RURAL WATER SUPPLY AND SANITATION PROJECT IN WESTERN NEPAL

INCEPTION REPORT

May 6, 2009

EXECUTIVE SUMMARY

Rural Water Supply and Sanitation Project in Western Nepal (RWSSP-WN) Project Agreement was signed on May 22, 2009 between the competent authorities. Thereafter the consultancy tendering to provide Technical Assistance to the Project was organized. The consultant company Ramboll Finnconsult Oy in association with Finnish Environment Center and Nepal Red Cross Society won the tendering. Ramboll Finnconsult Oy signed an agreement with the Ministry for Foreign Affairs of Finland on July 15, 2008 for the provision of consultancy services for RWSSP-WN. The Consultant was mobilized to Nepal on August 2008.

The Project Launch Seminar was organized on September 19, 2008. The first Steering Committee Meeting of the Project was held on September 30, 2008 and Project Orientation seminar with Districts was held on October 1-2, 2008. The project office was organized and equipped by February 2009 in Pokhara. The Project Support Unit staff was employed by April 2009. The Project Coordination Office was established by DoLIDAR in the same premises in March 2009.

This Inception Report covers the Project's initial period of nine (9) months, August 2008-April 2009; summarizing findings from field visits to the project districts, consultations with central and international stakeholders, short term consultancy results, activities undertaken, institutional and policy framework, monitoring and evaluation framework, recommended project policies and approaches, risks analysis, budget analysis, plan of operation and presenting the new revised Project Document.

In the process of evaluating the concept of original Project Document it became evident that there is a need to revise the original project planning framework which focused mainly on to the water resource sector development using the water as an entry point for development. The new scope of the Project and the intervention strategy were developed against the background of the new evolved context in the Water Supply and Sanitation (WASH) sector and the governance system of the Country.

The following reasons have compelled to change the project planning framework.

- New WASH Approach: Health and Sanitation (H&S) total behavioral change led program where domestic water is only one component in the process of the total behavioral change
- Changed scope: WASH Sector instead of Integrated Water Resource Management Sector
- Gender and Social Inclusion: Increased GESI responsive, effective participation and ownership of communities
- Sector Wide Approach: Change from the project approach to the programmatic approach
- Decentralization: Increased devolution of power in management and financial decision making to District Development Committees, Village Development Committees and User Groups leading to the revision of project budget structure
- Funding: New fund channeling from consultant based funding to Government to Government funding
- Alignment: Change from project specific procedures and practices to aligned government systems

- Coordination: Need for improved coordination of WASH sector implementation

The conventional approach starts with water supply and expects to change the behavior of a community for sanitation treating sanitation as a subsidiary program to water supply. In the proposed approach the entry point of intervention should be through behavioral inputs through community practice and as a result of this, the pressure is created by community for improved sanitation, hygiene and safe drinking water unlike in the conventional approach where the water supply creates the pressure/motivation for sanitation.

The original Project Document assumed that the inception phase will take eight months. The first Steering Committee was urging the consultant to start fast and requested to reduce the time for inception phase. In the process of assessing the present political situation and the WASH sector in the Country the conclusion was made not to mobilize to the districts without Government partner-organization physically present in PSU otherwise which could lead to the consultant driven approach i.e. traditional project implementation approach. Therefore, the mobilization to the districts was delayed. This delay gave additional time for comprehensive analysis of the situation and proper establishment of the Project Support Unit. The situational analysis resulted to the changed project planning framework.

The situational analysis included:

- Development of new strategy in Total Behavioral Change in Hygiene and Sanitation
- Gender and Social Inclusion analysis and development of good practices in WASH programs where GESI is integrated and not seen as a separate component
- Funding analysis and proposal for the new funding mechanism of District Development Fund
- Water quality monitoring analysis and incorporation of National Drinking Water Quality Standard for WASH Programs implementation
- District Development Committee institutional capacity assessment and possible gaps to facilitate the WASH sector implementation leading to the capacity building program
- Development of a concept of District WASH Implementation Guideline instead of Project Implementation Guideline

The changes required were timely and fundamental. Therefore, it was decided to draft totally a new Project Document, which was submitted to the competent authorities (MOF and MFA and MLD) Mid April 2009 and is attached to this Inception Report as **Annex A.**

ABBREVIATIONS AND ACRONYMS

AAO	Administrative/Account Officer
ADB	Asian Development Bank
ADDCN	Association of District Development Committees of Nepal
BOGs	Basic Operating Guidelines
CA	Constituent Assembly
CBO	Community Based Organization
CBWSSP	Community Based Water Supply and Sanitation Project
CLTBCHS	Community Led Total Behavioural Change in Hygiene and Sanitation
CoP	Community of Practice
CPN-UML	Communist Party of Nepal (Unified Marxist-Leninist)
CTA	Chief Technical Advisor
DALY	Disability Adjusted Life Years
DAMSC	District Arsenic Mitigation Steering Committee
DDC	District Development Committee
DDF	District Development Fund
DEO	District Education Office
DMI	Development Management Institute
DoLIDAR	Department of Local Infrastructure Development and Agricultural Roads
DPHO	District Public Health Office
DSA	District Support Advisor
DTCO	District Treasury Controller Office
DTO	District Technical Office
DWSS	Department of Water Supply and Sewerage
DWSSCC	District Water Supply and Sanitation Coordination Committee
DWSSDO	District Water Supply and Sanitation Divisional Office
EIA	Environmental Impact Assessment
ENPHO	Environment and Public Health Organization
FCGO	Financial Comptroller's General Office
FEDWASUN	Federation of Water and Sanitation Users in Nepal
FGD	Focus Group Discussion
GESI	Gender Equality and Social Inclusion
GOF	Government of Finland
GON	Government of Nepal
Helvetas	Swiss Association for International Cooperation
HRD	Human Resources Development
IEE	Initial Environmental Evaluation
INGO	International Non-Governmental Organisation
KPI	Key Performance Indicators
LDO	Local Development Officer
LFAR	Local Financial Administration Regulation
LGCDP	Local Government Capacity Building Program

LSGA	Local Self Governance Act
M&E	Monitoring and Evaluation
MES	Ministry of Education and Sports
MFA	Ministry for Foreign Affairs of Finland
MHP	Ministry of Health and Population
MIS	Monitoring and Information System
MLD	Ministry of Local Development
MoF	Ministry of Finance of Nepal
MOU	Memorandum of Understanding
MPPW	Ministry of Physical Planning and Works
MPRF	Madhesi People's Rights Forum
MSF	Multi Stakeholder Forum
MuAN	Municipal Association of Nepal
MWCSW	Ministry of Women, Children and Social Welfare
MWR	Ministry of Water Resources
NAVIN	National Association of Village Development Committees of Nepal
NC	Nepali Congress
NDWQS	National Drinking Water Quality Standard
NEWAH	Nepal Water for Health
NGO	Non-Governmental Organization
NPC	National Project Coordinator or National Planning Commission
NRB	Nepal Rastra Bank
NRCS	Nepal Red Cross Society
NRs	Nepalese Rupees
O&M	Operation and Maintenance
PCO	Project Coordination Office
PHAST	Participatory Hygiene and Sanitation Transformation
PIM	Project Implementation Guideline
PM&A	Planning, Monitoring and Administrative
PMC	Project Management Committee
POO	Plan of Operation
PPM	Project Planning Matrix
PRA	Participatory Rural Appraisal
PSO	Project Support Office
PSU	Project Support Unit
RRRSDP	Rural Reconstruction and Rehabilitation Sector Development Programme
RVWRMP	Rural Village Water Resources Management Project
RWSSFDB	Rural Water Supply and Sanitation Fund Development Board
RWSSP-WN	Rural Water Supply and Sanitation Project in Western Nepal
SACOSAN	The South Asian Conference on Sanitation
SC	Steering Committee
SEAM-N	Strengthening of Environmental Administration and Management in Nepal
SO	Support Organisation

STWSSSP	Small Towns Water Supply Sector Support Program
SWAp	Sector Wide Approach
SYKE	Finnish Environmental Institute
TA	Technical Assistance
TDF	Town Development Fund
UC	Users' Committee
UCPN-M	United Communist Party of Nepal (Maoist)
UEIP	Urban Environment Improvement Project
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
VDC	Village Development Committee
WARM-P	Water Resources Management Programme by Helvetas
WASH	Water, Sanitation and Hygiene
WB	World Bank
WDO	Women Development Office
WHO	World Health Organization
WSMB	Water Supply Management Board
WSP	Water Safety Plans
WSS	Water Supply and Sanitation
WSTFC	Water Supply Tariff Fixation Commission
WUSC	Water Users and Sanitation Committee

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ANNEXES

1 INTRODUCTION

1.1 Overall situation

Absence of elected representatives, since 2002, in the local bodies has created leadership vacuum and affected the local governance system that has been in place the last eight years (from 2000) in Nepal. Violent conflict resulted in the demobilization of the vast majority of Village Development Committees (VDCs), and narrowed down the operational space of the local bodies. It is only VDC secretary and in some cases few junior staff that is providing services within the VDC. This has greatly constrained the scope for interaction between the local bodies and communities because there are no elected representatives minimizing the scope for instituting downwards accountability to citizens and communities. As a consequence, the level of participation of local people in development activities is low.

The major political parties (UCPN-M, NC, CPN-UML, and MPRF), in their Constituent Assembly (CA) election manifestos, stated their commitment to an inclusive democratic and federal system of government and to devolve local level and community development related functions to local bodies. The parties have expressed active commitments towards state restructuring to ensure a decentralized, accountable, people-oriented, and democratic self governance system; ending all forms of discrimination, economic exploitation and to address the needs of disadvantaged groups including women, dalits, janajatis, madheshis, old aged, disabled and remote regions and communities by ensuring their participation in state mechanisms, development and empowerment.

The likely reinstatement of the elected local representation in local bodies in the years ahead presents an opportunity to begin to strengthen downward accountability in the local government system – and to help redefine the relationship between local bodies and communities by promoting more constructive interaction. Elected local bodies are expected to be in place after promulgation of the new Constitution. In the meantime, GON has made provisions to fill in the District Development Committees, Municipalities and Village Development Committees by all-party mechanism on the basis of one party one representative, comprising of seven political parties, as mentioned in the interim constitution of Nepal and other political parties who have obtained more than 10 percent verdict from the people (either in proportional or first past the post election of CA) at the district level. These bodies are responsible for coordination, planning, conflict resolution, monitoring, and review; and are expected to be able to interact with local community organizations and individual members of the community in planning and decision making on local governance issues.

There have been positive developments towards improving functioning of the local governance system between the political parties. A greater number of VDCs have now become more operational again. District Development Committees and Municipalities remain operational, and – to varying degrees – have done so throughout the conflict.

The government is committed to increase the volume of fiscal transfers to local bodies, and has, for example, increased the size of VDC block grants from 1 million Nepalese Rupees (NRs) up

to 3.0 million. Increased fiscal transfers from the government to local bodies provide an opportunity to strengthen and improve the quality of local infrastructure, service delivery, and empower the community – and should directly contribute to the process of post-conflict reconstruction and recovery. Equally, this also serves as a GON commitment to decentralization. Similarly, GON is also moving ahead to link allocation of transfers of resources to DDCs and other local bodies as a basic measure to improve good governance.

There is also now a growing realization that there are opportunities to make local bodies more effective and accountable not only by strengthening them but also by enabling communities to have their greater voice in how they shape their development space, and wish to engage with local bodies. The underlying premise here is that such interaction creates upward pressure to enhance good local governance by focusing on communities and local governance as well.

1.2 Water Supply and Sanitation situation

National Water Plan (2002-2027) has envisaged attaining 90 percent water coverage and basic sanitation coverage by 2012. The current coverage rates are estimated at 76 percent for improved water supply and 46 percent for basic sanitation; the corresponding rates for the urban and rural area are 81 percent and 41 percent respectively. With these rates, it appears that Nepal has already achieved millennium development target for drinking water and is approaching the target for basic sanitation (i.e. halving the proportion of people without access to drinking water and sanitation facility in the base year 1990 by the year 2015). However, the situation looks different if the coverage is defined in reference to a minimum travel time to fetch water. Recent studies estimate that by adjusting the stated coverage to 15 minutes collection time Nepal needs to serve an additional 7,000 rural households every month between 2000 and 2015 to meet millennium development goal for drinking water (similarly, 10,000 toilets need to be constructed every month in order to meet the sanitation targets).

Several drinking water schemes, particularly the gravity flow systems, are not functioning properly for a variety of reasons including inadequate maintenance, design or construction flaws, natural disaster and water rights disputes. It is estimated that 56 percent of the water schemes require major repairs and 16 percent need complete rehabilitation to restore and assure adequate water supply. Furthermore for those communities that have improved water supplies, many of the schemes are in dire need of rehabilitation because not all users' groups have been able to properly carry out the operation and maintenance responsibilities.

The water supply and sanitation situation in RWSSP-WN project area is the following: [1]

[1] Un-official information received from DWSS regarding the WSS situation in RWSSP-WN project area in the beginning of 2008-2009 fiscal year. DWSS through its divisional offices carried out inventory of water supply and sanitation in all districts in 2008 and is still in a process of analyzing and compiling the data.

Water supply and sanitation situation in Nepal and in RWSSP-WN project area (2008)

		Water Supply				Sanitation	
District	Total No of households	No of households with access to WS	Coverage %	No of HHs access to functional WS	Actual % WS coverage	No of households access to sanitation	%
Pyuthan	44,269	35,258	79.64%	20,582	46.49%	8,389	18.95%
Kapilvastu	82,505	66,836	81.01%	66,191	80.23%	16,253	19.70%
Rupandehi	130,202	117,027	89.88%	117,027	89.88%	58,708	45.09%
Nawalparasi	118,545	99,517	83.95%	91,424	77.12%	43,233	36.47%
Baglung	54,638	49,649	90.87%	31,221	57.14%	29,510	54.01%
Tanahu	64,165	52,619	82.01%	38,233	59.59%	33,481	52.18%
Syangja	63,524	49,871	78.51%	36,214	57.01%	41,678	65.61%
Myagdi	23,137	19,274	83.30%	14,694	63.51%	9,303	40.21%
Parbat	32,711	28,765	87.94%	17,558	53.68%	23,424	71.61%
TOTAL for RWSSP-WN area	**613,696**	**518,816**	**84.54%**	**433,144**	**70.58%**	**263,981**	**43.01%**
Hills	282,444	235,436	83.36%	158,502	56.12%	145,786	51.62%
Terai	331,252	283,380	85.55%	274,642	82.91%	118,195	35.68%

This table shows that water supply coverage in RWSSP-WN area is quite good (as an average of nearly 85 % water supply coverage) but the problem is that 16 % of existing schemes need complete rehabilitation. When the schemes for rehabilitation need are deducted from the coverage the RWSSP-WN water supply coverage decreases to 70 %. Sanitation situation is different. Access to sanitation is only 43 % as an average in the Project districts and in Pyuthan and Kapilvastu districts the access to sanitation is even less than 20 %. The best sanitation situation is reported to be in Parbat district with over 71 % access. The natural conclusion from this table is that hygiene sanitation needs more attention than water.

The arsenic situation is the three Terai districts are the following[2]:

District	Number of the wells tested	Arsenic concentration >50 ppb	% exceeding 50 ppb	Number of people affected >50 ppb arsenic drinking water
Nawalparasi	32,219	3,957	12.28	21,763
Rupandehi	75,396	513	0.68	2,821
Kapilvastu	36,060	1,193	2.99	6,561
TOTAL	**143,637**	**5,663**	**3.9**	**31,145**

According to this information total of 31,145 people living in the three Terai districts are in a risk to have effects from too high arsenic concentration if they drink arsenic contaminated water regularly. The situation is worst in Nawalparasi district.

Furthermore DWSS has just recently drafted the Master Plan for Sanitation and Hygiene in Nepal (2009-2017), which should provide good base for RWSSP-WN to test the new Master Plan ideas in practice. The plan aims universal access in sanitation by 2017 and gives adequate importance for sector coordination and behavioral change in hygiene and sanitation. Furthermore

[2] DWSS (2008)

the plan focuses for the VDC level hygiene and sanitation program implementation. RWSSP-WN design is in line with this.

1.3 Understanding and interpretation of the Original Project Background, Overall Objective, Purpose and Expected Results

In the following overall objectives, purpose and result areas are presented in a manner to catch the in-depth understanding of the project idea from the original document.

The original project document describes the **overall objective** of the project as follows:

> *'Adequate coverage of appropriate service levels and sustainable water supplies and sanitation'*

According to the consultant opinion this overall objective, which in other term is called the goal, is more outcome oriented rather than a long term development goal. It is well understood that the project's ultimate goal should serve the development goals of GON and GOF and be more within the control of the results that can clearly guide all the development decisions in the project. Therefore the new ultimate project goal proposed is:

> *"Increased well-being of the poorest and excluded households"*

Furthermore the project document shows the way on how the originally prescribed overall objective can be reached. This is called **project purpose** and it has been defined in the original Project Document as follows:

> *'Strengthened institutional capacity of Districts to enable decentralization from Districts to users for sustainable self-management of rural water supply and sanitation'*

This Project Purpose clearly stipulates the **focal point of the Project:** *Focus on Institutional Capacity Building of water supply and sanitation.* This clearly states that the project purpose is to create capacity at the district level through the construction of water supply and sanitation. Planning and construction process is therefore the means to get capacity built on WASH. The consultant is of the opinion that this project purpose misses very important components of sustainable development of the WASH sector i.e. hygiene and focus to the excluded and poor. Hygiene should always be part of the WASH development as its impact is one of the greatest in the improvement of people's well-being. In development context the focus should be for the poor and excluded in order to achieve the development goals of the two nations. The original project purpose clearly shows that capacity building shall start from district level and that it is district with the developed capacity, who should continue the decentralization and devolving the power to the users. The purpose presented in the original document by-passes the Village Development Committees (VDCs), which are an integral part of the development institutions in Nepal. The capacity building is therefore a step-by-step approach devolving the decision making and fund management power to lowest possible level by taking all development partners in the process chain. Furthermore in order to sustain this development the process should be demand driven, gender sensitive, rights based and focusing on the poorest and excluded. Therefore the consultant proposes the new Project Purpose as follows:

> *"Fulfillment of poorest and excluded households' basic needs and rights of access to safe domestic water, good health and hygiene through decentralized governance system"*

It has been also understood that the basic character or spirit of the original project design is *development* and it should not be understood as a *conventional FINNIDA water project*.

Furthermore the original project document describes the major outcomes or results as follows:

Institutional Capacity-Building: *'Strengthened institutional capacity of Districts to enable decentralization from Districts to users for sustainable self-management of rural water supply and sanitation'.*

The **in-depth aim** of this proposed district level Institutional Capacity Building is:

"Devolve the power of implementation of water supply and sanitation to the users".

This is understood that the districts should not be the implementers, but only facilitators. Implementation responsibility is to be given to the actual users of the services. In the last part of the Project Purpose the **optimum end-situation** at the end of the process is described:

"Users shall self-manage the water supply and sanitation".

Accordingly it is understood that all the capacity building done at the district and user level shall aim to the self sustainability. The main means to achieve this result as proposed in the original document is for the Local Governance Institutions involved with rural water supply and sanitation as well as Local Government planning system to be strengthened. Furthermore the original document proposes that policies and plans should be updated and prepared. These policies and plans include water use plans.

As can be seen the major end-situation proposed in original document concentrate on water supply constriction and do not emphasize the coordination, harmonization and alignment to sustain the end-situation. It also leaves out the capacity building of the VDC. The propose system concentrates only district level capacity building activities.

Human Resources Development: 'Human resources capable of implementing decentralized water supply and sanitation strategies'.

This result description spells out the importance of developing the capacity to implement district owned systems in water and sanitation. Anyhow the means described later on in the document do not include any actions towards harmonized district level water supply and sanitation strategy development except the M&E system, which should be part of the strategy. The means proposed in the original document focus on training only.

Resource Mobilization: 'Financial and other resources are obtained for the implementation of rural water and sanitation facilities on a demand-led participatory basis'

The consultant is of the opinion that there is no need to lift financial management system development out from the general development context. It should be there, but does not deserve separate result area. The development of financial systems should focus more to serve the future Sector Wide Approach (SWAp) funding at district level. The original document leaves out the VDC level financial system development, which is also very important in order to sustain the sector implementation in future. Community level finance is of course important but it should be part of the implementation process and not a separate result area.

Service Coverage and O&M: 'Community-based projects are implemented and improved methods adopted by users for operating and maintaining rural WSS facilities'

The proposed means aim to achieve this result by including water supply, sanitation and arsenic mitigation to the planned interventions. The original document also includes improved irrigation and energy systems as contributing factors towards sustainable WSS facilities. The consultant understands that the irrigation and energy were included to the original project document as important component of the water resource sector development. The original overall objective does not mention the water resource sector development but the water and sanitation sector development (Overall objective: *'Adequate coverage of appropriate service levels and sustainable water supplies and sanitation'*). Therefore the consultant is of the opinion that the inclusion of these two sectors to the WSS sector does not serve the achievement of the original project purpose.

The key-results in the original project document are divided into sub-key results or components. The consultant's argument is that the presented key-results are not justified and complicate the resource allocation and budget structure. The sub-key-result structure supports a consultant driven project and do not necessarily function based on demand driven implementation principles facilitated by the local bodies.

It is understood that there is a great need for a new type of a *"water, sanitation and hygiene project"* to be tested in Nepal, which could initiate and test new innovative approaches, which are under development for the WASH sector at the moment. It is also understood that total integration into the local bodies and alignment to local governance systems, structures and processes is mandatory. It is also understood that testing the new approach of coordinated and harmonized District WASH implementation focusing on hygiene & sanitation and on the poor and excluded and using learning – by doing methodology could pave the way towards sector wide approach in WASH sector. Sanitation and hygiene have gotten more focus during the last year. There is need to change the focus from the original water supply focused approach to hygiene and sanitation focused approach where water supply should follow as natural output of VDC level total behavioral change in hygiene and sanitation program.

Therefore the consultant has revised the whole project document and presents the revision as an **Annex A** in this inception report.

2 Enabling Environment

The overall enabling environment has not remarkably changed since the project formulation time. Major assumptions and risks remain the same as they have been described in the Original Project Document. Temporary disruptions are to be expected in due course of time. Elected local bodies may not be materialized in the nearest few years. Promises have been given by the Government to strengthen the VDC structures. The Project implementation flexibility may depend on many elements such as;

- Amount of DDC, VDC and community contributions
- Fund flow of GON and GOF contribution
- External human resource for DDCs
- Reporting of expenditures

The most likely risks envisaged for 2009 are:

- The political stability remains elusive and sporadic violence remains frequent with a potential to escalate and spread widely
- Temporary blockades due to strike are likely to delay the project's activities
- The devolution process may turn into a very confusing situation as radical federalism becomes an emerging demand
- Capacity in the water, sanitation and hygiene (WASH) sector to coordinate WASH activities and harmonize WASH approaches and implementation modalities is very likely to be low, at all levels.
- Contributions from DCCs, VDCs and final beneficiaries may be lower than expected

The Project should take into consideration the new political situation of Nepal and the context in which the project is being implemented. It should support and respect inclusive, broad-based national priorities of the Interim Government and strive to ensure that it works in the interest of the peace process, respects Do No Harm principles and complies with values and norms expressed in the Basic Operating Guidelines (BOGs) of development cooperation. It should strive to ensure that poor and discriminated groups benefit from basic services and public investments in a nondiscriminatory way and to promote inclusion and actual power sharing in community based organizations as well as in the NGOs.

3 Recommendations given by the stakeholders

During the Inception Phase stakeholders gave plenty of recommendations and suggestions. As much as possible the given recommendations have been included into the revised Project Document presented in **Annex A.** These recommendations given have been summarized in **Annex B.** The annexed recommendations represent the valuable suggestions of district and central level stakeholders who were contributing towards achieving desired objectives of the designed New Project.

Once clear recommendation from the stakeholders was; 'RWSSP-WN should not be started in all nine districts at the same time'. Stakeholders recommended step-by-step expansion approach starting from three districts during first year, six districts during second year and all nine districts during the third year. In this way new methods and modalities could be properly tested before entering to the new districts and spreading the resources into nine districts at the same time. The implementation of this recommendation was not possible due to its fundamental change-character and decisions made before the project start. All districts were informed of the Project start before the Consultant was appointed and the Consultant had no any other option but to include all nine districts simultaneously from the beginning.

4 Activities undertaken during inception period

4.1 Project mobilization and establishment

4.1.1 Mobilization

The leading consultant company Ramboll Finnconsult Oy signed an agreement on July 15, 2008 with the Ministry for Foreign Affairs of Finland for the provision of consultancy services for RWSSP-WN implementation. Ramboll Finnconsult formed a consortium with two organizations, one from Finland and one from Nepal: The Finland consortium partner is Finnish Environment Institute (SYKE). SYKE is experienced in environmental management. The other partner is Nepal Red Cross Society (NRCS). NRCS is an independent, volunteer based and non-profit humanitarian organization that delivers humanitarian service and support to vulnerable people in an impartial and neutral manner.

The Technical Assistance team was mobilized in August 2008. The Team rented three houses and one office building in Pokhara. The office building was previously used as a residence and therefore it needed minor modification to become an office. After the project staffing structure was approved early November 2008 the purchase of office equipment was made. The office was fully furnished on January 20, 2009. Already before this all office equipment was received (December 2008) and was taken into use in early January 2009 when the generator was installed for power supply. The installation of the generator was necessary because the power interruption was 18 hours per day and the similar situation was and is expected to continue for the next five years.

The Ministry of Finance approved the purchase of five cars in late December 2008. The purchase of the cars took place in February 2009 due to the long payment procedures of the MFA. The car payment was done directly by the Ministry for Foreign Affairs of Finland to the car manufacturer. The cars are expected to be received in May 2009.

4.1.2 Project launch

On September 19, 2008 Project Launch Seminar of the RWSSP-WN was organized in Kathmandu. Major stakeholders from Government, other development partners and private sector took part in the ceremony. The project was inaugurated officially by unveiling the project logo by the Honorable Minister of Local Development, Mr. Ram Chandra Jha.

On September 30, 2008 the first project Steering Committee meeting was organized in Pokhara. The meeting approved the revised project management and supervision structure. The Steering Committee meeting was followed by the Project Orientation Workshop with district stakeholders. Three representatives; Local Development Officer, Chief Engineer of District Technical Office and Planning Officer were invited from each district to participate in the orientation workshop. As a result implementation modalities for the fiscal year 2065-66 were developed and the district level action plans were drafted. The main implementation modality agreed upon was for the districts to concentrate on the maintenance and rehabilitation works of water schemes instead of going to a full scale implementation of new schemes.

4.1.3 Recruitment

Technical Assistance team drafted Personnel Administration Manual for the Project Support Unit (PSU). Manual provides detailed guidelines to administer the project staff employments. The project staffing structure was approved in November 2008 in the first meeting of a Task established by the Steering Committee. The Task Force was constituted with members from PSU, DoLIDAR, and MLD and from two districts.

The employment of the PSU staff started in December 2008 with the help of People2People Recruitment Company. Staff employment was undertaken in two phases. The first phase included the senior staff and the second phase included the support staff. The employment process of senior staff took four months due to thorough analysis of over 600 applications and interview of over 40 selected applicants. The recruitment of support staff is in process at the time of submitting this Inception Report.

In addition to this the Technical Assistance team prepared Administration, Procurement and Property Management Manual. The manual includes detailed instructions for the smooth office operations and office management from the beginning of the project.

4.1.4 Project Coordination Office

The project mobilization and district supervision was led by the consultant for the first 8 months. The National Project Coordinator (NPC) was assigned by the MLD/DoLIDAR on March 9, 2009. Project Coordination Office headed by the National Project Coordinator was established in the same premises with the PSU. National Project Coordinator arrived to the Project Office on March 23, 2009. The Project Coordination Office defined in the original Project Document is supposed to have the following staff: two engineers, one accountant and one office assistant. The Office Assistant of the Project Coordination Office (PCO) arrived on April 19, 2009.

4.1.5 Resource mobilization at DDCs

Consultant (Ramboll Finnconsult) did not mobilize any resources to the districts until the NPC arrived. This was to avoid the prevailing mindset of consultant driven approach leading to weak ownership and wrong expectations from the DDC side. Consultant (Ramboll Finnconsult) already found out that many districts were just *waiting for FINNIDA to come and implement* their water projects. This decision delayed the start-up of district level activities. In agreement with DoLIDAR Ramboll Finnconsult provided instructions to the districts on how to select VDCs, water schemes and service organizations in order to start the actual schemes implementation in the districts. These given instructions are only for temporary arrangement which needs to be thoroughly revised when developing the district specific scheme selection and implementation details.

The start of schemes implementation in districts was further delayed due to the time taken in designing the fund channeling mechanism. The actual approval of the fund channeling and fund management has not yet been done between the two governments. In order to get the activities ongoing in the districts during the current fiscal year it was decided in March 2009 that the first fund transfer to DDCs shall be made by the Ramboll Finnconsult and the modality to use the funds in the districts is to be based on the Government of Nepal modalities. Accordingly

RWSSP-WN financing practice becomes fully aligned with the GON funding and financial management systems, which is actually one of the ultimate goals of the project.

It took considerable time of the Consultant (Ramboll Finnconsult) to convince the MFA on the proposed revised terms and conditions to change the consultant driven financing. The confusion of fund flow arises due to the silence of the Project Document on how the funds should be channeled to the districts. It only talks that the RWSSP-WN channels the funds to the districts. This can be understood in many ways.

Considering the urgency of demand for schemes the Consultant (Ramboll Finnconsult) agreed to mobilize 240,000 Euro out of the planned 350,000 Euro for this fiscal year and this arrangement is made only for once.

The National Project Director from DoLIDAR head office assisted the project by informing the districts about the agreed system on temporary fund channeling from the Consultant (Ramboll Finnconsult). It took some time to the DDCs to inform the demand and account numbers to the PSU to make the fund transfers possible. The fund transfers to the districts were finally made during April 2009.

4.2 Project Implementation Manuals and Guidelines

Consultant studied the present *Project Implementation Manuals and Guidelines* used by the major water and sanitation projects in Nepal such as WSSFDB, CBWSSP and RVWRMP. It was found that in principle all the manuals follow the modality where funds are channeled to the WUSC account through DDC/DDF or by-passing the DDC directly to the WUSC account from central level. All manuals address the sanitation as an integral part of the water scheme community thus leaving the other areas of the VDC un-served. Only RVWRMP uses VDC level Water Use Master Plan approach in planning and scheme selection. All other water and sanitation projects plan only at scheme level. In that sense RVWRMP is considered as a *water resource sector development project* and the others are considered as *traditional water and sanitation projects*. Another interesting feature of these manuals is that they emphasize on latrine construction without considering changing the hygiene behaviors of latrine users. Likewise all manuals target 100 % access to water supply but none of them target universal latrine access by 2017. All manuals have proposed different district level management body and none of them address to harmonize the district level WASH coordination. However, RVWRMP promotes district level *water resources coordination*.

All the manuals are project specific and they do not address the sector wide programmatic approach. Due to this fact the consultant is developing the guideline to plan, coordinate and implement District WASH programs, where RWSSP-WN is one of the projects supporting WASH sector in the district.

4.3 Baseline data

The baseline data collected by the Consultant during the inception phase was the secondary data available in different reports, assessments, statistical bulletins, etc… as well as the data collected during the several short term consultancies carried out during inception phase. Furthermore bulky VDC level baseline data was collected by the District Support Advisors. This is all stored by the Consultant. The district level DDC institutional capacity assessment reports include major

baseline data as well. The most essential and relevant baseline data for the design and understanding the present situation in the districts is included into this Inception Report as **Annex C.**

4.4 Financial flows and budget

In November 2008, the project hired two consultants, one international and one national, to carry out a Financial Consultancy (Part I) for two months (Nov 2008-Feb2009). The purpose of the study was to analyze the existing situation and prepare a guideline for the channeling of the investment funds of RWSS-WN through the District Development Funds (DDFs) of District Development Committees as part of decentralization and Sector Wide Approach (SWAp) initiatives of the Government of Nepal. Consultants produced the Guidelines on Programme Based Financial Operations for DDCs that describes the fund flow channel from the Ministry for Foreign Affairs of Finland (MFA) to the Ministry of Finance of Nepal (MoF); and through it to DDFs of DDCs.

The original Project Document of the RWSSP-WN defines that the funds for the implementation of the Project from the Government of Finland (GOF) should be channeled through the *Project*. This has been widely understood that the funds are channeled by the *consultant*. Previous Finland funded water and sanitation projects and the ongoing Rural Village Water Resources Management Project financed by Finland in Nepal have also used this *consultant* mechanism in fund channeling. The system has worked well and proved to be effective.

However, one of the features of the RWSSP-WN is to work as an initiator and to become a testing ground during the transition period moving from project approach to programmatic approach. The RWSSP-WN is meant to be aligned with the government structures and mechanisms in order to support the process of SWAp in the WASH sector. It has been understood that the Government of Nepal has already started the process towards this direction.

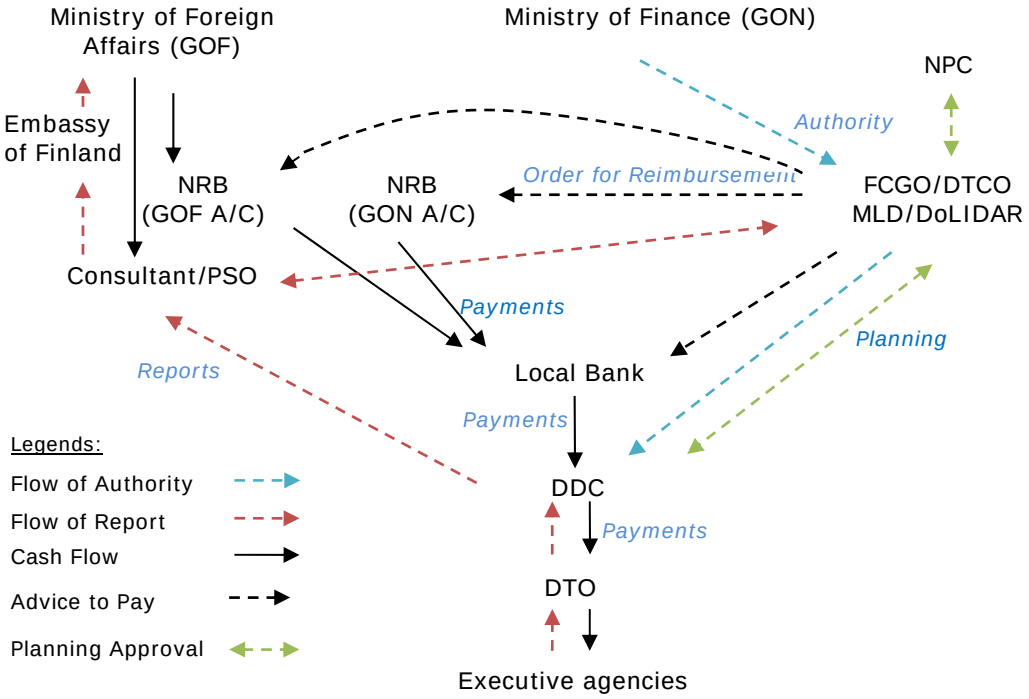
It is also the interest of the Government of Finland to see this transformation in the development approach to strengthen the decentralization process in Nepal. One of the important features of the programmatic approach is that project funds are channeled through the recipient Government and not through the Consultant. In RWSSP-WN the investment funds as proposed in the original project design should be managed by the DDCs using basket system of District Development Fund (DDF). The Consultant felt the necessity to explore the possibility of moving away from the conventional project approach to the programmatic approach by channeling at least the investment funds through the Government channels to the districts. This would facilitate the establishment of a decentralized financial system which is sustainable and accountable; and owned and operated by the Government of Nepal. For further clarification the investment funds do not only include funds used for actual physical construction, but also the funds needed for planning, design, supervision, capacity building, monitoring, reporting, etc…at the central (DoLIDAR), district, VDC and scheme levels.

The option**: "**Funding through National System - pre-funding" for investment funds has been recommended by the Consultant and endorsed by DoLIDAR. Currently it is in a process of approval by competent authorities as a new funding system for RWSSP-WN. In this mechanism the Government of Finland (as donor in WASH sector) transfers the required funds prior to

actual disbursement/expenditure of funds for an agreed period. The following steps are involved in this process:

i. Government of Finland *(donor)* transfers the fund to the designated bank account at Central Bank (NRB) maintained for this purpose. In case of Finland it is the Central Bank's (NRB) account number: A.7-16.
ii. The concerned DDC receives authority to use the budgetary requirement through existing National System from FCGO/DTCO and MLD/DoLIDAR.
iii. Upon receipt of authority letter from MLD, DDC is required to submit the project plan to NPC within 15 days.
iv. Upon receipt of fund in DDF, DDC transfers entire fund to DTO operated account. Thereafter DTO makes necessary disbursements. It is expected that *DDC authorizes the DTO* for the district WASH fund management at district level.
v. Expenditure to be met by consultant (e.g. TA part) as per the agreed budget should be reimbursed by GOF *(donor)* to the Consultant directly. This part is separated at this stage from the district WASH fund flow in order to provide technical assistance support to DDCs independently.
vi. FCGO uses the GOF *(donor)* funds available at Central Bank (NRB) to reimburse the claim of bank (local bank)
vii. District level WASH fund (in this case RWSSP-WN and other donors as well) expenditure reports are prepared by DTOs and sent to MLD via DoLIDAR. In case of RWSSP-WN the DTO sends the expenditure reports of the WASH funds earmarked for RWSSP-WN to the Project Support Office (PSO) in Pokhara, who compiles the reports and sends them to DoLIDAR in order to report the use of RWSSP-WN fund use only.

The approved financing system is illustrated in the graph below. Practical guidelines for implementing this option are presented in the consultancy report prepared and submitted separately.



4.5 Gender and Inclusion

Gender Equality and Social Inclusion (GESI) Consultancy assignment was carried out in January-March 2009 by one international consultant and three national consultants. The original aim of the GESI consultancy was to prepare GESI Implementation Manual for the Project. It was understood during the consultancy that preparing a separate GESI implementation manual and distributing it to the Districts would not make sense because the GESI issues cannot stand alone and should not be regarded as a separate sub-project of RWSSP-WN.

The GESI consultants helped the RWSSP-WN to ensure that the WASH projects supported by the RWSSP-WN remain according to good practices in the WASH sector. Good practices refer to community-based, socially inclusive, demand-driven, need-based, right-based pro-poor, gender responsive, culturally and environmentally sound, participatory, and technically appropriate that promote sustainable WASH service delivery. This consultancy work produced two documents: District Guideline to Good Practices in Water, Sanitation and Hygiene (WASH) Promotion and Institutional GESI Handbook for the RWSSP-WN Project Support Unit on Personnel Management.

Gender Equality and Social Inclusion (GESI) is a theoretical concept and a *goal* in its own right. It is a strategic goal of the Government of Nepal and its partners in development aid because it contributes to respect of human rights in general and women's and minority people's rights in particular. GESI is also a precondition for poverty reduction, economic growth and political stability.

The overall approach to GESI of the District WASH supported by RWSSP-WN is that the GESI issues must be fully integrated into the mainstream of RWSSP-WN and District WASH documents and WASH project cycle: planning, implementation and monitoring / evaluation, - for GESI aspects and issues to be taken serious, be understood and make sense for the District WASH sector stakeholders and partners of the RWSSP-WN.

It was found out during the consultancy that preparing a separate GESI implementation manual and distributing it to the districts would not make sense because the GESI issues cannot stand alone and should not be regarded as a separate sub-project of RWSSP-WN, or a separate component with its own implementation manual, budgets, and log-frame and implementation plan and modalities. It was understood that District WASH stakeholders want to do WASH projects, not GESI projects. There is also a risk that they may not appreciate a GESI manual and may not read it and use it, when planning WASH programmes, – or they may simply give such a document to the Women Development Office Chief and ask her/him to take care of GESI in WASH projects. That way the GESI issues may not really be taken into account in WASH projects, and the WASH projects may not really benefit the socially excluded and women.

It was understood that district WASH stakeholders /partners want capacity building in WASH promotion (which should and will include awareness of and methodologies for mainstreaming of GESI issues in the WASH sector). Therefore, for the GESI consultant team's recommendations to be applicable and realistic, – not as a RWSSP-WN *GESI implementation manual*, - but as a tool for local bodies and other district level stakeholders in the WASH sector; - it was recognized the necessity of going far beyond GESI issues. The conclusion was that GESI is part of setting the agenda for WASH sector support and with identifying the type of WASH projects, the district level modalities for planning and implementation and monitoring of WASH, and the overall RWSSP-WN or District WASH approach and implementation strategy the GESI consultants have helped the RWSSP-WN to ensure that the WASH projects supported by the RWSSP-WN remain *according to good practices in the WASH sector*. Good practices refer to community-based, socially inclusive, demand-driven, need-based, right-based pro-poor, gender responsive, culturally and environmentally sound, participatory, technically appropriate, and sustainable WASH promotion and service delivery.

Moreover, the RWSSP-WN implementation approach of the financial and technical support to Government of Nepal and District WASH stakeholders is aligned with Government of Nepal WASH policies, strategies and District WASH project planning and implementation modalities – instead of building parallel structures and imposing the implementation of a Finnish or FINNIDA WASH project in the Districts. Therefore, the RWSSP-WN approach to GESI is also to align with Government of Nepal (in this case: MLD/ DoLIDAR) GESI mainstreaming norms and policies, to the extent that such exist[3].

The RWSSP-WN GESI approach and strategy can be summarised as follows:

[3] At the time of completing the short-term RWSSP-WN GESI consultancy, MLD GESI strategies were under development but not completed and available to the RWSSP-WN GESI consultants. It is assumed that the RWSSP-WN GESI strategy and mainstreaming of GESI aspects into the District WASH guide will be in line with the future MLD GESI strategy and guidelines.

a) To first and foremost appreciate, elaborate and help to make applicable in practice, the government's own criteria, quotas, guidelines on GESI, which are already included in the WASH sector policies and plans and the LSGA: promote alignment with Government's own GESI guidelines, manuals in the WASH sector, and provide a tool for DoLIDAR and local governments on how to implement good practices and GESI responsive WASH programmes.

b) To look forward and into the future and encounter the GESI awareness and positive changes that Nepal has seen lately, while promoting unification among people and between the two sexes and across age barriers,

c) To support the recreation of the rural community spirit and promote the perception of equal citizens having equal rights to public WASH services and benefits from development aid.

d) The GESI focus should be on economic class and poverty reduction among the poorest, - not caste and ethnicity or sex or age.

e) The WASH programmes funded by the RWSSP-WN should promote inclusion of the poorest segments of the rural communities regardless of their social status and composition.

f) The Social Inclusion aspects are basically about reaching the poorest people/households/clusters/Wards/VDCs which have been underprivileged and previously excluded from participation in development decision making processes, planning, implementation, monitoring and from receiving benefits from development initiatives and an equitable share of the budgets and services.

g) GESI should *not* be based on the divide and rule approach and not on positive discrimination of any group, which automatically leads to exclusion of other groups. In principle, Social Inclusion does not mean exclusion of the elite.

h) In short; the recommended GESI approach is not to create problems related to gender, caste, or ethnicity in the rural communities; not to make caste, sex or ethnicity or age an issue where it is not, and not to create artificial stratification of communities or households in the name of inclusiveness.

i) The GESI approach should be based on the concepts of:

- Equal Rights (equal Human Rights for all and the rights to fulfilment of basic needs such as safe drinking water, clean food, sanitation and a life in dignity); equal rights to benefiting from development aid, public services, employment opportunities etc.);
- Equal Voices and equal access to meaningful representation in decision making, planning and implementation and monitoring and evaluation activities;
- Equal access to financial, natural, human, social, physical and capital Resources.

4.6 Water Quality Monitoring

A team of consultants: one international consultant and one national consultant, was hired to carry out a consultancy assignment on Water Quality Monitoring in February and March 2009.

The consultants produced a clear, sustainable, efficient, harmonized and coordinated action plan and strategy for District WASH implementation supported by RWSSP-WN. The developed strategy is synchronized with the National Drinking Water Quality Standard (NDWQS), (2005). The developed strategy is planned to be tested in RWSSP-WN districts and if proven feasible and effective RWSSP-WN should advocate the model to become nationwide water quality monitoring system in rural areas of Nepal. The consultancy report includes comments made on the NDWQS. The proposal in detail is presented in a separate report available in PSU in English.

The assessments carried out were:

1. Applicability of the Water Safety Plans (WSP) concept introduced by the World Health Organization (WHO) in rural water supply and sanitation in Nepal and proposal on how it could be used in RWSSP-WN water quality monitoring system
2. Applicability of water watchers concept of SEAM-N in water quality monitoring in RWSSP-WN
3. Experience and development done so far of the water quality monitoring in the RVWRMP implemented in Far and Mid West of Nepal
4. Applicability of Drinking water quality standards valid in Nepal and their rationale use in RWSSP-WN
5. Review of the drinking water quality monitoring system in Nepal including the assessment of existing public and private water laboratories and their capacity to provide service
6. Capacity and possible gaps in the relevant DDC organizations to carry out water quality monitoring

The consultancy report includes comments made on the existing National Drinking Water Quality Standard (NDWQS) and it provides results of the assessment with proposals for the RWSSP-WN. The report proposes that RWSSP and RVWRMP Project start to implement NDWQS, approved in 2005, as far as it is possible in practice. The proposal for a water quality monitoring practice and policy are described in detail in the separate report.

The report strongly recommends that District WASH Programs supported by RWSSP-WN should be the testing ground for the modified safety plan developed for rural water supply. The testing of the safety plan is ongoing at the moment by DWSS and the results should be soon available for the RWSSP-WN. The testing of the water quality monitoring would provide important information regarding the applicability of the NDWQS to the nation level before the standard becomes valid for rural areas (2015).

The report includes several comments on the existing National Drinking Water Quality Standard. In the following box the most important ones are presented:

Recommendations for the NDWQS

- *The proposed coliforms or total coliforms cannot be considered as hygienic indicators Consultant recommends to include faecal coliforms in the parameter list instead of total coliforms.*
- *To identify Escherichia coli content in water is expensive, though possible nowadays. The consultant recommends Colilert method.*
- *The expression of hygienic standard as E. coli MPN/100 ml is not good because the MPN-method is not the most practical way to detect the presence/absence of E. coli in 100 ml sample.*
- *NDWQS will be effective in all rural water supply schemes within first three years of the second phase, this means 2015-2018.*
- *Also GON laboratories should be accredited if carrying out these analyzes if accreditation directive will remain valid.*
- *Field measurements should be avoided as much as possible because they are not accurate.*
- *The standard defines that the water supplier themselves are responsible for water quality monitoring. This means WUSC are responsible for rural water supply.*
- *Consultant recommends storing of the water samples in 4 degrees instead of limiting the time between sampling and analyzing to2-6 hours.*

Other findings are:

The report concludes that technically regional and central government owned water laboratories are qualified to provide water quality testing services. The only problem is that all laboratories should be first accredited by the authorized government laboratory (including itself). Furthermore these laboratories should employ technical personnel, develop quality assurance mechanisms and pricing policies for providing tests for outsiders on request. Most of the private sector laboratories in Kathmandu are technically and human resource wise qualified, accredited and ready to provide services.

The laboratory established by Asian Development Bank (ADB) on the premises of Regional Monitoring and Supervision Office of DWSS in Pokhara was found out well equipped. Anyhow it was found out that the laboratory is not operational and it still needs further furnishing. The laboratory has no quality control system, no chemicals and no policies have been established to provide services for outsiders. The laboratory does not have human resources and budget to operate.

In order to start systematic water quality monitoring the report proposes that the costs would be initially covered from the WASH basket of the District Development Fund (DDF). The DDC opens tendering among the consultants having accredited water quality laboratories. The tendering includes the planning, implementation and reporting of the water quality monitoring of the schemes constructed by the RWSSP-WN supported District WASH.

Institution wise the report recommends that District Water Supply and Sanitation Coordination Committee (DWSSCC) in hill districts and District Arsenic Mitigation Steering Committee (DAMSC) jointly with DWSSCC in Terai districts should assume the responsibility of water quality monitoring temporarily in order to test the standard.

Analysis of the collected samples should be carried out mainly by the accredited laboratories. No field laboratories should be established and the field analyses should be avoided. By this way the

quality of monitoring results can be secured. Furthermore two to three members of the WUSC in the scheme area should be trained to take and handle water samples.

Report proposes that the main type of water quality monitoring is three times per year (pre-monsoon, during monsoon, post-monsoon) and includes water hygiene monitoring and need based water hygiene monitoring. Basically only the presence/absence of E. coli in 100 ml sample should be analyzed. The total coliforms should not be analyzed in spite of the fact that it has been mentioned in the standards. Once a year also the physical and chemical parameters mentioned NDWQS should be analyzed.

The proposed water quality monitoring program has been divided into two parts:

Part A: Piped Schemes and
Part B: Un-piped schemes.
In both parts are the following three phases:

1. Background monitoring in pre-feasibility stage
2. Completion monitoring before the commissioning stage
3. Operational monitoring in three stages:
    - pre-monsoon
    - during monsoon
    - after monsoon

4.7 DDC Institutional Capacity Assessment

A national consulting company named; Development Management Institute (DMI) was hired to carry out the consultancy work to assess the DDC Institutional Capacity of the nine DDCs of the project area. The assignment started in March and will end at the end of April 2009. The consultant should assess the institutional capacity of nine District Development Committees and their District Technical Offices to implement the full-fledged WASH programs through the decentralized DDC structure by identifying the existing institutional/organizational capacity gaps; and to recommend the areas of interventions for capacity building to sustain the WASH programs as part of regular features of their organizational system.

The inherited institutional constraint in effective service delivery has been acknowledged widely by the development practitioners in Nepal. RWSSP-WN also recognized this and is therefore putting efforts for the capacity building in order to improve the service delivery in WASH. Therefore, identification of the institutional gaps in the DDC and concerned institutions, and the drafting of the strategy to overcome such gaps could help RWSSP-WN to devise an appropriate capacity building support programme for DDC and other relevant stakeholders including DoLIDAR, VDCs, communities, NGOs, CBOs and private organizations.

To do this, the Project initiated a consultancy service contract. The consultancy company hired was to assess the institutional capacity of nine District Development Committees and their District Technical Offices to implement full-fledged WASH programmes through the decentralized DDC structure by identifying the existing institutional capacity gaps; and to recommend the areas of interventions for capacity building to sustain the WASH programmes as part of regular features of their organizational system. The recommended capacity building

actions should be harmonized with other ongoing capacity building programmes in the DDCs by other stakeholders.

The expected outputs of this study are:

a) Existing organizational capacity of DDCs in terms of:

- Strategic orientation i.e. vision, policy and strategy (including WASH and arsenic mitigation strategy)
- Planning, programmes/ projects, accounting, budget, monitoring, reporting and evaluation
- Coordination, tendering, contracting and networking with sectoral line agencies, NGOs, CBOs, private sectors, donors, and other external stakeholders and partners
- Organizational functions, structure, staffing pattern, recruitment and internal working procedure, communication, and training
- Procurement, tendering, contracting
- Mainstreaming and integrating gender and social inclusion into project planning and implementation
- Organizational culture and value system
- Organizational transparency and accountability mechanism

b) Existing organizational WASH service delivery capacity of DDCs in terms of:

- Service protocol (planning, selection of schemes, implementation, operation and maintenance, water quality assurance and funding mechanism) used by different projects either through the DDC structure or directly working with the community
- Responsibility matrix that shows who (actors and stakeholders) is responsible for what at the different nodes of service protocol
- Mechanism used to sustain the operation of services through VDC and local social structure
- Human resources and skills to implement the WASH programmes

c) Existing budget, financing pattern and sustainability, transaction cost[4] in WASH service delivery

d) Existing technical capacity of DDC/DTO to execute, implement and oversight of the WASH sector

e) Service delivery accountability and oversight mechanism

f) Ongoing other capacity building programs in order to avoid overlapping

g) Capacity assessment of DoLIDAR in terms of:

- Coordination and facilitation of WASH programme at the district and central level
- Monitoring, oversight and evaluation of development effectiveness of WASH programme at the central level

[4] Transaction cost is the cost incurred in service delivery. It basically includes the administrative and overhead costs while delivering the services.

- Capacity to provide technical, financial and management support to DDCs in WASH implementation

It is expected that the DDC assessment consultant should submit the final report at the end of April 2009. Based on this a comprehensive human resource and organisational development plan should be prepared for capacity strengthening of DDCs and other relevant institutions.

4.8 Arsenic Mitigation Strategy and Action Plan

Arsenic is a natural metalloid element present in the earth's crust. It is a transitional reactive element that forms chemical and organic complexes together with other metals, carbon and oxygen. Dominantly arsenic occurs combined with sulphur ore. Due to several reactions, especially the oxidation and reduction processes, several arsenic compounds in soluble forms get released inside the earth crust and contaminate the ground water. Thus, arsenic in the tube-well water is of geological origin. Based on geological theory, it is believed that thousands of years ago, rocks rich in arsenic eroded from high mountain areas through flood and soil erosion and deposited in low lying flood-plain areas along with sand, gravel and clay.

So far, arsenic is the only known carcinogen in drinking water and prolonged exposure through drinking has been demonstrated to cause cancer. It is also poisonous for human beings. The arsenic poisoning is cumulative and the development of arsenic toxicity is very slow and insidious. It takes about 2 to 10 years of continuous ingestion of arsenic contaminated water or food to develop the overt symptoms of arsenicosis.

The first visible signs of arsenicosis are in skin. The hands and feet may crack open and may develop into non-healing sores needing amputation. Neurological symptoms like sensi-neural weakness, auditory nerve damages and distal weaknesses are also frequently reported. When a person continues to ingest arsenic, the skin can develop sores or lead to fatal type of cancer of skin, lungs, liver, bladder, kidney and colon. Anyhow, the medical symptoms have been detected with quite few inhabitants taking into account the number of people drinking water exceeding the arsenic standard values.

World Health Organization has set the guideline value for arsenic in drinking water at 10 ppb or µg/L (0.01 mg/L). Nepal has accepted 50 ppb as its standard. During this Century huge amount of arsenic analysis from different kind of drinking water sources (more than one million) have been carried out in Terai. The objective of those studies have been to detect if arsenic concentration in drinking water exceeds the WHO or Nepali standards. The most common analytical method used has been "blanket test" which gives the arsenic content values <10 ppb/l; 10-50 ppb/l; 50-100 ppb/l and >100 ppb/l. Unfortunately there are very little accurate, in laboratory measured concentration values of arsenic in drinking water.

According to the updated summary of blanket arsenic testing by National Arsenic Steering Committee (NASC), of 1,120,000 water samples so far tested as on July 2008 in 20 Terai districts of Nepal, 7.5% water samples exceeded WHO guideline value of 10 ppb and 1.8% of water samples exceeded Nepal Standard of 50 ppb. The percentage of water samples exceeding 10 ppb of arsenic varied from 0.3% (Chitwan) to 26.0% (Nawalparasi), while it was 0,06 % (Jhapa) to 12.28 % (Nawalparasi) for samples exceeding 50 ppb of arsenic. This proves that

arsenic problem in Terai is spatial and localized, not uniformly distributed. In RWSSP-WN districts the situation was the following[5]:

District	**Total No of tests**	**Samples with arsenic concentrations**			**Percentage exceeding**	
		0-10 ppb	**>10-50 ppb**	**>50 ppb**	**10 ppb**	**50 ppb**
Nawalparasi	32,219	23,844	4,416	3,957	26 %	12.28 %
Rupandehi	75,396	72,316	2,567	513	4 %	0.68 %
Kapilvastu	39,915	36,060	2,662	1,193	10 %	2.99 %
TOTAL	**147,530**	**132,220**	**9,645**	**5,663**	**10.37 %**	**3.83 %**

In spite of the fact, that there is huge arsenic data set available, the process of arsenic movement in soil and ground water still remains unknown. It would be very important to carry out comprehensive scientific analysis of the Terai arsenic data-set to find out, if it is possible to learn how to avoid the arsenic problem in practice.

It is recommended that further arsenic studies should be funded to find out how arsenic is moving in the soil and groundwater, in which depth arsenic ore layer is in different areas of Terai and how the arsenic concentration fluctuates annually. By this kind of studies it could be possible to create proactive measures and techniques to avoid arsenic problem in Terai drinking waters.

By understanding the movement and source of arsenic in different parts of Terai it would be possible to find some sustainable solutions for the problem. Delivering arsenic filters is only temporary or first-aid method of arsenic mitigation and not a sustainable solution! The only sustainable solution for the arsenic problem is to lead good quality water from the hilly or mountainous areas to Terai and then deliver it to the consumers. It is recommended that RWSSP-WN takes holistic approach in arsenic mitigation by financing research to find sustainable solution. Provision of arsenic filters should be seen only temporary solution and done in emergency cases to provide “first-aid”.

It was also found out that Kailali District is presently preparing Arsenic Mitigation Master Plan. It is recommended that before the support of RWSSP-WN to Arsenic Mitigation is finally fixed in the three Terai Districts the result of the Kailali Arsenic Mitigation Master Plan should be analysed and the final decisions should be done based on the Master Plan recommendations. It is proposed that district specific Arsenic Mitigation strategy and plan developed based on the Kailali Master Plan findings should be prepared for each RWSSP-WN district with the support from RWSSP-WN.

[5] DWSS (2008)

4.9 Community Led Total Behavioral Change in Hygiene and Sanitation

During the last two decades, Nepal has come a long way in the promotion of sanitation in the country, particularly in terms of the ownership of latrines. While the latrine coverage in the country was a mere 6 percent in 1990, it has since risen to 46[6] percent, thus clearly poised to meet the Millennium Development Goals of 53 percent in 2015. However, the National Goal in sanitation as reflected in the Tenth Plan (2002-2007) of the country is more compelling and aims to achieve universal coverage in sanitation too by 2017. This decision is momentous in view of the fact that sanitation has always lagged behind drinking water in terms of coverage, now reported to be 76.6 percent in the country, and has always been overshadowed by the latter across all projects whether government or donor funded.

However, the fact remains that sanitation by itself has much to contribute to enhancing the quality of life of the people, particularly in reducing mortality and morbidity, thus qualifying itself to be treated as a self-contained and priority development sector in its own right without being piggybacked with water all the time. For instance, it is reported that "Sanitation alone has a larger impact on health than water alone" and that "Hygiene education, together with sanitation, has more of an impact on the reduction of diarrhoea than water (because many of the causes of diarrhoea are not water borne)". It is further observed that: the hygiene and sanitation situation is "so bad in Nepal that more than 90 percent of people have worms, under five children have more than 4 cases of diarrhoea each year causing approximately 28,000 children death every year, the cause that could have been easily prevented by better hygienic practices and provision of clean drinking water (CE/WES Section, UNICEF/ESS/DWSS, 2002). Thus, the setting the national goal of universal coverage by 2017, both in water and sanitation, clearly implies the enhanced priority the latter has since been accorded. In line with this national goal the Consultant (Ramboll-Finnconsult) therefore has developed a new approach in hygiene and sanitation called: "Community Led Total Behavioural Change in Hygiene and Sanitation" (CLTBCHS). The approach is thoroughly presented in a separate report.

The South Asian Conference on Sanitation (SACOSAN) held its third conclave, SACOSAN III, in New Delhi in November 2008, and Kathmandu is slated to host its fifth edition in 2012. The previous two bi-annual events, SACOSAN I and II, had called for the implementation of the national sanitation initiatives through the formulation of a Master Plan of Sanitation. The task of preparing the master plan got under way in October 2008. The proposed total behavioural change approach in hygiene and sanitation aims to test the ideas put forward in the new sanitation master plan in order to provide adequate information of its applicability in the fourth SACOSAN conference in Kathmandu on 2012. The Consultant expects that the lessons learned in RWSSP-WN supported Districts before 2012 would contribute essentially for the SACOSAN III.

4.10 Review of policies, strategies, acts, regulations, projects and research

The project agreement was made between the Governments of Nepal and Finland in May 22, 2008. The Project's needs and considerations were already taken well in the approved Project Document and extensive policy, strategy and legislation review was already carried out in the

[6] Draft Sanitation Master Plan, 2009 by DWSS

RVWRMP inception phase. Therefore extensive review of the concerned acts was not felt necessary in the Inception Phase of this project.

However, the review of major, new and most relevant policies and strategies as well as projects was necessary and done in order to plan the sanitation, arsenic, gender and social inclusion strategies and interventions in coordinated manner. The summary of the Policy Framework is presented in **Annex D.**

During the first Steering Committee meeting and Orientation Workshop (Held in Pokhara) the need for detailed Project Implementation Guideline and Financing Manual was felt and to be developed as early as possible to guide the Project Implementation. The SC emphasized that this Project Implementation Guideline (PIM) to be developed jointly by the DDC and RWSSP-WN should be improvised based on the existing Implementation Guidelines of Rural Water Supply and Sanitation Fund Development Board Project, Community Based Rural Water Supply Sanitation Project and Rural Village Water Resources Management Project with adequate modifications to comply with sector wide approach principles.

During the inception phase it became evident that this project should not develop its own project based implementation manuals, but the project should concentrate to develop district's own District WASH Implementation Guideline, which all WASH projects in the districts should follow-up. The Consultant understood that this project should not bring one additional and new implementation guideline which should not be used when the project is terminated and which will bring additional burden for the district to implement. Additional project implementation guideline would only add confusion at the district, VDC and community levels. This project should harmonize and coordinate all WASH projects to be implemented using same district-owned principles and strategies.

In this connection several documents were reviewed. The list of the documents reviewed is presented in **Annex E.**

5 Institutional framework

5.1 Central Level

At the macro policy level, five ministries namely the Ministry of Physical Planning and Works (MPPW), the Ministry of Local Development (MLD), the Ministry of Health and Population (MHP), Ministry of Women, Children and Social Welfare (MWCSW) and the Ministry of Education and Sports (MES) are the related ministries for drinking water and sanitation sector in the country. The former two ministries MPPW and MLD are directly involved in the implementation of the WASH sector projects through its departments while MHP, MWCSW and MES are more to provide auxiliary health, women support and education services on water and sanitation. MPPW holds sectoral responsibility including policies and strategy at the national level for drinking water and sanitation while MLD has to ensure the implementation of decentralization policy including drinking water and sanitation in the rural areas. The policy contradiction exists in institutional responsibility at the central level, there is no clear understanding whether the drinking water and sanitation sector should be implemented through the sectoral line ministry (MPPW) or through sectoral devolution process i.e. through DDCs

structure. DoLIDAR (MLD) and Department of Water Supply and Sewerage (DWSS) (MPPW) are the two main departments responsible to execute WASH programmes. An understanding has been made between these two institutions as one has to look after the rural (less than 1,000 population) and other has to urban/township areas, but functional overlapping exists particularly from the DWSS side where its working area still includes rural VDCs.

The role of the Ministry of Water Resources (MWR) is very limited considering its important to the WASH Sector but it has some influence to the WASH through formulating the Water Resource Act and the Regulation under this Act.

To regulate the drinking water sector two institutions; Water Supply Management Board (WSMB) and Water Supply Tariff Fixation Commission (WSTFC) were formed in 2007. The former has no or limited scope in RWSSP while the later can affect the financial and technical aspect of the water schemes through exercising its regulatory power.

5.2 District level

At the meso-district level, District Development Committee (DDC) has been the second tier of government to coordinate, plan and implement the sectoral programmes and resources through District Development Fund. Many WASH sector programmes have by-passed the DDC structure mostly by the donor funded projects/programmes. This action has been supported by the Government although parallel the government has made efforts to adopt SWAp (and basket funding) approach to integrate and harmonize the resources to match the local priorities. The present DDC structure lacks the capacity to coordinate the WASH sector programmes at the district level with other stakeholders mainly with the District Water Supply and Sanitation Divisional Office (DWSSDO), District Public Health Office (DPHO), Women Development Office (WDO) and District Education Office (DEO) although it approves the annual and periodic plans of district for these offices too. Particularly the implementation aspect of District Technical Office (DTO) requires massive capacity building programme but at the same time this should be consistent with the DDC structure. Instituting accountability in the WASH service delivery and "voice and accountability[7]" mechanism are the most important aspect of governance for effective service delivery which are greatly lacking.

5.3 VDC level

VDC is the lowest governance unit of the sub-national government. The role of VDC in the WASH sector has been dormant for the last eight years due to political uncertainty where no elected representation was/is made. The presence of VDC official (secretary) in the meetings of water users committees has remained a mere ritual rather than actual participation in the planning, resourcing and implementation of the WASH schemes. As the philosophy of RWSSP-WN is to mobilize the lowest possible units of the governance structure the role of VDC becomes vital not only for the implementation of the schemes but also for the establishment of accountability in service delivery through governance improvement.

[7] Participatory M&E, Citizen Charter, Public audit, etc….

The WUSC and water users are the ultimate beneficiaries of the water schemes.. It is difficult to distinguish whether they are service providers, owners or regulators of the services. Because of this the service standard of the schemes has often resulted in poor performance (due to lack of checks and balance). The governance of WSUC needs careful thought for effective service management and delivery although it is well regulated by the Water Resource Act, Regulation; and Drinking Water Regulation.

5.4 Donors supported programme/project

There are several donors' supported projects/programmes in the WASH sector. Urban Environment Improvement Project (UEIP), Small Towns Water Supply and Sanitation Sector Project, now will be replaced by "Improved Water Quality, Sanitation and Service Delivery Sector Development Program for Emerging Small Towns", Community Based Drinking Water and Sanitation Support Project (CBWSSSP), Rural Water Supply and Sanitation Fund Development Board (RWSSFDB), Gorkha Welfare Schemes, Rural Village Water Resource Management Project (RVWRMP), UN-Habitat, and Rural Reconstruction and Rehabilitation Sector Development Programme (RRRSDP). UEIP, CBWSSSP are funded by Asian Development Bank while RWSSFDB and RVWRMP are funded by the World Bank and the Finnish Government respectively. Each of these projects/programmes has tried to use the community development approach with some variation in the project management at the local bodies' level. There are other institutions such as UNICEF, Water Aid and UN-Habitat who are involved in the WASH sector. The involvement of UNICEF is very long and it implements the programme itself. Water Aid is more on the research and policy dialogue but also provide fund to local NGOs like NEWAH for project implementation.

Notwithstanding with the overall national drinking water and sanitation policy of the GON the implementation modalities of these projects are somewhat different from each other. Some has used DDC structure and some hasn't. Some tried to promote market oriented service delivery approach with an improved regulatory system while other remained with community approach (in rural areas). However, it is anticipated that many management knowledge of the drinking water and sanitation can also be learned from the existing urban sector WASH projects.

Although not directly caused to implement the WASH sector but bears very important support is the Local Government Capacity Building Program (LGCDP). This multi-donor funded programme under MLD aims to build the institutional capacity of local governments in service I/NGOs

Nepal Water for Health (NEWAH) has been working in the rural areas since long time. Their work in future is constrained by the resources which they received from the international donors and INGOs. Other NGOs like Environment and Public Health Organization (ENPHO) which is more in research and water quality improvement provides its services to the organizations and projects involved in water and sanitation.

INGOs like WaterAid are providing support to NEWAH, Federation of Water and Sanitation Users in Nepal (FEDWASUN), and ENPHO. NGO Forum for Urban Water and Sanitation has been instrumental in building the advocacy and program implementation capacity of the water supply and sanitation in Nepal at national level. UN-Habitat is helping DWSS and Town Development Fund (TDF) to build the institutional capacity of WUSCs of Small Towns Water

Supply Sector Support Program (STWSSSP) in the selected towns. There are other international agencies like Helvetas, International Red Cross Society, British Gurkha Welfare, SNV Nepal etc. that are working in this sector in different locations in different capacity.

5.5 Associations

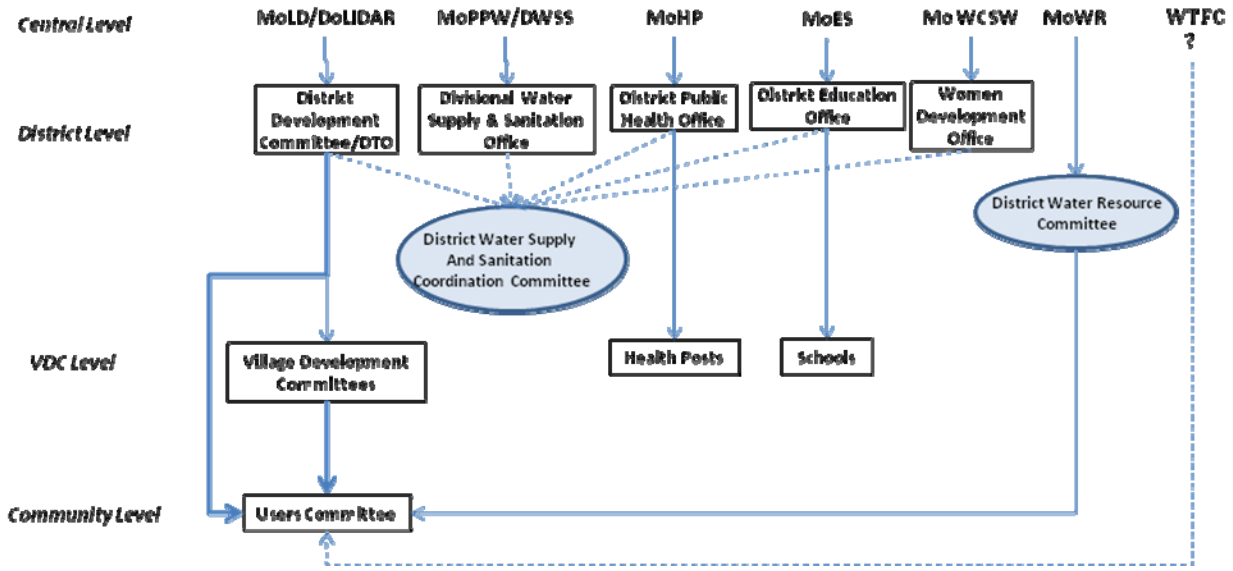
The local bodies associations such as Association of District Development Committees of Nepal ADDCN, Municipal Association of Nepal (MuAN), and National Association of Village Development Committees of Nepal (NAVIN) are there to safeguard the interests of their members. Although they are not active at present due to the absence of political representatives these associations can be effective for policy advocacy at the central level in future. The Federation of Drinking Water and Sanitation Users' Nepal (FEDWASUN) advocates the issues related to the drinking water and sanitation users' committee. Their role to affect the policy at central level is crucial.

The new two bodies recently created to manage and regulate the drinking water sector are in their infant stages. These bodies are the Water Supply Management Board that owns the assets, and the Water Supply Tariff Fixation Commission that regulates the water quality, volume and tariff. It is premature to assess their institutional effectiveness at this moment and their implication particularly to the rural WASH context is unknown.

5.6 Service Providers

The availability of the professional service providers in the market, i.e. NGOs, private sector and financial institutions at the national and local levels in the project areas to provide technical, financial, organizational, managerial and governance support are considerably adequate. However, their use depends on whether one can select them appropriately to fit into the needs of WUSCs or vice versa.

Institutional Relational Framework -Existing
WASH Sector Programme



The consultant carried out extensive assessment of relevant institutions involved in the WASH sector. Comprehensive institutional framework is presented in **Annex F.**

6 Monitoring and Evaluation

Monitoring and evaluation is an integral part of the project management and essential in order to measure the development effectiveness of the project. The importance of monitoring and evaluation cannot be emphasized enough and therefore this part of the inception report is written in order to align the monitoring and evaluation part with the new revised project planning framework which was done as the scope of the project and the intervention strategy was developed against the background of the new evolved context in the WASH sector and the governance system of the country.

The following reasons have compelled to change the project planning framework.

- New WASH Approach: Health and Sanitation (H&S) led program
- Changed scope: WASH Sector instead of water resource sector
- Ensuring effective participation and ownership of communities
- Changed Planning Framework
- Higher Development Impact
- New fund channeling

A linear program logic model shows the cause and effect relationship of the conventional approach and of the proposed approach to be adopted by the project. The conventional approach starts with water supply and expects to change the behavior of a community for sanitation treating sanitation as a subsidiary program to water supply. In the proposed approach the entry

point of intervention should be through behavioural inputs through community practice[8], and as a result of this, the pressure is created by community for improved sanitation, hygiene and safe drinking water unlike in the conventional approach in which the water supply creates the pressure/motivation for sanitation.

6.1 Monitoring

In Nepal, no institutions or individuals have really carried out benefits[9] monitoring in the WASH sector. Owing to their weak institutional capacity the DDCs are monitoring the physical outputs only as per the NPC prescribed formats (refer in A**nnex-G)**. The qualitative aspect of monitoring is lacking in this process. Inconsistency of the information/data has also raised the question regarding authenticity of the monitored results. Obtaining poor development results is partly due to the use of weak indicators for monitoring. There is hardly any role for VDCs in monitoring the construction and operation of the WASH related schemes or programs. VDCs are weak to monitor the other projects that are funded under the central development grants.

Inherent objective of the monitoring system of RWSSP-WN is to build the monitoring capacity of local bodies and so whatever the efforts made by RWSSP-WN support to WASH ultimately enhance the institutional capacity of DDCs and VDCs to monitor their development results.

Therefore, to enhance the monitoring capacity of DDCs and VDCs it is suggested to have the following initiatives through the Project.

a) Establishment of quality indicators for monitoring
b) Streamline the flow of monitoring process
c) Define and build the management structure for monitoring
d) Develop human resource for monitoring

These are all explained in more detail in **Annex I**. Below are only the major issues proposed for RWSSP-WN.

RWSSP-WN should carefully frame the indicators that are appropriate for measuring the sustainability of schemes and changed behavior in sanitation and hygiene.

The proposed monitoring process is carried out in three phases. The three phases i.e. the planning, the construction and finally the post construction should be carried out at the four different levels i.e. DoLIDAR, DDC, VDC and UC; and accordingly the institutional capacity should be built upon for monitoring of WASH activities at least at the DDC and VDC levels. Detailed process and contents should be worked out by developing the performance monitoring framework based on Management Information System (MIS). This monitoring process should be done with the appropriate stakeholders and beneficiaries and the results obtained should be fed into the reporting system of VDCs and DDCs. The monitoring reports should be made public and

[8] The concept of a **community of practice** (often abbreviated as CoP) refers to the process of social learning that occurs and shared socio-cultural practices that emerge and evolve when people who have common goals interact as they strive towards those goals.

[9] Benefits monitoring entails the monitoring of the results at the ultimate beneficiary level.

be disseminated to UCs, VDCs, DDCs, DPHO, DEO, DWSSO and other concerned organizations and individuals.

As the central thrust of decentralization is very much focused to the DDC level hence the central theme of monitoring for WASH governance should also be built around these institutions. The Planning, Monitoring and Administrative (PM&A) Officer of DDC is responsible for the monitoring of all development programs and activities carried out by DDC. In that sense s/he bears sole responsibility including WASH sector monitoring.

It is proposed to have Monitoring Section under the PM&A Officer. This section should be established and strengthened through developing the monitoring process and tools, reporting system, job description and other necessary management structure, MIS and training incentives.

Currently most of the structures of the VDCs are found weak in physical facilities. This corresponds to their revenue earning and resource mobilization capacity. A typical VDC can have one VDC secretary and a peon only. However, depending upon the local condition there is also one sub-health post in-charge, one junior agriculture technician, one veterinary technician and one sub-overseer attached to VDC and deputed from their respective line agencies.

As such there is no monitoring structure in the VDC office. It is recommended to build monitoring process and responsibility within the job description of the VDC secretary.

PM&A Officer should be made responsible of the training of required human resources for monitoring the WASH sector programs, projects and schemes at the different levels from community, VDC to DDC and sector line agencies. In a way, PM&A Officer should work as a lead facilitator for monitoring and evaluation but also organizational development resource for DDCs and VDCs. Detailed actual plans should be developed once the DDC capacity assessment report is submitted by the consultants (expected to be delivered by the end of April, 09).

In order to provide good performance result reports, the existing reporting formats should be enhanced with two more reporting contents i.e. water supply performance and health, sanitation and hygiene performance. The report contains the Key Performance Indicators (KPIs) to be monitored to reflect the progress so far being made through program/project/schemes interventions. At the end of the year a consolidated WASH sector report should be prepared by DDCs for submission to the District Councils and to the respective departments and ministries of GON and to the Project Steering Committee of RWSSP-WN.

To make the PSU result oriented and in order to at the same time build the monitoring capacity of local bodies, the portfolio management approach should be adopted by RWSSP-WN. The results of each component/intervention that are assigned to the sector specialists as portfolio managers should be closely and jointly monitored by the PSU and the local bodies. See **Annex H** for Result Responsibility Table. Hence, each sector specialist should be made responsible for certain outputs that contribute to achieve the project outcomes.

The Plan of Operation (POO) should be prepared based on the major activities of the Project Planning Matrix (PPM). The objective of POO is to guide the respective responsible person to implement the planned activities over a period of time. The actual POO should be prepared when all the specialists and DSAs are on board.

6.2 Evaluation

Two types of evaluation should be carried out by the project to assess its development effectiveness; one mid-term evaluation mainly at the outcome level and post project evaluation at the outcome and impact level. Both evaluations should become the regular feature of DDCs with the help of RWSSP-WN.

Apart of conducting evaluations, an annual progress review should be held at DDCs. Before conducting this, an assessment of the WASH sector program at the district level should be carried out jointly by DDC/DTO, respective sector line agencies' representatives and RWSSP-WN/PSU; the assessment team should be led by the PM&A Officer of DDC.

An internal midterm evaluation of VDC WASH programs is more like a joint assessment of the respective organizations, stakeholders and external evaluators which is more an internal initiative in nature while the RWSSP-WN Mid Term Review and final and post project evaluations are independent and external.

The objective of doing this whole exercise is to produce evidence based results that can be fed into the different levels of the government structure (MLD, MPPW, DoLIDAR, DDC, VDC…) and to refine the policy, programs, approach, methodology, tools and resources for better development results in the WASH sector.

Multi-facet approach should be used for evaluation. A clear set of baseline values should be assigned to see the differences between before and after situation. The baseline value of key indicators at the outcome level should be compared with the current values.

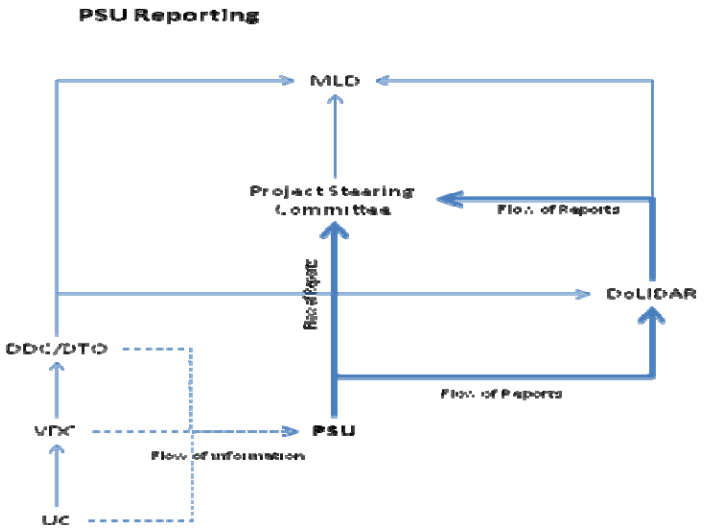
Non-experimental – approach could be used to evaluate project intervention through observation, quality assessment, judgment, interview, FGD, PRA, secondary information etc.

Experimental – the single subject analysis and the controlled randomization trail could also be applied to see the difference between the treatment groups versus controlled groups.

Causal attribution could be assessed by measuring their nature and intensity. This is important when more than one donor is working in the same areas before and after of the RWSSP-WN's intervention and other externalities that influence the outcome of the project.

6.3 Reporting to the Project Steering Committee

Although the success of PSU depends on how successfully the schemes and other sanitation, hygiene, health and nutrition programs are implemented by DDCs, VDCs and UCs; as part of the project's compliance PSU should generate its own reports to DoLIDAR and Embassy of Finland/MFA. The contents of the report should be very much the same as of those submitted by the DDCs to MLD and the district councils but some modifications should be made in order to meet the audience requirements. The reporting flow should be:



7 Recommended Project Policies and Approaches

The following chapter quoted from the original Project Document explains the nature of the planned original project:

> *"The new proposed project is called Rural Water Supply and Sanitation Project in Western Nepal (RWSSP-WN) and will be facilitated by the Ministry of Local Development/DoLIDAR and will be executed by the District Development Committees of the participating districts. The actual implementers are villages and communities"*

This sentence clearly stipulates which body is responsible for the project facilitation, execution and implementation. It is understood that the role of the Project Support Unit in this process is to assist the Government of Nepal in project execution and VDCs and communities in implementation. The implementation modality used in project implementation is understood to be the Government's own implementation modalities and practices. Where these modalities are missing or where these practices are not sustainable and efficient the PSU role is to develop improved Government of Nepal modalities and practices aligned to the government structures and processes to build the capacity where gaps have been observed. The aim is not to develop project-based modalities for a Finnida Project.

Other key principles and features of the RWSSP-WN are discussed in **Annex J.** The main issues discussed in the **Annex J** are summarized below:

- Decentralization and downward accountability in planning, decision making, fund management, implementation and participation in committees
- Ownership and leadership by local bodies and communities in all project cycles
- Gender mainstreaming and inclusion
- Adoption of flexible and process-oriented approach in providing support for local governance development:

- Gender sensitiveness and social inclusion in technical, managerial, capacity building, financial issues considering traditions, cultures and beliefs
- Good governance, coordination, harmonization, alignment and transparency by all actors in development and implementation of District WASH Programs
- Focus on WASH
- Appropriate technology, gender sensitivity and social inclusiveness in designs and processes of building water supply schemes and in monitoring the quality of services and water provided
- Appropriate technology, gender sensitivity and social inclusiveness in designs and approaches of hygiene and sanitation behavior change promotion, demonstrations and implementation as well as WASH planning. Example of the radio message program in water, sanitation and hygiene is presented in **Annex K.**
- Inclusion of women, poor and excluded in participatory planning and alignment of the planning to the local bodies' annual and periodic planning processes
- Use of Support Organizations (SOs) and employment of Social Mobilizers and other personnel at district, VDC and WUSC level

7.1 Water supply

The techniques, processes and formats in water supply implementation have been developed earlier by other projects such as RVWRMP, RWSSFDB and CBWSSDP. Further needs of development are in the inclusion and empowerment of poor and excluded, technology options, which suit for poor, disabled and excluded people, gender sensitive and inclusion oriented operation and maintenance and water quality monitoring. It is proposed that the District WASH Implementation guideline should incorporate the best possible option from the available models, which could then become harmonized district model applied by all actors who contribute to the District WASH Fund, such as RWSSP-WN.

7.2 Hygiene and Sanitation

The original project document proposes to apply hygiene and sanitation only in the areas of water scheme construction or rehabilitation. With this approach the achievement of Universal Access is impossible. Therefore it is proposed to implement Community Led Total Behavior Change in Hygiene and Sanitation (CLTBCHS) approach. This approach targets for Total Behavioral Change in hygiene and sanitation and is combined with *learning by doing* or *action research* based implementation modality. The approach begins by bringing together the Multi-Stakeholder Forum (MSF) at District level in order for all the stakeholders to commit to achieving universal access to hygiene and sanitation for all and develop a common action agenda for reaching hygiene and sanitation goals. MSF ensures total sector commitment to change, a battle cry for total behavior change for hygiene and sanitation. Both the MSF and learning by doing underscore the vital importance of increased partnership and coordination among a host of actors to achieve the ambitious goal of Total Hygiene and Sanitation Behavior Change.

This community approach functions on the principles of harmonization, alignment, and integration with the government's Sanitation Policy and Strategy. The learning by doing approach is a hybrid of innovative and tried and true methods, bringing together the community-led total sanitation, school led total sanitation, participatory hygiene and sanitation transformation (PHAST), sanitation marketing, the hygiene improvement framework, and good solid social mobilization and management. The learning by doing is one of the best practices in hygiene and sanitation, and in this spirit is offered as a model for scale up in Nepal.

It is with this vision that the RWSSP-WN undertook the challenge of producing this approach for implementing CLTBCHS. The approach offers the basic tenets of the learning by doing approach, starting with the Multi-Stakeholder Forum, the conduct of district WASH ignition training and conferences, data collection for action, and Ignition for Change! It is intended for use by all who would like to understand and undertake the CLTBCHS approach to reach Total Behavior Change in Hygiene and Sanitation in their own communities. The approach should be later on supplemented by training manuals and with a guide to VDC and Ward ignition and action, and should be developed in conjunction with them.

With this approach the District Water and Sanitation Committee or District WASH Team (District actors) can help people change unsafe behaviors and bring about a cultural transformation in basic hygiene and sanitation by putting an end to open defecation, having people wash their hands at critical times, having solid and waste pits and clean compound and environment, and protecting drinking water from source to mouth. The approach also offers means to grasp all isolated available resources together to achieve common goal.

The process outlines 12 key doable and achievable steps. These steps can be customized to fit different circumstances and tailored to community settings with diverse cultures. In so doing we learn, and the learning by doing continues.

The approach to achieve hygiene and sanitation goals focuses on behavioral change. The bottom line is to end open defecation and to support clean and sanitized communities. Therefore, everyone must practice three key behaviors:

- Safely dispose of child and adult faeces.
- Wash hands with water and soap or ash at four critical times.
- Safely manage household drinking water from water source to mouth.

In order for households to practice the three key behaviors, the following three key pillars form the foundation for its successful implementation:

- Pillar 1: An enabling environment to facilitate scaling up of improvements through policy consensus, legislation, political commitment, inter-sectoral cooperation, and capacity building linked to performance contractual agreements.
- Pillar 2: Sanitation and hygiene promotion through communication, social mobilization, social marketing, rewards, and sanctions to create demand for products and behaviors.
- Pillar 3: Improved access and affordability of necessary products and services like latrines, water for washing, soap or a substitute, and small artisans making sanitation structures.

The CLTBCHS approach is divided into three parts with a total of 12 steps. The parts are as follows:

Part 1: Preparation at the District Level

Step 1. Preplanning (Rapid Assessment of the Existing Hygiene and Sanitation Situation and Conduct Preplanning Advocacy Meeting
Step 2. Capacity building (Training key personnel in behavior change and mobilization techniques, facilitation, and data collection skills).
Step 3. Baseline data collection and analysis (in all VDCs and institutions).
Step 4. Mobilizing all actors/stakeholders through the Multi-Stakeholder Forum for advocacy and consensus on a common action agenda.
Step 5. Developing a plan with (expanded) budget for ignition on multiple fronts and installing institutional latrines and hand washing stations (hardware) for demonstration and use.

Part 2: Ignition—Multi-Level Action for Hygiene and Sanitation Improvement

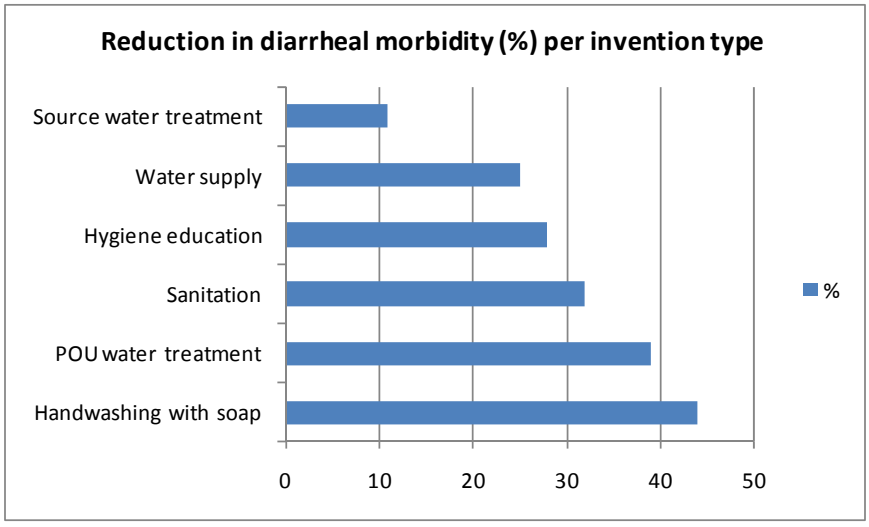
Step 6. VDC ignition and action
Step 7. Ward ignition and action
Step 8. Assuring availability of sanitation and hand washing options.
Step 9. Institutional WASH ignition with main focus on schools and health centers.
Step 10. Multiplying the messaging through communication and media.

Part 3: Support, Monitoring, and Evaluation (leads the District to assess, make adjustments, and keep moving forward to reach and keep its goal of faeces-free communities).

Step 11. Supportive supervision, monitoring, and reporting.

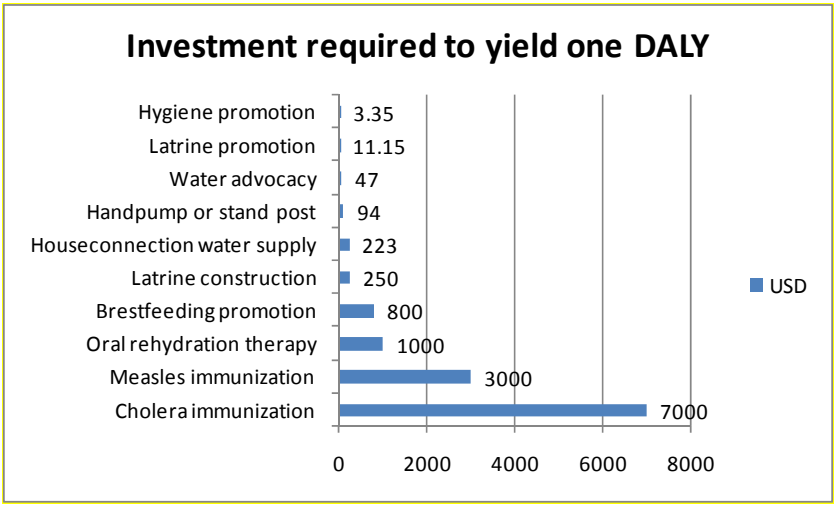
Step 12. Evaluation and rewards.

The graph below provides information on the importance of hygiene and sanitation and especially hand washing as part of the change of hygienic habits[10].



[10] Fewtrell et al. 2005

Hand washing with soap is the single most effective health intervention. Disability adjusted life years (DALYs) are used to measure the burden of disease and the effectiveness of health interventions by combining information on years of life lost and years lived with a disability. The graph below [11] illustrates the magnitude effectiveness of hand washing with soap compared to other health interventions.



7.3 Gender and social inclusion

It was observed that the population in Terai consists of different castes, ethnic and religious groups. Several languages are spoken in the Terai (Nepali, Maithili, Bhojpuri, Tharu, Bazikka and Hindi). In the Hills, Magar communities are prevalent. Among the dominant groups, small clusters of the more deprived communities exist. The population in the Hill districts is more homogenous and less hierarchical than the caste based communities in the Terai

It was found out that the differences have implications to the community level organizations, to the roles women and men have in the communities and to the general status of women, to the roles of the traditionally excluded groups, to the communication among the groups, and to their economic situation. The prevailing diversity in the Project Districts does not allow for a rigid, standardized approach to be adopted for District WASH programs implementation. Therefore it is proposed that the approaches used in water supply and behavioral change in hygiene and sanitation are to be flexible to fit into the given socio-cultural context. Special attention is needed to ensure that the poorest and most disenfranchised groups are not excluded from the achievements of District WASH Programs implementation.

In the District WASH program implementation supported by RWSSP-WN the traditionally excluded groups and the poorest of the poor should be able to benefit from the District and VDC WASH resources. Gender equality and social inclusion (GESI) should be integrated into the Project design and implementation. The GESI strategy developed by RVWRMP applies in

[11] Jamison et al. 2006

RWSSP-WN supported District WASH Programs. GESI should be mainstreamed into all WASH activities and GESI training should be an integrated component of all trainings.

Currently, gender quotas are the most common strategy for involving women in rural WASH activities. Quotas for poor and traditionally excluded groups should be pursued also in District WASH programs. The quota strategy should be monitored and actively used to adjust strategies for increased involvement of both women and men. The program design should ensure that ultra-poor, dalits and women get first opportunities during scheme selection, in recruiting of Community Mobilizers and in the use of local human resources. RWSSP-WN should also promote inclusion of women, dalits and other deprived communities in its staff, in the staff of partner NGOs and other partner stakeholders.

Equitable participation of both men and women should be a key strategy for sustainable development in District WASH supported by RWSSP-WN. Therefore WASH implementation processes and structures should gender sensitive. The District WASH Implementation Guideline should address the practical gender needs and responsibilities of women in water collection and utilization. The proposed Project components should focus on promoting access to social amenities as well as access to information in the areas of health, sanitation and nutrition contributes to women's ability to undertake their productive and reproductive roles within the household and the community. The District WASH should address women's lack of access to economic resources such as finance through access to credit. It is expected that the Project support to District WASH implementation should bring positive change in their social position in society, towards meeting the strategic needs and hence empowerment.

District WASH should be implemented in collaboration with the Women Development Office (WDO) to increase the level of awareness on gender and gender relations.

In spite of the intentions by many stakeholders gender equity and equality has not yet been adequately realized partly due to cultural barriers at community level and partly due to inadequate awareness and skill by the personnel working in WASH. Gender has to a large degree simply been equated with women's involvement in WUSCs, gender groups and small production groups. Though this is a positive step towards addressing gender issues the District WASH should be driven with gender equality principles in designs, staffing, capacity building and leadership. Furthermore the District WASH should be driven with principles where social discrimination is eliminated and where WASH Programs' benefits are shared democratically among all community members.

RWSSP-WN should support the development of methodologies to address the needs of the children, young people, women, conflict victims and the disadvantaged. Towards this end, the Project should ensure that their voices are heard in key decision-making processes at the local level, including, to the extent possible, by mainstreaming and institutionalizing their participation in established institutions. This is one specific way by which downward accountability of local bodies to the poor and excluded is ensured.

District WASH should address *water-discrimination* issues and include a discussion on the cultural evils of caste and gender discrimination and make people aware of the concept of *equal citizens* and *all people's rights* to water and sanitation. The message is that if there is scarce water everybody has to share the water. Caste is not a reason to exclude the poorest from water access.

7.4 District WASH plans

RWSSP-WN supports the government in developing District and VDC WASH plans. VDC WASH plans should be developed based on the received and approved applications from the VDCs. In these applications VDCs should present their financial and political commitment for full VDC wide WASH planning and implementation, which includes all VDC population and emphasis the role of poor and excluded. The VDC WASH application format should be developed and criteria to assess and analyze the received applications developed in order to prioritize the VDCs for WASH planning and implementation. The principle should be that once the VDC has been approved for WASH planning and implementation the district should commit its resources to implement the plans fully.

The implementation order of water, hygiene and sanitation in the VDC WASH implementation should be such that hygiene and sanitation go ahead of drinking water scheme implementation. In prioritizing of rehabilitation and new water schemes the users' commitment and demonstration of full scale behavioral change in hygiene and sanitation should be the guiding principle in decision making of water scheme funding in the VDC.

The VDCs selected for District WASH supported by RWSS-WN during the first fiscal year of the project were not selected on these principles. Therefore the continuation of WASH funding in these already selected VDC should be decided on the basis of the same application procedure.

The number of the selected VDCs for WASH funding should not be fixed, as mentioned in the original Project Document. If the funds available allow more VDCs to be selected for WASH funding the district should be allowed to select more VDCs.

The concept of developing WASH plan during the first fiscal year of the Project is not ready and available. Therefore the implementation during the first fiscal year is limited only to filling the gaps of the existing District Annual Plan. During the second fiscal year the VDC WASH plans should be developed to those VDCs whose applications for WASH planning and implementation have been approved.

The PSU should develop the basic concept of WASH plans and VDC WASH Plans and implementation application should be adopted into use during the first half of the second fiscal year.

7.5 Human Resource Development and capacity building

The Original Project Document emphasizes insufficient institutional capacity, particularly at the local level, as a risk to the implementation of the Project and further that weak capacity and capability of local NGOs in remote and poorer districts could make it difficult to mobilize qualified NGOs there. However, preliminary assessment and inputs received during district level orientation meetings shows that adequate numbers of local NGOs are working in the districts. They are well experienced in working with government and donor funded projects. They have good human resources in social mobilization, woman empowerment and inclusion. However, they lack experiences in integrated WASH concept.

Also, it is important in considering the local NGOs to avoid the common elite capture and politically active NGOs. Consideration for inclusive staff and the NGO board membership by women and the deprived groups should be noted and heeded.

An assessment of capacity and human resource of DTO shows that there is a need to enhance capacity of technical personnel of DDC/DTO. DTO should assign adequate personnel for WASH planning and implementation. RWSS-WN resources through District WASH basket should be made available to support the capacity building of the resources available in the district. More detailed human and institutional capacity building proposals are presented in the DDC Institutional Capacity Assessment reports of each district separately. These reports are available in PSU office.

Project should provide only one District Support Advisor for each district, whose main role is to advice and assist district's personnel in WASH implementation.

7.6 Project Finance and Procurement

The financial rules of Government of Nepal should be followed in RWSSP-WN support for District WASH. Government of Nepal Procurement Act 2063 combined with LBFAR should be used. The RVWRMP inception report mentions that work valued more than one million rupees by the User Committee should be allowed as an exemption. The same exemption should also apply in the implementation of District WASH Programs supported by RWSSP-WN.

In line with the various sector policies, hiring the services of NGOs as support organizations (SOs) or consultants is envisaged in the original project document. Services of locally based SOs or consultants are assumed to be required for community mobilization including social, managerial and technical inputs. The selection principles of locally based SOs or consultants should be detailed in the District WASH Implementation Guideline using Quality Based Selection criteria according to the experience from the RWSSFDB, CBWSSP and RVWRMP.

According to the proposed funding system, the management of funds should be carried out by Chief Engineer from DTO. LDO should authorize the DTO to manage District WASH Funds under the District Development Fund (DDF) supported by RWSSP-WN.

The cost-effectiveness of the rural water supply should be considered as far as possible in the District WASH implementation. Anyhow, the rural water supply coverage, as officially published, is already quite high in the project districts. This means that only the poor and excluded, who have been left out from the existing water supplies, most difficult communities who reside in remote areas or communities who reside on top of the hills or communities having no water resource nearby are left un-served. Therefore it is expected that originally proposed 50:50 cost sharing principle should not in these cases be followed.

7.6.1.1 Cost sharing

There are three requirements in the original project document which needs attention hereby:

a) The original project document assumes that the GON, DDCs, VDCs and communities are willing to contribute financially to the implementation of domestic water scheme implementation. The Project Document states that detailed percentage distribution for DDC's funding and local contribution from VDCs and User Committees should be decided during the Inception Phase.

b) The original project document also states that Government of Finland contribution for the 'scheme investment' costs should not exceed 25 %.

c) The original project document also requires DDCs to contribute to DDF an amount ranging 8-20 % of the total RWSSP-WN district budget according to the wealth of the district.

Based on the discussions with Districts and assessment of practice with other projects the following is proposed:

According to the discussions with the DDCs they are ready to accept 3 % contribution calculated from the total funds received from GOF and GON. The ADB project fund requirement is fixed to the internal revenue from which 10 % should be allocated to the project fund. It is recommended that the 3 % contribution from the DDC should be required to support District WASH. The contribution should be followed annually.

Project document requires VDCs to contribute to the 'scheme implementation'. At present the VDC block grant from GON has increased to 3 million Nepalese rupees annually. It is very important to ensure that part of this resource is allocated not only for water supply but also for sanitation and hygiene. It is recommended that sanitation is not limited only to the scheme area implementation as in the original project document, but it should cover the entire VDC area aiming at Total Behavioral Change. Therefore it is recommended that VDC contribution should be 2.5 % for water supply scheme construction and 20 % for hygiene and sanitation, including also VDC WASH Plan preparation. The VDC selection criteria should take this into consideration and include it as a part of DDC-VDC WASH implementation agreement.

Rural Water Supply and Sanitation National policy & Rural Water Supply and Sanitation Strategy 2004 state that for water supply facilities, community contribution should be minimum of 20 percent of total cost of water supply including local and non-local materials and skilled and unskilled labor of which i) at least 1% of such amount must be cash ii) the remainder of the community contribution should include unskilled labor, local materials and transportation of non local materials from road-head according to willingness of the users and iii) equity considerations for disadvantaged groups should include reduced contribution for identified households of marginalized group. Such contribution should be less than 20 % but not less than 10 %. It further mentions that cash contribution should not be compulsory for the poorest households, however internal assistance should also be used within community to increase community contribution in total. All these should be taken into the District WASH Implementation Guideline and be made district specific.

Variable cost sharing mechanism exists among different organizations working within WASH sector. CBWSSP require users to share 20% of scheme cost which includes 1 % contribution in cash and 19% in kind. On top of this they are required to deposit operation and maintenance cost for the first year. RWSSFDB requires contribution of 2.5 % of investment cost in cash. In addition to this they also require to collect 3 % of investment cost for O & M fund. Contribution in kind varies as it is mandatory to collect some local materials from the approved sources, located at whatever distance from the scheme area. Helvetas WARM-P requires community contribution of 20-30 % (average 25%) of project cost in kind. However, a cash contribution of at least 1% of project cost is mandatory for establishing O&M fund before implementation of the project.

The RWSSP-WN original project document requires users to share investment cost of scheme in cash and kind. According to the 50:50 principle, the VDC and WUSC together should contribute

50 % of the scheme investment cost. In RWSSP-WN orientation meeting DDC officials made clear that this requirement cannot be met because of prevailing poverty in the region. They requested to review the provision of cost sharing. The experience from WB, ADB and RVWRMP shows that it is reasonable to assume that community in kind contribution is 19 % and cash contribution is 1 %. It is recommended that District WASH supported by RWSSP-WN should use the same principle.

Therefore, it is recommended that the pro-poor contribution should be minimum 10 % and others should contribute 20 % (19 % in kind and 1 % in cash). The cash contribution should be compulsory for the project approval. The cash contribution for O&M should start during the preparatory phase and is compulsory to start the implementation phase. It is also recommended that the users should contribute 1 % in cash for the O&M by depositing the money to the WUSC Maintenance account prior to the scheme approval.

It anyhow needs to be noted that the community contribution situation in Terai is totally different from that in the hills. In Terai the main source of water is groundwater extracted by hand dug wells or boreholes. In this sense the community's possibility to provide local materials and participate in the actual construction is much less than in the hills. Therefore it is proposed that the actual contribution requirements should be defined district by district based on the actual situation. The proposed total minimum contribution requirements from VDC and community (24.5%) for water supply should be followed. In Terai the community contribution could be more in cash than in kind and it could be also combined with VDC contribution in order to fulfill the minimum criteria.

It is recommended that the contribution requirements should be presented in percentages instead of fixed amounts. This should serve the annual inflation increases in construction costs and it also regulates the service level demand. If the service level demand increases simultaneously also VDC and community contribution amounts increases.

7.7 Project management, organization, coordination and supervision

7.7.1 Steering Committee (SC)

Steering committee should be the highest decision making body of the RWSSP-WN (Project). It represents the competent authorities as defined in the Project Agreement signed on May 22, 2008. SC meets twice a year and upon request of any of the members. The SC is chaired by the Secretary of the Ministry of Local Development and the secretary of the Steering Committee Meetings should be the National Project Coordinator. Also the meeting place should rotate in the districts to familiarize the members with the local conditions and the activities in the field. SC shall function more as a policy making body instead of management body. The practical and more detailed decisions required on project operation shall be done in the Project Management Committee (PMC).

The main tasks and responsibilities of the SC are proposed as follows:

- Approve the annual project budgets of the Project
- Approve the Project policies and implementation principles developed during the implementation

- Approve the annual work plan submitted for its approval by the Project Management Committee (PMC)
- Approve the new Project Document after the Inception Phase and any possible changes to it
- Monitor the progress of the RWSSP-WN
- Approve any other issue of urgency and importance

The members of the Steering Committee are proposed as follows:

1) Secretary, Ministry, MLD (Chair)
2) Representative of the Embassy of Finland (Member)
3) Director General, DoLIDAR (Member)
4) Deputy Director General, DoLIDAR (Member)
5) National Project Director, DoLIDAR (Member)
6) Representative of DWSS, (Member)
7) Representative of Ministry of Finance, (Member)
8) Representative of Ministry of Water Resources (Member)
9) Representative of National Planning Commission, (Member)
10) Representative of Ministry of Health, (Member)
11) Representative of Ministry of Education, (Member)
12) Representative of Ministry of Women, Children and Social Welfare, (Member)
13) Representative of Ministry of Foreign Affairs of Finland, (Member)
14) Representative of the Federation of Water and Sanitation Users in Nepal (Member)
15) -23) DDC Chairperson from each of the nine Project Districts, (Member)
24) Chief Technical Advisor of RWSSP-WN, (Member)
25) National Project Coordinator, DoLIDAR, (Member and Secretary)

Other participants can be invited to the Steering Committee meetings according to the need, but they are not the official SC members and they are without right to vote.

7.7.2 Project Management Committee (PMC)

For the operational and day-to-day management purpose of the project it is proposed that a Project Management Committee is formed. The coordination between various stakeholders as well as making recommendations to the Steering Committee as well as coordination and management of the Project is the overall responsibility of the Project Management Committee (PMC). PMC manages the operations of the Project Support Office. The required quorum for its decisions exists when both Co-Chairs and at least one member is present. The PMC is accountable to the SC. Management decisions related to the approval of Technical Assistance Personnel and funding should be consulted with the Embassy of Finland and DoLIDAR.

Major tasks of the PMC are to:

- Ensure effective coordination of relevant stakeholders at different levels
- Propose changes to the Project Document, annual work plans and budgets for SC for approval
- Approve budget re-allocations and additional budget allocations for those activities which have budget shortage within the approved budget frame approved by the SC

- Follow-up the level of human, material, financial resources to implement the District WASH supported by the Project
- Propose annual budget allocations for Districts
- Propose the auditing of the Project for the SC to decide
- Propose the Terms of Reference and experts of the Technical Assistance Team (Long and Short Term Consultants) for Embassy of Finland and DoLIDAR no-objection
- Plan the structure of the Project Support Unit (PSU) for DoLIDAR and Embassy approval
- Prepare necessary manuals and guidelines needed to operate and manage PSO
- Ensure that the implementation of the Project is in line with the Country's and District's laws, principles, policies, guidelines, regulations and strategies
- Ensure that lessons learned from other similar projects are considered in preparing manuals, guidelines, strategies for the District WASH
- Monitor the performance of PSO staff and if necessary, decide on necessary actions
- Compile the annual work plans and budgets for SC approval
- Provide training, technical support and advise at all levels as found necessary
- Compile financial and physical performance reports based on the information and reports received from Districts, DoLIDAR and Ministry of Finance.
- Transfer of knowledge to the local bodies personnel and other relevant stakeholders so that they should have skills for the effective and efficient implementation of the District WASH
- Asses the needs and organize the physical capacity building activity for local bodies personnel and if found necessary also for other stakeholders
- Study and propose the best ways of fulfilling the Project Purpose and implementation of the Project for SC satisfaction
- Follow-up the proper use of funds provided by the Government of Finland and Nepal for the District WASH implementation at all levels
- Check and compile the expenditure reports submitted by the Districts
- Follow-up the fund allocation to Districts by the Ministry of Finance
- Manage the funds allocated for the capacity building through PSO and monitor the use of investment and operational funds used by the Districts
- Be responsible of the PSO property and material management
- Approve the technical and financial evaluations made for the procurement of goods and services by the PSO tender committee
- Guide, facilitate, evaluate, supervise and follow-up the establishment, implementation and development of sustainable WASH programs financed from the District Development Fund
- Communicate and cooperate with organizations, which are involved in similar activities and have interest in District WASH development
- Ensure adequate coordination, learning and experience sharing of PSO staff

The composition of the PMC is the following:

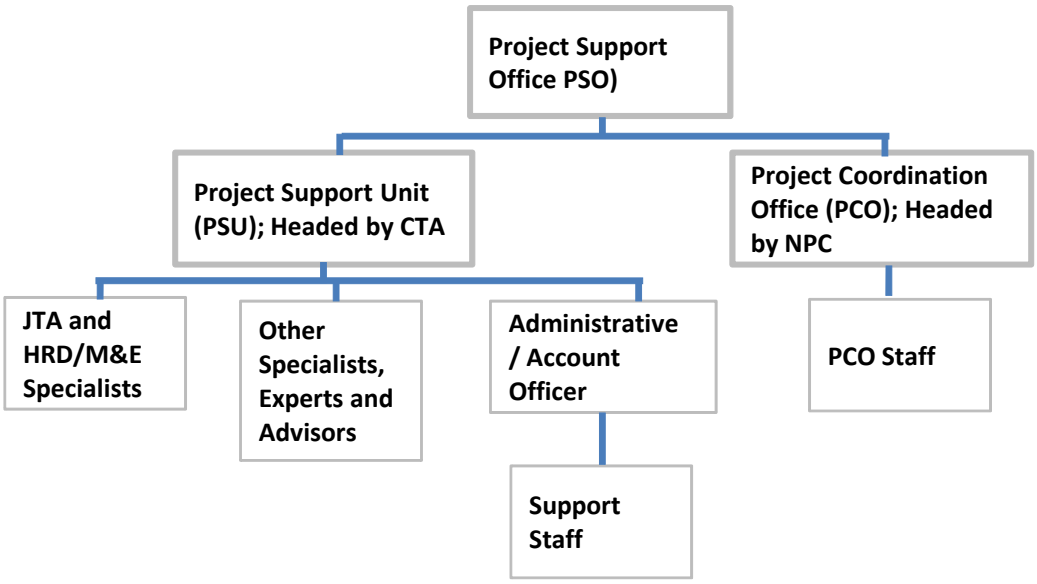
- National Project Coordinator (NPC) Co-Chair
- Chief Technical Advisor (CTA) Co-Chair
- HRD/M&E Specialist Member

- Project Administrative/Accounts Officer Member
- PCO Accountant/Engineer Member
- Junior Technical Advisor Member-Secretary

7.7.3 Project Support Office

The RWSSP-WN Support Office (PSO) is established in Pokhara and has two wings; Project Support Unit (PSU) and Project Coordination Office (PCO). The Project Support Unit is headed by the Chief Technical Advisor (CTA) and the Project Coordination Office is headed by the National Project Coordinator. The National Project Coordinator (NPC) and his/her staff are assigned by DoLIDAR. The PSU staff is selected by the CTA. In the PSU there are three sections. One section is with the International Technical Assistance staff; Junior Technical Advisor and HRD/M&E Specialist. Both of them work under direct supervision of the CTA. Another section is with Project Specialists, who also work directly under the CTA. Project Specialists consist of specialists such as Gender, Inclusion and Social Mobilization Specialist, Health and Sanitation Specialist, Water and Sanitation Specialist, Operation and Maintenance Management Specialist, Micro-Credit/Financial/Governance Specialist and eleven District Support Advisors (DSAs). DSAs are stationed in the Districts and other specialists in Pokhara. Third section is the project administration section headed by the Administrative/Account Officer. Administrative/Account Officer works under the direct supervision of the CTA. Under the Administrative/Account Officer is the project support staff.

The organization of the PSO is the following:



The Chief Technical Advisor (CTA) leads the PSU staff. CTA is responsible for all the major decisions concerning personnel administration and management, procurement of goods, services, equipments and financial issues as well as project management decisions in the districts related to the implementation of the District WASH Programs supported by the Project.

The Administrative/Account Officer (AAO) leads the administration in PSU. S/he reports directly to the CTA. The Administrative/Account Officer coordinates and manages various support services of PSU to the Districts and the PSO staff. Comprehensive job descriptions of the PSU posts are presented in the Revised Project Document, **Annex A** of this Inception Report.

7.7.4 Project Coordination Office

The National Project Coordinator (NPC) assigned by DoLIDAR is leading the PCO. The PCO staff work under the NPC. The NPC should be supported by two engineers, an accountant and one office assistant. NPC should organize the SC meeting. NPC jointly with the CTA is responsible of the overall coordination, administration, reporting and finances of the Project. NPC's primary duty is to ensure the smooth release of GON funds for the Districts and the reporting of the use of funds released by both Governments to support District WASH implementation. NPC's duty is also to communicate and coordinate with the Districts in all Project implementation related matters in order to ensure Government led facilitation. NPC is also to direct the Project in policy issues and coordinate and monitor the technology transfer and capacity building in District WASH implementation supported by the Project. NPC jointly with the CTA should provide support to the DDCs in planning, coordination and management of the District WASH Programs, compile the annual work plans and advise the Districts in preparation of their work plans related to the use of funds from GOF and GON. NPC is also responsible of physical and financial reporting related to District WASH supported by the Project.

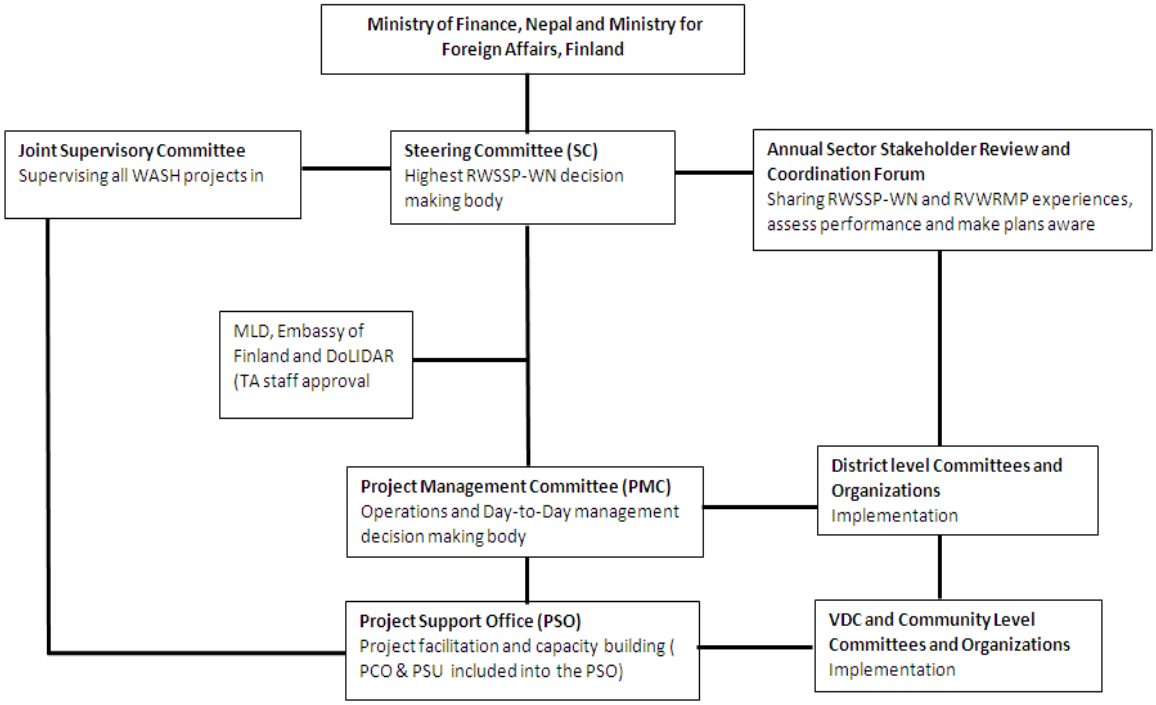
7.7.5 Districts

The District WASH Programs should be supervised by the permanent structures of the District, namely the District Councils annually and the DDC body meetings monthly and by the Supervision and Monitoring Committee provisioned in the Local Self Governance Act (1999) on a four-month basis. The role of coordination among the institutions involved in District WASH development should be carried out by the DDC though District Water Supply and Sanitation Coordination Committee (DWSSCC). PSU should assign one advisor for each district to supervise, follow-up, advice and to coordinate District WASH development and Programs supported by the Project.

At the district level the District WASH Program implementation is led by the LDO. For the day-to-day management of District WASH the DTO is delegated by the LDO to manage the District WASH Programs planning, implementation and finance. DTO coordinates District WASH Programs through DWSSCC. Through this coordination DWSSDO, DPHO, DEO and WDO inputs, contribution and assistance for District WASH implementation is ensured.

The Project supervision and management structure is presented in the figure below.

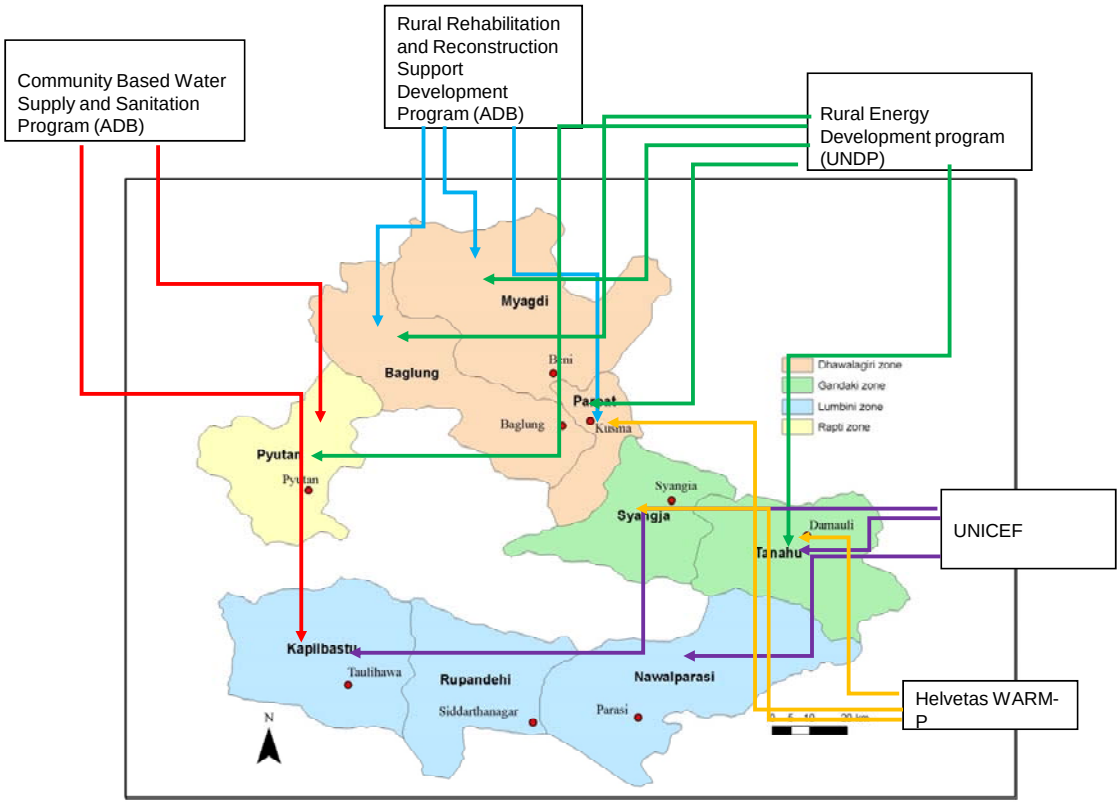
RWSSP-WN supervision and management chart



7.8 WASH coordination

Establishment of coordination and linkage among development partners is well mentioned in most of the sector policies. However, coordination among them is not satisfactory. In particular, DDCs are supposed to take lead role in coordination among various line agencies and non-governmental organizations working within the district. Also Information and Documentation Centre established under DDC is not functioning as it was envisaged. Therefore it is recommended that DDC shall take lead role in improving co-ordination at district level and functioning of Information and Documentation Centre for data collection, analysis, storage and dissemination etc and this is supported by the RWSSP-WN.

Major players in WASH sector are shown in the figure hereunder. Those are: CBWSSP, RRRSDP, REDP, RWSSFDB, UNICEF and Helvetas WARM-P. Their respective areas of overlapping are illustrated in the figure. Fund Development Board is not marked as it is in all RWSSP-WN districts.



Possible area of coordination is expected from different stakeholders working within the districts:

- With CBWSSP/UNICEF – for VDC selection, investment in prioritized schemes as per WASH Plans
- REDP - community mobilization and income generating
- UNICEF – school led total sanitation and arsenic mitigation
- Helvetas WARM-P – WASH Planning, VDC selection
- RWSSFDB – operation and maintenance, sanitation, technical issues
- RRRSDP – Financial management, VDC selection, WASH Planning
- With District Forest Office – Environmental screening, IEE/EIA and getting permission to work in forest area
- With District Soil Conservation office – environment and watershed management activities
- With Micro-Enterprise Development Programme /UNDP – Income generating activities

It is recommended that at district level the existing coordination mechanisms and institutions should be used and strengthened instead of creating new bodies for this project purpose. It is proposed that whenever feasible the WASH sector support from RWSSP-WN is coordinated by the District Water and Sanitation Coordination Committee (DWSSCC). Anyhow, it has also been observed that many districts have established another coordination committee for sanitation,

called District Total Sanitation Coordination Committee. The membership of this committee is much larger than that of the DWSSCC. In Terai there is also a third committee called District Arsenic Mitigation Coordination Committee. It is therefore recommended that in each district the district has to decide which committee is the best to coordinate the District WASH implementation supported by RWSSP-WN.

In district WASH coordination it is important that all district stakeholders should agree the basic principles in implementation and finance. It is therefore recommended that two separate memorandums of understanding (MOU) should be signed at district level. The first MOU should be signed between all WASH stakeholders regarding overall WASH-sector implementation coordination and harmonization. The second MOU is signed between the DoLIDAR and the DDC regarding RWSSP-WN support for the District WASH implementation.

7.9 Budget Review and Recommendations

The Consultant has reviewed the original budget presented in the Project Document. Consultant has recommended several changes for the project document and has therefore revised the whole document because the changes were too many to handle through descriptions and corrections. The revised budget for RWSSP-WN is presented in **Annex L.** The division of the GON and GOF budgets for the years is presented in **Annex M.**

The original budget includes a component called “mapping” and budget presented for the “mapping” is Euro 500,000. The original Project Document does not mention a word for what the mapping in the budget means. The Consultant found out that the mapping was meant for color aerial photography and production of digital ORTO-PHOTO maps for nine RWSSP-WN districts. The Consultant visited Survey Department of the Ministry of Ministry of Land Reform and Management and found out that the Ministry is not interested of producing new maps as the topographic maps produced some years ago satisfy the need. The Consultant recommends deleting the mapping from the budget and allocating the budget for other components.

The original project document did not specify the unit costs used in the budget preparation. The Consultant tried to get these calculation principles from the persons involved in the budget preparation, but in vain. The only information available was the RVWRMP project document budget calculations, which somehow may reflect the situation of RWSSP-WN as well.

The unit cost used for RVWRMP gravity scheme and rainwater harvesting budget calculation is Euro 30/person. The Mid Term Review of RVWRMP found out that actual unit costs for rain water harvesting is around Euro 120/person and for gravity scheme close to Euro 50/person. The remaining people without water supply in the Hills are located in the remote areas, up-hills or in the “pockets” of the existing schemes. The average unit price of gravity water schemes includes also possible Multiple Use of Water systems in 25 % of the planned gravity schemes. The rainwater harvesting unit price has been increased as the experience has shown that provision of 6 meter cube storage tank is favored by the users instead of 1-2 2 meter cube tanks provided earlier. Taking into consideration these facts, the experience of other projects in WASH sector and inflation during the last 2 years and coming three years the following unit prices are proposed to be used in RWSSP-WN new budget estimate:

Type	Euro/person
Gravity scheme	70
Deep tube well with hand pump	20
Hand dug well with cover and hand pump	16
Kuwa improvement	20
Point source protection	22
Rainwater harvesting	160
Arsenic Mitigation	60
Hygiene and sanitation	7
Irrigation of excess water	3
Environmental conservation/source protection	1
Post construction and income generation	3

8 WORK PLAN

The PSU personnel plan proposal is presented in **Annex N** and the overall Plan of Operation (POO) for the years 2009-2012 is presented in this Inception Report as an **Annex O**. The detailed annual work plan for next fiscal year (2066-2067 (7/2009-6/2010) is still in a preparation process with the districts and should be presented separate from this Inception report.

In the process of preparing Plan of Operation the consultant found out some irregularities in the proposed Project Planning Matrix (PPM) in the revised project document (Annex A). The revised PPM is presented in **Annex P.**