



Post-war restructuring — decentralizing Nicaragua's rural O&M

Harold Lockwood

Decentralization and privatization initiatives in Nicaragua's water sector are largely aimed at improving service provision in urban areas. What are the consequences for the long-term support to rural communities where resources are already stretched to the very limit?



Despite the severe social and political upheaval of the past two decades, both local and international organizations in Nicaragua have been active in the development of community-managed water-supply schemes. In 1990, a Directorate for Rural Water Supply (DAR) was created within the existing Nicaraguan Institute for Water Supply and Sanitation (INAA). Following legal reforms carried out in 1997, INAA has been restructured into three distinct entities, each with a specific mandate: the National Commission for Water Supply and Sanitation or CNAA (policy), the Nicaraguan Institute for Water Supply and Sanitation, INAA (regulation and norms), and the Nicaraguan Water Supply and Sanitation Company or ENACAL (operations).

ENACAL-DAR carries out the direct implementation of projects, co-ordinates and supervises the activities of NGOs in the sector, and provides advice and

technical back-up to communities with schemes in place. The Nicaraguan Government has established small Operation and Maintenance Units (UNOM) in every region to resolve complex maintenance problems, monitor water quality, and maintain a database of the status of WSS projects.

ENACAL-DAR VI Region

The sixth region, the largest administrative area of the country, comprising the two mountainous areas of Matagalpa and Jinotega, was the scene of some of Nicaragua's heaviest fighting during the 1980s. Current estimates of coverage for the total rural population of 471 000 of Region VI are at 39 and 40 per cent for potable water-supply and on-site sanitation facilities respectively. Since 1984, various programmes operating in the region have constructed over 600 WSS projects, and have involved communities in planning and construction. A policy of establishing water committees prior to starting work is commonplace.

Historically, financial investment has focused on physical implementation, with the understanding that communities benefiting from the schemes should carry out routine Operation and Maintenance (O&M) work after the completion of the project. To assess the functioning of schemes, collect water samples, and carry out emergency back-stopping, the UNOM in the VI Region has four promoters who are based in the regional headquarters in Matagalpa City.

For several years this arrangement has been feasible, albeit with a highly centralized management structure. By the mid-1990s, however, with an ever-increasing caseload and static funding, it

Municipal Promoters getting one of their periodic refresher courses from the regional-level UNOM.



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became clear that a reassessment of long-term O&M service provision was necessary. A further cause for concern has been the continued dependence of a significant number of communities on UNOM for routine back-stopping, for example, water-quality testing, repairs and community-conflict resolution.

Decentralization and privatization

Since Nicaragua's radical change of leadership in 1990, successive national governments have been actively pursuing the decentralization of various services, and the parallel drive towards the privatization of previously state-run institutions. For the water sector this has culminated in two significant events: in August 1997 modifications to the existing municipal law placed much greater responsibility and accountability on elected municipal governments to ensure the provision of basic services, including water supply and sanitation; and in September 1997 a new law the Nicaraguan Water Supply Institute, which effectively led to the formation of a water company, ENACAL, with the option to grant service contracts and concessions to supply water.

Much of the thinking behind these dramatic developments has been focused on the potentially profitable urban sector. Such changes, however, will obviously have far-reaching consequences for the way in which long-term O&M services are provided to rural communities.

The challenge

Both because of the limited capacity of the UNOM at regional level to provide O&M services to an ever-increasing clientele, and because of the anticipated institutional reforms outlined above, the management of the DAR has been investigating possible alternatives to the decentralization of services to rural communities. Essentially, the challenge has been one of how can more responsibility for providing O&M services be transferred to municipal level — where finances are very limited — whilst maintaining an acceptable level of technical assistance both in terms of frequency and quality?

For the last two years the community users, municipal leaders, project extension staff and managers have been involved in a consultative process in which key problems relating to project sustainability



have been examined.¹ At the same time, the real requirements for outside support to communities have been re-assessed, raising the questions of who should provide such services, who is capable of providing them and, very importantly, how these services will be paid for in the future.

The strategy adopted by the DAR since early 1997 involves two distinct but complementary approaches to decentralizing service provision, both focusing on strengthening the capacities of the main stakeholders involved.

Women were encouraged to participate actively and a reasonable number did attend the meetings. The final make-up of the Junta Directiva (management board) of the association from San Dionisio is four women out of a total of 10 members.

Water-user associations

The rural communities, water consumers and, more specifically, the water committees, form the most important elements of the decentralization strategy adopted by the DAR in Matagalpa and Jinotega.

A diagnostic study carried out in 28 communities in four municipalities (with either handpump or gravity-fed schemes), found that the main, long-term O&M problems are not really technical, but focus on issues of poor tariff collection, low levels of user participation in communal activities, and a general lack of co-ordination and communication between the water committees and external organizations, including local and national government agencies. It also emerged that, in general, users would be

Who will pay for water-quality testing of rural schemes in the future?

1. As part of a baseline survey, carried out in 1997 we interviewed community users — men, women, committee members and ordinary families. It became clear that the basic problem was organizational, rather than technical. At a series of meetings in San Dionisio and La Dalia the communities reacted to the proposal of strengthening their own capacities by being helped to become a municipal-wide and legal entity. This was a year-long process in which villagers expressed what they felt to be important, outlined their very real fears of losing control over their systems, about the need to regulate the role of the Alcaldia, and the thorny issue of giving money to an association at municipal level. Yet, only about 15 per cent declined to join the process.

Solving these problems, as well as those more generally related to technical performance could best be achieved by strengthening the organizational and managerial capacities of the water committees.

The DAR plans to begin charging each community for a portion of its O&M services, including a contribution towards water-testing and the promoter's transport.

2. In Nicaragua there are two ways for a grouping of community water-user committees to gain legal status — by forming an Association or a Co-operative. Both come with advantages and disadvantages.

Water Committee members inspect the intake for their gravity-fed scheme, San Dionisio, Matagalpa.



willing to do, and pay, more if the individual schemes were managed more efficiently and with greater accountability.

Following further consultation with community groups it became clear that solving these problems, as well as those more generally related to the technical performance of schemes, could best be achieved by strengthening the organizational and managerial capacities of the water committees. After studying similar experiences in Costa Rica, where the government authorities have been working with water associations since 1990, and an in-depth review of the relevant legal context in Nicaragua, a pilot project was launched in two municipalities with funding from a Swiss NGO which has long been active in the region's water sector. The aim of this initiative is to establish an association of water committees at municipal level (AMAP), which provides legal status to a group of between 15 and 20 communities, all having the common goal of maintaining and improving their water systems. The process of establishing the AMAPs is equally important, involving advanced training for members in areas such as community mobilization, accounting, communication and negotiation, as well as the responsibilities of running the legally recognized association itself.²

As well as facilitating the legal transfer of ownership to the communities, the AMAPs offer member committees several concrete benefits, including access to credit from private banks for extending schemes or major repairs, something which is virtually impossible in Nicaragua otherwise. With an improved management capacity, members can negotiate with any external organization from a much stronger position, and, in terms of improving the O&M of schemes, the associations can take advantage of economies of scale when purchasing services and certain goods tax-free. Lastly, and most importantly, when the impacts of the 'privatization' reforms reach down to the least profitable level, the AMAPs will be in a position to take on the concession from ENACAL for water supply in the rural zone of their municipality.

Under the current pilot project, the start-up costs of the associations are being met by the DAR. All future running costs will, however, be met by an increased tariff of between C\$1 and \$2 (£0.06 to 0.09) per

month. The two associations — each representing approximately 1500 consumers — are in the process of being legalized.

O&M promoters

The second major element in the decentralization of O&M services has been to get local government (Alcaldías) more involved in the provision of services to their rural constituents.

Since 1994, the DAR has been working with a number of Alcaldías in the region who have employed an O&M promoter — a local man with specific knowledge of the area — within the structure of the local government, either on a full or part-time basis depending upon the level of demand. Each promoter typically provides services to between 25 and 30 communities. In a partnership arrangement the Alcaldías pay the salaries and mobility allowances, and the DAR provides a motorbike, training, technical back-stopping, and access to a laboratory to process water samples.

The promoters visit the communities in their municipality on a regular basis, consult with committee and community members, take water samples, help revise the accounts, and provide assistance as and when there are major technical or organizational problems. Typically, a promoter can become well-established, and thoroughly trained and integrated into the local communities within two years. If he cannot deal with a specific problem, he can refer it to the UNOM at regional level, or to another appropriate authority, such as the Health Department. At present, there are eight municipal promoters, covering approximately 55 per cent of the region, and the changes to the municipal law in 1997 have added a new impetus to the expansion of this network of technical assistance.

The economic reality in much of rural Nicaragua makes it impossible for all municipal authorities to finance such a promoter on a long-term basis. So the DAR is investigating ways of sharing the costs; within the next few years it plans to begin charging each community for a portion of its O&M services, including a contribution towards water-testing and the promoter's transport. In addition, the Health Department is being asked to fund the water-testing laboratories.

Future integration

The DAR has pursued a two-pronged

approach to the decentralization of O&M services by strengthening the ability of communities to do more of the routine tasks themselves and, on the other hand, ensuring the availability of qualified staff for more specific 'technical' or trouble-shooting services. If successful, the pilot project of water associations will be extended to the whole region, and the DAR has already obtained backing from UNICEF new municipal promoters.

Ideally, this approach would lead to a fusion of the two main elements, whereby the AMAPs could out-source their complex O&M servicing needs to a 'private' contractor, operating under minimum standards set by the DAR, and negotiating the best deal for all their members on a collective basis.

If the decentralization of O&M services is to be successful in the long term, the DAR must focus its considerable experience and expertise on facilitating change throughout the system.

Ultimately, the DAR will remain as a much-reduced normative body, with the majority of the work done at local level, by local people. Whether or not communities and local government can work to ensure the long-term up-keep of schemes remains to be seen.

Postscript

In October 1998, Central America suffered the unprecedented impact of Hurricane Mitch, which left thousands dead and caused billions of dollars worth of damage to transport and social infrastructure. In Nicaragua alone some 738 rural water-supply schemes were destroyed or badly damaged, along with nearly 10 000 household latrines. Over 50 per cent of all damage to the RWSS sector occurred in Matagalpa and Jinotega.

In the immediate aftermath all resources were diverted into the provision of emergency supplies. Subsequently, additional funding became available for the reconstruction of damaged systems in rural areas. Through the co-ordinated efforts of the affected populations, local government, ENACAL-DAR, and the international donor community, remarkable progress has been made. The water committees have played a central role, drawing on technical and organizational experience gained in the construction of their original systems.

In February 1999, the ENACAL-DAR team visited communities in San Dionisio



Sean Sprague/Panos Pictures

and La Dalia to re-start the process of organizing the committees into a legally recognized municipal-level entity. Remarkably, in spite of all the serious setbacks, a great majority were willing to carry on. Both committee members and the community at large recognize the importance of establishing strong managerial, administrative and technical capabilities and are now training in preparation for the formation of the municipal association. Without legal status the community cannot register land and physical infrastructure.

New urgency

Ironically, the destruction caused by Hurricane Mitch has injected a new urgency into the national policy towards community and municipal-level provision of O&M services. With the recent increase in donor interest in hurricane-relief activities for the rural sector, nearly US\$40m is either approved or planned for the next four years, mostly for the construction of new schemes. This level of funding represents an increase of approximately three times the average annual investment in the past decade. As funds are invested and coverage increases, the challenges facing the sector will focus increasingly on proper O&M, to ensure that systems continue to provide appropriate and sustained levels of service well into the future.

Through the type of pilot initiatives currently underway in the Matagalpa-Jinotega region, the communities themselves and municipal authorities will be able to take on more of the responsibility for operating and administering schemes at the local level.

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