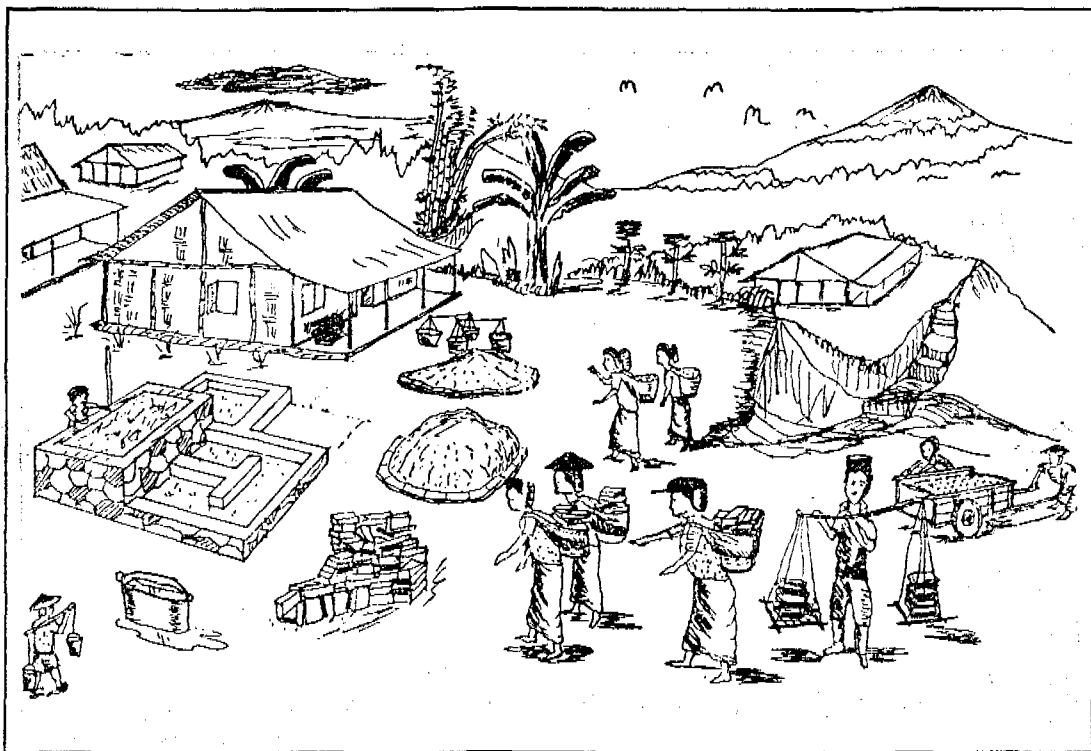


**RESOURCE  
MOBILIZATION**  
for  
**Community Water and Sanitation Systems**



**CSFW PROJECT  
CARE INDONESIA**

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### Community Labor in Water System Construction

Community Self-Financing of Water and Sanitation Systems (CSFW) Project is a five year (1988-1993) pilot project undertaken by CARE Indonesia in the provinces of West Java, East Java and West Nusa Tenggara (NTB). Funding for the project is from the United States Government through a 100% monetization of PL480 Title II Wheat.

## A. MOBILIZATION OF LABOR AND SKILLS

### INTRODUCTION

The Community Self-Financing of Water and Sanitation Systems (CSFW) Project is a pilot project to demonstrate that rural communities are willing and able to manage and self-finance improved water supply and sanitation facilities. The project areas are in the provinces of West Java, East Java and NTB. Communities who participate in CSFW activities build their own water and sanitation systems with training, advisory and technical assistance from CARE.

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 booklet on resource mobilization illustrates the various innovative ways participating communities have collected and raised funds for their water and sanitation systems. 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; hunting and selling wild boars; putting on cultural shows and films; collecting religious tithes (*zakat*), etc. In addition, several communities have obtained loans from banks and credit for material from suppliers for their systems.

### 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 communal labor. People also come together to build houses for their neighbors, especially those who are too poor or too old to do so.

In all of CARE-assisted sites 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 MATERIAL

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 Sepi villagers of NTB. The seaweed is collected and sold for cash. The water

committee has 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. HUNTING AND SALE OF WILD ANIMALS

A community that kills wild boars because they are a threat to agriculture can turn this into a source of funds for the project. Linggaraja village in West Java has utilized this potential. The village water committee encourages and organizes people to hunt for wild pigs in the forest. None of the hunters receives any money from this activity. They sell the pigs to towns people and donate all the money raised to the water and sanitation project.

#### 5. SMALL SCALE INDUSTRY

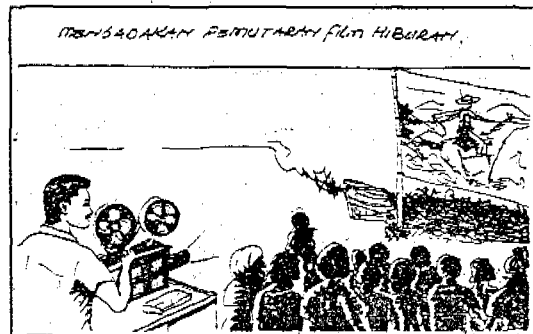
The combination of raw material and skill to produce bricks is a potential source of building material for the water and sanitation project. Possessing such a combination, the village water committee of Lendang Bunga, NTB organized voluntary labor to produce bricks for the project. The production of 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 village water committee of Linggaraja village in West Java organized a shadow puppet (*wayang kulit*) show and tickets were sold to those who wanted to watch the show. Profits from the sale of tickets for the show were donated to the water and sanitation project.

The shadow puppet show at Linggaraja attracted a large audience. It is part of the local culture and very popular with the villagers. Besides its entertainment and cultural value it can also raise a considerable sum of money for the water and sanitation project.

Films are popular with the villagers because they do not get to see them too often. The village water committee of Sankukun village in NTB organized a film show fund-raiser in an open air theater. Another popular form of entertainment is music. The organizing of a *dangdut* show has also been discussed.



#### 7. PROVISION OF SERVICES

Providing services to people who want things done indicate another method of raising money. In Lendang Bunga community in NTB, the vil-

lage water committee organized a voluntary work gang to plow rice fields of the wealthy farmers in the village. The wages were divided, 50% going to the workers and the other 50% donated to the water and sanitation project.



## B. PAYMENT OF CASH AND FEES

### 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:

- Households are divided into three to five socio-economic classes with the wealthier households paying more and the poorer ones paying less.

- 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.
- 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 committee for their labour during construction.
- Households that request for direct installation to their homes pay a higher cost than households using public facilities.
- 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 percentages as a lump sum and the rest in installments, and still others pay the entire amount at once.

- 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. 3,000 to Rp. 150,000 per household.

### 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 the water and sanitation project. In Sankukun, NTB, a wealthy villager contributed Rp. 2,000,000 to the project.

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. Members of the village water committee of Haruman village in West Java visited several Haruman villagers now living in the city of Bandung for contributions. These people were very responsive and contributed to the project.

## 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 per month. The money collected is 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 Dersono village in East Java has also used the funds from the water user fee for expansion of public bathing and washing facilities. In addition, the committee has 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.

- **Water User Fee Fund:** as described in the above case of Dersono, East Java, the money is loaned to neighboring communities for the development of their projects; this type of loan is usually interest free.
- **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 Wonoanti, East Java, 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 for the construction of latrine facilities.

- **Other Village Saving and Loan Association:** several water user groups of Gawang village in East Java have taken out loans from a Family Planning Savings and Loan fund (P2K) for the construction of their sections of the water and sanitation systems.

## C. CONTRIBUTION OF MATERIAL AND KIND

### 12. COLLECTION AND SALE OF AGRICULTURAL PRODUCTS

Substitution of agricultural products for cash is possible in areas that support agricultural activity. Coconut, coffee and banana have been proven by Sankukun community in NTB to be a good source of fund raising for the water and sanitation project. Each water user delivers a part of his/her agricultural product 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 Ketepung village in East Java has requested that all water user households plant fruit trees, e.g., bananas and melinjo, for the financing of maintenance and repairs of the water and sanitation systems.

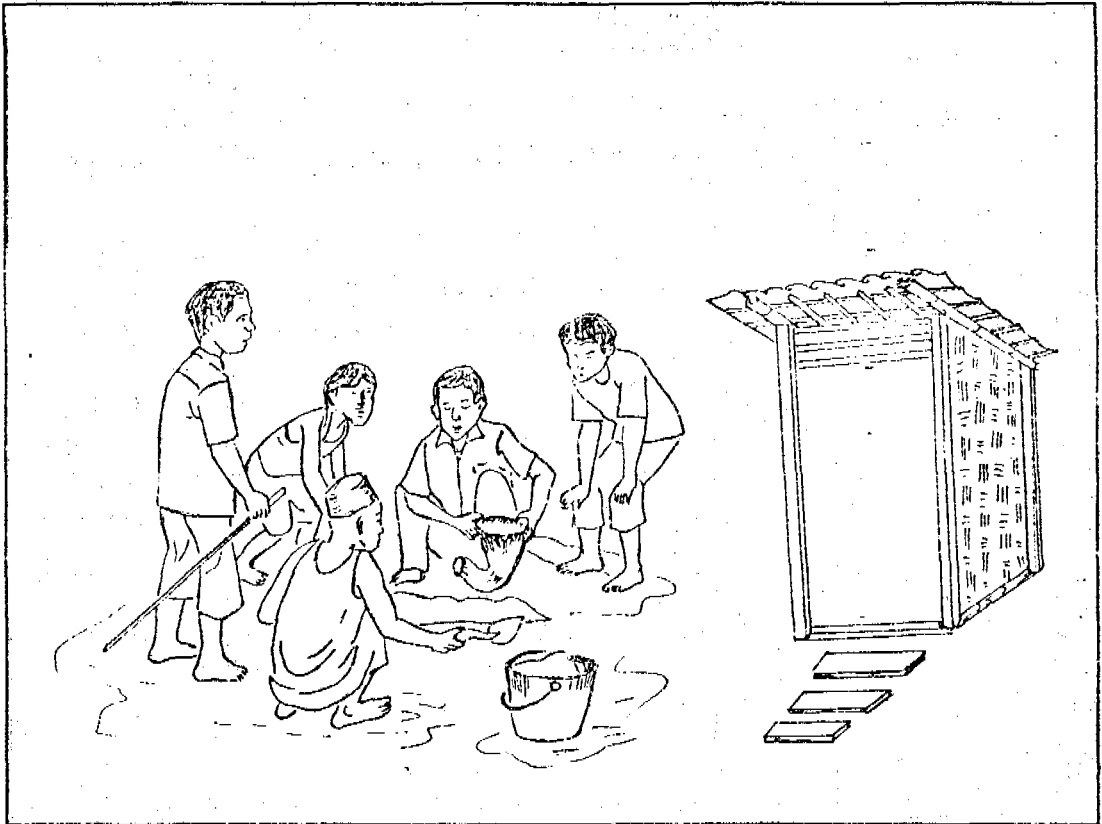
tion systems. The harvesting and sale of bananas will pay for short-term maintenance and repairs whereas money from melinjo will pay for long-term plans of expansion and rehabilitation.

### 13. COLLECTION OF BUILDING MATERIAL

Similar to cost sharing of cash, households are frequently asked to collect a set amount of locally available material, e.g., several basketfuls of sand and/or stones. 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 as in the villages of Lendang Belo and Sankukun in NTB. 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.



Latrine Construction

### 15. A HANDFUL OF RICE

Contributing handfuls of rice for a community activity is a common form of donation in Indonesia. Known as *perelek* in West Java and *jimpitan* in East Java and NTB, a household puts a handful of rice every morning in a tincan 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 incomes for the support and maintenance of social services in the community. The water committee of Sukajadi village in West Java used the zakat as a way to mobilize resources for the community water and sanitation project. Each household agreed to contribute ten percent of its agricultural product from every harvest until the project is completed.

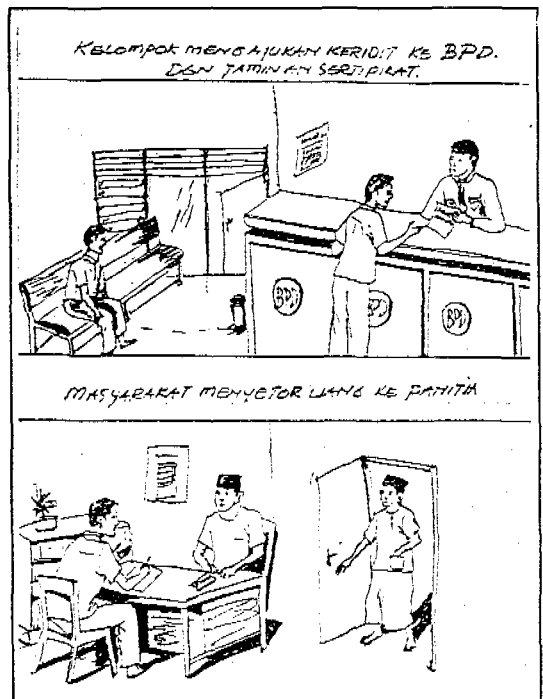
## D. BANK LOANS AND OTHER CREDIT

### 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.

Significant progress has been made with local banks and credit institutions in the promotion of the CSFW Project. The conditions for the loans are also more favorable than before. In CARE's most recent discussions with a leading development bank (Bank Pembangunan Daerah) the managers have agreed to the following conditions for a loan:

- Communities may borrow for water and sanitation projects.
- The loan can be considered an investment loan rather than one for consumption.
- As an investment loan the interest would be lower--one percent (1%) per month on the original principal.
- Collateral provided can be from:
  - i. land certificate
  - ii. user right certificate
  - iii. Government employee's salary
  - iv. 45% of cash deposit
  - v. Movable property as agreed by bank





- Repayment can be monthly, quarterly or as agreed upon by both parties.

Communities interested in applying for a bank loan will have to go through several steps:

- A grace period will be allowed.

- **Review other sources:** carefully review what other sources of funding are available in the community before deciding to get a bank loan.

The table below indicates the communities that have received or have applied for loans from banks and other credit institutions.

### CREDIT STATUS

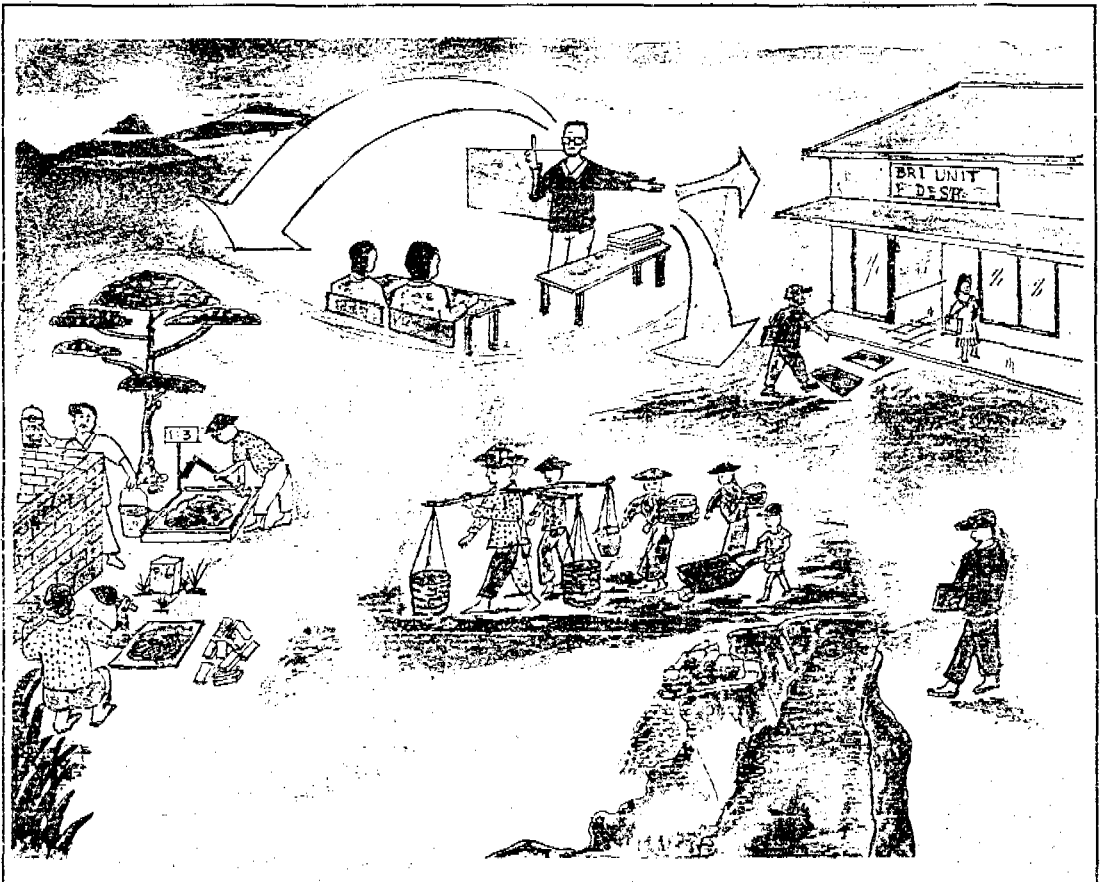
(Up to April 1990 in '000 Rupiahs)

PROVINCE	SITE	LOAN	INSTITUTION*	STATUS
WEST JAVA	Buah Kapas	2,000	Bankap	Received
	Cikadut	13,500	KUD	Received
	Mekarrahardja	2,000	Bankap	Received
	Mekarwangi	5,000	Bankap	Approved
	Pasirhalang	2,000	BRI	Received
EAST JAVA	Pager	250	HIPPAM	Received
	Sidomulyo	2,900	BRI	Received
NTB	Kalijaga	3,500	BPD	Applied
	Lare U	3,500	BPD	Received
	Latonda	6,000	BPD	Discussion
	Ndano	3,000	BPD	Applied
	Pancasila	16,000	BPD	Received
	Selelos	2,000	BRI	Received
	Sorimila	5,000	BPD	Discussion

\* Institutions:

Bankap	- Commercial bank
BPD	- Bank Pembangunan Daerah (Gov't bank)
BRI	- Bank Rakyat Indonesia (Gov't bank)
KUD	- Village Cooperative
HIPPAM	- Village water committee

- **Contact several banks:** get information on the different types of loan, interest rates, conditions, etc., from several banks if possible.
- **Feasibility review:** see if the community can afford to repay a bank loan and the most appropriate loan period; develop several sets of repayment schedules with varying amounts of loan and loan periods; select the most appropriate schedule; see what can be used as collateral and who will provide it.
- **Community meeting:** hold a community meeting to inform the people about discussions with banks and the feasibility study; have the community decide what is the best way to proceed.
- **Repayment plan:** develop a careful plan for repaying the loan and include the following items:
  - who will pay and how much
  - who will collect and how often
  - the length of the loan period



Community Management of Water and Sanitation Systems

- types of sanctions for non-payment
- alternative plans for repayment if the community experiences a poor harvest or goes through hard economic times
- possible income-generating activities to lighten burden of households

- **Community meeting:** inform the community of the repayment plans and get approval and input.
- **Loan proposal and application:** when all the steps are carefully reviewed and realistic repayment plans are made, the village water committee will then write a proposal and send a loan application to the bank.

### 18. VILLAGE COOPERATIVE LOANS

The local KUD cooperative can be a source of funds for the water and sanitation projects. Cikadut community in West Java received a loan of Rp. 13,500,000 from its KUD for the project. Poor families using public facilities pay little or nothing. 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. IPVO REVOLVING FUND

The availability of funding from local groups can also be mobilized for the community water and sanitation projects. The community of Mekarwangi in West Java has received a loan of Rp. 5,000,000 for its project from a revolving fund managed by a community private voluntary organization, Yayasan Pagelaran. The loan when repaid by Mekarwangi 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 the CSFW Project contact CARE Indonesia, Jalan Bangka 1/34, Kemang, Jakarta Selatan, Indonesia. Ph: (021) 799-6479**