



RWSN Webinars – mini series 2017

Rural Water Supply Network

November 2017



WORLD BANK GROUP



Supporting water sanitation
and hygiene services for life

skat Swiss Resource Centre and
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Webinar 3:

A Dollar per year keeps rural water services here? The costs of direct support



Direct support costs: an overview

RWSN webinar

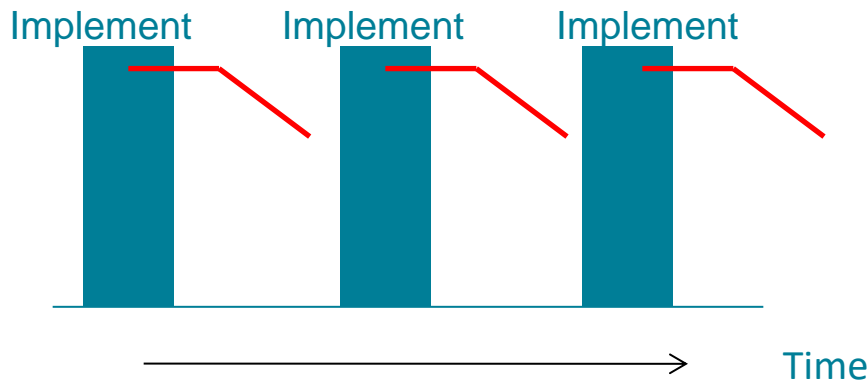
Jeske Verhoeven, IRC

16 November 2017

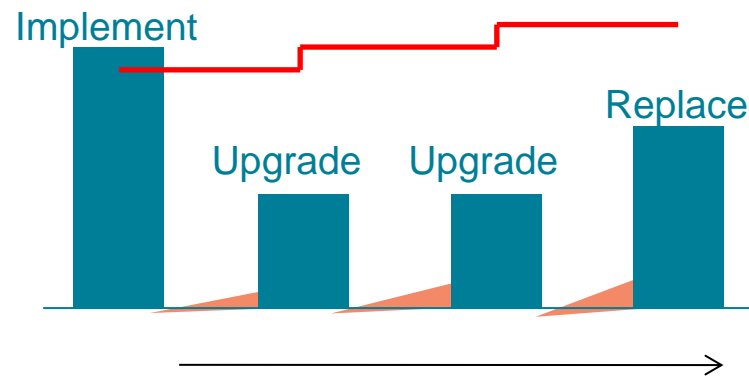
Supporting water sanitation
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Financing for ensuring sustainable services and increasing service levels

From delivering projects



To delivering services



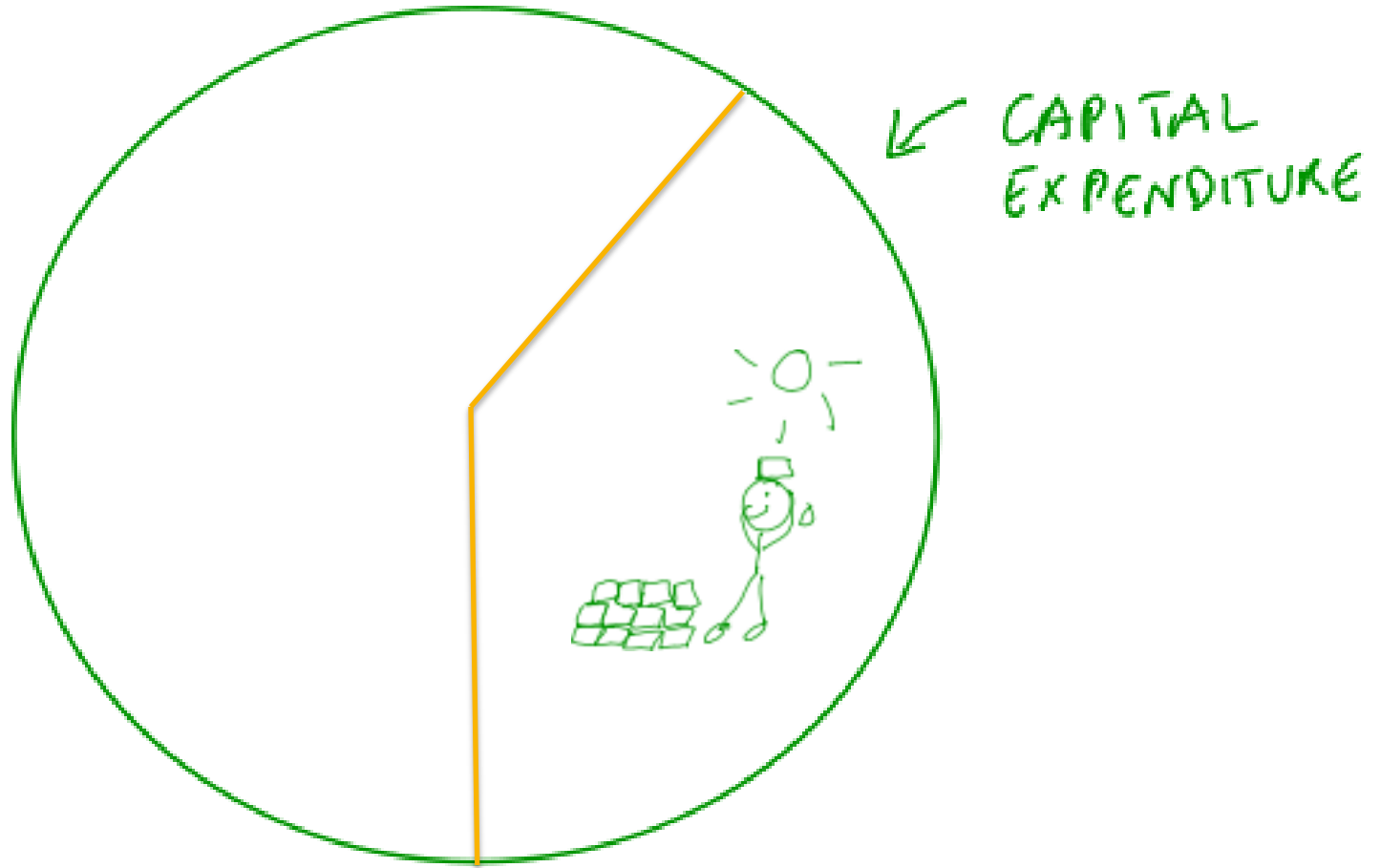
■ Investment

■ Recurrent costs

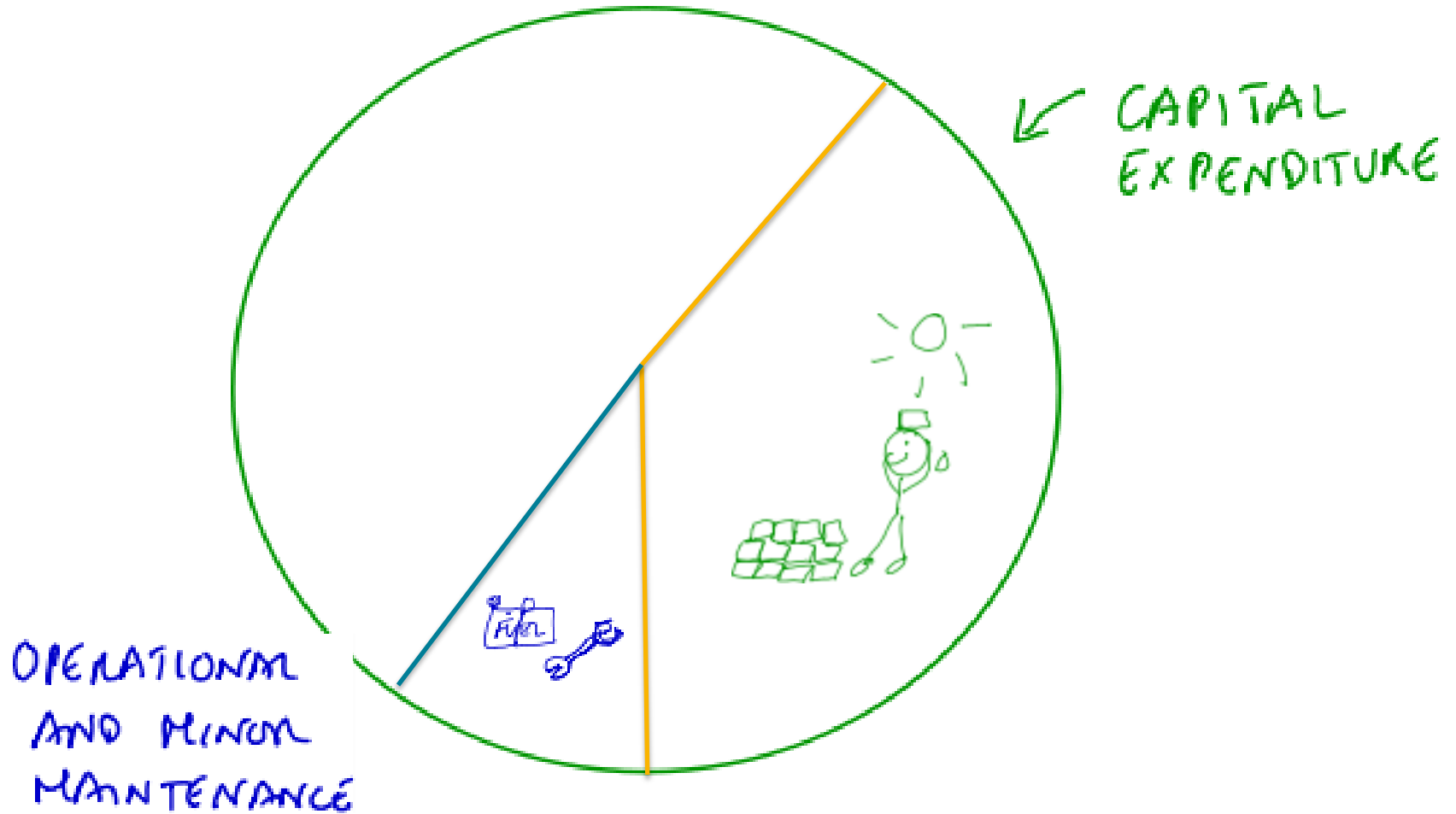
— Service level

What does sustainable service delivery cost?
How are these costs financed?

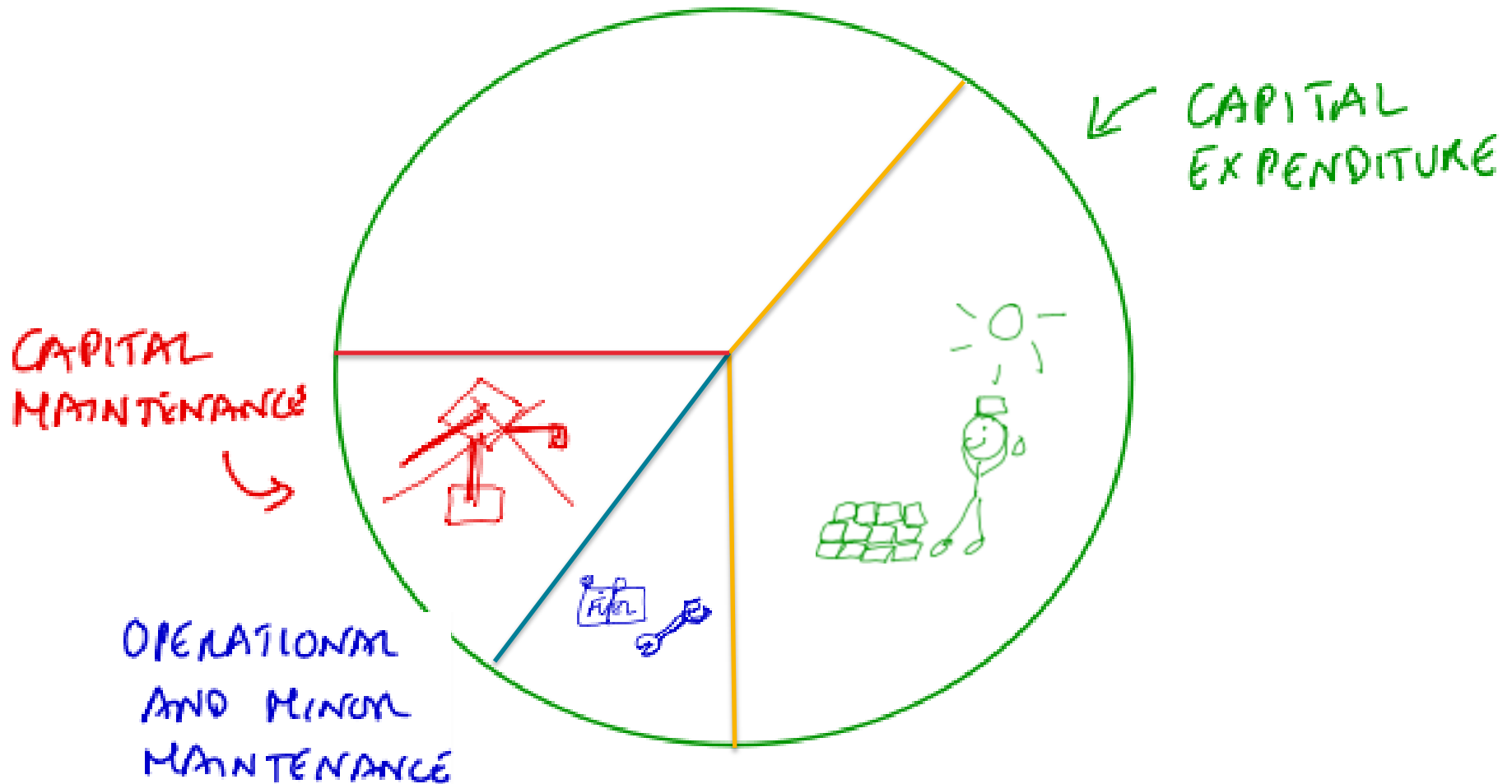
What are the cost components?



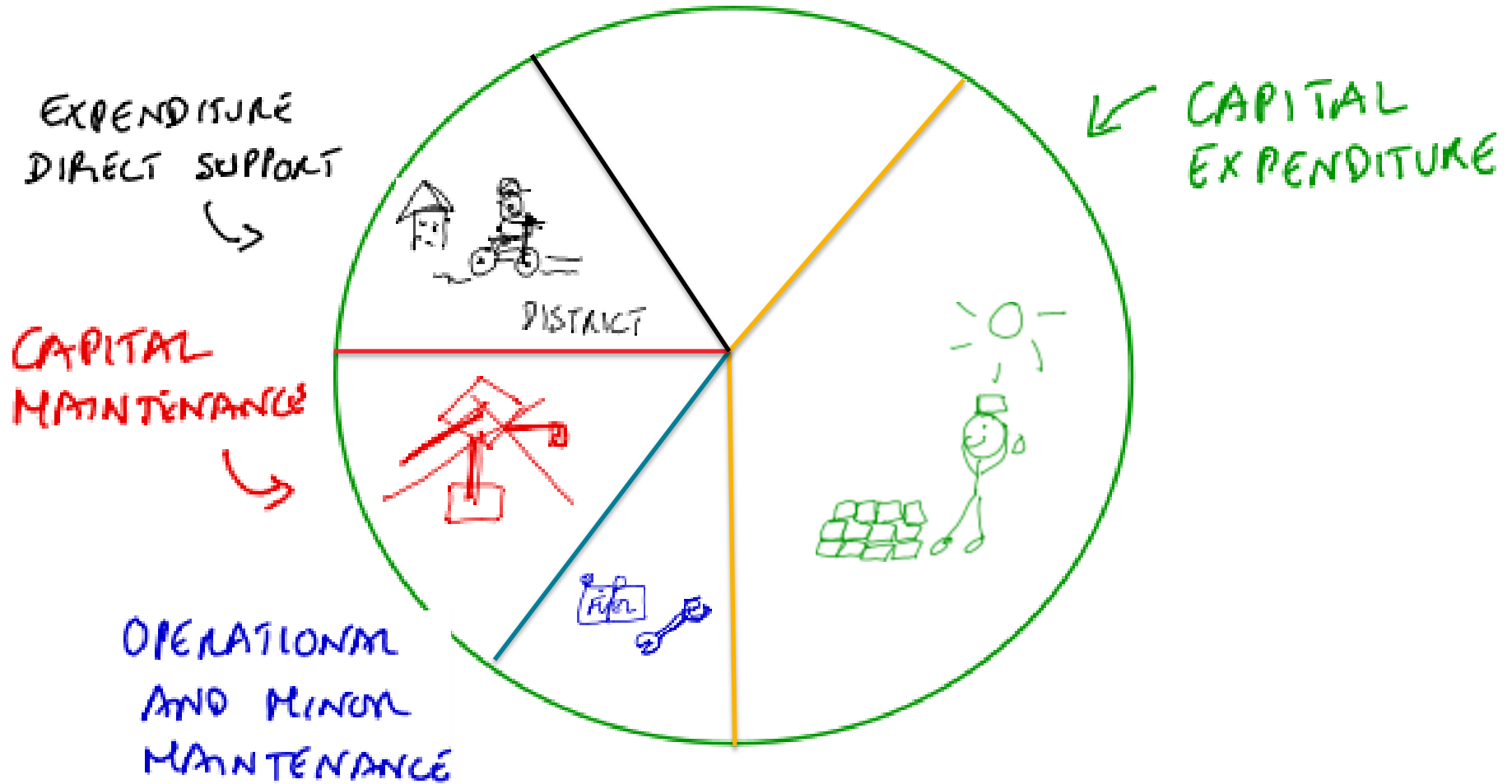
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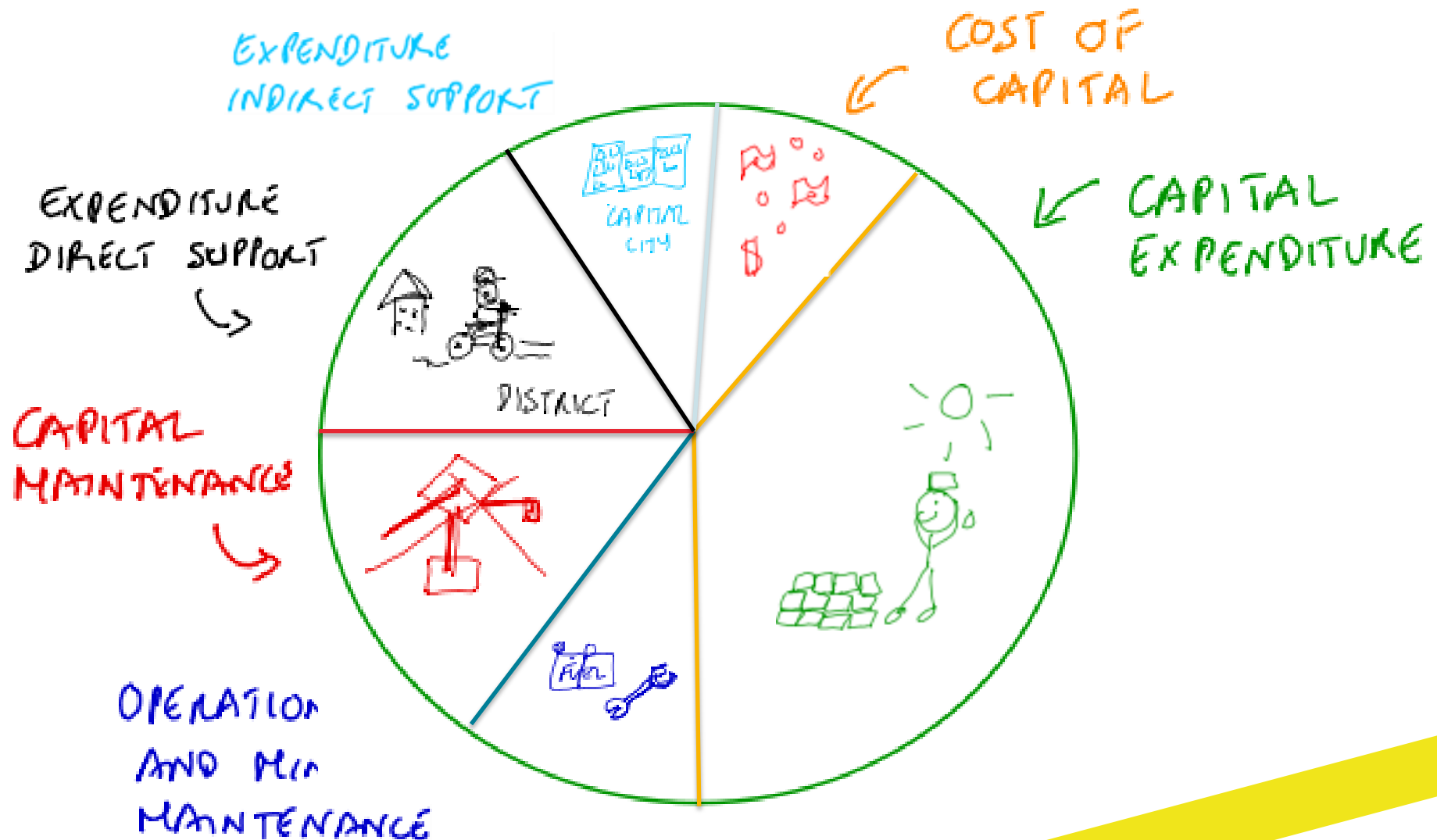
What are the cost components?



What are the cost components?



What are the cost components?



Direct support

Direct support to service providers and users.

This includes:

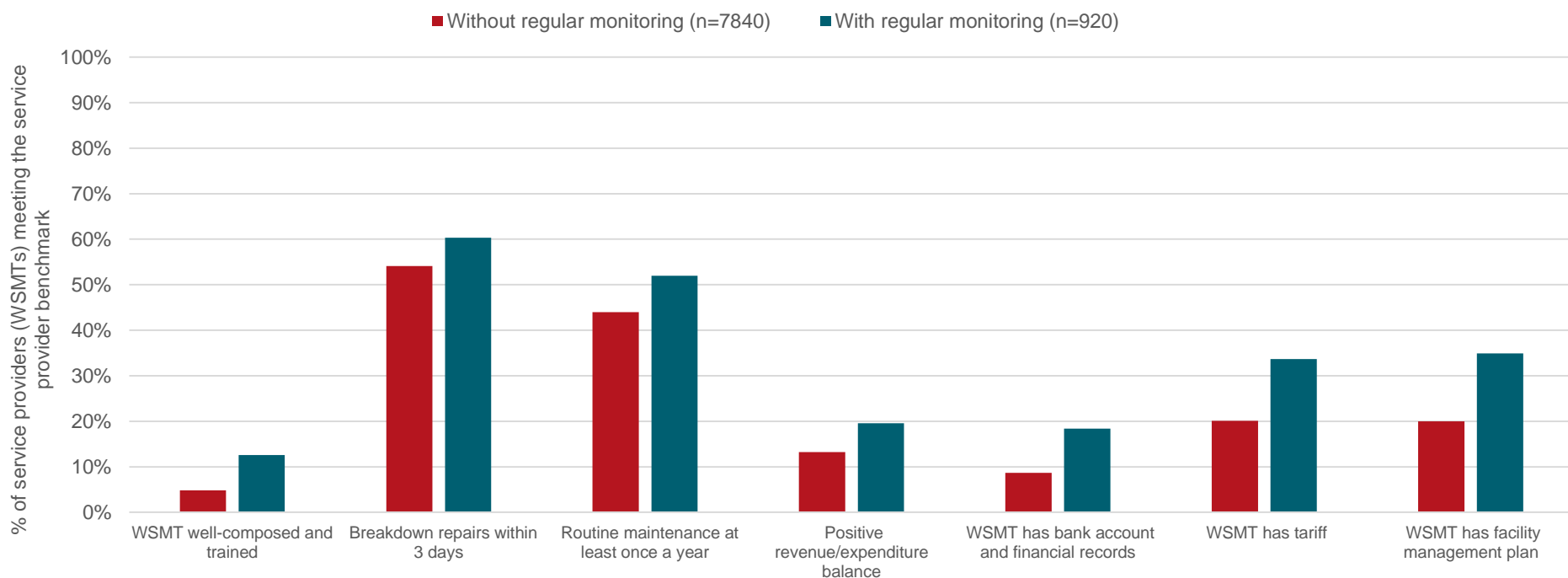
- Monitoring services and service providers
- Technical assistance (technical, administrative and organisational support)
- Ongoing training
- Conflict resolution
- Regulation and enforcement
- Planning and reporting
- Facilitation of spare part supply chains

Rural water services direct support arrangements

- Direct support by local government
- Local government subcontracting a specialised agency or individuals
- Central government or parastatal agencies
- Association of community-based service providers
- Non-governmental organisations (NGOs)

The effect of direct support on service provider performance

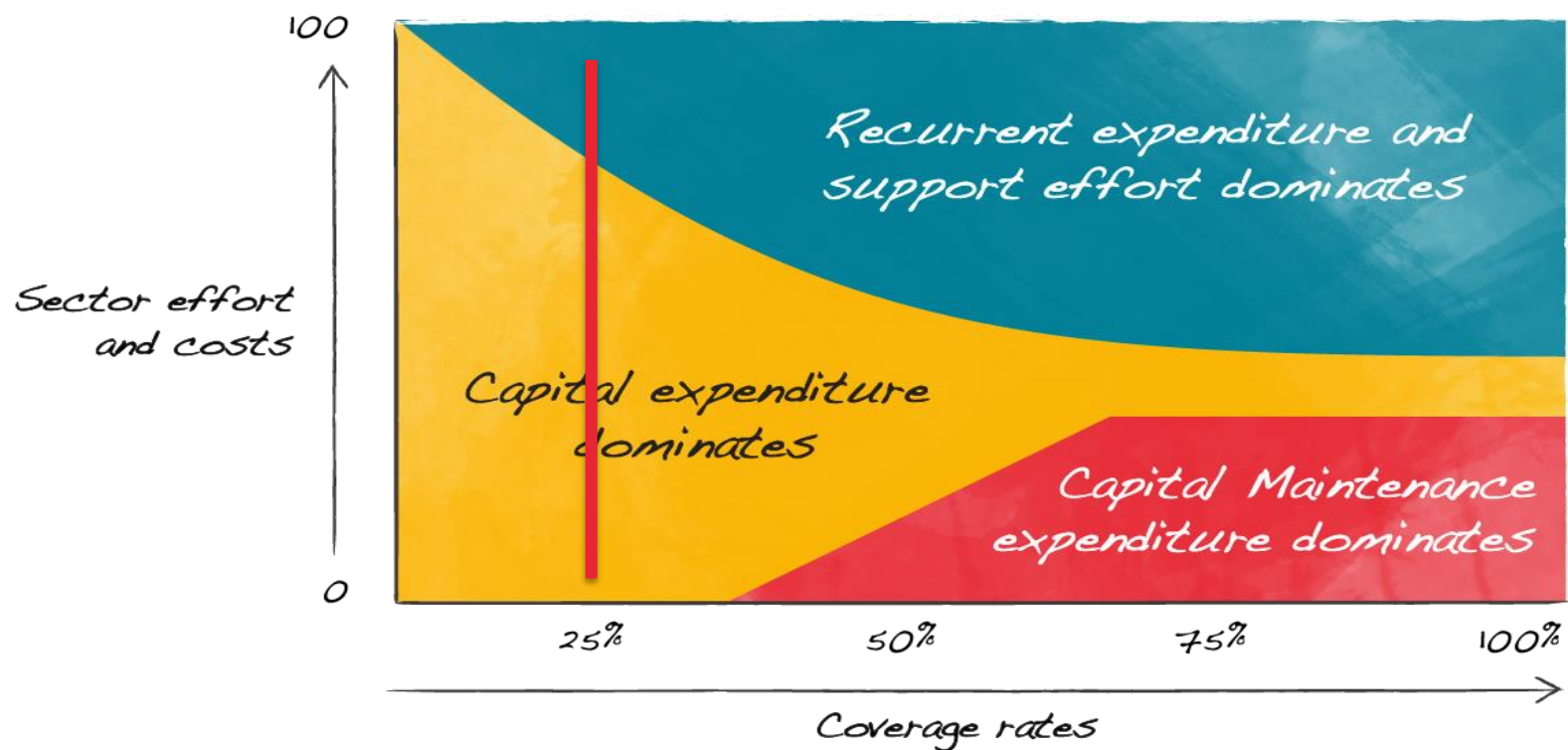
Example from Ghana:



Source: Baseline data (2014) from all WSMTs in 6 of Ghana's 10 regions

WASH sector evolves...

Effort, costs and institutional requirements also need to change



What are the costs of direct support?

- Example on the costs of ongoing monitoring from Ghana
- Baseline data collection from all rural and small town water schemes and service providers in 119 districts in 6 regions of Ghana
- Data collection, cleaning and analysis by district staff, with support from regional and national CWSA and international SMARTerWASH Project staff

Item	Costs per district (USD)	Costs per person (USD)
Labour costs at district level	2180	0.02
Labour costs at national and regional level	1512	0.01
Costs of external support	1106	0.01
Non-labour cost expenditure	7468	0.06
Total	12,266	0.10

Comparing costs of monitoring

Country	USD / person
Liberia	0.10
Mozambique	0.17
Swaziland	0.47
Democratic Republic of Congo	0.14

- 0.10 USD is in line with other data on (mapping and) monitoring costs

Direct support costs beyond monitoring: Examples of actual expenditure on direct support costs

Country	Support structure	Exp on direct support per capita per year (USD)
Mozambique	District government	0.0015
India (Andhra Pradesh)	Central government and state government	0.32
Mali	Central government and state government	0.34
Ghana	Combined support by district and centralised agency	0.78
Honduras	Combined support by association, direct support by local government and deconcentrated	0.90
South Africa	Local government contracting specialised agency	1.69 – 3.93
Chile	Central government contracting regional utility.	3.44
Brazil	Association of community-based service providers.	3.63

Source: <https://www.ircwash.org/sites/default/files/Smits-2011-Arrangements.pdf>

Assessing direct support costs

- Direct support goes beyond annual monitoring.
- Assessing direct support costs: IRC's costing and budgeting tool has module for assessing direct support costs

Direct Support Tool

Data entry



View Graphs

Fill in the amount of days that the staff members spend on their functions. The names of the functions can be adjusted to the local context, they can be found in national or local sector policies or guidelines.

Box 3: Annual direct support expenditure (actual data)	Functions						Total per year
	Supervision of new infrastructure works	Supervision of rehabilitation and expansion works	Monitoring service delivery	Technical support to consumers and service providers	Planning, coordination, reporting	Others	
Months per year dedicated by the Director	2				1		3
Months per year dedicated by the Technical staff		10	2				12
Months per year dedicated by the Social promoters			10				10
Months per year dedicated by the Admin staff				10			10
Months per year dedicated by All NGO staff members	10					10	20
Total months per year dedicated	12	10	12	10	1	10	55
Per diems of staff (amount per person per day)	BDT 10	BDT 0	BDT 0	BDT 0	BDT 0	BDT 0	BDT 100
Transport costs (fuel, depreciation, maintenance) in total per month	BDT 100	BDT 0	BDT 0	BDT 0	BDT 0	BDT 0	BDT 100
Office costs and admin (in total per month)	BDT 100	BDT 0	BDT 0	BDT 0	BDT 0	BDT 0	BDT 100
Costs of meetings and workshops (meals, room, per diems, transport) in total per month		BDT 0	BDT 0	BDT 0	BDT 0	BDT 0	BDT 0
Other costs NGOs (transport, office, meetings)			BDT 100				BDT 100
Total other costs per month	BDT 210	BDT 0	BDT 100	BDT 0	BDT 0	BDT 0	BDT 210
Total other costs per year							BDT 2,520
TOTAL ACTUAL DIRECT SUPPORT expenditure per month	BDT 5,710	BDT 4,167	BDT 2,600	BDT 833	BDT 667	BDT 4,167	BDT 1,696
						Actual expenditure per person per month	BDT 0.68
						Actual expenditure per person per year	BDT 8.14

Source (beta version): <https://www.ircwash.org/tools/irc-costing-and-budgeting-tools>

Assessing direct support costs

Some more rough estimated on direct support costs (using the costing tool):

	Actual exp on direct support (UDS/cap/year)	Ideal direct support costs (UDS/cap/year)
Croatia	1	2
Montenegro	3	5
Macedonia	1	1
Romania	1	2
Serbia	2	
UK	5	7

Who pays and how?

Taxes

Mostly public financing: (local) government through taxes and domestic transfers

Tariffs

Sometimes:

- User contributions to direct support service provider (e.g. STEFI in Mali)
- User contribution through tariffs raised by service providers.

Transfers

Rarely:

Development partner contribution, mainly related to set-up of direct support arrangements

“Take home” messages

The costs of direct support differ between countries and support arrangements.

However, in general:

- 2-3 US\$/rural person/year seems generally the level of expenditure needed for ensuring effective direct support
- Below 1 US\$ is in general not enough.
- Need for better insight into actual and ideal direct support costs
- Direct support costs should mainly be covered by public financing (taxes), but tariffs and transfers can play a role as well.
- Amount needed for strengthening the people and institutions delivering WASH services => at an absolute minimum of 1 US\$ per person per year for rural WASH



Thank you!

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More on costing and financing:

IRC's Costing and budgeting tools are available on:
<http://www.ircwash.org/tools/irc-costing-and-budgeting-tools>

IRC's Life-cycle costing quick calculator
<http://washcost.ircwash.org/en/calculators>
and free online training
<https://www.ircwash.org/Training%20on%20Costing%20Sustainable%20Services>



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