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Republic of Zimbabwe

**THE DEVELOPMENT OF SUSTAINABLE
FINANCING POLICIES
FOR
WATER AND SANITATION PROVISION
IN
COMMUNAL LANDS & RESETTLEMENT
AREAS**

UNEP
UNITED NATIONS ENVIRONMENTAL PROGRAMME
PO BOX 29000
NAIROBI, KENYA

A PAPER FOR THE CABINET COMMITTEE ON DEVELOPMENT

**Prepared by the National Action Committee
(for Water Supply and Sanitation)**

August 1990

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Annex

1. Assessment of Current Financing of Water Supply and Sanitation in Communal Lands and Resettlement Areas

List of Abbreviations

DDF	District Development Fund
DERUDE	Department of Rural Development
ESA	External Support Agency
MCCD	Ministry of Cooperative and Community Development
MEWRD	Ministry of Energy and Water Resources and Development
MFEPD	Ministry of Finance, Economic Planning and Development
MOH	Ministry of Health
MLGRUD	Ministry of Local Government, Rural and Urban Development
NMPRWSS	National Master Plan for Rural Water Supply and Sanitation
RDC	Rural District Council
RWSS	Rural Water Supply and Sanitation

National Action Committee Representation

The NAC is the co-ordinating body for the following bodies in the water and sanitation sector:

District Development Fund
Ministry of Cooperative and Community Development
Ministry of Energy, Water Resources and Development
Ministry of Finance, Economic Planning and Development
Ministry of Health
Ministry of Lands, Agriculture and Rural Settlement
Ministry of Local Government, Rural and Urban Development
Ministry of Political Affairs

Approximate Currency Equivalents

ZW\$2.4 = US\$1

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I. Background

The provision of safe and adequate drinking water and sanitation services are an essential social service to ensure environmental health among all Zimbabwean communities. Accepting responsibility for the provision of this service, Government has, over the last decade, provided rural water and sanitation services in communal lands and resettlement areas free of charge or with minimal recovery of the costs of the service. This policy has achieved a considerable expansion in services ¹ and has gone a considerably way towards redressing the historical neglect in infrastructural development of these areas ².

The policy for the high level of subsidy to communal land development through the decade of the 1980s has been implemented with the objective of building the infrastructural framework to provide a basic level of service to the rural poor. The policy with respect to service provision in commercial farming areas is, by contrast, that services are provided at the cost of the land-owner and Government's role is to provide a legislative framework, technical advice and to promote provision of basic services. This promotional approach has also achieved considerable improvements in these areas ³. The policy in urban areas is that local authorities are responsible for self-financing sector provision through sale of water, rates and other levies, with some assistance from Government in bulk water provision.

II. The Problem

A major problem facing the national programme in communal lands and resettlement areas is that central aspects of programme design are unsustainable in the harsher financial climate of the 1990s. Financial unsustainability can be seen in two aspects in its current design: firstly, the programme is heavily dependent upon external grants for capital investment and could not continue on its own resources; and, secondly, as the programme expands, recurrent costs are escalating at a pace well beyond the present

¹ Since 1985 service coverage to safe and accessible drinking water supply and sanitation facilities has increased percentage of the communal land and resettlement population covered from approximately 33% to 55% in the case of water and 15% to 21% in the case of sanitation (Draft 5 Year Development Plan).

² The National Rural Water and Sanitation Programme in Communal Lands and Resettlement Areas has grown from the small pilot projects of the early 1980s to a national programme with a 1989 annual expenditure of some ZW\$33 million. The programme derives much of its macro planning from the National Master Plan for Rural Water Supply and Sanitation (NMPRWSS). The programme presently comprises 20 major intensive interministerial district and provincial water and sanitation projects (see maps at end of document), a large number of non-governmental projects and continued government funding through the Public Sector Investment Programme and the MOH Disease Prevention Field Vote. Approximately 180,000 latrines and 24,000 water points, benefitting 1,1 and 3,9 million people, have been constructed since Independence.

³ Of a total investment requirement in 1990 prices of ZW\$ 265 million to provide the entire 1990 commercial farm population with access to basic services, an investment of approximately ZW\$200 million has already been made in constructing about 26 000 water points and 60,000 latrines. These facilities are estimated to benefit 1,2 and 0,4 million people respectively.

level of recurrent funding.

The purpose of this paper is to seek cabinet endorsement of recommendations to initiate a process of policy reforms and improvements to increase resource mobilization to secure the future development of the programme.

III. Prior Initiatives

From the mid 1980s concern has been expressed at the financial instability of sector policies by sector leaders and donors alike. Cognisant of the need to establish sound financial management in the sector, sector leaders have undertaken several initiatives in recent years:

- * The 1985 NMPRWSS developed a range of policy recommendations for cost-recovery policies focussing principally on recurrent costs. At the time of the NMPRWSS review these were fully discussed and agreed to by sector ministries, though the proposals were not implemented because of other, unrelated, unresolved issues in the plan.
- * The 1988 Rural District Council Act was promulgated providing provision for Rural District Councils to levy consumers for development services.
- * Zimbabwe was one of the lead participants in a 1988 WHO initiative to further the debate with developing countries with respect to cost recovery.
- * Sector leaders from Zimbabwe participated in a 1989 Zambia conference on cost recovery policies.
- * Later in 1989 the NAC hosted a two day workshop which provided a platform for debate on the subject and concluded with a commitment to seek more financially sustainable policies. The workshop recommended that a special subcommittee of the NAC be established to develop detailed recommendations on the matter.
- * In late 1989 the NAC subcommittee on Cost Recovery was formed. The present report is the product of this subcommittee.
- * In late 1989 the MLGRUD undertook a review of prior financing of district service centres and have prepared framework proposals for development of a revenue collection system in these centres.

IV. Assessment of Current Sector Financing

In the light of the economic challenges facing Zimbabwe in the 1990s and the questions regarding the vulnerabilities of the current programme design, an assessment of the current financial status of water and sanitation provision in communal lands and resettlement areas was undertaken. The assessment is presented in Annex 1.

The principal conclusion to be drawn from this review is that despite a declining contribution from its' own resources, government has managed to increase overall investment in the sector markedly during the latter part of the last decade through increased donor financing. However this policy, with respect to resource mobilization, is not sustainable with respect to both recurrent and capital financing.

The review had the following major findings:

A. Funding for Operation and Maintenance is Inadequate

While Government's allocation to operation and maintenance has increased in recent years, the level of funding still remains below that required adequately to ensure good operation and maintenance of facilities⁴. If Government maintains its policy of assuming responsibility for the bulk of operation and maintenance costs, without further substantial increases to its funding, this shortfall will result in a substantial increase in breakdown of services.

B. Financial Inefficiencies in the Sector

Better use could be made of existing resources to service a greater population through a variety of means. These include selection of technologies based on cost-effectiveness, limiting instances of duplication of services and employing more cost-efficient means of implementation.

C. Institutional Complexity and Reduplication Increases Recurrent Expenditure

The institutional complexity of the sector⁵ increases government's recurrent expenditure. Borehole drilling, well-sinking and community mobilization are all sector activities whose responsibility for implementation is reduplicated.

D. Growth in Dependence upon Donor Finance

The level of government capital investment in the sector has declined in real terms and the current level is well below that necessary to sustain the national rural water supply and sanitation programme. In recent years the sector has become increasingly dependent upon donor finance to the extent that in 1989 donors provided approximately 85% of the capital invested in the sector. Donor finance has enabled the programme to grow to a scale not sustainable through Government finance. The scale of this dependence is a point of serious programme vulnerability.

V. Options for Increased Resource Mobilization

There are three basic options for generating increased sector resources: to increase government finance; to request further finance from external support agencies; and to increase consumer financial contributions.

A. Increased Government Finance

The prospects of increasing government finance to redress these problems are slight. The

⁴ Projections based on the increase in the operation and maintenance cost requirements over the past two years show the amount required will reach ZW\$9 million by the year 2000. This exceeds government's entire present commitment to capital development (ZW\$7 million).

⁵ There are 8 major government agencies involved in water supply and sanitation provision to communal lands and resettlement areas (see organization chart at the end of the document).

short and medium term predictions on the performance of the Zimbabwean economy, and Government's own stated intentions to ensure sound financial management in difficult times, suggest that economic planners will be seriously constrained to increase government expenditure in sectors without clear economic returns. It is likely, therefore, that in this process of structural reform, government financing of the rural water and sanitation sector will perforce be further curtailed. These pressures will not only affect new investment, but will also put a ceiling on recurrent expenditure.

B. Increased Donor Finance

While it may be possible to sustain the current level of donor funding in the short term, the prospects of increasing donor funding are not encouraging. Most donors require a balance between Government and donor contributions and the limitations upon government to increase sector funding will also limit increased donor funding. New and different claims are being made upon donor finance in the 1990s and these may limit the external finance available to the RWSS sector.

C. Increased Consumer Financing

Increasing consumer financing requires an advantageous development environment and ability and willingness on the part of consumers to pay for the service. Rural expectations through the 1980s and following the liberation war have been that government will provide services at no cash cost to beneficiaries. Explaining the impossibility of indefinitely sustaining this view will understandably not be an easy process. Nevertheless studies of willingness to pay for rural water services show that there is some ability and willingness to pay for services⁶. These studies show that, although apparently small, there are some resources to be mobilized from consumers.

Requiring communal land and resettlement dwellers to pay a contribution, however small, to services will also bring the sub-sector into line with basic policy principles established in urban areas. In commercial farming areas the full cost of provision is borne by the land-owner.

Use of consumer resources moreover has benefits in terms of addressing other problems

⁶ Two rural willingness to pay studies have been undertaken in Zimbabwe, both of which conclude that the level of willingness to pay for water is at a level appropriate only to contributing to maintenance costs of primary water supply provision. A 1985 study (Water Tariff Study, NMPRWSS, Annex 1 to Volume 3.4, MEWRD) which considered ability and willingness to pay found that willingness to pay was higher among more wealthy families, among women and for individual rather than communal sources. The study concludes that an annual payment of ZW\$1 (1985 prices) would be affordable and forthcoming from most rural households. About a third of rural households could afford to pay ZW\$3 per year. A 1988 study in Chihota and Buhera (Willingness to Pay for Rural Water: The Zimbabwe Case Study, World Bank - Draft Report) found willingness to pay positively correlated with income, the number of labour days contributed to project construction, women, education, distance to water (for users of unimproved sources), inhabitants in drier areas and total quantity of water collected. While this study confirms the conclusions of the prior study and gives a mean annual willingness to pay varying between ZW\$1,54 and ZW\$3,17 (1988 prices), the real significance to be put on these studies is questionable. Methodological problems remain in the studies and actual willingness to pay will be fundamentally affected by changes in government's policy framework for the sector.

of financial management. Real community responsibility over supplies is only achieved once beneficiaries pay for and own facilities and this has important implications for containing recurrent costs as the RWSS programme expands. Increased consumer control also leads to greater matching of services to demand and more efficient investments since consumers will only pay for services which they need and will fully utilize.

While continuing heavy subsidies of basic services in communal lands and resettlement areas to redress historic imbalances, shifting even a very small proportion of the onus for payment onto consumers will create further efficiencies. In the case of consumers contribution to capital costs this will: limit technologies to those that users can manage; limit instances of duplication of services - where consumers have to pay for these services they will ensure they are not paying twice for the same service; and to the extent that need is reflected in willingness to pay, consumer payment will give higher priority to those users in greatest need of the service, while the high level of subsidy will continue to make the service accessible to all. Revenue collection mechanisms can be designed such that some of these efficiencies are also achieved through consumer contribution to recurrent costs.

The risks in requiring consumers to pay for services are that the poor may be further disadvantaged, and that the programme will also cease to expand. Clearly, to assure future programme viability the level of consumer finance will have to be established in accordance with consumer willingness and ability to pay. Introduction of these measures would also be required to be staggered and introduced gradually.

D. Recommendation for Resource Mobilization

Resource mobilization for the sector in the 1990s will undoubtedly require lobbying in all these constituencies: government, donors and consumers. Improving use of existing finance and mobilizing more domestic finance will in particular enhance the long term sustainability of the programme. Increasing consumer contributions is an inevitable and necessary step that needs to be taken to secure the long term viability of the programme. Steps clearly need to be taken early to begin marking out the path to establishing long term financial sustainability. The cost of not beginning this process will be on the one hand a declining programme and on the other having to introduce reforms in an abrupt manner which will cause further serious disruption.

For these reasons it is recommended that, to compliment funding from other sources, government begin now actively to implement steps to increase sector resource mobilization through increased consumer contributions to financing water and sanitation facilities.

VI. Recommendations for Action

This paper makes two recommendations for action:

A. Action by the Cabinet Committee for Development

In order to initiate and legitimize the development of a process of consumer contribution to sector financing in communal lands and resettlement areas it is recommended that government issue a statement endorsing, in principle, the concept of increasing domestic resource mobilization and announcing the first step in a process of financial policy reform for the sector: that consumers will in future be required to be responsible for the operating and maintenance costs of all water supplies in communal lands and resettlement areas⁷.

The general notice of intention, that Government is working towards the long term sustainability of the national program and that this will mean that in the near future all consumers will be required to contribute in cash terms towards the costs of water supply and sanitation provision, will empower the NAC to develop a specific agenda for implementation of this policy re-orientation.

The decision required from Cabinet is, in effect, to proceed to develop an agenda for financial policy reform and to implement the first step in that agenda to assure the financial sustainability of the water and sanitation programme into the 21st Century. A public announcement that this is government's intention will both forewarn consumers of this fact and enable the implementing agencies to develop specific proposals for how, when and where the steps in this process should be implemented.

B. Action for the NAC

With the authorization of the Cabinet it is recommended that the NAC should be tasked with the development and implementation of a step-by-step agenda to implement a process of policy reform leading to greater financial sustainability.

A great many factors will need to be addressed in development of a sound strategy for achieving greater financial sustainability in the sub-sector. Below is presented a four step plan for financing policy development. An important aspect of the proposal for policy reform would be to accord the various steps a realistic time-frame. It is likely that these activities will be implemented minimum of a 5 year time frame.

STEP 1. SHIFTING OPERATION AND MAINTENANCE COSTS TO THE CONSUMER

The initial step in this process will be made towards the more modest targets of reducing government's funding of operation and maintenance by placing the onus for this activity onto the consumer. The NAC will be responsible for devising strategies to achieve this. This could be achieved either directly through lower-level community-based structures or through Rural District Councils' development levies.

Clearly a strategy to increase local-level capacity for operation and maintenance would need to be devised. One scenario might be for government's role to be to continue to provide training to the community and local private entrepreneurs in operation and maintenance skills and to promote spares provision down to the local level through

⁷ Consumers are already responsible for all operational and maintenance of rural sanitation.

private distribution networks. Government funds would continue to be required to support a modest district level maintenance capacity in order to provide intensive training in operation and maintenance skills and technical advice and support to communities and consumers. The NAC will with the agencies responsible for maintenance develop a detailed plan for implementation of this policy shift.

STEP 2. IMPROVING COST-EFFECTIVENESS AND FINANCIAL EFFICIENCY

The second step comprises a series of measures to improve cost-effectiveness and efficiency in the use of the limited resources available to the sector. These include further development of measures to ensure that the more cost-effective technologies are first considered in technology selection. Consumers should be made aware of the different maintenance cost implications which will fall to them in choosing different technologies. Measures requiring beneficiaries to contribute operation and maintenance funds prior to implementation will limit instances of duplication of services and provide a mechanism for giving highest priority to those most in need of the service.

Further unit cost savings should be explored, and when found to be viable, implemented. Examples of this are: reducing the materials required in Blair latrine construction, limiting government subsidies to single latrines for households; reducing the costs of handpump procurement through encouraging competitive bidding; streamlining procurement procedures; and, where appropriate, placing more reliance upon the private sector where this is found to be more efficient.

STEP 3. INSTITUTIONAL REFORMS

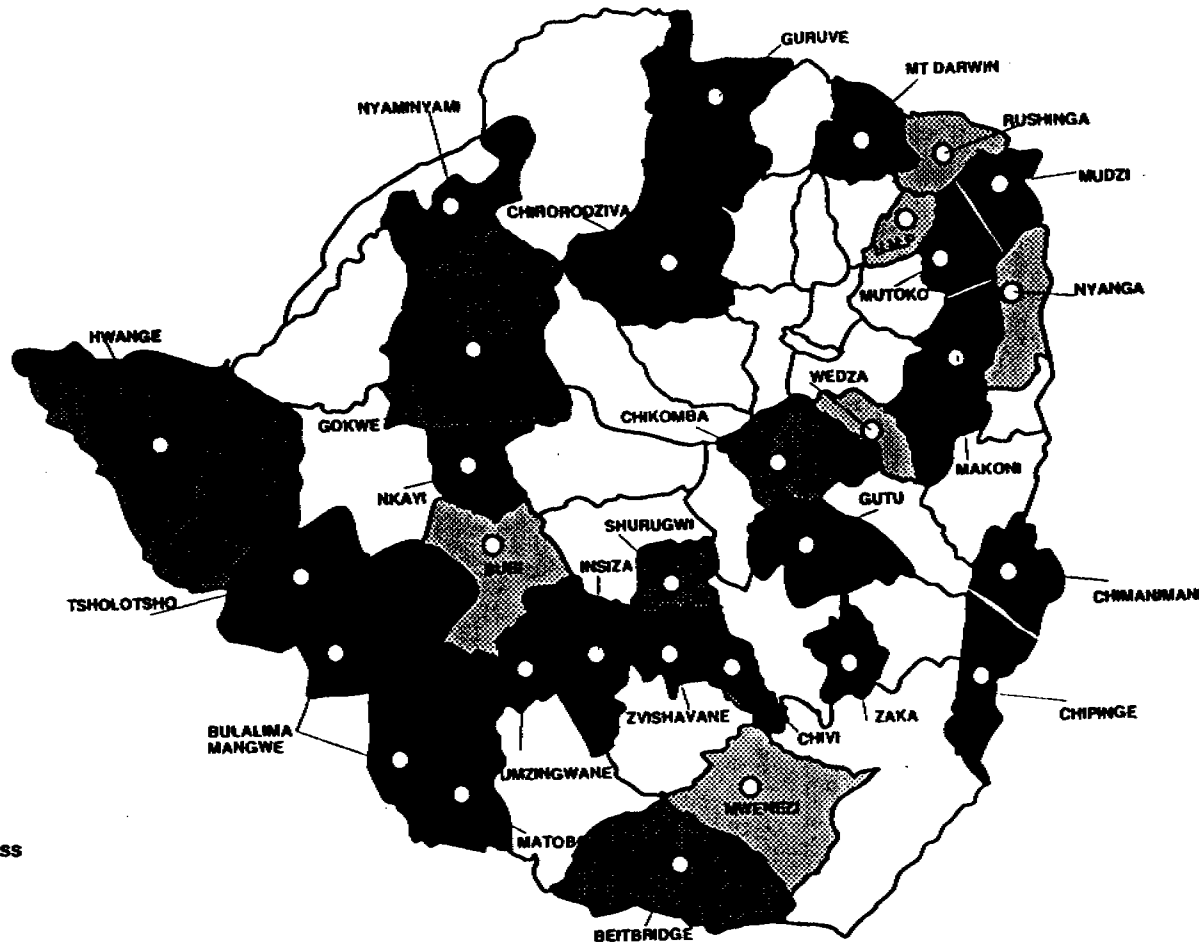
The third step involves creation of a more unitary structure among governmental agencies in the sector and reducing areas of overlap. Areas of overlap exist in several areas of sectoral responsibility including borehole drilling, well-sinking and community mobilization. Institutional reform will place greater emphasis on government's role in promotion of the sector through legislation, training, development of guidelines, information dissemination and awareness campaigns rather than perpetuating government's role in provision of all services. As the capacity of Rural District Councils increases their role in provision of sector services might be increased. Where services can be more efficiently provided through private sector involvement this should be encouraged.

Considering the difficulties of initiating institutional reforms from within institutions the NAC may appeal for high level intervention to assure implementation of key decisions.

STEP 4. INCREASING DOMESTIC RESOURCE MOBILIZATION FOR CAPITAL COSTS

The fourth step in the process of financial policy development involves increasing domestic resource mobilization by requiring consumer contributions to the capital costs of sector development. Optimal mechanisms for establishing such consumer payments - through RDCs, private contractors or to government agencies - would need to be developed. Close attention would be required to the setting of consumer payments which both effect real cost savings and do not unnecessarily disrupt the programme and while creating further economic efficiencies do not disadvantage the rural poor.

INTEGRATED RURAL WATER SUPPLY AND SANITATION PROJECTS



- INTEGRATED PROJECTS IN PROGRESS**
(Norad - 8 districts)
(Dutch - 5 districts)
(EC - 3 districts)
(GTZ/KFW - 1 district)
(GOZ - 1 district)
- INTEGRATED PROJECTS APPROVED,
ONLY AWAITING FOR FINANCE TO START**
- INTEGRATED PROJECT PROPOSALS
UNDER PREPARATION**

MINISTERIES:

- MINISTRY OF LOCAL GOVERNMENT RURAL AND URBAN DEVELOPMENT, (DDF, MCO, DPP)
- MINISTRY OF FINANCE ECONOMIC PLANNING AND DEVELOPMENT
- MINISTRY OF ENERGY WATER RESOURCES AND DEVELOPMENT
- MINISTRY OF HEALTH
- MINISTRY OF COMMUNITY AND COOPERATIVE DEVELOPMENT
- MINISTRY OF LANDS, AGRICULTURE AND RURAL RESETTLEMENT, (Agricom)
- MINISTRY OF POLITICAL AFFAIRS

LARGE SECTOR DONORS:

- DANIDA NORAD
- DUTCH SIDA
- EC UNDP
- GTZ/KFW UNICET

LARGE SECTOR BODIES:

- Africare
- CAICG
- Christian Care
- Lutheran World Federation
- Redd Barna
- Save the Children Fund (UK)
- World Vision
- Zamtrust

PROJECT COMPONENTS



Community participation in planning and implementation
MIGROD, MCCD, MPA



Shallow wells with bucket pumps
MOE



Deep wells or boreholes with bush pumps
DDF, MEWRD



Sustainable Operation and Maintenance
DDF



Sanitation with Blair toilets
MOE

-Health and hygiene education
MOE



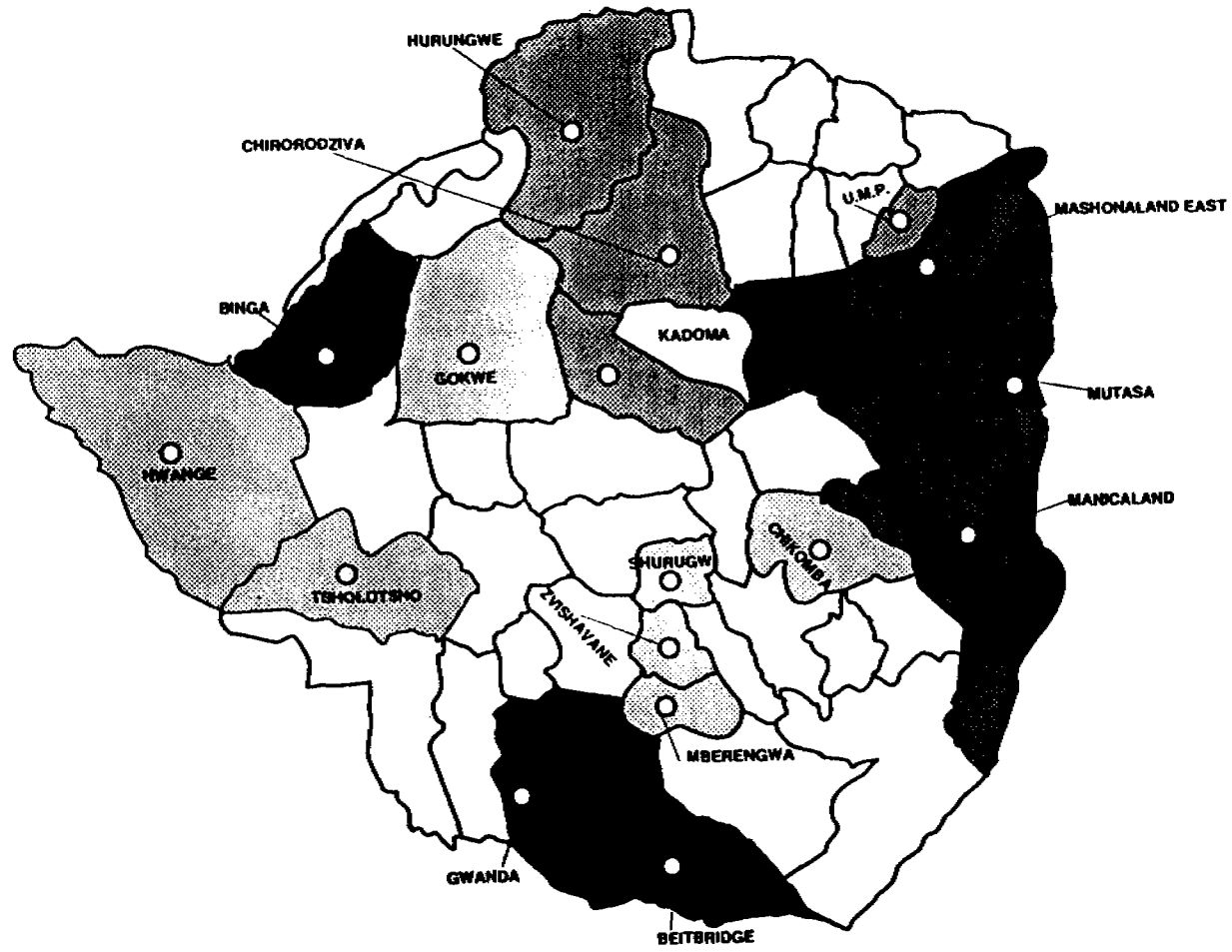
- Land Use Planning
MLARR

Revised: August 1998

National Co-ordination Unit,

Ministry of Local Government Rural and Urban Development

OTHER DONOR FUNDED RURAL WATER SUPPLY AND SANITATION PROJECTS



- UNICEF: DDF/MOH (1987-1991)
- SIDA: MOH (1990-1993)
- DANIDA: (1986-1990)
- DUTCHINGOs: (1990-1992)
(Binga also Denida Support)
(Beitbridge also Unicef Support)

Revised: August 1990
National Co-ordination Unit,
Ministry of Local Government Rural and Urban Development

PROJECT COMPONENTS



Community participation in planning and implementation
MCCROD, MCCA, MPA



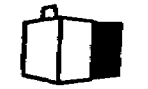
Shallow wells with bucket pumps
MOH



Deep wells or boreholes with bush pumps
DDF, MERRD



Sustainable Operation and Maintenance
DDF



Sanitation with Blair toilets
MOH

Health and hygiene education
MOH



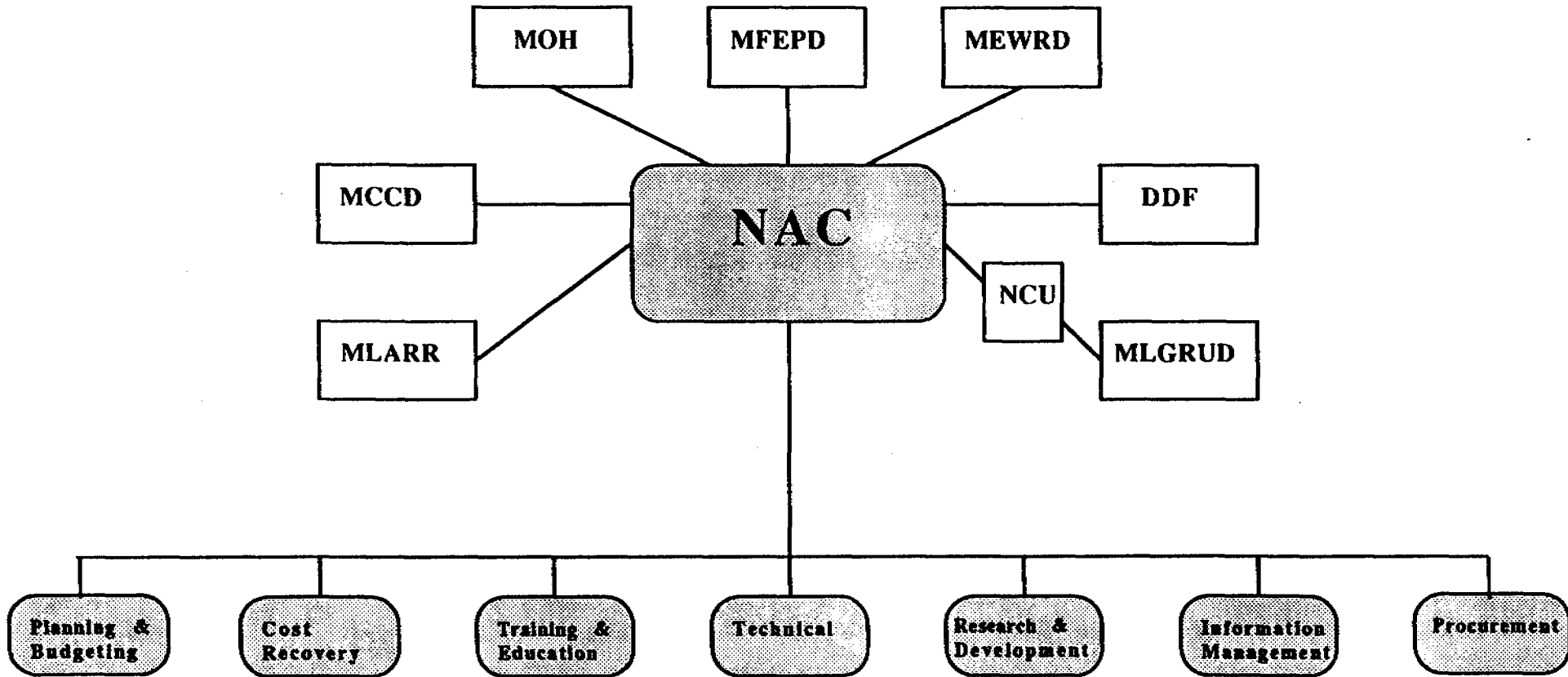
Land Use Planning
MLAUR

- MINISTRIES:**
- MINISTRY OF LOCAL GOVERNMENT RURAL AND URBAN DEVELOPMENT, (DDF, MCRU, OPP)
 - MINISTRY OF FINANCE ECONOMIC PLANNING AND DEVELOPMENT
 - MINISTRY OF HEALTH
 - MINISTRY OF COMMUNITY AND COOPERATIVE DEVELOPMENT
 - MINISTRY OF LANDS, AGRICULTURE AND RURAL RESETTLEMENT, (Agritem)
 - MINISTRY OF POLITICAL AFFAIRS

- LARGE SECTOR DONORS:**
- DANIDA
 - DUTCK
 - IC
 - GTZ/KFM
 - NORAD
 - SIDA
 - UNDP
 - UNICEF

- LARGE SECTOR NGOs:**
- Africare
 - CADEC
 - Christian Care
 - Lutheran World Federation
 - Redd Barna
 - Save the Children Fund (UK)
 - World Vision
 - Zim...

ORGANIZATIONAL STRUCTURE, NAC



Sub-Committees

Annex 1
Assessment of Current Financing
of
Water Supply and Sanitation
in Communal Lands and Resettlement Areas

The following assessment was undertaken through discussion with technical and accounting officials in implementing agencies together with a review of annual budget estimates. The complex institutional arrangements in the sector make the collection of reliable and up-to-date information difficult. While the NAC is presently improving its financial planning ability, the financial information presented below is preliminary, though the best available estimate.

A. Capital Development

Capital development of drinking water supply and sanitation services for communal lands and resettlement areas is financed through government investments and donor and private contributions.

1. Government Capital Financing of RWSS in Communal Lands and Resettlement Areas

a. MLGRUD

i) District Service Centres, Growth Points and Townships in Communal Lands

The Rural State Land Office of MLGRUD works with the Department of Physical Planning in planning and developing DSCs, Growth Points and the 13 Proclaimed Townships in Communal Lands. Infrastructure funding is through the Central Rates Fund. The CRF loans money from the Treasury and after development theoretically hands the facilities over to local authorities who, through rates, repay the loan to the Treasury.

The CRF has through the 1980s invested

approximately ZW\$37 million in these areas. Approximately 40% (ZW\$15 million) has been related to water and sanitation provision, most of which has been used in DSCs. Local authorities have for the most part been unwilling to accept responsibility for servicing these loans and the CRF has had to rely on subsidies to meet its commitments in loan repayment. As a result of this failure in repayment the treasury has limited further investment in DSCs.

ii) Resettlement Areas

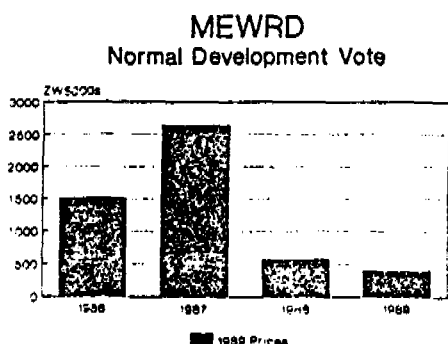
The Department of Rural Development in MLGRUD has specific responsibility for the planning and infrastructural development of resettlement areas. DERUDE has an annual capital development for infrastructural development, including water development. The funds available for water development fall well short of needs. Moreover the government budget has decreased considerably in recent years and the amount spent on RWS development in FY89-90 is estimated to be less than ZW\$500,000.

b. MEWRD

i) Piped Schemes

The MEWRD are charged with the responsibility for bulk water supply to the major Zimbabwean settlements. Once constructed and functioning MEWRD's policy is to hand the facilities over to local authorities, though not all local authorities are willing to accept this responsibility. Bulk water is sold to local authorities. MEWRD is a service ministry and designs and constructs water supplies on a contract basis for other agencies. In addition it receives public sector

investment funds for infrastructural development. The table below presents annual budgetary estimates of MEWRD's "Normal Development Vote" in recent years which shows a marked decline in sector investments from MFEPD.



All reticulated water to district service centres, growth points and townships in communal lands have been supplied by MEWRD either through funds from the CRS or from its own allocations. In the majority of cases, where it retains responsibility for operating the water supply MEWRD fits meters and charges consumers. Billing is generally done centrally. As is described above, many local authorities have been reluctant to pay the water tariffs and water is provided free of charge to individual consumers with the result that MEWRD run a deficit which has to be recovered from central government grants.

Financially, MEWRD divide their work into two aspects. In the majority of cases they require the full cost of bulk water provision to be met by local authorities. In recent years MEWRD has sought to implement this policy more stringently and supplies have been cut off where no payment has been forthcoming. These clients are managed on a "working account".

On the other hand soon after independence MEWRD extended its development of piped schemes (previously restricted to towns and government institutions) to service village settlements in communal and resettlement

areas and to construct financially inviable schemes. Water in these now 120 schemes is provided free of charge and MEWRD are also responsible for operating and maintaining the schemes (see below).

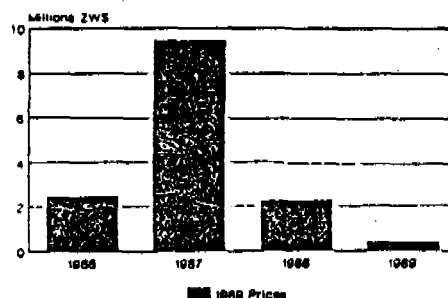
ii) Rural Primary Water Supplies

MEWRD also have received allocations to undertake borehole drilling and fitting of handpumps in rural areas. MEWRD have experience in supervising local and international drilling contractors, sometimes with the assistance of consultants but in recent years the ministry has preferred to operate its own drilling rigs. The ministry currently has 50 drilling rigs. Responsibility for borehole drilling is however split between MEWRD and DDF (see below) and this duplicates efforts.

The cost of MEWRD boreholes is estimated at ZW\$10,000 per borehole. The rate of output per month on intensive drilling programmes using medium-weight air-drilling rigs is rarely over 20 per month. Private contractors have been able to achieve higher outputs because government cannot operate work practices which optimize output. Government drilling prices remain on par with those in the private sector because of the restrictions and barriers which private contractors face with outdated equipment and heavy import duties and lack of foreign currency with which to procure equipment.

Government allocations for MEWRD rural primary supplies has decreased dramatically in recent years. The following table illustrates this decline.

MEWRD Annual RWS Allocations

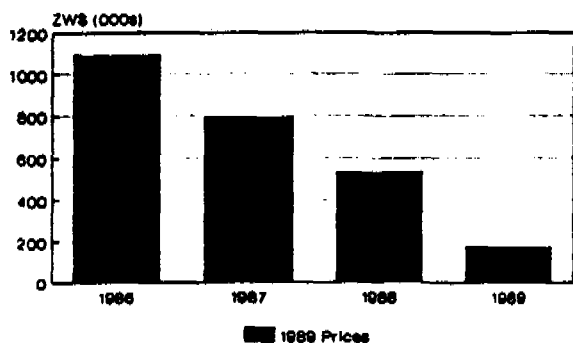


c. MOH

The MOH funds environmental health activities from a general purpose recurrent vote, the Disease Prevention Field Vote. Thus, what is effectively capital investment in water supplies and sanitation by MOH has been financed from recurrent funds. The funds are not earmarked specifically for water and sanitation and this vote is used at the discretion of the Provincial Medical Director for any disease prevention activity.

The overall level of the field vote has been dropping in real terms through the latter 1980s. In the early 1980s a high proportion of this vote, up to 80%, was used on water and sanitation activities. In recent years, especially where the Ministry has a donor-supported water and sanitation project the Field Vote is used for other health care activities, such as MCH and not for water and sanitation. Estimates showing the declining provision to water and sanitation are presented below. Attempts to have a proportion of the vote reserved for water and sanitation have not met with success.

**Ministry of Health - Field Vote
Water and Sanitation Expenditure**

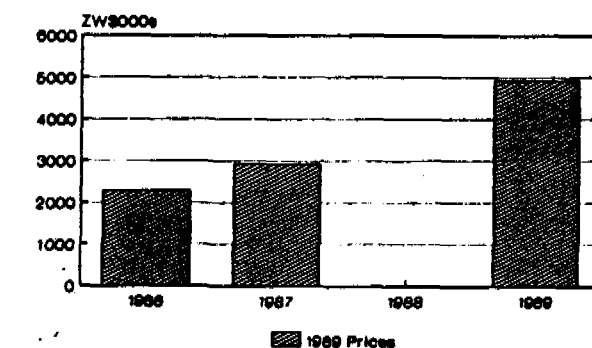


d. DDF

DDF has from 1985 developed a water supply division with specific responsibilities for rural water supply provision - small dams, boreholes, wells and piped schemes - and maintenance. The DDF is funded through an annual lump sum allocation from the Treasury.

The table below indicates the capital development allocations indicating that DDF's allocation in real terms has varied a lot through the latter 1980's with a significantly increased allocation in the FY1989/90. In FY1988/89 all capital development was funded through donor funds.

**District Development Fund
Capital Development Budget 1986-89**



Years refer to Financial Years

2. Capital Investments of External Support Agencies in Water Supply and Sanitation in Communal Lands and Resettlement Areas

The major change in sector financing that has occurred through the 1980s has been the growth of sector financing through external agency support. It is estimated that in 1982 donor financing accounted about 20% of total capital sector financing, by 1985 this figure reached 35% and in 1989 this had increased to 85%. This is shown graphically in the summary table below.

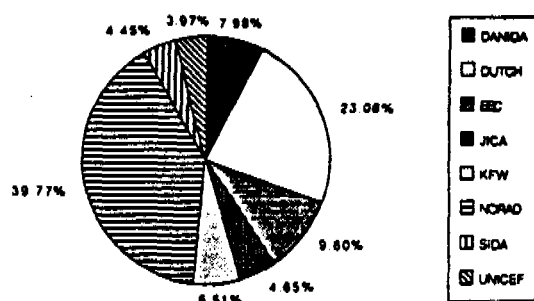
ESA commitments to RWSS projects between 1987 and 1992 are estimated to be ZW\$120.2 million. Of this approximately ZW\$64.5 million is earmarked for district projects from bilateral and multilateral agencies, about ZW\$48.3 million for Governmental agency support and ZW\$18.4 million constitutes NGO contributions.

The figure below indicates percentage support to district projects by bilateral and

multilateral agencies. The considerable support from ESAs has enabled the sector to take on a great many activities it would not have had the capacity to undertake reliant on its own funding. The assumption with which most donor agreements are made is that the Government will within a 2 to 6 year period eventually take over the project activity. The level of activities supported by ESA activities is clearly well above that which could in the near future be taken over at a similar level of output. Also there are many activities which have been initiated through ESA support which Government could not manage on their own resources.

ESA contributions were in the early 1980s for the most part obtained through agreements with single implementing agencies. Following the publication of the NMPRWSS and the creation of the NCU, greater potential for sector co-ordination enabled the NAC to embark upon a series of intensive, district-based integrated water and sanitation projects. To date 15 intensive, district-based integrated projects are underway and these are presently the focus of the greater part of bilateral aid to the sector.

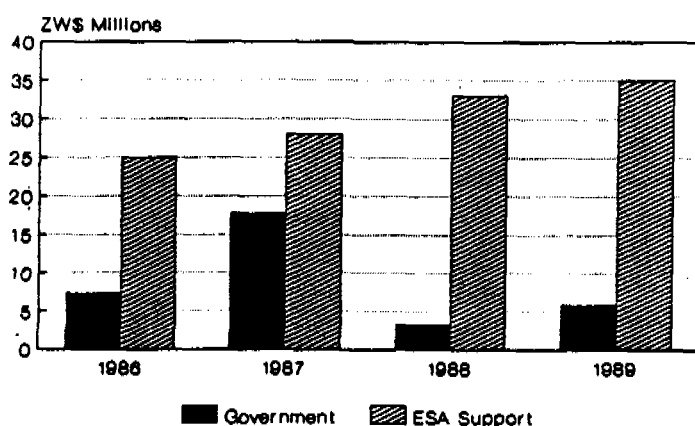
ESA Support to District Projects 1987-1992



3. Summary of Capital Investments

The table below presents a summary of total rural capital development investment in the sector in recent years.

Total Capital Development Rural Water Supply and Sanitation



In 1989 Prices

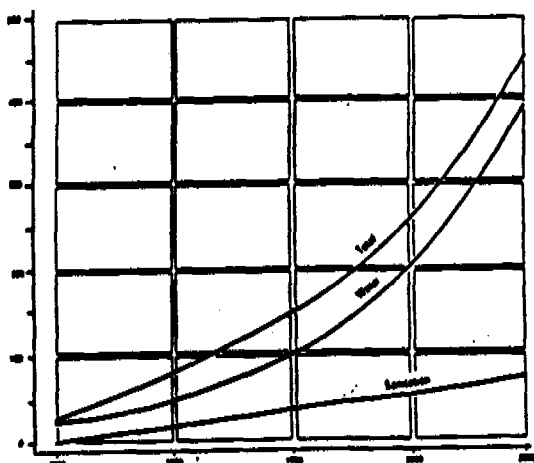
4. Capital Investments to Meet Plan Targets

Against these existing patterns of investment this section examines sub-sector targets. The RWSS sector is operating under 2 planning frames. The NMPRWSS and a more detailed phased programme of Integrated district projects.

a. NMPRWSS Targets and Investment Requirements

The NMPRWSS targets were set to achieve full coverage of basic access to water supply and sanitation services in communal land and resettlement areas by the year 2005. To achieve these targets a national programme in communal lands and resettlement areas was developed at an overall cost of ZW\$836 million (1985 prices) or ZW\$3731 million (future prices, based on an assumption of 15% inflation to 1990 and 10% from 1990). The figure presents the assumed overall cost of the programme including recurrent costs.

Overall Costs of NMPRWSS



b. Integrated District-Based RWSS

Subsequent more detailed work has developed a planning strategy whereby each of the 55 districts undertakes an integrated RWSS by the year 1995 to reach a phase 1 service level (defined as an adequate service level so that all people in a district have the security of some access to a protected drinking water source and 50% district coverage of sanitation). To meet phase 1 targets by the year 2000 a total of 65,500 Shallow Well Units are required (1 SWU = 1 shallow well, 0.33 deep well, 0.2 borehole). In 1989 prices a total of ZW\$276 million (or ZW\$25 million per annum until 2000) is required for capital development (excluding support to implementing agencies) to meet an average annual project output between 1989 and 2000 of 6000 SWUs and 46200 Blair VIPs. To date approximately 13 districts have funded projects on this basis.

B. Recurrent Finance

Government is the major force of finance for recurrent finance. ESAs provide some support, primarily through provision of technical assistance and contributions to vehicle running costs and staff travel and subsistence, though these items are specifically excluded from some donor

agreements with government. Communities contribute recurrent costs to latrine maintenance, latrine replacement and some aspects of water supply maintenance (see below).

Assessment of government's present recurrent costs is extremely difficult because of the inability of ministry finance sections to link activities to support costs. The following comments are based on a general assessment only.

1. Staff Salaries

Staff salaries constitute the biggest portion of the Government's annual recurrent expenditure in the sector. The 1980s have seen large increases in Government's staff establishment working in the sector. Principally these increases are in the staff of the Environmental Health Services Department in the MOH, where the number of EHOs has risen from 12 to 100 in a decade, and the number of EHTs has tripled, and creation of a Water Division within DDF with water officers stationed in every district. In addition the entry of the MCCD into sector work has increased the number of government personnel working on the sector.

Yet staff salaries remain well below those of other sector professionals in the country and there is an ongoing drain of senior level staff. Because of this the sector relies upon assistance from expatriate staff in in-line positions funded under by ESAs. In order to retain sector staff and pay competitive salaries the salary component of sector financing would need to rise considerably in coming years.

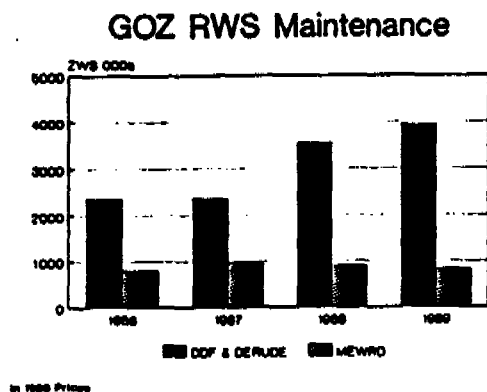
2. Office Accommodation, Travel and Subsistence, Stationary and Miscellaneous Recurrent Expenditures

Actual expenses on these items are very difficult to estimate for the sector. It is likely that these costs are rising. Whereas in early

1980s the sector operated on very few government service vehicles - possibly of the order of 20 in full time usage - through donor finance the number of vehicles now in operation in the sector whose costs are borne by government has risen to approximately 80. It is estimated that these overheads account for 30% of the direct cost of each physical construction.

3. Maintenance

In most agreements with ESAs Government is responsible for maintenance costs. The table below estimates maintenance support provided by Government. DDF is the prime agency responsible for maintenance. DDF's maintenance vote has increased significantly during the last two financial years. It should be noted that this increase partly reflects DDF's establishment of a three tier maintenance system since the salaries for pump-minders and all paid maintenance personnel are included in this allocation.

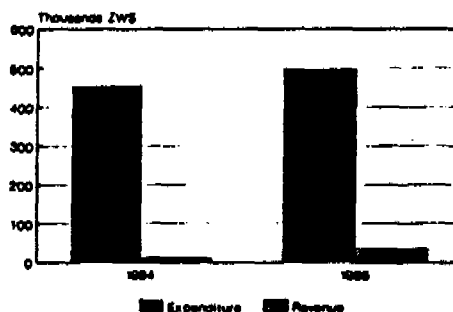


4. Operating Cost Recovery

Current policy does not require government to obtain any cash contribution to operating and maintenance costs of RWSS except in the case of MEWRD piped water schemes. In the latter case some local authorities are reluctant to take over responsibility for operating and maintaining MEWRD village water supplies and MEWRD are

consequently incurring a considerable deficit in operating these supplies.

MEWRD RWS Operating Deficit



5. Maintenance Requirements

Against these present recurrent expenditures estimates of recurrent financial requirements show that a considerable increase in funds are required to achieve targets within the current policy frame. Present policy for maintenance of RWS is that Government will undertake spares provision and all maintenance of communal primary water supplies at its own cost. DDF has formulated a three tier maintenance strategy to maintain the currently estimated investment of 12,000 boreholes and 14,000 wells. Voluntary provision of labour and preventive maintenance within community capacity is expected of the community.

Present maintenance funding requirements for the primary water supply programme are summarized below. As is documented above MEWRD continues to maintain several piped water supplies with limited ability to recover the costs of this service.

Maintenance Requirements Primary RWS

