



You can sabotage or support good local governance in rural infrastructures and services ...

by Ueli Scheuermeier, AGRIDEA

A collection of short stories to trigger reflection about public and private interest, unalienable rights, and PPPs, and what they mean for donor behaviour and for the daily work of development professionals.

The health post

A wonderful newly built healthpost up in the hills in a village that is only reached by foot. Proudly the villagers tell us about the church charity that provided them with the funds for building this health post while they contributed the labour and local materials. And proudly they tell me about the health committee that was elected and appointed to take care of this healthpost, and which is accountable also to the bishop of the diocese that all is operating well. But I am a bit confused and ask Marietta who was showing me around: „But aren't you supposed to have an official health committee in the village, and weren't you elected into that committee?“. She was first surprised, and then her answer stuns me: „Yes, I was elected into that committee by the village, but we never had funds and we never got anything done with it, so we forgot about it“.

I am disturbed but I keep silent because quite obviously the church people were so happy with their achievement.

Slowly it becomes clear to me that here a well-meant charity inadvertently sabotaged the emergence of true locally mandated institutions that would be accountable to the village public.

It would have been better for that charity to work through the officially elected health committee in the village and which is therefore accountable to the village population. „Oh no, they are much too corrupt and they will run away with the money“ is not an argument to bypass them, but rather an argument to work with them and the whole village community on transparent and correct dealings and accounting, ie. to help the committee to be truly accountable to the public in the village and to provide the community with the skills and competence to manage the information in a way that it can enforce accountability by the committee it elected.

Drinking water

The funds for the tanks in the village had been provided by an NGO, which hired the district engineer to design them and supervise the building by local builders. The NGO continued to pay for the maintenance until cost-recovery would be possible. Everybody is happy, there is clean drinking water in the village.

But I wonder: The district engineer was actually doing the job he should have been doing anyway according to his TORs, and for which the public already pays him a salary. He was paid by the NGO for building the tanks, and so were the local builders. So who “owns” the drinking water tanks? Officially of course the water committee because after all there was this nice inauguration event. But my concern remains: The village community does not really hold everything in its hands to ensure it can correctly operate the tanks, and neither is there a mechanism in place to ensure the water committee has the resources and skills required to keep the tanks operating well. Local governance in a critical public domain (drinking water) is not achieved.

So maybe that NGO should have worked through the village community and provided them first with trainings for managing a village water committee, then manage a bank-account, and then provide money into that account so that they can hire whatever expertise they need? This would be in line with the procedures of the Mvula Trust in South Africa.

Dairy

“We need to take care of the poor people here, and their nutritional status. So we began a project for dairy cows”, the priest tells me in his office. Sure enough, after a few years many families in the area had cows and milk for home-consumption. The project actually was so successful, that some time back the church organization started a small dairy to which people could sell their surplus milk which was then processed and sold in the town. And now it has been decided by the church to invest further into this dairy and triple its production capacity. Later I attend a meeting with various development agencies and entrepreneurs in the district and among many other things the dairy efforts were tabled. It turns out that a farmer organization also was struggling with keeping milk cooled and processing it further. But they fail to find the capital to upgrade their dairy and to buy the cooling equipment. The priest who also attended the meeting assures me that their dairy is buying milk at exactly the same price like the dairy of the farmer organization. Besides, he says, the dairy is a registered commercial enterprise (though owned 100% by the church) and therefore their dairy

needs to make a profit too. So he insists there cannot be any talk of unfair competition. But the representative of the farmer organization contradicts by saying that they cannot compete because they cannot find the cheap capital that the church dairy is getting. And of course in case the church dairy does not make money, the church will not let it fail because actually they are running the dairy for combating poverty.

I thought the district economic development officer who had convened the meeting then made the right thing: He invited all stakeholders in the dairy sector to a meeting in which all these market issues shall be sorted out and procedures established that would develop the dairy potential of the district. “We need to establish rules of conduct that allow everybody to benefit and tap the potential instead of destroying each others business the way we are doing now. There is also scope for cooperation even among competitors in our district”. Later I saw him make it clear to the priest, that if he insists on the church dairy to go it alone, he would make sure that the investments are correctly taxed as for-profit investments into a commercial registered company. Now it seems like the priest may be considering that the role of the church in pushing the dairy sector may have run its course....

Here is an example of good governance by public servants of the district who work for ensuring that commercial activities that have an impact on poverty are developed on a truly commercial basis. Thereby they fulfill their core function of regulation and networking to develop the private sectors that have an economic impact on the poor sectors of the population. I just wonder how this behaviour by public servants in rural areas can be enhanced and supported by outside donor support.

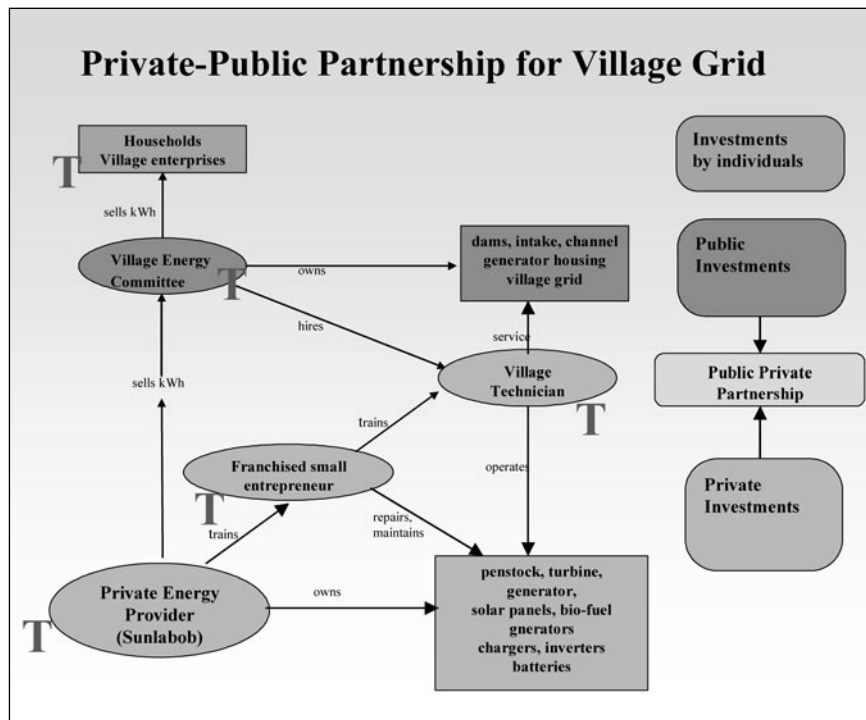
Solar lamps

Many households in this remote village have electric lamps which they use at home and often even take along to informal gatherings in the evenings. Each lamp burns for 15 hours, after which it switches off automatically. So then a household brings the lamp to the small entrepreneur in the village who operates a large state-of-the-art solar array. There they exchange the spent lamp with a fully recharged one and take

that one home for another 15 hours of light. They pay the recharging fee. “This costs us less than the kerosene we used before and these lamps are even brighter than the kerosene lamps. Also we no longer have to worry about the fire-hazard and the stink and smoke from the kerosene lamps”. These solar lamps are therefore in very high demand. The small entrepreneur in the village rents the solar array from a company who trained him to operate it. The company takes care of the entire servicing etc. because the system remains in the ownership of the company.

The company itself has zero subsidies involved in the whole effort. It is all economically viable. The recharging fees ultimately pay everything, including capital costs, amortizations and profits of the small entrepreneur and the renting company. The biggest bottleneck of the company is to find the investors who will provide the capital to buy and install the large solar arrays and thereby meet the demand in the villages.

This is a stunning success: A fully commercial operation with no subsidies that provides electric light into rural households at affordable prices. This procedure completely bypasses all local governance issues, even though it is an important public interest to achieve electric light in the village. So is there no role for any village authorities? “Quite the contrary”, say the people from the company. “We only work with villages where we have first trained a village energy committee to take care of the public issue of electrification. Such an elected committee can ensure the discipline for the safety of the lamps and the solar array. Otherwise it is too risky for us. And only they can decide which households in the community are too poor to be able to scratch together the capital to pay the deposit for the first lamp. For those poor families the village pays for the deposit and enforces proper use. Deciding who is too poor to pay a deposit is none of our business and we don’t even want to know”.



Copyright: Sunlabob Laos