

Annex 5. Memorandum of Understanding with Programme Municipality

**For the implementation of the Rural Water Supply
and Sanitation Project in Western Nepal, Phase II
(RWSSP-WN II)**

Memorandum of Understanding

between

**.....Rural Municipality/Municipality
of District**

and

**Department of Local Infrastructure Development
and Agricultural Roads (DoLIDAR)**

Date:

BACKGROUND

- 1) This memorandum of understanding is framed in exercise of power conferred by bilateral agreement between Government of Nepal and Government of Finland to implement Rural Water Supply and Sanitation Project in Western Nepal, Phase II dated on 16th September, 2013 (2070 Bhadra 31) and provisions of the Revised Project Document endorsed by the Project Supervisory Board on 10th June, 2014 (2071 Jestha 27), and the Project Supervisory Board meeting minute signed on 16th June, 2017 (2074 Asadh 2). This Memorandum of Understanding (MoU) is signed between Gaunpalika/Nagarpalika (hereinafter referred as the ‘Municipality’) and the Department of Local Infrastructure Development and Agricultural Roads (DoLIDAR) for the implementation of Rural Water Supply and Sanitation Project in Western Nepal Phase II (hereafter referred as the ‘Project’).
- 2) The agreement between the Government of Nepal and the Government of Finland to achieve improved health, socio-economic status and fulfillment of the equal right to water and sanitation for the inhabitants of the Project area was signed on September 16, 2013 (Bhadra 31, 2070) to support district water supply, sanitation and hygiene (WASH) programs through *Rural Water Supply and Sanitation Project in Western Nepal Phase II* (RWSSP-WN II). The Project is anchored in the Ministry of Federal Affairs and Local Development (MoFALD)/ DoLIDAR.
- 3) The Project is supporting the water, sanitation and hygiene (WASH) sector development and implementation in 14 districts of Nepal: Arghakhanchi, Baglung, Gulmi, Kapilvastu, Mustang, Myagdi Nawalparasi, Palpa, Parbat, Pyuthan, Rolpa, Rupandehi, Syangja & Tanahun.
- 4) As the Project is P-1 project, the federal government defines the annual total Project budget frame. The Municipality WASH Programme specific annual contributions from the Government of Nepal and the Government of Finland are planned at the Project level. The Municipality plans at the Municipality level.
- 5) Municipality shall agree to continue Municipality WASH Unit after taking over financial and other resources by the end of the final fiscal year of the Project.
- 6) The Project Document (June 2014) and its amendment approved by the Project Supervisory Board shall remain valid. The various Guidelines and Manuals as already practiced in the Project continue to be followed, adjusting any district-specific items into Municipality level.

ROLES AND RESPONSIBILITIES OF MUNICIPALITY

Municipality WASH Management Committee (WASH MC)

- 7) By signing this MoU, Municipality shall commit to form the Municipality WASH Management Committee (WASH MC) under the chairpersonship of the Municipality Chairperson.
- 8) WASH MC shall be responsible for planning, coordination, administration and management of all Project funded activities in the Municipality.
- 9) WASH MC shall meet at least bi-monthly to plan and review the Project related activities and to discuss other relevant matters.
- 10) Composition of WASH MC shall be as follows:

<i>Municipality Chairperson</i>	<i>Chairperson *</i>
<i>Vice-Chairperson</i>	<i>Member</i>
<i>Municipality Executive Officer</i>	<i>Member *</i>
<i>Municipality Civil Engineer (Municipality staff)</i>	<i>Member</i>
<i>Municipality WASH Coordinator (Municipality WASH Unit staff)</i>	<i>Member *</i>
<i>Project representative (WASH Advisor/District Project Officer/PCO/PSU)</i>	<i>Member *</i>
<i>Municipality WASH Unit Chief / WASH Focal Person (Municipality staff)</i>	<i>Member Secretary *</i>

* At Four members including Chairperson, Executive officer, Member Secretary and Municipality WASH Coordinator or the Project representative must be present in person in each WASH MC Meeting, or delegate their role to any other member listed above. Other invitees may include representatives from the Municipality-level institutions/units for such as water, health, education, and electricity/energy.

- 11) WASH MC shall ensure the use of the existing amended project guidelines and manuals while planning, implementing, monitoring and reporting WASH activities.

Municipality WASH Unit

- 12) Municipality WASH Unit shall be entirely responsible to support and implement the decisions made by WASH MC and all relevant WASH activities in the respective Municipality. Municipality WASH Unit may include also other WASH related works than the Project funded WASH activities in its work.
- 13) Municipality shall provide the Municipality WASH Unit adequate office space, equipment, and furniture for regular office operation.
- 14) Municipality shall assign a Municipality WASH Unit Chief and/or WASH Focal Person from the Municipality's existing permanent staff.
- 15) Municipality shall contract the Municipality WASH Unit staff to work under respective Municipality WASH Unit, as described in the following chapter "Human Resources Mobilization", before proceeding with other Project activities.
- 16) Ultimately, the Municipality WASH Unit would continue to exist after the Project has phased out. Therefore, Municipality shall provide necessary feedback to Federal/Provincial authority and the Project on how to improve the policies, approaches and practices for the efficient implementation of the WASH activities in the Municipality both during and after the Project.

Human Resources mobilization

- 17) Municipality shall provide adequate full-time WASH staff partly funded by the Project as per the contribution pattern (Annex 2) to facilitate the WASH implementation as per the Project's "*Human Resources Mobilization Guideline 2017*". The human resources are described below. In this regard, optimizing the number of human resources needed to carry out the annual programme.

Position	Required		Remarks
	Hill	Terai	
Municipality WASH Coordinator	1	1	Compulsory. This person must be selected first, preferably assigned from the existing District WASH Unit staff.

WASH Facilitators	1-3	1-5	This team should include persons that complement each other's background, i.e. both health promoters and social mobilizers. Number of Lead WASH Facilitators will depend on the scale of sanitation and hygiene activities
Water Supply and Sanitation Technician and/or Assistant Sub-Engineer	1-3	0-1	Number of Water Supply and Sanitation Technician and Assistant Sub-Engineers depend on the number of schemes.

For the first year after signing this MoU, above WASH Unit staff recruitment in the municipalities/rural municipalities will be as per recommendation from District Coordination Committee/District Management Committee at the time of signing this MOU. While recommending the existing Support Persons position, the Field Coordinators can be assigned as a WASH Coordinators; Lead WASH Facilitators and Health Promoters as WASH Facilitators; keeping the Water Supply and Sanitation Technicians and Assistant Sub-Engineers as they are.

- 18) Technical Support Unit (TSU) located under the District Coordination Committee (DCC) shall give technical support to all Project supported municipalities within the district. The TSU team shall be operated by the Secretary of DCC under the direct supervision of the District WASH Adviser who liaises with the Municipality WASH Units for the actual workplans and field mobility of the following TSU staff:

Position	Required	
	Hill	Terai
WASH Engineer	1	0-1
WASH Sub-Engineers	1-2	0-2

- 19) TSU shall support to Programme municipalities/Rural municipalities WASH unit within the district in:
- Preparation of project funded WASH infrastructure survey, design, cost estimate, supervision, monitoring and valuation for approval from municipalities/rural municipalities.
 - Regular supervision & monitoring of project supported WASH infrastructures to ensure the quality of construction materials and structures.
 - Coordination with municipalities/rural municipalities WASH unit & Project for effective implementation of project activities, ensuring quality and sustainability.
 - Ensuring to manage and update project management information systems.
- 20) To ensure smooth transition of the on-going Project schemes and activities during the first year after signing this MoU, the Municipality shall contract the WASH staff from the existing District WASH Unit Support Persons as recommended by the present-day District Management Committee.
- 21) Municipality WASH MC shall hire other human resources for the WASH implementation, including short term individual service providers to support Project implementation.
- 22) Municipality shall institutionalize the staff aiming for continued Municipality WASH Unit operation after the Project has phased out.

Scheme Selection

- 23) The Project aims to serve Water Supply & Sanitation service to the unserved, and to reach the unreached. The Project has supported VDC WASH Plans which remain valid planning documents which guide the scheme selection. Similarly, the District Strategic WASH Plans remain valid documents for identifying programme wards within Municipality (earlier 'VDC').
- 24) Municipality WASH MC shall select the new schemes following the prioritization criteria based on the regular local level planning process and the priority of the above WASH plans:
 - First Priority: Unserved communities that have not benefited from externally supported drinking water supply earlier
 - Second Priority: Non-functional and design period over schemes
- 25) Municipality WASH MC shall plan also for the public, institutional and school (PIS) toilets, recharge structures, rainwater harvesting and point source improvement schemes based on the project implementation guidelines and as guided by the regular local government planning process.
- 26) The feasibility study is mandatory for all schemes, both water supply and sanitation. Only socially, economically and technically feasible schemes will enter in preparatory phase. The scheme can be dropped even during the first monitoring if found unfeasible at this stage.

Financial Management and Transparency

- 27) By signing this MoU, Municipality shall commit to establish a Municipality WASH Fund under the regular municipality consolidated funds. The Municipality WASH Fund receives funds from the Government of Nepal and from the Government of Finland, and from the Municipality itself.
- 28) The Municipality matching-fund (Annex 2) shall be released and utilized within the same fiscal year as per the Annual Work Plan.
- 29) Scheme-specific investment funds shall be transferred from the Municipality WASH Fund directly to the Users Committees' accounts as per the separate agreement signed between the Municipality and Users Committee, with witness of the Project representative. Scheme-specific capacity building as per the Step-by-Step is included into the scheme costs and described in the agreements. Scheme level procurement will be done by the Users Committee following the procurement guidelines provided by the Project.
- 30) Municipality WASH MC shall prepare a detailed annual workplan based on the ceiling provided by the Project and proposes it to the office of Municipal Executive. Based on the workplan, the Municipality shall prepare the Municipality Annual WASH budget.
- 31) Municipality WASH MC shall be responsible to maintain transparency of all the financial transactions. All expenditures are made according the provisions of the Project guidelines. All the costs are publicly audited in participation of beneficiaries in inclusive manner following the Project guidelines.
- 32) Municipality shall provide copy of the Municipality WASH Fund related financial reports and statements to the Project on a monthly, trimester and annual basis using the standard reporting formats. The reports include contribution from Government of Nepal, Government of Finland, Municipality and the users.

- 33) Authorized Project representative/s shall monitor the Municipality WASH Fund records and accounts as part of the regular financial monitoring. Report of such monitoring is agreed on site and a copy is forwarded to the respective authorities.
- 34) Allocated budget of Fiscal Year shall be revised based on the performance by the end of the 2nd trimester. The surplus budget can be reallocated to other Programme Municipalities. The related performance indicators are described in the Annex 1.
- 35) The Municipality shall request the Government of Finland contributions using the formats provided by the Project. These funds shall not be frozen at the end of fiscal year but carried over into next fiscal year for the Project activities.
- 36) Government of Nepal contributions shall be released as per the GoN rules and regulations.

Monitoring, Evaluation and Reporting

- 37) The Municipality Monitoring Committee shall monitor all the Project activities at the Municipality level through joint field visit at least once a year. The Monitoring teams shall consist of Municipality, project representatives and sector stakeholders. The Committee shall submit their report in a prescribed format to the Municipality (WASH MC and the Municipality WASH Unit) and the Project.
- 38) All Project activities shall be monitored on regular basis according to the project guidelines and monitoring books. The Monitoring teams shall consist of representatives of both Municipality and the Project. In case of public construction activities monitoring an engineer/sub-engineer is mandatory, preferably from Municipality. This team shall submit the monitoring report to the Municipality WASH Unit and Municipality WASH MC.
- 39) The Project can authorize anybody at any time to monitor Project activities.
- 40) Municipality WASH MC shall:
 - ensure monitoring of all activities at venue, scheme, ward and Municipality level as per the amended project guidelines
 - set up an effective supervision and monitoring mechanism in the Municipality WASH Unit to ensure timely completion of planned activities of the fiscal year
- 41) Municipality shall:
 - make performance based contracts with regular and short-term Municipality WASH Unit staff and service providers
 - report on monthly, trimester and annual basis to PSU, PCO, the province and other respective authorities using the formats provided
 - ensure that the Municipality WASH Unit updates regularly the Municipality WASH MIS software (MIS) provided by the Project
 - assign a responsible person to ensure timely and precise data collection and update in MIS
 - keep a hardcopy of all data and provide the data to anyone interested as per the Right to Information Act

ROLES AND RESPONSIBILITIES OF THE PROJECT

- 42) The Project shall provide both funding and technical support to the Municipality WASH Unit in development, coordination and implementation of Municipality's own WASH programme.
- 43) The Project has two wings: (i) Project Coordination Office (PCO) was established by DoLIDAR and is led by the National Project Coordinator. PCO is responsible for the coordination, supervision, monitoring and reporting of the Project to the Government of Nepal and its provincial line agencies. (ii) Project Support Unit (PSU) was established by the International Consultant on behalf of the Government of Finland and is led by the Chief Technical Adviser for coordination, supervision, monitoring and capacity building, as well as for reporting of the Project to the Government of Finland.
- 44) PCO shall be responsible for physical and financial monitoring and reporting related to WASH supported by the Project. PCO's primary duty is to ensure smooth release of the Government of Nepal funds for Municipality WASH funds, and the reporting of the use of funds released. PCO's duty is to communicate and coordinate with the Municipalities in all matters related to Project implementation to ensure the Government of Nepal -led facilitation. PCO is responsible for compiling and submitting the annual plans and monthly, trimester and annual progress reports as per the Government of Nepal rules and regulations.
- 45) PSU shall assign the WASH Adviser as the primary contact point for the Municipality. WASH Adviser supervises the Technical Support Unit and is supported by the sectoral specialists from PSU and PCO as per need. One WASH Adviser may support a number of municipalities within more than one district. Operate the account through which the Government of Finland contributions are released to the Municipality WASH Fund as requested by the Municipality using the prescribed format.

PSU/PCO together shall:

- compile, verify and submit monthly, annual and other status reports from all Project working Municipalities to both governments through PSU and PCO, and train and support the Municipality WASH Unit staff in this regard if needed. PCO and PSU have the authority to request action for improvement in quality and consistency of the Municipality WASH Unit staff, their recruitment and management;
- coordinate with the Municipality WASH Units in planning, funding, implementation, monitoring and reporting of WASH sector activities in general and the Project activities in particular;
- ensure that the priorities and related activities and monitoring are in line with gender equality and social inclusion and Human Rights Based Approach strategy, and are based on the District Strategic WASH Plan and V-WASH Plans as appropriate, and are in line with the project policies and guidelines;
- prepares sustainability and functionality plans together with the Municipality WASH Units, with attention to both post-construction and post-ODF support needs, aiming at total sanitation and fully functional water supply and sanitation schemes that apply WSP++;
- coordinate, monitor and support the Municipality WASH Units in capacity development activities, prepare the Municipality WASH Units' capacity needs assessments; and contribute to continued content and approach development in this regard;
- mainstream and monitor climate change adaptation and disaster risk reduction into the Municipality WASH Units' workplans; and train the Municipality WASH Unit staff to apply theses at scheme level activities, with attention to multiple-use for multiple-benefit of water systems;

- monitor all aspects of project progress and finances; participates in the regular Municipality and scheme-level monitoring, and ensures that all the Municipality WASH MIS is updated; and
- encourage the Municipality WASH Units to develop and maintain WASH specific technical knowledge management systems. This includes ensuring that scheme-specific documents are available with both WUSC and the Municipality WASH Unit, with backups in PSU.

ROLES AND RESPONSIBILITIES OF FEDERAL AUTHORITY¹

- 46) Federal Authority shall be responsible for the provision of all necessary technical and managerial support to local government institutions, as well as for the coordination of all infrastructure development activities.
- 47) Federal Authority shall support the Municipality in liaising with provincial government agencies, disseminating various government policies, rules and regulations to the Municipality and the Project.
- 48) Federal Authority shall appoint a National Project Director, who will be stationed in Central office with responsibility for planning, budgeting, progress review and monitoring at the central level.
- 49) Federal Authority shall appoint a National Project Coordinator, who will be stationed in PCO for day to day implementation of the Project and who co-chairs the Project Management Team for effective support to the Municipalities in WASH implementation.
- 50) The Federal Authority shall be the focal section for central level coordination and reporting.

COMMITMENT TO SUSTAINABLE DEVELOPMENT GOALS

51) By signing this MoU signatories mutually commit themselves to thrive towards the Sustainable Development Goals, particularly the following:

52) Commit to contribute towards Sustainable Development Goal 6:

- by achieving universal and equitable access to safe and affordable drinking water for all;
- by achieving access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations; and
- by achieving improving water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, and by operating a water quality testing facility in the Municipality WASH Unit.

53) Commit to contribute towards Sustainable Development Goal 5:

- end all forms of discrimination against all women and children, disabled persons and other disadvantaged groups;
- eliminate all forms of violence against all women and girls in the public and private spheres;
- eliminate all harmful practices, such as isolation during menstrual periods and discrimination in using tap water; and

1) _____

¹ Until the Federal Authority is established and functional, DoLIDAR acts on behalf of the Federal Authority as described below in #54 to #58.)

- ensure women's and disadvantaged groups' full and effective participation and equal opportunities for leadership at all levels of decision making.

54) Commit to contribute towards Sustainable Development Goal 10:

- Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

COORDINATION AND COOPERATION

55) It is mutually realized that development and implementation of harmonized, aligned and integrated WASH programme is a joint effort. Therefore, it is important to continue to bring all WASH stakeholders and agencies under the District WASH Coordination Committee (D-WASH-CC), Municipality WASH Coordination Committee and the ward-level Coordination Committees (previously identified as Village Development Committee or Municipality WASH Coordination Committees (V-WASH-CCs and M-WASH-CCs). Terms of Reference and compositions of these are as in the National Sanitation and Hygiene Master Plan 2011.

MISCELLANEOUS

- 56) This MoU shall remain effective until July 15th 2019.
- 57) The Municipality WASH Unit's performance shall be reflected on real time basis in the Project MIS. The performance is assessed qualitatively together with the annual WASH Fund monitoring. This participatory joint monitoring is conducted by a team consisting of both the Project and WASH MC nominated representatives.
- 58) Project has the right to withhold fund releases, deduct annual budget and dismiss this MoU if the activities in the Municipality are not carried out according to this MoU, approved work plans and other standards.
- 59) Roles and responsibilities of the key stakeholders are presented in the Project guidelines.
- 60) If the governmental line agencies will change within the project period, all the responsibilities of the line agencies mentioned in this document are automatically transferred to the new authorities.
- 61) If any clause of this MoU requires further clarification, addition, revision or deletion, both parties in a mutual consensus can do so. However, in case of any other disagreement and unsolved dispute, the cases will be forwarded to the Project Supervisory Board for decision; this decision will be the final.

Date:

Place:

Signatures

On behalf of Gaunpalika/Nagarpalika

On behalf of DoLIDAR

Signature:

Signature:

Name:

Name:

Position:

Position:

Seal

Seal

Witnessed by:

On behalf of RWSSP-WN II

Signature:

Name: Sanna-Leena Rautanen

Position: Chief Technical Adviser

Seal

Signature:

Name: Mahendra Bahadur Baniya

Position: National Project Coordinator

Seal

On behalf of District Coordination Committee

Signature:

Name:

Position: Local Development Officer

Seal

On behalf of Municipality/Rural Municipality

Signature:

Name:

Position: Executive Officer

Seal

**ANNEX 1 WASH MIS RESULTS-INDICATORS EVALUATED
DURING THE ANNUAL JOINT MONITORING**

	Indicator	Target	Means of verification	Minimum result target
1	Result 1. ODF beneficiaries Number of HH (target during FY05 only)	Set in AWP	MIS	90% of the AWP target
2	Result 1. Total sanitation beneficiaries Number of HH (target during FY05 only)	Set in AWP	MIS	90% of the AWP target
3	Result 1. Institutional sanitation Number of public/institutional/school toilets with hand washing facility (target during FY05 only)	Set in AWP	MIS	90% of the AWP target
4	Result 2. Water supply beneficiaries Number of HH (target during FY05 only)	Set in AWP	MIS	90% of the AWP target
5	Result 2. Number of schemes that receive WSP++ training (target during FY05 only)	Set in AWP	MIS	90% of the AWP target
6	Financial progress (total budget)	Total NPR in AWP	Monthly financial statement (Phantwari)	90% of the AWP target
7	Municipality matching fund	Total NPR in AWP	Monthly financial statement (Phantwari)	90% of the AWP target

Note: assumes that Municipality MIS is kept up to date, and that the monthly, trimester and annual financial reports are submitted regularly. AWP: Annual Work Plan

ANNEX 2 CONTRIBUTION PATTERN FOR PROGRAMME MUNICIPALITY

Contribution Pattern of WASH Program

SN	WASH Program	RWSSP-WN II Governments of Nepal and Finland (Maximum)	Municipality (Minimum)	Users (Minimum)	
				Cash	Kind
1	Public Construction (BH-29611)				
1.1	Gravity Flow WSS Scheme	62%	10%	1%	27%
1.2	Lifting/OHT DWSS Schemes	72%	10%	1%	17%
1.3	Rain Water Harvesting	75%	10%	1%	14%
1.4	Recharge structures	40%	10%	50%	
1.5	Point Source Improvement	54%	10%	1%	35%
1.6	Public/Institutional Toilet	50%-75%	30-50%		
1.7	School Toilet	69%	10%	1%	20%
2	Service and service provider (BH 22411)	97%	3%		
3	Capacity Development (BH 22512)	97%	3%		
4	Program (Sanitation & Hygiene (BH 22522)	96.5%	3.5%		