

Expanding Water Supply and Sanitation Facilities to Urban Poor through Output Based Aid in Nepal

Er. Ramdeep Sah

Director General, Department of Water Supply and Sewerage, Kathmandu, Nepal

Abstract: The Government of Nepal is implementing the Second Small Town Water Supply and Sanitation Sector Project (SSTWSSSP) in 21 towns in order to improve health and economic and environmental living conditions of 350,000 people. The Urban Water Supply and Sanitation Sector Policy framework prescribes strategies to improve the access of poor women and disadvantaged groups to both water supply and sanitation services and their involvement in decision-making that affects their needs and priorities. The Output Based Aid (OBA) approach which uses performance-based grants in service delivery has been selected by the SSTWSSSP as a promising model for Public-Private-Community partnership between the Nepal Department of Water Supply and Sewerage, the Water Users & Sanitation Committee (WUSCs) and Local Non Government Organizations (NGOs) in project towns to improve the provision of water supply and sanitation services including poor and disadvantaged households in Nepal's small towns. Out of 67,062 households in 21 towns 7,687 households (with a monthly income less than NRs 7,500) have been selected to receive support under OBA Scheme. So far about 35% of selected households have been already connected through services and construction work is continued for other households. This paper elaborates on pro-poor service delivery and sustainable project impact: (i) the OBA based on a public private partnership model; (ii) the Project Performance Monitoring System (PPMS) and some of lessons learned during project implementation.

Key words: Independent verification agent, Monitoring, Output Based Aid (OBA), performance-based grants, pre-financing, urban poor, service delivery.

1. Introduction

Roughly 30% of Nepal's total population still has no access to improved sanitation. A much lesser 17% have no access to safe drinking water but this figure is misleading—a closer look reveals that water availability is intermittent in many areas, half of the gravity flow systems in the hills need major repairs, and more than half of the tube wells are contaminated.

This general condition is echoed in Nepal's 265 small towns. In 2000, the government formulated a 15-year development plan to address the water supply and sanitation needs of small towns. In the 8 years that followed, though, only 32 towns experienced major improvements in services. Twenty-nine out of the 32

towns were covered by the ADB-assisted Small Towns Water Supply and Sanitation Sector Project, completed in November 2008. This project had a productive run—it introduced water users to the principle of cost sharing, reduced the occurrence of waterborne diseases, fostered community involvement, and more. However, it also had shortcomings. For example, high connection fees prevented the poor from connecting to the water supply system, and tying subsidies to inputs, not outputs, meant that some of the latrines and water connections set up were not always sound from a technical point of view.

In continuation to the First Small Towns Water Supply and Sanitation Sector Project, the Government of Nepal is implementing the SSTWSSSP (2009-2015, assisted by ADB) in order to improve the health and economic and environmental living conditions of the

Corresponding author: Er. Ramdeep Sah, M. Sc (Sanitary Engineering), research fields: wash expert. E-mail: sah.ramdeep@gmail.com.

people in the small towns in Nepal. The expected outcome of the Project is improved, affordable and sustainable water supply and sanitation services which are governed and managed by locally accountable representative bodies. The project embraces the community managed demand responsive approach, where the community is involved in all aspects of planning and implementation of the town projects.

The expected outputs are in developing an efficient, effective, and accountable urban water supply and sanitation sector by establishing and implementing policies, establishing service standards and enhancing sector coordination, development of safe, accessible, and adequate water supply and sanitation facilities in about 21 towns and strengthen governance and capacity for project management and operation. The Project is expected to provide a high level of water supply services and access to and use improved sanitation facilities to about 350,000 people in about 21 small towns located in 19 districts. Sanitation services-such as on-site sanitation, public toilets, wastewater management facilities, including storm water drainage will also be provided in the same towns through an integrated approach, supplemented by health and hygiene education programs.

To address some weaknesses of the first project, SSTWSSSP has introduced the OBA approach to a small segment of the target group. The OBA approach is not new. But the targeting of small urban towns, coupled with the fact that it is Nepal's first foray into OBA, makes this initiative a potentially rich source of lessons for future projects. About 12000 poor households will be connected for household water supply and basic sanitation facilities through OBA mechanism [1].

The Project will bring significant health benefits, to be measured by the reduction in the occurrence of waterborne diseases. Time saving for water collection will be another major benefit expected from the Project,

mainly for women and children. The Project is expected to be completed in 2015.

2. Policy and Plan Framework

The Government of Nepal has recognized the importance of improving Water Supply and Sanitation Service as an important component for improving the health and wellbeing of the fast growing urban population of the country and promulgated the National Urban Water Supply and Sanitation Sector Policy in 2009. It provides targets and guidelines for Urban Water Supply and Wastewater Services in achieving equity in service delivery by ensuring that financially marginalized households, especially women are mainstreamed as valid customers through design and implementation of financial incentives. The policy prescribes strategies to promote local participation and ownership in the process of planning, designing and implementing water supply and sanitation schemes. It discourages central subsidies at the level of operations and maintenance and encourages the involvement of users and provides directions for achieving full cost recovery for operations and maintenance as part of the capital cost in the water sector. Regarding OBA the policy prescribes that all urban water and sanitation projects will be required to prepare social maps to adequately identify urban poor and vulnerable groups requiring special assistance to avail the services. Adequate strategic measures, like OBA, will be implemented to ensure that such groups are not systematically devoid from benefiting from the services [2]. On-site sanitation will be the primary responsibility of individual households. Subsidies may be available from central and local governments for poor and marginalized settlements, preferably under the OBA model.

3. Methods

3.1 Gender Equity and Social Inclusion (GESI)

In order to ensure the participations of the users especially women and the vulnerable groups in articulation of their concerns and in decision making at all levels the GESI Action Plan has been prepared for all town projects. The GESI Action Plan includes GESI training for NGOs and WUSCs, gender, caste, and ethnicity balanced WUSCs formation (at least 33% women in WUSCs representation with minimum of one woman in a key position), GESI- related monitoring of town project implementation and impact, analysis of gender roles in households and inclusion of gender and social indicators in socioeconomic surveys, selection of service areas through participatory and inclusive approaches, capacity building of women and ethnic groups to take leadership positions, equal employment opportunities to poor women and men in construction works, gender-friendly sanitation and solid waste management activities and social audits to ensure benefits to women and excluded caste, ethnic and poor sections. Disintegrated data such as female headed households, caste/ethnicity and households of the lower income level have been collected during the survey during the preparation of socioeconomic profiles. During the construction phase women, Dalits, Janjatis are encouraged in various training programs such as solid waste management, GESI, WUA, OBA (output-based aid), overall management of projects etc.

3.2 Urban Poor Households Access to Water Supply & Sanitation through Output Based Aid (OBA)

The OBA approach which uses performance-based grants in service delivery has been selected by the SSTWSSSP as a promising model for Public-Private-Community partnership between the Nepal Department of Water Supply and Sewerage, the WUSCs and local NGOs in project towns to improve the provision of water supply and sanitation services including poor and disadvantaged households in Nepal's small towns. It aims to enhance local governance and management by locally representative

institutions (WUSCs) who pre-finance the construction of facilities while it also aims to improve accountability by using local NGOs to inspect and verify the successful completion of the projects before the WUSCs are reimbursed (OBA) by the Department of Water Supply and Sewerage. Moreover, participatory project activities build capacity of women and vulnerable groups through training and awareness raising activities and promote their involvement in the decision-making process to strengthen community demands for more accountable and affordable service delivery systems.

Formation of WUSCs and engagement of local NGOs are key mechanisms not only to develop private public partnership in service delivery but also to create accountable and gender and socially-responsive pro-poor service delivery. WUSCs create water and sanitation users' investment pool, cooperation and accountability for the sustainability of the project. Local NGOs are engaged in each town to inform communities about the OBA approach and assist with the formulation of WUSCs. The WUSCs are made up of 9 members inclusive of Dalits, indigenous groups, and religious minorities with the mandatory 33% quota for female membership with at least one woman in a decision-making position [3].

In order to identify the possible households which may require OBA support, local NGOs in collaboration with WUSCs and design and supervision consultants (DSCs) conduct an initial assessment based on household income. The poor households, defined through household surveys, are defined as those with monthly incomes of less than NPR 7,500 (US\$ 85.00). Other eligibility criteria include land holdings of less than 0.25 hectares; food sufficiency up to 6 months a year with 1-2 cattle and buffalo; house with separate kitchen but only one room for living, no telephone, TV and refrigerator; female or disabled head of household; and household without a current or retired government or private sector employee [4].

The selected poor households get a maximum of NPR 7,500 (US\$ 85.00) for piped household connection for water supply and NPR 10,000 (US\$ 114.00) for improved sanitation facilities on installment basis depending upon the progress. Fifty percent of the infrastructure cost NPR 3,750 (US\$ 43.00) of the water supply system is born by the government as grant. The WUSCs are required to invest the rest 50% cost of the water supply system NPR 3,750 (US\$ 43.00) which will be reimbursed to WUSC by water user households on installment basis in thirty months [4]. In order to assure commitment for the cost sharing, WUSC establish a provision of 5% to 15% upfront cash contributed by the beneficiaries through WUSC membership fees. The WUSCs borrow the remaining 35% to 45% of the cost from the Town Development Fund as a credit loan with 5% interest rate. The cost-sharing scheme is intended to strengthen the ownership and partnership of the users in their investment and make them more accountable for the sustainable operation of the project.

OBA is introduced under SSTWSSSP in Nepal as an innovative way to expand provision of water supply connections and latrine construction for poor and marginalized people. Subsidies are provided only when the delivery of specific services or “outputs” (e.g., piped household connection for water supply and/or access to improved sanitation) have been confirmed by

an independent verification agent. “The aid bridges the gap between the total cost of providing a service to a user and the user’s ability to pay the cost. Unlike traditional subsidies, however, aid is given only after successful completion and inspection of the service (output). In the meantime, a service-provider pre-finances the cost of installing the service with counterpart from the poor households targeted.”

During the project cycle, SSTWSSSP addresses urban poverty issues with the government, private sector and community partnership in 3 phases:

1). Project preparation phase: At this stage, the Project Management Office (PMO), the Water Supply and Sanitation District Office (WSSDO) and community groups are engaged while conducting the pre-feasibility study. Local NGOs and WUSCs/WUAs are utilized in preparation of the socio-economic profile through social mapping and household surveys. The participatory community survey includes selection of project service areas through participatory and inclusive approaches, including awareness raising on project activities and consultations with water users groups including Dalits, women, minority groups, Janajatis, and religious minorities. Involvement of WUSCs, communities, urban poor and vulnerable groups during feasibility studies and the design selection process are the ways to understand the priorities of poor men and women and their ability to pay (affordability) for basic service fees.



Fig 1 HH Latrine constructed in Shibnagar TP. Source: ADB, Nepal: Second Small Towns Water Supply and Sanitation Services Project.



Fig. 2 Mass Meeting with Stakeholders in Project Design. Source: ADB, Nepal: Second Small Towns Water Supply and Sanitation Services Project.

2) Project design phase: While designing the project, DSC involves the urban poor in decision-making process by providing different project design options to the community in a mass setting to choose the best available option. While finalizing the agreements for the preliminary loan agreement among key stakeholders, the urban poor including women and disadvantaged groups participate in the meeting organized by LNGOs presenting the findings of the socio-economic survey.

3) Project implementation phase: At this stage, contractors are required to use local labor in

construction of the water supply system to generate employment opportunities for the urban poor including vulnerable groups such as women and minorities. WUSC/WSSDO, local NGOs and local bodies as per the policy guidelines determine the OBA recipients. In the post construction phase, all stakeholders in their respective areas verify the connection of taps and sanitation facilities and also assess the water tariff discount for the urban poor. Similarly, in project evaluation, all stakeholders in their respective areas examine how much the urban poor have benefitted under the project.

4. Results and Discussion

4.1 Project Performance Monitoring System (PPMS)

The project PPMS system has been developed with a disaggregated baseline data and indicators which enable monitoring implementation progress of the GESI Action Plan and gender-equality results. Disaggregated PPMS system maintains accountability on the project's GESI-based objectives and results as shown below [5]:

- 21 town projects are selected through a participatory approach including: Janajatis 31%, Dalits 10%, and Brahmans/Chhetris 59% (38% Female and 62% Male);
- WUSC composition in 21 Town projects (188 members) including 66% male & 34% female (Janajatis: 23%; Dalits: 4%; Others: 6%, Brahmans/Chhetris: 67%);
- One female social mobilizer is deployed in each PISU office;

- Key Professionals in NGO: Males: 88%; Females: 12%;
- Community mobilizer: Males: 45%; Females: 55%;
- WUSC Orientation training: 95 Nos, Total 2,613 participants including 1,218 (47%) male and 1,394 (53%) female participated;
- In each town, two days OBA Implementation training/workshop was conducted and total 686 nos. participated including 25% (169) & 75% (517) male and female respectively;
- About 7,687 households have been selected for OBA services from 21 towns project so far;
- Altogether 2,734 no of permanent Household Latrines are constructed and 1,048 no of water tap are connected through OBA;
- In almost of the town projects, construction activities through OBA are going on rapidly and expected to be completed as per target.



Fig. 3 Women participating in a Training Program. Source: Nepal: Second Small Towns Water Supply and Sanitation Sector Project



Fig. 4 HH latrine constructed through OBA in Shibnagar TP. Source: Nepal: Second Small Towns Water Supply and Sanitation Sector Project

4.2 Lessons Learned

The project is currently under implementation phase, the period is till the end of 2015, but it has already provided some key lessons during project design and implementation phases which are as follows:

- OBA implementation guidelines and different orientation programme provides an enabling environment for successful implementation.
- Monitoring and Evaluation by Independent Verifying agent and involvement of WUSC during household selection and implementation process facilitate for implementation and need to be improved.
- Selection process should be made simpler and eligibility criteria should be revisited for more inclusive.
- More technical support required for monitoring & supervision of HH Latrine construction to ensure quality of services.
- GESI Action Plan prepared at the project level provides a roadmap for implementation and monitoring GESI objectives and targets.

5. Conclusion

OBA mechanism has become effective for providing service delivery to urban poor. It is complimenting for Open Defecation Free (ODF) movement activities and improving Health & Hygiene behaviour within the

selected towns project area. It is an effective support package for community motivation towards project activities. So far 2,734 no of permanent private latrines are constructed and 1,048 private taps are connected through OBA mechanism in different towns to expand water supply & sanitation facilities to poor households. Despite some of positive results, the project faces challenges that need to be addressed for sustainable impact. The selection of household to ensure that the poor household receive aid and to ensure the quality of services (outputs) are major challenges faced during implementation. For overcoming those challenges, household selection criteria should be made simpler. Monitoring by Independent Verification Agent need to be improved and coordination among stakeholders need to be strengthened.

References

- [1] Asian Development Bank, Report and Recommendation of the President of the Board of Directors, 2011.
- [2] Ministry of Physical Planning and Works Urban Water Supply and Sanitation Sector Policy, Nepal, 2009.
- [3] Department of water supply and Sewerage, Third Small Town Water Supply and Sanitation Sector Project, project Implementation Guidelines, Nepal, 2014.
- [4] Department of Water Supply and Sewerage, Output-based Aid Implementation Guidelines, Nepal, 2014.
- [5] Sah. Ramdeep, Improving accountability for gender-responsive governance and pro-poor service delivery in small towns in Nepal, Proceeding Report of Sub-regional workshop in South Asia, ADB, 2012.