

Accord Principles of Excellence in WASH¹

Principle 4. We cultivate local financial sustainability –

WASH services cost money to set up, but they also require ongoing funds for operation and maintenance, management support, and eventual replacement of water and sanitation infrastructure. In order to demonstrate **good stewardship of God's resources** and enable **lasting impact**, we commit to supporting financial plans that account for **full life-cycle costs** of community WASH services. Recurring costs can often be fully covered through realistic, affordable, and self-sustaining contributions from local users, but we also recognize that implementing agencies, institutions, or government agencies may bear a legitimate share of certain costs. In all cases, we cultivate an environment of **transparency and accountability** that ensures financial resources are utilized for their intended purposes.

MOTIVATION

As Christians, we believe Jesus' death and resurrection has made widespread restoration of people to holistic wellbeing both possible and eminent. Christian relief and development agencies have the opportunity to engage in this process of alleviating poverty by working to bring people into right relationship with God, themselves, others, and the resources that are available to them.

The steps taken to cultivate financially sustainable safe water services can play an integral role in this transformational process. In particular, efforts to establish sound financial planning and management practices foster healthy relationships with God's resources. The process builds a foundation for accountability, transparency and trust. If done in an *integral* manner, these activities can also be effective at demonstrating the character of God and the grace of Jesus Christ.

APPROACH Planning

Operational Costs	Unit	Unit Costs		Costs per Month		Costs per Container		[%]	
		KHR	USD	KHR	USD	KHR	USD		
Chlorine	/m ³ water	31	0.01	6,706	1.72	0.66	0.000	0%	
Alum	/m ³ water	506	0.13	107,751	27.59	10.62	0.003	4%	
Generator fuel (for water production)	/m ³ water	0	0.00	0	0.00	0.00	0.000	0%	
Electricity (for water production)	/m ³ water	0	0.00	0	0.00	0.00	0.000	0%	
Raw water costs	/m ³ water	0	0.00	0	0.00	0.00	0.000	0%	
Total commissions [^]	/m ³ water	5,208	1.33	1,109,638	284.16	109.36	0.028	44%	
Salaries (operators and security guards)	/month	500,000	128.04	500,000	128.04	49.28	0.013	20%	
Rent	/month	0	0.00	0	0.00	0.00	0.000	0%	
Water quality testing supplies	/month	57,450	14.71	57,450	14.71	5.66	0.001	2%	
Cellular airtime	/month	100,000	25.61	100,000	25.61	9.86	0.003	4%	
Banking fees	/month	50,000	12.80	50,000	12.80	4.93	0.001	2%	
Transportation	/month	50,000	12.80	50,000	12.80	4.93	0.001	2%	
Raw water costs	/month	0	0.00	0	0.00	0.00	0.000	0%	
Routine maintenance and upkeep	/month	50,000	12.80	50,000	12.80	4.93	0.001	2%	
Ongoing follow-up visits	/month	102,814	26.33	102,814	26.33	10.13	0.003	4%	
Other expenses	/month	20,000	5.12	20,000	5.12	1.97	0.001	1%	
[^] Sum paid to SWC and all operators assuming max water price				Total Variable Costs:	1,224,095	313.47	120.64	0.031	49%
[†] Does not include savings for ongoing follow-up visits				Total Fixed Costs:	827,450	211.90	81.55	0.021	33%
Anticipated Operational Costs (Variable + Fixed):				2,051,545	525.36	202.19	0.052	82%	

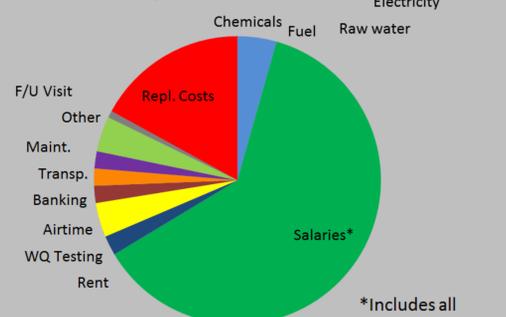
Replacement Costs (Capital Investment + Inflation)/Life Span	Life Span [yrs]	Capital Investment		Costs per Month		Costs per Container		[%]
		KHR	USD	KHR	USD	KHR	USD	
Water Source (borehole, sump, intake)	20	9.76E+05	250	6,998	1.79	0.68	0.000	0%
Structures (enclosures, tower, platform)	30	0.00E+00	0	0	0.00	0.00	0.000	0%
Electrical (wire, switches, power supply)	20	3.91E+06	1,000	27,993	7.17	2.72	0.001	1%
Pump	10	5.86E+06	1,500	64,025	16.40	6.22	0.002	3%
Water Tanks	20	3.12E+06	800	22,394	5.73	2.18	0.001	1%
Tap Stands (concrete, meters, valves, pipe)	10	1.95E+06	500	21,342	5.47	2.07	0.001	1%
Water Treatment (LWTS, chlorinator)	20	2.81E+07	7,200	201,548	51.61	19.59	0.005	8%
Piping (supply, distribution)	20	0.00E+00	0	0	0.00	0.00	0.000	0%
Other	20	0.00E+00	0	0	0.00	0.00	0.000	0%
Anticipated Replacement Costs (savings required):		4.39E+07	11,250	447,114	114.50	43.60	0.011	18%

Financial Summary

	Unit	KHR	USD
Anticipated operational costs [†]	/month	2,051,545	525.36
Anticipated replacement costs (savings) [‡]	/month	447,114	114.50
Anticipated total costs	/month	2,498,659	639.86
Recommended max water fee	/HH/month	35,152	9.00
Recommended max water price	/container	1822.7	0.47
Anticipated breakeven water fee	/HH/month	4,852	1.24
Anticipated breakeven water price	/container	245.80	0.06

Adequate and realistic planning is the most critical element of financial sustainability. This budget for the water supply system in Ka Ot, Cambodia (left and below) accounts for the full life-cycle costs associated with ongoing service delivery and replacement of infrastructure. In addition to cost recovery, affordability is also taken into account in the suggested monthly tariff and container-based fee.

Expense Distribution



Completed By: dedward@watermissions.org
 Date: May 21, 2013
 Project Number: 00.021.29
 Task Status: Task is complete
 Notes: The recommended water price for this community is 250 KHR/container.
 0.4% anticipated consumption expenditure

Capacity Building

Accurate record keeping and transparent money handling are also critical to the financial viability of WASH services. It is important that the individuals who are tasked with these administrative responsibilities receive adequate and appropriate training. Safe water management personnel in Uganda (right) and Indonesia (far right top) are shown receiving such training from Water Missions International staff members. Professional business operations not only help to cultivate financial sustainability but also to ensure accountability as exemplified by the financial audit in Bugoto, Uganda (far right bottom).



Follow-up and Support

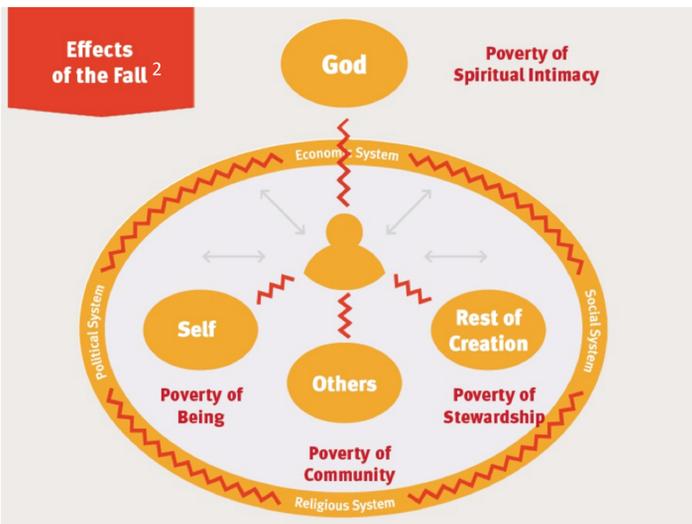
It is unrealistic to expect WASH management personnel to be capable of managing finances indefinitely on their own. Ongoing administrative support and monitoring is critical to the financial success of WASH services.

Project Number 00.021.36 Community name Altamirano Last updated by edemeza@watermissions.org on Sep 29 2014											
Financial sustainability											
Currency: [usd]											
Cash flow / profit and loss statement(s)											
	Nov 2013	Dec 2013	Jan 2014	Feb 2014	Mar 2014	Apr 2014	May 2014	Jun 2014	Jul 2014	Aug 2014	Sep 2014
Cash in bank account at the beginning of the month	0	0	0	0	377.32	729.43					
Cash on hand (petty cash) at the beginning of the month	8.13	8.13	8.13	16.26	16.26	796.79					
Total beginning balance	8.13	8.13	8.13	16.26	393.58	745.69					
Income from selling safe water	334.51	871.99	729.43	957.15	1251.30	1479.35	1636.31				
Total collected from monthly tariffs	0	0	0	0	0	0	0				
Income from other sources (e.g. phone charges, latrines, community contributions, etc)	0	0	0	0	0	0	0				
Monthly gross income	334.51	871.99	729.43	957.15	1251.30	1479.35	1636.31	1634.80	1629.11		
Water treatment supplies (chlorine, alum, fuel, etc)	0	243.50	421.87	379.84	0	0	0	0	0	0	0
Commission for SWC members	0	0	0	0	0	0	0	0	0	0	0
Commission for operator(s)	97.56	195.12	211.38	200	232.52	204.88	689.59	0	0	0	0
Salaries for operator(s)	0	0	0	0	0	0	0	650.89	634.15		
Other expenses	236.95	433.37	96.18	0	666.67	1223.86	1661.59	890.41	811.46		
Total monthly expenses	334.51	871.99	729.43	579.84	899.19	1428.74	2351.18	1464.23	1445.61		
Petty cash withheld for operational expenses	0	0	0	0	0	0	0	0	0	0	0
Total cash deposited in bank during month	8.13	8.13	8.13	393.58	368.37	66.87	81.30	352.07	535.57		
Total cash in bank account at the end of the month	8.13	0	0	377.32	377.32	745.69	81.30	81.30	449.76		
Total cash on hand at the end of the month	8.13	8.13	8.13	352.11	50.61	0	0	352.07	167.11		
Total ending balance	8.13	8.13	8.13	393.58	745.69	796.30	81.30	433.37	616.87		

Project Number 00.021.36 Community name Altamirano Last updated by edemeza@watermissions.org											
Project success indicators											
Indicator	Q1	Q2	Q3	Q4	Target	Target met!					
Chlorine residual compliance [%]	25	100	100	0	100	Target not met Details					
Turbidity compliance [%]	100	100	100	0	100	Target not met Details					
Microbiological test compliance [%]	100	100	100	0	100	Target not met Details					
SWC meeting compliance [%]	125*	125	50	25*	100	Details					
SWC reporting compliance [%]	67*	100	100	33*	100	Details					
Cost recovery [%]	72*	109	84	85*	100	Details					
Banking compliance [%]	0	100	0	100*	100	Details					
WASH promotion coverage [%]	2*	7	14	16*	100	Details					
Household penetration [%]	5*	6	9	10*	80	Details					
Household water usage rate [L/HH*day]	15*	21	18	5*	70	Details					

The current quarter (Q5) shows up with a gray background (Meeting targets is based on the last completed quarter (Q4)). The yellow background signifies that the target was not met for that quarter. *SWC monthly summary reports are missing for: Q1 (1 reports), Q4 (2 reports)

Performance data, such as that which is displayed for the water supply system in Altamirano, Mexico (left and above), enables identification of successes and targeting of opportunities for improvement and additional support.



CHALLENGES

- Ultimately, the financial success of any WASH service rests on the shoulders of the local management personnel. These individuals need to be motivated and have confidence in their God-given ability to fulfill responsibilities, and they need to and believe that financial sustainability is achievable. It is often difficult to identify such people and the process of developing these competencies can take many months.
- Full recovery of all costs associated with major capital maintenance appears to be out of reach for most rural water supplies without external financing.