained and quickly repaired in the event of break down. Intermittent water service, or water service that is disrupted for long periods of time, hurts the committee's reputation and credibility, and ultimately will lead to its customers going elsewhere for their water needs. This is problematic not only from a community health perspective (community members getting sick from the

consumption of water from unprotected, often contaminated, water sources), but also from a business perspective.

Water management committees should operate like businesses, with a clear focus on good customer service and a high quality product at a competitive price (fair price for the value created in comparison to other competing products, such as unprotected water sources). Improved water services therefore need to take into consideration their clients'/users' *willingness* to pay for the service (based on cost, benefits, convenience, efficiency and effective delivery of the service); as well as ability to pay, which is based primarily on cost/price, but has other implications like household cash-flow, seasonality of income, in addition to household income levels.

Participation& stakeholder engagement
In addition to being accountable to its clients (community members and water users), and conducting its affairs in a transparent manner, effective and sustainable WMCs need to ensure that community members are provided the opportunity to participate in committee activities and key decisions; by encouraging volunteerism among non-committee members for the promotion of water user fee payments, good hygiene and sanitation practices, and implementation of PAFI (small, doable, actions), participation in WMC financed IGAs, and participation in regular meetings and General Assemblies, etc. The more community members participate in WMC activities, meetings, and functions, the more they will have a sense of ownership over the public asset and the committee itself.

Another fundamental principle for good governance is representation. Representative governance requires organizations to not only be accountable for their actions, but to deliberately represent the interests of those whom they serve. This involves WMC members regularly reaching out to water users to understand their concerns and interests, and for members to consider those concerns in the execution of their duties.

Planning, budgeting and good financial management
Applying procedures defined by a set policy can help to ensure good financial management and accounting practice. Good financial procedures are critical because they will stipulate a set of standards that can help to ensure that resources (both financial and material) can be demonstrated as being used in a transparent and accountable way. It is important that financial policy of committees is well understood by the governing body, as they are all ultimately responsible, and accountable to their community for the proper management of community-based assets and resources. Adherence to financial procedures outlined in a policy document will enable committees to ensure transparent processes aid in its performance:

- Committees able to show water users that water assets and cash/payments are safeguarded.
- The reputation of the committee will be better protected against financial mismanagement.
- Interests of the water users and of the committee are better protected.
- Clarify relationships between committee members in roles and responsibilities in financial management.
- Segregate responsibilities for approval and execution of expenditures, cash and assets management.
- Financial decisions given appropriate consideration before they are taken.

- Accounting procedures ensure committees are able to manage revenues (fee collection/payments).

Duty of management in operations & maintenance

The committee's understanding of its collective duty, as well of the duties of individual members, are critical to how decisions by the committee are made related to even the most basic of issues, including: hours of operation, rules of use, protection and control of the source, equitable access, how water fees will be collected (weekly, monthly or per jerry can), timing of fee collection (beginning or end of the use period), how much to charge for water fees, and what happens if a household is not paying. Fundamentally, committees will need to understand their duty in community-supported management as being a responsibility towards the good of the community itself, managing community funds and assets, and in delivering vitally important services. The topic of how much the committee should charge for the water fee is discussed in detail in Module V: Business Planning and Financial Sustainability. Committees will also have to set regular maintenance schedules for minor and major repairs which need a strong financial backing in order to ensure the effective upkeep of the water point delivery system, and to safeguard the operation for continuous service.

Water source protection & rights-based community management of water – Water point sustainability here is considered from a "rights-based approach" (RBA) to community management of water services. The RBA stems first and foremost from the protection of a water source, meaning both physical protection from contamination, as well as protection in the sense of good environmental conservation practices that ensure continued accessibility of clean and hygienic quality water. The rights-based approach to community managed water service delivery means protecting the water source on behalf of the community to ensure the communities' rights:

- Right to access safe water
- Right to health and sanitation
- Right to protected sources
- Right to social inclusion and equitability
- Right to grievance
- Right to (social) accountability

Committee sustainability is seen as being dependent on adherence to the RBA for community resource management; that committees can ensure equal access to the water point (but not necessarily free water); they can ensure non-exclusion of disadvantaged groups (impoverished, elderly, sick, disabled, et al); as well as the right to quality water service in exchange for water fees (consumer rights), that keep the delivery systems of quality water operational, and ensure that the community has both collective access and responsibility to ensure that the water point functions properly.

This also highlights again why the role of the WMC is so critical: that the community-derived mandate to govern and manage the water point and to manage the needed fee-collection/revenue generation to ensure its operability are part and parcel of a two-fold system that relies on the capacity of the WMC to manage; as well as the community to support and legitimate the committee in its mandate and actions (i.e. highlighting the mutually supportive aspects of the *water point sustainability vs. sustainability of the WMC*).

This guide is meant to ensure both by increasing the capacity of WMCs to fulfil their mandate providing quality water access and operational management through good governance—which in turn will support the protection and rights of water users in guaranteeing their continued access to the source.

SESSION I-D: The WMC Development Process

If we are to consider the module outline, key concepts and outcomes addressed the previous sessions, what are/should be the relationship(s) between the WMC training platform framework and the overall 12-step process towards a community becoming a "Village Assaini"? Which modules would be best suited to or directly correspond with the existing tools such as the Community Action Plan, Small Doable Actions and monitoring the plan and actions (*Suivi Communautaire)?*

Exercise 4: Discussion of Participant Experiences in Implementing SC guidelines
Facilitator(s): Use a flip chart to map the (7) Modules of the *Community Water Services Management Manual and Training Guide* against where participants feel they can be helpful or relevant to SC tools and procedures, and along the "12-Steps" of the Consortium's approach. **Exercise time:25 minutes**

Tips for Facilitators on Discussing SuiviCommunautaire
Draw from the questions and summary points listed below as needed to guide discussion. Confirm WMC capacity level to determine focus on training content
- Have you engaged in the *rêve Communautaire* with communities?
- What do you remember about your rêve communautaire?
- What progress have you made towards your rêve communautaire
- Have you participated in development of the *Plan d'Action*? What is the progress now?
- Why are SC tools important?
- What have been the successes/challenges of engaging the SC process thus far?
- How do participants feel that these trainings can be helpful in supporting the SC process?

Takeaways and Next Steps

What are the key concepts that facilitators should emphasise?

For Facilitators being trained:

- Important to emphasise to committees that their formation, mobilisation and training will not necessarily ensure the installation of a water point.

- The individual facilitators, before training any WMC will have to first consult among each other on a committee's level of competency or potential receptiveness to the individual components of each training

For Committee Members:

- Important to repeat message that water point installation is not given, that will be based on assessment of the community's and the committee's advancement on WASH activities generally.

- That training capacities in the Manual are meant to reinforce capacities for effective management of an improved water point, but that most of the skills and capacities

Module, in order to customize the training delivery based on the flexible approach promoted by the Consortium.

- Facilitators can use a simple "high", "medium", "low" categorization for the committee being trained, and can follow the designations given in this Manual for guidance on which materials are more 'advanced' vs. which are more general or introductory.

- Facilitators should note well the more advanced content in the module trainings, and always be thinking about where specific training material may or may not be relevant to the context of some committees.

- Facilitators will also want to note how information in modules is either:

  o Conceptual vs. Practical

  o Mutually Supportive vs. Foundational

  o Built upon previous lessons vs. Stand-Alone

have multiple applications that can be used by committees even if they do not have an improved water point installed within the community.

II. Organizational Governance

Facilitator Guidance

Module Objectives: To introduce key concepts around good governance including procedures and tools; and to ensure that consortium technical staff members are better able to assist water management committees in understanding the requirements for structuring and registering a Committee managing an improved water point.

Required Time: One full day

Materials Needed: A1 copies of key tools listed below

Flip chart, markers

Participant handouts, notebooks, writing utensils.

Session-by-Session Checklist:

Estimated Session Time	Key Concepts	Key Tools	Exercises
Session II-A: Introduction to Good Governance, Accountability & Transparency ⚠️ ✅			
60 minutes	Transparency, Accountability, Representation and participation Client-service mentality	II.1 – Virtuous Circle of Service Provision and Revenue	**II.1** Participant discussion of the virtuous cycle and its relation to accountability and sustainability. **Time:** 30 minutes **Exercise Materials:** Flip chart, markers, post-it notes.
Session II-B: Establishing a Water Management Committee 🟢 ✅			
60 minutes	Nomination of delegates Committee Constitution and by-laws Election rules Decision Making rules Financial Management and policies	II.2 – Example Constitution: "Republique Democratique du Congo: Fondation Kalumba – Fondaka ASBL, 2007" (or another selected)	**II.2 Draft a Constitution** **Time:** 45 minutes **Exercise Materials:** Flip chart, markers, post-it notes.
Session II-C: Record Keeping 🟢 ✅			
30 minutes	List of documents and records Securing multiple copies of essential documents.	II.3 – Document Register	**II.3 Create Register** of Documents (existing/needed) **Time:** 15 minutes **Exercise Materials:** Flip chart, markers, post-it notes.
Session II-D: Legal registration, Agency and Public Mandate ⚠️			

Estimated Session Time	Key Concepts	Key Tools	Exercises
60 minutes	Mandate of Water Management Committee Purpose/benefit of legal registration.	- None	**II.3** Defining and formulating the WMC's mandate. **Time:** 40 Minutes **Materials:** Flip chart, markers.
Session II-E: Public Engagement ⚠			
60 minutes	Engaging public officials General Assemblies and Public meetings.	- None	**II.4** Introductory Stakeholder Identification and Strategies for Engagement. **Time:** 40 minutes **Materials:** Flip chart, markers.

up and how the financial contributions are used in support of the improved water source. There are various methods that exist to create transparency, but ultimately WMCs need a clear structure, policy and control system to ensure that funds are appropriately collected, recorded, allocated and accounted for. Every member of the community must have the right to know the details of all WMC transactions.

The committee should draft a budget of what expenditures may take place and when payments are required. A budget also calculates the expected income for a set period of time. It lists also down when it expects to receive the income. Once a budget is in place, the WASH committee needs to keep record of all payments moving into and out of the WASH committee. Basic bookkeeping techniques (cash book and receipt book) are required to record and monitor the financial transactions. Keeping track of where money is going is an essential part of ensuring that it is being used properly. For transparency on financial issues, knowledge of bookkeeping and accounting is essential. If the members of the committee have only little or no experience with accounting, trainings should be provided. Such training may include also matters such as tariff setting, user registration, and auditing.

For public organizations, transparency is necessary to hold public officials, community representatives, and community leaders accountable and to mitigate corruption.

> **! Definitions of Transparency and Examples**
>
> - The right and the means to examine the process of decision making is known as transparency.
> - Community members have the right to review of cash ledgers;
> - Regular General Assemblies with full community participation;
> - Open reporting of WMC election results;
> - Community can review meeting minutes;
> - Open information about community and IGA investments (who, what, how much).

Participatory and Representative Organizational Governance

In addition to being accountable to its clients (community members and water users), and conducting its affairs in a transparent manner, effective and sustainable WMCs ensure that its constituents are provided the opportunity to participate in committee activities and key decisions. This can be accomplished by encouraging non-committee members to engage in activities for the promotion of water fees and payments; promotion of good hygiene and sanitation practices; promotion of and implementation of PAFI ("small, doable actions"), participation in WMC financed IGAs, and participation in regular meetings and General Assemblies. The more community members participate in WMC activities, meetings, and functions, the more they will have a sense of ownership over the public asset and the more they will support the committee.

Another fundamental principle for good governance is *representation*. Representative governance requires organizations to not only be accountable for their actions, but to represent the diverse interests of those whom they serve: the community and water users. This involves WMC members regularly

reaching out to understand their concerns and needs (constraints, limitations, preferences, etc.), and for members to consider those concerns in the execution of their duties.

> **Training Tip:**
> One of the most difficult challenges for water management committees is to balance representation of community member and water user interests with financial sustainability of the public asset (i.e., improved water point). For example, water users may demand lower fees or even free water.
>
> Inadequate payment of water fees jeopardizes the continued functioning of the improved water point, which will likely result in community members again drawing water from unsafe sources. In some instances, the WMC also has to represent long-term interests of the community, and not just interests or demands from individual members.

Additionally, committee membership should reflect the composition of the communities they serve. For example, WMCs must ensure equitable and meaningful representation of women on the committee.

Meaningful representation of women means that women hold leadership and executive positions within the committee and are not relegated to participation in WMCs as "advisers". The WMC can decide how best to promote the meaningful inclusion (and therefore representation) of women (i.e. with a minimum # of positions, at least one executive position is reserved for women, with a general target to have 50 % of committee members be women as well) through adopted policies and/or in the design and adoption of its constitution and bylaws (discussed in **Session II-B**).

> **Definition of Representative Governance**
> Good representation involves the understanding of constituent concerns by community organizations, creating access and opportunity for feedback from community members, managing the public asset in a manner consistent with constituent interests, and ensuring equitable representation of community groups (women, persons with disabilities, extremely poor households, elderly community members, etc.)

Client Service Mentality

Another fundamental concept that will be discussed throughout the training modules is that WMCs must maintain a *client service* mentality. Community members and water users should be treated as prospective clients; that the service must meet requirements and needs in order to satisfy or influence client demand for the service. The client/service basis of delivering quality water through an improved water point by WMCs is essential for *both* (committees and water point) to mutually support the functions defined through the service provision, and the formation or constitution of a WMC.

To increase users' willingness to pay fees for the water they consume from an improved water source, the client-service approach must incorporate the principles of good governance in order to ensure a minimum basis of improved access (i.e. the water point functions, or that projects such as "small, doable acts" [PAFI, *petit actions faisables*] identified by the community are implemented as intended)—good client service requires that committee members answer community questions or concerns, communicates quickly and effectively, and conduct their business in a transparent manner, regularly engaging the community for feedback and assessment of the services being provided.

Most committees in the end are not just providing access to water, but are rather offering improved quality and access to water as a *service*. Therefore, the service will require a minimum level of contribution from the community in support of the services "on offer". The "offer" is important because if community members and potential users of the service are not convinced of the service's "value", in short, they will not pay, and will result in the inability of the improved water source to function. Furthermore, in exchange for fees (user fees in the form of cash payment, or in-kind contributions), WMCs must consider the *value* they are delivering "on offer" to community households in return for fees and the overall benefits of an improved water point.

MANAGEMENT TOOL II.1: Virtuous Cycle of Quality Service Provision & Revenue Generation

The Management tool above provides a diagram of the "Virtuous Circle of Service Provision and Revenue Generation", and shows how sustainability good practices in community-based management of an

improved water point are interlinked. A sustainable community-managed asset is defined as (adapted from ArcheNova, 2012):

- Functioning of the public asset in offering service (most basic definition);
- Providing a service able to deliver an appropriate and equitable level of benefit in terms of quality, quantity, convenience, comfort, continuity, equity, reliability;
- Providing a service at an affordable price over a prolonged period of time and use;
- Operational, maintenance and administrative costs being accounted for within user fees;
- Good management (i.e. organisational governance) is institutionalized over time, maintains legitimacy and mandate from the public through continued support and access (vis-à-vis payment/fee basis for provision);
- Minimising negative impacts on the environment (social, economic, biological, etc.).

! Training Tip: How to present the Virtuous Circle of Service Provision
This management tool helps the facilitator present the concept of good management of a public asset can be applied to other public assets (e.g. market place, roads, schools) to participants. Define good practices by committees.

It is important to emphasise on the continuity of all steps within this circle and their interdependence. A good method for presenting this tool can be to work with participants on drafting how "bad service provision" would affect the committee and the community, with any one, or indeed several steps of the circle poorly managed.

During the process of capacity strengthening of the Committee, this tool helps members **understand where there involvement will be crucial in maintaining a good management setup by implementing strong practices in organizational management**. In time, during the water point day-to-day operation, the Virtuous Circle of Service Provision diagram can also be used by committees to identify inefficiencies or constraints in the their management processes, whereby it will be easier to identify solutions that can mitigate problems, and improve overall management performance and service delivery to the community.

Users should be satisfied, that operations and maintenance (O&M) costs (covering minor and major repairs, aiming, but not necessarily inclusive of the full-cost recovery of systems' replacement at the end of the installation's predicted life cycle) are covered through user fees combined with flexible and innovative financial mechanisms, and that the management of the system is institutionalised, for example, through partnership with local authorities, involvement of private sector—with the necessary external financial, technical and training support as needed.

WASH Consortium RDC Sustainability Equilibriums

Although discussed in great detail in **Module IV: Basic Financial Management** and **Module V: Business Planning and Financial Sustainability**, facilitators should be aware that the Consortium assesses financial sustainability according to three "equilibriums" for sustainability of community-managed assets:

EQ1 – Ability to pay for operations and basic maintenance

EQ2 – Ability to pay for major repairs

EQ3 – Ability to pay for the full replacement of the water point

These equilibria should be incorporated into discussions on the Quality of Service, "Willingness vs. Ability to Pay" and should incorporate the Virtuous Circle of Service Delivery.

Exercise 1: Discuss the virtuous cycle in relation to accountability and sustainability

Facilitator(s): Solicit participant examples of accountability: public individuals or organizations that are held accountable for the fulfilment of their responsibilities. Possible examples, depending upon context and community sensitivity, a community leader, a trader/businessman, appointed public officials, elected government officials. Use the Virtuous Cycle diagram in tool II-1 to discuss how transparency and accountability are related at each step in the cycle, as well as to the different Consortium Equilibriums outlined above. **Estimated time: 30 minutes**

SESSION II-B: Establishing a Water Management Committee

The objective of this session is to outline best practices for the establishment of a representative, accountable, transparent, and service-oriented water management committees. Committee members should determine WMC rules and regulations, policies, and procedural guidelines with technical assistance and guidance from NGO practitioners. Establishing a solid governance framework for each WMC is essential to effective and efficient delivery of services and sustainability.

Nomination of Delegates

Prior to the establishment of water management committees, implementing partners should facilitate the nomination of community delegates (recommended for larger villages in particular- 200 households or more- but optional for smaller villages, considering the extra structural organisation and management required to manage the process of delegation) as a representative body that will relay information between WMCs and community members; such as vote and major decisions related to the WMC constitution, WMC positions, election rules, water point operation changes, surveys and human resource policies. Inaugural committee elections held without input from community delegates (such as NGO-mandated election rules and processes) may run the risk of reduced support and legitimacy from the community if they feel as though they lack ownership or representation in WMC governance. An alternative to electing delegates can be to use existing community-based organisations (RECOs) having a more active role in relaying information; each RECO would be representing 10-15 households in General Assemblies, relaying complaints or concerns over the provision of services.

In addition to helping refine constitutional guidelines for WMCs, delegations can also play a crucial role in overseeing the elections for individual committee positions. After elections have been completed, WMCs should maintain their roles as intermediaries between community members, water users and WMCs to ensure that the community is able to voice concerns on service delivery, conflict issues and grievances, non/payment issues or irregularities in WMC functions. Delegates can act as advocates for water users, but can also serve as important channels for WMC messaging and promotion efforts.

> **Approaches to Nominating Community Delegates**
> This approach has been used by ADIR with French- and Belgian-Cooperation funds to establish a project in DRC for urban and peri-urban water supply systems. ADIR supports ASUREPs (*Association des Usagers des Reseaux d'Eau Potable*) in Kinshasa peri urban areas in structuring and professionalising their organisations, which are similar in mandate and function to Consortium WMCs, albeit generally more "advanced" given the types of systems they manage. ASUREPs facilitate the nomination of one delegate per street.
>
> For rural communities, small numbers of households can be clustered into a delegate group and nominate one person from the group to serve as water delegate. Given that most WMCs choose to elect between 7 and 9 members, implementing partners should consider facilitating the nomination of between 15 and 20 delegates to participate in the development of the governing document and key governance policies and procedures.

Committee Constitution and By-laws

A constitution is a governing document that defines the purpose of the organization and how it will be run. Constitutions define several key governance rules and procedures, and should serve as a reference guide for communities and their delegates for the effective, efficient, and equitable operation of the organization. It is important for the community and its delegates to develop a constitution in the initial stages of establishing a water management committee.

Constitution should include:
- Name of the organisation and *aims* which clearly set out what the organisation was set up to do (including details of beneficiaries, benefits, services and overall community mandate);
- Powers/authority clearly separated from aims (i.e. what MMC can/can't do under mandate) with roles and responsibilities clearly delineated for each WMC member function;
- Provisions which describe WMC membership, including appointment of members, and the length of time they serve in specific roles & responsibilities, voting rights, etc.);
- Outline of WMC meetings and proceedings to be followed (e.g. voting, "quorum", etc.);
- Provisions for WMC meetings and proceedings, if appropriate (e.g. annual vs. general meetings (quarterly, monthly, weekly, special/emergency meetings, et al);
- Provisions for accounts and record keeping, signatories and authorisations (financial policy);
- Provisions that identify and define "conflicts of interest";
- Procedures for amending WMC governing documents;
- Procedures for addressing grievances from the community or dissolving the organisation if in violation of mandate and/or procedures.

Process for Development of a Constitution

The draft of a constitution requires the Committee to first decide on how to incorporate the listed clauses mentioned above. The constitution of the Committee by the Committee is an essential part for appropriation of the constitution, as opposed to a readymade constitution provided by the partner agency. Rather, it is recommended for facilitators to engage committee members during this session on discussing opinions regarding organisation of the Committee, and provide a template for drafting a constitution (found in *Management Tool II.2* below) to participants to work on after the before the next session if chosen by committee members to do so. At the end of the next session (or after a constitution is drafted) a meeting should be scheduled to review the first draft of the constitution, and to provide feedback and to discuss with the community if possible.

Determination of WMC Positions

A fundamental task of members depends upon anticipating the number of households who will utilise the water point; in addition to how complex the system for water service delivery and fee assignment is. The number of committee members should be an odd number to avoid committee deadlock (an even split of votes on committee decisions). A representative list of common WMC positions and responsibilities is listed below.

Position	Responsibilities
President	• Call committee members for meetings and assemblies • Prepare the agenda for the meetings in concordance with the other members • Chair meetings and assemblies • Coordinate and supervise the tasks which are under other members responsibility • Sign, jointly with secretary, all documents related to the projects • Sign, jointly with the treasurer, all financial transactions • Represent the committee and community members in public activities • Authorize, jointly with other members, all activities, purchases and expenses related to the project, reporting this regularly to the community • Ensure the accomplishment of the rules, regulations and internal agreements within the committee • Being kind and polite with other members of the committee giving them the opportunity to express themselves • Find out answers to: What to do? Why to do it? When to do it? Where and how to do it? Who and with what to do it? • Call and prepare the Annual General Meeting (AGM) • Prepare the annual election of WASH committee members that is part of the AGM
Vice-President	• Assist to the President in his/her functions • Support in preparing the agenda for meetings • Facilitate the discussion of themes in the meeting • In absence of the President assume his/her functions • Facilitate and support finding out answers: What to do? Why to do it? When to do it? Where and how to do it? Who and with what to do it?
Secretary	• Prepare, jointly with the President, the agenda for the meetings • Convoke, jointly with the President, the General Assemblies • Write the minutes of each meeting • Filing of all documentation related to the committee and assemblies such as requests, certifications, licenses, letters, etc. • Respond all documentations when necessary • Register of all correspondence and documents, attendances and meetings • Support others in secretarial tasks
Vice-Secretary	• Assist the Secretary in her/his functions • In the absence of the Secretary, assume her/his function
Treasurer	• Collecting funds, fees and other income sources and deliver receipts for the money received • Financial control & Custody of funds and all property of the project sharing responsibility with the President and the Secretary • Responsible for the accounting book and managing the cash book • Maintain funds available to implement the activities and managing petty cash • Filing of all account documents and correspondence such as: checks, invoices, receipts • In charge of purchases when necessary • To set up financial reports and presenting them to the committee and the community • Sign, jointly with the president, all financial transaction • Financial reports on a monthly basis for the board (and if necessary to local authorities)

Hygiene and Sanitation Promoters	• Home visits to community members on a regular basis • In schools: facilitating the students to improve personal hygiene • Conducting common awareness programs with help of RECOS, including PAFI • Reporting of hygiene activities to the committee
Technical Support Staff (at least two)	• Operating of WASH facilities (e.g. water pump) • Carrying out minor repairs • Responsible that major repairs are done (via maintenance service providers or other resource) • Reporting of operating and maintenance activities to the board

Roles and responsibilities of the members should be written down in the constitution/by-laws. It is also recommended that, in case of non-compliances to responsibilities and rules, regulations or even sanctions are agreed on and also included.

Training Tip:
For established WMCs, facilitate a discussion of the roles and responsibilities of committee members. After this discussion, the facilitator can refer to the above matrix to help participants consider any possible adjustments to current position responsibilities.

Election Rules

Once committee positions, roles and responsibilities have been defined, the next step in the formation process is to hold an election among community members. The community delegates described above should consider the following issues when the constitution for the WMC is being drafted:

- Determine the length of time (terms) a committee member should serve.
- *Staggered* elections to maintain institutional memory and experience on the committee.
- Registering all households in the village prior to the election.
- Checking voters against registered households to ensure that people outside of the community are not voting, and to prevent community members from voting twice.
- Establish vote counting rules and procedures to present to community members so the process is clear and transparent.

Staggered Timing of Elections
Staggering the timing of water management committee positions is an important way to prevent a complete turn-over of WMC staff. A staggered approach helps the WMC maintain some experience on staff, and avoids a drop in service quality as new members learn their job.

Decision Making Rules

The constitution should also stipulate how certain decisions will be decided including quorum requirements, majority voting and consensus voting. A *quorum* is the number of members who must be present for a meeting or a vote to be valid. The number required for a quorum should not be set too high as this can lead to difficulties when an insufficient number of people can attend meetings. The purpose of

a quorum is to prevent two or three WMC members from being able taking major policy and financial decisions without input from other members.

The committee should decide which types of decisions require quorums, such as committee member dismissal, financial expenditures above a certain limit, changes to operating hours, and other important decisions impacting water users and other committee members. Issues may be decided by *simple majority*, *super majority*, or *consensus* voting. Simple majority means that at least 51% (i.e. 50% plus one extra vote). A super majority requires a higher percentage of members concurring, typically 60% or 66% (i.e. two-thirds majority). A consensus requires all committee members to agree for a decision to pass.

Financial Management Policies

The WMC constitution should include high-level provisions for the collection and expenditure of funds. These include signatory requirements (which committee members must approve and sign for money to spent) according to spending thresholds (amounts). To ensure proper operation, maintenance and preventive and corrective maintenance of the supply system for drinking water, the committee will need to collect fees from water users. The money collected will be used for the purchase of worn or damaged parts and equipment (i.e., pipes, faucets, hand pump valve, cylinders, etc.). **Module IV** details proper financial management procedures, but a brief introduction is included here:

The management and tracking of WMC funds requires at least two ledgers: 1) water distribution/fee collection log (see Management Tools in *Module III*; and the cash book/cash ledger found in *Module IV*).

As an introduction, sound financial management involves:

- Recording cash contributions and user payments in a fee collection log;
- Recording revenues and expenditures in the cash book;
- Execution of expenditures following proper procurement and verification procedures (financial policy);
- Restrict funds use for the personal needs of members or other community members/authorities;
- Receipts provided for proof of expenditures;
- Monthly financial statements of revenue and expenditure produced by WMCs;
- Accounts and summaries of financial statements given by WMC (president) at General Assemblies.

> **⚠ Different Approval Thresholds for Different Topics**
> Most community-based organizations choose to make decisions by simple majority to allow for quick decision-making. However, the WMC may want to set different approval thresholds for different types of decisions. For example, WMC may want to consider requiring a 2/3 vote for the removal of a WMC member or to change the constitution.

🛠 **MANAGEMENT TOOL II.2: Example Constitution: "Republique Democratique du Congo:**

Fondation Kalumba – Fondaka, Association Sans But Lucratif (ASBL), 2007".

(Facilitators to have hand out printed and ready for participants)

Exercise 2: Draft a Constitution

Facilitators: using the information from the first two sessions, including the Virtuous Cycle diagram, the list of committee member roles and responsibilities, and going over the example constitution provided in Tool II.2, let the committee draft a constitution with one person acting as a 'scribe' (this can be an NGO facilitator). Allow participants to discuss examples of *transparent behaviour* and accountability in order to find sufficient standards to outline in the draft of the committee constitution. This exercise should only be completed if the participants have already been elected and/or formed as a committee designated to manage community WASH activities, and the management of the improved water point (in the event that one has or will be installed).

Estimated time: 45 minutes

SESSION II-C: Record Keeping

Transparency requires that water management committees maintain up-to-date records for internal review and use, reporting requirements to the community (and in some cases, local authorities), and to inform strategic decisions, especially regarding financial matters. WMCs should view good record keeping not as a task mandated by their supporting NGO, but as an important governance approach that increases their legitimacy and mandate, protects the committee from outside interference and disruption, and creates the opportunity to access external credit and capital.A recommended methodology for engaging participants on this matter is to have Committee members to decide which are the first key documents it needs to develop (and discuss with the trainers which ones will be developed later when they come to the appropriate time in the other modules).

A representative (not exhaustive) list of key documents to be maintained includes:

- Constitution or other governing document (**Module II**)
- By-laws (**Module II**)
- Memorandums of Understanding (MOUs) with the Chiefs, NGOs, local authorities, etc.
- Other MoUs and signed agreements (**Module II**)
- Meeting minutes (**Module II**)
- Water Distribution/Water Point Fee Log (**Module III**)
- Water user and water fee log (for periodic water payments) (**module III**)
- Cash ledger tracking income and expenditures (**Module IV**)
- Register of all community households (**Module III**)
- Record of IGA and community investments, durable and tradable assets ledgers (Module IV)
- Maintenance and repair log (**Module III**)
- Maintenance schedules (**Module III**)
- Procurement documents (**Module IV**)
  - Purchase requests and approval
  - Purchase orders or contracts
  - Invoices&quotations
  - o Receipts and "Goods Received" notes

> **⚠ Multiple Copies of Key Records**
> One observation by the developers is that committees tend to only keep one copy of key records, and that one copy often resides with the WMC member or officer in charge of the record (e.g., cash log with the Treasurer).
>
> When asked about the previous months water fee revenue, several WMCs responded they didn't know because the Treasurer had the logbook and they were away (in the field, in town, etc.) To increase transparency and efficiency, the WMC should maintain multiple up-to-date copies of key records.
>
> Each WMC member should have their own set of governing and policy documents (constitution, by-laws, rules and procedures) and at least two copies of financial ledgers and maintenance logbooks should be maintained. This reduces the risk of loss or damage of records, and also allows members to check important records for consistency (cash ledger).

MANAGEMENT TOOL II.3: Document Register

No.	Document Title	Date Added	Date Updated (When Applicable)	Signatories Responsible

Exercise 3: Create Register of Documents (existing/needed)

Facilitators: Using the template provided with *Tool II.3*, let the committee members lest as a group, all of the current documents in use, or any that they aren't using but think that they might need to effectively manage their activities (take a look at Module IV Tools, without printing or demonstrating to the committee, but just to name to see if they are familiar and to aid the exercise).Once the document register is completed to the best of the committee's ability, make sure that it is kept and stored by a designated officer, and that point is made that the list of documents can be updated at any time.
Estimated time: 15 minutes

SESSION II-D: Legal Registration, Agency and Public Mandate

The formal registration of water management committees as a legal entity can improve the *agency* of the committee to perform its duties, protect it from unwarranted dissolution or interference by local authorities, facilitate its involvement in a broader federation of WMCs, and increase opportunities to access credit and financial services.

> **!** **Definition of *Agency***
> Agency is a fundamental principle of delegated authority and empowerment of specific actors to carry out their function in an uninhibited manner. Agency refers to the autonomy of an actor or organization, including their right and freedom to act free from political, social, cultural, or other interference. Legal registration is an important step to establishing the autonomy of water management committees.

Mandate of the Water Management Committee

In order for water management committees to effectively carry out their mission, they must develop and maintain a clear *mandate* at several levels. First, the WMC must have a clear mandate from community members to act on their behalf to manage the improved water point and the delivery of water services. This includes the right to maintain and manage the water point on behalf of the community, to collect fees to cover operational and maintenance expenses, and to make decisions related to water point operations (e.g. hours of operation, fee levels, extension or configuration of services, etc.).

The mandate may be extended or complemented by Memorandums of Understanding (MOUs) between key actors such as the village chiefs, local NGOs, territorial or local authorities, etc. Mandates can also evolve or change over time even if governing documents or legal status do not change, but based on expectations and feedback from community members.

> **!** **Definition of *Mandate***
> The strength of an organization's mandate increases its agency (see above). An organizational mandate is the authority granted by a constituency (community members and water users) to its representative body (water management committee) to carry as specific functions on behalf of constituents. Mandates can be formal (legal) and informal (confidence, trust, support) and may fluctuate over time depending on the performance of the organization.

In theory, increased transparency and accountability by WMCs increases community trust in the committee, which in turns, fulfils the organisation's mandate. One benefit of legal registration is that it can increase the committee's legitimacy with regard to local authorities, providing a much needed grievance mechanism for the committee itself, and to ensure its longevity and avoid untimely or unauthorised dissolution.

Purpose/benefits of Legal Registration

The benefits of legal registration and compliance:

- Legal recognition means the project can open bank accounts;

- Compliance with laws in regard to permits and licenses means the project will not be closed down or harassed by government officials for non-compliance;

- Project assets will be protected from disputes on ownership;

- Project will be protected from poor service by service providers through use of proper contracts;

- Proper written contracts will minimise disputes and provide clear information on what has been agreed between the contracting parties.

- General agreement between the contracting parties.

! Regarding Legal Registration of Associations
The ASBL (*Association Sans But Lucratif*) status is the most frequent status referred to when it comes to legal registration of an association in the DRC. There may well be others that would better suit some of the Committees according to the context they are working in. While it will be important for NGO practitioners to be aware of what these are at a regional/local level, they are not detailed in this trainer's manual.

Exercise 3: Formulating the WMC's mandate

Facilitators: Module II has defined the WMC mandate as being 'able to provide quality water service to community members and to serve as honest stewards of community resources'. However, this general definition might not yet be fully understood by the training participants. Asking participants about WMC goals and objectives, try to get feedback and insight into what WMC members would like to accomplish as a committee, and formulating this within the context and sensitivity to the local language.

For this exercise, it will be important to:

1. **Define the boundaries of the activities that will be carried out** by the Committee during its existence to accomplish their mandate,
2. **Help the Committee present in a summarised manner their objectives** to the community and external partners, like local authorities, or local chief.

The mandate, if decided and validated within the session, is to be written down and archived. It can also be revised or decided by the committee after this session is complete if disagreements appear during the discussion, but **it has to be completed prior to the redaction of the constitution**. Even if constitution's clauses and set-ups can be modified with a vote of the members respecting the required quorum, the mandate is supposed to remain the same during the existence of the Committee.

Estimated time: 40 minutes

SESSION II-E: Public Engagement

As part of water management committee accountability and transparency, WMCs must establish a public engagement strategy to outline by what means and how frequently the WMC engages local officials, community members, and other stakeholders.   See Module VII for detailed strategies for public/stakeholder engagement.

> **Training Tip:**
> After explaining the objectives of this Session, engage participants in a discussion of how they might engage officials and community members. If it is an existing committee, ask participants to discuss what they currently do for outreach and engagement.

Engaging Public Officials

Early and frequent engagement with local authorities (i.e. village Chiefs, representatives of local health centres, et al) is critical to securing and maintains a WMC's mandate to operate. Both implementing partners and community delegates should explain the objectives of establishing a water management committee prior to its formation and formalization.

Once formed, WMCs should frequently update the Chief as to the operations of the water point, financial situation of the WMC, and areas of potential intervention by the Chief to support WMC initiatives such as promoting water fee payment and the adoption of good hygiene and sanitation practices. Implementing partners should encourage tripartite agreements between community members (the WMC), the NGO, and the Chief prior to moving forward with WMC establishment.

General Assemblies and Public Meetings

Holding regular General Assemblies and other types of public meetings is an effective strategy to ensure WMC transparency and to build the trust and confidence of community members and water users. WMCs should hold a General Assembly at least once per month to update community members on several topics:

- Water fees collected during the previous month;
- Revenues from income generating activities or other WMC investments in the previous month;
- Update of the financial situation of the WMC, including progress towards financial sustainability equilibriums;
- Updates on operational changes (new operating hours or water point procedures);
- Discussion of community/water user issues;

Committees should update community members on decisions and regular management by the Committee. Methods that can be used by committees in this aim can include public signboards near the water point, leaflets, radio announcements (when feasible, e.g. via MoUs with local broadcasters), or by "*crieurs*", announcements made at local religious gatherings.

Exercise 4: Introductory Stakeholder Identification and Strategies for Engagement

Facilitators: This topic will be covered in-depth in Module VII, but will provide an Introduction here in the form of small group discussion. By breaking participants into 2-3 groups, have small groups identify a list of important "stakeholders" (4 – 5 specific examples, e.g. local officials, chiefs, elders, police, wealthy individuals/families, community based organizations, territory authorities, etc.) in the community who have potential interests, conflicts or influence with the improved water point management and the delivery of services by the committee.

Ask each group to list who each stakeholder is, why they are considered important to the functioning of the water point, and to think of an "engagement strategy" for each stakeholder to be undertaken by the WMC, or by someone on behalf of the WMC (this could be an individual, group or organisation also identified on the list). Next, encourage participants to brainstorm on different alternatives for their group's potential engagement strategies, after one member from each group presents their lists to the group. Facilitators should encourage discussion and critique as to why certain stakeholders were identified, and whether engagement strategies will be effective (i.e. for avoiding risks of conflict, or improving the functioning of the improved water point services delivery by WMCs, for example). **Estimated time: 40 minutes**

Takeaways and Next Steps

What are the key concepts that facilitators should emphasise?

Discuss opinions regarding organisation of the Committee and decide:

* Official mandate formulation **has to be completed prior to the redaction of the constitution**

* **On drafting a constitution** after the session

* Schedule a follow-on meeting to review the first draft of constitution

* **Decide on election rules**: length of time (terms) a committee member should serve, *Staggered* elections schedule to maintain institutional memory and experience on the committee, Registering all households in the village prior to the election, checking voters against registered households to ensure that people outside of the community are not voting, and to prevent community members from voting twice, establish vote counting rules and procedures to present to community members so the process is clear and transparent

* **Decide which types of decisions require *quorums***, such as committee member dismissal, financial expenditures above a certain limit, changes to operating hours. Issues may be decided by *simple majority*, *super majority*, or via *consensus* voting.

III. Quality Water Service Delivery (Operations and Maintenance)

Facilitator Guidance

Module Objective: Focusing on sustainability of water service for communities, Module III will engage participants on basic concepts of operational management (hours of operation, profile of water point supervisors, maintenance and operational monitoring); and will also initiate discussions about the decision process regarding draft and approval of Operations and Maintenance(O&M) plan for the improved water Point, and introduce basic management tools for Committee to monitor its operation.

Required Time: 1.5 days

Materials Needed: A1 copies of key tools listed below Flip chart, markers, participant hand outs.

Session-by-Session Checklist:

Estimated Session Time	Key Concepts	Key Tools	Exercises
Session III-A: Sustainability of the water point			
30 minutes	Overview of water system failure in DRC	None	**III.1Brainstorming on likely causes of water system failure.** **Time:** 15 minutes **Exercise Materials:** none.
Session III-B: Operation of the Water Point			
60 minutes	Hours of operation and access Options for user fee collection (Advantages and disadvantages of alternative models) Setting water fee amount Non-payment of water fees Alternative operations models Guidelines for a Water Point Supervisor	III.1 Water Distribution and Fee Collection Log	**III.2 A Case Study in Determining Water Fees.** **Time:** 25 minutes **Exercise Materials:** none.
Session III-C: Customer Relationship Management			

Estimated Session Time	Key Concepts	Key Tools	Exercises
30 minutes	Duty to provide services to customers Notification for interruption of service for maintenance List of households.	III.2 Household List	**None**
Session III-D: Maintenance of the Water Point			
45 minutes	Three types of maintenance activities Basic guidance on WMC maintenance activities Basic equipment knowledge, access to spare parts and adequate tools.	III.3 Maintenance/Repair Log III.4 Maintenance Schedule	**III.2:** Creating a Maintenance Repair Log and Maintenance Schedule **Time:** 30 Minutes **Materials:**"Manuel de Gestion de la Pompe" (reference examples).
Session III-E: Addressing Water Point Break-Down			
60 minutes	Procedures to follow in for break-downs		**III.3:** The Water Point repair game. **Time:** 30 – 45 minutes (10-15 for discussion) **Materials:** Flip chart, markers.
Session III-F: The Virtuous Circle of Water Service Provision			
20 minutes	Quality water service in context	III.5 Service-Revenue Virtuous Circle in the O&M Context	**None**

SESSION III-A: Sustainability of the Water Point

Despite numerous investments on Water and Sanitation Project for many years, only 46% of DRC's population has access to improved water services today. In rural area more specifically, only 29% of the rural population has access to improved water services (World Bank, 2011). One of the key drivers of low access to improved water services according to the United Nations Environmental Programme (UNEP) is low investment in *existing* water infrastructure (UNEP 2011). One example from Rural Water Supply Network (RWSN) hand pump functionality data from 2009 highlights the sustainability challenge facing the DRC (RWSN), which has the highest failure rate of water hand pumps in Africa at 67% (i.e. 67% of previously installed pumps no longer function). Some water points failed even after only a few months of operation. In many instances, when early mechanical

Overview Module III:

Session A: Sustainability of the water point

Session B: Operation of the Water Point

Session C: Customer Relationship Management

Session D: Maintenance of the Water Point

Session E: Addressing Water Point Break-Down

Session F: The Virtuous Circle of Water Service Provision

Figure 3: Percentage of installed hand pumps no longer functioning by country
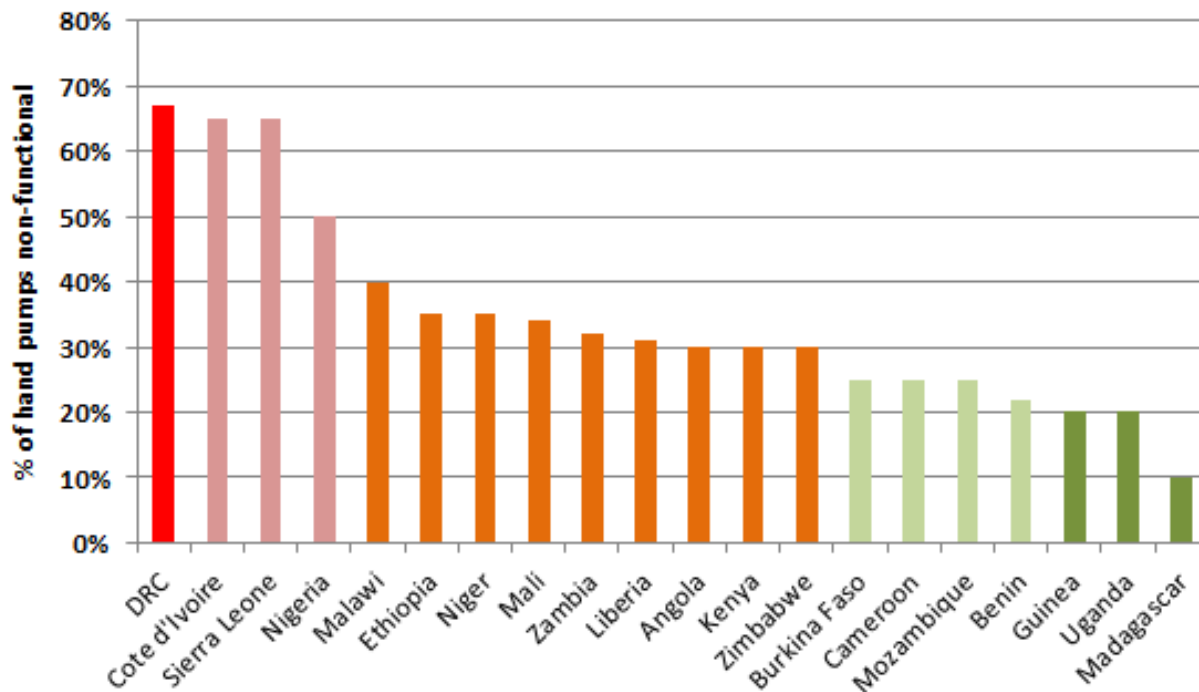
failures or first operational difficulties occur, communities of water point users are unable to address the failures, resulting in a complete stoppage of water. This leaves community little choice but to returning to traditional, often unsafe, water sources.

Exercise 1: Participant brainstorming on likely causes of water system failure

Facilitator(s): After describing Figure 2, solicit insights from participants as to likely causes, based on their experience with hand pumps in other villages. Have a flip chart ready to record responses. Once a list of 5-to-7causeshave been identified by participants, ask them to rank in order of importance. This is not a "finger pointing exercise" targeting shortcomings of the community leaders or WMCs, but rather should help identify risks/threats they will face in maintaining an improved water source, if an improved water point is approved. Create either a:

a) (1) Listing of key causes for hand pump failure and (2) importance ranking as described; or

b) (1) Listing of key causes for hand pump failure, (2) importance ranking, with (3) development further into 'problem tree' to try to get to the root problems (or this could be an exercise to do in more detail later).

Exercise time:15 minutes maximum

Training Tip: Thoughts on Likely Causes of Improved Water Point Failure

After allowing sufficient time for participants to suggest common causes of failure, finish the session by validating participant comments and by suggesting possible other causes the participants might not have thought of. It might be interesting as well for partner agencies to share their experience from past rural Water supply projects by highlighting which problems come mostly during implementation phase of the project (pre-construction of the Improved Water Point), and which ones happen afterwards (during day-to-day Operation).

Broad categories of risks/threats to water point functionality:
- Technical
- Legal
- Economic/financial
- Political
- Environmental
- Social/cultural
- Managerial

Potential specific causes of water point failure (non-exhaustive):
- Poor geographic positioning of the water point or inappropriate technical choices;
- Lack of technical knowledge to solve the issue within the management committee;
- Lack of quality monitoring of the water point during its construction (by community and others);
- Absence or lack of knowledge of maintenance service providers and spare part suppliers in the area;
- Absence of a responsible entity and clear ownership of infrastructure;
- Lack of legitimacy of the responsible entity (WMC) from community;
- Inadequate training committee members or lack of training handover when renewing its members;
- Lack of anticipation on property issues of the water point or the land on which it was installed;
- Problem of influence or domination of some members within the communities (power and risk analysis);
- Mismanagement or anticipation of needs for the operation of a water point;
- Inaccurate or incomplete Needs assessment and use of water in the villages;
- Resistance among users to behaviour change.

SESSION III-B: Water Point Operations

Training Tip:
Ask participants about basic expectations. Take 2 – 3 minutes before turning to a discussion on maintenance activities and scheduling, you should first discuss basic operational guidelines for the improved water point: what are participants' ideas about what maintenance and operations, what are their experiences thus far with performing basic maintenance repairs, challenges, etc.?

The committee will need decide on a number of basic issues regarding water point operations, including: hours of operation, rules of use and control, *equitable access*, water fees, collection and timing (weekly, monthly, per quantity, beginning or end of the use period), and what are the actions taken if there are non-payment issues with households. The topics related to the establishment, collection and rules for water fees are discussed in more detail in Modules IV and V.

Hours of Operation and Access: In consultation with community members and/or their delegates, the WMC needs to determine the hours of operation of the improved water point. Hours of operation should account for when households traditionally collect and use water (e.g. early morning vs. afternoon), and establish an adequate number of hours of operation to ensure all households have access to the water point throughout the day. Access also needs to be balanced by human resource constraints and practicality, as it is not advisable to allow for 24-hour access, especially unsupervised access at night.

Availability of the WMC committee member or members responsible for operational management and/or a water point supervisor also should be considered (reasonable number of work hours, lunch break, etc.). The WMC must ensure that all paying households and persons within the community have the opportunity to access the water point during normal operating hours and that no paying user (customer) be turned away or relegated to the back of the queue due to gender, age, illness, or socioeconomic status. This also means that family members of the village chief similarly should not be granted special access or preference at water points.

Training Tip:
Enforcing equal access, including non-preferential treatment of members of the Chief's family is not an easy issue to manage. Facilitators should emphasize to training participants that WMC members need to engage the Chief early on this topic, and to negotiate his or consent and support for this policy.

Options for User Fee Collection: Another decision for the WMC is the model for user fee collection. Several approaches to collect water user fees can be utilized: a cash-and-carry basis, which involves the collection of fees per jerry can at the water point when users draw water; payment for jerry cans drawn over a one (1) week period; payments for jerry cans drawn over a one-month period; a flat fee (not based on volume) payable at the beginning of the month; and a flat fee (not based on volume) payment at the end of the month. Each user fee collection model has its advantages and disadvantages.

Figure 4: Advantages and disadvantages of alternative fee collection models

	Cash-and-Carry Model	Weekly Per Jerry Can	Monthly Per Jerry Can	Flat Monthly Fee (beginning of the month)	Flat Monthly Fee (end of the month)
Description	On-the-spot payment	Users pay for the number of jerry cans used at the end of the week	Users pay for the number of jerry cans used over the period at the end of the month	User HHs pay a flat fee at the beginning of the month for unlimited volumes	User HHs pay a flat fee at the end of the month for unlimited volumes
Advantages	Prevents non-payment after use. Daily balances can be reconciled. Mitigates water wastage and over-use. Reduces side-selling and delivery of water to non-paying households. People pay for volume of water consumed.	Fees are still based on volumes, but more users may be able to access water daily even if cash comes in on a specific day during the week.	Fees are still based on volumes, but more users may be able to access water daily even if cash comes in on a specific day during the month.	May be easier for households to afford water fees given irregularity of cash flows. By collecting at the beginning of the month for water use the following month, risk of non-payment eliminated.	May be easier for households to afford water fees given irregularity of cash flows.
Disadvantages	May restrict access for HHs who do not have steady cash flow but can afford water fees over a longer period (week, month). Pilfering may be easier with daily cash flow.	Non-payment of water use may increase as the WMC is essentially giving "credit" to water users.	Chances of non-payment are even higher if community waters draw water throughout the month with a promise to pay at months end.	Not volume based, which may lead to: Water waste Side-selling Gifting of water to non-paying households	Households can use water all month and choose not to pay. Same issues of non-volume pricing: Water waste Side-selling Gifting

Some models can be adapted and appropriate for specific technical solutions regarding the improved water point than others, depending on the complexity and type of technology; or the possibility of creating secure access (e.g. gate and fence, locks for the tap, a water meter, reservoir, etc.). Participants can engage at this point in a discussion about the pros and cons of specific models according to the

Quality Water Service Delivery

technology foreseen (or already installed) for their village, and how the above mentioned fee collection models need to be adapted for their specific context.

(for example: a **Protected spring** where the technology implies a continuous flow (unless a tap is installed, protected by a lock) but also water point surroundings difficult to supervise and control all the time (i.e. located outside of the village, at night, based on who is accessing water and when such as women and children sent to fetch at night). Consequently, it is hard to impose a payment model per jerry can (see Module IV on the "cash and carry model"), therefore it may be better to have a monthly payment system. **VS** installation of a **Hand Pump** where technology allows more options to control the infrastructure (e.g. with water point supervisors "operating" hours).This technology is also equipped with features to block or restrict access to the pump, such as a "locking mechanism", or can be placed within a barrier such as a fence in order to restrict, monitor and minimize misuse.

Setting Water Fee Amounts: An entire session is dedicated to strategies WMCs can use to set water fee amounts. However, the topic will likely come up at this point of the training. At this point in the training, facilitators should introduce certain concepts, with an explanation that the concepts are discussed in detail in **Module V: Business Planning and Financial Sustainability**.

Summary of approaches to help WMCs set **feasible** water fees:

- **Participatory.** WMCs must engage community members (and their delegates, if applicable) in a discussion of feasible user fees. As part of this discussion with community members, the WMC needs to take time to discuss the sustainability of the system, and that user fees must be adequate to maintain and repair the water point. Tool V-1 is helpful to demonstrate the level of fees required per water point type.
- **Household economic survey.** One useful approach is to conduct a survey of households to understand their monthly income and expenses. Other important questions include the timing of income, how much HHs are spending currently on clinic visits and medicines related to water borne illnesses, and how much time and effort is required to collect water from traditional sources. According to the UNDP, households can afford between 2% - 6% of their income on potable water before foregoing other critical expenditures such as school fees or even food.
- **Cost-based fee determination.** An additional approach is to set fees according to cost requirements for sustainability of the system. Costs can be estimated at several levels, including costs associated with full system replacement (Equilibrium 3); costs associated with major water repairs (Equilibrium 2); and costs associated with day-to-day operations and basic maintenance costs.
- **Determination of exemptions.**
  An additional consideration discussed in Module V is to allow for payment exemptions for the most vulnerable members of the community. These may include the elderly, the sick, persons with disabilities, and potentially the lowest income households in the village. The exact number and type of exemptions needs to be determined by the WMC independently (NGOs can provide guidance, but should not prescribe the decision). This concept should discuss this topic with the community prior to the installation of the water point (as with fee setting in general).

Determination of exemptions requires a complete and up-to-date list of households, and criteria for exemption must be established. For example, "old" is not a definition for exemption, but a specific age or age range (above the age of 70 years) is. After being discussed within the Committee, the exemptions need to be presented clearly to the community and the water point supervisor, so there are less chances of conflict once exemptions are applied.

> **Training Tip: Challenges with cost-based approach for fees**
>
> Although setting fees according to actual costs is sensible from an economic perspective, resulting fee amounts may not be feasible from a demand perspective. WMCs should assess the income situation of their community to understand if fees based upon actual costs are feasible.

Model	Description	Advantages	Disadvantages
WMC Member Supervision	WMC members supervise daily operations on a rotating basis	WMC maintains direct control of the water point and does not have to rely on a third party	WMC members may not have time to manage daily operations
Volunteer Supervision	Volunteers from the community supervise the operations and payment of fees at the water point	Does not cost the WMC money for water point supervision. Provides an opportunity for community participation	Risk of corruption Volunteers may not look after the interests of the WMC
Paid Water Point Supervisor	WMCs pay an independent water point supervisor based upon % of fees collected (for on-the-spot payment)	Establishes a dedicated person or group of persons whose sole responsibility is operation of the water point (including user fees)	Requires payment Also may not focus on WMC interests, but this is easier to mitigate than a volunteer (the WPS can be fired).

Non-payment of Water Fees: Another decision point for the WMC is how to deal with non-payment of fees. It is difficult to refuse clean water to one's neighbours, friends, and family, but allowance of continued non-payment of fees jeopardizes the viability of the entire water point, as principles such as equitable access and transparency are compromised. WMC members can set policies for grace periods (amount of time a user can be late with their payment) under monthly flat-fee models, penalties for paid-users who distribute water to non-users, and even restricted access to the water point for non-paying households for a period of time.

Alternative Operations Models: Water management committees can utilize a number of different approaches to manage the day-to-day operations of the water point. WMCs should discuss the pros and cons of the following operations models:

- WMC Member Supervised Water Point
- Volunteer Supervised Water Point
- Paid Water Point Supervision

Guidelines for a Water Point Supervisor: The Water Point Supervisor (WPS) responsible for day-to-day water service delivery and operation of the water point. Whether the WPS is internal or external to the WMC, WSP is delegated authority to operate the water point by the committee and should in act in their best interest and at their discretion. By extension, the WPS also acts in the best interest of the community, and should consider community members and water users as his/her clients.

Profile of an Effective Water Point Supervisor

As outlined in the discussion of alternative operating models, the WMC may consider recruiting a WPS from outside of the committee. As such, the WMC should evaluate potential candidates carefully, and seek to find a candidate who fills the following profile:

- **Honesty**: the WSP must be trusted by his peers, and must be considered trustworthy by the community and should have no past incidents of unethical behaviour;
- **Good relationship skills**: The WSP should have a strong ability to listen, is able to clearly relay messages, can act as facilitator in case of dispute, and have good "commercial sense" to encourage non-users to become clients.
- **Literacy and numeracy**: The WSP should have a sufficient level of education to write, count and calculate accurately, present the water point operation data to the committee and/or community during public meetings;
- **Dedicated**: The WSP, especially as a paid employee of the WMC, should not be engaged in other commercial activities while serving his/her term.

> ### ⚠ Women Water Point Supervisors
> Considering that most household members tasked with collecting water are women, WMCs should seriously consider women candidates for the position. As trust between the WMC and community members is such an important issue, women from the community who understand the particulars of water access (and being the ones likely to determine the *value* of the service), can offer their experience and interest in improved water service delivery as a basis for good performance in managing the functions and day-to-day operations of the improved water point.

Responsibilities of the Water Point Supervisor

Oversee safety and cleanliness of the water point:
- Avoid sources of pollution that could endanger water quality (i.e., animals, garbage, stagnant water, vegetation) and thus health of community members;
- Act as a facilitator for water point users in case of dispute, ensure order and calm during distribution, facilitate the orderly arrivals and departures of customers;
- Ensure that the water point is accessible during opening hours (punctuality), and "secured" outside opening hours (lock, valve, fence, etc.) to avoid free riders and damage to the water point.

Provide excellent client service to water users:
- Listen to user requests and suggestions and address water user complaints and requests professionally and respectfully;
- Collect the contributions of users in a transparent manner, keep it safe from the duration of the

opening of the water point (if on-the-spot fees are collected);

- Hand over users fees to the treasurer daily (or as agreed by the committee), with a full accountancy of receipts and water point visits.

To monitor water point operation indicators at the water point:

- Complete a daily "water distribution" logbook (see hereunder), which should include: number of jerry cans delivered and the number of unique users;
- Share data and information on a regular basis, including results of monitoring, respecting the format and the required frequency (week, month, year);
- Present the water point outcomes (number of people served or cans, total revenues collected, major events) at monthly meetings and/or General Assembly meetings

Act as a Community Liaison and Communicate Effectively

- From the water point to the attention of the Committee: requests or complaints of users, reports of abuse or agitation, and deterioration of infrastructure;
- Effectively communicate changes in policy or circumstance regarding the water point. Examples include exceptional interruption of service for repair, modification of opening hours, and pricing changes;
- Debrief other supervisors on any challenges with water point function or other challenges prior to shift change.
- Promote good hygiene and sanitation practices, in collaboration with WMC hygiene promoters and community RECOS.
- Advocate for timely and adequate payment of user fees as a means to maintain water point sustainability.

> **Training Tip:**
> This section has been included in detail for those implementing partners who are promoting independent Water Point Supervisors. As not every partner (or WMC) is pursuing this model, the facilitator should adjust the time spent describing the role and responsibilities of the Water Point Supervisor accordingly.

Water Distribution and Fee Collection: Water point management of the service delivery and distribution will be one of the most important facets of the overall work and mandate of WMCs. The role of the WPS is therefore critical, as features of this position discussed above will also determine the quality and sustainability of the service, since the delivery and access of the improved water point via the service will be the primary contact and visible interaction that communities have in order to judge the value of the service being provided. Therefore, having a good tool to track and record the service delivery is also paramount. A simple log can help aid transparency and accountability, while also serving several other important purposes for Water Management Committees:

→ If followed regularly, it can help members of the Committee to constantly improve the water service quality for customers (e.g. identifying when the "rush hour", or busiest times are at the

water point; when is it most important to enforce queuing? Can service quality be improved at the busiest times by having another person assist supervision?)

→ Can allow committee members oversight on Water Point Supervisors' work to better control the quality of service and monitor performance (i.e. tracking number of users and usage on specific days over time, or number of containers distributed between different WPSs—able to identify management needs, capacity building for WPSs or corrective actions, or termination of position for fraudulent behavior)

→ Clarifies and simplifies the cash responsibility, and helps to monitor transfer of funds/payment from users to WPS to the treasurer and WMC members in a more transparent way.

→ Activities at the water point involving collection of fees or management of water service delivery are important topics to cover at General Assemblies and public meetings, in order to ensure that the community receives regular reports, updates, and is able to provide feedback on discrepancies or irregularities in distribution or fee collection.

> **Training Tip: Flexibility of Water Distribution and Fee Collection Log**
> The table above is given as a template. Facilitator is advised to mention at this point that the committee can and should include modifications on the Water Distribution and Fee Collection Log to adapt to their specific context (e.g. different-sized water transportation containers can be distinguished with specific columns, or number of containers distributed within the exemption of payment for vulnerable households).

MANAGEMENT TOOL III.1: Water Distribution and Fee Collection Log

DATE	AM	PM	WSP NAME	NUMBER OF JERRY CANS	NUMBER OF WATER USERS	FEES COLLECTED	SIGNATURE OF WSP	FEES RECEIVED	SIGNATURE OF TREASURER

Exercise 2: A Case Study in Determining Water Fee

Facilitator(s): this exercise is merely illustrative, and emphasis needs to be given to the fact that the figures provided are not meant as an indication of what the committees *should* charge to the users for service. The Committee will have to collect information by themselves after the training is complete to base their decision on local context. Facilitators can also point out that setting water fees is covered extensively in Module V, and preemptively to a lesser extent in Module IV.

Description of the context: A Water Committee wants to define an appropriate cost for the water service they provide to the population. Committee chose Cash-and-carry model for fee collection, according to the technology selected for the Improved Water Point and willingness of the community. Objective of the Committee regarding sustainability of the Water Point: **achieve coverage of day-to-day operation of the infrastructure, and major repairs (Equilibrium 2).** Refer to module 2-A for the list of equilibrium within the WaSH Consortium approach. Important information:

The average water consumption of a household is about 4 jerry cans a day.
Committee decided they do not want the households in the village paying more than 3% of their income in water

This exercise is assuming that the village does not grow in size and the average water consumption of households stays the same throughout time.

VILLAGE	Total number of households (HH)	number of HH exempted from payment (vulnerable)	Number of HH not using the water point
	250	10	40
	Participatory	**Household economic survey**	**Cost-based determination**
How data was collected	Data collected with a qualitative survey during a General Assembly	Data collected during a quantitative survey among village households	Equilibrium 2 cost was calculated to achieve coverage of day-to-day operation of the infrastructure, and majors repairs
Figures from data	Resulting average price for a 20Ljerrycan of water: 25 FC	Resulting average income per family in the village: 100, 000 FC a month	Equilibrium 2 is estimated to 94,000,000 FC over a period of 10 years

Questions for Participants:

How many households are going to be using the water point daily? How many jerry cans a month does that amount represent?
Determine the price of a single 20L jerry cans of water according to the household economic survey.
Determine the price of a single 20l jerry can according to the cost based determination.
Are all approaches giving the same price for a single 20l jerry can of water?
If Committee sets the price to 25 FC a jerry can, will they reach Equilibrium 2 (coverage of day-to-day operation of the infrastructure, and majors repairs over a period of 10 years)?

Exercise time: 25 minutes maximum

SESSION III-C: Customer Relationship Management

Duty of Service to Customers: This principle established a responsibility for WMCs in all interactions between their "clients" (i.e. water users) and themselves as the "service provider" up until the time of consumption by the client. A "customer service" orientation adds value to a service, and builds more enduring relationship between client and service provider, increasing the confidence of the client in the value of the service. Good customer service-related activities can be something as simple as having a friendly and welcoming Water Point Supervisor, or a mechanism for ensuring that water users have the ability express their dissatisfaction or preferences for the improvement of the service.

Good customer service provides an experience that meets customer expectations; therefore it is very important for the committee to know what aspects of the service are satisfactory to water point users, and the aspects that are not satisfying the customers. Knowing what good customer service "means" involves developing good relationships with customers. It also means creating advantages for both customers and the service providers alike:

→ Customers benefit because the business is providing a service that meets their needs.

→ The business benefits because satisfied customers are likely to be repeat customers. They will stay with the business.

→ Bad customer service on the part of service providers, or a bad experience by clients and users can generate complaints, the perception of lost value or inconvenience, and can result in declining use of the water point service (i.e. due to reversion of collection from unsanitary or contaminated sources).

> **Training Tip:**
> Good customer service is not easily achieved, and takes time to establish—while the effects of bad customer service can more rapidly influence behaviour. Use the *virtuous circle* to illustrate what happens if *any* step on the virtuous circle goes wrong, especially the interface between committee and water users or community, and how this relates to the idea of good customer service.

Notification for interruption of service for maintenance: Part of good customer service is making sure that clients remain informed. Therefore, notification of changes in service, even temporary suspension of services for any reason, is a basic level of communication that needs to be managed by the WMC. The committee should announce all positive and/or negative changes (e.g. extending operation hours, improving water point infrastructure or surroundings, etc.; or negative changes such as increases in fees, restriction of operating hours, or limitation of distribution e.g. for social or environmental reasons such as conflict or draught).

WMCs need to take three considerations before initiating a notification for a change in water services to their communities:

1. *What is the information we want/need to communicate?* This question needs to be well considered beforehand, to avoid incomplete or inaccurate information being passed to customers, or to avoid misunderstandings/misinterpretation of the information. WMC members need to consider what information to include and how subjects need to be transmitted or discussed.

2. *To whom do we need to address the information?* It can be the whole community, water users only, non-water users, or vulnerable households.

3. *What is the appropriate means of communicating the information to the community?* Such as: Water Point Supervisors, Village Chiefs, local/regional health authorities, public meeting or gathering, direct at the household level (i.e. individually), etc.

(Module 7 on Conflict Resolution and Public engagement provides further details on this subject)

Listing Households in the Community: A convenient tool to manage relationships with water users (and to identify non-water users) is a basic list of households within the community. A simple table as presented below requires frequent updates, and to be accurate. According to the needs of the committee: what decisions or activities will be carried out with such a tool?

MANAGEMENT TOOL III.2: Household list

Sector (Neighborhood)	Name of Family at Household	Number of HH members	Vulnerable?	Actively using Water Point?	Paying Water Fees?

SESSION III-D: Maintenance of Water Point

Operations of the water point include the day-to-day management of the water point such as hours of service, access, and user fee collection. Maintenance of the water point relates to water point functionality, and periodic tasks required for the water point to remain in good working order. WMCs need to develop their knowledge of the basic technical requirements for water point maintenance to be performed by WMC staff, *or* by a qualified *maintenance service provider* (MSP, for more technical or skilled repairs).Typically, maintenance can be segmented into three types:

On-going Maintenance, is maintenance that can be carried out without interruption of water service/water point operations. This includes tank cleaning, cleaning of drains and spillage areas, cleaning of area inside of the water point fence or gate, clearing of brush, weeds, grass, etc., around the water

> **Training Tip: Household list**
>
> The table above is given as a template. Facilitators are advised to mention that the committee can simply adapt the table according to their specific needs, especially as to whether to incorporate water fee payment, tracking exemptions for vulnerable households, or non-payment by those that are required. See the paragraph about water fee exemptions to define more precisely what criteria.
>
> **Training Tip: Keeping Up-to-date and Comprehensive Maintenance logs**
> Maintenance logs serve several important purposes:
>
> *WMCs*
> - **Verify** type, frequency, and timing of breakdown is consistent with manufacturer guidelines. This important to understand if equipment has manufacturing defects;
> - **Indicate** if previous maintenance and repairs were conducted as reported;
> - **Track** expenditures on maintenance and repairs in order to adjust expenditure projections in business plans;
> - **Adjust** stocking levels of spare parts.
>
> *Public agencies and NGOs*
> - Increase understanding and documentation of common causes of water point failures. This can inform technical assistance efforts and staffing efforts (NGOs) and possibly to improve monitoring of water services (SNHCR).
>
> *Maintenance Service Providers and Spare Parts Suppliers*
> - Better plan for spare parts inventories;
> - Adjust training of technicians;
> - Increase timeliness of diagnosis and repairs.

point. In case of an existing source, on-going maintenance interventions can include cleaning surroundings of the water point, cleaning of drains and spillage areas, minor repairs on fences, repairing the water nozzle. These tasks should be easy to manage, but the WMC must provide oversight to operators, water point supervisors, technicians, and other members of the committee to ensure that these basic tasks take place on a regular basis (see *Management Tool III.4 Maintenance Schedule*, below).

Preventative Maintenance, is regular maintenance to replace smaller mechanical parts whose failure might lead to major breakdowns and mechanical failures. Examples include *O-rings* (seals), *ball bearings*,

connections, and other parts that need to be replaced when they begin to wear. Replacing these parts may prevent more severe breakdowns and reduce inoperability. For example, damaged seals reduce pump capacity and flow-rates, which can affect user satisfaction with increased wait times at the pump, or reductions in service capacity even if still operating. These types of maintenance problems can potentially causing users to resort to water collection from traditional, and often unclean water sources. Water point operators and supervisors are primarily responsible for the identification of signs of wear and tear of commonly replaced parts.

Corrective Maintenance: are major repairs required to resolve a water point breakdown causing suspension or inoperability of water service delivery. Corrective maintenance may still only require the replacement of smaller, less expensive parts, or may require a major repair/replacement activity. The WASH RDC Consortium promotes the inclusion of a water point technician within the WMC. This technician should have basic knowledge of maintenance and repair requirements, but should not be expected to be able to diagnose more complex technical breakdowns. In many instances, WMCs will need to look outside the committee for technical assistance (see Session III-D below for more details on troubleshooting water point break downs). With an existing water source, there are no mechanical parts, but preventative maintenance interventions can include clearing obstructions that block the flow of water, etc.

Basic Guidance on WMC Maintenance Activities: Effective maintenance and repair activities are predicated upon WMCs having:
- At least a basic technical knowledge of the water point;
- Basic tool sets in good condition;
- At a minimum, a small stock of frequently replaced parts (seals, etc.);
- Knowledge of external resources, e.g. maintenance service providers and spare parts suppliers.

Technical Knowledge of Equipment: The cause of water point breakdowns is often difficult to diagnose for someone who has never been trained. It is important for WMCs to record performance characteristics and dates of maintenance operations, especially those relating to malfunction or breakdown. By recording maintenance and repair activities in a maintenance log, the committee is creating a service record that can be examined by external maintenance service providers or WMC technicians to identify patterns of breakdown or malfunction that may indicate a less obvious technical problem.

> **! Maintenance and repair log**
>
> It is recommended that the WMC (especially the technical advisor) establish the maintenance schedule themselves, but with help from the Partner Agency. The timeframe can be adapted for flexibility (e.g. in months, trimesters, quarterly, etc.).

Access to Spare Parts: Facilitators should review the *DRC Hand Pump Spare Parts and Maintenance Supply Chain Analysis* (Absolute Options, 2015) for detailed information regarding improved access to spare parts for water management committees.

The lack of access to spare parts for water point repairs is one of the leading causes of water point non-functionality. Even WMCs are able to generate sufficient income from user fees and IGAs, they still face the challenge of locating spare parts. Several strategies increase access to spare parts for WMCs:

→   Secure Spare Part Sets from Sponsoring NGO

→   Install Pumps which include service and spare parts services

→   Identify spare parts dealers close to the WMC

→   Establish a federation to help facilitate access to spare parts

→   Establish relationships with independent maintenance service providers

Access to Adequate Tools: In its 2014 analysis of the hand pump spare parts supply chain, Absolute Options (AO) found that an important cause of non-repair of water points was the lack of appropriate tools to conduct the repair (or in some cases even to conduct maintenance). In some instances, tools were not secured properly, resulting in loss or theft. In some cases one tool kit was allocated to three or four villages up to 25 kilometers apart. This resulted in delays of simple procedures required to return water points to service. One interesting conclusion was that WMCs did not value tool sets, as they were given for free to the WMC by NGOs. This suggests that tools may best be provided on a credit basis to reinforce WMC perception of cost and value (even if subsidized).

MANAGEMENT TOOL III.3: Maintenance/Repair Log

DATE	PROBLEM DIAGNOSIS	MAINTENANCE/ REPAIR IMPLEMENTED	PARTS USED	CONDUCTED BY	INTERVENTION COST	APPROVED BY	NEST ESTIMATED SERVICE DATE

Training Tip: Increasing Accessibility and Availability of Tool Sets
One NGO in the WASH RDC consortium is piloting an approach whereby private maintenance service providers maintain multiple tool sets to be leased to WMCs on a short-term, low-cost basis (which is essentially a service fee). This has the potential to reduce NGO expenditures on tools, minimize WMC spending on tools, and can reduce the risk of theft or loss, while increasing the likelihood that tools are maintained in good condition.

Maintenance Schedule: A critical tool for WMCs to effectively manage time timing and cost of required maintenance (all three types), a comprehensive maintenance schedule should be established and adhered too. A maintenance schedule lists all required maintenance and parts replacement tasks, frequency and timing of maintenance task, and the expected cost of maintenance task.

MANAGEMENT TOOL III.4: Maintenance Schedule

#	ITEMS/TASK	FREQUENCY OF MAINTENANCE	TIME NECESSARY FOR REPAIRS	ESTIMATED COST OF MAINTENANCE	CALENDAR											
					S1	S2	S3	S4	S5	S6	S7	S8	S9	S10	S11	S12
1	**Water collection tank**															
	Cleaning of Collection Tank	yearly	1 day	20,000 FC		●		●		●		●		●		●
	Flow-rate Check of the Spring	yearly	1 day	0 FC			●		●		●		●		●	
2	**Reservoir and pipe-system**															
	Cleaning of reservoir	yearly	1 day	50,000 FC				●		●		●		●		●
	Overflow and drainage chanel Check	6 monthly	1 day	0 FC	●	●	●	●	●	●	●	●	●	●	●	●
	PVC pipes condition check and suroundings sanitation	6 monthly	2 days	50,000 FC	●	●	●	●	●	●	●	●	●	●	●	●
3	**Community fountain**															
	Community tap replacement (6) for community fountain #1 to #3	2 yearly	2 days	100,000 FC				●				●				●
	Community tap replacement (6) for community fountain #4 to #6	2 yearly	2 days	100,000 FC					●				●			
	Full cleaning of the distribution area (platform, surroundings, Manual Handpump)	yearly	1 day	50,000 FC			●		●		●		●		●	●
	Reconstructing fencing around the water point	2 yearly	2 days	300,000 FC			●				●				●	
4	**Water quality testing**															
	Sampling and basic analysis of water	yearly	1 day	O FC	●		●		●		●		●		●	
	TOTAL			2,670,000 FC	50	120	400	220	200	120	400	220	200	120	400	220

Exercise 3: Creating a Maintenance Repair Log and Maintenance Schedule

Facilitator(s): With printouts of tools III.3 and III.4, assemble two groups between the participants. Have one group work with tool III.3 to create a Log of all the existing repairs conducted or made for the water point. Let the second group work with tool III.4 to create a schedule for all maintenance are repairs as listed above (or slightly modified based on activities of WMC). After 15 minutes of each group engaging their tool, let the group come together to see if they can reconcile the two (i.e. current maintenance with expected maintenance and repairs). Another advantage of a maintenance schedule of high quality (aside from being able to anticipate breakdown and a high quality water service) is to forecast maintenance expenses, as displayed in the last row of the table above. See if participants can account for maintenance expenditures and come up with a set of annual costs.

Exercise time:30 minutes maximum

SESSION III-E: Addressing Water Point Breakdowns

Rapid repair of water point breakdowns is critical to minimize service disruption to paying water users. Water point repair is one of the core duties of the WMC. Failure to repair breakdowns in a timely manner hurts the committee's reputation and mandate, and may push water users to return to traditional sources of water. Preparedness demonstrates professionalism of the committee members and helps mitigate long repair times. The hypothetical repair scenario below is a checklist to help committee members respond to break downs and malfunctions, including key actions at critical stages of breakdown and repair, and important reminders to avoid repair bottlenecks and delays.

Figure 5: Example of an effective response to a water system breakdown

STEP	WHAT	WHO	HOW
1	Witness breakdown or default, and feed the information back to the Committee	Water Point Supervisor	By informing the Committee president
2	On-site breakdown diagnosis	Technical Advisor	By referring to the technical documentation
3	Inform water users of the breakdown, and what the Committee plans to do to fix it	Water Point Supervisor	By relaying information given by the Committee to the water users, at the water point
4	Check spare parts available in stock	Secretary or Technical Advisor	By checking the stock logbook, & visiting the actual stock
5	Check cash availability in the cashbox	Treasurer	By checking the cash box & counting the actual cash with all Committee members
6	Call Maintenance Service Provider for a quotation (if the breakdown requires intervention of a MSP)	President	By providing necessary information about the breakdown, the spares requires and tools available, and agree on pricing and invoice issuing.
7	Call WMC meeting	President	By calling an extraordinary meeting
8	Decide about the intervention (should it be carried out or not?)	Water Management Committee	In extraordinary meeting, by sharing everybody's information and opinion
9	Supervising the intervention, quality of repairs	Technical Advisor	Being present at the water point during repairs and verifying operation of the water point once repairs are carried out
10	Requesting invoice before paying the MSP	Treasurer	By informing the MSP about the necessity of issuing an invoice to get paid
11	Update the maintenance and stock logbooks,	Secretary	By clearly stipulating breakdown identified, repairs carried out, tools and spares used for this repair

> **! Training Tip: Working through water point breakdown procedural table**
> The table above is not meant to be *adapted* by committees per say, but having participants discuss and work through each step in local language can be useful in illustrating the process. Allow time for participants to copy the table on their notebook or paper, especially the first two columns. The third column "how" is for the facilitator to provide explanations, in helping participants understand how each step in achieved and the process involved.

Exercise 3: The Water Point Repair Game
Exercise time:30 minutes maximum

The topic of the exercise is simple: each member simulates a character in this exercise (see list of characters on following page), with the facilitator acting in the role of the repair technician. A turn corresponds to one issue and one action of all players. Each turn should represent one day, and should be completed in less-than one minute(in the game, each minute represents one day, with a 30 minute maximum). If the conclusion of the game (i.e. 30 minutes) is reached before "committees":

1. Complete a repair before the time runs out, AND
2. Obtain an invoice from the Maintenance Service Provider and archive it, AND
3. Maintenance is noted in a notebook or on a sheet of paper.

The committee will have to resolve differences with the community, who are "unhappy" to have contributed water fees for repairs that did not occur ("community members" may demand the dissolution of the Committee, or other actions be taken as a consequence). The team wins if it manages to complete all three points listed above.

Some rules:
*   Players must ask right questions to get the information to enable them to resolve the situation.
*   Every action must be directed towards another "role player" assigned by the game.
*   Committees can only take action in agreement as a whole. (discussion on the decision-making process should follow after the game)

Necessary materials:
*   Calendar
*   Cards with figures (1 to 8)
*   An estimate invoice form on which the facilitator records the intervention price.

Some information in advance:
*   The breakdown cannot be repaired by a community member (replacement of a complex part), and it is blocking the operation of the water point (meaning, no water for users)
*   The committee has a pre-selected a maintenance model using a Maintenance Service Provider
*   The president has the Maintenance Service Provider phone number
*   Prices have not been talked about prior to this intervention, which complicates the task
*   The Committee has an income-generating activity that can be sold in case of insufficient fund. Its sale will cover what happens repair costs

Some parameters are determined randomly (roll of dice, or card picking), including:
*   The cash available (treasurer pulls 1 card, multiplied by 10,000 gives the cash available)
*   The price of the repair (MSP pulls 1 card, multiplied by 10,000 gives the intervention price)
*   The number of days to sell the Income Generating Activity (treasurer pulls 1 card)
*   Response time of the service technician (MSP pulls 1 card, giving number of days)

List of roles and relevant information pertaining to the game:

No.	Training Participant	Character	Role and check list for game master
1	Committee member #1	Water Point Supervisor	Notes that the water point is down, and gives information to the Committee. He communicates the information to the population (asking the President for information: the date on which the water point will be back in business), tries to calm down the unsatisfied customers, who start using another source of water the first day outage.
2	Committee member #2	Water point users	Start using another source of water the first day of outage, ask questions about the repairs, what the committee is doing, what is their money being used for.
3	Committee member #3	Treasurer	Must verify that money is available for repairs, before giving his consent to disburse funds. If money is not available, he must sell the activity Revenue Generator (card pull) Must request an invoice to the service technician before repairs are carried out.
4	Committee member #4	Secretary	He has access to the stock and knows how much spare parts the Committee has. He must complete the maintenance and stock logbook after repairs.
5	Committee member #5	Technical Advisor	The counselor makes the preliminary diagnosis and passes the information to the President. He has to go to the water point for diagnosing failure. He monitors the achievement of the technician's work, tests the functionality of the water point and gives its technical agreement for payment once repairs are carried out
6	Committee member #6	President	He calls the technician (he has his phone number) and specifies the necessary information to the technician for intervention about the breakdown, the spares requires and tools available, and agree on pricing and invoice issuing. He must ask three things to the MSP: 1. an estimate quotation, 2. does the technician has the tools and the part in stock, 3 necessary time for intervention and repairs. Gather Committee member to decide on the intervention
7	Maintenance service provider	Facilitator	Question to ask: • Did the technical advisor go to the water point? • President does ask for a quotation estimate when calling the MSP? • Committee verified that the money available can cover all repair costs? • Do they take the decision for MSP intervention together? • Has the stay of the MSP (accommodation and food) been included in the quotation?

After the game is finished, a discussion should be organized to ask the committee what they could have managed differently, and what improvements can be made to the checklist.

SESSION III-F: The Virtuous Circle of Quality Water Provision

While *Module II* introduced the notion of the quality service via the Virtuous Circle of Water Service Delivery, the concepts are expanded here and illustrated again in terms of what is traditionally a phased cycle that starts with the adoption of good governance practices by the WMC, including proper management of operations, maintenance and repairs. This figure highlights the major objective of sustainability of the Water Point (circled in red), illustrated by the position of different actors in achieving sustainability for the community-managed asset of an improved water point. It is especially important in the early stages of the partner NGOs "exit strategy", or the discontinuation of programming (or "phase-out"), when the committee's ownership of the water point and management in water service delivery is fully established.

MANAGEMENT TOOL III.5:Service-Revenue Virtuous Circle in the O&M Context

> **Training Tip:**
> Reinforce the notion that proper operations and maintenance results in continued delivery of quality water service to the community. Contextualize the conversation within the virtuous circle, reinforcing that quality water service leads to increased payment of user

Note 1: Responsibilities of the Water Point Supervisor

Oversee safety and cleanliness of the water point:

Avoid sources of pollution that could endanger water quality (i.e., animals, garbage, stagnant water, vegetation) and thus health of community members;

Act as a facilitator for water point users in case of dispute, ensure order and calm during distribution, facilitate the orderly arrivals and departures of customers;

Ensure that the water point is accessible during opening hours (punctuality), and "secured" outside opening hours (lock, valve, fence, etc.) to avoid free riders and damage to the water point.

Provide excellent client service to water users:

Listen to user requests and suggestions and address water user complaints and requests professionally and respectfully;

• Collect the contributions of users in a transparent manner, keep it safe from the duration of the opening of the water point (if on-the-spot fees are collected);

Hand over users fees to the treasurer daily (or as agreed by the committee), with a full accountancy of receipts and water point visits.

To monitor water point operation indicators at the water point:

Complete a daily "water distribution" logbook (see hereunder), which should include: number of jerry cans delivered and the number of unique users;

Share data and information on a regular basis, including results of monitoring, respecting the format and the required frequency (week, month, year);

Present the water point outcomes (number of people served or cans, total revenues collected, major events) at monthly meetings and/or General Assembly meetings

Act as a Community Liaison and Communicate Effectively

From the water point to the attention of the Committee: requests or complaints of users, reports of abuse or agitation, and deterioration of infrastructure;

Effectively communicate changes in policy or circumstance regarding the water point. Examples include exceptional interruption of service for repair, modification of opening hours, and pricing changes;

Debrief other supervisors on any challenges with water point function or other challenges prior to shift change.

Promote good hygiene and sanitation practices, in collaboration with WMC hygiene promoters and community RECOS.

Advocate for timely and adequate payment of user fees as a means to maintain water point sustainability.

Note 2: Options for Payment of the Water Point Supervisor

The Water Point Supervisor is in charge of several crucial responsibilities in line with the management of the Water Point. Not only will she/he distribute water to users, but they are responsible for ensuring that members of the community are able to access water safely and conveniently. The WPS will in some instances be the ones responsible for collecting water fees; but in any case they will have the most frequent interaction with the most stakeholders who have an interest or who choose to access water from the water point (i.e. committee members, water users, visitors, health and/or other public sector officials and traditional authorities such as village chiefs, police, et al), she or he will also be in charge of keeping the water point and its surroundings clean and hygienic (typically under the "small doable actions"—PAFI—identified under the early community mobilisation. The position of Water Point Supervisor is of a very high importance.

Considering the Water Point Supervisor responsibilities and duties, some sort of payment may need to be considered for this position, and according to parameters set up by the WMCs, and approved by general assembly or via conference with the community at large. Responsibilities need to be explained to the applicant before signing a contract, and agreed by the WMC and the applicant.

3 options for Water Point Supervisor payment modalities are described here:

No.	Fixed wage	Indexed wage	Comments
Option #1	YES	NO	This setup is not promoting commercial behaviour from the Supervisor or new water users prospect, and imply fixed expenses for the committee (independently from the amount of fees collected); but can help keeping someone who is giving satisfaction to the committee.
Option #2	YES	YES (example : 10% of collected fees)	This setup allows good balance between : initiative and commercial behaviour for the supervisor budget forecast for the WMC
Option #3	NO	YES (example : 10% of collected fees)	This setup motivates the supervisor to work at his best, but can put him in a difficult situation if the community utilisation of the water point decreases seasonally for example, or if his share is miscalculated, or encourage corruption

Takeaways and Next Steps

What are the key concepts that facilitators should emphasise?

- Decide hours of operation

- Decide on preferred model for user fee collection, after discussion about the pros and cons of specific models according to the technology foreseen (or already installed) for their village

- Make sure committees are well aware of methods for dealing with non-payment of fees.

- Ensure that committee members discuss approaches on supervision of day-to-day operations of the water point, and whether appointment will be made for: a committee member Water Point Supervisor (WSP); a volunteer WSP; or a paid position for WSP.

- Identification of potential candidates for the position of Water Point Supervisor.

- Adaptation (if necessary) of water distribution and fee collection log according to the technology applied (or if an improved water point is already installed) for the village.

- Discuss the need to draft a list of households within the community.

- Gather some information on Technical Knowledge of water point equipment (potentially needed), tools, spare parts suppliers and maintenance service providers locally or regionally.

IV. Basic Financial Management

Facilitator Guidance

Module Objective: To promote good practices in financial management through the identification of key concepts, and the use of basic tools and procedures for cash management, accounting and record keeping. Committee members should be able to link tools and concepts in an overall financial management framework.

Required Time: One full day

Materials Needed: A1 copies of key tools listed below

Flip chart, markers, calculators,

Participant hand-outs

Session-by-Session Checklist:

Estimated Session Time	Key Concepts	Key Tools	Exercises
Session VI-A: Introduction & Stewardship of Water User Fees ⚠️ ☑			
30 minutes	Key Definitions: Stewardship, Transparency and the delegation of Responsibility and Authority.	-Key concepts and terms related to defining financial management.	**VI.1** Discussion of Concepts – Transparency, Accountability, Stewardship and Public Mandate. **Time:** 15 minutes **Exercise Materials:** Flip chart, markers.
Session VI-B: Water Fee Collection and Revenue Generation ⚠️ ☑			
30 minutes	What is the basis for a user's tariff? How will tariffs be generated and collected? Flat rate vs. consumption-based tariffs; timing and scheduling;	-Key concepts and terms related to defining fee collection.	**VI.2** Discussion of Payment Systems possible Pros and Cons when committees use/accept alternative forms payment. **Time:** 15 minutes **Materials:** Flip chart, markers.
Session VI-C: Record Keeping & Financial Policy Documentation ◯ ☑			
20 minutes	Demonstration and discussion of good financial procedures; used in transparent and accountable way; committees accept responsibility, and are accountable to their communities.	-Presentation of topics on good financial procedures	**VI.3** Discussion of Financial Management and Records **Time:** 10 minutes **Materials:** Flip chart, markers.
Session VI-D: Defining Roles & Responsibilities for Financial Management ⚠️ ☑			

Estimated Session Time	Key Concepts	Key Tools	Exercises
30 minutes	Who is responsible for what in financial management? Preparation of transactions and review. Proposed roles for community members' representatives.	-Example of a Well-managed Procurement Process	**VI.4** Role Play: Procuring a Spare Part. **Time:** 20 Minutes **Materials:** Blank A4 printout of procurement example, or a flip chart version. Markers.
Session VI-E: Petty Cash management ◯ ✓			
60 minutes	Guidelines options for cash management; Reducing the amount of cash on-hand; Cash top-ups; Balance of payments by users made "in-kind".	-Payment Log for Daily Fees (&/or) -Payment Log for Flat Fee Payments -Basic Cash Ledger -Example of a Well-managed Procurement Process	**VI.5** Working with Payment Logs and Cash Registers. **Time:** 40 minutes **Materials:** Flip chart, markers.
Meal Break – One Hour			
Session VI-F: Assets Management, Cash Storage and Protection ⚠			
60 minutes	Introduction asset management; cash storage and protection; tracking assets and inventory; Registers/Registration; Physical audits; Cash Counts; Cash Box Use of Banking Services; Seed Capital/Savings Groups; IGAs.	- Basic *Durable* Assets Ledger - Basic *Tradable* Assets Ledger -Example of a Well-managed Procurement Process	**VI.6**Reconcile Assets with Cash – Feasibility of Tools to Safeguard WMC Funds. **Time:**30 minutes **Materials:**Flip chart, markers.
Session VI-G: Transparency and Reporting ⚠ ✓			
30 minutes	Financial reporting and monitoring systems; Consultation with community; Schedule; Cash reconciliation; Monitoring expenditure & budgets.	-Financial Reporting Schedule & Responsibilities -Financial Sustainability Tracker (See Module VI)	**VI.7** Tracking Financial Sustainability. **Time:**20 minutes **Materials:**Flip chart, markers.
Session VI-H: Preliminary Budgeting (Equilibrium 1 Forecasting) ⚠			
60 minutes	What is a budget? Direct/ indirect expenses; Sources of income; Line items; Transfers; Consolidated figures; Surplus or deficit.	-Preliminary Budget Template	**VI.8** Budgeting Exercise. **Time:**40 minutes **Materials:**Flip chart, markers, calculators.

Session IV-A: Introduction to Stewardship of Water User Fees

This module is meant to emphasise two important facets of water point management and sustainability:

first, that the long-term viability of community-organised water service delivery will **depend on the ability to generate revenues that can cover all costs** related to overseeing and protecting the water point/source, management and maintenance of the hardware and/or technical installation(s) or facilities used to operate the service; and **second**, that the **community will be more likely to support the need for revenue generation via the service model** if financial management of revenues from tariffs are

> **Training Tip:**
> Ask participants about basic expectations. Take 2 – 3 minutes to ask for ideas or experiences regarding community based capacities in financial management and/or fee setting and collection for services, as well as why it would be important for committees to have these basic capacities in general.
>
> Importantly: what are their ideas about what "stewardship" means?

handled openly and transparently through proper accounting procedures followed by management committees.

What is stewardship? Stewardship is dependent on transparency and transparent processes for management. What does it mean to be "transparent", and why is transparency needed?

> *Transparency* makes people feel better about the cost implied in paying for a water service. *Suspicion can arise if community members do not know what is decided, why certain decisions are taken and how their financial contribution is used. Even if lack of transparency is not intended, people may decide to stop paying their financial contributions. This puts the sustainability of the water system at stake. Transparency must be ensured.* **You can assist a water committee to put mechanisms in place to keep the community at large informed and, where needed, involved**. *About transparency: Financial management and transparency are among the more problematic aspects of community management. Some of the more common problems are* (Bolt and Fonseca, 2001):
> - *Influential individuals are placed in positions of financial responsibility and run the project without accounting for their actions to the community;*
> - *Conflict arises when individuals or groups wish to gain access to the funds by using their influence and power in the community;*
> - *Members of the committee who are trained in financial control, might leave the community once they have gained the skills to pursue a more attractive livelihood elsewhere;*
> - *Lack of clarity about how money is spent.*

Key Definitions: *Stewardship is an ethic that embodies the responsible planning and management of resources*. A ***Steward*** |ˈst(y)o͞oərd| noun, is:

1. *A person who looks after something.*
2. *An official who is appointed to supervise arrangements or keep order...*
3. *A person employed to manage property, or a person whose responsibility it is to take care of something.*

Stewardship of the water point/source and management of water service delivery means that committees act as "stewards" (i.e. caretakers, *responsables*, charges, etc.) when they use as a basis for their roles and responsibilities, the premises of openness and transparency. A (public) steward acts in her/his role

primarily because of the way the entire community benefits, in the case of water management committees in terms of WASH, from maintenance of service delivery. Therefore, the community has an incentive to support, i.e. demand the service (through [cash, etc.] payment)

Delegation of Responsibility and Authority "is an authority obtained from another that has authority [i.e. community] since the authority does not naturally exist. Typically this is used in a government context where an organization that is created by a legitimate government, such as a Board, City, Town or other Public Corporations to allow them to legally function in the name of the [community authority]."

The delegation of responsibility for the water point management must be made *by* the community, through the collective engagement *of* the community. With the community's input (including relevant local governmental authorities, local government bodies or departments, tribal or village Chiefs, etc.) delegating the responsibility of water point management to the committee becomes a collective action for managing the local community resource of a water access point.

This is also what's known as a ***Public Mandate***. The public mandate gives the water management committee authority to take action in maintaining and managing the delivery of water services on behalf of community members.

Exercise 1: Discussion of Concepts – Transparency, Accountability, Stewardship and Public Mandate

Facilitators: Some of the concepts may remain vague or unclear. Try to engage the subject a bit deeper with participants to see if they can come up with their own ideas about the subjects by giving examples of each from their own experience and by agreeing on the key word or phrase which best translates the concept in their local language. See if they can provide examples showing how the concepts are interrelated. Help them to probe deeper if they're getting one example, but not able to show how they are connected to one another. **Exercise time:15 minutes maximum**

Session IV-B:Water Fee Collection & Revenue Generation

Training Tip:
Take 2 – 3 minutes to clarify what is meant by "revenue". Make sure that participants are following the idea of revenue generation as a fundamental component of the service delivery approach for water access. Refer to the virtuous circle of quality service and revenue generation.

Though many examples will be given of service delivery and fee collection here, facilitators should focus on specific examples related to the participants' own context (i.e. type of water source or technology installed at point of delivery, means and ability of billing, etc.)

Again it is important here to highlight the service delivery model being applied to water point management by committees.

While user fees will be discussed in more detail under the "Business Planning" module, here we should be thinking about recapping some of the key mechanisms for generating/billing fees and payment; the basis of setting fees relative to needs in the community; and the actual means of collecting revenues from fees generated by the service via water users.

Delegation of fee collection responsibilities: committee should propose a suitable means of water distribution and collection of fees from users. The basis of the fee will determine how it is most effectively and efficiently collected by the delegated person responsible. A fee collection system must be:

- **Accurate** – in order to minimise complaints from users;
- **Convenient** for both users and the committee – easy and/or flexible payment systems around community member needs;
- **Safe** – in order to reduce risk to committee staff and/or users by using a secure basis for handling cash;
- **Fair** – payment structure defined and applied according to definitions agreed upon by users;
- **Enforceable** – that collection system can be executed to maximum effect, including suspension of service to non-paying users.

What is the basis for a user's tariff?

Committees will have to decide not only how much to charge, but what the fee-rate will be. Setting the rate should be taken in consultation with community members or the representative body of community members or groups. Rates could potentially include:

- *Flat rate*
- Consumption-based tariffs, such as:
    - Per Litre (L)
    - Per "jerry can" or approximately 5L
    - Per 25L or approximately 5 jerry cans
    - Per month: individual user or household rate, etc.

Timing and scheduling of payment by water users will also have to be defined:

- At source each time and/or quantity (unit) water taken
- Whether beginning or end of the month/week (if monthly, weekly, etc.)
- Advance or "lump sum" payment

What information does a consumer need each month in considering the design of the bill/receipt of services? Potential items to include in ledgers and financial record books:

- Name – so consumer can confirm it is his/her bill
- Quantity of water consumed/paid for
- Disclosure of Applied Tariffs (consumer can check the accuracy of the bill)
- Other charges (e.g. membership fees, meter fees, etc)
- Monthly statement documenting payments received and any outstanding balances

How will tariffs be generated and collected?

Possible options for collection of water service fees: Committees will have to agree on assignment of responsibility or procedure for the physical collection of fees. The responsibility for fee collection could be assumed in turns by individual committee members on a defined schedule; or the committee could appoint/hire another individual or group of individuals to manage the water point service dissemination and fee collection from users.

Key considerations for payment methods:

- Door-to-door fee collection by WMC representatives
- Payment at committee office where committee issues receipt and marks cash ledger or book
    - Requires regular hours for WUA office to be open
- Payment at a bank into committee bank account with delivery of *pay-in slip* to committee where a receipt is issued
- Payment through mobile network operator (e.g.,Vodocom M-PESA).
    - System is available to set up with mobile phone operator?
    - Convenient for consumers and committee?
    - Committee issues receipt when it receives payment information from MNO
- Committee sets up a collection agent or kiosk – this could be a local shop or business, etc. where payments are safe and convenient for water users.

Payment at the water point: user pays agreed tariff/fee when they go to collect water from the water point. A designated individual/s would be responsible for being stationed at the water point at agreed upon times in order to administer the service and collect fees from users.

Pre-payment: usually defined by a period of time (e.g. daily, weekly, monthly, annually) where a user would be responsible for paying a "lump sum" to cover their service access over the stipulated period of time. Pre-payment could be made direct.

Post-payment: some water management committees are choosing to collect fees at the end of the month to allow households time to earn enough money to pay their fees. However, once the payment cycle has

begun, water fees will still need to be paid monthly whether they are due at the beginning or end of the month. Pre-payment is preferred over post-payment to mitigate non-payment of water collected.

In-Kind & Alternative Modes of Payment: as cash/liquidity can be a potential constraint for members of the community, for any duration of time or in general, committees may have to consider allowing other means of payment by users. For instance:

- Quantifying assets or commodities other than currency, e.g. grain stores, seed stores, produce, livestock, personal assets or other items of value;
- Services performed for the community or on behalf of the committee in performance of a subset of their duties.

An important point in accepting payment alternatives (to currency, such as "in-kind", et al) would have to be **considered in terms of offering some basis of long-term liquidity (monetisation, fungibility)** to the committee in order to meet its own cash needs (i.e. for payment of repairs, maintenance or replacement of hardware, etc.).

If the alternative payment arrangements cannot be liquidated quickly or upon need, it will affect the ability of the committee to maintain the service, and hence, to be able to continue the cycle of revenue generation and service delivery to users. However, it is a potential opportunity to discuss with committee members the possibility of using alternative payment mechanisms for potential users facing cash difficulties. The objective of the payment options should be:

- To make payment as easy as possible for users;
- To make payment system safe for the committee to manage (e.g. a committee member or appointed treasurer that collects cash can create a security risk).

The Physical Provision of a Bill for Services: the managers of tariff/fee systems can often make the assumption that users do not need a statement or bill for the services that they are meant to pay for. The physical bill is important as it provides both a reminder and as a receipt for payment of exactly what is paid for by the user. What is the basis for a consumer's monthly bill?

Exercise 2: Discussion of Payment Systems
Facilitators: What are some possible Pros and Cons of committees using/accepting alternative forms payment? Help participants to probe deeper about the potential effects of using one payment and fee collection system over another in terms of the aspects and characteristics described above. Facilitators should also hold a general discussion about how purchases are currently made for different items, household necessities and other expenditures. Be sure to ask participants what the different methods used *are*, and to get a sense of common practices that influence purchasing/expenditure decisions related to paying for goods and services.
Exercise time: 15 minutes maximum

Session IV-C: Record Keeping & Financial Policy Document

This session will provide guidance on developing basic financial procedures. Applying procedures defined by a set policy can help to ensure good financial management and accounting practice.

Good financial procedures are critical because they will stipulate a set of standards that can help to ensure that resources (both financial and material) can be demonstrated as being used in a transparent and accountable way. It is important that financial policy of committees is well understood by the governing body, as they are all ultimately responsible, and accountable to their community for the proper management of community-based assets and resources.

> **Training Tip:**
> Take 2 – 3 minutes before starting the module to touch again on the concepts of transparency and accountability in relationship to keeping of detailed transaction, financial and business records; and by tracking payments that are made by water users.
>
> Ask participants give ideas about why record keeping is important. Can they talk about how it relates to topics covered in the previous module?

Adherence to financial procedures outlined in a <u>policy document</u>, or a constitution will enable committees to ensure transparent processes aid in its performance by (adapted from CIIR, 2005):

- Committees will be able to show water users that water **assets and cash/payments are safeguarded** by showing that checks and balances, and various controls have been implemented.
- The **reputation of the committee will be better protected** against financial mismanagement by staff or committee members, and will shield it from speculation and rumour within the community.
- Thus, **interests of the water users and of the committee will be better protected** as they relate to quality water access and improved sanitary conditions.
- **An effective policy or constitutional document should clarify relationships** *between* the committee members in general, and between the committee and the community.
- Agreement on the **appropriate segregation of responsibilities** for approval processes and authorisation of expenditures by designated committee members for the management of assets, payments, cash, purchases, and other transactions made by the committee.
- Appropriate designation of financial and management responsibilities can ensure that **financial decisions can be given appropriate consideration** before they are taken, and be appropriately documented.

Exercise 3: Discussion of Financial Management and Records

Facilitators: Here you can take a quick survey of experiences of financial management, book/record keeping of financial records and cash or assets management systems. Look for broad-ranging examples from participants' experiences (e.g. agriculture, shop/store owner, wholesaler, trader, etc.), to relate the themes of accounting, records, transactions... ***How new are the concepts?***
Exercise time: 1**0 minutes maximum**

Session IV-D:Defining Roles and Responsibilities for Financial Management

When setting up an accounting system decisions need to be made on **who is responsible for what in terms of financial management**. It is very important that financial responsibilities are shared and clearly demarcated. One of the most important principles of sound accounting management is that **all financial transactions should be prepared by one person *and reviewed by another***. The purpose of segregating responsibility is to ensure that checks and balances are built into the financial management system.Therefore, it is important to clearly define and delineate specific responsibilities of those charged with managing the committees' finances. The following are examples of specific roles to be debated on adoption and delegation by participants in assigning the specific roles needed and desired, as well as by whom, and how those roles/responsibilities will be carried out (adapted from CIIR, 2005):

Proposed roles for committee members
- Understand financial procedures and structure for documentation and authorisation
- Approve annual budgets (high-level capacity, see Session VI-H) and annual "review" of accounts
- Review income and expenditure reports of the committee

Treasurer's proposed roles
- Overseeing committee adherence to financial procedures
- Authorising financial documents, records and purchases (with another signatory)
- Cash counts, surprise cash counts &review of accounting records

Committee President/Chef proposed roles
- Presentation of accurate, timely and quality financial information in reports to community reps.
- Propose an annual budget to community by reporting on financial 'standing' via records
- Ensures that any/all staff adhere to financial procedures outlined in policy document

Secretary (or Finance Officer depending on management structure) proposed roles
- Records and secures all cash and account records until expensed, deposited or re-invested
- Ensures record of expenditures on water installation/hardware and checks that these are secure and well maintained by the designated officer
- Prepares expenditure documentation for authorization by committee
- Keeps and maintains assets registers (hardware, spare parts, suppliers, pricing, model numbers, etc.) in collaboration with the treasurer.

Figure 7 below provides an example of a process involving a "purchase-order". More advanced committee members should be aware of the different steps in the process of generating a purchase-order from an official request by a committee member, for needed materials, supplies, goods or services that the committee will need to purchase using community funds. Facilitators should cover what each document mentioned in the process is (e.g. a receipt of payment, or an invoice), and why it is needed in order to document the transaction (make sure that the concept of a "transaction" is clear also.

Figure 6: Example of a Simple Purchase-Order Process

Step 1: Purchase Request	Purchase Request Form	Approval: President and Treasurer
Step 2: Authorization to Purchase	Authorised Purchase Request to requesting officer	
Step 3: Committee Request of goods/services	Purchase-Order Form	Approval: President and Treasurer
Step 4: Committee to verify price for goods/services from Vendor	Vendor Invoice	Authorised Purchase Order to Vendor
Step 5: Committee organise Payment to Vendor	Authorised Pyment form sent with funds for payment	Vendor Receives Payment, Committee Receives Goods
Step 6: Committee Verifies Goods upon Receipt	Vendor Payment Receipt	
Step 7: Reconciliation	Record and balance in Assets or Cash Ledger	Reconciliation: President and Treasurer

Table 1: Explanation of a Simple Purchase-Order Process				
Step	**Purpose/Details**	**Originator**	**Approver**	**Form**
1. Purchase Request	Justify purchase need, quantities, specifications, and expected cost.	Water Point Technician, Water Point Supervisor, Hygiene Promoters, Other WMC members	President & Treasurer	Purchase Request Form (internal, goes to committee officers only)
2. Committee authorises the purchase	After approval of Purchase Request, originator identifies suppliers and solicits quotes. WMC needs to determine what amount the committee has available (i.e. budgeted) for the approved purchase, and to locate a vendor who can sell the goods/services at that price.	Same as above	Committee Members would need signatures, typically President & Treasurer.	Authorisation of Purchase-Order Form
3. Committee request of goods and services.	After selecting a vendor, the Committee issues the Purchase-Order to the selected vendor as an official request for goods/services.	Committee Member: Secretary or designated member sent to secure purchase.	n/a	Authorised Purchase-Order Form to Vendor
4. Committee verifies price for Goods/Services in Vendor invoice.	Vendor should give an invoice with the actual price for goods and services requested by committee (i.e. designated member).	Vendor	Secretary (or designated member securing purchase) & Treasurer	Vendor Invoice
5. Committee to organise payment with funds sent to vendor for invoiced price of Goods/Services	Treasurer in presence of president and secretary withdraws appropriate amount of committee funds for payment. President and Treasurer log/record deduction of cash or assets used as payment.	Committee passes payment through designated member securing purchase to the Vendor to make payment and receive goods.	President Treasurer	Cash Log, Plus Receipt of Payment from Vendor
6. Committee verifies Goods upon receipt	Upon receipt of goods or services, originator must verify goods are delivered in correct quantities and according to the Vendor Invoice.	Secretary (or designated member securing purchase) plus Treasurer	Secretary & Treasurer	(Only a "goods received" form if used by committee)
7. Reconciliation	Treasurer collects and stores all documents (purchase request, purchase-order, vendor invoice, receipt of payment) in a single file. President checks forms to verify transaction completed appropriately.	Treasurer	President	Note Receipt of Goods and/or Services in Cash Log and/or Assets Ledger; ensure that all accounting has been properly made including signatures on file documents.

Exercise 4: Role Play: Procuring a Spare Part

Facilitators: Use blank pieces of paper as *forms*. With actual WMC officers, and one other WMC member representing a supplier/vendor, ask the participants to role-play the procurement of a spare part or another purchase the committee might need to make. You should help direct the process, but let committee members work through which forms should be used at what stage, and who is responsible for approving documents/requests, where information gets recorded and by whom (use *Table 1*&*Figure 7*as a guides).**Exercise time:20 minutes maximum**

Session IV-E: Petty Cash Management

This session will provide guidance on how the committee should decide on the amount of cash to be maintained at any one time. Each committee will have to review their options for reducing the amount of cash that they have on hand (e.g. IGAs, assets or commodities purchase, bank deposit, etc., covered in *Module V*)

This amount should be specified in the financial procedures/policy document, and should be maintained as the responsibility of the Committee President/Chef to ensure that these limits are adhered to. Petty cash levels will usually be enough to last a defined period (week/month?). The amount of the petty cash "float" should be fixed. When it falls below a certain level it must be topped up from the committee reserves in order to restore it to its original level via request by the Finance Officer and authorised by the President/Chef**. The same person cannot prepare and authorise a petty cash top-up request form**. Authorised expenditure limits on petty cash should also be set in the finance policy document. These need to be understood by every member of the committee.

Cash top-ups may also require the liquidation (monetisation) of held assets, or a balance of payments by users made "in-kind". This will require financial managers to also maintain assets/inventory sheets documenting those presently maintained by the committee, and which are available to liquidate for any reason upon approval by the designated authority (i.e. according to financial policy document. (see section below on assets/inventory registration)

***Example: Cash Management Guidelines*(adapted from CIIR, 2005)**

- No more than a maximum amount of committee funds held in cash at any one time unless needed for specified purpose.
- Any request for**cash will be backed up by supporting documented evidence**, to be authorised by someone other than the person requesting the cash.
- Restoring **cash balances via request (i.e. a "cash top-up")**must be made by the officer(s) responsible for managing cash, showing the level to which funds need to be replenished.
- The **balance of petty cash kept** in the office will be monitored periodically by the President and/or Treasurer, usually together.
- Any **action involving use of cash** (collection deposit or "cash drop", cash top-up, or expenditure) between responsible persons should be documented and verified by one other person.
- All cash on hand should be **kept under lock-and-key in a deposit box or safe,** on or in secure premises (protecting against fire or water damage and theft).

Exercise 5: Working with Payment Logs and Cash Registers

Facilitators: Designate water users, water point supervisor(s), and treasurer (use actual Treasurer if available) to conduct a mock fee payment and record keeping exercise. Track transaction from payment of fees, to recording of payment log, to entry in the cash ledger.

Exercise time:40minutes maximum

MANAGEMENT TOOL IV.1A: Payment Log (same as III.2) for Daily Fees

DATE	AM	PM	NUMBER OF JERRY CANS	NUMBER OF WATER USERS	FEES COLLECTED	SIGNATURE OF WSP	FEES RECEIVED	SIGNATURE OF TREASURER

MANAGEMENT TOOL IV.1B: Payment Log for Flat Fee Payments (bi-weekly or monthly)

DATE	PERIOD START	PERIOD END	NAME OF HOUSEHOLD	FEES COLLECTED	SIGNATURE OF WMC MEMBER	FEES RECEIVED	SIGNATURE OF TREASURER

MANAGEMENT TOOL IV.2: Basic Cash Ledger

DATE	TYPE (INCOME/ EXPENSE)	DESCRIPTION/JUSTIFICATION	COST CATEGORY	AMOUNT	BALANCE	CASH COUNT +/-

Session IV-F: Asset Management, Cash Storage and Protection

Training Tip:
Take 5 minutes at the start of the module to have a brief discussion about current practices and experience of training participants.

Find out if there are already cash and/or asset management procedures/practices in place.

The objective of this module is to introduce asset management techniques and cash storage and protection strategies. Water management committees may be looking after expensive improved water points, spare parts, tools, water treatment products (chlorine), and will need an adequate system of tracking assets and inventory.

Registers should be kept for assets belonging to the committee for items that get used up over time such as hardware and replacement supplies for water point installations, but particularly for in-kind payments by users, and for cash management via purchases of fungible goods (i.e. that can be made liquid/cash or traded for other commodities). In managing and accounting for assets the following example sets out the minimum standards of good practice (CIIR, 2005):

Registration – All fixed assets with a purchase price over a specified amount must be registered by the [e.g. Financial Officer] in a register, logbook or inventory sheet; with a copy of the purchase invoice kept with the register. The register must be updated monthly to include newly purchased assets.

Physical audit – Identification of assets must be undertaken under the supervision of the committee[e.g. Treasurer] once or twice per year and during an audit.

Lost, missing or stolen items – The committee Treasurer must be advised of any lost or stolen items, with repercussions outlined in the financial policy document.

MANAGEMENT TOOL IV.3: Basic DURABLE Assets Ledger

INITIAL DATE ACQUIRED	DESCRIPTION	INITIAL QTY.	UNIT COST	TOTAL COST	INITIAL ESTIMATED ASSET VALUE	MONTHLY DEPRECIATION	DATE OF LAST INSPECTION	QUANTITY REMAINING	SIGNATURE OF TREASURER	SIGNATURE OF PRESIDENT
Improved Water Point										
13-Jan-15	Hand Pump Water Point	1	$35,000	$35,000	$100,000	$2,333.33	3/1/2015	1		
Tools										
13-Jan-15	Button Die	1	$8	$7.50	$7.50	$1.50	3/1/2015	1		
14-Jan-15	Pipe Wrench 600mm	1	$45	$45.00	$45.00	$9.00	3/1/2015	1		
15-Jan-15	Thread Tap	1	$15	$15.00	$15.00	$3.00	3/1/2015	1		
16-Jan-15	Pipe Wrench 400mm	1	$65	$65.00	$65.00	$13.00	3/1/2015	1		
17-Jan-15	Pipe Thread Die	1	$5	$5.00	$5.00	$1.00	3/1/2015	1		
18-Jan-15	Hacksaw	1	$7	$7.00	$7.00	$1.40	3/1/2015	1		
19-Jan-15	Ball-pin Hammer	1	$15	$15.00	$15.00	$3.00	3/1/2015	1		
20-Jan-15	Screw Driver	1	$4	$4.00	$4.00	$0.80	3/1/2015	1		
21-Jan-15	Spirit Level	1	$9	$9.00	$9.00	$1.80	3/1/2015	1		
22-Jan-15	File	1	$7	$7.00	$7.00	$1.40	3/1/2015	1		
Other Materials										
17-Mar-15	Jerry Cans	50	$4	$200	$200	$66.67	3/1/2015	45		

Cash Storage and Protection: An important issue for water management committees is how to store and secure cash. Many committees maintain cash unsecured, often hidden somewhere in

the Treasurer's house. As the committee matures, the amount of cash under its control will grow substantially. This is a concern on several levels, including the risk of theft (external or by a WMC member), loss, damage, and "informal taxation" (confiscation) by the Chief or other local authorities. Several strategies can help WMCs protect water user fee funds:

1) **Lockable Cash Box.** WMCs at a minimum should keep cash in a lockable, water proof, cash box to protect operational cash.

2) **Weekly Cash Counts (Reconciliation).** At least three officers of the WMC (President, Treasurer, Secretary, etc.) together with delegates from the community (non-WMC members) should conduct a weekly cash count to make sure that cash on hand matches the cash ledger and that no cash has been misplaced or stolen.

3) **Use of Banking Services**. Although this is difficult for many rural WMCs who do not have easy access to banking services, a couple of options for financial services may be available:

   a. **Use of Credit Cooperatives.** Credit Cooperatives often operate in remote areas where commercial banks do not yet exist.

   b. **Soficom Outlets.** Soficom Outlets often operate in small-sized towns close to WASH RDC program areas (i.e., Popokabaka, Manono, etc.). Soficom can be used to wire WMC funds to an agent in a larger city who can deposit WMC funds into a bank account on their behalf. WMCs need to consider savings and liquidity needs when deciding on deposit amounts. **See Module V Business Planning and Financial Sustainability.**

4) **Providing Seed Capital to Savings Groups.** One idea that may be more practical for WMCs to execute is to provide village savings groups with seed capital loans to be used for rotating credit schemes. Savings Groups, when properly trained, have proven to be an effective and relatively low-risk vehicle to invest and grow community finance resources. As savings groups lend and collect on loans to its members, a share of the interest paid would go towards repayment of WMC principal and agreed upon return.

5) **Invest in Income Generating Activities.** Another option to safeguard and grow WMC funds is to invest in income generating activities (See **Module VI: Income Generating Activities**). Examples include IGA for soap making, water point maintenance service, water delivery, construction services (especially for water and hygiene related activities) livestock rearing, vegetable gardens, poultry and egg production, crafts, motorbike repair services, and many other options. IGAs can be implemented directly by the WMC, or the WMC can co-invest with external village entrepreneurs in exchange for a share of IGA returns.

> **!** **Asset Management, Savings Groups and IGAs as Strategies to Safeguard WMC Funds**
> In addition to the potential for savings groups and IGA investments to grow WMC funds, they are also strategies to safeguard user fees. The risk of theft, loss, damage, and confiscation is much lower if funds are invested. For example, it is much more difficult to take a goat or harvest vegetables than it is to steal cash from a plastic bag in the Treasurer's house. In-kind payments as assets should also be recorded and tracked by the committee. Tool IV.3 provides an example of a basic ledger for recording total (i.e. collected) assets value; and importantly, when an asset is sold/liquidated for cash (and *vis-a-versa*), accounting for any change in the "unit price" received for that item.

MANAGEMENT TOOL IV.4: Basic TRADABLE Assets Ledger

ENTRY DATE	DESCRIPTION	STATUS (Received as "Payment"; "Cash Transfer Purchase"; "Sale")	UNITS	No. UNITS	UNIT PRICE	TOTAL PRICE	Purchase BOOK VALUE (IN)	Sale BOOK VALUE (OUT)	Transfer to Cash Ledger Profit / LOSS	Total Asset Value BALANCE	QUANTITY REMAINING (No. Units)	SIGNATURE OF TREASURER	SIGNATURE OF PRESIDENT
Commodities													
13-Jan-15	Palm Oil	Cash Transfer Purchase	Bidon	10	$10	$100.00	$100.00	$0	$0	$100.00	10		
14-Jan-15	Peanuts	Payment	KG	20	$2	$40.00	$40.00	$0	$0	$140.00	20		
15-Jan-15	Beans	Cash Transfer Purchase	Sacks	2	$80	$160.00	$160.00	$0	$0	$300.00	2		
16-Jan-15	Live Goat	Cash Transfer Purchase	Goat	1	$140	$140.00	$140.00	$0	$0	$440.00	1		
17-Jan-15	Live Chicken	Payment	Chicken	10	$5	$50.00	$50.00	$0	$0	$490.00	10		
18-Jan-15	Palm Oil	Sale	Bidon	5	$12	$60.00	$0.00	$50.00	$10.00	$440.00	5		
19-Jan-15	Beans	Sale	Sacks	2	$80	$160.00	$0.00	$160.00	$0.00	$280.00	0		
20-Jan-15	Palm Oil	Cash Transfer Purchase	Bidon	10	$10	$100.00	$100.00	$0	$0	$380.00	15		
21-Jan-15	Beans	Cash Transfer Purchase	Sacks	5	$80	$400.00	$400.00	$0	$0	$780.00	1		
22-Jan-15	Palm Oil	Sale	Bidon	15	$10	$142.50	$0.00	$150.00	-$7.50	$630.00	0		
Total Tradable Assets							$990.00	$360.00	$2.50	$630.00			

> **✎** **Exercise 6: Reconcile Assets with Cash – Feasibility of Tools to Safeguard WMC Funds**
> **Facilitators:** Facilitate a discussion of the feasibility of the above cash safeguarding options for the specific WMC and village being trained. Explore what other options may exist to protect cash, and guide a conversation on what financial services may exist within relative proximity (25, 50 kilometres, etc.). Utilize the two assets accounting examples above to go through a simulation of: 1) a movement of funds between "cash" and "assets"; 2) where assets are acquired as "in-kind" payments for water point services; and 3) where existing TRADABLE and DURABLE assets are liquidated/sold or used and require updating assets balance sheets. **Exercise time:30 minutes**

Session IV-G: Transparency and Reporting

Training Tip:
Take 2 – 3 minutes before starting the module to solicit ideas from participants on why reporting is important and ideas on the types of reporting that would be useful for transparency, accountability, and creditability with community members and water users.

One of the key factors of achieving organisational sustainability is by having a strong system of financial reporting and monitoring. Without it, it is difficult to know what the overall financial position of the committee is, if it is on track to maintain a balance of its cost lifecycle, or whether revenues generated are being managed appropriately.

Establishing a fixed reporting schedule can help the WMC to prepare financial reports and hold public meetings on a regular basis. Tool IV.4 is an example of a Financial Reporting Schedule:

MANAGEMENT TOOL IV.5: Financial Reporting Schedule & Responsibilities

REPORTING ACTIVITY	FREQUENCY	STAFF RESPONSIBLE	REVIEW/ APPROVAL	TARGET AUDIENCE
Water Distribution/Payment Log	Daily - Water Point Fee Collection	WPS	Treasurer	Internal
	Monthly - Flat Fee Collection	Treasurer Secretary	President	Internal
Cash Reconciliation Report	Weekly	Treasurer	President, plus witnesses	Internal Water Users
Monthly Financial Report	Monthly	Treasurer	WMC	External Water Users Local Authority
Public Report to General Assembly Annual Financial Report	Monthly Annually	President	Not Applicable	External Water Users Community Members Local Authority

Committees, in collaboration/consultation with representative community bodies, should decide to on definitions for reporting measures—frequency, duration(s) covered, notes on expenditures *et al*, current balances of cash and assets. The finances of an organisation can be monitored and reported in a number of ways, but a few examples may be most relevant for the committees:

Monthly financial report: to achieve minimum standards, the committee should produce a monthly financial report for the governing body, detailing financial movement in the previous accounting period. The report should include user fees collected, other revenues, summary of expenses, profit (or loss) for the period, and funds balance at the end of the period.

Monthly reporting at community General Assemblies: reporting to monthly General Assemblies of community members and water users on user fees collected, WMC expenditures, WMC funds balance, and progress towards sustainability (ability to pay for spare parts, repairs, and/or system replacement) will help WMCs gain credibility and legitimacy among community members and water users.

Cash reconciliation: the balance carried forward in the cashbook must agree with the amount of cash in the cash box or safe. Cash balance must be checked through a cash count at the end of the week and completing a cash count form. Any difference or discrepancy must be explained, and the accounts adjusted accordingly.

Monitoring expenditure against budgets: submitted quarterly to the representative community body via report monitoring expenditures against the proposed budget (*budget against actual spending report*); and should highlight any difference in expenditure against budget (i.e. how much has the committee over spent via the budget)—by checking the cumulative amount spent against the amount allocated in the budget for different budget categories.

Financial Sustainability Tracker: See Tool IV.5. WMCs can also track progress towards financial sustainability by updating a Financial Sustainability Tracker. A larger version of the tracker can be displayed outside of the WMC office to demonstrate user fees collected, expenditures, and progress towards financial sustainability. If the community is falling behind on its sustainability projections, the WMC can use this tool to reinforce user fee promotion and advocacy efforts. An example of the Financial Sustainability Tracker is given below:
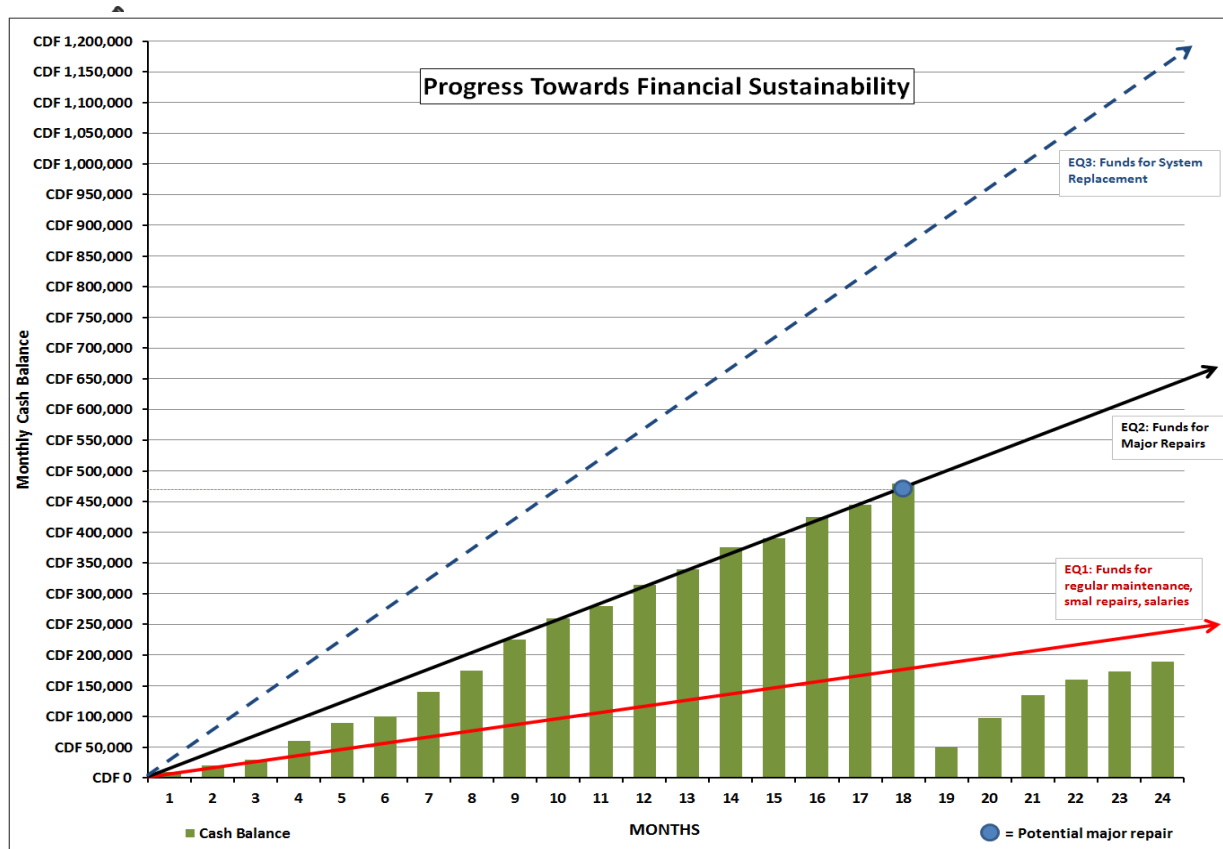
Exercise 7: Tracking Financial Sustainability
Facilitators: Using a blank A1 copy of the Financial Sustainability Tracker, ask WMC members to use actual user fees and cash balances to fill in monthly numbers on the tracker. Is the committee on

track for Equilibrium 1 and 2 sustainability? How about Equilibrium 3? What needs to be done of WMC is behind on minimum revenue generation? Reinforce key concepts such as charging adequate fees, user fee promotion, enforcement of penalties for non-payers, and income generating activities as possible solutions. **Exercise time:20 minutes maximum**

Session IV-H:Preliminary Budgeting (Equilibrium 1 Forecasting)

Budgeting is a necessary financial management tool that helps WMCs project normal monthly expenses, set user fee revenue targets, and management the financial health of the committee by tracking actual expenses versus budgeted expenses.

> **Training Tip:**
> Take 2 – 3 minutes before starting the module to take a quick survey on whether participants have actually utilised budgeting in practice before; asking generally how the budget was used and/or what purposes the use of a budget would serve.

Financial modelling (spreadsheet) tools for longer-term financial sustainability is included in Module V. The objective of this section is to introduce basic budgeting tools to ensure that WMCs understand costs associated with obtaining **Equilibrium 1:** *ability of committees to cover basic operations and maintenance expenses and small repairs*.

An important initial step for a newly formed committee is to draft a preliminary budget to ensure that operations and basic maintenance expenses and the running costs of the committee itself can be covered by user fees. A preliminary budget should be completed in the early months of a committee's formation.

*What is a budget?*A budget is:
- A (financial)**plan** for the coming year
- A financial **statement** showing the WMC's activities
- A **forecast** for the year showing areas of potential financial weakness or cash short-falls
- A management tool for **monitoring** income and expenditure
- A tool to **aid legitimacy and support from the community** through transparency.

Developing an annual budget: each financial year appropriate and realistic estimates of the WMC's predicted income/revenue and expenditures should be made by the President/Chef with support from the Treasurer and Finance Officer and presented to community representatives.

Some *budgetary tasks* can be delegated in preparation by the WMC (i.e. Treasurer *could* delegate tabulation/consolidation of figures to an outside agent), but final approval and authority should lie with the community. WMCs have the responsibility of presenting community representatives with the best possible value from their management of the water point, water service delivery, assets and installations.

WMC members will be responsible for all expenditures; most importantly to include maintenance, protection and repair of the water service delivery systems—as well as, but not necessarily be limited to: salaries, replacement parts and spares, materials and supplies of the WMC itself.

In preparing an annual budget WMCs will have to apply careful thought and analysis from their previous year(s) of activities and expenditures (or experience of committee and/or community members, i.e. for the first preliminary budget draft) in order to predict the needs in effectively managing the water point service delivery in the year ahead.

DRAWING UP THE BUDGET (adapted from CIIR, 2005)

1. **Define the parameters. What period will the budget cover (e.g.Jan 1 – Dec 31)?** What currency will be used?
2. **Identify all direct expenses, indirect expenses and sources of income for the budget (but not yet their amounts).** Divide them into the following categories and subcategories:
   - Direct expenses (project staff salaries, water point hardware/equipment and materials, etc.)
   - Indirect expenses (office equipment and materials, office supplies, etc.)
   - Income (include all sources, including user fees, IGAs, liquidated assets, etc.)
3. **Key line items for Preliminary WMC Budgets:**
   - Operations
     - Salaries: Water Point Supervisor, Maintenance Technicians, Other
     - Fuel
     - Stationary (paper, pens, cash books, etc.)
   - Maintenance:
     - Basic maintenance costs (see Tool III.3)
     - Small repairs
     - Materials
   - Major Repair
     - Spare Part(s)
     - Maintenance Service Provider Fees
4. **Transfer the items to the budget itself. Be sure to include:**
   - Expenses heading along the side of the worksheet
   - Direct expense subheading WITH the actual direct expense items (from step 2)
   - Indirect expense heading WITH the actual indirect expense items (from step 2)
   - Line for:
     - Total expenses
     - Income heading
     - Actual income items (from step 2)
     - Line for total income
5. **Consolidate the figures.**
   - Establish costs for each item based on the budget analysis and estimates.
   - Calculate the sums across the rows and down the columns of the worksheet for the expenses.
   - Transfer income figures on to the worksheet.
6. **Calculate any surplus or deficit. Analyse the results.**

MANAGEMENT TOOL IV.5: Preliminary Budget Template

WMC Annual Preliminary Budget

Time Period Jan 1 to Dec 3, 2015

No	Items: EXPENDITURE	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Line Total
1	**Operations**													15,221
2	*Salaries*													3,420
3	Maintenance Technician	100	100	100	100	100	100	100	100	100	100	100	100	1,200
4	Water Point Supervisor	75	75	75	75	75	75	75	75	75	75	75	75	900
5	Finance Officer	110	110	110	110	110	110	110	110	110	110	110	110	1,320
6	*WASH Marketing Activities*	50	50	25	25	25	250	50	25	25	25	25	-	575
7	*Transport (official)*	20	20	20	20	20	20	20	20	20	20	20	20	240
8	*Office supplies*													10,986
9	Receipt books	1,000	1,000	1,000	1,000	1,000	5,000	-	-	-	-	-	-	10,000
10	Office legers	350	-	-	-	-	-	-	350	-	-	-	-	700
11	Miscellaneous	25	57	88	-	-	-	23	22	55	-	-	16	286
12	**Maintenance**													1,330
13	*Minor repairs and upkeep*													600
14	Indirect maintenance costs	50	-	-	-	25	-	-	155	-	-	-	20	250
15	Maintenance Tools/Supplies	250	-	-	-	-	-	-	-	-	100	-	-	350
16	*Major Repairs*													730
17	Water Point Spare parts	-	-	-	-	555	-	-	-	-	-	175	-	730
18	**Purchases**													3,500
19	Assets	500	500	500	700	700	300	300	-	-	-	-	-	3,500
20	**TOTAL EXPENDITURES**	2,530	1,912	1,918	2,030	2,610	5,855	678	857	385	430	505	341	**20,051**
	Items: INCOME													
21	User fees	2,500	2,000	2,500	2,750	3,550	4,000	4,500	4,550	4,550	4,250	4,550	3,750	43,450
22	IGAs	500	600	400	-	-	-	-	-	-	300	200	250	2,250
23	Sold Assets Value	-	-	-	-	-	-	-	1,000	-	-	-	1,000	2,000
24	Kept Assets Value	-	-	-	-	-	3,200	-	-	-	-	-	- 1,700	1,500
25	**TOTAL INCOME**	3,000	2,600	2,900	2,750	3,550	7,200	4,500	5,550	4,550	4,550	4,750	3,300	**49,200**
26	**BALANCE**	470	1,158	2,140	2,860	3,800	5,145	8,967	13,660	17,825	21,945	26,190	29,149	**29,149**

Name:

Signature: _____
APPROVED BY   Date:

Name:

Signature: _____
VERIFIED BY: Date:

Exercise 8: Budgeting Exercise

Facilitators: Organise participants into two or three groups. Using a blank A4 copy of the budget template each group of participants will construct their own preliminary budget (note: make calculators or laptops with excel spread sheet template available).

Exercise time:40 minutes maximum

Takeaways and Next Steps

What are the key concepts that facilitators should emphasise?

For Facilitators:

- Again, note well the different level of comprehension needed for some of the more 'advanced' materials.

- Transparency and accountability are very important to emphasise in relationship to roles & responsibilities.

- Don't try to push the more advanced materials too far if committee members are having a lot of difficulty, always come back to core concepts to emphasise the more foundational tools and topics— making sure they are well understood before moving to the more advanced areas.

- Remember that delivery of this module to committees is completely customisable! Remember to take the session content that is most applicable to the level of the committee.

For Committee Members:

- If committees have already been through accounting and budgeting trainings at least once and are showing progress in better management of cash, fee collection, record keeping, etc. consider spending more time on more advanced concepts and tools.

- Let committees work from existing tools to upgrade skills when possible. Existing tools can also be upgraded in the process to be more effective.

- Place emphasis on the long-term goals of professionalization for committee members and the organisational and management capacities of the committee as a whole.

- Emphasise "redundancy", or having more than one person responsible for signing or processing a transaction.

V. BUSINESS PLANNING AND FINANCIAL SUSTAINABILITY

Facilitator Guidance

Module Objective: Introduce concepts and tools to assist water management committees and consortium technical staff members to successfully identify, prioritize, and execute income generating activities.

Required Time: 1.5 days

Materials Needed: A1 copies of key tools listed below

Flip chart, markers

Participant hand-outs

Session-by-Session Checklist:

Estimated Session Time	Key Concepts	Key Tools	Exercises
Session V-A: Introduction to Business Planning ⚠ ✔			
30 minutes	Purpose of Business Planning. Components of an effective business plan. Business Planning as an active management tool. Access to finance.	Business Plan Diagram	**V.1** Participant brainstorming on business planning. What is the purpose of a business plan? What components should a business plan include? **Time:** 15 minutes **Exercise Materials:** Flip chart, markers.
Session V-B: Strategic Vision ⚠ ✔			
45 minutes	Rêve communautaire. Value Proposition. Competitive Advantage.	Water Service Virtuous Circle	**V.2** Visioning exercise. Facilitators guide participants to define the committee's mission, value proposition, and competitive advantage. **Time:** 15 minutes **Materials:** Flip chart, markers.
Session V-C: Business Model ⚠			
45 minutes	Customer targeting and segmentation. Core activities/service offering. Core resources. Customer service mentality.	Customer Segmentation Tool	**V.3** Customer segmentation exercise. Facilitators guide participants through different services for different customer segments. **Time:** 15 minutes **Materials:** Blank A1 copy of the Customer Segmentation Tool or flip chart, markers.
Session V-D: Organizational Development 🟢 ✔			

45 minutes	Setting organizational strategic objectives. Establishing an organizational development plan. Identifying strategic partners.	Organizational Development Plan	**V.4** Guide participants through organizational objective setting using the Organizational Development Plan. **Time:** 20 Minutes **Materials:** Blank A1 copy of the Organizational Development Plan, or a flip chart version. Markers.
Session V-E: Cost Structure and Budgeting ⚠️ ☑️			
60 minutes	Review of O&M tools from Module II. Asset valuation. Cost projections: • Basic operations and maintenance (Equilibrium 1). • O&M and likely major repairs (Equilibrium 2). • Full system replacement (Equilibrium 3).	• Financial Sustainability Performance Tool • Budget Tool	**V.5** Long-term Budget Exercise. Help participants identify regular and extraordinary expenses. Highlight revenue needs to reach each of three equilibria. **Time:** 20 minutes **Materials:** Blank multi-year Budget Tool or Flip Chart. Markers.
Session V-F: Revenue Generation and Service Pricing 🟥 ☑️			
60 minutes	Sources of Income Water Fee Pricing • HH income approach • Cost-based approach • Community approach • Customer segmentation Demand/Supply Equilibrium	• HH Income Survey • Cost-based Pricing Tool • Demand-Supply Graph	**V.6A** Water fee pricing exercise. Facilitators present participants with variables such as average household income, minimum monthly expenses, and community opinion of water fees. Facilitators guide participants through a water fee pricing exercise. **Time:** 20 minutes **Materials:** Flip chart, markers. **V.6B** Non-water revenue generation exercise. Facilitators guide participants to determine monthly fees for (non-water) services defined in V-C. **Time:** 20 minutes **Materials:** Flip chart, markers.

Session V-G: Financial Modeling and Sustainability Tracking 🟥			
60 minutes	Consortium 3 Equilibria	• Service-Revenue Virtuous Circle • Financial Sustainability Tracker	**V.7** Participant brainstorming on possible uses of profit. Facilitators should tease-out ideas for public/community assets including water and hygiene related projects.

SESSION V-A: Introduction to Business Planning

Exercise 1: Participant Brainstorming on the Use of IGA Profits

Facilitator(s): Before introducing core business planning concepts, engage participants in a discussion about business planning. What is the purpose of business planning? What comprises an effective business plan? How can a business plan be used practically to manage the committee? How often should a business plan be revised? Refer back to the service-revenue virtuous circle to reinforce notions of good customer service=revenue=maintenance & repair of water point=good customer service.

Exercise time:15 minutes maximum

A business plan is much more than a calculation to project financial performance. A business plan is the core managerial document guiding the fulfillment of an organizations strategic vision. It charts the path for water management committees to realize their *rêve communautaire*. An effective business plan includes several components, only one of which is the financial model. These include a clear definition of an organizations strategic vision and core value proposition, a business model detailing products and services, target markets, market/customer segmentation, and implementation strategies, a plan for organizational development, cost structure and budget, revenue generation and income projections, and finally, a financial model that captures price, cost, and sales volume estimates into a comprehensive cost-benefit analysis.

Figure 7: Business Planning Overview
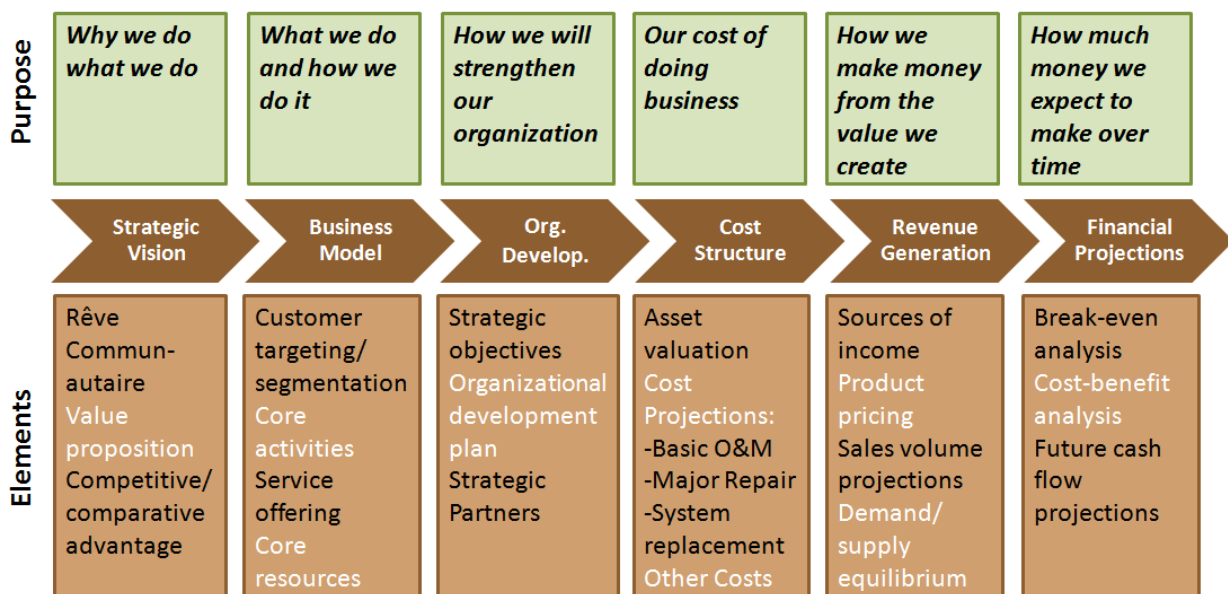
SESSION V-B: Strategic Vision

The most important component of a business plan is a clear strategic vision for what the company or organization does. This relates closely to the *rêve communautaire* established by the water management committee in Step 2 of the Consortium committee engagement process. Key questions addressed by the strategic vision include:

- What is our objective as an organization?
- What is our value proposition to our customers?
- What is our competitive advantage over our competition?
- Where do we want to be in three, five, ten years?

In addition to providing quality water service, another core objective of WMCs should be to facilitate the implementation of small, doable and important acts (PAFI). Business planning helps determine whether improved water points are economically and technically feasible. Where improved water points are not feasible, WMCs can still play an important role to continue promotion of improved hygiene and sanitation practices and PAFI.

Value Proposition

An essential element of the strategic vision is an organization's value proposition. What is unique about our product or service? How do we plan to address an under-served demand in the market place? Why should consumers be willing to pay our asking price for services delivered? How will we deliver a product that is superior in quality and price than our competition? These questions are as relevant for multi-national corporations as rural water committees. Defining and understanding its value proposition is a foundational element for an organization's success.

> **Training Tip:**
> An effective approach to help water committees understand their value proposition is to ask them what they sell or plan to sell. Often the initial response will be "water". The facilitator should probe this response, pointing out that community members have been accessing water long before the committee came into existence. Facilitators should guide participants to a more complete and correct answer: "sustainable quality water". Another teaching point is an anecdote involving a water user and a committee President. The water user is complaining about having to pay for water service, and exclaims to the committee President "why should I pay for water as water is a gift from God". The President wisely responds, "You are right that water comes from God, but clean water inside the village comes from the water management committee". Committees sell a service, not water.

Competitive Advantage

Competitive advantage describes the unique attributes of a product or service relative to the competition. For water management committees, competition is often in the form of traditional water sources such as rivers, unprotected springs, and open hand dug-wells.   Committees need to understand (and communicate) the benefits of *accessible* clean water to current and potential improved water point users. Competitive advantages may include: convenience (ease of access), clean (disease-free) water, and potentially other committee services such the opportunity to participate in income generating activities, or benefit from committee sponsored public assets (see **Module VI: Income Generating Activities**). One

competitive disadvantage, the price of water (paid water versus free water from unprotected sources), can be turned into a competitive advantage by promoting community member understanding of the *real* cost of unclean versus clean water. The real cost of consuming water from unclean sources includes the cost of visits to health clinics, the cost of medicine to treat water borne diseases, lost productive time due to illness or to look after sick children, etc.

> **Training Tip:**
> A useful exercise for committee members to conduct with prospective users is to calculate how much money is spent per month on average for clinic visits and medicines due to water borne disease, and ask them to compare to amounts being charged by the committee for clean water service. This exercise can be given to WMCs as "homework" between Module V training sessions.

The Strategic Vision helps committees focus on its core purpose and to consistently deliver upon its value proposition to its customers. A well-defined Strategic Vision is essential if water management committees are to be successful.

Figure 8: The Service-Revenue Virtuous Circle Revisited

Exercise 2: WMC Visioning Exercise

Facilitator(s): Guide participants to define their Strategic Vision, including the committee's value proposition and competitive advantages. Reinforce the importance of establishing and adhering to the organizational Strategic Vision. Begin with basic concepts such as the primary reasons the community is interested to form a committee, encourage thinking beyond just "water", including the idea of service delivery and non-water services. Help committees think about where they want to be in 1 year, 3 years, 5 years, etc. Facilitate reflection on challenges to service fee payments and how those challenges might be overcome.

Exercise time:15 minutes maximum

SESSION V-C: Business Model

The business model component of a business plan describes what the company or organization does (product or service) and what market or customer group the products or services target. For many of the water management committees the service is the production of clean, quality water via an improved water point. For those water management committees not yet ready for the installation and management of an improved water point, their service is often focused on hygiene and sanitation promotion, and the promotion of small, doable actions (PAFI), such as household latrine construction, hand washing stations, dish drying trays, etc. The business model component should at least have the following sections: 1) description of the product(s) or service(s) it offers; 2) a high-level description of how the product or service is produced (core activities and resources); 3) its target market and target customer base, customer segmentation and differentiation of its products and services and 4); an analysis of its competition.

Water Management Committee Products and Services

Despite the name of water management committee, Consortium committees do much more than just manage water points. Some committees, for example, may not yet be ready for the construction and management of an improved water point, and focus their efforts on promoting good hygiene and sanitation practices, including achievement as much as possible of the Seven Norms through small, doable acts (PAFI) related to hygiene and sanitation promotion. A core mission for most committees, however, is the *sustainable* delivery of clean, quality water. The inclusion of the word sustainable is important, as a primary duty of committees is to ensure that improved water points are properly maintained and quickly repaired in the event of break down. Intermittent water service, or water service that is disrupted for long periods of time, hurts the committee's reputation and credibility, and ultimately will lead to its customers going elsewhere for their water needs. This is problematic not only from a community health perspective (community members getting sick from the consumption of water from unprotected, often contaminated, water sources), but also from a business perspective. Water management committees should operate as businesses, with a clear focus on good customer service and a high quality product at a competitive price (fair price for the value created in comparison to other competing products, such as unprotected water sources). Committees, therefore, primarily focus on the operations, maintenance and repair of improved water points. To provide a sustainable service, committees not only have to ensure that water points are properly maintained, but also must ensure that they have collected enough revenue

to pay for major repairs that will certainly be necessary in the near future. A summary of products and services of most committees include:

- Consistent delivery of clean, quality water;
- A positive customer experience that is convenient and accessible to all;
- Effective operations and maintenance of the water point, including cleanliness and upkeep;
- Promotion of good hygiene and sanitation practices to the community;
- And in some cases, engagement in income generating activities.

Core Activities and Resources

In order for committees to consistently deliver these products and services, they must engage in several core activities, which are described in detail in this management manual. They include, at a minimum, the following:

- A representative governance structure that creates both *legitimacy* and *agency* (the committee acts on behalf, and in the interest of, water users);
- Regular operations, maintenance and repair of the improved water point, including the collection of sufficient revenue to pay for these activities;
- A sound financial management policy that ensures the security of water user fees and other revenue and promotes good *stewardship* of committee funds.
- Implementation of a well-conceived business plan, including active management of financial sustainability;
- Investment in income generating activities to augment water user fee revenue, and ideally to provide the community with non-water goods and services not readily available in rural villages;
- Active resolution of conflict between water users, between water users and the water management committee, and between local authorities and the committee.

These activities are predicated upon a set of core resources that the committee develops and manages. Core resources include the physical infrastructure of the water point, tools, spare parts, and technical and managerial know-how. Technical expertise includes knowledge of how the improved water point functions, necessary maintenance requirements, and knowledge of how to diagnose and repair breakdowns. Managerial know-how includes the committee's ability to self-govern, manage money, represent the interests of its customers, and ultimately to ensure the sustainable delivery of quality water service. Human resources are the most important resource a water management committee has. Without capable, committed, and honest personnel who have the skills and expertise to carry out their duties, committees will not be able to function effectively. The next session discusses how committees can strategically develop and reinforce core capacities of its members.

Target Market and Customer Segmentation

Water management committees should determine their target market. A committee's target market is more complex than just "community members" or "water users". Each water user household has its own unique situation and preferences, including economic status, desire for convenience, number of household members, age of household members, and more. As such, each water user household has unique demands for its water service needs. For example, a household that has higher income may prefer

to pay a premium (higher price) for clean water delivered to their house. Or some community members may be busy with cultivation or trade, and do not have time to stand in the water queue and may also be willing to pay a premium for water delivery. Other individuals may be elderly, disabled, or sick, and may not be able to pay the full fee for water nor be able to physically collect water from the water point. Other examples exist whereby people from other villages come to the water point to collect water, often without paying water tariffs. Although this is frustrating for the water management committee and users who are paying for their water, such an occurrence indicates a new market opportunity of the committee – the delivery and sale of water to other villages.

Committees should conduct a household survey in its village in order to design products and services that match the demands of its current and potential customer base. This survey will help the committee understand important market information, such as:

- Total number of households;
- Total population;
- Average household incomes;
- Current methods of collecting water (part of a committee's competitive supply analysis)
- Ages of community members;
- Level of service desired by the household (collection at the improved water point, delivery to the household, quantities likely to be purchased, etc.).

Water management committees may decide to exempt certain consumer groups from having to pay for water service, such as the elderly (above a specific age), economically destitute, the sick, and others as decided by the committee. The committee may also choose to charge different prices to different customer segments, such as those who wanted household delivery, or discounts for disadvantaged groups, or different payment plans (annual payment at harvest time, acceptance of in-kind payment, such as maize).

Competitive Supply Analysis

Committees should understand its competition in order to better target its customer base, strategically price its water services, and for safe water use and fee payment promotion efforts. Typically, the competition to an improved water point are traditional water sources such as nearby rivers and streams, unprotected springs, hand-dug open wells, and in some cases, other improved water points near to the village. For communities that have an abundant supply of water, committees face the challenge of convincing customers to pay for water. Committees in this case must stress the importance of consuming clean water to avoid disease. In communities where water is scarce (or scarce during the dry season) community members are more accepting of paying for quality water service. Committees should understand several competitive factors:

- Number of alternative water sources near the village;
- Distance to alternative water sources;
- Quality of water of alternative sources;
- The need to vary water tariffs by season (low in the rainy season, and higher in the dry season, for example);

- Evidence of households paying for alternative water service (such as households paying someone else to fetch water from traditional water points).

This understanding of competition to the improved water point will help the committee provide targeted service (such as household delivery) and price their product at rates that maximize water point utilization (% of households who pay to use the improved water point) and revenue.

TRAINING TOOL V.1: Financial Reporting Schedule & Responsibilities

Customer Segment	Specific Needs	Targeted WMC Product/Service
Young Families	Time is a critical factor. Water service needs to be convenient and time-efficient.	Extended hours of water point operation, good management of water point cues, per person water usage limits (to optimize time per person at the water point.
Extended Family Households	Tend to have larger potable water needs. Water gathering time greater than smaller households.	Water delivery service may be interesting for these households.
Elderly Households	May not have the physical mobility to collect water. Also may not have the economic wherewithal to pay water fees.	Home water delivery service may be interesting for these households. Some elderly households should be considered for water fee exemptions.
Disabled Community Members	Lack of physical mobility hinders access to water.	Home water delivery service may be interesting for these households. Some elderly households should be considered for water fee exemptions.
HHs far from Water Point	It may be more convenient for these households to access traditional water sources close to their homestead.	WMCs may consider reduced water fees for households located in further-out locations.
HHs from Neighboring Villages	Households from neighboring villages may be interested in accessing improved water points. Examples of non-paying users from other villages were found during research, often causing arguments and tension at water points. Most of these users were turned away.	Instead of refusing water service to these households, WMCs should consider offering water service to these households at an elevated fee. Usage by these households during periods of water scarcity can be restricted.

Exercise 2: Customer Segmentation Exercise

Facilitator(s): Guide participants to identify different customer segments and to brainstorm on different products, services, and pricing strategies for the segments identified. Before explanation of Training Tool V.1, allow participants to identify different types of water point users and how services and pricing might be differentiated per group identified. After ten minutes of brainstorming, introduce Training Tool V.1 to reinforce key messages and fill-in gaps from participant brainstorming.

Exercise time:15 minutes maximum

SESSION V-D: Organizational Development

Community-based enterprises such as agricultural producer associations and water management committees should strive to continuously improve their technical and managerial capacity in order to deliver high quality services to its members and customers. Organizational Strategic Development Plans are often used to set capacity development objectives, schedule capacity development activities, and monitor progress towards capacity development objectives. An effective Organizational Development Plan begins with a self-assessment of an organization's strengths and weaknesses. Once strengths and weaknesses are identified, the organization, or in our case, the water management committee, can design capacity development activities to address its weaknesses. Subsequent self-evaluations will help the committee to monitor its progress and to re-align future capacity development efforts. The establishment and implementation of organizational development plans will need the support of non-governmental organizations initially, but technical assistance and capacity development support should shift to local government agencies and to federations of water committees over time. Figure 11 provides an overview of the Organizational Strategic Development process.

Figure 9: The Organizational Strategic Development Process
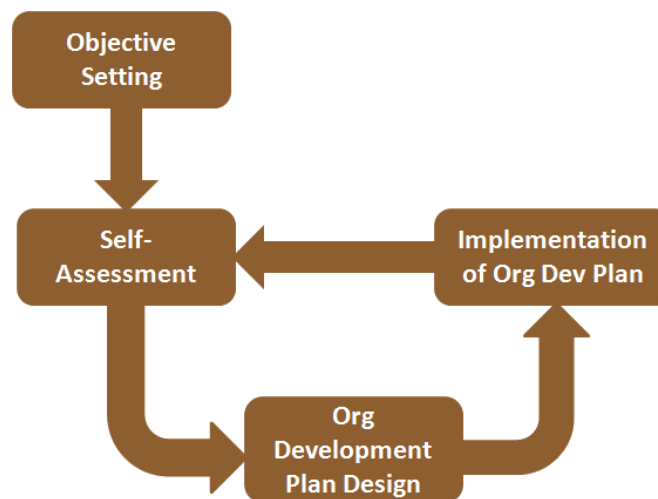
A simple Strengths-Weaknesses-Opportunities-Threats (SWOT) analysis is an effective assessment tool for the purposes of establishing an Organizational Development Plan. The Organizational Development

SWOT analysis, outlined below, is not intended to replace other evaluations or assessments that the WASH RDC Consortium is undertaking. Its purpose is to facilitate the rapid self-assessment of water management committees at the organizational capacity level, and does not necessarily include an evaluation of progress towards the WASH RDC seven norms or other Consortium-specific performance targets.

Components of a SWOT Analysis

Strengths: What are the core strengths and capacities of the water management committee?

Weaknesses: What are the key weaknesses and areas of improvement of the committee?

Opportunities: Do opportunities exist to expand the committee's market share (water point utilization rate), increase water fees, or develop new income streams?

Threats: What are the key threats to the committee's success? These may include poor organizational governance, competition from unimproved water sources, interference from local authorities, economic shocks to the communities, etc.

Figure 10: Example of a Water Committee SWOT Analysis

STRENGTHS
- Clear strategic vision.
- Integrity of committee members.
- Strong governing document.

WEAKNESSES
- Low capacity of water point technicians.
- Financial policies underdeveloped.
- Community engagement efforts weak.

OPPORTUNITIES
- Community has strong RECOS.
- Some community members have expressed an interest in paying for water to be delivered to their house.
- Water users are re-selling water to neighboring villages.

THREATS
- WMC has no spare parts on hand.
- Chief has stated that charging for water is illegal.
- Community relations are poor.
- External shocks, such as a bad harvest.

MANAGEMENT TOOL V.2: **Organizational Strategic Development Plan**

OBJECTIVE/ ACTIVITY	WMC STAFF	OUTSIDE RESOURCES	Year 1				Year 2				Year 3			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Increase Technical Capacity of Water Point Technicians														
WP Technicians attend technical workshops.														
Technicians linked to private maintenance service providers.														
WP Techs are linked to spare parts suppliers.														
WP Techs visit other committees with high-capacity techs.														
Technical refresher trainings.														
Improve Financial Management Policies														
WMC staff attend financial management trainings.														
Revision/strengthening of financial policies.														
WMC staff are linked to financial service providers.														
WMC staff attend financial management refresher trainings.														
Improve Community Outreach and Engagement														
WMC Staff attend communications training.														
WMC Staff design a new community outreach plan.														
Community outreach plan implemented.														
WMC staff attend communications refresher trainings.														
WMC Autonomy Increased														
WMC completes the legal registration process.														
WMC joins or helps establish a Federation of WMCs.														
WMC aligns with territory, district and provincial authorities.														
WMC designs a strategic advocacy campaign.														
WMC implements startegic advocacy campaign.														

WMC Staff Key

P=President; VP=Vice-President; T=Treasurer; S=Secretary; WPT=Water Point Technicians; HP=Hygiene Promoters; M=Marketing Officer; A=Advisers.

Outside Resource Key

NGO=Non-govermental organization; VA=Village Assani; FWMC=Federation of WMCs; FSP=Financial service provider;
AT= Territory Administrator; CD=District Commissioner; PA= Provincial Authority

TRAINING TOOL V.2: **EXAMPLE**

OBJECTIVE/ ACTIVITY	WMC STAFF	OUTSIDE RESOURCES	Year 1				Year 2				Year 3			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Increase Technical Capacity of Water Point Technicians														
WP Technicians attend technical workshops.	WPT	NGOs, VA, FWMC	G	G	G	G								
Technicians linked to private maintenance service providers.	WPT	NGOs, MSPs, FWMC			G									
WP Techs are linked to spare parts suppliers.	WPT	NGOs, SPS, FWMC				R								
WP Techs visit other committees with high-capacity techs.	WPT	NGOs, WMCs, FWMC				R								
Technical refresher trainings.	WPT	NGOs, VA, FWMC					G	G	G	G	G	G	G	G
Improve Financial Management Policies														
WMC staff attend financial management trainings.	T, P ,VP ,S	NGOs, FWMC	G	G	G									
Revision/strengthening of financial policies.	T, P ,VP ,S	NGOs, FWMC				R								
WMC staff are linked to financial service providers.	T, P ,VP ,S	NGOs, FWMC, FSPs				R								
WMC staff attend financial management refresher trainings.	T, P ,VP ,S	NGOs, FWMC					G	G	G	G	G	G	G	G
Improve Community Outreach and Engagement														
WMC Staff attend communications training.	M, HP, A	NGOs, FWMC	G	G	G									
WMC Staff design a new community outreach plan.	M, HP, A	NGOs, FWMC				R								
Community outreach plan implemented.	M, HP, A	NGOs, FWMC					G	G	G	G	G	G	G	G
WMC staff attend communications refresher trainings.	M, HP, A	NGOs, FWMC					G	G	G	G	G	G	G	G
WMC Autonomy Increased														
WMC completes the legal registration process.	P, VP, S	NGOs, FWMC	G	G										
WMC joins or helps establish a Federation of WMCs.	P, VP, S	FWMC			G									
WMC aligns with territory, district and provincial authorities.	P, VP, S	FWMC, AT, DC, PA				G	G							
WMC designs a strategic advocacy campaign.	P, VP, S	NGOs, FWMC						G	G					
WMC implements startegic advocacy campaign.	P, VP, S	NGOs, FWMC									G	G	G	G

WMC Staff Key

P=President; VP=Vice-President; T=Treasurer; S=Secretary; WPT=Water Point Technicians; HP=Hygiene Promoters; M=Marketing Officer; A=Advisers.

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NGO=Non-govermental organization; VA=Village Assani; FWMC=Federation of WMCs; FSP=Financial service provider;
AT= Territory Administrator; CD=District Commissioner; PA= Provincial Authority
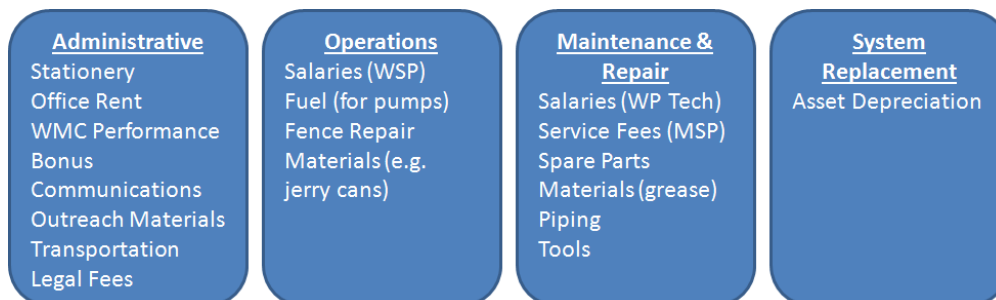
Exercise 4: WMC Preliminary SWOT Exercise

Facilitator(s): Ask participants to conduct a SWOT analysis of their committee. The exercise is for training purposes, and a more careful SWOT should be conducted after the training. Facilitate an honest assessment of strengths and weaknesses, and encourage a discussion of how weaknesses might be addressed through an Organizational Strategic Development Plan. The objective is not to develop an Organizational Strategic Development Plan during the training session, but to facilitate the self-assessment process. Organizational development planning can be assigned to participants as homework and review and finalization with NGO staff members at a future point in time.

Exercise time:15 minutes maximum

SESSION V-E: Cost Structure and Budgeting

Accurate cost estimates and budget projections are an essential part of effective business planning. An organizations ability to understand its cost structures and to accurately anticipate future expenses allows for more strategic revenue generation strategies. Budgeting is first introduced in Module IV: Basic Financial Management. This module discussed major cost categories and individual line items that require accurate estimating. Major cost categories typically include:

Administrative	**Operations**	**Maintenance & Repair**	**System Replacement**
Stationery	Salaries (WSP)	Salaries (WP Tech)	Asset Depreciation
Office Rent	Fuel (for pumps)	Service Fees (MSP)	
WMC Performance	Fence Repair	Spare Parts	
Bonus	Materials (e.g. jerry cans)	Materials (grease)	
Communications		Piping	
Outreach Materials		Tools	
Transportation			
Legal Fees			

In preparing a budget WMCs will have to apply careful thought and analysis from their previous year(s) of activities and expenditures (or experience of committee and/or community members, i.e. for the first preliminary budget draft) in order to predict its future cash flow needs.

Budgeting Guidance (from CIIR, 2005)
1. Identify all direct expenses, indirect expenses and sources of income for the budget (but not yet their amounts). Divide them into the following categories and subcategories:
- Direct expenses (project staff salaries, water point hardware/equipment and materials, etc.)
- Indirect expenses (office equipment and materials, office supplies, etc.)
- Income (include all sources, including user fees, IGAs, liquidated assets, etc.)
2. Key line items for Preliminary WMC Budgets:
- Operations
    - Salaries: Water Point Supervisor, Maintenance Technicians, Other
    - Fuel
    - Stationery (paper, pens, cash books, etc.)
- Maintenance:
    - Basic maintenance costs (see Tool III.3)
    - Small repairs

- o   Materials
- Major Repair
  - o   Spare Part(s)
  - o   Maintenance Service Provider Fees

3. Transfer the items to the budget itself. Be sure to include:
- Expenses heading along the side of the worksheet
- Direct expense subheading WITH the actual direct expense items (from step 2)
- Indirect expense heading WITH the actual indirect expense items (from step 2)
- Line for:
  - o   Total expenses
  - o   Income heading
  - o   Actual income items (from step 2)

4. Consolidate the figures.
- Establish costs for each item based on the budget analysis and estimates.
- Calculate the sums across the rows and down the columns of the worksheet for the expenses.
- Transfer income figures on to the worksheet.

5. Calculate any surplus or deficit. Analyse the results.

MANAGEMENT TOOL V.2:Basic Budgeting Tool

WMC Annual Preliminary Budget

Time Period					Jan 1 to Dec 3, 2015									
No	Items: EXPENDITURE	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Line Total
1	**Operations**													15,221
2	*Salaries*													3,420
3	Maintenance Technician	100	100	100	100	100	100	100	100	100	100	100	100	1,200
4	Water Point Supervisor	75	75	75	75	75	75	75	75	75	75	75	75	900
5	Finance Officer	110	110	110	110	110	110	110	110	110	110	110	110	1,320
6	*WASH Marketing Activities*	50	50	25	25	25	250	50	25	25	25	25	-	575
7	*Transport (Official)*	20	20	20	20	20	20	20	20	20	20	20	20	240
8	*Office supplies*													10,986
9	Receipt books	1,000	1,000	1,000	1,000	1,000	5,000	-	-	-	-	-	-	10,000
10	Office legers	350	-	-	-	-	-	-	350	-	-	-	-	700
11	Miscellaneous	25	57	88	-	-	-	23	22	55	-	-	16	286
12	**Maintenance**													1,330
13	*Minor repairs and upkeep*													600
14	Indirect maintenance costs	50	-	-	-	25	-	-	155	-	-	-	20	250
15	Maintenance Tools/Supplies	250	-	-	-	-	-	-	-	-	100	-	-	350
16	*Major Repairs*													730
17	Water Point Spare parts	-	-	-	-	555	-	-	-	-	-	175	-	730
18	**Purchases**													3,500
19	Assets	500	500	500	700	700	300	300	-	-	-	-	-	3,500
20	*TOTAL EXPENDITURES*	*2,530*	*1,912*	*1,918*	*2,030*	*2,610*	*5,855*	*678*	*857*	*385*	*430*	*505*	*341*	*20,051*
	Items: INCOME													
21	User fees	2,500	2,000	2,500	2,750	3,550	4,000	4,500	4,550	4,550	4,250	4,550	3,750	43,450
22	IGAs	500	600	400	-	-	-	-	-	-	300	200	250	2,250
23	Sold Assets Value	-	-	-	-	-	-	-	1,000	-	-	-	1,000	2,000
24	Kept Assets Value	-	-	-	-	-	3,200	-	-	-	-	-	- 1,700	1,500
25	*TOTAL INCOME*	*3,000*	*2,600*	*2,900*	*2,750*	*3,550*	*7,200*	*4,500*	*5,550*	*4,550*	*4,550*	*4,750*	*3,300*	*49,200*
26	*BALANCE*	*470*	*1,158*	*2,140*	*2,860*	*3,800*	*5,145*	*8,967*	*13,660*	*17,825*	*21,945*	*26,190*	*29,149*	*29,149*

Exercise 4: Medium-term Budget Exercise

Facilitator(s): Medium-term Budget Exercise. Help participants identify regular and extraordinary expenses over a three-year period. Highlight revenue needs to reach each of three equilibria.

Exercise time:15 minutes maximum

SESSION V-F: Revenue Generation and Service Pricing

Sustainability of quality water service delivery requires the water management committee to generate sufficient revenue to pay for basic operations and maintenance (Consortium Equilibrium 1), major repairs (Equilibrium 2), and even full system replacement (Equilibrium 3). As the Service-Revenue Virtuous Circle shows, water fee revenue generation is predicated upon continuing quality water service. If committees are not able to generate sufficient revenue to maintain and repair the water system, service will decline or even stop, which in turn, will cause customers to stop paying water fees as they look to other sources for their water needs. The challenge for the water management committee is to determine a water fee that is affordable for households but still sufficient to cover operations and maintenance expenses. If water fees are set too high, many community members will refuse to pay and return to traditional water sources. If water fees are set too low, the committee will not be able to maintain the water point properly and it will soon fall into disrepair and cease to function. This Session discusses different strategies to set water fees and discusses additional sources of income that contribute to water system sustainability.

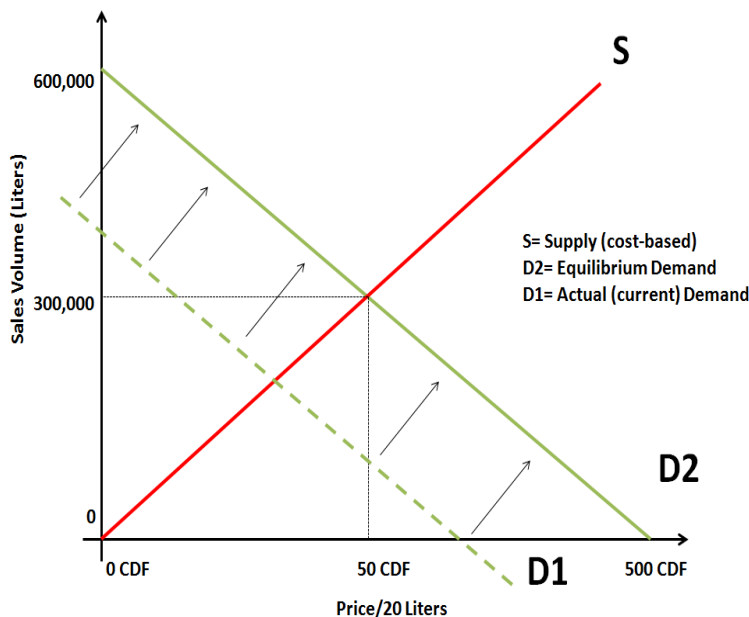**Figure 11: Supply and Demand Curves for Water Service**

Figure 12 is an example of a Demand and Supply Equilibrium. The **red** line represents the supply curve (or offer curve) which illustrates the volume of water a supplier is willing to provide at different prices. The **green** line is the demand curve which illustrates the amount of water consumers are willing to buy at different prices. The vertical (or Y) axis tracks the volume of liters of water sold monthly, and the horizontal (or X) axis tracks the price of water per jerry can (20 liters). To understand the implications of this graphic, consider how much consumers would be willing to purchase if the committee set the price at 500 CDF per *jerry can*. In this example, the answer is 0, as consumers are unwilling to pay this price for water service (under this example, not necessarily true in every community). If the water was priced near 0 CDF per jerry can, consumers would buy as much water as they need (estimated here at 600,000 liter per month by assuming

200 households in a village, five 20-liter jerry cans consumed per household for 30 days). However, the supplier (e.g. the water management committee) would not be willing to sell any water at this price, and if it was, it wouldn't have enough money to pay for operations, maintenance, and repair. If the price is, for example, 1,000 CDF per jerry can, the committee would be happy to sell as much water as possible (but again, consumers would not likely buy at this price). The challenge for water management committees is to find the demand-supply equilibrium. The price at which consumers would be willing to buy the volumes the supplier is willing to offer (also called a "market-clearing" price). For the water system to be sustainable, this market-clearing price must generate at least enough revenue for operations, maintenance, and repair. Estimating what this market-clearing price is not straight forward. However, we offer three approaches to setting water fees. No single approach provides the "right" price-level for water service. Committees should use the three approaches to inform its pricing decisions (committees should triangulate the results of the different approaches). The dotted green line represents initial demand for water that is below the minimum price required to cover operational, maintenance and replacement costs. The committee in the case will need to aggressively market the benefits of convenient clean water to community members in order to increase demand and therefore increase the price community members are willing to pay (represented by the solid green line).

Community Approach to Setting Water Fees

The community approach to water fee determination is probably the most common approach used by water committees. This approach involves a community meeting whereby community members state their opinions on how much they can afford to pay for water service. If the committee does an effective job of communicating the need for revenue for operations, maintenance, and repair, community members usually agree to a price for water that is greater than zero. The actual fees community members agree to varies from community to community. The challenge is that the preferred fee by community members may not be sufficient to cover water system expenses. For purposes of examples to follow, let's assume the community agrees to a monthly rate of 400 CDF per month per household.

Household Income Approach

This approach estimates feasible water fees based upon average household incomes in the village and the UNDP Water Affordability Index. The Water Affordability Index estimates at what percentage (%) of household gross income households begin trading-off basic necessities such as school fees, health care, or even food, in order to pay for water. This percentage of income varies by country, but UNDP has suggested 3-4% of household gross income as the maximum cost of water in developing countries. Therefore, if the average monthly household income is 50,000 CDF, and we use a maximum affordability rate of 3%, the maximum feasible water fee would be 1,500 CDF per month. If the average monthly household income in a village is 20,000 CDF, for example, the maximum feasible water fee would be 600 CDF per month. The actual maximum percentage used is ultimately up to the water management committees and their NGO partners to decide.

> **! Household Economic Survey**
> This approach requires a household economic survey in order to determine the average (median and mean) monthly household income in the community. See Module VI: Income Generating Activities for guidance on conducting a household economic survey.

For water management committees wanted to charge users per jerry can, a feasible price per jerry can be determined using this method by estimated monthly household water usage. For example, if the average household consumption of potable water is 5 jerry cans per day, this equates to roughly 150 jerry cans per month. If the household income analysis and the Affordability Index indicate a maximum of 1500 CDF per month for water expenses, the resulting price per jerry should be 10 CDF per jerry can.

Cost Based Approach

The cost-based approach to determining water fees uses cost estimates discussed in Session V-E and **Module III Operations and Maintenance** to set the minimum water fee required for sustainability (at least Equilibrium 2). If budget projections indicate that the committee will need to have accumulated 500,000 CDF by its 18th month to be sustainable, water fee revenue would have to at least be 27,780 CDF per month. If the village has 200 households, 100 of which are expected to use the water point, the average monthly water fee would need to be 280 CDF per household per month. Given that some households will not be able to pay every month for economic reasons, the committee in this case should add-in a non-payment cushion. If non-payment is expected to be 30% per month, the final water fee should be approximately 364 CDF.

Triangulation

WMCs should set water fees by triangulating the results from the three approaches. Triangulation implies that the WMC has some freedom to set water fees within the fee range determined by the approaches, and does not have to use a straight average or median of three fee estimates. Using fee levels from the above examples, we can surmise that the community prefers a fee of 400 CDF per month (as an example) the HH income approach suggest a maximum fee of 600 CDF per month, and the cost-based approach suggests a fee of 364 CDF. In this case a fee of 375 CDF would be reasonable. In cases where the community desired fee is below the required fee using the cost-approach, the WMC will need to engage in a determined information and outreach campaign to try to convince households to accept lower fees. If the household income approach and the community approach yield water fees that are far below the cost approach, the water system is not financially feasible. This is why this analysis and discussion process is necessary to ensure that communities and local authorities together with the NGO can make appropriate investment decisions that have a good chance of leading to sustainable services.

Exercise 6: Water Fee Determination Exercise

Facilitator(s): Present participants with variables such as average household income, minimum monthly expenses, and community opinion of water fees. Given these assumptions, help participants think through appropriate pricing levels. Begin with what most community members believe they want to pay, then walk through a cost based-approach to determine a minimum fee, and allow for discussion among participants about the feasibility of this fee. Include full replacement cost as an a

basis for fee determination, and then help participants triangulate the results of the approaches to determine a likely fee. The purpose of the exercise is not to set the final fees that the WMC will ultimately charge, but to increase participant understanding of different pricing approaches. Actual fee determination should ideally take place over time and after strategic community engagement meetings.

Exercise time:30 minutes maximum

SESSION V-G: Financial Modeling and Sustainability Tracking

The final component of effective business planning involves the creation of financial projections based upon anticipated revenues, operations costs, and repair/replacement costs. Few, if any, WMCs will be able to conduct financial analyses on their own. However, the concept of financial sustainability can be communicated through budgeting exercises and the financial sustainability projection tools included in this section. A focus on the mechanics of a spreadsheet-based financial projection can be overwhelming for staff and certainly for WMC members. Financial projections are essential for Consortium partner staff to understand if prevailing user fees will be sufficient to pay for operations and basic maintenance (Equilibrium 1), operations, maintenance, and major repairs (Equilibrium 2), and for operations, maintenance, and major repairs and system replacement (Equilibrium 3). WMC members should also understand these sustainability concepts, but do not need to be exposed to the inner workings of financial models. Instead, facilitators should focus on revenue-cost projections related to repairs and long-term sustainability.

Figure 12: Financial Modeling Process

Asset Valuation Sheet

The purpose of the Asset Valuation Sheet is to capture the investments required to install/construct the improved water point. This asset cost is useful in the calculation of adequate annual depreciation for full-system replacement, and to capture the real costs of water point installation. Ideally, the asset cost should include NGO staff time, in-kind contributions, overhead, and other indirect costs. At a minimum, the hardware cost, labor cost, and material costs of water point construction/installation should be captured.

Cost Projections

As per Section V-E above, Cost Projections involve estimating (and accounting) operations costs, basic maintenance costs, major repair costs, and eventual system replacement costs. Cost projections should be prepared according manufacturer guidelines regarding maintenance and repair schedules, and should estimate operation costs based upon evidence from other similar type water points operational in the area. If operations costs are not available, partner staff should at least estimate the amount of time WMC

members spend operating, maintaining and repairing the water point, in addition to any costs incurred by contracting third-party maintenance providers, as well as the other costs of the WMC such as marketing the water service and collecting and safely saving fees.

Revenue Projections

Based upon the number of paying users by type (customer segmentation), user fees by service (service segmentation), and the number of exemptions, payment rates and utilization rates (% of total households paying for water services by type), partner staff members are able to project monthly revenues over time. See the previous section for alternative strategies for user fee setting.

Cost-Benefit Analysis

In order to calculate Net Revenue, subtract anticipated (projected) monthly costs from anticipated (projected) monthly revenues to estimate monthly net revenues. If costs are greater than revenues, net revenues will be negative. Likewise, if revenues are greater than costs, net revenues will be positive. Cost projections should include major repairs and eventually full replacement expenses (approximately Year 15). The cost-benefit analysis allows partner staff to help WMC members understand the long-term financial sustainability of their water point.

Cumulative Cash Flow Analysis

Figure 14 below is an example of a cumulative cash flow analysis from the GWI financial model. The green line represents anticipated revenue, which in this case assumes no growth in water user households or
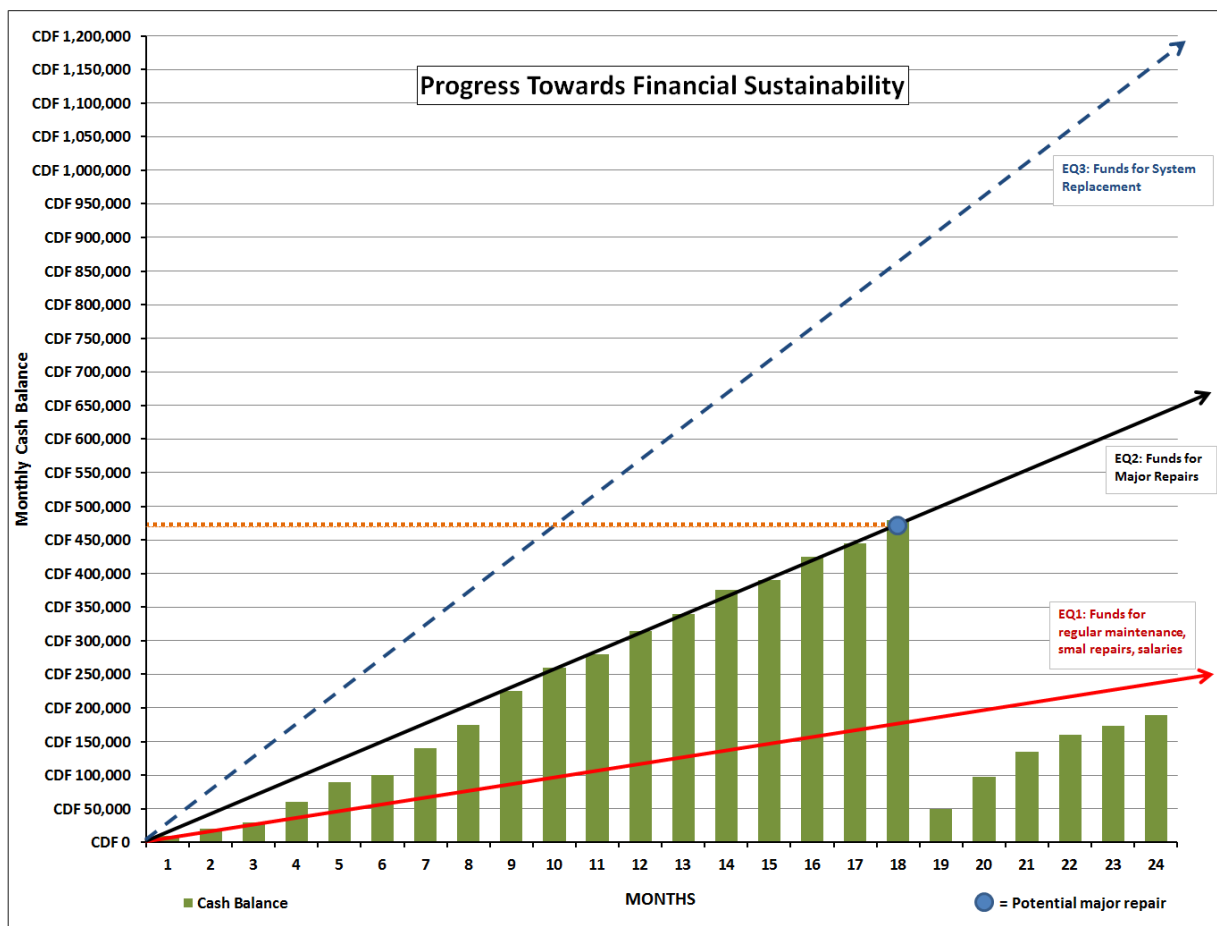
Figure 13: Example of Cumulative Cash Flow Analysis from the Consortium-adapted GWI Financial Model
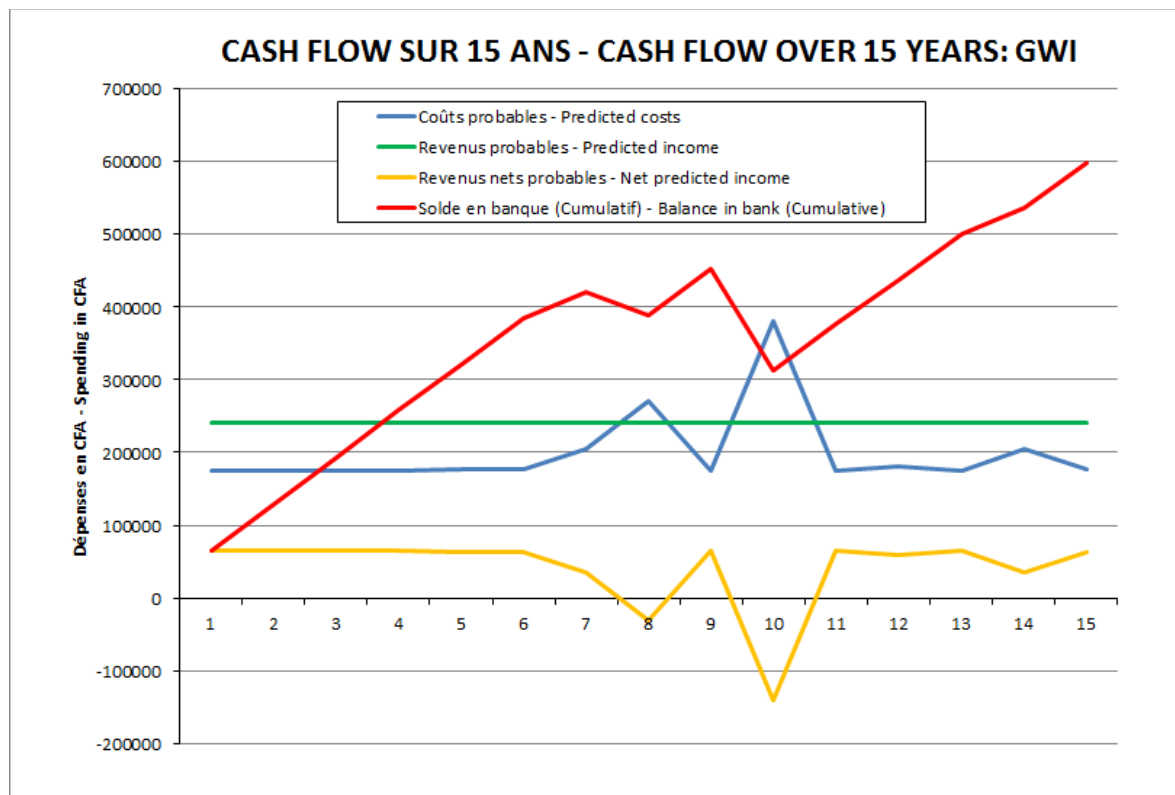
water user fees, as the revenue line is steady over time. The blue line represents anticipated costs operating, maintaining and repairing the water point, with spikes in Year 8 (minor repair) and Year 10 (major repair) representing cost increases due to anticipated repairs. The yellow line represents annual net income. Net income drops (and is in fact negative) in Year 8 and Year 10 due to repair costs. The red line represents cumulative cash flow, otherwise described as annual bank balances. Even as the yellow line (annual net revenue) stays constant in Years 1 through 6, cumulative cash flow continues to increase as positive net revenues are deposited into the WMC general account. Although net cash flow is negative in Year 8 and Year 10, the WMC in this example are able to pay for repairs by withdrawing from bank balances. Although this graph may be straightforward for those familiar with financial models, some partner staff and WMC members have had a difficult time grasping what the individual lines mean, and how they relate to one another. AO consultants tested a simplified version with WMCs that proved effective in communicating long-term financial sustainability requirements to WMC members. Facilitators should use Figure 16 below for WMC training sessions, as field tests demonstrated that the identification of a repair in Month 18, the associated cost of the repair on the Y-axis, and the resulting reduction in cash-on-hand proved effective in increasing participant understanding of the purpose and value of financial modeling.

Figure 14: Training tool for financial sustainability

The blue dot represents a repair that will be required in the 18ᵗʰ month of operations of the improved water point. The orange dotted line represents the amount of money that will be required to pay for the repair in month 18. Trainers should walk WMC members through the thought process that they need to have cumulative net revenues (revenues minus costs) of an amount at least equal to the repair costs. WMC members appeared to understand that they need to be above the black line to be on track to cover the anticipated repair in month 18. Most also understood that if cumulative net revenues (revenues minus costs) are behind the black line, that they need to collect more revenue (by either increasing the percentage of users paying, the number of households using the water point, or the user fees (or a combination of the three). In this tool, the red line threshold represents the cumulative net revenue trajectory required to pay for operations and basic maintenance (Equilibrium 1). The black line represents the cumulative net revenue trajectory required to pay for operations, maintenance and a major repair (month 18) (Equilibrium 2). The dotted blue line represents the cumulative net revenue trajectory required for the WMC to be able to pay for full system replacement in approximately Year 15.

Takeaways and Next Steps

At the end of this module, WMCs will likely not yet be ready to conduct business planning on their own. Therefore, NGO partners will need to facilitate "homework" tasks and follow-on sessions:

- Ask participants to develop their strategic review over the course of one-to-two weeks building upon exercises in the module. The NGO partner will likely have to facilitate any document drafting.
- SWOT Analysis. Although this module does have a SWOT exercise, WMCs should be given the opportunity to reflect after the training and to revise their preliminary SWOT.
- Organizational Development Plan. The ODP ideally is a living document. Facilitators and partner staff will need to guide WMCs through the drafting of their first ODP, and conduct six-monthly follow-on sessions for progress updates and revision.
- Costing. Facilitators should ask WMCs to estimate their operational, maintenance, and repair costs within two weeks of the training. Partner staff can then confirm, revise cost estimates, and enter into their live sustainability financial model.

VI. Income Generating Activities

Facilitator Guidance

Module Objective:	Introduce concepts and tools to assist water management committees and consortium technical staff members to successfully identify, prioritize, and execute income-generating activities.
Required Time:	1.5 Days
Materials Needed:	A1 copies of key tools listed below
	Flip chart, markers
	Participant hand-outs

Session-by-Session Checklist:

Estimated Session Time	Key Concepts	Key Tools	Exercises
Session VI-A: Introduction to Income Generating Activities 🟢✅			
30 minutes	What is an IGA? Why should WMCs engage in IGAs? IGA opportunities in community.	IGA Opportunity Images	**VI.1** Participant brainstorming on potential IGAs in their community. **Time:** 15 minutes **Exercise Materials:** Flip chart, markers.
Session VI-B: Identifying Potential IGAs 🟢✅			
45 minutes	Opportunity for increased credibility/legitimacy. Risk of decreased credibility and reputational damage. Creating a "long list" of IGA opportunities. High-level criteria for IGA identification. Comparative advantage.	Preliminary IGA Assessment Tool	**VI.2** Preliminary IGA assessment exercises. **Time:** 20 minutes **Materials:** A1 Blank copy of Preliminary IGA Assessment Tool or flip chart version. Markers.
Session VI-C: Conducting a Detailed IGA Market Assessment ⚠			
60 minutes	Comparative Advantage Market Demand Competitive Supply Cost Analysis Price Analysis Start-up Capital Technical Assistance Income Projection (cost-benefit)	IGA Market Survey	**VI.3** Conduct a mock IGA market assessment. Participants select one IGA and estimate market data and information. **Time:** 20 minutes **Materials:** Copies of IGA Market Survey, Flip Chart, Markers

Session VI-D: IGA Ranking Tool ⚠ ☑			
45 minutes	Defining ranking criteria. Criteria ranking. Using the ranking tool (office and field).	IGA Priority Ranking Tool	**VI.4** Participants select five (only) criteria for IGA ranking. Practice ranking different IGAs according to criteria selected. **Time:** 20 Minutes **Materials:** Blank A1 copy of the IGA ranking tool, or a flip chart version. Markers.
Session VI-E: Community Engagement ⚠			
60 minutes	Effective communication about the purpose of IGAs. Opportunity/risk for community relations (review). Potential for co-investment and/or credit. Working with community savings groups.	IGA Reporting Template Images of different engagement strategies (public meetings, field days, signage)	**VI.5** Solicit participant feedback on the feasibility of co-investing with other community members and WMC investment in savings groups. Time: 15 minutes Materials: Flip chart, markers.
Session VI-F: Investment Diversity and Cash Reserve Maintenance 🟥			
45 minutes	Managing risk through diversity. Importance of liquidity.	Sustainability Tracker with Liquidity Scenarios	**VI.6** The liquidity game. The water point has broken down and the WMC needs to pay for repair. Does it have enough cash on hand (liquidity) to make the repair?
Session VI-G: Use of IGA Profits ⚠ ☑			
30 minutes	Contribution to General Fund. Re-investment in IGAs Spare Parts Stocking Community Assets, focusing on WASH related projects	Service-Revenue Virtuous Circle	**VI.7** Participant brainstorming on possible uses of profit. Facilitators should tease-out ideas for public/community assets including water and hygiene related projects.

SESSION VI-A: Introduction to Income Generating Activities

Revenue from water user fees may not be sufficient (especially in the early years of the committee) to pay for necessary maintenance and repair of the water point. Water management committee funds are also at risk of theft and informal taxation (e.g., Chief taking the funds). **Income generating activities** are small investments that potentially can provide profit (return) to WMCs. IGAs have the potential to not only grow WMC funds, but also serve as a means to protect WMC capital. Funds are less easy to steal or tax if they are invested in projects. For example, it is more difficult to take vegetables from a WMC garden than to take cash out of the Treasurer's home.

The objective of this module is to provide approaches and tools to help implementing partner staff and WMCs identify high-potential IGAs in their communities, conduct IGA market assessments to ensure sufficient demand and market access exist for IGAs in consideration, a tool to help WMCs and communities prioritize potential IGAs, provide guidance on how much WMCs should invest in IGAs and how to balance *liquidity* needs with IGA investment options.

Committees Should Only Engage in IGAs When Ready

Although IGAs are intended to augment water user fee revenue to increase the financial sustainability of water committees, IGAs involve risk and may result in financial losses. Committees need to consider carefully when they should begin IGAs. Committees should at least be operating at Equilibrium 1 prior to investing in IGAs (meaning that they are able to cover **basic** operations and maintenance costs from user fees).   See Session VI-F for further guidance.

improved **business enabling environment,** vocational training or other economic development activities that support increased incomes in the long term, but do not **directly** generate cash revenues and profits.

Exercise 1: Brainstorming on Community IGAs

Facilitator(s): Ask participants to brainstorm on potential IGAs that might be viable in their communities. Do not judge or critique IGAs suggested, as an opportunity and risk analysis of IGAs is included in Session VI-B. The goal of this exercise is to encourage participants to creatively think of IGAs their committee might be able to support or engage in directly.

Exercise time:15 minutes maximum

SESSION VI-B: Identifying Potential IGAs

Water management committees have the duty to be good stewards of money earned from water fees. For new WMCs, community members and water users will likely have an initial mistrust of WMC management of user fee revenue. This will likely continue until WMCs demonstrate good financial management skills via up-to-date and accurate bookkeeping (**Module IV: Basic Financial Management**), regular and transparent reporting to the community (monthly General Assemblies, for example), execution of regular water point maintenance, and eventually, a well-managed repair of the water point using WMC cash reserves.

Given this initial mistrust, IGAs present both an *opportunity* to improve community perception of the WMC and the *risk* of communities not understanding why their water fees are being invested in IGAs. The opportunity to improve community perception of the WMC comes from community members seeing tangible outputs of WMC investments in IGAs. For example, community members will be able to witness first hand WMC-sponsored IGAs such as soap making, vegetable gardens, poultry and egg production, etc. With proper community outreach and promotion, the WMC can demonstrate that user fees are being properly managed, and creating community benefit beyond water service (increased supply of soap, fresh vegetables, or eggs in the village, for example. WMC credibility and support among community members will increase even more if community members have the opportunity to access IGA funds to develop micro- or small businesses of their own, although credit provision to community members or co-investment will need to be managed diligently by the WMC (see session VI-E).

IGAs also present a risk to WMC credibility with community members and water users. For example, community members may think that water fees are being used to create income and profit for the benefit of committee members themselves, and not as a strategy to increase WMC funds for maintenance and future repairs. WMCs must sensitize community members as to the purpose of its IGAs, and engage them in the IGA selection process. Another risk closely associated with community engagement is that community members may perceive access to IGA funding as unequal, or that the WMC is favoring friends and families for partnership in IGAs. To mitigate this, the association has to ensure equitable access to any funds made available for IGAs, including a transparent and merit-based evaluation system. An additional risk to WMC credibility with the community involves the risk associated with any business investment (large or small); the IGA may not achieve anticipated results or may even result in the loss of WMC funds. This risk, together with the need and opportunity to expand WMC financial resources, needs to be clearly explained to community members and water users. The repercussions of a failed IGA may be even greater if an individual entrepreneur receiving either credit or co-investment from the water committee loses income or personal assets due to the WMC-sponsored IGA.

Creating a "Long-list" of Potential IGAs

The first in determining the highest potential IGAs for water management committees is to brainstorm on activities possible in the community. The objective is to create an IGA "long-list" of high-potential IGAs to be investigated further. A detailed debate about demand, profitability, or technical know-how is not necessary at this point. The objective is to help participants think through entrepreneurial activities that *might* have high-potential. The IGA prioritization process involves narrowing IGA choices through several steps: 1) all possible IGAs; 2) using high-level criteria to create a "long-list" of IGA options; 3) conduct

market assessments for long-list IGAs and 4); use the IGA ranking tool to narrow the list further and to identify the top five IGAs for WMC investment.

Figure 15: Brainstorming on potential income generating activities
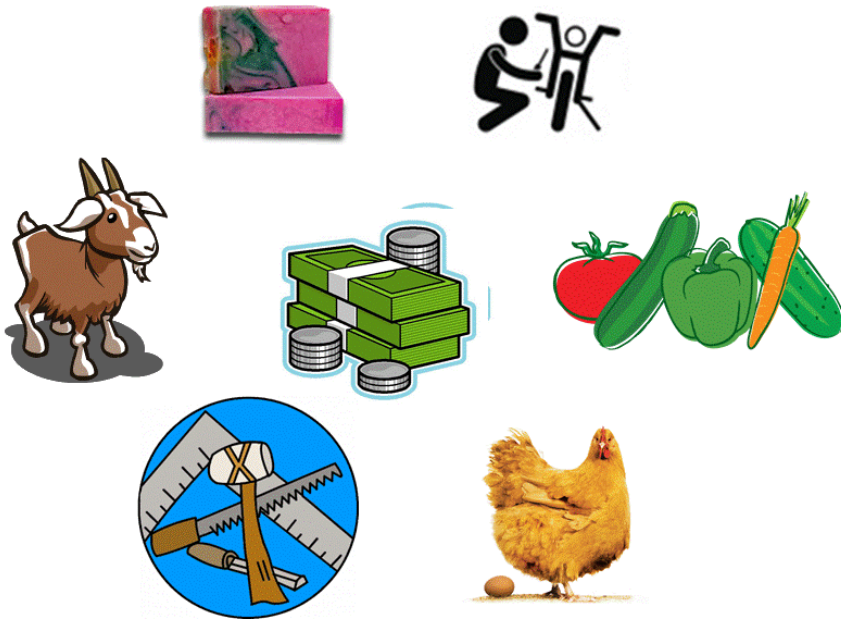
> **Training Tip:**
> The purpose of Figure 2 is to demonstrate the process of narrowing IGA choices to help committees prioritize which IGAs they should engage in first. Note that the Priority Ranking Process is described in Session II-C, but is included here so that participants are able to see the entire process.

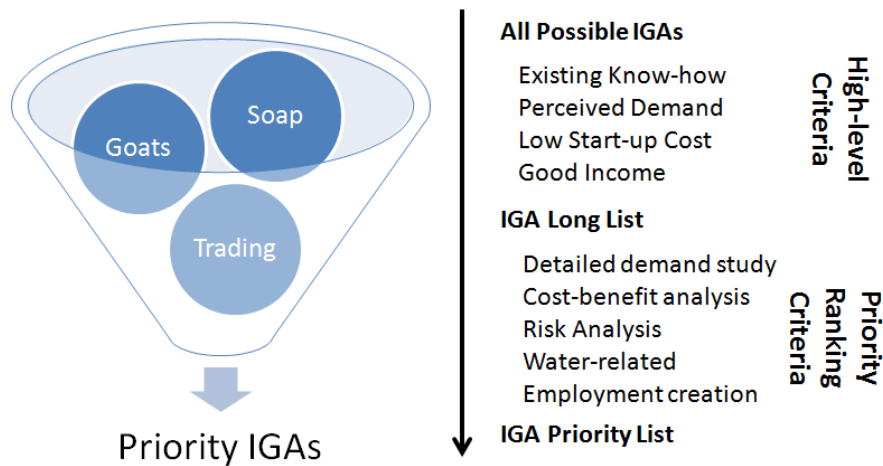**Figure 16: Process of Identifying High-Potential IGAs**

Figure 3 helps water management committees identify potential IGAs that are worth investigating further. This preliminary IGA assessment does not yet involve detailed market research, but seeks to capture the

knowledge of the community about the opportunities and challenges associated with different IGA opportunities. Rankings of IGA opportunities at this stage should be basic. For example, it is sufficient at this point to rank IGAs as High, Medium, or Low according to the high-level criteria established by the WMC.

TOOL VI.1:Preliminary IGA Assessment Tool

POTENTIAL IGA	POTENTIAL MARKET	TECH KNOW HOW	INCOME POTENTIAL	START-UP COST	WATER/ HYGIENE RELATED	COMMUNITY BENEFIT
Livestock (goats)	High	High	Medium	Medium	Low	Medium
Soap Making	Medium	Low	Medium	Low	High	High
Vegetable Gardening	High	Low	Medium	Medium	Low	High
Small Trading	High	High	High	High	Low	Medium
Carpentry	Low	Medium	Medium	High	Low	Low
Crafts	Low	High	Medium	Medium	Low	Low
Small-scale Food Processing	High	Low	High	Medium	Medium	Medium
Motorcycle Repair	Medium	Medium	Medium	High	Low	Low

Exercise 2: Preliminary IGA Assessment Exercise
Facilitator(s): Using a blank copy of Tool VI.1 (A1 preferred) or a flip-chart with a recreation of the VI.1 matrix, ask participants which high-level criteria for IGA assessment might be useful. Guide participants towards meaningful, but still high-level criteria. Then ask participants to rank the IGAs they identified in Exercise 1 according to their criteria. Keep the level of detail at the "high-medium-low" level, as a more detailed assessment will be covered in Session VI-C.
Exercise time:20 minutes maximum

SESSION VI-C: IGA Market Assessment

The IGA Market Assessment is an important tool to evaluate which income generating activities have the highest potential for timely profit generation. This tool is intended to be used by consortium partner staff, associations of water management committees, and government agencies assist committees with market research. It is not expected that committees, at least initially, will be able to conduct proper market assessments on their own. Committees may develop this capacity over time as they participate in more assessments. It is thus critical for consortium partner staff and others to actively involve members of committees in the implementation of IGA assessments.

Effective IGA assessments should focus on eight key areas:

Comparative Advantage *Does the community do something especially well?*	**Market Demand** *Who are the buyers?* *Where are the buyers?* *How much do buyers consume?*	**Competitive Supply** *Where do buyers procure the good or service now?* *Who are the competitors?*	**Cost Analysis** *What are the costs of production (per unit)?* *Where can inputs be sourced?*
Price Analysis *What is the price of the good or service in the village?* *In the next biggest town?* *How are prices segmented?*	**Start-up Capital** What equipment is needed? Tools? Inputs? What is the cost to begin the IGA?	**Technical Assistance** What skills does the committee or entrepreneur need to develop? What is the source of this TA?	**Income Projection** Price-Cost=Profit Profit x Volume =Total Profit Return on Investment Internal Rate of Return

TOOL VI.1:Preliminary IGA Assessment Tool
See Appendix X for a sample IGA Market Assessment Survey.

SESSION VI-D: IGA Ranking Tool

Now that the committees have gathered critical market information, consortium staff can help committees prioritize IGAs using the IGA Ranking Tool. The IGA Ranking Tool expands upon criteria established in the preliminary IGA assessment phase, and allows for a more detailed analysis of IGA opportunities.

Definition of Ranking Criteria

Market Demand: Does the IGA offer a service or a good that is in high demand? What is the source of demand (village, next major town, provincial capital)? What is the opportunity to sell outside of the community? Do sales projections match demand estimates?

Technical Know How: Do committee members have experience in the IGA sector? Does the community have experience? How much technical assistance and training would be required for community members to successfully engage in the IGA?

Income Potential: What is the profit margin of goods or services being offered? Given market demand, how much net income (profit=revenue-costs) can the committee reasonably expect to make?

Start-up Cost: How much money is required to start the IGA? Start-up cost (or start-up capital) may include cost of seeds and tools for vegetable gardening, the cost of a hammer mill for maize milling, cost of tools for motorcycle maintenance, etc.

Return on Investment: Return on investment (ROI) measures the ratio between profit and the amount of the original investment. ROI is a useful measure because it indicates the amount of money an IGA can make relative to the start-up cost, and whether the return justifies the initial investment.

Women Friendly: The water management committee may want to establish an IGA evaluation criterion that evaluates if an IGA is accessible to women and whether an IGA exacerbates women's labor burden (e.g., adds significant time to existing household responsibilities).

Environmental Impact: Another criterion committees may want to include is how a specific IGA might negatively (or positively) impact the environment. For example, a timber-related IGA may encourage the community to harvest trees in an unsustainable manner, but an IGA related to spring protection and/or improvement would have a positive environmental benefit.

Water-Hygiene Related: As the committee's primary responsibility remains the provision of quality water service and hygiene/sanitation promotion within the community, this criterion is intended to add points to those IGAs that are water or hygiene related such as soap making, water source protection, and others.

Community Benefit: An additional benefit of committee-led IGAs is to demonstrate benefit for the community as a whole. Certain IGAs may have a broader positive impact on community members than others. For example, a vegetable garden may increase the supply of fresh vegetables to remote communities who currently have little access and/or production of nutritious vegetables. In this case, a vegetable garden may have the ability to increase WMC funds while providing a positive externality (or external impact).

Scoring Criteria and Weighting Criteria

The IGA Ranking Tool example below is based upon a scale of one (1) to five (5). One (1) signifies low and/or poor and a score of five (5) signifies high and/or good. For two criteria, the scoring can be tricky. For the Start-up Cost criterion, a high start-up cost is considered a negative, as the committee is looking for cost-effective, affordable (to start) IGAs. In this case a high start-up cost would receive a 1 and not a 5. Similarly, for the Environmental Impact criterion, IGAs with a high negative impact should receive a 1 and not a 5.

Criteria can (and should) be weighted according to their relative importance. For example, the size of market demand is likely a critical factor. Without a sufficient number of buyers for the IGA product or service, no amount of investment and training will generate a positive income for the committee. Similarly, IGAs requiring high amounts of start-up capital may be too risky for the committee or may prevent them from being able to "afford" the start-up of the IGA.

> **Training Tip:**
> Water management committees should define criteria for IGA evaluation themselves. Facilitators and consortium staff can guide the discussion, but should define criteria for committees. Similarly, any weighting of criteria should be determined by committee members. Another important tip is to encourage WMCs to engage community members (delegates or otherwise) in the IGA selection, market research, ranking, and selection process.

TOOL VI.3: IGA Ranking Tool

POTENTIAL IGA	TOTAL SCORE	WTD. SCORE	MARKET DEMAND	TECH KNOW HOW	INCOME POTENTIAL	START-UP COST	RETURN ON INVESTMENT	WOMEN FRIENDLY	ENVIRON-MENTAL IMPACT	WATER-HYGIENE RELATED	COMMUNITY BENEFIT
Weighting			15%	10%	15%	20%	15%	5%	5%	5%	10%
Vegetable Gardening	31	34	4	2	2	4	3	5	3	3	5
Maize Milling	29	32.5	5	4	3	1	4	3	3	1	5
Livestock (goats)	25	30.5	5	3	3	3	3	2	3	1	2
Motorcycle Maintenance	23	28.5	4	4	4	2	3	1	2	1	2
Soap Making	27	28	2	2	3	3	2	4	2	5	4
Crafts	25	26.5	1	4	2	4	2	5	4	1	2
Carpentary	16	20.5	1	2	2	4	2	1	2	1	1

Exercise 4: Preliminary IGA Assessment Exercise

Facilitator(s): Using a blank copy of Tool VI.3 (A1 preferred) or a flip-chart with a recreation of the VI.1 matrix, ask participants which high-level criteria for IGA assessment might be useful. Guide participants towards meaningful, but still high-level criteria. Then ask participants to rank the IGAs they identified in Exercise 1 according to their criteria.

Exercise time: 20 minutes maximum

SESSION VI-E: Community Engagement for IGAs

As discussed in the introductory session, income generating activities present both opportunities and risks for establishing and maintaining a high-level of credibility and legitimacy with community members and water users. In order to increase support for WMC-led IGAs, and to increase the likelihood that community members will view IGAs as something positive for the committee and for the community, WMCs will need to communicate clearly and effectively with community members, engaging them from the early stages of IGA identification and selection.

Communicate Objectives of WMC Income Generating Activities

Committees must communicate that the objective of income generating activities is too increase (and protect) funds available for the operations, maintenance, and repair of the water point. The WMC needs to state clearly that IGAs are not for the benefit of the committee members themselves. To accomplish this, WMCs need to report transparently on IGA investments and money earned from IGA. The committees also must be transparent if IGAs involve specific community members as co-investors or co-beneficiaries, and clearly communicate what the committee intends to do with income earned from IGA. If the committee decides to provide funding for IGAs owned/managed by third parties (via credit and/or co-investment), the committee needs to establish a fair and transparent application process that ensures equal opportunity to access IGA funds for all community members.

Co-investing with Third Parties

Given the personal and committee responsibilities of WMC members, it may not be feasible for the committee to implement all IGAs themselves. Committees may consider providing funding to third-party (non-committee) community members through either credit (small loans with an agreed-upon interest rate) or through co-investment.

Third-Party Funding Approach	Advantages	Disadvantages
Micro-credit	• Guarantees the WMC a pre-set return on money loaned. • Expands the number of IGA the committee is able to implement.	• Loans still carry a risk of default if the IGA is unsuccessful. • Loans place the burden of performance squarely on the shoulders of the borrower. • Community reputation may be hurt if the WMC is forced to collect on collateral in the even to default. • Prevents WMC for sharing in greater than expected profits.
Co-investment	• Allows WMC to "partner" with community members, including participation in profit sharing.	• Puts WMC funds at risk, as there is no guarantee of repayment (unlike loans).

⚠ Investing in Individually Owned IGAs

Provision of credit to individual entrepreneurs interested in managing an IGA is a risky endeavour that will need to be well-managed. Many examples exist of failed cooperative or association-managed credit schemes. High-level community credit/investment concepts include:

Start slowly: WMCs should first experiment with their own IGAs to test the model and limit risk associated with third-party partners. If the WMC decides to either loan WMC funds to entrepreneurs or to co-invest with them, the WMC should start slowly with one or at most two external IGAs so all involved have a chance to learn without putting large amounts of user fee funds at risk.

Qualify potential entrepreneurs: Individuals applying for WMC funds should be considered trustworthy and honest by the community. WMCs should verify the ethics of the individual and consider their ability to repay the WMC in the event that the IGA fails. See Session VI-E for recommended credit/co-investment criteria.

Conduct proper market assessment: The WMC should conduct a proper market assessment of the IGA to ensure that adequate demand for the product or service exists, verify pricing and sales volume assumptions, and to confirm income and profit projections.

Choose lowest-risk IGAs for co-investment: As the WMC would be investing user fees to fund individually owned and managed IGAs, committees should fund only the lowest risk IGA ideas.

Ensure equitable access to IGA opportunities: Committee members must ensure that all water users have equal opportunity to access IGA funding. Committee members should not favour family or friends when making IGA decisions. One exception the WMC may consider is to limit IGA opportunities only to paying water users as an additional strategy to encourage community members to register with the WMC and pay their water fees.

Transparently Report of Investment and Profit (for all IGAs): Establishing trust and credibility with community members is already a difficult challenge for a new WMC. Community trust that the WMC is funding IGAs in a transparent and equitable manner will be even more challenging. As such, WMCs must be diligent to transparently report on who is receiving IGA support, how much the committee has invested, how much profit the individual and the WMC expect to make, and reporting on the final results of the IGA.

Be prepared for potential losses: Credit provision or co-investment is inherently risky. The WMC should only use funds for individually owned and managed IGAs with money they can "afford" to lose. This means that the WMC should only invest in this type of activity after sufficient cash reserves for future repairs has been secured.

Working with Community Savings and Lending Groups

An interesting strategy to protect and grow water management committee capital is for WMCs to contribute seed capital to community savings groups. When well-developed, community savings groups have demonstrated the ability to successfully pool money from members for lending and repayment. Many well-established savings groups have received training in sound financial management practices,

risk mitigation measures, and managing small loan portfolios. It may be more efficient for WMCs to lend capital to savings groups with an agreed upon return or profit share arrangement, than for WMCs to try to manage individual IGA investments and loans themselves. Although the risk of IGA failure and default remains, risk is mitigated by the community savings management structure, which involves peer enforcement of repayment. Another benefit of water committees partnering with savings groups is a potential increase in community support for IGAs, as savings group members will likely become strong advocates for committee initiatives. Also, with WMC capital invested in many small enterprises, the risk of theft or confiscation is reduced further. As discussed in Session VI-F, however, one challenge with the WMC-savings group model is liquidity. If the committee needs cash quickly for a water point repair, it will be difficult or impossible for the savings group to repay all of the principle and interest due the water committee. Investment in savings groups should therefore be viewed as a medium- to long-term means of generating regular investment income, but not for the quick turnover of principal and interest.

! Key Definitions

Principal: The original amount of the loan or investment before interest or profit-share.
Interest: The percentage of principal that the borrower must pay the lender in addition to the principal.
Return: The amount of money earned above the initial investment. Unlike interest, which is typically a fixed amount (or at least a fixed annual percentage), returns on investment are not fixed, and are not guaranteed.
Profit-share: Profit-share is a common approach to divide profits (or returns) amount investors. For example, if the committee invests 50% of the start-up cost of an IGA with a third-party community member, it is likely entitled to a 50% share of profits made by the IGA.

Communication and Engagement Critical to the Success of IGAs

Water management committees have many options for the implementation of income generating activities. Regardless of which type of IGAs a committee (and community) select, or how IGAs are implemented (by the WMC, through co-investment, or through loans to third-parties), the most critical aspect of IGA engagement is to communicate regularly and transparently with community members and water users, and to engage the community in each stage of the IGA process.

Exercise 5: Feasibility of Third-party IGAs

Facilitator(s): Ask participants to brainstorm on the opportunities and challenges for the committee to co-invest in IGAs with community members, including providing seed capital for savings groups. As participants identify challenges, facilitators should ask participants for possible solutions to the challenges identified. Facilitators should also look for opportunities in the discussion to reinforce the importance of community engagement and communication. Also, facilitators should encourage exploration of participant ideas about co-investment opportunities or creative partnerships with savings groups, for example.
Exercise time:20 minutes maximum

SESSION VI-F: Liquidity and Investment Diversity

This session is also related to mitigating risk associated with IGA investments. It is important that water management committees stay focused on their primary mission – to deliver quality water service to its constituents (paying water users). In order to fulfill this mission, the committee must do everything possible to ensure it has sufficient financial resources available for continuing operations and maintenance (Equilibrium 1) and to conduct major repairs (Equilibrium 2), especially in the short term. In the longer term, committees should also strive to earn sufficient revenue from water fees and IGAs to be able to pay for eventual water system replacement (Equilibrium 3), depending on the type of system. It may be tempting for WMCs to over-invest in IGAs in an attempt to augment water fee revenues. To avoid this, WMCs need to consider minimum cash requirements and *liquidity* needs.

> **! Defining Liquidity**
>
> Liquidity is a measure of the extent to which a person or organization has cash to meet immediate and short-term obligations, or assets that can be quickly converted to do this. Cash is the most liquid of assets, as it can be used immediately to pay for obligations such as staff salaries or repairs. For IGA investments, liquidity is best defined by how quickly the management committee can convert an investment into cash to pay for operations, maintenance and repairs. The best IGAs should generate enough regular income (net) to contribute to operations and maintenance costs. For more expensive major water point repairs, the committee may need to sell IGA assets in order to pay for repairs. For example, goat rearing is a fairly liquid investment, as the committee can sell animals quickly to generate needed cash. Investment in a perennial crop that takes several years to produce fruit is not a liquid investment, as the committee would not be able to quickly convert the investment into cash. WMCs need to consider liquidity when deciding to invest in IGAs, and when considering specific IGA opportunities.

An additional consideration is to balance the committee's portfolio of IGA investments. Committees should avoid over-investing in any single IGA. The IGA market assessment should help consortium partner staff and committees understand the depth of demand for specific IGA products or services, but even if sufficient demand exists for multiple projects in the same *value chain*, committees should still be cautious in investing in more than one or two of the same projects. The risk is that if a WMC is only investing in one value chain, any negative occurrence impacting that value chain may lead to the failure of multiple IGA investments. It is best to diversify the IGA portfolio so that failure in one sector does not jeopardize all of the committee's investment capital.

Three Approaches to the Liquidity/Investment Balance

The final balance between maintaining cash reserves, investing in liquid IGAs, and investing in longer-term assets is the choice of the water management committee, ideally in consultation with community members.

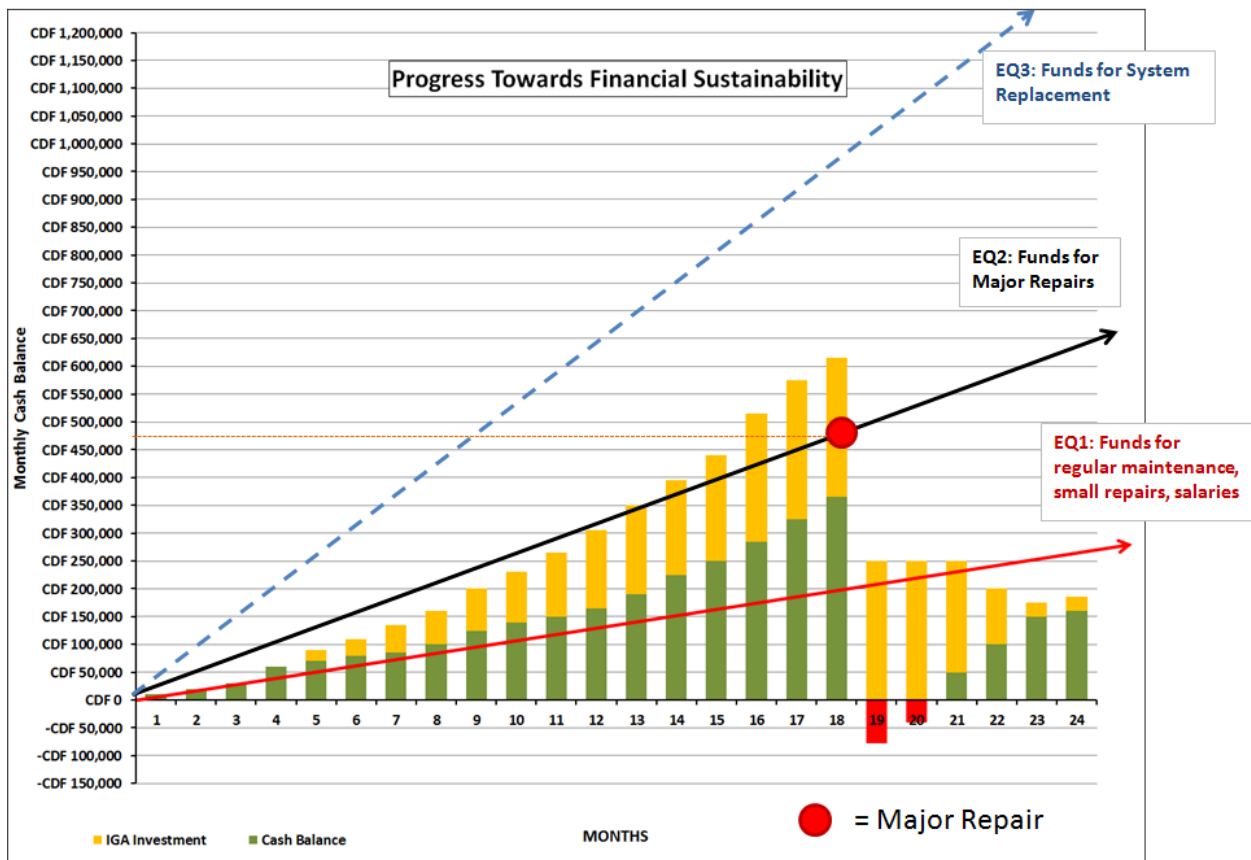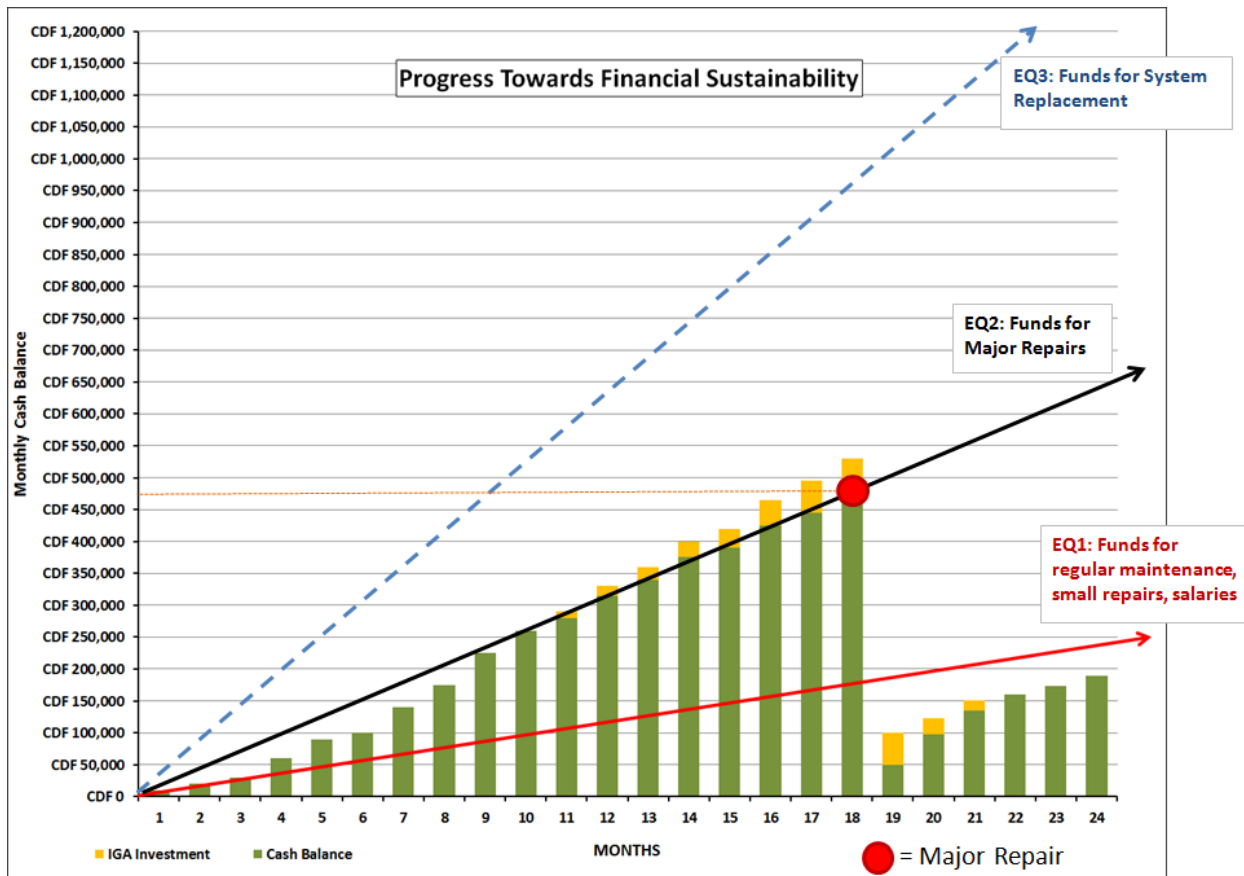**Figure 17: Aggressive Approach to the Liquidity-Investment Balance**

Figure 15 demonstrates an overly-aggressive approach to investing in IGAs. In this example, the water management committee begins investing after achieving Equilibrium 1, the ability to cover basic operations and maintenance costs. Although the total value of cash plus IGAs is well above the cost of the major repair (in this case, estimated at CDF 475,000), it does not have the cash on hand to pay for the repair (in month 18). The WMC has to make up for the short fall (the red column) raising additional funds from water users, which would hurt its credibility and legitimacy. If the committee is not able to raise funds to cover the shortfall, the repair will have to be delayed until the committee can sell some of its IGA assets, which takes time. The recovery of cash balances from Month 21 on is achieved by selling IGA assets and the continuation of water user fees, which will be predicated upon a functioning water point.

Figure 18: Medium-risk Approach to the Liquidity-Investment Balance

In this example, the water management committee only begins to invest in IGAs once it is on track to achieve Equilibrium 2 from water user fees. When a major repair is necessary in Month 18, the committee has sufficient cash to cover the cost of the repair. It is able to recover cash balances after the repair by selling some of its IGA assets, and by continued revenue from water user fees, which continue because service disruption was minimized due to quick repair.

Figure 19: Conservative Approach to the Liquidity-Investment Balance
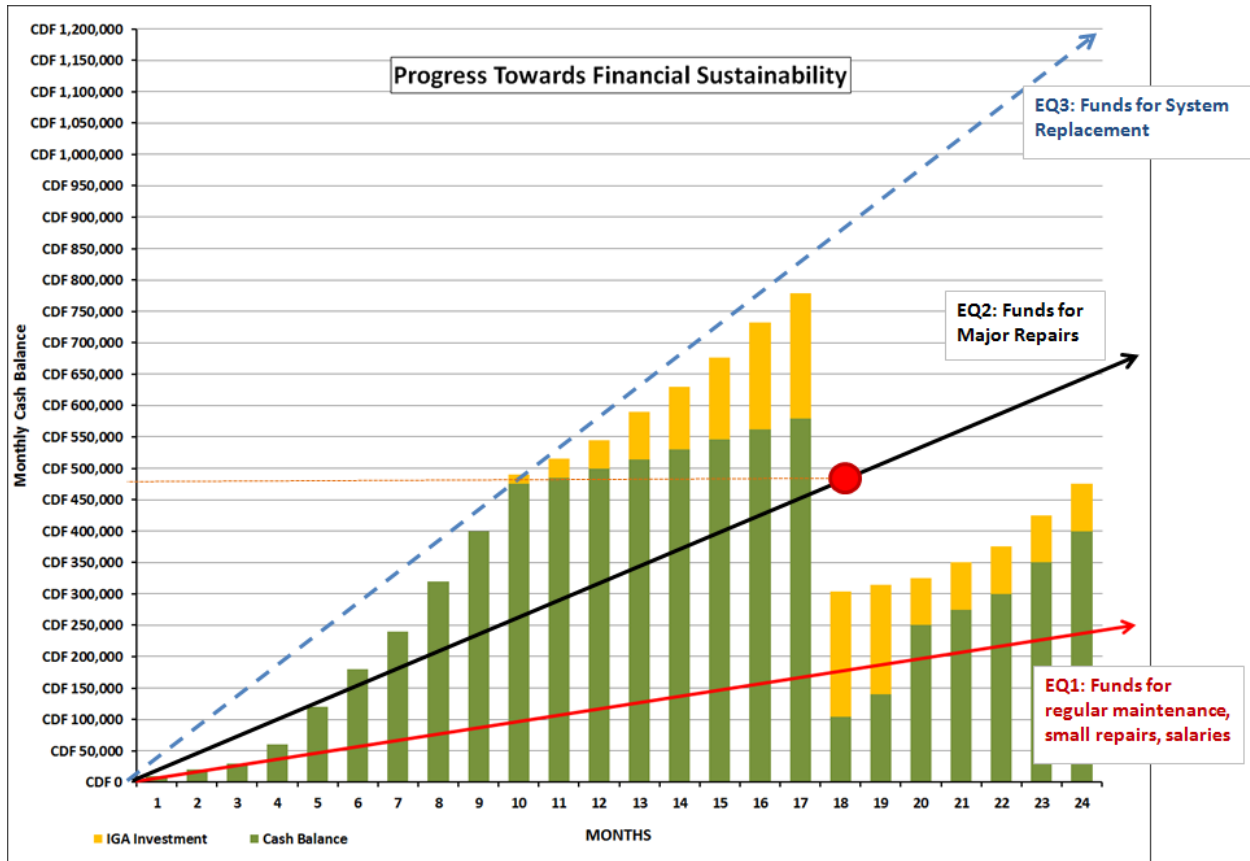
In this example of a conservative approach to maintaining cash reserves versus investing in IGAs, the committee waits until it has enough cash on hand to cover a potential repair in Month 18. After this, it begins to invest a significant portion of income water fee revenue into IGAs. This helps the committee quickly recover its cash reserve after having to pay for the major repair in Month 18.

Exercise 6: Liquidity Discussion

Facilitator(s): Ask participants to rank different IGAs and assets according to Liquidity. On a flip chart, list different assets: cash, livestock, crop cultivation (vegetables and a perennial), trading, maize milling, etc. Ask participants to discuss and agree upon a liquidity score for each IGA and/or asset. Scale: 1=low liquidity; 5=high liquidity.
Exercise time:20 minutes maximum

SESSION VI-G: Use of IGA Profit

The objective of this short section is to discuss options for the use of profits made from income generating activities. Water management committees should consider the following four options for the use of IGA profits: 1) deposit into the committee General Fund ; 2) re-invest in IGAs; 3) purchase spare parts for stocking and 4); investment in a public asset that may not be income generating.

Increasing the Committee General Fund

The primary reason for water management committees to engage in IGA is to augment revenue from water user fees in order to have sufficient cash to pay for operations and maintenance and major repairs. As such, the first priority for IGA profit is to increase the water management committee's general account.

Re-investment in IGAs

Investing in income generating activities is not a one-time occurrence. Depending on its cash needs, committees should continue to invest in IGAs in order to secure on-going non-water revenue. Subject to the risks discussed in earlier sessions, committees may choose to reinvest in a successful IGA and invest in the next highest priority IGA or IGAs. Committees should keep in mind future cash needs when deciding on the type and duration of new IGA investments.

Spare Parts Stocking

Committees should use proceeds from income generating activities to purchase commonly replace spare parts for the water point. Increasing the committees stock of spare parts will help reduce repair times in the future as committees will not have to spend time, money, and effort to locate spare parts after a breakdown. Maintenance service providers, spare parts suppliers, and NGOs can provide technical guidance on the types of spare parts committees should stock depending upon the type and age of the water point.

Community Assets

Water management committees should also consider investing in community or public assets, even if non-income generating. Investing in public assets is an effective way to demonstrate sound stewardship of water fee revenue to communities. Such assets are tangible, and more easily recognized by the community than some of the IGA options or even the regular maintenance of a water point. Given the committee's mandate to provide quality water service and promote good hygiene and sanitation in the village, committees should consider investing in WASH-related public assets. Examples include permanent public latrines, rubbish bins and disposal areas, drainage channels, source protection, hand-washing stations, and investment in training materials for community hygiene promoters and RECOS.

Figure 20: Review of the Service-Revenue Virtuous Circle

Exercise 6: Participant Brainstorming on the Use of IGA Profits

Facilitator(s): Ask participants to think about the alternative uses of profits generated from income generating activities. Encourage discussion of potential water-related public assets and reinforce the notion of quality water service delivery begets more users and higher fees, thus increasing the financial sustainability of the water management committee.

Exercise time:15 minutes maximum

Takeaways and Next Steps

At the end of this module, WMCs will likely not yet be ready to conduct business planning on their own. Therefore, NGO partners will need to facilitate "homework" tasks and follow-on sessions:

- Participants should refine their target IGA list within two weeks of this training to narrow the focus of IGA preliminary market assessments.
- Partner NGO staff should assist WMCs with the completion of IGA preliminary market assessments according to Annex II.

VII. Conflict Resolution and Stakeholder Engagement

Facilitator Guidance

Module Objective:	Introduce critical concepts and tools around conflict management and mitigation planning. To assist water management committees and consortium technical staff members to identify key stakeholders and people in local environments with influence, and potential sources of conflict—key risks and threats associated with water point management and the management of water service delivery activities.
Required Time:	One full day
Materials Needed:	A1 copies of key tools listed below (or prepared on flipcharts)
	Flip chart, markers
	Participant hand-outs

Session-by-Session Checklist:

Estimated Session Time	Key Concepts	Key Tools	Exercises
Session VI-A: Introduction & Definitions			
30 minutes	What do we mean by conflict? Conflict as natural? Positive aspects of conflict? Options to engage, mitigate conflict?	Key concepts and terms related to defining conflict.	**VII.1** Participant brainstorming on types of existing or potential conflict **Time:** 15 minutes maximum **Materials:** Flip Chart and/or Power Point Slide.
Session VI-B: Stakeholder Identification – Influence and Position Analysis			
90 minutes	Stakeholder Mapping & Power dynamics: Who are the actors and their "positions"? What is their relationship to the community? What are actors' interests?	Stakeholder/Interest Identification Matrix Stakeholder Position Map	**VII.2** Mapping Stakeholder Interests, Support, and Influence **Time:** 60 minutes **Materials:** A1 Blank copy of Stakeholder Interest Identification AND position map (or recreated on flip charts). Markers.
Session VI-C: Stakeholder Risk Analysis			
45 minutes	What are "threats" vs. "risks" when considering water point installation and community management? Who are the stakeholders involved?	Risk Analysis Matrix & Mitigation Planning Tool	**VI.3** Identifying Risks given Stakeholder Interests Mapping. **Time:** 30 minutes **Materials:** A1 Blank copy of Risk Matrix (or recreated on flip chart). Markers.

Estimated Session Time	Key Concepts	Key Tools	Exercises
Session VI-D: Conflict Mitigation, Management & Resolution Strategies ⚠			
45 minutes	Conflict related to water supply and/or sanitation, often requires mediation. Complexity of conflicts and potential solutions. Diversity of actors. Need for active dialogue; available insights and resources.	Hierarchy of alternative conflict resolution strategies' effectiveness	**VI.4** Localize Conflict Resolution Approaches. **Time:** 15 Minutes **Materials:** Blank A1 copy/flip chart of resolution hierarchy. Markers.
Session VI-E: Communications, Outreach and Public Engagement ⚠ ✓			
60 minutes	Identifying & engaging Local Authorities; Early and continuous engagement & regular advisory meetings; Reinforcement of shared interests; Multi-actor Memorandums of Understanding.	WMC Performance Scorecard	**VI.5** Using the WMC Performance Scorecard. **Time:** 30 minutes **Materials:** Blank A1 copy/flip chart with WMC Performance Scorecard; markers.
Session VI-F: Associations of Water Management Committees ▢			
45 minutes	Approach to develop Association of Water Management Committees. Potential to link WMCs to spare parts suppliers, maintenance service providers, other technical assistance Establish formal grievance mechanism for water committees facing interference or disruption from local actors.	Pros & cons, advantages and disadvantages of association establishment.	**VI.6** Ideas for a Representative Association of Water Management Committees. **Time:** 30 minutes **Materials:** Flip chart, markers.

SESSION VII-A: Identifying Potential Conflicts

What do we mean by "conflict"? The word has many implications:

Open, prolonged dispute and/or fighting in a situation where two sides (e.g. people, groups, nations or states) wish to engage behaviours that are

> **Training Tip:**
> Ask participants about their expectations for this module. What does conflict mean to them? What do they hope to learn?

mutually exclusive and/or inconsistent with one another: "Conflict […] (is) a social situation in which a minimum of two actors (parties) strive to acquire, at the same moment in time, an available set of scarce resources" Wallensteen (2002).

Conflict is a fact of life.

- Competition and conflict are unavoidable in all societies; and are related to human diversity: ethnicity, religion, ideology or class – it is also psychological, emotional, lived experience;
- Humans as individuals and groups have different interests, needs, values;
- Humans also live in dynamic social and physical environments, either of which can create or deepen unequal access to power and resources.

Conflict can also have positive outcomes (Coser, 1956), and may lead to creative solutions:

- Conflict can establish identity and independence. Especially at earlier stages of our life they help to assert our personal identity as separate from the aspirations, beliefs and behaviours of those around us;
- Intimate relationships require us to express opposing feelings such as love and anger, which if used constructively can deepen relationship;
- Conflict can build new *relationships* and *coalitions*. During the process of conflict and its resolution, parties who had no previous relationships may find out that they have common interests and then build coalitions to achieve common goals or fend off common threats;
- Conflict serves as a safety-valve mechanism which helps to sustain relationships, at times through the assistance of a third-party, as it may allow people to vent-up hostility and reduce tension;
- Conflict helps parties assess each other's power and in cases where there is an imbalance of power can work to redistribute it;
- Conflict establishes and maintains group identities as they help individuals to understand how they are part of a certain group and mobilise them to take action to defend the group's interests;
- Conflicts help to create or modify rules, norms, laws and institutions and thus encourage change.

A general understanding of conflict influences human response to its emergence in specific situations:

- If conflict is perceived as destructive, then efforts are aimed at suppressing or eliminating it; but are often likely to increase, rather than lower tension.
- If conflict viewed as normal, then the challenge lies in managing it constructively. The challenge is not the elimination of conflict, but rather, how to effectively address conflict when it arises (UNDESA and CRC, 2001)

Conflicts can also be *a mix of different types* of conflict involving social as well as political aspects and that the "logic" of the action of the actors involved differs from the logic of the conflict:

- Through lack of communication/information
- Misunderstanding
- Misinformation
- Deeply rooted cultural beliefs/traditions

> **⚠ Causes of water and sanitation conflicts**
> Many water and sanitation conflicts arise from lack of information and communication, uninformed perceptions, a mix of facts and emotions, poor or unjust distribution of limited resources and shifting burdens without benefit.

Conflict analysis, assessment and management:

- Parties to the conflict need to understand the problem
- Parties need to understand/be aware of each other's' interests
- Need to understand that contextualisation of the problem is subjective, based on perceptions and biases within particular word-views or understandings
- Solutions should be found through engagement and dialogue between parties

Scarcity is not the only cause of water and sanitation conflicts, so it seems better to say that conflict is "a social situation where one party tries to profit from a given situation or tries to solve its own water supply and sanitation problems in such a way that it negatively affects other parties".

From this perspective, conflicts may remain hidden if the other parties do not realise that they are negatively affected or can be open when they realise it and do not accept the situation.Focus of conflict resolution should be a "conflict" that has *a reasonable chance of being solved by involving the actors in a process of mediation*. Conflict needs to *be managed to avoid escalation*, which may turn into a situation with 'winners and losers'.

Actors act on the basis of their own perceptions that may be based on a subjective or collective memory and not on objective facts. People often try to solve problems as they perceive them, without taking into account the interests of other actors.

Conflict is resolved when a set of actions is worked out that is mutually agreeable between the "opposing" sides of a dispute.

- *Negotiation* is a central pillar of conflict resolution;
- *Conflict can be rooted in the basis of social organisation itself*, unequal distribution of resources;
- Lazarte (2006) distinguishes between '*conflicts of interests*' vs. '*structural conflicts*';
- Deep-rooted (i.e. structural) problems may require a higher level of intervention (social, legal, behavioural/attitude) to create change in society;
- Structural conflict requires an analysis of the problem in much greater depth to explore what course of action may be possible.

Options for conflict management:
- Emphasis on *mediation*;
- Encourage *dialogue* and shared action to resolve conflicts;
- Jointly solve problems based on *review of interests* and options.

Conflict Mediation is a process:
- Help actors understand the problem from different perspectives;
- Bring variety of actors together in a structured way to explore problems and potential solutions, mutual benefits and interests;
- Outline steps of following process & agreements into practice;
- Put dialogue between actors in conflict/dispute into context;
- Some processes require action at higher government levels (e.g. subsidies).

Examples of different types of **conflicts regarding water**:

> **Training Tip:**
> Solicit ideas from participants on different water-related conflicts before discussing examples.

- People with similar interests fighting over access, jumping the queue to spend less time sometimes making use of their 'social position';
- Community members not paying their water fees;
- Community members not able to afford fees (i.e. to the water supply system that is usually constructed with considerable government and donor subsidies);
- Water sellers keep price high (e.g. through monopolies, fixing, manipulation, coercion, etc.);
- Different user groups competing for resources (e.g. access to wells between communities and cattle owners, different tribes, or between urban/rural areas);
- "Visible but hidden" conflicts, (e.g. water diverted for irrigation, reducing community access);
- **Competing water interests**: *food*, *agriculture*, *industry* and *natural environment*;
- Transboundary conflicts between nations;
- Short-term interests, political or financial gains conflicting with long term interest of access sustainability, maintenance and protection of water source.

Exercise 1: Participant brainstorming on types of existing or potential conflict

Facilitator(s): Encourage participants to provide examples of conflict in their communities and potential conflicts that may arise from water management committee operations. Encourage participants to think strategically about the stakeholders/actors involved (local Chief, police, community members, members of other communities). **Exercise time: 15 minutes maximum**

SESSION VII-B: Stakeholder Identification – Influenceand Position Analysis

An important part of identifying potential risks related to water point management and service delivery is to first identify relevant stakeholders and assess their relationship(s) relative to the water point, water service delivery, the community and the WMC. This analysis will include each stakeholder's level of influence within the community or local environment; and their level of cooperation with the WMC.

- **Stakeholder Mapping &Power dynamics**– analysis should answer questions related to power, interests, relationships, networks and influence:
  - Who are the actors and what are their "positions" (i.e. roles/titles)?
  - What is their relationship to the community? Are they accepted/respected?
  - What are the actor's/actors' interests?
  - What is/are their actual power(s)/influence and what are their limitations?
  - How is their influence related to the community, and who influences them?
  - What is their relationship with local authorities?
  - Are their opportunities to involve them in mediation/solution?
  - How can the actors be involved to find solutions, what is their "part" in the solution?

MANAGEMENT TOOL VII.1: Stakeholder/Interest Identification Matrix

Stakeholder Interest Identification

Order No.	Stakeholders Relevant to Water Point Management and Service Delivery	Actor's Role in Society: (Land Owner, Local/Regional Authority, Business, Government Body, Association Member, etc.)	Who do they Influence?	Who Influences Them?	Interests at Stake	Level of Influence (1 - 5)	Level of Cooperation (1 - 5)
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							

Management Tool VII.2will help in building the risk analysis matrix (following session) to include two additional metrics: 1) (potential) level of cooperation and 2); level of influence (or power). Stakeholders in this example are "mapped" and categorized as Government or Public actors, Civil Society and Community actors, or Private Sector actors. Water management committees can use this matrix (and the Risk Analysis matrix) to identify the interests of each key stakeholder. Support and influence scores can be used to map stakeholders (**Management Tool VII.3**) to identify powerful allies (upper-right hand) and powerful adversaries or opponents (lower-right hand).

> **!** **Composition of Stakeholder Identification and Position Mapping**
> These two analysis tools are meant to work in tandem, as well as to be used in conjunction with Tool VII.3 Risk Analysis Matrix (following Session). Identify as many stakeholders as possible (20 being an optimal number), in order to chart them on the Position Map according to their Influence/Cooperation score. The tools' adaptation is meant to help WMCs link together stakeholders, interests, influence, support (i.e. cooperation) and the identified risks in order to prioritise strategies for effective stakeholder engagement.

MANAGEMENT TOOL VII.2: Stakeholder Position Map

Stakeholder Position Map
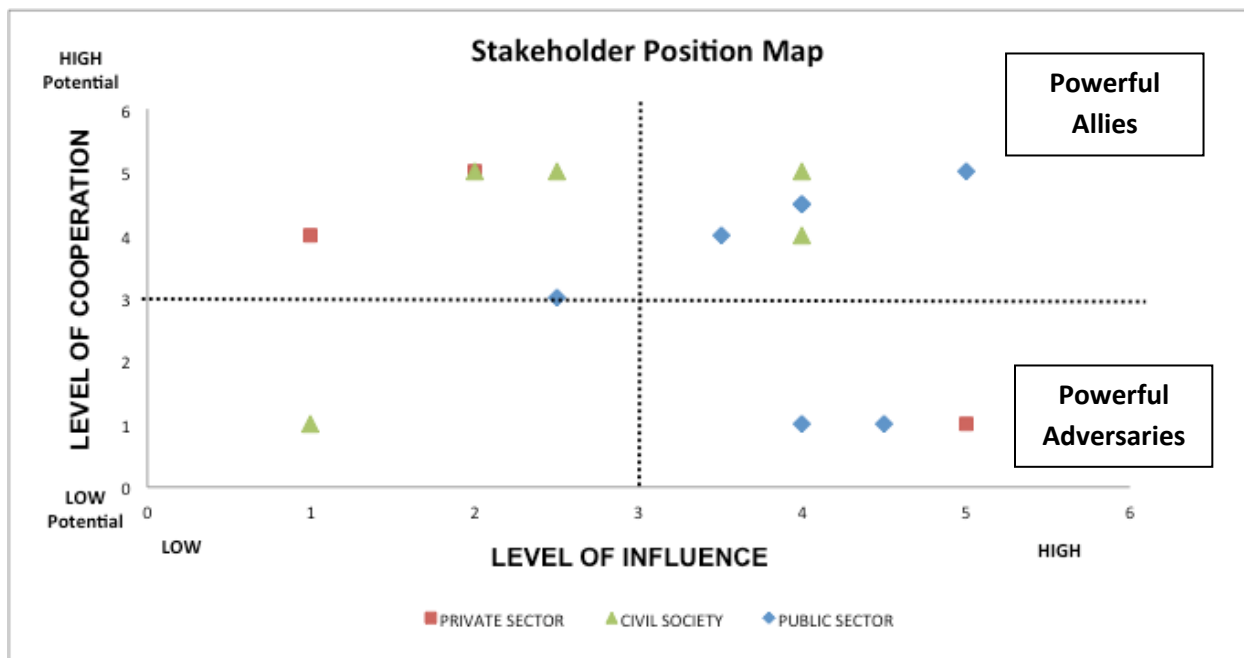
✎ **Exercise 2: Mapping Stakeholder Interests, Support, and Influence**
Facilitator(s): Using blank copies of the Tools III.1 and III.2, ask participants to identify key stakeholders in their activities. Stakeholders can be within the community or external. Guide participants through the process of identifying the interests of each stakeholder, whether they are supporters or potential adversaries, and what level of interest they exert. Do not yet ask participants to brainstorm on targeted communication, outreach, and engagement strategies, as this will come in a later exercise. **Exercise time:20 minutes maximum**

SESSION VII-C: Stakeholder Risk Analysis

A simple risk analysis tool is a "probability" or **Risk Analysis Matrix**. This tool creates a framework for looking at "*What can happen"*; and is meant to prioritise lists of possible scenarios that can result from a project promoting, proposing or implementing changes related to the access or management of a water source(s), or a water delivery system.

The analysis of risk should be based on multiple stakeholder inputs that can include ideas about who will benefit; or perceptions of implementing partners, local authorities, etc. The analysis should include all of the **major concerns** expressed in response to the question 'What could happen if we move forward with the process (**scenario**) we're engaging in to promote access to water, water source protection, community-based management, etc.?

- *What are the potential threats*(identification) related to certain actions the project will engage?
  - Diminish (perceived) influence of on stakeholder or group (i.e. undermining traditional authority or social structures)
  - Redistribution of resources diminishing control by certain stakeholders or groups within community
  - Reduce/restrict access for a particular stakeholder or group
  - Effects or impact on access related to a neighbouring or distant community (i.e. up/down-stream effects)
  - Environmental and ecological impacts of improved access

- *What are the potential risks*(identification) that can affect the community as a consequence/result of threats?
  - What are the actions being taken and what can go wrong as a result?
  - Who is involved (stakeholders) and what (behaviours/norms) are being affected?
  - What are the potential outcomes and consequences of risk impact(s)?

- *What are "threats" vs. "risks"*? Initial guiding questions for water:
  - What are the current means of accessing water in the community and for what purposes?
  - What are the barriers that limit access to water?
  - What are the different access/coping strategies for different members of the community or groups within it?

- *Key stakeholders who can influence decisions:* list all stakeholders directly involved in decision making that may affect the scenario, for example, the ministers of national governments or their representatives, the security forces or other armed groups, local authorities, etc. Be as specific as possible when styling persons or groups who can affect decision-making.

- *Stakeholders most affected by the risk:* make a list of each stakeholder more directly affected by the impact of each scenario, this may include not only NGO practitioners, implementation and implementing partners, but also beneficiaries and other humanitarian organizations.

- ***Probability:*** Analyse the likelihood of each scenario (using a simple three-level scale: _low_, _medium_ and _high_), and list at least 2-3 concrete examples to justify the choice of the level. This should include a description of current climate and past incidents.

- ***Potential consequences of risks:***consider the implications of each scenario, and assess the significance of the impact if the scenario becomes reality (on a scale of low, medium and high). Be aware: scenarios assessed as "high" or "very high" potential impact, such a situation that could result in serious injury or death because they will require very specific mitigation strategies.

- ***Mitigation of risks and maximisation of benefits:*** In the last and most important section of your risk assessment, describe in detail the solutions to manage and mitigate the risks of each scenario and who will participate in each of the defined actions supporting the solution (i.e. roles & responsibilities).

MANAGEMENT TOOL VII.3: Risk Analysis Matrix & Mitigation Planning Tool

No.	Stakeholder	Define Problem(S): Threat/Risk & Potential Consequences	Risk Potential (High, Medium, Low)	Risk Mitigation Strategy	Roles & Responsibilities in Mitigation Activities	Implementation Strategy & Timing
1		1. 2. 3....				
2						
3						
4						

Exercise 3: Identifying Risks given Stakeholder Interests Mapping

Facilitator(s): Referring back to Tool III.1, use a blank copy of Tool III.3 and ask participants to identify key risks/threats in reference to each identified stakeholder. can be within the community or external. Guide participants through the process of identifying the interests of each stakeholder, whether they are supporters or potential adversaries, and what level of interest they exert. Do not yet ask participants to brainstorm on targeted communication, outreach, and engagement strategies, as this will come in a later exercise. **Exercise time:20 minutes maximum**

SESSION VII-D: Conflict Mitigation, Management & Resolution Strategies

In conflict situations that concern water supply and/or sanitation, solutions often require mediation by a person or an organisation. The reason for this is the complexity of conflicts and potential solutions, the different disciplines that are often involved, the diversity of actors and the need for an active dialogue among parties to benefit from all available insights and resources.

Key questions to addressing conflict:

- **What is the problem**?
  - Dimensions (who's involved and why) vs.
  - Dynamics (interests, influence, power, affiliation) vs.
  - Complexity – how many 'layers' in dimensions and dynamics. e.g.:
    - o Number of people
    - o Number of groups
    - o Number and type of interests, influences, or power brokers involved
    - o Number of authorities implicated
    - o Number of relationships and interconnectedness between these

Figure 21: Hierarchy of alternative conflict resolution strategy effectiveness
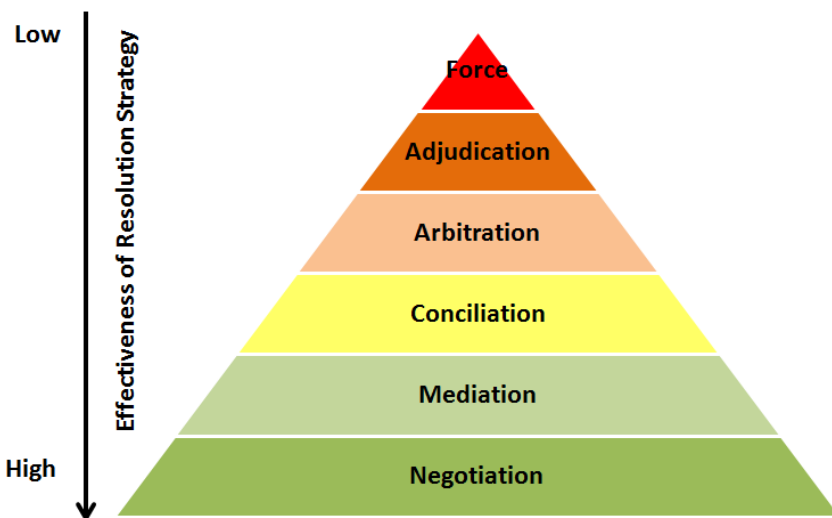
- **Mediation** is a process to obtain a resolution of conflict by facilitating between actors in a conflict in order to *clarify the problem* and together *find amicable and reasonable solutions*. The mediator will help the actors to identify, appreciate and ultimately move away from bargaining over each opposing actors' *position*, to negotiating based on the mutual *acknowledgement* of each side's position, reasoning and interests, particularly with the aim to:
  - Produce an intelligent agreement that meets the legitimate needs and interests of actors to the fullest extent possible, and that resolves conflicting interests *equitably*, and in a *lasting* way;
  - Adopt a process towards possible solutions that are efficient;
  - Ensure that the relationship between actors is improved.

- **'Principled negotiation':** The term negotiation is also used to describe the process of facilitation in a conflict. Some suggested guidelines for organising and managing negotiations:
  - Initiating negotiations can be extremely difficult, and requires active participation;
  - Disputes require a rational assessment of the conflict by a neutral third party;
  - Negotiations need to be structured in such a way that all parties are respected;
  - It is essential to address the dilemma about whom to invite to the negotiation table – only key players or the representatives of all those impacted by the conflict;
  - Joint fact-finding is essential to avoid each side trying to prove the other side wrong ;
  - Negotiations will fail unless each party, in addition to advancing its own interests, also looks at opportunities to advance the interests of its opponents.

  Principled negotiation MUST define a straightforward method involving actors as problem solvers:
  - Separate the people from the problem, to avoid emotions blocking possible solutions;
  - Actors need to learn how to jointly face the problem;
  - Focus on interests not positions, as the aim is to meet the legitimate interests of the actors, which in conflict situations may be hidden by the actors out of fear that they may weaken their bargaining position;
  - Develop multiple solutions to choose from, searching for options for mutual gain;
  - Insist on using objective criteria, independent of the will of either side, to choose the solution.

- **Role of facilitation & the mediation process:** The main steps involved in conflict mediation (Fisher and Ury, 1991):

  Clarifying the conflict and the main stakeholders: explore the problem together with the actors, taking into account that many problems are based on misunderstandings and, more importantly, to **raise awareness** that they are part of the problem and therefore also have to take part in the solution.

  Creating a workable relationship: establish **trust**, show **impartiality** and giving equal opportunity and time to both sides of the conflict. Another aspect is to stress that parties are voluntarily involved in the process *because they want to try to solve the problem*. The mediator can talk to parties separately to get a better understanding of the problem while also ensuring that parties can **communicate in a reasonable way**.

  Establishing the (underlying) interests and views of parties: mediation is to move towards exploring the underlying views, perceptions and interests and identifying the relevance these have for the actors. These interests can be prioritised and subsequently shared between parties.

  Collaborative identification of options for mutual gain: parties can start to identify options for mutual gain. The underlying concept is that parties jointly try to find a solution. There are typically **three categories of interests that tend to exist: *shared*, *neutral* and *opposing* interests**. Start the process by trying to find solutions related to shared and neutral interests. Deal with the opposing interests last, when potential gains have emerged from the process.

<u>Weighing and choosing potential solutions</u>: When at the end of the process a preferred solution emerges, parties are still not bound to this result. Each party will have to consider whether they **find the solution better than their *best alternative to a negotiated agreement* (BATNA)**. If their decisions are positive, an agreement can be signed, or otherwise formally agreed upon between parties.

- **Post mediation process** – it makes quite a difference whether you see the choosing of the solution as the endor as the beginning of the process. It is extremely important to be sure that actors can implement the chosen solution, taking into account some key aspects:
    - Actors imagine what sort of problems they will encounter 12 months down the road;
    - Agreeing to something that is feasible;
    - Align shared responsibility of the actors;
    - Send a unified message, which implies that actors should be briefed together;
    - Include post-mediation review processes for follow-ups by actors and mediators on progress.

- **The Mediator** –plays a crucial role in the process by helping the parties to remain in dialogue and to use their energy to find solutions while focusing on the future not the past. The mediator has to be recognised and trusted, well known and well-respected by both sides. He or she will provide:
    - A method to structure the process and to separate content from emotions;
    - Skills to guide the process and the actors setting some ground rules;
    - An open, impartial and respectful attitude;
    - Helps people to use the methods outlined ahead of and during the process to avoid breakdown.

    The mediator has to steer the process and it is essential to immediately redirect name-calling, put downs, sneering, blaming, threats, bringing up the past, making excuses, not listening, or getting even. He must reframe the negative statement into a neutral description of a legitimate concern. Some of the important skills of mediators (Fisher and Ury, 1991; Kent and Touwen, 2001) include:
    - **Active listening**: using verbal and non-verbal skills to show interest and to understand context;
    - Ask open-ended **questions that do not contain any judgment or criticism**;
    - Objectivity, **validating both sides**, even if privately preferring one point of view;
    - Identification and stating of controversial points as well as underlying emotions or needs, as often it is difficult for conflicting parties to express these points, reframing controversial points in such a way that **tension and blaming are reduced**;
    - Dealing with emotions, helping to **bridge gaps in communication** and avoiding loss of face;
    - Recognising the interests of parties;
    - Ability to recognise and apply different communication techniques including *communicating about the communication process itself*.

Exercise 4: Localize Conflict Resolution Approaches
Facilitator(s): As some of the conflict resolution mechanisms discussed above may not all be appropriate for the rural DRC context, brainstorm with participants on which conflict resolution strategies would work best in their communities. **Exercise time:15 minutes maximum**

SESSION VII-E: Communication, Outreach, and Public Engagement

Stakeholder Engagement

- Engagement and advocacy activities per stakeholder
    - Identifying & engaging Local Authorities
    - Early and continuous engagement & regular advisory meetings
    - Reinforcement of shared interests
    - Multi-actor Memorandums of Understanding (WMC, LAs/DAs, NGO, etc.)

Communications and Outreach

- Regular Water User Meetings/General Assemblies
- Updates (service delivery; financial performance & transparency; questions and answers on grievances); communication of planned WMC activities (IGAs & public assets)
- Messaging: SMS (when possible); reminders on maintenance; notification of service stoppage and action; reinforcement of hygiene promotion

> **Targeted Communication, Outreach and Engagement strategies**
> Water management committees should identify communication, outreach and engagement strategies for each individual stakeholder. As each stakeholder (or stakeholder group) has unique interests and motives, a targeted engagement strategy will help committees mitigate potential conflict and possibly transform opponents into supporters.

Exercise 5: Using the WMC Performance Scorecard

Facilitator(s): For existing committees, have participants score their own performance. Encourage an honest assessment, emphasizing that the tool is intended to be a guide for an improvement. Also have committee members create a schedule for reviewing scorecard and presenting evaluation to their community. Would WMC members feel comfortable presenting/sharing this information with non-committee members. Can this be an effective means of engagement with the community? With other stakeholders? **Exercise time:20 minutes maximum**

MANAGEMENT TOOL VII.4: WMC Performance Scorecard

PERFORMANCE CATEGORY	Score	POOR 1	2	3	4	EXCELLENT 5
Water Service Delivery						
Functionality (flow, consistency, quality)	5					5
Access (equity, hours of operation, convenience)	3			3		
Fencing/Lockable (adequate control)	4				4	
Cleanliness/Upkeep	2		2			
Average:	3.5					
Maintenance and Repair						
WMC Technician Fully Trained	1	1				
Regular Maintenance Conducted	1	1				
Common Tools in Good Condition	3			3		
Spare Parts on Hand and Secured	1	1				
Maintenance Service Providers Identified	1	1				
Spare Parts Suppliers (all types) Identified	1	1				
Average:	1.3					
Promotion Efforts (Quality of Promotion; Uptake by Community)						
Hygiene and Sanitation (including some PAFI)	5					5
Community Action Plan (exists and implemented)	3			3		
Sound Use of Water	4				4	
Other PAFI (rain harvesting; soap making)	5					5
Promotion of User Fee Payments	4				4	
Average:	4.2					
Basic Financial Management						
User Fee Payment Log Exists and is Up-to-Date	4				4	
Cash Ledger Adequate and Up-to-Date	3			3		
Multiple Copies of Cash Ledger (reconciled)	1	1				
Cash Counts/Reconcialiation Adequately Conducted	2		2			
Procurement Policies In Place and Followed	1	1				
Bi-weekly Finance Reports to WMC	1	1				
Regular Finance Reporting to Community	3			3		
Cash is Secured and Protected	4				4	
Average:	2.4					
Governance/Transparency						
Constitution, By-laws Exist and are Followed	1	1				
Understands and Believes Its Mandate						
Regular Elections Held	5					5
Clear Rules for Election	2		2			
Decision Making Occurs According to Stated Rules	4				4	
Committee Members Understand their Job	4				4	
Committee Members Have a Shared Vision	2		2			
Regular General Assemblies	4				4	
Representation of Women on WMC	3			3		
Average:	3.1					
Financial Sustainability (Business Planning)						
WMC:						
Has Developed and Understands its Strategic Vision	2		2			
Understands Competition to Water Point	3			3		
Has a Water Fee Determination Strategy	1	1				
Has an Organizational Development Plan	1	1				
Understands Timing of Likely Repairs	2		2			
Understands the Cost of Likely Repairs	2		2			
Understands Revenue/Cost Equilibriums (over time)	3			3		
Tracks Progress Towards Equilibrium(s)	1	1				
Engages in Income Generating Activities	2		2			
Has Enough Cash to Pay for Major Repairs	1	1				
	1.8					

SESSION VII-F: Associations of Water Management Committees

One approach currently being developed by a WASH RDC Consortium partner is the development of an Association of Water Management Committees. An association of WMCs has the potential to link WMCs to spare parts suppliers, maintenance service providers, other technical assistance, and to establish a formal grievance mechanism for water committees facing interference or disruption from local actors.

Advantages	Disadvantages
An association can advocate on behalf of individual water management committees facing difficulties with local authorities. Issues may include forced free water use by policy and military, forced free water use by family members of the Chief, dissolution by the Chief or other local authorities, and decrees prohibiting water fees.	Associations have a poor track record and reputation in the DRC. Committees may be resistant to joining an umbrella organization.
Assistance with legal registration, and links from territory, district, and provincial authorities for legitimacy and local conflict management.	Equitable representation may be a problem. Similar to committee constitutions, rules of representation, authority, equity, election and replacement rules must be established.
Establishment of formal grievance mechanism for both local authorities and water management committees.	
Links to maintenance service providers.	
Links to spare parts suppliers.	
Links to technical assistance.	
Important sustainability strategy as Associations may be well positioned to continue WASH RDC activities after the close of the programme.	

Exercise 5: Ideas for a Representative Association of Water Management Committees

Facilitator(s): Ask participants to brainstorm on the advantages and disadvantages of their committee joining a larger association. Ask participants to think about how disadvantages might best be mitigated. Also solicit ideas on representation and equity can be assured within the association. This is also a good test to see how much participants learned from **Module II: Organizational Governance. Exercise time:15 minutes maximum**

Takeaways and Next Steps

What are the key concepts that facilitators should emphasise?

For Facilitators:

- Emphasise the 'fluid' state of the surrounding environment in regards to the nature of conflict i.e. that "adversaries" might only be such IF certain events and actions take place without mitigation or negotiation. Adversaries might be adversaries one day and allies the next and vice versa.

- Conflict resolution should also be about avoidance as well, i.e. avoiding conflict before it becomes a danger or inevitability. Here emphasise the importance of using stakeholder analysis tools for conflict prevention and avoidance—by identifying interests and conflict potential.

- Make sure to provide ample time for going through the stakeholder identification and position tools thoroughly, allowing committee members to run through the process with 5-10 stakeholder examples, and then plotting their influence and support on the position map.

- Consider the risks of bringing attention to present or on-going conflicts, or how stakeholders outside of the committee training might be implicated or view the training itself.

For Committee Members:

- Important to ensure a good and thorough understanding of key definitions and concepts before moving into use of tools for situational analysis.

- Shouldn't use module training as a place to air or settle existing disagreements. Though this will not be entirely avoidable, get committee members to focus on concepts, and the process of resolution outlined in the module.

- Very important to understand why different interests of different stakeholders in a conflict, or potential conflict situations need to be acknowledged and appreciated before trying to find solutions.

- Remember that conflicts for committees can be very real, present, and can many times involve full-scale violence and armed conflict in a given region. Be aware of the environment yourself, and always make sure not to put yourself, the safety of community and committee members, or the project aims at risk if existing conflict realities are prohibitive in bringing forward the information in this module.

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Annex I: Glossary of Terms

Accountability: The acknowledgment and assumption of responsibility for actions, products, decisions, and policies including the administration, governance, and implementation within the scope of the role or employment position and encompassing the obligation to report, explain and answer for resulting consequences.

Agency: Agency is a fundamental principle of "delegated authority" (see "delegation" below) and empowerment of specific actors to carry out (social, political, economic, etc.) functions in an uninhibited manner. Agency refers to the autonomy of an actor or organisation, including their right and freedom to act free from political, social, cultural, or other interference. (Legal registration is an important step to establishing the autonomy of water management committees.)

Asset: Anything tangible or intangible that is capable of being owned or controlled to produce value, and that is held to have positive economic value. Simply stated, assets represent value of ownership that can be converted into cash.

Asset Valuation: The process of estimating what something is worth. Items that are usually valued are a financial asset or liability. Valuations can be made for assets (for example, investments in marketable securities such as stocks, options, business enterprises; or intangible assets such as patents and trademarks, or other "intellectual properties", etc.) or on liabilities (e.g., bonds issued by a company, outstanding payments or debts).

Association: A group of individuals who enter an agreement as volunteers to form a body (or organisation) to accomplish a purpose. Common examples include trade associations, trade unions, societies and professional associations, environmental groups, and various others. Membership may or may not be voluntary, as it may be required in order to work in certain contexts.

Audit: A systematic examination of accounting records, books of accounts, documents and vouchers of an organisation (including associations) to ascertain how far the financial statements present a true and fair view of the concern. It also attempts to ensure that the books of accounts are properly maintained as required by law.

Authority: Often used interchangeably with "power", is an adjunct of agency's intersection with influence. Having to do with social, political, economic or administrative decision-making and the affect of its influence over people and populations: power can be defined as the ability to influence somebody to do something that he/she might not otherwise have done, authority refers to a claim of legitimacy, the justification and right to exercise that power, and the tacit or general support of a given population to endorse that authority and its exercise of "power" in decision-making.

Benefits: Benefits can be both "tangible" or "intangible" gains or improvements made from a transaction, agreement or policy. In public policy, benefits are generated through a system of taxation (i.e. revenue generation) that funds public services that benefit a population, community or state. Benefits as "income" in the sense of "profit", are the earnings distributed to an owner in a profitable market process (i.e. a business or transaction), as a measure of profitability, which is the owner's major interest in income formation and the engagement of market production facilities.

Budgeting: A quantitative expression of a financial plan for a defined period of time. It may include planned sales volumes and revenues, resource quantities, costs and expenses, assets, liabilities and cash flows. It expresses strategic plans of businesses, (public) organisation s, and/or other economic a social activities or events in measurable terms of currency. Budgets help aid the planning of actual operations by forcing managers to consider how conditions might change and what steps should be taken; and by encouraging managers to consider problems before they arise. It also helps co-ordinate the activities of an organisation by compelling managers to examine relationships between their own operation and those of other departments, and the greater environment in which an entity may act.

By-Laws: Rules or laws established by an organisation or community to regulate itself, as allowed or provided for by a higher authority. The higher authority, generally a legislature or some other governmental body, establishes the degree of control that the by-laws may exercise. By-laws may be established by entities such as a business corporation, an association, or a municipality depending on jurisdiction.

Capacity building: A conceptual approach to development that focuses on understanding the obstacles that inhibit people, governments, international and non-governmental organisation s from realising their development goals, while enhancing the abilities that will allow them to achieve measurable and sustainable results.

Cash-Flow: The movement of money into or out of a business, project, or association. It is usually measured during a specified, limited period of time. Measurement of cash flow can be used for calculating other parameters that give information on a company's, or organisation's value. "Cash flow" is also based loosely on the cash flow statement accounting standards (in either cash or accrual accounting systems). The term is flexible and can refer to the span of time intervals , and it can also refer to the total of all cash-flows involved, or simply a subset of those flows.

Client-Service Approach (or Customer Service Approach): A service response based on customer input, one-to-one solutions to customer requirements, direct communications with customer and customer service centres that help customers solve their issues. The idea is based on being attentive to customer needs or trends in a give service or industry and designing products and management services around those trends, and identified preferences.

Coalition: pact or treaty among individuals or groups (like associations), during which they cooperate in joint action, each in their own self-interest, joining forces together for a common cause. This alliance may be temporary or a matter of convenience.

Community-Based Organisations (i.e. civil society groups, or non-profits): Are groups of persons within communities defined by geographical location, shared work-space, and/or shared experience or concerns. Within community-based organisations, there are many variations in terms of size and organisational structure. Some are formally incorporated, with a written constitution and a board of directors (also known as a committee), while others are much smaller and are more informal.

Community Mobilisation: is an attempt to bring both human and non-human resources together to undertake development activities in order to achieve sustainable development.

Comparative Advantage: An economic theory or business concept related to the potential gains from mutually inclusive trade between individuals, firms, or nations that arises from differences in their ability to create certain goods and services more efficiently than their neighbours (or potential trade partners),

who also have a demand for that good, and that can also produce another good or service more efficiently, with a demand, that can be used in the negotiation of trade. Where an agent has a comparative advantage over another in producing a particular good, that person should be able to produce that good at a lower relative price and/or "opportunity cost" (i.e. at a lower marginal cost prior to trade).

Competitive Advantage: A business concept describing attributes that allows an organisation to outperform its competitors. These attributes may include access to natural resources, such as inexpensive power, highly skilled personnel/labour, geographic location, low/high entry barriers, etc. Access to better quality water can provide competitive advantage for a Water Management Committees operating an improved water point (as opposed to traditional unprotected source), where better client-service relations emphasise the added benefits (e.g. improved health and decreased illness) via access to an improved source of quality water.

Conflict (as 'Structural'): Friction, disagreement, or discord arising within a group, or between groups, when the beliefs or actions of one or more members of the group are either resisted, or found unacceptable to one or more members within that group, or b another group. Conflict can arise between members of the same group, known as intragroup conflict, or it can occur between members of two or more groups, and involve violence, interpersonal discord, and psychological tension, known as intergroup conflict.

Conflict of Interest: A situation in which a person or organisation is involved in multiple interests (financial, social, or otherwise), one of which could possibly corrupt the motivation of the individual or organisation. Therefore, a conflict of interest should be discovered and voluntarily defused before any corruption occurs. Furthermore: "A conflict of interest is a set of circumstances that creates a risk where professional judgement or actions regarding a primary interest will be unduly influenced by a secondary or second set of interests." Conflict of Interest exists if the circumstances are reasonably believed (on the basis of past experience and objective evidence) to create a risk that secondary interests may unduly influence primary decisions in an agreement.

Cost-Recovery: Defines and assesses a life-cycle of costs related to various types of property and assets; and assumes the property will lose its entire value at the end of the defined life-cycle duration or some denoted period of time. Assessing life-cycle costs allows for the calculation of a "depreciation" value that can be deducted from the "initial value" of the asset over that period. The cost-recovery is the amount of revenue or money that needs to be generated in order to pay for the full replacement of an asset at the end of its life cycle.

Constitution: A set of principles or established precedents according to which a state or an organisation is governed. These rules together "constitute" or make up what the entity is and how it will function, as well as the purpose it will serve—as defined by its founding body and/or members. When these principles are written down into a single document or set of legal documents, those documents may be said to embody a constitution. Constitutions concern different types of organisations, from sovereign states to companies, and unincorporated associations.

Customer Segmentation: A marketing strategy which involves dividing a broad target market into subsets of consumers, businesses, or countries who have, or are perceived to have, common needs, interests, and priorities. Customer segmentation is used as a principle in designing and implementing marketing strategies. Businesses may develop product differentiation strategies, or an undifferentiated approach,

involving specific products or product lines depending on the specified demand and attributes of the target segment.

Delegation: The assignment of responsibility or authority to another person, body, entity or "agent", to carry out specific activities. It is one of the core concepts of effective management and leadership. The person who delegated the work remains accountable for the outcome(s) of the completed work. Delegation empowers a "subordinate" to make decisions (i.e. it is a shift of decision-making authority from one al level to a lower one).

Diversification (of investment): The strategic act of attempting to reduce risk by investing in a variety of assets or activities, rather than just one. A diversified set of activities will have less risk to endanger the organisation or association that owes them due to losses (asset value, in company value or productive value) and often lessens risk for key constituents and/or investors.

Engagement: A scheduled event requiring attendance by an individual, group or constituency.

Equity: The difference between the value of the assets/interest and the cost of the liabilities of something owned. For example, if someone owns a house worth $1000, but owes $500 on the value of that house, the house represents $500. In an accounting context, shareholder equity (or stockholder equity, shareholder funds, shareholder capital, etc.) represents the equity of a company as divided among individual shareholders of common or preferred stock.

Facilitator/Facilitation: Someone who helps a group of people understand common objectives, and assists them in planning how to achieve these objectives. In doing so, the facilitator remains "neutral" meaning he or she does not take a particular position in the discussion. The facilitator's job is to support adaptation and information on best practices. To do this, the facilitator encourages full participation, promotes mutual understanding and cultivates a sense of shared responsibility. By supporting everyone to do their best, a facilitator enables group members to search for inclusive solutions and build sustainable agreements, or develop needed capacities and/or skills within an organisation.

Fee-for-Service: A payment model where services are paid for as "itemized" (i.e. individually), where services are unbundled and paid for separately. It is important, therefore, to provide more service (like safe water distribution) because the fees in this regard are dependent on the quantity and the quality of service.

Financial Management: refers to the efficient and effective management of money or funds in the accomplishment of certain objectives (i.e. of a company, organisation or individual, etc.). Financial management is a specialized function directly associated with senior management in an organisation. It includes how to raise the capital, how to allocate it (i.e. capital budgeting). Not only in long-term budgeting exercises, but also how to allocate the short-term resources like current liabilities. It also deals with the dividend policies of the shareholders.

Forecast: Forecasting is a process of making statements about events whose actual outcomes have not yet been observed. For example, forecasting expenses for corrective maintenance of an asset. "Prediction" is a similar, but more general term. Risk and uncertainty are central to forecasting and prediction: it is generally considered good practice to indicate the degree of uncertainty (i.e. risk) attached or implicated by a forecast. In any case, the data (e.g. a maintenance schedule) must be up to date in order for the forecast to be as accurate as possible.

General Fund: Records all assets and liabilities *not* associated with a particular spending area or "purposed fund" within an organisation's general ledger of accounts. When governments or administrators reference a 'balanced budget', most often they are regarding the budget balances of a general fund.

Governance: All processes of governing, whether undertaken by a government, market or network, whether over a family, tribe, formal or informal organisation or territory and whether through laws, norms, power or language. It relates to "the processes of interaction and decision-making among the actors involved in a collective problem that lead to the creation, reinforcement, or reproduction of social norms and institutions.

Legitimacy: Is the popular acceptance of a given authority, a governing body, laws or a political regime. Referencing "authority" above, which denotes a specific title or position held in an established government or governing body—"legitimacy" refers to the acceptance of an entire system of government or governance, laws and appointments of authority—by a populace, group or the members of an organisational entity. Political legitimacy is considered a pre-condition for governance, without which a government will suffer legislative deficiency, and ultimately failure.

Log (i.e. Register, see "Registration" below): A formatted and formalised record of entries, arranged by date and other categories (e.g. inventory items, names, assets holdings, etc.), which is meant to provide a summary and a report on what has happened over the course of a period of time (i.e. for each "log entry").

Management of Public Assets: An integrated, multidisciplinary set of strategies in sustaining public infrastructure, services and assets such as water treatment facilities, sewer lines, roads, utility grids, bridges, and railways. Generally, the process focuses on the later stages of a facility's life cycle specifically maintenance, rehabilitation, and replacement.

Mandate: The authority granted by a constituency to act as its representative. Also aids the concept of a government having a legitimate "mandate" to govern via fair and open elections.

Market: Consist on sellers offering their goods or services (including labour) in exchange for money or in-kind services from buyers. Markets apply a basic institutional function by which prices of goods and services are established, facilitating trade and enabling the distribution and allocation of resources in a given society, region or locality. Markets allow individual commodities to be evaluated and priced via trade. The concept of a market is any structure that allows buyers and sellers to exchange any types of goods, services and information. The exchange of goods or services, with or without money, is a transaction. Market participants consist of all the buyers and sellers of a good who influence its price via the basic market forces of *supply* and *demand*.

Mediation: Dispute or conflict resolution between two or more parties with the intent of positively effecting the outcome via negotiation. Typically, a third party (the mediator) assists the parties to negotiate a settlement. Aggrieved parties may choose to mediate disputes potentially involving many different areas (commercial, legal, diplomatic, workplace, community and family matters, etc.). The term "mediation" broadly refers to any instance in which a third party helps others reach agreement. More specifically, mediation tends to have a structure, timetables and dynamics that ordinary negotiation lacks.

Mitigation: The principle that a party who has suffered loss must take reasonable action to minimize the amount of the loss suffered by another party—to lesson the effects or severity of consequences, actions or environmental effects on human (and ecological) populaces, communities and groups.

Negotiation: Involves dialogue between two or more people, groups or parties, and is intended to reach a mutually beneficial outcome, resolve points of difference, gain advantages for an individual or collective members of societies—in order to create outcomes that satisfy various (potentially opposing) interests.

Operations/Operational Management: area of management concerned with overseeing, designing, and controlling the process of production and redesigning business operations in the production of goods and services. It involves the responsibility of ensuring that business operations are efficient in terms of using only as many resources as are absolutely required by production; and that operation is effective in terms of meeting customer requirements, organisational goals and objectives. Managing the process of converting *inputs* (i.e. raw materials, labour, energy, etc.; or ground water and water infrastructure, for example) into *outputs* (i.e. goods, commodities, consumables, products and services; e.g. safe and hygienic water distribution at convenient location).

Opportunity Cost: The loss of potential gain between alternatives of given modes of production, when one alternative is chosen over the other. Opportunity cost is a key concept in economics, and has been described as expressing "the basic relationship between scarcity and choice... the value of the best alternative forgone, in a situation in which a choice needs to be made between several mutually exclusive alternatives [in production] given limited resources [i.e. physical resources, human resources, raw materials, time, etc.]." Assuming the best choice is made, it is the 'cost' incurred by not engaging the benefits that would have resulted had another choice in the mode of production been taken.

Organisational Governance: The mechanisms, processes and relations by which organisations are controlled and directed. Governance structures identify the distribution of rights, roles and responsibilities among different participants in a given organisation (i.e. delegates, managers, operators, and other stakeholders)—and includes the rules and procedures for making decisions. Organisational governance includes the processes through which business, non-profit organisations, make their objectives known through design and planning in order to pursue them in the context of the social, regulatory and market environment. Governance mechanisms include monitoring the actions, policies and decisions of corporations and their agents.

Ownership: Determines who has certain rights and duties over a specified property, asset, private entity or property. These rights and duties, sometimes called a "bundle of rights", can be separated and held by different parties. The process and mechanics of ownership are fairly complex, and therefore, one can gain, transfer, and lose ownership of property in a number of ways.

Participation: In social science, this refers to different mechanisms for the public to express opinions – and to exert influence – regarding political, economic, management or other decisions. Participatory decision-making can take place in any realm of human social activity, including the economy, politics (e.g. participatory democracy, et al.), management, cultural or familial/kinship (social) structures.

Performance: The accomplishment of a given task, or set of tasks, measured against known and/or defined standards, or "indicators", that specify accuracy, completeness, cost, and timeliness. In a contract, performance can be denoted as the fulfilment of an *obligation*, in a manner that releases the agent performing the task entitling them to remuneration or restitution; and in relation to all liabilities defined or implicated in the "scope of work" under the terms of a contract agreement.

Performance Management: according to the UK Chartered Institute of Personnel Development (CIPD) – "Fully realised, performance management is a holistic process bringing together many of the elements that

make up the successful practice of people management including, in particular, learning and development. But for this very reason, it is complex and capable of being misunderstood [...] The nature of the strategy depends on the organisational context and can vary from organisation to organisation [...] In other words performance management should be: | Strategic – it is about broad issues and long-term goals. | Integrated – it should link various aspects of the business, people management, individuals and teams.

"[AND] Performance management should incorporate |Performance improvement - throughout the organisation, in respect of individual, team and organisational effectiveness | Development - unless there is continuous development of individuals and teams, performance will not improve | Managing behaviour - ensuring that individuals are encouraged to behave in a way that allows and fosters better working relationships."

Planning: The process of thinking about and organizing activities required to achieve a desired goal, outcome or set of outcomes, involving the creation and maintenance of a plan. Planning follows a specific process and is necessary for public or private management, business, etc. An important, albeit often ignored aspect of planning, is the relationship it holds to forecasting. Forecasting can be described as predicting what the future *will* look like, whereas planning predicts what the future *should* look like under different scenarios. Planning combines forecasting with preparation of scenarios and what response activities to forecasted events should be.

Policy: A deliberate system of (legal) guidance within a formal institutional setting that influences (decision-making) behaviours in the achievement of rational outcomes and (public, social, economic, etc.) benefits (e.g. a water management committee can have the policy to allow access water to all members of the community according to their level of income. A policy is a statement of intended effects, outcomes and purpose, implemented through defined procedures and/or protocols defining organisational structure. While policies are generally the primary aim of governments, they are also used and adopted "boards" or senior governance bodies within an organisation (whereas procedures or protocols would more likely be developed and implemented by senior executive officers).

Power/Power Dynamics: Relates and assumes varying levels of influence, authority, legitimacy and agency by "powerful" actors within a given social, economic, or political context. These attributes can represent various socio-political and economic interests in either business/production, control of resources, public/national/foreign policy, foreign relations, community dynamics, cultural and/or ethnic influence over regional and/or local governance. It also forms a basis for "stakeholder analysis" in terms of identifying interests, influence, adversity or opposition, support or cooperation in terms of public or private initiatives.

Practitioner: A practitioner is someone who is qualified or registered to practice a particular occupation, profession, or religion.

Public Service: Is a service that is provided by a government for people living within its jurisdiction, via public finance (i.e. revenue collection) in the provision of those services. Public service is also considered as the function that public officials tend to while in office (i.e. they give public service). The term is primarily associated however with social consensus (usually expressed through public elections) that certain services should be available to all, regardless of income. Even where public services are neither publicly provided nor financed for social and political reasons, they are usually subject to regulation, which applies to most economic sectors (e.g. water provision, treatment and distribution).

Recognition: Public acknowledgement of an organisation or a person's status or merits (achievements, virtues, service, etc.). When an organisation or a person is recognized, it is accorded a special status, such as title, classification, award or license.

Registration: The act or process of entering information about something into a system of (public) records. It can also refer to a document showing that an asset (such as a vehicle), or an organisation has been officially registered within the grouped assets of that entity, as a legal and accounting measure.

Representative Governance: The principle whereby elected officials represent a group of people or constituents, as opposed to "direct democracy". All modern, Western-styled democracies are typically considered "representative democracies". Representatives elected by the public, as in national elections for the national legislature, may hold the power to select other officials, officers, delegates, leadership, or other posts, offices of government or of the legislature. The power of representatives is usually curtailed by a constitution (as in a constitutional democracy or a constitutional monarchy) or other measures to *balance* representative power.

Revenue, Revenue Generation (or "turnover"): is income that a company receives from its normal business activities, usually from the sale of goods and services to customers—but can also be revenue generated in the form of taxes, user fees, tariffs, etc.

Rights-Based Approach: An approach to development-assistance and cooperation promoted by many agencies and non-governmental organisations (NGOs) in order to achieve the positive transformation of power relations among the social and political actors, regarding the use and distribution of resources—blurring the distinction between human rights and economic development. There are two stakeholder groups in rights-based development—the rights holders (who do not experience full rights) and the duty bearers (the institutions obligated to fulfil the holders' rights). Rights-based approaches aim at strengthening the capacity of duty bearers and empowering rights holders.

Risk/Risk Management: Identification, assessment, and prioritisation of risks followed by coordinated and economical application of resources to monitor, control and minimize the probability and/or impact of unforeseen events; or to maximise the realisation of (economic, political) opportunities. Risk management's objective is to assure uncertainty does not deviate the endeavour of reaching identified goals.

Savings Group: A financial institution that specialises in accepting savings deposits and making mortgage and other loans available to members of the group. They are often mutually held (often called mutual savings banks), meaning that the depositors and borrowers are members with voting rights, and have the ability to direct the financial and managerial goals of the organisation like the members of a credit union or the policyholders of an insurance company.

Service Delivery: A set of principles and policies used to guide the design, development and operation of services delivered with a view to offering a consistent service experience to a specific user community in a specific environmental context—responsive to consumer demand preferences and trends. Service delivery is the by which a service provider's capabilities are arranged or organised into services.

Stakeholders: Individuals, groups or organisations that are actively involved in, or who have influence over or interest in a given set of activities (typically involved with the implementation of projects or policy), or the outcomes of those activities. Their (collective) interests may thus be affected as a result of project execution, completion or mismanagement.

Steward/Stewardship: A steward is someone who has been placed in charge of (administering) something such as an asset or resource, or something in the public interest. Stewardship is the act of being a steward, and holding certain responsibilities identified in the public interest. Stewardship is typically delegated by an authority to another, or other member(s) of that community. The responsibility for sustainable development and "good stewardship" is most often considered as something to be shared by all those whose actions affect the environment, or who have an interest in its preservation.

*Suivi Communautaire***:** Monitoring activities designed by the WASH Consortium Coordination Unit (CCU) in the Democratic Republic of the Congo (DRC). The WASH Consortium-DRC project, funded by the UK government has adopted a program of influencing behavioural change through a specified set of community-based mobilisation activities, adopted through a participatory approach engaged by the CCU partners with the targeted communities. These involve identifying a "Community Dream; a "Plan of Action"; and a set of "Small Doable Actions" that the community will engage in and preserve in order to meet goals of improved water, sanitation and hygiene via a number of health-related indicators.

Sustainability: The ability to maintain or support an activity or process over the long-term. In economics, sustainability means continued development or growth, without significant deterioration of the environment or infrastructure, and depletion of natural resources on which human well-being depends. This definition measures income as flow of goods and services that an economy can generate indefinitely without reducing its productive capacity.

Transparency: The right and the means to examine the process of decision-making is known as transparency. In politics, transparency is used as a means of holding public officials accountable in order to counter and limit corruption. The process of ensuring transparency involves good record keeping measures as well as accounting and documentation procedures and standards being incorporated within the organisational mandate and constitution or by-laws.

Value Proposition: The promise of something of a certain value to be delivered to a customer. A value proposition can apply to an entire organisation, or products and services. Creating a value proposition is a part of business strategy. Satisfying customer demand is the basis of sustainable value creation. Developing a value proposition comes from a review and analysis of the benefits, costs and (intrinsic) value at which goods and services can be delivered to customers, prospective customers, and other constituent groups by an organisation. It is also a positioning of value, where Value = Benefits - Cost (and where cost includes a valuation of the economic risks).

WASH Equilibriums: A concept promoted by the CCU where income and expenditures for the operation and maintenance of an improved water point(or water delivery infrastructure related to the provision of water &sanitation services) are covered by the generation of revenues from user fees exacted for the delivery of the improved water service. Under the CCU there are three (3) basic Equilibriums upon which WMCs are evaluated:

EQ1 – Ability to pay for operations and basic maintenance

EQ2 – Ability to pay for major repairs

EQ3 – Ability to pay for the full replacement of the water point

These equilibriums should also account for each individual social and economic context considering "willingness" vs. the "ability" to pay for the improved water services by community members; which should also be incorporated within the calculation of user fees as a determinant for covering one or all of the equilibriums promoted by the CCU.

Water Source Protection & Rights: Actions that protect potable water sources(including water from lakes, rivers and underground aquifers) from overuse and contamination. Water source protection is part of a multi-barrier approach to protecting natural resources, and access to safe and hygienic drinking water.

Annex II: IGA Rapid Market Assessment Tool

Annex III: Training Evaluation Exercise for WMC Members

Evaluation Objectives: To gain feedback from WMC member-participants on the relevance and effectiveness of the Community Water Services Management training. Facilitators can adapt the protocol here as needed, but it is recommended that this exercise be carried out upon completion of EACH training module's delivery.

Required Time: 30 minutes maximum

Materials Needed: Flip chart, markers, a Notepad for Facilitators to Record Responses

General Exercise: Feedback and Discussion Session on Training with WMCs

Facilitators: You should ensure to follow the conclusion of each training module's delivery with an exercise toward gaining feedback on the overall effectiveness, relevance, and/or reception of the training materials by WMC members. As you will have experienced in your own participation in the Training of Trainers (ToT) sessions on this manual, should have also effectively completed the "Training Evaluation Form for Facilitators/Trainers" at the end of each module's delivery. While the format of your evaluation is not as likely to be feasible for a number of the WMCs, it will still be useful to get a sense of the overall reception of your work delivering information on the subjects covered in the modules, by getting feedback from the participants.

Our suggestion here is to lead a group discussion with WMC members covering *certain* aspects of the training delivery and contents (similar to your own evaluation of the ToT sessions). It will be a good idea to keep both a pen and paper handy, or to use a flip chart to record the comments of WMC participants during the discussion. Below are a set of "guiding questions" to be asked of the committee members. Your own guidance of the group discussion should seek to mediate the conversation in such a way as to allow sufficient time for participants to give their feedback regarding each of the following areas:

→ *Do you think that the session training delivery was managed well by the facilitator(s)?*
→ *Do you think that the session training material had enough information, (either background, contextual, or definitional) concerning the subject matter?*
→ *Did you find the session training material and subject matter difficult to understand?*
→ *Do you think that the TOOLS and EXERCISES are helpful and/or useful?*
→ *What did you enjoy MOST or find MOST interesting and relevant in the session training?*
→ *What did you enjoy LEAST or find LEAST interesting and relevant in the session training?*
→ *How could the session have been better, what would you have liked to see covered in the training?*

Don't let WMC members just tell you what they think YOU want to hear! Ask follow-up questions, for clarification or more details, ask committee members to explain their responses. Make sure to either designate a recorder (if facilitating trainings in a team), or that you're able to record responses yourself—so allow enough time to get all of the feedback down on paper.

Annex IV: Training Session Evaluation Form for Trainers/Facilitators

Training Session Attended: Module I – Intro ☐

Module II – Governance ☐

Module III – O&M ☐

Module IV – Financial Mgt. ☐

Module V – Business Plan ☐

Module VI – IGA ☐

Module VII – Conflict Res. ☐

Training Facilitator: **Facilitator's Organisation:**   **Your Organisation:**

Date of Training: **Location of Training:**   **Your Position in Organisation:**

Please rate the following questions on a Scale from 1 – 5, where:

(1) is "Very Strong Disagreement"
(2) is "Moderate Disagreement"
(3) is "Neutral"
(4) is "Moderate Agreement", and
(5) is "Very Strong Agreement"

Do you think that the training was well organised by the responsible parties?   ☐ ☐ ☐ ☐ ☐   Comments:
1   2   3   4   5

Do you think that the location of the training session was appropriate?   ☐ ☐ ☐ ☐ ☐   Comments:
1   2   3   4   5

Do you think that the session training delivery was managed well by the facilitator(s)?   ☐ ☐ ☐ ☐ ☐   Comments:
1   2   3   4   5

Do you feel that the coverage of subject matter of the session was presented well by the facilitator(s)?

☐ ☐ ☐ ☐ ☐
1 2 3 4 5   Comments:

Do you think that the facilitator(s) themselves had a good and clear understanding of the subject matter and material being presented?

☐ ☐ ☐ ☐ ☐
1 2 3 4 5   Comments:

Did you find that the session training material and subject matter was difficult to understand?

☐ ☐ ☐ ☐ ☐
1 2 3 4 5   Comments:

Do you think that the session training material was too technical given the objective of training Water Management Committee members?

☐ ☐ ☐ ☐ ☐
1 2 3 4 5   Comments:

Do you think that the session training material had enough information, (either background, contextual, or definitional) concerning the subject matter?

☐ ☐ ☐ ☐ ☐
1 2 3 4 5   Comments:

Did you find the TOOLS and EXERCISES helpful and/or useful in understanding the subject matter?

☐ ☐ ☐ ☐ ☐
1 2 3 4 5   Comments:

Do you think that the TOOLS and EXERCISES will be helpful and/or useful for Water Management Committee members?

☐ ☐ ☐ ☐ ☐
1 2 3 4 5   Comments:

Do you feel that the session training subject matter is relevant to the delivery of capacity development for Water Management Committee members?

☐ ☐ ☐ ☐ ☐
1 2 3 4 5   Comments:

General Comments:

What did you enjoy MOST or find MOST interesting and relevant in the session training?

What did you enjoy LEAST or find LEAST interesting and relevant in the session training?

How could the session have been better, and how could it be improved for future training?

Other Comments: