

WATER AND SANITATION DESIGN MISSION TO NEPAL

Design Summary and Implementation Document

Prepared for:

**AUSTRALIAN AGENCY FOR INTERNATIONAL
DEVELOPMENT**

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Acknowledgments

Limitations Statement



The sole purpose of this report and the associated services performed by Kellogg Brown & Root Pty Ltd (KBR) is to provide a design summary and implementation document in accordance with the scope of services set out in the contract between KBR and Australian Agency for International Development ('the Client'). That scope of services was defined by the requests of the Client, by the time and budgetary constraints imposed by the Client, and by the availability of access to the site.

KBR derived the data in this report primarily from visual inspections, examination of records in the public domain, interviews with individuals with information about the site,.

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Revision History

Revision	Date	Comment	Signatures		
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1 AusAID WASH Key Result Areas

Table 1 Proposed key program result areas as per AusAID WASH requirements

	A\$3 million program	A\$2 million program																
I-1 Water	<ul style="list-style-type: none"> 22,400 people in 55 targeted communities 	<ul style="list-style-type: none"> 15,500 people in 34 targeted communities 																
	<ul style="list-style-type: none"> VDC and communities operation and support mechanisms are in place to ensure water scheme remains functional 80% of beneficiaries are from poor & excluded groups. 																	
I- 2 Sanitation	<ul style="list-style-type: none"> 22,400 people have access to and use hygienic and appropriate sanitation services in targeted VDCs 	<ul style="list-style-type: none"> 15,500 people have access to and use hygienic and appropriate sanitation services in targeted VDCs 																
	<ul style="list-style-type: none"> 100% of the targeted communities within VDCs reach and sustain No Open Defecation 80% of beneficiaries are from poor & excluded groups. 80% targeted communities have in place a community management system to maintain a healthy environment 																	
I-3 Hygiene	<ul style="list-style-type: none"> 70% of the beneficiaries adopted sustain improved hygiene behaviour practices in at least three key hygiene indicators (hand-washing, management of human excreta, water & food hygiene) in targeted VDCs. Reduction in point prevalence rate of diarrhoea by 20% respectively in targeted VDCs 																	
I-4 School WASH	<ul style="list-style-type: none"> Will be determined following further detailed project development at the VDC level and form part of the AusAID reporting requirements 																	
I -5 Service providers	<ul style="list-style-type: none"> NEWAH provide technical support on the delivery of WASH services and management to local NGOs & LGAs beyond the focus VDCs in four districts WASH and Health Sector actors have planned joint District or VDC level activities to address key hygiene behaviour changes in at least 3 of the targeted districts WASH and Health Sector actors have agreed indicators for monitoring adoption of hygiene practices in at least 3 of the targeted districts and jointly undertake a study on hygiene behaviour practices in at least 1 district 																	
I-6 Diarrhoea trend	<ul style="list-style-type: none"> Reduction in point prevalence rate of diarrhoea by 20% respectively in targeted VDCs as per applicable health agency data 																	
I-7 \$A breakdown	<table> <tr> <td>Water</td> <td>1,577,809</td> </tr> <tr> <td>Sanitation</td> <td>341,195</td> </tr> <tr> <td>Hygiene</td> <td>336,243</td> </tr> <tr> <td>Other</td> <td>M&E, Mgt. etc.</td> </tr> </table>	Water	1,577,809	Sanitation	341,195	Hygiene	336,243	Other	M&E, Mgt. etc.	<table> <tr> <td>Water</td> <td>1,057,009</td> </tr> <tr> <td>Sanitation</td> <td>229,595</td> </tr> <tr> <td>Hygiene</td> <td>224,643</td> </tr> <tr> <td>Other</td> <td>M&E, Mgt. etc.</td> </tr> </table>	Water	1,057,009	Sanitation	229,595	Hygiene	224,643	Other	M&E, Mgt. etc.
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Table 2 Q-1 Changes in partner country priorities and capacity in WASH

Water	<ul style="list-style-type: none"> • NEWAH increase their knowledge on water quality mitigation, water resource management, climate change adaptation technologies and approaches • NEWAH provide technical support on the delivery of drinking water and water resource management to local NGOs & LGAs beyond the focus VDCs in four districts
Sanitatio	<ul style="list-style-type: none"> • Community based sanitation models are understood and promoted by all sector actors in four districts • NEWAH provide technical support on sanitation promotion to VDCs, other local NGOs and LGAs beyond the focus VDCs in four districts
Hygiene	<ul style="list-style-type: none"> • NEWAH's Hygiene Promotion Team develops locally appropriate hygiene promotion programme addressing the specific needs of the targeted communities • NEWAH provide technical support on hygiene promotion to CBOs, other local NGOs and LGAs in focus districts

Table 3 Q-2 Changes in the partner government WASH policy or capacity

Water	<ul style="list-style-type: none"> • Sector coordination committees are established and functioning, addressing water resources in four focus districts by end of 2011 • District plans are developed and annually reviewed addressing drinking water issues for poor and unserved areas and improve local water governance
Sanitation	<ul style="list-style-type: none"> • Establishment of WASH coordination committee with defined roles and responsibilities on sanitation promotion in 4 focus districts • WASH coordination committee influences district level inclusive planning processes and facilitates sectors monitoring towards sanitation targets
Hygiene	<ul style="list-style-type: none"> • WASH and Health Sector actors have planned joint District or VDC level activities to address key hygiene behaviour changes in at least three of the targeted districts • WASH and Health Sector actors have agreed indicators for monitoring adoption of hygiene practices in at least 3 of the targeted districts and jointly undertake a study on hygiene behaviour practices in at least 1 district

Table 4 Q-3 Gender involvement in the provision of WASH services

WASH	<ul style="list-style-type: none"> • Gender and Poverty (GAP) approach will be used at the programme and organisational level to address the exclusion of women and the poor in decision-making, training and other project-related benefits. • NEWAH will be utilising the GAP approach throughout all its projects and organisation, which includes interventions such as disaggregating data by sex, caste and ethnicity; affirmative action; gender awareness training; technical training for women, gender balanced Water and Sanitation User Committees (WSUCs)
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2 Analysis and Strategic Context

ANALYSIS AND STRATEGIC CONTEXT INCLUDING COUNTRY AND SECTOR ISSUES, LINKS WITH CURRENT PROGRAMS, INCLUDING A FOCUS ON LESSONS LEARNED

Rural regions of Nepal contain within them some of the poorest areas of Nepal. Harsh and remote geographic locations with limited access to basic services and opportunities for income generation typify these areas. Nepal's 12 year internal conflict has led to a break down of local government and social support structures, and a significant decline in external investment, which has resulted in many people choosing to migrate to urban centres or overseas to seek employment or escape the conflict. Increasingly unpredictable weather patterns have made safe water sources more scarce, and resulted in additional burden of fetching water or reliance on unsafe water sources. Lack of awareness and education has also meant the understanding of the negative impacts of unhygienic sanitation and personal hygiene practices are weak, which has increased the burden of disease.

This AusAID, WaterAID and NEWAH cooperation programme aims to increase WASH services in a number of districts across development region of through a number of targeted interventions. The number of districts and communities serviced depends upon the ultimate level of program funding, which will be discussed in further detail later in the DSID.

This program will include working with local civil society, NGO and Government partners to provide water services, as well as undertake awareness and education programmes focused at changing sanitation and hygiene behaviours. Service delivery activities will be focused in targeted Village Development Committees (VDC), in which WaterAid (WA) and Nepal Water for Health (NEWAH) will support the development, where necessary, and implementation of local plans to achieve total watsan coverage in each VDC. It is envisaged that the programme will reach over 25,000 people in over 50 poor and remote rural communities.

To support the implementation of programmes and increase the effectiveness of service delivery across the sector, capacity building activities will be targeted at selected NGOs and broader awareness activities of best practice delivered to civil society and Government agencies working within the sector. Capacity needs and demand assessments have and will be conducted at District level, as well as for individual organisations, and these will be the basis of focused initiative in this area.

WaterAID and NEWAH will also undertake activities to improve local governance, through the strengthening of local level coordination, planning and monitoring process within the sector at both VDC and District levels. This will be primarily through supporting the establishment or more effective functioning of District level Water and Sanitation Committees. WA and NEWAH sees the Federation of Water and Sanitation User Nepal (FEDWASUN) as a critical civil society organisation in increasing local governance in the sector, through increasing the voice of excluded groups, and also supporting user groups to increase sustainability of their watsan services. WA and NEWAH will work closely with FEDWASUN in all aspect of the programme (service

delivery, advocacy and capacity building) to increase their profile and impact in the focus districts.

Water Resource Management is a key issue in Nepal, and this is further exacerbated by the future impacts of climate variability. This programme will look to both develop and promote tools and approaches, as means to ensure water resources are effectively utilised between different local demands at the VDC level. These tools will also look to monitor, capture and adapt to changes in water resource and disease burden as a result of climate change. In addition, WA and NEWAH will continue to undertake research on water resource management, and the impact of climate change to find ways to more effectively access and utilise water resources.

WA and NEWAH recognise that in the remote locations, which typify the hill region of Nepal, water use for livelihood, such as agriculture and cottage industry, is also crucial for reducing poverty. As a result this programme will look to make linkages with other local and national agencies to ensure our interventions support this priority of local people, leveraging off lessons which NEWAH have learned in the Water and Sanitation sectors in Nepal since the start of operations in 1992.

2 Program Description

PROGRAM DESCRIPTION INCLUDING GOALS, OBJECTIVES, OUTCOMES, FORM OF AID DETAILING AUSAID OBJECTIVES IN THE SUPPORTING ACTIVITY

Table 5 Overall program key result areas and objectives

Result areas/goals	Objectives and outcomes
Change in Access & Rights to WaSH services for the unserved	To increase access of poor and excluded communities to a sustainable supply of safe and adequate water, and to ensure sustained improvements in the environmental sanitation and health status within these communities in at least four districts by December 2011
Changes in Sector Capacity to achieve WaSH	To improve the capacity of selected NGOs and Local Government Agencies (LGAs) to enable WaSH services to be targeted at poor and excluded communities, delivered and monitored more effectively by December 2011
Changes in the Governance in relation to WaSH Sector	To strengthen effective district level coordination mechanisms for efficient and pro-poor allocation of resources and implementation of WaSH services in unserved areas by December 2011

Key Target Groups

This programme will directly target WaSH service provision at VDCs and communities with a high proportion of Dalit, non-Dalit excluded Tarai groups and Disadvantaged Janajati (ethnic) Groups. Those people with no or limited land will also be targeted to support them access basic watsan service. Table 6 provides the number of beneficiaries that will be reached by Development Region.

Table 6 Beneficiaries

Development Region	Hill/Tarai	Number of Beneficiaries	
		A\$ 3 million	A\$ 2 million
Far-Western	Hill	9,300	6,000
Mid-Western	Hill	6,000	4,000
Eastern	Hill	3,000	3,000
Eastern	Tarai	4,100	2,500
Total		22,400	15,500

Geographical Locations

This programme will initially focus in four districts, across three Development Regions, however additional districts might be added if resources are available or if the context changes. The districts & HDI indicators are set out in Table 7.

Table 7 The districts & HDI indicators

District	Hill/Tarai	Development Region	HDI Rank	Infant Mortality	Adult Literacy Rate	Coverage	
						Water	Sanitation
Doti	Hill	Far-Western	60	81	64.6	50%	32%
Surkhet	Hill	Mid-Western	22	60	43.7	71%	52%
Udayapur	Hill	Eastern	21	36	52.7	56%	24%
Siraha	Tarai	Eastern	53	56	65.2	74%	19%
National Average				43	57	84%	49%

Water and sanitation coverage: CBS 2001. WAN 2004

Table 8 gives a sense of the level of investment across the selected Districts during the programme by setting out the number of communities the programme plans to work in.

Table 8 Level of Investment

District	Hill/Tarai	Development Region	Number of Communities	
			AU\$3 million	AU\$2 million
Doti	Hill	Far-Western	24	15
Surkhet	Hill	Mid-Western	18	12
Udayapur	Hill	Eastern	9	6
Siraha	Tarai	Eastern	4	1
Total			55	34

WA and NEWAH recognises that in districts, such as those selected in this programme, where water or sanitation coverage is below national average and where poverty indicator shown high numbers of poor and excluded groups. WA and NEWAH will work in close coordination with all sector actors at the District level and will support the appropriate Local Government Agencies to take a lead on sector coordination and learning.

Timing

The AusAID programme will commence in April 2010 and complete in December 2011. WA and NEWAH will commence its new programmes under the AusAID grant in a phase wise manner, which will see work commencing in all four districts by July 2010. Table 9 sets out the sequence of start dates across the different districts.

Table 9 Timing of Programme

District	Hill/Tarai	Development Region	Implementation Start Date
Udayapur	Hill	Eastern	April 2010
Siraha	Tarai	Eastern	April 2010
Doti	Hill	Far-Western	July 2010
Surkhet	Hill	Mid-Western	July 2010

3 Policy Issues

POLICY ISSUES INCLUDING GENDER EQUALITY, ANTI CORRUPTION, GOVERNANCE, POST CONFLICT DISABILITY ACCESS, ENVIRONMENTAL AND CHILD PROTECTION

Gender equality

WaterAid and NEWAH's experience in the 1980's and 1990's showed that domination of all aspects of projects and water systems by male elites and better-off households led to unequal access to safe drinking water between the better-off and poorest groups. In 1999, under a DFID supported program, NEWAH began implementing a Gender and Poverty (GAP) approach at the program and organisational level to address the exclusion of women and the poor in decision-making, training and other project-related benefits. The GAP approach was initially piloted between 1999 and 2002 and in 2003 a comparative post-project evaluation of 5 GAP and 10 non-GAP projects was carried out. The findings showed that the GAP projects performed better than the non-GAP projects by improving equal access to watsan facilities, a greater percentage of poor households had latrines, more timely repairs and sustainable operation and maintenance (O&M) system, greater number of women in WSUCs and a change in gender roles.

As a result, since 2003, NEWAH began mainstreaming the GAP approach throughout all its projects and organisation, which included interventions such as disaggregating data by sex, caste and ethnicity; affirmative action such as priority for skilled and paid jobs for women and the poor; gender awareness training; technical training for women; gender balanced Water and Sanitation User Committees (WSUCs); and targeted support for poorest. Of the 1,230 project implemented by NEWAH over the last 18 years, 43% of WSUC members (4,000 people) are women.

NEWAH has identified both gender inequality and social exclusion as a priority concern in its Strategic Plan (2006–10) and recognised the need to review and strengthen its working modalities in these areas. In 2007 with WaterAid support, NEWAH developed and adopted a Gender and Social Inclusion (GSI) Strategy, which builds on its experience of implementing the GAP approach. It is based on the realisation that there are different and competing interests within each community and that differences in sex, caste, ethnicity, and class are important determinants of an individual's ability to access resources and services and participate in decision-making processes. Moreover, NEWAH aims to address other barriers such as physical disabilities and HIV/ AIDs, and aims to better target its resources to meet the needs of these different groups.

In 2009 WaterAid conducted a review of NEWAH's gender approaches and published *Seen But Not Heard?*. A review of the effectiveness of gender approaches in water and sanitation service provision. The review found that while there has been an increase in women's participation, it has been limited in decision-making processes. Low literacy level or numeracy skills, lack of self-confidence and social norms pose challenges to the effective participation of women and excluded groups and accountability issues. Despite the aims of participatory approaches to engage women and men in

development that affects them directly, there remain barriers that restrict their ability to do so. Short-term training can only have a limited impact and training can only be effective if the personal experiences and views of both men and women on gender are considered and explored and follow-up support is provided. Moreover, involving and focusing on women can marginalise gender as a women's issue. There is a need to develop men's skills in this area and bring their perspective into initiatives that aim to promote a participatory approach. In promoting an inclusive approach, it is also important to understand the community-level decision-making process and local social and political context.

NEWAH will continue to follow the Gender and Social Inclusion (GSI) strategy under this program and WaterAid will support NEWAH to respond to the recommendations from the recent review. At the organisational level NEWAH will give priority to female candidates for all new positions recruited under this program and report on the gender balance of staffing.

Anti corruption

The project implementation and reporting process ensures that WA has a high level of control regarding the disbursement of funds as well as ensuring progress payments are adequately tracked against project completion milestones. Some of the key issues ensuring overall program transparency includes:

- NEWAH and WaterAID Nepal/Australia have a solid track record in completion of independent financial audits on a routine basis.
- WaterAID have been involved with NEWAH for many years and have a robust system of financial auditing of NEWAH operations and programs.
- The implementation program has been created to ensure that reporting periods and M&E elements coincide with payment periods and task completion dates
- WaterAID has included a series of financial auditing and also regular project completion inspections as part of the proposal.

The overall procedure for the financial auditing procedure and accountability for the program appears to be robust with sufficient checks and balances within the program.

Child protection

WaterAid's child protection policy has been reviewed by AusAID as part of the accreditation process and is compliant with AusAID's policy. WaterAid will support NEWAH to develop a child protection policy and support training to all staff on the new policy and monitor its use to ensure that NEWAH is a child-safe organisation.

Sustainability

The following approaches will be adopted during the program to contribute to the sustainability of the program outcomes:

- Community participation and management through support to Water and Sanitation User Committee (WSUC) in project management, booking keeping, community, M&E and effective O&M methods.

- Community contributions to project implementation in terms of unskilled labour and local materials and to O&M in terms of financial contributions to a maintenance fund.
- Cost Sharing by local government and other sector agencies (between 1% and 4% of project costs) and inclusion of all projects in local government district plans
- Community M&E – M&E by the community ensures that increased community responsibility is taken for the achievement of the project outcomes as well as increasing the transparency and accountability of WSUCs.
- Community capacity building for Operation and Maintenance (O&M) including training to the WSUC, establishment of an O&M fund and tariff systems, training of skilled caretakers, provision of required tools for O&M.
- Budget Advocacy at the local and national level to advocate for increased budget allocation to WaSH to increase coverage and allocate resources to sustaining and rehabilitating water supply systems and sanitation facilities.

Beyond the completion of the program NEWAH will provide 24 months of follow-up comprising 4 visits to monitor the functioning of the WSUC and provide refresher training as required. Should AusAID's support to the program not continue beyond 2011, this component will be funded by WaterAid.

WaterAid operates a long term sustainability monitoring which visits a sample of project 5 years after project completion to assess sustainability of water supply systems, latrine use and hygiene behaviour change. Findings from this analysis are used to refine approaches and identify projects that may require additional support from local government or from NEWAH. The projects supported under this program will be monitored under this system in 2016.

Environment

WaterAid's water quality policy will be followed in this program. In hill areas, the majority of this program, gravity flow water schemes will be the technology implemented. The water source will be tested prior to developing the scheme and the water quality will be tested at each water point at project completion. In the Terai shallow tubewells and hand dug wells will be the technology used and the high water table and low water yield from these technologies means that there will be no negative impact on the water table. Water testing will be carried out at all water points during implementation and water points will not be developed if contamination is detected. The WHO Water Safety Plan approach will be adopted in all projects to identify and mitigate the risk of contamination.

The program will develop or use existing Water Use Master Plans (WUMPs), a form of VDC profile, in selected VDCs to ensure that all water resources are looked at in a holistic manner, and the demands of different users' needs (domestic, agricultural and commercial) are properly addressed in relation to the available water resource in the area. The holistic review of water resource, allows a Multiple Use System (MUS) approach to water service delivery to be adopted where appropriate. This will allow for additional water capacity to be built into systems, where appropriate, to enable the system to support the watering of livestock, the irrigation of kitchen gardens and other small level livelihood activities.

Disability

Since 2004, WaterAid and NEWAH have been engaged in developing appropriate tools and technologies to build awareness on participation of people with disabilities in the water and sanitation sector in Nepal and to increase their access to water and sanitation services. These experiences have been reviewed and documented in *Creating user-friendly water and sanitation services for the disabled: the experience of WaterAid Nepal and its partners* (WaterAid Nepal, 2008).

This program will collect information on people with disability as part of baseline surveys and ensure that approaches and technologies are adapted to ensure these people participate in the projects and benefit from the outcomes. WaterAid will support NEWAH to train all project staff on disability-inclusive approaches. Program reporting will include disaggregated data on people with disabilities and relevant case studies. WaterAid and NEWAH will continue to work with Disabled People's Organisations to raise awareness of these issues within the WaSH sector in Nepal.

4 Estimated Program Budget

ESTIMATED PROGRAM BUDGET AND PROPOSED PAYMENT SCHEDULE AND PROCEDURE FOR AUSAID FUNDING

A\$3 million budget

AusAID Resource Allocation across years:

	A\$	Exchange Rate	Nepali Rupees
April 2010 – March 2011	2,027,421	64	129,754,912
April – December 2011	972,579	64	57,944,288
Total	3,000,000		192,000,000

Resource Allocations (NRs) between NEWAH and WaterAid:

Year	NEWAH	WaterAid	Total
April 2010 – March 2011	120,615,712	9,139,200	129,754,912
April – December 2011	57,944,288	4,300,800	57,944,288
Total	178,560,000	13,440,000	192,000,000
%	93%	7%	

A\$2 million budget

AusAID Resource Allocation across years:

	A\$	Exchange Rate	Nepali Rupees
April 2010 – March 2011	1,645,535	64	105,314,228
April – December 2011	354,465	64	22,685,772
Total	2,000,000		128,000,000

Resource Allocations (NRs) between NEWAH and WaterAid:

Year	NEWAH	WaterAid	Total
April 2010 – March 2011	98,146,228	7,168,000	105,314,228
April – December 2011	20,893,772	1,792,000	22,685,772
Total	119,040,000	8,960,000	128,000,000
%	93%	7%	

Please refer to the *Detailed Implementation Plan* (EEZ001-001-TD-9000-WE-REP-0002 Rev.0).

Procedure for AusAID funding

AusAID will disburse funds to the WaterAID Australia office then WaterAid will disburse funds to NEWAH on a monthly basis, based on a monthly request for a fund transfer from NEWAH. The fund request includes for each project the approved budget, funds transferred to date, the fund balance and the fund request. WaterAid will review the request to ensure previous transfers have been expended as per the budget and will make a fund transfer accordingly. The following summary identifies the roles of AusAID, WaterAID and NEWAH.

5 Implementation Arrangements

IMPLEMENTATION ARRANGEMENTS, INCLUDING A CLEAR INDICATION OF AUSAID'S ROLE IN THE PARTNERSHIP, MANAGEMENT AND GOVERNANCE OBJECTIVES, PROCUREMENT ARRANGEMENTS AND SUSTAINABILITY ISSUES

AusAID

AusAID will provide program funding for the program via WaterAID Australia with the key elements of this support set out below:

- Provision of WSI South Asia funds totalling AUD 2 million (with the potential of AUD 3 million) to support this activity, over two tranche payments during 2009–11.
- WaterAID will provide reporting back to AusAID for the project as per the mandatory indicators and performance questions (AusAID Water, Sanitation and Hygiene Strategy).

WaterAid will manage the relationship with AusAID and coordinate all communications in relation to the programme and funding.

WaterAid

WaterAid will provide support into the design and implementation of this programme, by directly assisting NEWAH, to develop and undertake the programme activities in line with our guidelines, approaches and standards. WaterAid will also engage, with NEWAH, with District level agencies to ensure their proactive support to the implementation and sustainability of this project. WA will also be responsible for ensuring that this project is contributing to the objectives' of the AusAID supported Programme, and feeding lessons learnt into broader programme development: A summary of WA's key role and responsibilities are set out below:

- Provision of technical support and advice on demand to NEWAH in the following areas:
 - Programme & finance planning and management
 - Development and implementation of WaSH service delivery approaches
 - Advocacy strategies to improve sector governance at the local level
 - Monitoring, documentation and learning
- Conduct regular monitoring of AusAid supported programme to ensure progress is on track and outcomes are delivered following agreed approaches and to a high standard.
- WaterAid will also use its position as an INGO to promote the programme of work supported by AusAID with other sector actors, which will include sharing of key lessons at the national and international level, with NEWH.

- WaterAid will manage the relationship with AusAID and coordinate all communications in relation to the programme and funding.

NEWAH

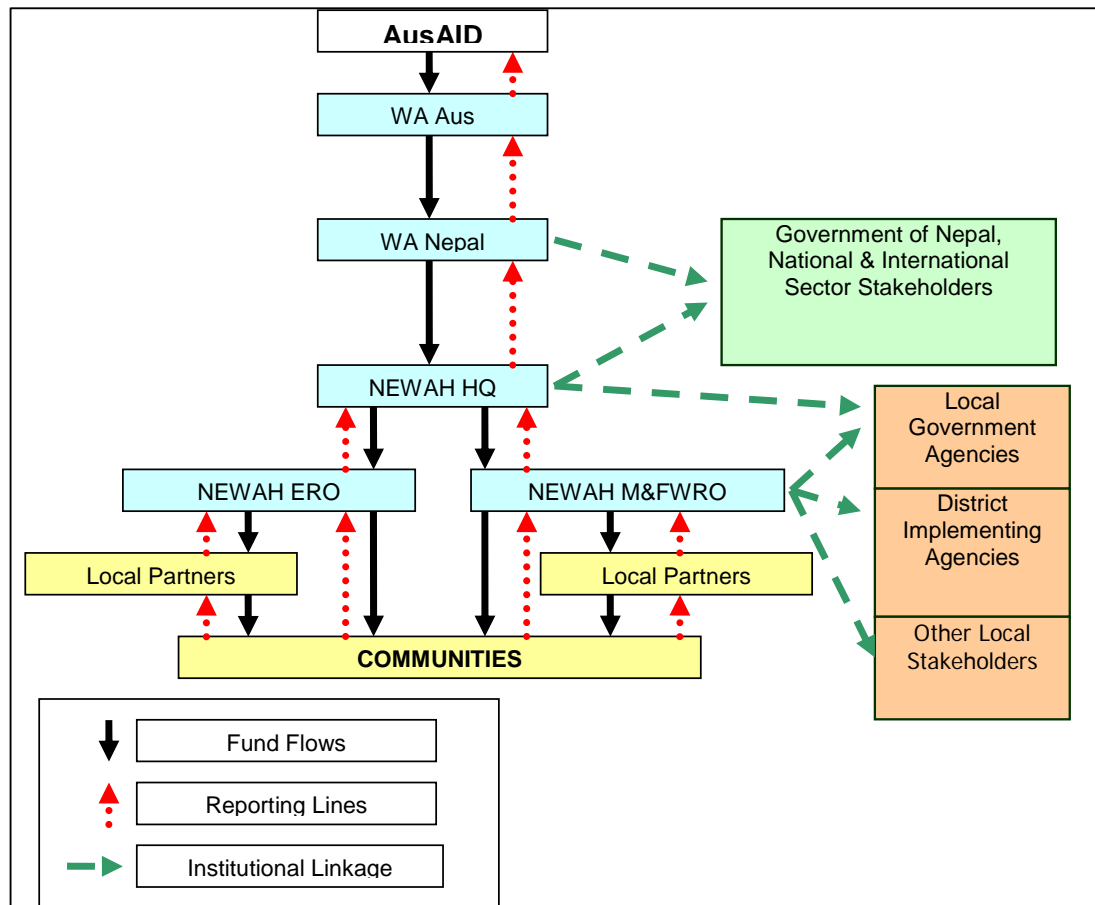
NEWAH will be the lead implementing partner and is responsible for the overall delivery of the programme outcomes. NEWAH will manage this programme through its Headquarter based in Kathmandu, and two of its three Regional Offices; the Mid Western and Far Western Regional Office (MW&FWRO) in Nepalgunj and its Eastern Regional Office (ERO) in Biratnagar.

It is also planned that NEWAH shall establish district offices in at least two districts to allow better access to the people and NEWAH's services. This will allow better facilitation and monitoring as well as establish good relationship with the local authorities and other institutions in the district for an improved sector performance. District base team will be assigned for implementation of the program. A summary of NEWAH's key role and responsibilities are set out below:

- Development of detailed project plans and budgets based on the funds available to NEWAH through the AusAID grant.
- Management and implementation of the planned WaSH service delivery projects within communities.
- Development and management of any districts level partnerships, with either NGOs or Local Governments Agencies, engaged in the various projects' implementation.
- Internal review and monitoring of progress and quality of the AusAID programme.
- Engagement with district level stakeholder and undertaking of advocacy activities to improve governance at the local level.
- Documentation of key lessons and impacts of AusAID programme.

Fund Flows, Reporting Lines & Institutional Linkages

A schematic showing the key actors and stakeholders that will be involved in this programme, and their relations in terms of fund flow, reporting lines and also institutional linkages in terms is set out in figure 1.



Note: AusAID, WaterAID, NEWAH and Govt of Nepal stakeholders will also be involved during the course of the independent program review process

Figure 1 key stakeholders

Visibility and Identity

WA and NEWAH are committed to local ownership of services that are constructed and provided as a result of our programme interventions. As a result WA and NEWAH will not include any of our own branding on infrastructure, such as tapstand, tube wells and tanks, and other place which might distract from community ownership. However to improve transparency in the project each community provided with WaSH services will be given a project notice board. On which the budget for the programme activities in that community will be stated, including the community contribution and recognising all institutions and agencies that contribute funds.

Acknowledgement will be made and the logos of AusAID, WA and NEWAH's will appear on any publications that are produced as a result of direct funding from this programme or as a result of lessons learnt from this programme's intervention and activities. During the course of the programme WA and NEWAH will work together to publicise the progress, impact and lessons from the AusAID support programme within sector forums and national media. Such media activities might also be around key achievements in the programme, such as declaration of No Open Defecation

communities and VDC. During these activities AusAID will clearly be acknowledged and invited as the donor of this programme.

6 Monitoring Arrangements

MONITORING ARRANGEMENTS, INCLUDING HOW THE AUSAID CONTRIBUTIONS WILL BE IDENTIFIED THROUGHOUT THE LARGER NEWAH PROGRAM

Monitoring arrangements

NEWAH will provide quarterly reports to WaterAid as per ongoing reporting arrangements between Wateraid and NEWAH as set out in WaterAid's Partner Quarterly Progress Report format. Quarterly reports provide a progress update on each project versus plans, an expenditure update versus budget and information on field visits undertaken, projects and percentage completed, water quality test results and risk management. Six monthly and annual reports provide additional information on organisational effectiveness, beneficiaries served, progress against outcome level indicators, case studies, lessons learned and any recommendations for future projects.

WaterAid reporting to AusAID

WaterAid will provide four reports to AusAID during the program:

Report 1—due on 15th August 2010 – a brief update report focussing on outcomes of the 'project planning' component and outlining details of the communities to be served, any changes to outputs and budgets as a result of the planning activities. Length of report –5 pages.

Report 2—due on February 15th 2011 – a progress report covering achievements against the outcome level indicators and expenditure. The report will include information on the AusAID WASH PAS mandatory indicators and enable AusAID to report on these in the Quality at Implementation Report. Length of report – 5 pages.

Report 2—due on 15th August 2011 – a brief narrative report highlighting progress against the Program Plan, expenditure against budget, any changes to the program, challenges and risk management. Length of report – 5 pages.

Report 3—due on February 15th 2012 if A\$3m program or 15th November 2011 if A2\$m program – a program completion report covering same information as Report 1 and a final assessment of the project achievements against objectives, lessons learnt, and complete financial reporting for acquittal as per contract. Length of report – 20 pages.

Acknowledgement will be made and the logos of AusAID, WA and NEWAH's will appear on any publications that are produced as a result of direct funding from this programme or as a result of lessons learnt from this programme's intervention and activities. During the course of the programme WA and NEWAH will work together to publicise the progress, impact and lessons from the AusAID support programme within sector forums and national media. Such media activities might also be around key achievements in the programme, such as declaration of No Open Defecation communities and VDC. During these activities AusAID will clearly be acknowledged and invited as the donor of this programme.

7 Critical Risks and Risk Management Strategies

CRITICAL RISKS AND RISK MANAGEMENT STRATEGIES IN RELATION TO THE AUSAID CONTRIBUTION

Some potential risks have been identified below in relation to the AusAID contribution and the program in general. Possible risk management and mitigation measures have also been identified.

Table 10 Potential Risks

Risk	Level	Management & Mitigations Measure
<p>Social and Political Disruption: Nepal is still in a fragile position following the end of the 12 year internal conflict in 2007, with many social and political groups still unhappy with Nepal's political direction. In recent years this has led to the continuation of regular bundhs (road and market closures) and other civil disruption. Continued disruption may hamper the procurement and transportation of materials to the project site, as well as safe movement of project staff to and from project areas.</p>	High	<p>This risk will be managed by procuring construction materials on an annual basis at the beginning of the year, and as soon as possible transporting and storing the materials, with adequate insurance, to the project site. Where transportation continues not to be possible materials will be purchased as close to the project site as possible. Project Teams will be based at the project locations and where travel is disrupted will remain at the project locations to ensure the project progresses.</p> <p>NEWAH and WA will continue to following the Basic Operating Guidelines that international agencies have developed for working in conflict areas, including the Safe & Effective Development in Conflict (SEDC) approach.</p>
<p>Unstable Political Environment: Despite election of a new coalition Government in 2008, the political coalitions remain fragile and susceptible to change. This might impact the programme's implementation in the following ways:</p> <p>continued high turnover of in Local Government Officials mean commitment are not maintained</p> <p>changing political leadership might lead to a change in development agent</p> <p>the current development of new constitution & national governance structure could change the responsibilities of local government</p>	Medium	<p>In these conditions clear communication and documentation with Local Government and other stakeholder is essential to ensure that commitment are upheld. Timely coordination, meetings and workshops will be organized to develop the common understanding among all stakeholders, especially stakeholders that have not been present since the conception of the project.</p>
<p>Natural Disaster: Flooding and landslides are the two most common form of natural disaster that could impact the effective delivery of water and sanitation services, either through hampering construction or destroying infrastructure that has already been constructed. In addition, Nepal is prone to earthquakes, and although the risk of this is relatively low, an earthquake in the VDC or Kathmandu would disrupt development efforts significantly.</p>	Low	<p>To reduce possible harm to constructed infrastructure from the natural disaster, a natural disaster risk assessment will be prepare and work will be implemented according to the plan.</p>

Risk	Level	Management & Mitigations Measure
<p>Increase in price of materials: In recent years Nepal has experienced significant increases in the price of construction materials, specially cement and steel. This peaked in mid 2008 and since then we have seen a slight reduction, as a result of the global recession. However further escalations in prices could result in insufficient funds to complete the planned activities in this project.</p>	Medium	Purchasing material as soon as possible after the development of budget should avoid impact of fluctuations. Although inflationary increases have been included in the budget for subsequent year of the programme, they are more prone to impact from this. Market surveys will continue to be done throughout the programme, to monitor changes and there will be timely coordination with donors if the costs are increasing substantially.
<p>Fluctuation in Exchange Rates: funding could also be impacted as a result of the continuous fluctuation in exchange rates, specifically the A\$ rate compared to the Nepali Rupee and British Pound.</p>	Medium	WaterAid has set exchange rates for the coming years based on recent trends. We will continue to monitor exchange rate levels and communicate any significant changes to AusAID and donors in good time. Consideration should be given to a rise and fall component within the contract.
<p>Staff Turnover and Capacity: Although we are confident that the programme is commencing with a strong team with the necessary skills and capacities to achieve the objectives, during the course of the programme staff turnover might impact this. Staff turnover is highest at the local level and this could also impact on critical relationships that have been developed and need to implement the project.</p>	Low	WA & Local partner staff will continue to provide incentives to remain with this programme through capacity building opportunities and appropriate HR mechanism to ensure professional development and opportunities. Care will also be taken to ensure that effective succession planning is in place in case of staff turnover.

8 Appendices

- A Sector analysis
- B NEWAH project proposal
- C Program Management and Implementation arrangements including organisational charts, fund flow diagram
- D Detailed budget cost estimates
- E Implementation plan
- F Critical Risk and Risk Management Strategies
- G Performance Assessment Framework

Appendix A

SECTOR ANALYSIS

FINAL

AusAID

Water and Sanitation Initiative
Identification Mission - South
Asia

Concept Document

August 2009

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Appendices

- A Sub-project Descriptions and Engagement Plan
- B Gender Considerations

Abbreviations and Equivalents

ADB	Asian Development Bank
ADP	Annual Development Plan
BDF	Bangladesh Development Forum
CDD	Community-Driven-Development
CLTS	Community-Led Total Sanitation
CPHEEO	Central Public Health & Environmental Engineering Organisation
DPHE	Department of Public Health Engineering, Bangladesh
DWSS	Department of Water Supply and Sewerage, Nepal
FFA	Framework Financing Agreement
GOB	Government of Bangladesh
HYSAWA	Hygiene Sanitation and Water Supply Project
JMP	WHO/UNICEF Joint Monitoring Program
KUKL	Kathmandu Upatyaka Khanepani Ltd
KVWSMB	Kathmandu Valley Water Supply Management Board
LCG	Local Consultations Group
LGD	Local Government Department, Bangladesh
LGED	Local Government and Engineering Department, Bangladesh
LGI	Local Government Institutions
MDG	Millennium Development Goal
MFF	Multi-tranche Financing Facility
MPPW	Ministry of Physical Planning and Works, Nepal
NEWAH	Nepal Water for Health
NLSS	Nepal Living Standards Survey
NURM	Jawaharlal Nehru National Urban Renewal Mission
O&M	Operation & Maintenance
PRSP	Poverty Reduction Strategy Paper
RWSSFDB	Rural Water Supply and Sanitation Fund Development Board

SWAp	Sector Wide Approach
TF	Trust Fund
TSC	Total Sanitation Campaign
WASH	Water and Sanitation Hygiene
WHO	World Health Organisation
WSI	Water and Sanitation Initiative
WSP-SA	Water and Sanitation Program - South Asia
WUC	Water User Committee

1 AUD = 0.70 USD

1 US\$ = 69 Bangladeshi Taka

1. Summary

1. South Asia has made significant progress towards achieving the Millennium Development Goal (MDG) for expanding access to safe drinking water and basic sanitation. However, in a region which is home to nearly a quarter of the world's population, despite high coverage figures, many particularly in rural and peri-urban areas remain without access to safe drinking water and sanitation facilities. According to the WHO/UNICEF Joint Monitoring Program (JMP) report of 2006, access to improved drinking water in South Asia in 2006 was 87% and access to improved sanitation was 33%¹. The MDG targets for 2015 of 87% for access to an improved drinking water source will be achieved, however this will still leave an estimated 207 million people in the region without access to an improved water source. The MDG sanitation target of 59% is unlikely to be achieved based on current trends. In the region, India, Bangladesh and Nepal are particularly facing significant challenges in addressing water and sanitation improvements and will form the focus for interventions under Australia's Water and Sanitation Initiative (WSI) for South Asia.
2. The key issues affecting the water and sanitation sector in South Asia are: a) weak institutional capacity to advance sectoral reform initiatives underway in several countries in the region; b) inefficiencies in government delivery systems to expand water and sanitation coverage, particularly in rural areas; c) sectoral investment by government, supplemented by donors, is inadequate to achieve targets; d) insufficient attention given to improving sanitation coverage and access, particularly in rural areas; and e) specific water quality issues that have a serious impact on human health, particularly arsenic contamination of groundwater sources in the region.
3. WSI funding to South Asia will: a) directly assist in expanding access to sustainable and safe rural water supply and sanitation; (b) support government reform efforts by providing policy advice, piloting initiatives and building institutional capacity; c) contribute to a positive health impact by supporting better hygiene practice and through addressing water quality issues; and, d) advance ongoing decentralization efforts by channelling funds to programs that devolve decision-making to local government and communities. A particular focus will be adopted within activities to address the needs of the poor and other vulnerable groups, women and children.
4. To achieve this, support is recommended largely through ongoing programs that have a proven track record and have a high degree of credibility amongst sectoral stakeholders. A mix of country-specific and regional activities is proposed to address specific country needs as well as facilitate cross-country initiatives, knowledge development and learning. Importantly, all seek to enhance harmonization of donor and government efforts as well as strengthen partnerships amongst sectoral actors.
5. It is recommended that the WSI funding to South Asia support the following program components during the period 2009-2011 (see Table 1 below).

¹ JMP figures for Southern Asia covers wider region including South Asia, Afghanistan and Iran.

Table 1 Recommended Program components under WSI - South Asia

Country	Activity	Amount (AUD)
Bangladesh	HYSAWA (Hygiene, Sanitation and Water Supply) Project	7.7 million
Nepal	NEWAH (Nepal Water for Health)	2 million
India	World Bank WSI - India Trust Fund	4.8 million
South Asia Regional	Water and Sanitation Program – South Asia	5 million
South Asia Regional	Civil Society Partnership Program	3- 6 million
South Asia Regional	UNICEF Global WASH Program	2.5 million
South Asia Regional	Water Supply and Sanitation Collaborative Council (Global Sanitation Fund)	2.5 million
	Resources for Management and Administration	0.5 million
South Asia	Total Estimated Financing (2009-2011)	AUD 28-31 million

Note: Funding for the WSP-SA, UNICEF, WSSCC was appraised at the WSI Global Peer Review and funding for civil society was appraised at the Civil Society Partnership Peer Review.

- In Bangladesh, funding to the ongoing DANIDA-assisted HYSAWA (Hygiene, Sanitation and Water Supply) Project will support expansion of rural water supply and sanitation activities within a decentralized delivery model with a particular focus on addressing safe water in arsenic affected areas. NEWAH, a nationally recognized NGO specializing in water and sanitation activities will utilize WSI funding to undertake community-managed water supply and sanitation systems as well as support its school WASH (Water and Sanitation Hygiene) program. The WSI Trust Fund with the World Bank - which is by far the largest donor to India with a large water and sanitation sectoral portfolio, will leverage World Bank sectoral investments to achieve higher impact and sustainability of Bank efforts. Funding to the Water and Sanitation Program - South Asia (WSP-SA) will enable significant impact multipliers across the region and in specific countries where WSP-SA operates through its policy advocacy and reform support to federal, state and local government agencies in addition to regional cross-learning opportunities.
- The proposed AUD 28-31 million funding to WSI South Asia includes provision of AUD 0.5 million towards deployment of an additional staff resource at AusAID Dhaka Post as well as costs of short-term consultants for design, reviews and technical advisory support as determined by AusAID Activity Managers.

2. Analysis

2.1 Country/Sector Context and Problem Analysis

2.1.1 South Asia Regional

8. South Asia is the most densely populated region in the world, home to nearly a quarter of the world's population. According to the WHO/UNICEF Joint Monitoring Programme (JMP) for Water Supply and Sanitation, the percentage of people using improved drinking water in South Asia has risen by 13% to 87% in South Asia between 1990 and 2006. This means that overall, South Asia only has to maintain this coverage to meet Millennium Development Goal (MDG) target for drinking water. Despite this, there will still remain an estimated 207 million people in South Asia who will not have access to an improved source of drinking water.
9. South Asia, together with Sub-Saharan Africa, is not on track to meet the MDG target for sanitation by 2015. As in most other developing regions there are large urban-rural disparities in the use of improved sanitation facilities - in South Asia 57% of urban dwellers have improved sanitation compared to only 23% in rural areas. Overall, only a third of the region's population currently have access to improved sanitation facilities. JMP reports that although the practice of open defecation has declined in South Asia from 65% to 48% between 1990 and 2006, some 778 million people still rely on this risky sanitation practice. Table 2 provides data on water and sanitation coverage in South Asian countries in comparison to MDG targets.

Table 2 Water and Sanitation Coverage Data and MDG Targets for South Asian Countries

Country	Water Supply Coverage (%)				Sanitation Coverage (%)			
	Urban 2006	Rural 2006	Total 2006	MDG Target 2015	Urban 2006	Rural 2006	Total 2006	MDG Target 2015
Bangladesh	85	78	80	89	48	32	36	63
Bhutan	98	79	81	-	71	50	52	-
India	96	86	89	79	52	18	28	40
Maldives	98	76	83	98	100	42	59	68
Nepal	94	88	89	86	45	24	27	55
Pakistan	95	87	90	93	90	40	58	67
Sri Lanka	98	79	82	84	89	86	86	86

Source: WHO/UNICEF Joint Monitoring Programme for Water Supply and Sanitation (2008)

10. Projections made by Asia Water Watch 2015 indicate that most countries in South Asia are on track to achieve MDG water supply and sanitation targets (see Table 3). However, this may not adequately reflect the disparities that exist in access, particularly in small towns, rural and in the

urban-rural interface, deficiencies in quality and the sustainability of services as well as the sheer numbers of people who will continue to not have access to improved services despite achievement of MDG targets. For example, while some 445 million people gained access to improved water supply during 1990-2004 - 88% of them in India and Pakistan, a further 243 million, around 24 million a year, need to be reached by 2015 if the target is to be met. Better management and allocation of resources to achieve MDG water and sanitation targets, including stepping up funding, a greater commitment of governments and a focus on functional low-cost services is necessary to make greater progress in this direction.

Table 3 Prospects for Achieving MDG 7 Water Supply and Sanitation Targets

Countries	Water Supply		Sanitation	
	Urban	Rural	Urban	Rural
South Asia				
Bangladesh	■	■	■	●
India	●	●	●	●
Maldives	●	■	●	■
Nepal	●	●	■	■
Pakistan	■	●	●	●
Sri Lanka	●	●	●	●

● On-track ■ Off-track

Source: Asia Water Watch 2015: ADB, WHO, UNDP and UNESCAP

2.1.2 Bangladesh

11. Bangladesh remains one of the poorest and most densely populated countries in the world. Over 80 per cent of Bangladesh's population of 150 million still live on less than US \$2 per day, and at least 30 million (20 per cent) are classified as 'extreme poor' who cannot afford to meet 80 per cent of their minimum food needs. Bangladesh is ranked 140th out of 177 countries on the Human Development Index.²
12. Achieving the targets of the MDGs and ensuring that all people have access to safe water and sanitation services at an affordable cost are priorities of the Government of Bangladesh (GOB). The Government expects to achieve the targets of safe water and sanitation for all by 2011 and 2010 respectively.
13. Introduction of drinking water through tube wells, increased sanitation coverage and improved primary health care have all contributed to a significant drop in mortality and morbidity. With water-borne and diarrhoea-related diseases responsible for 24% of all deaths there are still many technological, institutional, financial, social and cultural issues constraining the water and sanitation sector. Gastroenteritis and diarrhoeal diseases kill 110,000 children below the age of five annually.

² UNDP, Human Development Report 2007-08

14. In its Poverty Reduction Strategy Paper (PRSP), the Government states it expects to achieve safe water and sanitation targets by 2011 and 2010 respectively. According to earlier Government figures improved drinking water coverage was 95% however, the JMP indicates that in 2006 it was 80%. The Government's most recent PRSP has accepted that safe water coverage is much lower due to arsenic, bacteriological and chemical contamination and reduced the stated coverage even lower to 75%. For sanitation coverage, Bangladesh is a reported success story for the community led total sanitation (CLTS) approach, with the Government PRSP giving a figure of 87% coverage. However the comparable JMP 2006 figure is low at 36%. This is due to the extensive use of pit latrines constructed under CLTS programs that do not have a slab or platform and therefore do not meet the JMP definition of improved sanitation facilities.
15. Even though the water supply and sanitation sector in Bangladesh is expanding its coverage, it is difficult to keep pace with the rapid population growth. The country used to rely mainly on groundwater, which is why the discovery of arsenic in groundwater resources in 1993 meant a major setback in water supply. Estimates indicate that in 2008 up to 70 million people in the country are still exposed to drinking water which does not comply with WHO standards, leading to chronic arsenic poisoning. On the other hand, surface water is usually polluted and requires treatment.
16. The sector is far from reaching cost-recovery due to poor economic efficiency and low tariffs. Although the government's policy has shifted from an agriculturally oriented approach to a more comprehensive water resources management approach, encouraging the adoption of economic principles and the establishment of an independent regulatory agency, those guidelines have not yet been implemented.
17. **Sector Policy:** The sector in Bangladesh is governed by the National Policy for Safe Water Supply and Sanitation, 1998. It aims to bring about changes in the traditional service delivery arrangement and increase the capacity of the sector, and calls for decentralization and greater participation of users in planning, development, operation and maintenance of WSS facilities through local government institutions (LGIs) and community based organizations. Apart from the new roles for Department of Public Health and Engineering (DPHE) and Local Government Department (LGD), the Policy also recognises the important roles of the NGOs and private sector in service development and delivery. Key challenges in implementing this policy are weak institutional arrangements which are generally described as inefficient, poorly focused and not well coordinated.
18. **Sector Financing:** The Annual Development Plan (ADP) for 2008-09 has an allocation of US\$ 117 million (Taka 8,105 million) for the sector comprising the government's contribution of US\$ 46.4 million (Taka 3,204 million) and donor partner support of US\$ 71 million (Taka 4901 million). According to a WaterAid study, financing of US\$125 million needs to be spent annually in order for Bangladesh to reach the water and sanitation MDGs. There are no specific rules regarding the share of money spent in different regions. Around 50% of the available finance in the last five years has gone to urban areas even though only 21% of the population live in cities and towns.
19. The allocations of total public spending for water supply and sanitation in the first three of the five-year plans from 1975 to 2002 showed a sharp decline before slightly increasing in the fourth plan (1990-95). However as this was grossly inadequate to meet the new challenges of arsenic mitigation and sanitation, the allocation was increased substantially in the fifth plan.

20. **Rural Water Supply:** Bangladesh has achieved a basic level of safe water supply services but arsenic contamination in 22% of tube wells nationwide has significantly lowered coverage. Although more than 7 million tube wells have been installed by the government, NGOs and private individuals, the actual number of functional tube wells is estimated at 5.7 million. The national average coverage is approximately 20 people per tube well although in some coastal areas it is as high as 242 per tube well³.
21. The presence of favourable high groundwater levels has made possible the use of the inexpensive and robust hand pump shallow tube wells in most parts of the country, with an estimated 85% of people in rural areas living within 150 meters of a tube well and 96% reportedly drinking water from tube wells. Shallow-suction hand pumps are used in areas where the water table is shallow. Deep tube wells mostly serve coastal areas.
22. **Rural Sanitation:** In 2003, the government initiated a National Sanitation Campaign also known as the Community-Led Total Sanitation Approach (CLTS). This coordinated strategy between Department of Public Health Engineering (DPHE), Local Government and Engineering Department (LGED), local governments and NGOs comprises awareness, promotion and construction components. Since the initiation of the campaign and the government's declaration of the target of 100% sanitation coverage by 2010, there has been significant progress in sanitation coverage.
23. For rural sanitation, the technology option preferred is mainly water-sealed pit latrines. Local Village Sanitation Centres (VSC) produce sanitary products and sell them directly to users or through masons who construct the latrines. In rural areas CLTS has been successful in using public financing to create demand for sanitation while households themselves pay for the infrastructure.
24. There are three main service delivery systems for water and sanitation in the rural areas through public sector, NGO and private sector driven. The existing public service delivery system is predominantly a centralized delivery system. The central government provides services through its line agencies, mainly DPHE. Budgets under the Annual Development Plan (ADP) are given to the line agencies that plan and implement the interventions. The major drawback of the centralized system is that the services are not always according to the user's requirements, particularly the poor. Additionally supply-driven facilities have little ownership and as result there are usually problem with the sustainability of services provided.
25. **Urban Water and Sanitation:** Urban water supply services are considered inadequate and population growth will increase the pressures on these. Major cities of Dhaka and Chittagong, and only 101 out of 254 municipal towns, have piped water supplies. People in small and medium towns, peri urban and slum areas rely on hand drilled well, illegal connections or informal service providers.
26. **Donors Engagement:** The country receives considerable assistance from international donor agencies and NGOs. Key donors active in the sector are the World Bank, ADB, UNICEF, DANIDA, WHO, Dutch Aid, DFID, Japan's JICA, Germany's GTZ and KFW as well a large number of international NGOs including WaterAid and Oxfam. They channel their assistance mostly through government water sector agencies like the DPHE and LGED as well as directly supporting local NGOs, key amongst them being BRAC and the NGO Forum. Local and international NGOs

³ Poverty Reduction Strategy Papers 2009-2011

are active at the grassroots level and deliver water and sanitation programs with participation of local community based organisations. Donor financing has been declining particularly in the urban sector. While the Government has spent more to make up the shortfall the net result has been a flat budget since the MDGs were agreed in 2000. The Government is increasingly borrowing money from domestic sources to finance its sectoral spending.

27. **Sector Wide Approach (SWAp):** While SWAps for the education and health sectors are reported to be working well, a Water SWAp is yet to take off. This is attributed in part to the multiplicity of government agencies involved with water and sanitation policy, funding and service provision and a lack of harmonisation amongst donor agencies and other development partners.
28. In the urban sub-sector, the Government of Bangladesh and several donors (ADB, World Bank, DANIDA, Governments of Japan and the Republic of Korea) signed a partnership framework in November 2007. The main objectives of the framework are to cooperate in order to extend the coverage of water, sanitation, wastewater, and drainage services in Dhaka and Chittagong, especially to the poor, and to address long-standing reforms. Under the common partnership framework, all donors carry out individual projects in urban areas. However, the five donors and the Government of Bangladesh have agreed upon general strategies and necessary policy actions as well as an exchange of progress information.
29. **Issues and Challenges:** While apparent water supply coverage was high in rural areas due to readily available shallow groundwater aquifers, the sector now has to meet the challenge of providing safe drinking water, which requires new technologies and increased investment in alternative supplies. Small piped water supplies in densely populated areas and small towns are seen as part of the solution but will require large investments, new institutional arrangements and sustainable community financial contributions. Introduction of piped water supplies in villages and densely populated areas is challenging - only a limited number of these schemes have been implemented and development of sustainable financial and institutional models is an imperative for improving the lives of poor people in rural areas.
30. Institutional arrangements for Water Supply and Sanitation services are considered inefficient, poorly focused and not well coordinated to face the challenges in the sector. The presence of an easily available shallow water table has enabled market forces to assist millions of users without government involvement and has contributed to a very high level of coverage but planning and public sector service delivery are supply-driven and generally not responsive to user needs.
31. Sectoral institutions and delivery mechanisms in the country are at crossroads and undergoing major transition. Water supply options that are emerging need to be considered along with user choice and preference. In specific geographic areas the degree of arsenic contamination may force rural households to shift from individual to community based systems for accessing drinking water. Likewise, in urban areas households depending on non-piped point sources may need to explore alternatives. In both cases financial sustainability will be a major challenge and therefore efficiency of service delivery is of paramount importance today. Technologies that are alternatives to the shallow tube-well are therefore being explored.
32. Specific challenges to the sector include:
 - address arsenic contamination in affected areas;
 - provide safe water and sanitation in disaster-affected areas;

- provide water supply arrangements for un-served and under-served areas;
 - improve access to safe water supply and sanitation services in fast-growing urban slums;
 - evolve effective water supply and sanitation solutions for small towns (*Pourashavas*); and,
 - improve urban sanitation and waste disposal arrangements in cities like Dhaka.
33. **Development Partner Coordination Group:** Due to its historical dependency on external aid, Bangladesh has one of the strongest local presences of donors, both globally and within South Asia. This large presence has created the need for mechanisms that can help to coordinate the activities of the various donors and the Government of Bangladesh. One such mechanism was the Bangladesh Development Forum (BDF), which functioned as the apex body for dialogue and aid coordination at the international level until 2005 when it was replaced by the first PRSP Implementation Forum. Both the BDF and its successor comprise members from the GoB, as well as international and local representatives of donor agencies. In the mid-seventies, the World Bank took the initiative to establish the informal Local Consultations Group (LCG) to meet the demand for local aid coordination and donor-GoB dialogue on development issues and priority reforms. A LCG sub-group on water and sanitation meets periodically and is currently chaired by DANIDA.
34. **The World Bank:** Bangladesh is reported to be the World Bank's third largest borrower of IDA credit with water program activities being an important component of this investment. The Bangladesh Water Supply Program Project (US\$ 18 million) that was formulated to provide alternative safe water supply in arsenic affected areas has now been suspended due to poor performance during implementation. The Dhaka Water Supply and Sanitation Project (US\$ 165.7 million) commenced in 2008 and will support implementation of stormwater drainage, wastewater and water service improvements by the Dhaka Water and Sewerage Authority (DWASA). The Bank is keen to consider support development of piped water supply systems for small towns (*Pourashavas*) in Bangladesh given that these towns have had low investments for improving and augmenting services as well as the rapid growth of small towns in Bangladesh. In the pipeline are the Chittagong and Khulna Water Supply Projects.
35. **Asian Development Bank:** The ADB's focus in the water sector in Bangladesh is large cities like Dhaka and small towns. It is currently financing three major initiatives in these areas – the Dhaka Water Supply Sector Development Program (US\$ 200 million), the Second Urban Governance Infrastructure Improvement Sector Project (US\$ 60 million) focussing on infrastructure upgrades including water, sanitation and drainage in *Pourashavas* based on a performance-based approach. The Secondary Towns Water Supply and Sanitation Project (US\$ 41 million) is currently under implementation.
36. **UNICEF:** UNICEF has had a string of activities in the WSS sector. They include support to the government in providing safe water supply in arsenic affected areas including program funding, action research and conduct of technical studies. UNICEF has also spearheaded the WASH initiative in Bangladesh with strong advocacy and awareness initiatives. It is supporting an ongoing school sanitation and hygiene program since 2006 through the DPHE.
37. **DANIDA:** DANIDA has been supporting the Water Sector Development Program through funding and staffing a coordination unit in Local Government Engineering Department, and implementing various projects. DANIDA has also provided a loan for a Saidabad water treatment plant and is now funding a second phase of this project. In the rural sector DANIDA created the HYSAWA fund and a policy support unit fund. The HYSAWA fund plans to work in 598 local government areas

with a community demand led process where communities plan their own hygiene, water supply and sanitation interventions and project facilities. The HYSAWA project is part of the second phase of DANIDA's water and sanitation sector development program and is one of seven water and sanitation activities supported by DANIDA under this phase.

38. **Netherlands:** The Netherlands has also long funded water and sanitation activities in the country under its development program. The focus now is on sanitation services with support of Euro 53 million to a rural-based WASH program being implemented by an NGO, BRAC aimed at making a targeted contribution to MDG sanitation targets.
39. **Key NGOs:** As previously indicated, BRAC has been implementing a WASH program including with funding from the Netherlands Government since 2006. Oxfam has a well-established program in Bangladesh with its water and sanitation activities now focussed on water supply services in coastal areas affected by arsenic and salinity, response to disaster-hit areas and addressing the impact of climate change. Oxfam's annual budget for Bangladesh is about £2.5 million annually with its program activities delivered through some 50 local partner NGOs. The NGO Forum for Drinking Water Supply and Sanitation, established in 1982 coordinates more than 650 non-governmental organisations active in Bangladesh and represents them in consultations with the central government in Dhaka. In addition to delivering its own program activities, the Forum also provides training courses and support to its partners in the field through its National Resource Centre and seven zonal offices. With an annual budget of US\$7 million it undertakes programs in safe water supply, arsenic mitigation, improved hygiene practice and sanitation improvements with strong advocacy and community participation elements. WaterAID has implemented the DFID funded 'Advancing Sustainable Health Environment' program with a value of US\$ 35 million in Bangladesh for several years. Their current program is focused on urban poor and slum dwellers and in rural areas on scaling up CLTS. Implementation is directed through local NGO partnerships. DFID funding will soon cease and the annual value of their program will halve from US\$ 10 million to US\$ 5 million.

2.1.3 India

40. India accounts for almost 76% of South Asia's population and is a major economic growth catalyst for the region. In 1990 India was among those that posted the lowest coverage figures in water supply. Since then it has made significant advances, posting 96% coverage in urban areas and 86% coverage in rural areas, and is projected to achieve the MDG target for water supply by 2015. However, the development of piped water supply infrastructure appears to be slightly behind schedule, suggesting a need to accelerate investment. While India is making good progress in increasing access to water supply and sanitation infrastructure it is lagging behind in access to service that is reliable, sustainable and affordable. In sanitation, rural coverage jumped from 1% in 1990 to 18% in 2006 - this compounded annual increase of 27% will likely enable the country to reach MDG rural sanitation targets. The urban population share with access to basic sanitation, which rose from 43% in 1990 to 52% in 2006, is likely to improve to 81.5% by 2015, thus exceeding the theoretical MDG target of 71.5%.
41. Water supply and sanitation in India continue to be inadequate, despite longstanding efforts by the various levels of government and communities at improving coverage. The situation is particularly inadequate for sanitation, since only one of three Indians has access to improved sanitation facilities (including improved latrines). While the share of those with access to an improved water

source is much higher than for sanitation, the quality of service is poor and most users that are counted as having access, receive water of dubious quality and only on an intermittent basis. As of 2003, it was estimated that only 30% of India's wastewater was being treated, with the remainder flowing into rivers or groundwater. The lack of toilet facilities in many areas also presents a major health risk; open defecation is widespread even in urban areas of India, and it was estimated in 2002 by the World Health Organisation that around 700,000 Indians die each year from diarrhoea.

42. **Sector Policy and Legislation:** In 1993, the Indian constitution and relevant state legislations were amended in order to decentralize certain responsibilities, including water supply and sanitation, to municipalities and elected local bodies called *Panchayati Raj* Institutions in rural areas. Since the assignment of responsibilities to municipalities is a state responsibility, different states have followed different approaches. In 1999, a demand-driven and people-centered sanitation program under the name Total Sanitation Campaign (TSC) or Community-Led Total Sanitation (CLTS) was initiated. Since 2002, the Government of India has rolled out at the national level a program to change the way in which water and sanitation services are supported in rural areas. The program, called *Swajaldhara*, includes the phasing out of supply driven programs; decentralizing service delivery responsibility to rural local governments and user groups; adopting an integrated approach to water supply and sanitation and improving hygiene behaviour as well as generating sanitation demand through awareness campaigns.
43. **Sectoral Institutions:** Water supply and sanitation is a State responsibility under the Indian Constitution. States are devolving responsibility to local government under India's decentralisation policy - *Panchayati Raj* Institutions in rural areas or municipalities/urban local bodies in urban areas. At present, states generally plan, design and execute water supply schemes and often operate them through state agencies like the Departments of Public Health Engineering and Rural Development as well as State Water Boards. The Ministries of Urban Development and Rural Development are the main federal agencies responsible for policy formulation and coordination of water and sanitation programs for urban and rural areas respectively.
44. **Training Institutions:** India has a rich network of academic and research institutions that provide training and support for the water and sanitation sector. These including the large number of technical and engineering colleges, management and civil service training institutions like the Administration Staff College of India and Academies of Administration at the state level and specialised water sector Indian. A Public Health Engineering Training Programme was established in 1956 under which some 108 in-service engineers are provided post-graduate courses every year. The Central Public Health and Environmental Engineering Organisation (CPHEEO) regularly conducts short-term courses for the water industry and produces guidelines and manuals for design, construction and operations of water and wastewater facilities.
45. **Sector Financing:** The Government of India funds large-scale investment programs in water and sanitation in urban and rural areas under its Jawaharlal Nehru National Urban Renewal Mission (NURM) and *Swajaldhara* funding state and local governments under its decentralisation policy. It also accesses significant levels of financing from the World Bank and Asian Development Bank for its water sector initiatives. Based on preliminary estimates, meeting the MDG target in urban and rural areas would require capital investments of about US\$ 22 and US\$16.5 billion respectively by 2015. Despite this massive investment, WaterAid in a recent study indicates a

possible shortfall of some US\$ 6.4 billion in the financing needed up to 2015 to reach the MDG target for rural sanitation.

46. While the level of investment in water and sanitation is relatively high, the local government institutions in charge of operating and maintaining the infrastructure are weak and lack the financial resources to carry out their functions, partly due to very low tariff levels.
47. **Urban sub-sector:** India has experienced rapid economic development over the past decade but has identified there is a gap in delivery of services in urban and rural areas and need for sector reform. Towns and cities in India are growing rapidly and there is continuing migration from rural areas to urban centres as people seek jobs. Urban development has increased the slums areas and account for about 25% of the urban area. Service coverage is low and the quality of service is low with many water systems not capable of delivering 24/7 water supply. Sanitation in particular presents many problems and in many settlements residents rely almost entirely on public toilets. Critical issues of poor local governance, weak finances, poor planning, infrastructure gaps and the deteriorating urban environment Challenges include improving the capacity of local government to plan, deliver and maintain sustainable services. It is particularly difficult to increase access to sanitation without having an adverse impact on the urban environment.
48. The Government of India recently adopted a National Urban Sanitation Policy The Ministry of Urban Development (MoUD) announced a new award plan, as part of this initiative, to motivate cities and urban local bodies to achieve total sanitation. The Nirmal Shahar Puraskar (Clean Cities Award), designed along the lines of the rural sanitation rewards scheme, honors cities that achieve total sanitation, including open defecation-free (ODF) status and 100 percent safe waste disposal. A national task advisory group on urban sanitation has been established to mobilize governments and civil society to create community-driven Nirmal Shahars, or totally sanitized cities and towns. The MoUD also developed guidance notes for states and cities to design strategies, detailing key institutional, financial, and social indicators required for implementation. States and cities must change collective behavior regarding sanitation to ensure sustainability of resources, and accountability for doing so is made local. A key highlight of the policy and the award plan is that the focus is not on infrastructure development alone but outcomes and behavior change. Under the policy, all states are required to develop state sanitation strategies according to the national guidelines. Six states have already started doing so, and one city has started a citywide sanitation planning process, also in line with the policy.
49. **Rural sub-sector:** In the rural sector access to drinking water supply is poor and where it exists, systems are unreliable and unsustainable. Systems have been developed by state agencies with little community ownership so there is only limited maintenance. Increasing coverage of sanitation and hygiene are major challenges as improved sanitation coverage is about 28% and over 58% of the population still practice open defecation. The Government of India has recognised that the traditional supply driven approach is not sustainable and is scaling up demand driven approaches in the sector. Reform is integral to rural water supply and sanitation programmes to decentralise service delivery, improve governance, build capacity and involve NGO's and private sector providers. A World Bank study on rural water supply systems in ten states has shown substantial inefficiencies associated with a supply-driven approach compared to decentralized, community-driven approaches such as *Swajaldhara*. Nevertheless, more than 90% of rural water supply investments in India continue to be channelled through more centralized, supply-driven approaches.

50. Innovative approaches in rural sanitation have been initiated through community-led total sanitation that emphasise demand for services and community action instead of supply-driven programs of latrine construction by the government. In rural water supply, the focus has also shifted away from supply-driven to demand-driven approaches.
51. **Donors:** The World Bank, Asian Development Bank and Japan's JICA are among India's most important external partners in water supply and sanitation. Sectoral funding from bilateral donors like DFID, Swedish SIDA, the Netherlands and others has dropped in recent years and several other bilateral agencies including AusAID do not have a bilateral development relationship with the Government of India following the issue of a new aid policy and have chosen to co-finance multilateral agencies like the World Bank, WSP-SA and UNICEF. A large number of national and international NGOs are active in the water and sanitation sector including WaterAID and Oxfam India.
52. **Issues and Challenges:** India faces many challenges in addressing drinking water and sanitation needs of its massive population. Key amongst them are:
- the need to allocate substantial resources for the sector and improve the delivery system so as to make more effective use of these resources
 - Inefficient use of groundwater for irrigation is lowering groundwater levels. Water quality is an increasingly a problem, with arsenic, fluoride, nitrate as well as faecal contamination.
 - Panchayats (institutions of local self-government) are increasingly gaining responsibilities, but the transfer of financial and administrative authority is slow.
 - Three key challenges for the Indian sanitation sector are a) the need to raise the political profile and the related institutional position of sanitation; b) generate increased demand for sanitation particularly in rural areas; and c) increase financial resources for sanitation.
53. **Donor Coordination Group:** No formal SWAp or donor consultative processes are in place for the India water and sanitation sector. Donor agencies like the World Bank have occasionally facilitated informal consultations amongst bilateral and multilateral agencies. UNICEF coordinates formal consultative events with donors and NGOs during disaster response situations including for the water and sanitation sector.
54. **World Bank:** The World Bank finances a number of projects in urban and rural areas that are either dedicated fully to water supply and sanitation, or have large water supply and sanitation components. In urban areas the World Bank supports the Karnataka Municipal Reform Project (approved in 2006, \$216m loan), the Third Tamil Nadu Urban Development Project (approved in 2005, \$300m loan) and the Karnataka Urban Water Sector Improvement Project (approved in 2004, \$39.5m loan). In rural areas it has financed the Second Karnataka Rural Water Supply and Sanitation Project (approved in 2001, \$151.6m loan), the Uttaranchal Rural Water Supply and Sanitation Project (approved in 2006, \$120m loan) and the Punjab Rural Water Supply and Sanitation Project (approved in 2006, \$154m loan).
55. **ADB:** The ADB's sectoral focus in India is on the urban sub-sector. India has increased its loans from the ADB since 2005 after being introduced to new financing modalities, such as the multi-tranche financing facility (MFF). MFF involves a Framework Financing Agreement (FFA) with the national government under which financing is provided in flexible tranches for subprojects that meet established selection criteria comprising technical, environmental, social, institutional,

economic, and financial considerations. In 2008 four MFFs for urban development investment programs containing significant water and sanitation components commenced in North Karnataka (US\$862 million), Jammu and Kashmir (US\$1,260 million), Rajasthan (US\$450 million), and Uttarakhand (US\$1,589.2 million). The Government has also indicated continued interest in securing finances from the ADB for NURM and other urban infrastructure initiatives in states.

56. **UNICEF:** UNICEF works in 12 states of India and has an annual budget of US\$ 12 million. Main co-financing partners for its water and environmental sanitation components are Sweden's SIDA and DFID. UNICEF India's new 5-year program strategy (2008-2012) will focus on strengthening knowledge management, systems strengthening and implementation support, advocacy and partnership building and emergency preparedness and response. In school sanitation, UNICEF has moved away from the service provider role to mainstreaming sanitation in schools through education departments. As part of this program the Ministry of Education is undertaking a survey with UNICEF assistance of schools in 10 states to establish improved sanitation and hygiene practices. It has also developed and implemented a strategy to promote behaviour change for arsenic mitigation in West Bengal.

2.1.4 Nepal

57. Nepal has the lowest reported GDP per capita in the South Asia region with over 24% of its population of 28 million living below the poverty line. Almost 86% of Nepal's population lives in rural areas with around two thirds involved in agricultural production. The Nepal Living Standards Survey (NLSS) in 2003–2004 showed that poverty incidence declined from 42% in 1996 to 31% in 2004. The Government's Three-Year Interim Development Plan aims to reduce poverty incidence to 24% by 2010. Nepal is also on track to achieve most Millennium Development Goal targets. However, these achievements are marred by stark and widening socioeconomic disparities. Limited government funds for development programmes have also made Nepal highly dependent on donor assistance to support the government's economic development, infrastructure and basic services improvement priorities.
58. Nepal has also been affected by armed conflict between previous governments and the Communist Party Nepal/Maoist Party (CPN/M) which has hampered basic service delivery and restricted development assistance. Recent political changes have created a better environment where programs should develop through donor and government programmes. Nepal is making gradual but significant strides in democratic governance and socio-economic development of its peoples.
59. **Sector Policy and Legislation:** The National Water Supply and Sanitation Policy (1997-2017) has adopted a two pronged approach for the development of the sector with paramount emphasis on sustainability of services with a 20-year vision, namely (i) to achieve additional coverage for population without access to water supply and sanitation, and (ii) to improve the levels of service for population already availing served.
60. With regard to water supply and sanitation, government policy emphasizes that each locality should be responsible for delivering clean drinking water and sanitation services. This would require overall investment of an estimated \$90 billion over the next 10 years. Other aspects of the water supply strategy include: (i) a demand-driven approach; (ii) institutional development; (iii) user involvement; (iv) integrating water supply and sewerage in urban areas; (v) cost recovery of 50% of capital investments (a transitional arrangement on the way to full cost recovery and 100%

of operation and maintenance in urban areas); and (vi) an independent regulatory body. However, severe financial constraints mean that the Government's sector policy is a visionary statement rather than an executable action plan. Prioritization and a phased strategic approach will be needed over the long term.

61. **Sector Institutions:** Nepal's Ministry of Physical Planning and Works (MPPW), the lead agency for water supply, sanitation and urban development, is responsible for formulating sector policy and guiding activities to meet objectives outlined in national development plans. It oversees the Nepal Water Supply Corporation, the Department of Water Supply and Sewerage, Rural Water Supply and Sanitation Fund Development Board amongst others. The Department of Water Supply and Sewerage (DWSS) and the Rural Water Supply and Sanitation Fund Development Board (RWSSFDB) have played important role in the extension and promotion of drinking water and sanitation facilities in the rural areas. The government investment in the drinking water and sanitation is mostly spent through these two institutions.
62. The urban water and sanitation sub-sector has witnessed significant institutional reforms in recent years. In Kathmandu Valley, three entities have been established: (i) the Kathmandu Valley Water Supply Management Board (KVWSMB), asset owner of water and wastewater systems within the Kathmandu Valley; (ii) the Water Supply Tariff Fixation Commission, responsible for the economic regulation of the sector; and (iii) the Kathmandu Upatyaka Khanepani Ltd (KUKL) in charge of operating assets leased and licensed from KVWSMB. Relevant laws have been amended and enacted to allow implementation of these reforms and private sector participation.
63. **Water Supply:** Lack of access to safe drinking water and poor sanitation and hygiene are stated by UNICEF as the main causes of disease that results in unnecessary death and serious illnesses of hundreds of thousands of children and women each year. Although the JMP figures indicate that it has relatively good water coverage at 89% it is estimated that about 50% of the improved facilities need rehabilitation and 11% are not working. A study reported by UNICEF also indicated that 90% of samples tested showed bacteriological contamination. Most of the completed urban water supply systems are not delivering water satisfactorily. In the rural areas, the government policy has been to hand over management of the Department of Water Supply and Sewerage (DWSS)-built systems to the communities concerned. Many completed rural water schemes are not functioning properly. Thus, the government has sought to rehabilitate and upgrade more than 500 such schemes and hand them over to the communities for operation and maintenance (O&M).
64. **Sanitation:** Sanitation sector is lagging far behind in Nepal. Even the few completed sewerage systems are not functioning satisfactorily. Only 27% of Nepal's population is reported to have proper sanitation access with less than half of households in urban areas having improved sanitation and some 37% of urban populations reliant on shared facilities. The integration of water supply and sanitation programmes has assisted in securing comparable investments to upgrade sanitation. Public health education programmes have also been integrated with the drinking water and sanitation programmes.
65. **Donors:** ADB is the leading urban water and sanitation sub-sector donor in Nepal. The World Bank and the Government of Finland have focussed on rural water supply while UNICEF is working closely with the Government on water quality, sanitation improvement and rehabilitation of water schemes. GTZ along with KfW is supporting the Town Development Fund, and DANIDA is supporting decentralization and urban self-governance both of which have significant water supply

components. DFID has until recently delivered water and sanitation support through NEWAH (Nepal Water and Health) including managing an AusAID co-contribution though this assistance will come to a close in 2009 as DFID focuses on other sectors.

66. **Sector-Wide Approach (SWAp):** The Government of Nepal has recently initiated work on developing a Water SWAp with assistance from the WHO. However, there does not appear to be a clear consensus amongst donor partners on channelling assistance under the proposed SWAp. The World Bank's current approach is to channel funds for rural water and sanitation through a special-purpose-vehicle – the Rural Water Supply and Sanitation Fund Development Board (RWSSFB or more commonly known as the Fund Board).
67. **Issues and Challenges:** Nepal's 10th Five Year Plan (2002-2007) has outlined the following as bottlenecks impacting on the achievement of the Government's water supply and sanitation objectives.
- Effective coordination could not be established among the agencies involved in drinking water and sanitation sector because of ineffective decentralization of authority to local bodies and consumers' groups. During the period, the local bodies could not play an effective role. Duplication was noted in the investment programs and activities of the government, non-governmental organizations and private sector agencies.
 - Due to the lack of proper repair and maintenance of completed projects, many projects are completely non-operational and many are partially operational. Consumer groups are unwilling to take on the ownership of the completed projects since they are not involved in the implementation phase.
 - It is difficult to ascertain the number and types of drinking water projects required for each district, as many district still lack comprehensive district drinking water supply programs. When preparing district development plans only government investment has been included. An integrated program including the investment from national, international and non-governmental organization could not be formulated.
 - Inadequate budgetary allocation impedes timely completion of the projects. Due to simultaneous initiation of numerous projects, many projects took more than a decade to complete. Linkage between target setting and budget allocation was hardly maintained. Hence the Ninth Plan could not produce expected outputs.
 - The urban drinking water supply system is based mostly upon government grant and not on cost recovery principle. The private sector could not be attracted in the operation of the drinking water system.
 - Updating of national data pertaining to drinking water and sanitation sector could not take place. It is therefore difficult to get the actual status of this sector and consequently program formulation for improving drinking water supply and sanitation has become a problem.
 - The monitoring and evaluation of drinking water supply and sanitation programs/projects are ineffective.
 - Proper and adequate coordination in the programs like adult education, health education and income oriented gender activities launched by various agencies could not be established, which is needed for the development of rural sanitation sector.

68. **Donor Coordination Group:** A Nepal Donors Group meets periodically under which 13 thematic/sector subgroups have been established including water supply. UNDP-Nepal and the World Bank co-chair regular meetings of the wider donor group based in Kathmandu. In addition, the World Bank chairs the Nepal Development Forum (formerly known as the Nepal Aid Group Meeting), usually held every 18 months.
69. **World Bank:** The World Bank's major water and sanitation activity in Nepal is the Second Rural Water Supply and Sanitation Project (US\$41 million) that commenced in 2008. The project has adopted a community-driven-development (CDD) approach to deliver water and sanitation improvements through a specially established implementation institution, the RWSSFDB.
70. **ADB:** ADB assistance for the urban sub-sector has largely focused on water supply and sanitation and its completed urban projects from 1984 to the end of 2007 amounted to US\$147.6 million. Going forward, ADB will seek to assist the Government to expand the coverage of water supply and sanitation facilities in secondary towns, emerging towns, and market centres. Investments in water supply will be focused and prioritized based on economic functions.
71. **UNICEF:** UNICEF in Nepal has pursued campaigns in hygiene and environmental sanitation, school sanitation programs, improved accessibility of water, water quality improvements and measures to address the emerging arsenic contamination of groundwater. UNICEF has a lead role in the revision of the National Sanitation Policy. Its program also supports government and NGOs to raise awareness and improve hygiene and sanitation practices both at the household and school levels. It supports water and sanitation in 44 districts, reaching about 1.5 million people. The School Sanitation and Hygiene Education initiative has been implemented at the national level and in eight districts of Nepal. UNICEF's regional office for South Asia (ROSA) is currently located in Kathmandu.
72. **Key NGOs:** A large number of NGOs are active in the Nepal water and sanitation sector. NEWAH is the principal NGO given its specialization in water and sanitation and its reputation as an effective organization with strong grass-roots linkages. Helvetas is another NGO which has been recommended as a suitable agency to deliver water and sanitation programs. WaterAID also provides sector support and funding local NGO's to increase coverage.

2.2 Key Lessons Learned

73. Key lessons that have been derived from experiences of previous projects in South Asia are summarised below.
 - Ongoing and efficient operation and maintenance (O&M) is an important issue in ensuring the long-run sustainability of the benefits of water and sanitation facilities. Successful projects typically were those that (i) were run by financially self-sustaining water supply institutions, (ii) put in place water user committees (WUCs), and (iii) adopted the "user pays" principle. Early establishment of WUCs fostered greater beneficiary participation, resulting in a stronger sense of ownership and willingness to accept O&M responsibility among project beneficiaries.
 - Adoption of a participatory approach in several successful projects has contributed to their success. Successful projects were typically formulated through extensive consultations with local government staff, local non-government organizations (NGOs), representatives of indigenous people, and other beneficiaries to discuss concerns about the impacts of these

projects. This approach helped to foster a sense of ownership and ultimately contributed to improving the sustainability of the projects.

- Strong commitment by governments, both national and local, is one of the key determinants of project success. A high level of commitment by municipal/provincial governments in facilitating implementation together with sound management support in the agencies concerned is critical to project success.
- Institutional capacity strengthening including building capacity at the local levels figured prominently in successful projects. Training activities were not limited to human resource development but also focused on technical and engineering aspects of the projects, community-based water supply systems survey and design, social facilitation, participatory rural appraisal and rapid rural appraisal techniques, and construction supervision and management.

2.3 Interaction with AusAID Strategy and Programs

74. Australia's development cooperation program to South Asia emphasises improving the health, education and livelihoods of the poor. Australia's International Development Assistance Program Budget for 2009-10 indicates that water and sanitation programs in South Asia will seek to extend the reach of Australia's assistance to the urban and rural poor. Sectoral support will continue to be extended through key regional partners like the World Bank, the Water and Sanitation Program – South Asia as well as national and international NGOs active in the region.
75. In view of the modest size of Australia's development cooperation program to South Asia, AusAID has, since 2003 sought to streamline the delivery of assistance to South Asia by selectively developing partnerships with other donors, non-government organisations (NGOs) and multilateral organisations with a strong performance record in South Asia. Thus, in the water and sanitation sector, conventional bilateral projects have not been pursued, rather funds channelled through co-financing arrangements with the World Bank and the Water and Sanitation Program – South Asia. Furthermore, regional funding has been preferred to enable maximizing flexibility within implementing partners to support initiatives across the region based on needs, clearly articulated demand and potential for impact.
76. The proposed WSI funding to South Asia is in full compliance with these policy directions. Program components identified are a mix of regional and country-specific interventions and the delivery models remain financing existing multi-lateral partners, national NGOs and forging partnerships with donors like DANIDA in Bangladesh which have a strong performance record.
77. These program components will support Australia's strategic regional development priority for reducing poverty through investment in social sector delivery systems using water and sanitation as an entry point. These initiatives will also support other stated priorities of strengthening governance at the local levels and enhancing health impact through reduction in the burden of disease resulting from improved water and sanitation infrastructure and services.
78. Regional funding through WSP-SA will support cross-regional initiatives as well as activities in Bangladesh, Pakistan and India. WSP-SA is also encouraged to selectively consider activities in Bhutan given increasing signs of demand from national government agencies as well as enhance Australia's bilateral relations with Bhutan. Country specific funding is proposed to Nepal through NGO, NEWAH and to Bangladesh through the DANIDA-assisted HYSAWA Project. Given the

substantial benefits to water and sanitation-related MDGs that can be derived in India, funding is proposed through the World Bank's WSI Trust Fund for India.

79. Significant future opportunities for funding to Sri Lanka and Pakistan will likely arise in future years as internal conflict situations are resolved. These could possibly be considered if WSI funding to South Asia is available beyond 2011.

2.4 Partner Government and Key Stakeholder Discussions

80. Discussions have been held with a range of donors, government agencies and NGOs in Bangladesh, India and Nepal during a field identification mission in January 2009. Donor agencies consulted included the World Bank, WSP-SA, Asian Development Bank, UNICEF and WHO, UN-HABITAT, DANIDA, DFID and the Government of Netherlands. Key water and sanitation agencies in Nepal and Bangladesh were consulted as well as a range of international and national NGOs including OXFAM, WaterAID, NEWAH, BRAC, NGO Forum amongst others.
81. Discussions focussed on government and agency approaches to achieve MDG 7 and ongoing and proposed implementation programs that contribute to achieving these targets. Governments, donor agencies and NGOs welcomed proposed Australian assistance to achieve MDG targets and towards strengthening ongoing and planned priority projects during 2009-2011.

2.5 Program Selection

82. We considered options for the countries to be supported and the development partner/s with whom we should work. At the time of the mission Sri Lanka was not considered further due to the uncertain political situation and poor expenditure performance by some AusAID programs. In terms of countries we focussed our attention on Bangladesh, Nepal and India, countries where Australia is already providing development assistance and which have local staff that can engage in the sector over the long term. We concluded that Nepal, Bangladesh and India offered the best opportunities and made visits to each. The situation in Sri Lanka appears to have improved and identification of water sector programs should be considered in the 2009/10 financial years.
83. A major consideration was whether to engage in both urban and rural areas. In other country WSI programs support for improving services in towns and rural piped water systems, which are often neglected by government and donors, has been a feature of WSI programs and support in this sub-sector is strongly advocated by governments, donors and NGO's in all countries in South Asia. In Bangladesh, the recommendation is to focus on rural areas where arsenic contamination is having a significant negative impact on the lives of the rural poor who cannot access safe drinking water supplies from other sources and where the greatest number of people that lack access to improved sanitation and hygiene live. In areas affected by arsenic the most effective alternative is a piped water supply using treated surface water or deep well as the source. Options considered included support for the DANIDA sponsored HYSAWA Project and a World Bank proposal to increase local capacity to scale up piped water supplies as an alternative to use of arsenic affected shallow wells. The HYSWA Project aligned with Government's strategy and allowed better alignment of AusAID support in the sector. In Nepal while there are opportunities to work in both urban and rural areas including towns there is uncertainty over the effectiveness of agencies to implement sector programs during the transition phase of a new government. Activity there will be focused on delivery of services in rural and towns through NEWAH's well-established

activities and providing policy support through WSP-SA which benefits both rural and urban sub sectors. For India where there is considerable government funding to the sector, there will be a focus on piped water systems in cities, towns and rural areas to support local government reform. Grant funding of training and capacity building programmes will enhance the effectiveness of government funded and WB loan programs.

84. Another consideration is whether it would be more effective for AusAID to focus the program only on sanitation. In Bangladesh the figures for sanitation coverage defined by the PRSP are quite high but the JMP figures are low in comparison. This is in part explained by the CLTS movement that has had success in providing increased access to sanitation through self-provision of simple pit latrines, but now the focus has to shift to more sustainable and environmentally acceptable solutions. Similarly in India the JMP figures are low but the Government is scaling up through the Swajaldhara Program. A decision was made to support an integrated program which includes strong support for sanitation and sustainable water supply and not to focus only on sanitation. While there will be a focus on improved water quality in the arsenic affected areas of Bangladesh, town programs in India and Nepal all programs will include sanitation and hygiene components as an integral part of program implementation
85. South Asia has a number of active and effective NGO's working in the water sector that has capacity to implement significant water and sanitation programmes. WaterAID has implemented major DFID funded programmes in Bangladesh and Nepal and BRAC is implementing a 6-year, 60 million Euro community funded WASH programme (supported with 52 million Euro from the Netherlands government). Oxfam also has active sector programmes in India, Bangladesh and Nepal. Programmes outlined by these NGO's during the mission would be suitable for funding through the WSI NGO component. For reasons that scaling up access in a sustainable way is best achieved by supporting government led strategies the mission has recommended that the program in Bangladesh and India will focus on support for government led initiatives while In Nepal there would be continued support for an existing NGO program through NEWAH. We also recommend that the BRAC water and sanitation program and WaterAID would be alternatives to the HYSAWA project if agreement cannot be reached with the Government of Bangladesh on funding through the HYSAWA fund.
86. There is a recognised need is for regional thematic knowledge sharing and capacity building programs in that will develop communities of interest and share lesson learned. Support for a regional knowledge sharing and policy development facility will contribute to developing the capacity of government, private sector and civil society and improve the effectiveness of AusAID investment initiatives in the region such as HYSAWA in Bangladesh, NEWAH in Nepal, as well as in AusAID-supported World Bank analytical and advisory (AAA) work in India. AusAID has an existing partnership with the World Bank Water Supply and Sanitation Program in South Asia and additional funding of the program was approved at the global programs peer review.
87. In addition to the selection of bilateral and regional programs we recommend that part of the global allocations from the WSI should be directed towards support to a program in South Asia. Indicative amounts would be as follows: A\$3.0- 6.0 million from Civil Society Partnerships A\$2.5 million from the UNICEF Global WASH Program; \$A2.5 million from the WHO Global Sanitation Fund. Funds are also available from the Water and Sanitation Training allocation (a partnership between Australian and South Asian training institutions); and the AusAID – CSIRO Research Alliance that will include all countries in the region including Bangladesh, Nepal and India. There

should also be coordination with AusAID volunteer and scholarship programs. It was clear in all countries we visited that the expertise Australian technical, training and research institutions can offer is highly valued.

2.6 Observations around Issues and Cross-Cutting Themes

88. **Poverty Reduction:** South Asia is home to half the world's poor. An estimated 1 billion people, many of who earn less than a dollar a day live in rural areas in the region. Safe water supply, better sanitation facilities and improved hygiene practice can contribute much in improving the Poor's productive time to earn a livelihood, reduce defensive health expenditure on diarrhoeal and water-borne ailments diseases and raise their quality of living. Limited budgetary resources are often improperly targeted with the burden falling disproportionately on poor people.
89. ODE review of Australian Aid to Water Supply and Sanitation Services in East Timor and Indonesia noted that targeting of poorer districts was required to improve access to the most poor. AusAID will encourage better analysis of poverty in the program being supported to improve the effectiveness of the WSI outcomes.
90. All planned activities under the proposed WSI funding for South Asia promise to have a strong positive impact in poverty reduction through improved water and sanitation services to the poor and vulnerable communities in the region. Support to HYSAWA, NEWAH and the World Bank's Trust Fund are aimed at addressing these priority needs of the poor in urban and rural areas of India, Bangladesh and Nepal. Additionally, WSP's sector reform agenda is designed to support governments in making services work for the poor.
91. **Governance:** Across the region, there are strong policy initiatives in place to support decentralization of resources, decision-making and operations and maintenance to local governance units in the urban and rural sub-sectors. Despite progress, the remaining agenda is challenging making governments intensify efforts to improve the overall governance environment. Empowerment is the key to its success. The WSP-SA's program as well as the grassroots-based strategies of World Bank, NEWAH and HYSAWA enhance voice and participation as a way to strengthen accountability and governance, particularly through innovative local governance and community driven development programs. The WSI South Asia WSI Concept supports recommendations of the ODE review of Australian Aid to Water Supply and Sanitation Services in East Timor and Indonesia by targeting resources to support analysis and to build public sector capacity.
92. **Health Impact:** Although an estimated 85% of drinking water in South Asia meets the MDG target of the of coming from an improved source, this water is frequently contaminated with both microbiological organisms as well as dangerously-high levels of arsenic and iron. The health impact of this can be seen particularly in children. WHO estimates that in 2005, 1.6 million children under age 5 (an average of 4500 every day) died from the consequences of unsafe water and inadequate hygiene. Given this situation, efforts to provide protected safe drinking water and adoption of sanitation and hygiene improvements will have a beneficial impact in reducing health risk, resulting from poor water and sanitation arrangements. All proposed funding options will, directly or indirectly contribute to addressing this priority.

93. **Gender Impact:** Most of the world's 1.2 billion poor people, two thirds of whom are women, live in water-scarce countries, including in South Asia and do not have access to safe and reliable supplies of water for productive and domestic uses. In South Asian countries, women are the primary collectors, transporters, users and managers of domestic water as well as promoters of home and community-based sanitation activities. Yet, women's views are not systematically represented in decision-making bodies and demand for gender equality is weak. Water and sanitation interventions provide major opportunities to close this gap and to promote opportunities to increase demand for gender equality. NEWAH activities involve women making decisions over water points location and design modification to meet their practical needs. It also pays special emphasis to develop suitable child and gender-friendly designs for household and school toilets. In the HYSAWA Project, women play a key role in the project implementation process and are encouraged to take leading roles in planning and implementation-related participatory processes. Improved water access will help substantially reduce time taken by women and girls to collect water while improved arrangements in the community and schools will provide privacy to women and girls to utilise these facilities. An observation of the ODE review of Australian Aid to Water Supply and Sanitation Services in East Timor and Indonesia was that many water and sanitation programs had access to technical assistance for gender issues but that the outcomes were limited. AusAID should promote the inclusion of gender equality in program design and ensure that there is monitoring and evaluation of gender outcomes.
94. **Disability:** The majority of people with disability in developing countries are living below the poverty line and WASH activities targeting poor and vulnerable communities will need to facilitate their access, promote an inclusive approach, and involve people with disability from planning through to evaluation of activities in line with AusAID's Development for All strategy.
95. **Climate Change:** South Asia is considered to be one of the most vulnerable regions of the world to global climate change with the likely impact of particular concern given the high incidence of poverty and large population numbers. While the melting Himalayan ice-cap threatens to increase flooding in lower lying plains of Bangladesh, India and Nepal, incidence of drought will also likely increase due to abnormal monsoon rainfall patterns already being experienced across the region. The risk of severe water shortages, accentuated by serious groundwater depletion rates in some areas will likely raise the stress on drinking water supply in several parts of the region. Assistance directed to protecting and making more effective use of surface and groundwater sources for drinking water needs will contribute towards weathering the impact of climate change.
96. **Environmental Sustainability:** Under the Water and Sanitation Initiative AusAID proposes an increased focus on urban issues including sanitation in cities and towns. This is particularly relevant for South Asia where there are very low levels of piped sewerage in urban areas and common on-site sanitation solutions affect groundwater which is the source of improved water supply for household wells. The Government of India's new urban sanitation policy is an initiative that will allow urban sanitation to go to scale as has occurred in rural areas using the CLTS approach. Water security is another key issue that impacts environmental sustainability. Improved arrangements for integrated water resource management are required when implementing water and sanitation programs.

3. Program Description

3.1 Objectives, Outcomes and Outputs

97. The goal, objectives, outcomes and outputs for the WSI South Asia Program are presented in Table 4 below. The overall goal of the South Asia WSI program is improved health of people in the region, particularly poor and vulnerable groups by improving their access to safe and sustainable drinking water, sanitation services and adoption of better hygiene practice thereby contributing to achievement of MDG 7 targets. This goal is consistent with Australia’s overall development program objectives for South Asia and its specific country program strategies.

Table 4: WSI Program Framework

Goal				
Improved health of people in the region, particularly poor and vulnerable groups by improving their access to safe and sustainable drinking water, sanitation services and adoption of better hygiene practice thereby contributing to achievement of MDG targets.				
Partnership	Objectives			
	Expand access to water supply and sanitation services, particularly for the poor and for children in schools.	Make water and sanitation services more sustainable.	Improve the health and quality of life of the poor and vulnerable.	Enhance aid effectiveness and complement other development agencies’ programs.
SOUTH ASIA: INVESTMENT – BILATERAL				
BANGLADESH HYSAWA	√	√	√	√
	Number of people including people with a disability benefitting from support for water supply and sanitation services	Building capacity of local government to provide and maintain demand driven services.	Number of people , including benefitting from support for improved hygiene behaviour programs.	-Alignment with an established GoB and GoDenmark Program. -Gender balanced program delivery. -Good governance
NEPAL NEWAH	√	√	√	
	Number of people including people with a disability benefitting from support for water supply and sanitation services	-Building capacity of community groups managing water supply programs. -Gender equality outcomes.	Number of people benefitting from support for improved hygiene behaviour programs.	
INDIA WB TRUST	√	√	√	√
	Improved effectiveness of delivery of water supply and sanitation services by local government. Adoption of demand driven approaches	-Building capacity of local government to provide and maintain demand driven services. -Gender equality outcomes.	Advocacy and capacity building for urban and rural sanitation and Hygiene promotion.	-Improve effectiveness of government and WB programs delivery. -Good governance

SOUTH ASIA: REGIONAL PROGRAMS				
SOUTH ASIA: INVESTMENT – MULTILATERAL				
Partnership	Objectives			
	Expand access to water supply and sanitation services, particularly for the poor and for children in schools.	Make water and sanitation services more sustainable.	Improve the health and quality of life of the poor and vulnerable.	Enhance aid effectiveness and complement other development agencies' programs.
UNICEF	√		√	√
Outcomes shown are global figures for UNICEF. The annual UNICEF WASH budget in 2008 was US\$ 311 million and the WSI annual contribution will be US\$ 2.1 million.	Outcomes number of people including people with a disability benefiting from UNICEF direct support for improved water supply and sanitation facilities (through development programmes, excl emergency response). children benefiting annually from UNICEF direct support to WASH in schools.		Outcomes villages (annually) achieving free status. support provided for disability inclusion.	Outcomes UNICEF WASH priority countries annually adopt national plans to provide WASH in all primary schools. -Gender equality in recruitment of operational and support staff.
WSSCC	√		√	
Outcomes determined from WSSCC's 2008/09 work plan.	Outcomes 115,000 people gain knowledge and demonstrate increased demand for access to basic sanitation 4		Outcomes 115,000 people impacted by GSF Hygiene promotion activity. Improved access to services by people with a disability.	Outcomes WSSCC contributes to improving global and thematic networking in sanitation and hygiene. National WASH coalitions active in X priority countries in South Asia.
Civil Society	√ Number of people benefitting from support for water supply and sanitation services	√ Building capacity of community groups managing water supply programs.	√ Number of people benefitting from support for improved hygiene behaviour programs.	

⁴ Outcomes for WSSCC based on unit costs of US\$ 15/person includes: hygiene promotion, microcredit scheme contributions, program management including M&E as detailed in the 2008/09 work plan. Using 0.7 AUD/USD exchange rate.

SOUTH ASIA: KNOWLEDGE MANAGEMENT AND LESSONS LEARNED				
Partnership	Objectives			
	Expand access to water supply and sanitation services, particularly for the poor and for children in schools.	Make water and sanitation services more sustainable.	Improve the health and quality of life of the poor and vulnerable.	Enhance aid effectiveness and complement other development agencies' programs.
WSP-Sth Asia	√	√	√	√
INDIA BANGLADESH PAKISTAN	<p>Outcomes At least three governments (National/2nd tier) initiate ratings of urban sanitation. At least 400 cities in India participate in the ratings.</p> <p>At least 25 urban areas or small towns in India, Pakistan and Bangladesh achieve open defecation free status benefitting 35 million people.</p>	<p>Outcomes Guided by national policies at least 5 state/provincial government formulate and commence implementation of urban sanitation strategies.</p> <p>Up to 40 cities in the SA region (covering 40 million people) implement benchmarking of water and sanitation services. At least 20 cities (including 10 in Bangladesh) develop urban sanitation strategies and commence implementation.</p>	<p>Outcomes At least 5 cities in the SA region develop integrated, participatory slum upgrading strategies that explicitly plan for service improvements for the poor and vulnerable.</p> <p>At least 2 national/sub national government launch communications strategies for urban water and sanitation highlighting open defecation free practice and hygiene.</p>	<p>Outcomes Multi donor horizontal learning initiative supported in Bangladesh involving up to 80 district and local government.</p> <p>WB/DFID JNNURM capacity building project supported and results framework introduced in Pakistan with DFID and SDC</p> <p>At least 2 countries organise national level conferences on sanitation.</p> <p>SACOSAN IV supported.</p>

98. WSI funding to South Asia will:

- a) directly assist in expanding access to sustainable and safe rural water supply and sanitation;
- (b) support government reform efforts by providing policy advice, piloting initiatives and building institutional capacity;
- c) contribute to a positive health impact by supporting better hygiene practice and through addressing water quality issues; and,
- d) advance ongoing decentralization efforts by channelling funds to programs that devolve decision-making to local government and communities.
- e) include lesson learned from ODE Australian Aid to Water Supply and Sanitation Services in East Timor and Indonesia to improve effectiveness.

A particular focus will be adopted within activities to address the needs of the poor and other vulnerable groups, women and children.

99. The design of the proposed program has taken account of the short lead time and duration of the WSI for South Asia and the need to demonstrate tangible results within the 2 year implementation period, starting 2009-2010. At the same time recognition has been given to the prospect of Australia remaining engaged in the water and sanitation sector beyond the proposed current WSI phase of 2 years. The proposed South Asia WSI program therefore seeks to strike a balance between engaging in shorter term activities that will achieve results quickly and in other longer term engagements with agencies like WSP-SA and the World Bank with an emphasis on policy engagement and leveraging off sectoral investments to be made by the World Bank, government funding and other associated stakeholders. The shorter term activities will involve participating in projects that are already being implemented. The longer term engagement would involve participating in programs and projects that have a strong policy and institutional reform emphasis that will directly and indirectly lead to expanded coverage. This would enable Australia's grant funds to be used to the best effect i.e. for high quality technical assistance and to promote a pro-poor focus.
100. Programs like that of the WSP-SA, given their focus on policy advocacy and institutional reform will require a different set of measurable indicators to assess performance and impact. While these efforts will have significant indirect impacts on achievement of MDG targets through their influence on government policy and institutional delivery, these will likely be derived over a longer time-frame. Existing global frameworks with these agencies provide a basis for this assessment, still it is recommended that suitable benchmarks, reporting and monitoring instruments be developed during the initial stages of program implementation to enable AusAID Activity Managers to monitor progress and performance with respect to their contribution to achieving MDG goals.
101. The WSI policy endorsed by the Australian government includes for more active engagement and partnership with multilateral agencies and other bilateral donors. AusAID's support to water and sanitation in South Asia thus seeks to further strengthen existing relationships with the World Bank, WSP-SA and DANIDA.

3.2 Anticipated Program Components

3.2.1 HYSAWA (Hygiene, Sanitation and Water Supply) Project

102. *Background:* While Bangladesh has gained a good reputation with regard to the active role played by individual households and private sector in the provision of rural water supply, Government and donor-funded WSS programmes are still to a very large extent implemented by centrally placed Government Agencies. The existing centralised service delivery system is seen as a bottleneck for achieving effective and sustainable services. The Government of Denmark through Danida has provided assistance since 1972 to the Government of Bangladesh (GoB) in the Water Supply and Sanitation (WSS) sector. One of the projects funded by DANIDA under its Phase 2 is the 'Hygiene Promotion, Sanitation and Water Supply Project' (HYSAWA Project). The HYSAWA Project seeks to facilitate and promote local government based water and sanitation initiatives, focusing on the poor, un-served and under-served areas of Bangladesh. Funding for interventions is channelled through a dedicated 'HYSAWA Fund', an independent corporation jointly owned by DANIDA and the Government of Bangladesh. The HYSAWA Fund finances eligible local government institutions (*Union Parishads and Pourashavas*) directly to implement water supply and sanitation

schemes. The HYSAWA Fund is envisaged to be a long-term basket funding mechanism that can attract funding from various donor agencies and the Government of Bangladesh, and thus provides the basis for a common programmatic approach to support the rural hygiene, sanitation and water sector.

103. *Project Objectives and Description:* The Project will demonstrate demand driven and decentralized service delivery modalities to deliver water and sanitation improvements in most needed rural areas of Bangladesh. This proposed project will be implemented in 40 selected Unions not already covered. Initial assessment suggests 3 districts namely, Munshigonj, Narshingdi and Madaripur however final list will be prepared based on formal assessment and dialogue with other stakeholders. About 800,000 people will directly benefit from the proposed project comprising between 20-30% of “hardcore” poor and about 50% of women.
104. *Implementation Arrangements and Resourcing:* The overall management of this program component will be within the current framework and establishment of the HYSAWA Project. Under the supervision of the Governing Board, the Managing Director will oversee the implementation of the proposed project and be responsible for donor reporting. HYSAWA will submit progress reports including the financial status of the Project periodically. Annual, rolling, progress reports will be prepared every six months presenting physical and financial progress during the past twelve months against approved plans and budgets. The progress reports will also include detailed work plans and budgets for the following twelve-month period for discussion and approval by the HYSAWA Board.
105. It is proposed that AUD 7.7 million be extended to the HYSAWA Project under the WSI South Asia program during the period 2009-2011. Modalities for funding HYSAWA are yet to be determined. Two options exist – channelling funds to HYSAWA through DANIDA under an AusAID-DANIDA partnership agreement or funding HYSAWA directly after prior approval of the Government of Bangladesh. As part of overall management arrangements, AusAID will likely have a representation on the HYSAWA Governing Board. AusAID resources would be needed for periodic monitoring and activity management tasks. WSI funding for South Asia includes provision for covering the costs of an additional staff resource to be deployed at AusAID Dhaka Post to manage and monitor this activity. AusAID participated in a recent HYSAWA Project review to assist preparation of a Design Document for appraisal peer review.

3.2.2 Support to NEWAH (Nepal Water for Health)

106. *Background:* NEWAH is a leading national NGO established in 1992 that specializes in the field of drinking water, sanitation and hygiene promotion services and has been working throughout all five development regions of the country. Over the years, NEWAH has developed approaches and tools that have helped in delivering water and sanitation services in more efficient, equitable and sustainable manner to the poor and marginalized communities. Apart from service delivery, NEWAH is also actively involved in advocacy and influencing, sector capacity building and networking and knowledge management in the water and sanitation sector. NEWAH’s affiliation with national networks such as the National level Sector Stakeholders Group, National Sanitation Action Steering Committee, National Arsenic committee, Resource Centre Network Nepal has enabled it to achieve the aforesaid objectives. NEWAH’s Director is appointed as the national coordinator of the Water Supply and Sanitation Collaborative Council. NEWAH has received funding from DFID, WaterAid, Concern Worldwide, European Union amongst others. DFID had

been a major funding partner to NEWAH since 1998 until it withdrew from the sector in 2008 March. AusAID also extended funding to NEWAH through DFID during the past two years.

107. *Project Objectives and Description:* NEWAH has sought AusAID funding to address current funding gaps with the aim of implementing activities under the following components: a) Service Delivery of water and sanitation in rural hills of Nepal. NEWAH shall focus on selected districts of eastern, mid and far western regions with different technologies of water and sanitation (gravity, ground water, spring protection etc). b) Promote Total Sanitation through the Community Led Basic Sanitation for All (CLBSA) approach, an adaptation of CLTS with due emphasis on exploring opportunities for scaling up at district level. Schools in the project area will be provided with water and sanitation facilities with adequate technical attention for the special need of the girls and disable for allowing them to obtain benefits of sanitation and water services. c) Community mobilization including implementation of a Gender and Social Inclusion strategy derived from NEWAH's Gender and Poverty (GAP) Approach together with Livelihood and Social Inclusion (LSI) framework and Safe and Effective Development in Conflict (SEDC) tools; d) Sector Capacity Building for Scaling Up by engaging local governments to strengthen their capacity in prioritizing, planning, implementing, monitoring and evaluation of sanitation and water projects in sustainable and accelerated manner within their jurisdiction; e) Improving Governance in the Water and sanitation sector by strengthen Water and Sanitation Users Committees and Federation of Drinking Water and Sanitation Users of Nepal (FEDWASUN) as well as civil society organizations to represent user's voice and that of civil societies to ensure accountability and transparency mechanism into local decision-making process that are based on the realities of the people's needs and affect the lives of the poor and marginalized.
108. *Implementation Arrangements and Resourcing:* NEWAH shall establish district offices in at least two districts to allow better access to the people and NEWAH's services. Funding to NEWAH will be made through a contractual arrangement with AusAID, possibly through a cooperation agreement with WaterAID Australia. A partnership with WaterAID Australia will provide additional management resources for the Post to supervise the NEWAH program reducing the administrative burden on Post. It will also improve the visibility of Australia's contribution to the sector. A more detailed proposal would need to be prepared with the assistance of a local or international consultant. It is proposed that this program component be managed by an Activity Manager at the Kathmandu Post supported by Dhaka and New Delhi Post.
109. WSI South Asia funds totalling AUD 2 million is proposed to support this activity, possibly over two tranche payments during 2009-2011.

3.2.3 World Bank WSI - India Trust Fund

110. *Background:* Despite The challenges facing the water and sanitation sector in India are well understood – low tariffs, poor cost recovery, lack of clearly delineated service providers, poor accountability/autonomy when there are service providers, low managerial/financial capacity and excessive politicization in the larger cities, and often with supply driven/monopolistic agencies having sector responsibility at the State level. Sector financing is heavily reliant on grants from National and State governments both for investment and recurring expenses. Decentralization is underway but has not yet delivered on its potential to bring accountability at the local level. The process is hampered by lack of real financial transfers to the local authorities, limited ability of local governments to raise revenues, weak capacity, and resistance amongst state agencies and

actors to loosen their grip on power. This provides a challenge both for rural and urban water and sanitation activities. Rural schemes, which have traditionally relied on community based management for their management, need to be linked back into local government institutions for improved sustainability and accountability - but these institutions remain weak. Reform is integral to rural water supply and sanitation programmes to decentralise service delivery, improve governance, build capacity and involve NGO's and private sector providers. Urban schemes face a lack of interest and capacity amongst urban local bodies to take responsibility for services – preferring instead to leave this to the State agencies who can then be blamed for poor performance. Increasing urbanization is also resulting in increasing numbers of urban poor who need to access services. The most effective way for AusAID to support the sector in India is in building the capacity of local government to deliver water and sanitation services with a focus on the poor. World Bank has a number of programs in rural and urban areas with a policy, reform, and advocacy focus that provides the most flexible option for AusAID funding. Working in partnership with the World Bank is an appropriate modality for AusAID support in India and will result in improved knowledge, learning and capacity in local government to deliver services.

111. *Project Objectives and Description:* The purpose of the WSI for India will be to support State and local governments to improve access to effective and sustainable water supply and sanitation services in both the rural and urban areas thus contributing to India's achievement of the Millennium Development Goals. It will achieve this by financing activities to address knowledge gaps, build capacity of key stakeholders, support the reform and advocacy agenda, and provide ad hoc support to address specialist issues arising in the preparation and supervision of World Bank projects. Thematic areas to be supported by WSI Trust Fund for India include: a) Support for Urban Water and Sanitation Sector reform; b) Improving Service Delivery in Cities; c) Small town water supply and sanitation; d) Ongoing reform of rural water and sanitation (RWSS); and, e) Support for Sanitation.
112. *Implementation Arrangements and Resourcing:* These funds will be managed at the level of the South Asia Region by the Sector Manager Urban and Water who is also the Program Manager for the Policy Advocacy Facility for Decentralization and Service Delivery that AusAID has been funding since 2007. The funds will be used for Bank executed activities that cover the thematic areas specified and meet the objectives of the Trust Fund (TF). Activity identification and selection for funding will be on a two step basis. In the first the Urban and Water unit (SASDU) and AusAID will agree on the thematic alignment of proposed activities to be funded as laid out in this note. In the second step funding proposals initiated by Bank Task Team Leaders will be ranked and a shortlist of proposals to be funded prepared by the program manager. An Annual Report will be provided in July of each year to AusAID on the utilization of the funds. Reporting to AusAID will be through the existing Trust Fund reporting mechanisms with involvement of AusAID New Delhi and Colombo Posts. AusAID resource requirements will be required for consultations with the Bank Program Manager during program planning stages as well as in periodic monitoring of program progress.
113. WSI South Asia funding of AUD 4.8 million is proposed to this program component through a one-time transfer for activities to be supported during 2009-2011. Funds will be channelled through the existing TF established for the Policy Advocacy Facility. While a further refinement and detailing of the attached concept will be required in consultation with AusAID, no project preparation or design-related consulting services are considered necessary.

3.2.4 Water and Sanitation Program – South Asia

114. *Background:* Despite increased investment in infrastructure, the delivery of water and sanitation services remains inadequate throughout South Asia. Many initiatives have failed to improve services on a sustainable basis, as roles and responsibilities of agencies are not clearly assigned or applied and community ownership of initiatives and consumer mobilization remains limited. The inadequate services pose severe public health and environmental risks that compel citizens to invest in costly coping mechanisms, which poor people mostly cannot afford. Although conditions vary between countries, across South Asia service providers are not held accountable effectively. This necessitates institutional and policy reform, but the sector is complex and politicized, and policy reversals and resistance to change are not uncommon. The Water and Sanitation Program (WSP) is a global multi-donor trust fund program administered by the World Bank. Donors endorsed in 2008, WSP's 10-year Global Strategy (2009 to 2018). This, together with a streamlined South Asia regional strategy adopted in 2008 positions WSP to respond to trends pertinent to the delivery of water and sanitation services and hygiene promotion, such as urbanization; the growth of small towns; decentralization; natural resource constraints and climate change; rising global income inequality; and increased private flows to infrastructure. AusAID support to WSP South Asia over the period from 2003 to 2006 focused on learning across the region as the basis of leveraging reform of institutions that govern the delivery of water supply and sanitation service delivery. The current partnership with WSP-SA (2006-2010) addresses intergovernmental relations, compacts between policy makers and service providers, service provider reform and downward social accountability. The programmatic nature of the current AusAID support enables WSP to target its policy and advocacy work at high-priority water and sanitation issues across South Asia. With reform in the water and sanitation sector on South Asia as the entry point, the AusAID-WSP partnership has demonstrated the value of a programmatic approach as mechanism for supporting decentralization and improved service delivery.
115. *Project Objectives and Description:* Under an expanded partnership, WSP-SA seeks programmatic funding to strengthen the institutional reform agenda in the following thematic areas: a) Policy, governance and service delivery reform at the rural-urban interface; b) Benchmarking and performance improvements; c) Climate change and water security; d) Urban Sanitation; and, e) Communications for Reform. The proposal's conceptual alignment with the AusAID Water & Sanitation Initiative is enhanced by its relevance to the institutional policy support required in AusAID investment initiatives in the region such as HYSAWA in Bangladesh, NEWAH in Nepal, as well as in AusAID-supported World Bank analytical and advisory (AAA) work in India.
116. *Implementation Arrangements and Resourcing:* This program will be implemented by WSP regional office for South Asia in coordination with its country teams in Bangladesh, India and Pakistan. WSP operates under management systems, procurement procedures, and accountability and auditing controls set by the World Bank. The Regional Team Leader is accountable to the Global Program Manager in Washington DC, who in turn is accountable to the Director, Energy Transport and Water in the Sustainable Development Network Vice-Presidency. WSP is also accountable to the WSP Council consisting of its funding donors including AusAID. Based on the newly adopted Global Strategy, WSP has designed a results-based logical framework for the overall program. South Asia is in the process of developing country-based and a regional results frameworks that are broadly in line with the Global Framework and aligned with the objectives of the AusAID Water & Sanitation Initiative. Program progress will be reviewed annually through WSP-SA's planning and monitoring cycle. AusAID will receive and be invited to

contribute to WSP's annual business plan and review mid-year and end-of-year reports. AusAID's resource commitments to manage and monitor this program will be limited to period review meetings with WSP-SA, contribution to annual business planning and periodic reporting on performance.

117. AusAID WSI South Asia funding of AUD 5 million is recommended to provide programmatic funding to WSP-SA for the period 2009-2011. Funding to WSP-SA will be made through the existing AusAID Trust Fund or through a proposed Multi-Donor Trust Fund (MDTF). As funding to WSP-SA will be considered under the existing global framework arrangements and based on the proposal concept submitted by WSP-SA, further project preparation and design is not considered necessary. WSP-SA may be requested to prepare and submit a regional/country-based results framework to enable monitoring of program funding. Funding for WSP SA was included and approved through the Global Program Peer Review Process to improve visibility of AusAID support for regional programs in Africa, South Asia and East Asia Pacific.

3.3 Delivery Options

118. The recommended delivery option to support WSI South Asia program components is co-financing existing multilateral and bilateral initiatives in the region. This was considered most appropriate given the modest size of Australia's bilateral development cooperation programs in South Asia as well as the limited staff resources available to administer and manage large bilateral projects. An exception is the NEWAH program component which will need to be delivered as a bilateral NGO funding component. Other delivery options would require additional preparatory work and a longer gestation period which is not considered suitable given the intent to quickly disburse funds early in fiscal 2009-2010. The current approach will help strengthen existing relationships, avoid duplication of effort and maximize the coherence and effectiveness of Australian-supported assistance to the sector.

3.4 Potential Partnerships

119. Funding to HYSAWA will enable AusAID to participate more effectively in donor harmonization and policy discussions relating to the water and sanitation sector in Bangladesh. This is considered particularly worthwhile if future funding to the sector is envisaged. DANIDA is currently the head of the Local Consultative Group for water and sanitation and AusAID co-financing to a DANIDA program will enhance AusAID's sectoral identity.
120. In considering development agencies with whom to partner we took into account the broader promotion of knowledge management and dissemination that we are already supporting in South Asia. Our experience in working with the Water and Sanitation Program – South Asia on knowledge management and dissemination has been very successful. It is thus recommended that support to WSP-SA be extended by contributing around AUD 5 million through the existing TF or through the regional multi-donor trust fund.
121. Similarly, AusAID has a strong partnership with the World Bank in South Asia through funding to the ongoing Policy Advocacy Facility. Additional funding to the World Bank in India will strengthen this relationship and enable leveraging of AusAID assistance through the substantial investments the World Bank is currently making and proposing in future to the water and sanitation sector in India.

122. In terms of partners to implement investment support DANIDA, Netherlands, ADB, WB and UNICEF all have significant programs in target countries in South Asia. In South Asia, there are also a number of large and effective NGO's including NEWAH, BRAC, WaterAID and Oxfam. Funding NEWAH in Nepal will help AusAID develop partnerships with sectoral players and enable contribution to ongoing efforts to develop a water sector SWAp in Nepal.
123. In analysing the programs of DANIDA and the World Bank they were assessed as broader and more strategic than some of the alternatives and that these partners are able to draw on greater resources including local technical assistance. The proposed mix of development partners thus comprises a good representation of multilateral agencies (World Bank and Water and Sanitation Program for South Asia), bilateral-assisted (DANIDA-assisted HYSAWA Project) and NGO (NEWAH).

3.5 Initial Program Cost Estimate

124. It is recommended that around AUD 20 million be allocated for the South Asia WSI program over 2009-2011 as indicated in Table 5. Additional funding for South Asia of \$ 8- 11 million for WSSSCC, UNICEF and Civil Society Partnership has already been appraised and is not shown in the table.

Table 4 Initial Program Cost Estimate (AUD millions)

Sub-Project Description	FY 08/09	FY 09/10	FY 10/11	Total
HYSAWA Project		1.75	5.95	7.7
NEWAH		0.25	1.75	2.0
World Bank – WSI Trust Fund for India		0.25	4.55	4.8
Water and Sanitation Program – South Asia	1.5	1.5	2.0	5.0
Resources for country team for management and administration		0.25	0.25	0.50
Totals	1.5	4.00	14.50	20.00

125. Administrative costs provided include a) cost for an additional staff position at AusAID Dhaka Post to manage the HYSAWA Project and possibly support to NEWAH in Nepal; b) cost of consultants for design inputs, reviews and mission support; and c) travel and related expenses.

4. Design, Implementation and Resourcing

4.1 Cost Estimate for Program Design

78. Estimated costs for program design and AusAID support for the program are included in Table 5. While no substantial AusAID inputs may be required for additional design-related work on the WSP-SA and World Bank program components, AusAID would need to be engaged on further refinement and detailed design of the HYSAWA and NEWAH activities. If considered necessary,

consultants should be mobilised as soon as possible to carry out this work. Costs for additional design of the HYSAWA and NEWAH activities are estimated at AUD 50,000.

4.2 AusAID Resource Requirements

126. AusAID staff at New Delhi Post will manage regional and India program components with WSP-SA and World Bank. As previously indicated, an additional staff resource is considered necessary to manage and support AusAID engagement with the HYSAWA project. A provision of AUD 50,000 has been provided in the administration budget to cover the cost of one staff position at Dhaka post for the two year period (2009-2011). The NEWAH component will be managed by staff in Kathmandu with the support of Dhaka and/or New Delhi Post.

4.3 Time-frame for Program Design and Implementation

127. Following peer review of the concept, it is recommended that the World Bank be requested to submit a more detailed proposal for funding to secure delegate approval. Similarly, national or international consultants may be secured to assist NEWAH and HYSAWA to prepare detailed project proposals. This process should be completed to enable speedy approval and disbursement of funds during the first half of 2009-2010.

4.4 Financing Mechanism

128. Funding to WSP-SA will be through the existing Policy Advocacy Facility TF or the new multi-donor TF established for the region. Funding to the World Bank will be through the Policy Advocacy TF established at the World Bank in Washington DC. NEWAH will be supported through a contract agreement between AusAID and WaterAID Australia under an NGO funding agreement. As previously indicated, funding modalities to HYSAWA need to be discussed and resolved through consultation between AusAID and DANIDA and possibly with the advice of the Government of Bangladesh. A mechanism through which funds can be channelled through DANIDA under a partnership agreement is recommended as the approval process within the GOB could result in some delay.

4.5 Critical Risks and Risk Management Strategies

129. Identified risks, effects and mitigation measures are summarised in the table below.

Table 5 Risk Assessment Matrix

Identified Risk	Effect	Risk Level	Risk Treatment
Delays in securing approval from Government of Bangladesh for HYSAWA Project.	Delays could impact on disbursement of WSI funds for South Asia resulting in under-expenditure.	Medium	Work with DANIDA on partnership funding agreement as first option. Bring forward other options for funding in Bangladesh including BRAC and WaterAID.
WSP-SA or World Bank unable to absorb additional funds available under WSI South Asia program.	WSI Program under-expenditure.	Low	Manage WSP program relationship through New Delhi. Maintain flexibility to transfer funds between World Bank and WSP-SA depending on expenditure and commitment performance.
Increased workload for New Delhi Post with multiple reports from World Bank and WSP-SA for existing funding and proposed funding through WSI.	Confusion with respect to source of AusAID funds supporting activities.	Low	Propose single progress report be submitted by World Bank and WSP-SA but segregated reporting on expenditure of existing program funds as well as WSI funds.
Potential for corrupt practices.	Fewer people benefit from the initiative	Medium	Periodic and random monitoring of fiduciary systems by consultants and auditors.
Political instability in Nepal delays NEWAH projects.	WSI funds for Nepal are not spent during the WSI period.	Medium	Transfer funds to other country programs in Bangladesh and India.

5. Recommendations

130. It is recommended that Australia provides:

- a) AUD 7.7 million to the HYSAWA Project in Bangladesh to deliver improved water supply and sanitation infrastructure and services through a decentralized implementation process;
- b) AUD 2 million to the Nepal Water for Health (NEWAH) in Nepal to support better hygiene practice, improved water supply and sanitation access in select rural areas;
- c) AUD 4.8 million to the World Bank's WSI Trust Fund for India to support sectoral knowledge development, build capacity of key stakeholders, support the reform and advocacy agenda, and extend ad hoc support to address critical sectoral issues and.
- d) Additional AUD 5 million of program funding for the Water and Sanitation Program – South Asia to advance regional initiatives across South Asia through regional knowledge management and sharing of lesson learned. Already appraised through the WSI Global Program.
- e) AUD 8-11 million of WSI program funding has been recommended for Civil Society partnerships, UNICEF WASH Programs and Water Supply and Sanitation Collaborative Council.

85. AusAID resources at post will need to be augmented to manage and monitor the program. It is recommended that AusAID engage a suitably qualified staff at its Dhaka Post to manage the HYSAWA Project and support the management of the NEWAH component in Nepal. A provision of AUD 100,000 has been provided for this purpose in the administrative budget. It is also recommended that AUD 450,000 be provided under the administrative budget to cover the cost of consultants for design, monitoring and mission support as well as travel and related expenses.

Appendix A

Sub-project Descriptions and Engagement Plan

- i) HYSAWA Project in Bangladesh
- ii) Support to NEWAH in Nepal
- iii) World Bank WSI Trust Fund for India
- iv) Co-financing to Water and Sanitation Program – South Asia
- v) Engagement Plan

Appendix B

Gender Considerations

Appendix A(i) Hygiene, Sanitation and Water Supply (HYSAWA) through Local Government Institutions (LGIs) in 40 Unions/ Paurashavas

Duration: Two years (July 2009- June 2011)

Budget: Taka 378 million (Aus\$ 8.12 Million) (Taka 9.45 million per Union)

Context and Background

Toward the End of Last Millennium, water supply coverage was believed to be 97% with about 11 Million Hand tube-wells (1 every 20 people) - primarily shallow (80-85% owned by private individuals). However there was many un or under-served areas due to 3 reasons:

- 25% contaminated by Arsenic & 29% by Bacteria
- Low aquifers in NW and Salinity in Coastal Belt.
- Social inequalities – unequal distribution and inability to pay.

Even where water supply coverage is high, this has not necessarily also resulted into substantial improvements in public health. Improper hygiene practices and low sanitation coverage are the prime factors for the poor public health conditions. The overall latrine coverage by any type is 53% - remaining 47% open defecation or hanging latrines but sanitary latrine is only <30%. Only 43% wash their hand with soap after defecation. To date the service delivery and finance allocation have been managed centrally.

While Bangladesh has gained itself a good reputation with regard to the active role played by individual households and private sector in the provision of rural water supply, Government and donor-funded WSS programmes are still to a very large extent implemented by centrally placed Government Agencies. The existing centralised service delivery system is seen as a bottleneck for achieving effective and sustainable services to in particular those who cannot (fully) afford to pay for the WSS facilities or services themselves.

HYSAWA Current Approach:

The Government of Denmark through Danida has provided assistance since 1972 to the Government of Bangladesh (GoB) in the Water Supply and Sanitation (WSS) sector. This technical and financial support was channelled through various agencies and projects. Since June 1999, Danida supported the sector in a more comprehensive way through the first phase of the Water Supply and Sanitation Sector Programme Support (WSSPS I). A Second Phase, WSSPS II, is being implemented for a further five-year period starting from December 2005

Under the WSS Component, one of the projects is the present 'Hygiene Promotion, Sanitation and Water Supply Project' (HYSAWA Project). The HYSAWA Project is to facilitate and promote Union Parishad (UP) based investments focusing on the poor, un-served and under-served areas. Funding for interventions is being channelled through a dedicated 'HYSAWA Fund'.

The HYSAWA Fund has been established as an autonomous financial institution under the Companies Act, 1994 which receives funds from GoB and Danida initially. The HYSAWA Fund will finance eligible and applying local government institutions (Union Parishads and Pourashavas) directly to implement WSS schemes, and is the main focus of the project. It is

guided by a Governing Board chaired by the Secretary, LGD and set-up to facilitate transparent and accountable administration of the Fund. The HYSAWA Fund is envisaged to be a long-term funding mechanism that can attract funding from various donor agencies and the Government of Bangladesh, and as such can possibly be a basis for a common programmatic approach in the rural hygiene, sanitation and water sector.

The communities are planning their own 'community schemes' for hygiene, sanitation and water supply interventions according to their needs and affordability. They share the costs of water supply facilities, and fully contribute to household sanitation. The communities are responsible for Operation and Maintenance (O&M) of all the schemes. The HYSAWA Fund, upon application from the UPs and subject to certain conditions, provides a grant to the participating UPs to engage a local firm or NGO to

assist the communities in formulating proposals for schemes and capacity building of community organisations. Such a firm or NGO also provides support to the community organisations for hygiene and sanitation promotion and in safe water use. The community organisations forwards the community schemes to the UPs for implementation. The UP appraises and compiles the community schemes into a consolidated proposal and fund request and submits the same to the HYSAWA. Upon approval of the application by, and receipt of funds from the FMO, the UP then manages the implementation through local service providers.

The LGSU established under the Project will facilitate capacity building support to the UPs to carry out their responsibilities. For this purpose, the LGSU among others envisages to establish linkages with, and use the services of, government line agencies such as the Department of Public Health Engineering (DPHE), the Health Department and National Institute for Local Government (NILG). The capacity support to the UPs will furthermore be supplemented by engaging a Support Organisation (SO), typically a consortium of an NGO and a Management/Engineering Firm from the private sector.

Direct funding from the central level (HYSAWA Fund) to the Union Parishad/ Pourashavas is the key to empower LGIs and will promote greater devolution of administrative and financial power to them. The accountability of the UPs to the local people is ensured by setting up mandatory public disclosure systems. Cross cutting issues like gender issues and governance, culture etc. are embedded into the participatory planning process and this will be reflected in all field level activities. The hygiene promotion element includes awareness about primary health care, common female and male diseases and HIV/AIDS.

Rationale for the Proposed Project (Adapted Approach) of HYSAWA:

Box 1.1: Hygiene, Sanitation and Water Supply (HYSAWA)

Long-term Objective

- To contribute to poverty reduction through improved public health and sustainable environment.

Immediate Objectives

- To improve hygiene behaviour /practices
- To promote community-led total sanitation
- To increase coverage of safe water supply services
- To strengthen the capacity of Government, Local Government Institutions (LGIs) and non-government stakeholders at all levels to play the roles required to achieve the above three immediate objectives.
- To promote greater devolution of administrative and financial authority to LGIs in regard to hygiene, sanitation and water supply.

HYSAWA approach is being implemented since 2007 and the actual implementation in full swing started in 2008 with HYSAWA FMO on board. Since then, it has been testing out strategies that are feasible in line with ground realities. The mainstream approach included recruitment of Support Organisations (SO) and Partner NGOs to help UPs and communities respectively to plan and implement community level hygiene, sanitation and water supply sub-projects. The structure in which this planned project approach is being implemented at different level appeared to be quite complex and several implementation challenges have been blocking the progress towards objectives. HYSAWA fund's and Union Parishads' achievements have been designed to be so much dependent on other stakeholders that it is often impossible to make any significant headway and seemed that some unnecessary layers and procedures have been created that are holding back expected outputs. The Government of Bangladesh's procedure (outlined in DPP) and the Public Procurement Rules (PPR) prescribes a cumbersome and lengthy process which hinders targets achievements within a rigid approach. HYSAWA has learned a lot through different approaches and it is important that the future modalities of funding the LGIs are further simplified, including allowance of some flexibilities – the proposed approach is based on local level realities learned through HYSAWA's current approaches.

The HYSAWA Project is expected to demonstrate an effective decentralized service delivery model through local governments. Once such a delivery model is created, it can be used for other public services like rural infrastructure, primary health care and mass education. As model is based on permanent government structures and the prevailing capacities of NGOs and private sector; it can easily be scaled up for undertaking large-scale decentralized investment programme.

There has been a growing realization that some of these processes and modalities could be slightly revised to make the programme more effective, efficient and worthy. The following revised model is proposed for adaptation in selected unions which is believed to be serving three goals, the devolution to LGIs, efficiency as well as sustainability.

Moreover, HYSAWA is unable to meet the growing needs of the UPs with limited resources and there are huge unmet needs in the community.

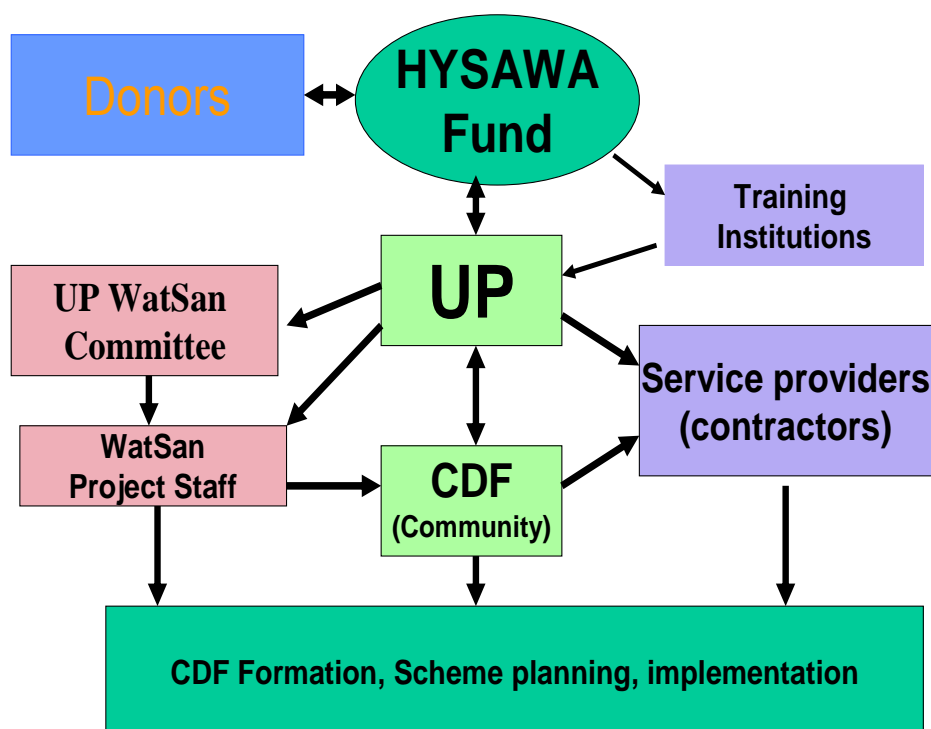
The basic difference between the current model of HYSAWA and the proposed model would be as follows:

Sl. No.	HYSAWA Current Approach	Proposed Approach	Comments, if any
1.	<i>Objectives</i> <ul style="list-style-type: none"> • Improved hygiene practices, • Improved sanitation; • Improved water supply; • Capacity building LGIs; • Empowering LGIs 	Same as the original however capacity building and empowerment will be pre-condition to funding sub-projects.	Capacity building and Empowerment should be pre-condition to funding infrastructure development schemes
2.	Support Organisation (SO) hired to capacity build UPs	Project Manager or UP Coordinator will be hired by UP to help with project work. The UPs will have more control on the implementation	Currently UP has no control on SO. SO capacity to support UP is limited and often they themselves need capacity building – there are instances of conflicting

			roles!
3.	UP and HYSAWA's performance are dependent on other stakeholders	Direct relationship with HYSAWA – UPs will enjoy more independence and be more responsible for their own act.	Capacity building will be key and pre-condition to funding schemes/ sub-projects. Undue delay in the recruitment of SO will be avoided
4.	PNGO staff recruited to mobilize communities Community Facilitators are engaged and paid by PNGO	UP directly hires staff to mobilize communities and Supervise following a written guideline; UP engages Community Facilitators and pays them	Pilot approach will save overhead costs to PNGO. Undue delay in the process of recruitment of PNGOs will be avoided!
5.	Hiring Contractors for infrastructure building in WSS: UP hires Contractors using PPR	Same as before but HYSAWA FMO will have a short-listed pre-qualified list of contractors by district processed through EOI. The tender advertisement will be floated centrally but be evaluated by a committee at UP level	Technical assistance and capacity building would be critical in contracting UP
6.	UP and Ward WatSan Committee passively oversees HYSAWA project activities – irregular meetings, mostly ceremonial and no active role perceived	UP and Ward WatSan Committee will actively engage in the planning, implementation/ management and Evaluation of WatSan activities.	Leadership at UP/ community level
7.	Reporting, Financial management as per guideline but dependent on reports from PNGOs and Contractors	UP project staff will directly generate report with active participation and reviewed by the WatSan committee	More capacity and control will be established at the UP level
8.	Training: set courses, dependent on designated institutions and no control on quality and no follow up from training institutions	Training: set courses plus additional areas such as governance, M&E, office management, contract management and leadership – specialized training institutions will be involved where follow-up support will be added to the contract	More skill and need-based. Issue like governance, leadership etc will have impact beyond WatSan
9.	Monitoring plan as stated in the Project Document. Audit of funds through audit firms	Will remain same as the Project Document however the monitoring function will be outsourced to qualified individuals/ agencies keeping the core function with HYSAWA. Management Audit round the year and mandatory annual audit by HYSAWA	
10.	Projects' Quality Control and Technical Feasibility	Quality control services and technical feasibility	This will avoid dependence on any specific agency and

	Assessment is dependent on DPHE	assessment will be outsourced to qualified individuals and agencies	fasten process of assessment and approval
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The Adapted Devolution Approach



Major Interventions/ Activities:

The Project will demonstrate demand driven and decentralized service delivery modalities in different geographical areas. The following major activities are targeted under the projects:

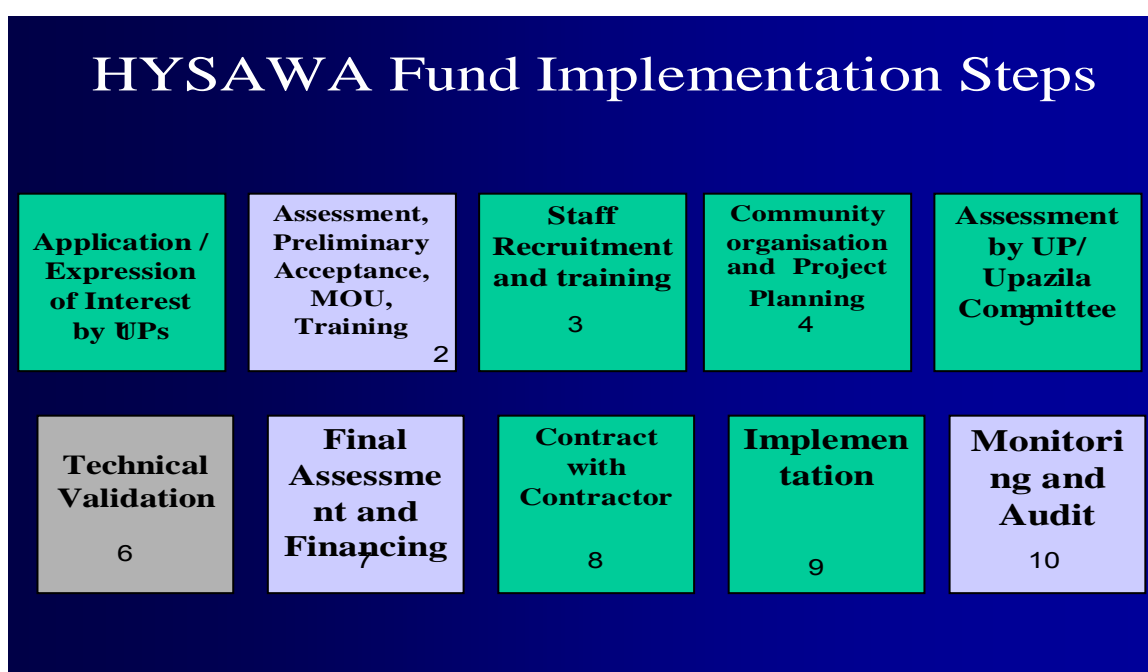
- Demand based research and development works (e.g. test wells and groundwater investigation in low water table, coastal best and arsenic and/or other water quality problem areas) and technical design of complex installations (piped water supply, water treatment units, etc.).
- Select and engage UP Facilitators and staff by UPs
- Appraise community WSS situations, prepare plan and schemes and approve feasible schemes in Union Watsan Committee. Prepare a consolidated UP scheme incorporating all the community schemes in the Union and forward them to Upazila WATSAN Committee for validation with SAE being the focal person.
- Demand based training to stakeholders.
- Orientation and training of different field level government and non governmental staff for the schemes and their supporting role in implementation
- Demand based support to UP including capacity building in developing WSS services.
- Provide training to the concerned UPs, Union and Ward WATSAN Committees CDF/ Community Organisation leaders, Partner and Facilitating NGOs and UP

Facilitators on planning and implementation of hygiene education activities to facilitate the CLTS approach.

- Conduct a series of motivational sessions (individual & group) among the community on hygiene promotion.
- Install demand based school latrines, community latrines, small scale drain and waste disposal systems in peri-urban areas, including Paurashavas) and rural growth centre.
- Install demand based alternative safe water supply options, tube wells and piped water supply systems in rural and peri- urban areas.
- Conduct awareness sessions for proper operation, maintenance and protection of the water systems.
- Establish systems for collecting user charges to ensure proper O&M of the water supply systems.
- Conduct action research on critical aspects of the Project specifically related to capacity needs of UPs and develop operational tools for implementing community schemes. The research will include a baseline study of UP capacities and service status in WSS, analysis of innovative approaches related to local government-led development and devising ways to further improve the Project implementation strategies.

After completion of the project, following positive effects on environment will take place:

- i. Arsenic free safe water will be provided to the people under the project area.
- ii. Community- led total sanitation will contribute towards improvement of environment.
- iii. Hygiene promotion interventions will contribute in improvement of personal and environmental hygiene among the population within the project area in a sustainable manner.
- iv. Community sanitation facilities will reduce environmental hazards.



Proposed Working Area:

This proposed project will be implemented in 40 selected Unions primarily outside the HYSAWA project's current intervention areas. The basic selection criteria would include:

1. there are needs for WatSan projects (un or underserved and disadvantaged population especially in WatSan sector – *Arsenic prone, salinity and low water table area*)
2. No past or current WATSAN project in the UP – no duplication
3. UP functionaries willing to participate in the project
4. Good audit track record
5. Previous experience of management of development work

Initial assessment suggests 3 districts namely, Munshigonj, Narshingdi and Madaripur however final list will be prepared based on formal assessment and dialogue with other players. Some Unions from the HYSAWA's project's left-out lists would also be considered where HYSAWA project could not be implemented due to lack of adequate fund in the budget.

About 800,000 people will directly benefit from the proposed project of which 20-30% will be hardcore poor and roughly 50% women.

Management of Project:

The overall management will be done within the current framework and establishment of HYSAWA. Under the supervision of the Governing Board, the Managing Director will oversee the implementation of the proposed project and be responsible for donor reporting.

HYSAWA will recruit one full-time Programme Officer at Dhaka level who will be responsible for the overall management of the project. The key function of the Programme Officer will be to plan, implement, supervise and monitor the day to day implementation of the project. The process and impact documentation will be done by an independent consultant/ consulting firm to avoid biases. The Programme Officer will be assisted by 2-3 District/Regional project Officer for implementation, capacity building support, technical assistance, supervision and monitoring project activities in the field and 1 Accountant/ Accounts officer to manage accounts. The core function, as usual will be retained at HYSAWA Dhaka Office and the other functions will be outsourced to qualified/ specialised individuals and agencies

The UP manual and Procurement and Financial Manual developed by HYSAWA will be used for the management of programme and finance, with slight tuning if necessary. The same principles and procedure for financing UP schemes as in HYSAWA project will be used in the proposed project.

Monitoring and Reporting

The project monitoring system will focus on monitoring the key activity of implementation of WSS schemes. A general description of the Project monitoring procedure is given below.

- Community level - A community monitoring system will be established where the communities, through the CDFs, will monitor village level activities, particularly the behaviour change and environmental sanitation parameters (stopping open defecation,

installation and use of latrines, hand washing, homestead cleanliness, etc.). Participatory monitoring tools like pictorial monitoring charts will be used. Special women group meetings will furthermore be encouraged and facilitated. The CDFs will discuss the monitoring outcomes and take corrective actions if possible. The CDFs will, through a monitoring format included in the PIG, report the monitoring results, action taken and outstanding issues to the respective UPs.

- UP level – Every participating UP shall have specific responsibilities in progress monitoring and reporting of the status of different works and contracts (design completed, tender called, work order issued, progress of hardware and software works, etc.). The 'Project Committee' formed for the purpose of the Project, will be responsible for monitoring and reporting. The committee will also compile and analyse the monitoring reports from different villages and take remedial measures. The committee will prepare a consolidated report on the status of the Project where both software and hardware activities, as well as the financial status, will be incorporated. The UPs will send the UP progress report to the UDCC and HYSAWA FMO.
- HYSAWA will furthermore prepare progress reports including the financial status of the Project. Annual, rolling, progress reports will be prepared every six months presenting physical and financial progress during the past twelve months against approved plans and budgets. The progress reports will also include detailed work plans and budgets for the following twelve-month period for discussion and approval by the HYSAWA Board.

Monitoring Indicators

Project performances in terms of achieving progress and outputs of interventions will be routinely monitored. A detailed Monitoring and Evaluation (M&E) matrix describing specific sets of indicators against of each output of the Project are given below:

Project Immediate Objectives/Outputs	Indicators	Means of verifications
<i>Objective 1. Improve hygiene behaviour and practices</i>		
Output 1: Improved and sustainable hygiene behaviour/ practice achieved in the participating communities..	– % of households in Project areas washing their hands with soap/ash after defecation/ before handling foods	Baseline Survey Report and Monitoring reports from UPs.
<i>Objective 2. To promote community-led sanitation activities</i>		
Output 2: Improved access to sanitation facilities and its proper use achieved in the participating communities.	– % of households in Project areas having access to and use hygienic sanitation. – % of hardcore poor households in Project areas having access to and use hygienic sanitation	Baseline Survey Report and Monitoring reports from UPs.
<i>Objective 3. Increase the coverage of safe water supply services for the poor</i>		
Output 3: Access to safe water source and safe water use increased in the participating communities.	– % of households in Project areas with access to a functional, adequate, safe and sustainable drinking water supply facility within 50 meters distance	Monitoring reports from UPs.

Project Immediate Objectives/Outputs	Indicators	Means of verifications
<i>Objective 4. To strengthen the capacity of local government institutions to play the roles required to achieve the above three immediate objectives</i>		
Output 4.1: Technical and management capacities of LGs increased through support through HYSAWA FMO.	<ul style="list-style-type: none"> – Number of training courses conducted by Training Institutions – Number of orientation/ skills development sessions arranged – Number of guidelines prepared 	Monitoring reports from UPs and Training Institutions
Output 4.2: UPs capacities developed to support community to formulate schemes, appraise them and manage their implementation	<ul style="list-style-type: none"> – Number of UPs capable of managing WSS Services – Number of schemes forwarded to and approved by FMO – Project Implementation Guideline prepared and used – Number of private Mechanics and Contractors trained 	Monitoring reports from UP Progress reports from FMO
<i>Objective 5. To promote greater devolution of administrative and financial authority to local government institutions</i>		
Output 5: Local Government Institutions develop capacities to respond to demand driven decentralised service delivery.	<ul style="list-style-type: none"> – LGIs exercise the administrative and financial authorities delegated to them – Number of experience sharing events held 	Studies and reports prepared by FMO Review Mission reports

Project Monitoring Indicators: Programme and Capacity-building Issues

Outcome/Impact	Indicator	Means of Verification
1. Gender balanced approaches in WSS service delivery	Gender issues included in relevant WSS manuals, training courses etc. Proportion of men and women members in CDFs and WSS user groups in Project areas Proportion of men and women in relevant Project organisations (project staff etc.)	Progress reports Review of staff field reports
2. Good governance in relation to WSS service delivery promoted and mainstreamed	Decision making at UP level is participatory and transparent Number of hardcore poor, disabled, and other marginalized groups with access to safe WSS services	Relevant Projects staffs field reports

Table 5.2 Indicators for addressing and mainstreaming cross-cutting issues

Reviews and Evaluation

The first formal Review of the Project objectives and outputs is expected to take place one year after start of the Project, and will focus on the outputs of the inception phase (e.g., the Project Implementation Guideline and baseline studies), the institutional arrangements, the community schemes planning processes, funding mechanisms, and the monitoring systems. After Project completion an evaluation may be undertaken to measure the overall impact of the Project and identify lessons for wider application of the Project concepts.

Technical Services relating to feasibility analysis of the infrastructure development in WSS and quality control of the supplies and materials will be bought from the locally available qualified engineers. This will be further reinforced at the HYSAWA FMO level through outsourcing services to a technical team.

Assumptions and Risks

Successful implementation of the proposed Project assumes that:

- The decentralisation process continues in Bangladesh
- The local administration at different levels will cooperate actively in the project activities
- The UPs will develop the necessary capacity to plan and administer the implementation at local level.

Risks	Risks Mitigation Measure
<ul style="list-style-type: none"> - Lack of support will of some quarters to empower LGIs through increased autonomy in administration, grant and revenue raising that are required to build their management capacity. - Change in support level to LGIs with the change in government - Misappropriation of fund by LGIS 	<ul style="list-style-type: none"> - Demonstrate success story of similar kind of project and continue to earn peoples confidence. This will create a pressure on government not to shift its policy. - HYSAWA will emphasize on capacity building and work with only tested UPs with good track record and will establish some control on the bank account through special advice during opening of designated account. HYSAWA will also have close monitoring and regular reporting system
<ul style="list-style-type: none"> - The model of devolution of authority to LGIs may not be acceptable to the policy makers. - LGIs and Upazila/District other line agencies are used to working under supply driven mode. There is a risk that those agencies may not like and may not play their envisaged role in the proposed demand driven process. 	<ul style="list-style-type: none"> - Only work with interested UPs formalized through EOI/ application. - HYSAWA will work independent of DPP and strengthen bottom-up voice from the communities and UPs.

Risks	Risks Mitigation Measure
<ul style="list-style-type: none"> - The Project has provisions for water supply, sanitation and hygiene promotion. However some people may see these provisions as an additional work for them. Therefore there is a risk that the poor are unwilling to bear the cost of the provisions particularly the latrine costs. - Contracting process for implementation may be influenced or interfered with by local power structure. - Natural calamities like cyclone or floods may disrupt implementation of the Project 	<ul style="list-style-type: none"> - Ensure strong motivational activities for the community to understand the severity of the problem and act accordingly. - Ensure transparency in selecting contractors – pre-qualify centrally. - Properly use the emergency support items in the Project budget

Implementation strategies/ Activities and Time line

Activities	Timeline
Preparation and Agreement with Board and Negotiation of Contract With Donor by HYSAWA	May- Jun '09
1. Invitation of EOI from UPs, assessment and enlistment of UP for programming based on set criteria (see list of criteria)	July 2009
2. Signing Memorandum of Understanding (MOU) with UPs	
3. Developing project documents/ concept and budgets for UP	July- Aug 2009
4. Financing to UP by HYSAWA	
5. Adaptation of Implementation Manual as necessary	July –August 2009
6. Orientation and Strengthening of Union and Ward WatSan Committees	July – August 2009
7. Training and exposure visit of UP functionaries on:	July 2009
a. project planning, management, M&E,	
b. finance and contract/ procurement management,	July 2009 onwards
c. governance,	
d. leadership,	August onwards
e. office management and	
f. cross-cutting issues	
8. Staffing (1 Coordinator, 3 organisers and 1 Accounts cum Admin. Assistant) by UP and arranging training of staff from recognized training Institutions.	
9. Recruitment and training of Community Facilitators (Volunteers)	
10. Baselines and community surveys using PRA, identification of needs and planning for hardware and software	
11. Contracting hardware, mechanics training	August – September 2009
12. Establish quality control mechanism and educating communities on quality control	
13. Community mobilization on Hygiene & Sanitation	
14. Monitoring supervision	October 2009 - Jan. '10
15. Reporting	
16. Audit of UPs	September 2009 – March 2010
17. Completion Report and Documentation of the Lessons Learned	

	January 2009 Continuous Quarterly August '09 – June. '11 Regular Quarterly/ Annual July '10 and July '11 July '11
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Sustainability

Technical options will be low cost and user friendly as per the community choice. Community will have the ownership of the facilities whereby communities are responsible for operation and maintenance of the facilities. Ward Members/Ward WatSan committee and Union Parishad will follow up, support and ensure sustainability. The HYSAWA Project will address sustainability of both the services provided and the capacity developed. The sustainability of the facilities will be relatively easily ensured as the technologies will be simple and the skills and spares required for implementation, O&M are readily available in the market. However, what is more important is the behavioural sustainability which is essential for continuing the good hygiene, sanitation and safe water use/ practices that are expected to be developed by the Project.

Budget

<u>Budget For HYSAWA</u>						
						<i>Amount in Taka</i>
Line Item	Units	Unit Cost	Total Unit/Month	Total	Remarks	
Human Resources at Union level:						
Union Coordinator	01 No.	12,000	24	288,000		
Community Organizer	02 Nos.	10,000	48	480,000		
Accountant	01 No.	10,000	24	240,000		
Community Volunteer	18 Nos.	1,000	432	432,000		
Training and Capacity Building		L.S		100,000		
BCC Activities / Demonstration Materials		L.S		50,000		
Survey and Documentation		L.S		20,000		
Hardware Support						
Water Points	100 Nos.	60,000	100	6,000,000		
Latrines	5 Nos.	200,000	5	1,000,000		

	UP management cost					
	Computer and Accessories	1 No.	70,000	1	70,000	
	Office Furniture (Chair, Table, Almira and others)	3 Sets	12,000	3	36,000	
	Travel and Conveyance		1,000	24	24,000	
	Material and Supplies		1,000	24	24,000	
	Communication and Others		900	24	21,600	
	Office Utilities		2,000	24	48,000	
	Sub-Total				8,833,600	
	Overhead cost for HYSAWA (7% on Sub-Total costs)				618,352	
	Total Budget for 01(one) UP			Taka	9,451,952	
	Budget for 40 Unions			Taka	378,078,080	
			Grand Total	Million Taka	378.07	
			Grand Total	Million Aus\$	8.12	Aus\$ = Tk. 46.55

Appendix A(ii) Promoting Water, Sanitation and Hygiene Services in the Rural Hills of Nepal

Submitted by Nepal Water for Health (NEWAH) to AusAID

Background on NEWAH

NEWAH is a leading national NGO established in 1992 that specializes in the field of drinking water, sanitation and hygiene promotion services and has been working throughout all five development regions of the country. Over the years, NEWAH has developed approaches and tools that have helped in delivering water and sanitation services in more efficient, equitable and sustainable manner to the poor and marginalized communities. They included approaches such as addressing the Gender and Social Inclusion (GSI) issues, Community Led Basic Sanitation for All (CLBSA; a revised form of Community Led Total Sanitation with its relevance in Nepali context), Multiple use of water sources (MUS), etc. Furthermore, NEWAH was also instrumental in the formation and establishment of Federation of Drinking Water and Sanitation Users of Nepal (FEDWASUN) to bring the voices of the people at grass root demanding an increased transparency and accountability in the sector. Working more closely with the local authorities in the identification, planning, implementation along with monitoring and evaluation processes are other added experiences of NEWAH in applying people centered approach harmonized with the coordination and planning processes of the local and the national government leading towards sustainability. NEWAH has so far assisted 1153 communities serving just about 1.1 Million people.

Apart from service delivery, NEWAH is also actively involved in advocacy and influencing, sector capacity building and networking and knowledge management in the water and sanitation sector. NEWAH's affiliation with national networks such as the National level Sector Stakeholders Group, National Sanitation Action Steering Committee, National Arsenic committee, Resource Centre Network Nepal has enabled it to achieve the aforesaid objectives. NEWAH's Director is appointed as the national coordinator of the Water Supply and Sanitation Collaborative Council.

NEWAH has been assisted by WaterAid in Nepal, Concern Worldwide, SIMAVI, European Union and many other small funding partners in achieving its programme and organizational goals. The current funding that it receives through these partners amount to around Australian Dollar 3.2 Million. DFID had been a major funding partner to NEWAH since 1998 until it withdrew from the sector in 2008 March. The last two years of this also had an AusAID funding to NEWAH channelled through DFID.

DFID's withdrawal from water and sanitation sector had impacted a lot on meeting people's increased demand arising after the beginning of the peace process and NEWAH's capacity to deliver them with its established and proven track record.

Programme Components

Given the fragile political situation and failure in meeting people's expectation of better services may put the whole ongoing peace process at risk especially at local level. Therefore, NEWAH has submitted this concept note to AusAID for their consideration. Following shall be the areas where the AusAID funding shall be utilized.

(A) Service Delivery

1. NEWAH will continue to deliver better water and sanitation services to the people specially those living in the rural hills of Nepal. A participatory methodology as prescribed below will be used in communities ensuring that every voices will be heard to provide equitable and sustainable water and sanitation services thereby maintaining a harmony leading towards the national peace building process.
2. NEWAH shall focus on selected districts of eastern, mid and far western regions with different technologies of water and sanitation (gravity, ground water, spring protection etc). Program districts and location shall be based on coverage and hardship in coordination with the local government.
3. A close coordination with the District Development Committee (DDC, a local government body) shall be maintained in the districts of operation. Projects included in the District Development plans (approved by District Development Council) shall only be executed to avoid duplication and support decentralization.

Promote Total Sanitation

1. Community Led Basic Sanitation for All (CLBSA) approach, an adaptation of CLTS shall be applied in all projects with due emphasis on exploring opportunities for scaling up at district level.
2. Every school in the project area shall have water and sanitation facilities with adequate technical attention for the special need of the girls and disable for allowing them to obtain benefits of sanitation and water services.

Community mobilization

Gender and Social Inclusion strategy derived from NEWAH's Gender and Poverty (GAP) Approach together with Livelihood and Social Inclusion (LSI) framework and Safe and Effective Development in Conflict (SEDC) tools shall be applied in the designing, planning, implementation and monitoring of the projects for an equitable and sustainable output. NEWAH shall adopt a people centered participatory approach for ensuring effective community mobilization, facilitation in community decision making process and engage them in WSH scheme cycle activities.

(B) Sector Capacity Building for Scaling Up

1. Engage with local governments in strengthening their capacity in prioritizing, planning, implementing, monitoring and evaluation of sanitation and water projects in sustainable and accelerated manner within their jurisdiction. This would also include the
2. Promote good practice and innovative approaches by linking with resource centre networks at local, regional, national and global level to enhance skills, knowledge and expertise for effective water and sanitation delivery and to draw lessons to influence policy change to benefit the poor and excluded.
3. Build capacities of NGOs/ CBOs and private sector as important water and sanitation providers for scaling up their operation within local and national government frameworks for better coordination and sustainability.

(C) Improving Governance in the Water and sanitation sector

1. Strengthen Water and Sanitation Users Committees and Federation of Drinking Water and Sanitation Users of Nepal (FEDWASUN) and civil society organizations to represent user's voice and that of civil societies to ensure accountability and transparency mechanism into local decision-making process that are based on the realities of the people's needs and affect the lives of the poor and marginalized.
2. Improve governance in the sector by working closely with FEDWASUN and media to monitor the water and sanitation sector in terms of better institutional arrangements, budget allocation and service delivery mechanism for the benefit of un-served population.
3. NEWAH shall assist in regularizing the district level water and sanitation coordination mechanism and shall facilitate the revival of such committee wherever required for an improved and pro-poor planning process.

Expected Output

40 communities in the selected districts shall have improved water supply, hygiene behaviour and sanitation facilities with community managed functional WSS system.

All schools within the project area shall have latrines for girls and boys separately with disabled friendly design promoting an increase in the enrolment of girls and disables in schools.

Capacity of 30 local NGOs/CBOs in the districts shall be strengthened to undertake water and sanitation projects within the framework of local planning process to complement in achieving the national target.

Capacity of FEDWASUN district chapters and mass media in the project districts shall be strengthened to monitor the planned activities and implementation of programme on behalf of users at local level to voice the concerns of people at large and to strengthen governance at local level.

Capacity of local governments shall be strengthened to establish a proper planning and financing system for water and sanitation and improved coordination among stakeholders at local level.

Lessons from the programme shall be drawn for dissemination at the national level to influence the policy change and to move towards sector enhancement.

Risk Factors

NEWAH plans to start the activities as early as July 2009 after the approval of this concept note and the submission of a detail proposal. The first year activity may be slightly less as compared to the second year due to the monsoon on the door step. Focus will be on providing services to the people in the first year with advocacy and capacity building to follow slightly later. There are likely chances of some turnover in NEWAH staff due to its changed management strategy but this is deemed as medium risk factor for the programme.

Management Arrangements

NEWAH shall establish district offices in at least two districts to allow better access to the people and NEWAH's services. This will allow better facilitation and monitoring as well as establish good relationship with the local authorities and other institutions in the district for an improved sector performance.

Time Frame

July 2009 to June 2011 (24 Months)

Budget Requirements

The total budget requested for this submission is Australian Dollar 3Million. 70% of which will be spent on (A) Service Delivery, 8% in (B) Sector Capacity building, 5% in (C) Improving governance in the sector, 5% on NEWAH's institutional and capacity development and 12% on overhead.

This initial budget estimate is intended only to give an idea about the level and magnitude of the programme and budget being proposed. It is understood that if this concept note is of interest to AusAID then a more detailed proposal and budget would be developed.

Appendix A(iii) World Bank WSI Trust Fund for India

1. Water Sector challenges in India

- i. The challenges facing the WSS sector in India are well understood – low tariffs, poor cost recovery, lack of clearly delineated service providers, poor accountability/autonomy when there are service providers, low managerial/financial capacity and excessive politicization in the larger cities, and often with supply driven/monopolistic agencies having sector responsibility at the State level. Sector financing is heavily reliant on grants from National and State governments both for investment and recurring expenses.
- ii. Decentralization is underway but has not yet delivered on its potential to bring accountability at the local level. The process is hampered by lack of real financial transfers to the local authorities, limited ability of local governments to raise revenues, weak capacity, and resistance amongst state agencies and actors to loosen their grip on power. This provides a challenge both for rural WSS and urban WSS activities.
- iii. Rural schemes, which have traditionally relied on community based management for their management, need to be linked back into local government institutions for improved sustainability and accountability - but these institutions remain weak. Although more than 96% of rural people have access to infrastructure to supply at least 40 litres l.c.d the systems are not always reliable, sustainable and affordable. Systems have been developed by state agencies with little community ownership so there is only limited maintenance. Increasing coverage of sanitation and hygiene are major challenges as improved sanitation coverage is about 28% and over 58% of the populations still practice open defecation. The Government of India has recognised that the traditional supply driven approach is not sustainable and is scaling up demand driven approaches in the sector. Reform is integral to rural water supply and sanitation programmes to decentralise service delivery, improve governance, build capacity and involve NGO's and private sector providers.
- iv. Urban schemes face a lack of interest and capacity amongst urban local bodies to take responsibility for WSS services – preferring instead to leave this to the State agencies who can then be blamed for poor performance. This is particularly challenging given that pressure on urban centres is growing, demanding more responsiveness from local authorities. Urban areas are growing rapidly with the percentages of population in urban areas increasing by around 15% (100 million people) over the next 10 years. This increasing urbanization will also result in increasing numbers of urban poor who need to access WSS services. Targeted subsidies and use of OBA approaches will be important in meeting the needs of the urban poor.
- v. Falling between the rural and urban approaches lie the many thousands of small towns that are neither large enough for utility management approaches nor small enough for community management. This town sector is an important and growing focus of the Bank's engagement in the sector in India. It is not clear how best to provide WSS services in these growing urban areas.

- vi. Whether urban, rural or towns, there is a growing interest in mobilizing the private sector to support service delivery. A decade ago there was resistance to private sector engagement because many of the firms ready to deliver services were international. Since the last decade several local companies with the expertise to deliver water and sanitation services have emerged. This has transformed the political economy of WSS delivery in India.
- vii. The focus of much of the Government and donor work has been on water supply issues, but there is now a growing challenge related to sanitation services, particularly in urban areas, where the externalities of poor sanitation are visible to all. Whilst the WSP has initiated a number of planning studies related to sanitation there has been little investment. The challenges are many and varied. A cross cutting theme is the issue of how to effectively manage on-site urban sanitation, given that sewers are still many years away in many of the towns and cities of the region. Finally, governments have excessive focus on water supply - to the extent that their finance displaces private funding for water services that could come from user fees and borrowing. As a result that money cannot be allocated to sanitation services where public investment would be more valuable given the externalities that arise and the weak willingness to pay for sanitation vis-a-vis water services.
- viii. Unfortunately the vast majority of urban water providers cover only a portion of their operating costs through user fees. However, their inefficiency and lack of capacity mean that there are opportunities to reduce the financing gap, without recourse to tariff increases. In many utilities energy costs comprise 50% or more of operating costs and continue increasing (due to, for example, higher electricity charges, and declining groundwater levels). Energy efficiency is therefore critical to closing the financing gap while at the same time providing additional benefits with regards to climate change. NRW is also high, due to a mix of old assets but more importantly a limited understanding of the needs for active leakage control. This comes into focus in the whole area of 24/7 supplies where inadequate attention to NRW leads to systems designed for intermittent supply. Reducing NRW not only improves service to customers but is also central to improving financial performance of service providers. Reducing costs through improved management of the distribution system and by energy efficiency reduces the costs of the provider, and thus the financing deficit. Attention also needs to be paid to improving revenue collection – through a mix of activities linked to charging method, meter reading approaches, billing and collection activities. Clearly these activities will also have a positive impact on water resource management through reduced water abstraction either as a result of improved leakage management, or through modified consumption as a result of enhanced revenue management.
- ix. The Government of India funds large scale investment programs in water and sanitation in urban and rural areas and has loan programmes with World Bank and Asian Development Bank. In support of decentralisation the Government provides funding to state and local governments but its effectiveness could be further enhanced if linked to sectoral reform. In summary, reform in all market segments – urban, rural, towns – water supply and sanitation - is crucial to engagement in India
- x. The most effective way for AusAID to support the WSS sector in India is in building the capacity of local government to deliver water and sanitation services with a focus on the poor. World Bank has a number of programs in rural and urban areas with a policy, reform, and advocacy focus that provides the most flexible option for AusAID funding.

Working in partnership with the World Bank is an appropriate modality for AusAID support in India and will result in improved knowledge, learning and capacity in local government to deliver services.

2. Alignment with World Bank Strategy in India

- xi. World Bank's Country Assistance Strategy for India (2009-12) focuses on the development of seven poorest states to achieve improvement in living standards. Major investments will be through loan programs directed towards infrastructure, skills and agricultural growth. The World Bank will continue to assist central and provincial governments with analytical work and technical support towards reform and its subsequent implementation at the State, local government and community level.

3. Development Objective of the WSI India

- xii. The purpose of the WSI for India will be to support State and local governments to improve access to effective and sustainable water supply and sanitation services in both the rural and urban areas thus contributing to India's achievement of the Millennium Development Goals. It will achieve this by financing activities to address knowledge gaps, build capacity of key stakeholders, support the reform and advocacy agenda, and provide ad hoc support to address specialist issues arising in the preparation and supervision of World Bank projects.

4. Thematic areas to be supported by WSI Trust Fund for India:

Support for Urban Water and Sanitation Sector reform

- xiii. - Improve the delivery of water supply and sanitation services through implementation of improved institutional and financial systems at local government and state levels. This will include support in states such as Maharashtra, Rajasthan, Haryana, Orissa and Madhya Pradesh for implementation of business planning processes, institutional development, capacity building, technical issues (such as the centrality of well run distribution systems) and financial issues (such as maximizing revenues within existing tariff structures).
- xiv. A particular challenge in almost all states is the transformation of the State Engineering Departments (PHEDs). Typically these are vast, supply side, technical entities which are unresponsive to customer's needs, unaccountable, inefficient and driven by traditional engineering solutions. They are often one of the largest vested interests and need to be carefully managed within any reform program. However, models for their transformation are not well documented and further analysis is warranted.

Improving Service Delivery in Cities

- xv. - Promoting transformation of city water supplies in India to provide 24/7 water. WB is providing support to Mumbai in developing a program to improve access to a safe and reliable water supply on a 24 hour, 7 day a week basis. Other cities, large and small,

are also interested in such improvement. WSI supported activity will include analytical studies, technical advisory services and support to local government in development and implementation of programs leading to 24/7 supplies.

Small town water supply and sanitation

- xvi. - Improving service provision by small town water and sanitation providers. Decentralisation of service delivery is central to the government reform agenda but local governments in small towns do not have adequate financial, technical or management skills or capacity to plan, implement and maintain water supply and sewerage systems. WSI supported activity will include analytical studies, technical advisory services and support to local government in development and implementation of programs.

Ongoing reform of rural water and sanitation (RWSS)

- xvii. - as experience is gained from the on-going implementation of reform based RWSS schemes there is a need to examine that experience and share with others. Support for focused assessments and subsequent knowledge sharing will form a part of the WSI activities.
- xviii. - institutionally RWSS schemes are evolving and there is a need to understand the appropriate roles and responsibilities between the different levels of local government. The transfer of responsibility to the Village Level (GP) needs to be balanced against their capacity and the need for support at the District Level (ZP). New work is needed to see how best to integrate RWSS support requirements within local government, whilst keeping the demand responsive nature of reforms.
- xix. one specific institutional challenge relates to Multi Village Schemes (MVS) where no clear model has revealed itself, and which is consistent with the demand responsive approach. These fall at the nexus of bottom up demand with top down engineering solutions. Seeking out and documenting good practice in this area both nationally and internationally will help improve outcomes for MVS.

Support for Sanitation

- xx. Scaling up service provision of basic sanitation in urban and rural areas. Support for capacity building and institutional development in local government to take effective action for delivery of sustainable sanitation. WB programs will provide support and training activities for local government in adopting new approaches in sanitation, moving to demand driven approaches, engaging with NGO's and the private sector, giving communities a voice and planning for sanitation as an integral part of environmental management. Improved management of on-site urban sanitation will be particularly important given that large parts of the urban population will not have access to piped sewer networks for decades to come.

5. Key Performance Indicators for the WSI Trust Fund for India

- xxi. Performance indicators for the Bank will be as per standard WPAs including (i) increased AAA and non lending technical assistance (NLTA) on the reform related issues in urban and rural WSS in India in at least two states ii) increased knowledge exchange both

nationally and internationally to help guide Indian policy makers and practitioners on WSS reform in both the rural and the urban sectors iii) successful documentation of intermediate milestones related to i) and ii); and iii) successful completion of activities related to knowledge generation and dissemination in the thematic areas identified in this concept note.

- xxii. Policy and institutional changes sought at the State level will differ depending on the context but will include the following types of outcomes: (i) development of reform program for improved sustainability and performance in rural or urban WSS in one State (ii) initiation of preparation for urban reform based investment lending in one State and (iii) successful documentation of intermediate milestones for (i) and (ii).

6. Risk Factors

- xxiii. Whilst the challenges facing the sector (whether rural or urban) are well understood, and have been for many years, the limited progress to change the current situation, especially in urban WSS, indicates the difficulty of delivering on such reform. Strong vested interests and ever changing State bureaucracies act together to undermine the reform process. These risks remain. However there now appears to be greater appetite at the national and state levels for reform driven by demand from households and the desire for improved sector performance in general. The Bank will be selective in which States it supports – choosing only those that have demonstrated their interest in, and commitment to, reforms. For thematic based issues the Bank will select those activities which are considered central to the challenges of reforming the sector through improved knowledge, advocacy or experience sharing. Taken together these actions will help mitigate the risks noted above.

7. Program Implementation

- xxiv. AusAID has since January 2007 a partnership with the South Asia Region of the World Bank that focuses on decentralization and service delivery. The objective of the Policy Facility for Decentralization and Service Delivery TF is to support clients in developing and implementing the institutional reforms needed for efficient and accountable service delivery at the local level. These reforms which also cover water and sanitation should lead to direct strengthening of sub-national and local governance for delivery of services. The objective of the WSI-India is to improve local service delivery of WSS linked to local governments through institutional reforms and strengthening of capacity. These dovetail with the objectives of the existing TF.
- xxv. To meet the objectives laid down here and for prompt transfer and utilization the funds under WSI-India would be transferred to the Policy Facility for Decentralization and Service Delivery TF to be utilized as stated in this concept note. The duration of the TF is till 2012 which covers the period for the utilization of these funds.
- xxvi. These funds will be managed at the level of the South Asia Region by the Sector Manager Urban and Water who is also the Program Manager for the Policy Facility for Decentralization and Service Delivery TF. The funds will be used for Bank executed activities that cover the thematic areas specified and meet the objectives of the TF.

Activity identification and selection for funding will be on a two step basis. In the first the Urban and Water unit (SASDU) and AusAID will agree on the thematic alignment of proposed activities to be funded as laid out in this note. In the second step funding proposals initiated by Bank Task Team Leaders will be ranked and a shortlist of proposals to be funded prepared by the program manager. The final oversight will be by the Sector Director, Sustainable Development on behalf of the Sector Directors Forum. This will ensure that all fiduciary and accounting mechanisms of the World Bank are followed in the utilization of the funds in keeping with the Bank's TF arrangements. . An Annual Report will be provided in July of each year to AusAID on the utilization of the funds. Reporting to AusAID will be through the existing Trust Fund reporting mechanisms with involvement of their New Delhi and Colombo Posts in tracking activity. These posts also track progress for the Policy Facility for Decentralization and Service Delivery.

- xxvii. SAR would ensure that Australian funding and identity are recognized for all activities funded under the WSI-India both within the Bank and externally with clients.

8. Financing.

- xxviii. AusAID will provide Australian \$5 million as trust funds for the WSI-India through a one time transfer to the Policy Facility for Decentralization and Service Delivery. These funds are to be utilized as agreed to between AusAID and SAR of the World Bank within two years of their receipt.
- xxix. The funds are to finance Bank executed activities and will be distributed between the four thematic areas equally. Flexibility will be maintained by the Bank in shifting funds between the thematic areas and activity components based on client demand and country situation.
- xxx. The trust funds will finance policy and analytical support including policy notes and economic and sector studies, knowledge generation, dissemination and networking activities including workshops and exchange visits and capacity building and implementation support to clients including monitoring and evaluation and training. The following provides indicative allocation of the funds but these may be reallocated as necessary to meet the fund's objectives.

Activity Component	Indicative Output	Indicative Amount (AUD)
Policy and Analytical Work	Policy notes, economic and sector work, technical reports	3 million
Knowledge, Dissemination and Networking	Workshops, exchanges	1 million
Capacity Building and Implementation Support	Training, M&E systems, advisory support to clients	1 million

xxi. Eligible expenses include, staff and consultant costs, travel expenses, contractual costs, media and workshops costs and associated overheads. The table below is indicative and the Bank may reallocate funds between these expenditure categories as considered necessary to meet the objectives laid out.

Allowable Expense Groups	Amount allocated (AUD)
Consultant Fees	3 million
Staff Costs (Salary+Benefits+Indirects)	1 million
Travel Expenses	0.5 million
Media and Workshop Costs	0.5 million
Grand Total	5 million

Appendix A(iv) WORLD BANK WATER AND SANITATION PROGRAM Co-financing to Water and Sanitation Program – South Asia Supporting Governance Reform in WSS Service Delivery

I. Governance as the core WSS Service Delivery Challenge in South Asia

1. Despite increased investment in infrastructure, the delivery of water and sanitation services remains inadequate throughout South Asia. Many initiatives have failed to improve services on a sustainable basis, as roles and responsibilities of agencies are not clearly assigned or applied and community ownership of initiatives and consumer mobilization remains limited

2. The inadequate services pose severe public health and environmental risks that compel citizens to invest in costly coping mechanisms, which poor people mostly cannot afford. Although conditions vary between countries, across South Asia service providers are not held accountable effectively. This necessitates institutional and policy reform, but the sector is complex and politicized, and policy reversals and resistance to change are not uncommon.

- In India WSS services have historically been provided either by government departments or state-owned utilities, with unclear roles and policy targets and a lack of fiscal incentives to improve performance and customer focus. India has provided access to improved drinking water supply infrastructure to most of its rural population and investment in urban water sanitation and sewerage infrastructure has grown rapidly. Yet, improvements are not operationally and financially sustainable, dropping groundwater tables and water quality threaten source sustainability while people's knowledge about sanitation and hygienic behaviour means lack of "demand" for sanitation. It is essential to develop institutions that can reach across the urban-rural continuum whilst dealing with the varying challenges of large cities, smaller towns and rural areas. This requires new policies that encourage operation and maintenance, water quality and source sustainability. Such policies must be embedded within effective institutional frameworks, incentives, local planning, monitoring and more credible data and benchmarks.
- The water supply and sanitation sector in Bangladesh is characterized by high access to infrastructure (>98% access to improved water sources, >90% access to latrines within the household) but poor quality of services (<60% consumption of safe water, no-one safe from the risks of unconfined excreta), These challenges and underlying institutional causes are compounded by the expected impacts of climate change such as the impact of extreme weather (floods and storms) on water supply and sanitation services in an increasingly urban Bangladesh, with its many small urban centres and a few very large ones. The political scenario in the wake of the recent national and upazilla elections presents a dynamic institutional environment where structural reforms such as decentralization may be significantly re-shaped under the new leadership.
- In spite of increasing public budget allocations for water and sanitation, households remain the major providers of water and sanitation services in Pakistan. While this has enabled very high access to water (98%) and sanitation (70%) infrastructure, only 20% of the population is estimated to be consuming safe drinking water, practically no communities are safe from the risks of exposed excreta, and the access of the poor to

basic services is severely compromised. The foremost challenge is not one of fixing the pipes, but requires institutions that are accountable to deliver services within the framework of clear policies and regulations. In 2001 a highly decentralized legal framework was adopted for governance, but since the 2008 elections it has become contested again and there currently is considerable political uncertainty about the future of decentralization. In this context WSP's evidence-based inputs can make a major contribution.

- In addition to these focus countries, experiences in countries like Nepal and Sri Lanka offer opportunities for expanding regional learning on demand responsive and participatory approaches to service delivery; beneficiary contribution to capital costs and responsibility for operation and maintenance, behavioural change and hygiene promotion and the assignment of roles and responsibilities between government agencies. Major progress has been made in empowering communities to take charge of obtaining and maintaining rural water supply services, among others in the AusAID-supported NEWAH in Nepal which has involved NGOs and community based organizations in rural areas in the design and implementation of schemes for delivery of these services. In Sri Lanka, an estimated 800,000 households across the country have benefited over the last decade from investments that have often been implemented by communities, and the approach is now adopted by the Government of Sri Lanka's *National Rural Water Supply and Sanitation (WSS) Policy*. There is scope for learning lessons from these initiatives and benefiting the further development of policies across the region through select analyses and knowledge exchanges with lessons shared with related approaches elsewhere, such as the HYWASA project in Bangladesh.

II. WSP: Comparative advantage: Global program with strong South Asia presence

3. The Water and Sanitation Program (WSP) is a global multi-donor trust fund program administered by the World Bank. It has four regional teams (Africa, East Asia, Latin America, and South Asia) and a small headquarters team in Washington DC. Its mission is to help the poor gain sustained access to improved water supply and sanitation services. WSP is part of the collective efforts of the development community to achieve targets 10 and 11 of the MDGs as intermediate milestones of the vision of the sector. To this end WSP works in partnership with country client governments, external support agencies, regional partners, and other leading support agencies to strengthen national policy, coordination, and institutional development and service delivery options.

4. Donors endorsed in 2008 WSP's 10-year Global Strategy (2009 to 2018). This – together with a streamlined South Asia regional strategy adopted in the same year – positioned WSP to respond to global trends pertinent to the delivery of water and sanitation services and hygiene promotion, such as urbanization; the growth of small towns; decentralization; natural resource constraints and climate change; rising global income inequality; and increased private flows to infrastructure. In order to leverage impact, WSP's strategic framework is directed at these interfaces:

- For citizens, increase demand for and access to sustainable services, especially with a focus on gender and underserved populations, by scaling up efforts to identify and strengthen collective behaviour and change embedded attitudes;
- For service providers, improve institutions and accountability and provide capacity support to decentralized levels of local governments;

- For the enabling environment, strengthen the legal, regulatory, institutional, and business framework between service providers and governments;
- For governments, support their ability to raise awareness and strengthen their ability to track improvements in water, sanitation and hygiene; and
- For development partners, align donors and increase partnerships.

5. WSP's pragmatic, evidence-based and practical support for decentralization has given it a unique credibility with policy-makers and other stakeholders. With technical and advisory staff from the country combined with international staff in country, regional and head offices, WSP is positioned for integration of best practices in local and global contexts. It assists clients to identify and analyse key sector problems and solutions, documents and shares lessons from the field and disseminates information at local, national, regional and global levels. In partnership with partners globally and in countries. More information on WSP is available on www.wsp.org.

6. In South Asia WSP-SA manages a technical assistance program dedicated to improving water supply and sanitation services for the poor. The Program works in partnership with governments, financial institutions, external donors, leading NGOs and the private sector through a small and highly focused interdisciplinary policy team.

7. WSP-SA supports key sector stakeholders in the region to design and implement sustainable means of delivering water and environmental sanitation services to the poor. To this end, WSP-SA engages in advocacy and policy dialogue with national, state and local governments as well as utilities and instruments of citizen engagement to promote an institutional reform agenda. For those governments that seek to transform policies into practice, WSP-SA offers a range of technical services to support the implementation of alternate service delivery mechanisms. This policy advisory role benefits from WSP-SA's institutional setting which gives it access to the World Bank's extensive knowledge resources, but WSP-SA retains an independent status as it is funded by several donors and its advisory services delinked from lending. Yet when needed, WSP-SA has the flexibility to crowd in multi-lateral financing.

III. The WSP-SA & AusAID Partnership

8. AusAID support to WSP South Asia over the period from 2003 to 2006 focused on learning across the region as the basis of leveraging reform of institutions that govern the delivery of water supply and sanitation service delivery. The current partnership with WSP-SA and World Bank Operations (2006-2010) emphasizes not only water and sanitation but also 'basic services delivery'. It addresses intergovernmental relations, compacts between policy makers and service providers, service provider reform and 'downward social accountability' (i.e. citizen engagement).

9. The programmatic nature of the current AusAID support enables WSP to target its policy and advocacy work at high-priority water and sanitation issues across South Asia. This both draws on and adds value to the country-focused bilateral support from DFID, SIDA and SDC, and ties up with the AusAID partnership with the World Bank Group (WSP-SA and SAR Operations) on institutional reform, decentralization and service delivery in several sectors beyond water and sanitation.

III.1 Alignment of WSP-SA with the draft AusAID Water & Sanitation Initiative

10. There is close alignment between the WSP-AusAid partnership, the WSP Global Strategy and AusAID's draft Water, Sanitation and Hygiene Strategy (WASH) around improving the living standards of the poor by improving their access to more effective and sustainable water supply and sanitation services in line with the MDGs. The WSP-AusAid partnership in South Asia emphasis specifically that sustaining impact at scale requires accountability of sector institutions at four outcome levels targeted by both AusAID WSI and the WSP strategy. As Table 1 shows, these objectives are directly aligned.

AusAID Objectives	WSP-SA Strategy
1. Improve the health and quality of life of the poor and vulnerable by increasing their understanding of good hygiene practices, as well as by expanding their access to water supply and sanitation services.	1. Social Accountability, which includes informed citizens demanding inclusive representation & empowered clients enforcing standards for quality delivery of services.
2. Expand access to water supply and sanitation services, particularly for the poor, women and children in schools.	2. Service Provision, i.e. Safe WSS for all is ensured & services are delivered in response to client demand
3. Make water and sanitation services more sustainable by supporting sector reform and capacity building.	3. Sector Transformation, i.e. inclusive processes established to set, legislate, finance/regulate & refine policy targets.
4. Enhance aid effectiveness and complement other development agencies.	4. Enabling Environment includes harmonization of partners around sound government policy in client countries.

III.2 Benefits of the WSP-SA & AusAID Partnership

11. The overt regional emphasis of AusAID's support has enabled WSP to extend the reach of the program beyond country specific activities. Rooted in country-level work and learning, there has been a marked growth in regional exchanges and client demand. While WSP works mainly in India, Bangladesh and Pakistan, its ability to link up with other countries has made it possible to influence policy and operations across South Asia. Examples include:

- The SACOSAN process, which has widened in scope significantly. The Declaration issued by 12 South Asian governments after SACOSAN III in November 2008 acknowledges, for example, that more is at stake than "infrastructure creation" and that appropriate policies, institutional and fiscal incentives and collective behaviour change are needed.
- An urban sanitation agenda is emerging in all three focus countries, and even wider, demonstrated through national and sub-national policies and strategies. Meanwhile, a growing movement towards incentive reform and behavioural change helps rural sanitation scaling up through the adoption of Community Led Total Sanitation approaches in the three focus countries and other parts of the region.
- Performance benchmarking brings governance and service delivery together in a concrete manner. It is now increasingly being adopted or advocated in all three countries where WSP-SA is active in the region. In all three countries the global IB-Net toolkit was used and data sheet and performance indicators were localized. WSP strategy in each of the three countries is designed to suit their specific contexts: mainly at state level in Pakistan; at city level in Bangladesh; and in India through support of a national benchmarking initiative which is beginning to be rolled out in association with state and city governments and utilities.
- Program support to World Bank Group teams in Nepal on social accountability and the initiation of analytical work on community based services in Sri Lanka.

12. Progress has been made helping clients to create a culture of communication and consultation in their projects and programs. This addresses a critical reality in the political economy of the sector – the need to move forward in a participatory manner, building alliances and coalitions of change and engaging citizens in planning and monitoring of services.

13. This extended support under the AusAID Water & Sanitation Initiative will continue to support the demand responsive and evidence-based nature of the WSP-SA policy support and the programmatic nature of the WSP-SA and AusAID partnership. Program reporting shall align with the four primary objectives identified by AusAID under the WSI. The AusAID support so far has been highly beneficial to help WSP respond pragmatically to opportunities, rather than becoming constrained by delays in any donor funding.

IV. WSP-SA Proposal for Extending AusAID Support to Sector Reforms

14. With reform in the water and sanitation sector on South Asia as the entry point, the AusAID-WSP partnership has demonstrated the value of a programmatic approach as mechanism for supporting decentralization and improved service delivery. The proposal's conceptual alignment with the AusAID Water & Sanitation Initiative is enhanced by its relevance to the institutional policy support required in AusAID investment initiatives in the region such as HYSAWA in Bangladesh, NEWAH in Nepal, as well as in AusAID-supported World Bank analytical and advisory (AAA) work in India.

15. The foundations of this partnership can be extended with great benefit in a new phase, building on WSP-SA's relationships with multiple stakeholders and agencies, and the networks of trust this has forged. In line with the AusAID and WSP-SA legacy of crossing regional boundaries, this proposal seeks also to support clients to manage the breaking down of rural and urban boundaries.

IV.1 The Opportunities

16. At least three strategically important considerations make this an opportune time to extend and accelerate the AusAID-WSP partnership. First, there is increased prioritization of investment in water and sanitation infrastructure in Government programs; second, institutional challenges are becoming more widely recognized; and third, the concept of reform incentives is more commonly understood.

17. Within this programmatic framework, further AusAID support should enable WSP-SA to consolidate its advocacy, analysis, advisory and knowledge support. It also proposes designating specific resources to help scaling up services at the rural-urban urban interface, including addressing vulnerability to climate change and inclusion of the poor.

IV.2 The Regional Dimension

18. WSP's country presence remains a major strength. It makes it possible to build up a wealth of practical case studies and to be involved in policy reforms that relate to those practical contexts. This work will continue.

19. Simultaneously, however, WSP's regional presence and global networks make it possible to draw on resources and experiences and create links and learning among countries and agencies that grapple with the same challenges. This is notable across the region in a range of initiatives that include; benchmarking, continuous (24/7) water supply and "total sanitation".

20. These existing regional activities provide a basis from which to leverage the WSP engagement in neighbouring countries. As new regional products are developed, it will also become possible to phase into additional countries, such as Sri Lanka, Nepal and Bhutan. There will be distinct country-based ventures into new environments which draw agencies from these countries into regional programs alongside WSP-SA's existing clients in India, Bangladesh and Pakistan. The growth of the regional program will be managed with a strategic focus on regional knowledge products and the development of new initiatives. For this reason it is important also to use existing international and regional links. In line with current initiatives, such joint ventures will leverage the impacts of WSP-SA's analytical work, technical assistance and knowledge products to involve WSS stakeholders, from high level decision-makers to community pressure and customers groups.

IV.3 Alignment of the WSP Results Framework and WSI Objectives

21. The refined WSP business plan sets out an approach for engaging with these opportunities in each country, but also programmatically through regional activities and knowledge management. The Global Results Framework of WSP emphasizes the reform of the institutions in line with the four objectives defined in the AusAID Water and Sanitation Initiative.

22. Reporting to AusAID shall be against the four objectives explicitly defined in the WSI and classified in the South Asia Regional Business Plan as follows:

- Enabling Environment, governments to develop policies around which to align different levels of government, service providers, donors and other partners
- Sector Transformation, supporting tiers of government with the responsibility for the water and sanitation subject to develop to set standards, legislate, finance and regulate service
- Service improvements, working with tiers of government or agencies responsible for service provision to ensure safe water and sanitation for all of quality in response to client demand
- Citizen engagement and social accountability to strengthen the ability of citizens to demand inclusive representation and quality services.

V. Thematic Alignment of AusAID Support

23. In keeping with the current commitment of AusAID and the strength of the WSP-SA and AusAID partnership over the last 5 years, this extended support to WSP-SA shall be programmatic in nature. However, this support will enable WSP-SA to expand its analytical and policy support for institutional reform more broadly across the region, as well as strengthen the institutional support to the AusAID Water & Sanitation Initiative in the South Asia region.

24. Under this expanded partnership, WSP-SA shall undertake to strengthen the institutional reform agenda in the following thematic areas:

V. .1 Policy, governance and service delivery reform at the rural-urban interface

25. Urbanization in South Asia has been slower than in some other regions, but the sheer numbers are daunting. The urban challenges are now better recognized, but finding effective

leverage points remains a challenge. Much of the new emphasis has been on larger cities, and policy and fiscal schemes have tended to draw a sharp distinction between urban and rural areas. As a result, the continuum of rural and urban settlements – and the rapidly growing settlements in-between – have not received much attention. Yet, small and medium sized towns and large villages epitomize in many ways the current unpredictable spatial and population growth in South Asia, and the lack of resources and professional staff at local level to deal with these challenges. Existing systems are estimated to provide services to less than 20 percent of the population in many areas. There are vast needs for source augmentation, system expansion and improved operational management.

26. There is a need for programmatic approaches to support performance improvement of service providers in such urban settlements and their rural hinterlands. WSP's work on service agreements between local authorities and communities, as well as with public and private operators, provides a powerful tool to engage with these challenges.

27. Building on work already in progress, priorities are to:

- Strengthen the enabling environment and enhancing sector transformation by assisting policy and institutional design for scaling up improvement programs, designing financing approaches and alignment of donors, partners and higher tiers of government in supporting national and sub-national policies.
- Improve service provider performance through advocacy and technical advisory support for localised planning and the monitoring of service performance improvements.
- Enhancing social accountability by supporting the development of mechanisms for citizen engagement and social accountability in policy, regulatory and service delivery processes.

V.2 Benchmarking and performance improvements

28. With accountability as the objective and as part of its broader utility and institutional reform activities, WSP has supported the introduction of performance benchmarking in India, Bangladesh and Pakistan. Differing strategies have been adopted in each of the three countries, designed to suit their specific contexts. State level intervention(s) in Pakistan, and city level interventions in Bangladesh, have resulted in adoption of benchmarking in select utilities. In India, a benchmarking initiative with the Government of India has facilitated rollout of a comprehensive benchmarking framework for water, sanitation and solid waste management services, now in progress at state and city utility levels.

29. A common feature of all three initiatives has been the establishment of links between benchmarking and performance improvement in the design of the program. Earlier WSP efforts tended to focus on sector wide reform efforts by supporting policy shifts, introduction of institutional reform models, the development of state sector strategies, and the engagement of citizens in planning, decision-making and monitoring. The renewed focus on utility/ city level interventions is in synergy with the move towards decentralized service delivery systems evident across the South Asian region.

30. Moving forward, WSP's programmatic strategy will be to:

- Support enabling environments and sector transformation by strengthening the policy and regulatory frameworks that link benchmarking to service provider performance improvements, and by widening the reach of benchmarking networks to a growing number of utilities/ local bodies and governments.

- Support service improvements by leveraging benchmarking to further utility reform through increased role clarity, performance accountability, financial sustainability and customer orientation.
- Link benchmarking to social accountability processes and mechanisms.

V.3 Climate change and water security

31. Climate change and disasters are now recognized as having major impact on water and sanitation. Recent examples include floods in Bangladesh, India's Bihar and Orissa, the northern Pakistan earthquake, landslides in northern Indian states such as Sikkim and drought in many parts of the region. WSP already engages with some of the challenges this raises, specifically around vulnerability to climate change and disasters and their financial and institutional implications. The impacts of climate change on many smaller urban centres and their adjacent rural hinterlands have been severe.

32. This requires activities that include:

- Enabling environment and sector transformation support by working with policy makers to analyse risks associated with climate change and developing policies and strategies that support the ability of local governments, providers and citizens to respond to the risks.
- Improving service provision by supporting local governments and service providers to develop local solutions to mitigate the risks and plan in advance.
- Identify instruments that enable citizens to enforce accountability in the management of climate change threats.

V. 4 Urban Sanitation

33. Sanitation in South Asia is a major challenge. While water supply has traditionally received attention in public policy and investment, less than 60 percent of people in South Asia have sanitation facilities within their premises. In urban areas, slum communities in particular have limited or no access to any sanitation services. Moreover, despite the overwhelming dependence on on-site sanitation facilities, there is little information on the management of sanitation assets and reliability of safe disposal arrangements. Similar challenges exist in the area of solid waste management. Most urban solid waste generated is currently estimated to be disposed in unsanitary facilities (open dumps), posing significant health and environment risks.

34. WSP has worked at national policy level with clients in India and Bangladesh, and at provincial and state levels in Pakistan and India to develop new policy approaches that recognize these challenges and begin to put in place frameworks to address the challenges. The launch of policies and strategies mark important progress, but major implementation challenges remain, and behavioural changes are needed to get communities and households to take ownership of these approaches. In order to accelerate reforms and initiatives, WSP's engagement is focused on:

- Enabling environments, i.e. sharing best practices from other countries to inform reform of policies, institutional structures and sector transformation plans, and dealing with sector transformation issues such as the separation of tenure from services in slums, planning reforms at the town level and robust monitoring and evaluation tools.

- Service Provision, i.e. reforming elements in the oversight and management of sanitation and solid waste management practice, such as cost recovery strategies, private sector participation and community involvement.
- Strengthening the role of citizens in demanding accountability for services from providers.

V. 5 Communications for Reform

35. The experience of the last decade clearly demonstrates that even the best-designed technical or infrastructure projects may fail or produce weak results because decision-makers and intended beneficiaries were not adequately consulted and informed. Strategic communication plays a facilitative role through dialogue, feedback, coordination, and consensus. WSP has been a leading force in advancing this approach across the region, not only in the focus countries, but as wide as Nepal and Sri Lanka. As governments now adopt reform agendas, the immediate priorities for the communications work entail:

- Enabling Environment: Advocacy amongst partners, donors and higher tiers of government on the importance of alignment and harmonization on communications and consultation for reforms, as well as capacity building of policy makers on communication for reforms.
- Service Provision: Advisory support for developing local campaigns, ToRs for consultants, and to develop localized strategies and provide implementation (support to cities and utilities in carrying out assessments)
- Social Accountability: Work with potential opinion leaders and media groups, newspapers and reporters to strengthen the role of the independent media in enabling citizens and clients access to information on reforms.

VI. Budget and funding arrangements

36. A draft budget is attached as Annex A. This proposal seeks additional funding of AUD \$5 million over 2 years to run parallel with the existing facility. This will greatly enhance the flexibility of WSP to offer demand-responsive policy advocacy services across the South Asia region in support of the objectives of the AusAID Water & Sanitation Initiative.

37. Under the current partnership, the AusAid support is through a single-donor trust fund. Both AusAid and WSP are in principle interested in the option of a Multi-Donor Trust Fund (MDTF) for future cooperation, and the practicality of such an arrangement should be considered.

VII. Risks

38. At the client level, the primary risk is that partner governments will not be politically ready to undertake the institutional changes consistent with improving systems of accountability in WSS service delivery. To manage this risk, WSP-SA seeks to broad-base its support across the four outcome levels of engagement defined in this strategy.

39. The risk of 'claw-back' by partner governments on the institutional reform agenda poses risks of lack of demand for WSP-SA support. However, the diversity, nature and size of South Asia provide some form of buffer against the political unwillingness to reform. Again the broad-

based, demand-responsive nature of this funding enables WSP-SA to maximise the utility of its activities by engaging strongly in politically favourable environments.

40. One of the primary risks in the reform agenda is that the options are limited to the realm of what is known. This risk is partially mitigated by the regional nature of this partnership (that allows for regional knowledge sharing) and also through the global nature of the WSP knowledge partnership on water and sanitation policy reforms.

41. The global financial crisis may lead to fiscal constraints on water and sanitation spending, which can best be mitigated by evidence-based advocacy as well as concerted initiative to enhance the effectiveness and efficiency of sector agencies.

VIII. Program Implementation

VIII.1 Governance and Oversight

42. WSP operates under the oversight of the WSP Council. The Council sets strategic direction, approves the annual work program and budget, and commissions periodic evaluations. The focus and scope of WSP's work in South Asia is annually reviewed via country program reviews involving key Government counterparts and partners.

VIII.2 Planning and Reporting

43. WSP follows the World Bank's planning and budgeting cycle, involving (a) a three-year rolling business plan based on country strategies and related projects with specific outcomes, deliverables and budgets; and (b) annual work plans specifying activities/deliverables and related input requirements and budgets. Mid-year reviews take stock of progress, make adjustments and set the stage for the next planning cycle, which start with a regional business planning exercise in the second half of each fiscal year. The end-of-year review assesses delivery against the planned work program and reviews progress towards outcomes and results. Donors receive the annual business plan, mid-year and end-of-year reports.

VIII.3 Management and Accountability

44. WSP operates under management systems, procurement procedures, and accountability and auditing controls set by the World Bank. Regional Team Leaders (one in each of WSP's 4 regions) are accountable to the Global Program Manager in Washington DC, who in turn is accountable to the Director, Energy Transport and Water in the Sustainable Development Network Vice-Presidency. WSP is also accountable to the WSP Council consisting of its funding donors.

VIII.4 Monitoring Outcomes

45. Based on the newly adopted Global Strategy, WSP has designed a results-based logical framework for the overall program. South Asia is in the process of developing country-based and a regional results frameworks that are broadly in line with the Global Framework, and as indicated in the thematic discussion above, aligned with the objectives of the AusAID Water & Sanitation Initiative. Program progress will be reviewed annually through WSP-SA's planning and monitoring cycle

Budget breakdown for AusAID MDTF contribution

Program	WSP Existing Projects	Thematic Areas of AusAID's support	Amount in AUD
Bangladesh	Developing sustainable access to arsenic-free and safe water supply in rural areas	V.1; V.3; V.5	1,000,000
	Improving decentralized, customer focused service provision and sustainable access to urban water supply	V.1; V.2; V.5	
	Developing city-wide strategies for environmental sanitation in urban areas	V.4; V.5	
India	Policy, governance and fiscal incentives for improved services	V.3	1,300,000
	Improving sustainability of rural drinking water supply	V.1; V.3; V.5	
	Improving urban water service delivery	V.1; V.2; V.5	
	Improving urban sanitation and municipal solid waste management services	V.4; V.5	
Pakistan	Decentralized service delivery	V.3	600,000
	Improving rural water supply and sanitation services	V.1; V.3; V.5	
	Improving urban water supply and sanitation services	V.1; V.2; V.5	
SA Region	Strategic communications and dissemination	V.3	1,458,000
	Regional knowledge sharing and exchange	V.3; V.5	
	Global Program Management Fee		
WB Trust Fund Administration Fee and WSP Global program Management and Administration Fee			642,000
TOTAL			5,000,000

Thematic Areas of AusAID's support

- V.1 Governance and service delivery reforms at the rural-urban interface
- V.2 Benchmarking and performance improvements
- V.3 Climate change and water security
- V.4 Urban Sanitation

V.5 Communications for reform

Appendix A(v) WATER AND SANITATION INITIATIVE SOUTH ASIA ENGAGEMENT PLAN

BANGLADESH - HYSAWA

The HYSAWA Project, funded by the Government of Denmark, aims to facilitate and promote local government supported water supply and sanitation services. It is a program that focuses on poor, unserved and underserved areas of Bangladesh. Funding is channelled through a HYSAWA Trust Fund managed by an independent corporation established by DANIDA and the Government of Bangladesh. The HYSAWA fund finances eligible local government bodies directly to implement water supply and sanitation schemes. HYSAWA is designed as a basket funding mechanism through which other donors and the Government of Bangladesh can support a programmatic approach in the sector. WSI co financing of the HYSAWA fund through a development cooperation agreement with DANIDA will promote Australian partnership with Denmark and GoB and is supportive of the Paris Principles for aid harmonisation and the Accra Accord.

Management of the WSI contribution will be through the existing framework and administrative arrangements of the HYSAWA Project under the supervision of the Governing Board, which includes DANIDA. AusAID will request membership of the HYSAWA Board and will receive 6 monthly reports and participate in regular monitoring and review missions. Supervision will be the responsibility of the Dhaka office utilising local staff, consultants from the Period Offer and supported by the Infrastructure Water and Sanitation Group.

AusAID took the opportunity to participate in a recent DANIDA Project Review to prepare a draft Design Summary and Implementation Document. Following the Concept Peer review the DSID will be revised ready for AusAID Appraisal and QAE.

NEPAL –NEWAH

NEWAH is a leading NGO in Nepal with a focus on water supply, sanitation and hygiene promotion in 5 priority districts in rural hill areas of Nepal. It also plays a key advocacy role in the sector through a number of national networks and is supportive of scaling up successful approaches including CLTS. Through a community mobilisation program NEWAH promotes a gender and social inclusion in its program and promotes an active partnership with local government through capacity building in recognition of their key role as a service provider.

AusAID has funded NEWAH for the past two years through a development cooperation arrangement with DFID. Now DFID, because of an EU convention, has opted to re focus it's support in Nepal on water resource management. It is proposed to fund NEWAH through a NGO partnership agreement through the Kathmandu Post.

While NEWAH is an existing Program WSI funding will allow for an extension of their work to new Districts. A project design that meets AusAID requirements will be prepared, through a consultant appointed from the Infrastructure period offer. Preparation of the design will be supported by New Delhi Office and the Infrastructure Water and Sanitation Section.

INDIA

World Bank is a key actor in the Indian water sector and AusAID funding through a partnership with the World Bank will support national government efforts to promote decentralization of service delivery to state and local government levels. World Bank has a number of current programs in urban and rural areas with a focus on policy, reform and advocacy. WSI funds will be used in a flexible way through these programs to support capacity building of state and local government bodies

Funds will be allocated by the WB South Asia Region Sector Manager, Urban Water and Sanitation, using the same modality as the existing AusAID World Bank Policy Advocacy Facility for Decentralisation and Service Delivery. WSI funds will be channelled through the existing facility trust fund to activities proposed by WB Task Team leaders. AusAID will have the opportunity to review the proposals on a no objection basis and will receive annual project reports.

The World Bank will prepare a design of the India Water Trust Fund Program which AusAID will use as the basis for preparation of a Design Summary and Implementation Document for appraisal. Preparation of the DSID will be undertaken by a consultant from the infrastructure period offer supported by AusAID New Delhi and the Infrastructure Water and Sanitation Group.

ENGAGEMENT MATRIX

	HYSAWA	NEWAH	WB India Trust Fund
Partnership	DANIDA	NEWAH	World Bank
Stakeholders	GoB, DANIDA, DPHE, Union Parishads, Upazilla, WSP and communities.	GoN, NEWAH, WaterAID, UNICEF, WHO, Local Government, Community User Committees, Local NGO's and communities.	GoI, WB, WSP, state governments, urban and rural local government, communities.
Delivery			
Delivery Method	Cofinance	Funding	Cofinance
Agreement Type	Delegated Cooperation Agreement with DANIDA	NGO partnership Agreement with NEWAH	Existing Trust Fund Agreement with WB.
Design Document	Existing HYSAWA Design Document and Review Report with Design Summary and Implementation Document.	Existing NEWAH program documentation with WSI specific Design for program extension.	Design preparation by WB and Design Summary and Implementation Document for AusAID appraisal.
Resources			
Additional Resources	AusAID staff at Post in Dhaka, New Delhi and Kathmandu will manage the program. 1 local sector specialist based in Dhaka and consultants as required for design and supervision missions supported by Infrastructure Water Supply and Sanitation Group.		
Timeframe			
Q1 July-Sept 09	AusAID South Asia Water and Sanitation Program Concept Document Preparation		
	-AusAID participated in HYSAWA Review Mission in April 09 and prepared Draft DSID. -AusAID -DANIDA prepares delegated cooperation agreement. -AusAID finalizes DSID for HYSAWA and QAE.	-AusAID Design Mission and consultation with GoN and NEWAH on program details. -AusAID prepares Draft Contract Agreement with NEWAH	-World Bank prepare additional funding instrument under current trust fund agreement for Policy Advocacy Facility for Decentralisation and Service Delivery
	AusAID South Asia Water and Sanitation Program Concept Peer Review		
	Appraisal Peer Review and QAE Report		
	Financial Approval (FMA 9/10)		
Q2 Oct-Dec 09	-Implementation and AusAID participation in supervision missions.	-AusAID prepares Design Document and QAE for appraisal.	-WB prepares a Design Document for Additional Financing of Trust Fund including a performance assessment framework.
		Appraisal Peer Review and QAE Report	Appraisal Peer Review and QAE Report
		Financial Approval (FMA 9/10)	Financial Approval (FMA 9/10)
Q3 Jan-Mar 10	-Implementation and AusAID participation in supervision missions.	-Implementation and AusAID participation in supervision missions.	- Assess proposals by activity tasks team leaders.
	-	-	-
Q4 Apr-Jun 10	-Implementation and AusAID participation in supervision missions.	-Implementation and AusAID participation in supervision missions.	-Implementation and AusAID participation in supervision missions.
	Prepare QAI	Prepare QAI	Prepare QAI

Appendix B

Water and Sanitation in South Asia Gender Considerations

Summary

Gender issues in South Asia represent a complex challenge. The first round of progress has been significant, with greater recognition of the problem across the region and improved access to services various countries in the region. Yet, dramatic gender inequities persist in the face of these changes and in spite of economic growth. To reverse these inequities will require a deepening of the current focus on service delivery. It also will require greater voice of women in the political decision-making of communities and states.

Ranking of South Asian countries based on the UNDP's Gender Development Index (2008) is provided below.

Country	GDI Index
India	0.600
Bangladesh	0.539
Nepal	0.52
Pakistan	0.525
Sri Lanka	0.735
Maldives	0.744

Bangladesh

Background

Gender relations in Bangladesh have been undergoing a process of considerable transformation over the last two decades as part of broader process of economic transition and social change. Although progress has been considerable in many spheres, women's changing roles have also given rise to a range of new challenges that require shifts in policy making and program implementation as well as the various social and cultural values which have informed and shaped implicit societal understandings of women's roles and responsibilities.

Though poverty rates in Bangladesh have decreased in overall terms in recent years, vulnerability to poverty continues to have concrete gender dimensions. Significant disparities in employment and wage rates persist which, combined with considerable gaps in asset ownership, seriously limit women's economic opportunities. Gender-based capability poverty continues to be a key issue in the health and education sectors despite significant improvements in recent years – and is reflected in poor nutrition, maternal mortality and child mortality indicators - as well as gaps in primary and secondary enrolment versus completion rates, low achievement levels and high levels of adult female illiteracy. Whilst quota-based efforts have been made to increase the number of women in the public sector, there are still few women in decision-making positions and even fewer in positions of political leadership. Gender-based violence is also increasingly understood to be serious and growing problem in Bangladesh and female poverty and its specific vulnerabilities is also reflected in the sizable numbers of women and children trafficked each year to neighboring countries and beyond.

The Policy and Governance Framework

Bangladesh has enacted a number of laws at the national level to protect equality of rights and opportunities although a full review of their implementation and impact has not yet been undertaken. The Constitution of Bangladesh grants equal rights to women and men in all spheres of public life and has been supplemented by a number of Acts and Ordinances to safeguard women's equal rights such as the Dowry Prohibition Act of 1980, the Child Marriage Restraint Act (amended in 1984) and the Family Courts Ordinance of 1985. Although such laws provide part of the essential legal framework for protecting and promoting women's equal rights in the public sphere, women continue to face considerable injustices in the home and in family life where the practice of a range of customs and traditions continue to undermine their rights to equality.

The Local Government structure consists of three principal tiers of governance in Bangladesh: districts (Zila Parishads), thanas (Upazila Parishads), and the Union Parishad's which comprise the lowest tier of the hierarchy. At the Union Parishad (UP) level, a 1983 Ordinance provided that each UP would include 1 Chairman, 9 directly elected members and 3 nominated women members. This was substituted in 1997 by Act No 20 wherein the 3 nominated seats for women were converted into 3 elective seats. Whilst in principle each UP consists of nine wards each of which elect a general member, the limited number of elected women representatives' means that each woman represents three wards and is elected by the combined voters of these wards. In effect, female UP members have an electoral constituency that is more demanding and more geographically dispersed than her male counterparts. In 2004, approximately 12,000 women were elected to the UP's.

The principal policy document outlining Bangladesh's approach to poverty reduction is the Bangladesh Poverty Reduction Strategy Paper (PRSP) which was finalized in October 2005. The PRSP which spans the period from 2005-2015 is a well structured document that begins with an analysis of the dimensions and principal determinants of poverty in Bangladesh as well as trends in income poverty, human poverty and inequality. The Plan introduces four strategic building blocks for reducing poverty as well as four supportive strategies all of which are key to effective achievement of the goals and objectives in the four strategic blocks. The dedicated sections on women's rights and advancement do provide a good strategic overview of both constraints and possible policy and program responses although few gender-disaggregated baselines are provided to effectively measure progress against gender targets.

In February 2005, Bangladesh presented its first MDG National Progress Report which was prepared jointly by the Government and the UN Country Team in Bangladesh in consultation with other stakeholders. A separate Technical Working Group (TWG) was established on "women's empowerment" in the context of reporting on MDG Goals 2 and 3. Ensuring environmental sustainability (MDG 7) is crucial for Bangladesh where sustainable access to safe water and basic sanitation remain a real challenge for large numbers of the population – particularly in rural areas and consumption of wood for fuel has contributed to deforestation and other environmental problems. As women are usually the primary managers of domestic water and energy resources, the situation analyses and identification of strategies in the National Report is weakened by the lack of an explicit gender dimension that not only recognizes women's central role as users, managers and custodians of the environment but also as key stakeholders and participants in the implementation and monitoring of environmental policies and programs.

Gender Issues Relating to Water and Sanitation

Bangladesh has a fragile ecosystem and like other countries in the region is experiencing ecological degradation. Meeting sustainable development goals in Bangladesh requires effective and rapid responses to key environmental challenges including land (and forest

degradation), serious levels of water and air pollution, and the destruction of critical habitats with consequent decreases in biodiversity.

Over the last decade there has been increasingly recognition by Government and its development partners of the very specific ways in which these challenges impact on women's lives in Bangladesh, and therefore the critical need for effective gender mainstreaming in environmental policies and programs. Although much remains to be done to ensure that mainstreaming of gender concerns is systematically implemented, several international partners are working closely with relevant Ministries to build and maintain institutional capacity and ensure that both international and national targets and commitments are gender sensitive and supported at the policy and program level.

In particular rural women in Bangladesh play a major role in managing and using natural resources (water, soil and forests) and have an intimate knowledge of the environment upon which they depend for their livelihood. Women also perform a variety of activities including collecting, processing, storing, utilizing and managing water supply, food and fuel.

In Bangladesh, the shortage of safe water impacts particularly on the poor and poor women specifically with women bearing the brunt of the additional workloads involved including queuing for water, water storage and treatment (i.e. through boiling). In particular arsenic contamination of groundwater (largely from tube-wells) is a major problem with serious health consequences. The Bangladesh State of the Environment Report for 2001 noted that an estimated 20 million people are drinking water that exceeds the national standards for arsenic levels. Pollution of major waterways such as the Buriganga from tanneries and other industrial wastes is also a critical environmental health problem.

Purchasing water at a higher price from merchants or having to go to public water sources may also be having impacts on intra-household allocations for other essential items including food, transport and funds available for education of children. Improving access to safe water is therefore central to improving the health of women and their families, and through reduced time commitments for water collection and treatment, has the potential to increase women's opportunities to engage in other productive work.

There are some sanitation and health-related gender issues that do deserve more attention than they now receive. One is the greater impact of poor sanitation on women. As poor sanitation often causes pollution of water sources and associated disease, women's work increases for they are the primary care-givers of sick family members. A second issue has to do with menstrual hygiene. Since menstruation is such a personal and private matter B a virtually taboo subject B women are very secretive about cleaning the cloths they use to catch menstrual flow. Often this means keeping the cloths inside, where they do not dry properly, so that men will never see them. This practice could encourage bacterial growth and possibly cause reproductive health problems though there are very few studies of this subject.

India

Background

A situational analysis of social and economic status of women in India reflects less than satisfactory achievements in almost all important human development indicators. The maternal mortality rate is estimated at 407 per 100,000 live births (2000) in India compared to figures of 92 in Sri Lanka, 56 in China and 130 in Vietnam; the growing female face of HIV/AIDS is reflected in the fact that the number of pregnant women (between 18-24 years) with HIV prevalence comprise 0.86 % in 2003 of the total women pregnant compared to 0.74% in 2002.

The saga of missing daughters is vividly depicted in the growing incidence of female feticide as a result of which the child sex ratio has declined from 945 in 1991 to 927 in 2001. While the literacy rates have shown an improvement from 39.3% to 54.3% of the total female population between 1991 and 2001, yet much more needs to be done especially for socially and economically backward regions and groups. Economic empowerment as reflected by the work participation rate shows that the percentage of women in the work force increased by only 3% (from 22.5% to 25.7%) between 1991 and 2001. The average wage differential between men and women showed a marked deterioration between 2000 and 2004 for both rural and urban areas. Violence against women continued unabated with the absolute number of crimes against women increasing from 1,28,320 in 2000 to 1,43,615 in 2004.

Poverty is increasingly becoming feminised - mainly on account of the fact that with globalization and liberalization, a paradigm shift in the country's economy has taken place skewed towards technology dominated sectors, rendering traditional sectors like agriculture unviable and without any security cover. Unfortunately it is in these sectors that women predominately eke out a sustenance livelihood. The lack of alternate employment, skill training, or credit facilities for women who seek it, is another factor that keeps them in poverty.

The weak social infrastructure such as the lack of adequate schools or health centers, drinking water, sanitation and hygiene facilities inhibits a very large section of women from accessing these facilities. This is a major reason why women continue to face problems as poor literacy rates, or health issues. It is also one of the reasons for the high incidence of MMR and IMR.

One of the foremost constraints standing in the way of formulating meaningful policies and programs is the lack of authentic gender disaggregated data base. Such a data base is needed to target area/group specific programs and also to record the number of beneficiaries accessing the services delivered by the programs / projects as well as assess the satisfaction levels. Gender disaggregated data will be specially useful in programs which seemingly appear 'gender neutral' but have a large women beneficiary component. It must be mandated that every program, scheme or project when conceived will have in built mechanism to gather gender disaggregated data.

The Policy and Governance Framework

Women as an independent group constitute 48% of the country's total population as per the 2001 Census. The importance of women was recognized by the Constitution of India which not only accorded equality to women but also empowered the State to adopt measures of positive discrimination in their favor. Gender equality is included in India's Constitution, but measures toward gender equality in laws, politics, policies, and programs related to water and sanitation emerged much slower. A number of Articles of the Constitution specially reiterated the commitment of the constitution towards the socio economic development of women and upholding their political right and participation in decision making.

The National Policy for Empowerment of Women 2001 has as its goal bringing about advancement, development and empowerment of women in all spheres of life through creation of a more responsive judicial and legal system sensitive to women and mainstreaming a gender perspective in the development process. The strengthening and formation of relevant institutional mechanisms and implementation of international obligations/ commitments and co-operation at the international, regional and sub-regional level was another commitment.

The present Government in their National Common Minimum Program has laid down six basic principles of governance one of which is to empower women politically, educationally, economically and legally. These commitments include introducing legislation for one-third reservations for women in State Legislatures and in the national Lok Sabha, at least one-third of

all funds flowing into local government (panchayats) to be earmarked for programs for the development of women and children and village women and their associations will be encouraged to assume responsibility for all development schemes relating to drinking water, sanitation, primary education, health and nutrition.

The Government of India recognizes that while only two of the eight MDG targets are explicitly gender specific, gender equality is at the core of achievement of MDGs – from improving health and fighting disease, to reducing poverty and mitigating hunger, to expanding education and lowering child mortality, to increasing access to safe water, and to ensuring environmental sustainability.

Gender Issues Relating to Water and Sanitation

India's Planning Commission has recognized the need to enhance and protect water resources and invest in and protect women's access to water. In a recent working paper contributing to the formulation of the 11th Five Year Plan (2007-2012), it notes that gender issues arise in relation to both domestic water use especially for drinking (which women primarily collect) as well as water for irrigation (which women farmers tend to have little access to). National targets for clean drinking water should recognize that in many villages there is retrogression and a falling back and very large numbers of all urban and rural households lack this basic need. The paper notes that 25% of slum women and an even higher proportion of rural women have no access to drinking water within reasonable distances. Planning for drinking water needs to be sustainable and cannot be left to the market. Issues regarding quality of water as well as monitoring of ground water levels need to be addressed. In addition, rural women's access to irrigation water for their fields and their equal participation in water user's association are essential. Women must be made key actors in management of local water bodies and women should constitute at least 50% of the members of Water Users Associations set up for participatory irrigation management.

Lack of awareness and socio-cultural attitudes have meant that sanitation has not received the recognition it deserves. This forces a large number of households to the continued indignity of open defecation. This has adverse impacts on health, well-being and dignity, and is an acute problem especially for women and young girls. This is because women and young girls often have to wait until after dark to defecate which increases the risk of urinary tract infections, chronic constipation and psychological stress. Women are also vulnerable to physical and sexual violence if they are forced to wait until early morning or late evenings to look for a secluded space in which to defecate. Lack of toilets also makes it difficult to manage discreetly symptoms related to pregnancy, menstruation and child birth. The absence of sanitary facilities in schools is also linked to female drop-out, especially at puberty. Finally, recruitment and retention of female teachers is also affected by lack of proper sanitary facilities in schools.

Field evidence in India shows that the involvement of women in water and sanitation programs increases the likelihood of successful interventions. In light of the significant gender dimension of sanitation, the Total Sanitation Campaign Guidelines encourage the involvement of women in the implementation of the program. The guidelines suggest that women's thrift and credit groups or other committees may be involved in mobilizations as well as entrepreneurial activities such as supplies of sanitary materials and services.

The Total Sanitation Campaign (TSC) and the Nirmal Gram Puraskar (NGP), by its emphasis on collective achievement of safe sanitation, is effectively an inclusive approach by including the marginalized populations, involving the poor and women. A focus on Total Sanitation as the goal means that the whole community has to achieve access to safe sanitation, which makes the community address the sanitation needs of the marginal populations as well. Incentives are targeted at Below Poverty Line households. Regular monitoring is done to ensure coverage of

schedule caste and schedule tribe households. The new school toilet designs incorporate requirements of disabled and girls including menstrual hygiene. In schools especially, disposal of sanitary napkins in girls' toilets is big problem from the health aspects.

A national sanitation policy in 2001 earmarked a maximum of 6 percent of the budget for Village Sanitary Complexes for Women and stipulated separate school toilets for girls. It also stressed that all family members should be trained on upkeep and maintenance. The policy overlooked, however, gender equality in decision making, organizations, training, functions, and paid work. It also overlooked the different needs for, access to and channels of information for women and men.

Nepal

Background

According to the 2001 Census, women comprise 50.05% percent of the total population of Nepal. Nepal Living Standard Survey (2004) showed still 31% of Nepalese fall below the poverty line. The brunt of poverty falls disproportionately on women and girls resulting in human deprivation, in terms of access to food and nutrition, access to education, access to other human development opportunities and excessive work burden. Furthermore, even if a household does not fall below the poverty line but is in the poverty threshold, the share of women and girls in intra-household resource distribution is very low resulting in human deprivation poverty status. The assessment of the Tenth Plan rightly indicates that the decline in poverty (from 42% to 31%) has not been even, in terms of outcomes on different groups and regions. Women in general and women from Mid and Far West regions in particular remained excluded from access to services and economic opportunities. A decade (1996-2006) of the armed conflict in Nepal has also impacted women adversely.

The Policy and Governance Framework

Nepal's Interim Constitution (2007) commits to addressing the problem of gender discrimination; with specific provisions recognizing the rights of women including no discrimination based on sex and equal remuneration and social security.

In its 10th National Plan and Poverty Reduction Strategy (2003-2008), the Government explicitly recognizes the strong need for reducing poverty by promoting gender equality and empowering poor women, particularly in the poorer rural areas of Nepal. The Plan seeks to address gender, ethnic, and caste-related disparities by mainstreaming gender in the implementation of key sectoral programs, empowering women, and mainstreaming the historically excluded communities. At the same time, the Government is implementing the decentralization strategy of the Local Self-Governance Act of 1999 as an effective means to facilitate participation of the rural poor in decision-making and development processes. The Act envisages therefore a significant change of mandate for line agencies at the district level and below. As planning decisions will be made at the Village Development Committee (VDC) level and then consolidated into DDPs approved by the District Development Committee (DDC), line agencies will gradually be devolved to be accountable to deliver programs on behalf of the DDC rather than their central ministries. Agriculture, health, water supply, and education are the first line agencies to be fully devolved.

Nepal's participation in the Millennium Summit and the adoption of the Millennium Development Goals set some time bound targets related to gender equality and women's empowerment, and women's reproductive health. Goal 3, aimed to 'promote gender equality and empower women' by targeting to achieve 100% enrolment in primary education by 2005, bridging the gender gap at all levels of education by 2015, bridging the gender gap in literacy rate by 2015, monitoring the

share of women in wage employment in the non-agricultural sector and monitoring the proportion of seats held by women in the House of Representatives. Goal 5 aimed to 'improve maternal health' targeting to reduce maternal mortality ratio three-fourths by 2015.

Gender budget audits have been completed in the Ministries of Agriculture (2002), Health (2002), Education (2002), Local Development (2003) and Women, Children and Social Welfare (2003). Also in place are gender disaggregated indicators; and a monitoring mechanism is being put in place to measure the outcomes in the Ministry of Women, Children & Social Welfare named "Women and Child Info" (2004). A National Plan of Action On Convention on The Elimination of All Forms of Discrimination Against Women (CEDAW) was formulated in 2003.

The 2005 amendment of the Civil Service Act includes a provision for formulating affirmative action policies for women in government service and has exempted the age bar for temporary women staff wishing to apply for positions advertised by the Public Service Commission (PSC). Coaching classes and capacity-building trainings continued to be held to prepare eligible women candidates for PSC and other examinations.

In 2005, the government has introduced a Gender Responsive Budgeting (GRB) framework and has formed a Gender Responsive Budget Committee (GRBC) at the Ministry of Finance (MOF) to institutionalize the GRB initiatives. Similarly, the National Planning Commission (NPC) has formulated a Gender Management System (GMS) and introduced a classification system of programs/projects using the gender code in 2005/06.

Gender Issues Relating to Water and Sanitation

In Nepal, demand for water supply services by the community are too often demanded by the so-called higher caste and better off men of the community, with little or no prior consultation with women and poorer communities, who are often from socially excluded lower castes (Dalits) and ethnic groups. Thus, better-off communities who are the first to come forward to liaise with project staff contribute to management decisions and ownership of water supply systems. Those who probably have the most to gain from these water supplies and sanitation systems, mainly poor women and poorer sections are the least involved in management of these systems.

The NGO NEWAH - Nepal Water for Health has done extensive work on mainstreaming gender within water supply and sanitation interventions in rural districts of Nepal. The rationale for NEWAH's Gender and Poverty approach stems from the strong links between gender, caste, ethnicity and poverty. NEWAH recognizes that it is often assumed that proposed development interventions will automatically benefit women and the poor and that community leaders reflect their needs. However, this has been shown not to be the case and that deliberate actions must be taken to enlarge people's choices, as well as providing opportunities to voice those choices. Analysis of poverty includes an assessment of groups that are vulnerable to poverty and social exclusion, which identifies growing gender disparities as a particular issue. Though NEWAH's projects substantially reduce time taken by women and girls to collect water, thereby addressing a practical need, projects did little to empower women by addressing their strategic interests.

NEWAH recognized that unless a concerted effort is made at organizational and program levels to change negative attitudes, the status quo of unequal power relations in the community will remain. This will negatively impact on the ability of communities to successfully and equitably manage their water resources. The GAP approach was therefore formulated and applied to address these inequities for increasing social justice, livelihoods and sustainability of projects. The GAP strategy involved identification of poorer households to give them greater voice and choice during the process of service establishment, establishment of a gender-balanced community project management committee, health, hygiene and sanitation education to women

as well as men with a focus on specific women's issues and women making decisions over water points location and design modification to meet practical needs.

A study by WaterAID to examine the integration of gender needs into drinking water projects in Nepal recommended the following so as to increase women's participation in water supplies: Inclusion of both local men and women, in project activities. Clear explanation of both the short-term and the long-term benefits - tangible and intangible - of the project to both men and women, from the beginning so that all feel motivated and men are happy to see women participate in the project activities;

Gender training and awareness-raising for all. A key target group should be men who perpetuate negative stereotypes of women. Training should aim to show the benefits of women's participation in public life, challenging religious, traditional and social attitudes which severely limit this participation. It should also motivate men to share women's work such as child care and household chores, which is one major reason for lack of women's participation in development projects. Projects can also seek the help of local change agents to promote women's involvement – e.g. local leaders, respected elderly women, or school teachers.

Promotion of women's employment in water projects, so women staff can work with women in the community.

Allocation of adequate preparation time, including implementation of literacy and awareness raising programs either directly or through other agencies, to motivate women and build up their confidence, since preparing women to take up new roles should be an essential part of the ongoing development process.

The use of participatory approaches, along with the presence of gender sensitive men and women in the project team, to create an effective learning environment, even for illiterate people.

Sources:

Bangladesh Gender Profile: 2006: KFW, Germany

NEWAH: Gender and Poverty Paper

Integrating gender needs into drinking water projects in Nepal: WaterAID: 1999

Nepal Gender Profile: March 2007: JICA

Towards Inclusive Growth: The Gender Dimension: Planning Commission, Government of India: 2007

Appendix B

NEWAH PROJECT PROPOSAL



Programme Plan

Name of Programme: Improving Sustainable Access and Governance in Rural WaSH Sector

Funding Partner: AusAID

Period from: April 2010 to December 2011

Executive Summary

Rural regions of Nepal contain within them some of the poorest areas of Nepal. Harsh and remote geographic locations with limited access to basic services and opportunities for income generation typify these areas. Nepal's 12 year internal conflict has led to a break down of local government and social support structures, and a significant decline in external investment, which has resulted in many people choosing to migrate to urban centres or overseas to seek employment or escape the conflict. Increasingly unpredictable weather patterns have made safe water sources more scarce, and resulted in additional burden of fetching water or reliance on unsafe water sources. Lack of awareness and education has also meant the understanding of the negative impacts of unhygienic sanitation and personal hygiene practices are weak, which has increased the burden of disease.

This Programme aims to increase WASH services in 4 districts across three development region of Nepal through a number of targeted interventions. This will include working with local civil society, NGO and Government partners to provide water services, as well as undertake awareness and education programmes focused at changing sanitation and hygiene behaviours. Service delivery activities will be focused in targeted Village Development Committees (VDC), in which WaterAid (WA) and Nepal Water for Health (NEWAH) will support the development, where necessary, and implementation of local plans to achieve total watsan coverage in each VDC. It is envisaged that this programme with a budget of Aus\$ 3 million will reach 22,400 people in 55 poor and remote rural communities, and with Aus\$ 2 million will reach 15,500 peoples in 34 poor and remote rural communities.

To support the implementation of programmes and increase the effectiveness of service delivery across the sector, capacity building activities will be targeted at selected NGOs and broader awareness activities of best practice delivered to civil society and Government agencies working in the sector. Capacity needs and demand assessments have and will be conducted at District level, as well as for individual organisations, and these will be the basis of focused initiative in this area.

WA and NEWAH will also undertake activities to improve local governance, through the strengthening of local level coordination, planning and monitoring process within the sector at both VDC and District levels. This will be primarily through supporting the establishment or more effective functioning of District level Water and Sanitation Committees. WA and NEWAH sees the Federation of Water and Sanitation User Nepal (FEDWASUN) as a critical civil society organisation in increasing local governance in the sector, through increasing the voice of excluded groups, and also supporting user groups to increase sustainability of their watsan services. WA and NEWAH will work closely with FEDWASUN in all aspect of the programme (service delivery, advocacy and capacity building) to increase their profile and impact in the focus districts.

Water Resource Management is a key issue in Nepal, and this is further exacerbated by the future impacts of climate variability. This programme will look to both develop and promote tools and approaches, as means to ensure water resources are effectively utilised between different local demands at the VDC level. These tools will also look to monitor, capture and adapt to changes in water resource and disease burden as a result of climate change. In addition, WA and NEWAH will continue to undertake research on water resource management, and the impact of climate change to find ways to more effectively access and utilise water resources.

WA and NEWAH recognise that in the remote locations, which typify the hill region of Nepal, water use for livelihood, such as agriculture and cottage industry, is also crucial for reducing poverty. As a result this programme will look to make linkages with other local and national agencies to ensure our interventions support this priority of local people.



1. Background

- a) **Context:** Nepal's diverse geographical and geological areas can broadly be split into three ecological regions, Mountains, Hill and Tarai (plain lands), each of them has varied and distinct social, political, economic and environmental characteristics, which translate into different development challenges and opportunities. It is also envisaged that Nepal's new constitution will set out a new federal governance structure in the country, which might place increased weight on the ecological zones. Set out below are the specific characteristic of Rural Hill & Tarai regions in which this Programme will be focused:
- **Environment:** The Hill Region of Nepal is characterised by rugged high mountains and deep valleys structures, making the environment challenging to access and live in. Once covered in diverse forest, agriculture and over harvesting of forest for fire woods pose a continued threat to much of the forest areas in the Hill Region, however community forestry schemes and other initiatives have managed to keep deforestation in check. Steep terrain and periods of heavy rain fall increases the likelihood of soil erosion, which reduces the productivity of land. In addition, landslides, which often damages road, other infrastructure and even whole communities, a significant risks in the Hill Region.

The Tarai is the plain land that runs along Nepal's Southern border with India. The significant water that flows from the mountains and flat lands make this area good for farming. Temperatures are considerably warmer all year round in the Tarai Region, compared to Hill and Mountainous regions, and as a result malaria and other insect borne diseases are prevalent, especially during the monsoon (rainy) season. The rapid increase in population in recent years, mentioned below, has seen the majority of the once vast forests in the Tarai cut back for human settlements and farming. Most areas of the Tarai have very high ground water levels, and flooding is common in the monsoon season, which has been exacerbated by deforestation. In each of the last 3 years, the Tarai region has been hit by significant flooding, which has been catastrophic in terms of loss of human life and destruction of local infrastructure.

There is also a thin area that sits between the Tarai and Hill Regions, which is often referred to as the "Inner Tarai" or "Boulder Zone". This area is where the foothills start to rise from the plane lands. The Inner Tarai has different geology, which make accessing water in this area increasingly problematic.

- **Social:** The Hill Region of Nepal is made of a significant number of diverse social groups, which are mostly organised along caste (56%) and ethnic (35%) lines.¹ Despite a wide range of social groups, most communities are relatively homogenous with a high level of unity due to communities going back several generations. Having said this, caste divisions dominate local power relations and so called "higher caste" groups tend to control local resources and decisions making processes. Due to high prevalence of malaria and other insect borne diseases, the Tarai was sparsely populated until the 1950s, when an eradication programme reduced the prevalence of such diseases and led to an increase in population. Since then, many people have migrated from hill areas, seeking a more comfortable living environment and better farmland, which has led to a significant change in the balance of Tarai's social make up. Madheshi are the dominant ethnic group in the Tarai in terms of population and since 2007 have been putting increase social and political pressure on the Government of Nepal to recognise their rights and give them increase voice and political weight. Caste & ethnic divisions dominate local power relations and so called "higher caste" groups tend to control local resources and decisions making processes.

Gender roles are clearly defined and embedded in traditional culture, with women taking responsibility for the majority of household activities, such as cooking, cleaning, fetching water and firewood, and caring for children and livestock. As a result of the increased burden on women, they are often deprived of education and income earning opportunities, and are excluded from

¹ Ethnic Demography of Nepal, Nepal Foundation for Advanced Studies, Kathmandu, Nepal (NEFAS), 1997



community decision making, as a result of their perceived lack of intelligence and association with internal home matters, not external community issues.

- **Economic:** The Hill Region of Nepal is made up of many small holdings and subsistence farmers. The harsh geography limits access to markets and services, such as road and electricity, preventing significant trade and enterprise. The remoteness of many areas means services such as basic health care and schools are inadequate and often lack the human resources needed to support them. The time it takes to access some areas also leads to a significant increase in cost related to transporting good and materials.

Hill areas have seen significant out-migration in recent years, initially stimulated by opportunities to farm in the more accessible Tarai areas and in recent time as a result of internal conflict and the lack of employment opportunities. Migration out of the Hill Region has been to both urban centres within Nepal and overseas, such India and the Arab states, for unskilled labour work. The majority of those migrating for work are men and although their migration is often not permanent many return infrequently and stay away for many years. It is not uncommon to find whole communities whose main source of income is from remittances sent back from family member working in urban centres or overseas. However the social impacts of many men being away from communities are significant.

In the Tarai Region, despite fertile farming land, landownership is concentrated among a relatively small percentage of the population, resulting in many people relying on daily wage labour. However the plane land and open border with India means that access and trade in this area is good. Increasing small industry and larger scale farming has led to an increasing number of expanding urban centres within the Tarai. Despite this Nepal's industrial growth declined to 1.8% from 3.9% in the last year due to power and fuel shortages and labour disputes, caused by the fragile political environment.

- **Political:** The recently ended twelve year internal conflict in Nepal, which manifested itself out of social inequality, a lack of basic services and economic opportunities, has entrenched deeper political division at the local level. The conflict has also led to the breakdown of elected local government and also weakened the capacity of local government bodies and institutions. The establishment of peace and ongoing political developments in Nepal led to the election of the Constituent Assembly in April 2008, which has opened up space for new political dialogue and progress. Although it is envisaged that the new Constitution of Nepal, setting out new political and governance structures, will be finalised during the duration of this programme, the programme plans are realistic about the impact this will make at the local level. The continued lack of local level governance structures, due to no elected official at the local level and the breakdown of VDC level institutions, and uncertainty about the future shape of local government is a significant challenge for the programme.
- **Sector Institutions & Dynamics:** At the national level there are many actors in the watsan sector, both government and non-governmental, whom vary in size and scope. Although efforts in recent years to improve coordination in the sector have resulted in increased dialogue and sharing among stakeholders centrally, the sector remains fragmented. This is seen most at the District level where many actors programme areas overlap and Local Government don't have a clear picture of watsan activities ongoing in their district. Local Government's lack of leadership and coordination of the sector is a result of a number of factors. Firstly the weakening of local government and the lack of elected representative as a result of the civil war, as mentioned above. The second issue is the lack of clear roles and responsibilities between different line agencies, specifically Ministry of Local Development (MLD), Department for Local Infrastructure and Agriculture Roads (DoLIDAR) and Department for Water Supply and Sewerage (DWSS). The third issue is that many actors, including NGOs and bi-lateral programmes, don't engage with Local Government, keep them informed of their plans and open their programme up for external monitoring. If the sector is to be more effective in delivering services these issues must be addressed.
- **Water, Sanitation & Hygiene Practices:** The majority of the rainfall is concentrated during the monsoon season (July-September). In the Hill Regions water is present most of the year through the abundance of rivers and stream networks due to the snow melt and fall in the Mountain Regions



during the winter. The Hill Region suffers from both drought and flooding with increasingly unpredictable climate affecting seasonal rains. The months immediately prior to the monsoon are normally a time of water scarcity, and a failure of winter rains can often exacerbate this situation. Despite water being available, safe supplies are often far from settlements, discouraging use or increasing burden of fetching. Safe water provision in the Hill Region of Nepal is mostly delivered through gravity flow water schemes, but rain and fog water harvesting and drilling are also used in some areas.

In the Tarai as a result of the high water table, water is available most of the year. Water quality is more of the concern with a variety of pollutants contaminating the ground water, making water quality the major issues in that Tarai. Microbiological contamination is common as a result of poor environmental sanitation, and other contaminants such as nitrates, fluoride, chloride and iron also occur natural and as a result of man made pollution, such as fertilisers and industrial waste. Naturally occurring arsenic is also prevalent across the whole Tarai, and its changing concentration patterns, the costly procedures to remove it and significant impact to people health make it serious threat for people living in the Tarai. The Tarai Region suffers from both drought and flooding with increasingly unpredictable climate affecting seasonal rains.

In the majority of areas the Tarai Region, the high water table means water can be extracted from the ground through shallow tube wells and hand-dug wells, which are relatively low in cost to install and therefore are common across the Tarai. Poor construction however means functionality is often not sustained and also that water is contaminated, either from not being deep enough or from surface water entering the wells. In the Inner Tarai deep tube wells installed through drilling are required to access ground water and gravity flow schemes, used in the Hill Region, are often not feasible or cost is significant due to having to bring water from some distance. Such technologies in this area increase cost considerably and for drilling require skills that are difficult to find in all districts.

Sanitation coverage is low but varies between social groups, and is impacted by a mixture of culture norms, lack of education and availability of materials. Sanitation coverage is lowest in the Tarai Region with Tarai districts sanitation is barely 12%. Poor sanitation can often leads to the contamination of water by human and animal waste, which is further exacerbated by areas of high population density in the Tarai, the presence of flies and flood water. In Rural Hill locations communities are often scattered in nature, which means that open defecation practices can be hidden and do not result in the build up of faeces, flies and smell associated with areas of high population density.

Hygiene behaviour practices, especially among children and in colder months, are poor, as a result of a lack of awareness and education on what constitutes good personal hygiene and lack of understanding of the negative impacts of poor hygiene behaviours. Diarrhea, skin diseases, such as scabies, and trachoma are the most prevent diseases cause from lack of access to safe water and the lack of knowledge on safe sanitation and personal hygiene behaviours.

b) Building on previous experiences:

- **Village Development Committee Focus:** to support the strengthening of local level institutions and to maximise the demand created by our interventions WA & NEWAH will focus in this programme's WASH activities in selected Village Development Committees² (VDCs). VDCs selection has and will be conducted in collaboration with Local Government, ensuring that all planned activities are built into their District plan. By having previous approved and clearly designated working areas there is a reduced chance of duplication with other actors. It also enables the programme to demonstrate effective service delivery models in focused areas, that can be monitored by other stakeholders and lessons shared. In addition, through this approach staff can be deployed and utilised more efficiently.

² A Village Development Committee is currently Nepal's smallest political unit. VDCs are made up of 9 wards and range in population from 100 – 20,000 people.



- **Water Resource Management:** through reviewing our own experiences and those of others in the areas of water resource management in recent years, we have decided to support VDCs we work with in this programme to develop Water User Master Plans (WUMPs) to improve the planning, management and utilisation of water resources. See Section 3 – Programme Design for more details.
- **Water Quality:** WA and NEWAH have conducted a number of studies in recent years into ground water quality in the Tarai, looking at both the major contaminants and their causes. Based on this research, in 2009 WA and NEWAH have been working with Tarai communities in Chitwan to identify and address possible water pollution risks, using the Water Safety Plan (WSP) approach. The piloting of WSP is hoping to provide useful lessons, which will enable it to be scaled up in other areas during this programme durations. In addition, WA and NEWAH plan to take the lesson from the development of Water User Master Plans, used to identify demand and supply of water in Hill VDCs, and adapt the model for the Tarai context. This will also involved incorporating the WSP experiences, and enable the development of VDC level plans that address water quality and resources.
- **Sanitation Promotion:** In recent years, WA and Nepal Water for Health (NEWAH) have put significant effort into developing and improving our approach to sanitation promotion, which has seen the piloting of Community Led Total Sanitation (demand side) and the Sani-Mart (supply side) approaches. As a result of lessons learnt in these pilots over a three year period and knowledge generated from other experiences of sanitation promotion, mostly through a graded subsidy approach, NEWAH and WA developed and mainstream an approach called Community Led Basic Sanitation for All (CLBSA) in 2007. Since its initial development the approach has continuously been reviewed and adaptation made where necessary. During 2009, CLBSA will be the implemented in its third project cycle and during this time hope to further refine the approach and ensure it is implemented consistently across all VDCs in this programme.
- **Health and Hygiene Education:** Approaches to health and hygiene education have also been undergoing a transition in recent years, but at a slower pace of evolution to the sanitation promotion models. NEWAH and WA have reviewed and updated the structure and timing of different elements of hygiene education (household, school, community) and also the human resource that is required to deliver it. Commencing in 2008, NEWAH and WA have started a review of the content of hygiene message and number of areas messages are focused. This has been initiated following the concern that the current approach contains too many messages over a too shorter period of time to ensure effective behaviour change. It is envisaged that the modification will lead to messages be delivered in small groups over a longer period of time. The recommendations from WA's study into menstrual management among school girls will also be incorporated into the revised approach.
- **Gender and Social Inclusion:** In 1999, NEWAH began implementing a Gender and Poverty (GAP) approach at the programme and organisational level to address the exclusion of women and the poor in decision-making, training and other project-related benefits. In 2003, a comparative post-project evaluation of the 5 GAP and 10 non-GAP projects was carried out. The findings showed that the GAP projects performed better than the non-GAP projects by improving equal access to watsan facilities, greater percentage of poor households had latrines, more timely repairs and sustainable operation and maintenance (O&M) system, greater number of women in WSUCs and a change in gender roles. As a result, since 2003, NEWAH began mainstreaming the GAP approach throughout all its projects and organisation, which included interventions such as disaggregating data by sex, caste and ethnicity; affirmative action; gender awareness training; technical training for women, gender balanced Water and Sanitation User Committees (WSUCs); and targeted support for the poorest.

In 2007, NEWAH developed and adopted a Gender and Social Inclusion (GSI) Strategy, which builds on its GAP approach. It is based on the realisation that there are different and competing interests within each community and that differences in sex, caste, ethnicity, and class are important determinants of an individual's ability to access resources and services and participate in decision-making processes. Moreover, NEWAH aims to address other barriers, such as physical disabilities, and aims to better target its resources to meet the needs of these different groups.



- **Functionality:** WA and NEWAH recognise that functionality of water supply infrastructure, especially hill based gravity flow scheme, is a significant problem within Nepal. Most schemes don't remain functional for their design life due to poor design and construction or a lack of appropriate operation and management. WA's research has shown that investment in new schemes is often not targeted at those communities that have not previously had water supply scheme or those where scheme are beyond their design life. Instead investment is provided to communities where scheme have failed within their design life. This is a significant disincentive for proper operation and management system to be in place and therefore does not support sustainability.

NEWAH and WA have been supporting rehabilitation work in communities we previous worked each year, based on a Looking Back study that identified communities where support was required. In addition, WA and NEWAH are currently undertaking a pilot project in Makawanpur to develop an approach to re-engage communities whose schemes have failed and provide them with technical support to maintain their schemes, with their own financial and human resources. The initial phase and evaluation will conclude in 2010, and a further round of projects will be promoted in 2010/11 using a modified approach and WA and NEWAH hope to include the approach in future programmes funded by AusAID in 2011.

2. Objectives

Result Areas	Objectives
Change in Access & Rights to WaSH services for the unserved	To increase access of poor and excluded communities to a sustainable supply of safe and adequate water, and to ensure sustained improvements in the environmental sanitation and health status within these communities in at least 4 districts by December 2011
Changes in Sector Capacity to achieve WaSH	To improve the capacity of selected NGOs and Local Government Agencies (LGAs) to enable WaSH services to be targeted at poor and excluded communities, delivered and monitored more effectively by December 2011
Changes in the Governance in relation to WaSH Sector	To strengthen effective district level coordination mechanisms for efficient and pro-poor allocation of resources and implementation of WaSH services in unserved areas by December 2011

3. Programme Design

- a) **Key Target Groups:** This programme will directly target WaSH service provision at VDCs and communities with a high proportion of Dalit, non-Dalit excluded Tarai groups and Disadvantaged Janajati (ethnic) Groups. Those people with no or limited land will also be targeted to support them access basic watsan service. Services will be designed and additional support provided to ensure the needs of women, children and disabled people are addressed while providing services. The below table provides the number of beneficiaries that will be reached by Development Region:

Development Region	Hill/Tarai	Number of Beneficiaries	
		Aus \$ 3 million	Aus \$ 2 million
Far-Western	Hill	9,300	6,000
Mid-Western	Hill	6,000	4,000
Eastern	Hill	3,000	3,000
Eastern	Tarai	4,100	2,500
TOTAL		22,400	15,500

The capacity development of all stakeholders, from community members, VDC representative, Local NGO Partners and Local Government Officials, will be targeted though this programme and specific projects designed to identify and address capacity needs. These actors will also engage in and be targeted for governance activities, to increase sector coordination and linkages at the district level.



b) Geographical Locations: This programme will initially focus in 4 districts, across three Development Regions, however additional districts might be added if resources are available or if the context changes. The districts & HDI indicators are set out below:

District	Hill/Tarai	Development Region	HDI Rank	Infant Mortality	Adult Literacy Rate	Coverage	
						Water	Sanitation
Doti	Hill	Far-Western	60	81	64.6	50%	32%
Surkhet	Hill	Mid-Western	22	60	43.7	71%	52%
Udayapur	Hill	Eastern	21	36	52.7	56%	24%
Siraha	Tarai	Eastern	53	56	65.2	74%	19%
National Average				43	57	84%	49%

Source for HDI Rank, Infant mortality and Adult literacy: Nepal Human Development Report 2004.
Water and sanitation coverage: CBS 2001. WAN 2004

This programme's advocacy, research, sector coordination and capacity building activities will be focused at the district level. However water, sanitation and hygiene intervention activities, which will include capacity building, will initially be focused at VDCs across the 4 districts. The VDCs were selected based on demand from local communities and discussion with the District Development Committees, as well as poverty indicators and watsan coverage.

The below table gives a sense of the level of investment across the selected Districts during the programme by setting out the number of communities the programme plans to work in.

District	Hill/Tarai	Development Region	Number of Communities	
			Aus \$ 3 million	Aus \$ 2 million
Doti	Hill	Far-Western	24	15
Surkhet	Hill	Mid-Western	18	12
Udayapur	Hill	Eastern	9	6
Siraha	Tarai	Eastern	4	1
		TOTAL	55	34

c) Timing: The AusAID programme will commence in April 2010 and complete in December 2011. WA and NEWAH will commence its new programmes under the AusAID grant in a phase wise manner, which will see work commencing in all 4 districts by July 2010. The table below sets out the sequence of start dates across the different districts.

District	Hill/Tarai	Development Region	Implementation Start Date
Udayapur	Hill	Eastern	April 2010
Siraha	Tarai	Eastern	April 2010
Doti	Hill	Far-Western	July 2010
Surkhet	Hill	Mid-Western	July 2010

d) Key Approaches:

- **Community Mobilisation:** The engagement of communities in programme activities will remain at the centre of WA and NEWAH's approach, to ensure strong participation and ownership of initiatives by all stakeholders. Capacity strengthening, awareness and education activities will form a significant part of all community WASH interventions. WA and NEWAH will strive to continue to



increase the active participation and contribution of the communities, especially poor and excluded sections, in programme activities with the aim of supporting more appropriate, equitable and sustainable services. During the programme period WA and NEWAH will aim to continue to evolve and improve our approaches to community mobilisation through improving our understanding of the power relations within and between communities and NGOs, and the impact these have on effective methods to ignite communities, specifically traditionally excluded sections. WA and NEWAH will also promote increased community engagement at the VDC level through the development of VDC plans for complete water and sanitation coverage.

- **VDC Coverage Approach:** This programme will aim to contribute towards 100% WaSH coverage in the selected VDCs, which will be achieved through supporting:
 - the development of VDC plan to achieve 100% WaSH coverage
 - the improved capacity of the VDC and community institutions to address watsan issues
 - the construction of watsan infrastructure
 - the increased linkage of the VDC with other district level government and non-government stakeholder to mobilise resources (financial and technical) to achieve and sustain 100% watsan coverage

The concentrated targeting of selected VDCs will ensure that the local capacity developed during the programme can be optimised and momentum generated can be built on to achieve WaSH coverage in more accelerated manner. In addition, through focusing on achieving 100% coverage in a single VDC WAN and NEWAH can optimise and leverage our human and financial resources.

VDC WaSH profiles, which have and will be developed in the selected VDC, will provide a clear picture of water and sanitation status, as well as available water resources, within the VDC. The profile aims to gather and compile the information of existing water schemes and their conditions. It also provides the detailed information on the potential investment that is required to provide and sustain water and sanitation access to the VDC's population.

- **Water Quality:** Water quality is a significant issue in the Tarai Region of Nepal, but WaterAid and NEWAH will take measure to mitigate against it in programme areas. Shallow tube wells and hand dug wells will be the primary technology that is implemented to provide water to communities in the Tarai utilising the high, but poor quality, groundwater table. Gravity flow water schemes will be the primary technology that is implemented to provide water to communities, in which source will be tested and protected from contamination. In addition, rainwater harvesting structures and other technologies, such a deep tube well drilling in the Inner Tarai, might be constructed to supplement water supply where necessary and appropriate.

Water quality has been a significant area of focus recent year for WA and NEWAH in the Tarai. Research and programme activities have focused on identifying the main water contaminants, their sources and approaches to help community identify and address water pollution risk. The WSP will raise water quality issues and comprehensive testing of all sources will be undertaken, as well as awareness on water quality raised among communities, to mitigate the risks from water quality.

- **Water Resource Management:** The development of Water Use Master Plans (WUMPs), one form of VDC profile, in selected VDC will ensure the water resources are looked at in a holistic manner, and the demands of different users needs (domestic, agricultural and commercial) are properly addressed in relation to the available water resource in the area. The WUMPs will also raise water quality issues and comprehensive testing of all sources will be undertaken, as well as awareness on water quality raised among communities, to mitigate the risks from water quality. WA and NEWAH sees combining the Water Safety Plans with the WUMPs, currently only being implemented in the Hill Region, will address water resource management and water quality issues through a VDC plan in the Tarai Region.

The holistic review of water resource, allows a Multiple Use System (MUS) approach to water service delivery to be adopted were appropriate. This can allow for additional water capacity to be built into the system to enable the system to support the watering of livestock, the irrigation of kitchen gardens and other small level livelihood activities.



The wider understanding of the available water resources will enable a clear baseline and ensure effective monitoring of possible risks to or from water resource as a result of climate variability. These impacts could include water sources drying up partially or completely during different periods of the year or climate related disasters, such a flooding or landslide. WA and NEWAH will continue to use our WRM management tools to better understand, monitoring and adapted against the impacts of climate variability on the provision of WaSH services.

- **Hygiene and Sanitation Promotion:** Behaviour change will be the major focus of health and sanitation promotion activities. Sanitation will be promoted focusing on community sanitation outcomes, i.e. achieving no open defecation communities, not just the building of latrines. In which, communities will be mobilized to play a significant role in the construction of their own latrine and achieving a sanitized environment, which will address waste water and solid waste management, as well as defecation habits. WA and NEWAH are currently using the Community Led Basic Sanitation for All approach, which was conceived and commenced implementing in 2007. As a result is it likely to continue to evolve and develop during the period of the programme.

Hygiene promotion will be addressed through a wide range of activities including community health camps, school health education programmes, child health clubs and household health and hygiene education. The content and approach to hygiene promotion will be reviewed and updated during this programme. Schools will be integrated into the programme activities wherever they are present. Where necessary they will receive water and sanitation infrastructure and be used to promote sanitation and hygiene throughout the community through child-to-child and child-to-family activities.

- **Poverty & Social Inclusion:** The programmes activities, whether implementation, advocacy, research or capacity building, will all aim to address issues of poverty and social inclusion. This will be achieved through targeting interventions to address the barriers that impede poor and socially excluded groups accessing water and sanitation services, as well as practices improved hygiene behaviours. District and project locations have and will be selected based on poverty indicators, the number of socially excluded groups, as well as water and sanitation coverage. As mentioned in the community mobilisation section, project activities will aim to ensure that space is made to enable the active participation of poor and socially excluded groups, and that they benefit equally from the project outcomes and benefits. The programme will also undertake studies and research to assess our own approaches to address poverty and social exclusion, as well as understand the issues better and how others in the sector, and beyond, are trying to address them. Advocacy activities at the District level will also be focused at raising the voice of poor and excluded groups, as well as breakdown some of the institutional barriers that impede these groups for accessing water and sanitation services.
- **Sector Capacity Building:** Capacity building will take place at two different levels in this programme with the aim of strengthening skills and knowledge at all levels:
 - (1) NEWAH and District Level Partners Organisations: Capacity assessments have been conducted of NEWAH and all existing District Level Partners, and these will form the basis of structure capacity strengthening activities. In addition to supporting trainings, exposure and mentoring, WA and NEWAH will promote innovative methods and tools to increase and retain capacity within the partners we work.
 - (2) District Level Awareness and Training: The programme will also target key stakeholders in its focus district to increase knowledge and awareness concerning effective WASH service delivery, as well as strengthening means to improve sector coordination, planning and monitoring. These activities will be developed based on demand articulated by sector stakeholder during district level consultations. It is expected these activities will be targeted at Local Government Agencies, District Level NGOs who are not direct partner of the WA and NEWAH and also private sector agencies.
- **Improved Governance:** Activities will be focused at two main areas; (1) supporting coordination and monitoring of sector activities at the District level, and (2) increasing the voice of poor and excluded communities in sector decision making through FEDWASUN.

(1) Supporting joint planning, coordination and monitoring of sector activities at the District level. WA and NEWAH will work with Local Government Agencies, FEDWASUN and other sector actors to



develop district plans for meeting water and sanitation targets at the district level and ensuring effective use of local government and other available resources. This will involve supporting the government to revitalise district level coordination bodies and bring together all local actors in the planning process for the identification of working areas and where possible reach consensus on common approaches to be used. Peer monitoring of programmes by different actors will be promoted to increase transparency and cross-fertilise learning between different actors.

(2) Increasing the voice of poor and excluded communities in sector decision making through FEDWASUN. WA and NEWAH will support FEDWASUN in its work to ensure that the voices of communities are heard in decision making process. FEDWASUN will be supported to participate in district level WaSH coordination bodies and represent the concerns of users. FEDWASUN will raise awareness amongst communities on local government budget provisions for sanitation and encourage communities to make requests for these grants; it will then monitor the use of local grant allocations to sanitation and seek to increase accountability for the effective use of these resources.

- **Learning and Dissemination:** Learning will be central to all activities within the programme. WA and NEWAH will ensure that lesson learnt from project implementation are shared with key stakeholder to influence sector policies and approaches. WA and NEWAH will also ensure that we are a breast of other development in the sector and provide our own teams with capacity building in areas of new innovation and to develop existing approaches.

e) Sustainability: The involvement of communities and the engagement with other sector stakeholders, most importantly Local Government, are the essence of ensuring the impacts of this programme are sustained. Central to this is the addressing capacity gaps of different stakeholders and providing on-going support to address these gaps. WA and NEWAH focused approach in specific VDC and District means that support can be provided over a longer period where necessary.

To contribute to the sustainability of the programme a number of approaches will be adopted during and after the programme's implementation to ensure the targeted communities benefit from the outcomes and impacts of the projects for years to come:

1. **Community Participation and Management:** This project will promote the active participation of primary stakeholders before, during and after the implementation using Participatory Rural Appraisal (PRA) and other appropriate methods. To ensure the active participation and engagement of the target population significant knowledge sharing, skill transformation, trainings, orientation and counselling will be provided, specifically to the Water and Sanitation User Committee (WSUC). This will include support on the following areas: project management, booking keeping, GSI, Community M&E and effective O&M methods. In addition, the communities will be expected to contribute unskilled labour and local material to support the project implementation.
2. **Cost Sharing (Local government and other sector agency):** All WaSH service delivery activities in this programme will be endorsed by the local government as part of the respective district annual plans. This ensures commitment from local government to provide support, financial and technical, during and beyond the programme period. To improve ownership at the VDC and District level, between 1% and 4% of will be the contributed by the VDC and other sector agencies to all WaSH service delivery activities.
3. **Community M&E:** WaterAid and NEWAH have developed community monitoring and evaluation tools, which enable the whole community to monitor their progress toward programme objectives and targets set by them. The engagement of the whole community in this process ensures that increased community responsibility is taken for the achievement of these actions, as well as increasing the transparency and accountability of WSUCs. This is achieved by completing a number of charts, which can be displayed at community meetings, containing information on financial status of the project, outputs achieved and through a pocket voting system community member's satisfaction with the project progress.
4. **Operation and Maintenance:** To support the O&M of water and sanitation infrastructure constructed after the completion of the project, the WSUC will receive training on a number of



O&M approaches. The WSUC will be encouraged to establish an O&M fund through regular collection of household contributions. The amount given might vary between households based on their ability to contribute. An appropriate number of caretakers for the scheme will be identified, trained and given necessary materials to manage the water systems, i.e. identify problems, make small repairs, and clean tanks and intakes. WSUC will be encouraged to pay the caretaker from the O&M fund. The community will also be given training on using the O&M fund as a revolving loans fund for sanitation or livelihood related activities.

5. **Follow up Support:** Programme staff will provide support to community institutions for two year following implementation. The post programme monitoring & support phase will include; continued sanitation and hygiene promotion, fresher trainings to community institutions, and evaluations of community impact.
6. **Budget Advocacy:** WA and NEWAH will work to advocate for increased budget allocation and improve targeting of budget in the sector at the National and Local levels. As this is seen as essential for the continued increase in coverage, as well as sustaining, through rehabilitation and replacement, existing services.

f) **Future AusAID Support:** NEWAH and WA understand that this programme could be extended following this initial 21 months programme period. NEWAH and WA will use the next tranche of funding from AusAID to build on and extend the work set out in this programme. It is likely that a new phase of work would include the addition of 2 to 4 working districts. NEWAH and WA would also be able to deepen and strengthen their knowledge in areas such as climate change, social inclusion, specifically disability, and also WaSH linkages with improved livelihood.

4. Performance Assessment Framework

a) Outcome Level Indicators

Change in Access & Rights to WASH for the unserved		
	Aus \$ 3 million	Aus \$ 2 million
Water	<ul style="list-style-type: none"> 22,400 people in 55 targeted communities have access to safe and adequate drinking water 	<ul style="list-style-type: none"> 15,500 people in 34 targeted communities have access to safe and adequate drinking water
	<ul style="list-style-type: none"> VDC and communities operation and support mechanisms are in place to ensure water scheme remain functional 80% of beneficiaries are from poor & excluded groups. 	
Sanitation	<ul style="list-style-type: none"> 22,400 people have access to and use hygienic and appropriate sanitation services in targeted VDCs 	<ul style="list-style-type: none"> 15,500 people have access to and use hygienic and appropriate sanitation services in targeted VDCs
	<ul style="list-style-type: none"> 100% of the targeted communities within VDCs reach and sustain No Open Defecation 80% of beneficiaries are from poor & excluded groups. 80% targeted communities have in place a community management system to maintain a healthy environment 	
Hygiene	<ul style="list-style-type: none"> 70% of the beneficiaries adopted sustain improved hygiene behaviour practices in at least in three key hygiene indicators (hand-washing, management of human excreta, water & food hygiene) in targeted VDCs. Reduction in point prevalence rate of diarrhoea by 20% respectively in targeted VDCs 	



Changes in Sector Capacity to achieve WASH	
Water	<ul style="list-style-type: none"> NEWAH increase their knowledge on water quality mitigation, water resource management, climate change adaptation technologies and approaches NEWAH provide technical support on the delivery of drinking water and water resource management to local NGOs & LGAs beyond the focus VDCs in 4 districts
Sanitation	<ul style="list-style-type: none"> Community based sanitation models are understood and promoted by all sector actors in 4 districts NEWAH provide technical support on sanitation promotion to VDCs, other local NGOs and LGAs beyond the focus VDCs in 4 districts
Hygiene	<ul style="list-style-type: none"> NEWAH's Hygiene Promotion Team develops locally appropriate hygiene promotion programme addressing the specific needs of the targeted communities NEWAH provide technical support on hygiene promotion to CBOs, other local NGOs and LGAs in focus districts

Changes in the Governance in relation to WaSH Sector	
Water	<ul style="list-style-type: none"> Sector coordination committees are established and functioning, addressing water resources in 4 focus districts by end of 2011 District plans are developed and annually reviewed addressing drinking water issues for poor and unserved areas and improve local water governance
Sanitation	<ul style="list-style-type: none"> Establishment of WASH coordination committee with defined roles and responsibilities on sanitation promotion in 4 focus districts WASH coordination committee influences district level inclusive planning processes and facilitates sectors monitoring towards sanitation targets
Hygiene	<ul style="list-style-type: none"> WASH and Health Sector actors have planned joint District or VDC level activities to address key hygiene behaviour changes in at least 3 of the targeted districts WASH and Health Sector actors have agreed indicators for monitoring adoption of hygiene practices in at least 3 of the targeted districts and jointly undertake a study on hygiene behaviour practices in at least 1 district

b) Monitoring & Evaluation Procedures

Internal Monitoring: All WA & NEWAH units (Programme, Research & Advocacy, Finance & Admin, and PM&E) will support in the monitoring of this programme, which will be individually or jointly between units depending on the areas to be review and monitored. It is expected that monitoring will include output verification, verification of key deliverables and the trend of progress towards achievement of objectives. Financial analysis and review of expenditure will be conducted by programme and finance teams within NEWAH and WA on a quarterly basis. Based on the partner, district and field visit reports developed by the various units, WA and NEWAH will analysis recommendations and work to address any issues to improve progress towards objectives or document and share best practices and case studies.

The below table sets out the different steps NEWAH and WA will following in internal monitoring and reporting on each of the projects included in this programme:



Steps of M&E	Responsible	Frequency	Reporting Requirement	Timing of reporting	Remarks
Monitoring					
Monitoring by Community	- WSUC	Day to day	In every meeting of management committee	During the meeting	Using Community Monitoring Tools
Monitoring by VDC Project Team	- VDC Project Team	Day to day	Monthly report to submit to RO	By first week of next month	
Joint monitoring visit by DDC, VDC, Local Partner, WSUC & NEWAH	- VDC Project Team - Regional PME	6 monthly	Brief report shared with DDC & VDC stakeholders	Within two weeks of visit	Review Six monthly progress
Monitoring by NEWAH's Regional Team	- Section Heads - Regional Manager	- At least once in 2 months - At least once in a quarter	Monitoring report to share with RM, HQ and WA	Within two weeks of visit	
Monitoring by NEWAH HQ	- PM&E section - Technical & Social Section	- At least once in a quarter - At least once in a quarter	Monitoring report to share with NEWAH SMT & WA	Within two weeks of visit	
Monitoring by WA	- Programme Team - PM&E Team	- At least once in year - At least once in a year	Monitoring report to share with WA and NEWAH	Within ten days of visit	
Reporting					
Quarterly Review	- NEWAH RO - NEWAH HQ	Quarterly (Q1, Q2 & Q3)	Quarterly report to submit to WA	15 days after end of quarter	Share Q2 with DSC & VDC
Annual Review	- NEWAH RO - NEWAH HQ	Annually	Report to share with VDC, DSC & WA	20 days after end of quarter	
Final Review	- NEWAH HQ - WA	On completion of Programme	PCR to submit to WA	Within 3 months of programme completion	Review output and outcome levels

Evaluation of Programme: At the end of the programme duration, an overall internal evaluation and assessment of the programme will be conducted to see if the planned objectives were achieved and if not to analyse why they were not achieved and recommend for this issues to be address in further programmes if still relevant.

AusAID Reporting Requirement and Engagement in Reporting: WaterAid, with the support of NEWAH, will provide two reports for the progress of this project. The first will be in February 2011 and cover the first 9 months of the programme activities. The second report will be provided within two months of the completion of the programme.



6. Programme Management Arrangements:

WaterAid: WaterAid will provide support into the design and implementation of this programme, by directly assisting NEWAH, to develop and undertake the programme activities in line with our guidelines, approaches and standards. WaterAid will also engage, with NEWAH, with District level agencies to ensure their proactive support to the implementation and sustainability of this project. WA will also be responsible for ensuring that this project is contributing to the objectives' of the AusAID supported Programme, and feeding lessons learnt into broader programme development: A summary of WA's key role and responsibilities are set out below:

- Provision of technical support and advice on demand to NEWAH in the following areas:
 - Programme & finance planning and management
 - Development and implementation of WaSH service delivery approaches
 - Advocacy strategies to improve sector governance at the local level
 - Monitoring, documentation and learning
- Conduct regular monitoring of AusAid supported programme to ensure progress is on track and outcomes are delivered following agreed approaches and to a high standard
- WaterAid will also use its position as an INGO to promote the programme of work supported by AusAID with other sector actors, which will include sharing of key lessons at the national and international level, with NEWH
- WaterAid will manage the relationship with AusAID and coordinate all communications in relation to the programme and funding.

NEWAH: NEWAH will be the lead implementing partner and is responsible for the overall delivery of the programme outcomes. NEWAH will manage this programme through its Headquarter based in Kathmandu, and two of its three Regional Offices; the Mid Western and Far Western Regional Office (MW&FWRO) in Nepalgunj and its Eastern Regional Office (ERO) in Biratnagar.

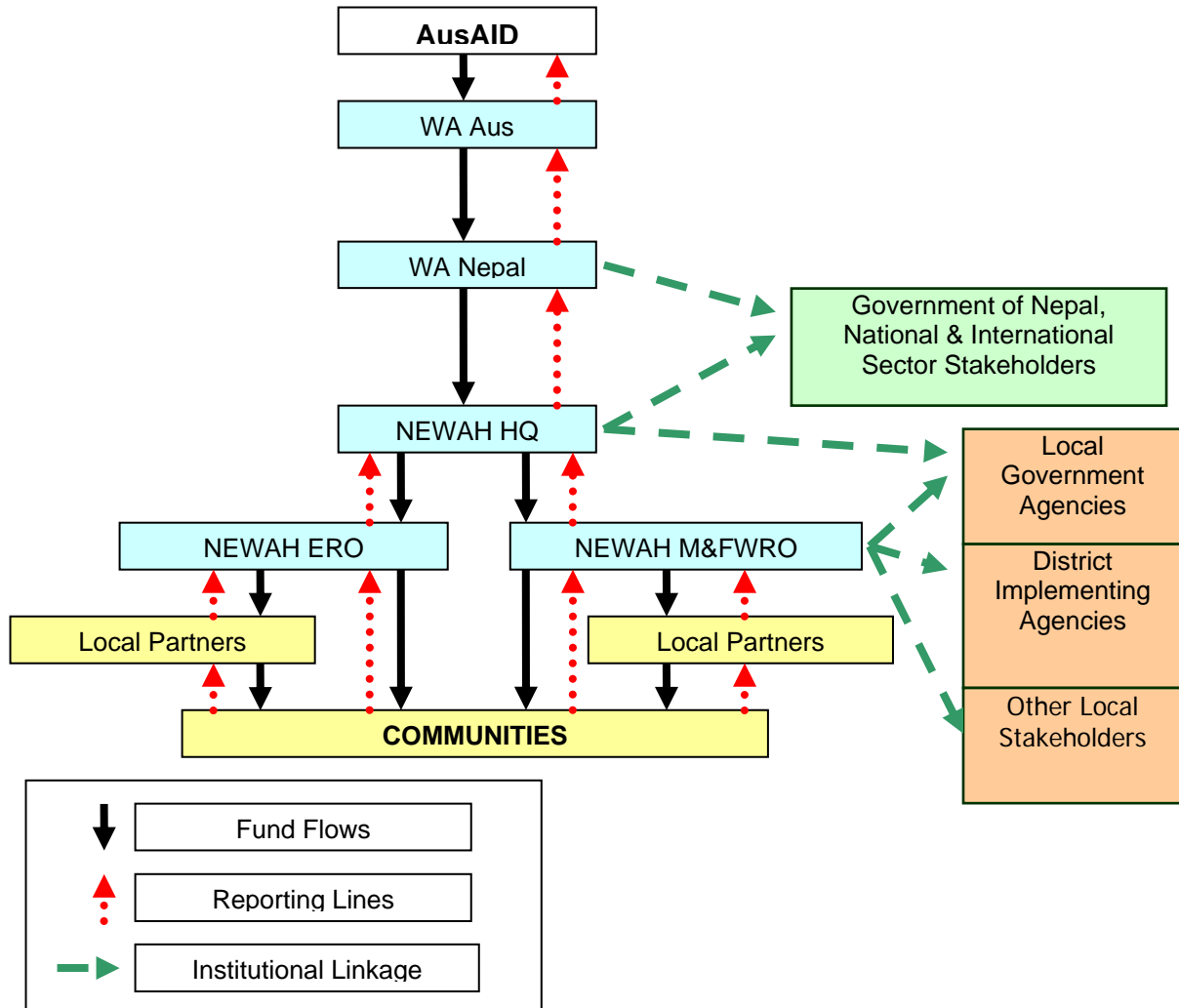
It is also planned that NEWAH shall establish district offices in at least two districts to allow better access to the people and NEWAH's services. This will allow better facilitation and monitoring as well as establish good relationship with the local authorities and other institutions in the district for an improved sector performance. District base team will be assigned for implementation of the program. A summary of NEWAH's key role and responsibilities are set out below:

- Development of detailed project plans and budgets based on the funds available to NEWAH through the AusAID grant
- Management and implementation of the planned WaSH service delivery projects within communities
- Development and management of any districts level partnerships, with either NGOs or Local Governments Agencies, engaged in the various projects' implementation
- Internal review and monitoring of progress and quality of the AusAID programme
- Engagement with district level stakeholder and undertaking of advocacy activities to improve governance at the local level
- Documentation of key lessons and impacts of AusAID programme



Fund Flows, Reporting Lines & Institutional Linkages:

A schematic showing the key actors and stakeholders that will be involved in this programme, and their relations in terms of fund flow, reporting lines and also institutional linkages in terms is set out below.



Visibility and Identity:

WA and NEWAH are committed to local ownership of services that are constructed and provided as a result of our programme interventions. As a result WA and NEWAH will not include any of our own branding on infrastructure, such as tapstand, tube wells and tanks, and other place which might distract from community ownership. However to improve transparency in the project each community provided with WaSH services will be given a project notice board. On which the budget for the programme activities in that community will be stated, including the community contribution and recognising all institutions and agencies that contribute funds.

Acknowledgement will be made and the logos of AusAID, WA and NEWAH's will appear on any publications that are produced as a result of direct funding from this programme or as a result of lessons learnt from this programme's intervention and activities. During the course of the programme WA and NEWAH will work together to publicise the progress, impact and lessons from the AusAID support programme within sector forums and national media. Such media activities might also be around key achievements in the programme, such as declaration of No Open Defecation communities and VDC. During these activities AusAID will clearly be acknowledged and invited as the donor of this programme.



7. Partnerships with Other Stakeholders

Primary Stakeholders	Secondary Stakeholders
<ul style="list-style-type: none"> - All women, men and children in targeted communities - All poor, disadvantaged and excluded members in targeted communities - Water & Sanitation Users Committees - Local institutions, such as schools and sub health posts, within the VDC - VDC Level Water and Sanitation Users Main Committee 	<ul style="list-style-type: none"> - WaterAid (WA) - Nepal Water for Health (NEWAH) - District Level NGOs - Village Development Committee (VDC) - District WATSAN Steering Committee (DSC) - Drinking Water Supply & Sanitation Divisional Office - Other District Level Government Agencies, involved in water, sanitation, health and education

Water and Sanitation Users Committee (WSUC): The WSUCs are the representative bodies of the local communities, who will take overall responsibilities and accountability for the implementation and future sustainability of each sub-project. A formal partnership agreement is signed between the WSUC, NEWAH setting out the major responsibilities of each party. The broad responsibilities of the WSUC defined by the MOU are listed below:

- Prepare an action plan for the project, including project objectives
- Operate the joint project bank account of the project funds
- Conduct well being ranking and make decisions in relation to resource allocation accordingly
- Manage project activities at local level, including mechanism required to fulfil the objectives of the project
- Mobilize community to construct water and sanitation infrastructure and attend hygiene education
- Manage Sanitation Promotion Fund and support community achieve No Open Defecation status
- Monitor financial and outputs progress on monthly basis through the community M&E tools
- Develop O&M system for sustainability of the project.

VDC Level Water and Sanitation Users Committee (WSUC): During the process of VDC profile preparation and finalization, a VDC level WSUC has been formed with representation from all WSUCs and VDC level. This committee will be responsible for the implementation and monitoring of the projects identified within the VDC. All community level WaSH activities will be implemented through close coordination and consultation with WSUC. Where necessary and appropriate NEWAH will facilitate the VDC level WSUC to mobilise additional financial resources to support additional WaSH interventions from other funding agencies, including government, private sector and other donors.

District Level NGOs: In some working districts NEWAH will engage a District Level NGO to support implementation of planned activities and facilitate for the further sustainability of the project. Based on capacity of assessments of the District Level NGO they will take on responsibility for different elements of WaSH programme delivery. NEWAH will also provide capacity strengthening support to these partners to enable them take on more responsibilities during the period of the programme. NEWAH will also engage at the District level to support the capacity strengthening of other identified government and non-government sector actors.

The partnership between NEWAH and District Level NGOs will be made according to a MOU, which will include the following major responsibilities:

- Recruit appropriate local staff for the VDC Project Team
- Open a joint project bank account with the communities for project funds
- Coordinate with the District Development Committee and line agency in the district
- Monitor project activities and budgets, and develop necessary reports
- Assist in resolving conflict that arise in the VDC related to project activities

Federation of Water and Sanitation User Committee (FEDWASUN): FEDWASUN is a national level federation that supports the rights of WSUC and focuses on ensuring civil society's voice is heard across the country. FEDWASUN has a national presence and also District chapters in 35 Districts.



FEDWASUN will be engaged to support WSUCs to manage their water schemes and sustain changes in sanitation and hygiene behaviour. In close coordination with FEDWASUN, NEWAH and WA will also undertake advocacy, as well as support sector coordination activities, at the District Level, which will also be used to influence other Districts and national policy, where applicable.

District Government Agencies: NEWAH will take the lead to coordinate with the Village Development Committee and District Development Committee (DDC) to ensure that this programme is incorporated into the official planning process of the District. In addition, the DDC, through the District WATSAN Steering Committee, and other related Local Government Bodies, such as Drinking Water Supply & Sanitation Divisional Office, will be engaged with the VDC and NEWAH in undertaking regular monitoring of project progress and reviewing key project information, including costs, once the project is completed. Lessons from the project will be fed into the District WATSAN Steering Committee and it is hoped that other Government and Non Government actors will support the implementation of other water and sanitation activities prioritised in the VDC Profile.

8. Resources

HUMAN RESOURCES

The following NEWAH human resources are required to for this programme:

Staff Team	Title of the Staff	Aus \$ 3 million		Aus \$ 2 million	
		No.	% of Time	No.	% of Time
NEWAH HQ	- Chief Executive	1	58%	1	58%
	- Programme & Resource Planning Manager	1	50%	1	50%
	- Technical Team	2	50%	2	50%
	- Social Development Manager	1	50%	1	50%
	- PME Team	3	50%	3	50%
	- Knowledge Management & Advocacy Team	3	50%	3	50%
	- Sector Capacity Building Team	4	50%	4	50%
	- Admin team	3	60%	3	60%
	- Finance team	4	50%	4	50%
	- Support Team	3	50%	3	50%
NEWAH ERO	- Regional Manager	1	50%	1	50%
	- Technical Team	5	80%	5	80%
	- Social Team	2	80%	2	80%
	- PME Team	3	50%	3	50%
	- Admin and Finance team	2	60%	2	60%
	- Support Team	2	50%	2	50%
NEWAH MW&FW RO	- Regional Manager	1	100%	1	100%
	- District Coordinator	1	100%	1	100%
	- Technical Team	20	100%	15	100%
	- Social Team	4	100%	3	100%
	- Knowledge Management & Advocacy Team	1	100%	1	100%
	- PME Team	4	100%	3	100%
	- Admin and Finance team	4	100%	4	100%
	- Support Team	4	100%	4	100%

Technical Team: NEWAH's HQ has two qualified engineers who provide technical support to their regional offices and promote innovation in technical design. The Regional Offices each have a Technical Officer and a Technical Supervisor who complete technical surveys, designs and estimates, as well as provide technical support to projects. In each project a Project Supervisor will be allocated to support the implementation of WaSH activities and conduct community level WaSH training.

Social Team: NEWAH's HQ has a Social Development Manager who provides technical support to the regional officers in the area of social inclusion, gender and sanitation and hygiene promotion. The Regional Offices have Health & Sanitation Supervisors who provides training to local health and



sanitation support staff, ensure quality of all community level training activities related to social inclusion, gender, sanitation and hygiene promotion.

PME Team: This team comprises of a PME Manager, a PME Officer and a PME Supervisor. Their responsibilities are to finalise project plan development, monitor ongoing projects, verify completed projects, collate project reporting and manage NEWAH's management information system.

Knowledge Management and Advocacy: This team comprises of a Knowledge Management Manager, Advocacy Officer and Communication Officer. This team is responsible to lead the learning agenda within NEWAH, which include support to the field team to develop documentation and publication based on project experiences. In addition, this team leads on governance and policy advocacy activities with different Government and Donor Agencies and also supports in media mobilisation activities.

Sector Capacity Building Team: This team is responsible to manage NEWAH's internal and external capacity building activities. They focus on supporting capacity assessments and capacity development activities to sector stakeholders, as well as internal staff. This team currently comprises of three members, including two Capacity Development Managers and a Capacity Building Coordinator. Since, AusAid funding will expand the responsibilities of team it is proposed to add one additional Capacity Building Coordinator to this team.

Administration Teams: In NEWAH's Headquarters this team comprises of an HR and Procurement Manager, an Admin and Logistic Officer and an Admin Assistant. This team manages NEWAH's HR related issues and also oversees regional level procurement activities of materials and services. In the Regional Offices, the Admin Staff manage procurement, logistical support and office management.

Finance Team: In NEWAH's Headquarters this team comprises of a Finance Manager and two Finance Officers. During 2010, NEWAH plans to recruit an Internal Auditor to strengthen NEWAH's internal controls and to enhance accountability and transparency to all NEWAH donor funds at both office and field level. In Regional Offices, NEWAH has Finance Officers managing project level accounting and financial reporting.

Support Team: Support team comprises of staff such as Guards, Drivers and Cleaners.

Allocation of Staff Costs in this Programme:

NEWAH HQ's HR costs are divided on a proportionate basis between all of NEWAH's key donors. In addition to AusAid, NEWAH is currently receiving funds from WaterAid, SIMAVI and Plan International. If the AusAid programme is approved, then it will be roughly equivalent to 50% of NEWAH's total budget in 2010 and 2011. As a result, 50% of NEWAH's HQ HR costs have been included in this Programme. This figure might reduce during the course of the programme if funds are mobilised from other funding agencies. At which time NEWAH will reallocate these funds to community based WaSH activities.

NEWAH's ERO is currently managing projects from Plan International and WaterAid. If the AusAid programme is approved it will constitute 60% of the project activities in the NEWAH's ERO, and as result a proportionate amount of HR core costs have been charged in this Programme.

Funds from the EC and Concern Worldwide are coming to an end in the forthcoming months and therefore NEWAH's M&FWRO will be 100% supported by this AusAid Programme if approved. In the same way as for HQ, if additional donors support NEWAH during the course of this Programme, then AusAid contribution to core HR will be redistributed to other donors and the proportionate surplus budget from AusAid will be utilised in service delivery activities.



FINANCIAL RESOURCES

Aus\$ 3 Million

Resource Allocation across years:

	Aus\$	Exchange Rate	Nepali Rupees
April 2010 – March 2011	2,027,421	64	129,754,912
April – December 2011	972,579	64	57,944,288
TOTAL	3,000,000		192,000,000

Resource Allocations (NRs) between NEWAH and WaterAid:

Year	NEWAH	WaterAid	Total
April 2010 – March 2011	120,615,712	9,139,200	129,754,912
April – December 2011	57,944,288	4,300,800	57,944,288
TOTAL	178,560,000	13,440,000	192,000,000
%	93%	7%	

Aus\$ 2 Million

Resource Allocation across years:

	Aus\$	Exchange Rate	Nepali Rupees
April 2010 – March 2011	1,645,535	64	105,314,228
April – September 2011	354,465	64	22,685,772
TOTAL	2,000,000		128,000,000

Resource Allocations (NRs) between NEWAH and WaterAid:

Year	NEWAH	WaterAid	Total
April 2010 – March 2011	98,146,228	7,168,000	105,314,228
April – September 2011	20,893,772	1,792,000	22,685,772
TOTAL	119,040,000	8,960,000	128,000,000
%	93%	7%	

Please see Annex 1 & 2 for a detailed budget breakdown

9. Risk Assessment and Management

To accomplish the planned activities there might be some possible risks that may obstruct the accomplishment of the set objectives. Some potential risks have been identified below with possible solutions to timely manage such risks.

Risk	Level	Management & Mitigations Measure
<p>Social and Political Disruption: Nepal is still in a fragile position following the end of the 12 year internal conflict in 2007, with many social and political groups still unhappy with Nepal's political direction. In recent years this has led to the continuation of regular bundhs (road and market closures) and other civil disruption. Continued disruption may hamper the procurement and transportation of materials to the project site, as well as safe movement of project staff to and from project areas.</p>	High	<p>This risk will be managed by procuring construction materials on an annual basis at the beginning of the year, and as soon as possible transporting and storing the materials, with adequate insurance, to the project site. Where transportation continues not to be possible materials will be purchased as close to the project site as possible. Project Teams will be based at the project locations and where travel is disrupted will remain at the project locations to ensure the project progresses.</p> <p>NEWAH and WA will continue to following the Basic Operating Guidelines that international agencies have developed for working in conflict areas, including the Safe & Effective Development in Conflict (SEDC) approach.</p>



Risk	Level	Management & Mitigations Measure
<p>Unstable Political Environment: Despite election of a new coalition Government in 2008, the political coalitions remain fragile and susceptible to change. This might impact the programme's implementation in the following ways:</p> <ul style="list-style-type: none"> ▪ continued high turnover of in Local Government Officials mean commitment are not maintained ▪ changing political leadership might lead to a change in development agent ▪ the current development of new constitution & national governance structure could change the responsibilities of local government 	Medium	<p>In these conditions clear communication and documentation with Local Government and other stakeholder is essential to ensure that commitment are upheld. Timely coordination, meetings and workshops will be organized to develop the common understanding among all stakeholders, especially stakeholders that have not been present since the conception of the project.</p>
<p>Natural Disaster: Flooding and landslides are the two most common form of natural disaster that could impact the effective delivery of water and sanitation services, either through hampering construction or destroying infrastructure that has already been constructed. In addition, Nepal is prone to earthquakes, and although the risk of this is relatively low, an earthquake in the VDC or Kathmandu would disrupt development efforts significantly.</p>	Low	<p>To reduce possible harm to constructed infrastructure from the natural disaster, a natural disaster risk assessment will be prepare and work will be implemented according to the plan.</p>
<p>Increase in price of materials: In recent years Nepal has experienced significant increases in the price of construction materials, specially cement and steel. This peeked in mid 2008 and since then we have seen a slight reduction, as a result of the global recession. However further escalations in prices could result in insufficient funds to complete the planned activities in this project.</p>	Medium	<p>Purchasing material as soon as possible after the development of budget should avoid impact of fluctuations. Although inflationary increases have been included in the budget for subsequent year of the programme, they are more prone to impact from this. Market surveys will continue to be done throughout the programme, to monitor changes and there will be timely coordination with donors if the costs are increasing substantially.</p>
<p>Fluctuation in Exchange Rates: funding could also be impacted as a result of the continuous fluctuation in exchange rates, specifically the Aus\$ rate compared to the Nepali Rupee and British Pound.</p>	Medium	<p>WaterAid has set exchange rates for the coming years based on recent trends. We will continue to monitor exchange rate levels and communicate any significant changes to WA UK and donors in good time.</p>
<p>Staff Turnover and Capacity: Although we are confident that the programme is commencing with a strong team with the necessary skills and capacities to achieve the objectives, during the course of the programme staff turnover might impact this. Staff turnover is highest at the local level and this could also impact on critical relationships that have been developed and need to implement the project.</p>	Low	<p>WA & Local partner staff will continue to provide incentives to remain with this programme through capacity building opportunities and appropriate HR mechanism to ensure professional development and opportunities. Care will also be taken to ensure that effective succession planning is in place in case of staff turnover.</p>



10. Annexes

- Annex 1: Detailed Budget – Aus \$ 3 million
- Annex 2: Detailed Budget – Aus \$ 2 million
- Annex 3: Implementation Plan - Aus \$ 3 million
- Annex 4: Implementation Plan - Aus \$ 2 million
- Annex 5: Procurement Policy
- Annex 6: Audit Policy
- Annex 6: Water Quality Policy

Appendix C

**PROGRAMME MANAGEMENT
AND IMPLEMENTATION
ARRANGEMENTS**

Appendix C

Programme management and implementation arrangements

WaterAid

WaterAid will provide support into the design and implementation of this programme, by directly assisting NEWAH, to develop and undertake the programme activities in line with our guidelines, approaches and standards. WaterAid will also engage, with NEWAH, with District level agencies to ensure their proactive support to the implementation and sustainability of this project. WA will also be responsible for ensuring that this project is contributing to the objectives' of the AusAID supported Programme, and feeding lessons learnt into broader programme development: A summary of WA's key role and responsibilities are set out below:

Provision of technical support and advice on demand to NEWAH in the following areas:

Programme and finance planning and management

- development and implementation of WaSH service delivery approaches
- advocacy strategies to improve sector governance at the local level
- monitoring, documentation and learning.

Conduct regular monitoring of AusAID supported programme to ensure progress is on track and outcomes are delivered following agreed approaches and to a high standard

- WaterAid will also use its position as an INGO to promote the programme of work supported by AusAID with other sector actors, which will include sharing of key lessons at the national and international level, with NEWAH
- WaterAid will manage the relationship with AusAID and coordinate all communications in relation to the programme and funding.

NEWAH

NEWAH will be the lead implementing partner and is responsible for the overall delivery of the programme outcomes. NEWAH will manage this programme through its Headquarter based in Kathmandu, and two of its three Regional Offices; the Mid Western and Far Western Regional Office (MW&FWRO) in Nepalgunj and its Eastern Regional Office (ERO) in Biratnagar.

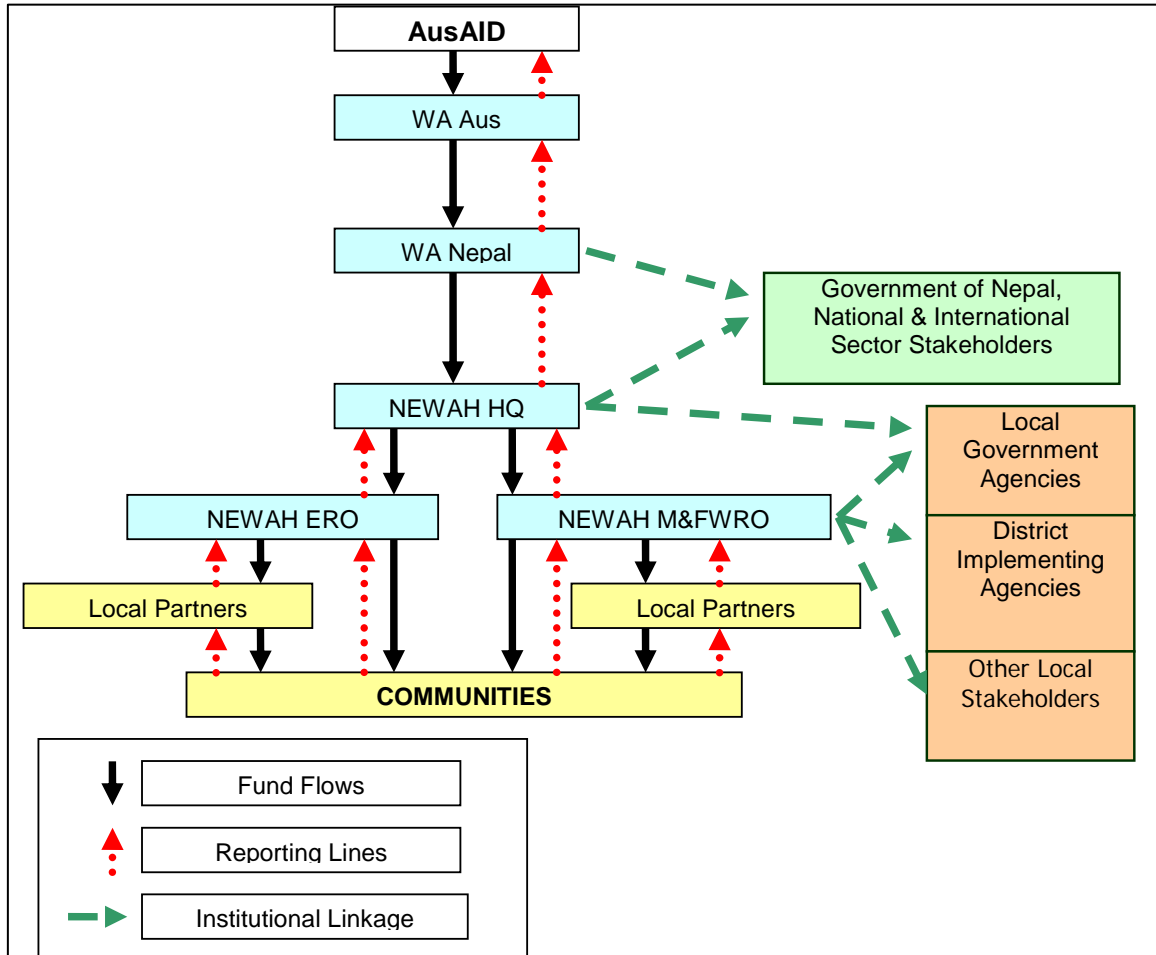
It is also planned that NEWAH shall establish district offices in at least two districts to allow better access to the people and NEWAH's services. This will allow better facilitation and monitoring as well as establish good relationship with the local authorities and other institutions in the district for an improved sector performance. District base team will be assigned for implementation of the program. A summary of NEWAH's key role and responsibilities are set out below:

- development of detailed project plans and budgets based on the funds available to NEWAH through the AusAID grant
- management and implementation of the planned WaSH service delivery projects within communities
- development and management of any districts level partnerships, with either NGOs or Local Governments Agencies, engaged in the various projects' implementation
- internal review and monitoring of progress and quality of the AusAID programme
- engagement with district level stakeholder and undertaking of advocacy activities to improve governance at the local level
- documentation of key lessons and impacts of AusAID programme.

Fund flows, reporting lines and institutional linkages

A schematic showing the key actors and stakeholders that will be involved in this programme, and their relations in terms of fund flow, reporting lines and also institutional linkages in terms shown in C1.

Figure C1 Key stakeholders



Visibility and Identity

WA and NEWAH are committed to local ownership of services that are constructed and provided as a result of our programme interventions. As a result WA and NEWAH will not include any of our own branding on infrastructure, such as tap stand, tube wells and tanks, and other place which might distract from community ownership. However to improve transparency in the project each community provided with WaSH services will be given a project notice board. On which the budget for the programme activities in that community will be stated, including the community contribution and recognising all institutions and agencies that contribute funds.

Acknowledgement will be made and the logos of AusAID, WA and NEWAH’s will appear on any publications that are produced as a result of direct funding from this programme or as a result of lessons learnt from this programme’s intervention and activities. During the course of the programme WA and NEWAH will work together to publicise the progress, impact and lessons from the AusAID support programme within sector forums and national media. Such media activities might also be around key achievements in the programme, such as declaration of No Open Defecation communities and VDC. During these activities AusAID will clearly be acknowledged and invited as the donor of this programme.

Appendix D

BUDGET COST ESTIMATE

NEWAH & WaterAID AusAid Programme Budget -A\$2 million

				April 2010 - March 2011			April - September 2011			TOTAL			
		Sector	Cost Items	ERO	MW&FWRO	TOTAL	ERO	MW&FWRO	TOTAL	ERO	MW&FWRO	TOTAL	%
1	Service Delivery	Water	Materials	8,073,281	31,028,462	39,101,742	495,135	7,757,115	8,252,250	8,568,416	38,785,577	47,353,993	40%
2			Staff Costs & Labour	2,652,649	10,195,066	12,847,715	162,687	2,548,766	2,711,454	2,815,337	12,743,832	15,559,169	13%
3			Capacity Building & Training Activities	576,663	2,216,319	2,792,982	35,367	554,080	589,446	612,030	2,770,398	3,382,428	3%
4			Travel & Vehicles	230,665	886,527	1,117,193	14,147	221,632	235,779	244,812	1,108,159	1,352,971	1%
		Water	Sub-Total	11,533,258	44,326,374	55,859,632	707,336	11,081,593	11,788,929	12,240,594	55,407,967	67,648,561	57%
5	Sanitation	Sanitation	Materials	1,014,349	3,609,433	4,623,783	57,597	902,358	959,956	1,071,947	4,511,792	5,583,738	5%
6			Staff Costs & Labour	1,201,203	4,274,329	5,475,532	68,207	1,068,582	1,136,790	1,269,411	5,342,911	6,612,322	6%
7			Capacity Building & Training Activities	347,014	1,234,806	1,581,820	19,704	308,702	328,406	366,719	1,543,508	1,910,226	2%
8			Travel & Vehicles	106,774	379,940	486,714	6,063	94,985	101,048	112,837	474,925	587,762	0.5%
		Sanitation	Sub-Total	2,669,341	9,498,509	12,167,849	151,572	2,374,627	2,526,199	2,820,913	11,873,136	14,694,049	12%
9	Hygiene	Hygiene	Materials	235,242	949,851	1,185,093	15,157	237,463	252,620	250,399	1,187,314	1,437,713	1%
10			Staff Costs & Labour	1,505,549	6,079,046	7,584,594	97,006	1,519,761	1,616,767	1,602,555	7,598,807	9,201,362	8%
11			Capacity Building & Training Activities	470,484	1,899,702	2,370,186	30,314	474,925	505,240	500,798	2,374,627	2,875,426	2%
12			Travel & Vehicles	141,145	569,911	711,056	9,094	142,478	151,572	150,240	712,388	862,628	1%
		Hygiene	Sub-Total	2,352,420	9,498,509	11,850,928	151,572	2,374,627	2,526,199	2,503,992	11,873,136	14,377,128	12%
13	Governance	Governance	Materials	30,314	171,782	202,096	0	50,524	50,524	30,314	222,306	252,620	0.2%
14			Staff Costs & Labour	250,094	1,417,198	1,667,291	0	416,823	416,823	250,094	1,834,021	2,084,114	2%
15			Capacity Building & Training Activities	75,786	429,454	505,240	0	126,310	126,310	75,786	555,764	631,550	0.5%
16			Travel & Vehicles	22,736	128,836	151,572	0	37,893	37,893	22,736	166,729	189,465	0.2%
		Governance	Sub-Total	378,930	2,147,269	2,526,199	0	631,550	631,550	378,930	2,778,819	3,157,749	3%
17	Sector Capacity Building	Sector Capacity Building	Materials	60,629	343,563	404,192	0	101,048	101,048	60,629	444,611	505,240	0%
18			Staff Costs & Labour	252,620	1,431,513	1,684,133	0	421,033	421,033	252,620	1,852,546	2,105,166	2%
19			Capacity Building & Training Activities	166,729	944,798	1,111,528	0	277,882	277,882	166,729	1,222,680	1,389,410	1%
20			Travel & Vehicles	25,262	143,151	168,413	0	42,103	42,103	25,262	185,255	210,517	0%
		Sec Cap	Sub-Total	505,240	2,863,026	3,368,265	0	842,066	842,066	505,240	3,705,092	4,210,332	4%
21	Programme Support	Programme Support	M&E	1,156,524	3,801,930	4,958,454	67,892	950,482	1,018,374	1,224,416	4,752,412	5,976,828	5%
22			Operational Mgmt & Admin	591,710	1,945,173	2,536,883	34,735	486,293	521,029	626,445	2,431,467	3,057,912	3%
23			Infrastructure and Accommodation	537,918	1,768,339	2,306,258	31,577	442,085	473,662	569,496	2,210,424	2,779,920	2%
24			Finance, Governance and Controls	403,439	1,326,255	1,729,693	23,683	331,564	355,247	427,122	1,657,818	2,084,940	2%
25			Institutional Support	168,413	673,653	842,066	0	210,517	210,517	168,413	884,170	1,052,583	1%
		Prog. Sup	Sub-Total	2,858,004	9,515,350	12,373,354	157,887	2,420,941	2,578,828	3,015,892	11,936,291	14,952,182	13%
NEWAH TOTAL				20,297,193	77,849,036	98,146,228	1,168,367	19,725,405	20,893,772	21,465,560	97,574,440	119,040,000	93%
WATERAID TOTAL						7,168,000			1,792,000			8,960,000	7%
GRAND TOTAL (NRs)						105,314,228			22,685,772			128,000,000	
GRAND TOTAL (Aus\$)						1,645,535			354,465			2,000,000	

NEWAH & WaterAID AusAid Programme Budget -A\$2 million

				2010/11					2011/12				
		Sector	Cost Items	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	TOTAL	TOTAL	
1	Service Delivery	Water	Materials	3,910,174	23,461,045	7,820,348	3,910,174	39,101,742	4,951,350	3,300,900	8,252,250	47,353,993	
2			Staff Costs & Labour	1,284,772	3,854,315	3,854,315	3,854,315	12,847,715	1,355,727	1,355,727	2,711,454	15,559,169	
3			Capacity Building & Training Activities	279,298	1,117,193	1,117,193	279,298	2,792,982	353,668	235,779	589,446	3,382,428	
4			Travel & Vehicles	279,298	279,298	279,298	279,298	1,117,193	117,889	117,889	235,779	1,352,971	
		Water	Sub-Total	5,753,542	28,711,851	13,071,154	8,323,085	55,859,632	6,778,634	5,010,295	11,788,929	67,648,561	
5		Sanitation	Materials	462,378	1,849,513	1,387,135	924,757	4,623,783	767,965	191,991	959,956	5,583,738	
6			Staff Costs & Labour	547,553	1,642,660	1,642,660	1,642,660	5,475,532	568,395	568,395	1,136,790	6,612,322	
7			Capacity Building & Training Activities	316,364	632,728	474,546	158,182	1,581,820	197,044	131,362	328,406	1,910,226	
8			Travel & Vehicles	121,678	121,678	121,678	121,678	486,714	50,524	50,524	101,048	587,762	
		Sanitation	Sub-Total	1,447,974	4,246,579	3,626,019	2,847,277	12,167,849	1,583,927	942,272	2,526,199	14,694,049	
9		Hygiene	Materials	237,019	474,037	355,528	118,509	1,185,093	202,096	50,524	252,620	1,437,713	
10			Staff Costs & Labour	758,459	2,275,378	2,275,378	2,275,378	7,584,594	808,384	808,384	1,616,767	9,201,362	
11			Capacity Building & Training Activities	237,019	948,074	948,074	237,019	2,370,186	303,144	202,096	505,240	2,875,426	
12			Travel & Vehicles	177,764	177,764	177,764	177,764	711,056	75,786	75,786	151,572	862,628	
		Hygiene	Sub-Total	1,410,260	3,875,254	3,756,744	2,808,670	11,850,928	1,389,410	1,136,790	2,526,199	14,377,128	
13	Policy & Advocacy	Governance	Materials	40,419	60,629	60,629	40,419	202,096	25,262	25,262	50,524	252,620	
14			Staff Costs & Labour	416,823	416,823	416,823	416,823	1,667,291	208,411	208,411	416,823	2,084,114	
15			Capacity Building & Training Activities	101,048	151,572	151,572	101,048	505,240	75,786	50,524	126,310	631,550	
16			Travel & Vehicles	37,893	37,893	37,893	37,893	151,572	18,946	18,946	37,893	189,465	
		Governance	Sub-Total	596,183	666,917	666,917	596,183	2,526,199	328,406	303,144	631,550	3,157,749	
17	Sector Capacity Building	Local Govt & NGOs	Materials	80,838	121,258	121,258	80,838	404,192	50,524	50,524	101,048	505,240	
18			Staff Costs & Labour	421,033	421,033	421,033	421,033	1,684,133	210,517	210,517	421,033	2,105,166	
19			Capacity Building & Training Activities	222,306	333,458	333,458	222,306	1,111,528	166,729	111,153	277,882	1,389,410	
20			Travel & Vehicles	42,103	42,103	42,103	42,103	168,413	21,052	21,052	42,103	210,517	
		LG &	Sub-Total	766,280	917,852	917,852	766,280	3,368,265	448,821	393,245	842,066	4,210,332	
21	Programme Support	Organ. Effective	M&E	991,691	1,487,536	1,239,613	1,239,613	4,958,454	509,187	509,187	1,018,374	5,976,828	
22			Operational Mgmt & Admin	507,377	761,065	634,221	634,221	2,536,883	260,514	260,514	521,029	3,057,912	
23			Infrastructure and Accomodation	576,564	576,564	576,564	576,564	2,306,258	236,831	236,831	473,662	2,779,920	
24			Finance, Governance and Controls	432,423	432,423	432,423	432,423	1,729,693	177,623	177,623	355,247	2,084,940	
25			Institutional Support				842,066	842,066		210,517	210,517	1,052,583	
		Org. Eff	Sub-Total	2,508,055	3,257,589	2,882,822	3,724,888	12,373,354	1,184,156	1,394,672	2,578,828	14,952,182	
		TOTAL		12,482,295	41,676,041	24,921,508	19,066,384	98,146,228	11,713,354	9,180,418	20,893,772	119,040,000	93%
		WATERAID TOTAL		1,792,000	1,792,000	1,792,000	1,792,000	7,168,000	896,000	896,000	1,792,000	8,960,000	7%
		GRAND TOTAL (NRs)		14,274,295	43,468,041	26,713,508	20,858,384	105,314,228	12,609,354	10,076,418	22,685,772	128,000,000	
		GRAND TOTAL (Aus\$)		223,036	679,188	417,399	325,912	1,645,535	197,021	157,444	354,465	2,000,000	

NEWAH & WaterAID AusAid Programme Budget - A\$3 million

				April 2010 - March 2011			April - December 2011			TOTAL			
		Sector	Cost Items	ERO	MW&FWRO	TOTAL	ERO	MW&FWRO	TOTAL	ERO	MW&FWRO	TOTAL	%
1	Service Delivery	Water	Materials	8,837,947	37,524,549	46,362,496	4,117,810	20,205,527	24,323,336	12,955,757	57,730,076	70,685,833	40%
2			Staff Costs & Labour	2,903,897	12,329,495	15,233,392	1,352,995	6,638,959	7,991,953	4,256,891	18,968,454	23,225,345	13%
3			Capacity Building & Training Activities	631,282	2,680,325	3,311,607	294,129	1,443,252	1,737,381	925,411	4,123,577	5,048,988	3%
4			Travel & Vehicles	252,513	1,072,130	1,324,643	117,652	577,301	694,952	370,164	1,649,431	2,019,595	1%
		Water	Sub-Total	12,625,638	53,606,499	66,232,138	5,882,585	28,865,038	34,747,623	18,508,224	82,471,537	100,979,761	57%
5	Sanitation	Sanitation	Materials	1,103,300	4,365,101	5,468,401	479,011	2,350,439	2,829,449	1,582,311	6,715,539	8,297,850	5%
6			Staff Costs & Labour	1,306,540	5,169,198	6,475,738	567,249	2,783,414	3,350,664	1,873,789	7,952,613	9,826,402	6%
7			Capacity Building & Training Activities	377,445	1,493,324	1,870,769	163,872	804,097	967,970	541,317	2,297,421	2,838,738	2%
8			Travel & Vehicles	116,137	459,484	575,621	50,422	247,415	297,837	166,559	706,899	873,458	0.5%
		Sanitation	Sub-Total	2,903,422	11,487,107	14,390,529	1,260,554	6,185,365	7,445,919	4,163,976	17,672,472	21,836,449	12%
9	Hygiene	Hygiene	Materials	258,650	1,148,711	1,407,361	126,055	618,537	744,592	384,706	1,767,247	2,151,953	1%
10			Staff Costs & Labour	1,655,361	7,351,748	9,007,109	806,755	3,958,634	4,765,388	2,462,115	11,310,382	13,772,498	8%
11			Capacity Building & Training Activities	517,300	2,297,421	2,814,722	252,111	1,237,073	1,489,184	769,411	3,534,494	4,303,906	2%
12			Travel & Vehicles	155,190	689,226	844,416	75,633	371,122	446,755	230,823	1,060,348	1,291,172	1%
		Hygiene	Sub-Total	2,586,501	11,487,107	14,073,608	1,260,554	6,185,365	7,445,919	3,847,055	17,672,472	21,519,528	12%
13	Governance	Governance	Materials	34,445	195,190	229,635	16,966	96,138	113,104	51,411	291,328	342,739	0.2%
14			Staff Costs & Labour	284,173	1,610,316	1,894,489	139,966	793,141	933,107	424,139	2,403,456	2,827,596	2%
15			Capacity Building & Training Activities	86,113	487,974	574,088	42,414	240,346	282,760	128,527	728,320	856,847	0.5%
16			Travel & Vehicles	25,834	146,392	172,226	12,724	72,104	84,828	38,558	218,496	257,054	0.1%
		Governance	Sub-Total	430,566	2,439,872	2,870,438	212,070	1,201,728	1,413,798	642,635	3,641,600	4,284,236	2%
17	Sector Capacity Building	Sector Capacity Building	Materials	87,438	495,482	582,920	43,066	244,043	287,110	130,504	739,525	870,029	0.5%
18			Staff Costs & Labour	364,325	2,064,507	2,428,832	179,444	1,016,847	1,196,290	543,768	3,081,354	3,625,123	2%
19			Capacity Building & Training Activities	240,454	1,362,575	1,603,029	118,433	671,119	789,552	358,887	2,033,694	2,392,581	1%
20			Travel & Vehicles	36,432	206,451	242,883	17,944	101,685	119,629	54,377	308,135	362,512	0%
		Sec Cap	Sub-Total	728,650	4,129,015	4,857,664	358,887	2,033,694	2,392,581	1,087,537	6,162,708	7,250,245	4%
21	Programme Support	Programme Support	M&E	1,679,174	5,668,373	7,347,548	283,419	1,417,093	1,700,512	1,962,593	7,085,467	9,048,060	5%
22			Operational Mgmt & Admin	859,112	2,900,098	3,759,210	145,005	725,025	870,029	1,004,117	3,625,123	4,629,240	3%
23			Infrastructure and Accommodation	781,011	2,636,453	3,417,464	131,823	659,113	790,936	912,834	3,295,566	4,208,400	2%
24			Finance, Governance and Controls	585,759	1,977,340	2,563,098	98,867	494,335	593,202	684,625	2,471,674	3,156,300	2%
25			Institutional Support	220,803	883,212	1,104,015	81,565	462,203	543,768	302,368	1,345,415	1,647,783	1%
		Prog. Sup	Sub-Total	4,125,860	14,065,475	18,191,335	740,678	3,757,769	4,498,447	4,866,538	17,823,244	22,689,782	13%
NEWAH TOTAL				23,400,637	97,215,075	120,615,712	9,715,328	48,228,959	57,944,288	33,115,965	145,444,035	178,560,000	93%
WATERAID TOTAL						9,139,200			4,300,800			13,440,000	7%
GRAND TOTAL (NRs)						129,754,912			62,245,088			192,000,000	
GRAND TOTAL (Aus\$)						2,027,421			972,579			3,000,000	

NEWAH & WaterAID AusAid Programme Budget -A\$3 million

				2010/11					2011/12					
		Sector	Cost Items	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	TOTAL	TOTAL	
1	Service Delivery	Water	Materials	4,636,250	27,817,498	9,272,499	4,636,250	46,362,496	14,594,002	7,297,001	2,432,334	24,323,336	70,685,833	
2			Staff Costs & Labour	1,523,339	4,570,017	4,570,017	4,570,017	15,233,392	3,196,781	2,397,586	2,397,586	7,991,953	23,225,345	
3			Capacity Building & Training Activities	331,161	1,324,643	1,324,643	331,161	3,311,607	694,952	521,214	521,214	1,737,381	5,048,988	
4			Travel & Vehicles	331,161	331,161	331,161	331,161	1,324,643	208,486	208,486	277,981	694,952	2,019,595	
		Water	Sub-Total	6,821,910	34,043,319	15,498,320	9,868,589	66,232,138	18,694,221	10,424,287	5,629,115	34,747,623	100,979,761	
5	Sanitation	Materials	Materials	546,840	2,187,360	1,640,520	1,093,680	5,468,401	1,697,670	848,835	282,945	2,829,449	8,297,850	
6			Staff Costs & Labour	647,574	1,942,721	1,942,721	1,942,721	6,475,738	1,340,265	1,005,199	1,005,199	3,350,664	9,826,402	
7			Capacity Building & Training Activities	374,154	748,308	561,231	187,077	1,870,769	387,188	387,188	193,594	967,970	2,838,738	
8			Travel & Vehicles	143,905	143,905	143,905	143,905	575,621	119,135	89,351	89,351	297,837	873,458	
		Sanitation	Sub-Total	1,712,473	5,022,295	4,288,378	3,367,384	14,390,529	3,544,258	2,330,573	1,571,089	7,445,919	21,836,449	
9	Hygiene	Materials	Materials	281,472	562,944	422,208	140,736	1,407,361	446,755	223,378	74,459	744,592	2,151,953	
10			Staff Costs & Labour	900,711	2,702,133	2,702,133	2,702,133	9,007,109	1,906,155	1,429,616	1,429,616	4,765,388	13,772,498	
11			Capacity Building & Training Activities	281,472	1,125,889	1,125,889	281,472	2,814,722	595,674	595,674	297,837	1,489,184	4,303,906	
12			Travel & Vehicles	211,104	211,104	211,104	211,104	844,416	178,702	134,027	134,027	446,755	1,291,172	
		Hygiene	Sub-Total	1,674,759	4,602,070	4,461,334	3,335,445	14,073,608	3,127,286	2,382,694	1,935,939	7,445,919	21,519,528	
13	Policy & Advocacy	Governance	Materials	45,927	68,891	68,891	45,927	229,635	45,242	33,931	33,931	113,104	342,739	
14			Staff Costs & Labour	473,622	473,622	473,622	473,622	1,894,489	373,243	279,932	279,932	933,107	2,827,596	
15			Capacity Building & Training Activities	114,818	172,226	172,226	114,818	574,088	113,104	84,828	84,828	282,760	856,847	
16			Travel & Vehicles	43,057	43,057	43,057	43,057	172,226	25,448	33,931	25,448	84,828	257,054	
		Governance	Sub-Total	677,423	757,796	757,796	677,423	2,870,438	557,036	432,622	424,139	1,413,798	4,284,236	
17	Sector Capacity Building	Local Govt & NGOs	Materials	116,584	174,876	174,876	116,584	582,920	114,844	86,133	86,133	287,110	870,029	
18			Staff Costs & Labour	607,208	607,208	607,208	607,208	2,428,832	478,516	358,887	358,887	1,196,290	3,625,123	
19			Capacity Building & Training Activities	320,606	480,909	480,909	320,606	1,603,029	315,821	236,866	236,866	789,552	2,392,581	
20			Travel & Vehicles	60,721	60,721	60,721	60,721	242,883	35,889	35,889	47,852	119,629	362,512	
		LG & NGOs	Sub-Total	1,105,119	1,323,713	1,323,713	1,105,119	4,857,664	945,069	717,774	729,737	2,392,581	7,250,245	
21	Programme Support	Organ. Effective	M&E	1,469,510	2,204,264	1,836,887	1,836,887	7,347,548	680,205	510,154	510,154	1,700,512	9,048,060	
22			Operational Mgmt & Admin	751,842	1,127,763	939,803	939,803	3,759,210	261,009	261,009	348,012	870,029	4,629,240	
23			Infrastructure and Accomodation	854,366	854,366	854,366	854,366	3,417,464	237,281	316,374	237,281	790,936	4,208,400	
24			Finance, Governance and Controls	640,775	640,775	640,775	640,775	2,563,098	177,961	177,961	237,281	593,202	3,156,300	
25			Institutional Support	0	0	0	1,104,015	1,104,015	0	0	543,768	543,768	1,647,783	
		Org. Eff	Sub-Total	3,716,492	4,827,168	4,271,830	5,375,845	18,191,335	1,356,455	1,265,497	1,876,495	4,498,447	22,689,782	
		TOTAL		15,708,177	50,576,360	30,601,371	23,729,804	120,615,712	28,224,326	17,553,448	12,166,515	57,944,288	178,560,000	93%
		WATERAID TOTAL		2,284,800	2,284,800	2,284,800	2,284,800	9,139,200	1,290,240	1,290,240	1,720,320	4,300,800	13,440,000	7%
		GRAND TOTAL (NRs)		17,992,977	52,861,160	32,886,171	26,014,604	129,754,912	29,514,566	18,843,688	13,886,835	62,245,088	192,000,000	
		GRAND TOTAL (Aus\$)		281,140	825,956	513,846	406,478	2,027,421	461,165	294,433	216,982	972,579	3,000,000	

Materials	5,627,073	30,811,569	11,578,994	6,033,177	54,050,813	16,898,512	8,489,277	2,909,802	28,297,591	82,348,404	46%
Staff Costs & Labour	4,152,454	10,295,702	10,295,702	10,295,702	35,039,560	7,294,961	5,471,221	5,471,221	18,237,402	53,276,962	30%
Capacity Building & Training Activities	1,422,210	3,851,974	3,664,897	1,235,133	10,174,214	2,106,738	1,825,769	1,334,338	5,266,846	15,441,060	9%
Travel & Vehicles	789,947	789,947	789,947	789,947	3,159,790	567,660	501,683	574,659	1,644,001	4,803,791	3%
M&E	1,469,510	2,204,264	1,836,887	1,836,887	7,347,548	680,205	510,154	510,154	1,700,512	9,048,060	5%
Operational Mgmt & Admin	751,842	1,127,763	939,803	939,803	3,759,210	261,009	261,009	348,012	870,029	4,629,240	3%
Infrastructure and Accomodation	854,366	854,366	854,366	854,366	3,417,464	237,281	316,374	237,281	790,936	4,208,400	2%
Finance, Governance and Controls	640,775	640,775	640,775	640,775	2,563,098	177,961	177,961	237,281	593,202	3,156,300	2%
Institutional Support	0	0	0	1,104,015	1,104,015	0	0	543,768	543,768	1,647,783	1%
	15,708,177	50,576,360	30,601,371	23,729,804	120,615,712	28,224,326	17,553,448	12,166,515	57,944,288	178,560,000	

Appendix E

IMPLEMENTATION PLAN

WaterAid & NEWAH Implementation Plan for AusAID Funded Programme - A\$2 million

	2010									2011											
	AusAID Q4			AusAID Q1			AusAID Q2			AusAID Q3			AusAID Q4			AusAID Q1			AusAID Q2		
	WAN & NEWAH Q1			WAN & NEWAH Q2			WAN & NEWAH Q3			WAN & NEWAH Q4			WAN & NEWAH Q1			WAN & NEWAH Q2			WAN & NEWAH Q3		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Monitoring&Evaluation																					
WaterAid Finance Monitoring																					
WaterAid Programme Monitoring																					
Peer review by Social Welfare Council																					
AusAID Programme Review																					
Reporting																					
NEWAH reporting to WaterAid																					
WaterAid reporting to AusAID																					
Financial Disbursements																					
AusAID to WaterAid																					
WaterAid to NEWAH																					
Programme Implementation																					
WaSH Service Delivery																					
Phase 1 Projects																					
Project Planning																					
Community Mobilisation																					
Community Capacity Building																					
WaSH Constructions																					
HS Promotion & Education																					
Project Completion																					
Follow Up Support & Monitoring *																					
Phase 2 Projects																					
Project Planning																					
Community Mobilisation																					
Community Capacity Building																					
WaSH Constructions																					
HS Promotion & Education																					
Project Completion																					
Follow Up Support & Monitoring *																					
Sector Capacity Building																					
Capacity Assessments																					
Training and Awareness Programmes																					
Review of Capacity Development																					
Improved Sector Governance																					
Support to FEDWASUN																					
District Coordination Activities																					
District Level WaSH Campaign																					
Future AusAID Support																					
Project Planning																					
Implementation Commences																					

* Follow Up Support & Monitoring will last for two year2 from the end of each Phase

WaterAid & NEWAH Implementation Plan for AusAID Funded Programme - A\$3 million

	2010									2011									2012					
	AusAID Q4			AusAID Q1			AusAID Q2			AusAID Q3			AusAID Q4			AusAID Q1			AusAID Q2			AusAID Q3		
	WAN & NEWAH Q1			WAN & NEWAH Q2			WAN & NEWAH Q3			WAN & NEWAH Q4			WAN & NEWAH Q1			WAN & NEWAH Q2			WAN & NEWAH Q3			WAN & NEWAH Q4		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Monitoring																								
WaterAid Finance Monitoring																								
WaterAid Programme Monitoring																								
Peer review by Social Welfare Council																								
AusAID Programme Review																								
Reporting																								
NEWAH reporting to WaterAid																								
WaterAid reporting to AusAID																								
Financial Disbursements																								
AusAID to WaterAid																								
WaterAid to NEWAH																								
Programme Implementation																								
WaSH Service Delivery																								
Phase 1 Projects																								
Project Planning																								
Community Mobilisation																								
Community Capacity Building																								
WaSH Constructions																								
HS Promotion & Education																								
Project Completion																								
Follow Up Support & Monitoring *																								
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Community Mobilisation																								
Community Capacity Building																								
WaSH Constructions																								
HS Promotion & Education																								
Project Completion																								
Follow Up Support & Monitoring *																								
Phase 3 Projects																								
Project Planning																								
Community Mobilisation																								
Community Capacity Building																								
WaSH Constructions																								
HS Promotion & Education																								
Project Completion																								
Follow Up Support & Monitoring *																								
Sector Capacity Building																								
Capacity Assessments																								
Training and Awareness Programmes																								
Review of Capacity Development																								
Improved Sector Governance																								
Support to FEDWASUN																								
District Coordination Activities																								
District Level WaSH Campaign																								
Future AusAID Support																								
Project Planning																								
Implementation Commences																								

* Follow Up Support & Monitoring will last for two year2 from the end of each Phase

Appendix F

CRITICAL RISK STRATEGY

Appendix F

Critical risk assessment and management

To accomplish the planned activities there might be some possible risks that may obstruct the accomplishment of the set objectives. Some potential risks have been identified below with possible solutions to timely manage such risks.

Risk	Level	Management & Mitigations Measure
<p>Social and Political Disruption: Nepal is still in a fragile position following the end of the 12 year internal conflict in 2007, with many social and political groups still unhappy with Nepal's political direction. In recent years this has led to the continuation of regular bundhs (road and market closures) and other civil disruption. Continued disruption may hamper the procurement and transportation of materials to the project site, as well as safe movement of project staff to and from project areas.</p>	High	<p>This risk will be managed by procuring construction materials on an annual basis at the beginning of the year, and as soon as possible transporting and storing the materials, with adequate insurance, to the project site. Where transportation continues not to be possible materials will be purchased as close to the project site as possible. Project Teams will be based at the project locations and where travel is disrupted will remain at the project locations to ensure the project progresses.</p> <p>NEWAH and WA will continue to following the Basic Operating Guidelines that international agencies have developed for working in conflict areas, including the Safe & Effective Development in Conflict (SEDC) approach.</p>
<p>Unstable Political Environment: Despite election of a new coalition Government in 2008, the political coalitions remain fragile and susceptible to change. This might impact the programme's implementation in the following ways:</p> <p>continued high turnover of in Local Government Officials mean commitment are not maintained</p> <p>changing political leadership might lead to a change in development agent</p> <p>the current development of new constitution & national governance structure could change the responsibilities of local government</p>	Medium	<p>In these conditions clear communication and documentation with Local Government and other stakeholder is essential to ensure that commitment are upheld. Timely coordination, meetings and workshops will be organized to develop the common understanding among all stakeholders, especially stakeholders that have not been present since the conception of the project.</p>
<p>Natural Disaster: Flooding and landslides are the two most common form of natural disaster that could impact the effective delivery of water and sanitation services, either through hampering construction or destroying infrastructure that has already been constructed. In addition, Nepal is prone to earthquakes, and although the risk of this is relatively low, an earthquake in the VDC or Kathmandu would disrupt development efforts significantly.</p>	Low	<p>To reduce possible harm to constructed infrastructure from the natural disaster, a natural disaster risk assessment will be prepared and work will be implemented according to the plan.</p>

Risk	Level	Management & Mitigations Measure
<p>Increase in price of materials: In recent years Nepal has experienced significant increases in the price of construction materials, specially cement and steel. This peaked in mid 2008 and since then we have seen a slight reduction, as a result of the global recession. However further escalations in prices could result in insufficient funds to complete the planned activities in this project.</p>	Medium	<p>Purchasing material as soon as possible after the development of budget should avoid impact of fluctuations. Although inflationary increases have been included in the budget for subsequent year of the programme, they are more prone to impact from this. Market surveys will continue to be done throughout the programme, to monitor changes and there will be timely coordination with donors if the costs are increasing substantially.</p>
<p>Fluctuation in Exchange Rates: funding could also be impacted as a result of the continuous fluctuation in exchange rates, specifically the Aus\$ rate compared to the Nepali Rupee and British Pound.</p>	Medium	<p>WaterAid has set exchange rates for the coming years based on recent trends. We will continue to monitor exchange rate levels and communicate any significant changes to WA UK and donors in good time.</p>
<p>Staff Turnover and Capacity: Although we are confident that the programme is commencing with a strong team with the necessary skills and capacities to achieve the objectives, during the course of the programme staff turnover might impact this. Staff turnover is highest at the local level and this could also impact on critical relationships that have been developed and need to implement the project.</p>	Low	<p>WA & Local partner staff will continue to provide incentives to remain with this programme through capacity building opportunities and appropriate HR mechanism to ensure professional development and opportunities. Care will also be taken to ensure that effective succession planning is in place in case of staff turnover.</p>

Appendix G

PERFORMANCE ASSESSMENT

Appendix G

Performance assessment framework

OUTCOME LEVEL INDICATORS

Table G1 Change in Access & Rights to WASH for the unserved

	A\$3 million	A\$2 million
Water	<ul style="list-style-type: none"> 22,400 people in 55 targeted communities have access to S&A drinking water 	<ul style="list-style-type: none"> 15,500 people in 34 targeted communities have access to S&A drinking water
	<ul style="list-style-type: none"> VDC and communities operation and support mechanisms are in place to ensure water scheme remain functional 80% of beneficiaries are from poor & excluded groups. 	
Sanitation	<ul style="list-style-type: none"> 22,400 people have access to and use hygienic and appropriate sanitation services in targeted VDCs 	<ul style="list-style-type: none"> 15,500 people have access to and use hygienic and appropriate sanitation services in targeted VDCs
	<ul style="list-style-type: none"> 100% of the targeted communities within VDCs reach and sustain No Open Defecation 80% of beneficiaries are from poor & excluded groups. 80% targeted communities have in place a community management system to maintain a healthy environment 	
Hygiene	<ul style="list-style-type: none"> 70% of the beneficiaries adopted sustain improved hygiene behaviour practices in at least in three key hygiene indicators (hand-washing, management of human excreta, water & food hygiene) in targeted VDCs. 100% of locations with hand washing facilities and soap (or local equivalent) Reduction in point prevalence rate of diarrhoea by 20% respectively in targeted VDCs 	

Table G2 Changes in Sector Capacity to achieve WASH

Water	<ul style="list-style-type: none"> NEWAH increase their knowledge on water quality mitigation, water resource management, climate change adaptation technologies and approaches NEWAH provide technical support on the delivery of drinking water and water resource management to local NGOs & LGAs beyond the focus VDCs in four districts
Sanitation	<ul style="list-style-type: none"> Community based sanitation models are understood and promoted by all sector actors in five districts NEWAH provide technical support on sanitation promotion to VDCs, other local NGOs and LGAs beyond the focus VDCs in four districts
Hygiene	<ul style="list-style-type: none"> NEWAH's Hygiene Promotion Team develops locally appropriate hygiene promotion programme addressing the specific needs of the targeted communities NEWAH provide technical support on hygiene promotion to CBOs, other local NGOs and LGAs in focus districts

MONITORING & EVALUATION PROCEDURES

Internal Monitoring: All WA & NEWAH units (Programme, Research & Advocacy, Finance & Admin, and PM&E) will support in the monitoring of this programme, which will be individually or jointly between units depending on the areas to be review and monitored. It is expected that monitoring will include output verification, verification of key deliverables and the trend of progress towards achievement of objectives. Financial analysis and review of expenditure will be conducted by programme and finance teams within NEWAH and WA on a quarterly basis. Based on the partner, district and field visit reports developed by the various units, WA and NEWAH will analysis recommendations and work to address any issues to improve progress towards objectives or document and share best practices and case studies.

The below table sets out the different steps NEWAH and WA will following in internal monitoring and reporting on each of the projects included in this programme:

Table G3 NEWAH and WA internal monitoring

Steps of M&E	Responsible	Frequency	Reporting Requirement	Timing of reporting	Remarks
Monitoring					
Monitoring by Community	- WSUC	Day to day	In every meeting of management committee	During the meeting	Using Community Monitoring Tools
Monitoring by VDC Project Team	- VDC Project Team	Day to day	Monthly report to submit to RO	By first week of next month	
Joint monitoring visit by DDC, VDC, Local Partner, WSUC & NEWAH	- VDC Project Team - Regional PME	6 monthly	Brief report shared with DDC & VDC stakeholders	Within two weeks of visit	Review Six monthly progress
Monitoring by NEWAH's Regional Team	- Section Heads - Regional Manager	- At least once in 2 months - At least once in a quarter	Monitoring report to share with RM, HQ and WA	Within two weeks of visit	
Monitoring by NEWAH HQ	- PM&E section - Technical & Social Section	- At least once in a quarter - At least once in a quarter	Monitoring report to share with NEWAH SMT & WA	Within two weeks of visit	
Monitoring by WA	- Programme Team - PM&E Team	- At least once in year - At least once in a year	Monitoring report to share with WA and NEWAH	Within ten days of visit	

Reporting					
Quarterly Review	- NEWAH RO - NEWAH HQ	Quarterly (Q1, Q2 & Q3)	Quarterly report to submit to WA	15 days after end of quarter	Share Q2 with DSC & VDC
Annual Review	- NEWAH RO - NEWAH HQ	Annually	Report to share with VDC, DSC & WA	20 days after end of quarter	
Final Review	- NEWAH HQ - WA	On completion of Programme	PCR to submit to WA	Within 3 months of programme completion	Review output and outcome levels

Evaluation of Programme: At the end of the programme duration, an overall internal evaluation and assessment of the programme will be conducted to see if the planned objectives were achieved and if not to analyse why they were not achieved and recommend for this issues to be address in further programmes if still relevant.

AusAID Reporting Requirement and Engagement in Reporting: WaterAid, with the support of NEWAH, will provide two reports for the progress of this project. The first will be in May 2011 and cover the first year of the programme activities (April 2010 – March 2011). The second report will be provided