

***Mid-term Review of the Strengthening of the Rural
Water Supply and Sanitation Project in Western Nepal
(RWSSP-WN)***



FINAL REPORT

September 2011

Hannu Vikman Consulting

Table of Contents

Table of Contents	i
Preface	ii
Abbreviations and Acronyms	iii
Executive Summary	v
1. Scope and Context of Project	1
1.1 Project Background and Scope	1
1.2 Policy Framework	2
1.3 Other Relevant Interventions	3
2. Review Findings	5
2.1 Cross-cutting Issues	5
2.1.1 Background	5
2.1.2 Project Policies and Guidelines	5
2.1.3 Implementation of Available Guidelines	7
2.2 Relevance	9
2.3 Efficiency	9
2.4 Development Effectiveness	12
2.5 Development Impact	13
2.6 Sustainability	13
2.7 Project Management and Administrative Arrangements	16
2.7.1 Day-to-day Management	16
2.7.2 Budget and Expenditure	16
2.7.3 Fund Flow	18
2.7.4 Fiscal Calendars	19
2.7.5 Contingency	20
2.7.6 Audit	20
2.7.7 Technical Assistance and Human Resources	21
2.7.8 Service Providers	21
2.8 Coherence	21
2.9 Finnish Value Added	23
2.10 Specific Subjects	23
2.10.1 Baseline Data and Indicators	23
2.10.2 Arsenic Mitigation and Water Quality Monitoring	24
2.10.3 Source Protection and Water Safety	25
2.10.4 Temporary Toilets	27
3. Recommendations	28
3.1 Remaining Period	28
3.2 Extension of Project	31
3.2.1. Period, Objective and Area	31
3.2.2. Arsenic	32
Annexes	
Annex 1 Terms of Reference	
Annex 2 Documentation Consulted	
Annex 3 Persons Consulted	
Annex 4 Mission Programme	
Annex 5 Map of Project Area	
Annex 6 Logical Framework of RWSSP-WN	
Annex 7 Policy Review	
Annex 8 Arsenic Mitigation Review	
Annex 9 Debriefing Notes – Kathmandu	
Annex 10 Draft Outline of District WASH Strategy Plan	
Annex 11 Summary of Main Findings and Recommendations for Remaining Period	

Preface

The Mid-term Review (MTR) is part of the project cycle of the Ministry for Foreign Affairs of Finland (MFA). The purpose of the Mid-term Review of Rural Water Supply and Sanitation Project in Western Nepal (RWSSP-WN) was to provide an external, independent and objective view, information and assessment of the Project for decision making on the implementation for the remaining time of the Project and for a possible second phase of the RWSSP. In addition, MTR was expected to look at the arsenic mitigation component of RWSSP-WN and give recommendations on the role of Finnish funded projects in arsenic mitigation in Nepal. The Terms of Reference (TOR) for MTR is attached as Annex 1.

The Ministry for Foreign Affairs of Finland assigned Hannu Vikman Consulting to undertake this MTR. The Consultant's team comprised Mr. Hannu Vikman, International Team Leader/WASH Evaluation Expert, Mr. Tom von Weissenberg, International WASH Financial Management Expert, Mr. Ram Chandra Shrestha, National Rural WASH Expert, Dr. Jaya Kumar Gurung, National Arsenic Mitigation Expert, and Ms. Kristiina Mikkola, Professional Backup Resource Person.

The mission in Nepal was carried out between 30th of July and 12th of August, 2011. The Team reviewed relevant documentation, listed in Annex 2, interviewed people involved in or familiar with the Project or relevant aspects. In total, the Team met more than 260 stakeholders, including beneficiaries. In the Project area the Team visited seven districts. The list of persons consulted is attached as Annex 3 and the mission programme is attached as Annex 4. The Project area is shown on a map in Annex 5 and the logical framework of RWSSP-WN is attached as Annex 6.

The Team reviewed relevant legislation, policies and strategies. In addition to a summary in Section 1.2, a more comprehensive review is attached as Annex 7. Regarding arsenic mitigation, the Arsenic Mitigation Expert visited also Rural Village Water Resources Management Project (RVWRMP) in Far Western Region. The joint review of Finnish support to arsenic mitigation in Nepal is attached as Annex 8. The Team presented initial findings and recommendations in a debriefing workshop in Kathmandu; the notes of this meeting are in Annex 9.

The interpretations, views and opinions presented in this Mid-term Review Report are those of the Team and are not to be considered official statements of the Governments of Finland or Nepal. The Team's views are those of an independent external observer. The competent authorities of the Project through the Steering Committee should make clear decisions to what extent the Team's views and recommendations should be adopted and operationalised.

The Team wishes to thank the officials of the Ministry for Foreign Affairs of Finland, relevant ministries and other organisations in Nepal, the Embassy of Finland and other international stakeholders, relevant representatives of local authorities, communities and Project staff, who provided relevant information and documents and facilitated MTR by constructive support and valuable discussions.

Abbreviations and Acronyms

ADB	Asian Development Bank
CBO	Community Based Organisation
CBWSSP	Community Based Water Supply and Sanitation Project
CGD	Child/gender and disabled
CIDA	Canadian International Development Agency
CTA	Chief Technical Advisor
DA	District Adviser
Danida	Danish International Development Assistance
DDC	District Development Committee
DDF	District Development Fund
DFID	Department for International Development
DOH	Department of Health
DoLIDAR	Department of Local Infrastructure Development and Agricultural Roads
DTO	District Technical Office
DWASHCC	District Water, Sanitation and Hygiene Coordination Committee
DWIG	District Wash Implementation Guideline
DWSS	Department of Water Supply and Sewerage
DWSSCC	District Water Supply and Sanitation Coordination Committee
EUR	Euro, the official currency of the Eurozone
FCGO	Financial Comptroller's General Office
FEDWASUN	Federation of Drinking Water and Sanitation Users Nepal
GESI	Gender Equality and Social Inclusion
GOF	Government of Finland
GON	Government of Nepal
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit GmbH
HDI	Human Development Index
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
IEC	Information, Education and Communication
ICIMOD	International Centre for Integrated Mountain Development
IG	Income generating
JICA	Japan International Cooperation Agency
JSR	Joint Sector Review
LDO	Local Development Officer
LGCDP	Local Governance and Community Development Programme
LSGA	Local Self Governance Act
MEUR	Million Euros
M&E	Monitoring and Evaluation
MFA	Ministry for Foreign Affairs of Finland
MDG	Millennium Development Goal
MIS	Management Information System
MLD	Ministry of Local Development
MNPR	Million Nepalese Rupees
MOF	Ministry of Finance
MOV	Means of Verification
MPPW	Ministry for Physical Planning and Works
MTR	Mid-term Review
MUSD	Million US Dollars
MW	Maintenance Worker
NPR	Nepalese Rupees
NRB	Nepal Rastra Bank
ODF	Open Defecation Free
O&M	Operation and Maintenance
NGO	Non-Governmental Organisation

NPC	National Planning Commission; also National Project Coordinator
NPD	National Project Director
P1	First Priority
PAF	Poverty Alleviation Fund
PCO	Project Coordination Office
PSU	Project Support Unit
PD	Revised Project Document
RHCC	Rainwater Harvesting Capacity Centre
RVWRMP	Rural Village Water Resource Management Project
RWSSFDB	Rural Water Supply and Sanitation Fund Development Board
RWSSP	Rural Water Supply and Sanitation Project (in Lumbini Zone)
RWSSP-WN	Rural Water Supply and Sanitation Project in Western Nepal
SDC	Swiss Agency for Development and Cooperation
SEAM-N	Strengthening of Environmental Administration and Management in Nepal
SP	Service Provider
SWAp	Sector Wide Approach
TA	Technical Assistance
TBC	Total Behavioural Change
TYP	Three Year Plan
TYIP	Three Year Interim Plan
UN	United Nations
UNICEF	United Nations Children's Fund
VDC	Village Development Committee
VHW	Village Health Worker
VWASHCC	VDC Water, Sanitation and Hygiene Coordination Committees
WASH	Water, Sanitation and Hygiene
WB	World Bank
WHO	World Health Organisation
WSP	Water Safety Plan
WUSC	Water Users' and Sanitation Committee

Rate of exchange (August 12th, 2011)

1 EUR equals to 101 NPR

Executive Summary

Background

Rural Water Supply and Sanitation Project in Western Nepal (RWSSP-WN) was launched in August, 2008. It operates in nine districts, six hill districts and three Terai (southern plains) districts.

The overall objective of the Project is the increased wellbeing of the poorest and excluded. According to the Project Document (PD): “Underlying the overall objective and the approach of the project is the notion that lack of water supply, sanitation and hygiene causes poverty. Thus fulfilling the needs of the poorest and the excluded regarding water, sanitation, hygiene and nutrition and providing them opportunities to increase their own wellbeing through decentralized governance system will reduce poverty resulting in higher productivity and income.”

The purpose of the Project is “to fulfil the basic needs and ensure rights of access of the poorest and excluded households to safe domestic water, good health and hygiene through decentralized governance system”.

It was estimated in PD that in water supply 70,000 new people will benefit from RWSSP-WN support and 250,000 people will benefit from RWSSP-WN support in sanitation and hygiene. The former target has been later revised to 80,000 plus an additional 10,000 for arsenic mitigation.

Findings

In general, the Project is well in line with the goals and aims of Finnish development cooperation and Nepali policies and strategies. In fact, RWSSP-WN is in the forefront of promoting a comprehensive package of water, sanitation and hygiene (WASH) in Nepal.

Considering that the Project team revised PD during a generous inception period of nine months, it astonishes how weak PD is in the area of solid baseline data for indicators and how extremely weakly it has defined concrete target values for indicators. Indicators in this context do not provide any basis for assessment of the achievement of results; they are merely parameters with blank spaces for both baseline values and change to be achieved. Such indicators do not facilitate meaningful monitoring of the progress and achievements at any level. The indicators did not provide a meaningful assessment by in the Mid-term Review (MTR), either.

However, the Project has been very successful in general terms. Its most remarkable achievements are the rapid increase in the number of toilets – and their users – and the number of Village Development Committees (VDCs) which have been declared open defecation free (ODF). The number of beneficiaries of sanitation and hygiene was 366,000 in July 2011, i.e., 134% of the target by 2012. In a short time not only 32 Project VDCs have been declared ODF but an additional 34 non-project VDC have reached the ODF status by replicating the approach introduced by RWSSP-WN. The impressive progress in sanitation has been achieved without subsidies to toilet construction.

The progress in water supply has been substantially slower. By July 2011, 116 water supply schemes and 11 arsenic mitigation interventions are serving a population of 32,000, (about 36% of the total targeted population of 80,000. There are four main reasons for the slowly accelerated progress in water supply:

- ❑ having hygiene and sanitation as the entry point, followed by water (unlike in other interventions);
- ❑ lengthy and comprehensive building of the basis, including baseline study and re-formulation of the Project in the inception period as well as preparation of Project policies, approaches, guidelines, manuals, etc.;

- ❑ dependence on (sometimes limited) individual capacity and commitment of key government staff, especially of District Technical Offices; and
- ❑ delays, difficulties and political interference in the selection of non-governmental organisations to provide services to communities and high dropout rates of technical staff.

Although being behind the set target, the overall progress in water supply is not slow, compared to other interventions, which tend to be delayed in Nepal. One factor contributing to the level of progress achieved in the third year is successful mobilisation of resources from users and local bodies.

Accurate comparison of the efficiency of the Project with relevant benchmarks is not possible, due to widely varying conditions related to transport infrastructure, hydrology and population density, and due to different ways of calculating unit costs (various levels of inclusion of software costs). However, the per capita costs, even if not necessary directly comparable, indicate that RWSSP-WN has been able to convert available financial and other means into results in an effective way.

The Project has created capacity enhancement among stakeholders at the district, VDC and community levels, which is also likely to be permanent. The enhanced awareness and capacity of administrators and implementers at all levels will support the sustainability of the results and also replication of the methodology.

The prospects in water supply are not as positive as in sanitation and hygiene although improved water supply is largely appreciated. There is commitment to operate and maintain improved water supply schemes in technically and financially sustainable manner where the post-scheme benefits are highly appreciated. Typically this is the case where water had to be collected downstream of the community uphill steep slopes or arsenic contaminated water source has been replaced by safe supply.

But almost two thirds of schemes are gravity fed, which supply water from upstream sources. Consequently, before the intervention of the Project, there have been some kinds of pre-scheme water sources – streams, springs, etc. or even existing gravity schemes – used by beneficiaries. Where upstream supplies have been available, the improvement from the previous situation may not have been so fundamental by the beneficiaries. Potential improvement of water quality and safety is not widely understood, even by designers.

The total budget is approximately MEUR 14.7 but the exact total depends on the fluctuation of the exchange rate between EUR and NPR. The budget in PD allocated EUR 7,567,600 (58.2%) to investments while allocations to support functions (governance, running costs and monitoring and evaluation amounted to EUR 2,882,255 (22.2%), and EUR 2,299,060 (17.7%) was allocated to technical assistance (TA).

The expenditure by July 2011 is EUR 3,666,680 (49.6%) in investments through DDFs while spending on support functions amounts to EUR 1,647,760 (22.3%) and EUR 1,946,292 (26.3%) on TA. With hindsight, the spending has not been impressive. The estimated unutilised amount at end of the current Project agreement is in the range of MEUR 2.2 - 2.6.

The WASH issues of Terai and hilly districts are completely different in terms of sources, mode of contamination, treatment requirements and measures, supply technologies sanitation technologies, users' perception, socio-culture, intervention approaches, indicators of improvement, sustainability aspects, etc. This suggests that integration of Terai and hill districts into a single project does not bring in much mutual benefit and synergy.

The most serious concern of the MTR Team is about inadequate protection of water schemes against pollution, although the concept of improved water supply involves safety of water. (Admittedly, safety may not be on top of the agenda of the beneficiaries).

Recommendations

Taking into account that MTR was conducted about one year before the end of the current Project agreement, it is not advisable to make dramatic changes to the Project modalities and approaches. There are a few aspects that RWSSP-WN can and should improve.

There are clear areas where monitoring and follow-up have not brought up prevailing issues – especially the quality of outputs – that need improvement. In terms of cross-cutting issues, the Project should review its processes and procedures to address environment, climate change and disaster risk reduction issues.

In general, it is a very late moment to retrofit numerical targets for the remaining time of the current agreement. Yet, the list of indicators should be reconsidered. For example, a water supply scheme – and consequent number of beneficiaries – could only be claimed if the scheme can provide safe drinking water. Or the number of trained Treasurers could only be claimed when they have proven to manage the finances of WUSCs.

Based on the findings of the MTR Team and further self-assessment and analysis of the root causes of the quality problems, corrective measures should be taken as soon as possible. They may include revision of guidelines, manuals, procedures, etc., and increased and improved supervision.

A major tool for making systems less vulnerable and identification and monitoring of risks is Water Safety Plan (WSP). A simple but meaningful WSPs should be an integral part of each scheme design, and a team of inspectors should be trained in each participating community to undertake regular visual inspections of schemes. The designers of schemes should be instructed to pay particular attention to contamination risks.

The MTR Team proposes that the current Project Agreement will be extended by four months. This would probably mean expenditure of about MEUR 0.8 out of the estimated balance of MEUR 2.2 – 2.6 in July 2012.

The extension of RWSSP-WN by Phase II is recommended. Phase II is proposed to be extended to 2017, which is the target year of 100% coverage in Nepal.

With the aim of achieving the target in the Project are by 2017 the task would become completed and Phase II would be the phasing-out phase of RWSSP-WN. Phasing-out strategy shall, therefore, be an integral element of Phase II and phasing-out must be adequately addressed in the formulation of Phase II.

It is proposed that the investment support of the Project would not be restricted to earmarked “Project VDCs” in the Project districts. Instead this support should be available to any eligible and schemes from any VDCs in Project districts.

It is recommended that the Project will not be expanded to new hill districts in Phase II.

It is recommended that RWSSP-WN would adopt Kailali from the Finnish supported Rural Village Water Resource Management Project (RVWRMP) in Phase II. In addition to the four Terai districts of the two interventions, some arsenic affected districts between Kailali and the Western Region could also be adopted by RWSSP-WN. However, the scope of the Project in Terai should cover the full WASH sector. Sanitation is problematic in Terai, due to socio-culture, high groundwater table and often unrestricted visibility in communities. Especially shallow aquifers are faced with multiple water quality problems, not only arsenic.

1. Scope and Context of Project

1.1 Project Background and Scope

Rural Water Supply and Sanitation Project in Western Nepal (RWSSP-WN) was launched in August, 2008. The concept of the original project document, which focused on water resources management with water as an entry point for development, was fundamentally revised during the inception period of nine months. The revised Project Document (PD) introduced a new scope of the Project and the intervention strategy based on the water, sanitation and hygiene (WASH) concept with hygiene and sanitation as the entry point.

RWSSP-WN operates in nine districts, six hill districts and three Terai (southern plains) districts. Eight districts are in the Western Development Region and one in the Mid-Western Development Region. The Office for RWSSP-WN with its two wings called the Project Support Unit (PSU) and Project Coordination Office (PCO) is located in Pokhara. The focus of RWSSP-WN is on the development of water, sanitation and hygiene (WASH).

The **overall objective** of the Project is the increased wellbeing of the poorest and excluded. According to the Project Document (PD): "Underlying the overall objective and the approach of the project is the notion that lack of water supply, sanitation and hygiene causes poverty. Thus fulfilling the needs of the poorest and the excluded regarding water, sanitation, hygiene and nutrition and providing them opportunities to increase their own wellbeing through decentralized governance system will reduce poverty resulting in higher productivity and income."

The attainment of the overall objective is suggested in PD to be verified by a set of indicators: Human Development Index (HDI), poverty index, household or per capita income in the Project districts, life expectancy at birth of the people living in the Project districts, empowerment index, and governance index.

The **purpose** of the Project is "to fulfil the basic needs and ensure rights of access of the poorest and excluded households to safe domestic water, good health and hygiene through decentralized governance system".

According to PD, it is expected that the Project – through carrying out activities in major areas of domestic water; health, hygiene sanitation and nutrition; inclusive local WASH governance; and local WASH policy and guidelines – will achieve the following results or outcomes:

- ❑ increased women's productive role (time and energy);
- ❑ decreased hardship, gender and social discrimination linked with water, sanitation and hygiene;
- ❑ improved health, nutrition and hygiene of community people in program districts, particularly among the poorest and excluded;
- ❑ decreased infant and maternal mortality;
- ❑ enhanced institutional capacity of local bodies to facilitate the execution of WASH sector/projects and behavioural change process;
- ❑ sustainable operation and maintenance (O&M) of domestic water schemes managed by inclusive Water and Sanitation Users' Committee (WUSC); and
- ❑ gender equality and social inclusion (GESI) responsive WASH sector policies, strategies and guidelines at the central and local levels adopted.

According to PD, the implementation modality of RWSSP-WN is Government of Nepal's (GON) own implementation modality and practices. Where these modalities are missing or where these practices are not sustainable, effective and efficient the RWSSPWN role is to develop improved GON modalities and practices aligned to the government structure and implementation and to build the capacity where gaps have been observed.

It was estimated in PD that in water supply 70,000 new people will benefit from RWSSP-WN support and 250,000 people will benefit from RWSSP-WN support in sanitation and hygiene.

According to PSU, the former target has been later revised to 80,000 plus an additional 10,000 for arsenic mitigation but this change is not clearly recorded in the minutes of the Steering Committee (SC).

The Executing Agencies of RWSSP-WN are the Ministry of Local Development (MLD) and its Department of Local Infrastructure Development and Agricultural Roads (DoLIDAR), together with participating District Development Committees (DDCs).

1.2 Policy Framework

The Government of Nepal (GON) has developed a number of policies relevant to rural water supply, sanitation and hygiene over years. The fundamental and consistent principle in **Local Self Governance Act (LSGA)** (1999), **Rural Water Supply and Sanitation National Policy** (2004), the **Rural Water Supply and Sanitation National Strategy** (2004), **Rural Water Supply and Sanitation Sectoral Strategic Action Plan** (2004) and the **Three-Year Plan** (TYP) for 2010/11 – 2012/13 is decentralisation of planning, construction and operation and maintenance (O&M) of rural water supply and sanitation schemes to districts (or their regional successors in a possible future federal state). This principle places these functions with communities who – as owners of the assets and beneficiaries of services – are most concerned with the quality and sustainability of the schemes and their functionality.

The above 2004 Rural WASH strategy states, inter alia, that:

- ❑ District Development Committees (DDCs) will be responsible for implementation, coordination and monitoring of the rural water supply and sanitation plans in their respective districts;
- ❑ Village Development Committees (VDCs) will play the lead role in involving Water User and Sanitation Committees (WUSCs) in the construction of rural water supply and sanitation facilities, including assisting the organised communities to mobilise their contributions in cash and kind;
- ❑ WUSCs will be organised for the implementation of all rural water supply and sanitation systems; and
- ❑ the Department of Water Supply and Sewerage (DWSS) will prepare and implement a plan to gradually phase out direct implementation in rural water supply and sanitation schemes, and will hand over ownership and responsibility for O&M of all schemes to local bodies (DDCs/VDCs/municipalities).

The 2004 strategy also defines the basic level of water supply to provide the quantity of 45 litres per capita per day (lpcd) – in no case less than 25 lpcd, accessibility within 150 metres horizontally and 50 m vertically or within 15 minutes per round trip, reliability, and quality meeting at least the guidelines of the World Health Organization (WHO).

The 2004 strategy also includes statements on upfront contributions at WUSC level for financing O&M, rehabilitation fund to be created at DDC and VDC level, linkages to be established with income generating (IG) projects/activities/programmes, gender equity, social inclusion, awareness raising, etc.

Despite published policies, the WASH sector is characterised by its diversity of sector institutions (several working in parallel with overlapping responsibilities), and a project focus (with a range of modalities of project implementation which can undermine each other). What remains is to provide the instrumentation and strong, long-term political support to implement the policies. The instrumentation for policy implementation is less clearly stated than the policies themselves. There is no recent legislation on WASH, and the relevant policies are merely executive orders.

The **Sanitation and Hygiene Master Plan** (May 2010) was approved by the Cabinet in August 2011. The overall objective of the Master Plan is to create an enabling environment in order to

ensure that Nepal will attain Millennium Development Goals (MDGs) and national goal of sanitation. The Master plan defines key terms related to sanitation, e.g., improved sanitation facilities; open defecation free (ODF); child/gender and disabled (CGD) friendly features; and total sanitation.

The Master Plan largely relies on DDC, municipality and VDC to take the leadership in sanitation and hygiene programme. This is possible only when they allocate adequate financial resources on sanitation and hygiene sector. DDC, municipality and VDC allocate a minimum of 10% of their resources (grant and own source revenue) on sanitation sector annually. At the district level, the existing District Water Supply and Sanitation Coordination Committee (DWSSCC) will be renamed and activated as *District Water, Hygiene and Sanitation Coordination Committee (DWASHCC)* that will perform planning and implementing overall hygiene and sanitation activities in the district. DWASHCC would help DDC at district level to coordinate stakeholders' activities in the district. VDC will be the smallest unit for planning and programming of the sanitation programme in rural areas. Hence, VDC Water, Hygiene and Sanitation Coordination Committees (VWASHCCs) will be responsible for overall planning, monitoring and supervision of the sanitation and hygiene promotional activities.

According to MOF's **Draft Foreign Aid Policy 2009**, there is a growing need for making aid more predictable based on longer-term partnership and commitment. Generally, grants will be preferred over loans in view of the long-term fiscal liabilities to be met. GON will be selective in receiving grants. No grant aid below MUSD 2 will be accepted, except grants for humanitarian support, emergency needs, budget support, pool fund support and trust fund support. After 2025, no grants will be sought from donors.

A more comprehensive policy review is attached as Annex 7.

1.3 Other Relevant Interventions

Nepal is one of Finland's long term partners in development with particular emphasis on rural water and sanitation since 1989. RWSSP-WN builds on the experience of the first rural water supply and sanitation project supported by GOF in Nepal: **Rural Water Supply and Sanitation Project (RWSSP)** in Lumbini Zone (1989-2005). RWSSP focused – as its name suggests – on water supply and sanitation with attention also on hygiene through awareness raising and health education. The approach was mainly built around water supply. RWSSP was executed by the Department of Water Supply and Sewerage (DWSS) under the Ministry of Housing and Physical Planning in Phase I. Since Phase II (1996-), the executing agency was MLD with Local Development Officers (LDOs) as the main representatives of MLD at the district level.

Finnish supported **Rural Village Water Resource Management Project (RVWRMP)** was started in October 2006 and its on-going Phase II extends to July 2015. Whereas RWSSP-WN concentrates on sanitation, hygiene and water supply, RVWRMP operates with integrated water resources management principles, having livelihood development and small scale hydropower and irrigation components. RVWRMP works in nine hilly and mountainous districts of the Far and Mid Western Nepal, and additionally with arsenic mitigation and sanitation activities in one district – Kailali – in Terai. The Executing Agencies of RVWRMP are MLD/DoLIDAR together with participating District Development Committees (DDCs).

Strengthening Environmental Administration and Management in Nepal (SEAM-N) was launched in 2001 and its current Phasing-out Phase extends to 2014. Its aims at efficient environmental administration, monitoring and enforcement by relevant local administration in place in Eastern Development Region, focusing on municipalities and industries but working also in rural areas. The executing agencies of the project are MLD, the Ministry of Environment and the Ministry of Industry.

Finland also provides flexible funding to **United Nations Children's Fund (UNICEF)** for a period of five years from the beginning of 2011 to the end of 2015. A specific objective of this

support is *one harmonised national WASH sector programme is fully operational and sector financing strategy operationalised to target the marginalised and unserved people*. UNICEF supports GON in sector policies and water quality issues, and has developed plenty of Information, Education and Communication (IEC) material, which can be used by all stakeholders. UNICEF mobilised a team to undertake WASH Sector Assessment and Formulation of Reform Options for the National Planning Commission (NPC) in 2011. Otherwise, UNICEF has concentrated in Nepal on school-led total sanitation and water quality aspects, especially arsenic issues.

The Rural Water Supply and Sanitation Stakeholder Group, formed in 2003, is seeking to improve sector coherence and dialogue through development of a sector-wise approach (SWAp). In November 2009, this group initiated sector coordination and harmonisation, the sharing of information and the creation of a national database. Furthermore, the group also indicated their support for joint planning and review of sector programs and performance. The stakeholders signed the 1st **Joint Sector Review (JSR)** Resolution in May 2011. It was agreed, inter alia, to:

- ❑ formulate operational guidelines for DWSSCC, including roles and responsibilities for coordination and information sharing;
- ❑ improve and implement post-construction support mechanism, which will be life-cycle and stakeholders focused;
- ❑ develop district strategy/implementation plans on the basis of the Sanitation and Hygiene Master Plan;
- ❑ mainstream water safety plans, validate test results;
- ❑ facilitate GESI mainstreaming with operational guidelines with sectoral budget;
- ❑ incorporate GESI accountability in service delivery work;
- ❑ include the monitoring of the functional status of schemes in existing monitoring and evaluation (M&E) system; and
- ❑ agree on proposed indicators and ensure an annual sharing mechanism.

Community Based Water Supply and Sanitation Project (CBWSSP) aimed to provide rural water and sanitation facilities to about 1,200 communities in 21 remote and poverty-affected districts by 2010. The project was managed by a project management unit in Kathmandu under DWSS and a support office under DDC in each district where the project was implemented. The project was funded by Asian Development Bank (ADB), which has “Phase II” in pipeline. ADB intends to continue with similar institutional set-up.

The **Rural Water Supply and Sanitation Project**, funded by the World Bank (WB) is implemented by Rural Water Supply and Sanitation Fund Development Board (RWSSFDB). The ongoing project was to be extended until 2012 at the time of the MTR mission. This project receives applications for scheme financing from partner NGOs from all districts in the country and decisions on financing are made in the Board in Kathmandu. The technical services needed in the field are provided by consultants, many of them based in Kathmandu.

World Health Organization (WHO) has no specific water and sanitation related projects in Nepal. WHO has published a handbook on rural water supply and sanitation and particularly promotes Water Safety Plans (WSPs) to be applied in remote rural areas, instead of laboratory analyses, which, in spite of their relatively high cost, can not provide reliable on-time data on the safety of drinking water.

Poverty Alleviation Fund (PAF) envisages developing and implementing programmes that address the issues and problems of the lower rung of the society. Initially PAF has worked in 25 districts of Nepal but has recently expanded to all districts of the country. PAF has adopted a demand led community based approach to alleviate poverty. The target communities are encouraged to undertake initiatives to improve their livelihoods, incorporating small-scale village community infrastructure and water and sanitation. The present programme phase of PAF runs until September 2012.

The **Federation of Drinking Water and Sanitation Users Nepal** (FEDWASUN) is an umbrella organisation of drinking water and sanitation user groups in Nepal. It advocates the water and sanitation rights and aims at being the voice of water users, bringing people's issues to the attention of policy makers and service providers. It also promotes good governance and organises training and awareness campaigns. FEDWASUN is dependent on financial support, provided by, e.g., WaterAid Nepal.

Rainwater Harvesting Capacity Centre (RHCC) promotes rainwater harvesting through awareness raising, research, advocacy and capacity building.

Local Governance and Community Development Programme (LGCDP, 2008-2012) is a national programme framework of support for decentralisation, local governance, and community development with the intent of working throughout the country and at all levels of local governments. The programme backs MLD's vision of local development and self-governance to bring good governance and development interventions to the people. A number of development partners are backing the programme: ADB, Danish International Development Assistance (Danida), Canadian International Development Agency (CIDA), Department for International Development (DFID) of the United Kingdom (UK), several United Nations (UN) agencies, the Norwegian Ministry of Foreign Affairs, Swiss Agency for Development and Cooperation (SDC), Deutsche Gesellschaft für Technische Zusammenarbeit GmbH (GTZ), Japan International Cooperation Agency (JICA), and WB.

2. Review Findings

2.1 Cross-cutting Issues

2.1.1 Background

MTR was tasked to examine the success of the Project in fulfilling the cross-cutting objectives at the operational level. Therefore the MTR Team focused on two aspects: are necessary policies in place and how successfully the Project has implemented its own policies?

At present there are five cross-cutting issues that are applied in the Finnish development co-operation. They are: i) promoting gender and social equality, ii) promoting human rights and equal participation opportunities of easily marginalised groups, iii) paying attention to HIV/AIDS as a development challenge, iv) paying attention to environmental sustainability, climate change and disaster risks and promoting good governance. All these cross-cutting issues are supported by the Three Year Development Plans of Nepal (Three Year Interim Plan, TYIP 2008-2010, Three Year Plan, TYP 2010-2013). Both TYIP and TYP have aimed for inclusive and equitable development benefiting the excluded groups, namely Dalit, Madhesi, Adibasi/Janajati, women, people with disabilities, people living in remote geographic areas and poor people of the various regions.

2.1.2 Project Policies and Guidelines

The approach of the MTR team in analysing the RWSSP-WN achievements in terms of cross-cutting issues was inspired by the Interim Constitution: The Interim Constitution (2063) guarantees social justice and affirmative action for women, Dalits, indigenous groups, the Madhesi community, and other excluded or disadvantaged groups. For example if 50% of the community are women, the respective inclusion and participation target should be that 50% of the beneficiaries will be women or if there are for example 27% of Dalits in the community, in order for a Project to be equal (proportionate representation), the Dalit representation among the beneficiaries should eventually be that same 27%. Caste, though officially abolished in Nepal in the 1960s, remains reflected in Interim Constitution and in the national policies. It is commonly acknowledged as one of the root causes for inequality and discrimination (see for instance MoLD 2009 and UNDP 2009).

Two cross-cutting issues have been well reflected in PD and in the related Project guidelines. Those are gender and equality and promoting human rights and equal participation opportunities. In terms of normative guidance, the Project has worked out a number of relevant guidelines and documents during the inception period. There is a Gender Equality and Social Inclusion (GESI) Strategy in place. This Strategy also incorporates Institutional GESI Handbook for the RWSSP-WN PSU on Human Resources/Personnel Management & Human Resources Development Training.

The GESI strategy understands that achieving gender equality and social inclusion requires changing the power equilibrium within a participating community. Thus the focus of the Project is on poverty, not so much on caste or ethnicity. This is a shortcoming of the GESI Strategy: it does not embrace caste and ethnicity at a sufficient degree although both remain significant root causes for poverty and limited access to services. With the exception of the recently approved Sanitation and Hygiene Master Plan all others pre-date the Interim Constitution. Therefore they do not reflect the latest policies in addressing exclusion in Nepal. The RWSSP-WN GESI strategy does not recommended affirmative action. No other targets for inclusion have been set other than what is available in the WASH sector.

The District Guideline to Good Practices in WASH promotion (DWIG) was developed in 2009. Gender equality and social inclusion in RWSSP-WN is approached not as a separate entity but as a mainstreamed element. DWIG builds on “good practices” concept. The definition of “good practices” is “community-based, socially inclusive, demand-driven, need based, right-based, pro-poor, gender-responsive and pro-women, culturally sound, environmentally sound, participatory, technically appropriate and sustainable WASH promotion and service delivery.” The “good practices” concept addresses the rights-based approach which is excellent. The MTR Team endorses this approach.

However, DWIG addresses GESI in an ambiguous way – despite advocating for GESI it does not set sufficiently clear targets. For example, there is a comprehensive checklist for integration of GESI issues in WASH implementation in DWIG. Soft phrases of inclusion “make it inclusive”, “include representation” or even “compulsory participation of women and excluded groups” is commonly applied. Such criteria should be amended to specifically state the numerical inclusion targets for women and for various disadvantaged groups. Otherwise the playing field remains too wide and open for various interpretations, even allowing only token participation. DWIG has also incorporated some clear criteria: for example “50% women participation” in WUSCs, “50% of the paid jobs reserved for women” and “50% of the paid jobs reserved for the poor and excluded groups”. In comparison, MTR of RVWRMP in 2009 found that the RVWRMP GESI strategy (2009) was insisting on practical GESI achievements at WUSC and community level. One of the identified strengths of RVWRMP was clear targeting that had been followed through in Project implementation.

RWSSP-WN has also developed a Policy on Prevention on Harassment including Sexual and Child Abuse. It is an excellent initiative that goes beyond basic GESI issues. For instance, there is an employee Code of Conduct that, among many other good policies, bans the use of child labour. This policy has been prepared mainly for the use of PSU and PCO.

Environment, climate change and disaster risk reduction are not sufficiently addressed by the Project. These issues have not been incorporated in the Project as cross-cutting subjects. In PD, approach on the environment is generic. Otherwise these issues are not discussed, not in PD and not in the progress reports. This is a significant short-coming because the sustainability and future viability of water systems is dependent on climate variability and may be threatened by climate change. Studies on effects and impacts of climate change – for instance by the International Centre for Integrated Mountain Development (ICIMOD) – predict that mean annual temperatures are going to increase by 1.3 to 3.8°C by the 2060s (rate of warming most rapid in winter and spring months, i.e., during months December to May) in Nepal. Changing hydrological patterns and flows due to glacial retreat and increased and more variable precipitation will cause increased erosion and affect water supply systems. Precipitation projections indicate an increase in the intensity of rainfall. The key impacts are likely to include increased frequency

of extreme events, such as floods, landslides and droughts, and overall increase in precipitation during wet season. The increased and varied water sources and river flows will affect agricultural production and water and sanitation, e.g., leading to increased levels of malnutrition and increased incidence of water borne diseases. Water crisis may grow in the dry seasons. These are all significant risks affecting the sustainability of water supply systems. They may also influence communities' enthusiasm and interest on the Total Behavioural Change (TBC) concept.

The “**poorest and excluded**” are explicitly mentioned at the overall goal, purpose (immediate objective) and in one of the outputs targets (“inclusive WUSCs”). A number of indicators have been developed to address both gender and social inclusion. **People with disabilities** are mentioned in PD and in the reports. Otherwise their role or access to Project benefits is not discussed.

Governance, however, is not a cross-cutting issue in the context of RWSSP-WN. Improved governance at WUSC, DDC, VDC and national level (through adoption of policies) is one of the core aims of the Project. With respect to governance, the institutional capacity assessment reports of each district provide a baseline that could be used for monitoring results and impact.

HIV/AIDS is not properly incorporated in the Project. It is discussed in the GESI Strategy, but only from the human resources development and personnel management angle. The GESI strategy, District Guidelines for WASH or the PD have not recognised the significant improvements that WASH conditions can have on lives of people living with HIV/AIDS, such as improved health. Many infections spread by contaminated water and are also water-borne diseases. HIV/AIDS affected people are more susceptible to water-related diseases than healthy individuals, and they become sicker from these infections than people with healthy immune systems. They are a lot more vulnerable to infections and malignancies called 'opportunistic infections' because they take advantage of the opportunity offered by a weakened immune system. Maintaining a healthy environment, including access to safe and hygienic drinking water is essential to safeguarding the health, quality of life and productivity of people with HIV/AIDS.

The HIV and AIDS epidemic Nepal is concentrated amongst most-at-risk populations (UNGASS 2010). It is not uniform but a mix of multiple types of epidemics in various regions/zones and districts. A high proportion of returned migrants with risk behavior, from West to Mid-West and Far West, is a new dimension of the epidemic. Knowledge among migrants appears to be the lowest, for instance only 17.2% in the Western region in 2008. About 70,000 people are infected with HIV in Nepal. Total reported HIV cases were 14,320 in 2009. The estimated adult HIV prevalence rate of Nepal was 0.49%. Nearly 50% of total HIV infections were recorded along the highway districts across the country. While the overall HIV prevalence among the labour migrants and rural/urban women is low, the labour migrants and low risk women (rural and urban) account for almost 40% and 26% to total infection respectively.

2.1.3 Implementation of Available Guidelines

A positive finding is that gender, social inclusion and disadvantaged groups are reflected in the implementation and progress reports of RWSSP-WN. The Project is doing an excellent job by systematically providing the number or percentage share of men and women and Dalit, Adibasi Janajati, disadvantaged Terai Caste, other religious minority and other (including Bahun Chettri). The Bahun Chettri category represents the segments of the community that have not been disadvantaged in the past. With respect to some activities also some assessment is attempted. This data is readily able with respect to activities completed and outputs achieved.

However, the quality of reports, particularly with respect to the depth of analysis and use of the disaggregated data is less satisfactory. Both the Trimester Progress Reports and the Annual Progress Reports are full of data tables presenting quantitative numbers of beneficiaries. At the annual report level analysis of quantitative aspects and lessons would be needed but is not there. The Project does not compare the achievements to the baseline or to the GESI criteria that are outlined in DWIG. The reports (also not the latest Annual Progress Report of Fiscal Year 3) do not attempt to analyse if the participation of women and disadvantaged groups is im-

proving (read: increasing) compared to the past. This should happen if the mainstreaming approach works. The Project does not analyse its results, i.e., if the Project is getting closer to a situation where women participation and disadvantaged group participation is proportionate to their presence in the community or not. These are all indicators that would need to be monitored and reported to keep with the purpose of the Project.

The cumulative composition of VWASHCC members' gender (July 2011) in Table 1 below is merely used as an example to illustrate the findings. Only in the best three districts (Parbat, Syangja and Tanahun) 40-42% members of the Committee are women – in all other districts women's share is much lower. The share of female and male membership should be approximately 49%-51% using the population average of the districts as a benchmark. A positive conclusion is that the GESI strategy and mainstreaming approach is working – a negative conclusion is that there are differences between the districts, the reasons may not be well understood and those changes and their reasons may not have been properly monitored or analysed. Certainly the reasons and their causes and effects are not reported by the Project.

Table 1 Cumulative VWASHCC members' gender and social composition per district

District	Gender participation					Social composition			
	Number			Percentage		Percentage			
	Female	Male	Total	Female	Male	Dalit	Janajati	Disadvantaged Terai Caste / Religious Minority	Bahun / Chettri / Other
Myagdi	53	103	156	34	66	19	58	1	22
Syangja	91	128	219	42	58	11	54	0	35
Baglung	46	147	193	24	76	9	34	0	57
Parbat	109	151	260	42	58	14	17	0	69
Tanahun	46	69	115	40	60	17	30	1	52
Pyuthan	52	93	145	36	64	11	59	0	29
Kapilvastu	50	133	183	27	73	16	17	26	41
Nawalparasi	20	60	80	25	75	14	29	46	13
Rupandehi	67	118	185	36	64	14	15	39	32
Total	534	1002	1536	35	65	14	34	11	42
Population of districts				49	51	20	40	13	26

Source: RWSSP-WN: Annual Progress Report FY 2067/2068 (2010/11) and GESI presentation to MTR Team (Aug 2011)

The above findings apply to the social composition of the VWASHCC (also in Table 1). RWSSP-WN is making good progress towards a fully inclusive access to services. Yet there are tremendous differences between the districts and the access of different disadvantaged groups to Project supported services. A detailed analysis of this aspect would require access to VDC-based monitoring data after which comparisons could be made to assess if any caste or ethnicity is over- or underrepresented in these committees. However, on an average the participation of the disadvantaged groups is still falling short of their presence in the districts (65% participation rate vs. 74% presence).

Another indication that implementation of the GESI approach may be found wanting is that – despite its prominence – in the Steering Committee meetings GESI has not been well reflected. GESI aspects were raised in discussions and interviews in the field only a couple of times, indicating that they are not perceived very important by stakeholders.

Resources for addressing cross-cutting objectives are slim in the Project. There is one GESI expert working at the PSU. The staff levels in districts and VDCs have not been increased to the extent that a stronger emphasis on GESI is possible. WASH advisers are expected to incorporate GESI aspects in their work.

2.2 Relevance

The assessment of relevance is expected to answer the following question: *“Is the intervention consistent with the needs and priorities of its target group and the policies of the partner country and donor agencies?”*

The scope and approach of RWSSP-WN were substantially redirected during the inception period of nine months. The scope was narrowed down from village level water resources management to WASH with focus on improved health and nutrition and using hygiene and sanitation as an entry point at VDC level instead of water resources management or water supply. This redirection has been highly relevant and partly ahead of its time. Firstly, the need and demand for micro hydropower in Western Region is considerably lower than in Far Western or Mid-Western Regions, due to better coverage of the national power grid and tapped hydropower in the region. Secondly, RWSSP-WN has been a forerunner of the WASH focus with emphasis on hygiene and sanitation – more recently advocated by Sanitation and Hygiene Master Plan, JSR etc. In general, the Project has been designed to be in full compliance with the national policies.

RWSSP-WN applies the integrated approach – working through relevant local bodies – common in water and sanitation projects supported by Finland for more than 20 years. RWSSP-WN has named this “program approach” and considers it a novelty.

There have not been any such changes in the operating environment of the Project that would have called for reconsideration of its scope and approach as defined in the revised PD. As a conclusion, the objectives, expected results, approach and scope of the Project are still valid and relevant. Hence there has not been need for adaptation to any changes. The relevance was also confirmed by all stakeholders in interviews, and the WASH approach and achievements were appreciated. For example, DoLIDAR is in the progress of publishing national guidelines and manuals to be based on those of RWSSP-WN.

In the revised PD, the overall objective of the Project has been defined as “increased wellbeing of the poorest and excluded”, backed up with rationing that “underlying the overall objective and the approach of the Project is the notion that lack of water supply, sanitation and hygiene causes poverty; thus fulfilling the needs of the poorest and the excluded regarding water, sanitation, hygiene and nutrition and providing them opportunities to increase their own wellbeing through decentralised governance system will reduce poverty resulting in higher productivity and income”. In general, the Project is in line with GON’s poverty reduction policies as well as other policies.

Hard data on reduced poverty is not readily available. However, the relevant water supply and sanitation MDGs of Nepal (7C1 and 7C2) have already been achieved and passed in the Project VDCs. RWSSP-WN has addressed poverty especially in VDC selection: the most remote and backward VDCs have been prioritised in the selection. At the community level, the Project has applied a right based and inclusive approach that provides equal service to the poorest. Subsidies have only been applied in water supply, not in sanitation. Water supply subsidies have been collective to communities and they have not been targeted at the poorest. In fact, the better-off have usually better opportunities to benefit from subsidised water than the poor.

2.3 Efficiency

The assessment of efficiency is expected to answer the following question: *“Can the costs of the intervention be justified by the results?”*

As per the revised PD, the Project budget is EUR 9,703,000 from GoF and NPR 292,677,000 (about MEUR 3.3) from GON, totalling about EUR 12,973,293. In addition, DDCs contribute 3% of water supply investments and 5 % of hygiene and sanitation promotion costs, and VDCs contribute 2.5% of water scheme construction costs and 10 % of VDC WASH plans and hygiene and sanitation promotion costs. Users contribute at least 21 % of the construction costs and O&M estimated on the basis of the construction costs of water schemes (1% in cash and 19 % in kind for construction, and 1% for O&M). All in all, the total project budget is about MEUR 14.7.

The efficiency of RWSSP-WN is assessed against available benchmarks of other relevant interventions in Nepal in Table 2 below. The calculated unit costs of water supply schemes completed by RWSSP-WN are shown in Table 2.

Table 2 Comparison of per capita cost of completed schemes

	Agency/intervention	Per capita cost (NPR)	Exchange rate EUR/NPR	Per capita cost (EUR)
1	DWSS	2,142	100	21
2	DoLIDAR	3,197	100	32
3	ADB/CBWSP	4,235	100	42
4	World Bank/RWSSFB	1,920	100	19
5	RVWRMP	3,420	100	34
6	RWSSP-WN (water supply)	3,757	100	38

Source: for rows 1-5, WASH Sector Assessment Complementary Data Analysis" (Final, dated July 3, 2011), for row 6. Annual Reports of RWSSP-WN

Unfortunately, there is no specific information on factors (number of beneficiaries, total amount spent, inclusion of capacity building, etc.) explaining how the per-capita costs have been calculated. WASH Sector Assessment warns that cost comparisons are treacherous since different agencies work in different regions with widely varying conditions related to transport infrastructure, hydrology and population density.

Nevertheless, looking at the water supply schemes of RWSSP-WN (row 6) the total cost of all 127 schemes completed by RWSSP-WN has accumulated to around MNPR 118.67, benefiting a population of 31,583 and resulting in a per-capita cost of about EUR 38. The differences between districts are significant, with highest per capita cost of about EUR 55 in Syangja with several costly gravity and lift schemes, and lowest below EUR 10 Kapilbastu, dominated by less costly tube wells.

The per capita costs, even if not necessary directly comparable, indicate that RWSSP-WN has been able to convert available financial and other means into results in an effective way.

UNICEF is no more involved in implementing investment projects. Therefore, benchmarking with UNICEF is not possible.

PD includes only two specific physical results with numerical targets for the number of beneficiaries of water supply and of sanitation and hygiene. Therefore, it is not possible to carry out any meaningful assessment of quantitative achievements against any other indicators. Yet, the unit costs and, especially the achievements in ODF, confirm the Team's assessment that the quantity of the Project's results justifies the means, assets and resources used. This has also been confirmed over and over again by interviewed representatives of all levels of stakeholders. Regarding the quality of results, the assessment is not equally positive.

On the soft side, the capacity building of communities and committee members does not meet expectations. The Annual Report 2067-68 states that out of 127 schemes, 87 have maintained books of accounts, meeting minutes and other records properly, without specifying the criteria

for “proper record keeping”. The observations of the Team in communities raise concerns on the quality of record keeping and, hence, the quality of capacity building and follow-up.

DWIG is quite clear in defining the financial authority and responsibilities of WUSC. It gives WUSCs the financial authority to manage the operating account records in a proper and transparent manner for the construction of drinking water supply schemes and the O&M fund. Managing financial matters is the key responsibility of WUSC. Therefore, WUSC has to maintain all records and books of accounts for all financial transactions for the operating account, e.g., bills, invoices, receipts and financial records as well as manage the O&M account fund properly. They have to be able to present the financial records with total income and expenditure of the O&M account to the scheme users at general assemblies and have to be ready to present the accounts for public audit.

These requirements do not appear to materialise in practice, as observed by the Team. In some cases, the WUSC accounts are kept in one and same book with other minutes and records, without any standard formats for entries of transactions. Records of monthly collection have not been added as a total and no accurate cash balance could be traced. In some cases revenues collected have been kept, actually “taken” by the Chairman without WUSC’s recorded decision, and accounts kept by the Secretary, while the Treasurer is formally accountable for management, safe keeping and reporting of the collected funds.

It is common to appoint women as Treasurers for reasons of meeting the gender balance criteria of appointments for key positions, instead of looking into qualifications. The records show, on the other hand, that majority of Treasurers trained were, in fact, men (543 or 60% out of the total of 905). In some instances, the training was not given to the Treasurer but to someone else participating in the training “by proxy” on behalf of the appointed Treasurer.

The reports on book keeping training for Treasurers suggest that it is more important to report on the gender and social composition of participants (number of men and women attending the training) rather than quality of the training itself and its actual results.

Some changes in the operational environment related to exchange rates of EUR/NPR and the continuous inflation have had an impact on the Project. When agreeing on the total budget in July 2008, the exchange rate of 1.00 EUR was NPR 108.43. At the end of Nepalese FY by mid-July 2011 the EUR was down to NPR 99.19 and even lower (at 98.63 by 19.7.2011). Thereby, it can be said that the purchasing power of the total budget of the grant in EUR had decreased by about 9%.

The prevalent inflation, ranging annually between 7.7% and 13.2% from 2008 to 2011 has even stronger impact on the Project. The accumulated inflation and exchange rate changes from the time of Project preparation have theoretically decreased the purchasing power of the budget by almost 40%. These changes have been, however, effectively cushioned by the fact that Project budget has been under-utilised over a period of three years, and these changes have not affected the quantity and quality of results.

Yet another change in the operative environment is the pending constitution and consequent absence of elected political bodies. In this situation GON officials lack political control and their accountability is unclear.

In general terms, resource allocation has been appropriate in comparison with the overall impressive achievements. However, considering the incomplete or to some extent even unsubstantial logical framework, it is hard to say how the resources should have been ideally allocated or how certain allocations correlate with the achievements. The logical framework has not actually served as a proper management tool for measuring achievements.

Out of the total budget of PD only MEUR 0.33 MEUR (2.5%) has been allocated to M&E. Due to the limited M&E resources, the management information system (MIS) has not provided the management with tangible signals for continuous corrective measures or adjustments.

2.4 Development Effectiveness

The assessment of effectiveness is anticipated to answer the following question: “*Is the intervention expected to achieve its objectives?*”

As mentioned above, PD has only two numerical indicators, which, admittedly, are very good and comprehensive for quantitative monitoring of the overall physical and – to some extent – behavioural achievements of the Project. The achievement against the two target indicators is presented in Table 3. Issues of indicators and their measurement are discussed in greater detail in Section 2.10.1.

Table 3 Achievement of main indicators of RWSSP-WN by July 2011

Indicator	Target	Achievement by July 2011	Achievement (%)
Beneficiaries of water supply	90,000	32,000	36
Beneficiaries of sanitation and hygiene	250,000	366,000 ¹	134

The start-up of physical implementation of water supply schemes was delayed and actually commenced in the third year of implementation (2010-2011). The number of beneficiaries of water supply in 2010-2011 amounted to about 23,400 or 74% of the total from the beginning to July 2011. The Project management expects to achieve the overall target by July 2012. It is more likely that this target can be achieved by the end of the proposed extension of the current phase, i.e., by May 2013.

There are four main reasons for the slowly accelerated progress in water supply:

- ❑ having hygiene and sanitation as the entry point, followed by water (unlike in other interventions);
- ❑ lengthy and comprehensive building of the basis, including baseline study and re-formulation of the Project in the inception period as well as preparation of Project policies, approaches, guidelines, manuals, etc.;
- ❑ dependence on (sometimes limited) individual capacity and commitment of key GON staff, especially of District Technical Offices; and
- ❑ delays, difficulties and political interference in the selection of non-governmental organisations to provide services to communities and high dropout rates of technical staff.

Although being behind the set target, the overall progress in water supply is not very slow, compared to other interventions, which tend to be delayed in Nepal. One factor contributing to the level of progress achieved in the third year is successful mobilisation of resources from users and local bodies.

The remarkable progress in the sanitation and hygiene component measured with the number of beneficiaries – without subsidisation – is largely explained by its success to generate replication in non-project VDCs. The TBC concept has been widely accepted; the progress in ODF declaration indicates the success of the hygiene component. By July 2011, 32 project VDCs and another 34 non-project VDCs have been declared ODF. In this respect, RWSSP-WN has materialised an aspiration of an intervention that is replicated beyond its horizon without or with minimum external push. Taking into account the progress in the period of 2010-2011 (about 286,000 beneficiaries) and the remaining replication potential it is possible to reach 600,000 beneficiaries or even more by July 2012.

By all means, virtually all beneficiaries and other stakeholders appreciate the achievements of the Project. In the field the some women request more support from RWSSP-WN to income generating activities.

¹ The figure represents the number of users of new toilet facilities.

2.5 Development Impact

The assessment of impacts is expected to answer the following question: *“What are the overall effects of the intervention, intended and unintended, long term and short term, positive and negative?”*

The overall objective of the Project, as defined in the revised PD, is “increased wellbeing of the poorest and excluded”. The purpose of the Project is “to fulfil the basic needs and ensure rights of access of the poorest and excluded households to safe domestic water, good health and hygiene through decentralised governance system”. The logical framework of PD defines the achievement of the overall objective by:

- Human Development Index (HDI) improved by ... (from baseline);
- poverty index improved by ... (from baseline);
- household/per capita income in the project districts increased by ... (from baseline);
- life expectancy at birth of the people living in the project districts increased by ... (from baseline);
- empowerment index improved by ... (from baseline); and
- governance index improved by ... (from baseline).

By the time of MTR, the Project had produced national level baseline values for the above indicators except the last one. Objective verification of the achievement with the indicators is not possible. Surely there is progress towards the overall objective and purpose as such, bearing in mind the physical achievements, targeting at the most backward VDCs and the GESI strategy of the Project.

Apart from its main objectives, the Project has successfully demonstrated how resources can be mobilised from communities and households as well as local bodies, and how the total sanitation concept can be scaled up and replicated without subsidies. DoLIDAR is in the process of preparing guidelines for rural WASH development in all districts throughout the country and is making use of the work done by RWSSP-WN.

2.6 Sustainability

The assessment of sustainability is expected to answer the following question: *“Will the benefits produced by the intervention be maintained after the termination of external support?”*

The set-up of the Project is supposed to strengthen the sustainability of the results in many ways. Firstly, regarding sanitation and hygiene, TBC is, as the concept indicates “total”, and, therefore, most likely to remain permanent. It may be early to predict how sustainable the ODF and TBC concepts are in longer term but, taking into account the no-subsidy policy applied by the Project, it is anticipated by the Team that the likelihood for sustainability is quite high. There is also strong evidence, discussed in greater detail in 12.10.4, that households who initially construct a temporary toilet upgrade relatively soon to permanent toilets. This indicates adoption of behavioural change and willingness to sustain it.

The Project has created capacity enhancement among stakeholders at the district, VDC and community levels, which is also likely to be permanent, carrying on the legacy of the Project into the future. The enhanced awareness and capacity of administrators and implementers at all levels will support the sustainability of the results. It will also support replication of the methodology. This is particularly true in regard of sanitation and hygiene. On the other hand, the high rate of turnover of key personnel, especially LDOs and VDC Secretaries, poses a risk to continuity – particularly after phasing out of the Project. Provided that MLD and DoLIDAR manage to institutionalise the WASH, ODF and TBC concepts in the whole country, this risk would be largely reduced.

The prospects in water supply are not equally positive although improved water supply is largely appreciated and in many places beneficiaries have recognised improvement of health situation,

with no cases of diarrhoea during the year of completion of the scheme compared to up to seven cases the year before. Whether the improvement can be attributed to safe water and/or improved sanitation and hygiene could not be statistically confirmed.

Clearly there is commitment to operate and maintain improved water supply schemes in technically and financially sustainable manner where the post-scheme benefits are highly appreciated. Typically this is the case where water had to be collected downstream of the community uphill steep slopes or arsenic contaminated water source has been replaced by safe supply.

But almost two thirds of schemes are gravity fed (17% of them rehabilitation schemes), which supply water from upstream sources. Consequently, before the intervention of the Project, there have been some kinds of pre-scheme water sources – streams, springs, etc. or even existing gravity schemes – used by beneficiaries. Where upstream supplies have been available, the improvement from the previous situation may not have been so fundamental by the beneficiaries. Potential improvement of water quality and safety is not widely understood, even by designers. This issue is discussed more thoroughly in Section 2.10.3.

In principle, the administrative and financial set-up aim to support the sustainability. Administratively the communities have to show their commitment to future O&M by collecting a cash contribution of a minimum 1% for O&M and a minimum of 1% in cash for capital investment as a precondition for being qualified for support for investment for funding from the project. Even if substantial portion of the water supply schemes have been completed only lately, the determination to collect water fees for operation is obvious. In the first schemes fees are collected monthly, while in newer schemes the decision to collect has been taken and collection is about to start.

It is obvious that there is both capacity and willingness to pay for the water, provided that there is a clear benefit and difference between pre- and post-scheme situation perceived by users. In one place – Bankatta lift scheme in Syangja – visited by the Team, the users had recognised the value of saved time and were willing to pay substantial fees per tap stand, although not enough for the sustainability point of view. This case is described in Box 1 below.

Box 1 Revenue collection in Bankatta

The tariff has been set at NPR 500 per month per tap stand to be shared among four to five households (NPR 100-125 per household). The revenue collected from 31 tap stands amounts to NPR 15,500 per month. The monthly electricity bill for pumping is about NPR 5,000, and the monthly payments to two MWs and one Operator total NPR 5,500. The total investment is about MNPR 4.08 (EUR 40,800) or NPR 5,650 (EUR 56.50) per capita. With a surplus of NPR 5,000 per month after operation costs, the repayment period of the total investment is far too long and, therefore, the investment can as such be considered financially non-viable. The monthly surplus is used among community members as a revolving fund for poultry and goat farms and vegetable farming.

However, at the household level the situation is different. As the value of unskilled labour-day is given as NPR 370 and saved time for fetching water is one hour per day, the following calculation can be made:

Alternative value of one hour saving per day is about NPR 50 NPR (NPR 370 for about 7.4 hours); the monthly savings are consequently NPR 1,400 per month. (NPR 1,500 (30 days x 50 NPR) less the monthly water fee of NPR 100). With 135 households the monthly savings would add up to NPR 189,000, rendering the repayment period for the investment as only approximately 18 months.

Apart from this extreme case, the usual collection rate for a gravity scheme is NPR 5 to 10 per month, reasonable enough to pay for one or two Maintenance Workers (MWs). Usually the revenue is on-lent to a member for IG activities, thus generating some additional income for the borrower and interest income for the community.

The obvious reason for engaging into micro credit operations is the absence of bank branch offices in the area, making deposition on WUSC bank account in practical terms difficult. Also the interest offered by banks is low and under present inflation rates depositing in a bank is

really not encouraged. However, a consequence of this practice is that the very moment when spare parts are needed, the money collected for O&M is not readily available. Another constraint may also be the lack of awareness of the O&M fund, observed in the field by the Team. A rather agitated member blamed the Project/VDC for installing second-hand taps in two tap stands instead of brand new ones. Obviously, the awareness of reasons for collecting the fee for O&M was not clear in this case, neither the fact that it is on the WUSC's responsibility that the system is properly managed. Regardless of this observation by the MTR Team the overall administrative and financial arrangements are clearly supporting the sustainability.

Based on the above, it seems that – paradoxically – lift schemes may have higher potential for sustainability than gravity schemes. Admittedly, they are more complex and their O&M costs are higher. The main point is that they really make difference to their users. The Team was informed that pump spare parts are readily available in larger centres in the Project area and after-sale service is provided from commercial centres in Terai. Control panels for pump operation are quite simple and Operators are able to maintain and buy necessary spare parts after training.

The main strengths related to sustainability are in brief:

- ❑ mostly strong ownership of users – due to management of their own projects;
- ❑ adoption of the maintenance fund concept;
- ❑ strong political support by all parties at all levels;
- ❑ non-subsidisation policy in sanitation; and
- ❑ availability of spare parts and technical services.

The main weaknesses related to sustainability are in brief:

- ❑ management capacity at scheme level is still limited, particularly financial management;
- ❑ commitment to maintenance and willingness to pay depend on the added value of the scheme as perceived by the users; and
- ❑ the awareness of water safety is still limited.

Opportunities for better sustainability include institutionalisation of the WASH concept in the whole country and sector harmonisation. They would substantially contribute to the availability of key personnel who are familiar with the concept. At best, harmonisation would result in making best use of all resources, including DWSS staff at the regional and divisional levels.

One promising example of opportunities for enhanced technical capacity for O&M is commitment of Mahendra Kot VDC in Terai to extensive vocational training of skilled maintenance workers. This case is presented in Box 2 below.

Box 2 O&M arrangement in Mahendra Kot

The people in Mahendra Kot VDC have realised that technical sustainability and system maintenance are critical. They had experienced difficulties in maintaining old gravity water supply systems supported by the Finnish supported RWSSP in Lumbini Zone, due to technical problems.

As a lesson learnt, VDC initiated a programme to capacitate local O&M for the systems supported by RWSSP-WN. In order to retain the trained human resources they chose technicians from local areas (such as plumbers) who have been serving their communities as semi-skilled technicians. Sixteen technicians, two for each eight schemes being constructed in VDC under the Project have been sent to Butwal for training. The training centre provides vocational training under the Ministry of Labour. VDC sponsored six-month training of the sixteen technicians. VDC has provision that the trainee has to be pay back to VDC if he does not complete the course. All sixteen trainees participated in deep well construction (electricity, masonry, carpentry). Training was not completed by the time of MTR.

Sustainability could be threatened by inadequate or collapse of revenue collection, poor or mis-management of funds at the WUSC level, and – particularly in case of gravity schemes – possible lack of commitment to maintenance.

2.7 Project Management and Administrative Arrangements

2.7.1 Day-to-day Management

The MTR Team has no concerns about the day-to-day management of the Project. The management structure is also quite functional. Main problems are related to the Steering Committee (SC). The composition of SC is good for sharing information and co-ordination with other interventions but it is very heavy for dynamic decision making. Decision making has also been hampered by a fact that sometimes the documents needed for decision making have not been distributed to members before meetings.

As a result of the promotion of the National Project Coordinator (NPC and Head of PCO) to the National Project Director (NPD), posted in DoLIDAR, these two vacancies have been held by the same person. This has not had any significant effect of the Project.

District Technical Offices (DTOs) in almost all districts are responsible for several infrastructure projects, especially rural roads. In spite of the establishment of WASH Units under DTOs, the technical manpower in the DTOs is not adequate to monitor different activities of all water projects. It is difficult for DTOs to support and supervise technical staff of service providers (SPs) in producing survey design estimates and in scheme construction and to provide quality assurance service to providers in the implementation of RWSSP-WN in remote VDCs. Otherwise, GON is capable of mobilising staff for the work.

2.7.2 Budget and Expenditure

So far there have been no problems in mobilising GON financing. This may have partly been an implication of delayed expenditure compared to the Project budget. Many GON representatives at different levels raised concerns for the adequacy of the GON financing in the remaining period of the Project, due to expected high rate of implementation.

The financial set-up has been described in the revised PD. A summary of the GOF and GON budgets with annual contribution is summarised in Table 4 captured from PD.

Table 4 Budget as per revised Project Document

Item	Total DDF	Total PSU	TOTAL	GoF	GoF %	GoN %	GoN
WATER SUPPLY AND SANITATION INVESTMENT COSTS	7,321,600	246,000	7,567,600	4,415,430	58%	42%	3,152,170
GOVERNANCE	492,000	500,255	992,255	938,255	95%		54,000
TECHNICAL ASSISTANCE	-	2,299,060	2,299,060	2,299,060	100%		
RUNNING COSTS	30,000	1,530,000	1,560,000	1,530,000	98%	2%	30,000
EVALUATION & MONITORING.SUPERVISION	120,600	209,400	330,000	330,000	100%		-
TOTAL WITHOUT CONTINGENCIES	7,934,200	4,784,715	12,718,915	9,512,745	75%	25%	3,236,170
CONTINGENCIES	158,684	95,694	254,378	190,255	75%	25%	64,723
GRAND TOTAL	8,092,884	4,880,409	12,973,293	9,703,000	75%	25%	3,300,893

In addition to the above, the DDC, VDC and community contributions are estimated as follows:

- ❑ DDC to contribute 3% of the total contribution given by GOF and GON to DDF and related to water supply construction and sanitation (EUR 194,058 – EUR 134,058 for water supply and EUR 60,000 for hygiene, sanitation and nutrition);
- ❑ VDC to contribute 2.5% (EUR 111,715 EUR) for water supply activities and 20% (EUR 400,000 for hygiene sanitation and planning; and
- ❑ the Community to contribute 21% (EUR 938,406 EUR including 1% in cash) for water supply construction and maintenance.

The total budget is approximately MEUR 14.7 but the exact total depends on the fluctuation of the exchange rate between EUR and NPR.

It can be mentioned as a minor remark, that the budget, as it appears in PD includes small errors. The GON contribution of EUR 30,000 for running costs is not included in the grand total in Table 4 given as EUR 8,092,884, which should be EUR 8,122,884. Nor is it included in the grand total of the column "Total", being stated as EUR 12,973,293, while the correct amount should be EUR 13,003,393.

Another minor error appears on the row "Contingencies". "Total DDF" and "Total PSU" is stated as EUR 254,378, while the division between GOF (EUR 190.255) and GON (EUR 64,723) is EUR 254.978,00, a difference of EUR 600 EUR, resulting in a percentage distribution of 74.79 + 25.44 adding to 100.24%.

The division of contributions from GOF and GON and the internal division of contributions from different levels of GON have been appreciated by all stakeholders. The funds from governments, local sources and contributions from the community have arrived timely, without delay and in full, as planned and as requested from time to time. The Project has not experienced problems related to sourcing of funds. The conclusion is that the set-up is functional.

The corrected budget of EUR 13,003,393 – as in Table 5 and

Table 6 – includes allocations of EUR 7,567,600 (58%) to investments through DDFs, while allocations to support functions (governance, running costs and M&E) amounted to EUR 2,882,255 (22%), and EUR 2,299,060 (18%) was allocated to technical assistance (TA). In comparison, only MEUR 4 (35%) of the total budget of MEUR 13 was spent during the three first financial years. In addition, it can be noted that of the intended spending of MEUR 7.6 (58%) on investments, only MEUR 1.9 (26%) was materialised, as seen in Table 5.

Table 5 Total budget and spending FY1 - FY3

	Total DDF, EUR	Total PSU, EUR	Budget, EUR	% distr. of budget	Spending, FY 1-FY 3	% distr. of spending	Spending, % of budget
Investment costs	7.321.600	246.000	7.567.600	58,20	1.936.680	43,04	25,59
Governance	492.000	500.255	992.255	7,63	278.325	6,19	28,05
Running costs	30.000	1.530.000	1.560.000	12,00	883.076	19,63	56,61
M&E	120.600	209.400	330.000	2,54	33.858	0,75	10,26
Support functions total	642.600	2.239.655	2.882.255	22,17	1.195.259	26,56	41,47
TA	-	2.299.060	2.299.060	17,68	1.367.693	30,40	59,49
Subtotal	7.964.200	4.784.715	12.748.915	98,04	4.499.632	100,00	35,29
Contingencies	158.684	95.694	254.378	1,96	0	0,00	0,00
Grand Total	8.122.884	4.880.409	13.003.293	100,00	4.499.632	100,00	34,60

The low spending on investments through DDF (MEUR 1.4) compared with TA (MEUR 1.37) could be more balanced.

The budget for FY 4 is presented in

Table 6. Assuming that budget for FY 4 is spent up to 100%, the “actual” distribution over 4 years differs from the budget. The amounts spent during the last year are EUR 3,636,680 (48%) in investments through DDFs, while spending on support functions amounts to EUR 1,866,514 (21%) and EUR 1,889,348 (17%) on TA. In this comparison, spending on TA appears to be quite well in line with the budgeted 18%), due to more ambitious spending on investments.

Table 6 Total budget, actual spending FY 1 – FY 3 and planned spending FY4

	Budget, EUR	Spending, FY 1- FY 3	Budgeted spending, FY 4	Total spending	% distr. of spending	Spending, % of budget
Investment costs	7.567.600	1.936.680	1.700.000	3.636.680	55,14	48,06
Governance	992.255	278.325	165.000	443.325	5,35	44,68
Running costs	1.560.000	883.076	455.255	1.338.331	14,77	85,79
M&E	330.000	33.858	51.000	84.858	1,65	25,71
Support functions total	2.882.255	1.195.259	671.255	1.866.514	21,77	64,76
TA	2.299.060	1.367.693	521.655	1.889.348	16,92	82,18
Subtotal	12.748.915	4.499.632	2.892.910	7.392.542	93,83	57,99
Contingencies	254.378	-	190.255	190.255	6,17	74,79
Grand Total	13.003.293	4.499.632	3.083.165	7.582.797	100,00	58,31

With hindsight, the spending has not been impressive. The main reason for slow spending has been the difficulty in mobilising service providers (SP), especially NGOs. To some extent difficulties have been sorted out, and the Project is confident in reaching its physical targets during FY4. Still, even if the entire budget of FY 4 – EUR 3,083,135 – were spent in FY4, only MEUR 7.58 (about 58%) of the total budget would be spent by July 2012.

However, what appears as slow spending might not, after all, be the core problem. One can equally ask if the financial set-up, i.e., the overall budget, was correctly built up from the beginning. For example, as per the budget of PD, the unit construction cost of EUR 70 per capita for gravity water supply schemes for 45,000 persons resulted in a budget allocation of EUR 3,150,000 for this purpose. In reality, the unit cost has not been more than about EUR 38 and so far the number of beneficiaries is about 32,000 (70%) of the targeted. Consequently, expenditure on gravity schemes alone is about MEUR 2 below the budget. With hindsight the conclusion is that the initial budgeting was based on over-estimation of unit costs and, hence, construction costs and was not accurate from fund allocation point of view.

This low spending has of course implications on the amount remaining as unutilised at the end of the present phase. That will be commented further in Section 2.7.5.

2.7.3 Fund Flow

RWSSP-WN intended in the beginning to harmonise fund flows with the GON structure and made a proposal to MOF. According to this proposal the claims of local banks would be reimbursed from the Central Bank from GON regular resources. Upon receipt of expenditure reports, the account of the Finnish funds at the Central Bank would be made available for withdrawal. Fund would be channelled through the GON system and be a step towards SWAp. MOF did not respond and changing into fund flows through GON did not materialise. Lacking approval for the proposed fund flow, the model of RVWRMP was applied at the start of the Project.

All funds, including investment funds for DDF, were channelled through the consulting firm (Ramboll Finland Oy). The system was quite efficient: money transfers arrived within one week if pushed hard. The speed of transfer indicates that the consulting firm may have advanced the funds from its own resources, to be reimbursed later by MFA. Later experience tells that a normal transfer takes 2-3 weeks. As cash flow estimates in Nepal are not very accurate, this method did not always work as expected. Another problem was that MFA was reluctant to disburse funds while large DDF amounts were still seen to be unspent.

A new fund flow mechanism was approved by SC in September 2009. This mechanism is illustrated in Figure 1 and described below.

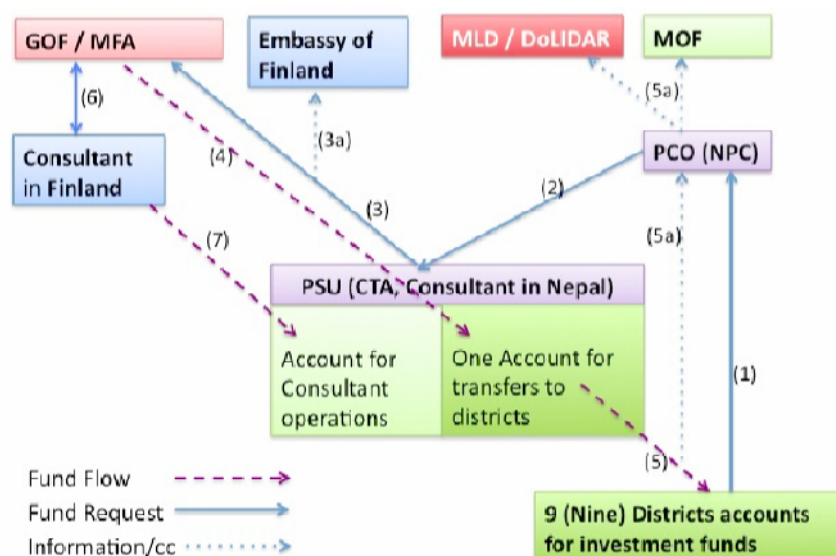


Figure 1 New RWSSP-WN fund flow system

The GOF funds are channelled in two different ways. The fund transfers for **investments** are initiated by a fund request (1) from districts to PCO headed by National Project Coordinator (NPC). After approval district requests are forwarded (2) to the PSU, headed by the Chief Technical Advisor (CTA) who approves requests and forwards (3) them to MFA with copies (3a) to the Embassy of Finland. Thereafter, MFA transfers (4) funds to the account in Nepal dedicated to the districts and opened by the consulting firm. From there PSU transfers (5) funds to districts with copies (5a) to NPC who, in turn, informs (5a) MLD and DoLIDAR.

The funds for operating the PSU activities are transferred (6) from MFA to the consulting firm in Finland and further to the firm's account in Nepal (7). Accounts are held by the consulting firm in Nepal, reconciled at the home office in Helsinki and reimbursed by MFA in Finland based on monthly invoices.

The fund flow from MFA to DDF accounts is functioning as expected and to everybody's satisfaction. Funds are flowing in according to plans, and funds are always available for investments in each district, when required approvals for disbursements are cleared. In fact, the present fund flow has been working without problems, and the observation by the Team is that, apart from an attempt of harmonisation, there is no real reason for a change. Changing the system now could bring along delays in submission of reports and consecutive delays on the funding.

2.7.4 Fiscal Calendars

Worth noticing is the different financial management cycle of the two countries. While GOF has made a Project-wide financing commitment, allowing reallocations from one year to another over the four-year Project period more freely, GON is tied up in an annual cycle. As a consequence, it is easier for GOF to adjust budgets in accordance with actual needs over the Project period. Disbursement problems have been solved by the available cash management element inbuilt in the present set-up. Since the two major funding sources (GOF and GON) follow different fiscal year calendars, it is quite easy for the Project to plan for efficient fund utilisation. It is possible to spend funds as per the annual budget from GON sources well ahead of the end of the Nepalese fiscal year in mid-July, thereby avoiding any financial constraints at the end of the fiscal year. By the Nepalese year-end, funds from GOF can be used. Similarly, operations and investments can be funded from GON funds at end of the GOF fiscal year at end of December. Further benefit of this is that it is always possible to utilise the Nepalese budget contribution in full, without having unutilised funds at year-end. All in all, the present fund flow has facilitated flexible scheduling and balancing of payments. This fund flow has worked without problems.

One detail worth attention is that the DDF funds serve also other development projects, not only the RWSSP-WN. Therefore, identifying and reconciling inflow to and disbursements from the WASH account are not always easy among numerous other transactions. In Kapilbastu this has been made easier by transferring the DDF WASH funds immediately to a specific VDC WASH account. This additional layer makes reconciliation of the transactions much easier. While same authorisation procedure and signature rights are still needed, the procedure is as safe as before.

2.7.5 Contingency

The global budget includes a contingency of EUR 190,255. Out of that, EUR 130,255 EUR has been allocated to the fourth implementation year, leaving only EUR 60,000 as budgeted contingency at end of the fourth year. As a matter of fact, that amount is negligible, at least in comparison with the estimated amount of unutilised funds, discussed above in Section 2.7.2.

For the purpose of understanding the magnitude of un-utilised funds it is worth analysing the spending after three fiscal years and put it into context with the Project's FY 4 budget. Even if the ambitious budget on investments of about MEUR 1.7 materialised to 100%, EUR 2.12 would still remain unutilised after the end of the fourth year, as presented in Table 7.

Table 7 Unutilised funds at end of the current agreement

Government of Finland Contribution	Total 4 year budget	3 years spending	Budget for FY 4	4 years spending, if FY4 spent 100% as budgeted	Unspent after 4 years
FY 65/66, 66/67, 67/68, 68/69	Euro	EUR	EUR	EUR	EUR
Water Supply and Sanitation (PSU)	183.058	39.865	30.000	69.865	113.193
Governance	878.255	278.326	165.000	443.326	434.929
Technical Assistance	2.299.060	1.367.693	521.655	1.889.348	409.712
Running costs	1.530.000	883.076	425.225	1.308.301	221.699
Evaluation and Monitoring	146.942	33.858	51.000	84.858	62.084
Total PSU	5.037.315	2.602.818	1.192.880	3.795.698	1.241.617
DDF Transfers / Investment fund	4.475.430	1.896.815	1.700.000	3.596.815	878.615
Total	9.512.745	4.499.633	2.892.880	7.392.513	2.120.232
Contingencies of PSU	190.255	-	190.255	190.255	-
Grand Total	9.703.000	4.499.633	3.083.135	7.582.768	2.120.232

Earlier experience shows, however, that the Project has not been able to spend its budget as planned. It is more realistic to estimate a lower spending level. For example, if the budgeted spending on investment only reached the level of 75%, the spending would be only MEUR 1.3, and the estimated total unutilised amount of the GOF grant would be more than MEUR 2.5. It is quite realistic to expect the unutilised funds to be within the range of about MEUR 2.2 – 2.6. That would be roughly in line with one year's actual expenditure of MEUR 2.63.

2.7.6 Audit

Auditing should be regarded by both financiers and Project management as a tool for reviewing the adequacy of their governance and adherence to Project policies as a whole, not only for revealing irregularities by employees or other stakeholders involved. RWSSP-WN has not yet been subject to external independent audit. At the local level the procedure consists of a public audit confirming whether funds have been properly used or not. However, the concern is that a public audit is conducted by the same people taking care of planning, design, implementation and supervision of projects. Thus, these people may not necessarily want to expose all information to the community, which is the ultimate idea of public audit. It is also doubtful whether the proper maintenance of accounts is checked at all.

2.7.7 Technical Assistance and Human Resources

The share of technical assistance (TA) out of the total budget is exceptionally low. This is an implication of the decision in the inception period to rely on and provide support to the DDCs in the implementation of WASH. TA of RWSSP-WN initially comprised three internationally procured advisers, one of them being a Nepali, and a few locally recruited advisers in PSU plus one adviser in each Project district. The TA team is substantially smaller than its counterpart in RVWRMP.

In general, there is no doubt about the quality of TA in general. Unsurprisingly though, the competence and quality of TA varies between districts, which is understandable as there are differences between individuals. Technical competence could have been given more emphasis in recruitment of District Advisers (DA). This does not mean that they should have predominantly technical training. Stronger support from PSU might have levelled the differences but the resources of the TA team are limited.

Against the limited TA resources the team has performed very well. The main problem associated with TA is that monitoring of capacity building, implementation of the GESI approach and technical quality of schemes has not been adequate. Consequently, shortcomings have not been recognised and corrective measures have not been taken. In other words, working through the local bodies has been successful in terms of quantity but less in terms of quality of outputs.

A total of EUR 2,299,060 was budgeted in PD for TA. The expenditure on local TA was quite low in the beginning, as local TA was hired only at the end of the first year. The share of international TA was roughly 80% in the first year, decreasing to about 70% during the next two years and – according to the FY4 budget – will decrease to 64%. If TA expenditure will follow the budget allocation for FY4, international TA expenditure will total to about MEUR 1.52, which is about 78% of the total TA budget, about 20.5% of the total spending (assuming that 100% of FY4 budget is spent) and only about 12% of the total budget. This is quite impressive as such.

2.7.8 Service Providers

As mentioned above, one of the main problems in Project implementation and a major reason for delays has been the selection of NGOs as service providers. This problem has been addressed by developing another partnership by recruiting individual consultants by DDCs. Limited experience of the use of individuals instead of NGOs has been promising. In addition to the recruiting problems, many NGOs have failed to perform properly. Some have proved to be low and slow payers to their personnel – reportedly even non-payers. Their ability to retain competent and motivated staff is limited. Particularly the drop-out rate of technical staff is high. This may partly be explained by the fact that the technical staff have often standby periods during each scheme. The Team identified in the field also a structural problem with the NGO set-up. When all support services are provided under the same NGO umbrella, there is a risk that the social staff of the NGO tend to hide and downplay technical faults and shortcomings resulting from the same NGO's limited technical competence. This set-up does not encourage building up of customer rights of WUSCs.

The Project has relied on partnership with District Agricultural Offices and other interventions in supporting income generating activities. This makes sense because there is no specific expertise within RWSSP-WN itself – not with SPs either.

2.8 Coherence

RWSSP-WN benefited from an extensive range of studies and reports prepared by previous interventions and the Project carried out comprehensive review of relevant previous and on-going projects and programmes in Nepal. Moreover, the Project imported lessons learned from other countries, most notably from Ethiopia. Therefore, RWSSP-WN has represented the state of the

art in rural WASH since its inception period and been a forerunner in the WASH approach in Nepal, and it pioneered in involving Departments of Health (DOHs) in district in the WASH activities.

In regard to the harmonisation of the rural WASH sub-sector, RWSSP-WN, like RVWRMP, is implemented under the management of MLD and DoLIDAR, unlike other major interventions in the sub-sector. This is legally justified, as DoLIDAR is responsible for infrastructure development at the district level, including water supply and sanitation systems which serve less than 1,000 people. DoLIDAR is expected to implement schemes identified by DDCs through decentralised planning beginning at the VDC level. DTO provides technical support at the district level. DoLIDAR undertakes many activities – particularly rural roads – and hence WASH is not its mainstay.

Other major supporters of rural WASH have operated through different channels: ADB through DWSS and WB through RWSSFDB. The latter is an autonomous body whose “liaison ministry” is MPPW. MPPW is the main ministry responsible for formulating policy for and planning and monitoring of the WASH sector. DWSS is the largest agency in the sector dedicated to planning and implementing water supply and sewerage across the country.

Whereas sector harmonisation and clarification of roles at the central level is not easy, the district level seems more promising and the Sanitation and Hygiene Master Plan provides a sound basis for district level coordination. RWSSP-WN is well prepared and placed in this harmonisation.

The civil society has been involved in RWSSP-WN to the extent possible in the present situation in Nepal where local elected bodies have not been in place for years. The society at all levels from different groups in communities to the central level, e.g., FEDWASUN, has been actively involved. NGOs have provided support services to communities – though not without problems. Positive experience has been gained about recruiting private individuals to provide these services. Their engagement has reduced political interference to some extent in the selection of service providers.

The Project is a First Priority (P1) category project as defined by NPC, and it is aligned with national priorities. It supports the implementation of key national policies on water supply, sanitation, WASH, and decentralised governance and inclusion.

The fund flow mechanism proposed in PD is not consultant driven, but it still depends on activities by the Consultant. Recording these aid flows in GON's expenditure reports does not appear as per of regular DDC/VDC progress and financial reporting.

The capacity development approach of the Project addresses the needs of DDCs and district line agencies, VDCs, a variety of WASH committees and structures, WUSCs, women and men. The strategic approach of gender and social inclusion and building the requisite capacities is in line with GON priorities.

District and VDC WASH plans and District WASH basket fund are good examples of alignment, donor coordination and supporting the use of local systems. Also WASH Units under DTOs have proved to be functional. In two districts the Project-supported DAs have been hired by DDCs as per the suggestions of WASH Structure Report under DDC payroll. This may indicate further integration of Project activities and concept into GON's structures. It remains to be seen in future if these transfers become permanent and possibly replicated.

The DDC and VDC based implementation mechanisms avoid setting up district based parallel structures. DTO (with authorisation from LDO) is responsible for carrying out of service and specific technical procurement, contracting of SPs and management of District WASH funds. The role of WUSCs in procuring materials and services for the scheme implementation is also clear: WUSCs are responsible for managing accounts for construction of water supply schemes and O&M funds. Much of capacity building and planning, e.g., VDC WASH plans, takes place at

the VDC level. VDC is also the first level where ODF can be declared. RWSSP-WN initiated multi-stakeholder forum (MSF) meetings as the first induction event of WASH activities at the VDC level. By July 2011 all Project VDCs have completed MSF meetings.

2.9 Finnish Value Added

Based on interviews, RWSSP-WN stands out from the crowd by three main characteristics:

- ❑ mobilisation of resources from all levels;
- ❑ decentralised bottom-up approach and reliance on the capacity of communities; and
- ❑ thin TA resources and reliance on local service providers.

To what extent the above features are typically Finnish is not easy to determine but, admittedly, at least the first two characteristics are common in recent rural WASH interventions supported by Finland. They may be explained by:

- ❑ long term Finnish commitment to rural WASH in Nepal as well as in other countries;
- ❑ focus of Finnish sector support on the rural sub-sector and consequent cumulative experience;
- ❑ long-term and still continuing use of appropriate low-cost technologies in rural water supply and sanitation in Finland, due to relatively late urbanisation and high number of holiday houses with usually lower standard of conveniences;
- ❑ consequent pool of human resources with relevant experience;
- ❑ flexibility in the implementation of (framework) project documents, based on result orientation, encouraging development of innovative approaches; and
- ❑ openness to learning from others, including cross-fertilisation between Finnish-supported interventions in different countries.

2.10 Specific Subjects

2.10.1 Baseline Data and Indicators

PD defines only two specific physical targets for the people to benefit from support to water supply and people to benefit from support to sanitation and hygiene. No other numerical target values for indicators have been established in PD. Instead, a considerable number of indicators have been introduced with increase or decrease (in percentage) of these indicators. However, no baseline information has been presented; both baseline figures and expected change (in percentage) have been left blank in the logical framework. Even if some numeric achievements were given, it would be impossible to convert such achievements into reliable percentages for a meaningful comparison. Percentages are extremely difficult indicators because they are subject to several data inaccuracies. With respect to monitoring and reporting, the starting point for selection of indicators should be GON's reporting needs. This has not been the case with RWSSP-WN.

Apart from numerical values, the revised PD is very rich with indicators, some of them very ambitious and challenging for measuring and verification. Considering that the Project team revised PD during a generous inception period of nine months, the lack of concrete triggers for meaningful assessment of achievements is amazing. The MTR Team members have never seen such a lack of concrete targets in project documents of interventions in the water and sanitation sector. This is very strange against the fact that the time for project (re)formulation and baseline studies was extensive compared to average time allocations for project preparation. Apart from the main target numbers, the Project has not provided proper tools for evaluation and monitoring. For example, the Steering Committee (SC) has been unable to follow up the progress against blank indicators, especially because the Project had not updated the logical framework with real baseline data (even if they were available) until requested by the MTR Team.

According to the Inception Report, the baseline data collected by RWSSP-WN during the inception period was secondary data available in different reports, assessments, statistical bulletins, etc., as well as data collected by several short term consultancies and bulky VDC level baseline data collected by the District Advisers.

Qualitative indicators are not strong, either. For example, the only indicator for the guidelines (GESI responsive District WASH Implementation Guidelines, District Arsenic Mitigation Guidelines and District Water Quality Guidelines) is “all three guidelines are in use”. There is no attempt to analyse if the Project is getting closer to a situation where women participation and disadvantaged group participation is proportionate to their presence in the community. These indicators would need to be monitored and reported to keep with the purpose of the Project.

Another example is output target “strengthened institutional capacity of local bodies to facilitate the WUSCs for the implementation, operation and maintenance management of domestic water, sanitation and hygiene (WASH) programs in a self-sustainable manner”. It has at the output level a related target “facilitated local bodies and WUSCs to use financial and other resources productively for the sustenance of the systems”. Unfortunately, there are no indicators specified for measuring the actual achievement. In the means of verification (MOV) column, reference is made to “semi-formal interviews with trained water and latrine users, WUSCs, VDCs, women’s community based organisations (CBOs), village health workers (VHWs), poorest women, school children, teachers”, in addition to WUSC reports and meeting minutes and RWSSP-WN monitoring reports. Consequently, MIS has not been able to capture the quality, i.e., real results of training provided. Any timely signal on this would have alerted improvement of the quality of capacity building.

2.10.2 Arsenic Mitigation and Water Quality Monitoring

The area of RWSSP-WN includes three arsenic affected Terai districts: Nawalparasi, Rupandehi and Kapilbastu. Of the total 147,530 samples tested in the three districts; 6.5% exceeded the WHO guidelines and 3.8% the Nepal Interim Standard (National Drinking Water Quality Steering Committee, 2008). Arsenic in the three districts was identified in early 2000s.

RWSSP-WN plans to provide arsenic free water to 10,000 arsenic affected people. As per Project design, DDCs and VDCs are supposed to execute the arsenic mitigation activities under co-ordination of DWASHCCs.

RWSSP-WN facilitates the formulation of arsenic mitigation plan of action, identification of mitigation process, selection of the best option, capacity development, and guidance for updating and upgrading arsenic information management. The Project has applied two approaches:

- ❑ reduction of arsenic level by using available filters (called temporary easing); and
- ❑ avoidance of arsenic contaminated water using alternative sources of water with low or no arsenic concentration (called permanent easing).

RWSSP-WN has focused on the avoidance of arsenic contaminated water through installation of deep tube wells and distributing water through mini-overhead systems, etc. This approach seems to be based on three main perceptions: deep aquifers are arsenic free; tapped aquifers will have unlimited yield; and operation and maintenance (O&M) of schemes is not difficult.

Also rehabilitation of arsenic free dug wells has been carried out as an alternative. Bio-sand filters have been planned to be promoted as a temporary solution but filters have not been distributed so far.

Some people are not using arsenic free dug wells, rehabilitated by the Project because they think it is stale water, which their culture does not consider suitable for drinking.

Those who are affected by arsenic are found seem to highly appreciate mini-overhead water supply schemes based on deep wells, single aquifer tapping to multi-aquifer. No schemes have been completed so far.

The following risks can be identified in the arsenic mitigation approach of the Project:

- ❑ water quality in deep aquifers may require treatment, which will increase investment and O&M cost;
- ❑ additional cost for management and O&M has not been seriously thought by communities; and
- ❑ even if water from deeper aquifer is arsenic free microbiological contamination will remain a potential risk that the Project has not adequately warned WUSCs about.

Sustainability remains another issue. Most of the earlier attempts of mitigation actions have faded away along together with phasing out of support, indicating that sustainability was not adequately addressed. For example, there is still dominance of service providers at the community level in implementation while WUSCs are not taking the lead role.

The Terai districts of the Project have made good sharing of experiences and have brought synergistic output. For example, the Project staff working in the Terai districts have good coordination and they maintain close contacts for frequent communication. On the contrary, consultations between the Project personnel from Terai and hill districts are much less frequent.

A more comprehensive assessment of arsenic mitigation activities and comparison between RWSSP-WN and RVWRMP is attached as Annex 8.

2.10.3 Source Protection and Water Safety

Apart from arsenic, the safety of drinking water is not well understood by communities, instead of substantial awareness raising. Users judge water quality by taste, smell and visual appearance. Risks of microbiological contamination do not seem to be understood by the designers and builders of schemes, either. The problem is exacerbated by apparently weak or even non-existent supervision by DTOs. Out of the schemes visited in the hill area by the Team none was properly protected against surface water intrusion into the intake, especially during the rainy season. The Team's concerns were confirmed in a news article in a national newspaper. The headlines of the article are shown in Figure 2.

The shortcomings in the design and build of intakes/spring boxes of gravity schemes (and the one visited lifting scheme) observed by the Team were so obvious that the hygienic quality of the supplied water can be questioned without any field or laboratory analyses. Such analyses may, at best, provide a reliable assessment of water quality at the very moment of sampling. However, an intake subject to surface water intrusion may be contaminated the very next moment after sampling. Simple visual inspections and observations reveal contamination risks that water quality do not necessarily detect. In addition to intakes, manhole covers of collection tanks were not tight enough to eliminate contamination by surface flows or by, e.g., items or liquids put in by children. The Team saw only one well designed manhole cover in the field. This is shown in Figure 3.



Figure 2 News headlines on August 6th



Figure 3 Proper manhole cover in Hansapur VDC

Dug well improvement by the Project has eased arsenic chaos but the risk of microbiological contamination has largely been ignored. No treatment measures for microbiological contaminants have been applied so far.

Arsenic level is not systematically examined after rehabilitation and no regular monitoring schemes were found by the community or by the Project. Even the Project personnel simply refer to arsenic levels determined by the blanket test program some five to nine years ago. The results of the blanket test are not very accurate and consistent. Testing in laboratories is not always reliable, either: analysis results of the arsenic level of same samples have been inconsistent between different laboratories.

2.10.4 Temporary Toilets

According to the Sanitation and Hygiene Master Plan approved by the Cabinet, any of the toilets listed below should have permanent structures up to the plinth/floor level for sustainability point of view. The following alternatives are classified improved sanitation facilities (however, sanitation facilities are not considered improved when shared with other households or are open for public use):

- ☐ flush or pour-flush toilets connected to piped sewer system, septic tank or pit latrine;
- ☐ ventilated improved pit (VIP) latrine;
- ☐ pit latrine with slab and lid; and
- ☐ composting toilet (ecosan).

According to the Master Plan, any of the toilets listed below should have permanent structures up to the plinth/floor level for sustainability point of view. The following alternatives are classified improved sanitation facilities (however, sanitation facilities are not considered improved when shared with other households or are open for public use):

- ☐ flush or pour-flush toilets connected to piped sewer system, septic tank or pit latrine;
- ☐ ventilated improved pit (VIP) latrine;
- ☐ pit latrine with slab and lid; and
- ☐ composting toilet (ecosan).

Open Defecation means defecating in the open and leaving the faeces exposed. ODF means that no faeces are openly exposed to the air. The following indicators are expected to be prevalent in any given designated areas for declaring ODF:

- ☐ no open defecation in the designated area at any given time;
- ☐ all households and institutions having access to improved sanitation facilities (toilets) with full use, operation and maintenance; and
- ☐ all schools, institutions and offices in the designated having toilet facilities.

In addition, the following aspects should be encouraged:

- ☐ availability of soap and soap case for hand washing in all households; and
- ☐ general environmental cleanliness including management of animal, solid and liquid wastes prevalent in the designated area.

Total sanitation is expected to achieve in two phases:

- ☐ achieving ODF status; and
- ☐ sustaining all ODF parameters plus selected hygienic behaviour.

In addition to 32 Project VDCs another 34 non-Project VDCs have replicated the total sanitation approach and been declared ODF. Instead of subsidies, a lump sum reward is provided to VDC after declaration of ODF. This reward makes sense as the health benefits can fully be accorded only after 100% coverage and use of toilets. VDCs can decide upon the use of the reward; some have established a revolving fund for upgrading temporary toilets to permanent ones. As a result of the overwhelming ODF result, some entire districts plan to declare the ODF status: Syangja by 2011, Parbat by 2012 and Pyuthan by 2013.

The ODF achievement of RWSSP-WN has been criticised and underestimated by some stakeholders because of the liberal flexibility to accept ODF while a large share of toilets are classified as temporary.

The RWSSP-WN started its activities to support DDCs in implementing total behaviour change in fiscal year 2066/67 (2009/2010). Eleven VDCs were declared ODF the same year, three VDCs in the first trimester of 2067/68 (2010/2011), 17 VDCs in the second trimester and the balance in the last trimester of 2067/68 (2010/2011). As a brief summary of above, most ODF VDCs were declared just a few months ago.

At the time of ODF declaration, the percentage of permanent toilets averaged 49%. There is quite strong evidence that a temporary toilet is the first step towards a permanent solution. On the average, in spite of the short time after ODF declaration next to nil in many cases, the number of permanent toilets in the declared VDCs has increased by 34% and the share of the permanent toilets has jumped up to 66%. The most remarkable example is Mahendrakot VDC in Kapilbastu – the share of permanent toilets there was at the time of declaration only 12% and by July 2011 100%. The rate of upgrading suggests that the flexible approach supported by the Project leads to good results.

3. Recommendations

3.1 Remaining Period

Taking into account that MTR was conducted about one year before the end of the current Project agreement, it is not advisable to make dramatic changes to the Project modalities and approaches. There are a few aspects that RWSSP-WN can and should improve and another few activities that the Project should carry out in order to pave the way for Phase II.

The Project should continue to closely monitor political and institutional changes in Nepal. Especially possible changes in interim level of administration – regions, federal states or equivalent – may have implications at lower levels and, consequently, on the Project and its modalities. Particularly important will be to follow up the outcomes of the Joint Sector Review and adjust the Project accordingly. Reformulation of the Finnish development policies is also expected, due to recent change of the parliament and cabinet. This may have implications on the reformulation of cross-cutting aspects of Phase II.

There are clear areas where internal monitoring and follow-up have not brought up the prevailing issues – especially the quality of outputs – that need improvement. In terms of cross-cutting issues, the Project should review its processes and guidelines to address environment, climate change and disaster risk reduction issues particularly from the angle of potential risks produced by effects of climate change and occurrence of disasters. Improved source protection would generate both environmental and health impacts. Similarly, the project and its partners should look in to the issue of HIV/AIDS and develop a strategy and guidelines to effectively address the issue. It is recommended that RWSSP-WN would commission a GESI impact assessment for systematic review and monitoring of the achievements. The impact assessment could incorporate a comparative assessment of GESI strategies and approaches of RWSSP-WN and RVWRMP Phase 2. Subject to the impact assessment findings there may some scope for reviewing and amending the GESI Strategy and related guidelines. Learning about these concepts should start urgently during the on-going fiscal year although the concepts need to be fully incorporated in Phase II.

An issue that will need further attention is adaptation to climate change: changes in the regular weather pattern towards extreme weather conditions have already been observed in Nepal. For instance during the winter 2008/2009 the "winter rains" were virtually absent in some parts of the country, onset of 2009 monsoon was late and the atypical heavy rains in October 2009 resulted in landslides and loss of lives. This phenomenon has its repercussions on a number of things. Apparently interest in rainwater harvesting has reduced. However, the Project could to look into wider rainwater harvesting applications and possibly revive some indigenous technologies, e.g., rainwater harvesting ponds ("pokhari") to support crop production or watering livestock during winter. Being able to take into account the implications of increasingly dry weather in the future is a necessity to Project activities, including source selection and dry season flow measurement for gravity systems. On the other hand, the extent and direction of long-term

weather changes remains unclear – also predictions on increased winter rains, and reduced monsoon rains have been presented. However, there seems to be consensus that storminess and rainfall intensity during monsoon may increase, resulting in more floods in the plain areas and landslides. In addition to taking into account the needs of other users of potential water sources, the Project could apply a practice known as “climate proofing” i.e., each planned activity or approach would be assessed vis-à-vis predicted effects and impacts of climate change.

In general, it is a very late moment to retrofit numerical targets for the remaining time of the current agreement. Yet, the list of indicators should be reconsidered. Firstly, there should be fewer quantity indicators. The number of indicators with blank numbers should be reduced and the remaining ones supported with a limited number of meaningful, preferably impact-oriented quality indicators. The logic could be that each numerical indicator would be accompanied with a set of selected quality indicators. In order to claim numerical targets the quality indicators (or criteria) should be fulfilled. For example, a water supply scheme – and consequent number of beneficiaries – could only be claimed if the scheme can provide safe drinking water, i.e., the source and system is adequately protected against contamination. Or, for instance, the number of trained Treasurers could only be claimed when they have proven to manage the finances of WUSCs. The key indicator values and the monitoring system should also be updated for the purpose of formulation of Phase II; for its baseline situation and monitoring.

Based on the findings of the MTR Team and further self-assessment and analysis of the root causes of the quality problems, corrective measures should be taken as soon as possible. They may include revision of guidelines, manuals, procedures, etc., and increased and improved supervision. They may also include reconsideration of the use of NGOs as SPs. It would be possible to iron out many of the problems by further development of partnerships with individual consultants. Engagement of individual technical consultants to support a cluster of schemes could possibly provide more even work load to them and reduce the drop-out rate.

An external independent audit should be conducted as soon as possible, in order to allow the findings and recommendations of the audit report and the separate management letter to be acted upon and to have the intended effect on the operations during the remaining implementation period and for preparation of the proposed Phase II. It is recommended that the external audit should cover at least the following:

- ❑ accounting records and statements, systems and controls;
- ❑ all sources of funds and all implementing levels of the Project and the full operational period (including the inception period);
- ❑ the complete fund flow from disbursements from MFA down to the community level; including lessons from the special Village Development Fund account arrangement in Kapilbastu, comparison of present RWSSP-WN fund flow with the actual flow of RVWRMP, which may differ from the one presented in PD of RVWRMP, and opinion of the proposal for harmonisation;
- ❑ contracts with service providers and related financial matters and reports;
- ❑ identification of specific deficiencies and areas of weakness in systems and controls;
- ❑ examination of relevance and accuracy of manuals and guidelines applied on financial management and the degree of the compliance of the financial covenants on the financing agreements;
- ❑ communication of matters that have come to attention during the audit which might have a significant impact on the implementation of the Project; and bringing to the attention any other matters that the auditors considers pertinent; and
- ❑ recommendations for improvements on above issues.

For the purpose of achieving a comprehensive, true and fair view, the auditor should visit a relevant/sufficient number of field offices at DDC and VDC levels, including WUSCs. Also individual community members should be interviewed.

The sustainability of water supply schemes could further be enhanced by a number of measures, such as:

- ❑ improved dissemination of the main principles and division of duties, i.e., WUSCs' understanding that the real reason for collecting water fees is to create adequate fund for maintenance and that the WUSC alone is responsible for both preventive and corrective maintenance of the installations;
- ❑ improved dissemination of need of keeping spare parts in stock, or at least ensuring that adequate O&M fund for immediate spare part procurement is available when urgently needed;
- ❑ provision of Treasurers with practical tools, such as a simple textbook in basic accounting and a ledger book for account keeping and hands-on training on proper use of the same;
- ❑ increased support to IG activities, which are in high demand and would contribute to ability to pay for water and upgrade to permanent and better sanitation facilities; and
- ❑ increase of the technical manpower of DTOs.

The major concern of the MTR Team is very high contamination risk of water sources and schemes. A major tool for making systems less vulnerable and identification and monitoring of risks is Water Safety Plan (WSP). A simple but meaningful WSP should be an integral part of each scheme design, and a team of inspectors should be trained in each participating community to undertake regular visual inspections of schemes. The designers of schemes should be instructed to pay particular attention to contamination risks, e.g., by the following measures:

- ❑ designing the spring box in each case, taking into account the local situation (terrain, catchment, soil conditions, spring yield, potential surface water flows, etc.);
- ❑ location of the spring box upstream rather than downstream of the spring eye;
- ❑ digging of diversion ditch(es) upslope from the site to divert surface water runoff away from the spring box;
- ❑ banning the use of fertilisers and pesticides upstream of intake;
- ❑ avoidance of animal grazing and pedestrian footpaths upstream in the vicinity of the intake;
- ❑ fencing off the site to protect it from animals, children, etc.;
- ❑ plantation of vegetation in the area inside the fence to stabilise the area after construction and to eliminate infiltration (however, vegetation should be regularly cut down and to keep the area tidy and to prevent roots from penetrating the spring water trenches) or covering the area of a plastic sheet and soil on top of the sheet;
- ❑ installation of the spring box on a solid, impermeable base with a seal between the ground and the spring box to prevent inflow of water from outside into the box;
- ❑ installation of tight manhole covers to stop surface water inflow;
- ❑ installation of appropriate fittings with strainers;
- ❑ installation of the outlet pipe with at a minimum level of 15 cm off the floor to allow for sediment collection;
- ❑ installation of a screen to the overflow pipe for mosquito and small animal control; and
- ❑ disinfection of the interior of the box at the completion of construction.

In regard to arsenic mitigation and water quality management in the Terai districts of the Project, the following measures are recommended for the remaining period:

- ❑ awareness activities to be intensified because people in rural areas are not aware of health, hygiene, arsenic risks, etc. though the Project is already being implemented;
- ❑ refresher training to the field mobilisers to be intensified;
- ❑ community interventions to be done in close collaboration with the affected people;
- ❑ critical water quality parameters to be checked before and after scheme completion and regular monitoring of water quality to be provisioned; and

- ❑ the arsenic issue should be integrated into WSPs taking a holistic approach to water quality issues.

Based on the views of the Embassy of Finland and MFA, it seems likely that the current Project Agreement will be extended until May 2013. Such extension is possible without any additional budget.

Finland has initially committed to support the preparation of District Hygiene and Sanitation Strategy Plans in the districts of RWSSP-WN, RVWRMP and SEAM-N. For the sake of the approach proposed in Section 3.2 for Phase II, it is recommended that RWSSP-WN will support the preparation of District WASH Master Plans in the nine Project districts. In other words, these plans should cover the entire rural WASH sector, including drinking water supply, and they should go beyond strategy plans to include listing and prioritisation of construction and rehabilitation of water supply schemes needed to achieve full coverage by 2017.

A draft outline proposed for of District WASH Strategy Plans is attached as Annex 10. This outline provides a basis for District WASH Master Plans. However, District WASH Master Plans need to go a couple of steps further in their action plans and resource projections: the physical development needs for achieving full coverage of water supply need to be identified, quantified and prioritised.

As summary of the main findings, conclusions and recommendations for the remaining period is attached as Annex

3.2 Extension of Project

3.2.1. Period, Objective and Area

The extension of RWSSP-WN by Phase II is recommended. In compliance with the view of extending the current Project Agreement until May 2013, Phase II is proposed to be commenced in June 2013.

Phase II is proposed to be extended to 2017, which is the target year of 100% coverage in Nepal. A logical overall objective for Phase II could be “full coverage in water supply and ODF in Project districts”. This would, admittedly, be a downscaled overall objective compared to the present objective. However, it would be in full compliance with GON targets, achievable and considerably easier to verify.

With the aim of achieving the target in the Project area by 2017 the task would become completed and Phase II would be the phasing-out phase of RWSSP-WN. Phasing-out strategy shall, therefore, be an integral element of Phase II and phasing-out must be adequately addressed in the formulation of Phase II. For example the human and financial resources shall be substantially scaled down well before 2017 and responsibilities increasingly taken over by local bodies.

It is proposed that the investment support of the Project would not be restricted to earmarked “Project VDCs” in the Project districts. Instead this support should be available to any eligible and schemes from any VDCs in Project districts. The allocation would be based on the criteria and prioritisation of District WASH Master Plans. This is the reason why these plans should be prepared prior to Phase II. It is hoped that proper planning and positive experience from RWSSP-WN would attract funds from additional sources to these district level baskets.

In Phase II, the expected results and their indicators should be clearly defined and measurable. In line with Paris Declaration, monitoring should be harmonised with the GON system. It may imply that Project partners need to be prepared to accept data from district partners as and when it becomes available. Also willingness to make compromises in the quality of monitoring data may be necessary.

It is recommended that the Project will not be expanded to new hill districts in Phase II. Expansion in Terai is discussed in Section 3.2.2 below.

3.2.2. Arsenic

The WASH issues of Terai and hilly districts are completely different in terms of sources, mode of contamination, treatment requirements and measures, supply technologies sanitation technologies, users' perception, socio-culture, intervention approaches, indicators of improvement, sustainability aspects, etc. This suggests that integration of Terai and hill districts into a single project does not bring in much mutual benefit and synergy.

Terai districts are in minority in both RWSSP-WN and RVWRMP. Therefore, issues of hill districts are dominant in these interventions. In RVWRMP, Kailali is the only Terai District.

Based on the above, it would appear attractive to separate the Terai districts from these predominantly hill-oriented interventions and establish another intervention in Terai. This would, however, increase administrative requirements and structures. Moreover, a separate Terai intervention might create political problems.

Consequently, it is recommended that RWSSP-WN would adopt Kailali in Phase II. In addition to the four Terai districts of the two interventions, some arsenic affected districts between Kailali and the Western Region could also be adopted by RWSSP-WN. However, the scope of the Project in Terai should cover the full WASH sector. Sanitation is problematic in Terai, due to socio-culture, high groundwater table and often unrestricted visibility in communities. Especially shallow aquifers are faced with multiple water quality problems, not only arsenic.

Instead of a new project, it is recommended that RWSSP-WN will comprise two distinct components: one focusing the hill area and the other on Terai. The latter would need a branch of PSU/PCO located in the component area. A Terai focused component would substantially augment the output in water and sanitation. It would probably have stronger impact and contribute to better sustainability.

Necessary technical knowledge should be transferred under the Terai component. The specific social and technical requirements should be addressed in the scope of TA and in the composition of the component team.

As water quality problems in Terai are more complex and obvious, it would make sense to provide support to water quality testing at least through capacity building of local laboratory personnel and strengthening the facilities. Ideally, the model of a regional laboratory involving public-private partnership, developed under SEAM-N in Eastern Region could be replicated or further developed under the Terai component in Phase II.

TERMS OF REFERENCE

FOR MID-TERM REVIEW OF THE RURAL WATER SUPPLY AND SANITATION PROJECT IN WESTERN NEPAL (RWSSP-WN)

1. BACKGROUND

Country Context

Nepal is a landlocked country between China on the north and India on the south, east and west. Land area of Nepal is 147,181 km². The country is divided into three ecological strips - the plains (Terai) along the southern belt, the hills (Pahad) in the middle and mountain (Himal) in the northern belt. Population is estimated to be 27.7 million. Agriculture provides a livelihood for 80 % of the economically active population, but the agricultural sector suffers from a high under-employment rate and under productivity. Contribution of agriculture to the national economy is estimated to be 32 % of GDP.

Nepal is a Least Developed Country (LDC). With the Human Development Index (HDI) of 0.428 Nepal was ranked 138th out of 169 countries by United Nations Development Programme (UNDP) (2010 statistical update for Human Development Report, values for 2008). Life expectancy at birth is 67.5 years and overall adult literacy rate is 57.9 % with huge disparity between male and female population. The Gross Domestic Production (GDP) per capita is USD 438 and infant mortality rate is 50 per 1000 live births. Widespread disparities persist between urban and rural populations, between Terai, hills and mountains, and between different development regions.

The National Planning Commission (NPC) has developed a Three Year Plan (TYP) for the period of July 2010 - July 2013. The present TYP is the second three year plan in implementation instead of a regular five year plan. The vision of the present Plan is to transform the country from least developed category to a developing one focusing mainly on building economic strength through creating employment to the people, developing infrastructure required for modern development such as mid-hill highways, mega power plants etc. and reconstruction of physical infrastructure damaged during ten year conflict. It also aims to achieve the Millennium Development Goals by 2015. The main objective of the Plan is to make the general people to realize a direct change in their living standards by contributing to reduction of poverty and bringing sustained peace through employment centered inclusive and equitable economic growth.

Although completion of the ten periodic plans, equal share of economic development is yet to be realized. Similarly in terms of physical and human development, disparity has further increased. Thus, TYP has given emphasis to decentralization, autonomous governance and local development. It aims to support the development process by increasing accessibility of socially, economically and geographically deprived people to available resources and opportunities by providing people's basic services and facilities utilizing resources, skill and technologies under direct involvement of the local bodies and local people. Due to lack of technical and skilled manpower, various problems have arisen while implementing plans. Thus creating potential manpower to increase capabilities and competitiveness has been prioritized as well.

The Government of Nepal's commitment to reaching its MDG target for water supply and sanitation and the national target of universal water and sanitation coverage by 2017 is driving the Nation's legal, institutional, financial and programme implementation approaches. Installation of improved water supply facilities has progressed rapidly and coverage has increased from 46 % in 1990 to 80 % in 2008 (DWSS/NMIP 2010) but the population having sustainable access has not reached the same level. The coverage of toilets/latrines is estimated 43% in 2008 (NMIP 2010). Around 80 % urban and 30% of the rural areas are being covered having toilet facilities. Of the 41% of schools reporting the existence of a toilet, only two-thirds report that it is sufficient or adequate. In addition, only 26 % of schools report that they

have a separate toilet for girls. Then it can be assumed that only 17 % of schools have adequate toilet facilities for girls. Nepal has set multi-year goals and targets, following commitments to address the nation's water and sanitation challenges and improve the health and wellbeing of its citizens by endorsing the MDGs and expressed commitment to fulfilling the sanitation target of reaching 53 % coverage by 2015.

Finnish Development Cooperation in Nepal

The Finland's Development Cooperation Policy approved in October 2007 has the main goal to eradicate poverty and promote sustainable development in accordance with the UN Millennium Development Goals. In November 2010 the Governments of Nepal and Finland signed agreed minutes in the country consultations outlining the cooperation for the next three year period.

Finland continues to support Nepal and is willing to increase its level of assistance in order to help the Government of Nepal to meet the growing development expectations. To improve effectiveness, Finland strives to have a more comprehensive approach to the delivery of its assistance. Efforts are being made to channel Finnish development cooperation through specific regions and themes. Finland will continue the cooperation in the natural resources and education sectors.

By developing rural areas it is possible to significantly reduce poverty and to ensure the sustainable management and use of natural resources. The sustainable use of natural resources and improved livelihoods in the poorest areas are vital for the national economy and for the peace process. Besides striving to improve the viability of village as well as municipality life and governance in a variety of ways, Finland also considers it important to develop regions through a more integral approach. Finland is willing to channel its increasing development assistance to Far Western, Western and South Eastern Nepal in a programmatic manner. These working areas have been selected based on the analysis of poverty and presence of specific environmental problems.

Good progress has been noted in the on-going support programmes, RVWRMP in Far Western Nepal and the RWSSP in Western Nepal in Water and Sanitation sector. The cooperation is further strengthened through Finnish support to the UNICEF 'Water Supply, Sanitation and Hygiene (WASH) Sector Approach Reform Programme' (2011-2015). It is important to bring the good experiences regarding local approaches in the water and sanitation services of the Finnish supported bilateral programmes to the national level policy discussion.

Finland's policy for development cooperation is presented in the websites of the Ministry for Foreign Affairs (MFA) (www.global.finland.fi).

Background of the assignment

The Rural Water Supply and Sanitation Project in Western Nepal (RWSSP-WN) started in August, 2008. The RWSSP-WN works in altogether nine district of Nepal. Six of them are located in the hills and three in the southern plains (Terai). Eight of the districts are in the Western Development Region and one in Mid-Western. The Office for RWSSP-WN with its two wings called the Project Support Unit and Project Coordination Office is located in Pokhara in Western Development Region.

The overall objective of the Project is the increased wellbeing of the poorest and excluded. Underlying the overall objective and the approach of the project is the notion that lack of water supply, sanitation and hygiene causes poverty. Thus fulfilling the needs of the poorest and the excluded regarding water, sanitation, hygiene and nutrition and providing them opportunities to increase their own wellbeing through decentralized governance system will reduce poverty resulting in higher productivity and income.

The purpose of the project is to fulfill the basic needs and ensure rights of access of the poorest and excluded households to safe domestic water, good health and hygiene through decentralized governance system.

It is expected that the Project will achieve the following results or outcomes:

- ❑ Increased women's productive role (time and energy)
- ❑ Decreased hardship, gender and social discrimination linked with water, sanitation and hygiene
- ❑ Improved health, nutrition and hygiene of community people in program districts, particularly among the poorest and excluded
- ❑ Decreased infant and maternal mortality
- ❑ Enhanced institutional capacity of local bodies to facilitate the execution of Water Supply, Sanitation and Hygiene (WASH) sector/projects and behavioral change process
- ❑ Sustainable operation and maintenance of domestic water schemes managed by inclusive Water and Sanitation Users' Committee
- ❑ Gender Equality and Social Inclusion (GESI) responsive WASH sector policies, strategies and guidelines at the central and local levels adopted

The project will achieve these outcomes through carrying out activities in major areas of:

1. Domestic Water
2. Health, hygiene, sanitation and nutrition
3. Inclusive local WASH governance and
4. Local WASH Policy and guidelines

The RWSSP-WN emphasizes the importance of hygiene and sanitation activities in achieving the outcomes and takes hygiene and sanitation as an entry point in the Village Development Committee level. The water schemes are implemented in the Village Development Committees where hygiene and sanitation activities are ignited. In addition to the water supply, sanitation and hygiene activities RWSSP-WN supports arsenic mitigation activities in the three project district located in the Terai.

It is estimated that in water supply 70,000 new people will benefit from RWSSP-WN support. Likewise 250,000 people will benefit from RWSSP-WN support in sanitation and hygiene. District level targets depend on the actual coverage figures presented in the Project Document. More resources will be channeled to districts with low coverage than to those with higher coverage.

The project is facilitated at the central level by the MLD/DoLIDAR and executed by the District Development Committees of the participating nine districts. The actual implementers are the Village Development Committees and the communities through the Water and Sanitation Users' Committees.

The role of the Project Support Office in Pokhara is that of assisting and providing support to the District Development Committees in the district level WASH implementation taking the district level Multi Stakeholder Forum as an entry point. In the Multi Stakeholder Forum all relevant district level stakeholders are represented and thus it provides an opportunity to coordinate and harmonize the WASH activities.

The RWSSP-WN covers a period of four years from August 2008 to July 2012. Finland's contribution to RWSSP-WN budget is 9.7 million Euros.

2. GENERAL APPROACH TO THE MID-TERM REVIEW

The MFA will contract a consultancy company to carry out the mid-term review (MTR). The company will be responsible for hiring the personnel and financial management. The company shall also take the

responsibility for providing adequate back-up services for the review team. The mid-term review shall be carried out in a participatory way. Full involvement of key stakeholders, including the final beneficiaries, is essential during the process in order to ensure their ownership.

3. OBJECTIVES OF THE MID-TERM REVIEW

The objective of the mid-term review is to provide an external, independent and objective view, information and assessment of the Rural Water Supply and Sanitation Project (2008-2012) for decision making on the implementation for the remaining time of the program and for a possible second phase of the RWSSP.

The MTR mission is expected to provide a practical set of recommendations aiming at ensuring the most efficient and effective implementation of remaining part of the project.

The MTR mission is also expected to provide its recommendation for a possible second phase of the project. In addition the MTR is expected to look at the arsenic mitigation component of the RWSSP-WN project and give recommendations on the role of Finnish funded projects in the arsenic mitigation in Nepal.

4. ISSUES TO BE ADRESSED AND EVALUATION QUESTIONS

4.1. Cross-cutting objectives and evaluation questions

The evaluation should examine the success of the project in fulfilling the following cross-cutting objectives in operational level:

- promoting gender and social equality
- promoting human rights and equal participation opportunities of easily marginalized groups
- Paying attention to HIV/AIDS as a development challenge
- Paying attention to environmental sustainability, climate change and disaster risks
- promoting good governance

4.2. Evaluation criteria and evaluation questions

Relevance:

- Are project objectives, expected results, approach and scope still valid and relevant, or would they necessitate a revision in relation to the goals and aims of Finnish development co-operation and the Nepalese national policies and development plans
- How the project is reducing poverty in the project communities and how the project activities are linked to the GON's Three Year Plan (TYP), Common Minimum Program (CMP) and the MDGs?
- How have the changes in the project's external and/or internal environment affected the relevance of the project since the approval of the Project Document and the onset of the implementation?
- Have the work plans been adequately adapted to the new situation and have decisions been taken accordingly through the proper decision making system of the project?
- Have the needs and aspirations of the relevant project actors been taken into consideration in the planning and implementation of project activities?

Efficiency:

- How cost-effectively the available financial and other means have been converted into results, benchmarking at least with RVWRMP and UNICEF.
- Do the quantity and quality of the project's results justify the quantity and quality of the means, assets, and resources used for their achievement taking also into account changes in the project's operating environment?
- Have the local and external human, material, and financial resources, which have been made available for the project, been appropriate in terms of quantity and quality of achievements? Have time and resources been allocated to the various project components and activities in a planned, balanced and justified manner?

Development effectiveness:

- What is the progress from the beginning of RWSSP towards its defined purpose and expected results? To what extent is the Project likely to achieve its objectives/purpose during its lifetime?
- What are the factors (if any) which have facilitated or impeded the progress of the project in achieving the intended objectives, results and impacts? What are the major obstacles preventing the attainment of the objectives and for what reason(s), if any?
- Attitudes and views of the various beneficiaries and other interest groups with regard to the progress made in the project and its up-to-date achievements?

Development impact:

- Has progress been made towards achieving the overall objective of the programme?
- Are there any tangible results towards fulfillment of project objectives, separately for water supply, sanitation and hygiene education?
- Specific attention on assessing development impact on sanitation, including institutional sanitation.
- Are the reached development impacts on a sustainable basis, including supply chains in relation to operation and maintenance aspects?

Sustainability:

- What are the possible strengths/weaknesses/opportunities/threats that enhance or inhibit sustainability?
- Will the benefits produced by the programme be maintained after the termination of external support?
- Are the administrative and financial set-ups of the project supporting sustainability of project results

Programme management and administrative arrangements:

- What has been the quality of the technical assistance?
- What is the quality of day-to-day management?
- Are possible problems in the implementation adequately addressed?
- Is the management structure (including supervisory board et al) of the project functional?
- Assess the GON's capacity to mobilize staff and counterpart financing to project implementation.
- Is the financial and institutional set up of the project functional?
- Are the district development funds functioning as they should and is this an optimal way to deliver in light of effectiveness and sustainable impacts?
- Assess the appropriateness of the current fund flow of the investment funds and consider channelling the funds directly through the central government
- Assess the use of contingency funds (investments, other)
- Assess the direction of the project approach to use of partnerships in implementation
- Assess the application of Paris Declaration in the Project

Coherence:

- How have other projects and programmes been taken into account in implementation including experiences of joint work with other actors?
- Have private sector and civil society been involved sufficiently?

Finnish value added:

- What is the Finnish value added provided by this particular project as such and as part of the Finnish support to water supply and sanitation sector in Nepal.

Recommendations:

The recommendations of the mid-term review should cover at least the following points:

- Provide recommendations on how the remaining period of the Project implementation should be redirected, if necessary, in order to meet the set objectives of the Project and including if necessary recommendations for possible changes and revisions in the approaches, objectives, organization, management systems, activities and expected results to be implemented during the remaining time of the project.
- Provide recommendations for a possible second phase of the project. If extension is recommended propose initial second phase objective, length and area (in current districts or expansion to new districts, this in reference with arsenic mitigation considerations).
- Provide recommendations concerning the arsenic mitigation component of the RWSSP-WN project i.e. should arsenic mitigation be implemented through the existing Finnish supported projects or should there be a separate project concentrating on water quality and arsenic mitigation issues only.

5. METHODOLOGY

It is expected that the consulting company will propose the methodology to be used in its technical proposal. The process should enable comprehensive coverage of the issues discussed in sections 3-5 above, cover the most relevant stakeholders in Nepal and Finland and include a field-mission.

The consulting company will in its technical proposal need to present an outline of the MTR design in detail. This will include:

- Approach with rationale
- Information collection procedure
- Information validation procedure
- Information processing approach
- Information analysis plan and report contents

In addition the financial proposal will provide a detailed break-down of the cost.

The Inception Report to be submitted before the field mission will include a more detailed description of approach and methodologies, including information collection, validation and processing (e.g. focus group discussion and key informant interview guides), the final fieldwork plan, and a report and analysis plan. The Inception Report will be reviewed and approved by the MFA.

The team shall ensure adequate involvement of all concerned and interested parties in the mid-term review through information and consultation. The team shall consult appropriate representatives of the

relevant Nepalese authorities, non-governmental organizations and other relevant stakeholders active in sanitation sector in Nepal. The Embassy of Finland in Kathmandu, jointly with the responsible Nepalese authorities, will assist the team in e.g. identifying all relevant stakeholders.

6. WORK PLAN AND TIME-SCHEDULE

It is anticipated that the assignment will start in the end of May and end in August 2011 when the final report will be ready. It is anticipated that the mid-term review team is appointed and mobilized by end of May 2011. The team would start the mission to Nepal in June 2011 and the draft Mid-term Review Report should be finalized by July-August 2011.

The Team may propose a work plan for the field period. A tentative time schedule is presented below.

Time Schedule

April 2011:	Tender announcement
May 2011:	Deadline for submission of tenders and opening of tenders
May 2011:	Notification of award decision
May 2011:	Signing of contract
Beginning of June 2011:	Briefing at MFA and Kathmandu embassy
June 2011:	Field mission and dissemination workshop on MTR findings to main stakeholders
July 2011:	Optional holiday season
July - mid August 2011:	Submission of Draft MTR Report to main stakeholders for comments
August 2011:	Debriefing at MFA & submission of Draft MTR Report to MFA
August – mid September 2011:	Submission of final MTR report

7. REPORTING

The MTR will be divided into pre-mission desk work, a field-mission and post-mission desk work. The outputs of the assignment are as follows:

- An Inception Report will be produced within 2 weeks of the signing of the contract, before the field-mission.
- A first draft of the Final Report will be produced approximately two weeks after the field mission. The MFA, and key stakeholders identified by the MFA, will have approximately two weeks in which to comment this first draft.
- The Final Report will be submitted to the MFA within two weeks of the consultant receiving the comments on the first draft by the MFA and other stakeholders. The Final Report will be commented on and cleared by MFA before printing.

There should be briefings and debriefings in the MFA and Kathmandu Embassy both prior and after the field mission. A presentation on the tentative evaluation findings to the main stakeholders in Nepal at the end of the field mission is to be organised. A wrap-up meeting in Helsinki will be undertaken by the Team Leader after delivery of a draft report. It is expected that the main stakeholders as well as key Embassy and MFA staff are kept informed and involved throughout the process.

The preferred length of the report is 20-40 pages plus annexes. The language of the documents is English. The final documents shall be submitted to the MFA in 3 printed originals and digital on CD using latest MS-Office programs. The costs of the printing shall be paid by the consultant.

8. EXPERTISE REQUIRED

The evaluation team shall consist of four evaluation experts with relevant experience and background for this evaluation as outlined in the Invitation to Tender (ITT). Any description in ITT will override description in this TOR. Members of the evaluation team should have substantial knowledge of Nepal and its rural water and sanitation sector and experience from working in Nepal. Members of the evaluation team should furthermore have expertise in the fields of development evaluation, financial tracking and public administration. The composition of the evaluation team should as far as possible reflect a balance between international and national consultants and should as far as possible be gender balanced. The Team Leader should document a proven record of successful team leading of similar evaluations.

9. BUDGET

The maximum budget for the mid-term review mission is 70 000 €, including fees and reimbursable cost.

10. MANDATE

The consultants are entitled and expected to discuss with various authorities and other pertinent parties any needed matters relevant to this assignment. The consultants are not authorized to represent or to make any statements or commitments on behalf of the Governments of Finland and Nepal. The mid-term review team shall share the TOR and/or the letter of introduction of the assignment with the stakeholders they work with.

Documentation Consulted

Government of Nepal

1. Three Year Plan Approach Paper (2010/11 - 2012/13), Government of Nepal, National Planning Commission, August, 2010 (*Unofficial Translation (Draft)*)
2. Water, Sanitation and Hygiene (WASH) Sector Assessment and Formulation of Reform Options, Reform Options Concept Paper, National Planning Commission, Government of Nepal, June 2011
3. Sanitation and Hygiene Master Plan, Steering Committee for National Sanitation Action, Kathmandu, Nepal, 30 May 2010 (approved by the Cabinet on 4th August, 2011)
4. Nationwide Coverage and Functionality Status of Water Supply and Sanitation in Nepal, Final Report, National Management Information Project (NMIP), Department of Water Supply and Sewerage (DWSS), Panipokhari, Kathmandu, January 2011
5. Government of Nepal, Ministry of Local Development, 2009, Gender Equality and Social Inclusion Operational Strategy, Local Governance and Community Development Program, April 2009

UNICEF

6. Water, Sanitation and Hygiene (WASH) Sector Assessment -June 2011 (Draft), 1 June 2011
7. Proposal for Ministry for Foreign Affairs of Finland (Embassy of Finland Nepal), Aligning for action - Sanitation and Water for All in the context of Climate Change in Nepal, Submitted By UNICEF Nepal Office, October 2010
8. WASH Sector Assessment Complementary Data Analysis (Final), Date: July 3, 2011

Ministry for Foreign Affairs, Finland

9. Ministry for Foreign Affairs of Finland, 2007, Evaluation Guidelines, Between Past and Future
10. Ministry for Foreign Affairs of Finland, 2000, Guidelines for Programme Design, Monitoring and Evaluation
11. Ministry for Foreign Affairs of Finland, 2007, Development Policy Programme 2007, Towards Sustainable and Just World Community, Government Decision-in-Principle 2007

RWSSP-WN

12. Project Document (Original) Final Draft, March 2008 (without all annexes)
13. Inception Report (Revised), May 6, 2009
14. Project Document (Revised), Approved by Steering Committee (Sept. 02, 2009), Nov. 22, 2010
15. Annual Work Plan, Fiscal Year 2009-10, Approved by Steering Committee on Sept. 2009
16. Annual Work Plan, Fiscal Year 2010-11, Approved by Steering Committee on April, 2010
17. Annual Work Plan, Fiscal Year 2011-12 (17.7.2011-15.7.2012), draft
18. Minutes of RWSSP-WN 1st Steering Committee Meeting
19. Minutes of RWSSP-WN 2nd Steering Committee Meeting
20. Minutes of RWSSP-WN 3rd Steering Committee Meeting
21. Minutes of RWSSP-WN 4th Steering Committee Meeting
22. Annual progress and financial report of RWSSP-WN 8/2008-7/2009 (2065-2066) (short version)
23. Annual Progress Report, Nepal fiscal year 2065-2066, European Fiscal year 7/2008-7/2009, August 1, 2009
24. Annual Progress and Financial Report of Fiscal Year 2066/67 (2009/10), September 1, 2010
25. Annual Progress Report of Fiscal Year 2067/68 (2010/11), August 2, 2011
26. First Trimester Progress and Financial Report of Fiscal Year 2067/68 (2010/11), Jan 7, 2011
27. Second Trimester (1/7-30/11, 2067) (18 Oct 2010 – 14 March 2011) Progress Report, Fiscal Year 2010-11, May 2011
28. Progress : Measuring the Results, As of 16 July 2011
29. Institutional Capacity Assessment of District Development Committees to Implement WASH Programmes (separate for 9 districts), April 2009
30. District Guideline to Good Practices – Water, Sanitation and Hygiene (WASH) Promotion, Draft, February 2009, Government of Nepal, Ministry of Local Development /DoLIDAR
31. A Model Guideline for District Water Supply Sanitation and Hygiene (WASH), July 2009

32. Establishing District Water Supply, Sanitation and Hygiene (WASH) in District Development Committee: Organizational Structure, January 2010
33. Workshop Completion Report WASH Structure Establishment at District Development Committee (DDC), 3 January, 2010
34. Guideline for District and VDC WASH Plan Preparation (Guideline for WASH Planning), May 2011
35. Training Norm's for Capacity Building of WASH Sector Programme, March 2010
36. Lead TBC Facilitator's Training Manual, CLTBCHS, February 2011
37. Model District Water Safety Monitoring Guideline, August 2010
38. Model District Arsenic Mitigation Strategy, March 2010
39. Policy on Prevention of Harassment Including Sexual and Child Abuse, March 7, 2010
40. Gender Equality and Social Inclusion (GESI) Strategy & Institutional GESI Handbook for the RWSSP-WN Programme Support Unit (PSU), Pokhara on Human Resources/Personnel Management & Human Resources Development/Training, February 2009
41. How Sensitive are Health Promoters to Local Views and Conditions, Fiona Budge, 2010
42. Model District Media and Communication Guideline, 2010
43. Model Community Medicine Fund Guideline, 2010
44. Body Mass Index (BMI) Guideline District, 2010
45. School Teachers' orientation Guideline towards Creating ODF and TBC in H & S community
46. District and VDC Locations of RWSSP-WN (set of simplified maps)

RVWRMP

47. Final Project Document, May 2011, Approved by the 1st Supervisory Board 08/05/2011
48. Inception Report, May 2011, Approved by the 1st Supervisory Board meeting after the 2nd Steering Committee

Others

49. CSIRO 2011 <http://www.csiro.au/science/climate-and-water-supply.html> accessed on 25 August 2011
50. ICIMOD 2011 <http://www.icimod.org/?q=1157> accessed on 25 August 2011
51. UNDP 2009 Nepal Human Development Report 2009 State Transformation and Human Development
52. United Nations General Assembly Special Session on HIV and AIDS (UNGASS) 2010 UNGASS Country Progress Report Nepal 2010

Persons Consulted

Helsinki, Finland

Ministry for Foreign Affairs, Finland (MFA)

Ms. Katja Hirvonen, Programme Officer, Unit for Asia and Oceania, Department for the Americas and Asia

Ramboll Finland Oy

Mr. Kai Vakkila, Manager, Water Management

Ms. Irmeli Turunen, Project Administrator, Business Support

Mr. Markus Tuukkanen, Junior Technical Advisor, RWSSP-WN

Kathmandu

Embassy of Finland

Mr. Kari Leppänen, Counsellor (Development)

Ms. Kamana Gurung, Programme Officer

Ms. Taru Ollila, Junior Advisor

National Planning Commission

Mr. Damodar Regmi, Programme Officer

Ministry of Finance (MOF)

Mr. Yog Nath Poudel, Under Secretary

Ministry of Local Development (MLD)

Mr. Sushil Ghimire, Secretary

Mr. Dinesh Thapaliya, Joint Secretary

Department of Local Infrastructure Development (DoLIDAR)

Mr. Bupendra Bahadur Basnet, Act. Director General (Deputy Director General)

Mr. Bhim Pd. Upadhaya, (Deputy Director General),

Mr. Lok Nath Regmi, National Project Director (NPD), RWSSP-WN

Ministry of Physical Planning and Works (MPPW)

Mr. Gajendra Sing Thakur, Joint Secretary, Water Supply & Sanitation Division

Ministry of Irrigation (MOI)

Mr. Mathura Dangol, Supertending Engineer

Ministry of Health and Population

Ms. Sharada Pandey, Senior Public Health Administrator

Rural Water Supply and Sanitation Fund Development Board (RWSSFDB)

Mr. Bupendra Aryal, Chief, Project Monitoring & Evaluation Division

Federation of Water Users Committees of Nepal (FEDWASUN)

Mr. Rajendra Aryal, National President

Mr. Indra Tamang, General Secretary

Mr. Bal Krishna Pokhrel, Programme Officer

United Nations Children's Fund (UNICEF)

Mr. Andreas Knapp, Chief, Water, Sanitation & Hygiene (WASH)

Ms. Anu Poudel, WASH Officer

Mr. Emrolmeri, WASH Officer

Mr. Madhav Pahari, Water Quality and Arsenic Specialist

Mr. Ilmari Saarilehto, Programme Officer

The World Bank (WB)

Mr. Tashi Tenzing, Team Leader, Water and Sanitation (retired since July 1st, 2011)

Asian Development Bank (ADB)

Ms. Laxmi Sharma, Senior Project Officer

Pokhara**Rural Water Supply and Sanitation Project (RWSSP-WN) Project Support Unit and Project Coordination Office (PSU and PCO)**

Mr. Lok Nath Regmi, National Project Director, PCO

Mr. Bishnu Gurung, Engineer, PCO

Ms. Banti Gurung, Engineer, PCO

Mr. Kari Leminen, CTA, PSU

Mr. Amrit Rai, HRD and M&E Specialist, PSU

Mr. Chabi Goudel, Health & Sanitation Specialist, PSU

Ms. Sangita Khadka, GESI Specialist, PSU

Mr. Guneshwar Mahato, Water Supply and Sanitation Specialist, PSU

Mr. Bimal Chandra Sharma, Operation & Maintenance Management Specialist, PSU

Ms. Nilkantha Koirala, Administration/Account Officer, PSU

Mr. Bidur Pokhrel, Project Assistant, PSU

Ms. Madhavi Nepal, Office Secretary, PSU

Mr. Narayan Sing Khawas, WASH Advisor, Syangja

Mr. Sashi Bhushan Thakur, WASH Advisor, Kapilbastu

Ms. Rubika Shrestha, WASH Engineer, Tanahu

Mr. Chandra Bhakta Bista, WASH Advisor, Myagdi

Mr. Buddhav Bhattarai, WASH Advisor, Baglung

Mr. Ganga Datta Nepal, WASH Advisor, Parbat

Mr. Hari Prasad Upadyyay, WASH Advisor, Pyuthan

Parbat District Development Committee (DDC)

Mr. Narahari Baral, Local Development Officer (LDO)

Mr. Tulsiram Sharma, Programme Officer

Mr. Krishna Prasad Bastola, WASH Engineer, DTO

Mr. Jagadish Sharma, District Engineer, District Technical Office (DTO)

Ms. Maiya Gurung, Supervisor, Women Development Office

Mr. Rama Kanta Sharma, District Education Officer, District Education Office (DEO)

Ms. Devi Sharma, Office Assistant

Mr. Maharaj Dhakal, Office Assistant, WSSDO, Parbat

Bihichaur Water Supply Scheme, Thulipokhari, Parbat

Mr. Dil Bahadur Nepali, Chairperson, WUSC

Ms. Mina Nepali, Vice.Chairperson, WUSC

Mr. Lal Bahadur Nepali, Secretary, WUSC

Ms. Devi Acharya, Member, Community Hygiene and Sanitation Action Committee (CHSAC)

Ms. Kunta Sharma, Member, WUSC

Mr. Kul Prasad Sharma, Member, WUSC

Ms. Gita Nepali, Member, Member, WUSC

Mr. Dilli Ram Acharya, Member, CHSAC

Mr. Khim Lal Acharya, User

Mr. Indra Kunwar, User

Mr. Hari Acharya, User

Mr. Yem Kumar Acharya, User

Mr. Saroj Sharma Bairagi, Technician Nawa Chetana Community Development Centre (NCCDC)

Mr. Keshav Das Bairagi, Chairperson, NCCDC

Mr. Gopal Das Poudel, Treasurer, NCCDC

Mr. Dilli Ram Lamichhane, Team Leader/Field Coordinator, NCCDC,
Ms. Sangita Sapkota, Health Promoter, NCCDC
Mr. Ram Chandra Giri, TBC Facilitator, DDC
Ms. Anita Poudel, TBC Facilitator, DDC
Ms. Saraswoti Puri, TBC Facilitator, DDC
Ms. Guru Prasad Lamichhane, VDC Secretary, Thulipokhari

Myagdi DDC

Mr. Durga Narayan Poudyal, LDO
Mr. Krishna Bahadur Bogati, Focal Person, WASH Unit
Mr. Narayan Prasad Subedi, Accountant
Ms. Kalpana Basnet, WASH Engineer, Individual Consultant to DTO
Mr. Kapil Paneru, Sub-Engineer, Individual Consultant to DTO

Seraphant Water Supply Scheme, Arman-6, Myagdi

Mr. Bir Bahadur Khatri, Chairman, WUSC
Ms. Dhana Kumari Poudel, Vice Chairman, WUSC
Mr. Resham Sapkota, Secretary, WUSC
Ms. Bhagawoti Dhakal, Treasurer, WUSC
Ms. Kalpana Khatri, Member, WUSC
Mr. Dambar Bahadur BK, Member, WUSC
Mr. Om Bahadur Khadka
Mr. Budhi Bal Sapkota
Ms. Lalmaya Dhakal
Ms. Mina Sapkota
Mr. Yagya Mani Bhandari
Mr. Manoj
Mr. Ramesh Sapkota
Mr. Krishna Dhakal
Mr. Chandra Mani Sapkota
Mr. Rajendra Acharya, Coordinator, DDC
Mr. Sachit Karmacharya, Sub-overseer (Individual Consultant)
Mr. Ram Bahadur Hamal, Water Supply and Sanitation Technician
Ms. Rosna Purja, Lead Facilitator (Trainer)
Ms. Bhim Kumari Budhathoki, Health Promoter

Bokaphant Income Generation Community, Arman-5, Myagdi

Mr. Chitra Raj Acharya
Ms. Til Kumari Acharya, Chairman, Income Generation Group
Mr. Tilak Prasad Acharya, Member, Income Generation Group
Ms. Bhabhi Kala Gautam, Member, Income Generation Group
Ms. Deli Gautam, Member, Income Generation Group
Mr. Mana Bahadur Khatri, Member, WUSC

Bankatta Lift Water Supply Scheme, Keware-1,2 Syangha

Mr. Laxmi Kanta Regmi, Chairman, Village WASH Coordination Committee (VWASHCC)
Mr. Ram Chandra Adhikari, Member, VWASHCC
Mr. Chandra Prasad Regmi, VDC Secretary
Mr. Gau Bahadur Gurung, WUCs Chairman
Mr. Khem Kanta Regmi, Engineer, DDC
Mr. Amrit Shrestha, District Engineer, DTO
Mr. Baleshore Gurung, Vice Chairman, WUSC
Ms. Samjhana Dhakal, Lead Training Facilitator
Ms. Saraswoti Pandey, Health Promoter

Pyuthan District WASH Coordination Committee (DWASHCC)

Mr. Bishnu Prasad Pokhrel, LDO
Mr. Diwakar Poudel, District Soil Conservation Officer
Mr. Laxman Acharya, Information Officer, DDC
Mr. Dinesh KC, Focal Person, WASH Unit
Mr. Tika Ram Poudel, Chairman, Communist Party of Nepal (United)
Mr. Suresh Chandra Thapa, Communist Party of Nepal (Unified Marxist–Leninist)
Ms. Dhana Laxmi Shrestha, Nepali Congress
Mr. Til Bikram KC, District Committee Member (DCM), Communist Party of Nepal (Marxist-Leninist)
Mr. TS Gurung, DCM, Communist Party of Nepal (Maoist)
Mr. LB Thapa, Reporter, Rastriya Samachar Samiti (RSS)
Mr. Bijaya K. Shrestha, Chairperson, Malla Rani Development Concern Centre (MRDCC)
Mr. Jhalak Prasad Poudel, Program Coordinator, Livelihood Forestry Program (LFP)
Mr. Damodar Sharma, Member, Nepal Red Cross Society
Mr. Ram Prakash Singh, District Program Officer, CARE-CSP
Ms. Lokendra Acharya, Women Development Officer (WDO), Women and Children Office (WCO)
Mr. Ganesh Acharya, Acting Chief District Officer, District Administration Office
Mr. Ram Pahadi, Chairman FEDWASUN, Pyuthan
Mr. Promod Pokhrel, Vice Chairman, Federation of Journalism (FNJ)
Mr. Bishnu Bhakta Thapa, Accountant, Water Supply & Sanitation Division Office
Mr. Pradeep Khakurel, Project Engineer, Rural Access Improvement Development Project (RAIDP)
RAIDP
Mr. Naresh Chandra Subedi, Member, NGO Federation
Mr. Iman Sing Bharala, Station Manager, Radio Pyuthan
Mr. Thaneshwor Kalathoki, Radio Mandevi
Mr. Bir Bahadur Pun, Press and Rastriya Jana Morcha (RJM)
Mr. Devendra Bahma, Acting Editor, Madhavi Weekly

Saune Khola Gravity Flow Water Supply Scheme, Hansapur-1,2, Pyuthan

Mr. Harsha Man Shrestha, Chairperson, VWASHCC
Mr. Dadhiram Khanal, Secretary, VWASHCC
Mr. Bir Bahadur Rana, Vice Chairperson, VWASHCC
Mr. Jayanta Sharma, Treasurer, VWASHCC
Ms. Luma Rana, Member, VWASHCC
Mr. Purna Sing Sunar, Member, VWASHCC
Mr. Yema Raj Khanal, Member, VWASHCC
Mr. Jibram Rana, Member, VWASHCC
Mr. Gupta Bahadur Rana, Member, VWASHCC
Mr. Krisna Rana, Member, VWASHCC
Mr. Gopal Bahadur KC, Member, VWASHCC
Mr. Hatakathat Sharma
Mr. Chabi Ram Gurung
Ms. Basanta Sharma
Ms. Rajma Marsangi
Mr. Khim Bahadur Gurung
Mr. Yegya Bdr. Hunsang
Mr. Bom Bdr. Resmo
Ms. Maya BK
Ms. Laxmi Rana
Mr. Lila Bahadur Gaha
Mr. Gaphur Miya
Mr. Kerot Rana
Mr. Keshav Darlami
Mr. Tek Bahadur Sunar
Ms. Khuma Devi Sharma
Ms. Pabitra BK
Mr. Dhan B. Pulami
Ms. Bismitala Miya

Mr. Oman Sing Resmi, Chairman, Saune khola water and sanitation project
Mr. Narayan Darlami, Secretary, Saune khola WSSP
Ms. Khusisara Saru, Treasurer, Saune khola WSSP
Mr. Lam Bahadur Resmi, Member, Saune khola WSSP
Ms. Pemi Buda, Member, Saune khola WSSP
Ms. Tamisera Resmi, Member, Saune khola WSSP
Mr. Rajan Reshmi, User, Saune khola WSSP
Mr. Ram Bdr. Saru, User, Saune khola WSSP
Mr. Bishnu Prasad Pokhrel, LDO
Mr. Liladhar Ghiri, WASH Engineer, WASH Unit
Mr. Enue Mani Sharma, Sub-Engineer, WASH Unit
Mr. Promod Lal Shrestha, Field Coordinator
Ms. Goma Khanal, Health Promoter
Mr. Lok Bahadur Rana, Technician, VDC
Mr. Dadhiram Khanal, Office Assistant, VDC

Mahendrakot VDC, Kapilbastu

Mr. Govinda Prasad Panthi, Secretary and Chairman, VWASHCC
Mr. Surya Prasad Bhusal, Vice Chairman, VWASHCC
Mr. Narayan Prasad Khanal, Advisor, VWASHCC
Ms. Mira Panthi, Member, VWASHCC
Mr. Ram Das Chaudhari, Vice Chairman, VWASHCC
Mr. Krishna Lal Sharma, Advisor, VWASHCC
Ms. Pabitra Pun, Member, VWASHCC
Mr. Man Bahadur BK, Advisor, VWASHCC
Mr. Bishnu Raj Tandon, Member, VWASHCC
Mr. Narayan Prasad Khanal, Member, VWASHCC
Ms. Nirmala Tuladhar, Member, VWASHCC
Mr. Hari Ram Tharu, Communist Party of Nepal (Maoist)
Mr. Bhjendra Bikram GC, Communist Party of Nepal (Unified Marxist–Leninist)
Mr. Tek Lal Belbase, Nepali Congress
Mr. Narayan Prasad Khanal, Rastriya Prajatantra Party
Mr. Bishnu Prasad Khanal, Rastriya Jana Morcha Party
Mr. Mukti Raj Poudel, Former DDC Member
Mr. Keshav Kumar Shrestha, Former DDC Member
Mr. Birendra Prasad Mishra, Former VDC Chairman
Mr. Bal Bahadur Chasak, Chairman, CHSAC
Mr. Devi Ram Regmi
Mr. Namaraj Acharya
Mr. Netra Prasad Bhattarai, Chairman Takshore WSSP
Mr. Ram Prasad Pokhrel, Secretary, Takshore WSSP
Mr. Salikram Banjade, Chairman, Pikkar WSSP
Mr. Raju Shrestha, Secretary, Pikkar WSSP
Mr. Pardeshi Chaudhari, Treasurer, Bhelai Durga Bhawani WSSP
Mr. Khim Bahadur Adhikari, Member, Bhelai Durga Bhawani WSSP
Mr. Gyan Bahadur Panthi, Chairman, Basanta WSSP
Ms. Sushila Bhattarai, Secretary, Basanta WSSP
Mr. Tika Ram Acharya, Vice Chairman, Basanta WSSP
Mr. Surendra B. Kunwar, Chairman, Supa Deurali WSSP
Ms. Saraswoti Gaire, Secretary, Supa Deurali WSSP
Ms. Maya Khanal, Advisor, Supa Deurali WSSP
Mr. Ranjit Bishwokarma, Member, Supa Deurali WSSP
Mr. Binod Kumar Chaudhari, Engineer, DTO
Mr. Ramji Bhattarai, Sub-Engineer, DDC
Mr. Gopal Gyawali, Lead TBC Facilitator (LBTCF), DDC
Mr. Ram Prasad Khanal, Water Supply and Sanitation Technician (WSST), DDC
Mr. Ram Briksha Chaudhari, Office Assistant, VDC

Shivashakti Water Supply and Sanitation Project, Khurhariya-7, Chutpati, Kapilbastu

Mr. Krishna Prasad Sharma, VDC Secretary
Mr. Yegya Adhikari, Chief, Police Station
Ms. Sangita Ghimire, LTBCF, DDC
Mr. Shesh Raj Yadav, LTBCF, DDC
Mr. Daya Ram Sharma, LTBCF, DDC
Ms. Chinta Pariyar, News Reader/Reporter, Radio Samanta
Ms. Prem Kumari Pathak, Office Assistant, VDC
Mr. Krishna Kumar Chaudhari, Technical Assistant, VDC
Mr. Sher Bahadur Taramu, Helper, Khurkhuria VDC
Mr. Dipendra Poudel, Inspector, Armed Police Base Camp, Dalpur Khuriya
Mr. Madhav Pandey, Sub Inspector, Armed Police Base Camp, Dalpur Khuriya
Mr. Sashi Bhushan Thakur, WASH Advisor

Imlikharka WSS Project, Gugali-4, Kapilbastu

Ms. Sima Pandey, Chairperson, Imlikharka WSSP
Ms. Saraswoti Gurung, Treasurer, Imlikharka WSSP
Mr. Dhan Bir Sunar, Secretary, Imlikharka WSSP
Ms. Naramaya Thapa, Vice Chairperson, Imlikharka WSSP
Ms. Taradevi Pandey, Member, Imlikharka WSSP
Ms. Sita Roka, Member, Imlikharka WSSP
Ms. Kaushila Shris, Member, WSSP
Mr. Krishna Pd. Sharma, VDC Secretary
Ms. Chinta Pariyar, News Reader/Reporter, Radio Samanta
Ms. Sangita Ghimire, LTBCF, DDC
Mr. Daya Ram Sharma, LTBCF, DDC
Ms. Radhika Sapkota, Local Governance and Community Development Program (LGCDP), DDC
Mr. Rajendra Prasad Shrestha, Inspector, Ilaka Police Station, Ganeshpur
Mr. Dipendra Poudel, Inspector, Armed Police Base Camp, Dalpur Khuriya

Nawalparasi WASH Unit

Mr. Bishnu Bdr. Thapa, LDO
Mr. Mahesh Chandra Neupane, DTO Chief
Mr. Nabin Shrestha, Engineer, DTO
Mr. Suresh Kumar Chaudhari, Health Promoter
Mr. Dila Ram Giri, Senior Accountant
Mr. Khim Bdr. Karki, WASH Technician

Rupandehi WASH Unit

Mr. Madhav Jung Karki, DTO Chief
Mr. Arjun Sa, DTO
Mr. Mukti Ram Pokhrel, CRCD Nepal, SP (Jaya ji detail of CRCD)
Mr. Shiva Ram Bhattarai, Planning Officer, DDC
Mr. Shambhu Prasad Shah, WASH Advisor
Mr. Narayan Gyawali, DDC
Mr. Prem Chandra Bhusal, Administration Officer, DDC
Mr. Keshav Raj Bhattarai, DTO
Mr. Babu Ram Poudyal, DTO, WASH unit

RVWRMP, Kailali

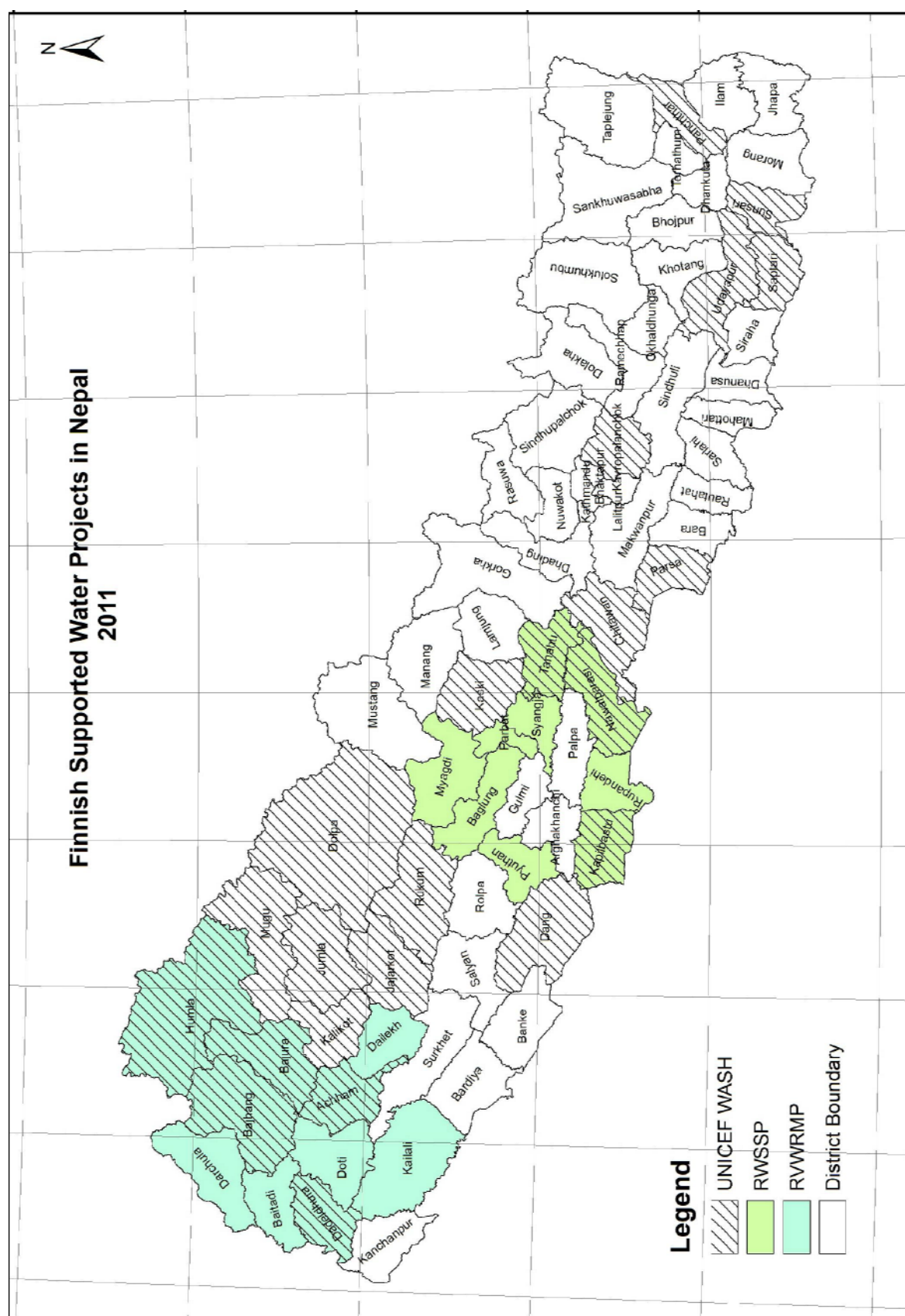
Mr. Yogendra Jha, Focal Person, Kailali DDC (for RVWRMP)
Ms. Sanna-Leena Rautanen, Team Leader, RVWRMP Dhangadi
Mr. Narayan Wagle, Planning & Monitoring Specialist
Mr. Yuba Raj Shrestha, WRA
Mr. Parikshit Shrestha

Mission Programme

Saturday 30/07	12:30	<i>Arrival (Hannu Vikman and Tom von Weissenberg)</i>	
	16:00	Internal meeting	
Sunday 31/07	11:00	Department of Local Infrastructure Development and Agricultural Roads (DoLIDAR)	
	14:00	Ministry of Local Development (MLD)	
	15:30	Ministry of Irrigation (MOIr)	
	16:00	National Planning Commission (NPC)	
Monday 01/08	08:45	Embassy of Finland	
	11:00	United Nations Children's Fund (UNICEF)	
	13:00	Ministry of Physical Planning and Works (MPPW)	Ministry of Finance (MOF)
	14:30	The World Bank (WB)	Department of Water Supply and Sewerage (DWSS)
	16:30	Rural Water Supply and Sanitation Fund Development Board (RWSSFDB)	
Tuesday 02/08	08:30	<i>Flight to Pokhara</i>	
	11:30	DWSS Regional Office, Pokhara	
	13:00	RWSSP-WN Project Support Unit (PSU) and Project Coordination Office (PCO)	
Wednesday 03/08	08:15	PSU/PCO	
	13:00	<i>Trip to Butwal (Jaya Kumar Gurung)</i>	
Thursday 04/08	08:00		Nawalparasi Local Development Officer (LDO) and District WASH Unit
	09:15	Parbat District WASH Coordination Committee	Pratapur VDC WASH Coordination Committee
	13:00	<i>Field visit to Thulipokhari VDC</i>	<i>Field visit to Pratapur VDC, Ramgram Municipality</i>
Friday 05/08	09:00	<i>Field visit to Arman VDC, Myagdi District</i>	Rupandehi District WASH Unit
	10:30		<i>Field visit to: Aama VDC, Parroha VDC, Devadaha VDC</i>
	16:30	Myagdi District WASH Coordination Committee	
Saturday 06/08	08:00	PSU and internal work	<i>Visit to Kailali</i>
Sunday 07/08	09:00	<i>Field visit to Keware VDC</i>	<i>Visit to Kailali</i>

Monday 08/08	08:20	Puythan District WASH Coordination Committee	Internal work
	12:30	<i>Field visit to Hansapur VDC</i>	
Tuesday 09/08	09:00	Mahendra Kot VDC WASH Coordination Committee	
	10:30	<i>Field visit to Mahendra Kot VDC, Phaka and Khurkhuria VDC</i>	
	15:50	<i>Flight to Kathmandu</i>	
Wednesday 03/08	10:00	Ministry of Health and Population (MOHP)	Federation of Water and Sanitation Users in Nepal (FEDWASUN)
	11:30	Asian Development Bank	
	13:00	Internal meeting	
Thursday 04/08	08:00	Internal meeting	
	16:00	Debriefing at Himalaya Hotel	
Friday 05/08	08:00	Internal meeting	
	13:30	<i>Departure (Hannu Vikman and Tom von Weissenberg)</i>	

Map of Project Area



Logical Framework

Project Planning Matrix (LOGFRAME) Project Period August 2008 to July 2012

Narrative Summary	Results	Indicators	MOV	Risks
Overall Goal Increased well-being of the poorest and excluded households	Impact Level: Increased productivity and income of the poorest and excluded	HDI improved by (from baseline) Poverty index improved by (from baseline) Household/ per capita income in the project districts increased by (from baseline) Life expectancy at birth of the people living in the project districts increased by (from baseline) Empowerment index improved by (from baseline) Governance index improved by (from baseline)	WASH Impacts studies: District's socio-economic/poverty data before and after RWSSP-WN RWSSP-WN evaluation reports UN-Nepal Development Report NPC sectoral progress Report National demographic survey	Security issue may affect the project implementation Absence of local elected officials may delay the implementation of the project Change in GoN's development policy and priority can affect the overall project Constitution building process and new constitution may affect the project implementation
Immediate objective (Purpose) Fulfillment of poorest and excluded households' basic needs and rights of access to safe domestic water, good health and hygiene through decentralized governance system	Outcome Level: 1. Increased women's productive role (time and energy) 2. Decreased hardship, gender and social discrimination linked with water, sanitation and hygiene 3. Improved health, nutrition and hygiene of community people in programme districts, particularly among the poorest and excluded 4. Decreased infant and maternal mortality 5. Enhanced institutional capacity of local bodies (DDCs and VDCs) to facilitate to execute WASH sector/projects 6. Sustainable operation and maintenance of domestic water schemes managed by inclusive WUSC 7. GESI responsive WASH sector policies, strategies and guidelines at the central and local levels adopted	Health and Sanitation • Incidence of top ten diseases (i.e. diarrhea, skin, ARI, intestine worms, pyrexia, gastritis, ear infection, eye complication, chronic bronchitis, abdominal pain) reduced by ...% (from baseline) • Infant mortality rate under five decreased by% (from baseline) • Maternal mortality rate decreased by% (from baseline) • Proportion of malnourished children under 3 yrs per 1000 decreased by ...% (from baseline) Domestic water supply • Quantity of water used per capita per day at the end of dry season increased byltr./ % (from baseline) • Domestic water schemes running successfully during the last 5 years or over increased by% (from baseline) •% improved in water quality (Arsenic by%, E-coli by%) (from baseline and NDWQS) • Population covered by domestic water supply increased by% (from baseline) Governance • GESI responsive DDC WASH sector policy developed and in use • WASH District Development Funds increased by% (from baseline) • Per capita WASH fund increased by% (water and sanitation disaggregated) (from baseline) • WASH sector coordination mechanism is functional	District annual WASH sector consolidated report District poverty mapping survey/profile/data/report District health and sanitation profile/data/report District water supply profile/data/report District Gender Equality and Social Inclusion profile/data/report District / UC Water quality testing data/report District governance index/report (UNDP report) RWSSP-WN Mid-term Review and annual reports District periodic monitoring reports Assessment reports Case studies for project effectiveness	Capacity and willingness of DDCs and VDCs may affect the implementation of programmes and projects Communities' willingness to make their participation physically and financially Funds may not be available in time

Narrative Summary	Results	Indicators	MOV	Risks
<p>Outputs</p> <p>A. Well functioning domestic water schemes managed by inclusive WUSCs providing safe domestic water to all users</p> <p>B. Total behaviour changed in hygiene and sanitation of individuals, households, communities and institutions</p> <p>C. Strengthened institutional capacity of local bodies to facilitate the WUSCs for the implementation, operation and maintenance of management of domestic water, sanitation and hygiene (WASH) programs in a self-sustainable manner</p> <p>D. WASH sector policies and guidelines at the local level prepared.</p>	<p>Output Level:</p> <p>A.1 Cost-effective, locally resource mobilized schemes are implemented, operated and maintained by the inclusive WUSCs</p> <p>A.2 20% construction cost of water schemes directly benefitting to poor and excluded</p> <p>B.1 Changed personal and household hygiene and sanitation behaviour, and improved hygienic drinking water and management; and prevention of waterborne diseases proportionately in all socio-economic groups.</p> <p>B.2 Changed and improved defecation and personal hygiene behaviour, increased in use of soap and hand washing at critical times, improved kitchen hygiene</p> <p>C.1 Local bodies capacity increased to plan and administer decentralized water supply projects and sanitation and hygiene programmes on a priority basis targeting poor and excluded in a sustainable manner</p> <p>C.2 Provided support to the WUSCs in operation and maintenance of schemes</p> <p>C.3 Facilitated local bodies and WUSCs to use financial and other resources productively for the sustenance of the systems.</p> <p>D.1 Transparent and accountable GESI responsive WASH sector policy, guidelines and strategies prepared, approved and implemented by DDCs</p> <p>D.2 Improved GESI responsive HR system in place to support effective, decentralized WASH implementation</p>	<p><i>Domestic water coverage</i></p> <ul style="list-style-type: none"> Increased by% population (target additional people) have access to safe domestic water supply (from baseline) (served vs unserved) (socially and geographically disaggregated) Increased by% of institutions have access to safe drinking water Reduced time to 15 minutes to fetch water (from baseline) <p><i>Hygiene and Sanitation coverage</i></p> <ul style="list-style-type: none"> Increased by% population (targetadditional people) have access to safe sanitation (from baseline) (served vs unserved) (socially and geographically disaggregated) Increased by% of institutions have access to safe sanitation Increased by% of VDCs, Wards and communities declared ODF <p><i>Arsenic mitigation</i></p> <ul style="list-style-type: none"> Increased by% of population (..... people) have access to arsenic mitigated domestic water supply (from baseline) (define the level of arsenic) (served vs unserved) <p><i>Governance</i></p> <ul style="list-style-type: none"> Increased by% of WUSCs led by Women and poor and excluded (from baseline) Increased by ...% of DDF budget allocated for WASH activities by DDCs Participatory planning and monitoring system in use. Participatory public auditing in use 	<ul style="list-style-type: none"> DTQ, WSSDO, DPHO, DWDO, VDC and WUSC periodic progress (monitoring) reports RWSSP-WN progress monitoring reports RWSSP-WN/DTO conducts participatory Photo-point Monitoring (photos before training of WUSC and sanitation & hygiene project implementation compared to photos after). Semi-formal Interviews with trained water and latrine users / WUSC / VDC / women CBO, village health workers, poorest women, school children, teachers; WUSC reports and meeting minutes RWSSP-WN monitoring reports, Articles, periodicals and visuals published and broadcasted 	

Narrative Summary	Results	Indicators	MOV	Risks
<p>Major Activities</p> <p>1. <u>Domestic Water</u></p> <p>a. Construction of new domestic water schemes</p> <p>i. Gravity schemes</p> <p>ii. Rainwater harvesting</p> <p>iii. Kuwa/ Point source spring improvement</p> <p>iv. Tube and hand-dug well</p> <p>b. Rehabilitation of existing domestic water schemes</p> <p>c. Building of technical and financial capacity for WUSC and others</p> <p>d. Carryout water quality monitoring</p> <p>e. Mitigation of arsenic and lime encrustation</p> <p>f. Environmental protection of water sources</p> <p>g. Awareness creation/ Transparency of domestic water schemes</p>	<ul style="list-style-type: none"> Improved domestic water supply schemes operating Arsenic mitigation and lime encrustation addressed Community mobilized resources to meet the O&M and reconstruction costs WUSCs, DDCs and DPHOs monitored the quality of water on a regular basis Increased knowledge of water quality and quantity by users 	<ul style="list-style-type: none">no. of new schemes constructed (disaggregated e.g. gravity, rainwater...)% of the constructed schemes benefiting poor and excluded no. of existing schemes rehabilitated (disaggregated e.g. gravity, rainwater...) amount of O&M funds collected and usedno. of schemes/projects monitoring water quality (NDWQS) on a regular basis 		
<p>2. <u>Health, Hygiene and Sanitation</u></p> <p>a. Ignite the process of change to open defecation free VDCs and Wards</p> <p>b. Implement household sanitation, hygiene and waste water management</p> <p>c. Implement institutional sanitation and hygiene</p> <p>d. Implement personal hygiene and health programmes</p> <p>e. Implement nutrition programmes for mothers and children</p> <p>f. Implement family health and sanitation insurance system in each VDC</p> <p>g. Awareness creation, motivation and rewarding</p>	<ul style="list-style-type: none"> Improved behavioural change in hygiene and sanitation at household level, public places and institutions Improved nutritional status of pregnant and lactating mothers and children Improved cleanliness of the environment Local resources made available to keep the communities active to practice new habits. 	<ul style="list-style-type: none">no. of household toilets constructed (socially and geographically disaggregated)no. of households using toilets (socially and geographically disaggregated)no. of toilets constructed for differently-able children at schools and people at communities.no. of schools using separate toilets for girls and boysno. of public and demonstration latrines constructedno. of children/adults used soap for hand washing in critical timeno. of households fulfilled the set criteria of behavior change in hygiene and sanitation (socially and geographically disaggregated) BMI of mother and children improved by% (from baseline) 		

Narrative Summary	Results	Indicators	MOV	Risks
<p>1. <u>Inclusive Local WASH Governance</u></p> <p>a. Coordinate and harmonize WASH sector programmes, funding, approach and modalities</p> <p>b. Assist DDCs to manage District Development Fund effectively</p> <p>c. Enhance local bodies capacity to facilitate the GESI responsive WASH service delivery system</p> <p>d. Enhance roles, responsibility, transparency and accountability of local bodies and WUSCs</p> <p>e. Strengthen local bodies GESI responsive planning, programming, budgeting system</p> <p>f. Strengthen local bodies GESI responsive reporting, monitoring and evaluation system</p>	<ul style="list-style-type: none"> GESI responsive local bodies planning systems strengthened GESI responsive policies on rural WASH updated/prepared WASH Plans Prepared Multi-sector stakeholders coordination mechanism established Local bodies staff trained in WASH governance and service delivery WASH stakeholders trained Participatory Monitoring and Evaluation systems established Financial management systems established 	<ul style="list-style-type: none">no. of WASH Plans prepared by VDCs amount of budget allocated for WASH programme (water and sanitation disaggregated) WASH multi-stakeholders forum established and operationalno. of staff/persons (socially disaggregated) trainedno. of WUSCs maintained well managed financial recordsno. of WUSCs maintainedamount of O&M fundsno of VDCs allocated at least% of funds for WASH (water and sanitation disaggregated)times of participatory monitoring carried out by VDCs and DDCstimes of WASH public auditing conducted by WUSCs and VDCs 		
<p>2. <u>Local WASH Policy and Guidelines</u></p> <p>a) Prepare GESI responsive District WASH Implementation Guidelines</p> <p>b) Prepare District Arsenic mitigation guidelines</p> <p>c) Prepare District Water Quality Guidelines</p>	<ul style="list-style-type: none"> All three guidelines prepared and approved by respective DDCs 	<ul style="list-style-type: none"> All three guidelines are in use 		

Policy Review

Public Administration and Decentralisation

The **Local Self Governance Act (LSGA)**, 2055 (1999) is based on the following principles and policies for the development of local self-governance system:

- ❑ devolution of such powers, responsibilities, and means and resources as are required to make the Local Bodies² capable and efficient in local self-governance;
- ❑ building and development of institutional mechanism and functional structure in Local Bodies capable of considering for local people and bearing responsibilities;
- ❑ devolution of powers to collect and mobilise such means and resources as are required to discharge the functions, duties, responsibility and accountability conferred to the Local Bodies;
- ❑ having the Local Bodies oriented towards establishing the civil society based on democratic process, transparent practice, public accountability, and people's participation, in carrying out the functions devolved on them;
- ❑ for the purpose of developing local leadership, arrangement of effective mechanism to make the Local Body accountable to the people in its own areas; and
- ❑ encouraging the private sector to participate in local self-governance in the task of providing basic services for sustainable development.

In addition to executing or causing to be executed the decisions and directions of the Village Council, the functions, duties and powers of Village Development Committees (VDCs) include to:

- ❑ prepare drinking water projects for the supply of drinking water required within the village development area and to implement and operate the same, and to arrange or cause to be arranged for their maintenance;
- ❑ construct, maintain and repair or cause to be constructed, maintained and repaired wells, deep water, ponds, taps etc. within the village development area;
- ❑ preserve or cause to be preserved the sources of water within the village development area;
- ❑ establish pre-primary schools with own source, to give permission to establish them and to operate and manage the same;
- ❑ supervise and manage the schools being operated within the village development area;
- ❑ prepare projects of irrigation, dams, canals, water channel, water bank, etc. required within the village development area and to implement or cause to be implemented the same;
- ❑ prepare programmes on soil-erosion and river control that affects the village development area and to implement or cause to be implemented the same;
- ❑ build community buildings, rest houses and public toilets;
- ❑ prepare criteria for houses, buildings, roads and other physical infrastructures etc. to be constructed within the village development area, and to grant approval as prescribed for the construction of them;
- ❑ formulate land-utilisation plans of the village and to implement or cause to be implemented the same;
- ❑ make or cause to be made arrangements for necessary sewerage and drainage in settlement areas;
- ❑ operate and manage village level health centre, health post and sub-health posts;
- ❑ prepare programmes on primary health education and sanitation and disposal of wastes and garbage in the village development area and to implement the same;
- ❑ provide assistance in the development and expansion of herbs; and

² *Local Body* means the Village Development Committee (VDC), Municipality and District Development Committee (DDC).

- ❑ encourage consumer groups and other non-governmental organisations (NGOs) for the development and construction works to be done in the village development area and it shall have such works done through such groups or organisations.

Each VDC shall formulate periodical and annual plans for the development of the village development area. In formulating the plans, VDC shall have to give priority to projects, which:

- ❑ are production-oriented and from which consideration may be obtained sooner;
- ❑ raise living standard, income and employment of and give direct benefits to the rural people, and contribute to the alleviation of poverty;
- ❑ can be operated with low cost and larger people's participation;
- ❑ are operated through local means, resources and skills;
- ❑ provide direct benefits to the women as well as backward class and children; and
- ❑ can contribute to protect and promote the environment.

VDCs can impose, inter alia, service charge on sanitation, drainage and sewerage. VDC also exercises the power to hear and settle at first instance cases on border/boundary of land, public land, canals, dams, ditches or allocation of water and encroachment on roads or way-outs.

The Secretary of VDC is the highest executive civil servant under VDC. S/he is appointed by the Public Service Commission and deputed by the Ministry of Local Development (MLD) to their VDCs for terms of at least two years, but Secretaries of remote VDCs usually serve shorter terms.

The village level projects shall be carried out through consumers' committees. In getting a construction work done, VDC shall have to do, and cause to be done, contracts and other transactions be as prescribed.

In addition to executing or causing to be executed the decisions and directions of the District Council, the functions, duties and powers of **DDC** include, inter alia, to:

- ❑ formulate and implement, and cause to be implemented, such drinking water plans as are to benefit the people in more than one village development area in rural areas of the district development area;
- ❑ formulate plans on habitation and market development in rural areas of the district development area, and implement and cause to be implemented them;
- ❑ formulate, implement, operate, distribute and maintain and repair projects on mini and micro hydropower and other energy, and cause to be done the same;
- ❑ formulate and implement programmes such as family planning, mother child welfare, extensive vaccination, nutrition and population education and public health; and
- ❑ maintain data of the district development area.

Relating to forests and environment, LSGA authorises VDCs to:

- ❑ afforest or have afforestation in barren land, hills, steppe and steep land and in public land;
- ❑ prepare programmes in respect of forests, vegetation, biological diversity and soil conservation and to carry out or cause to be carried out the same; and
- ❑ make various programmes on environment protection and to carry out or cause to be carried out the same.

Similarly, the functions, duties and powers of DDCs related to forest and environment are to:

- ❑ prepare plans on forests, vegetation, biological diversity and soil conservation, and implement and cause to be implemented the same, and
- ❑ protect and promote, and cause to be protected and promoted, the environment.

The Local Development Officer (LDO) is the highest executive civil servant under DDC. S/he is appointed by the Public Service Commission and deputed by the Ministry of Local Development (MLD) for terms of at least two years, but LDOs of remote DDCs usually serve shorter terms. The

most relevant office under DDCs to RVWRMP are the District Technical Offices (DTOs). The DTO Chief acts as the deputy of LDO.

The Local Body (Financial Administration) Regulation 2064 (LBFR, August 2008) builds on LSGA and provides detailed instructions on financial administration for local bodies. LBFR includes provisions for local bodies regarding their accounting systems, procurement procedures, internal tax collection systems, advance and assets advance settlement system and procedure, auditing and on asset management, inventories and auctions.

The roles of the Local Bodies in the development of infrastructure have more recently been elaborated on in **Local Infrastructure Development Policy** (LIDP) 2061 (2004). Its stated objective is that “by means of physical and social infrastructure, the access of local people including women, disabled, backwarded, oppressed, neglected and Dalit class to social service, economic opportunities and resources shall be increased”. The four strategies for the achievement of the objective are:

- ❑ programmes relating to infrastructure to be operated by the line ministries shall be devolved to the local bodies;
- ❑ development of appropriate institutional structure and technical capacity shall be enhanced for the local infrastructure development;
- ❑ a concept and working style shall be pursued to mobilise local resources, means and skill in the local infrastructure development by means of people’s participation; and
- ❑ an effective utilisation of available resources shall be made by maintaining harmonisation among the donor agencies involved in the local infrastructure development.

The policies for the implementation of the above strategies include, inter alia:

- ❑ functions and resources of local infrastructure development shall be devolved to the local bodies;
- ❑ central level and local level programmes shall be clearly classified;
- ❑ MLD shall be a focal ministry on local infrastructure – functions relating to policy formation, information management and dissemination, appropriate technology, development and implementation, research and development of local infrastructure development and co-ordination between local bodies and sectoral ministries/ departments shall be done by this ministry;
- ❑ MLD shall mobilise foreign aid required for infrastructure development by maintaining uniformity and co-ordination among the donor agencies;
- ❑ the construction work shall be done through consumer’s committees, local NGOs, community based organisations (CBOs), depending upon the nature, size, technology to be used – only the work which is technically complicated in nature shall be caused to be done through a contract;
- ❑ the local bodies shall be made fully responsible for the formulation, implementation, monitoring and evaluation, and operation and maintenance (O&M) of local infrastructure development plan; and
- ❑ a system of involving beneficiary groups in O&M after the completion of the plan shall be developed.

Poverty Reduction and Social Policies

The long-term vision of the **Three-Year Plan (2010/11 – 2012/13)** is to create a prosperous, peaceful and just Nepal through transforming Nepal from a least developed country (LDC) into a developing nation within a two-decade period. The main objective of the Plan is to enable people to feel change in their livelihood and quality of life by supporting poverty alleviation and establishment of sustainable peace through employment centric, inclusive and equitable economic growth.

Inclusive and equitable development strategy will be adopted to uplift the living standard of the excluded groups, Dalit, Madhesi, Adibasi/Janajati, women, people with disability and remote geographical areas and poor people of the various regions of the country from the prevailing discriminatory practices in the society. Strategy will be adopted to create necessary environment for in-

vestment in the country emphasizing on inclusive and equitable development and supporting lasting peace in economic terms.

Strategies will be adopted to speed up the development momentum by strengthening economic and social services that needs to be provided to the people of the country by the government, private, cooperative and nongovernmental organizations and through transformation of existing economic and social situation.

Strategies will be adopted to make development result-oriented by emphasizing people's participation, transparency, accountability and creation of corruption free situation through the establishment of values of rule-based state to ensure good governance in the nation as well as improving effectiveness of service delivery of the government and the private sector.

To make the economic development sustainable, broad-based, and poverty alleviation-oriented, emphasis will be given to the balanced development of the physical and social infrastructures taking into consideration the future federal republic state structure.

Working procedures will be developed considering the aid agreement up to implementation in order to implement Paris Declaration 2005 and Accra Agenda for Action 2008.

Following the concept of devolution of authority, projects which are conducted by different bodies will be coordinated and facilitated and sharing of information will be effectively implemented. To make effective services and facilities from local bodies, the existing administrative organizations of local bodies will be re-evaluated and strengthened according to workload. Programs targeting poverty reduction will be carried out by developing and mainstreaming marginalized class which have been left behind socially and economically.

In 2009 MoLD prepared a Gender Equality and Social Inclusion (GESI) Strategy as guidance for integrating gender equality and social inclusion in all aspects of Local Governance and Community Development Programme (LGCDP) implementation. MoLD implements LGCDP in all districts and VDCs across Nepal. Despite being specifically developed for one programme, it provides policy guidance to all other MoLD projects and programmes. The specific objectives of the GESI strategy are to:

- ❑ ensure that a gender and social inclusion responsive approach is adopted in LGCDP institutionally and programmatically; and
- ❑ assist LGCDP related stakeholders to ensure the inclusion of women and people from excluded groups in all interventions and to make planning, programming, budgeting, monitoring, and management arrangements gender and social inclusion sensitive.

The strategy recognises that different groups have different needs. It defines exclusion primarily from four dimensions: i) gender-based, ii) caste, ethnicity, religion-based, iii) poverty-based, and iv) regional-based. The main policy components and their outputs are presented below:

- ❑ Component 1: Citizens and communities engaged actively with local governments and hold them accountable. The outputs are:
 - communities and community organizations participate actively in local governance processes; and
 - increased capacity of citizens, communities and marginalised groups to assert their rights and hold local governments accountable.
- ❑ Component 2: Increased capacity of local governments to manage resources and deliver basic services in an inclusive and equitable manner. The related outputs are:
 - local governments gain access to greater fiscal resources in equitable and appropriate ways;
 - appropriate capacity building services passed on to all levels of the local government service delivery system; and
 - local governments service delivery mechanisms and processes fine-tuned.
- ❑ Component 3: Strengthened policy and national institutional framework for devolution and local self-governance. The related outputs are:

- policy framework for decentralisation promoted a more enabling environment for effective, inclusive, transparent and accountable local governance; and
- capacity of central government and national non-government institutions strengthened to provide appropriate support to local governments is enhanced.

The **National Microfinance Policy** (2007) aims to facilitate an enabling environment for development of microfinance and to increase access to financial services for the poorest, disadvantaged and women. Opportunities include the presence of retail microfinance institutions (MFI) and wholesale lending institutions, and the introduction of new products such as micro insurance.

The **Cooperative Act** (1992) stipulates formation and operation of cooperative societies and unions of different categories for enabling the farmers, artisans, low capital and income groups, labourers, landless and unemployed people, or social workers, to work for the economic and social development of the general consumers on the basis of mutual cooperation and co-operative spirit. Co-operative societies or unions may be formed with the objectives of providing services and facilities for the economic and social development. A society or union may issue loan bonds, or obtain loans from any local or foreign bank or any other agency.

Water, Sanitation and Hygiene Policies and Strategies

The **Water Resources Act** 2049 (1992) is an umbrella Act and declares that the ownership of water is vested by the state. Persons willing to make use of water resources for collective benefits on an institutional basis may form a water users' association. According to this Act, the priority given to the different uses of water is:

1. drinking water and domestic use;
2. irrigation;
3. agricultural use such as animal husbandry, fisheries;
4. hydroelectricity;
5. cottage industry, industrial enterprises and mining;
6. navigation;
7. recreational use; and
8. other uses

More detailed stipulations on water user associations, licensing, establishment of District Water Resources Committee, etc. are provided in Water Resources Regulation 2050 (1993). Relevant legislation also includes Drinking Water Regulation 2055 (1998), and Procurement Act 2063 (2007).

According to **Drinking Water Regulation**, groups of people who wish to benefit collectively from developing and operating their own project may establish a drinking water user association (DWUA), which also may be registered. After registration, no other water user association can be registered, which would reduce the quantity of the water used by the original DWUA in the same working area.

The **Water Resources Strategy** (2002) aims at contributing to the country's national goal – defined as *“living conditions of Nepali people are significantly improved in a sustainable manner”* – by ten outputs, each having specific short-, medium- and long-term targets with horizons of 5, 15 and 25 years, respectively. The outputs include:

- ❑ adequate supply of and access to potable water, sanitation and hygiene awareness provided;
- ❑ enhanced water-related information systems are functional;
- ❑ appropriate legal frameworks are functional; and
- ❑ appropriate institutional mechanisms for water sector management are functional.

In regard to drinking water supply, the target is to achieve 100% coverage by 2017 and 100% coverage of “good quality water supply” by 2027. Similarly, 100% of population will have safe sanitation facilities by 2017.

The **National Water Plan** (NWP) was prepared to operationalise the Water Resources Strategy. NWP includes programmes in all strategically identified output activities so that all these programmes, in consonance with each other, will contribute to maximising the sustainable benefits of water use. The major doctrines of NWP are integration, coordination, decentralisation, popular participation and implementation of water-related programmes within the framework of good governance, equitable distribution and sustainable development.

Nepal National Sanitation Policy and Guidelines for Planning and Implementation of Sanitation Programme (1994) was made to address the sanitation issues of sustaining the quality of life and health of the people through:

- ❑ changing people's unhygienic sanitary behaviour and practice related to personal, household, and environmental hygiene through environmental health education, information and mobilisation of community;
- ❑ ensuring community involvement, in particular women's involvement in water management, hygiene education, and other sanitation promotion activities; and
- ❑ encouraging the participation of non-governmental organisations and volunteers as partners in development.

The key policy objectives are to:

- ❑ reduce incidence of morbidity and mortality due to water borne disease and lack of environmental sanitation and hygiene;
- ❑ bring about attitudinal and behaviour changes for improved sanitation and hygiene practices;
- ❑ increase knowledge and awareness among all levels of community, particularly in women and children regarding improved sanitation hygiene;
- ❑ reduce infant and child mortality rate in population through emphasis on control of diarrhoeal diseases; and
- ❑ ensure that all water supply programmes have sanitation programme and vice-versa as an integral component of each other.

The guidelines emphasised the role of DWSS and its regional and district level arms in the development of rural water supply and sanitation, in co-ordination with other sector agencies at the district level. The guidelines also encouraged NGOs to participate in sanitation awareness campaigns, motivation and education on hygiene and sanitation.

The **Rural Water Supply and Sanitation National Policy** (2004) aims to provide water supply and sanitation services to 100% of the population by 2017. According to this policy:

- ❑ service development and operation system will be adopted through leadership of the local community, which will identify the necessity of the project, its selection, plan formulation, implementation, and management by applying participatory method;
- ❑ health education and sanitation activities will be conducted together with water supply and sanitation programme;
- ❑ capacity of local bodies, user committees and NGOs will be enhanced to work as per the decentralised approach that will help minimise the direct involvement of GON in the implementation of water supply and sanitation projects;
- ❑ projects will be selected on the basis of projects prepared by the local bodies;
- ❑ appropriate technology that is affordable to and manageable by the users' committees will be used while informing them about all available technical alternatives;
- ❑ the system for regular monitoring and evaluation by the users at local level of micro-organisms and chemical and physical elements will be developed to maintain the water quality;
- ❑ consumers' groups and community organisations will be made responsible to provide water supply and sanitation services effectively by designing proper work to the local bodies as per decentralisation policy;

- ❑ GON and local bodies will play the role of regulating, monitoring and facilitating the implementation of the projects; and
- ❑ the consumers themselves will own, operate and have responsibility to maintain water supply projects, etc.

According to the **Rural Water Supply and Sanitation National Strategy** (2004):

- ❑ DWSS will prepare and implement a plan to gradually phase out direct implementation in rural water supply and sanitation schemes, and will hand over ownership and responsibility for O&M of all schemes to local bodies and/or Water Users' and Sanitation Committees (WUSCs). DWSS will not provide Technical Assistance (TA) through its Divisional offices for the implementation of rural water supply and sanitation programmes once the DDC becomes capable and sets up its own sectoral section;
- ❑ DWSS will mainly concentrate on formulation of sectoral policy, co-ordination between inter-sector and intra-sectoral programmes, development of TA and training mechanism, preparation of manuals and technical guidelines, creation and updating of rural water supply and sanitation database, sectoral research, assistance to DDCs for the preparation on district profiles, assistance to the donor community in project preparation, etc.;
- ❑ Rural Water Supply and Sanitation Fund Development Board (RWSSFDB) will serve as a regular organisation for facilitating the provision of rural water supply and sanitation services;
- ❑ an O&M fund will be created with upfront contributions at WUSC level for financing O&M, and a rehabilitation fund will be created at DDC and VDC level to support rehabilitation financing if and when such works are needed;
- ❑ linkages will be established with income generating projects/activities/programmes by the implementing agency to strengthen the O&M fund at the community level;
- ❑ NGOs or partner organisations will train the community level Female Community Health Volunteers (FCHV) on the promotion of sanitation issues;
- ❑ the basic level of water supply is defined by quantity of 45 litres per capita per day (lpcd) – in no case less than 25 lpcd, accessibility within 150 metres horizontally and 50 m vertically or within 15 minutes per round trip, reliability, and quality meeting at least the guidelines of the World Health Organization (WHO);
- ❑ gender equity and service development will be insisted in planning, decision follow-up, training, access and management of rural water supply and sanitation facilities/services;
- ❑ WUSCs will be formulated by ensuring proportional representation of gender, caste and disadvantaged ethnic groups, with at least 30% representation of women;
- ❑ adult education and income generating activities will be conducted as auxiliary programmes of water supply and sanitation that will enable empowerment of women;
- ❑ role of NGOs and private sector will be enhanced to provide rural water supply and sanitation services;
- ❑ if the community demands, a stand-alone programme focusing on sanitation, hygiene and educational awareness may be implemented where the community people are at high risk for lack of sanitation facilities;
- ❑ all water supply rehabilitation/expansion projects will include awareness raising programmes about water supply, sanitation, hygiene and sanitation behavioural change and improved community, family and individual health;
- ❑ opportunities will be supported to integrate rural water supply and sanitation projects with the construction of biogas generators with a view to create an organisational pressure on health impacts on both diarrhoeal diseases and respiratory related diseases caused by indoor air pollution from cooking smokes;
- ❑ for water supply and sanitation improvements at schools, equity considerations for disadvantaged groups will include:
 - portage of non-local materials from road head to the respective site/community and collection cost of materials beyond one day round trip will have to be borne by the project/agency,
 - contribution level needed for the identified community households will be reduced for marginalised group to improve their access (such contribution will be less than

20% but not less than 10%, cash contribution will not be compulsory for the poorest households and internal assistance will also be used within community to increase community contribution in total);

- ❑ households will be identified for grant assistance purpose with the co-operation of the community through participatory approach;
- ❑ O&M costs should be fully borne by the community;
- ❑ local body and the government will provide some financial assistance for repair in case of huge and important structures;
- ❑ 20% of construction costs should be fully borne by the community with 1% of that amount in cash in the construction of institutional latrines;
- ❑ community managed revolving funds will be allowed, with special subsidies for the construction of latrines for poor households; and
- ❑ O&M cost should be fully borne by the community institutions in case of school latrines and by individual households for family latrines; etc.

According to the strategy, the main roles of the key actors are:

- ❑ National Planning Commission (NPC) – to incorporate sectoral plans in comprehensive national development process for orientating it towards national development targets and to monitor its progress;
- ❑ Ministry of Finance (MOF) – to allocate budget, release it and monitor its expenditure for achieving national development targets;
- ❑ Ministry of Physical Planning and Works (MPPW) – to formulate sectoral policy and plan and to monitor them;
- ❑ DWSS – to provide technical support in the rural water supply and sanitation sector;
- ❑ MLD – to assist in the overall development works of the districts and villages by providing technical skills in line with the process of decentralisation;
- ❑ DDC – to formulate and manage district level plans and to co-ordinate with other sectoral activities;
- ❑ Water Supply and Sanitation Division Office – to support in the implementation of water supply and sanitation projects in the absence of the Water Supply and Sanitation Offices in the district or such unit/office has not been created within DDCs;
- ❑ VDC – to enhance co-ordination at the community level;
- ❑ WUSCs – to participate in plan formulation, construction, management and operation, repair and maintenance of such facilities;
- ❑ NGOs and CBOs – to assist the community in the formulation and implementation of projects and to manage funds relating to such programmes, to experiment and evaluate the revised implementation processes, to evaluate them and participate in the rural water supply and sanitation policy formulation on the basis of these experiences; and
- ❑ Private Sector Organisations (PSOs) – to provide, as partners, specific types of high standard and quality when such assistance is not possible from the government and non-government sectoral organisations.

The **Rural Water Supply and Sanitation Sectoral Strategic Action Plan** (2004) is guided by the principles set in the sectoral strategies. It further clarifies the roles of the key actors in the sector, for example:

- ❑ MLD will assist DDCs to establish branch offices of rural water supply and sanitation and to conduct training and to provide other relevant assistance;
- ❑ MLD will act in co-ordination with MPPW to remove the duplication in the functions of DTO and District Water and Sanitation Division Office;
- ❑ MPPW to remove the above duplication, paying special attention to the present policy of assigning the task of providing water supply and sanitation services to the community with population below 1,000 by DTO and to larger communities by DWSS through District Water and Sanitation Division Offices;
- ❑ DDCs to sign contracts with NGOs/PSOs to ensure the provision of sufficient financial training to WUSCs, and to ensure the availability of community contribution before the release of the construction fund;

- ❑ VDCs to take the lead of participatory projects at the village level with the active participation of NGOs/PSOs/CBOs and WUSCs, in any;
- ❑ VDCs to recommend WUSCs to get registered under District Water Resources Committees;
- ❑ VDCs to supervise the construction work;
- ❑ communities and WUSCs to take the lead role of construction and implementation works, including the procurement of external technical and managerial support and rural water supply and sanitation facilities made available from concerned aid agencies;
- ❑ WUSCs to contribute a minimum of 20% of water supply hardware investment cost, including at least 1% cash;
- ❑ WUSCs to take the responsibility of total O&M and repair cost of rural water supply and sanitation facilities;
- ❑ WUSCs to contribute a minimum of 20% of the construction cost of institutional latrines; and
- ❑ WUSCs to bear additional cost in full for facilities and services higher than the set standard.

Nepal Country Plan for International Year of Sanitation (2008) largely reconfirms earlier policy statements and takes the opportunity of the special year by publicity campaigns and dissemination of information and knowledge.

The **Hygiene and Sanitation Master Plan** (May 2010) was approved by the Cabinet in August 2011. The overall objective of the Master Plan is to create an enabling environment in order to ensure that Nepal will attain Millennium Development Goals (MDGs) and national goal of sanitation through collaborative efforts of the government, local government bodies, United Nations, bilateral agencies, (international) non-governmental organisations (I/NGOs), schools, private institutions, media, civil society organizations, and CBOs. The primary objective of the Master Plan is to delineate the ways to provide a strategic direction for all the concerned stakeholders. The specific objectives of this Master Plan are to:

- ❑ create an enabling environment for harmonizing the efforts of stakeholders through unified planning process;
- ❑ develop necessary mechanism for maintaining uniformity and standards in approaches and modalities;
- ❑ develop an institutional arrangement at all level for revitalizing and strengthening the existing structures and introducing new strategic institutions as appropriate;
- ❑ set national and district level milestones in terms of sanitation coverage;
- ❑ identify the resources gap and resource requirement;
- ❑ develop mechanism for ensuring access of poor, disadvantaged, and other socially excluded groups to sanitation facilities; and
- ❑ recommend necessary measures to implement the Master Plan successfully.

The Master plan defines key terms related to sanitation, e.g., improved sanitation facilities; open defecation free (ODF); child/gender and disabled (CGD) friendly features; and total sanitation.

According to the Master Plan, any of the toilets listed below should have permanent structures up to the plinth/floor level for sustainability point of view. The following alternatives are classified improved sanitation facilities (however, sanitation facilities are not considered improved when shared with other households or are open for public use):

- ❑ flush or pour-flush toilets connected to piped sewer system, septic tank or pit latrine;
- ❑ ventilated improved pit (VIP) latrine;
- ❑ pit latrine with slab and lid; and
- ❑ composting toilet (ecosan).

Open Defecation means defecating in the open and leaving the faeces exposed. ODF means that no faeces are openly exposed to the air. The following indicators are expected to be prevalent in any given designated areas for declaring ODF:

- ❑ no open defecation in the designated area at any given time;
- ❑ all households and institutions having access to improved sanitation facilities (toilets) with full use, operation and maintenance; and
- ❑ all schools, institutions and offices in the designated having toilet facilities.

In addition, the following aspects should be encouraged:

- ❑ availability of soap and soap case for hand washing in all households; and
- ❑ general environmental cleanliness including management of animal, solid and liquid wastes prevalent in the designated area.

Total sanitation is expected to achieve in two phases:

- ❑ achieving ODF status; and
- ❑ sustaining all ODF parameters plus selected hygienic behaviour.

The guiding principles of the Master Plan are:

- ❑ total sanitation approach to be the basic norm to promote hygiene and sanitation in a given geographic or sociological areas with access to improved sanitation for every household and institution, ODF being the basic minimum and first criteria of the total sanitation;
- ❑ all new or rehabilitation or reconstruction water supply projects to have universal improved sanitation coverage within the project period;
- ❑ communities to be given informed choices of various types of improved sanitation (toilets) that are low cost, hygienic, and users friendly;
- ❑ efforts of stakeholders to be synchronized through respective DDC, VDC and municipality level unified plan of action on total sanitation;
- ❑ VDC/municipality to be the smallest basic universe of any sanitation program intervention;
- ❑ cash or hardware subsidies not to be given to the individual households for toilet construction – however community sanitation fund or award may be provided to promote hygiene and sanitation activities;
- ❑ within the designated community, schools, health post, VDC building, Early Childhood Development Centre (ECDC), municipality, community buildings and other public offices/places to have toilets that are users friendly in the local context;
- ❑ provision of toilets facilities to be mandatory to all new households and institutions in urban, semi-urban, district headquarters; and
- ❑ hand washing with soap must be promoted at all households and institutions as an integral part of water supply projects and sanitation and hygiene promotion programs.

According to LSGA, it is the local bodies that have the jurisdiction over the entire local development activities including sanitation development. The local bodies, in addition to being an increasingly important source of development resources generated through various grants and local taxes, also enjoys a good measure of legitimacy to regulate the behavior of local residents regarding various development needs including in the field of environmental sanitation. Besides, the local bodies namely, the VDC, the municipality and the DDC have the potential capacity to launch a more integrated approach to resolving these problems.

The Master Plan largely relies on DDC, Municipality and VDC to take the leadership in sanitation and hygiene programme. This is possible only when they allocate adequate financial resources on sanitation and hygiene sector. DDC, Municipality and VDC allocate a minimum of 10% of their resources (grant and own source revenue) on sanitation sector annually.

In order to emphasize proper planning, programming, implementation, supervision, and monitoring of hygiene and sanitation program, the existing three tiers (national, regional and district) of co-ordination committees need to be further reformed and strengthened. There are no such co-ordination committees presently at the municipal and VDC levels; which are, in fact, recognized as

instrumental entities for implementation of hygiene and sanitation program as envisaged by the Master Plan. Hence fourth tier of the CC are also formed and entrusted roles and responsibilities to strengthen hygiene and sanitation activities.

At the district level, the existing DWSSCC will be renamed and activated as *District Water, Hygiene and Sanitation Coordination Committee (DWASHCC)* that will perform planning and implementing overall hygiene and sanitation activities in the district. The DWASHCC would help DDC at district level to coordinate stakeholders' activities in the district. The VDC will be the smallest unit for planning and programming of the sanitation program in rural areas. Hence, Village Water, Hygiene and Sanitation Coordination Committee (VWASHCC) will be responsible for overall planning, monitoring and supervision of the sanitation and hygiene promotional activities.

As the lead ministry of water and sanitation sector; MPPW in coordination with NHSSC, MLD, MOES, MOHP, and stakeholders, will organize policy level dialogues and discussions for the modification/changes in existing policies, programme approaches, institutional arrangements, financing modalities, monitoring mechanism, facilitation and capacity development in line with the LSGA, national commitments made in international forums and emerging national and international challenges as well as opportunities. The MPPW will also restructure as appropriate by considering the federal system of the country after promulgation of the new constitution of Nepal by the Constitutional Assembly.

Other Policies and Strategies

A Draft Paper on Harmonization of Donor Assistance in Nepal and Donor Harmonization Action Plan was introduced by GON in the 2004 Nepal Development Forum. According to this document, harmonisation needs to be promoted at three broad levels:

- ❑ Tier I – harmonisation at the overall programme level;
- ❑ Tier II – harmonisation at the individual programme level; and
- ❑ Tier III – harmonisation at the financial modality level.

The target dates for most activities in the Action Plan were set to 2004 itself but there has not been much progress in practice.

According to MOF's **Draft Foreign Aid Policy 2009**, there is a growing need for making aid more predictable based on longer-term partnership and commitment. Generally, grants will be preferred over loans in view of the long-term fiscal liabilities to be met. GON will be selective in receiving grants. No grant aid below MUSD 2 will be accepted, except grants for humanitarian support, emergency needs, budget support, pool fund support and trust fund support. After 2025, no grants will be sought from donors.

Nepal needs the trade sector to grow through mobilising foreign aid in trade infrastructure. Foreign aid in the medium to longer term will be channelled to productive investments. TA will be pooled into baskets from where GON will select consultants and their services matching national needs and priorities.

Nepal will encourage aid predictability and longer term partnerships from donors. To enhance harmonisation, SWAs and Joint Financing Arrangements (JFA) will be applied to a large extent.

Arsenic Mitigation Review

Background

High concentration of toxic heavy metal Arsenic (As) in groundwater is a prominent issue in Nepal that was recognised first time in 2000. The effect of ingestion of arsenic in human bodies ranges from minor skin ailment to carcinogenic level and cardiovascular diseases. The health cases were first time identified in Bangladesh and West Bengal, India in late 1999. Acute cases claimed lives of thousands of people and is considered the biggest mass poisoning of the 21st century. The issue of high arsenic groundwater exists in the southern plain areas of Nepal and in the Kathmandu Valley where groundwater is the major source of water.

A total of 1.1 millions of samples have been tested throughout Terai by a blanket test programme. Out of those samples, 1.8% indicated arsenic concentrations exceeding the Nepal Interim Standard of 0.05 mg/l and another 5.7% exceeding the 0.01 mg/l guideline value of the World Health Organization (WHO). The occurrence of arsenic in groundwater is patchy, thus having high level in some areas identified as hot spots, whereas in other places the levels are insignificant.

The mitigation efforts in Nepal have mainly included distribution of household filters. The general principle of arsenic filtration is based on adsorption of precipitated dissolved arsenic by various types of filter media.

Arsenic Mitigation in RWSSP-WN

Approach

The area of RWSSP-WN includes three arsenic affected Terai districts: Nawalparasi, Rupandehi and Kapilbastu. Of the total 147,530 samples tested in the three districts; 6.5% exceeded the WHO guidelines and 3.8% the Nepal Interim Standard (National Drinking Water Quality Steering Committee, 2008). Arsenic in the three districts was identified in early 2000s and mitigation actions have been poured there since then by several organisations. Therefore, the impact of any later endeavours is mixed with the result of earlier ones.

RWSSP-WN plans to provide arsenic free water to 10,000 arsenic affected people. As per Project design, DDCs and VDCs are supposed to execute the arsenic mitigation activities under coordination of DWASHCCs.

RWSSP-WN facilitates the formulation of arsenic mitigation plan of action, identification of mitigation process, selection of the best option, capacity development, and guidance for updating and upgrading arsenic information management.

The Project has applied two approaches:

- ☐ reduction of arsenic level by using available filters (called temporary easing); and
- ☐ avoidance of arsenic contaminated water using alternative sources of water with low or no arsenic concentration (called permanent easing).

RWSSP-WN has focused on the avoidance of arsenic contaminated water through installation of deep tube wells and distributing water through mini-overhead systems. This approach seems to be based on three main perceptions: deep aquifers are arsenic free; tapped aquifers will have unlimited yield; and operation and maintenance (O&M) of schemes is not difficult.

Also rehabilitation of arsenic free dug wells has been carried out as an alternative. Bio-sand filters have been planned to be promoted as a temporary solution but filters have not been distributed so far.

Observations

In spite of past and present efforts the **awareness** level was found to be adequate. Consequently, the affected people are not taking necessary initiation in mitigation actions – in many houses filters are left unused. Awareness raising applied by RWSSP-WN is not particularly innovative but some new attempts (role plays, focus group discussion) have been tried. Some people are not using arsenic free dug wells, rehabilitated by the Project because they think it is stale water, which their culture does not consider suitable for drinking. This indicates that people are not fully aware.

Dug well improvement by the Project has eased arsenic chaos but the risk of microbiological contamination has been ignored. No treatment measures for microbiological contaminants have been applied so far. Knowledge about dosing chlorine disinfection among Project staff was found limited; few were aware about the proportion of chemical dosing, risk of over dosing, acceptability by users, etc.

Arsenic level is not systematically examined after rehabilitation and no regular monitoring schemes were found by the community or by the Project. Even the Project personnel simply refer to arsenic levels determined by the blanket test program some five to nine years ago. The results of the blanket test are not are not very accurate and consistent.

Those who are affected by arsenic are found seem to highly appreciate **mini-overhead** water supply schemes and their participation is encouraging. Mini-overhead schemes are based on deep wells (usually 100-150 m in depth), single aquifer tapping to multi-aquifer tapping with costs ranging from two to five MNPR. Numbers of boreholes have already been drilled in all three districts but no schemes have been completed so far. Lack of power supply to the borehole was found in all visited sites the main constraint putting the schemes to standstill. WUSCs are not aware about the power required before launching the scheme. WUSCs are supposed to understand this in advance as they are responsible for the electrification of the schemes.

The following **risks** can be identified in the arsenic mitigation approach of the Project:

- ❑ water quality in deep aquifers may require treatment, which will increase investment and O&M cost;
- ❑ additional cost for management and O&M has not been seriously thought by communities; and
- ❑ even if water from deeper aquifer is arsenic free microbiological contamination will remain a potential risk that the Project has not adequately warned WUSCs about.

Sustainability remains another issue. Most of the earlier attempts of mitigation actions have faded away along together with phasing out of support, indicating that sustainability was not adequately addressed. Though RWSSP-WN is aware of the past unsustainable activities, adequate measures have not yet incorporated. For example, there is still dominance of service providers at the community level in implementation while WUSCs are not taking the lead role. Less emphasis has been given to capacitate users in technical and management aspects.

RWSSP-WN has encouraged **research** on aquifer types versus groundwater chemistry with the objective to seal the aquifer rich in arsenic. Some monitoring of tapping water from specific aquifers is under process.

The analysis results of arsenic level of same samples have been inconsistent among different laboratories. Further research is not justified if there are no reliable analytical facilities for water quality examination.

Arsenic Mitigation in RVWRMP

The only Terai district in the area of RVWRMP is Kailali. High arsenic concentration in groundwater was identified in the Kailali district in the preliminary study more than decade ago. Like the

three districts of RWSSP-WN, Kailali has been a target of many organisations which have mainly distributed household filters, which are not fully utilised.

The scope of RVWRMP activities in Kailali is limited to arsenic mitigation and sanitation. The Project has sub-projects in six VDCs in Kailali for arsenic mitigation. Those VDCs were selected on the basis of high level of arsenic reported in the national blanket test programme. The Project has also distributed household filters. The Project has promoted a robust filter locally manufactured in Kailali.

Comparison of RWSSP-WN and RVWRMPN

The differences between RWSSP-WN and RVWRMP are summarised in the table below.

Aspect	RWSSP-WN	RVWRMP
Water source	Avoidance of high arsenic water is the main approach	Mitigation of arsenic has been adopted as primary approach
Type of scheme	For communities (averaging 350 to 400 households)	Household schemes
Cost	Total cost of scheme/investment is high	Filters provided at household level are low cost
Subsidy in water supply	Contribution of water users is substantial (generally 20%)	Heavily subsidised in arsenic mitigation activities
Subsidy in sanitation	No subsidies to toilet construction	More than 50% of construction cost of toilet construction is subsidised.
Facilitation	Less facilitating staff compared to RVWRMP	Supplementary staff have been mobilised for facilitation

Comparison of Terai and Hills

There is a huge difference between Terai and hill districts in water quality perspective. They are summarised in the table below.

Aspect	Terai Region	Hilly region
Water source	Major source groundwater, requires pumping (except artesian groundwater)	Major source spring, gravity schemes are common
Water chemistry	Problems with high iron and arsenic content	Arsenic and iron not found, some places have high content of lime, causing incrustation problem
Water contamination	Water contamination mainly from underground seepage	Anthropogenic contamination mainly from surface runoff
Socio-economy	Market dependent	Less market dependent
Socio-culture	Introvert culture that requires different approach of facilitation	Relatively extrovert culture (facilitation easier compared to Terai due to communicating nature)
Sanitation	Relatively lagged behind compared to hills	Sanitation improvement rate very high
Cross-border issue	Supply of demand of any kind of products depends on Indian market dynamics	Less or no effect of cross-border economy

Conclusions

Due to vast differences, integration of Terai and hill districts under a single project will not have much mutual benefit for synergetic impact.

Terai districts have made good sharing of experiences and have brought synergetic output. For example, the Project staff such working in the Terai districts have good coordination and they maintain close contacts for frequent communication. On the contrary, consultations among the Project personnel from Terai and hill districts are much less frequent.

Fewer Terai districts have been included in both RWSSP-WN and RVWRMP projects. Therefore, issues of hill districts are dominant in these interventions.

Debriefing Notes – Kathmandu

Date: 11/8/2011

Time: 15:30

Venue: Himalaya Hotel, Patan

Participants:

Name and position:

Sushil Ghimire, Secretary, MLD
Naresh Kaphle, Section Officer, MLD
Ramesh Aryal, Section Officer, MLD
Krishna Prasad Gnawali, Section Officer, MLD
Mathura Dangol, Superintendent Engineer, Ministry of Irrigation
Bhupendra Bahadur Basnet, Director General, DoLIDAR
Bhim Upadhyay, Deputy Director General (DDG), DoLIDAR
Ram Krishna Sapkota, Deputy Director General, DoLIDAR
Lok Nath Regmi, NPD, DoLIDAR
Kamal Jaishi, Senior Divisional Engineer (SDE), DoLIDAR
Prakash Thapa, SDE, DoLIDAR
Umashanker Sah, SDE, DoLIDAR
Prakash Thapa, SDE, DoLIDAR
Raja Karmacharya, SDE, DoLIDAR
Sahadev Bhandari, SDE, DoLIDAR
Ganga Bahadur Basnet, SDE, DoLIDAR
Ashok Kumar Jha, SDE, DoLIDAR
Sushil Chandra Tiwari, SDE, DoLIDAR
Lal Bahadur Thapa, Under Secretary, DoLIDAR
Chiranjivi Timilshini, Under Secretary, DoLIDAR
Resh Raj Sharma, Legal Officer, DoLIDAR
Maheshwori Khadka, Engineer, DoLIDAR
Bhab Krishna Bhattra, Joint Secretary, NPC
Damodar Regmi, Programme Director, NPC
Bishwa Mani Gyanwali, DDG, DWSS
Madhav Bhattarai, DTO Chief, Lalitput DTO
Kari Leppänen, Counsellor (Development), Embassy of Finland
Kamana Gurung, Programme Officer, Embassy of Finland
Taru Ollila, Junior Advisor, Embassy of Finland
Rajendra Aryal, National President, FEDWASUN
Madhav Pahari, Water Quality and Arsenic Specialist, UNICEF
Ilmari Saarilehto, Programme Officer, UNICEF
Amar Mani Poudel, National Coordinator, Nepal Red Cross Society
Ishor Maharjan, Programme Officer, Nepal Red Cross Society
Prem Dutt Bhatt, NPC, RVWRMP
Sunil Kumar Das, Health and Sanitation Specialist, RVWRMP
Kari Leminen, CTA, PSU, RWSSP-WN
Amrit Rai, HRD and M&E Specialist, PSU, RWSSP-WN
Mr. Chabi Goudel, Health & Sanitation Specialist, PSU, RWSSP-WN
Bimal Chandra Sharma, Operation & Maintenance Management Specialist, PSU, RWSSP-WN
Sangita Khadka, GESI Specialist, PSU, RWSSP-WN
Guneshwar Mahato, Water Supply and Sanitation Specialist, RWSSP-WN
Nilkantha Koirala, Administration/Account Officer, PSU, RWSSP-WN
Bishnu Gurung, Engineer, PCO, RWSSP-WN
Banti Gurung, Engineer, PCO, RWSSP-WN
Madhavi Nepal, Office Secretary, PSU, RWSSP-WN
Ramesh Chandra Bohara, Consultant, RWSSP-WN
Narayan Sing Khawas, WASH Advisor, Syangja, RWSSP-WN

MTR Team

Hannu Vikman, Team Leader
Ram Chandra Shrestha, Rural WASH Expert
Tom von Weissenberg, WASH Financial Management Expert
Jaya Kumar Gurung, Arsenic Mitigation Expert

Discussion Notes:

- ❑ District WASH Master Plans to be prepared during the remaining time; there are no budget constraints.
- ❑ National Sanitation Plan has to be followed.
- ❑ Implementation of water supply schemes is lagging behind due to delays in hiring Service Providers (SPs).
- ❑ Initially the Project prepared was delayed due to several guidelines required for the implementation; further delays took place in Terai.
- ❑ The set target for water supply may not be achieved during the remaining one year.
- ❑ Without extension, work should be slowed down by March/April 2012, for the preparation for Phase II activities.
- ❑ It is not necessary to spend all remaining funds during the remaining time – the balance can be transferred to Phase II.
- ❑ There is need for regular follow-up to coach WUSCs in management to ensure sustainability.
- ❑ Adoption of O&M fund is good and it will enhance sustainability of schemes.
- ❑ Kailali and possibly some other Terai districts to be included in RWSSP-WN – not only for arsenic mitigation but also hygiene, sanitation and income generation activities. (The Programme Document for Phase-II of RVWRMP suggests that phasing out from Kailali will be considered after the first two years of Phase II.
- ❑ Recommendations are expected regarding sector harmonisation and SWAp in Phase II.
- ❑ Quality of SPs, design and construction work, as well as water quality issues need more monitoring and support from PSU/PCO.
- ❑ Catchments of water sources should be free from use of fertilisers, defecation, etc.
- ❑ We have to share the idea massage of plantation of tree ten times more than what have cut the tree, for the environmental improvement.
- ❑ Improvement of the quality of DTO staff is in process to be addressed by MLD.
- ❑ RWSSP-WN is the first project which improves in sanitation significantly.
- ❑ The approach of working with local people is good and results in sanitation are impressive; toilets constructed without subsidies are unlikely to be used for other than its purpose.
- ❑ New concept of TBC is very important and replication to other VDCs is a positive outcome of the Project.
- ❑ It is expected that all Project districts will be ODF by 2017 and water supply coverage will be 100% by 2017 in Project VDCs.
- ❑ Donors and taxpayers request investment to be functional and sustainable; rebuilding of schemes with external support is not accepted.
- ❑ RWSSP-WN districts are well off districts compared to RVWRMP districts.
- ❑ Strong support to the Project from local political parties representative is very good and encouraging.
- ❑ Proposal on non-earmarked VDCs in Phase II is good.
- ❑ There is a positive indication for this project from Helsinki.
- ❑ Preparation of Phase II should be started early this (fiscal) year so that no extension of this phase is required; make Phase of this Project to be the best.

Draft Outline of District WASH Strategy Plan

- 1. Background**
(topography and demography)
- 2. Brief introduction**
(district/municipality/VDCs)
- 3. Problem analysis**
- 4. Resource mapping**
(HR and financial resources)
- 5. Stakeholders analysis**

- 6. Trends and achievements**
- 7. Key challenges**
- 8. Objectives and targets**
(including service levels?)
- 9. Norms, guidelines and operational strategies**
 - water supply,
 - sanitation & hygiene,
 - functionality,
 - WQ,
 - solid/liquid waste and sewerage

10. Approach & Strategies

11. Key Interventions

- Baseline/update study and planning
- Advocacy, education and social mobilization
- Capacity building
(VDC/ municipality and district level)
- Media activities and mass sensitization activities
- Institutional activities
- Joint declarations and other innovative activities

12. Institutional Set Up and Resource Management (human, financial and material), including mapping

13. Roles and responsibilities of WASH stakeholders (GON, I/NGOs, FEDWASUN...)

14. Action plan

- Water supply,
- Sanitation & hygiene,
- Functionality,
- WQ,
- Solid/liquid waste and Sewerage

15. Resource Projection and Gaps

- a. Financial
- b. Human resources including capacity building development
- c. Gaps
 - Water supply,
 - Sanitation & hygiene,
 - Functionality,
 - WQ,
 - Solid/liquid waste and sewerage

16. Progress Reporting and Documentation

(results, M&E framework and follow up mechanism)

Resource Materials:

- District Development Plans
- Three Year Plan
- RWSS Policy/2004
- Urban Water Supply and Sanitation Policy
- WQ Standard-2006
- SHMP-2011
- LGSA-1999
- 12 Volume (water supply)
- Total Sanitation Guideline
- Approach Manual

Guidance Note:

A simple guidance note per chapter will be written to guide and ensure common understanding among the district stakeholders

Summary of Main Findings and Recommendations for Remaining Period

Topic	Finding	Conclusion	Recommendation
Cross-cutting issues	<p>Two cross-cutting issues well reflected in PD and in related Project guidelines: 1) gender and equality and 2) promoting human rights and equal participation opportunities.</p> <p>However targets are not clear, mainly soft phrases.</p> <p>Environment, climate change and disaster risk reduction not sufficiently addressed.</p> <p>HIV/AIDS not properly incorporated in the Project.</p> <p>Gender, social inclusion and disadvantaged groups well reflected in implementation and progress reports.</p> <p>Depth of analysis and use of the disaggregated data less satisfactory.</p>	<p>Cross-cutting issues partly well taken and the Project designed to address them.</p> <p>Some issues not adopted as cross-cutting issues.</p> <p>More analytical approach needed.</p>	<p>The Project to review its processes and guidelines to address environment, climate change and disaster risk reduction issues.</p> <p>HIV/AIDS strategy and guidelines to be developed</p> <p>A GESI impact assessment for systematic review and monitoring of achievements to be commissioned.</p>
Relevance	Objectives, expected results, approach and scope still valid and relevant.	<p>No need for adaptation to any changes so far.</p> <p>Yet, major institutional reforms may be expected.</p>	Political and institutional changes to be monitored and action taken as per necessary to adapt to new situation.
Efficiency and development effectiveness	<p>RWSSP-WN converted financial and other means into results in an effective way.</p> <p>Quantity of Project's results justifies the means, assets and resources used.</p> <p>Resource allocation been appropriate.</p> <p>Impressive outputs, especially in hygiene and sanitation without subsidies.</p> <p>Concerns raised on the quality of record keeping of WUSCs, hence quality of capacity building and follow-up.</p>	<p>Output achieved cost-efficiently and in sanitation without subsidies.</p> <p>Quantity of Project's results leaves room for improvement.</p>	<p>Internal monitoring to be developed.</p> <p>Corrective measures to be taken to address problems when identified.</p> <p>Quality assurance to be improved, e.g. through using quality indicators.</p>

Development impact	<p>Non-subsidy policy successfully demonstrated.</p> <p>Project's guidelines and manuals used for national replication.</p>	<p>Too early to assess impacts in depth, however the impacts seem to spread beyond the Project area.</p>	<p>No special recommendation.</p>
Sustainability	<p>TBC expected to remain a permanent change, especially due to non-subsidisation policy.</p> <p>Mostly strong ownership of users – due to management of their own projects.</p> <p>Maintenance fund concept adopted.</p> <p>Strong political support by all parties at all levels.</p> <p>Spare parts and technical services reasonably available.</p> <p>Management capacity at scheme level still limited, particularly financial management,</p> <p>Commitment to maintenance and willingness to pay depend on the added value of the scheme as perceived by users.</p> <p>Awareness of water safety still limited.</p>	<p>Hygiene and sanitation likely to be sustainable.</p> <p>In water supply, further capacity building is needed and, eventually, the strength of ownership is the key to success.</p>	<p>WUSCs' understanding about their responsibilities, including revenue collection, O&M, and spare part procurement to be enhanced.</p> <p>WUSC Treasurers to be provided with practical tools, and hands-on training.</p> <p>Support to IG activities to be increased, in order to contribute to ability to pay for water.</p> <p>Technical manpower of DTOs to be increased.</p>
Project management and administrative arrangements	<p>Difficult for DTOs to support and supervise SPs in remote VDCs.</p> <p>So far no problems in mobilising GON financing.</p> <p>The fund flow from MFA to DDF accounts functioning as expected and to everybody's satisfaction.</p> <p>RWSSP-WN not yet been subject to external independent audit.</p> <p>The share of TA of the total budget exceptionally low; against the limited TA resources the team has performed very well.</p> <p>A major problem and reason for delays has been the selection of NGOs as service providers. Their ability to retain staff, particularly technical staff, is limited.</p>	<p>In general, the set up and integrated approach have worked well.</p> <p>Performance of limited TA has been very good.</p> <p>Weak links are SPs and (some) DTOs.</p>	<p>Technical manpower of DTOs to be increased.</p> <p>Technical field supervision to be increased and improved.</p> <p>Partnerships with individual consultants to be further developed.</p> <p>Individual technical consultants to be recruited for clusters of schemes, in order to provide more even work load to them and reduce drop-out rate.</p>

Coherence	<p>The society at all levels has been actively involved.</p> <p>District and VDC WASH plans and District WASH basket fund are good examples of alignment, donor coordination and supporting the use of local systems.</p>	<p>District level seems promising for harmonisation and the Project WN is well prepared and placed for this.</p>	<p>Political and institutional changes to be monitored and action taken as per necessary to adapt to new situation.</p>
Indicators	<p>PD introduced a considerable number of indicators with increase or decrease (in percentage) of these indicators but without baseline values and defined targets.</p> <p>Percentages are extremely difficult indicators because they are subject to several data inaccuracies.</p> <p>Qualitative indicators not strong, either.</p>	<p>MIS has not been able to capture quality issues.</p> <p>It is a very late moment to retrofit numerical targets for the remaining time of the current agreement. Yet, the list of indicators need to be reconsidered.</p>	<p>There should be fewer quantity indicators. Number of indicators with blank numbers to be reduced.</p> <p>The remaining ones to be supported with a limited number of meaningful, preferably impact-oriented quality indicators. (The logic could be that each numerical indicator would be accompanied with a set of selected quality indicators.)</p>
Water quality and source protection	<p>In regard to arsenic, the Project has applied 1) temporary easing; and permanent easing.</p> <p>Some people are not using arsenic free dug wells, rehabilitated by the Project because they think it is stale water.</p> <p>The Terai districts of the Project have made good sharing of experiences and have brought synergistic output.</p> <p>The safety of drinking water is not well understood by communities, not even by designers.</p> <p>Virtually all visited sources at hills were subject to contamination.</p>	<p>Quality aspect in water supply development needs much stronger emphasis at all levels.</p>	<p>Awareness activities to be intensified because people in rural areas are not aware of health, hygiene, arsenic risks.</p> <p>Refresher training to the field mobilisers to be intensified.</p> <p>A simple WSP to be an integral part of each scheme design.</p> <p>Arsenic issue to be integrated into WSPs taking a holistic approach to water quality issues.</p> <p>A team of inspectors to be trained in each participating community to undertake regular visual inspections of schemes.</p> <p>Designers of schemes to be instructed to pay particular attention to contamination risks.</p>

Temporary toilets	<p>In addition to 32 Project VDCs 34 non-Project VDCs replicated the total sanitation approach and declared ODF.</p> <p>This achievement has been criticised and underestimated by some because of flexibility to accept ODF while a large share of toilets are classified as temporary.</p> <p>In short time after ODF declaration the number of permanent toilets in declared VDCs increased by 34%.</p>	<p>High rate of upgrading temporary toilets to permanent after declaration of ODF suggests that the flexible approach leads to good results.</p>	No special recommendation.
Others	<p>Finland initially committed to support preparation of District Hygiene and Sanitation Strategy Plans by RWSSP-WN, RVWRMP and SEAM-N.</p> <p>Based on the views of the Embassy of Finland and MFA, it seems likely that the current Project Agreement will be extended until May 2013.</p>	<p>RWSSP-WN can support planning within its agreed budget.</p> <p>More detailed District WASH Master Plans would provide a basis for expanding Project support in Phase II to all VDCs in designated districts.</p>	Preparation of District WASH Master Plans to be supported in the Project districts.