

# Community Development Fund (CDF)

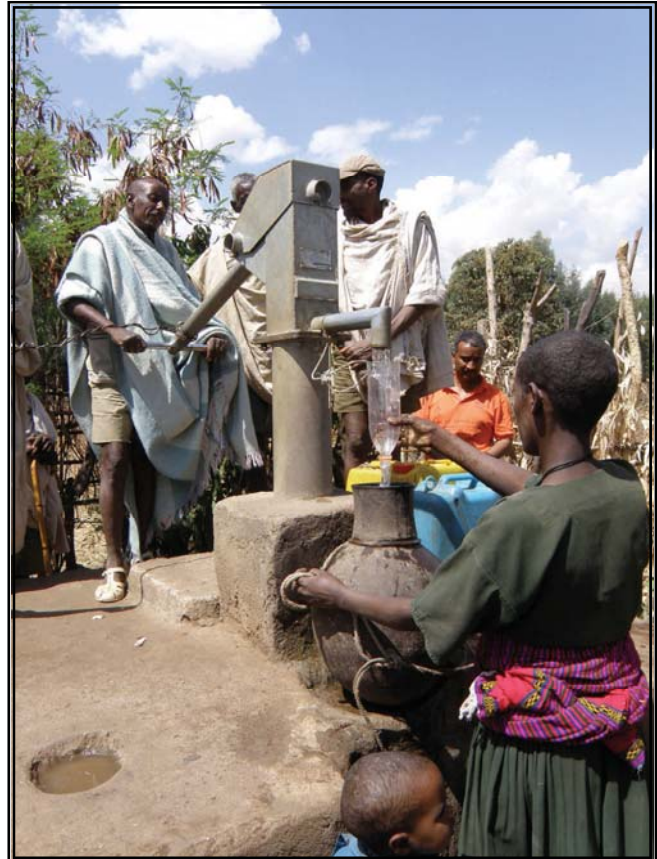
CDF

Demand Driven and  
Community Led  
Development

Improvements  
Implemented,  
Managed and  
Sustained by  
Communities

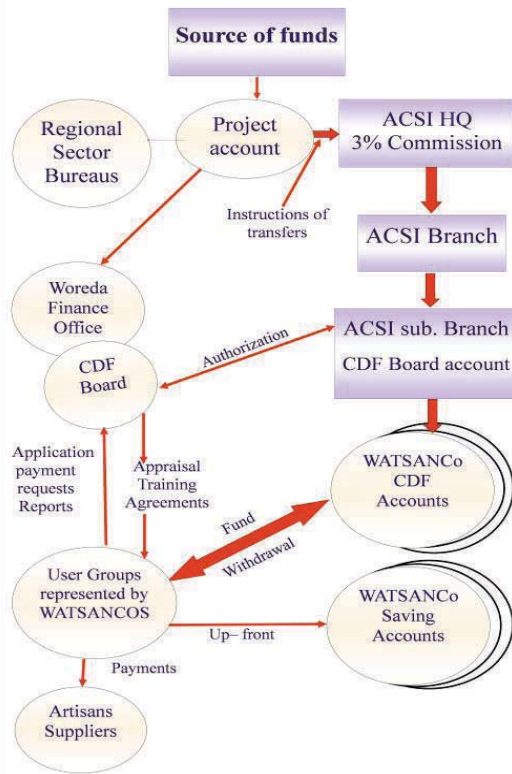
Increasing  
Community  
Capacity and  
Self-Reliance

The **Community Development Fund (CDF)** is a successful approach in support of community initiated, implemented and managed water supply and sanitation activities. The main idea in the CDF process is that the user community takes full responsibility in the construction, management and maintenance of the water point planned and manages the funds needed for the implementation by itself. The CDF approach has proven to be very efficient in creating ownership and sustainable development.



- CDF is a grant for the construction of community managed water points.
- CDF fund is disbursed through Amhara Credit and Savings Institute (ACSI), a microfinance institution.
- The Community water management body (WATSANCO) is elected democratically by the user community.
- To ensure female participation, there is a quota system: two to three of the WATSANCO members have to be female.
- Share of women being chairperson, secretary and responsible for financial management in WATSANCOs is appreciated and further strengthened.
- The WATSANCO is fully responsible for the funds allocated to them during the construction phase, including procurement.
- Type and quantity of community contribution is known and agreed by the community before the start of the implementation.
- Site selection is done by the user community together with the Woreda staff during the field appraisal.
- Approved budget is known by WATSANCO members, funding agreement is signed and community members briefed.
- The WATSANCO receives training in procurement, construction, management, operation and maintenance.
- Local artisan co-operatives are informed and trained to apply model statutes and artisans are engaged in the maintenance of the water facilities. 25% of the trained artisans must be female.

### CDF fund flow



### Costs figure

### Fund Disbursement

The Community Development Fund (CDF) is an innovative fund flow mechanism, used for community-driven construction of small-scale rural water and sanitation infrastructure in Ethiopia since 1994.

With CDF, the communities themselves are responsible for planning, implementation and maintenance of communal water points, while the government's role is limited to administration, facilitation and training.

The grant, first transferred to the Bureau of Finance and Economic Development (BoFED - regional subsidiary of Ministry of Finance and

Economic Development, MoFED), is channeled to communities via a local Micro-Credit Institution known as the Amhara Credits and Savings Institute (ACSI).

The minimum community contribution requirement is 15% of the total investment cost, consisting of both cash and in-kind contributions. A set minimum is collected as an up-front cash contribution from each household, deposited into a savings account in ACSI to cover operation and maintenance (O&M) costs.

The communities, through elected Water, Sanitation and Hygiene Committees (WATSANCOS) are fully responsible for the funds allocated for them during the construction phase, including procurement of materials, equipment, construction tools and construction services.

The CDF mechanism decentralizes financial management, empowers the communities, involves local suppliers and ensures efficient fund use. It is demand-driven and pro-poor, and has resulted in clearly increased community ownership for the project, including the users' capacity for implementation and maintenance.

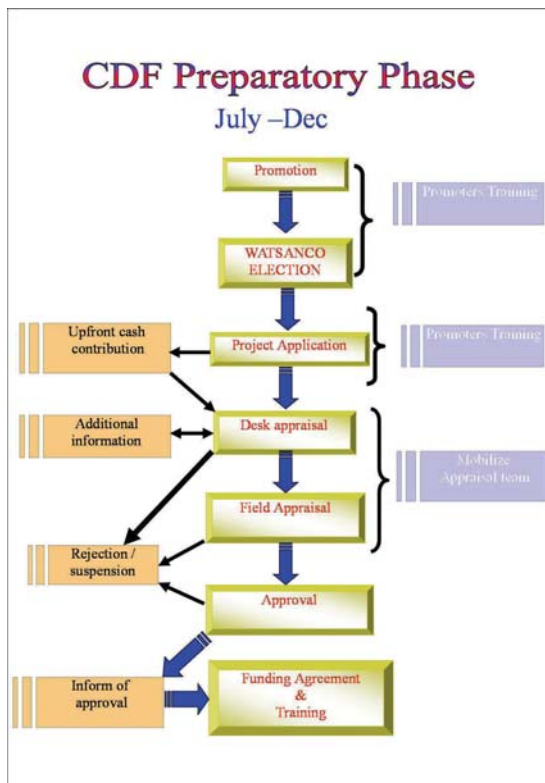
system builds on locally available private sector capacity for construction and maintenance. This is done by training and employing local artisans for construction, maintenance, repair, rehabilitation and up-grading, as well as facilitating the establishment of local spare part supply chains.

Furthermore, the CDF

## CDF process

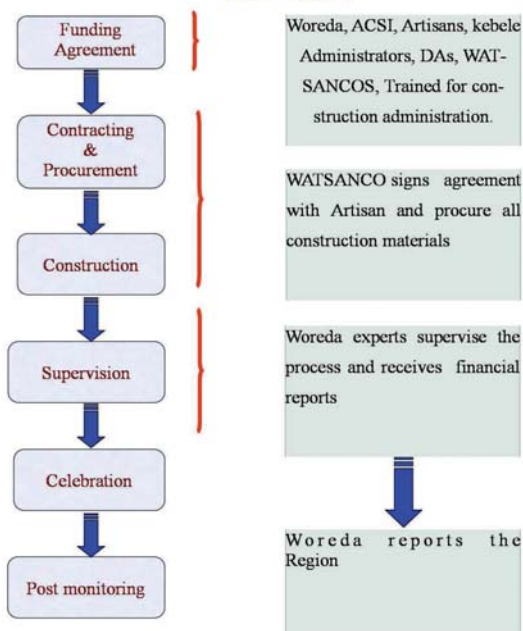
### 1. Preparatory Phase

- CDF promotion at communities done by Woreda and Kebele authorities
- Water committee elected by the community
- Application made by the committee to the Woreda CDF Board
- Desk appraisal done by the Woreda Water office
- Field appraisal done by the Woreda Water Office
- Funding decision made by the CDF Board



### CDF Implementation Phase

Jan – June



### 2. Preparatory Phase

- Funding agreement signed by the committee and the CDF Board
- Procurement of material done by the community
- Construction done by the community and a contracted artisan
- Supervision done by the Woreda Water Office
- Completion of the water point celebrated by the community
- Maintenance of the water point done by the community



The final beneficiaries of the Fund are the rural communities presented by the Water and Sanitation Committees (WATSANCOS) established particularly for the purpose of implementation of water supply and sanitation projects. WATSANCOS are also responsible for the future sustainable management of the water points.

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### Covergae figure

### Community Led Development

- Implementation will fully depend on community's own initiative
- Community will receive technical support from the District authorities before, during and after the construction of water points.
- Communities will be fully responsible for the funds allocated to them during the construction phase.
- Communities have to demonstrate both their willingness and capacity to finance the future operation and maintenance activities by depositing an initial up-front fee into a savings account. The money will be collected preferably before the application is submitted to the responsible body in the District, but the latest before the approval of the project by the CDF Board. Consequently, the bigger the deposit, the better the chances for the community's application to become approved
- Communities are expected to commit themselves to undertaking and financing the operation and maintenance of the water points in the future, but they are entitled to receive technical support from the District Water Office.
- The communities are required to cover at least 15 % of the total construction costs of the project in provision of labor, local materials and in cash.

## CDF is part of the national WASH movement

CDF approach is part of the national Water, Sanitation and Hygiene (WASH) movement.

Sanitation and hygiene work is an integral part of the CDF: it includes awareness creation in sanitation and hygiene issues and improvement of the environmental sanitation of the water points to ensure that the water is clean from tap to mouth.



## CDF is a gender sensitive approach

CDF is a highly gender-sensitive approach.

In CDF women, as main managers of water in the households are involved in all the project stages.

From five water committee members, at least two must be female, and women are also encouraged to become committee chair persons or cashiers.

The water point designs are gender sensitive and gender training is given regularly.

### Experiences from Damotye, South Gondar Zone, Amhara



In 2006, **Damotye village** members in Fogera Woreda, South Gondar zone celebrated the inauguration of their new water point. The Damotye water point serves more than 55 households and there is a guard employed by the water committee to take care of the water point.

**Mrs Nigest**, helping a community member at the water point, has been working as an artisan, leading the construction work of the water point and helping with the maintenance work.

Women are also involved in the Damotye water committee work: two of the five committee members are women.

## Benefits of the CDF approach



- Communities are committed and actively participating in the whole process of planning, implementing and maintaining the water and sanitation facilities
- Clearly increased community ownership, resulting in more efficient management of the water point
- Ownerships strengthens the sustainability of the schemes
- CDF projects provide strong capacity building for communities; users' capacity to implement and manage other development projects is increased
- Direct community level procurement is reducing material and overall project costs
- CDF projects are managed more transparently than direct fund support projects
- Time needed for construction work has reduced by half when taken over by the community itself
- Gender equality status improved due to equally shared responsibilities and continuous gender sensitization
- Health status of the beneficiaries improved due to hygiene and sanitation awareness raising
- Local private sector suppliers involved ensuring availability of materials
- Local artisans trained and involved in the construction ensuring water point management skills in the community level

### Contact!

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**We're on the Web!**  
[example.microsoft.com](http://example.microsoft.com)

### CDF is also

- open for all donor institutions
- adjustable for all community driven development
- possible to replicate across all Ethiopia
- accessible for relevant credit institutions
- clear division of roles among committed actors – regional governments, donors, credit institutions, private sector, different types of communities