

# **Water as a Business: An Experiment in Malawi Goes to Scale**

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## **Introduction/Problem Identification**

Malawi is one of the fastest urbanising countries in Southern Africa experiencing an urbanisation rate of +5.2% per year. Blantyre City, situated in the southern region of the country, accounts for almost two-fifths of this migration trend.

The most visible impact of this phenomenon was the rapid manifestation of unplanned informal settlements within Blantyre. Despite the obvious pressure that these areas bring on social service structures, there were inappropriate policies to inform a coordinated response to such settlement developments. As such, the urbanisation increased rapidly (currently 7 in 10 people live in informal settlements) without the commensurate economic growth to absorb its effects or appropriate policy to regulate and manage it.

As a result, the quality of life in these areas, particularly water supply and sanitation, was dismal and even described as “worse than in rural areas” and dubbed “Malawi’s Silent Crisis.”

## **Analysis/Results and Implications for Policy and/or Research**

In response to subsequent high frequencies of water-borne disease outbreaks during the 90s, the water utility company, Blantyre Water Board (BWB), in partnership with the Blantyre City Assembly (BCA), endeavoured to solve the water, sanitation and hygiene (WASH) problem in these informal settlements.

Due to the informal nature of the settlements, in 1995, it was agreed that a more informal service provision arrangement was needed and thus kiosk management committees (KMC) became the chosen mechanism. Though theoretically sound, KMCs were plagued for several years with major service disruptions due to reports of cronyism and financial mismanagement that resulted in bill arrears of over US\$105,000 by April 2007. Such arrears were unsustainable for BWB to bear and, as such, the water kiosks were disconnected.

In response to this problem, the Water Users Association (WUA) was conceived to respond to the challenges that the KMCs were facing and provide an alternative management model. This paper will outline four years-worth of learning by Water For People, an international NGO that went into partnership with BWB and BCA to facilitate an improved kiosk management system.

As part of a pilot in 2007, Nkolokoti-Kachere, an area situated in the eastern outskirts, was identified as the area where the WUA concept would be tested. Before the pilot, the KMCs in the area had water bill arrears amounting to US\$10,500 that still had to be repaid to BWB. It was established that the KMCs were facing several challenges that led to their financial situation. Critical among these were:

- Poor Management Systems
- Political Interference
- Lack of ‘real’ community ownership
- Poor coordination and communication between BWB, BCA and KMCs

By focusing on knowledge sharing, mobilisation, advocacy, cost recovery, solid financial management, transparent staff hiring and training, the WUA was able to overcome a situation of

intense corruption, disrepair, vandalism and near-total service disruption. By December 2010, the WUA had settled all the outstanding bills it had inherited from the KMCs and has never had supply disruptions for nonpayment of bills.

The WUA is currently operating 54 water kiosks, each generating average monthly revenues of US\$152.00. Through this improved management model the water kiosks are now servicing about 14,286 (92% of the total area population) extra people that were not receiving services before. Also, the improved management has resulted in an increased number of water kiosks, which have lowered the kiosk per person ratio from 1:493 in 2007 to 1:265 in 2010. There are also much fewer incidents of service disruption.

Based on the success of the Nkolokoti-Kachere WUA, the Malawi Government, with financing from European Investment Bank and European Union, has initiated a four-year Blantyre-wide water supply and sanitation project that will, among other things, replicate the WUA approach in its entirety. The model is being replicated in 21 low income areas of Blantyre and would potentially service an un-served population of 311,000.

This paper will explain the process of shifting the kiosk management model from a top-down approach to a sustainable, integrated, service delivery approach. In the new model the community would not only be trained, but would also earn an income from the WUA. In the old KMC system, communities were expected to work on voluntarily basis, while with the WUA system, if properly managed, community-employees would have monthly salaries. Thus the community was incentivised to manage the WUA effectively. As such, the WUA currently employs 80 people on full cost recovery basis. The WUA also carries out rehabilitation and maintenance works of its kiosks and ensures sanitation and hygiene around the water points.

Part of the success is attributable to ongoing and new approaches to monitoring and evaluation (M&E), which will also be explained in this paper and should have important implications for policy change and future research. As an example, organisationally Water For People now commits to undertaking 10 years of M&E for all of its programmes using a tool called Akvo Flow. The paper will also explain this tool and how it is influencing change amongst other water sector partners.

The Blantyre WUA model is an important case study of how critical the “software,” such as building shared experience, finding the correct incentives and dealing head-on with political problems, is for the success and sustainability of water service delivery projects. It is also an important case study of how important the “Water as a Business” concept is for sustainability.

The practical results that will be conveyed in this paper have the potential to guide and shape other attempts to ensure better management and improved sustainability of water service delivery systems.