Relating the Financial Management Skills of SILC Groups With The Financial Management Responsibilities of Water Management Committees in the DRC

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2015 University of Oklahoma International WaTER Conference
September 22, 2015
DRC WASH Consortium

• Five International Non-Governmental Organizations (INGOs)
• Four-year Water, Sanitation Hygiene (WASH) program
• Funded by the Department for International Development (DFID)
• Six provinces of DRC
• Implementation of the program commenced in July 2013
WASH Management Committees (WMC)

• A functional WMC is one that has basic capabilities and procedures for democratic management, financial management and accountability, including how to build mutual trust and responsibility, and resolve conflict among community members to support sustainable water services.

• WMCs typically have a Treasurer position, which is responsible for collecting tariffs from households, who use water from the community water supply system.
WASH Management Committees (WMC)

• Elected by the community

• President, treasurer and secretary, as well as at least one technician and often times will include a “cash box manager” (*officier decaisse*) and “community sensitization officers” (*sensibilisateur*)

• Collecting fees (i.e. “contributions”) ranging from 100-500CDF per household per month or the equivalent via in-kind contributions
  – grains (rice, maize, beans), palm oil, livestock
  – It should also be noted that WMCs of their own volition were also using funds to buy commodities (e.g. livestock, grains or palm oil) as a means of storing cash.
Weak Financial Management Skills

• Unfortunately, WMCs fail to sustain their community water system due to:
  – the weak financial management skills of the Treasurer
  – the tariff amount paid by water users is often not sufficient to pay for life-cycle costs
  – the tariff is not regularly collected, and
  – the collected money is not properly stored

• This leads to poorly maintained systems which are not, if ever, repaired in a timely manner, resulting in the water system’s failure. Households then revert back to using unprotected and contaminated water sources, leading to increased illness.
CRS-led *Di’odia Dia Dimena (3D)* (‘Let’s Help Them Grow’) project

- Link with the SILC activities in the overlapping focus areas of the current CRS-led *Di’odia Dia Dimena (3D)* (‘Let’s Help Them Grow’) program

- The 3D program seeks to reduce malnutrition in children under 5 years old (CU5) in four health zones in Sankuru District, DRC from November 2012 through October 2016. Up to 50% of the CU5 population in Sankuru is considered malnourished.

- This goal will be achieved through teaching improved agricultural techniques, demonstrating improved diet and nutrition options with local agriculture, and generating income through SILC groups.

- CRS is currently implementing SILC activities that overlap CRS WASH Consortium project sites.
DRC WASH Consortium

• The approach of the DRC WASH Consortium is designed to be flexible enough to integrate learning during the program in line with the need for adaptive programming expressed by DFID and others, especially if evidence produced shows that parts of the original Theory of Change may not be valid.

• DFID’s 2013 “end to end review” of programming (led by the Deputy Head of DFID DRC at the time) concluded that the conventional approach to program management needs to change and that programs need to be flexible to adapt to changing realities and emerging opportunities (for more info see presentation by Pete Vowles on Adaptive Programming at “Hard to Measure Benefits” workshop at DFID in London, October 2013).
CRS SILC Approach

- Savings and Internal Lending Communities (SILC)
- An approach to community-managed finance specifically and purposefully tailored to poor and marginalized communities.
- Provide a safe place for members to save money, obtain internal loans and facilitate a social fund to address in communities underserved by formal financial services.
- Offers an opportunity for group members to strengthen their financial skills
- Improve the household’s ability to pay for goods and services it may not otherwise be able to afford
- The group becomes a point for focused engagement, such as sensitization and behaviour change communication activities
SILC Groups Skills

- Builds up members’ financial assets
- Increases human assets by acquiring skills in numeracy, bookkeeping, and policies and procedures related to SILC governance
- Develops social assets through the election of a committee and the drafting of a constitution
- Practices solidarity by supporting the poorest members of the community
- Building group cohesion and self-reliance
- Leverages political assets through the collective voice of its members
- Multiplies physical assets by allowing members to invest their loans in productive income generating activities (IGAs).
Skills Are Relevant

• These skills are directly relevant to the capacity development needs of newly established WMCs and when combined with SILC governing documents (constitutions, by-laws, etc.), policies and procedures, and financial record keeping tools, comprise the platform of financial management skills to be used to develop WMC financial management.
Purpose of this Operational Research

• To assess the feasibility of using the financial skills and experience of mature Savings and Internal Lending Communities (SILC) groups to develop the financial management capacity of WASH management committees to increase the sustainability of water service delivery and other community-managed WASH initiatives.

• It is preferred to work with mature SILC groups, i.e. groups that have completed at least two but preferably three cycles successfully.
Six Objectives of OR

1. **Conduct a rapid review** of recent Consortium operational research regarding **WMC management strengths and weaknesses**, including recommendations for WMC capacity development, organizational strengthening, and strategies to improve the collection of water user fees, management of WMC financial resources, and increased financial sustainability.

2. **Rapid review of CRS’ global SILC methodology and the SILC activities** within the current CRS-led *Di’odia Dia Dimena* (3D) (“Let’s Help Them Grow”) project. The WASH consortium activities implemented by CRS for Wave 1 and the SILC activities implemented by CRS under the 3D project have overlapping implementation areas.
Six Objectives of OR (cont)

3. **Conduct formative research** through focus group discussions (FGD) and key informant interviews (KII), in addition to the reviews above, to investigate the specific opportunities and challenges encountered by communities participating in the DRC WASH Consortium’s project to manage funds for the operation and maintenance of their systems as well as the perspectives of SILC group members from the 3D project.

4. **Develop up to three (3) financial relationship models** based on the formative research which could use the financial skills and experiences of mature SILC groups to benefit or support the financial management responsibilities of water management committees (WMC).
Six Objectives of OR (cont)

5. **Design a pilot study** in consultation with CRS and WASH Consortium staff to test one (1) of the proposed financial relationship models in up to ten (10) communities. Develop the initial set-up of pilot activities, including facilitating discussions leading to the development of by-laws or other relevant regulation mechanisms for defining the roles and responsibilities of the WMC and SILC group(s) and budget, and design the research procedures.

6. **Design a monitoring and evaluation (M&E) tool** for use by CRS and partner staff to monitor the piloted model and evaluate it after a specified period of time. **Develop a set of indicators** to determine the success of the piloted relationship model, including using the indicators with WMCs not associated with SILC groups (as typically practiced).
Five Models Investigated

• Model 1: WMC Depositor Model
  – WMC working capital invested directly into SILC groups.

• Model 2: SILC Financial Management Technical Assistance Model
  – SILC group members provide financial management training and technical assistance to WMCs using proven SILC methodology.

• Model 4: SILC Financial Management and Income Generating Activities (IGA) Technical Assistance Model
  – In addition to financial management TA, SILC groups advise WMCs on the implementation and management of WMC-funded IGAs.

• Model 5: Joint WMC-SILC Group IGA Fund Management Model
  – Formal agreement for joint SILC group-WMC management of a community IGA fund, financed entirely by WMC working capital.
Models Investigated (cont)

- **Model 3**: WMC members joining SILC groups as individuals depositing their own funds
- Not tested based upon feedback from CRS regional SILC experts.
- Model 3 does not create the opportunity for knowledge transfer and capacity development to the degree required for a potential pilot.
- In many cases, WMC members are already members of SILC groups.
## Models Investigated

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<td>WMC working capital invested directly into SILC groups</td>
<td>From previous CRS research</td>
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<td>2</td>
<td>SILC Financial Management TA Model</td>
<td>SILC group members provide financial management training and technical assistance to WMCs using proven SILC methodology</td>
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<td>3</td>
<td>WMC SILC Group Participation Model</td>
<td>WMC members join SILC groups, investing their own personal funds into lending funds</td>
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<td>4</td>
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<td>Joint WMC-SILC Group IGA Fund Management Model</td>
<td>Formal agreement for joint SILC group-WMC management of a community IGA fund, financed entirely by WMC working capital</td>
<td>AO, based in part on new Consortium initiatives</td>
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SILCs and WMCs Focus Group Discussion Feedback

• Respondents were very adamant about not mixing public and private interests. SILC group members were concerned about the responsibility of stewardship of community or public funds. SILC groups explicitly stated they did not want the responsibility and liability of answering to the broader community for the use and repayment of WMC working capital. They expressed concern about community reaction if WMC funds were not repaid by SILC group members.

• They were concerned about the perception of community members regarding management of "public" funds.

• Moreover, SILC groups wanted neither the scrutiny of the WMC regarding its deposits, but more so, it did not want to have the scrutiny of the community (to whom the funds ultimately belong) over the SILCs normal lending activities.
FGD Concerns (cont)

• SILC group members also expressed concern regarding how the infusion of WMC working capital might impact their ability to execute activities according to existing policies and procedures. A significant number of SILC members did not want to veer from their established model (which is indicative of a strong commitment to SILC methodology and impact of CRS training). These would have to be revised with new terms to address the new relationship.

• SILCs were not amenable to the idea of adapting or changing any of its existing rules, procedures or regulations as a pretext to engaging in a collaborative model with WMCs.
FGD Concerns (cont)

• Not only did SILC members cite the risk of losing WMC funds due to non-payment or theft, but also the liquidity requirements of the WMC operational plan: “what should we do if the WMC comes at any given time to ask for its money back if that money has already been loaned before the lending period is complete”.

• Regarding concerns about liquidity, WMC members noted that WMC-funded IGAs present similar liquidity challenges, but they felt WMC-owned IGA assets, such as goats for example, would be more easily liquidated if a repair emergency arises.
FGD Concerns (cont)

• The idea of WMCs paying SILCs a fee for advisory services would not be acceptable, and that any sort of remuneration or compensation was or would be largely out of the question, on account of the fact that the funds of the WMC were public, common and therefore belonged to the community.

• SILCs did not want to appear to be gaining from public investments, and WMC members did not want to have to justify to the community giving ‘compensation’ to the SILC who is composed of individuals, or ‘private’ interests, as SILC members were seen to be, they should not accumulate benefits in “performance of a service” in helping the WMC.
FGD Concerns (cont)

• Respondents were favourable to the idea of adapting a model that had special arrangements made via agreement, and that the management structure would be separated from the existing roles and responsibilities of the SILC and/or WMC, but that the groups would still have oversight and input into the facility.
Recommended Model(s) to Pilot

• Creation of an advisory relationship between SILCs and WMCs that improves overall WMC financial management through capacity building, supportive management and oversight provided by SILC group management and/or existing members.

• In light of the additional demand for access to capital and finance within communities, and with the Consortium supporting capacity building for WMCs along the lines of IGA investment as a means of safeguarding funds as well as generating additional revenue streams, it is also recommended that CRS keep the potential for a relationship model similar to Model 5 under this assignment, as a secondary model available to the pilot that can build on the fundamental and core capacity of the SILC-WMC advisory relationship.
Stay tuned......

Questions or Comments?
Global Water Supply Scenario

• Approximately 35-40 per cent of systems in sub-Saharan Africa are not functioning due to lack of budget, supply chains, inappropriate technology choice, lack of manpower and expertise at local level.

• The definition of coverage is usually 20 liters of water per person per day at a distance of one kilometer. However in many countries, the target was even less (e.g. Ethiopia was 15 liters at a distance of 1.5 kms).

• Only 56 percent (4 billion) of people have a tap in their house/household compound or less than half a kilometer away.

• The MDG definition focused on “clean” water rather than “safe”. We do not test the water regularly for “improved services”