
RWSGEAP

NOTES

August 1995

UNDP/World Bank Water and Sanitation Program
Regional Water and Sanitation Group for East Asia and Pacific

No. 2

RESOURCE MOBILIZATION TWENTY WAYS TO GET YOUR WATER

Mary Judd

Water and sanitation projects in many parts of the developing world have demonstrated that communities are willing and able to manage and self-finance improved water supply and sanitation facilities. This RWSGEAP NOTE on resource mobilization illustrates the various innovative ways communities have collected and raised funds for their water and sanitation systems in Indonesia.

Water and sanitation projects in many parts of the developing world have demonstrated that communities are willing and able to manage and self-finance improved water supply and sanitation facilities. A feasibility study conducted by Judd et al (1988), found that "the concept of rural community self-financing for improved water and sanitation systems is highly feasible and desirable." The major findings of the study include:

- Most of the rural communities surveyed have a great need for improved water systems and are willing to self-finance them.
- The desire for self-financing is greater in communities with many income-generating activities because people have less time to fetch water themselves.
- The concept of community self-financing is not new in rural areas; communities have long contributed for construction of village roads, mosques, schools and other buildings.
- Communities are willing to approach banks for loans (but need assistance for the initial visit).
- The loan repayment capability of most communities is good, particularly if the loan period is two years or longer.

A water and sanitation system costs money and, depending on the technology, requires a relatively large sum of upfront capital. The communities have to raise funds not only for constructing the systems but also for its operation and maintenance once the systems are installed.

This NOTE on resource mobilization illustrates the various innovative ways communities have collected and raised funds for their water and sanitation systems in Indonesia. Besides providing labor for the building of the systems, communities collect available local material and contribute cash. To raise money they undertake a series of different activities. Among them are: collecting water user fees; selling labor to fellow villagers; harvesting and selling local products, e.g. coconuts, bananas, seaweed and bamboo; selling animals; putting on cultural shows and films, collecting religious tithe (*zakat*), etc. In addition, several communities have obtained loans from banks and credit for material from suppliers for their systems.

MOBILIZATION OF LABOR AND SKILLS

1. Contribution of Labor

Communal activities and practices are common occurrences among the people in the rural community, particularly in Java. People still work communally for their own village development. Construction of village mosques, schools and roads are the best examples of

822-1095-18923

communal labor. People also come together to build houses for their neighbors, especially those who are too poor or too old to do so themselves. In many villages, communal labor is provided to construct improved water and sanitation systems. Based on a schedule set by the water committee in the village, groups of people come together to dig trenches, transport building material, install pipes and build bathing and sanitation facilities.

2. Collection and Use of Local Materials

A community collects and uses locally available material as much as possible. Project materials, such as sand and stones, are found in almost every village. Men, women and children are mobilized to collect these items. Appropriate technology, like bamboo cement is used in construction to reduce expenses for purchasing expensive steel rods.

3. Collection and Sale of Natural Resources

The resources of a coastal community is different from those of inland community. Seaweed, one of the valuable coastal resources, has been utilized by villagers of Eastern Indonesia. The seaweed is collected and sold for cash. The water committees have also tried to cultivate seaweed. Such activity is meant to ensure a continuous collection as well as to get better quality and quantities of seaweed.

4. Sale of Animals

A community that captures wild boars because they are a threat to agriculture can turn this into a source of funds for the project. Villages in West Java have utilized this potential. None of the hunters receives any money from this activity. They sell the animals to towns' people and donate all the money raised to the water and sanitation project.

5. Small Scale Industry

The combination of raw material and skill to produce bricks is a potential source of building material for the water and sanitation projects. Possessing such a combination, the village water committees of several villages organized voluntary labor to produce bricks for the project. The production of bricks helped to reduce the amount of cash required for the project.

6. Cultural Performances

Entertainment is another way to raise money. Generally, people are willing to spend money for entertainment. The water committees of villages in West and East Java have

organized shadow puppet (*wayang kulit*) shows and tickets were sold to those who watched the show. Profits from the sale of tickets for the show were donated to water and sanitation projects.

Films are popular with the villagers because they do not get to see them too often. The village water committee of several villages organized film shows as fund-raiser events in open air theaters. Another popular form of entertainment is music. The organizing of such events have also raised money for the villages.

7. Provision of Services

Providing services to people who want things done indicate another method of raising money. Village water committees have organized voluntary work gangs to plow rice fields of the wealthy farmers in the village. The wages were not kept by the workers but donated to the water and sanitation projects.

8. Cost Sharing

A major way of mobilizing resources for community water and sanitation projects is to share the cost of the systems among households which will benefit from the water and sanitation services. The village water committee calculates the cost of the total system and deducts cost of labor and local material. The remaining amount is usually the cash cost. The community leaders meet and decide how best to divide up the cost.

Cost sharing has been implemented in several different ways. It is usually based on the socio-economic level of the household:

- a. Households are divided into three to five socio-economic classes with the wealthier households paying more and the poorer ones paying less.
- b. Widows are exempted from paying cash but they are expected to contribute their time and labor to the collection of local material in the village.
- c. Poor households pay very little cash or none at all but they are expected to provide time and labor to the construction of the systems. In some cases, poor villagers are even paid by the village water committees for their labor during construction.
- d. Households that request for installation to their homes pay a higher cost than households using a public facility.

- e. Payments are made with different time requirements depending on the type of technology chosen, the amount requested, when funds are needed and the availability of cash. Some communities pay in monthly installments, others pay a certain percentage as a lump sum and the rest in installments, and still others pay the entire amount at once.
 - f. The system cost per household vary. Depending on the technology selected, type of installation (public or private), the size of the system and the socio-economic level of the household, the amount paid by communities thus far range from Rp. 5,000 to Rp. 150,000 (\$2 to \$75) per household.
- a. **Water User Fee Fund:** as described in the above case, the money is loaned to neighboring communities for the development of their projects; this type of loan is usually interest-free.
 - b. **Arisan:** this is an informal loan association common to Indonesia and many Southeast Asian societies, particularly among women. The regular arisan meetings are just as much opportunities for socializing as they are for generating scarce credit in villages. In some cases, water user groups contribute a set sum of money at each meeting. A raffle occurs and a water user group is selected to receive the total amount collected; this money is then used for the construction of latrine facilities.

9. Donations

In rural communities, even the poor ones, there are always people who are economically better off than most. These people can be approached for donations to water and sanitation projects. In some places, wealthy villagers have contributed Rp. 2,000,000 (\$1,000) each to projects.

Villagers who have moved away from the village can also be approached for donations. They usually have family members or relatives still living in the village and are therefore interested in their welfare. These people have been very responsive and have contributed to the projects.

10. Water User Fees

All communities are expected to collect regular water user fees from households who benefit from the water and sanitation facilities. The water user fee is usually about Rp. 100 to Rp. 500 (\$0.05 to \$0.25) per month. The money collected is sometimes kept in a savings account in a bank. This money is used for the operation and maintenance of the installed systems. Sometimes, it is also used for the village *posyandu* (mother and child health stations) activities.

The water committee of several villages have also used the funds from the water user fee for expansion of public bathing and washing facilities. In addition, the committees have also loaned the money, interest-free, to neighboring communities in the development of their water and sanitation systems.

11. Village Savings and Loan

Currently, there are three types of village savings and loan plans for community water and sanitation projects:

- c. **Other Village Savings and Loan Associations:** several water user groups of have taken out loans from Village Funds for the construction of their sections of the water and sanitation systems.

CONTRIBUTION OF MATERIAL AND KIND

12. Collection/Sale of Agricultural Products

Substitution of agricultural products for cash is possible in areas that use barter as an exchange system. Coconut, coffee and banana have been proven by some communities in Eastern Indonesia to be a good source of fund raising for water and sanitation projects. Each water user delivers a part of his/her agricultural products to the village water committee as his/her contribution for the project. Usually, the amount delivered is the same as the cash contribution value.

In a far-sighted move, the water committee of a particular village in East Java has requested that all water user households plant fruit trees, e.g., bananas and melinjo (a nut-bearing tree), for the financing of maintenance and repair of the water and sanitation systems. The harvesting and sale of bananas will pay for short-term maintenance and repair whereas money from melinjo will pay for long-term plans of expansion and rehabilitation.

13. Collection of Building Material

Similar to cost sharing of cash, households are frequently asked to collect locally available material, e.g., sand, stone, wood, etc. The village water committee usually establishes the amount that each household should bring. If bamboo is available, then households are also requested to cut and bring a certain number of bamboo poles.

14. Livestock Loan

Livestock is another potential funding source for the community project. Most villages have cattle, sheep or goats. These animals can be "borrowed" from individuals by the village water committee and sold to partially finance the project. Repayment occurs at a later date and is in the form of livestock. The committee will repay the "loan" with a larger animal taking into account the "loan period" and the accumulated "interest" amount.

15. A Handful of Rice

Contributing handfuls of rice for a community activity is a common form of donation in Indonesia. Known as *jimpitan* in West Java and *perelek* in East Java and NTB, a household puts a handful of rice every morning in a tin can hung outside the house. A member of the village water committee will come by every afternoon to collect it. The collected rice is sold and the money used for maintenance of the water systems.

16. Religious Tithe (*Zakat*)

Zakat is a religious tithe where members of a Moslem community are obligated to contribute ten percent of their income for the support and maintenance of social services in the community. The water committees of West Javanese villages used the *zakat* as a way to mobilize resources for their water and sanitation projects. For areas where cash was scarce, households agreed to contribute ten percent of their agricultural products from every harvest until the project was completed.

BANK LOANS AND OTHER CREDIT

17. Bank Loans

Loans from Banks are good sources of upfront capital for water and sanitation projects in communities which have the loan repayment capability. Several communities have taken out bank loans for their projects.

Progress has been made with local banks and credit institutions in the promotion of water and sanitation projects. The conditions for the loans are also more flexible than before. Some banks have agreed to the following conditions for a loan:

- a. Communities may borrow for water and sanitation projects.
- b. The loan can be considered an investment loan rather than one for consumption.

- c. As an investment loan the interest would be lower.
- d. Collateral provided can be in various forms: i) land certificate; ii) user right certificate; iii) Government employee's salary (e.g., teacher); iv) 45% of cash deposit; and v) movable property as agreed to by the bank.
- e. Repayment can be monthly, quarterly or as agreed upon by both parties.
- f. A grace period will be allowed.

18. Village Cooperative Loans (KUD)

The local KUD cooperative can be a source of funds for the water and sanitation projects. A community in West Java received a loan of Rp. 13,500,000 (\$6,750) from its KUD for the project. Wealthy households which get private connections are requested to repay a sum of Rp. 100,000 with Rp. 50,000 as the first payment and the remaining Rp. 50,000 spread over 10 monthly installments. It is preferable to get a KUD loan if the interest rate is the same or lower than a bank loan.

19. Local Revolving Fund

The availability of funding from local groups can also be mobilized for the community water and sanitation projects. A community in West Java has received a loan of Rp. 5,000,000 (\$2,500) for its project from a revolving fund managed by a local voluntary organization. The loan when repaid by the community will revolve to another community.

20. Credit for Project Materials

Most rural communities have experience with taking goods on credit and repaying with cash in installments. Several communities in West Java and East Java have taken project materials, like cement and pipes, on a credit basis from material suppliers. Communities repay suppliers within a period of two to six months.

For more information on RWSGEAP NOTES contact Mary Judd at UNDP/World Bank Water and Sanitation Program
P.O. Box 1324/JKT, Jakarta, Indonesia
Tel.: (62-21) 252-0606; Fax: (62-21) 252-0432
Email: reap@worldbank.org@internet