

# Contracts or Partnerships:

**Working through local NGOs in Ghana and Nepal**



**A WaterAid report written by Andrew Clayton**



## SUMMARY

- **There are two main approaches to working with local non-government organisations (NGOs) in the implementation of rural water projects.** First, a funding organisation can enter into a long-term partnership with local NGOs, building their capacity to develop and implement water projects. Second, a funding organisation can enter into a contractual relationship with local NGOs in which they are paid a fixed amount for the provision of a specified number of outputs over a defined time period.
- **WaterAid has developed strong partnerships with eight NGOs in Ghana and one in Nepal.** WaterAid provides funding and technical assistance whereas the partner NGOs are responsible for implementation. These partnerships are characterised by long-term commitment, strong inter-personal relationships, policy dialogue, trust, mutual learning and financial transparency. They are dynamic and evolve as organisations change, mature and become stronger. WaterAid invests considerable resources into building the capacity of its partners, in order that they can both deliver high quality community projects and play an active role in civil society in their countries.
- **In both Ghana and Nepal, there are major World Bank-funded initiatives that shift implementation away from governments and contract out rural water supply projects to NGOs and the private sector.** While both initiatives have certain strengths, there are four major difficulties with the contracting approach. Firstly, the contracts are rigid, output-orientated and prescribe a standardised approach to implementation at the community level. They restrict NGOs from using approaches to suit local conditions and needs. Second, this standardised approach and the contract requirements work against providing services to poorer communities. These communities are often located farther from water sources, have little ability to pay, and are more vulnerable, therefore requiring more investments in time and money beyond what contractual agreements allow. Thirdly, NGOs are used as service providers and implementers of objectives and policies determined by donors. Their ability to influence policy, advocate and support the most marginalised people is stymied by their contract obligations. Fourthly, although contracts contribute to the expansion in the number of NGOs, they weaken the NGO sector as a whole. They do not adequately respond to needs of individual NGOs to strengthen their capacities and contribute to undermining NGO's role as an independent commentator on sector development policies.
- **The report argues that the current approach to contracting is inappropriate for community development interventions and for building a strong, independent NGO sector.** There is much that the contracting approach could learn from WaterAid's experiences of working in partnership with local NGOs.

**This is the fourth in a series of reports which analyse WaterAid's experience in integrated water, sanitation, and hygiene education projects in developing countries.**

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# **Contracts or Partnerships: Working through local NGOs in Ghana and Nepal**

**How local NGOs have been engaged in  
the provision of rural water and sanitation  
at community level in Ghana and Nepal**

## **A WaterAid Report**

**Written by Andrew Clayton**

**Edited by Diana Evans and Belinda Calaguas**

**November 1999**

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## Introduction

This report examines the issue of how to engage local non-government organisations (NGOs) in the provision of rural water and sanitation at the community level. Until the late 1980s, this was primarily a concern for international NGOs who supported local NGOs in the implementation of development projects. Now, however, this is a major issue for governments and donors who are increasingly using NGOs as agents for the delivery of public services. Whereas in the past the state was seen as responsible for the provision of services – notably education, health and water supply – this is no longer the case.

This report focuses on two countries – Ghana and Nepal – in which national programmes are currently being implemented which give primary responsibility for community water delivery to the private sector and NGOs.

In both countries, the World Bank has been a driving force behind these programmes. Local NGOs are heavily involved in both through competing for contracts for undertaking community water and sanitation projects.

WaterAid is also working through local NGOs in Ghana and Nepal. In neither country is WaterAid a direct implementer but channels funding through eight NGOs in

Ghana and one NGO in Nepal, which in turn supports around 50 smaller NGOs. WaterAid has been working with these NGOs over a long period and has built up strong relationships with them such that they now see each other as ‘partners’. The partnership approach followed in WaterAid’s programmes in Ghana and Nepal represent a very different way of working through local NGOs to the contractual approach. The purpose of this report is to explore these differences and draw out lessons from WaterAid’s experience on how to work effectively with local NGOs.

It should be noted that the use of the term partnership in the context of relationships between Northern and Southern NGOs is open to a wide number of interpretations and is not a concept that can be precisely defined. Some feel that it is inappropriate to use it for relationships that involve the transfer of resources – the term itself implies equality yet is used to mask basic imbalances in power between the funder and recipient. Others feel that, despite these limitations, the notion of partnership is valuable for describing the relationships between Northern and Southern NGOs. This is the approach taken in this report and is based on the views of WaterAid’s partners in Ghana and Nepal on what they see as the essential characteristics and benefits of working in partnership.



Nepal: Uma Devi Pandel with one of her two children at a tapstand.

# Ghana

**T**he rural water sector in Ghana has been undergoing major changes over the last few years. These were brought about by the introduction of the National Community Water and Sanitation Policy by the Government of Ghana in 1994. This chapter examines the new policy from the perspective of NGOs. Specifically, it compares the government's new approach to working with NGOs with the approach taken by WaterAid in Ghana. It argues that there are many lessons that the government could learn from WaterAid's experience of working through local NGOs. The chapter opens with a description of WaterAid's Ghana programme.

## WaterAid's Ghana Programme – Towards Partnership

WaterAid started working in Ghana in 1985. Initially it supported a number of small church-run projects in three districts, providing funds and technical advice. By 1997, WaterAid's programme expanded to working with eight different partner organisations covering 22 districts. In the 1996-1997 construction season alone, WaterAid's partners constructed 369 hand-dug wells and boreholes, installed 175 hand-pumps, trained 1,737 village health co-ordinators and constructed 400 ventilated improved pit latrines.

Critical to the success of WaterAid's programme in Ghana is its relationship with the local partner organisations that develop and implement integrated water supply, sanitation and hygiene promotion projects. This relationship evolved over time; most of the partner

NGOs were small, newly established organisations when WaterAid first started working with them. They have since grown in size and capacity and are now among the strongest NGOs in Ghana.

### Key Features of Partnership

As indicated above, partnership is a broad term that is open to different interpretations. For this reason it is important to identify how the Ghanaian NGOs supported by WaterAid view their relationship with WaterAid. WaterAid's partners speak very positively, on the whole, about

this relationship and clearly regard WaterAid as a 'partner'. They compare this with other donors from whom they receive funding for other projects, who are seen simply as 'donors' not partners. The distinction is made on the basis of a number of characteristics frequently mentioned as central to their relationship with WaterAid but absent from their relationship with other donors. These are summarised in this section.

### Dialogue

Partners attach great value to the open and frank dialogue that they have with WaterAid. Even in the



## THE THREE MAIN PHASES IN WATERAID'S PROGRAMME

### Phase 1, 1987-94

This initial phase of the programme was characterised by tight control of all partner projects by WaterAid. Some of the partners were not at this stage registered as independent NGOs but rather grew out of church-led development projects. Financial management was conducted through the WaterAid country office. Partners were required to produce detailed work programmes with budgets, and there was little flexibility for them to deviate from these. At this time, WaterAid was very output-orientated, with a major focus on reaching the annual targets for hand-dug well construction. During this period, quarterly meetings were held for all partners in order to discuss the programme with WaterAid. The Integrated Social Development Centre (ISODEC) provided programme support after 1990.

### Phase 2, 1994-97

WaterAid increased its support for training and capacity building of its partner organisations. Responsibility for this was given to a local organisation called ProNet. WaterAid assisted in setting up ProNet as an independent NGO in 1994. ProNet also undertook monitoring of partners on behalf of WaterAid. During this period, most of WaterAid's partners became formally registered as NGOs with the government. More responsibility for financial management was handed over to partners although detailed plans and budgets still had to be approved by WaterAid and adhered to. WaterAid also appointed a Ghanaian Deputy Country Representative to oversee its programme in Northern Ghana. The quarterly meetings with partners continued as before.

### Phase 3, 1997 onwards

Three major changes took place in 1997, which have had profound implications for the relationship between WaterAid and its partners.

- 1 With partners reaching greater organisational maturity, there was a need for a new relationship with WaterAid. This new relationship came about through a change in personnel for the new post. The employment of a new person, a Ghanaian, into the job of Country Co-ordinator bolstered partners' confidence about challenging WaterAid. This was previously difficult since the previous Country Representative had been a driving force behind establishing the programme and building partners' capacities.
- 2 The quarterly meetings with partners were institutionalised as the Partner Roundtable (PRT). Partners used the PRT as a forum for making WaterAid accountable for the way it provided support to its partners. It was chaired by one of the chairpersons of the partners, not by the WaterAid Country Co-ordinator. Previously, the WaterAid Country Representative chaired the quarterly meetings.
- 3 A new approach to project planning and funding was introduced replacing previous arrangements whereby WaterAid dictated how funds were to be used. Under the new approach, WaterAid informed each of its partners how much funding it would receive in the following construction year. It was the responsibility of the partner to decide how they wished to use it and justify their plans to WaterAid.

early days of the country programme when WaterAid maintained tighter control than now, there was still room for discussion and debate. These discussions were institutionalised in the quarterly meetings, which have allowed partners to speak collectively to WaterAid and also exchange information with each other. The development of strong inter-personal relationships between WaterAid staff and partners was also crucial for creating an open environment.

### **Accountability**

The open dialogue between both parties enables partners and WaterAid to be accountable to each other for the programme in Ghana. The Partner Roundtable's new accountability role is particularly welcomed. All of WaterAid's partners have independent boards with voluntary members drawn from professionals and leaders in Ghanaian civil society. These boards play important roles in discussions with WaterAid, criticising it when they need to. The replacement of the expatriate Country Representative with a Ghanaian is also felt to have facilitated more open debate on issues.

### **Trust**

Partners see the trust built between WaterAid and them over a long period of time as crucial. The relationship has evolved. When the partner NGOs were young, WaterAid was heavily involved in project planning and financial management as well as capacity building these NGOs. As the capacity of the partners grew and trust between them strengthened, WaterAid was able to take a more hands-off approach. Long term commitment from all partners and from WaterAid was

essential to the development of the relationship.

### **Capacity building**

WaterAid works through local organisations for two main reasons. First, local NGOs with strong community links are the most effective means of delivering appropriate water, sanitation and hygiene promotion at the community level. Second, working through local NGOs helps to build the NGO sector in Ghana. In other words, WaterAid does not regard its partner NGOs simply as implementing agents, but recognises their status as independent NGOs with an important role to play in Ghanaian civil society. Thus part of programme funding is specifically for capacity building. WaterAid funds one organisation – ProNet – to have a specialist role in building the capacity of partner organisations.

### **Flexibility**

In the early years of its Ghana programme, WaterAid was hardware-focused and output-orientated. This changed to recognition of the importance of the social aspects of the work, such as community participation. The primary objective of WaterAid's programme evolved into bringing about qualitative change in communities rather than simply reaching physical output targets. This required a more flexible approach to project planning and implementation. For example, it may take longer to complete a process of community mobilisation than originally envisaged. Partners were given more opportunities to revise agreed programmes or deviate from their original proposal as long as reasons were sound and to allow for unforeseen circumstances arising.

### **Experimentation**

Partners are free to experiment with new approaches and methods. WaterAid recognises the need for partners to innovate and take risks, and supports them in doing so, in order to improve on their existing approaches. The main condition is that partners discuss new approaches with WaterAid. Support for developing new approaches is provided by ProNet.

### **Networking**

Partners feel that the two forums facilitated by WaterAid for networking are extremely valuable for their own development. The Partner Roundtable provides an important opportunity for partners to meet regularly, share ideas and seek solutions to problems and difficulties. The Mole Conference Series, supported by WaterAid annually since 1989, provides a forum for policy makers, practitioners from government, NGOs and donors, and academics to discuss the water and sanitation sector in Ghana. The annual conference is organised by ProNet. The Mole Conferences have become a key annual forum for debate within the water sector.

### **Memorandum of Understanding**

There is a formal, legally-binding agreement between WaterAid and each partner which is called the Memorandum of Understanding. This states the obligations of each party and extends for three years. There is a commitment by both parties to working together, but the actual level of funding is agreed on a yearly basis and is not part of the formal agreement. This differs from a standard commercial contract that states clearly which activities should be carried out and how much they will cost. With WaterAid and its partners, the relationship is based on a longer-term



WaterAid/Caroline Penn

*Jennifer Amwabre, health education supervisor, helps at a health education session in Pwaluga, Bolgotanga.*

commitment to working together – the written agreement itself does not define the relationship between them. WaterAid's partners feel that this gives them more flexibility to negotiate with WaterAid than they would have with a formal contract. Detailed work plans and budgets are agreed on an annual basis but are not made into separate contracts.

### **Challenges of Working in Partnership**

Partnerships are dynamic, evolving relationships. This is particularly the case with WaterAid and its Ghana partners. Arrangements that were appropriate in the past, when the NGO partners were new, had to change to be acceptable to maturing partners.

### **Equipment**

An example of this concerns the arrangements for project equipment. Due to WaterAid's agreement with the Ghana government, it retains ownership over all equipment provided to partners, such as vehicles, office equipment, compressors, etc. If WaterAid decided not to renew its Memorandum of Understanding with a partner, it could ask for all its equipment to be returned. While

### OKROASI VILLAGE

WASHT, one of WaterAid's partners, has been working in Okroasi village in Ashanti Region for five months. They constructed a hand dug well for the village and are now focusing on health promotion. In this village, WASHT experimented with a new approach to health promotion. Rather than WASHT staff doing health promotion themselves, WASHT trained one of the villagers to undertake the health promotion. The villager was provided with a small allowance and a bicycle. The WASHT team visits the village regularly to observe the progress of the village health promoter. They think the approach is proving a very successful method for health promotion in this village and would replicate it elsewhere. The flexibility of their agreement with WaterAid has allowed them this opportunity to try out an alternative approach.

operating in the sector and ensured that they all use a common basic approach. The World Bank was a major force behind the formation of the policy and restructuring of the rural water sector in Ghana. A major strategy of the new policy, which the World Bank has promoted elsewhere, is that the private sector should be given primary responsibility for implementation. Contracts for implementation were to be awarded on a competitive bidding basis. The role of government by contrast shifted from that of direct implementer to one of facilitator. The policy rests on a number of stated principles:

- Ownership and control of facilities by the communities since the thrust of the policy and strategy is to ensure sustainability of facilities,
- Involvement of women in the management of facilities provided,
- Selection of service level by the communities consistent with felt needs and available human and financial resources to ensure sustainability,
- Contribution by the communities towards capital cost of the facilities,
- Establishment of a local level institution (committee or board) entrusted with the management of the facilities,
- Community responsibility for operation and maintenance of facilities provided,
- The private sector, including NGOs, undertaking service delivery and involved in the maintenance of facilities,
- Continuing technical and organisation support to the communities,

partners were happy to accept this arrangement in the early days of their relationship with WaterAid, they now feel vulnerable over their lack of rights over equipment. Consequently, they want to own the equipment themselves especially since they have proven their capacity to use these wisely.

The Country Co-ordinator recognised the strength of feeling among partners on this issue and has now initiated procedures to revise the agreement between WaterAid and the government to allow equipment to be handed over to partners without them incurring duties.

#### **Differentiation among Partners**

WaterAid's partners are at different stages of organisational development and differ widely in terms of size, age and capacity. Yet a common complaint among partners is that WaterAid uses the same basic approach with all of them. The larger, more confident partners want more autonomy and do not feel dependent on WaterAid funding for their survival. On the other hand, smaller NGOs feel more vulnerable and are very concerned about the withdrawal of WaterAid support. They are not pushing for more autonomy.

Partners also have different attitudes to the centralised

approach to providing programme support, a role given to ProNet. Some feel that they are being held back through WaterAid's insistence that all training and hygiene education material be provided by ProNet. This is seen as stifling local initiative. They would be much happier if they were given a budget to produce their own materials and organise their own training. Others greatly value the support provided by ProNet and have no desire to change this set up.

It is clear that in a country programme involving a large number of partners, there must be greater allowance made for the fact that the partners themselves have different needs and objectives. While a common centralised approach may be necessary at the early stages of a programme, a challenge for the Ghana programme is to accommodate the different organisational development needs of partners.

#### **Community Water and Sanitation in Ghana**

##### **The National Policy**

In 1994, the Government of Ghana adopted a national policy for the community water and sanitation sector. This represented a bold initiative to co-ordinate the activities of all stakeholders



- Central role for the district assemblies in supporting community management,
- The Government to step out of the service provider role and establish a facilitative body,
- The Government to have a monitoring role, performed by the Ministry of Works and Housing.

An institutional framework was established for the implementation of this policy. The Community Water and Sanitation Division (CWSD) was created to be the lead agency for policy. This was originally within the Ghana Water and Sewage Corporation under the Ministry of Works and Housing. Towards the end of 1998 the government passed a bill to make the CWSD a government-funded agency with an independent board, and its name was changed to the Community Water and Sanitation Agency (CWSA). CWSA is responsible for monitoring, evaluating and managing the sector. CWSA is multi-disciplinary, containing specialists in engineering, hydrogeology, planning, management, training and accounting. It has its headquarters in Accra and in each region it has a Regional Water and Sanitation Team (RWST).

Each district assembly is responsible for establishing a District Water and Sanitation Team (DWST). The team usually has three members: a specialist in community development, one in hygiene education and one in engineering. The role of the DWST is to co-ordinate and monitor, not to implement. NGOs and private contractors carry out actual implementation.

There are two main types of contracts. First, there are 'Partner Organisation' (PO) contracts for undertaking the social aspects of

implementation – community mobilisation, participatory planning and hygiene education. These go mainly to district-based NGOs. Second, there are contracts for the construction of facilities – hand-dug wells, boreholes and ventilated improved pit latrines. These go to government-registered private contractors. In addition, in each region one organisation has the contract as the 'Small Business Development Unit' (SBDU) for which they have to provide training to the POs and contractors. SBDU contracts have been awarded to both NGOs and private consultancy firms.

So far, only the World Bank has channelled funding directly through CWSA. This is through the Bank-funded Community Water and Sanitation Project (CWSP) introduced in four regions: Ashanti, BrongAhafo, Northern and Western regions. There are a number of bilateral agencies operating and managing their own rural water and sanitation programmes in other regions in Ghana. These agencies accept many of the broad principles of the policy but have their own arrangements for implementation.

However, the Government of Ghana and the World Bank want to establish a national sector investment programme to implement the policy. This would involve all donors channelling money for rural water development through the CWSA. The CWSA would then disburse funding for implementation through the RWST and District Assemblies. Yet a number of major problems have arisen in the implementation of the policy in the four regions covered by the CWSP. These are discussed in the following section and raise critical issues that must be addressed before the policy can be implemented more widely.

It should be noted that the new national policy contains many principles that are also central to WaterAid's work. These include the emphasis on community participation and contribution to capital costs, the promotion of women and the integration of hygiene education into water provision. There are also parallels in the roles of different actors: government, like WaterAid, funds and facilitates rather than directly implements projects. Even the term 'Partner Organisation' echoes WaterAid's use of the term 'Direct Implementing Partner'; and the idea of the SBDU as a support organisation for the POs parallels the role of ProNet as the programme support unit for WaterAid's partners. Nonetheless, there are fundamental differences between the two programmes with implications both for communities and NGOs. These are examined in the following section.

### ***Separation of Social Animation and Construction***

The national policy separates implementation of social animation from implementation of construction. PO contracts for social animation go to NGOs, while construction contracts go to government registered private construction contractors. As a consequence, two very different organisations are involved in working with each community. With post-construction monitoring the responsibility of the DWST, communities then have to liaise with three different actors.

This has created a number of problems of co-ordination and approach. For example, whereas POs are supposed to use participatory approaches, the contractors often have little interest in involving the communities. Expectations can be raised by the

POs, which are ignored by the contractors. Delays are also a problem. According to the national policy, the PO completes its tasks and then the construction contractors move in. Often this is badly co-ordinated and delays of six months to a year before the construction work begins are not uncommon. This can result in demoralisation amongst the community – much of the work done by the PO in mobilising the community, setting up the Water and Sanitation Committee (Watsan) and hygiene education can be undone and momentum lost.

Furthermore, POs must wait until the construction is completed and checked by DWST before they receive their final 10 per cent. This can be difficult for small and big NGOs, as they then have to absorb the cost of delays.

Although insisting that only registered private contractors could bid for contracts is a safeguard against companies with no construction experience getting contracts, this policy also effectively excludes NGOs from construction contracts. This is despite the fact that many have developed much expertise in this area of work.

In WaterAid's programme, which concentrates on hand-dug wells, the partner manages the whole process, and they employ both community development staff and technical advisors. This helps to ensure greater co-ordination and maintain a common approach to working with communities. These experiences suggest that CWSA needs to consider a more integrated approach to the implementation of the national strategy that does not so clearly divorce the social side from the construction.

### ***Prescriptive Approach to Working with Communities***

It is important to distinguish between the objectives for the PO as set out in the contract and the actual work programme for achieving them as prescribed in the contract. The stated objectives represent a major shift in the Government of Ghana's thinking about rural water supply. They are ambitious and include mobilising communities, undertaking participatory planning, training WATSAN committees and empowering women. The problem with the contracts are not the objectives but rather that the resources allocated for achieving them are inadequate and the methods to be used are too restrictive and prescriptive.

Organisations with PO contracts find it very difficult to achieve the objectives of the contract. For example, in Ashanti Region, the standard PO has a contract that only pays for 17 visits to each community. Each visit is for one day only and covers 2.5 staff salaries. These visits are broken down as follows:

- Community mobilisation
- Participatory planning to prepare facility management plan
- WATSAN training
- Community support for construction of hand-dug wells
- Follow-up period (user education and monitoring)
- Latrine promotion

While the 17-visit programme is a useful broad guideline, it is used in a highly prescriptive manner. In some cases this number of visits is sufficient, in other cases it is not. The PO contract does not take into account wide differences between communities and the highly unpredictable nature of community work. Critics argue that the

problems are with the POs being inefficient. Yet so many delays and difficulties are beyond the control of the PO. For example, the community mobilisation work may bring to light various conflicts within the community or with neighbouring communities. The PO team will need to spend time and resources helping to resolve these before continuing.

In the current situation, POs are faced with two highly unsatisfactory options. Either they stick by the terms of the contract even though this doesn't produce adequate results, or do more than what they are contracted for to ensure the task is done well.

They can only do this by underpaying staff, or in some cases through subsidising the CWSA work with funds from other programmes they may be engaged in. Clearly, there is an urgent need to allow for much greater flexibility in PO contracts and for the CWSA to set aside a reserve fund to cover unforeseen circumstances.

### ***Community Contributions***

The lack of flexibility within the CWSA approach also applies to the policy on community contributions. Communities have to pay five per cent of the capital costs of the scheme before construction can take place. No allowance is made for communities that find it difficult to raise this amount of cash. In WaterAid-funded projects both cash and in-kind contributions are expected but exact amounts are not prescribed. There is a flexible approach to the actual sum any one community should pay, which is linked to their ability to pay.

### ***Capacity Building***

The new policy provided an environment for the formation of new organisations that then became PO contractors. The 1997 evaluation

of the NWSP found that 80 per cent of POs worked only on CWSA contracts and nearly 50 per cent were formed after the national policy was adopted. The new organisations are completely dependent on the contracts and have no other sources of funding, making them very vulnerable. The PO contracts allow no overhead for their own capacity building. This problem is further compounded by the fact that PO contracts are awarded on a yearly basis. Long-term planning and organisational development are therefore difficult since future funding is so uncertain. Furthermore, even if the organisation is awarded a contract for the following year, there is often a significant gap between the end of one contract and the start of the new contract. Consequently, project staff are laid off and then re-employed once the new contract starts.

The training and support provided by the SBDU towards building capacity is greatly valued, but much more is needed. This is recognised by the SBDUs themselves who feel that their own contracts are too limiting and that there is far more that they would like to do with the POs, especially the new ones, if greater resources were allocated for this.

There is a sense among new and mature NGOs of being exploited by CWSA, who rely on their commitment to community development but are unwilling to recognise their organisational needs. From CWSA's point of view, they are private sector service providers who competed for contracts on a commercial basis. Their concern is that the NGOs fulfil the requirements set out in the PO contracts, not with their capacity building. There is no recognition in the national policy of the role of NGOs within civil society.

### ***NGO Size and Autonomy***

There is a relationship between the size and capacity of an NGO on the one hand and its ability to maintain its independence while undertaking public service contracts.

Larger NGOs in Ghana who have a more diverse funding base than the newly formed PO contractors are more likely to be able to maintain their independence while undertaking contracts. They may have a contract as an SBDU or PO, but may also have grant assistance from Northern NGOs to undertake other activities such as advocacy or social research. The critical issue seems to be one of balance between contracts and grants. Contracts provide large NGOs with alternative funding sources for scaling up tried and tested approaches, while grants allow them to maintain their commitment to social justice and provide an independent voice on policy issues. By contrast those NGOs which just undertake contracts, even if from various sources, have found that the demands of fulfilling the contracts are such that they effectively operate as private consultancy firms and they have not been effective in undertaking policy advocacy.

### ***Resources at District Level***

The national policy gives the DWST responsibility for monitoring the activities of POs and contractors, and for follow up visits with communities. However, there are simply not enough resources and staff at the district level to enable the DWST to perform these duties. For example, in one district a DWST has to cover 250 water facilities. They are unable to devote much time to monitoring or follow-up visits in communities where water facilities have already been constructed. They do not have enough time for resolving any

problems or conflicts that may have arisen during the implementation of the scheme.

The DWST is itself in an ambiguous position institutionally. In theory it is formed by and falls under the authority of the district assembly. However, all the funding and technical support comes from the RWST. The District Assembly does not have the resources to provide further support to the DWSTs. Decentralisation in Ghana has given much greater responsibilities to District Assemblies, but resources have not been increased sufficiently to enable them to undertake these responsibilities. DWST members are not even employees of the District Assembly but are seconded by line ministries such as health and community development with the result that they have split allegiances. Staff motivation can be low due to poor resources and the fact that career development for DWST members is dependent on their superiors in their line ministries, not the District Assembly.

The implementation of the national community water and sanitation policy hinges on the ability of the District Assembly to provide leadership and resources for the DWSTs. Yet the capacity of District Assemblies is weak not just in terms of resources, but also in staff numbers and skills. Although CWSA has provided some capacity building in the form of training for DWSTs much more attention and resources need to be channelled into supporting the DWSTs if they are to be able to undertake their responsibilities.

### ***Accountability***

The contract approach makes POs and contractors primarily accountable to the CWSA; there is no direct accountability to the community. The former are paid for fulfilling the formal programme of



*William Abugre Azoah, senior wells supervisor, discusses the site of a new well with villagers from Duusi Bolgatanga.*

activities as laid out in the contract – undertaking a number of prescribed activities – rather than for the actual impact on the community. POs must send regular reports to CWSA with details of visits and activities undertaken. In theory, these reports are then checked by the DWST who also make sure that real progress has been made in community mobilisation and planning and that the hygiene education messages have made an impact on behaviour. But, as was shown in the last section, the DWST does not have the capacity to undertake this function.

The accountability of NGOs to communities is always problematic and is largely dependent on the willingness of NGOs to listen and respond to community demands. Some NGOs are more accountable to the communities they serve, others are not. Nonetheless, when NGOs have to work in a community on the basis of a very tight contract they become even less able to respond to requests from the community.

What is essential is to institute mechanisms to make POs and construction contractors more accountable both to local communities and to local authorities.

## Conclusion

This chapter highlighted some of the key shortcomings of the approach to engaging NGOs that has been adopted by CWSA. It argued that WaterAid's approach has the flexibility to meet better the particular needs of individual communities as well as strengthening the capacity of the local NGOs. The question is: Can WaterAid's partnership approach be used for purposes of achieving national coverage, which after all, is the aim of the national policy? Is it possible to apply the principles on which WaterAid built up partnerships with local NGOs – long term commitment, trust and

dialogue, shared policy making – on a national scale?

WaterAid believe this is possible, by strengthening the involvement and capacity of local government in the implementation of the policy.

One of the long-term aims of the national policy is for District Assemblies to play a key role in managing the relationships with POs and contractors. This has not been achieved because of districts' lack of capacity and reluctance of the CWSA at regional level to hand over control and resources. Nonetheless there is much potential there. District Assemblies provide both permanency and local accountability. Their responsibilities and roles may change according to government policies, but presence is continuous. There is an opportunity for District Assemblies in Ghana to build up long-term relationships with local NGOs. In particular strong inter-personal contacts, which are so vital to the partnership approach, can be

developed between NGO staff, assemblymen and women and district assembly staff.

Although local governments are subject to multiple accountabilities – central government controls their budgets, local elite can dominate local politics, they are directly accountable to the electorate – nonetheless in Ghana the Local Government Act of 1993 has given considerable powers to the District Assemblies. Through engaging with the state at the local level, NGOs can become more accountable to local citizens. The majority of assemblymen and women are elected by communities and provide a potential channel for complaints against POs and private contractors. Effective monitoring of NGO activities is an essential part of achieving this accountability to communities as well as upward accountability towards CWSA. The policy for this is in place but the capacity and resources available at the district level are not yet sufficient for fulfilling this function.

The current contracting approach is based on a centrally formulated approach to project implementation. If district assemblies were given more freedom to negotiate directly with NGOs and respond to local needs and variations, then there is the potential to develop a more open, flexible approach to contracts.

This case study from Ghana has important lessons for the current donor interest in sector wide approaches. While there is much to be recommended about the national community water and sanitation policy in Ghana and the move towards establishing a national, co-ordinated framework for rural water supply, getting the broad policy right is not, in itself, sufficient. More attention needs to be given to how resources are allocated and used at the district level and below, and to the implications of sector wide approaches on local NGOs and communities.

# Nepal

In Nepal, there has also been a major water programme that has engaged NGOs on a contractual basis to implement rural water projects. As with Ghana, there has been much concern from NGOs about the impact of this programme on the NGO sector. By contrast WaterAid has worked closely with one major local NGO, NEWAH, in Nepal, and both parties feel that they form a strong partnership.

## WaterAid and NEWAH

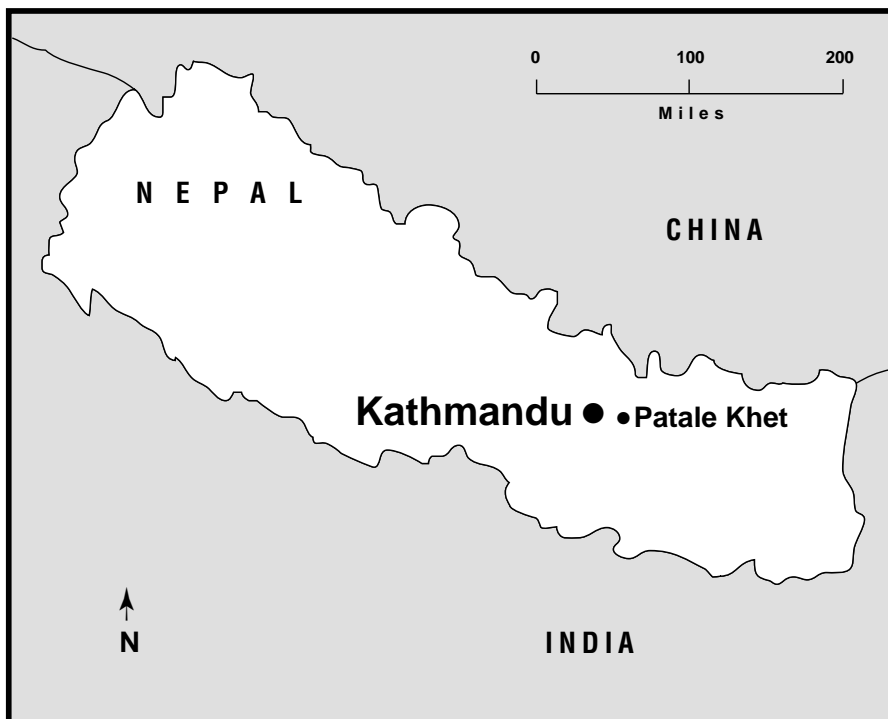
WaterAid started working in Nepal in 1986. Initially it worked with the Water Decade Cell of the Social Services National Co-ordinating Council (SSNCC) on a joint project to assist local NGOs implement drinking water and sanitation schemes. A resident engineer was also appointed to work with the Agricultural Development Bank of Nepal (ADB-N) on its Small Farmers Development Project.

UNICEF funded this project aimed at helping farmers' co-operatives undertake water and sanitation projects.

In 1991, WaterAid took the decision to transfer its funding to a local NGO. The transition to multi-party democracy in Nepal in 1990 gave new political space to NGOs and WaterAid wanted to support the emerging sector. WaterAid also encountered bureaucratic problems with its existing partners – SSNCC and ADB-N – which precluded further growth of its country programme. In order to build on existing experience, the Nepal project staff working for SSNCC and ADB-N formed an independent NGO called Nepal Water for Health (NEWAH). WaterAid has worked very closely with NEWAH and has helped NEWAH become the largest NGO in Nepal specialising in water and sanitation. By 1997 it had four regional offices and employed over 100 people.

NEWAH itself works with local NGOs or community-based organisations in project implementation and provides funding and technical support on all aspects of the project. Most of the NGOs with whom NEWAH works are very new and inexperienced, especially in relation to water supply construction. A major aim of NEWAH is to strengthen these emerging organisations. A NEWAH staff member is resident in the community while a scheme is being implemented, providing support to the local organisation. NEWAH thus works very closely with local NGOs and communities and does not simply contract out project implementation.

The roles and responsibilities of WaterAid and NEWAH have changed since 1992. As the capacity of NEWAH increased, and trust deepened, NEWAH assumed more and more independence from WaterAid. Nowadays NEWAH has full autonomy for policy making and operations. Initially WaterAid maintained tight control over NEWAH through preparation of detailed budgets and stringent reporting requirements. By 1998, WaterAid had moved towards funding NEWAH according to their strategic framework within agreed cost per capita guidelines. Beyond that, WaterAid does not heavily prescribe what activities should be carried out in the field which gives NEWAH considerable freedom to decide how to use WaterAid's funds. Quarterly reports and independent audits of NEWAH provide the financial accountability of NEWAH to WaterAid. There is also now a



commitment to process rather than output-orientated projects, which allows NEWAH to work under flexible timeframes to suit the needs of different communities.

WaterAid believes that its relationship with NEWAH has become a very successful partnership. WaterAid has a long-term commitment to support NEWAH. As a consequence of this, NEWAH in turn is able to develop long term relationships with many of its own NGO partners in Nepal.

NEWAH has identified a number of factors that they regard as central to their partnership with WaterAid:

### **Consultation**

There is widespread consultation between NEWAH and WaterAid during the formulation of policy and procedures. For example, both consulted with each other during the preparation of their own Five-Year Strategic Plans. Such consultations were helpful in ensuring that the partner's views were considered and reflected in policies and procedures, and also in allowing each partner to know about the other's plans for the future.

### **Interpersonal Relations**

The good interpersonal relationships between NEWAH and WaterAid staff have established trust and understanding between both partners. This is considered of far more importance than formal, written procedures for working together.

### **Mutual Learning**

Both NEWAH and WaterAid are open to learning from each other's experiences. The relationship is founded on mutual co-operation and mutual advancement, rather than one way transfer of knowledge. NEWAH benefits from WaterAid's wide range of experiences in different situations

around the world. Similarly, NEWAH has experiences that WaterAid has learnt from and disseminated to other parts of the world, such as its hygiene education programme.

### **Diversification of Funding**

In order to increase NEWAH's independence, WaterAid has also been assisting NEWAH with diversifying its funding sources. WaterAid make linkages with other agencies like UNICEF and DFID, thus helping NEWAH to expand their boundaries.

### **Shared Accountability**

Although they have different roles and responsibilities, both organisations seek to share the accountability for both the successes and failures of the Nepal programme. When things go wrong, rather than attaching blame, both work together to find solutions.

### **Policy Independence**

Though consultation takes place, each organisation has its own independent policy. Although there is overlap, not all of WaterAid's policies are incorporated into NEWAH's policy and vice versa.

For example, WaterAid has a policy to work in urban slums whereas NEWAH's policy is to work only in rural areas.

### **Financial Transparency**

Both NEWAH and WaterAid's Nepal office allow each partner to examine their accounts. The financial transparency of WaterAid (at the country level) is regarded as an important feature of the partnership and one that few other international NGOs permit.

WaterAid views the institutional development of NEWAH as the most important investment it can make in the rural water sector in

Nepal. The ultimate goal will be to ensure that NEWAH has a diverse, sustainable funding base and is no longer dependent on WaterAid's support. This will still take some time to achieve – in 1997 about two-thirds of NEWAH's income came from WaterAid – but it has begun to diversify and attract funding from other donors. The move to greater autonomy also means that NEWAH will have to become more heavily involved in functions that are currently handled by WaterAid. Currently, WaterAid's main function in the partnership, in addition to providing funding, is to undertake advocacy and facilitate NEWAH's introduction to other donors. While this was an appropriate division of duties in the past, NEWAH is now developing greater capacity to manage its external relations both with other stakeholders in Nepal and internationally.

## **The Rural Water Supply and Sanitation Fund Development Board**

The Rural Water Supply and Sanitation Fund Development Board was created in 1996, under the Development Board Act of 1996, with a stated objective of promoting sustainable and cost effective demand-led rural water supply and sanitation services. The Fund Board itself funds NGOs and communities to undertake rural water and sanitation projects and does not directly implement projects. The Fund Board has full operational autonomy from the established government body responsible for rural water supply – the Department of Water Supply and Sewerage. Seven board members, four of whom are from key government ministries, two from the NGO sector and one from the private sector manage it. The NGO representatives were selected and

appointed by government rather than nominated by the institutions they claim to represent. This raises questions about their eventual accountability. The Fund Board today is one of the major actors in community level water supply programme in the country.

The formulation, establishment and funding of the Fund Board are very much World Bank initiatives. The Fund Board was based on a pilot project known as JAKPAS which was managed by the World Bank between 1993-96. The expansion of this project through the institution of the Fund Board reflects the Bank's objective of transferring responsibility for community water and sanitation from the government to the NGO and private sector. The decision to by-pass the government was broadly welcomed by many people involved in the water sector in Nepal. The Department of Water Supply and Sewerage has a bureaucratic operating style and it was felt that an alternative approach is needed to stimulate the rural water sector.

The Fund Board funds NGOs on a contractual basis. The contracts are awarded after a competitive bidding process involving NGOs. The Fund Board's Technical Appraisal Committee first evaluates each NGO before selection according to the following key criteria:

- evidence of legal registration of the NGO;
- constitutional provision of the NGO to engage in rural water supply and sanitation or rural development activities;
- updated, audited and certified accounts;
- proven track record of at least two years in participatory rural water supply and sanitation or related activities;



WaterAid/Caroline Penn

*A meeting between the NGO NEWAH and the village. People present include Umesh Pandey and Chhali Kumari Sharma (NGO President).*

- staffing capacity to carry out the proposed services.

Successful NGOs are awarded contracts by the Fund Board to act as Support Organisations (SOs) with responsibility for mobilising communities, delivering hygiene education and constructing community water facilities.

Communities must also meet certain criteria to be eligible for a water scheme funded by the Fund Board. These relate both to the needs of the community and the technical and economic viability of the scheme. A key selection criteria is that the community must pay in cash 2.5 per cent of the construction costs up front, supply all unskilled labour, portage and local materials and start collecting a maintenance fund which is three per cent of the total cost of the scheme.

For each community water scheme undertaken through the Fund Board, a three year cycle is followed, starting with the selection of the SO. This includes extensive preparatory work among the community for the first two years, including feasibility studies,

community mobilisation and the formation of a Water Users' Committee and hygiene and sanitation education. The actual water facility is constructed in the final year. Communities must have successfully completed the earlier activities and be prepared to participate in the construction before the SO will actually begin construction.

### **The Fund Board and Contracting NGOs**

Nepal offers an interesting contrast to Ghana in relation to contracting NGOs. In Ghana, NGOs have three major complaints about CWSA contracts: the process of awarding contracts is seen as lacking transparency; the contracts themselves do not recognise the complexity of the tasks required; and there is no allowance in the contracts for an organisational overhead. In Nepal, there is some improvement on all of these. Firstly, there are fewer complaints about the process of awarding contracts in Nepal – this is seen as relatively transparent and fair. Secondly, a much longer time period is allowed for the completion of a water



facility – three years rather than one. Thirdly, SOs are allowed to charge a ten per cent overhead in the contracts.

Additionally, the same organisation in Nepal undertakes both the social mobilisation and hygiene education and the construction. Although separate contracts are awarded for both phases, which can create problems of continuity at the community level, at least the same organisation is managing the whole process.

Another area in which the Fund Board has a much better approach than the CWSA relates to accountability towards the community. In Ghana, there is no direct mechanism for making POs or contractors accountable to communities. The current system depends on the DWST playing a monitoring role, but lack of resources has made this ineffective. In Nepal, on the other hand, communities keep timesheets on the SO staff. A joint bank account is set up between the SO and Water Users Committee, which requires one signatory from each party for drawing money from the account. Some communities are also involved in selecting SOs.

Nonetheless, there is considerable concern among the Nepal NGO community about the effect the Fund Board is having on the NGO sector. It is seen as turning NGOs into service providers fulfilling the development objectives of the World Bank. NGOs also believe contracting undermines their role as independent actors within civil society. It is important to analyse the reasons for this concern.

#### **Lack of Dialogue**

Once an NGO gets a SO contract it has little direct contact with the Fund Board. Contact in the field is mainly through consultants

appointed by the Fund Board to undertake training and monitoring, not through permanent Fund Board staff. NGOs basically are given the contracts and expected to get on with fulfilling their requirements. There is no ongoing, mutual dialogue with the Fund Board during the implementation of the contract.

#### **Policy Influence**

NGOs have little influence on the objectives or policies of the Fund Board. Although there are two NGO representatives on the Board, this is no substitute for a more open process of dialogue and discussion with NGOs.

Furthermore the two NGO representatives were not nominated by NGOs themselves but were invited by the Fund Board; hence they are not seen as sufficiently representative of the NGO sector in Nepal. NGOs are expected to work in participatory ways with communities but the Fund Board does not think it necessary to use the same participatory principles in its relationship with NGOs; NGOs are seen as a means of empowering communities but are not empowered themselves. They are thus simply fulfilling the agenda of the Fund Board and have no freedom or opportunity to influence that agenda.

#### **Lack of Flexibility**

The Fund Board is highly bureaucratic and inflexible. It has prescribed a standardised approach to water and sanitation that does not take into account local conditions. SOs are not permitted to adapt their approach to meet the particular needs of individual communities. This applies to both the fixed time period for each stage of a scheme that SOs have to follow, irrespective of delays or difficulties, and the level of community

contributions. There is no opportunity for negotiation or compromise on these rules.

For example, the Fund Board rigidly applies the rule that it will only support communities that can contribute 5.5 per cent of the cost of the scheme (i.e., 2.5 per cent in cash up front and three per cent for the maintenance fund). Yet the ability of communities to pay varies widely.

#### **Poverty-focus**

The Fund Board's policy is to achieve maximum coverage in Nepal and does not explicitly target the poorest communities. Two key economic criteria for selection of communities make it difficult for poorer communities. Firstly, rules on community contributions to the scheme, which come to 5.5 per cent of the total costs, are adhered to, irrespective of the community's ability to pay. Similarly, communities are expected to provide local materials, such as sand and stones, irrespective of whether or not they are available locally. If, for example, sand is not available locally then the community has to cover the costs of purchasing and transporting it from elsewhere, which can be a great expense for them.

Secondly, another criterion relates to a benefit/cost ratio. Benefit is estimated on the basis of the value of the average time saved each day by the community. The actual methods used for quantifying this ratio remains unclear but the fact that poorer groups are often those in remoter, less accessible areas means that working with such groups is likely to be more costly. NGOs whose main activity has become undertaking SO contracts may have to compromise their commitment to working with the poorest people.



*Sinking a tubewell using the sludging method. The work is led by Bipta Chaudray (centre) who is the skilled labourer.*

### **Overheads and Capacity Building**

Unlike the CWSA in Ghana, the Fund Board allows each SO an overhead of ten per cent. It is for the SO itself to decide whether or not to use this money for its own capacity building. This is a complex issue. On the one hand, it is to be welcomed that the Fund Board recognises the organisational needs of the SOs and is prepared to provide resources for their own internal use, not just fund project activities. This gives the SOs a means of building up their organisation as they wish.

But this is not enough. The NGO sector in Nepal is very young. In recent years, there has been an explosion in the number of NGOs. Many of these are small NGOs run by volunteers. Even then, many of them have won SO contracts from the Fund Board. The requirements for on-going technical and managerial support to help build these SOs' capacities are therefore heavy, but it is not clear how the SOs would get the necessary support. Although the Fund Board provides training for SOs, training needs to be combined with on-going support. NEWAH's approach

to supporting its local NGO partners in the implementation of a community water scheme is to provide day-to-day support, through a staff member stationed in the community for a whole year to provide advice and assistance to both the NGO and the community. While the Fund Board may not be able to provide for this level of support, it is clear that a significant increase in levels of support to the communities and NGOs is required.

There is some concern that the policy of the Fund Board has encouraged a profit motive among NGOs, and compromised their original commitment to social justice. The feeling among field level staff of other agencies is that the overhead allowance of the Fund Board is pitched too high for the local context (ten per cent of capital costs for each project). Something of a 'goldrush' mentality has resulted within the NGO sector. This may damage the quality of motivation for involvement. Their experience of some two hundred NGOs that NEWAH has worked with is that quality of motivation really does matter since it has a profound bearing on how NGOs interact with

the community. This, in turn, is seen to affect the sense of ownership and long term sustainability of project work. It is also NEWAH's experience that most NGOs, even experienced ones, have difficulty implementing more than two projects at any one time, even with the full time support of a member of NEWAH's staff, whereas NGOs with Fund Board contracts often undertake five or six projects at the same time. In the end, this may even damage the quality of the projects themselves.

### **Staff Motivation**

The Fund Board contracts mean that SOs have to employ staff on short term contracts to fulfil specific activities within the various phases of the scheme. The lack of job security was found to have caused problems in staff morale and commitment and has affected the quality of work in both its social and technical aspects. Also, due to changes in staff, there is often lack of continuity among staff at the community level. The Fund Board prioritises the fulfilment of immediate objectives of the contract at minimum cost, rather than developing the human resource base of the NGO sector or fostering long-term relationships between NGOs and communities.

### **Conclusion**

The Fund Board represents an initiative by the World Bank to shift the delivery of rural water supply from the state to the NGO sector. Many commentators in Nepal see it as a more efficient means of utilising the World Bank loan for water provision than channelling it through the Department for Water Supply and Sanitation. Much has been done to develop a contracting system that is appropriate for engaging local NGOs in undertaking community

development work. However, there are fundamental problems with the whole approach, both in terms of its impact on the NGO sector and the provision of community water supplies.

The lack of flexibility in the Fund Board's approach to working with communities has meant that NGOs have been unable to adapt their methods to suit local conditions and needs. This has discouraged communities from feeling a sense of ownership of the project and this may, in turn, have implications for the long-term sustainability of the schemes. Furthermore, the demand that each community must contribute a total of 5.5 per cent of the capital costs of the scheme has excluded poorer communities.

Another major shortcoming of the Fund Board is its approach to NGOs. NGOs are not granted any opportunity to participate in policy formulation. Rather the policies and procedures for implementation are pre-determined by the Fund Board. NGOs are valued as project implementers but not for providing independent, alternative perspectives on policy and procedures.

Finally, the Fund Board itself is not a permanent institution. Here there is an interesting contrast with Ghana, where there is a national policy in place that is co-ordinated by the government. In Ghana, the national policy redefined the role of the state from one of direct implementer to facilitator whereas in Nepal the state has been bypassed altogether by the World Bank in favour of a semi-autonomous body. This response is strange despite the fact that policy recognised the role of the government as facilitator. There are not even any permanent Fund Board staff at the district level; instead they rely on short-term

**LESSONS FROM THE COMMUNITY**

This section summarises the specific findings from case studies from Tinghare and Gerkhu, two communities in which Fund Board projects are being implemented:

**Positive Elements**

The formation of users committees has demonstrated the advantage of getting organised. Since then, villagers have initiated other collective activities such as building a road. They have also learned skills in resolving local level disputes, which was particularly useful in settling claims for compensation for land, which the new road encroached upon.

The training activities have meant that people are well informed about the objectives of the project and especially about the sanitation and health issues.

The role of the community in monitoring the work of the SOs has been welcomed.

**Limitations**

The timetable followed in the Fund Board projects has created frustrations among the villagers. A major complaint was that the actual supply of drinking water was the last activity in these projects, and consequently they had to wait three years after the start of the project before actually having any water. Although, the community workers had made repeated efforts to convince the villagers that building schemes in a short time would lead to unsustainable projects, villagers felt that more flexibility was needed in the approach to allow for local needs. In particular they were reluctant to follow the long process of activities set out in the development phase but were told by the SO community workers that they had no option but to fulfil these if the Fund Board was to release further money for the project.

This and other factors result in villagers not feeling that they themselves own the process of implementing the project. The users were not presented with a range of alternatives to choose from based on the level of services that they wanted but rather had to accept the whole package stipulated by the Fund Board. They were consulted, but in reality the approach to be followed by the SO was pre-determined by the Fund Board. It remains to be seen whether or not this will have implications for the sustainability of these schemes.

There was a suspicion that the SO's promotion of community participation in project implementation was primarily to satisfy the requirements of the Fund Board.

Although toilets were constructed, in one of the communities these were not being used implying that the hygiene education messages were not fully accepted.

In both villages it was felt that political connections to members of the SO was instrumental to the inclusion of villagers in the programme.

consultants to provide the link with SOs. In bypassing the local government structures there is no permanent body with which local NGOs can develop long-term

relationships and build up trust and understanding. The Fund Board has only one donor – once the World Bank funding is finished, it is likely to cease to exist as an institution.

# The impact of contracting on the NGO sector

The changes that have taken place in the community water and sanitation sector in both Ghana and Nepal in recent years are the result of broader policy changes in international development. These reflect changing donor policies regarding the role of the state and involvement of the private sector in the provision of public services. It is important to understand the new approaches to rural water provision adopted in Nepal and Ghana within this context. This has profound implications for the future direction of the NGO sector in both of these countries.

In the late 1980s and 1990s, a series of public sector reforms began to take place in both developed and developing countries, driven by the neo-liberal policies on privatisation and reduction in the role of the state. The World Bank is particularly pushing these policy developments promoting the privatisation of public service delivery.

As part of this reform process, donors are increasingly funding NGOs to undertake contracts for delivering public services such as health or rural water supply in developing countries. Their experience of community level development make NGOs, rather than commercial companies, the favoured project implementers. Some of the funding that was previously transferred to Southern governments to deliver public services is now being transferred to local NGOs. There are three main mechanisms in which this takes place:

- Donors fund Southern NGOs directly with no intermediary body.

- Donors fund a semi-autonomous social fund which sub-contracts NGOs, as with the Fund Board in Nepal.
- Donors channel funding through a governmental body which sub-contracts NGOs to undertake actual implementation, as with the CWSA in Ghana.

There are important differences with these mechanisms, especially in relation to governance and accountability, but all represent a massive increase in the level of funding available for local NGOs. While some see this as a means of strengthening civil society in the South, others question this assumption and find the impact on local NGOs to be a major cause for concern. Although this funding has increased the number of NGOs and expanded the scale of their operations, it is questionable whether it has also strengthened their capacity to operate as independent actors providing alternative development policies and initiatives to the state and international donors. The experiences from the rural water sector in Nepal and Ghana indicate this is not the case.

## **Policy Influence**

In both countries NGOs have complained about the fact that they are not given an opportunity to engage in policy dialogue and advocacy with the CWSA or Fund Board. Key policy decisions are made between these bodies and the World Bank. NGOs are then brought in to act as implementing agents. They are valued because they are seen as efficient providers of services. In other words, NGOs are seen only in terms of being part of the private sector, not because

they are part of civil society with their independent contributions to make in community and policy development. While more funding is available to NGOs they are not able to influence the development agenda. In undertaking contracts to deliver services, NGOs are meeting the policy objectives of donor agencies, rather than developing their own ideas and seeking funding for them.

## **Dependency**

The problem of dependency on contracts is also apparent and raises the question of the sustainability of many NGOs. In both countries, small local NGOs which were originally set up on a voluntary basis by committed individuals are now completely absorbed in undertaking contracts for the Fund Board or CWSA. Many find the management procedures that have to be followed very burdensome and they struggle to fulfil the requirements of the contracts. The current dependency also encourages competition among NGOs for contracts and downplays solidarity and cooperation.

## **Constituencies**

It is difficult for NGOs to fulfil the demands required by contracting on the one hand whilst maintaining their commitment to grassroots development and an independent, voluntary ethos on the other. The pressure is on NGOs to become increasingly commercial in order to implement their contracts efficiently. This conflicts with their desire to spend time maintaining close, long-term relationships with communities. It may also make it difficult for NGOs to prioritise the most marginalised people and communities, given the rigid

requirements on community cash contributions in the contracts.

**Accountability**

The contracting out of public services also raises difficult issues of accountability. Public service contracts encourage accountability towards the body that awards the contracts – CWSA in the case of Ghana and the Fund Board in Nepal – and ultimately to the donor, in both cases the World Bank, rather than the community served. The primary obligation of the NGOs in both countries is to fulfil the requirements of the contract. These requirements, as has already been indicated, are output-orientated with little qualitative assessment of their impact on the communities.

**Community Development**

NGOs have been at the forefront of developing innovative approaches to working with communities. They have a great deal of experience in using participatory approaches, ensuring a high degree of

consultation with communities and in many cases empowering communities to take responsibility for their own development. Many NGOs have established close working relationships with communities, built upon good interpersonal relations between field staff and villagers, long-term commitment and mutual respect. A key principle of such forms of engagement is the adoption of an open, flexible approach to project implementation in order to suit the needs and demands of individual communities. NGOs have learnt that pre-determined plans are not the best means of achieving sustainable community development. A major problem with the contracting approach is that NGOs are given a blueprint that they have to follow for project implementation at the community level. This means that NGOs are not free to adapt their approach in response to local situations that are necessary to ensure local ownership and sustainability.

## Conclusion: Lessons from Partnership

This report contrasted the contracting approach to the partnership approach. Two major shortcomings of the contracting approach have been identified: firstly it does not contribute to the strengthening of the NGO sector; and secondly it is less effective at meeting the needs of communities.

More specifically, in undertaking contracts to deliver services, NGOs become accountable to the donor agencies whose policy objectives they are obliged to meet. Focussing on output-orientated activities rather than impact and providing limited scope for learning or for initiating policy ideas stifle and limit NGO effectiveness. This in turn hampers their flexibility to work with communities towards sustainable development. In the end, this undermines communities' sense of ownership for the water supply projects.

Dependency on contracts renders many NGOs insecure and unsustainable organisations constrained by burdensome management procedures. A growing culture of competition between NGOs is at odds with the voluntary ethos, which is important for maintaining close, long-term relationships with communities. It encourages neglect of the most marginalised people and communities and it undermines solidarity and cooperation between NGOs themselves.

The pressure for both the CWSA in Ghana and Fund Board in Nepal to achieve maximum coverage at minimum cost has given rise to highly prescriptive, inflexible approaches to engaging local NGOs. The report argues that a partnership approach, which rests on the assumption that local NGOs must themselves be empowered if they are to bring about sustainable

development in communities, can overcome these problems. Such an approach has the added advantage of strengthening civil society and the role of NGOs as independent actors within it.

Adjustments could be made to the contracting approach to overcome the problems identified. Based on WaterAid's experience of partnership, the changes needed would be:

- 1 A change in emphasis from short-term contracts to longer-term commitments with individual NGOs.
- 2 A change in financial arrangements to allow NGOs to develop core staff and therefore capacity as opposed to having to rely on short-term contract staff.
- 3 A change in emphasis from capacity building approaches which rely primarily on fixed,

**Table of comparative costs per capita**

Organisation	Project	No of Beneficiaries			Overall Cost	Cost per Water Beneficiary
		Water	Sanitation	Health	US\$	US\$
World Bank	JAKPAS rural water & sanitation project	550,000	-	-	21,250,000	38.6
WaterAid	Nepal rural water & sanitation programme	42,000	19,000	42,000	944,000	22.5

**Notes:**

World Bank figures from 1993 World Bank Staff Appraisal Report. Total budget of \$21.25 million includes: \$4.98 million for establishment of Fund Board; \$15.23 million for schemes with a total coverage of 550,000 people; \$1.04 million for Institutional Development & Studies.

WaterAid figures based on 1999/00 annual fiscal plans [costs converted at £1 = \$1.65]. Costs include all costs to donor, namely water, sanitation and hygiene promotion project costs plus all partner NGO and WaterAid in-country staff and overhead costs.

off-site national level training packages for NGOs to approaches which use long-term, on-site support or mentoring and concentrate on the needs and weaknesses of the individual NGO.

- 4 A greater emphasis on the responsibility of the central agency (ie CWSA or the Fund Board) to control not only costs but also quality. This would imply moving away from using the fairly blunt instrument of competitive tendering as the only mechanism of control (for cost) to more regular supervision of work (particularly with new partners) with the potential to control both cost and quality.
- 5 A move (at least in Ghana) to recognise the role of the NGO as implementer and manager of both the 'software' activities (mobilisation, hygiene promotion, etc) and some of the 'hardware' activities (water supply construction, hand-dug wells, latrine fabrication).

- 6 Alongside (4) above, a change from rigid output-orientated contracts (eg those based on a fixed number of NGO person-days per community for mobilisation) to more flexible output and impact orientated contracts (eg ones based on targets such as number of water points / latrines constructed and in use, levels of hygiene behaviour change achieved, etc). These would allow flexibility to respond to the different circumstances encountered in different communities.

Such an approach need not be an expensive option. Indeed WaterAid's overall costs using this approach compared very favourably with World Bank published figures, as the table of costs per capita above shows.

On the other hand, the costs of not undertaking the changes suggested here are high: the weakening of the very institutions relied upon to deliver water supply, sanitation and

hygiene promotion services to communities currently under-served. More NGOs in developing countries are taking on more of the responsibilities previously held by governments for project implementation in the water and sanitation sector under the approaches prescribed by the World Bank and other international donors. It is the responsibility of donors promoting these approaches to ensure adequate capacity building support is provided to the NGO sector for the approach to be sustainable.

More importantly, the same approach to dealing with NGOs fails to recognise and respect the distinct role played by NGOs as independent commentators on development. In this capacity, they help to strengthen civil society and ultimately, democracy. It is the responsibility of donors and governments to ensure that this role is valued and strengthened.

## **Acknowledgements**

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***Contracts or Partnerships: Working Through Local NGOs in Ghana and Nepal*** is the fourth in a series of reports which analyse WaterAid's experience in integrated water, sanitation and hygiene promotion projects in developing countries.

The report examines the challenge of working through local NGOs for the implementation of rural water supplies. It focuses on two countries – Ghana and Nepal – in which national programmes are currently being implemented which give primary responsibility for community water delivery to the private sector and NGOs. Local NGOs are heavily involved in both programmes through competing for contracts for undertaking community water and sanitation projects.

WaterAid is also working through local NGOs in Ghana and Nepal, channelling its funding through eight NGOs in Ghana and one NGO in Nepal. WaterAid has been working with these NGOs over a long period and has built up strong partnerships with them. The partnership approach followed in WaterAid's programmes in Ghana and Nepal represent a very different way of working through local NGOs to the contractual approach. The purpose of this report is to explore these differences and draw out lessons from WaterAid's experience on how to work effectively with local NGOs.

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