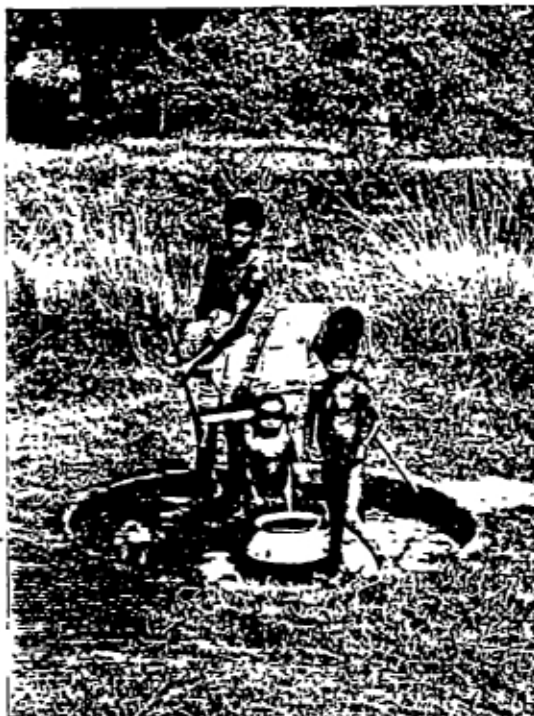


Department For International Development, India

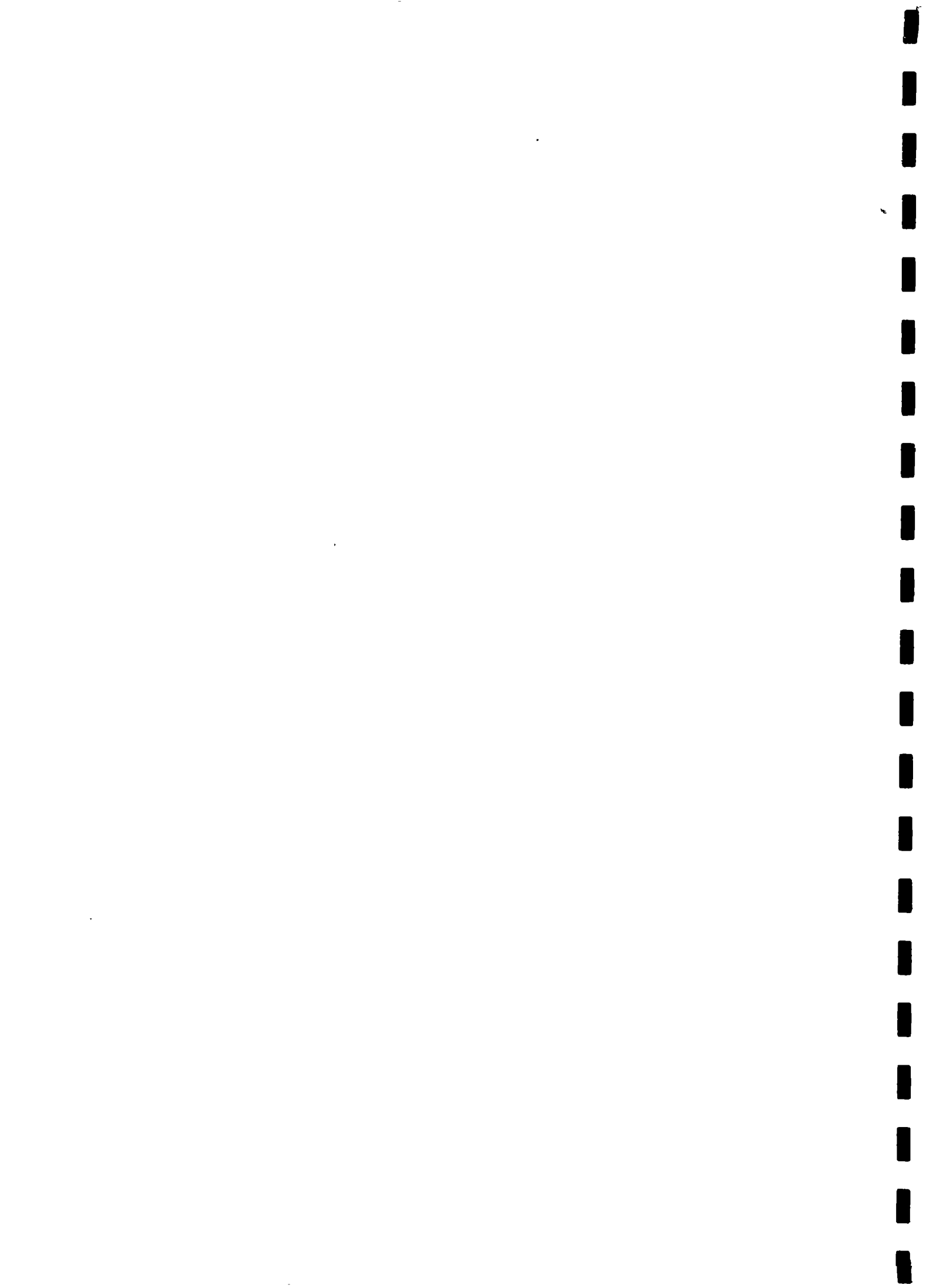
Report Number 5

Water and Environmental Sanitation Sector Review

16-17 April 1998



Water and Sanitation Office
New Delhi
India



1. Executive Summary

2. Water and Environmental Sanitation Strategy

3. New Pipeline Development

4. Ongoing Projects

Annexes to Section 2

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Abbreviations (fold out)



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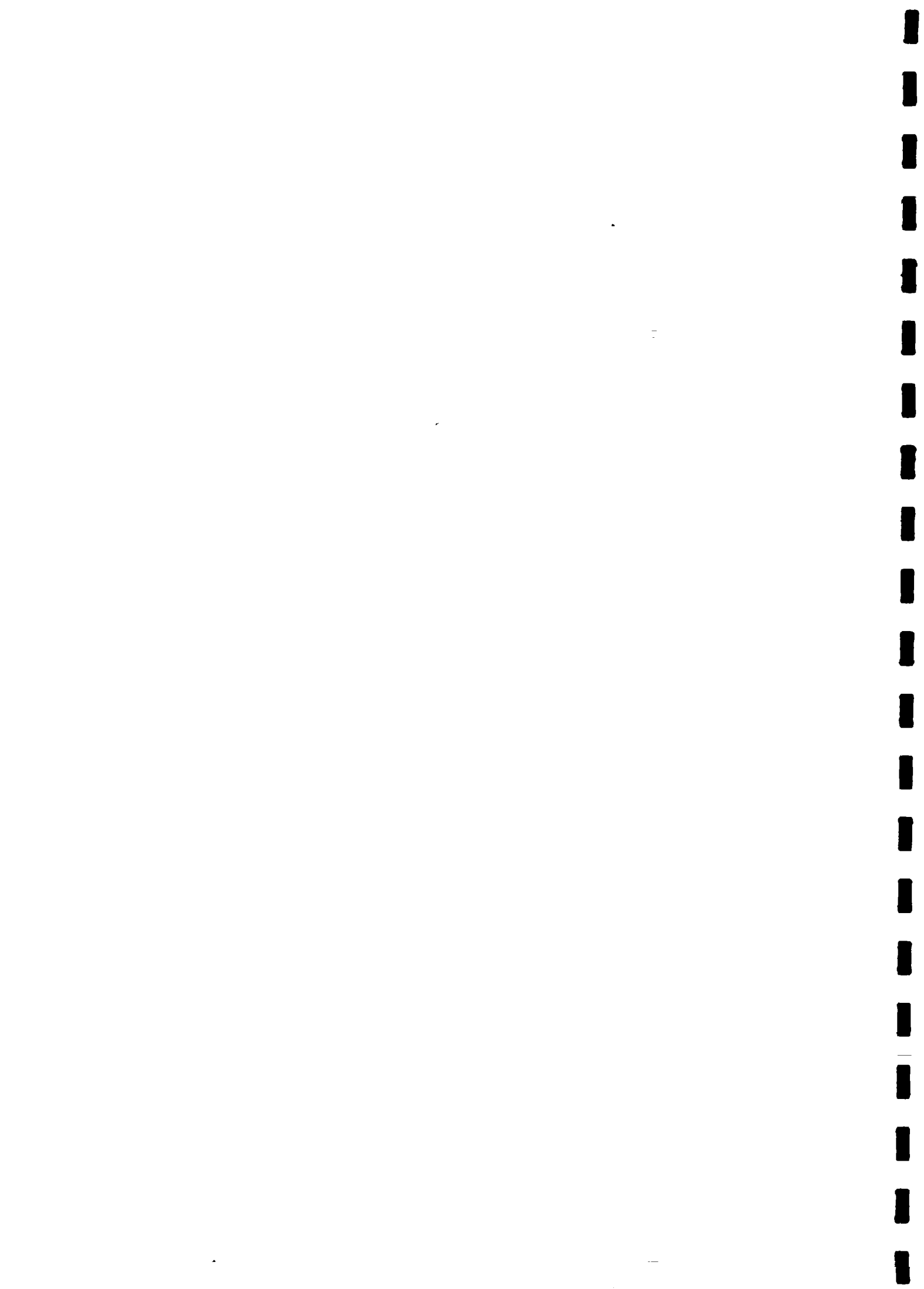
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Department For International Development, India

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Water & Environmental Sanitation Sector Review Report

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1. Executive Summary



1. Executive Summary

1.1 Introduction and Structure of the Report

For ease of distinguishing between the two main Department for International Development (DFID) India offices referred to in this report, the terms Development Co-operation Office Delhi (DCOD) and Water and Sanitation Office (WSO) are adopted where appropriate.

As a result of discussions with DCO, and the current status of projects in the Water and Environmental Sector in India, the main emphasis in this report is on developing a Sector Strategy. In preparing this report the aim has been to set out the issues in a manner which facilitates discussions on the way that DFID's support to the Sector should be developed.

This report has been prepared at a time of change. Procedures for implementing the Government's White Paper on International Development are being developed, DFID India is redrafting its Country Strategy Paper and the Government of India (GoI) is reviewing the Ninth Five Year Plan. Internally, DCO is reviewing the structure of DFID's operations in India. Set against this background, the development of DFID India's Water and Environmental Strategy will be an iterative process.

The WSO was established as a three year project in April 1996. This report is an important step in the process to define the role of the WSO beyond 1999.

The text of the report has been kept as brief as possible with detailed information and relevant background papers being included in the Annexes.

1.2 Overview

The second section of this report reviews and develops the Water and Environmental Sanitation Strategy for DFID, India. The approach adopted is to take a wide overview of the main issues which will influence the Strategy from the perspective of DFID, GoI and other Donors. This is based on policy documents, reports, participation in workshops, contacts with interested agencies and general knowledge of the sector. The result of this overview is a revised Mission Statement and Strategy for DFID India's activities in the Water and Environmental Sanitation Sector. Of particular importance are the discussion sheets which form the core of the proposed Sector Strategy.

The third section of the report looks at the Strategy for developing a pipeline of new projects. This is followed by a review of projects which may form part of the pipeline. It is hoped that the Review will be able to agree key milestones for taking forward some of these initiatives. Proposals are then presented for the role that WSO could play in developing the pipeline.



The final section summarises progress and future activities on all ongoing projects, including the WSO. This includes reviews of key issues which are either project specific and/or sector wide.

Annexes contain supplementary details such as Strategy Discussions Sheets, Theme Papers, draft Project Concept Notes and the WSO budget.

1.3 Summary of Issues for DCOD Consideration

Issues for DCOD consideration are highlighted in the text of the report. For ease of reference, these issues are summarised in the following section. To assist readers, the following broad prioritisation can be adopted:

review - preferable to read prior to the Review

discuss - discussions can be held during the Review

agree - hope to reach agreement during the Review

Section 2.2 - Strategic Overview

Government of India Policy and Initiatives - *discuss* support to Gol schemes

Section 2.3 - Development of DFIDs Sector Approach

Background - *discuss* Theme Papers

Section 2.4 - Proposed Mission Statement and Strategy

Approach - *review* and *discuss* proposed discussion sheets

Mission Statement - *review* and *discuss*

Strategy - *review* and *discuss*

Section 2.5 - Revised Logframe

Goal, Purpose and Outputs - *discuss*

Section 3.1 - Pipeline Development Strategy

Experience to Date - *discuss* collaboration with other FMOs

Potential Partners - *review* and *discuss*

Section 3.2 - New Project Development

Potential New Projects (summarised in Table 3/1) - *review* and *discuss*



Potential new Projects - *review* and *discuss* draft Health Concept Note

Section 3.3 - Next Steps

Roles in DFID India - *review* and *discuss*

WSO Resources - *review* and *discuss*

Proposed Key Milestones - *review* and *agree*

Section 4.1 - WSO

Progress - *discuss*

Budget (details in Annex 4.1/4) - *review*, *discuss* and *agree*

Key Objectives 1998/1999 (details in Annex 4.1/5 and 4.1/6) - *discuss* and *agree*

Section 4.2 - MRWSSP

Progress - *discuss*

Project Completion Report - *discuss*

Role of LSO - *discuss*

Section 4.3 - GRPCPL

Progress - *discuss*

Project Completion Report - *discuss*

Role of LSO - *discuss*

Section 4.4 - UNICEF

Progress - *discuss*, particularly extension of time

Section 4.5 - SCF

Progress - *discuss*, particularly extension of scope

Section 4.6 - Training

Progress - *discuss*



RWSG Training Proposal and the Way Forward - *discuss*

Section 4.7 - Knowledge and Research

Progress - *discuss*

Section 4.8 - Others

Progress - *discuss*, particularly Ganga Action Plan, Cost Benefit Analysis

Annexes - 4.1/5 & 4.1/6

Workplan - *discuss* and *agree* dates



2. Water and Environmental Sanitation Strategy



2 Water and Environmental Sanitation Sector Strategy

2.1 Poverty Focus

Safe drinking water and the provision of sanitation are part of the basic requirements of life and are key to the aim of poverty elimination. The lack of access to water and sanitation has an enormous impact on the health of poor people and severely limits their prospects of escaping from poverty. The time spent collecting water and the other costs of obtaining water are an immense limitation on the opportunities of poor people.

In India it is estimated that 5% of the population still do not have access to safe water while about 46% have inadequate supply. Only 10% of the population have access to sanitation facilities. The situation in the country's rapidly growing urban areas is as bad, where 25% of the urban population live in peri-urban settlements with inadequate drinking water, sanitation, drainage and solid waste disposal. Official estimates show that 15% of the urban population do not have access to water supplies while 42% do not have access to sanitation facilities.

Working with poor people in responding to their expressed needs in the provision of water and sanitation facilities can have both direct and indirect impacts on poverty. Through promotion of good practices the provision of safe drinking water can have a direct impact on improving the health of poor people. Improvements in health can improve the security of livelihoods of poor people and can reduce the costs of health care. The provision of water and environmental sanitation reduces the main source of drudgery in poor people's lives and reduces costs in both time and money. At the same time the provision of services to the poor can give them a sense of social inclusion. Involvement in the process can help bring poor people together, and encourages them to start thinking about other ways to improve their situation and about making demands for improved access to a wider range of services.

2.2 Strategic Overview

DFID White Paper and India Country Strategy Paper

The aim of DFID as stated in the White Paper of November 1997 is the elimination of poverty in poorer countries. This is to be measured by the specific target of a reduction by one half in the proportion of people living in extreme poverty by 2015. The provision of the basic services of water, sanitation, health and education are seen as key to this aim and so are particularly high on the agenda. Water and environmental sanitation as an issue figures in all three of the specific objectives set out in the White Paper:

- policies and actions which promote sustainable livelihoods - with an emphasis on access of poor people to resources.



- better education, health and opportunities for poor people - which includes safe drinking water.
- protection and better management of the natural and physical environment.

The Secretary of State for International Development places special emphasis on the importance of water and sanitation in the DFID development programme. In the White Paper the following commitments are made for DFID to:

- treat water as both a social and economic good.
- increase support for programmes that bring clean, safe water to poor people.
- encourage all those who have an interest in its allocation and use - particularly women - to be involved in decision making and management of water resources.
- adopt a comprehensive framework that takes account of impacts of water use on all aspects of social and economic development.
- increase support to integrated water supply and sanitation projects which involve communities in the planning and managing of new facilities and includes hygiene education to maximise health benefits.

With a new White Paper in place, a revised Country Strategy Paper (CSP) for the DFID India programme is being developed. It is clear that the two key themes will be, focusing efforts to better contribute to poverty elimination, and the building of partnerships. The main efforts in building partnerships will be at the state level. A model is envisaged which:

- focuses on partnerships with a limited number of state governments, probably no more than four, which are poor and where DFID currently has significant programmes, such as Orissa, Andhra Pradesh and West Bengal.
- continues sector specific interventions in some other states and with central government Ministries where significant progress can be made in assisting specific institutional and policy reform to achieve a better focus on poverty elimination.
- allows DFID to work through alternative channels (mainly NGOs) in very poor states where the prospect of working with the government are restricted.
- enables DFID to build a constructive and enabling relationship with the Government of India.

In the initial meeting on the development of the CSP a number of cross-cutting themes arising from the White Paper were discussed, including social cohesion, human rights, gender, child labour, NGOs, environment, panchayat system, private sector, indicators and public awareness. The ways in which these issues are currently addressed and how they might be addressed in the future in the water and environmental sanitation programme are set out briefly



in a table in Annex 2.2/1.

Government of India Policy and Initiatives

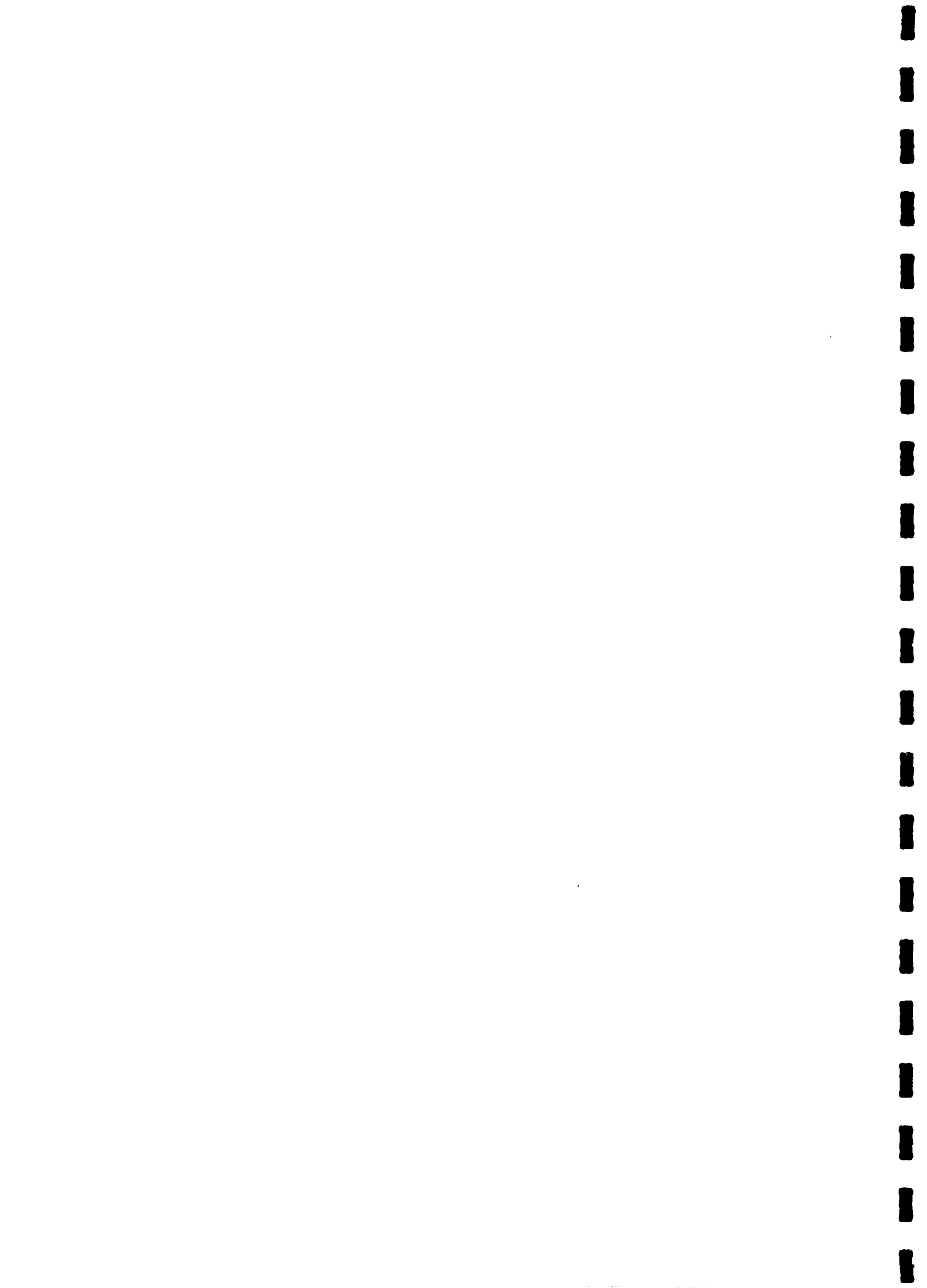
National policy for water and sanitation has essentially been guided by targets set for the country as a whole during the 1970s with the reintroduction of the Accelerated Rural Water Supply Programme. The main objective of these targets in rural areas is to ensure that all rural habitations have a minimum provision of 'safe' drinking water, with basic requirements defined as 40lpcd, with water sources within 1.6km in the plains and within 100m elevation difference in hilly areas and one handpump or standpost for every 250 persons. Subsequent policy has refined these national targets by giving priority to villages without adequate supply and to improving levels of service.

The national policy for provision of rural water does not have a specific focus on poverty. It has rather defined what are termed as problem villages, such as those of Scheduled Tribes, Scheduled Castes and Other Backward Castes. The assumption being that these will be the poorest and the least served. In the Eighth Five Year Plan, the focus was on improving the health of children and relieving the drudgery of women, though again, not specifically relating to issues of poverty.

There are a range of government schemes and programmes for the provision of water and environmental sanitation facilities in rural and urban areas (these are set out in Annex 2.2/2 and Annex 2.2/3. It has been suggested that support from DFID to improve the technical aspects of these programmes is something that would be welcomed by national ministries and government.

With the current policy in India of infrastructure development and the aim of converting cities into engines of growth, there has been an increase displacement and relocation in many cities in India. In some cases, such as Mumbai, with the assistance of the World Bank relocation is carried out under specifically developed policy. In other cases, such as Lucknow where it is not directly linked to a donor assisted project, relocation is carried out in a haphazard and ad hoc fashion, often to the detriment of those who are displaced. The WSO will continue to monitor the situation in Lucknow and collect information on policies and methods with a view to informing the policy of DFID India. The UPO has recently commissioned a study on Relocation of Urban Poor Families and will be organising a workshop in May which the WSO will participate in.

The draft Ninth Five Year Plan has yet to be officially issued. The executive summary that is available makes only short reference to water and environmental sanitation in the context of urban drift, and the need to provide a comparable level of services in rural and urban areas.



Donor Policy and Initiatives

The elimination of poverty, which is so central to DFID's White Paper, is a theme that is becoming increasingly important to many of the donor and funding organisations in India. Currently few donor assisted water and sanitation programmes are specifically targetted at the poorest, though they may be focused on Scheduled Caste/Scheduled Tribe populations and women, with projects relying more on being able to serve the poor as part of a much wider body of beneficiaries. This is particularly true in the urban sector. However, DANIDA, SIDA, the Netherlands aid programme and UNDP all identify poverty elimination or poverty alleviation as the central focus of their policy, and are actively looking at ways of ensuring a poverty focus to new funding initiatives.

Given their influence, it is significant that the World Bank is now taking up the theme of reducing poverty as central to development of future projects, and this is likely to have an effect on others in the sector.

A possible example of this is JICA/OECF (Japan) who are in the process of moving from support for major infrastructure to projects which have a more direct influence on poverty alleviation. and now cite this as second on their list of development priorities.

Funding organisations who do not list poverty alleviation in their overall strategy include USAID, the Asian Development Bank and German assistance, all of whom focus more on institutional and financial reform, and promotion of economic growth as central themes, relying on a trickle down effect from these interventions to reach the poor.

Whilst there are many shared approaches and initiatives in the Water and Environmental Sanitation Sector, there is a marked lack of co-ordination between different agencies which serves to reduce the potential impact of agency funded projects on State and National Government policy. The UNDP/World Bank Regional Water and Sanitation Group are in the best position to act as a co-ordinating body, and have previously been active in promoting an inter-agency forum, but meetings have been irregular and further efforts are required if a genuine exchange of ideas and adoption of a joint approach are to be achieved.

WSO is currently reviewing the programmes of all major funding agencies in the Water Supply and Sanitation Sector, and is developing a network of contacts through which to look at significant initiatives by other players and disseminate our own strategy for future sector support.

In most states, the Government of India provides the vast majority of funding for water supply and environmental sanitation through national and state government initiatives in rural water and sanitation, and disbursement of funds to municipalities. This is not universal, for example Andhra Pradesh



has been particularly successful in attracting donor funding to the extent that last year 68% of all planned funding to the water and environmental sanitation sector came from external sources.

The World Bank is the single largest player in the rural and urban sectors, outside of Government of India, and as such has a large influence on donor and government policy. Currently the Bank's lending strategy is based around the following principles:

- A commitment to some element of Capital Cost sharing.
- Full funding of operations and maintenance costs by the beneficiaries.
- Agreement of the Government to work in partnership with other organisations, including NGOs, the private sector and communities in planning and decision making roles in the delivery of services.
- Development of an appropriate supportive institutional and policy framework.

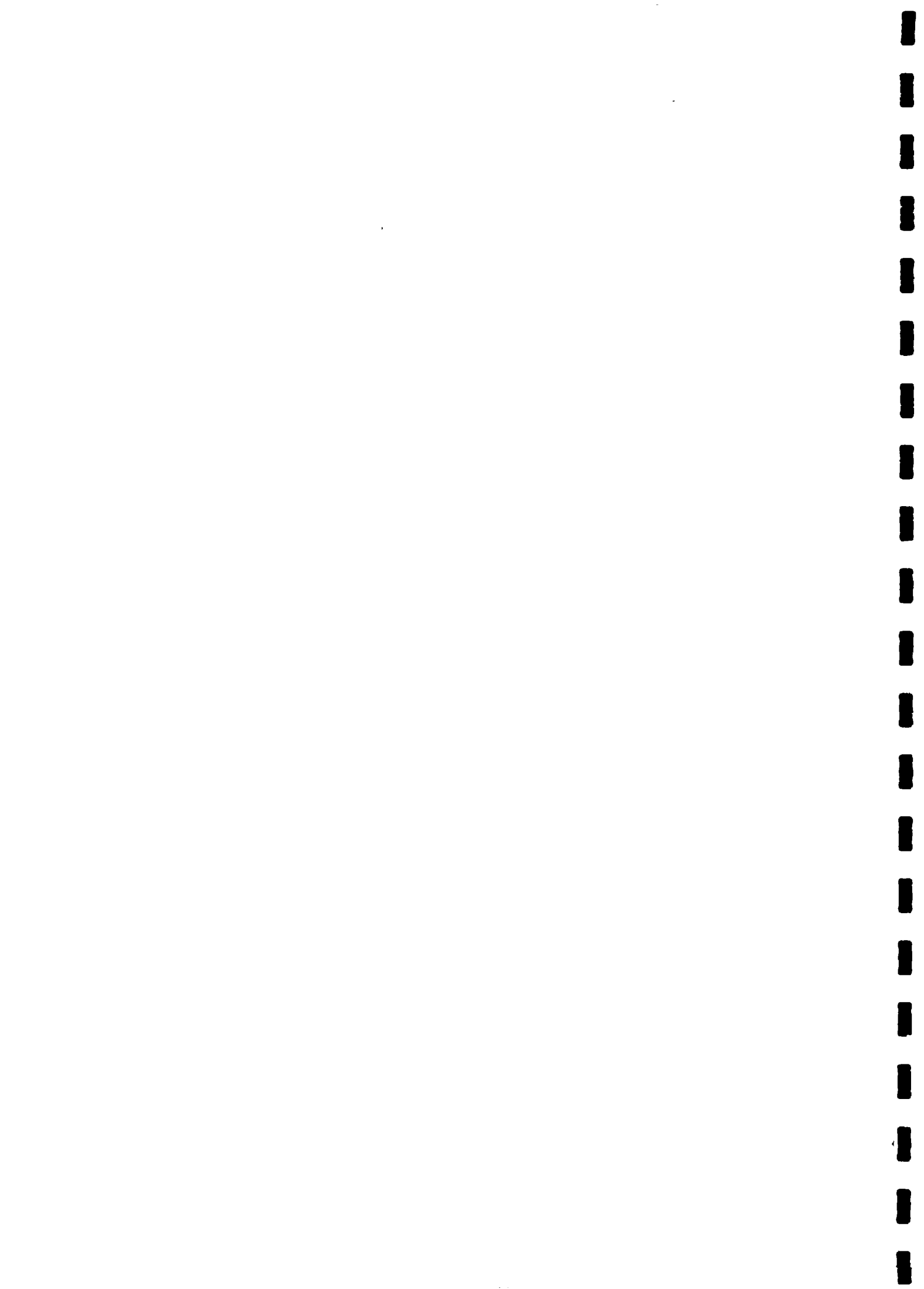
Additionally, in the rural sector, the Bank promotes the adoption of a demand driven approach where villages are self selecting based on their acceptance of the above principles.

Another significant development in World Bank funding which may affect the way in which they work in the Water Supply and Environmental Sanitation Sector is the introduction of two new mechanisms for loans, LIL and APL. The first of these, the Learning and Innovation Loan, can be arranged entirely in country without recourse to Washington, which allows new initiatives to be funded more quickly. The APL is aimed at longer term support to programmes rather than project activity, and can be used to fund interventions over a period of up to twenty years.

In the urban sector, current World Bank funded projects are developing models aimed at increased commercialisation of infrastructure, and involvement of the private sector. This approach is being developed further in a joint initiative with the Asian Development Bank (ADB) supporting the domestic finance market loans or guarantees to finance infrastructure provision through the Housing and Urban Development Corporation (HUDCO) and the Housing Development Finance Corporation (HDFC). This initiative is being taken in tandem with assistance to improve institutional and financial capacity.

German and Japanese initiatives have primarily focused on provision of large scale infrastructure. However, OECF is currently looking a co-funding of ADB urban projects with greater emphasis on institutional reform and commercialisation. Institutional reform and capacity building is also the focus of the Australian development assistance programme in the sector.

USAID assistance is centred around the objective of encouraging broad based economic growth, coupled with government reform. Influence in the



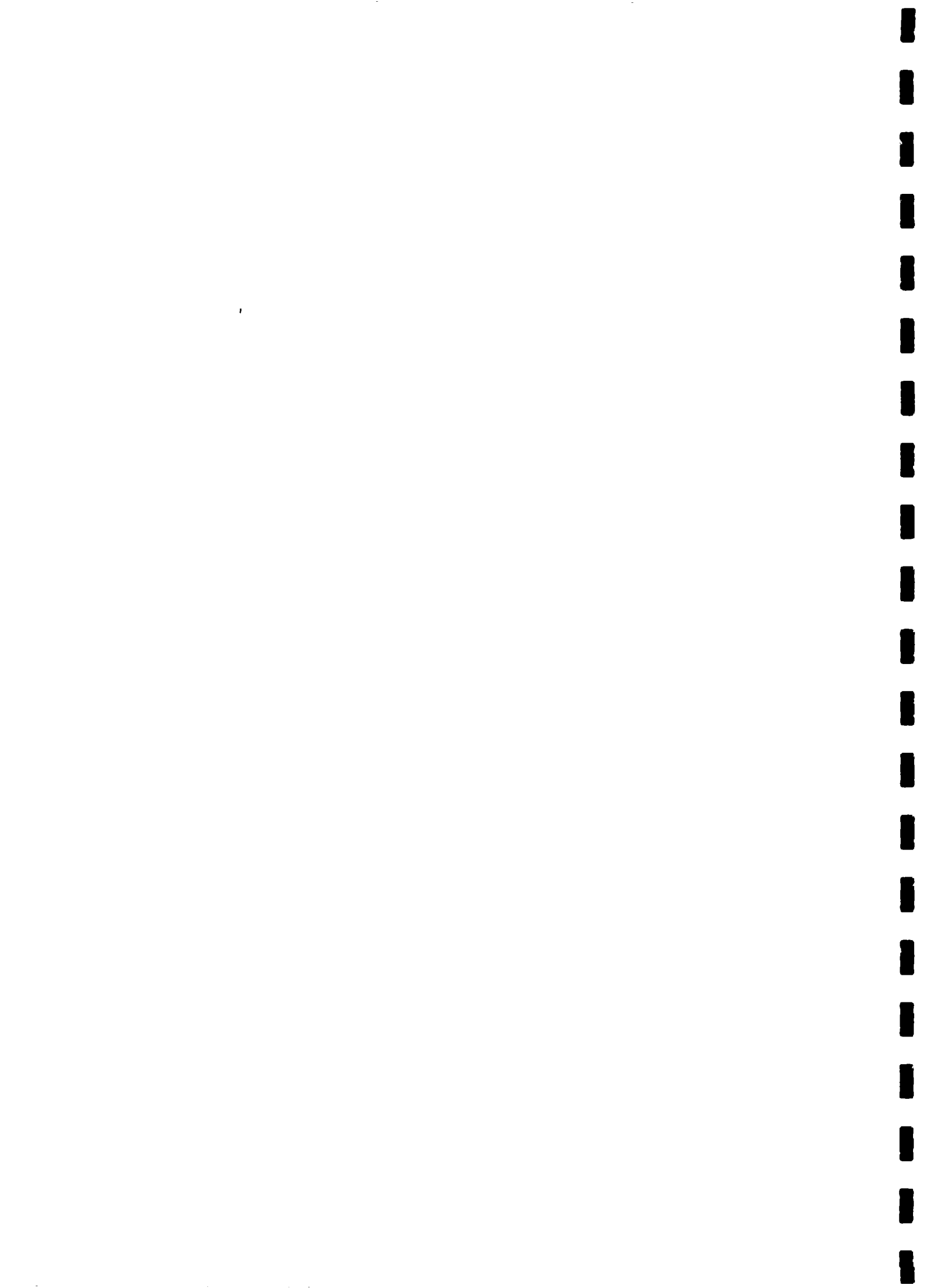
sector is principally through the Financial and Institutional Reform and Expansion project (FIRE) which is aimed at the Urban Sector.

Other initiatives in the urban sector include a Dutch funded project at Kanpur where support is tied to improved institutional and financial performance with agreed trigger levels for future investment. This is an approach which is also under consideration for future World Bank funded projects.

In the rural sector, there is a general movement away from the large regional water supply schemes which have been supported by the World Bank, the Netherlands and the Department for International Development. The World Bank are moving towards a more demand led approach, promoting partnerships between government and NGOs in their current programme in Uttar Pradesh, and addressing issues of costs recovery. These initiatives are being pursued further in negotiations with the Government of Maharashtra over future support to the rural sector. The Netherlands programme has also moved away from large regional schemes in Andhra Pradesh and Karnataka, towards working on an individual village basis, assessing needs and offering options base around rehabilitation of existing water supply infrastructure.

UNICEF working closely with the Rajiv Gandhi National Drinking Water Mission has become more active in taking up issues of reduction in sanitation subsidies (though this is a matter of state level policy), accountability for funding, and monitoring the effectiveness of central and state government systems. By working through government in their CDD-WATSAN programme, drawing on the numerous different Government of India programmes aimed at the rural poor, and promoting partnerships with NGOs where they offer better access to communities, UNICEF aim to influence government policy. Notable successes have been the reduction in sanitation subsidies in Medinipur, and efforts to further develop decentralised operations and maintenance of handpumps, through promotion of self employed mechanics, drawing on an earlier initiative by DANIDA in Orissa.

In both rural and urban sectors, most donor assisted projects adopt separate management structures for software and hardware aspects. Generally hardware aspects (installation of infrastructure etc.) is implemented by state engineering organisations, and the software aspects (participation, gender, health and hygiene awareness, training for operations and maintenance etc.) is implemented by NGOs, specially set up organisations or consultants. This has significant implications for the success of demand driven approaches to project implementation, and is an issue that needs to be addressed across the sector.



2.3 Development of DFID's Sector Approach

Background

The Water and Sanitation Office has spent considerable effort in developing a recommended approach for DFID in the water and environmental sanitation sector, drawing on past theme papers prepared by both the Water and Sanitation Office and initiatives taken up by other DFID offices. Past work has been revisited in light of current thinking within the office, and a coherent strategy drawn together.

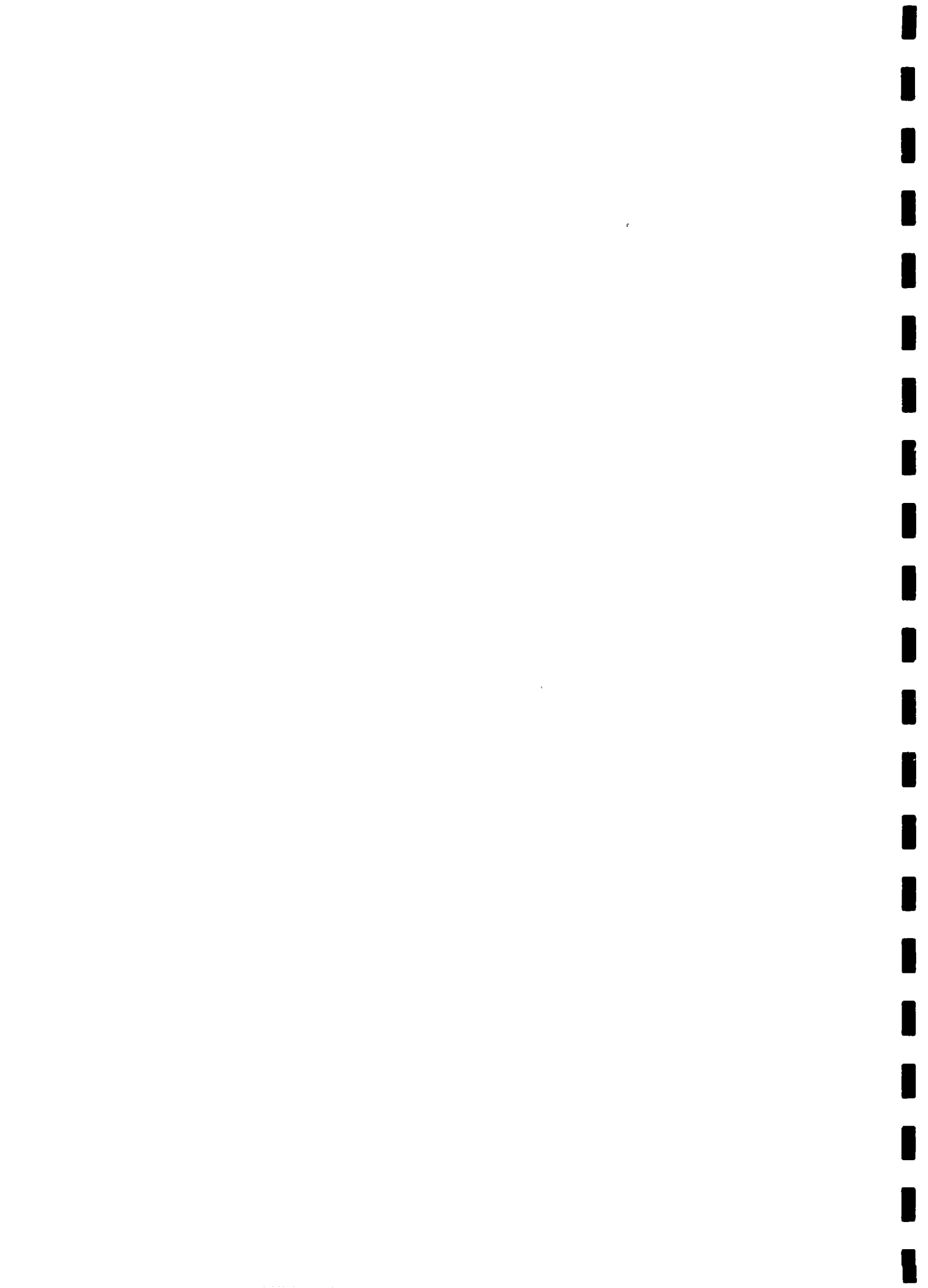
- The 1997 WSO Review document included four theme papers on Development of the WSO Gender Strategy, Use of Contingent Valuation Methods in Demand Assessment, Financing of Water and Sanitation Systems in India, and Health and Water. Update on the first two of these themes papers are given in Annexes 2.3/1 and 2.3/2.
- Two further themes have been developed over the course of the year, namely the adoption of a demand-led approach to provision of services, and the need for an integrated approach to water resources management. Short discussions on these two themes are presented below.
- WSO is currently developing its thinking on Private Sector Participation and Community Level Initiatives and Sustainability. These two subjects will form the basis for preparation of theme papers during the coming year. Draft papers on these issues are included in Annexes 2.3/3 and 2.3/4
- Other initiatives that are common to both the Water and Sanitation Office and the Urban Poverty Office, and which will be taken forward jointly over the coming year, are detailed in Section 4.1.

A Demand-Led Approach

A key principle in the provision of water and sanitation facilities is to ensure that there is equal access to all. This has three aspects:

- targeting to ensure that services reach the poorest;
- ensuring that there is equal access to all and control by all of facilities provided, and
- a focus on sustainability to ensure long-term access.

Initial targeting is essential if interventions are to reach the poorest, often those with the least services and the weakest voice. These initial, external determinations of need at a regional level are important although they should be backed up by more detailed local assessments, particularly participatory assessments of poor people's own priorities.



Demand-led approaches can play an important role in identifying and responding to need as well as building a sense of ownership. Underlying these approaches is the basic principle that primary stakeholders, both men and women, should be involved in all stages of the project cycle, from need identification, through design, implementation, monitoring and evaluation and particularly the ongoing operations and maintenance.

Demand-led approaches can use various means of assessing local demand for services. They are based on close collaboration between development agencies and communities in which communities are allowed to initiate interventions and make informed decisions. The World Bank in India presently places particular emphasis in its rural water supply projects on contributions to the costs of construction as a proxy indicator for demand and an expression of ownership. It is often the case that communities are willing to make substantial contributions to costs in cash or kind and to pay for increased levels of service than what is originally envisaged - a recent example is the World Bank project in Sri Lanka.

However, communities are not homogenous and it is important to involve all groups, men and women, richer and poorer, and those who are particularly vulnerable in the process. It has to be ensured that the burden of contributions, particularly in the form of labour or materials, does not fall on those least able to bear them. It also has to be ensured that the services and resources provided, particularly those to households and individuals, benefit the poorer as well as the richer.

This can be done in a range of ways through the project cycle. An initial identification of different groups within a community with a view to involving them in needs identification and implementation, and giving space for all to contribute, particularly women and vulnerable groups. Encouraging the majority to recognise common interest with the minority, rather than trying to target the poorest directly. Encouraging the participation of all, and specifically the poorest, in monitoring and evaluating the costs and benefits of interventions.

Demand-led approaches which involve communities in all stages of a project can build a greater sense of ownership of the facilities provided. Such approaches can also develop an increased understanding of the need and responsibility for the long-term operations, maintenance and management. When responsibility for operations and maintenance is devolved to the most appropriate local level then this increases sustainability. Sustainability is important to ensure long-term access to water and sanitation facilities.

To better assess how programmes and projects are addressing DFID's aim of poverty elimination a system of marking against three categories has been developed. All projects will be marked for the way in which poverty elimination is addressed against the following three categories:



- Enabling actions which support the policies and context for poverty reduction and elimination, and will lead to social, environmental and economic benefits for poor people.
- Inclusive, broad-based actions which will improve social, environmental and economic conditions and services generally, and also address issues of equity and barriers to participation of poor people.
- Focused actions which will bring benefits predominantly to poor people and specifically improve their social, environmental and/or economic conditions, and remove barriers to their participation.

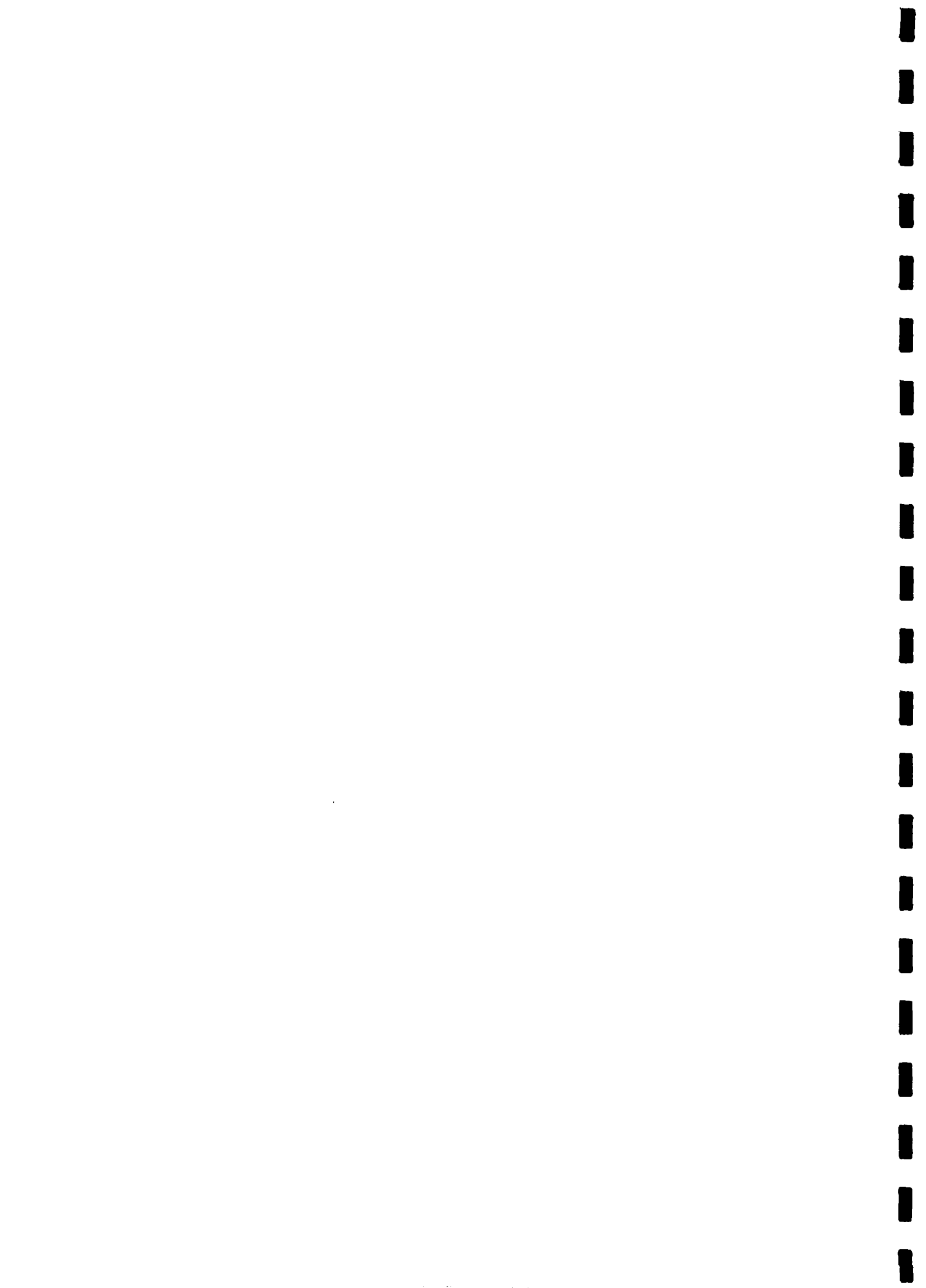
In the main the DFID's programme in the water and sanitation sector in India will concentrate on enabling and inclusive actions. The Goal and Purpose of most projects would aim at changes in policies and their implementation to have a better focus on poverty reduction and elimination, generally through improved health. Most projects, whilst directly providing services would be aimed at having a demonstration effect, that is to be replicated on a larger scale in state and national government programmes. In addition it is proposed that a NGO Fund for Water and Sanitation be set up which would primarily aim at focused actions, bringing benefits directly to poor people through work with local NGOs.

Integrated Water Resources Management

The elements of demand on water resources include water for drinking, irrigation, livestock rearing, industry and ecological needs. Though water resources are becoming increasingly scarce, it is an uncoordinated approach to decision making in the management of demand and allocation of water resources, rather than water scarcity itself, which is the main constraint facing the water sector in India. Over exploitation of vulnerable ground water resources for irrigation to the detriment of drinking water, needs of downstream users being ignored in the design of irrigation projects and unrestrained pollution of freshwater sources by industries and towns are some consequences of this uncoordinated approach.

The worst affected are probably people who have the least influence on allocation decisions. It is a reasonable assumption that the poorest would make up a large part of this group.

An integrated approach to water resources management based on the perception of water as an integral part of the eco-system, a natural resource and a social and economic good was highlighted in the 1992 United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro. At the core of this approach is the development of institutional frameworks for decision making and regulating which can take into consideration the competing demands from different sectors and support the equitable and rational utilisation of water.



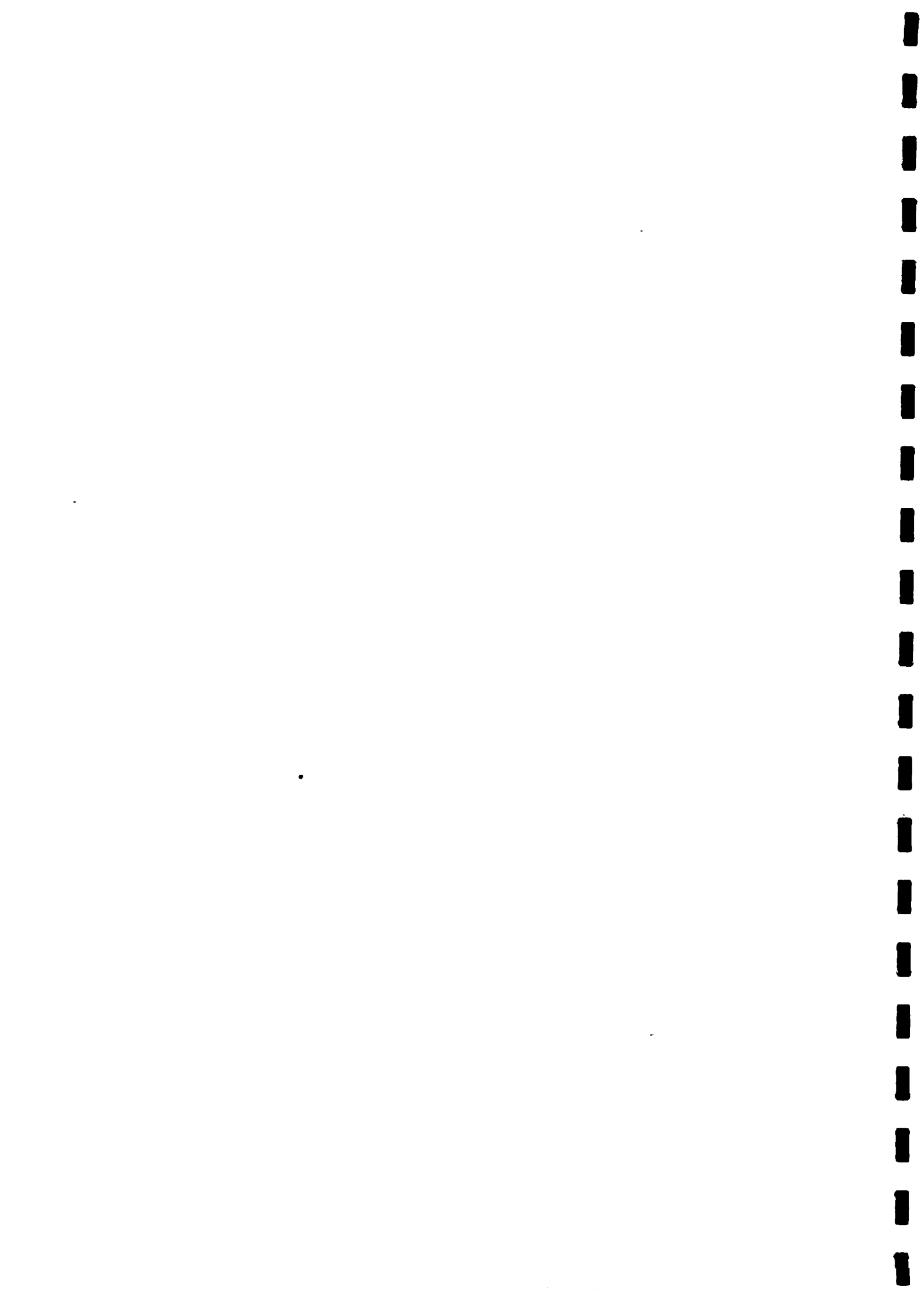
Factors in India which hinder the development of an integrated approach to the development and management of water resources include:

- a multiplicity of different agencies within State and Central Government with widely varying aims and interests in relation to water
- absence of suitable fora at the State and District levels where water allocation issues between different sectors or different consumers can be raised and the absence of effective regulatory bodies
- absence of any pricing mechanism; water is not yet considered as a social *and* an economic good

Rational and equitable decisions on the management of demand and allocation of water resources requires an increased awareness of the holistic nature of water and the need to manage water in an environmentally sound and sustainable manner. Through its various initiatives either directly in water related sectors such as Water Supply and Sanitation and Watershed development or in other sectors such as energy which has strong links with water, DFID has the potential to play a role in increasing awareness and engendering change while ensuring that sustainability issues in specific projects are better addressed.

Some of the specific measures which DFID could consider are:

- All DFID projects in the water sector should encourage project partners to look at all demands on water resources. Water Supply and Sanitation projects, should, for instance look at demands for irrigation and livestock rearing. Similarly Watershed Development projects should consider drinking water needs
- All DFID projects in the Water Sector must include an analysis of all water uses and efficiency of use. Where appropriate, interventions such as increased irrigation efficiency and water conservation should be planned even when they are beyond the objectives put forward by the project partner. Project design should also be informed by economic analysis aimed at identifying the best economic use of water across sectors
- In all Water and Sanitation and Watershed Development Projects, Community Development activities should focus on the need for the rational and equitable water resources allocation at the village / community level. These activities should lead to the establishment of a decision making forum which allow decisions about equitable distribution of resources to be made. All stakeholders should be represented in such a forum and no one stakeholder should have particular dominance. Where water has to be brought in from a distance, the decision making forum should be enlarged to include other relevant stake holders such as other communities, the irrigation department and industries.
- Take up a programme of advocacy through RWSG and through other donors.
- At all state and National level discussions between DFID and partners on new initiatives on water supply, environmental sanitation and watershed



development, DFID must emphasise that the level of commitment to develop appropriate water resources allocation mechanisms would be one of the principal criteria which would inform a decision on whether or not to proceed with a particular project. In relation to initiatives in other sectors such as energy, emphasis should be given on the decision making framework such as parity between power tariffs for agriculture and water supply. DFID should support partner states which have taken initiatives in the direction of Integrated Water Resources Management in preference to other States

- DFID should support training and capacity building on integrated water resources management.

2.4 Proposed Mission Statement and Strategy for the Water and Environmental Sanitation Sector

Approach

Over the past six months, and in tandem with the work detailed above, the Water and Sanitation Office have worked on revision of the Sector's Mission Statement and Strategy to reflect the increased role that the office hopes to play in the formulation of DFID strategy for the sector and development of a new pipeline of projects. (The original mission statement and strategy are included as Annex 2.4/1.)

The proposed Mission Statement reflects the greater emphasis on elimination of poverty which is emphasised the White Paper, and clearly sets out the need to influence above and beyond project level interventions.

The Strategy has been developed on a number of levels, and is based around the concept of developing partnerships, and the need for DFID to encourage project partners to understand and share our concerns. Each broad strand of thinking has been summarised in a single discussion sheet, which sets out why DFID believe this issue is important in the elimination of poverty through sustainable development, a positive value statement rather than a prescriptive implementation strategy. The aim is to provide a focal point for open discussions with potential partners. Once discussions have been initiated then ways of tackling these issues can be developed with our project partners rather than by DFID in isolation.

These discussion sheets, comprising simple statements of DFID thinking, will also be useful for dissemination to other field offices and donors working with DFID in the sector, and could form part of all consultants terms of reference. Comments will be sought from DCOD and other field management offices to develop these further. If DCOD approval is given, then WSO propose to develop these sheets in a glossy format for further dissemination.

The full discussion sheet pack is included as an insert to the front cover and in Annex 2.4/2, and the broad strategy set out below. Each point of the



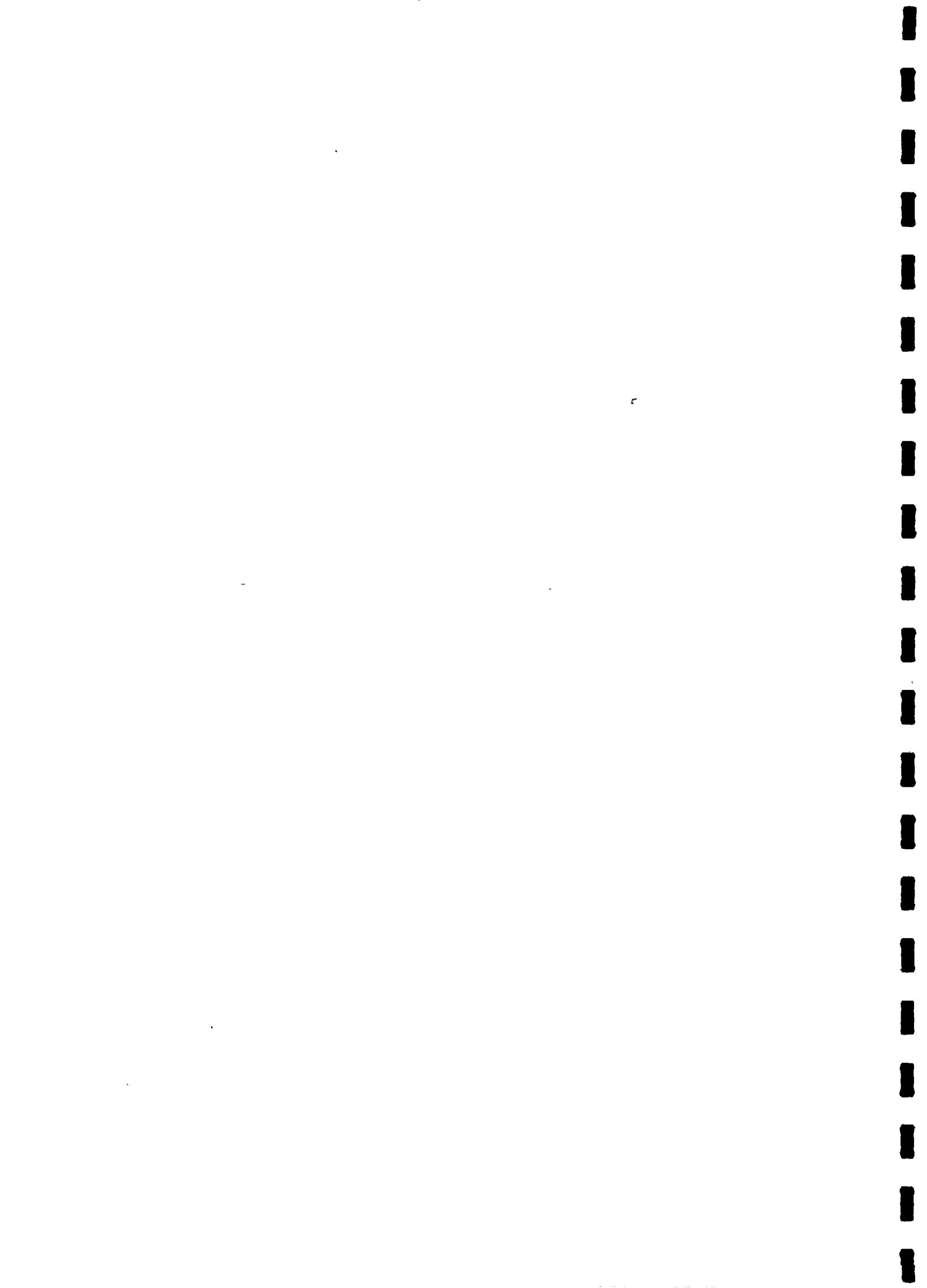
strategy has been lifted from the final paragraph of individual discussion sheets.

Mission Statement

“To have a measurable impact on the elimination of poverty in India through an increased, better focused water and environmental sanitation initiative within DFID, which significantly influences the sectoral policy of the Government of India, states and other organisations.”

Strategy

- DFID will encourage partners to adopt an integrated approach to the design and delivery of water and sanitation services in order to fulfil the objective of providing equitable and sustainable services to the poor.
- DFID places a high importance on the principles of cost recovery for operations and maintenance, and cost sharing for capital works in projects which it supports, and will work with project partners to bring about effective reform in this area.
- DFID will ensure that there is adequate provision for operations and maintenance at the design stage in all of the projects which it supports. DFID will work with project partners to identify and develop appropriate project designs which take into account operations and maintenance requirements, which provide adequate allocation of funds, and which adopt appropriate institutional arrangements.
- DFID will support its project partners to integrate an appropriate targeted hygiene promotion component into all water and sanitation initiatives that it funds.
- DFID will promote the adoption of a demand based approach to all projects that it supports, assisting partners to develop skills and approaches which ensure that water and environmental sanitation services respond to the needs and demands of all sections of the community, and in particular those of the poor and vulnerable.
- DFID will work with project partners to increase understanding of the need for integrated water resources management, and to ensure that all projects address issues of total demand assessment, equitable allocation, efficiency and sustainability of use. In addition DFID will take up a programme of advocacy, where appropriate through national and international fora, to promote policy and legislative change in integrated water resources management at Central and State Government levels.



- DFID will work with project partners to develop approaches to project design and implementation which involve beneficiaries in a decision making role, through training, capacity building and reorientation of project implementation institutions.
- DFID will work with project partners to bring about institutional strengthening which makes services providers more efficient, more accountable and more responsive to the people that they serve. DFID will encourage enactment of policies for devolution of powers to local bodies, promote single point responsibility, organise training and skills development for institution staff, and provide assistance to improve management of institutional resources.
- DFID is committed to actively promoting equality between men and women based on the principles of human rights and social justice. DFID will promote with project partners the active and equitable involvement of women in planning and decision making processes, and ensure that technology choice and operations and maintenance procedures in DFID supported projects respond to women's needs and preferences.
- DFID will support partners in the design and implementation of fully integrated projects which include broader environmental sanitation components. Emphasis will be placed on the development of traditional solutions, and responding to the priorities of people, in particular the poor.
- DFID will work with partners to design and develop projects which take a flexible approach to the choice of technology and service delivery based on a participatory assessment of local needs, preferences and constraints.

2.5 Revised Logframe

Adoption of the proposed Mission Statement and Strategy would require changes in the way the Water and Sanitation Office approaches its work, and amendments to the current logframe (attached as Annex 2.5/1). Preparatory work was carried out on this during a workshop in mid-March. The proposed Goal, Purpose and Outputs are presented below.

Goal - To have a measurable impact on the elimination of poverty in India.

Purpose - An increased, better focused water and environmental sanitation initiative within DFID which significantly influences the sectoral policy of the Government of India, States and other organisations.

Output 1- Develop Partnerships with Government of India, States and other Organisations.

Output 2 - Develop programmes within the partnership framework.



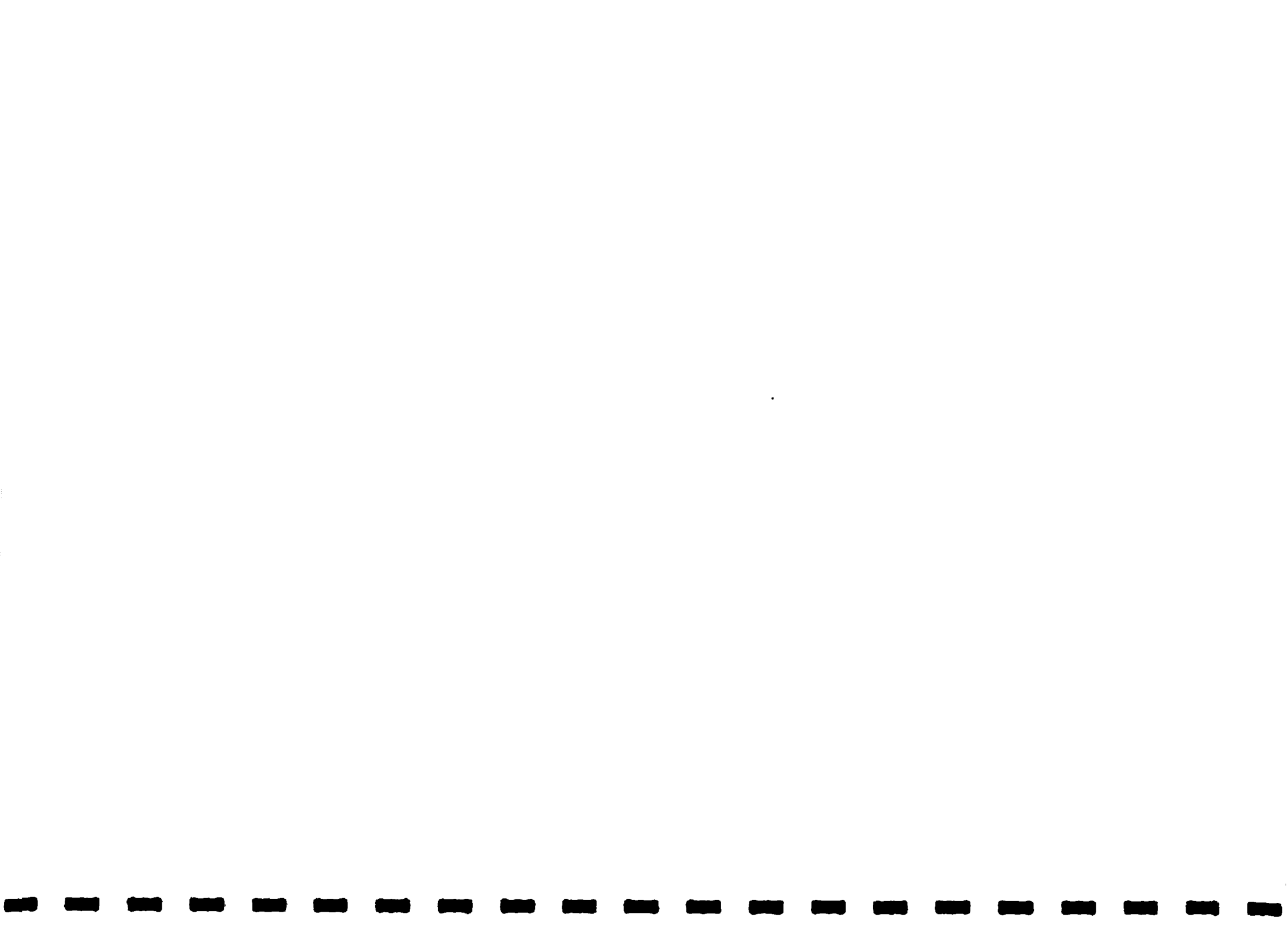
Output 3 - Work to develop DFID Sector Policy and influencing the Policy Environment.

Output 4 - Systems and procedures for planning, managing, monitoring and reporting established.

Activities associated with these outputs were also "brainstormed" at the workshop and are included in Annex 2.5/2 for completeness.



3. **New Pipeline Development**



3. New Pipeline Development

3.1 Pipeline Development Strategy

Experience to Date

In October 1996 the WSO prepared a Water Scoping Exercise, a strategic assessment of the Indian Water Sector with a view to informing future ODA involvement in the Sector. In August 1997 the WSO presented a Water and Sanitation Sector Options Paper to the DCOD for discussion. These papers have informed the position of the WSO and provide a valuable resource in developing a new pipeline.

However, experience of developing a new pipeline for the WSO programme so far has been relatively limited due to various constraints. This is changing as there is now considerable experience in the WSO of developing pipelines in other sectors and other countries which can be used to develop approaches and strategies in the Water and Environmental Sanitation Sector. There is also significant knowledge in the offices in Lucknow and Nasik of the kind of contacts and information that is required to develop new projects. The experience of other FMOs can also be drawn on to assist in formulating a pipeline development strategy for the WSO.

The main experience that the WSO has to date is in the work with existing project partners in Maharashtra and Lucknow. In both cases regular contact with project partners make it possible to explore key issues and develop an understanding of policy and of institutional arrangements. Contacts on the existing projects present opportunities to raise and discuss what might be seen as sensitive issues such as those related to policy conflict and changes that may be required in institutions. In addition established channels of communication, particularly with the local support offices, make regular exchanges of information relatively easy and give access to the right people in government and other institutions.

A range of constraints have been experienced in other efforts made to develop the pipeline to date, particularly in focus states. The initial contacts with potential partners have either been through proposals sent to DFID or through meetings at the higher levels of government only. These initial contacts provide few occasions to raise and discuss key issues in the depth that is required and do not appear to have provided real opportunities to follow up on. Irregular contacts have meant that it is difficult to maintain a dialogue so that initial visits have not resulted in follow up visits or exchanges of information. There have also been a lack of innovative approaches to keeping the dialogue going, that is early investments in a partnership which could contribute to the development of the relationship.

Another more positive experience from which lessons might be learned has been the work with the RDO in Orissa. There, through the WSO participation



in an RDO project identification mission and initial workshop, the potential for provision of water in a watershed development project has been raised. There is potential for similar participation or collaboration with the UPO in a number of its existing projects as well as on the proposal for the North West Bengal towns and with the EPO in the provision of school sanitation.

Potential Partners

The White Paper places great emphasis on development of partnerships in carrying forward the India assistance programme. Due to resource constraints DFID's current approach to identification of potential project partners may result in missed opportunities and abortive work. WSO advocates a pro-active process to developing new partnerships based on an open exchange of ideas and views on key issues, and self selection of potential partners based on shared aims and objectives.

WSO seeks to enter into partnerships with organisations at a variety of levels, both within and outside of government, and are formulating an approach based on open discussion of key issues central to DFID's strategy. Following DCOD's approval of the overall strategy for the Water and Environmental Sanitation Sector, as detailed in earlier sections of this report, WSO propose to disseminate information regarding our key aims and objectives to a wide range of potential partners. This would include current project partners, national and focus state governments, other state governments, multilaterals, training institutions, districts and municipalities (probably within focus states initially), and make full use of WSO's network of contacts, including those gained through training projects and through support to multilaterals.

By disseminating our strategy widely, and asking for a response, we would hope to generate interest from those organisations willing to enter into discussions on the key issues raised in the strategy.

After evaluating the initial responses we could select those organisations which most closely share our priorities, and enter into more detailed discussions. In the case of state, municipal or district governments, this will be with the aim of jointly developing project initiatives. With multilaterals, for example RWSG or UNICEF, it may be by looking at existing programme or future proposals and looking for areas where DFID can add value or make use of the wider contacts and management capacity of the partner organisation to further our agenda. This may become a more widely used mode of operation if DFID is to increase its level of support to the sector without significantly increasing internal resources.

WSO initiatives in development of partnerships with NGOs will need to be consistent with the strategy currently being developed by DCOD. If appropriate WSO will also pursue partnership with the larger NGOs in the sector, further developing our links with SCF and WaterAid. WSO does not have the capacity to form direct partnerships with small local Indian NGOs,



but would perhaps look to access these through larger umbrella organisations. More details are given under the heading "Water and Sanitation Fund for NGOs" in Section 3.2, below.

3.2 New Project Development

Introduction

This section outlines potential new projects in the Water and Environmental Sanitation Sector. Table 3/1 is a more extensive list of projects which are not as well developed as those mentioned in the text of this section.

From Table 3/1 it can be seen that the total anticipated spend on new projects currently in the pipeline is estimated at between £10-16 million. However, it will take between 18-24 months for these projects to reach this level of spend.

As an interim measure, and to increase spend in the short term it may be possible to review our approach to working with other agencies and donors:

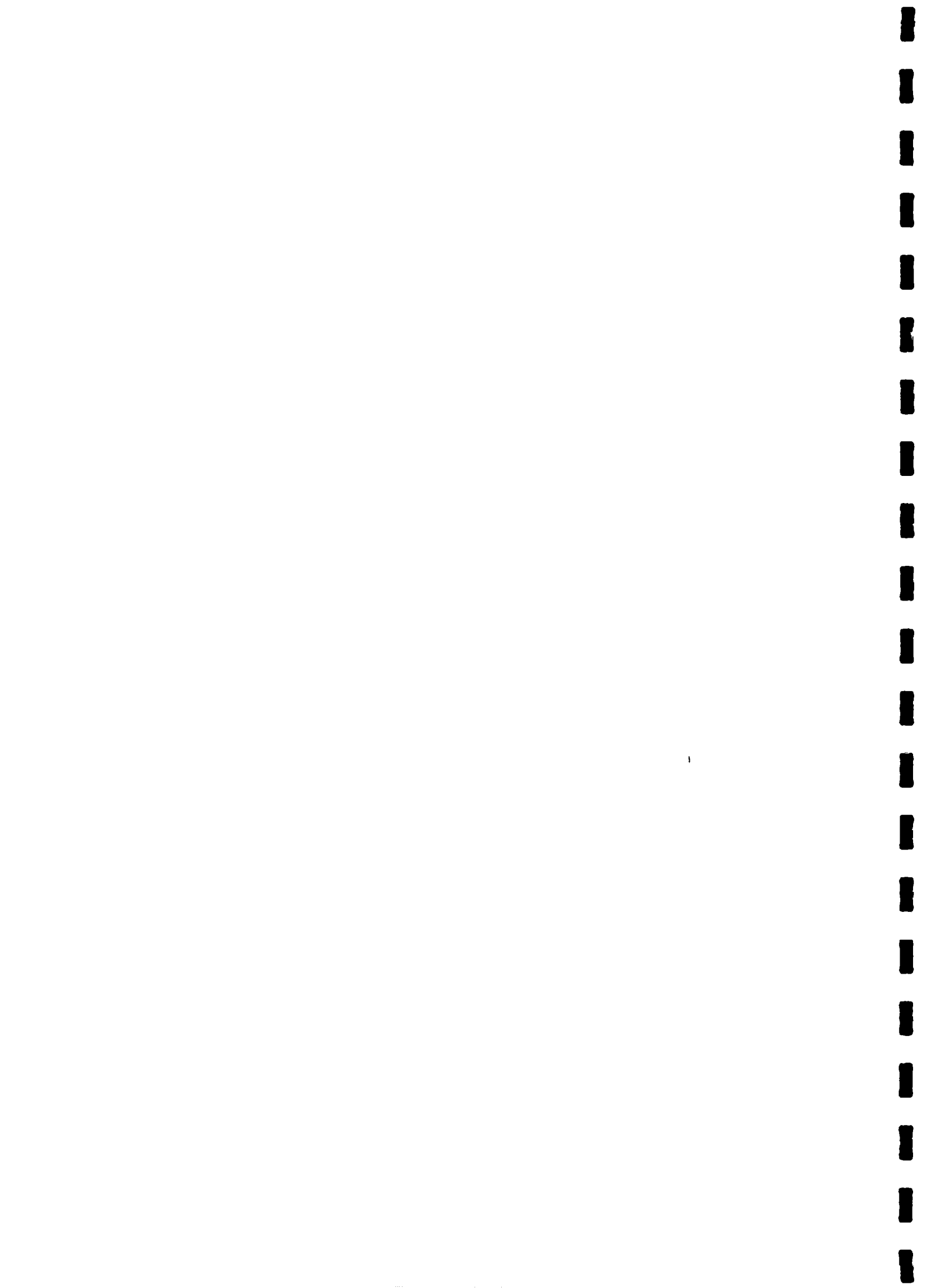
- working more closely with the World Bank and Asian Development Bank in Maharashtra and Rajasthan respectively
- reviewing potential support to the UNCHS proposed urban development projects in Lucknow and Vishkapatnam (UPO/WSO?)
- reviewing the possibility of increasing support to UNICEF's existing programme.

Maharashtra

DFID received a proposal from Government of Maharashtra (GoM) for further assistance in the provision of rural water supply in July 1997. This proposal formed the basis for discussion with the Maharashtra Water Supply and Sanitation Department, in August 1997. The Additional Chief Secretary accepted at that time that the proposal submitted was traditional in approach and should be used as the basis for further discussion.

A project lessons workshop for the present Maharashtra Rural Water Supply and Sanitation Project (MRWSSP) was held in Mumbai in October 1997. In the final session of the workshop the Additional Chief Secretary asked a small group from GoM and DFID to draft some Guiding Principles for New Water Supply and Environmental Sanitation Projects. Some of the key features of these guidelines were commitments to a demand-led approach, full recovery of O&M costs and the consideration of least cost options and rehabilitation of existing systems in the design of future water supply and environmental sanitation projects.

The guidelines were further developed by GoM into a concept note for future projects. This concept note was produced after formal discussions between



DFID and GoM on 7 January 1998 and was cleared with senior politicians in the state. Discussions with DFID have continued informally at a range of levels since then. The guidelines have also been used as the basis for discussions with the World Bank.

In 1996, GoM produced a White Paper on Water Supply and more recently made the political commitment to make Maharashtra tanker free by 2000. At the same time DFID partners in GoM have been active in developing the guidelines jointly produced in October 1997 and are committed to pursuing the issues set out in those guidelines. GoM is also involved in ongoing dialogue with the World Bank relating to a next phase of support to rural water which is likely to be implemented over a relatively long time period. GtZ and OECF are also presently discussing new rural projects in Maharashtra.

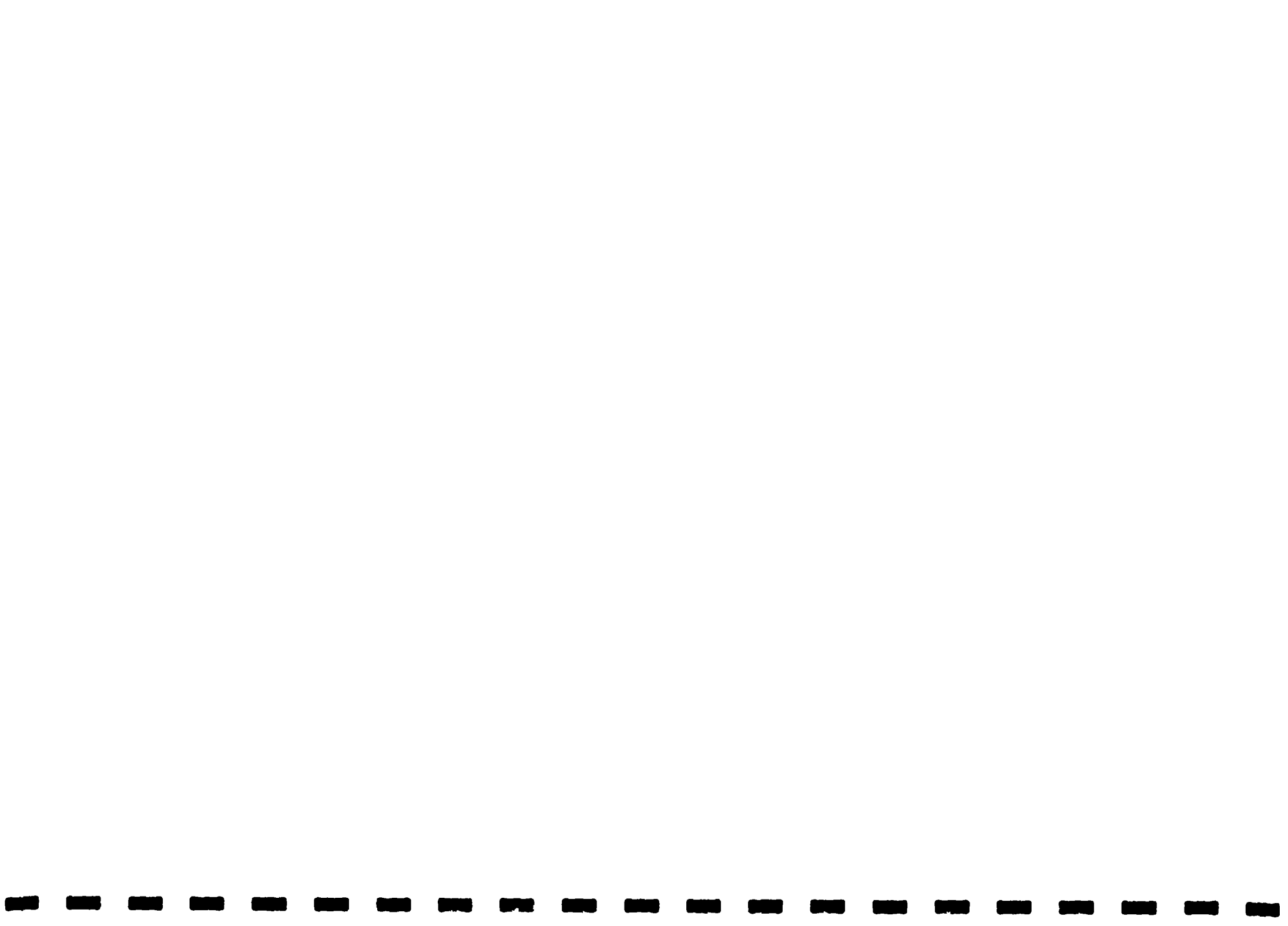
However, there are a number of areas where there is some disagreement between the donors and GoM. The most important of these are:

- a lack of clarity and commitment over the issue of the management of water resources as a whole and of the operations and maintenance of water systems.
- an unwillingness to accept the issue of contributions to the capital costs of new water and sanitation systems.
- and the continued support of a policy of a high level of subsidies for the provision of low-cost latrines.

The World Bank see the state of Maharashtra as being key in the development of national policy for the rural water and environmental sanitation sector. In their present negotiations with GoM they are pressing for a range of long-term commitments on major institutional and policy change before making a commitment to starting with the first phase of a longer-term partnership. A visit by the World Bank to Maharashtra took place at the end of March with a view to preparing a Strategic Programme of Sector Development. The Bank's aim is for this policy paper to receive political approval before a project design mission in May. The Bank have already asked for DFID support from an institutional consultant on this mission.

On the existing MRWSSP there are a number of outstanding issues which remain. The key issues in terms of a new project are:

- Zilla Parishads (ZPs) in taking over the schemes constructed in the project have to meet a substantial O&M costs deficit, while the state meets the further deficit. There is a need to consider how the districts and state will continue to meet these increasing costs.
- ZPs are being pressurised by the state to take over responsibility for existing regional schemes. This will place further burdens on the capacity of the newly established Water Management Units (WMUs) and on ZP finances.



- the WMUs are still new institutions and may require further support in clarifying and establishing their role.

The process for developing a new project in Maharashtra is presently set out as follows:

- a joint DFID GoM pre-appraisal mission in the week of 20 April to develop a Project Concept Note and draft Logical Framework.
- a design mission in the summer of 1998 to be started with a stakeholder workshop, followed by project document preparation by a team of consultants and a further workshop to present the results to key stakeholders.
- clearance through GoM procedures in autumn 1998.
- submission to DFID PEC by end 1998/January 1999.

A draft Concept Note for the Health Promotion component of the proposed Phase 2 project has been prepared by the WSO's health consultant and the health officer based in the Nasik Support Office. This draft is attached as Annex 3.2/1 and should be discussed during the review.

Lucknow

The recommendation of the Phase 1 Review of the Gomti River Pollution Control Project at Lucknow was that DFID would be unable to approve a Phase 2 Project which centred around environmental improvements to the Gomti river. However, there remained the possibility of future DFID support to a project centred around provision of services to the urban poor in Lucknow. This decision was not well received by project partners, particularly the perceived withdrawal of support for major sewage activities which have been planned for a number of years. However, the Government of Uttar Pradesh, and in particular the new Secretary, Urban Development who has shown a willingness to discuss areas of concern to DFID, remains interested in development of a new project. A draft Project Concept Note has been prepared as a basis for discussion, and this is attached in Annex 3.2/2.

This Project Concept Note is based around demand led improvements to water supply, sanitation, drainage and solid waste management in poor communities, supported by city wide initiatives in water supply and solid waste. Management would be at the municipal level, within the Lucknow Nagar Nigam and Lucknow Jal Sansthan, and a significant component of the project would address capacity building and reform in these institutions' financial, planning and management systems.

A decision on whether to proceed with opening up negotiations over development of a possible successor project has been held up by lengthy delays in completing Phase 1 and absence of key government officials on election duty. This decision will now be taken by DFID in May, and is likely to be heavily influenced by three main factors:



- concern over the Government of Uttar Pradesh policy towards displacement and relocation of the urban poor in Lucknow in light of the recent anti-encroachment drive, and over policies towards the poor in general.
- willingness to address a number of institutional reforms relating to accountability to primary stakeholders and single point responsibility for planning and management of infrastructure development.
- the ability and desire of the municipal institutions to address costs recovery issues, including raising of taxes and tariffs to cover operations and maintenance costs.

Of these factors issues of displacement and relocation may well mean that it is not possible to proceed further with project development. Should this not be the case, then it will be important to learn lessons from Phase 1, and ensure that all the relevant institutional stakeholders are engaged at an early stage. The move away from a pollution control focus will necessitate a change in central government partner, if one is required, and while at a state level the Department of Urban Development is likely to remain a key player, the Departments of Urban Poverty Alleviation, and Housing will become more central.

Any new DFID project in Lucknow will be centred around the urban poor, though it would also be likely to extend to more city wide infrastructure to support the provision of services to these areas. WSO should aim to draw on experience within the Urban Poverty Office to optimise use of DFID resources.

Lucknow is one of three cities which are at the focus of a UNCHS initiative to develop the capacity of municipal institutions to plan, implement and manage urban services. In addition the World Bank are investigating the possibility of providing funding for urban development. It will be important to monitor the development of these initiatives and collaborate with UNCHS and the World Bank to ensure consistency of approach.

Water and Sanitation Fund for NGOs

The White Paper for International Development emphasises the development of partnerships with a range of institutions, including NGOs where government relations are poor or do not exist. There is at present a commitment in the Indian programme to developing the idea of an NGO fund to establish alternative partnerships in states where direct bilateral relations are not possible or where there are more effective delivery mechanisms.

There is agreement in principle from Gol that bilateral funds could be channelled through UK NGOs. Although the idea of the fund is still evolving, it is likely that large proposals of £1 million or more would be sought and DFID India would aim to support NGOs where there is a fit between their



programmes and the objectives to be set out in the Country Strategy Paper (CSP).

There are a range of possible options for channelling funds to local NGOs working in the sector, including: channelling funds through state government established societies to route funds to NGOs; or through an NGO consortium funding and managing programmes through smaller NGOs. It is also worth considering that there is considerable unmet need for water and environmental sanitation services in urban areas. Options should, therefore, not just concentrate on rural areas but should consider work in urban areas as well.

However, the options are limited by the verbal agreement with GoI that funds should be channelled only through International NGOs. In the short term it would probably be easiest to buy into/support existing programmes of a number of large UK NGOs. The main possible option in the water and environmental sanitation sector at present would be WaterAid. This is the NGO with the most direct experience of working in water and environmental sanitation and with the capacity to provide the necessary technical support to local partners.

The primary objective of the fund would be to improve access to sustainable and appropriate water and environmental sanitation services for the poorest and for remote areas and to test alternative approaches to the provision of services. The secondary objective would be to strengthen the capacity of local NGOs to provide sustainable and appropriate services.

It is likely that a fund of whatever size would have significant management implications for the WSO. There are two possible options: for WSO to take on additional resources to manage a Water and Environmental Sanitation Fund for NGOs; to wait for the development of a central DFID, India NGO fund and look for ways to share the management responsibilities across the programme. The more detailed Pre-Project Concept Note is at Annex 3.2/3.

Support to UNICEF's Core Programme

DFID have been funding UNICEF's CDD-WATSAN programme in three districts in Orissa and West Bengal since 1996, and have built on this relationship by carrying out a joint evaluation of UNICEF programmes in Andhra Pradesh and Karnataka.

In late 1997 UNICEF submitted an informal draft Proposal for Assistance for funding of part of their core programme activities in India. A meeting was held in February 1998 to look more closely at the opportunities for further collaboration between DFID and UNICEF. UNICEF's proposed annual budget for their Country Development plan from 1999 to 2002 is US\$12 million. Half of this is to be funded from general resources, while for the other half UNICEF is looking to raise funds from other donors.



There is considerable overlap in the aims and objectives of UNICEF and DFID in the water and environmental sanitation sector, and also some overlap in focus states. Funding of UNICEF activities in other states would give DFID an opening to work in states which for reasons of poor commitment to reform have not become DFID focus states, but where we may wish to retain an influence.

An agreement has been reached for further exchange of information, and DFID have agreed to hold further discussions in the near future to look more closely at collaboration in UNICEF's core programme.

Regional Water Sanitation Group (RWSG)

DFID India is currently reviewing the possibility of supporting the RWSG-SA programme on Urban Environmental Sanitation and Water for India. Details of the proposal are given in Annex 3.2/4.

If approved, and to optimise co-ordination and monitoring, funding for RWSG should be routed through the WSO. This has not been the case in earlier funding arrangements.

Private Sector Participation (PSP)

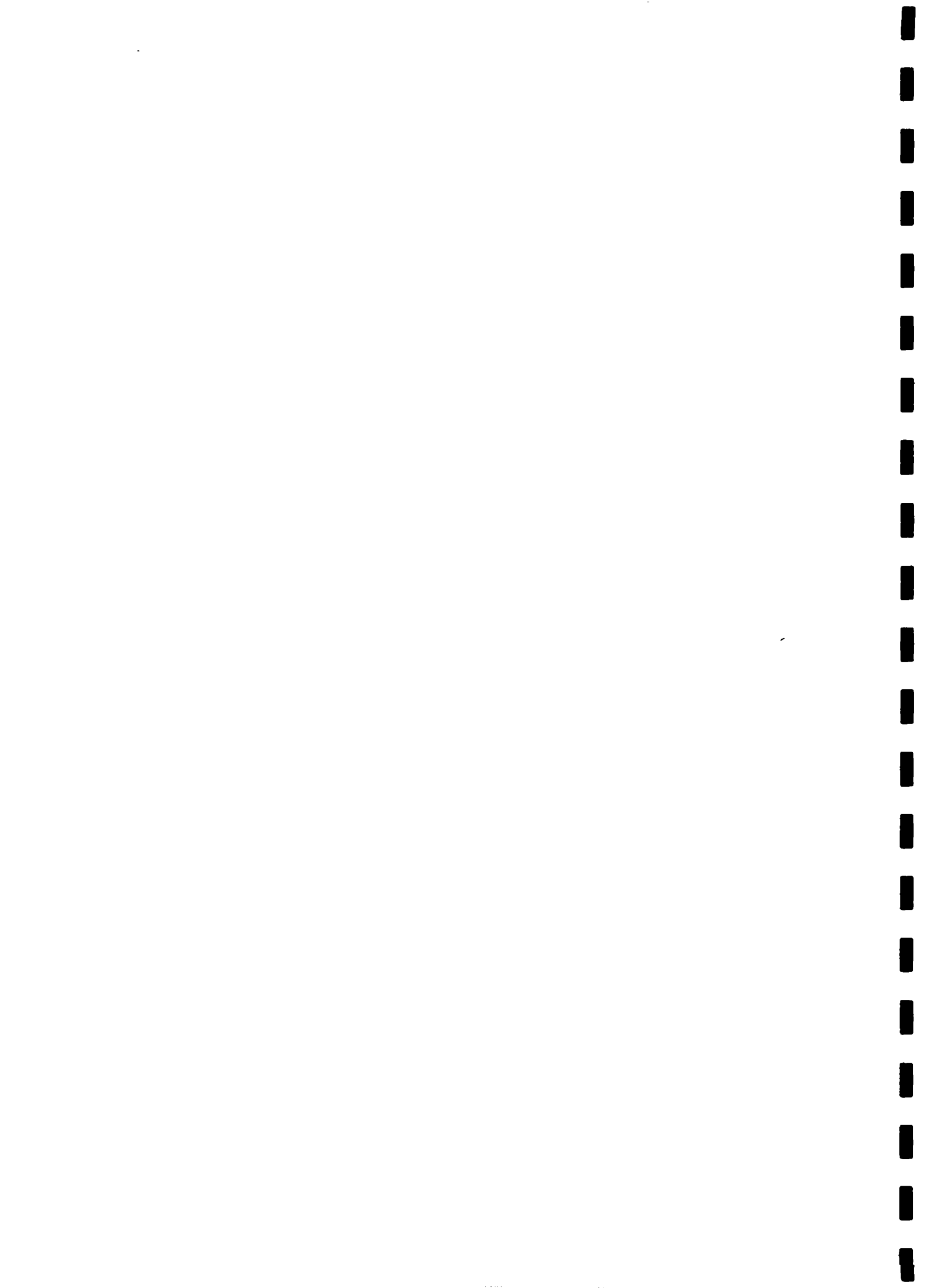
A review of the information available on PSP (a summary is given in Annex 2.3/3) and a synthesis of recent discussions on PSP, would suggest that the following may be areas worth further investigation:

- review of PSP initiatives.
- requirements for capacity building to encourage PSP.
- how to include low income communities in PSP initiatives .
- review of best use of "grants" in PSP.
- support to ongoing initiatives by UK water companies.
- support to RWSG to develop and implement a PSP strategy.

To further develop its knowledge on this field, WSO will participate in a United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) workshop on Private Sector Involvement in Water Supply and Sanitation in Delhi on 28-30 April.

India Water Partnership (IWP)

The Global Water Partnership (GWP) was established in Stockholm in August 1996. Details of the GWP and its objectives are given in Annex 3.2/5. The formation of an India Water Partnership (IWP) started informally in late 1997. WSO staff have attended all meetings to date and intent to be involved in an monitor the development of the Partnership. The IWP has recently prepared a draft "Agenda for Action" which was commented as on in detail at the last



Partnership meeting. This Agenda for Action complements the GWP Agenda and will be redrafted and discussed at the next IWP meeting in April.

If the IWP develops in a manner which complements other groups (e.g. RWSG), and the ongoing activities of the GWP, DFID (locally or centrally) may wish to consider some form of funding to the programme.

It is worth noting that one of the objectives in the 1998/9-2000/1, Policy and Resource Plan for DFID's Engineering Division is "Influencing the Global Water Partnership". Active participation in the IWP is a positive way of contributing to achieving this objective.

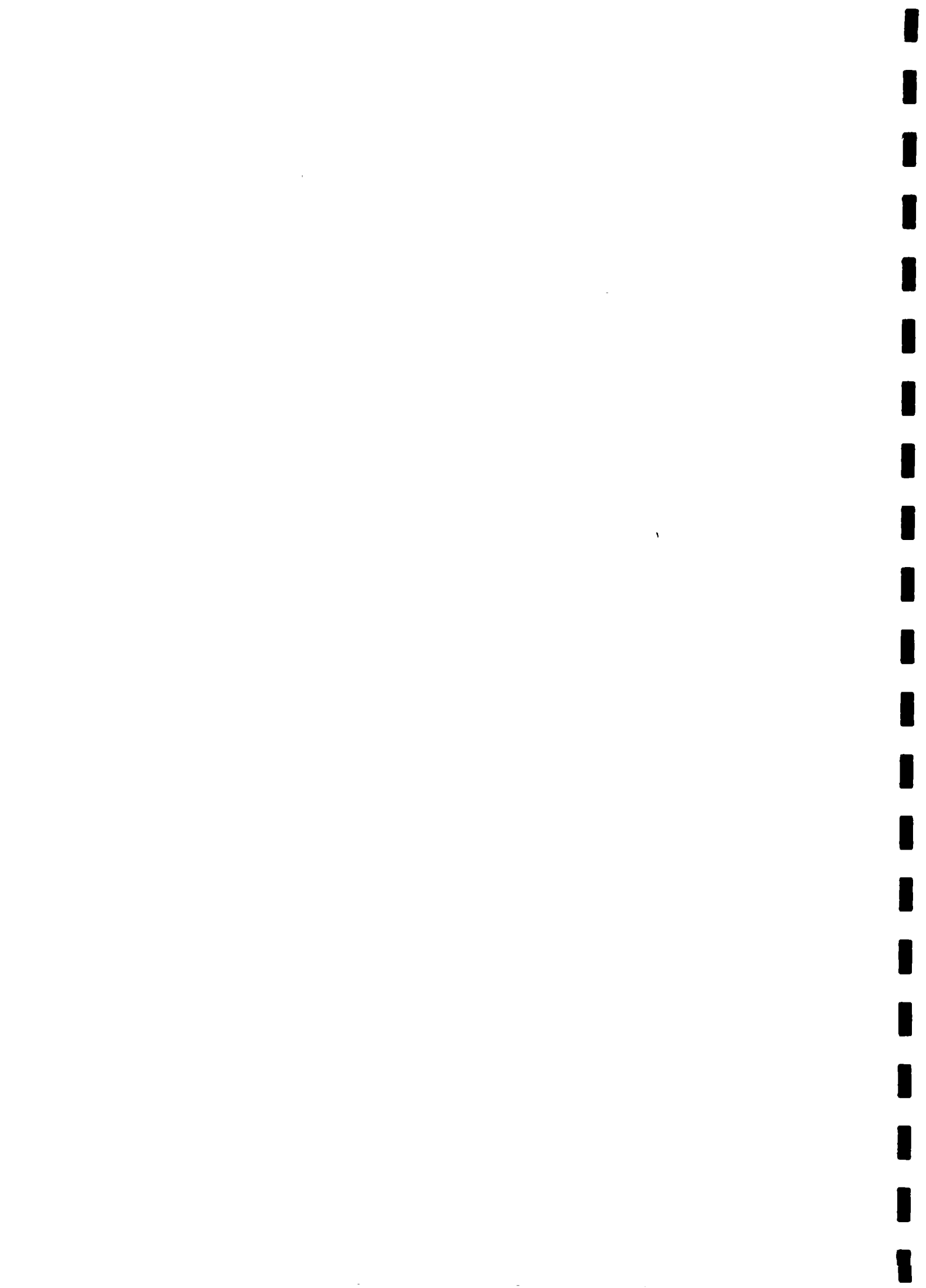
Training

Reviews of the Management Development for Senior Urban Public Health Officials and Groundwater Management for Rural Water Supply training courses were carried out in late 1997/early 1998. Both of these reviews have pointed to the potential for further DFID involvement in an integrated training programme for the Water Supply and Environmental Sanitation Sector. In addition, the World Bank/UNDP Regional Water and Sanitation Group (RWSG) have included training as a major component of a proposal for increased funding and collaboration (see Annex 3.2/4), with potential for considerable synergy with DFID's existing support to training projects.

Discussions over the possible creation of a training centre of excellence which could support the water supply and environmental sanitation reform agenda have been initiated with the Ministry of Urban Affairs and Employment. Support and modalities for this need to be pursued as part of DFID's training strategy. Funding of human resource development projects gives DFID potential access to a much wider network of contacts, and openings to develop new project partnerships.

The WSO recommend that DFID adopt a pro-active approach to support and development of an integrated training programme in the sector. Specifically, WSO recommends that:

- DFID substantially increase its investments in human resource development for urban and rural water supply, either through increased internal resources or through an external coordinating body with a view to building capacity at all levels in order to ensure better services and sustainable investments.
- DFID support the RWSG-SA proposal to build capacity among municipal level decision makers in the water and sanitation sector and link in other capacity building initiatives envisaged for the sector.
- DFID attempt to move beyond a limited 'training project' perspective to a larger, more flexible human resource development approach that facilitates a longer-term view of investments and a more ambitious approach to training objectives.



- All DFID-supported initiatives adopt an integrated approach towards HRD in the sector. Thus demand assessment, community participation, cost-recovery, integrated water resources management, gender, institutional development, management at the lowest appropriate level and financial sustainability of sectoral investments will be the important underlying principles of its capacity building activities in the Water and Environmental Sanitation Sector.
- DFID evolve a strategy to fully utilise the contacts, goodwill and opportunities generated from its past and ongoing investments in human resource development for WSS to increase its influence on policy in the sector.

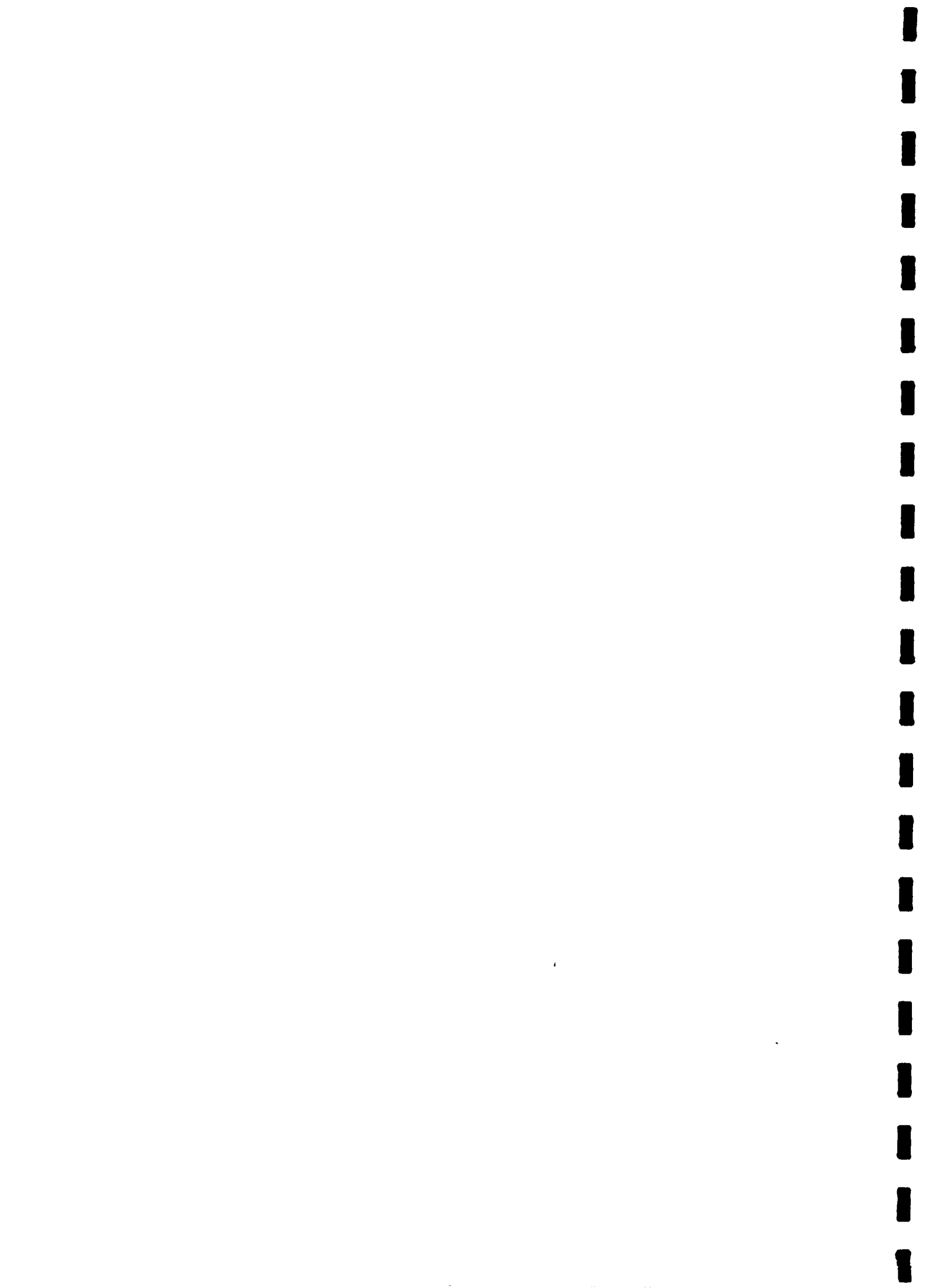
If DCOD approval is given to this approach, then the first step in implementation will be to appoint a consultant to prepare a draft project concept note which put forward firm proposals for:

- options for management arrangements to integrate human resources development across the sector, including initiatives by others (eg RWSG) and the possibility of supporting a centre of excellence.
- further support to the Management Development for Senior Urban Public Health Officials course.
- development of spin off courses from MDSUPHO.
- future support in expanding the influence of the Groundwater Management Development for Rural water Supply and Solid Waste Management courses.



Table: 3/1 PROJECTS UNDER CONSIDERATION

Project	Status	Proposed Budget
MRWSSP - Phase 2	Draft project concept note under preparation, pre-appraisal mission to Maharashtra in week beginning 20 April 1998, refer to text	£4-6 million per year
Lucknow Environment Project	Phase 2 of GRPCPL dropped. Discussions ongoing and decision by May 1998, refer to text	£4 million per year
UNICEF	Discussions ongoing. Meeting held with UNICEF, possible Draft Concept Note by mid-April, refer to text	£4-6 million per year
NGO Fund	Draft Project Concept Note prepared. Refer to text	£ 2-3 million per year
RWSG - Environmental Sanitation and Water for India	Draft proposal with DCOD for comments, refer to text	£0 3 million per year
Private Sector Participation	i) Surat (?) ii) Discussions ongoing, refer to text	?
Indian Water Partnerships (IWP)	Development of IWP should complement ongoing initiatives, refer to text.	
Training	Possible further training requirement could be developed after completion of MDSUPHO review, refer to text	?
Orissa	i) Possible input to RDO watershed project ii) Urban W&S Proposals received from GoAP under consideration in DCOD	?
Andhra Pradesh	i) WSS Sector Strategy ii) Rural & Urban W&S: Proposals received from GoO, under consideration in DCOD iii) Vijayawada Water Supply	? ? ?
Rajasthan	i) Meeting with Asian Development Bank in mid-April. ii) Jaipur -unaccounted for water	? ?
West Bengal	i) Northern Towns, Proposal received from GOWB Possible WSO/UPO involvement ii) CEMSAP	? ?
Karnataka	Proposal received from GoK. WSO has commented	?
Water Quality	Possible emerging area of concern in relation to development of an environmental strategy for India and possible water quality problems in West Bengal	?



3.3 Next Steps

Roles for DFID India

The role that the Water and Sanitation Office plays in development of a new pipeline of projects should reflect the WSO staff experience and knowledge of the sector, and gaps in areas of expertise within DFID India. With its sectoral focus WSO, supported by DCOD, is in a good position to develop and set sector strategy consistent with the Country Strategy Paper developed by DFID India.

To make full benefit of the combined experience and skills of DCOD and WSO in relation to the Water and Environmental Sanitation Sector, there should be a review of the roles played by the two offices. At a time when WSO current project profile is drawing to a close, there is a case for a more active role for WSO in identifying and developing new project. WSO has already been heavily involved in the development of a new project in Maharashtra, and the terms of reference for the new Head of Office indicate a change in the role that WSO can play in further new project development.

With the projected increase in funding to the programme in India, it is important that new project initiatives are followed up quickly in response to requests from our potential partners. There is the opportunity for WSO to take a more active role in the development of projects, and in development of the sector strategy in support of DCOD.

The WSO can be involved in new pipeline development at a number of stages. Initially the WSO can play an important role in developing contacts and exploring opportunities. Possible existing contacts where opportunities could be explored are through RWSG, existing project partners and their contacts, through training courses supported by WSO, and existing contacts with bilaterals and multilaterals. In addition the WSO should seek to use contacts of the other FMOs and DCOD in a similar way.

Once initial contact and preparatory dialogue with DFID India has taken place there are a number of ways in which the WSO could develop contacts and maintain the dialogue:

- develop a range of contacts with the partner at appropriate levels; these would include ministry level, with key departments, with the district administrations, and with key NGOs and research institutions in the state.
- collect information and enter into dialogue on policy, institutional set up, state and district level programmes and projects; also collect information on the local political situation as context.
- look for ways to make early investments in particularly promising cases to promote a higher level of dialogue; these might include short training courses in key areas, exchanges of information on policies and procedures, introductory seminars and exposure visits to existing projects.



- explore ways to develop regular contacts and dialogue perhaps through a local consultant to lead the design process or through a small local office in the later stages of design (see examples of other FMOs, particularly UPO and HPO).
- WSO and project partner work to develop shared understanding of how a project should be developed and an initial concept note as a basis for discussion and further development.

Clarification on the role of the WSO would enable workplans to be developed further and firmed-up at the workshop to be held during the week beginning 4 May. It would also be useful to discuss at the Review how preliminary work on building up the pipeline of new projects will be funded.

WSO Resources

Health Education

Health education plays a vital role in helping people clarify what they want and in shaping their demands for water and sanitation facilities as well ensuring that facilities provided are used and maintained effectively through improvement in health behaviours. The WSO is committed to an integrated approach to water and sanitation projects which requires health education inputs from the inception of projects and at a strategic level.

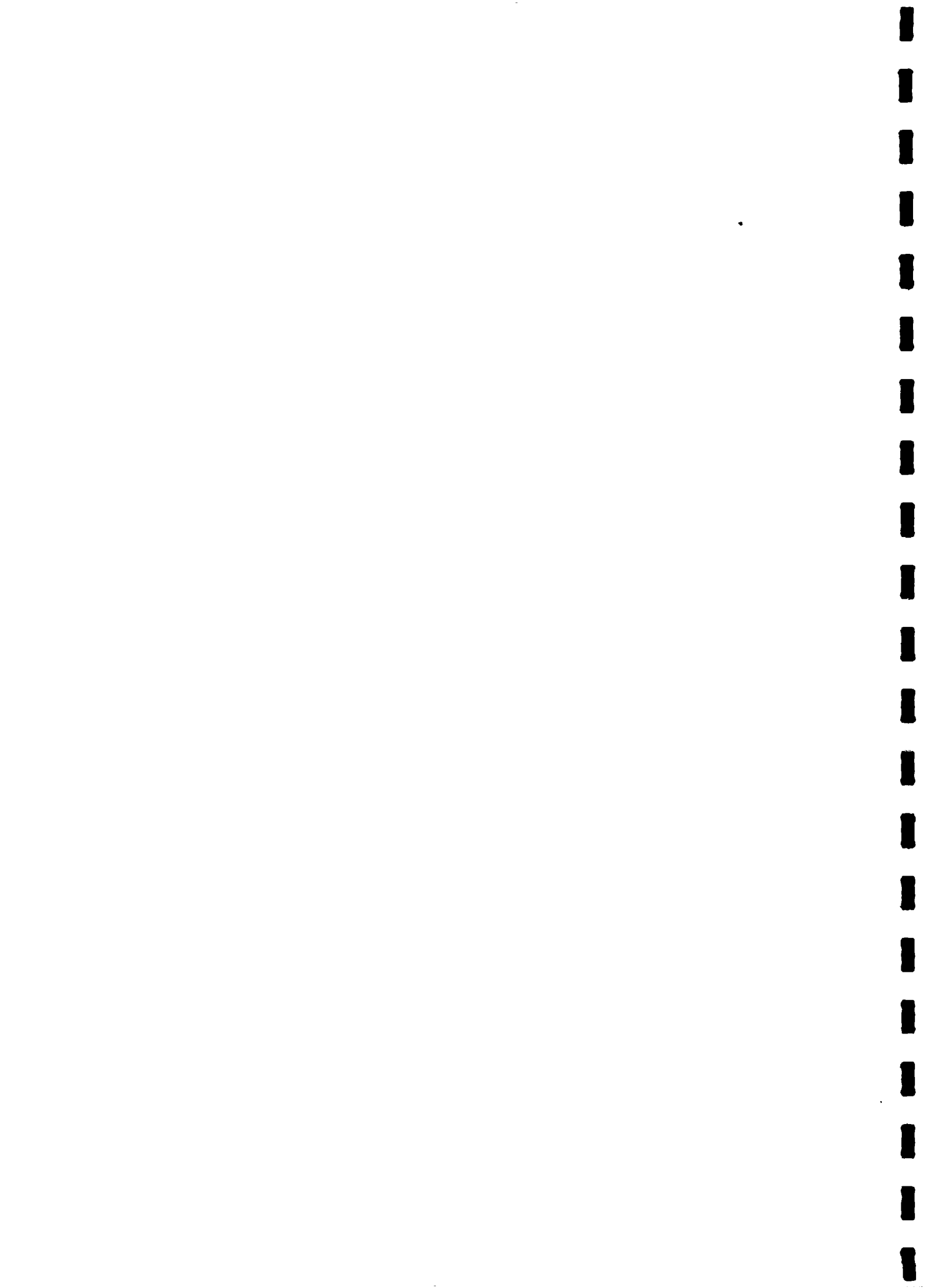
At present the resources in health education that are available to the WSO are either project specific or are short term - that is James Samuel in the Nasik office, regular inputs from the Health Education Consultant, Hazel Slavin and the experience on the UNICEF, CDD-WATSAN Project. There is a need for further health education resources for WSO. The options for providing these resources are:

- to draw on existing resources in DFID India, the most relevant being those in the HPO
- share resources with another FMO such as the UPO.
- for WSO to take on a new person to provide specialised inputs in health education.

Social Development and Economic Analysis

Additional Social Development and Economic Analysis support is being provide to the WSO (and DCOD) through intermittent consultancy inputs by two former members of staff. This is only a short term arrangement. A review of longer term requirements and resource needs should be undertaken as soon as possible.

The need for this addition support arises from the desire to maintain a level of continuity in the office during a time of change, to bridge temporary resource constraints in both WSO and DCOD, and also to further develop work in



particular specialist fields (such as demand assessment). Options for providing this support in the long term include:

- continue with short term consultancy inputs
- WSO to share a local Project Officer in these fields with the DCOD and other FMOs (RDO?).
- provide short to medium term support through APOs (this could also be on a shared basis)

Institutional Strengthening and Training

To develop and implement the strategy outlines in this report, the WSO will need to work in more detail on reform and institutional capacity building issues. Training is also an integral part of the strategy which attempts to bring about sector reform. Options for providing this support include :

- WSO to take on a new LE I Project Officer
- subject to a review of available resources WSO to share a Project Officer with other FMO(s).

Contracts and Finance

Issuing and monitoring of contracts and project financial control are three areas that take up significant positions of professional staff time. This distracts staff from playing a more strategic role in adding value to the projects for which WSO has responsibility and in the development of new projects. Options for providing support in these areas, to free up professional staff of contract in the WSO, include:

- WSO to take on a new LE II Project Officer.
- Subject to a review of available resources, WSO to share a Project Officer with other FMO(s).

It is acknowledged that there are liable to be considerable changes in DCOD/FMO structures over the next 6-12 months which may affect the manner in which the staffing requirements of the WSO are resourced. However, it is suggested that a decision on the needs for these posts should be taken and then the actual method of providing the resources to the WSO can be agreed in the light of the restructuring of DCOD/FMOs.

Proposed Key Milestones

Proposed key milestones in new project development are given in Table 3/2. Dates for reaching these milestones should be agreed at the review.



Table 3/2: PROPOSED KEY MILESTONES (Up to March 1999)

Project	Status
1. MRWSSP - Phase 2	1.1 PCN by end April 1998 1.2 Detail Design Commence by June 1998 1.3 Draft Project Document by September 1998 1.4 Final Project Document by December 1998 1.5 Submission to PEC by January 1999
2. Lucknow Environment Project	2.1 Decisions on way forward by May 1998 2.2 Subject to above, PCN by July 1998 2.3 Detail design commence by August 1998 2.4 Draft project document by March 1999
3. UNICEF	3.1 PCN by May 1998 3.2 Detail Design Commence by July 1998 3.3 Draft Project Document by November 1998 3.4 Final Project Document by January 1999 3.5 Submission to PEC by February 1999
4. NGO Fund	4.1 PCN by April 1998 4.2 Detail Design Commence by May 1998 4.3 Draft Project Document by December 1998 4.4 Final Project Document by February 1999 4.5 Submission to PEC by March 1999
5. RWSG - Environmental Sanitation and Water for India	5.1 Final Project Document April 1998 5.2 Submission to relevant level for approval by end April 1998.
6. Private Sector Participation	6.1 Decision on way forward by April 1998
7. Indian Water Partnership (IWP)	7.1 Decision on way forward by April 1998
8. Training	8.1 Decision on way forward by May 1998
9. Orissa: Urban and Rural Water Supply	9.1 Decision on way forward by April 1998 9.2 Subject to above, preliminary visit by May 1998
10. Andhra Pradesh: Water and Sanitation	10.1 Decision on way forward by April 1998 10.2 Subject to above, preliminary visit by May 1998
11. Rajasthan	11.1 Discussions on way forward by May 1998
12. West Bengal	12.1 Discussions on way forward by June 1998
13. Karnataka	13.1 Discussions on way forward by June 1998
14. Water Quality	14.1 Discussions on way forward by July 1998



4. Ongoing Projects



4. Ongoing Projects

Introduction

According to FINSTATS, there are 17 projects in the Water and Environmental Sanitation Sector in India. Summary details of these projects are given in Annex 4/Intro. The status of a number of these projects, which appear to have been completed some time ago, should be discussed at the Review. Based on the outcome of these discussions the FINSTATS records will be updated.

4.1 WSO

Staffing

There have been a number of staff changes during the year. The current WSO organogram is attached at Annex 4.1/1 and a detailed staff list is given in Annex 4.1/2

Anticipated staffing requirements are discussed in detail in Section 3 under the heading "WSO Resources". This is liable to include support in Health, Social Development and Economic Analysis, Institutional Strengthening and Training, and Contracts and Finance. Any new staffing arrangements would, if possible, attempt to correct the current gender imbalance in the Office.

The WSO is also reviewing the CVs of the Engineering APOs who will become available later this year.

Strategic

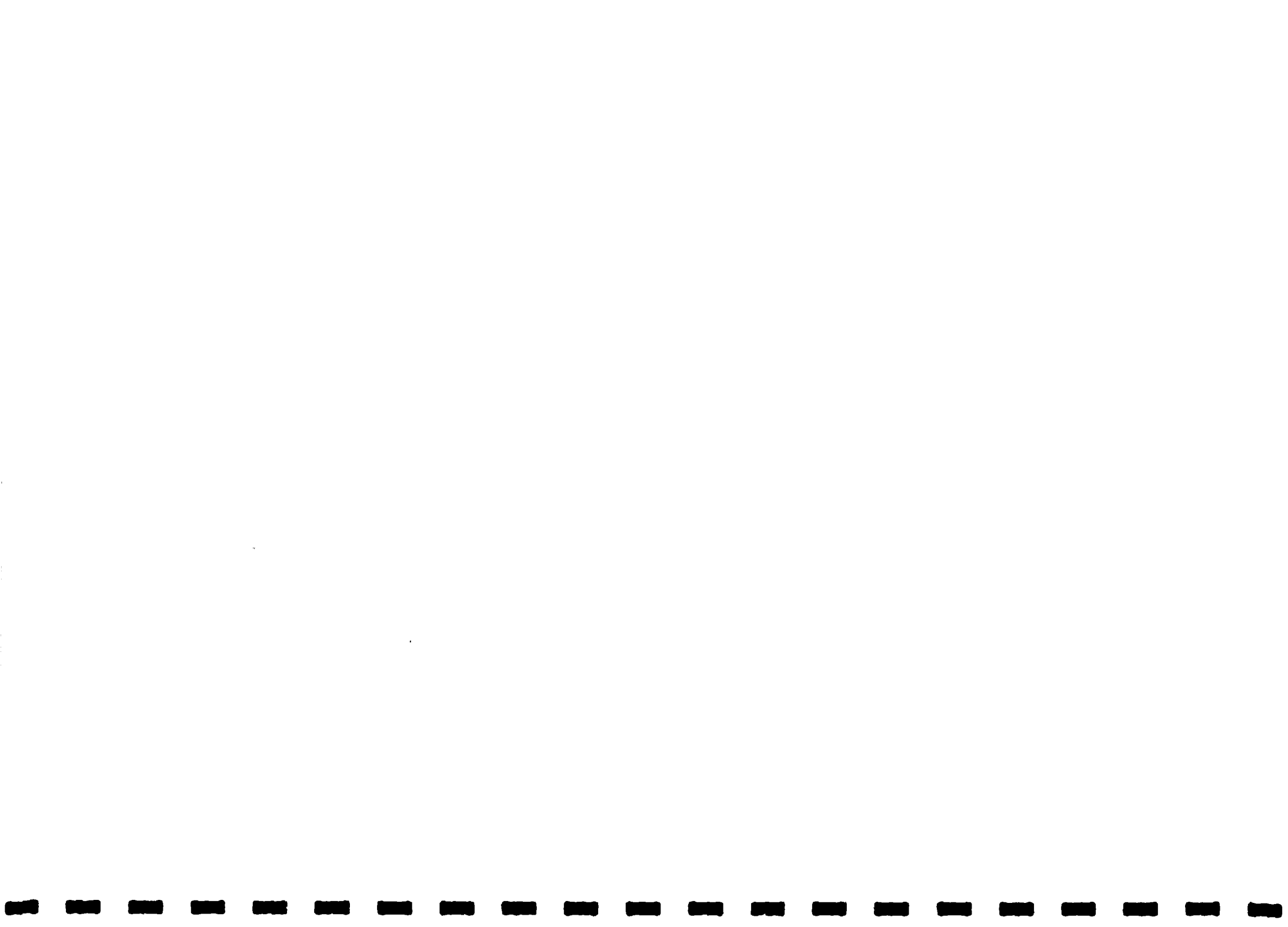
The activities of WSO are referred to throughout this report. The main thrust of activities at the strategic level has been in developing a Water and Environmental Sanitation Strategy for India. This work is based on deliberations arising from various workshops, meetings, exchange of information and reports (both internal and external) which are relevant to the development of the strategy.

Operational

At an operational level the WSO has continued to manage the implementation of its portfolio of projects. As the majority of these projects are coming to end, considerable time has been spent on assisting DCOD with the development of either follow on phases to existing projects, or in some cases, completely new projects.

Office

In the office, the procedure for virus checking of computer equipment has been considerably improved. Annual staff review have been completed and first drafts of Annual Personal Development Plan prepared. Draft staff workplans have been prepared and will be completed after the Review in week beginning 4 May. The operation of the WSO local support offices in



Lucknow and Nasik is recorded in detail in later sections of this report. The Water and Sanitation Sector is relatively well covered by high quality information booklets published by DFID in the UK. However, it is proposed to review the requirement for India specific information and liaise with DCOD to agree arrangements for producing the necessary documents.

Training

It is proposed to carry out a training needs assessments for all WSO staff based on the pro-forma previously used by the UPO and recommended for use in the WSO during a recent review of office operations. This exercise will be carried out over the next two months and then form the basis of a future training programme for all WSO staff.

Budget

Details of the WSO budget is attached as Annex 4.1/4 and should be discussed during the second day of the Review.

Key objectives for April 1997 to March 1998

The following is a review of the key WSO objectives identified in last year's Review report.

- The WSO gender strategy has been completed.
- An Options Paper for the water and Sanitation Sector was presented and discussed at the last Review.
- Two new UK based staff have been recruited.
- The skills mix within the WSO is reviewed in Section 3.3 of this report and should be discussed during the Review.
- Access to financial information has improved slightly but it is hoped that this can be further improved during the coming year.
- WSO has continued to maintain and develop its contact and dialogue for collaboration with multilateral agencies in the sector, this will continue in the coming year.
- During the last 12 months WSO, through workshops/meetings/discussions has improved its understanding of which interventions have the most direct casual linkages to substantially improved and equitable service delivery and, in particular, those that impact most directly on poverty. This will continue in the coming year.

An updated summary of action points arising from last year's Review as recorded by DCOD is given in Annex 4.1/3.

Key Objectives for April 1998 to March 1999

These will be very dependent on the outcome of this Review. However, anticipated key objectives are given below and additional details are included in the WSO workplan in Annex 4.1/5 and 4.1/6.



MRWSSP - Phase 2

- Draft Project document by September 1998
- Submission to PEC by January 1999

Lucknow - Environmental Project

- Decision on way forward by June 1998

UNICEF - Support to Programme

- Draft Project Document by November 1998
- Submission to PEC by February 1999

NGO Fund

- Draft Project Document by December 1998
- Submission to PEC by March 1999

RWSG - Support to Programme

- Final approval by May 1998

Orissa and Andhra Pradesh - Possible New Projects

- Decision on way forward by May 1998.

Strategy Discussion Sheets

- Developed and agreed by June 1998.

There are a number of cross cutting issues which the WSO intends to investigate and develop in collaboration with the UPO.

- Operation and Maintenance
- Low Cost Sanitation
- Relocation
- Demand Assessment
- Community Contracting
- Solid Waste Management
- Environmental Monitoring and Management Planning
- Management Information Systems.

The WSO also intends to liaise with the UPO on issues related to:

- Health
- Financial Services
- Institutional Strengthening
- Training.



4.2 Maharashtra Rural Water Supply and Sanitation Project (MRWSSP)

Current Project Status

The current status of the project is more fully discussed in Annex 4.2/1 and the recent sixth monthly progress report for October 1997 to March 1998.

During the last one year period the 80 Village scheme in Jalgaon was handed over to the Zilla Parishad (ZP) Water Management Unit. Service levels in the 80 Villages has been good, with encouraging achievement of cost recovery targets in the 38 Village group which was handed over in May 1997.

A partial handover of the 56V scheme to the Water Management Unit in Nasik has also taken place but a poor electricity supply situation combined with bursting pipe mains is resulting in the handed over villages and Nandgaon Town not getting enough water.

Community development and engineering works on the 51V scheme are progressing without major delay. Contract documents for engaging an Operations & Maintenance (O&M) management contractor have been prepared and bids are expected to be invited shortly.

Institutional arrangements for implementing the Pilot Sanitation Project have been established by Government of Maharashtra (GoM) but physical work in villages is yet to start.

The profile of the Hygiene Education component has steadily improved with an Assistant Director in the State Information Education and Communication (IEC) Bureau now being exclusively responsible for hygiene education.

The current extension for capital funding to the project is to 30 September 1998. To date an amount of about Rs 522 Million (equivalent to £ 8.7 million at current exchange rate) has been spent on the Local Cost Component while expenditure on TC costs is currently estimated as £1.93 million.

Key issues and Problems and lessons from the project are presented at Annex 4.2/1. Key milestones for the year 1998-99 developed in a Project Action Plan workshop are at Annex 4.2/2.

Key End of Year Achievements

End of year achievements set for the year ended 31 March 1998 and actual



progress against objectives are appended at Annex 4.2/3. A summary of key achievements during the year is presented below:

- The Water Management Units at Jalgaon and Nasik have been fully established. However mechanical engineers in both places have been transferred and these posts are at present vacant.
- 70% of the billed amount in 38V group has been transferred to the ZP and bills have been recently issued in 42V and for some villages in 56V.
- Agreed levels of service have been provided continuously after handover in the 80V scheme; Poor electricity supply and bursting pipe mains in the 56V scheme are resulting in service levels (about 50% of agreed service levels).
- A management training plan for the Water Management Units was developed by the Management consultant but implementation of the plan has not yet started.
- Staff for the Pilot Sanitation Project have been provided by ZP in both districts; Village Sanitation Plans have been discussed and finalised, funding and implementation arrangements are being put in place; a Government Resolution on implementation arrangements has been issued.

Project Completion Report

The current Maharashtra Project will be completed by September 1998. There will be a requirement for DFID to prepare a Project Completion Report. This will provide an additional opportunity to consolidate lessons from the project which could then feed into the design of a possible new project in Maharashtra or even more widely in the development of the sector. A decision on how to proceed with this task should be taken at the review

The Role of the DFID Local Support Office

WSO Nasik continues to play a supportive and facilitating role in the ongoing Maharashtra project. Their familiarity with the area and their understanding of the District and village level institutions are likely to be very valuable in the context of a possible new project. The team continues to provide support for implementation of the current project and for preliminary investigation for the proposed new project. The future role of the team in light of the likely very innovative nature of the new project could be considered to comprise the following:

- Continually Clarifying project objectives with project partners and thereby facilitate project implementation
- Facilitate the coming together of diverse group of stakeholders
- Providing information to DFID on key project issues and the changing contexts of the project
- Making arrangements for review and assessment visits and provide a reality check on information encountered on such visits
- Providing information on lessons learnt continually for potential replication elsewhere and in the development of WSO water sector strategy



- Continuing to build the partnership with GoM and forging new partnerships with NGOs.

4.3 Gomti River Pollution Control Project at Lucknow (GRPCPL)

Current Project Status

The current status of the Phase 1 project is more fully discussed in Annex 4.3/1 and in the most recent quarterly progress report for November 1997 to February 1998.

Progress since the July 1997 review of the Phase 1 project has been very slow. The decision not to fund a Phase 2 project based on river cleaning has had a significant effect on the level of commitment shown by the Government of Uttar Pradesh, and resulted in a further weakening of the Project Management Unit with the virtual loss of the Project Manager. In his absence there has been little effort to ensure that the Phase 1 works were completed by the March 1998 extension agreed subsequent to the review, despite considerable inputs from WSO.

However, in January 1998, the Project Management Unit undertook a substantial planning exercise for the remainder of Phase 1. The outcome of this was an integrated programme and workplan, and a request for extension of Phase 1 to June 1998 for completion of Technical Sub Projects and to March 1999 for completion of Nullah Community Improvement Projects. The request for extension also proposes winding up of the Project Management Unit at the end of June 1998, with key staff transferred to a cell within the Lucknow Nagar Nigam for management of the Nullah Community Improvement Project. WSO has recommended that this extension is granted, but that no reimbursement be allowed for expenditure incurred after the dates set out in the submission.

There are a number of outstanding issues to be resolved before Phase 1 completion. Endorsement of the Masterplan is awaiting dissemination of a Hindi synopsis and discussion in the Sadan, and this process will need to be managed carefully by the Project Management Unit.

Implementation of the Nullah Community Improvement Project Community Action Plans is dependent on finalisation of disbursement arrangements to the NGOs. The Project Management Unit, Water and Sanitation Office and Lucknow Nagar Nigam are currently working a way out of this impasse and expect resolution of this issue before the end of April.

Technical Sub-Projects are progressing steadily, and in most cases should be complete well before the June 1998 revised completion date. Exceptions are Pata nullah cleaning and computerisation of Lucknow Nagar Nigam. Tendering of Pata nullah cleaning works has been delayed pending assurances from the Government of Uttar Pradesh that there will be no forced



relocation as a result of the works and approval of a design for slope stabilisation works at Sonia Gandhi Nagar. The recent anti-encroachment drive and relocation of poor communities in the core areas of Lucknow highlights concerns which go way beyond the approval of Pata nullah cleaning, and are likely to have a significant bearing on development of a possible new project. Computerisation is now unlikely to go ahead under Phase 1.

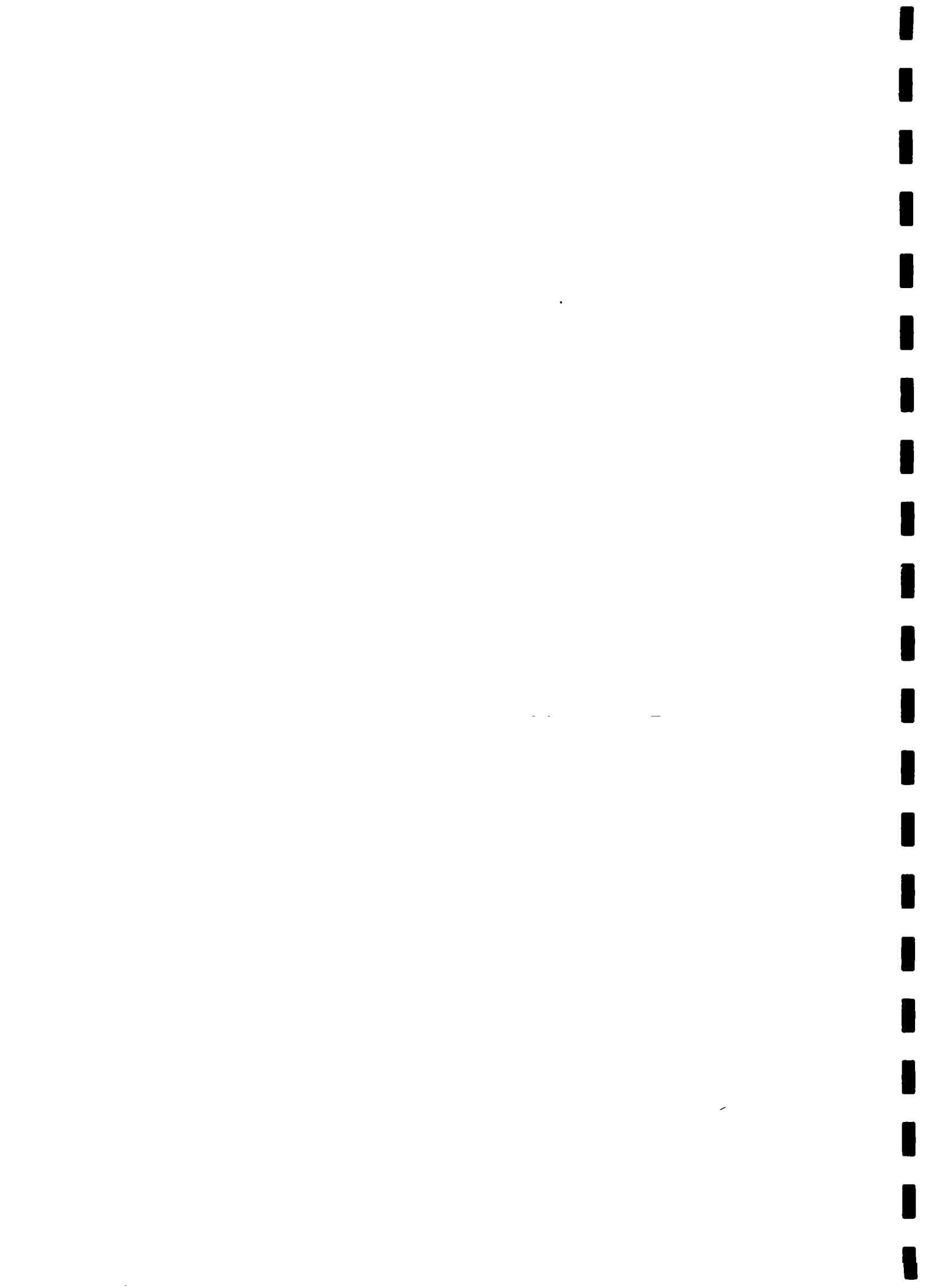
Key End of Year Achievements

End of year achievements set against the objectives set at the time of the 1997 WSO annual review are appended to Annex 4.3/2. A summary of key achievements during the year is presented below. Some of these represent only partial success against set objectives.

- The final revision of the Masterplan was completed at the end of February 1998, incorporating additional work on water supply and delivery of services to the poor. Copies have been disseminated to the agencies in Lucknow, DFID and the National Rivers Conservation Directorate.
- Cleaning of Sarkata A nullah has been completed, and there has been considerable progress on the cleaning work in Sarkata B. There are notable improvements in the efficiency of subsequent nullah cleaning, but a number of the social and health issues still have to be fully addressed.
- Cleaning and repair work to the interception sewers adjacent to Pata and Sarkata nullahs is substantially complete, and there has been good progress on the cleaning of branch sewers being carried out by Lucknow Jal Sansthan.
- Community Action Plans have been prepared for Rais Bagh and Shivpuri under the Nullah Community Improvement Project and agreed with the communities. There has been considerable progress in negotiations over management and contracting arrangements for implementation of the community actions plans.
- Evaluation of the Phase 1 hygiene promotion work has been completed, and the report sent to the Additional Project Adviser for comment.

Extension Proposal

The Government of Uttar Pradesh has formally requested an extension of time for completion of Phase 1. Extension is requested to June 1998 for completion of all Technical Sub-Projects except Pata nullah cleaning and computerisation of the Lucknow Nagar Nigam house tax billing system, and to March 1999 for completion of the Nullah Community Improvement Project. Dates for Pata nullah and computerisation are yet to be finalised, but would fit within the overall time frame. A decision has been taken to wind up the



Project Management Unit on 30 June 1998, and transfer management of the remaining works to a cell within the Lucknow Nagar Nigam. Further details of this are included in Annex 4.3/3.

Project Completion Report

Phase 1 of the Gomti River Pollution Control Project at Lucknow will be completed during the coming twelve months. There will be a requirement for DFID (India) to prepare a Project Completion Report. This should be seen as an opportunity to highlight lessons to be learned in project design and management which could feed into future initiatives in the urban sector in India.

Lessons to be Learned from the Project

One of the concerns put forward by the Water and Sanitation Office at the presentation of the Phase 1 Review Aide Memoire by the Development Co-operation Office review team was how we could learn lessons from this project. There is an urgent need to look critically at the Gomti project and draw lessons for the future. Some work has been carried out on this the former Engineering Field Manager, and a summary of ten key issues identified by him is attached in Annex 4.3/4.

The Gomti River Pollution Control Project at Lucknow Phase 1 was a complex and challenging project, and there are many other issues which are worthy of further consideration, not least those associated with the development of true partnerships with the national, state and municipal agencies that we aim to support and develop.

The Water and Sanitation Office strongly recommend a joint lesson learning process with our project partners, drawing where possible both on present staff and others who have been closely involved with the project at its various stages. It is important that this process allows both DFID and the various partners to freely express their perceptions of the successes and failures of Phase 1, and that no one partner dominates.

Role of the DFID Local Support Office

The Local Support Office at Lucknow was established with the aim of providing project implementers with support in social development and community based engineering. In addition the LSO monitors the overall GRPCP and represents the WSO at key events and has been very successful in keeping DFID concerns on the project agenda. Currently, the LSO continues to perform its role in taking forward the remainder of phase -1 tasks to completion .



4.4 UNICEF - CDD WATSAN

UNICEF introduced the Control of Diarrhoeal Diseases - Water and Sanitation (CDD-WATSAN) Strategy in 15 districts throughout India at the beginning of the 1990s. The strategy incorporates many of the activities of the preceding Integrated Sanitation Programme but seeks to integrate these with improvements to water supplies and hygiene promotion. DFID has been funding the UNICEF programme in the three districts, Phulbani and Ganjam in Orissa and Medinipur in West Bengal since April 1996.

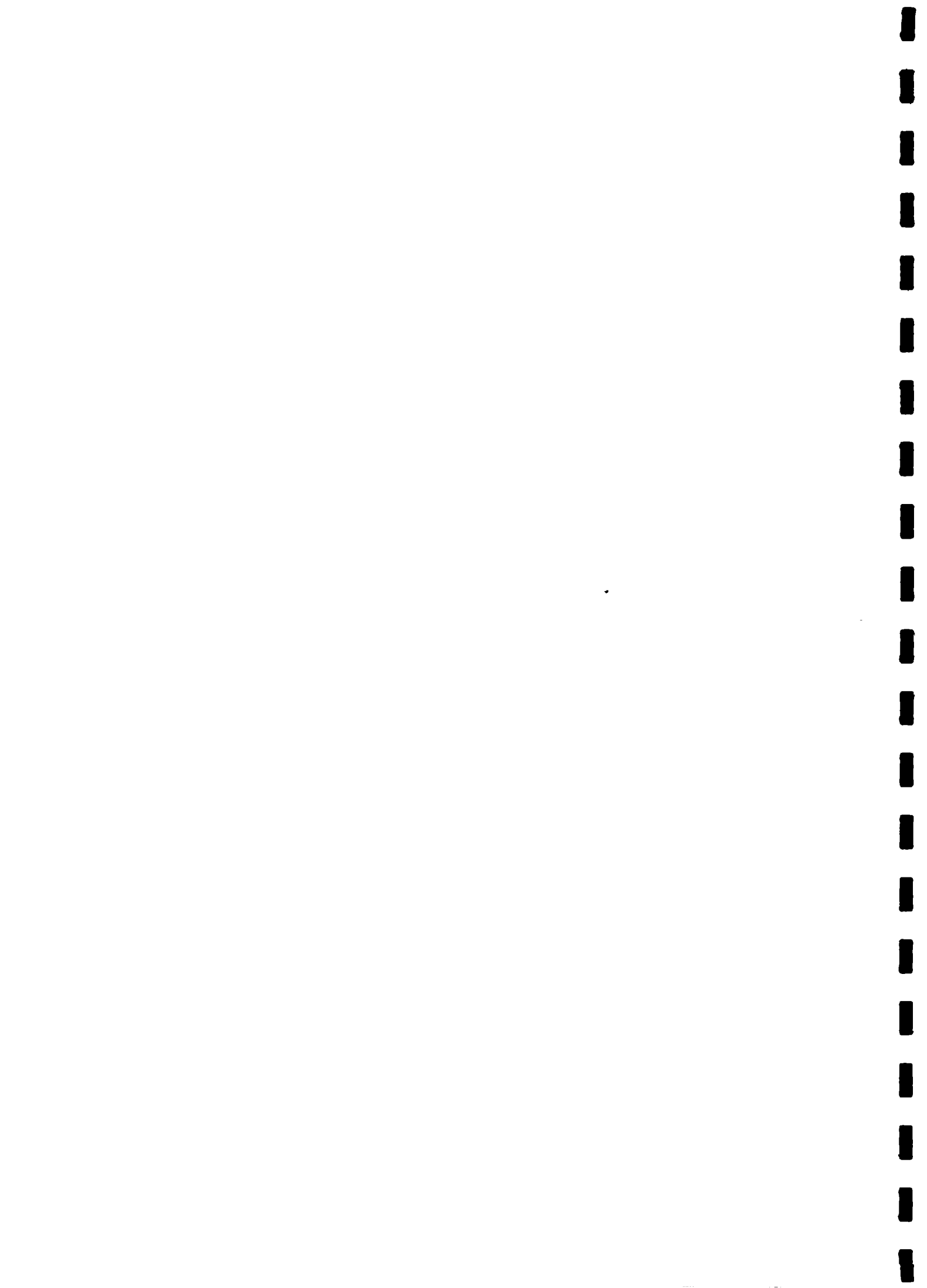
A mid-term review of the project was carried out in November 1997 by a team from DFID. The aim of the review was to assess progress against the project logical frameworks agreed with the project partners and particularly to assess how far project outputs are likely to achieve the project purposes in each case. A further aim of the review was to inform decisions about future DFID support to UNICEF projects.

The main conclusions of the review were that: it was too early to judge the prospect of achieving the project purpose in Orissa, due in part to slippage and in part to a relatively late start to activities in Ganjam District; there was a strong likelihood that the project purpose will be achieved in Medinipur, with particular emphasis on the remarkable successes in promoting low cost latrines through the project partner, the Ramakrishna Mission. A summary of the main conclusions of the review is attached in Annex 4.4/1.

Some of the main recommendations of the review are as follows. In Orissa: emphasis should be placed on the consolidation of progress in existing areas rather than on extension of geographical coverage; that the technical capacity of the UNICEF Orissa office should be strengthened with DFID funding if necessary; and that greater emphasis should be given to co-ordination between project components should be given. In West Bengal it was recommended that: DFID should consider additional funding to the handpump programme; that work should be commissioned to identify improved low-cost measures for monitoring the incidence of diarrhoea; data on the targeting of scheduled castes, scheduled tribes and religious minorities should be gathered and analysed in the future.

Further information on the CDD-WATSAN project can be found in the September 1997 Progress Report and the November 1997 Project Review Report. A progress report covering the period October 1997 to March 1998 is under preparation by UNICEF and will be issued in due course.

Following the review there was agreement in principle to offer an extension of time for the work in Orissa to be completed, and extensions of both time and funding to the programme in West Bengal. There has been no progress to date in finalising this agreement, and an early initiative is required to ensure that the opportunity to build on the successes of this project is fully realised.



WSO recommend that a meeting is held urgently with UNICEF to finalise further support to the CDD-WASTAN project.

4.5 SCF - Kalahandi Water and Development Project

A joint DFID and SCF team visited the Kalahandi Water and Development Project (KWDP) to carry out a mid-term review in December 1997. The team reviewed progress against the revised project purpose, now stated as:

"Replicable model established for equitable and participatory planning, provision and usage of water on a sustainable basis in remote areas. The aide-memoire from this review is attached at Annex 4.5/1".

The project has experienced a range of internal management problems and difficulties in finding appropriate local partner agencies which has resulted in considerable delays in project implementation. Progress is now being made although there will be a need for continued close monitoring of progress.

The KWDP team are dealing with complex and highly variable contexts in the district of Kalahandi. They are developing a variety of approaches, a range of technical solutions and working with a number of partner agencies in dealing with these contexts. The main findings of the review were that the KWDP team now need to record the approaches used with a view to replication and dissemination. It was agreed that DFID and SCF have a joint role in this process. It was also recommended that more attention needed to be given to the issues of poverty and sustainability in the project.

A proposal for an extension to the project was presented during the mid-term review. It was recommended that a revised proposal be presented to DFID by the end of April 1998. This will give the KWDP team more time to respond to the issues raised in the review and for DFID to assess further progress as well as giving the opportunity for a more accurate assessment of the time needed for extension and for better financial projections.

As the project in Kalahandi develops there may be scope to extend the approaches used to neighbouring areas in Orissa. In particular SCF's involvement in the RDO Rural Livelihood Project in the neighbouring district of Bolangir should be considered. While the proposed project will initially focus on watershed development, there is acceptance by the government partners of the idea that the provision of water should also be included. SCF's involvement in Bolangir is something which should be explored further as the project evolves.

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4.6 Training

Summary

DFID provided support to three training programmes over the past year, Management Development for Senior Urban Public Health Officials, Groundwater Management for Rural Water Supply, and Management for Sustainability. The latter two of these have now been completely handed over to the Indian partner institutions, and at present funding for the MDSUPHO course is due to finish in 1999.

Reviews of the Management Development for Senior Urban Public Health Officials and Groundwater Management for Rural Water Supply training courses were carried out in late 1997/early 1998, and specific recommendations were made for future DFID involvement in these courses and in human resources development in general.

Management for Sustainability in Water Supply and Sanitation Programmes

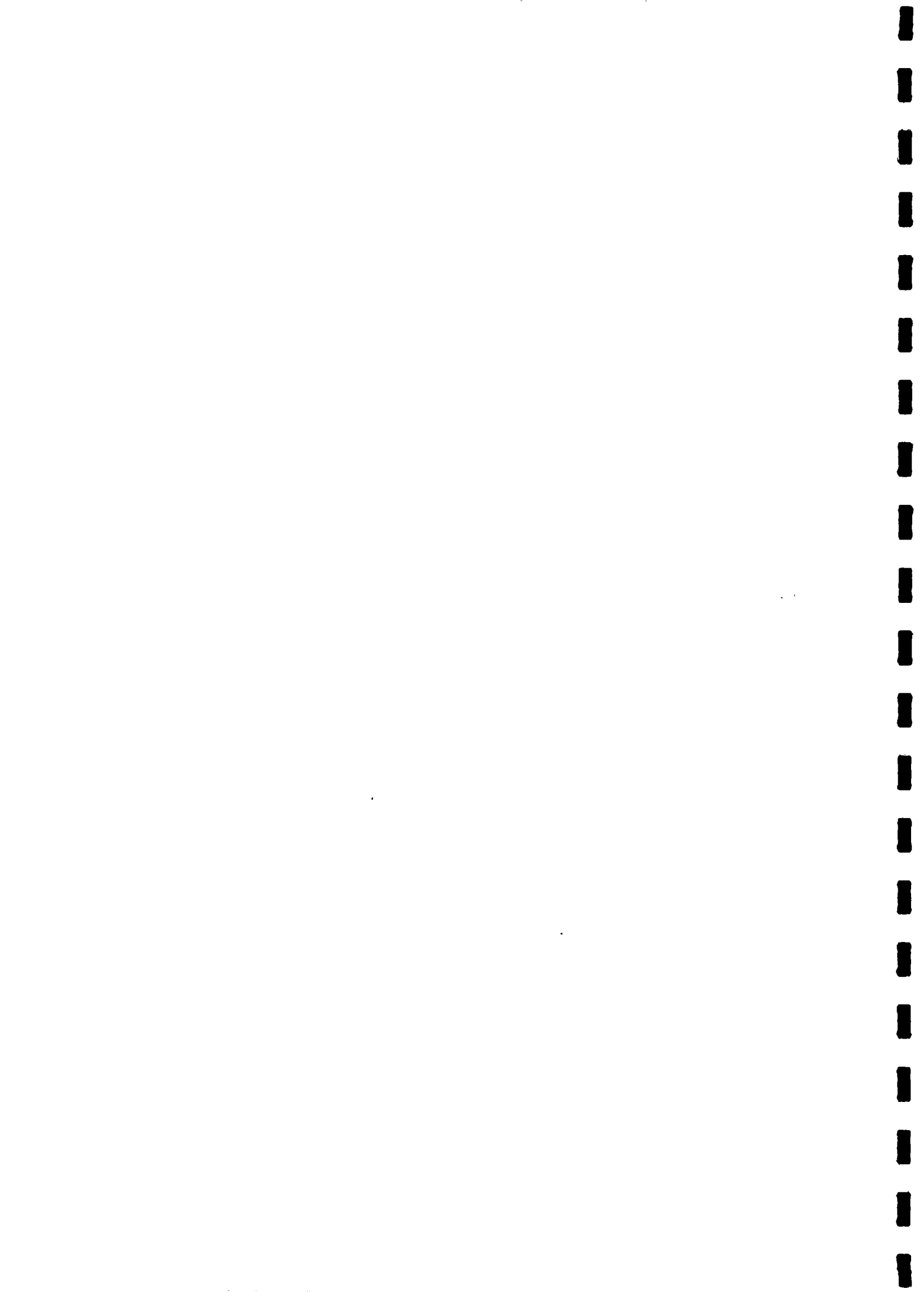
This programme, which addresses key aspects of sustainability in rural water supply systems, was supported by DFID from 1994 - 1997, and has now been completed transferred to the Nasik Research and Training Centre (NRTC), Maharashtra. The programme targets mainly of government officers drawn from the DFID and IDA water supply project areas together with representatives from non-governmental institutions such as the Tata Institute of Social Sciences (TISS). NRTC is making efforts as of this year, to attract participants from other states.

The MFS course is a programme which could be further developed to enhance DFID's role in the training sector. In order to take this forward it is recommended that:

- the vision of the programme should be expanded beyond the current limited focus on training project staff.
- the programme should be used to further DFID's strategic objectives in the rural water supply sector.

Management Development for Senior Urban Public Health Officials (MDSUPHO)

This national programme, supported by DFID since 1991 and sponsored by the Ministry of Urban Affairs and Employment (MUAEE) is jointly delivered by WEDC together with the Administrative Staff College of India (ASCI) at Hyderabad. The target group for MDSUPHO is comprised mainly of superintending engineers drawn from different states (14 each year).



The programme aims to develop a cadre of sector managers and trainers who are aware of, and committed to, the need for change management in the sector with a focus on a new commercial and customer orientation.

MDSUPHO addresses a key human resource development need for the Indian water and sanitation sector that is currently grappling with issues of financial viability and long-term sustainability of investments. The programme aims to create like-minded agents of change across the country that will initiate and take forward sectoral change. The recent review of the course made many specific recommendations based around:

- support of an expanded programme that creates the critical mass necessary to initiate and take forward change in the UWSS sector.
- better utilisation of contacts and opportunities generated by MDSUPHO to inform and influence the national policy debate on sustainability of UWSS.

Groundwater Management for Rural Water Supply

The programme was supported by DFID from 1991, when it began as a national programme delivered annually by Scott Wilson Kirkpatrick in both the UK and India. It was successfully transferred as an all India course to the Gujarat Jalseva Training Institute (GJTI) in 1996 and DFID support withdrawn from 1998.

The programme targets superintending and executive engineers as well as scientists. A large number of the participants are drawn from the Gujarat Water Supply and Sanitation Board. The participation of the Irrigation and Agricultural Departments and NGOs is relatively poor.

The review of this programme made specific recommendations for further development of this initiative involving:

- closer co-ordination with authorities and professionals from the agricultural and irrigation sectors to emphasize the importance of an integrated catchment approach to water resources management.
- further support to the multiplier effects of this investment in order to better utilise the contacts generated and capacity built, to further DFID's strategic objectives in the rural water sector.

RWSG Training Proposal and the Way Forward

This proposal submitted for DFID funding in March 1998, and recommended for support by WSO, aims to develop a programme of national and municipal capacity building, and to develop a programme of strategic thinking and policy development at state and national levels in India. DFID must consider how best it can improve or add to its existing investments in HRD in the water sector to complement the RWSG proposal, and investigate well-designed



initiatives that assess and address training needs at different levels of rural and urban water supply and sanitation.

4.7 Knowledge and Research Projects

DFID's funding of Knowledge and Research (KAR) Projects (formerly Technology Development and Research Projects) in the Water and Environmental Sanitation Sectors is aimed at developing new approaches and technologies which address key issues in the sector and can inform current and future projects. A list of current Knowledge and Research Projects is available with the WSO.

DFID (India) are currently co-funding six of these research projects with particular relevance to India. These are:-

Intermittent Water Supply Systems: Design and Control (South Bank University)

Development of Guidelines for the design and operation of intermittent water distribution systems, using a modified network model incorporating pressure dependent demand functions plus an optimal control procedure.

Practical Development of Strategic Sanitation Concepts (GHK International)

Development of guidelines for the application of an integrated strategic sanitation approach in urban areas, based on a literature review, case studies and a pilot project in one small town or municipality.

Optimisation of Waste Stabilisation Pond Design for Pathogen Removal using Field Assessment and Hydraulic Modelling (University of Surrey)

Development, evaluation and application of a general methodology for integrating rapid field monitoring, biological tracers and a hydraulic model for improving the performance of waste stabilisation ponds.

Gender Issues in Management of Water Projects (IIDS, University of Southampton)

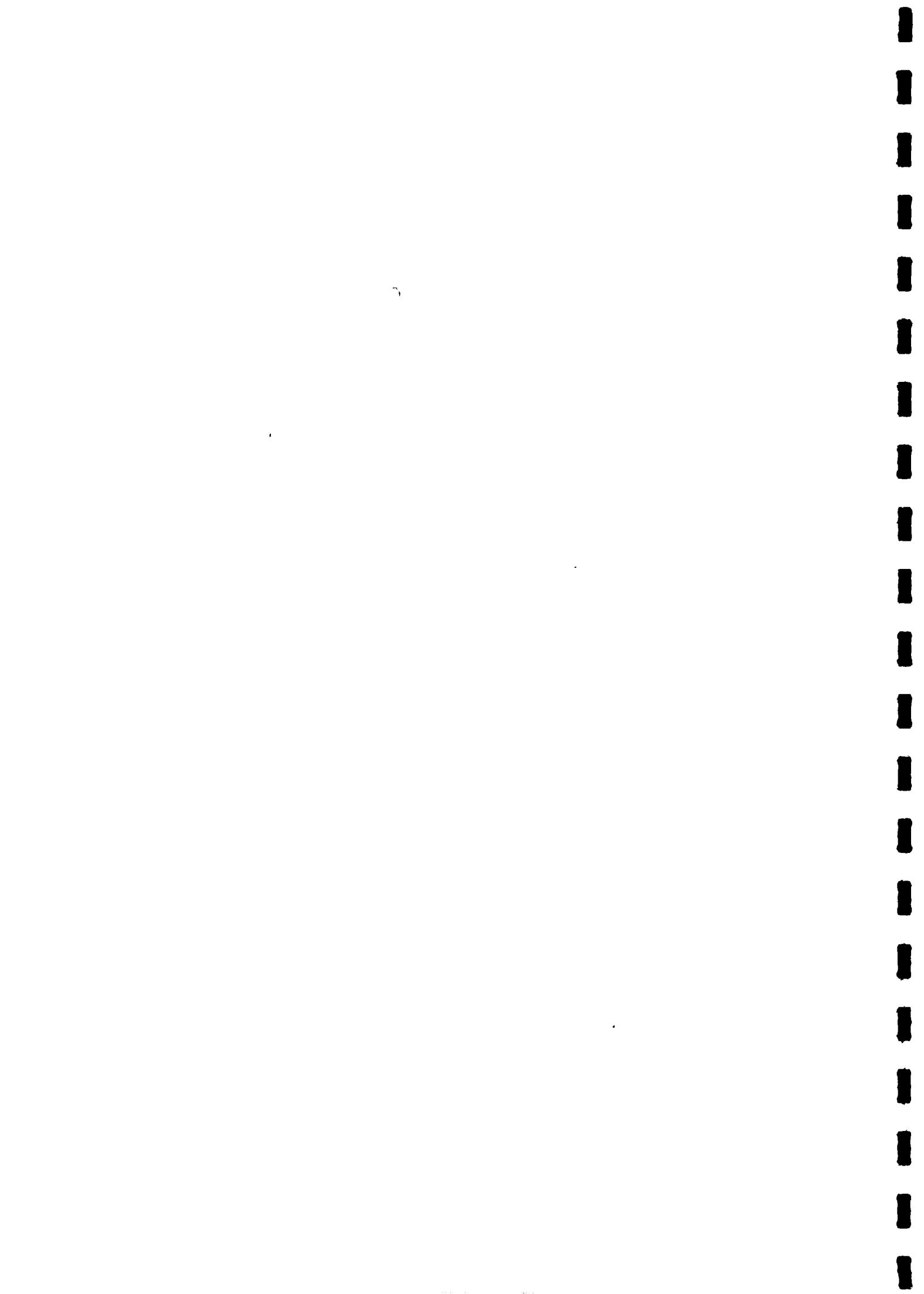
Examination of institutional and field level gender aspects of official and NGO water supply and sanitation project interventions in Pakistan and North India.

Contracting Out of Services for Water and Sanitation (WEDC)

Determination of which Water and Sanitation institutions (L&MIC) are contracting out what range of services, with what declared benefits, by which contract approach.

Sustainable Use of Urban Environmental Health Indicators (LSHTM)

Sustainable use of environmental health indicators for rapid appraisal, monitoring and ex-post evaluation of urban environmental improvement projects



WSO has no direct management role for these research projects, but receives occasional progress reports and approaches from research staff on visits to India. However, the budget (£1.75million) for the co-funded portion of the KAR projects is reported under the WSO sub-head in FINSTATS.

There is potential for greater WSO involvement in monitoring of Knowledge and Research Projects, particularly those which are co-funded by DFID (India), to ensure that lessons are learned and results are incorporated into current projects and development of new projects. WSO propose to assign the Field Manager (Water and Sanitation Engineering) the responsibility of maintaining contact with ongoing research projects, and identifying areas where DFID might consider future support.

4.8 Others

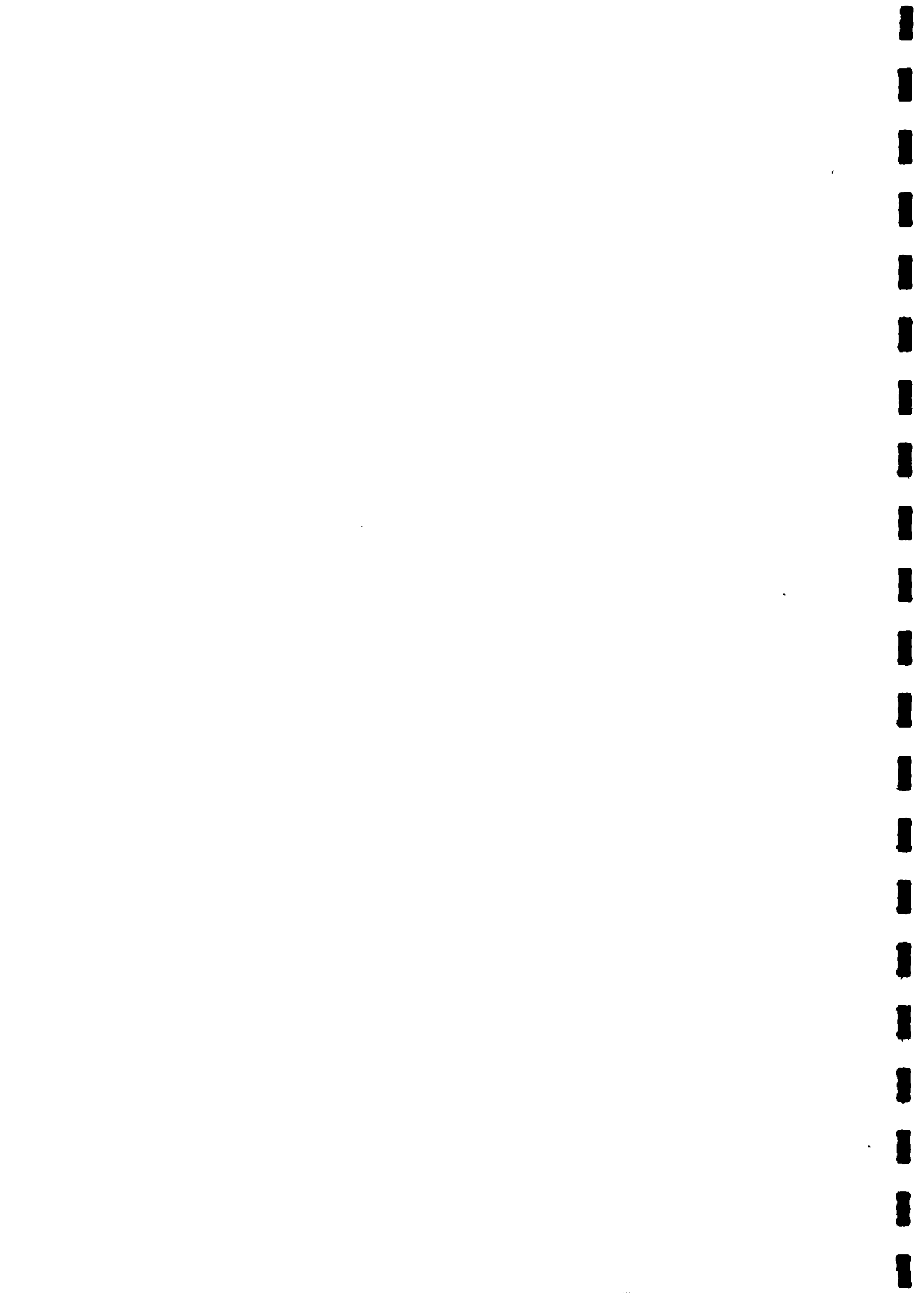
World Bank - Urban Water Supply and Sanitation Sector Strategy Study

This one of five water related sector studies which has been undertaken by the World Bank, but funded by DFID. The other studies includes: Rural Water Supply and Sanitation, Irrigation, Groundwater and Integrated Water Resource Management. The final version of the Urban Study was issued in October 1997 and, along with draft copies of the other reports, formed the background to the "Options Paper for future DFID Involvement" which was discussed at the last Review.

Ganga Action Plan, Cost Benefit Analysis

The final Workshop for the Ganga Action Plan Cost Benefit Analysis (GAP-CBA) was held on the 27th January, 1998. The workshop and the study were sponsored by DFID and carried out for the National Rivers Conservation Directorate (NRCD), Ministry of Environment and Forests (MoEF) and the Government of India under the guidance of Professor Anil Markandya, University of Bath. The study was designed to provide a comprehensive analysis of the costs and benefits of the various programmes falling under the GAP phase 1 and to inform decision making throughout phase 2. It was originally hoped that the GAP-CBA would lead to useful discussions with the MoEF regarding prioritisation of investment on the National Lakes and Rivers Programmes. More exceptional aspects of the study was the fact that it involved a major collaboration of Indian research, academic and professional organisations. Additional details of the GAP-CBA are given in Annex 4.8/1

It is assumed that with the recent change in DFID policy, and by adopting a revised aim of elimination of poverty, there will be no follow-up work on the GAP-CBA



Waste Stabilisation Ponds Manual

The Design Manual for Waste Stabilisation Ponds in India was published in December 1997, and 500 copies have been handed over to the National Rivers Conservation Directorate, who will be responsible for wider dissemination within India. A further 500 copies will be made available in April 1998.

Training workshops in the design of waste stabilisation ponds, organised jointly by Lagoon Technology International and the National Rivers Conservation Directorate are to be held in Delhi and Calcutta in April 1998. Depending on the level of interest shown in Delhi and Calcutta, there is the possibility of further training workshops in Chennai and Mumbai later on in the year.

With publication of the manual and completion of the training workshops, current DFID funding will come to an end. However, WSO recommend that during his visit to India to deliver these courses, DFID (India) hold discussions with Professor Duncan Mara and National Rivers Conservation Directorate to look at opportunities for carrying this agenda further through the development of a pilot waste stabilisation pond project.

Regional Water and Sanitation Group (RWSG)

DFID has provided funding for the position of Regional Sanitation Adviser in the RWSG-South Asia for the last 2 years. A summary of the activities carried out over this period is included in Annex 4.8/2.



Annexures - Section 2

2.2/1 Cross Cutting Themes with White Paper

2.2/2 Gol Programmes for Water and Sanitation. Table 1 - Programmes for Urban Areas.

2.2/3 Gol Programmes for Water and Sanitation. Table 2 - Programmes for Rural Areas.

2.3/1 Progress in Taking forward the WSO Gender Strategy - 26 February 1998

2.3/2 Theme Paper - Demand Assessment and the WSO

2.3/3 Draft Theme Paper - Private Sector Participation (PSP) in the Water Supply & Sanitation Sector

2.3/4 Draft Theme Paper - Community Level Institutions and Sustainability in the Water and Sanitation Sector

2.4/1 Current WSO Mission Statement and Strategy

2.4/2 DFID Water Sector Strategy

2.5/1 Water & Sanitation Office - Current Logframe (From approved Project Memorandum 8.5.96)

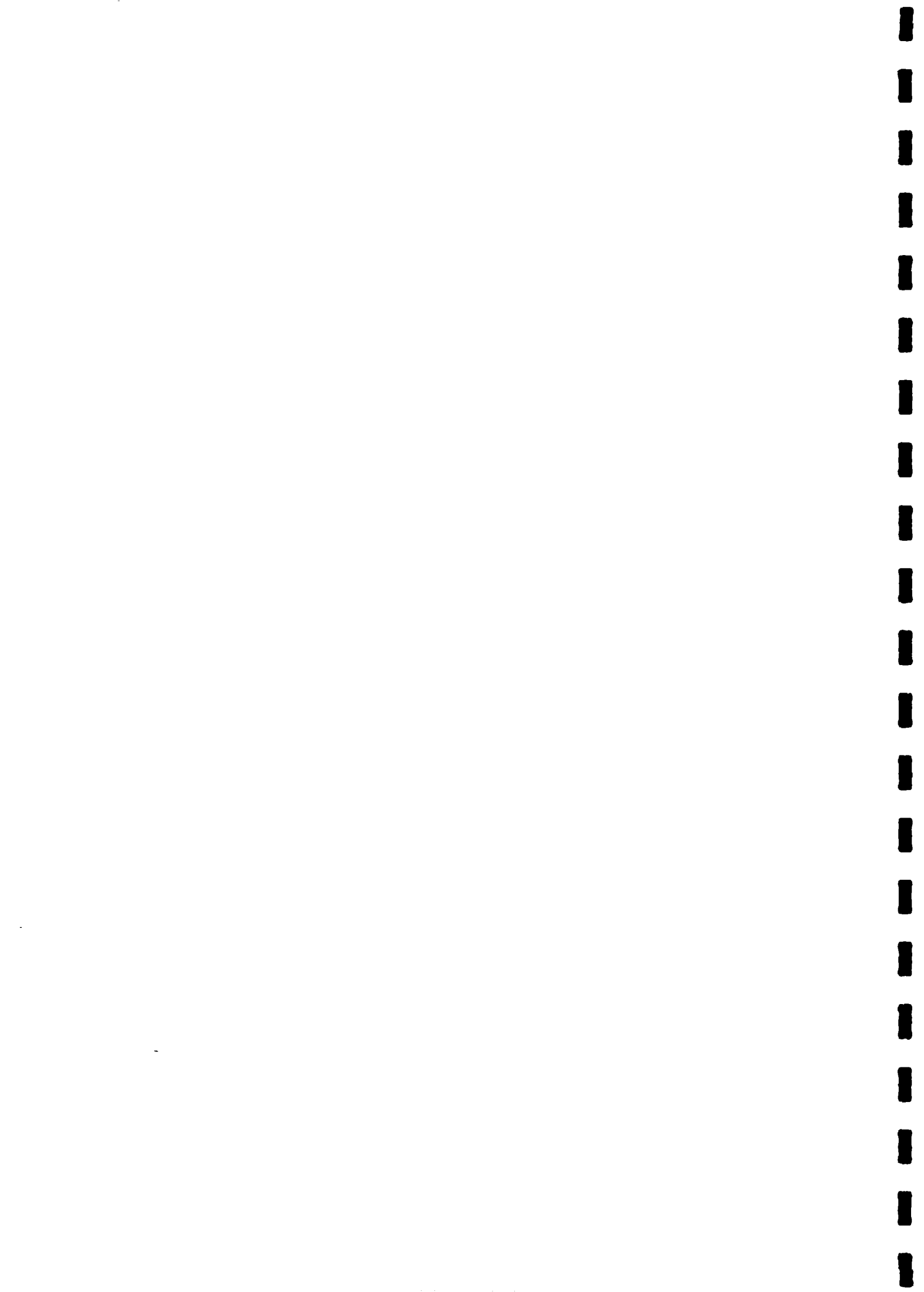
2.5/2 Revised WSO Logframe



Cross-cutting Themes in the White Paper

Annex 2.2/1

Cross-cutting Themes	In the Present Programme	Future Actions
human rights	The rights based approach to development as set out in the White Paper gives high priority to water and health. The present programme aims to improve access to water and sanitation facilities and all projects seek to ensure equity of access.	Continue to work with national and state governments to improve access and ensure equity of access
social cohesion	In present programme look for opportunities to improve representativeness of decision-making bodies in order to build social cohesion.	Develop work with NGOs on anti-poverty projects in non-partnership states to contribute to social cohesion in areas of political instability or social conflict.
gender	Have in place a WSO Gender Strategy which works at an office, project and DCOD level.	The WSO Gender Strategy is a continuously developing process which will be informed by the development of the DCOD Gender Strategy.
child labour	Work to ensure that there are safe conditions on all construction sites particularly for the children of construction workers.	Continue to explore better ways of caring for the children of construction workers, such as mobile creches.
NGOs	Presently work with Indian NGOs through SCF project in Kalahandi and UNICEF project in Orissa and West Bengal. Work directly with NGOs in Lucknow.	Learn from experience of working with NGOs in present programme. Proposal to work within wider DCOD initiative for an NGO Fund.
environment	Focus in present projects on maintaining water quality, improved sanitation and waste management.	Emphasis in new projects on the improved management of increasingly scarce water resources through integrated water resource management.
panchayat system	Present projects encourage the devolution of power and responsibility to local levels, for example through participatory processes of planning and design and decentralised systems of O&M.	Work more closely with existing panchayat system in new projects.
private sector	Private sector participation is explored in a small way in the MRWSSP through the contracting out of O&M in some schemes.	Private sector participation is an issue that will be explored in the new programme.
indicators	Present work on poverty and water resources in Maharashtra and work on policy towards the urban poor in UP will contribute to the development of indicators at a programme level.	Continue to work with DFID India in the development of project and programme level indicators of achievement.
public awareness	An area which has been given relatively little attention in the present programme.	An area that will be given greater focus under the guidance of DFID policy



Annex 2.2/2

Govt Programmes for Water and Sanitation

Table 1 - Programmes for Urban Areas

Programme	Purpose
Integrated Development of Small and Medium Towns - IDSMT	Set up during the Sixth Five Year Plan to improve the quality of economic infrastructure and public utilities to enable them to act as growth or service centres and thereby reduce migration to larger cities
Mega City Schemes - Mumbai, Calcutta, Chennai, Bangalore and Hyderabad	The scheme is for three categories of projects; remunerative, user charge-based and non-remunerative or service-oriented
Low Cost Sanitation Programme - LCS	A centrally sponsored scheme launched in 1980-1 with the objective of eliminating manual scavenging through conversion of dry latrines
Shelter and Sanitation Programme for Footpath Dwellers in Urban Areas	A scheme set up in 1988-9 for the provision of night shelters and community latrines
Accelerated Urban Water Supply Programme	Developed in the Eighth Five Year Plan the scheme is intended to provide water supply facilities to towns having a population of less than 20,000 with the aim of improving the quality of life of the poor
Environmental Improvement of Urban Slums - EIUS	A major central government programme launched in 1972 designed for the improvement of slums through provision of basic facilities
National Slum Development Programme - NSDP	The programme includes components for the provision of physical amenities including water supply, storm water drains, sewers and community latrines
State Level Infrastructure Programmes	Programmes set up by a number of State Governments for the provision of basic services through departments dealing with urban development or slum improvement boards, generally with assistance from international agencies
HUDCO's Support to Urban Infrastructure	HUDCO opened a window for urban infrastructure financing in 1989-90, offering technical assistance in project preparation, viable solutions and consultancy services
Programmes with International Assistance and Cooperation	A range of programmes with international assistance though with little coordination between them



Annex 2.2/3

GoI Programmes for Water and Sanitation

Table 2 - Programmes for Rural Areas

Programme	Purpose
Accelerated Rural Water Supply Programme - ARWSP	A centrally sponsored plan scheme set up in 1972-3 and revived in 1977-8 to supplement the efforts of the state governments in providing drinking water in the rural areas
Minimum Needs Programme - MNP	A programme introduced in the Fifth Five Year Plan with the objective of providing the rural population, particularly the rural poor, access to certain items of social consumption which form an integral part of the basic needs
Mini Mission Projects	District based integrated project covering major aspects of rural water supply to attain sustainable supplies. The aim is to develop a model in the mini mission districts with unique problems to give experience which is replicable elsewhere
Sub-mission Projects	Areas of specific problems identified by RGNDWM for work towards eradication and other solutions, including: <ul style="list-style-type: none">- Sub-mission on Eradication of Guineaworm- Sub-mission on Deslination of Water- Sub-mission on Control of Fluorosis- Sub-mission on Removal of Excess Iron- Sub-mission on Conservation of Water and Recharging of Groundwater Aquifers
Drought-Prone Area Programme - DPAP	A long-term strategy for restoring ecological balance, overcoming the conditions of scarcity, effecting optimum utilisation of land, water, livestock and human resources, management of irrigation, etc. Includes the development and productive use of water resources of the area
Desert Development Programme - DPP	The main objectives of the programme set up in 1977-8 are controlling the desert, restoring the ecological balance, stabilising sand-dunes and creating conditions which would improve the economic level of the people in desert areas. Includes groundwater development and construction of water harvesting structures
Jawahar Rozgar Yojna (JRY), Million Wells Scheme (MWS)	Scheme launched in 1988-9 with the objective of providing open irrigation wells, free of cost, to poor, small and marginal farmers belonging to SC/ST and freed bonded labour
Command Area Development - CAD	Programme launched in 1973 designed to correct the imbalances existing in irrigation projects and to ensure an all-round development of the command area of the major irrigation projects. Main objectives include proper water management and exploitation of groundwater
Council for People's Action and Rural Technology - CAPART	Aims to provide assistance to individuals and organisations for undertaking projects drawn for the benefit of economically and socially weaker sections of the community. Draws on funds from the Accelerated Rural Water Supply Programme and the Low Cost Sanitation Scheme



Annex 2.3/1

Progress in Taking forward the WSO Gender Strategy - 26 February 1998

Recommendation	Progress	Further Action
Office Related		
Commitments should be formalised and agreed upon in a participatory manner.	Commitments have been discussed and in most cases where immediate action could be taken were agreed upon in WSO meetings held in November and December 1997. MV prepared a paper to take forward some of the specific recommendations relating to salaries and responsibilities - decisions are still pending results of wider DCOD studies	Continue to monitor progress and find space to discuss further actions that may be required. Develop the guidelines for a gender audit (consult DFID FMOs and British Council) that could be used on an annual basis by FMOs using an independent auditor. This would be mainly dealing with organisational and perhaps some institutional issues.
Incentives to highlight the importance of gender be put in place.	No specific actions taken.	Requires further discussion by WSO to find ways in which this can be taken forward.
WSO makes a conscious effort to recruit local women in senior management positions.	Gender balance among senior management positions in WSO presently very poor, although DCOD is in charge of recruitment to such posts	Discuss with DCOD what can be done to make progress with this recommendation

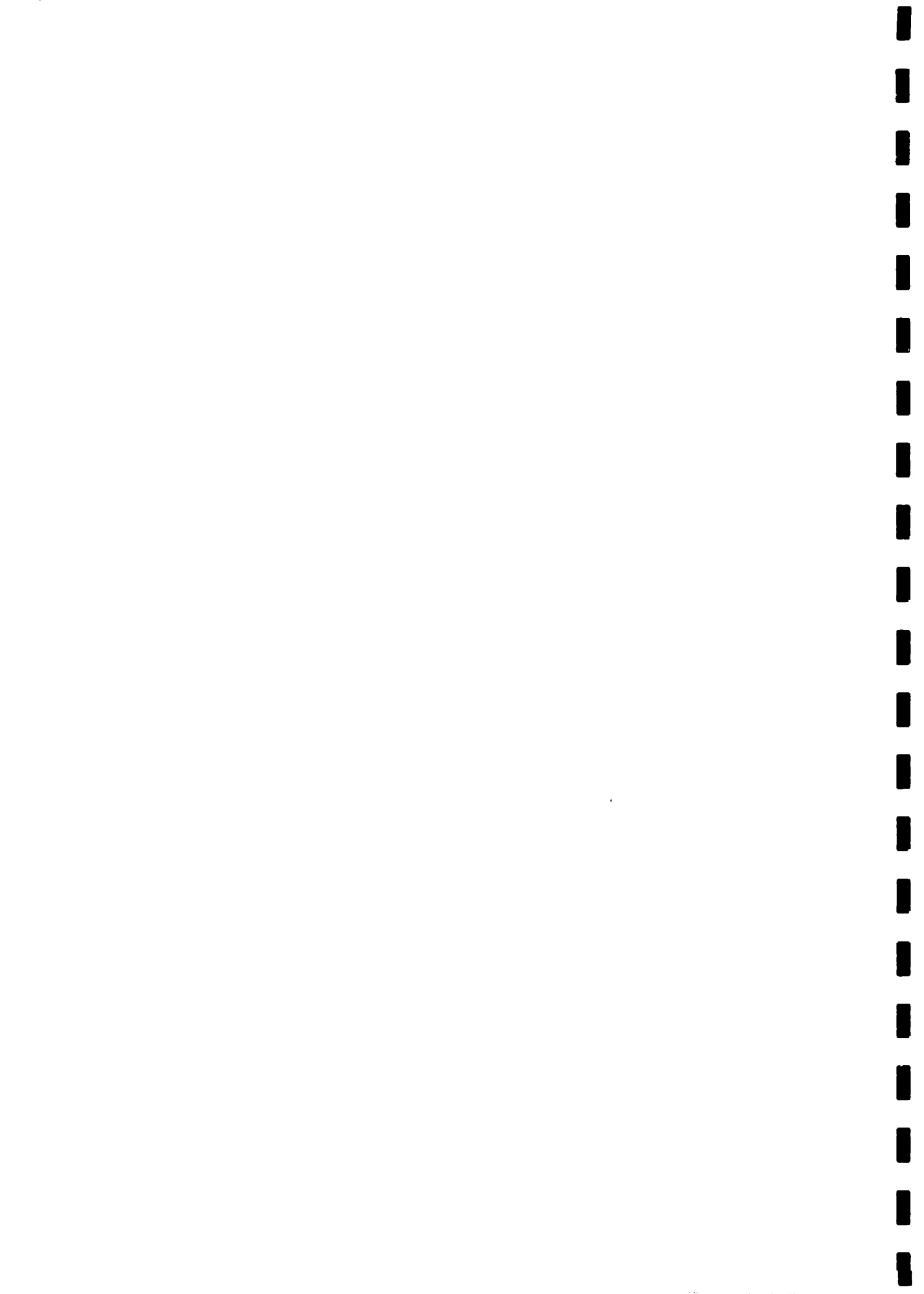
Recommendation	Progress	Further Action
Project Related		
WSO to mainstream gender in all negotiations with partners	Gender is an essential ingredient of WSO vision (as reflected in WSO pack prepared on vital ingredients of DFID approach) as well as consciously highlighted in negotiation with partners (Maharashtra Project Guidelines and briefing notes for AP visit).	Need to develop a brief statement of WSO gender strategy to share with potential and existing partners.
All meetings with project partners be used as an opportunity to put gender on the agenda.	See examples above.	Continue to monitor the effectiveness of this approach.
TORs be routinely screened for gender before finalisation	Most TORs screened for gender.	Review of WSO TORs for gender sensitivity.
Support for WSO staff in specific areas where training needs have been identified.	No specific actions taken.	Strengthen the abilities of WSO team in gender, to be able to seize opportunities at state/local level.



Recommendation	Progress	Further Action
Project Related		
Project related training in gender planning and monitoring for project partners	Core group on Gender formed in Maharashtra that will be meeting for the second time on 9 th April. Ongoing training for project partners at all levels in Maharashtra. Gender training has been targeted at health officials and public health trainers in Maharashtra to build up sensitivity among health Dept. There is now interest shown by senior dept. Officials in implementing the recommendations of these trainers (who are all public health officials themselves). Gender consultancies to support project teams in UNICEF, CDD-WATSAN and SCF, KWDP.	Progress against gender objectives and recommendations to be reviewed with a view to informing new project preparation.
Additional support for social development in WSO.	Draw down contracts with Archana Patkar and Andrea Cook. Ashim Chowla being drawn into general work of WSO.	Review of the need for further support at the end of the contracts.
WSO look for opportunities to engage in constructive debate on gender with DFID, other donors and government.	WSO fully involved in the development of DCOD gender strategy and in ongoing discussions. Some discussions with other donors (DANIDA) on approaches to gender.	Continue to look for opportunities and review progress.
Thinking on gender kept alive in WSO/ LSOs, discussions on project successes and failures encouraged.	No specific actions taken.	Improved e-mail links could encourage greater communications. Discuss possibility of 'mid-term review' of gender strategy by WSO.
WSO committed to women-friendly training to improve women's participation.	Ongoing efforts to improve training in MRWSSP - see TISS work in 51V scheme.	Review experience so far. Seek to learn lessons from experience of UNICEF in West Bengal.
Professional understanding of the application of gender needs analysis mandatory for members of review or monitoring missions.	All review or monitoring missions have social development representation.	Ensure that social development representatives have an understanding of gender issues.
Projects ensure participation by all and technology is appropriate to all.	Ongoing activities in all projects.	Review of success in projects as part of proposed 'mid-term review' of gender strategy.



Recommendation	Progress	Further Action
DCO Related		
WSO be involved in project preparation, appraisal and identification in order to prioritise gender early in the cycle.	Greater involvement of WSO in earlier stages of project cycle.	Continue to discuss with DCOD to clarify roles.
Specific attention be given to financial allocations for achieving gender-specific objectives.	In line with the recommendations made by the DCOD gender strategy.	Continue to monitor and review progress in new projects.
All appraisal criteria and TORs include gender and environment .	Again in line with the recommendations made by the DCOD gender strategy.	Continue to monitor and review progress in new projects.
Attention be given to the form of review missions.	Review missions are still not suitable - too short, too hurried, to focused on hardware rather than people.	Put forward and trial proposals for improved review missions.
Institutional constraints to working with government partners be analysed and other potentially more flexible arrangements be explored.	DCOD CSP presently reviewing partnerships with government.	



Annex 2.3/2

Theme Paper - Demand Assessment and the WSO

Background

Demand assessment can be used to determine user's willingness to pay (WTP) for water and sanitation services and thus ensure the optimal allocation of water and sanitation to those with the highest value uses. In India water is often supplied to sectors where economic benefits are low (irrigation in water-scarce states) "crowding out" uses where economic benefits are high. (poor households domestic use).

If done properly demand assessment studies can help to promote acceptance of a demand driven approach to investment planning and can promote dialogue about system financing and objectives between representatives of users on the one hand, and utilities and politicians on the other. They can do this by demonstrating people's willingness to pay for *different types and levels* of water and sanitation services.

During 1997, DFID's interest in using *demand assessment* techniques in the project appraisal and planning process has increased significantly through the support of Peter Dearden, Natural Resources Economist, the Chief Economist and the WSO. By using the Contingent Valuation Method (CVM) in the Gomti project (GRPCPL) and in the Ganga Action Plan Cost Benefit Analysis (GAP- CBA), the WSO is the only DFID office world-wide which has had direct and practical experience of demand assessment techniques to assess users willingness to pay for previously difficult to quantify benefits, such as urban sanitation services and river water quality.

Demand assessment techniques are not simply another economists tool to derive the benefits of a project but could play an integral role within a more iterative planning framework. The process of undertaking a demand assessment and using the results can promote interdisciplinary approaches which integrate economic, social, health and environmental considerations *with engineering* from the outset.

Chronology of WSO Involvement

The WSO's involvement with demand assessment can be summarised as follows:
November/December 1996, Alison Poole worked for 2 months in Victoria Street with Peter Dearden and completed a literature review of all water and sanitation CVM and other demand assessment techniques. (A copy of the review is available in the office).

1994-1997 Gomti River Pollution Control Project Lucknow (GRPCPL) and the GAP used CVM in their projects. The Gomti project assessed WTP for water, sanitation, solid waste management and surface water drainage. Indirect methods were used to quantify flooding and health benefits. The results were used in the economic appraisal and showed that the greatest benefits of the project would be through supporting "city" environmental sanitation services rather than sewage treatment plants and river clean-up infrastructure.² However, no real attempt was made to integrate the demands for different sanitation and water service levels within the



masterplan. Prior to the CVM survey little consultation was held between the engineers and economists so that the range of sanitation options presented to respondents were not physically possible in certain sections of the city (i.e. the CVM included bids for a two-pit latrine which would be difficult to construct and empty in the densely populated core areas).

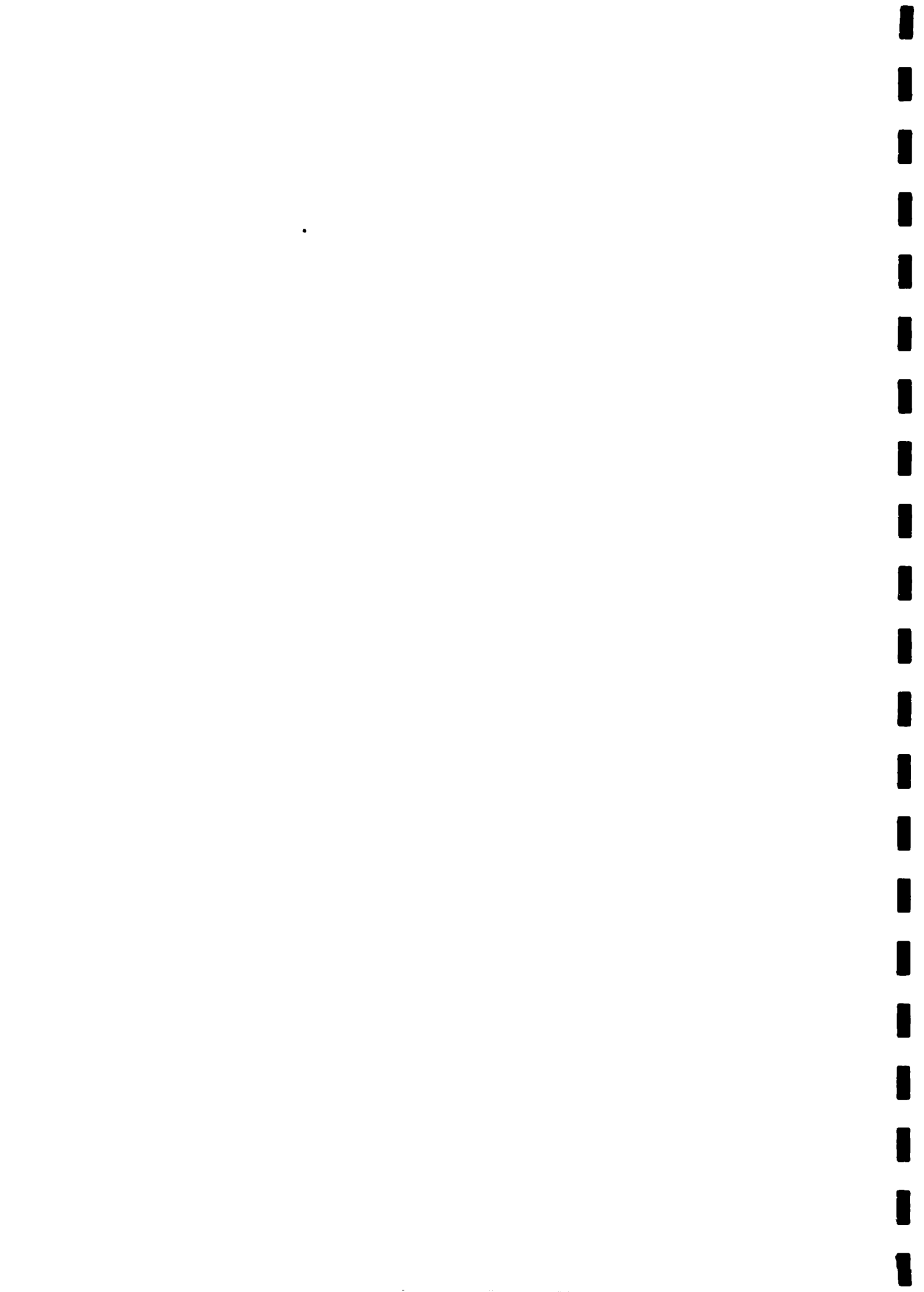
July 1997, Alison Poole assisted Mr Ubale, Project Director for the Maharashtra project and Deputy Secretary in the Water Supply and Sanitation Department in preparing a paper on the need for assessing willingness to pay and for the government to be "willing to charge" for W&S services. On reflection, the problems encountered in the project in determining demand for private connections (PCs) could have been avoided with more careful demand assessment. The number of PCs is the key determinant for O&M cost recovery of the project. The number of new connections should be carefully monitored as an indicator of the projects future sustainability.

September 15-17th 1997, a **Workshop on Willingness-to-Pay Studies for the Water and Sanitation Sector** was held in New Delhi. It was co-sponsored by the UNDP/World Bank Regional Water and Sanitation Group South Asia (RWSG-SA) and the WSO. Participants included senior officials from the Ministry of Urban Areas and Employment, the Ministry of Rural Areas and Employment, the Punjab and State of Maharashtra, NRC and HUDCO. Prof. Dale Whittington, the world's leading expert on water and sanitation CVM studies and Prof. Anil Markandya, co-writer of "Blueprint for a Green Economy", were part of the expert panel. More demand assessment studies have been undertaken in SE Asia in the W&S sector than any other region in the world. 6 such case studies were discussed and a number of actions agreed upon for governments, donors and other agencies interested in supporting a shift to this new planning approach. (A copy of the workshop proceedings are available in the WSO)

September 18th, 1997, Dale Whittington and Alison Poole attended **DFID's Regional Engineers Conference** held in Calcutta. The demand assessment approach was discussed very briefly but appeared to generate high levels of interest. Many engineers were sceptical of asking people what they wanted because of the difficulties this represented in terms of designing large-scale projects. Many of the mis-conceptions about WTP studies were not cleared up due to the limited amount of time available.

October/November 1997 a series of meetings were held with RWSG to discuss next steps, these are discussed in more detail below.

October/November 1997 at the **Lessons Learning Workshop** for the Maharashtra project Alison Poole presented to the 40 participants, including Mr Ranganathan (Additional Chief Secretary, Water Supply and Sanitation Department, GoM) the concept of demand assessment, the need to consider water as an economic good and for the State of Maharashtra to charge households the full operating and maintenance costs of future projects in order to improve the project's sustainability. At the end of the workshop 10 guiding principles for the development of a new



project in Maharashtra were agreed upon by Mr Ubale, Mr Ranganathan, staff of the WSO and LSO. The first principle stated clearly that a demand-led approach should be adopted and lead the planning process. (Copies of the workshop report and guiding principles are available in the WSO)

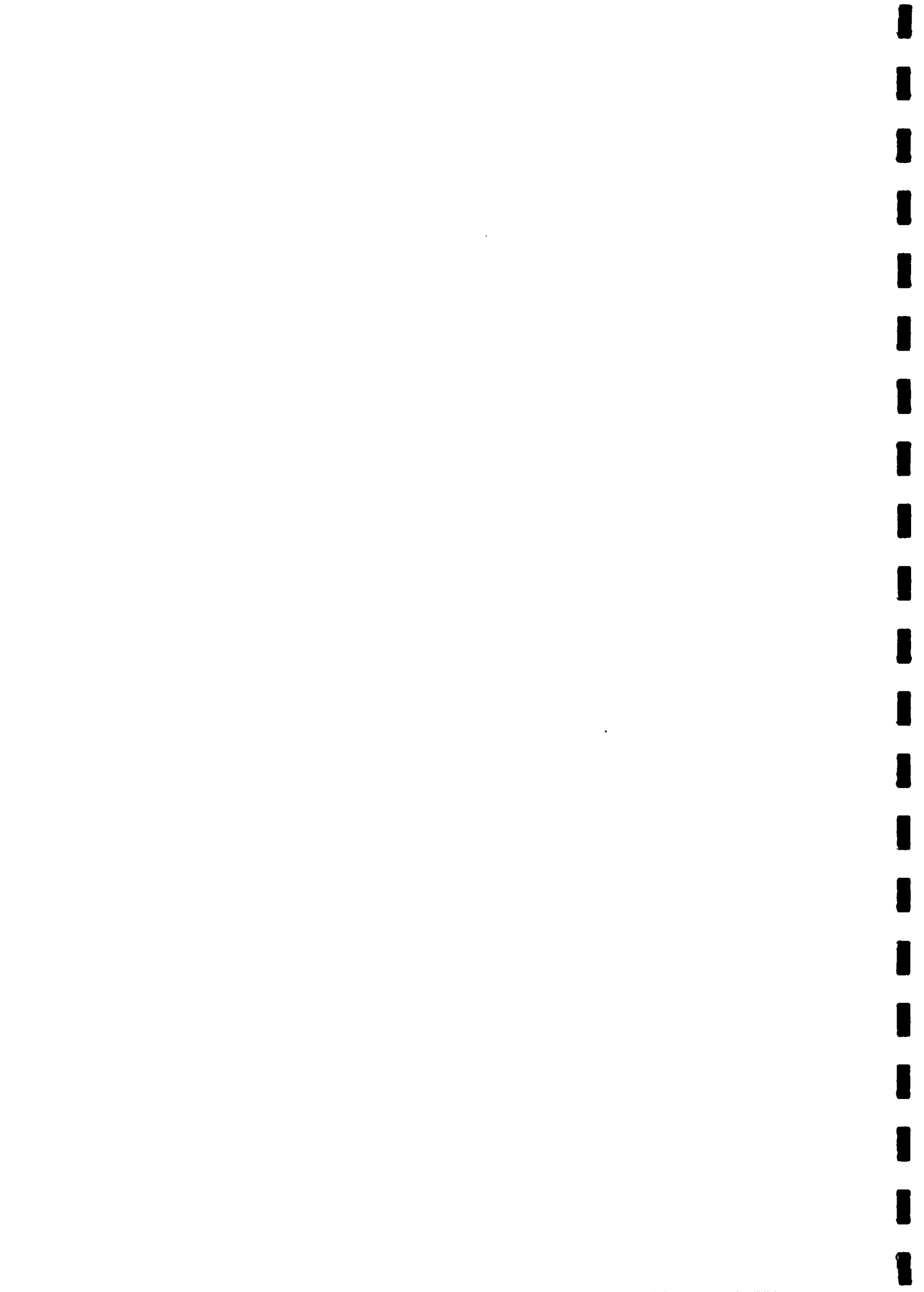
December 15th, 16th 1997, Alison Poole attended DFID's workshop on "**Demand Assessment in the Water and Sanitation Sector in Developing Countries**" held in London and organised by Peter Dearden. Dale Whittington and David Pearce co-facilitated. The experience of the WSO in Lucknow was raised throughout the workshop by Alison and *it was recommended during proceedings that a more formal evaluation of DFID's first in-house use of CVM be considered.* (Copies of the workshop report are available)

December 1997. A separate meeting was held in London with Peter Dearden, Alistair Wray, Peregrine Swann (Pakistan, Engineer), myself, David Pearce, Dale Whittington and Pete Kolsky to discuss the use of demand assessment in the new Maharashtra project. I explained that the project was in the scoping phase at the moment but that Chris Athayde would shortly be writing the concept note. I discussed the outcome of the lessons learnt workshop. *It was suggested by Dale Whittington that a couple of pilot villages should be selected to undergo small scale demand assessment. Furthermore he emphasised the importance of developing a system of close co-operation between the economists, engineers and social development staff/consultants.* It was also agreed that one of the major failings of the Gomti project was due to the lack of a clear leader amongst the consultants, thus giving no incentive for the engineers to use the results of the demand assessment and no reason for engineering design options to be used by the economists in the actual study. *To prevent this the WSO should consider carefully the nature of contracts and ToRs issued, particularly in terms of information sharing. It is important to build up co-operation and team spirit between partners and for the PPMU to "own" the project but a "lead" consultant/manager etc. may be necessary to drive this process through. Peter Dearden suggested that if Maharashtra were to use demand assessment techniques that Dale Whittington, Anil Markandya or David Pearce could be called upon to offer expert guidance.* (See para 3.1.6 below)

Future Work Possibilities

As discussed above, many lessons can be drawn from Gomti. A brief evaluation of the CVM process including: who wrote the questionnaires, what pre-testing was done, how was the sample selected, time and costs of the study, how were the results used in the economic, financial, engineering and overall masterplanning design etc. would be a useful exercise, *but should be co-ordinated with other synthesis work currently taking place*, see next two paragraphs.

Peter Dearden has commissioned Dale Whittington to produce guidelines for DFID on how to commission and use CVM studies. WELL, with the assistance of Judy White, are producing a general Guidance Manual on Water Supply and Sanitation Programmes. This work has started and will continue until June 1998. In addition, by



the 18th February he has asked for the WSO's own evaluation of the Gomti "experience". I can try and produce a short analysis of events but am constrained by time. Judy White has also asked for my help in cataloguing the Gomti experience and for further clarification on where the WSO are heading regarding demand assessment in the new Maharashtra project. The work produced by the WELL team will complement (or pave the way) for any detailed evaluation of Gomti, although *I would anticipate that 5 days support from the WSO would be useful to ensure that lessons from Gomti and GAP are included in the draft guidelines.*

I plan to hold a lunch-time seminar for Delhi-based DFID staff, based upon the findings of the workshop held in London, this will take place in February.

Meetings will continue with RWSG regarding the recommendations for strategic policy research on demand assessment. John Hoy has assured the WSO that finances for this research are not constrained but that time to administer the studies is more limited. RWSG have produced an outline ToR which myself and John Hoy have copies of, and will respond to, at our next meeting with RWSG. Two key pieces of work are to be commissioned:

- a synthesis of experience and expertise gained in India and elsewhere in South Asia using demand assessment techniques, including CVM, to influence sector policy and investment planning. Lessons for India from these case studies will be highlighted in easily digestible form. *At the next meeting with RWSG I will recommend that Dr Smita Misra, an independent consultant and ex-fellow of the Institute for Economic Growth undertakes the work.* She has conducted CVM studies in India, writes well and is based in Delhi.
- the preparation of guidelines on good practice in demand assessment for water and sanitation studies in India. However, as Peter Dearden has recently asked WELL to complete guidelines applicable for use by all DFID staff *it may be more appropriate to wait for these guidelines and then add an appendix which emphasises the social, cultural, institutional and political considerations particularly applicable for studies conducted in India.*

Further steps have been discussed with RWSG, including commissioning case studies in a variety of locations to increase information available on WTP and to exploit opportunities to apply the new planning approach, or elements of it, and document them carefully, in order to learn lessons. *The Maharashtra projects, both DFID's and the World Bank's, present the ideal opportunities to carry this work forward. Peter Dearden has requested that the WSO keep him informed of developments in Maharashtra and it is likely that the WSO will receive a request from Andrew Goudie to allow Peter to attend any Identification/Scoping missions. Furthermore, he asked to hear from any colleagues who "wish to work with him" in using demand assessment techniques on new projects. The Maharashtra project is specifically mentioned in his 28th January minute to Dr Goudie.*



Peter suggests using a peer group of academic researchers to help ensure demand assessment is done adequately, even when conducted by other consultants by asking them to review TORs and reports.

DFID Engineering Division's Policy and Resource Plan for 1998/99 to 2000/01 states that one of its objectives will be to "Pursue the linkage of demand assessment techniques to physical infrastructure projects" and explicitly acknowledge that WSO has a key role to play in this process.



Draft Theme Paper - Private Sector Participation (PSP) in the Water Supply & Sanitation Sector

1. Background

Public Utilities are too often inefficient:

- Low coverage
- Unreliable service (intermittent, poor quality)
- Unaccounted for water is high
- Bureaucratic, over- manning
- Politicised
- Cost recovery is low (low tariffs, poor billing and collection)

2. Constraints

- Low user charges contribute to inefficiency and lack of accountability
- Low cost recovery necessitates Government subsidies
- Benefits of public spending go to the rich: the poor often pay more
- Inability to fund expansion : costs are rising (next project cost for water 2-3 times the last)
- Failure to attract private sector investment; donor funds are limited
- Few public resources left for improving environmental quality

3. Potential benefits of Private Sector Participation

Objectives

- Injection of private sector efficiency and productivity to improve service standards and coverage, and increase operating efficiencies and revenues
- Capital injections and reduces public sector expenditure; facilitation of broader economic growth

Ingredients for Success

- Managerial autonomy;
- Commercial orientation;
- Consumer responsiveness (commercial good practices is not limited to private sector)

4. Possible Private Sector Participation Options

Options with increasing levels of private investment, delegation, risk and irreversibility:



- CBOs, NGOs retailers etc
- Corporatisation
- Supply/service contracts
- Management contracts
- Lease (afterimage)
- Co-operative arrangements
- Build, Operate Transfer (BOT)
- Concession
- Asset sale (Divestiture)

5. Addressing the Constraints

Barriers to PSP include perceived willingness to pay; size of demand is hidden; high capital intensity and long payback; risks; government capacity.

Preparation for PSP must address:

- Enabling legislation and regulatory framework
- Tariff setting and financial viability
- Contract documentation
- Risk sharing and management
- Negotiating skills
- Performance indicators and performance monitoring

Need for strong and consistent government support

6. Risk Management

Political risks

Project risks

- Construction related, late start, technical risks, revenue related

Financial risks

- Exchange rate, interest rate, debt mobilisation

Guarantees

- Partial risk, guarantees, partial credit guarantees; political risk guarantees

7. Recent DFID initiatives

- Dissemination of contractual Toolkits (with WB)
- Occasional Paper on PSP and the poor
- Information Note on PSP
- Study on Competition in Water Sector
- Research on Contracting Out of Services
- Relevant Bilateral activities
- Booklet on Better Water Services in Developing Countries, PSP - the way ahead.



8. The Challenge

Large Cities (200 cities average in 2 million)

- Transaction costs
- Capability of governments
- Capacity of international water cos.
- Easing, concessions, BOT suited for these areas

Secondary cities and towns (30,000 secondary average population of 32,000 - 66% of urban population)

- Issues of limited capacity of municipalities and of local private sector and potential operators (Grouping towns together under one utility, including possibly a large city that could raise funding through local bonds, to one option).
- Need for smaller scale PSP options inc CBOs for local distribution, possibly co-operatives.
- Safeguard needs of poor and environment.

DFID Engineering Division's Policy and Resource Plan for 1998/99 to 2000/01 refers to PSP as being one of the main areas for future research and development in the Sector.



Annex 2.3/4

Draft Theme Paper - Community Level Institutions and Sustainability in the Water and Sanitation Sector

There is increasing emphasis in the water and sanitation sector on devolving responsibility for the operations and maintenance (O&M) of systems and facilities to the local, community levels. The arguments used to support this are that it improves cost-effectiveness by reducing the burden on already over-burdened states and devolving costs to the local level and that increases efficiency and sustainability through devolving responsibility for O&M to the most appropriate level. In India too, the 8th Five Year Plan placed an emphasis on local level management and on users meeting the costs of O&M. The 73rd and 74th have put in place the legislative and policy framework for this devolution of responsibility to take place while the ability to carry out this responsibility varies from state to state.

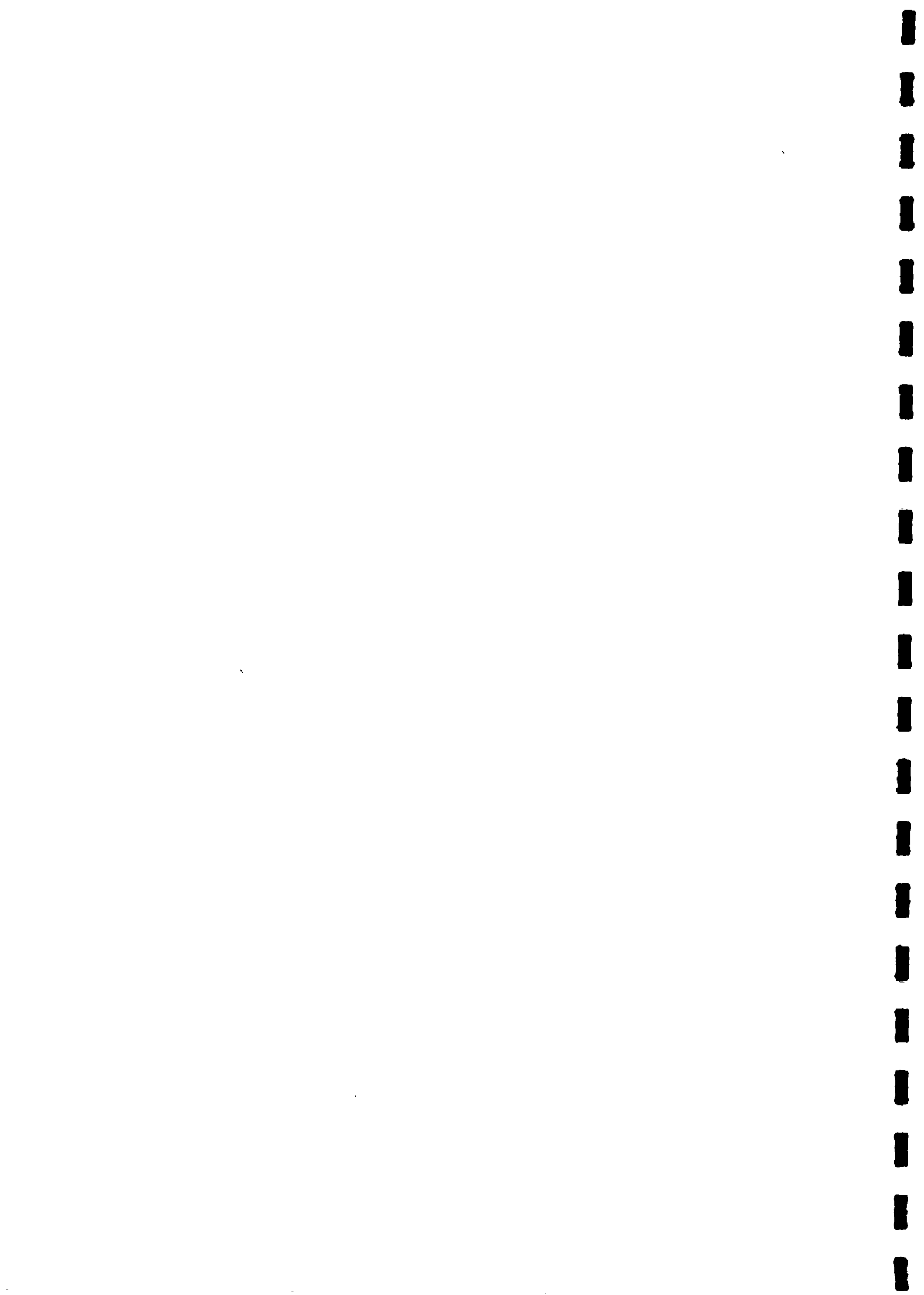
Donors take a variety of approaches to this devolution of responsibility. For example, the World Bank gives a great deal of prominence to achieving full cost recovery for O&M and is in favour of the policy of giving responsibility to the Gram Panchayat level. However, other than the recognition that Gram Panchayats will need strengthening to take on these additional burdens there is little evidence of how this might be achieved. Similarly on the World Bank's rural water supply projects the issues O&M and sustainability of systems installed have received little attention so far.

DANIDA and UNICEF in Orissa have developed the idea of the Self-Employed Mechanic (SEM), a individual trained to carry out routine maintenance on handpumps and paid by between 20-25 villages monthly to carry out regular maintenance visits. The main weakness of the system at present is the links between the SEMs and the Rural Water Supply and Sanitation Department for overseeing the quality of work, carrying out larger maintenance and obtaining spare parts.

In the DFID supported Maharashtra Rural Water Supply and Sanitation Project Village Water Committees (VWCs) were formed and Village Water Persons (VWPs) were selected and trained for the specific purposes of taking over the cost recovery and operations and maintenance of the water systems. It has been found that after handover the cost recovery has generally been the responsibility of the existing systems of tax collection in the villages while the VWCs have had less and less of a role to play. This is in part because VWCs have no real legal status despite their clear links to the Gram Panchayat.

Impact assessments of both the Maharashtra and Lucknow projects are planned this year. Both will look in detail at local level institutions and their ongoing role in O&M. In addition the UPO has commissioned work in Cuttack to look at local level O&M issues to be carried out by WEDC.

It is proposed to bring this work together and to take a much broader view of the involvement of local level/ community institutions in operations, maintenance and



management of water and sanitation facilities. The study would look at the following areas:

- approaches in India, in states, in donor and NGO projects to the
- development and training of local level institutions;
- comparison with approaches in other sectors such as irrigation management, forest and watershed development and agricultural development;
- analysis of field level evaluations of DFID projects with comparisons to other field level evaluation;
- conclusions and recommendations for future DFID work in India and elsewhere.



1. Mission Statement

To contribute towards achieving DFID's Water and Sanitation Sector objectives in India.

The objectives are to continue and expand DFID's involvement in the water sector in order to reduce poverty, enhance productive capacity and deliver environmental and health benefits. This will also assist in developing good government and contribute to improving the role of women in development.

2. Strategy

This is to be achieved through working together with project partners in assisting them inter alia, to:

- i) target the use of scarce public funds for maximising wider community benefits (principally health related) - particularly for poorer communities.
- ii) make financially and environmentally sustainable investment decisions based on a rational and participatory investment planning process.
- iii) recognise that water is a finite and vulnerable resource, which should be managed across a catchment, and allocated on the basis of economic efficiency and environmental sustainability.
- iv) develop flexible, responsive, and accountable institutional mechanisms, with adequate cost recovery and other financing arrangements, for the sustainable provision and maintenance of services.
- v) ensure that primary stakeholders are involved; that their views on levels of service and willingness to pay have been elicited and taken account of in the decision making process.
- vi) develop appropriate and cost effective technical solutions.
- vii) develop the capacity of under represented sections of the population (SC/ST, and the poor) to be involved.
- viii) ensure that women play a central role in the planning, management and safeguarding of water and sanitation provision.
- ix) build capacity by strengthening the human resource in project related individuals and organisations.
- x) disseminate lessons learnt from the implementation of DFID's Water and Sanitation Programme.



Water and Environmental Sanitation and the Elimination of Poverty

DFID's White Paper on International Development clearly sets out the United Kingdom Government's commitment to working in partnership towards the elimination of poverty through sustainable development.

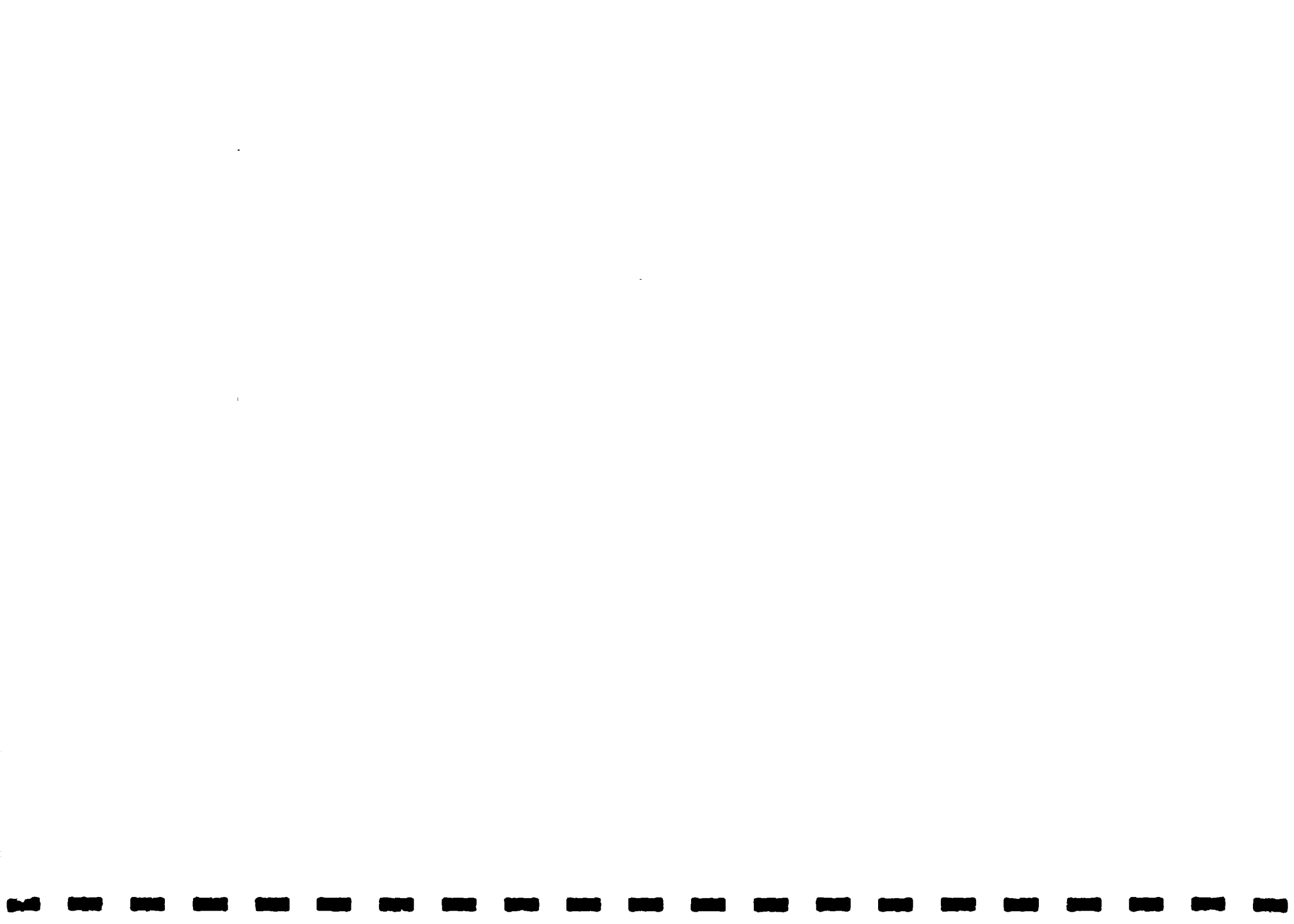
The provision of basic infrastructure such as water and sanitation systems can play a key role in the elimination of poverty. To ensure that programmes contribute to the elimination of poverty it is important to ensure that there is equal access to all. In particular, benefits and services must be equally accessible to the poor and other vulnerable groups, and they must have equal control over their use. Provision of services must be targeted at the poorest, at the areas where there is the greatest need. To have a lasting impact, the services must be sustainable in the long term.

DFID is interested in identifying partners who share our aims, to build partnerships through which to work towards a better future for the poor in India.

DFID has prepared the following brief discussion papers on eleven key issues which set out why we believe these issues to be essential to the sustainable development of water and environmental sanitation services for the poor.

- An Integrated Approach
- Cost Recovery and Cost Sharing
- Operation and Maintenance
- Hygiene Promotion
- A Demand Based Approach
- Integrated Water Resources Management
- Gender in Water and Environmental Sanitation
- Institutional Strengthening and Development
- Participation
- Environmental Sanitation
- Choice of Technology and Service Delivery

It is hoped that these discussion papers will form the basis for future discussions with potential partners in the water and environmental sanitation sector.



DFID Water Sector Strategy

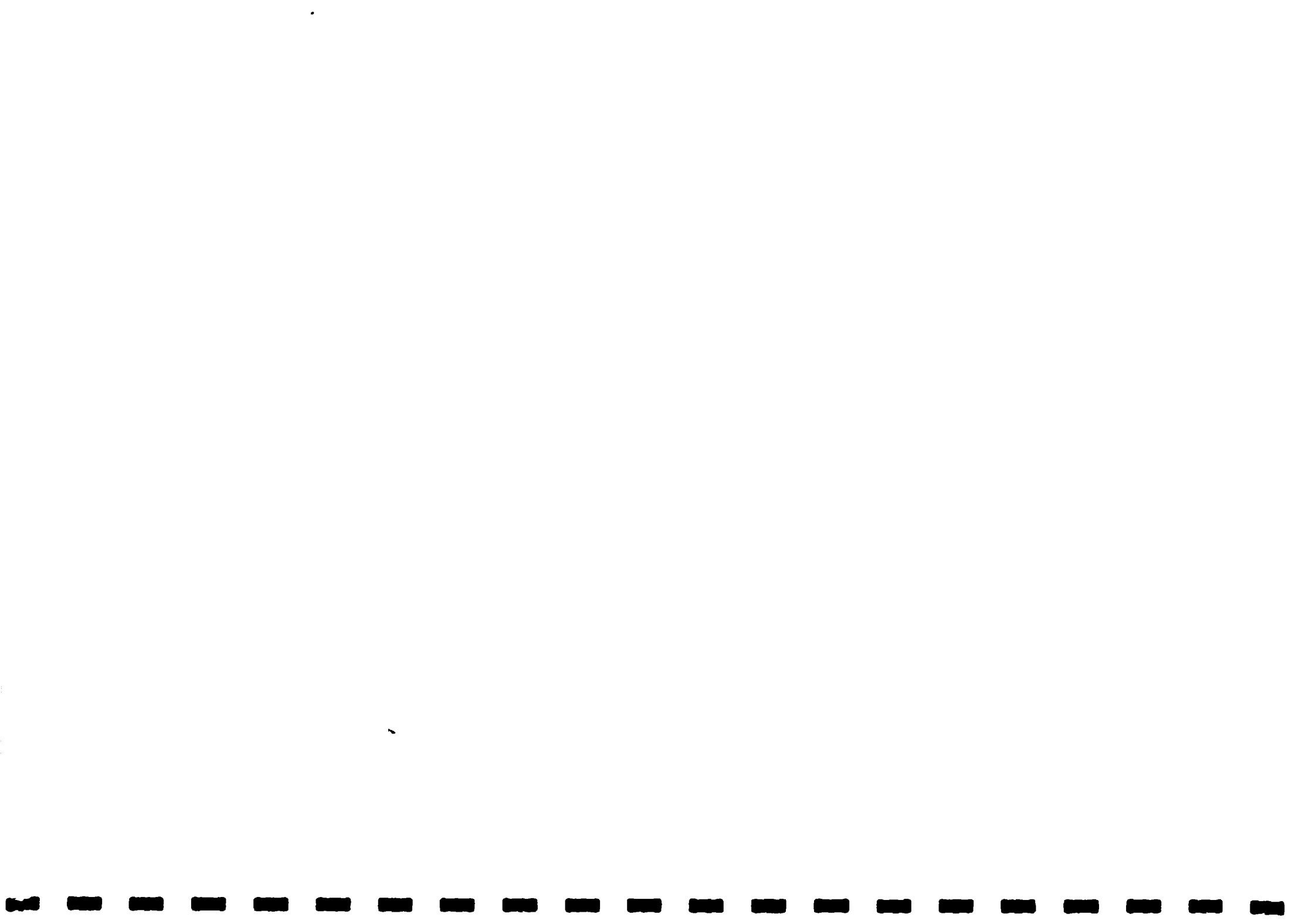
Key Issue - An Integrated Approach

It is not enough just to construct improved water supply facilities. We need to take a much broader approach if provision of services is to contribute to sustainable development and the elimination of poverty.

DFID believes that to achieve maximum benefit and long term sustainability, we must adopt an integrated approach to the provision of water and environmental sanitation services, which addresses all of the following issues.

- To be sustainable the source of supply must be secured in the long term, and this requires a fuller understanding of and agreement over all uses of water.
- Water on its own does not bring about the improvements in health and may, if wrongly delivered, even contribute to an increase in the incidence of disease. In order to achieve a reduction in health risks, service providers must also address household sanitation, sewerage, wastewater treatment, sullage drainage, solid waste management and storm water drainage.
- These must be used by the community in a safe manner in order to accrue tangible health benefits. Environmental health and hygiene promotion targeting men, women and children are key interventions to ensure that the community is aware of the importance of having safe, reliable and accessible facilities constructed, used and maintained.
- Needs in urban areas in India differ quite radically from those in rural areas, and from one community to another. Water supply and environmental sanitation interventions must be driven by local demand in order to be seen by people as necessary interventions that fill an existing need.
- Community participation in planning, design, decision-making, management and operation and maintenance agreements is fundamental to the sustainability of services. This involvement of the community must reflect the vital role women play as managers and primary users of natural resources (land, forests and water) as well as their responsibilities for overall environmental sanitation within the household and in the village.
- Services only become sustainable when issues of cost recovery, operations and maintenance, and the efficiency and responsiveness of the institutions which are responsible for these are adequately addressed.

DFID will encourage partners to adopt an integrated approach to the design and delivery of water and sanitation services in order to fulfil the objective of providing equitable and sustainable services to the poor.



DFID Water Sector Strategy

Key Issue - Cost Recovery and Cost Sharing

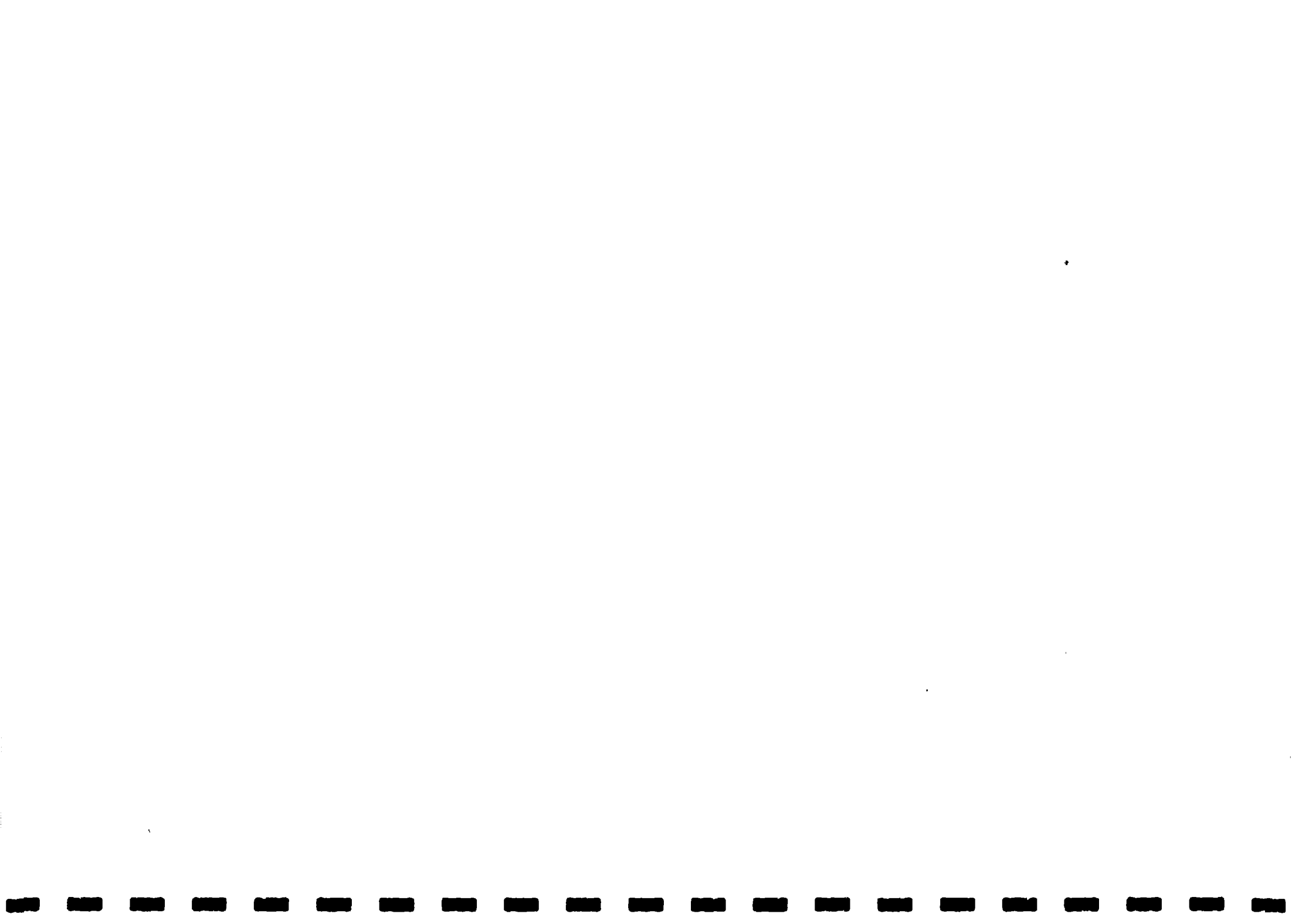
Provision of services without addressing issues of long term funding for operations and maintenance, and sharing in capital expenditure leads to poor performance and unsustainable requirements for recurrent expenditure. The poor performance of services often leads to the poorest paying the highest price when these services must be procured from alternative sources. The Government of India does not have inexhaustible resources with which to fund both new developments and sustain existing assets, and is increasingly looking to beneficiaries to contribute towards costs.

Experience throughout India in both the rural and urban sectors has shown that where operation and maintenance costs cannot be recovered from beneficiaries, the level of service declines, and the full benefit of initial capital investment is not realised.

DFID believes that cost recovery and cost sharing contribute to the sustainability of water and environmental sanitation projects by:

- ensuring that provision of services is in response to beneficiary demand
- increasing beneficiary ownership of infrastructure and services which increases demand for accountability in services provision
- increasing demand on the provider of services to look at more cost effective solutions
- providing sufficient funds for effective operation of services
- providing sufficient funds for maintenance and repair of infrastructure
- encouraging private sector involvement in the provision of services
- reducing the financial burden on municipal, district and state institutions, releasing funds for future wider coverage in service provision
- providing sufficient resources to allow for cross subsidy of services to the poorest

DFID places a high importance on the principles of cost recovery for operations and maintenance, and cost sharing for capital works in projects which it supports, and will work with project partners to bring about effective reform in this area.



DFID Water Sector Strategy

Key Issue - Operation and Maintenance

Lack of adequately planned and resourced operation and maintenance procedures leads to poor performance and early failure of water supply and environmental sanitation infrastructure. Very few infrastructure providers in India follow a planned maintenance programme, and repairs are usually carried out only at times of failure. If services perform poorly or fail, then people are driven to find alternative sources for these services which are often more costly, or which may have severe health implications.

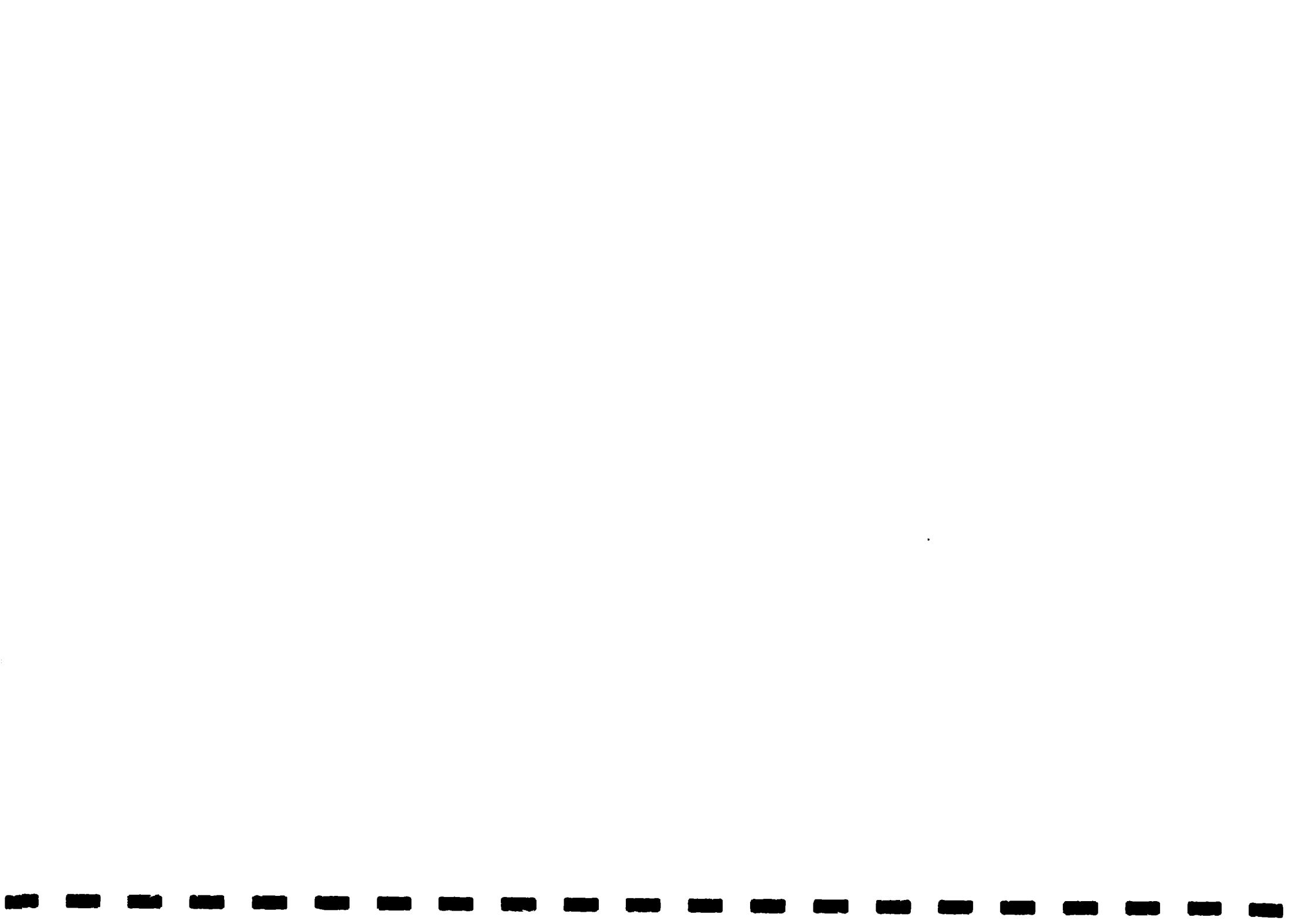
There are many contributing factors which lead to failure of operation and maintenance systems, including poor planning, a lack of accountability of operating organisations to their customers, little involvement of operations organisations in design of infrastructure, and insufficient allocation of funds, equipment and human resources.

There is growing awareness in the sector that operation and maintenance procedures are most successfully managed when responsibility is placed with those directly accountable to beneficiaries.

DFID, in line with many other donors in the sector, believe that properly planned and resourced operations and maintenance procedures incorporated at the design stage of a project contribute significantly to achieving long term objectives by:-

- providing a more reliable service with fewer interruptions in supply
- increasing user confidence in service providers by increasing accountability
- increasing willingness of users to pay for services which improves cost recovery
- achieving maximum value from investments
- reducing the need for large scale future investments for infrastructure replacement
- enabling future investments to be planned well in advance

DFID will ensure that there is adequate provision for operations and maintenance at the design stage in all of the projects which it supports. DFID will work with project partners to identify and develop appropriate project designs which take into account operations and maintenance requirements, which provide adequate allocation of funds, and which adopt appropriate institutional arrangements.



DFID Water Sector Strategy

Key Issue - Hygiene Promotion

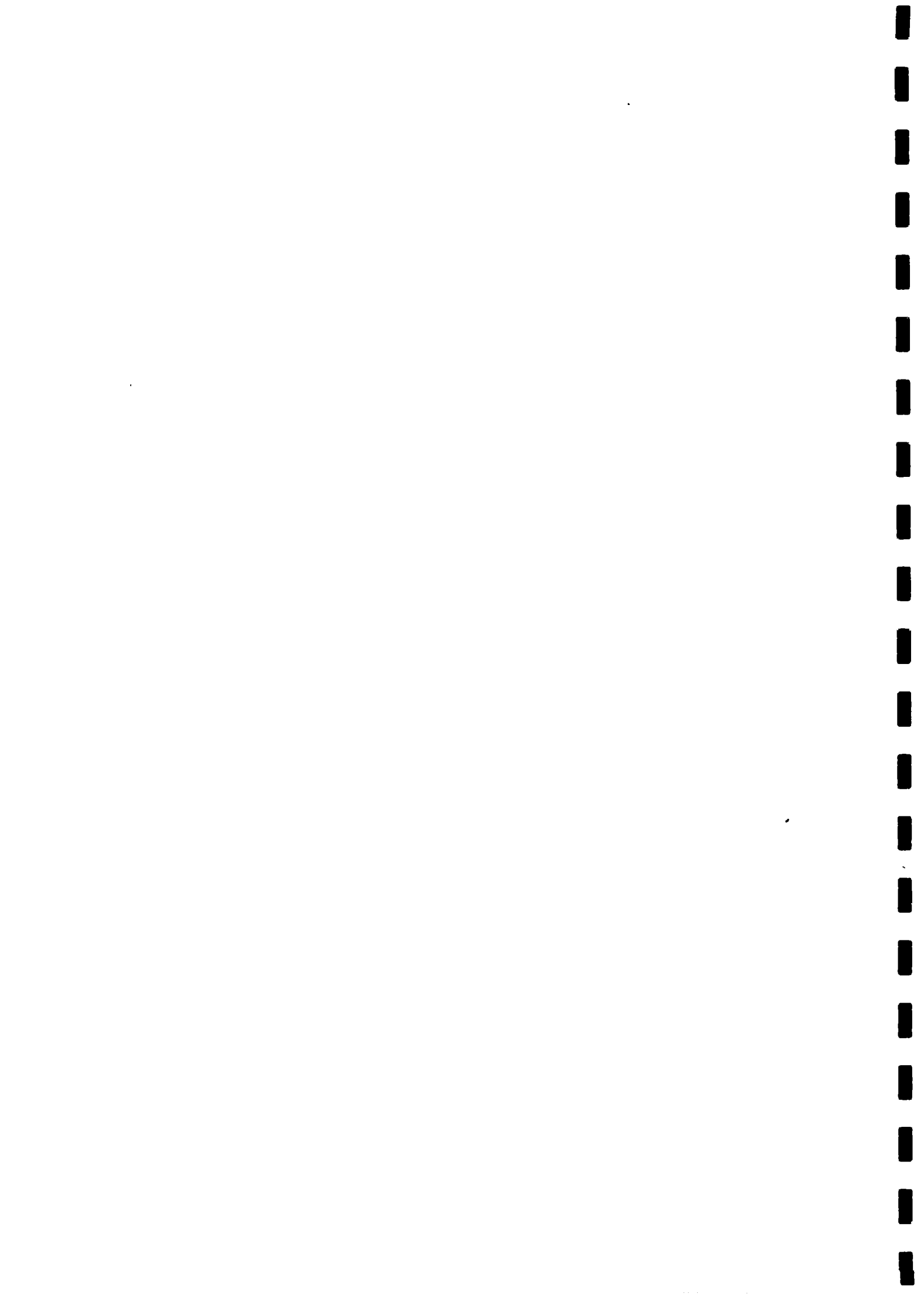
Provision of improved water supply and sanitation facilities does not necessarily lead to improved health. While the Government of India has a number of programmes which centre around hygiene promotion, these are implemented through different departments from those responsible for infrastructure development, and are seldom co-ordinated with improvements in water supply and sanitation services. It is common for conflicting and confusing message to be given about the use of water and sanitation facilities, often in advance of any planned service improvements, which leads to frustration amongst users. Conversely, if hygiene promotion is not integrated at the time of improvements to water supply and sanitation services, people may continue with their current behaviour patterns, and may not use the services in a safe manner.

To achieve the full potential impact of improvements in water and sanitation, hygiene promotion must be integrated with other interventions, to encourage changes in hygiene practice and to ensure that facilities are used in a safe manner.

DFID believes that the integration of hygiene promotion in all water supply and sanitation initiatives is essential if the full health benefit is to be gained from improvements in levels of service:-

- encourages changes in behaviour
- encourages adoption of safe practices in the use of improved water and sanitation facilities
- provides a focal point to improve communications between communities and service providers
- increased people's understanding of health risks and causes of disease related to water and sanitation practices
- enable people to realise the full benefits of water supply and sanitation services

DFID will support its project partners to integrate an appropriate targeted hygiene promotion component into all water and sanitation initiatives that it funds.



DFID Water Sector Strategy

Key Issue - A Demand Based Approach

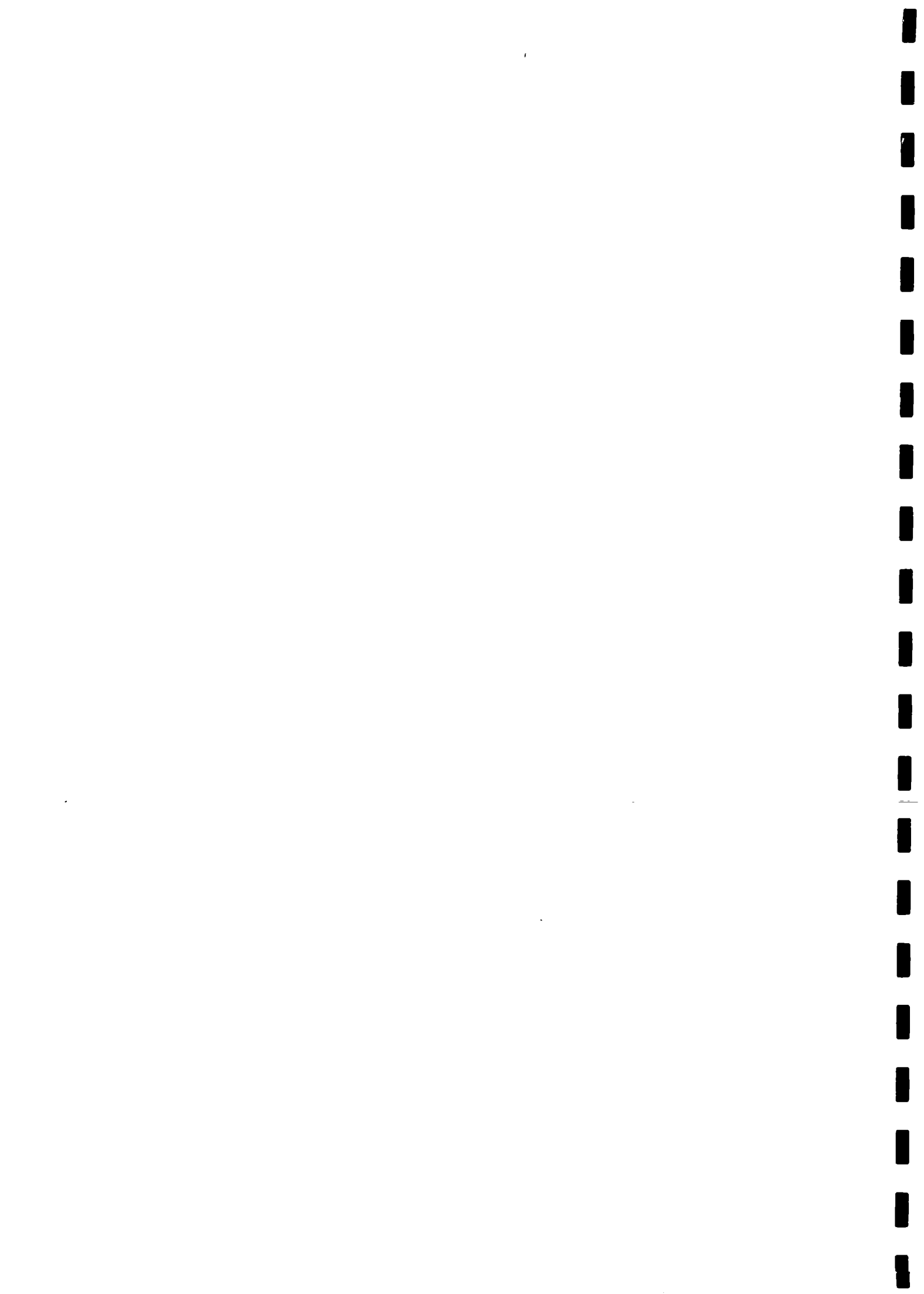
External assessments of need do not always reflect the priorities of local people and may not receive their support. Most programmes in India for provision of water and environmental sanitation services traditionally follow a target driven approach in which people have little control over their own services. This has contributed to the high number of systems which have either fallen into disrepair, or have not achieved their full potential for health and social benefits.

A demand-based approach seeks to stimulate, identify and then respond to people's own priorities and needs, raising awareness and supporting the community to initiate action and make informed decisions about service options and how services are to be delivered. The approach must allow space for participation of all different groups in the community, particularly women and vulnerable groups, encouraging understanding and equity.

DFID believes that the adoption of a demand based approach to the planning and implementation of water and environmental sanitation services leads to:

- increased willingness of the community to contribute to construction costs
- greater community ownership and understanding of the need for and responsibility for long-term operations, maintenance and management of systems installed
- increased efficiency in the operations and maintenance of systems through the devolution of responsibility to the most appropriate level, increasing sustainability
- improved cost-effectiveness, reducing the burden on state systems and devolving costs to a local level
- opportunities for empowerment by encouraging the development of community-based institutions, enhancing their capacity for development and increasing their confidence to make further demands
- the promotion of innovation and the recognition of the need for a flexible approach.

DFID will promote the adoption of a demand based approach to all projects that it supports, assisting partners to develop skills and approaches which ensure that water and environmental sanitation services respond to the needs and demands of all sections of the community, and in particular those of the poor and vulnerable.



DFID Water Sector Strategy

Key Issue - Integrated Water Resources Management

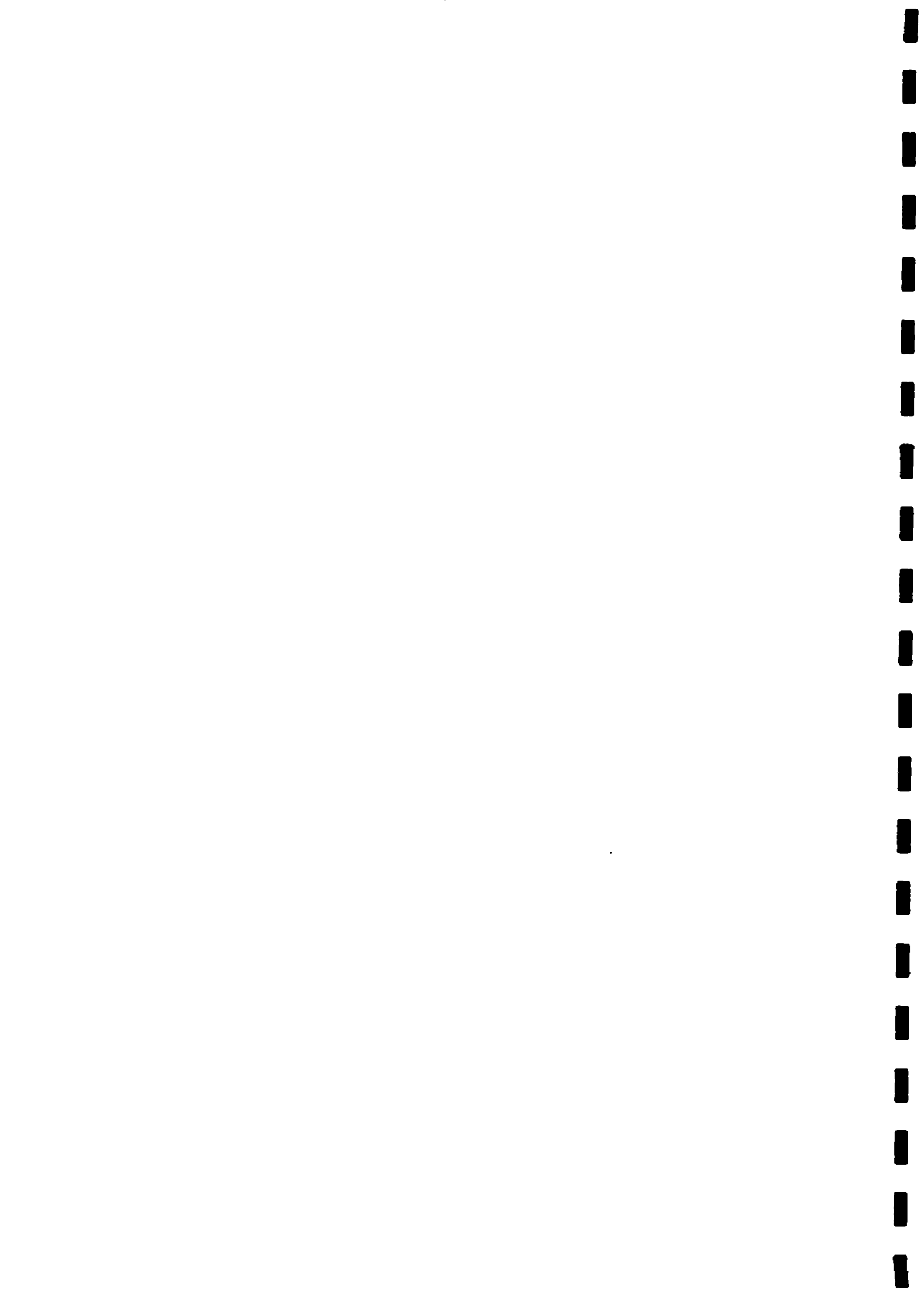
Water supply for drinking and washing represents only a small fraction of the total demand on finite water resources. Demands for water supply must compete with those for irrigation, livestock rearing, industry and ecological needs. Water resources are becoming increasingly scarce, but it is an uncoordinated approach to decision making in the management of demand and allocation, rather than water scarcity itself, which is the main constraint facing the water sector in India. Over exploitation of vulnerable ground water resources for irrigation to the detriment of drinking water, needs of down-stream users being ignored in design of irrigation projects, and unrestrained pollution of freshwater sources by industries and towns are consequences of this uncoordinated approach. The worst affected, many of whom are the poorest, are often those who have least influence on allocation decisions.

An integrated water resources management approach is based on the recognition that water is a finite resource, and should be considered a social and economic good. The approach promotes development of institutional frameworks for decision making and regulating, which can take into consideration competing demands from different sectors, and support the equitable and rational utilisation of water.

DFID believes that if India is to achieve sustainable use of finite water resources, then priority must be given to the adoption of an integrated water resources management approach which:

- recognises water as a finite resource to be considered a social and economic good
- encourages the efficient use of finite water resources
- gives equal voice to all users, helping the poor and vulnerable to be heard
- creates a forum for all Government and private institutions to discuss issues of water resource allocation
- promotes an effective regulatory body to enforce the equitable, rational and sustainable use of water resources.

DFID will work with project partners to increase understanding of the need for integrated water resources management, and to ensure that all projects address issues of total demand assessment, equitable allocation, efficiency and sustainability of use. In addition DFID will take up a programme of advocacy, where appropriate through national and international fora, to promote policy and legislative change in integrated water resources management at Central and State Government levels.



DFID Water Sector Strategy

Key Issue - Participation

Participation, at least in the rural context, is now accepted by both the Government of India and funding organisations as a key ingredient to the success of water and environmental sanitation projects. As a result participation is now perceived as an instrument for greater effectiveness and a new area for investment. The Government of India's approach to community participation is implemented through its extension staff at the Block level. However, externally aided projects tend to utilise services of non-government organisations, consultants, and specially created organisations to manage the community participation components.

Ideas of participation can range from simple use of facilities provided to the community, through community involvement and consultation, to community control, the ideal that has the potential to achieve the greatest benefit. Most water and sanitation projects, however, are designed to elicit participation to, at most, the level of community involvement, often simply as a means of achieving greater productivity at low cost, and many of the potential benefits of more fully involving the community may not be realised.

DFID believes that for participation to be effective, projects should consult beneficiaries in decision making processes. Achieving this level of participation can lead to:-

- increased ownership of project processes
- greater sustainability of water and environmental sanitation infrastructure developed through project interventions
- genuine demand driven approaches to service delivery.
- increased beneficiary contribution to cost recovery and cost sharing

While beneficiary contribution is an important means to ensure people's ownership of processes, care must be taken to ensure that the poorest do not get alienated from project processes.

DFID will work with project partners to develop approaches to project design and implementation which involve beneficiaries in a decision making role, through training, capacity building and reorientation of project implementation institutions.



DFID Water Sector Strategy

Key Issue - Institutional Strengthening and Development

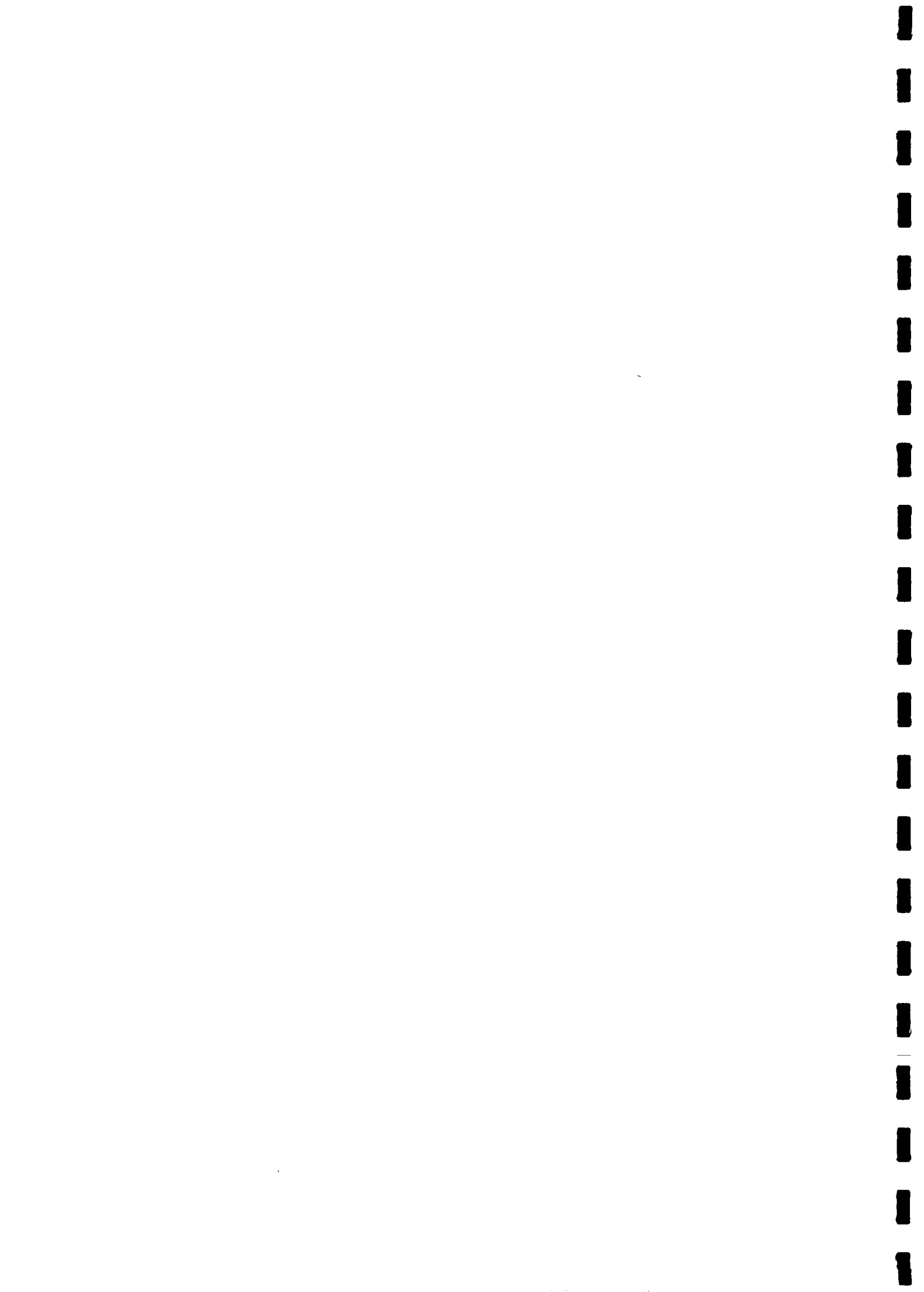
The responsibility for planning, implementing and delivery of water and sanitation services in India lies primarily with State and Municipal Water Supply and Sewerage Boards, Panchayati Raj Institutions, and to a lesser degree autonomous societies and non-government organisations. The efficiency of these institutions has a large affect on the quality of the services they provide. Very few of these institutions are responsive to people's demands, and many suffer from a lack of resources, poor management and unmotivated staff.

Complex institutional structures which separate responsibility for planning, design and implementation from those of operations and maintenance, and hierarchical organisations which offer little opportunity for advancement serve to reduce an institution's ownership of the service it provides .

DFID believes that appropriate institutional strengthening and development, which tackles issues of accountability, transparency, responsiveness, efficiency and responsibility, can have a major impact on the quality of delivery of water and environmental sanitation services by:

- ensuring that one institution has responsibility for all aspects of service provision, minimising duplication of effort, increasing institutional ownership of assets, and providing beneficiaries with a single point of contact.
- motivating institution staff through better conditions and career prospects
- increasing capacity to raise revenues and improving revenue management
- building the knowledge and skill of individual staff , resulting in increased efficiency and greater motivation
- developing systems which deal more sensitively with people, increasing respect and a sense of ownership by the community
- increasing trust in institutions which are open and responsive
- decentralising service provision to local bodies, bringing them closer to people increasing the potential to improve in response to their demands

DFID will work with project partners to bring about institutional strengthening which makes services providers more efficient, more accountable and more responsive to the people that they serve. DFID will encourage enactment of policies for devolution of powers to local bodies, promote single point responsibility, organise training and skills development for institution staff, and provide assistance to improve management of institutional resources.



DFID Water Sector Strategy

Key Issue - Gender in Water and Environmental Sanitation

Water is central to the lives of women and girls in India. Collection, transport, storage and distribution are tasks that have been traditionally performed almost entirely by women. In times of drought or short supply, it is women who cut back on usage, prioritise allocations or look for alternative sources.

Women and adolescent girls in rural areas in India go out early in the morning to defecate, wash and clean themselves. If they should desire to defecate later in the day, they are often forced to wait until dark, a time when women may feel least secure. In urban areas, population density together with the lack of open spaces compounds personal sanitation and hygiene problems faced by women. As a result women are increasingly prone to urinary diseases and other health-related complications.

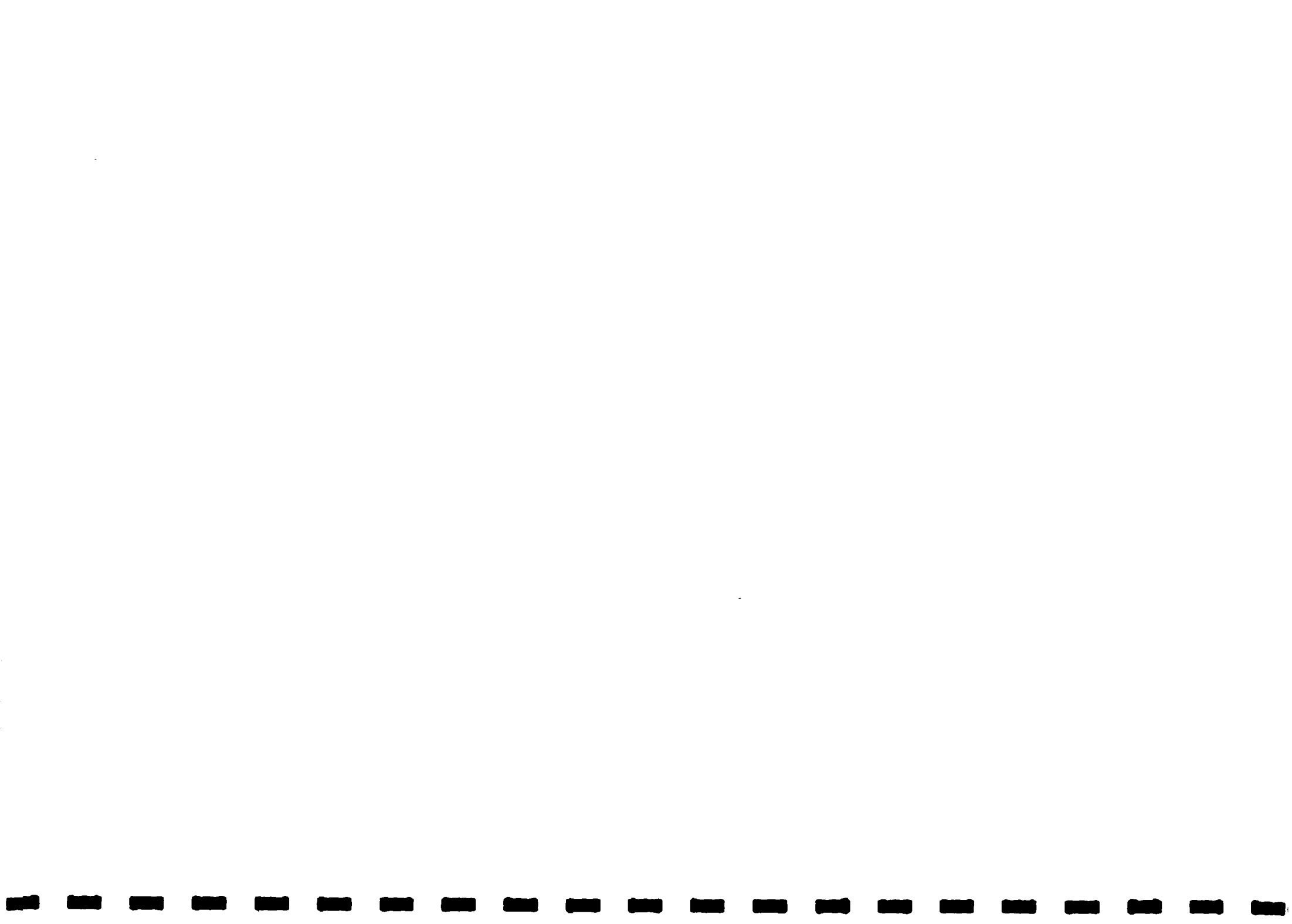
Household health problems can increase the burden on women. In low-income households, women and young girls are called upon to nurse the sick and dying, adding to their burden of chores and often preventing them from supplementing the household income, or dropping out of school.

Improvements in water and sanitation therefore have the potential for even greater benefits for women. Despite this, women are rarely the ones who decide what type of service they would like, how the community will pay for and maintain the different options available, or how women's traditional role of water managers can be adapted to the nature of the improved services.

DFID believes that active participation of women in the provision of water and environmental sanitation services contributes significantly to the long term sustainability of these services and their impact on health by:

- ensuring that services are designed to meet the needs of those who are primarily responsible for their use
- reducing female morbidity through accessible sanitation and water
- ensuring safe use of services provided, prolonging their useful life
- increasing the ownership and understanding of those who are most likely to be responsible for local operations and maintenance.

DFID is committed to actively promoting equality between men and women based on the principles of human rights and social justice. DFID will promote with project partners the active and equitable involvement of women in planning and decision making processes, and ensure that technology choice and operations and maintenance procedures in DFID supported projects respond to women's needs and preferences.



DFID Water Sector Strategy

Key Issue - Environmental Sanitation

In rural India the servicing of villages by water supply schemes sometimes creates new health hazards for the local community by ignoring the need for proper wastewater disposal or sullage drainage systems. In the absence of these systems wastewater many find its way back into the water supply providing a source of contamination, or pool and become breeding grounds for mosquitoes and the route for many water borne diseases. This wastewater could be used productively, often by utilising and adapting traditional systems, for gardens and irrigation.

In cities, the health risks posed by poor sanitation and drainage increase dramatically with growing densities. Malfunctioning drainage systems, open sewers, proliferation of solid waste and improper disposal pose significant health risks to children, women and men. This is particularly so for the poor who are often located on marginal land prone to flooding, and who through lack of recognition by government institutions are ignored in the provision of services. Many low income communities regard stormwater drainage as their most urgent need as far as urban infrastructure is concerned.

Environmental sanitation is therefore much more than provision of household latrines or toilets. It includes sewerage, wastewater treatment, sullage drainage, solid waste management, storm water drainage, and equally important, the way in which these services are used by people.

DFID believes that addressing the wider issues of environmental sanitation, including behavioural change, in the planning and implementation of water supply and sanitation services leads to:

- a reduction in risks to health through the creation of a clean and healthy environment
- a greater focus on the felt needs of the poorest people
- more productive use of wastewater, human and solid waste
- increased self esteem through an improved living environment.
- improved working environments for those in the informal recycling sector.

DFID will support partners in the design and implementation of fully integrated projects which include broader environmental sanitation components. Emphasis will be placed on the development of traditional solutions, and responding to the priorities of people, in particular the poor.



DFID Water Sector Strategy

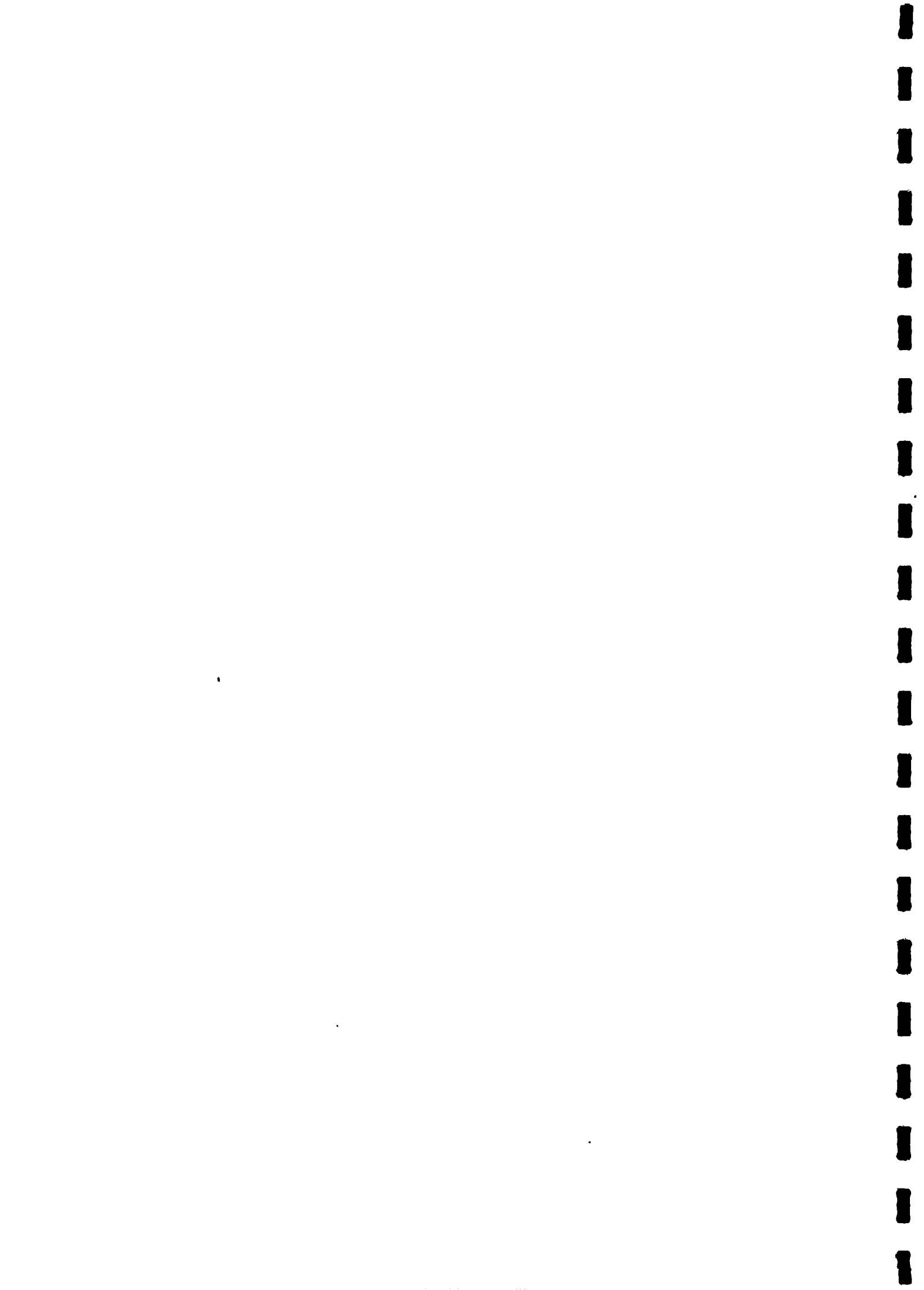
Key Issue - Choice of Technology and Service Delivery

The Government of India has defined norms which set minimum level of service and coverage targets for the provision of water and environmental sanitation services. Implementation of these norms has resulted in the development of standard designs and methods of delivery, promoting a hierarchy of technical options, primarily piped water and tubewells for water, and sewerage or twin pit pour flush latrines for sanitation, which are in most cases implemented by government institutions. While it is easy to see the advantages of this approach, particularly where there is an urgent need to reach a large under served population, experience shows that it can also lead to uncoordinated provision of services which neither represent the most efficient solution, nor responds to the real needs of people. As a result many systems have proven to be unsustainable, and have fallen into disrepair.

DFID believe that the adoption of a more flexible approach to both choice of technology, which looks at all options both in terms of technical performance and operation and maintenance requirements, and method of delivery, adopting the most cost effective and efficient option from community contracting through to private sector participation, will lead to more sustainable provision of water and environmental sanitation services by:-

- capitalising on past investments, looking at refurbishing and complimenting existing services in preference to replacement.
- increasing the number of appropriate options that can be offered to people, allowing them to choose services that best meet their needs, including those of women and children.
- ensuring that technical designs are appropriate to the local context, take into account local conditions (eg unreliable power, declining water tables, cultural acceptability)
- allowing people to opt for services which they can afford both in terms of their contribution to capital costs, and ongoing operation and maintenance
- allowing people to opt for a higher level of service where they are willing to contribute
- making the most efficient use of scarce resources.

DFID will work with partners to design and develop projects which take a flexible approach to the choice of technology and service delivery based on a participatory assessment of local needs, preferences and constraints.

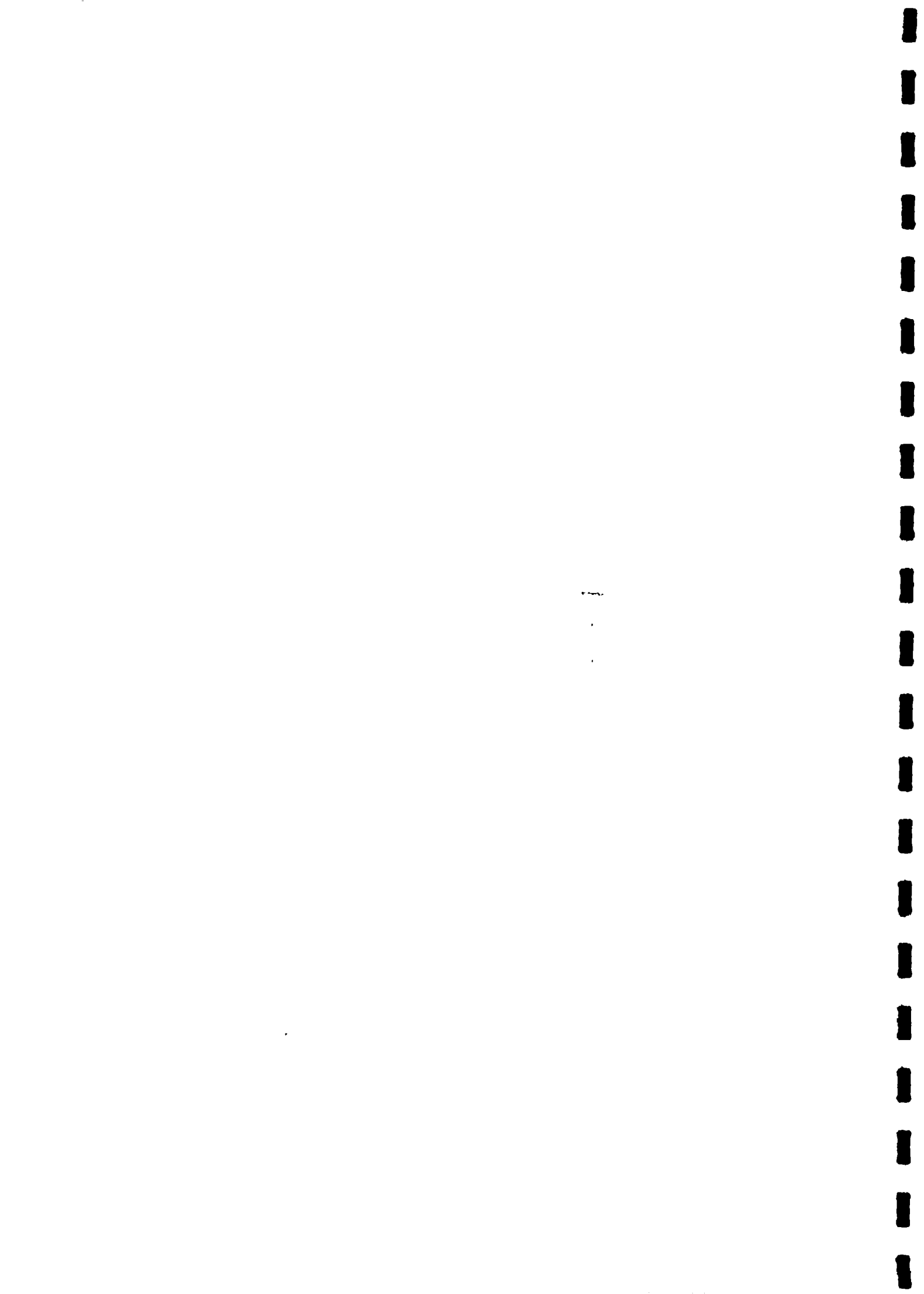


Water & Sanitation Office - Current Logframe (From approved Project Memorandum 8.5.96)

Narrative Summary (NS)	Verifiable Indicators (OVI)	Means of Verification (MOV)	Important Assumptions
<p>GOAL : To contribute towards the achievement, in India, of ODA's departmental objectives in the water and environmental sanitation sectors as set out in the Country Strategy Paper</p>			
<p>PURPOSE: Working with Indian project partners and managers, and responsible to DCOD, to facilitate the achievement of the objectives of the projects it is managing, and to account for the resources used and for the achievement of outputs.</p>	<p>Performance against targets set in annual WSO and project work plans.</p>	<p>WSO Quarterly Reviews of Projects WSO Annual Reviews of Projects DCOD Annual Reviews of WSO</p>	<p>Objectives realistic and achievable Work plans realistic and reviewed at least quarterly. Commitment of project partners sustained</p>
<p>OUTPUTS : 1. Each project has satisfactory systems and procedures for planning, managing, monitoring and reporting on implementation in line with project objectives.</p>	<p>1. Projects produce annual work plans and budget Annual project statement of accounts (audit) Regular progress reporting to WSO and Indian sponsors.</p>	<p>1. Projects' submissions to WSO including annual work plans and budgets Claims for reimbursement, annual financial statement, State audit reports Project Quarterly Review Reports</p>	<p>1. New procedures can coexist with existing State procedures Commitment of Indian partners to new procedures</p>
<p>2. WSO provides professional and technical support to improve the quality of project management and to support the evolution of project design at the activities and output levels.</p>	<p>2. WSO work plans Proposals for modifications of project design</p>	<p>2. WSO supplement to Quarterly Review reports. DCOD project visits Consultancy reports and WSO correspondence</p>	<p>2. Adequate resources available either within the WSO or through consultants.</p>



Narrative Summary (NS)	Verifiable Indicators (OVI)	Means of Verification (MOV)	Important Assumptions
3. WSO has systems in place for monitoring the achievement of outputs and the assessment of impact for each project.	3. Reports from project M & E system Programme of regular project visits by WSO staff and consultants. Consultancy reports Appropriate baseline and endline data	3. Reports, workshop proceedings etc Visit reports Baseline and endline documents	3. Adequate guidelines from DCOD and ODA on requirements for monitoring and impact assessment
4. WSO has systems in place for financial monitoring, forecasting and accounting to DCOD for local cost project inputs.	4. Financial information remitted to DCOD by WSO	4. Quarterly Review reports	4. Accurate and adequate information provided by projects Accurate and adequate financial information available from ODA Guidelines available to FMOs on financial management requirements See assumption 1
5. Briefing reports to DCOD on strategic issues at project and sector level, and for DCOD project reviews.	5. Briefing reports provided at relevant times	5. Projects' Annual output to purpose review report by DCOD	5. DCOD guidelines on briefing reports available
6. WSO contributes as requested to sector policy	6. Background papers and participation in workshops and planning meetings	6. 6 monthly WSO reports	
7. WSO contributes as requested to new project development	7. Options identified and presented in line with agreed annual work plan.	7. Written submissions 6 monthly WSO reports Annual WSO review Annual WSO work plan	*
8. WSO has satisfactory internal staff and financial management systems.	8. WSO training needs identified and met remains within budget timely and accurate financial reporting	8. Annual review and reports Budget submissions Annual financial report	8. Full complement of appropriately qualified staff recruited and in post. Conditions of employment adequate to attract appropriate staff WSO adequately funded



9. WSO develops links between projects to enable them to learn from each other's experience	9. Objectives set in annual WSO work plans. Objectives reflected in project work plans	9. Visit reports Transfer of lessons into project practice Training evaluation reports	9. Appropriate people participate in training and study tours Lessons can be transferred
10. Effective working relations established with project partners, other stakeholders and other donors.	10. Appropriateness and relevance of contacts	10. Feedback from other stakeholders/donors	10. Willingness of project partners, other stakeholders and other donors to establish effective working relations
11. WSO develops and uses its knowledge of and access to key resources for the sector (in India and elsewhere).	11. Appropriate data base exists and is used	11. Existence of data base	11. Proposed resources are acceptable to projects.
ACTIVITIES: As set out in annual WSO and project work plans.			



Annex 2.5/2

Revised WSO Logframe

Goal To have a measurable impact on the elimination of poverty in India

Purpose An increased, better focused water and environmental sanitation initiative within DFID which significantly influences the sectoral policy Government of India, states and other organisations

Output 1 Develop Partnerships with Government of India, States and other Organisations

Activities

- Identify partners by disseminating WSO agenda through different channels including the internet and networking *stakeholder analysis*
- Select potential partners based on criteria including policy match, influence of partners on policy and size of investment *fit with CSP*
- Develop understanding of selected partners through joint project development
- Nurture the partnership through capacity building, training, study tours, etc
- Develop means of giving control and responsibility to project partners

Output 2 Develop programmes within the partnership framework

Activities

- facilitate joint project design and implementation involving all stakeholders and setting out clear roles and responsibilities with agreed objectives and risks
- identify existing Government and multilateral programmes and components and discuss opportunities for enhancement and investment

Output 3 Work to develop DFID Sector Policy and influencing the Policy Environment

Activities

- Collect and analyse information national and state level sector policies, programmes and institutional arrangements, organisation and activities of NGOs, CBOs, donors
- Ongoing development of WESS and understanding of state level contexts to be used as the basis for negotiation and to inform project and programme development
- Develop innovative/different ways of informing our partners about WSO aims/activities
- Identify opportunities for possible partnerships where more flexible financing/management options can be explored and ways of working in non-focus states
- Develop and explore strategic partnerships at Gol and State level

② Activities impact on WB, UNICEF, State Govts.



Output 1

Delivery of projects - effective implementation of progs. delivering DFID support to implementers

Output 4 Systems and procedures for planning, managing, monitoring and reporting established

activities

Activities

- WSO support to improve the quality of project management and implementation
- Effective working relationships between project partners, other stakeholders and other donors facilitated
- Systems for monitoring assessing of impact projects developed
- Systems ensuring accountability for local cost project inputs developed
- Links between projects and with wider sectoral initiatives developed to ensure learning.

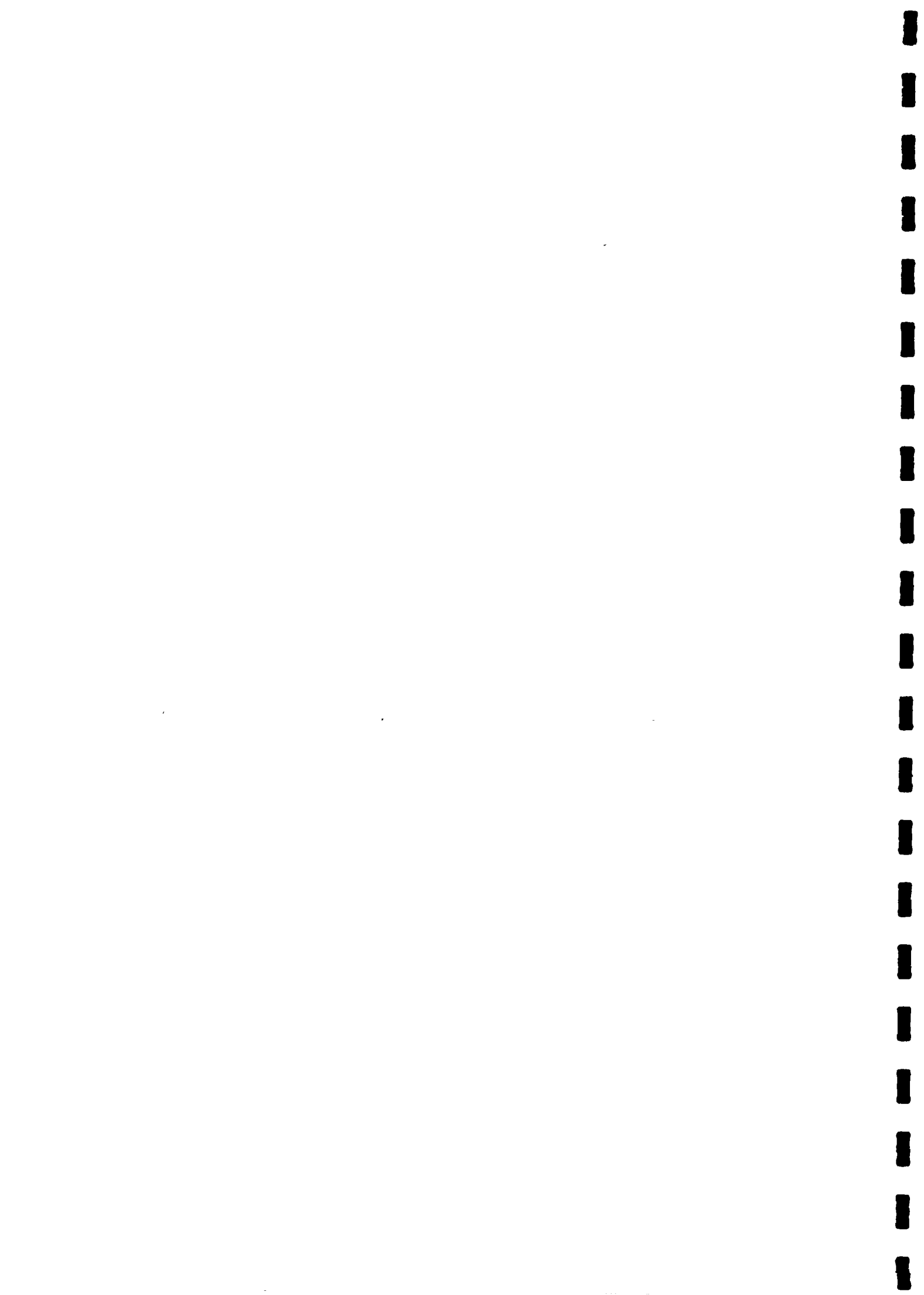
HPO logframe indicators.

Purpose level indicators.

- impact on multilateral policy / progs
- impact on partner state policy / progs.
- impact on national policy ^{poverty focus} [By PIMS]
- size of prog. + pipeline
- fit of prog to strategy - DFID + GoI + CSP

As a result of work ^{prog/} GoI + those in environment have a greater impact on poverty elimination. / can work more effectively in water + sanitation

~ ~



Annexures - Section 3

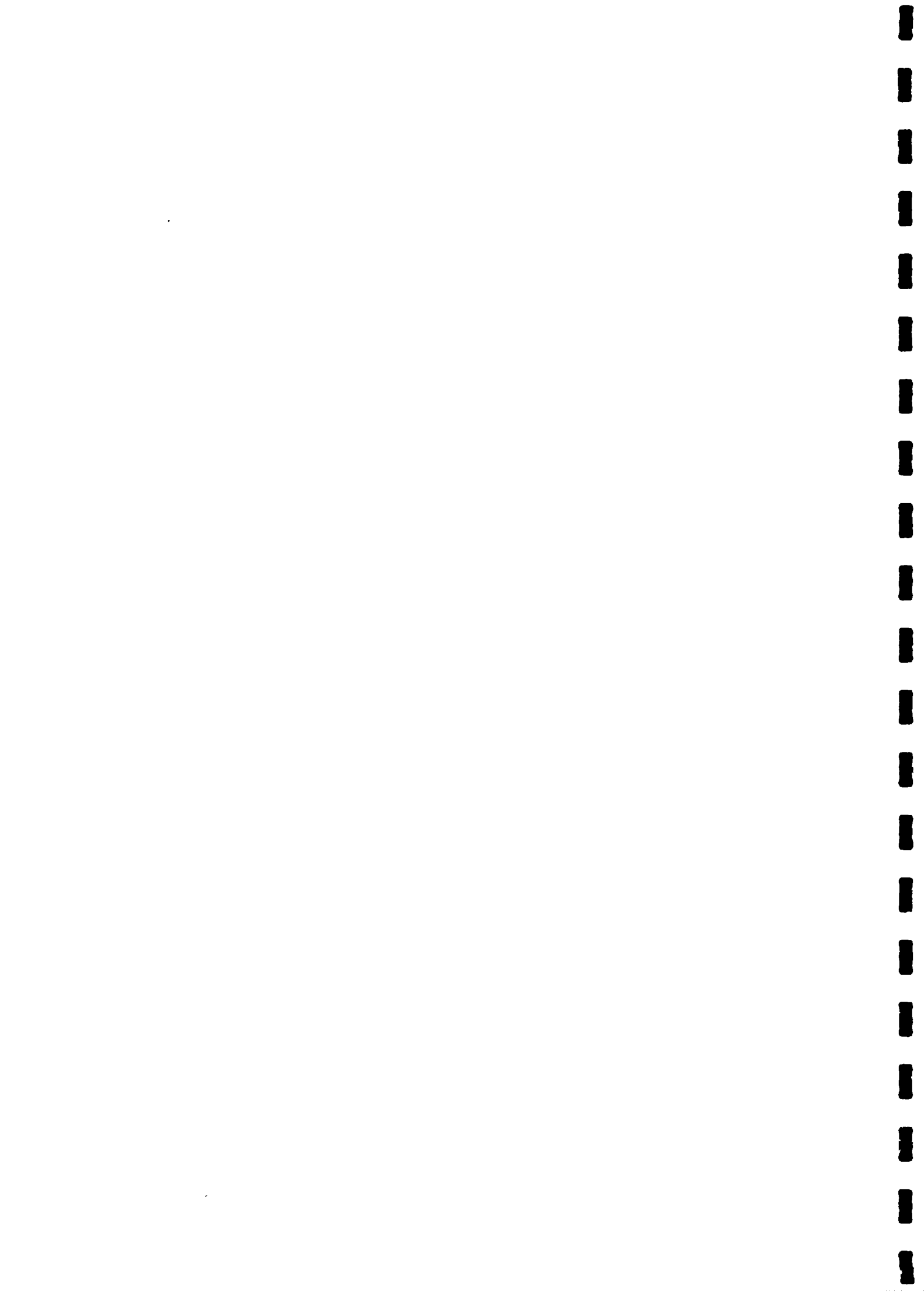
3.2/1 MRWSSP: Phase 2. Concept Note: Health Promotion Component

3.2/2 Possible Future Project in Lucknow - Draft Project Concept Note

3.2/3 Water and Sanitation Fund for NGOs - Pre-Project Concept Note

3.2/4 Urban Environmental Sanitation and Water for India: Capacity Building for National and Municipal Decision Makers. RWSG-draft proposal (summary)

3.2/5 Answering the Challenge - Global Water Partnership. A partnership for sustainable water resources management



Maharashtra Rural Water Supply and Sanitation Project : Phase 2

Concept Note: Health Promotion Component

Health Promotion is a process of change and education, which must be part of the concept and begin at the start of any water and sanitation programme. The slogan of Health Promotion is 'to make the healthy choice the easy choice'. Providing the means to make the healthy choice in the first place will provide the right condition for individuals and families to change their behaviour, the objective of the health education component of the project. Most water and sanitation related diseases can only be prevented by improving health (hygiene) behaviours.

At the very start of the project Health Education can assist in helping people clarify what they want and shape their demands. Health Education for adults is best done by working with groups of people who can learn together from each other and in this way learning about water and sanitation related diseases can provide a basis for the whole project. They can clarify together what is wrong with their existing water sources and decide what they want to happen.

1. At the state level the Health Education component of the project must be represented by member of the PHD on any PPMU (or equivalent). In the current MRWSSP, the PHD were brought into the project several years after its inception and have, therefore, never been an integral part of project management. Representatives of both the administrative and financial arm of PHD (in Mantralaya) and the professional side (the DHS) should be part of the PPMU. The PPMU should have a short orientation course in the principles of Health Promotion and behaviour change.
2. The state IEC Bureau (in Pune) has taken on the coordination role for the health component of MRWSSP. This key agency should be strengthened and fully supported to continue this function. In 1992 an assessment was carried out in the project area in north Maharashtra in an attempt to find suitable NGOs to organise or implement the health component. No suitable NGOs were found and the decision was taken to work through PHD.
3. The SIECB is now a more matured agency with experience of co-ordinating and facilitating the health component:
 - It now has a senior staff member responsible solely for Water and Sanitation.
 - He is supported by 2 staff members funded by the World Bank.
 - An experienced Health Education Officer also supports Water and Sanitation work.



- The Bureau now has experience of producing, pretesting and distribution of suitable resources and material to assist health education programmes.
- The Bureau has a quality control mechanism for material in its material quality committee

4. The Bureau needs further strengthening by:-

- training
- visit to other states
- improvement in its library and resources

5. At the District and Village levels there is considerable experience in Jalgaon, Dhule, and Nasik Districts as well as in the World Bank districts which use the concept of MRWSSP Health Education component.

- 9 members of District Training Team (DTT) have studied for the Diploma in Health Education at Family Welfare Research and Training Centre (FWR&TC) in Mumbai. Unfortunately these well qualified people have not been given an enhanced role in their districts but could be utilised within the state.
- 10 plus persons have been trained in the Netherlands or the UK. Again their expertise has been lost by frequent job changes but they can be utilised.
- 34 persons have attended the Health Promotion: Theory and Practice course and from this were chosen key trainers providing a sustainable state wide training course.

6. At district level there needs to be more training in:-

- Health Education
- Communication skills

7. At the village level many Medical Officers and other health staff need training in:

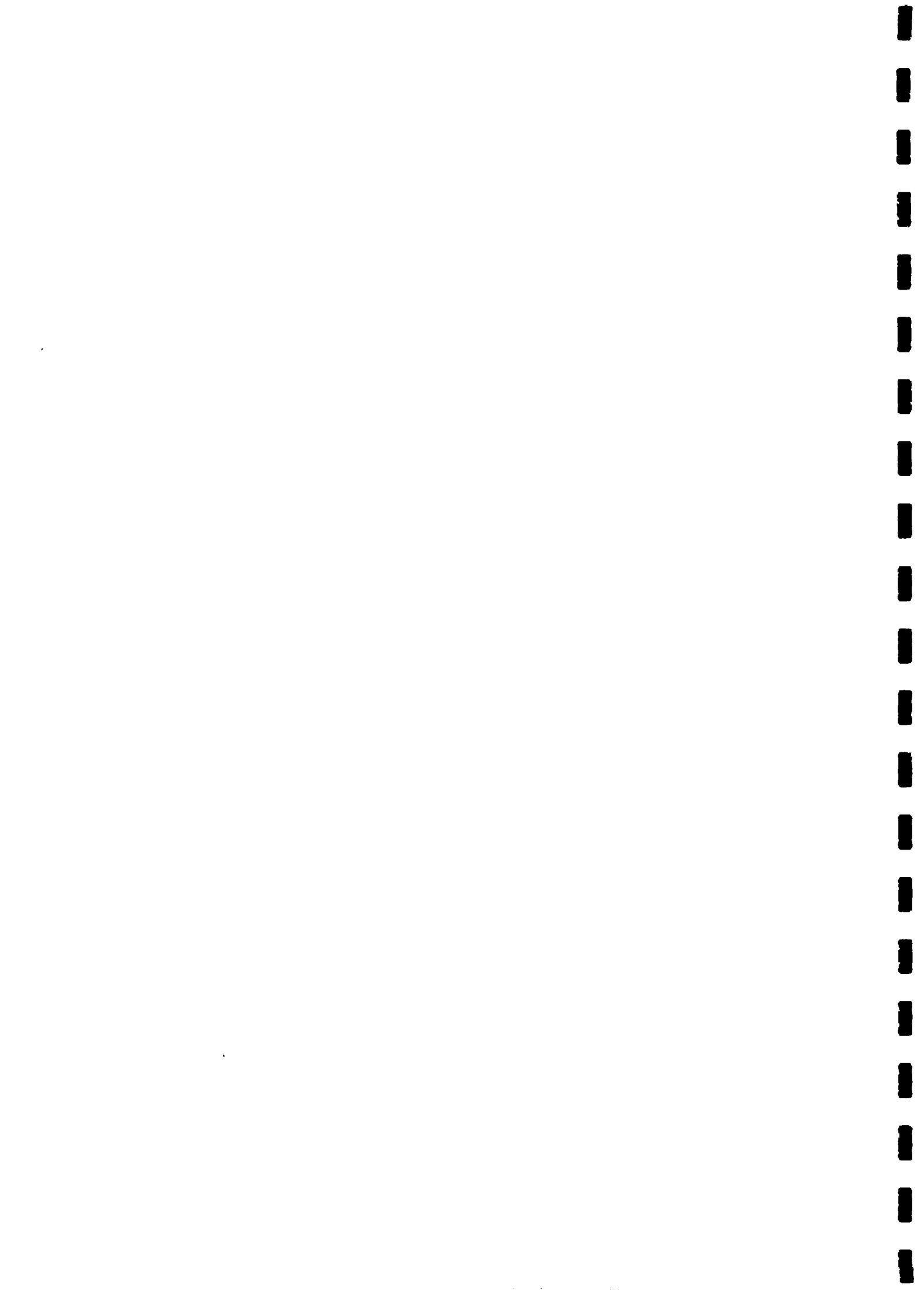
- Health Education
- Communication skills

8. The H&FWTC at Nasik have provided the venue and expertise for MRWSSP. It will require fuller support if it is to have an enhanced role.

9. Health and Hygiene education can take place simultaneously in a number of settings. MRWSSP 2 could include information in :

Schools:

- training of teachers in health and sanitation related areas and communication skills.



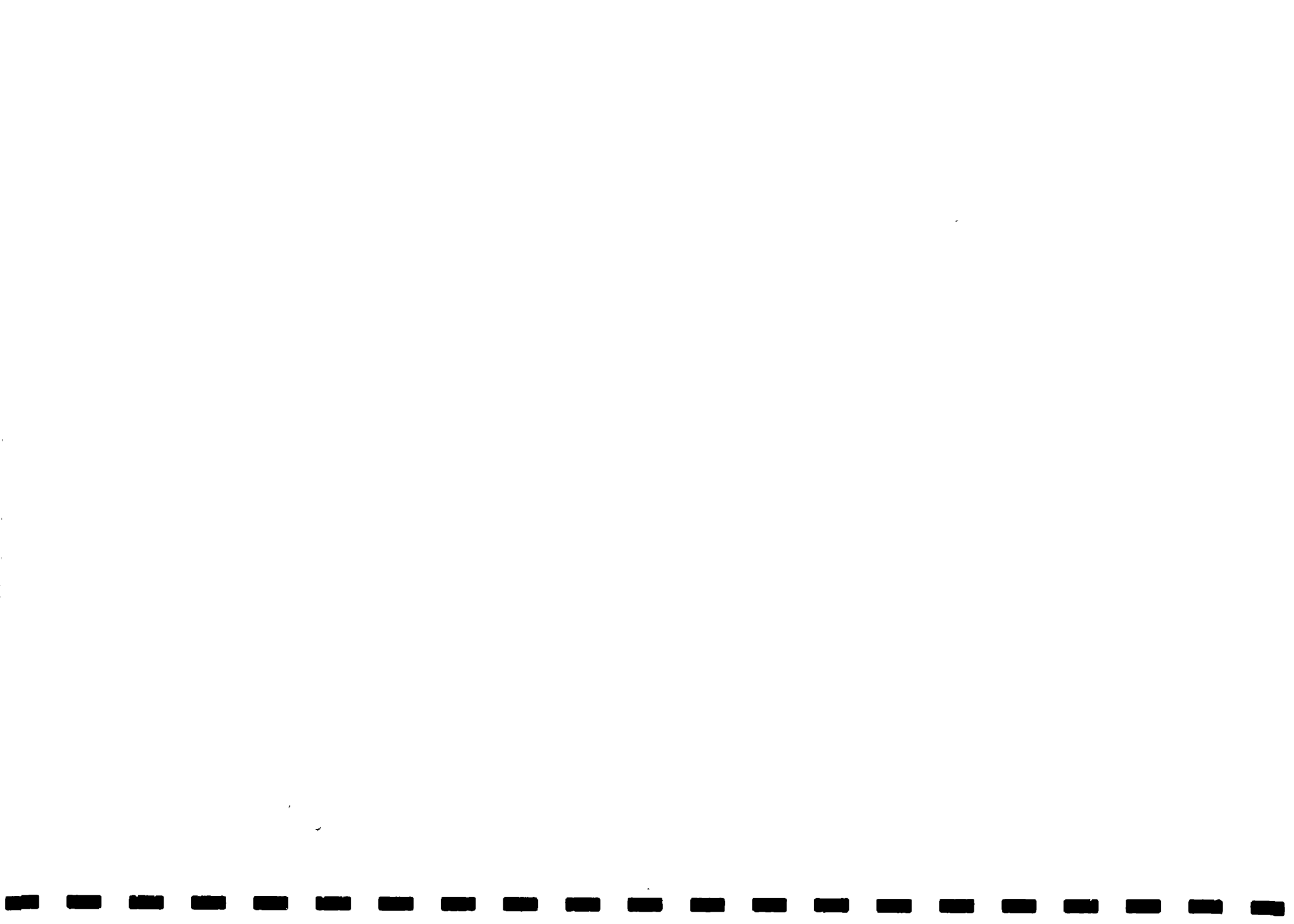
- Preparation of curriculum across school subjects (science, arts, mathematics, language and the humanities). This curriculum should be prepared for all and be suitable for the age and developmental stage of the child. Health and Sanitation should be part of each year of a child's school life.
- Materials and resources to support this curriculum.
- Schools should be exemplars of good hygiene practices, which means that each school should have latrines and safe water sources, hand washing facilities with soap provided.
- Safer health behaviours can therefore be practised and not merely be "learned".
- MRWSSP has evidence of school children working at the village level to construct soak pits and as motivators.
- School children can be trained as peer educators, to work with younger children and to work with their family members.
- since raising status is important in health and hygiene education. Competition for the 'cleanest school' 'best latrines' should be held. Competitions for art work to provide posters can also be encouraged.
- Working with schools will require integration of the PHD and Dept of Education. It would therefore be helpful for the Dept of Education to be represented on the PPMU as well as at District and Village levels.

PHCs:

- Medical Officers and other health staff are key persons to work at a local level with villagers as they understand both individual and group health problems.
- PHCs must be equipped with working latrines and hand washing facilities. It is most important that the PHD provides models of good practice in health and hygiene.
- The PHC can provide a central place for distribution of resources and materials relating to health education.
- In MRWSSP a number of VCRs have been available to PHCs so they can provide interesting and educational programmes in the waiting area. This should be extended so that the PHC is a welcoming place.
- MOs and staff will need some training in how to do this.
- MOs and staff need extra training in interpersonal skills and in-group facilitation methods.
- Maternal and child welfare sessions held in PHCs are ideal venues for health education sessions on a variety of subjects including water and sanitation.

Village Events:

- Village wide events involve collaboration between VWC, Gram Panchayat, Mahila Mandal, the PHD & BDOs office.
- Local folk artists can be used to educate at village melas and fairs.
- Mahila Mandal meetings can be a focus for educational activities.



- VWC members may wish to nominate persons to be especially responsible for health matters and they will need motivational and educational skills.
- It has been shown that using traditional media is a useful and effective way to raise awareness. Folk artists should be employed to perform songs, plays, magic and so on with water and sanitation theme.
- Resources such as such as posters, stickers and other similar material is useful a memory prompts.

Other Issues:

- Maharashtra have a state wide strategy for health education, designed in 1996 with the help of consultant.
- Since gender issues are particularly pertinent in water and sanitation special attention must be paid to working women at all levels but also with men who control finance and resources at village level.



Possible Future Project in Lucknow - Draft Project Concept Note

1. **Project Title:** Lucknow Environmental Services Improvement Project

2. Basic Information

Background:

The proposed project (LESIP) is to be developed as a successor project to Phase 1 of the Gomti River Pollution Control Project at Lucknow.

The Phase 1 project was conceived as a design phase for future interventions with the joint aims of reducing health hazards in the City of Lucknow, and reducing pollution of the Gomti River, both within and downstream of the city, as part of the wider Ganga Action Plan.

The Project Memorandum for the 18 month Phase 1 of the Gomti River Pollution Control Project was developed jointly by DFID in consultation with the National Rivers Conservation Directorate (NRCD), Government of Uttar Pradesh, and Lucknow Municipal authorities, subsequent to a project identification mission in September 1993. The project, as conceived, was directed at DFID's priority objective to help tackle National Environmental Problems. The overall goal of the project, as stated in the Phase 1 project memorandum, was that "People living in Lucknow and downstream Gomti River experience improved health and well being associated with a cleaner city and river environment".

Phase 1 comprised three main components:-

- Development of a **Master Plan** for urban environmental services to provide a framework for future development of infrastructure in the city.
- Implementation of **Technical Sub-Projects** as a means of assessing the capacity of local agencies to carry out major infrastructure works.
- Preparation and implementation of **Nalla Community Improvement Projects** with the aim of providing services to the poor, and through participative approaches, drawing these communities into the city planning process.

Phase 1 also included a pilot **hygiene promotion programme**.

The review of Phase 1, carried out in July 1997, highlighted a number of key issues that had not been sufficiently addressed, and concluded that DFID would be unable to support a Phase 2 project that was focused on river cleaning. These are discussed in Section 3. However, DFID would consider



development of a new project based on provision of environmental services to the people of the city of Lucknow, and in particular, the poor.

Statement of purpose

The Lucknow Environmental Services Improvement Project shall implement an approach to equitable long term planning and management of environmental health service provision for Lucknow.

Objectives

- To **reduce health hazards** for the people of Lucknow, and in particular the poor, through improved sanitation, effective solid waste management and surface water drainage.
- To ensure the **provision of adequate safe drinking water** to the poor through improvements in the existing water supply system.
- To enable the poverty elimination process through **micro-level and community based infrastructure planning and implementation** projects in poor settlements. These initiatives shall provide space to poor people for greater articulation of their genuine needs.
- To promote the sustainability of project initiatives through **institutional strengthening and development**.

The Project and DFID's aims

The project furthers DFID's aim of elimination of poverty. It promotes the objective of better health opportunities for poor people through the provision of safe drinking water and an improved urban environment.

It will also promote gender equality through improved access to services by women in addition to their participation in key-decision making.

The project will raise standards of governance by making the Government more responsive to the needs of the poor. This is considered as central to the elimination of poverty in the White Paper.

The project will work with urban slum dwellers to help meet basic infrastructure needs in partnership with city authorities. This is also consistent with the White Paper approaches to provision of basic infrastructure

Principal recipient institutions:

Lucknow Nagar Nigam. The municipal corporation set up under the Uttar Pradesh Department of Urban Development. The District Urban development



Agency within the Lucknow Nagar Nigam operates under the Uttar Pradesh Department of Urban Poverty Alleviation.

Lucknow Jal Sansthan. The municipal water undertaking set up under the Uttar Pradesh Department of Urban Development.

Non Government Organisations employed through the Lucknow Nagar Nigam.

3. Significant policy/design/implementation issues

Policy issues

The proposed Lucknow Environmental services Improvement Project would be implemented within the framework of National and Government of Uttar Pradesh policy towards the urban poor. National policy is governed by the National Housing Policy and the National Slum Development Guidelines which favour in-situ improvement of slums rather than relocation. Government of Uttar Pradesh Housing Policy and the Slum Areas (Improvement and Clearance) Act are not consistent with this approach. Implementation of the latter in particular focusses on removal of illegal encroachments. In light of the above several undertakings would have to be sought from the Government of Uttar Pradesh in order to proceed with the project approval process:-

- Displacement and relocation of the urban poor in Lucknow only when absolutely necessary and, if at all, then in strict accordance with Development Assistance Committee Guidelines.
- Involvement of primary stakeholders in key decision making during planning and implementation stages.

In addition, responsibility for planning and implementation of infrastructure improvements, and for operations and maintenance is governed by State Acts. To achieve sustainable improvements, undertakings would be required to demonstrate:-

- Willingness to initiate institutional reform and undertake the institutional strengthening and development process through capacity building and training; and enhanced revenue collection through higher tariffs and more efficient management of revenue collection
- Willingness to address the roles of municipal and state level institutions to ensure single point responsibility for the planning, implementation, operations and maintenance of infrastructure.

Particular attention will need to be given to procurement and quality control issues throughout the project implementation period, as these were areas of concern identified during the previous Phase 1 project.



Design issues

The overall planning framework will be the Urban Environmental Services Master Plan for Lucknow (1997-2021). The Project will draw lessons from the experience of the current work in Lucknow, including the NCIP Impact Assessment Study and Lessons Learning Studies, in order to develop an effective implementation design.

Implementation issues

The Lucknow Environmental Services Improvement Project will be implemented by the Lucknow Nagar Nigam, and through this municipal body the Lucknow Jal Sansthan. Management arrangements will be part of the detailed design of the project, but it is essential that the Uttar Pradesh Departments of Urban Development, Urban Poverty Alleviation and Housing are all actively involved in the planning and implementation stages as key partners.

In addition, Housing and Urban Development Corporation (HUDCO) will be inducted as an additional partner to ensure greater absorption of technical support.

NGOs shall be contracted to undertake community based planning and implementation activity with the poor.

DFID (India) representation will be through the Water and Sanitation Office, drawing where appropriate on the skills and experience of the Urban Poverty Office, and represented in Lucknow by a Local Support Office.

Project Components

The following components are drawn from the action plan presented in the Urban Environmental Services Master Plan for Lucknow (1997-2021) Action Plan would be implemented over a five year period:-

Component	Approximate Cost (1996 prices) Rs. lakh
Programme for Poor Communities	6,987
Surface Water Drainage	2,119
Solid Waste Management	2,527
Local Sewerage Infrastructure	2,662
Water Supply	9,330
Institutional Development	397
Hygiene Promotion	9
TOTAL	24,531
	Approx. £31 million



DATA SHEET (Supplement to Project Concept Note)

Estimates of the Number of Poor in Lucknow:

The proportion of poor households varies with location in the city, and is marginally higher than average in the oldest part, or core.

For the City of Lucknow as a whole:

Total population:	1,932,000
Total households:	330,000
Total poor :	631,000
Proportion of poor people:	32.6%
Number of identified slums in Lucknow:	639*
Number of identified slum households:	114,210*

40% of the population of Lucknow live in slum areas*

*1998 State Urban Development Agency statistics

For the Core Area only:-

Total population:	554,000
Total households:	90,000
Total poor:	193,000
Number of poor households:	31,000
Proportion of poor people:	34.5%

Sanitation and Disease in Lucknow

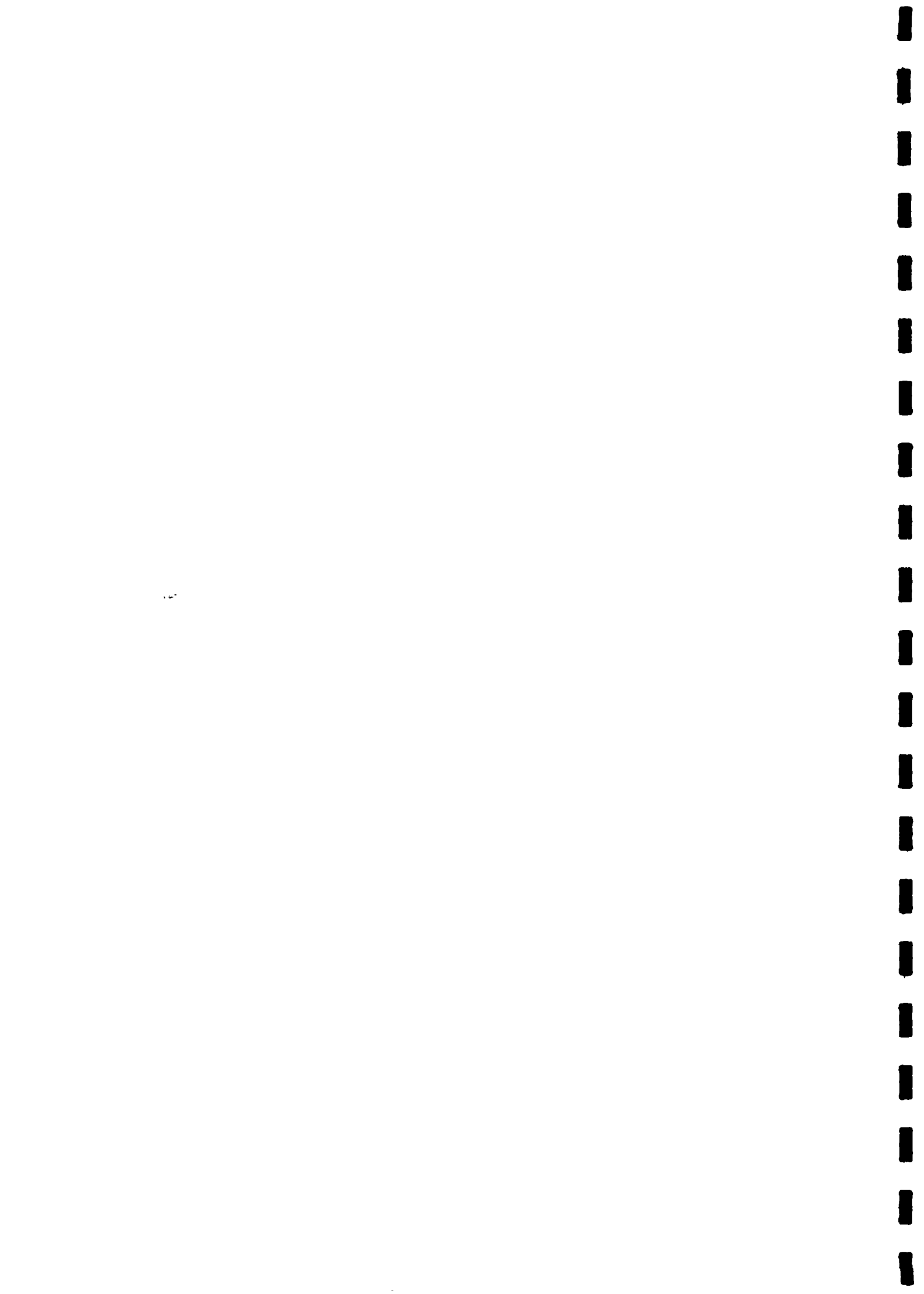
About one thousand deaths of children under the age of five from diarrhoea are reported each year.

Approximately one million cases of diarrhoea in children under the age of five are reported each year.

One in five children in Lucknow are infected with roundworm, which contributes significantly to malnutrition.

One in four children in Lucknow slums are infected with hookworm, with a substantial risk of filariasis.

Lack of sanitation facilities contributes significantly to this high incidence of disease in a city where one in eight people practice open defecation, and a further one in eight people use service latrines.



Water and Sanitation Fund for NGOs - Pre-Project Concept Note

1. Project Title: Water and Sanitation Fund for NGOs.

2. Basic Information

2.1 The primary objective of the fund will be to improve access to sustainable and appropriate water and sanitation services for the poorest and for remote areas and to test alternative approaches to the provision of services. The secondary objective will be to strengthen the capacity of local NGOs to provide sustainable and appropriate water and sanitation services.

3. Significant policy/design/implementation issues

Policy Issues

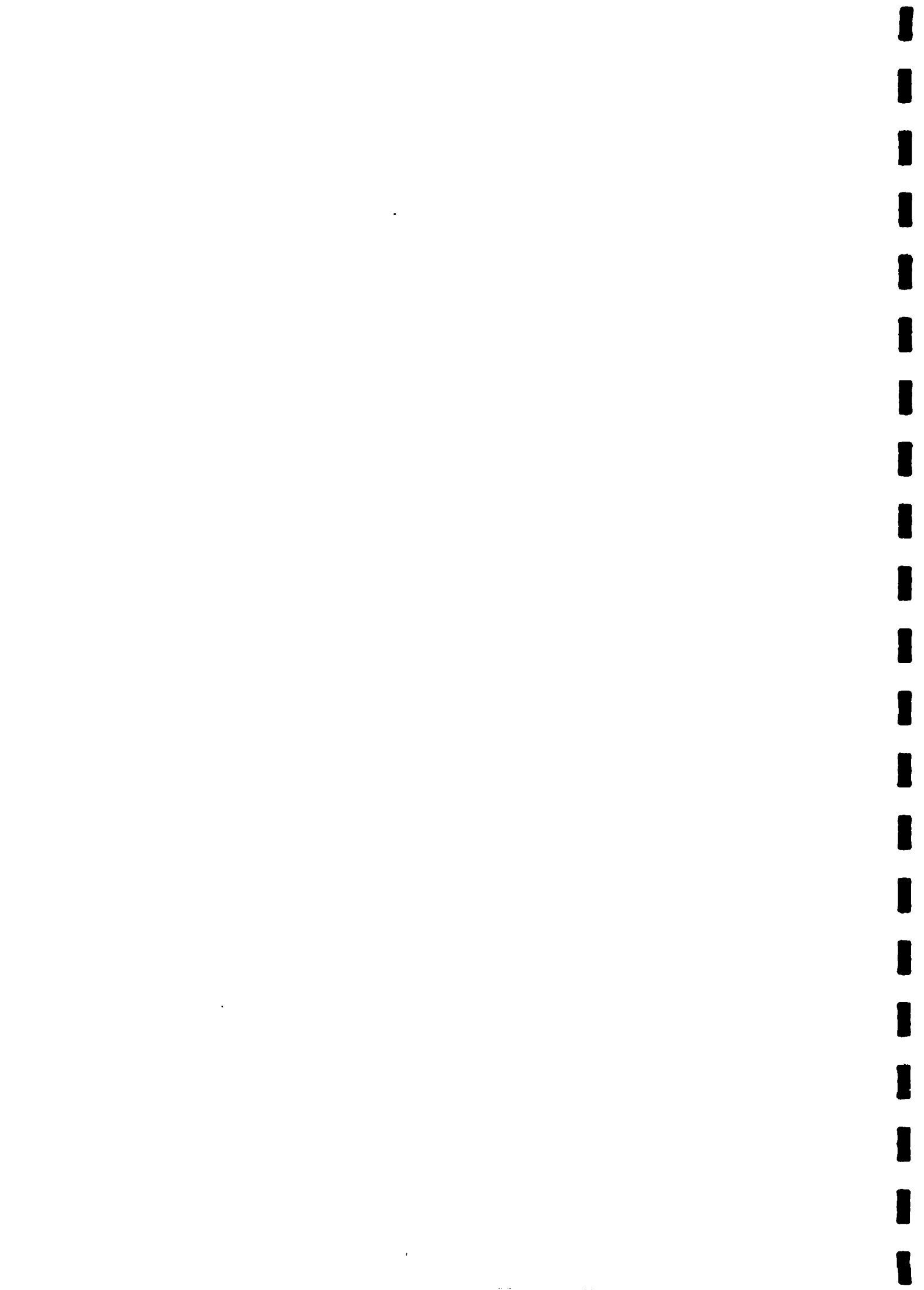
3.1 NGOs have consistently been involved by Gol in the provision of water and sanitation services through; the installation of handpumps, the digging of wells and the construction of pit latrines in rural areas. Large amounts of money have been channelled through government agencies such as the Council for Advancement of People's Action and Rural Technology (CAPART) and District Rural Development Agency (DRDA) to NGOs though with mixed impact.

3.2 The main problems have been

- poor programme design, particularly in the area of community participation;
- the lack of an integrated approach, particularly a lack of health and hygiene initiatives;
- the promotion of a supply led approach;
- poor selection of NGOs;
- little space given for NGO innovation;
- improper state-NGO partnerships including poor linkages with the state systems for O&M and relationships marked by a lack of trust and mutual suspicion;
- and inadequate funding.

The demand and capacity potentially exists with local NGOs, so that the real need is to improve on the existing models of NGO involvement.

3.3 The White Paper for International Development sets out DFID's overarching policy objective as being poverty elimination which is focused primarily on working through a direct government to government partnership.



The newly developed policy also emphasises other partnerships where government relations do not exist.

3.4 There is at present a commitment in the Indian programme to developing the idea of an NGO fund to establish alternative partnerships in states where direct bilateral relations are not possible or where there are more effective delivery mechanisms. There is agreement in principle from GoI that bilateral funds could be channelled through UK NGOs. Although the idea of the fund is still evolving, it is likely that large proposals of £1 million or more would be sought and DFID, India would aim to support NGOs where there is a fit between their programmes and the objectives to be set out in the CSP. It is within this framework that an NGO fund for the water and sanitation sector needs to be developed.

3.5 There are a large number of donors, including the multilaterals, who are now looking at NGOs as a possible alternative channel for dealing with poverty. The programmes of International NGOs in India are presently of a very limited scale - SCF's for example is only around £700,000 per annum, while WaterAid's is only around £600,000 per annum. There is, then, limited capacity among International NGOs to cope with the extra demands in the short term. There are, however, 20,000 FCRA registered NGOs in India and at least 100,000 non-FCRA registered ones. Most donors have experienced problems in establishing mechanisms for channelling funds through and monitoring the work of NGOs. The main problems have been a lack of accountability and increasing demands on management time.

Design Issues

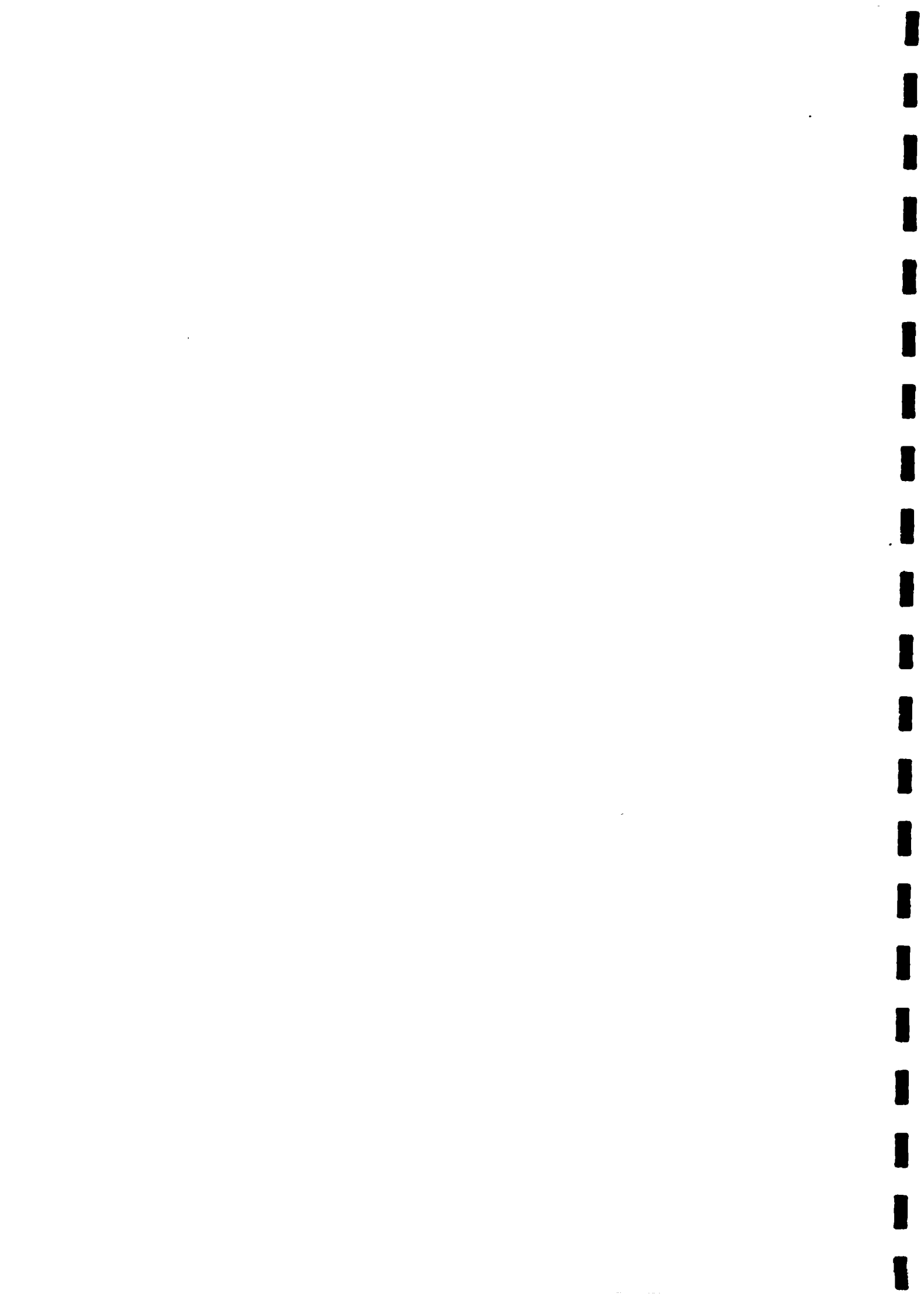
3.6 There are a range of possible options for channelling funds to local NGOs working in water and sanitation. These include:

Government society model - state government sets up a society to route funds to NGOs (eg SIFPSA in Uttar Pradesh) or central government routes funds through existing societies like CAPART and DRDAs. DANIDA has been putting funds through CAPART for local NGOs over the last 10 years.

Nodal (Indian) NGO model - central government routes funds to NGOs through a contracted nodal Indian NGO. This method is used by USAID in its Private Voluntary Agencies in Health programme.

Consortium model - a number of NGOs collect to form a consortium to fund and manage programmes through smaller NGOs. This method is used by KFW in its rural water and sanitation project in Rajashtan. DFID has experience of a similar model in Bangladesh in the Bangladesh Population and Health Consortium NGO Project.

NGO funds CBO model - An NGO creates CBOs and builds their capacities for programme implementation. The NGO funds CBOs to undertake



development work directly. This is how Plan International operates through Depalaya in Delhi. The Nehru Yuva Kendra Sangathan also operates in this manner in many districts.

NGO takes up a large area model - In this model a competent NGO is contracted to take up full responsibility for programme implementation in a district or block. Examples of these are the SEWA-Rural, which has complete responsibility for health services in one block in Gujarat and ICDS implementation by NGOs in Rajasthan.

It is also worth considering that there is considerable unmet need for water and sanitation services in urban areas. Options should, therefore, not just concentrate on rural areas but should consider work in urban areas as well.

3.7 However, the options are limited by the verbal agreement with GoI that funds should be channelled only through International NGOs. In the immediate term it would probably be easiest to buy into/support existing programmes of a number of large UK NGOs. The main possible option in the water and sanitation sector at present would be WaterAid. This support to an existing programme would allow the NGO to reallocate existing sources of funding to pursue more innovative and risky activities. Direct funding NGO programmes could potentially add:

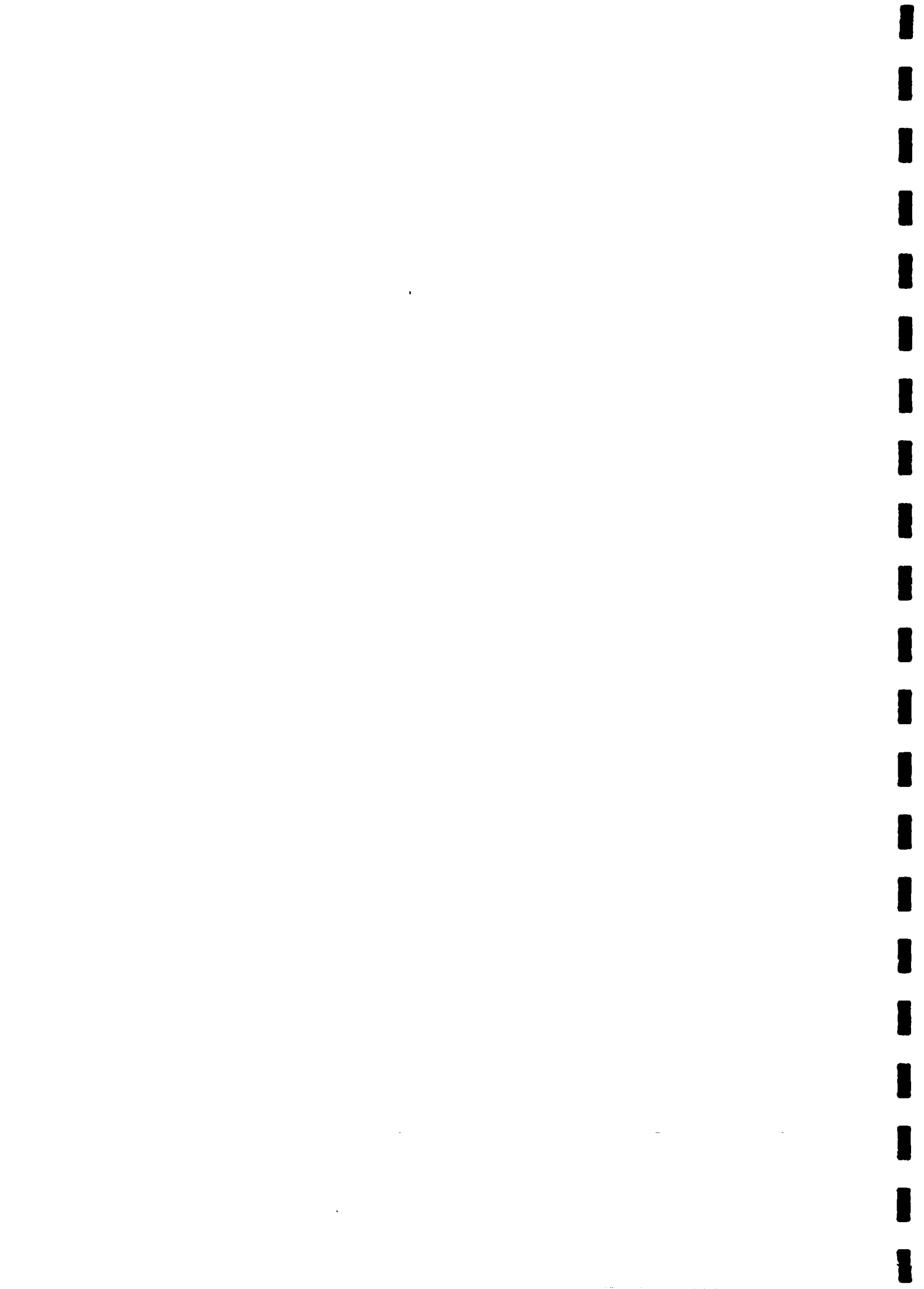
- increased focus on capacity-building of partner, local NGOs;
- increased focus on O&M that involves local authorities;
- increased contact with policy makers on issues such as O&M and sanitation subsidies;
- capacity-building and support in social issues such as poverty and gender;
- learning from other projects and wider dissemination of results.

3.8 There are a number of resources within DFID that can be drawn on in developing a Water and Sanitation Fund for NGOs. The main resource is the work done by the HPO for the Truckers Project. This includes:

- a clear and transparent system for the evaluation of NGO proposals;
- an institutionalised process for assessing the capacity of NGOs;
- standardised contracts for working with NGOs;
- reporting and accounting requirements clearly set out in contracts;
- experience of capacity-building and monitoring needs in the initial stages of programme development;
- a network of contacts and experience of working with NGOs across India.

3.9 There is also the experience of the Direct Funding Initiative of British Development Division East Africa. Some of the resources available from this experience include:

- standardised proposal formats;



- standard contracts for local NGOs acceptable to DFID;
- clear reporting and accounting formats for local NGOs;
- experience over a number of years of working directly with local NGOs.

3.10 The WSO has considerable experience of working with NGOs, both directly in Lucknow and through its partners, UNICEF and SCF. In particular the WSO has experience in contracting and managing NGOs as well as facilitating their interface with local government.

Implementation Issues

3.11 Experience of working with NGOs in India and elsewhere in DFID has demonstrated the importance of a thorough institutional appraisal of proposed partners as an important first step. Clear financial and accounting agreements need to be established before entering into a contract. There also needs to be a willingness to invest in the financial and management capacities of partners in the early stages of funding. While there is considerable expertise in DFID India generally there is, at present, limited capacity in the WSO for this kind of institutional, financial and management appraisal and strengthening.

3.12 It is likely that a fund of whatever size would have significant management implications for the WSO. Experience of the Direct Funding Initiative in Kenya shows that an annual spend of around £2.5million requires the full time attention of an NGO coordinator in addition to substantial inputs from advisers, with a particularly heavy burden on social development. To ensure transparency and accountability it is likely that there would need to be ongoing DFID involvement in the selection process as well as in monitoring, especially in the initial stages.

3.13 There are, then, two possible options:

- for WSO to take on additional resources to manage a Water and Sanitation Fund for NGOs. This would probably be a person with experience in the institutional and management aspects of NGOs. Such a person could take on the management of WSO support to UNICEF and SCF;
- to wait for the development of a central DFID, India NGO fund and look for ways to share the management responsibilities across the programme.



**URBAN ENVIRONMENTAL SANITATION AND WATER FOR INDIA:
CAPACITY BUILDING FOR NATIONAL AND MUNICIPAL DECISION
MAKERS**

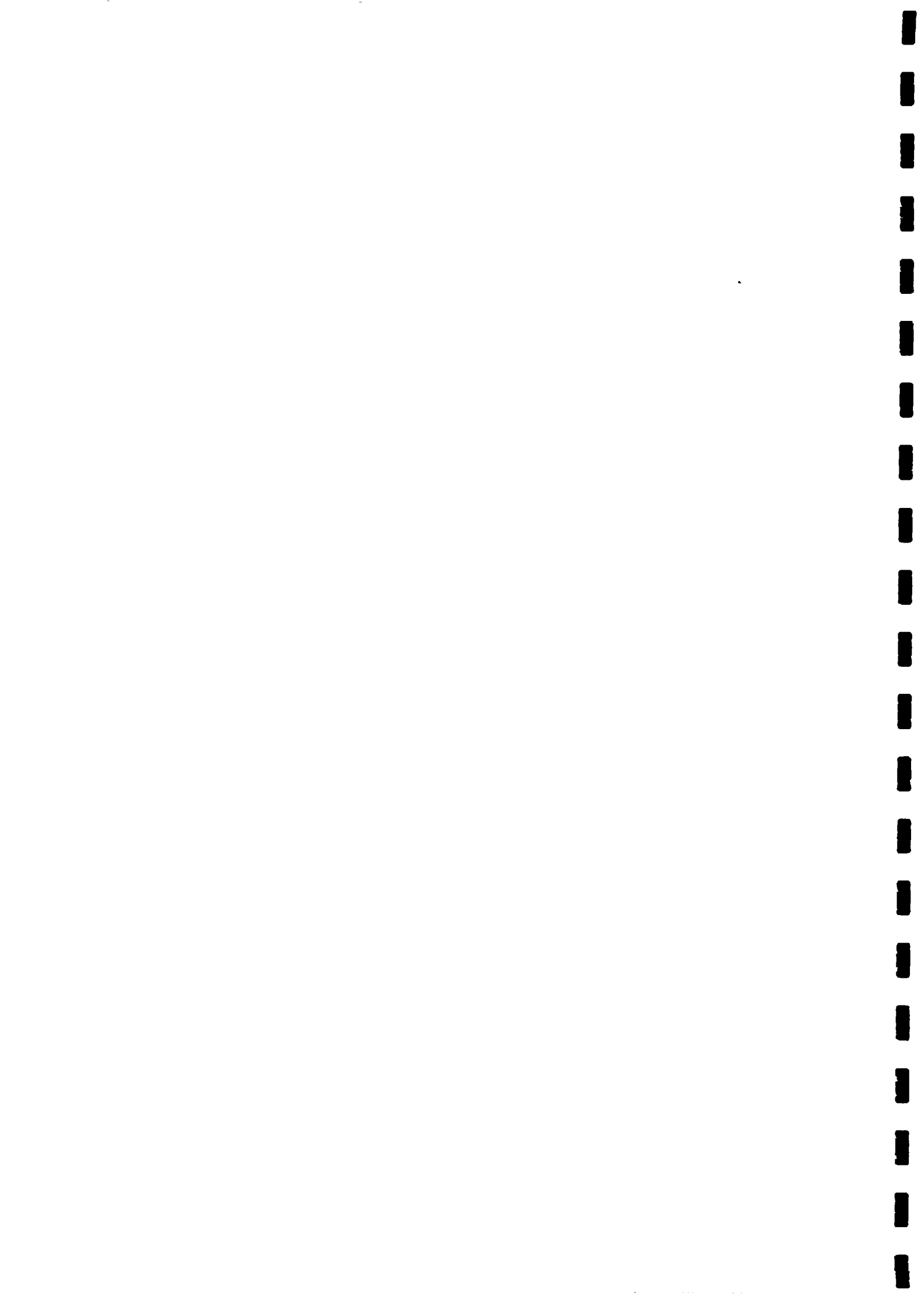
RWSG-DRAFT PROPOSAL (SUMMARY)

Over the next three years the Regional Water and Sanitation Group for South Asia (RWSG-SA) aims to build on its growing program of municipal services activities and to champion the needs and demands of poor people living in South Asia's cities and town, to ensure their inclusion in new arrangements for service provision. Ultimately RWSG-SA will develop a show-case of best practices (institutional, financial and technical) to promote financially sustainable sanitation investments which reach poor people in South Asian towns and cities. This will supplement a process of strategic thinking and policy development at the national and, more importantly, at the state level. The focus of the program will be on smaller and medium sized towns where RWSG-SA feels that it has a comparative advantage to provide practical technical and financial assistance and where the capacities of local government are weakest.

Initially the focus of the regional activities will be in India where the program will be working with local municipal governments in between three and six towns developing models for a systematic strategic planning process for urban sanitation provision. By the end of the second year the program will have carried out strategic sanitation planning in these towns and the process will have been documented in a modular form. In addition findings and experiences from across the region falling into the Program's three thematic areas (institutions, finance and technology) will have been gathered and presented at three proposed national or regional workshops.

RWSG-SA recognises that all sanitation issues need to be addressed to reach a satisfactory solution; this means that not only household latrines, sewerage, waste water treatment and sullage drainage are required but also that practical approaches to solid waste management and storm water drainage are also necessary. Further in the context of municipal service provision it is not possible to divorce sanitation planning from the planning and implementation of water supply services. Thus, while the program starts form a focus on sanitation, water is also within the scope of our approach.

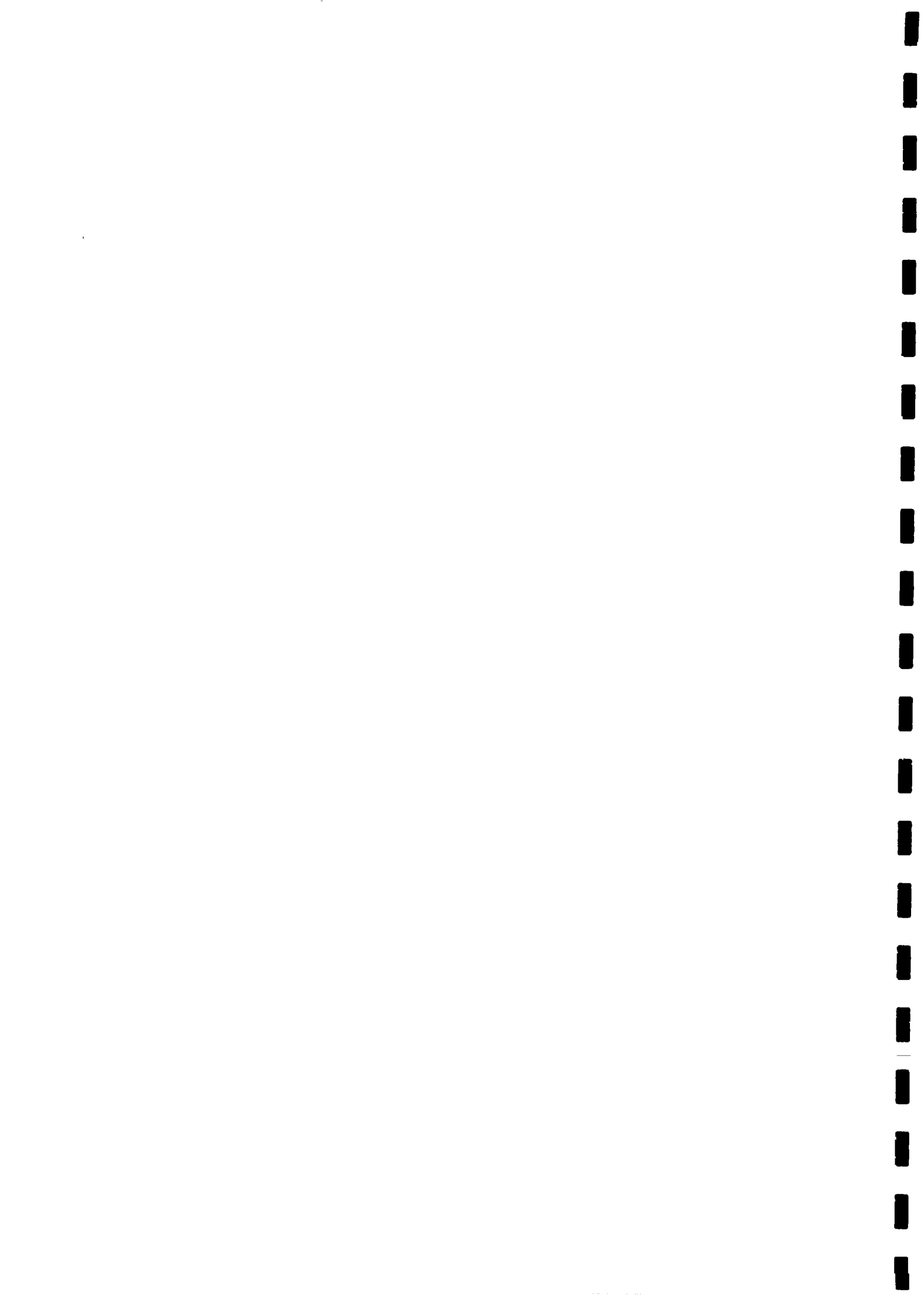
All these activities will be designed around the objectives of producing training and capacity building materials for national and municipal decision makers, for urban sanitation and water provision in the region. The target group will embrace civil society at the municipal level, including municipal managers, technical experts, non-governmental organisations, the voluntary sector, the private sector and, as primary beneficiaries, users (including and focusing on those residing within low income communities). It will also target partners at



the levels of strategic thinking and policy development, including state and central government policy and decision makes.

Materials will be developed on the basis of lessons learned and experience gained during the proposed pilot and research activities, in partnership with key sector partners and academic institutions in India, tested and further modified during the project period. This will result in the production of an RWSG-DFID publication series, including manuals, training packages, video materials and research studies. A programme of municipal level training events and state level policy workshops will be carried out to effectively deliver the lessons learned to a wider audience.

To support this ambitious plan the Program is requesting financing for the bulk of the India based activities, along with some regional staffing support and funding for relevant cross-country activities.



**Answering the Challenge - Global Water Partnership
A partnership for sustainable water resources management**

Background

The Global Water Partnership (GWP) was formally established at a meeting in Stockholm in August 1996.

GWP departs from the simple premise that there are increasing and competing demands for a diminishing resource. To manage this resource sustainably for the purpose of development it is necessary to reconcile the competing interests. This can only be achieved if the parties representing these interests engage in dialogue and agree to adjust their demand on the resource. This is what is understood by integrated water resources management

GWP promotes dialogue by creating fora at global, regional and national levels. These fora are used for debate on the Dublin/Rio principles, dissemination of knowledge on how these principles can be operationally applied in practice, exchange of experiences on water resources management and mobilisation of resources in support of sustainable practices.

The partnership is an international network open to all organisations involved in water resources management, e.g. government institutions from developing as well as developed countries, UN agencies, multilateral development banks, professional associations, research institutes, NGOs and the private sector.

GWP is funded by development cooperation agencies, so the initial focus will be on water issues in the South. In time, GWP will also address water management issues in newly industrialised countries and in developed countries.

GWP Objectives

- Support integrated water resources management by collaborating with governments and existing networks, and by foreign new collaborative arrangements,
- encourage government's, aid agencies and other stakeholders to adopt consistent and complementary policies and programmes,
- build and reinforce mechanisms for sharing information and experience,



- develop innovative and effective solutions to problems common to integrated water resources management,
- suggest practical policies and good practices based on these solutions, and
- help match needs to available resources.



Annexures - Section 4

4/Intro Current Projects in the Water and Sanitation Sector

4.1/1 WSO Organogram

4.1/2 WSO Staff

**4.1/3 Record of Water and Sanitation Office, Annual Strategic Review,
27-28 August**

4.1/4 WSO Budget

4.1/5 WSO Annual Workplan : Management

**4.1/6 WSO Annual Workplan: Strategic Issues and Project Related
Activities**

4.2/1 MRWSSP: Key issues

4.2/2 MRWSSP: Key Milestones from Project Action Plan 1998-99

4.2/3 Planned End of Year Achievement to March 1998

4.3/1 GRPCPL Phase-1: Key Issues

4.3/2 GRPCPL: End of Year Achievements.

4.3/3 GRPCPL Phase 1: Key Lessons from Phase 1

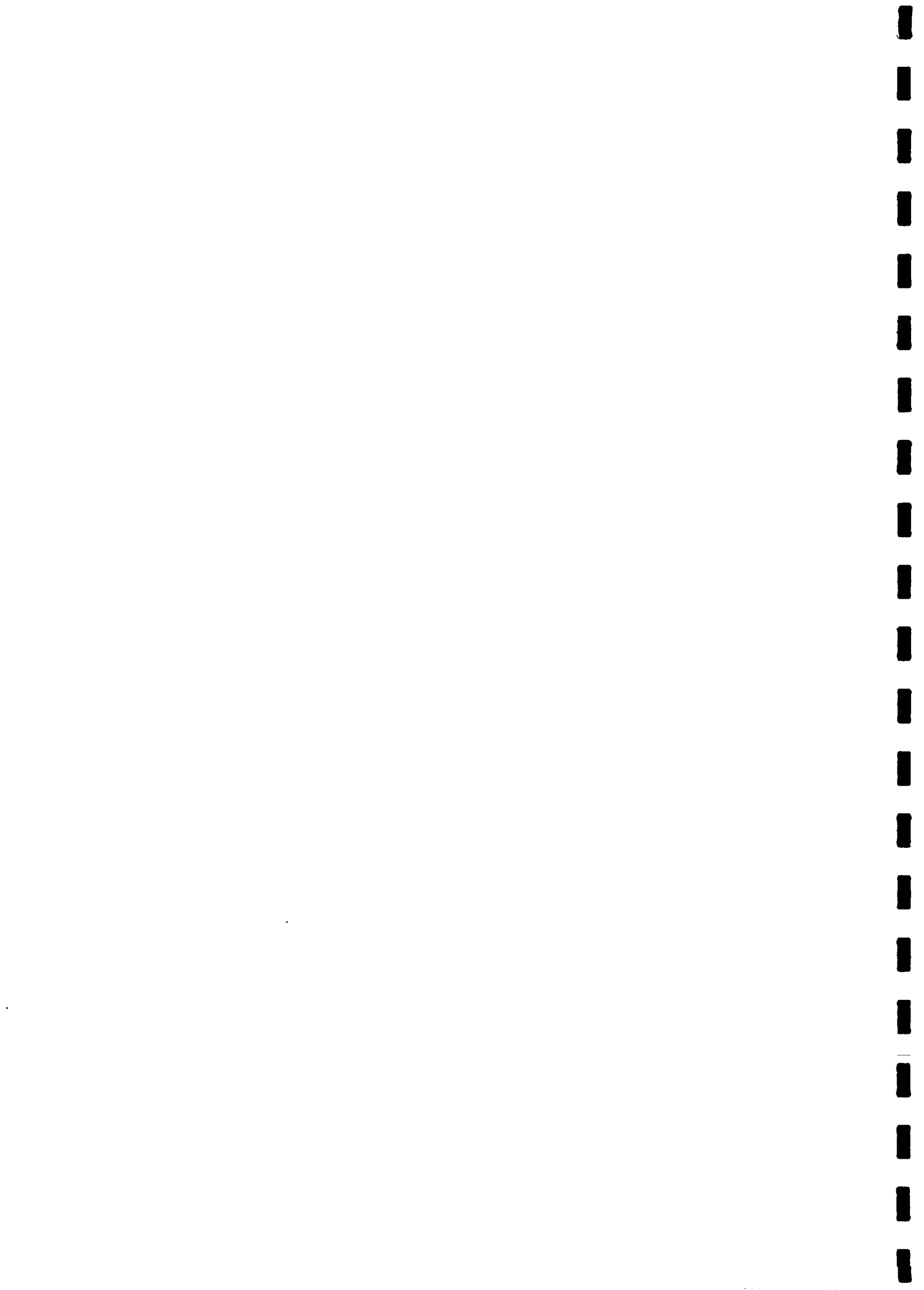
4.4/1 UNICEF - CDD WATSAN, Aide Memoire

4.5/1 SCF - Aide Memoire

4.6/1 Training, Detailed Report

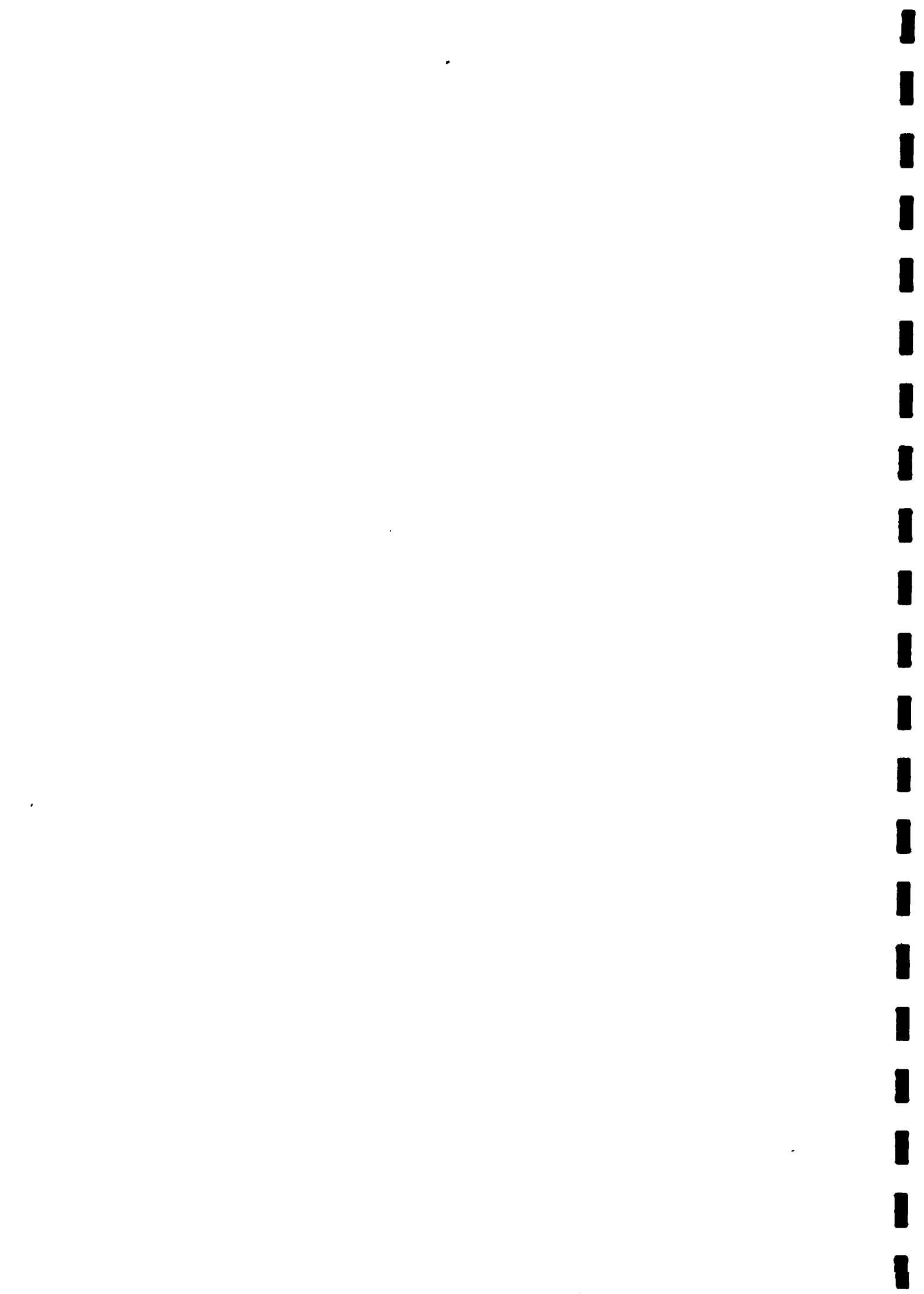
4.8/1 GAP:CBA, Summary Report

4.8/2 RWSG, Summary Report.

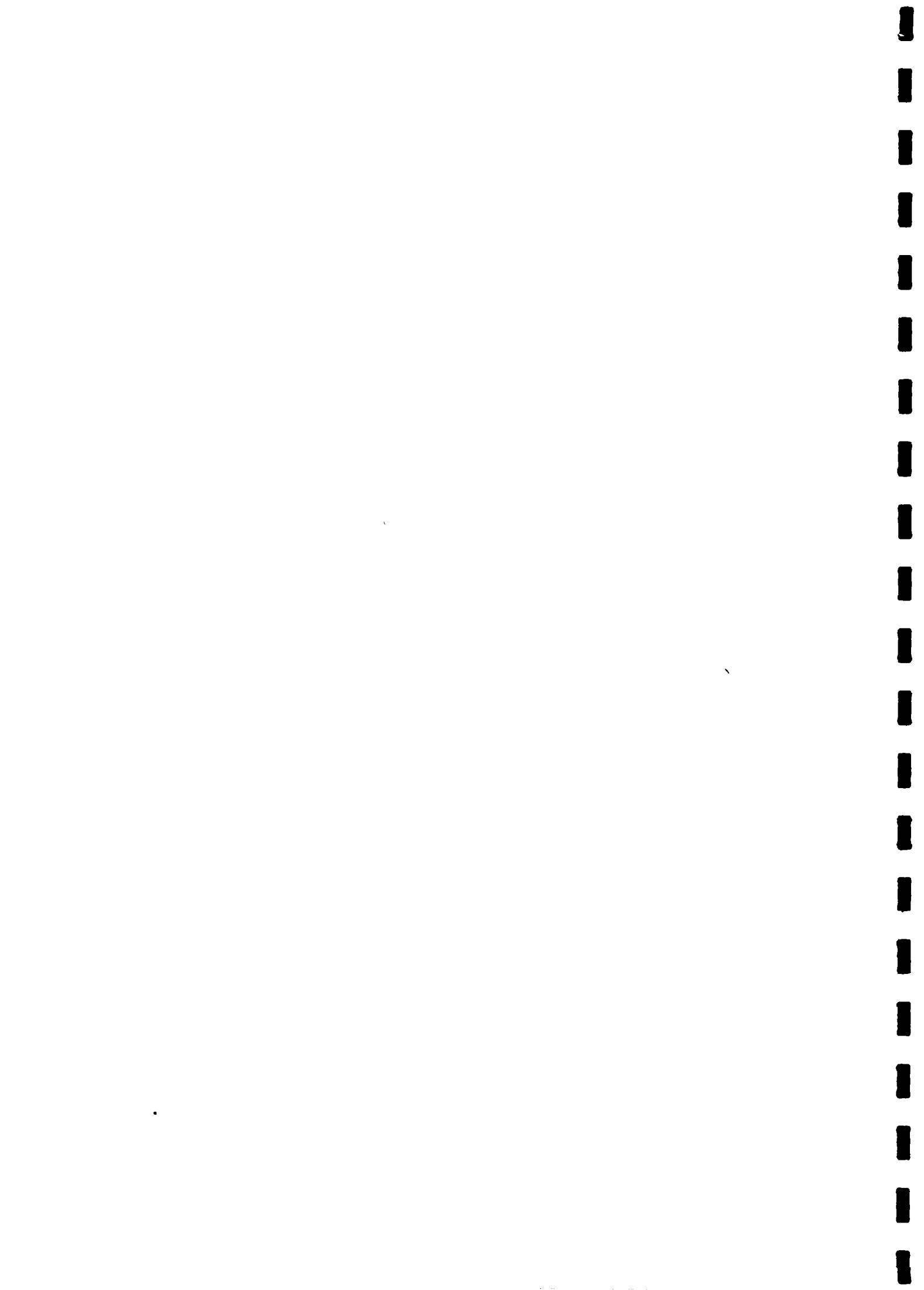


CURRENT PROJECTS IN THE WATER AND SANITATION SECTOR

PROJECT	PURPOSE	DESCRIPTION	START & END DATE	FUNDS AGREED	SPEND TO 20.3.98
				£ ms	£ ms
Gomti River Pollution Control project, Lucknow (GRPCPL)	Sustained reduction in health hazards in Lucknow City and in pollution in the Gomti River	Collaborative planning and design phase to result in appraisal of a larger phase 2 [now unlikely to go ahead]	95 - Mar. 98 Requested extension to March 1999	4 925	2 854
Maharashtra Rural Water Supply and Sanitation Project (MRWSSP)	Sustained supply of clean water round the year in upto 210 villages	Four piped water supply schemes to 210 villages and one small town, with community participation, health education, sanitation, training	91 - Sept 98	16.460	10 231
UNICEF CDD Watsan (Orissa & West Bengal)	Sustainable reduction in morbidity from diarrhoeal diseases	Improving access to and use of sanitation and safe water facilities and encouraging better practices for diaorrhea prevention and management in 3 Districts	95 - Mar. 99	3 434	2 303
SCF, Kalahandi Water & Development project	Sustainable and replicable model developed for provision and use of water in remote areas	Establishing water user committees; construction through local NGOs; and training of local repair teams	95 - Dec 98 Likely to seek an extension of up to 1 year	0.708	0 160
World Bank - UWSS Sector Strategy Study	To establish a strategic framework with recommendations for managing and investing in India's water sector	Improved fiscal management in conjunction with policy and institutional reform	1997	0 260	0 170



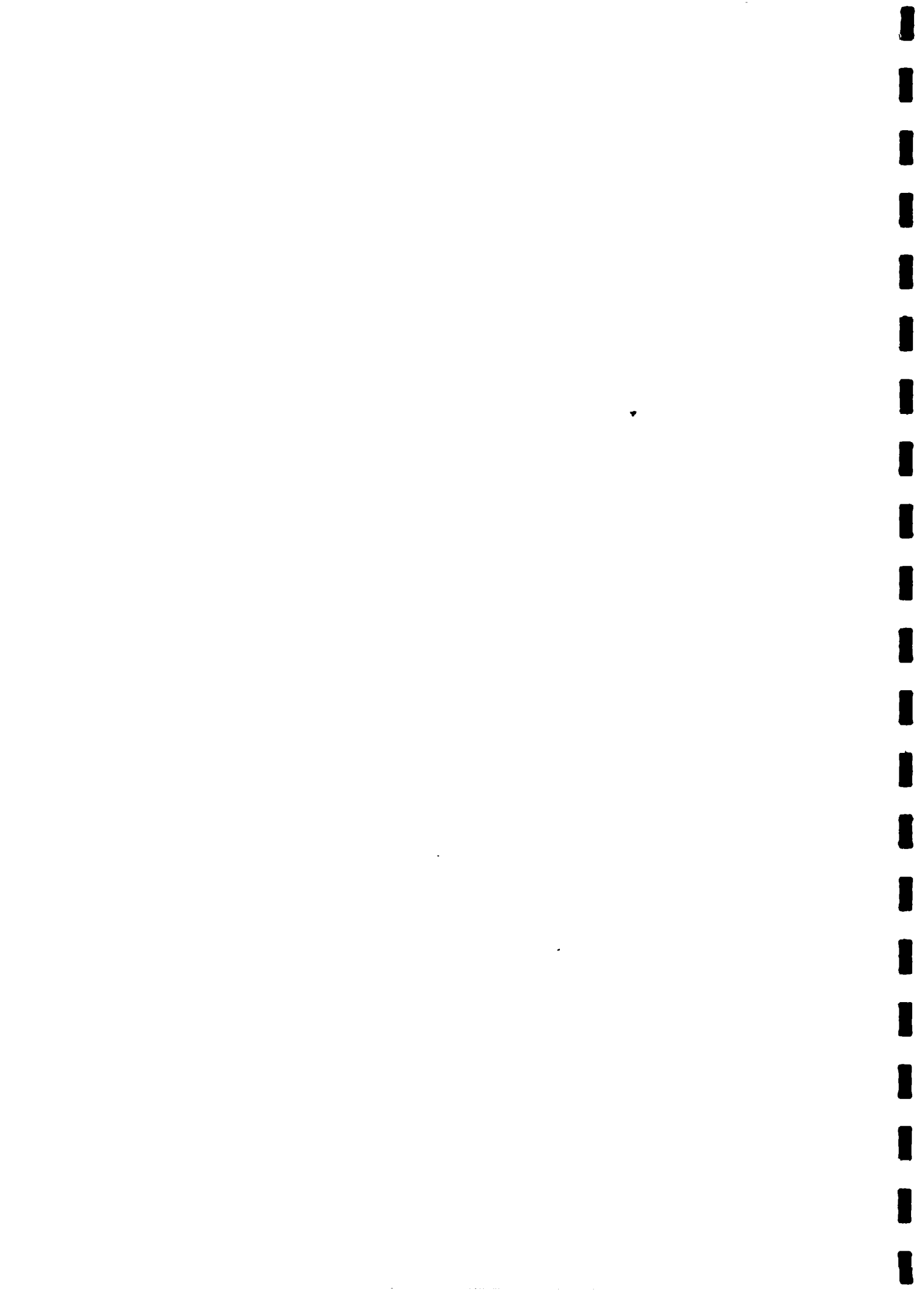
PROJECT	PURPOSE	DESCRIPTION	START & END DATE	FUNDS AGREED £ms	SPEND TO 20.3.98 £ ms
Ganga Action Plan, Cost Benefit Analysis	The study is designed to provide such a comprehensive analysis of the costs and benefits of the GAP Phase 1.	The study attempts and attach monetary values, to the impacts of the GAP	1995 - 1997	0 125	0 081
Waste Stabilisation Ponds Manual	Improved low-cost waste water treatment in India	Development of a waste stabilisation pond design manual for India, and presentation of this manual at a series of workshops	96 - May 98	0 035	0 024
Ground Water Development Course	To better equip water sector personnel to make informed decisions on the utilisation and presentation of groundwater resources	The provision of an annual training course by GJT1 and SWK, initially with a UK leg, aimed at superintending and executive engineer level. Now fully transferred to India	1991-1997	0 480	0 473
MDSUPHO	Preparation of a cadre of managers and trainers who are aware of and committed to the need for change in the sector	The provision of an annual training course at WEDC in the UK and ASCI, Hyderabad aimed at superintending engineers, in partnership with MUAE	1991-1999	0.430	0 326
Solid Waste Management Course	To improve environmental management in urban areas	Training for professionals in solid waste management, development of training capability, and transfer of the training activities wholly to India	Apr 93-Oct 96	0 432	0 316



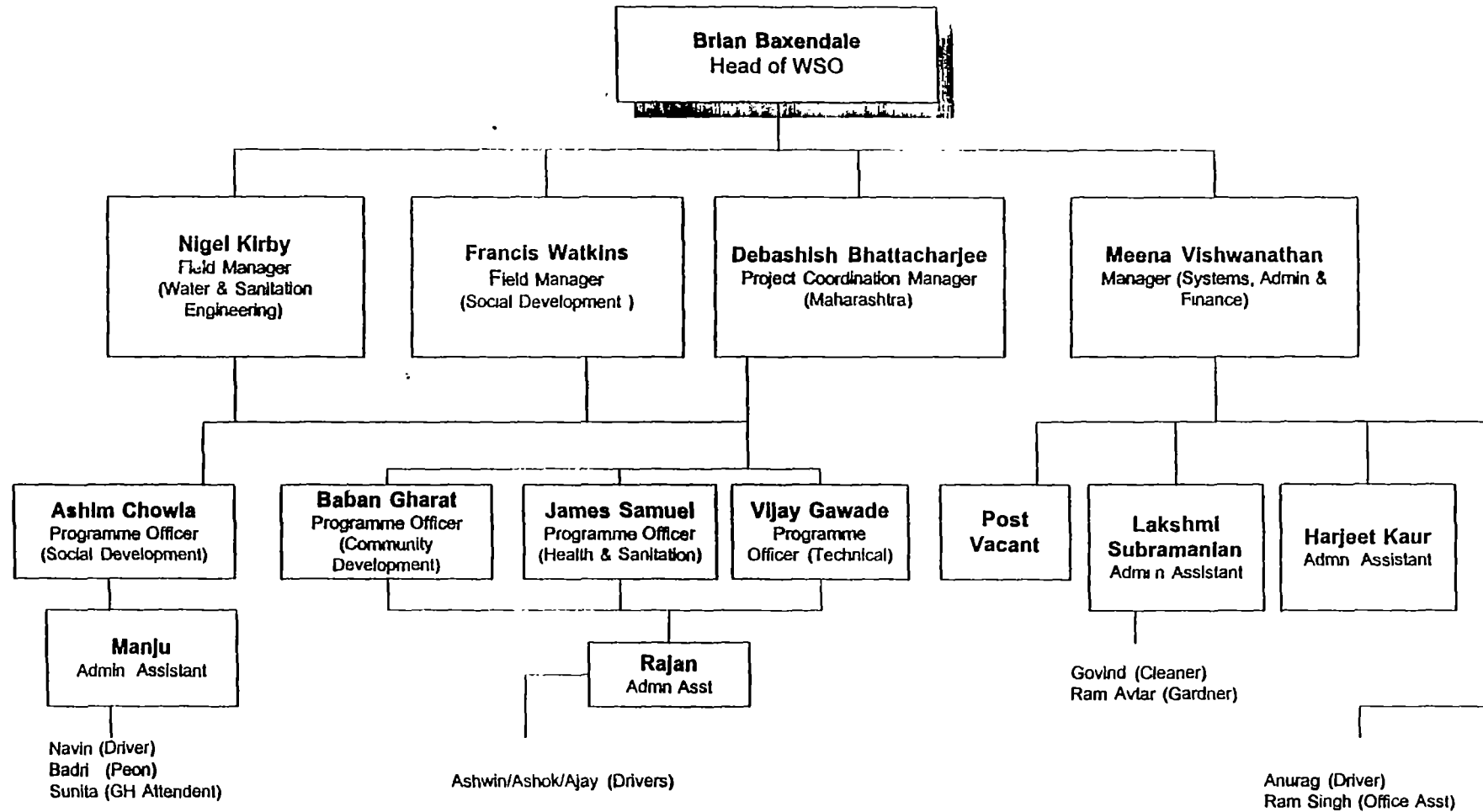
Joint Evaluation of UNICEF Project	To look at the way UNICEF programs work to influence government, and to develop DFID/UNICEF partnership	Joint evaluation review of UNICEF programmes in Andhra Pradesh and Karnataka	1996-1997	0 080	0 073
Human Resources Development (World Bank)				0 441	0 438
Rural Water Development				0 450	0 148
Management for Sustainability Training	To introduce the concepts of an integrated approach and objective orientated project planning to the sector in India	Course provided by IRC + NRTC, Maharashtra for planning level government staff from various backgrounds	94- Aug 97	0 235	0 120
Varasnasi Sewage Treatment Plant	Improved operations and maintenance of Varanasi sewage treatment plant	Support and training to UF Jal Nigam to improve the operations and maintenance of diesel generator sets at Varanasi	1995-1997	0 258	0 329
Knowledge and Research (co-funding)	see text	Co-funding of six knowledge and research projects (see text)	Ongoing	1 749	0.209
India Water - General				1 804	1 804
Water FMO	To assist DCOD by contributing towards the achievement of DFID's Departmental objectives in Water Sector as per CSP	Field management of water and sanitation projects, development of sector themes	Apr 96-Mar 99	1 850	1 034

Total estimated expenditure 1996/97 = £4.9 million

Total forecast expenditure 1997/98 = £4.6 million



DFID, WATER & SANITATION OFFICE

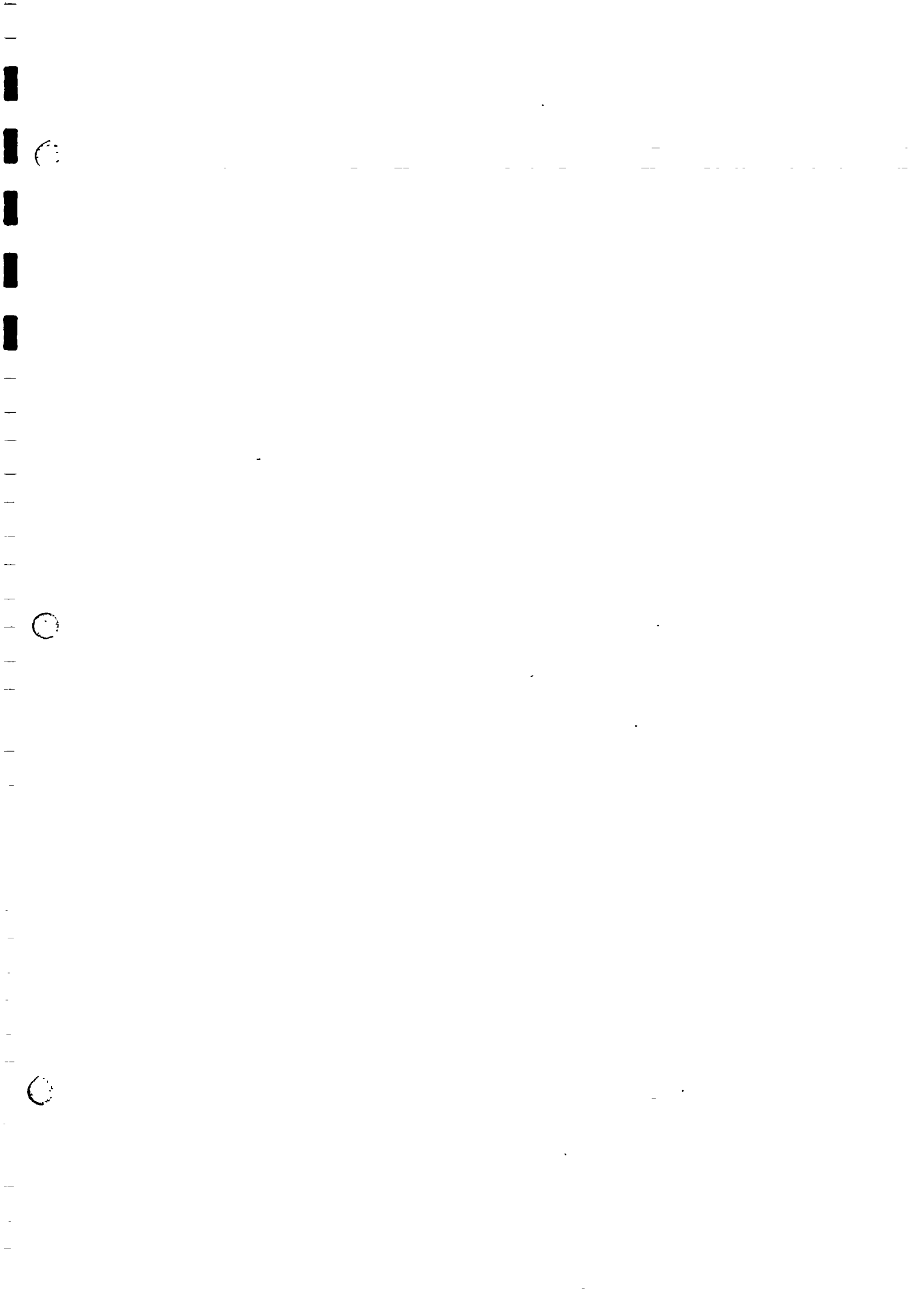


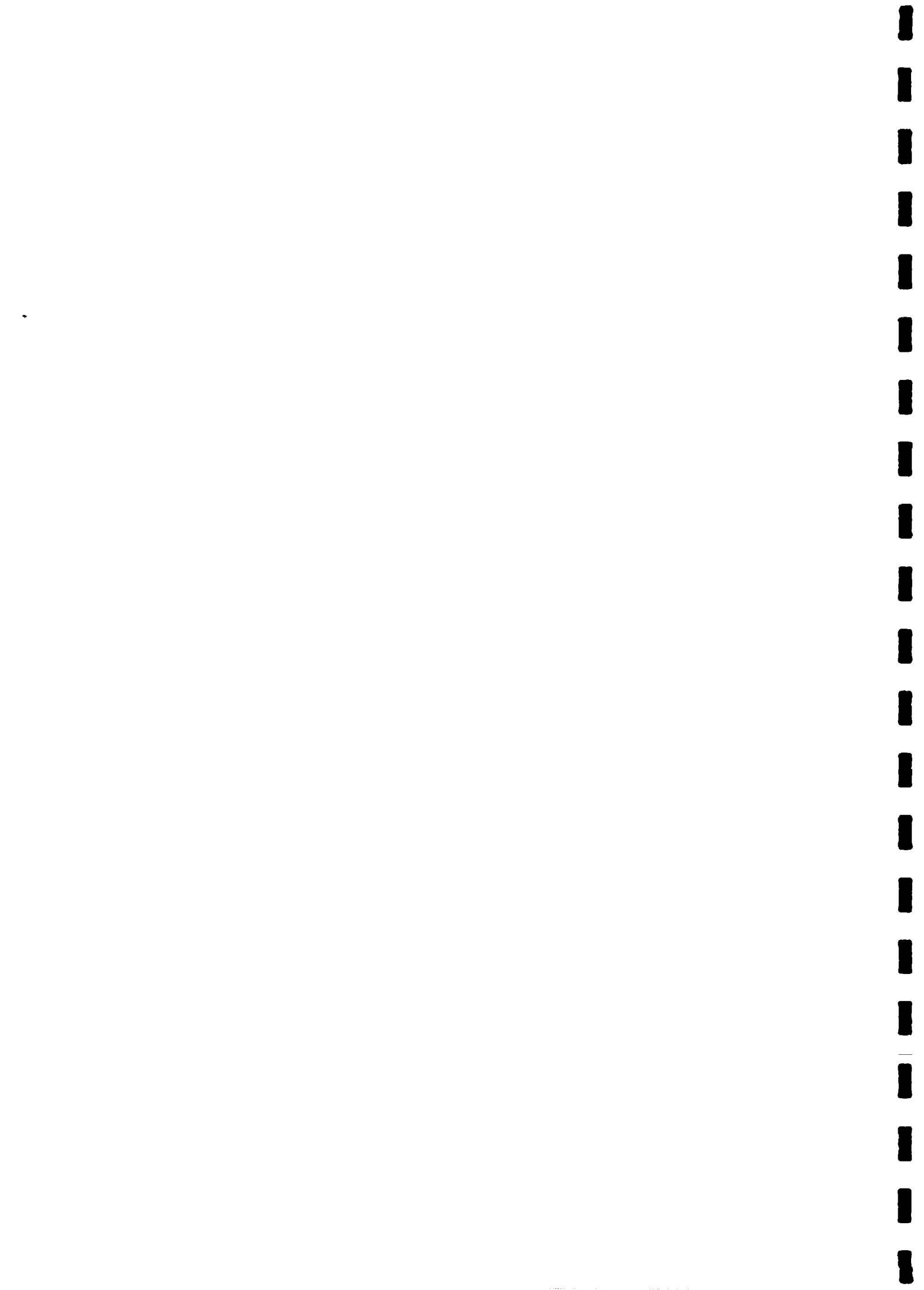
WSO Support Office, Lucknow

WSO Support Office, Nasik

March 98







Annex 4.1/2

WSO STAFF

Name	Designation	Grade	RO	CO	Contract details
B Baxendale (BB)	Head of WSO	A1	CMA	RJ	Jan 98 - Jan. 2000
N. Kirby (NK)	Field Engineer, WS Engineering	A2	BB	CMA	Apr 97 - Mar 99
F Watkins (FW)	Field Manager, Social Development	A2	BB	PH	Oct. 97 - Sep 99
D Bhattacharjee (DB)	Project Coordination Manager	LE (I)	BB	CMA	Dec. 96 - Nov 99
M. Vishwanathan (MV)	Manager (Systems, Admin & Finance)	LE (II)	BB	BB	Nov 94 - Nov. 98
L Subramaniam (LS)	Administrative Assistant	LE(IV)	MV	BB	Jun 95 - Jun 98
Harjeet Kaur (HK)	Administrative Assistant	LE(IV)	MV	BB	Sep 97 - Aug 98
Local Support Office, Lucknow					
Ashim Chowla (AC)	Programme Officer/Field Representative	LE(II)	NK/FW	BB	Jan 96 - Jan 99
Manju Yadav (MY)	Administrative Assistant	LE(IV)	AC	NK	Dec 96 - Jun. 98
Local Support Office, Nasik					
Baban Gharat (BG)	Field Representative	LE(II)	DB	FW	Dec. 92 - Dec. 98
James Samuel (JM)	Health & Sanitation Coordinator	LE(II)	DB	FW	Jun. 94 - Dec. 98
Vijay Gawade (VG)	Field Engineer	LE(II)	DB	FW	Dec. 92 - Dec. 98
Rajan Shekharan (RS)	Administrative Assistant	LE(IV)	BG	DB	Jan. 97 - Jan 98

Notes: RO = Reporting Officer
CO = Countersigning Officer
CA = Chris Athayde
PH = Phil Harding
RJ = Dick Jones



Record of Water and Sanitation Office
Annual Strategic Review
27-28 August

Annex 4.1/3

Summary of action points:

Progress against objectives:

Action

1. Mr Mellor would send the guidance on IT Security to Mr. Curtis and to Ms. Vishwanathan (and to Ms Menezes, UPO), and would also confirm agreed levels of service for support by ISD to overseas sites.

Completed.

Financial monitoring.

2. Mr. Mellor, Ms. Raj, Mr Kirby and Ms. Vishwanathan would consider what further information was required. Ms. Raj/Mr Mellor would discuss the issue with the UPO. If the problem was systemic then they would take it up with Information Systems Department (ISD) and Accounts Department.

Awaiting new resource accounting

3. All project reporting should be sent to the desk; all issues based reporting should be sent to a lead adviser as well. However it extra work was required as a result of any report then this should be cleared with the desk.

Note/ongoing

4. Mr Grose would forward a copy of the draft HPO logframe to Dr Athayde for dissemination.

Received

5. Workplans in the Annual Report would be revisited in the light of the ASR discussion and the subsequent Sector Strategy Review (SSR).

Completed

6. Mr Van Heesewijk would advise on DCO model reporting format - in particular being clearer about achievement of previous workplans indicating any slippage or early completion of activities.

No action taken

7. It was agreed that the WSO would develop a revised draft logframe at their forthcoming mid year planning workshop.

Ongoing

8. The WSO Annual Report for April 1997 - March 1998 would include a new log frame; a report of achievements against the work plan; and a list of the key achievements.

Completed

9. Field Managers needed to achieve an appropriate balance between management support, and providing specialist advice. The management system should be kept under review.

Noted/ongoing



Future Staffing

10. The skills mix of the office would be subject of further consideration by Mr Curtis and Dr Athayde. Ongoing/see report.

Role played by Local Support Offices

11. The continuation of LSOs would need to be kept under review in the light of requirements for development of new projects. Ongoing/see report.

Strategic Themes: Gender

12. The WSO should discuss their Gender Strategy with Social Development Advisers and, in the light of this discussion, the WSO would draw up an action plan. Completed.

Strategic Themes: Health

13. Health objectives would usually be expressed at purpose and/or goal level of projects in the Water and Sanitation Sector. Noted/ongoing

14. The DCOD/WSO would look into developing or strengthening in country resources in health and related hygiene promotion issues. Ongoing/see report

Strategic Themes: Economic

15. The WSO would seek to address the lack of local expertise in Contingent Valuation Methodology (CVM) and "Willingness to Pay (WTP)." Ongoing/see report

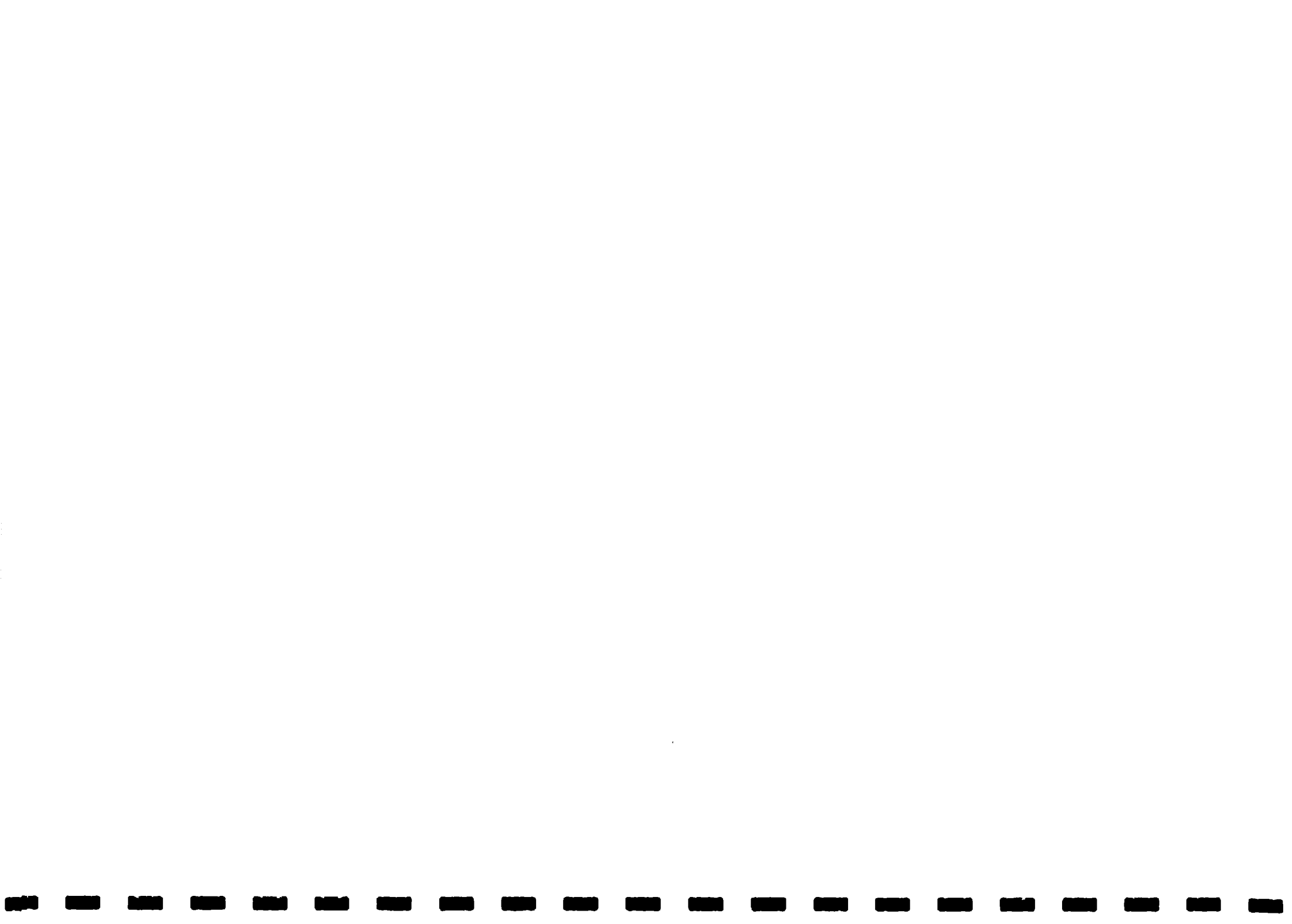
Gomti River Pollution Control Project at Lucknow (GRPCPL)

16. It was agreed that the WSO would seek a meeting between the DCOD and the Chief Secretary/Chief Minister of UP within the next two weeks. This meeting would need to discuss the practical implications of the conditions set out in the Review Aide Memoire. Completed

17. It was agreed that the WSO would consider which of the conditions in the Aide Memoire would require technical assistance to fulfil. Completed

18. Hindi copies of the Master synopsis should be circulated widely, including to the Mayor of Lucknow. The summary should make clear the financial implications of the Masterplan. Ongoing

19. The GoUP would be allowed to engage a consultant to assist them in completing the Masterplan. Previous consultants used.



20. The WSO would give some consideration to possible components in a city based environmental infrastructure project. Ongoing/see report.

Maharashtra Rural Water Supply and Sanitation Project (MRWSSP)

21. The WSO would draw a proposal for taking forward the impact assessment work showing how the project had impacted on the poor. Completed

22. Dr Athayde and Mr Van Heesewijk would visit the project (possibly wb 20/10) to monitor the handing over the village schemes. Further, the Annual Review would be held in February (possibly wb 2/2) Completed

UNICEF - CDD WATSAN

23. UNICEF would draw up an itinerary for the mid-term Review for approval as soon as possible. Further the WSO would make the next six-month report on the project available to the review team. Completed

Training Projects

24. It was important to review the training program on the light of Management Development for senior Urban Public Health Officials (MDSUPHO), Ground Water Development and Solid Waste Management. The WSO would draw up Terms of reference with Mr Wray. Possible impact reviews of the Groundwater Development and Solid Waste Management Courses will await clearer direction in the sector. Completed/see report

25. The training course on Urban River Corridor Management would not be continued since this did not fit with the strategy. Completed

World Bank - UWSSS Strategy Study

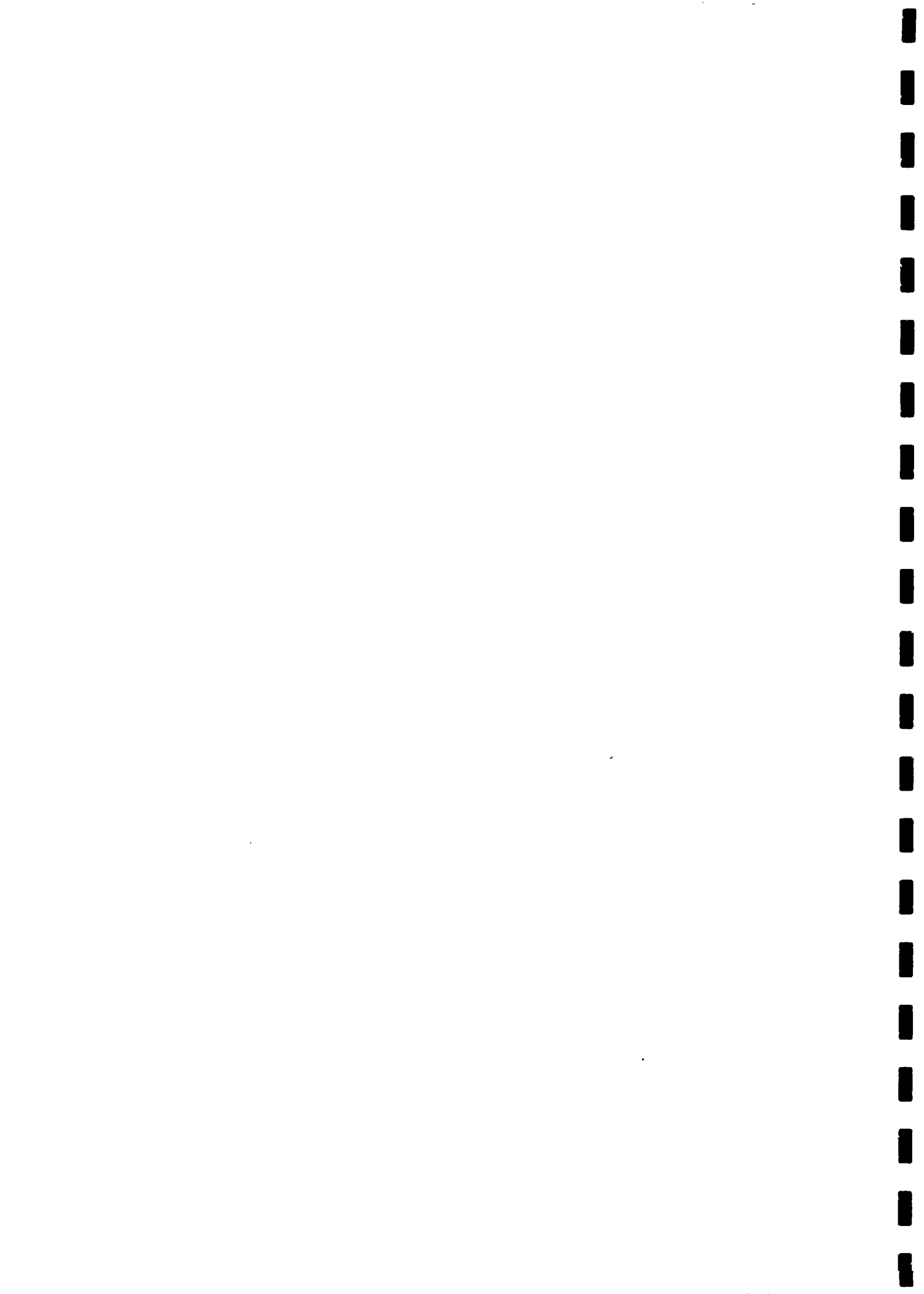
26. Workshops were planned for November and January. It was agreed that Mr Curtis would inform Dr Athayde of the details in due course. Completed

Technology Development and Research (TDR)

27. There should be closer links between related TDR and the WSO. Ongoing/see report

Other

28. There was a possibility that the UNDP/World Bank Regional Water and Sanitation Group (RWSG) would seek an extension of support for Barbara Evans attachment. The WSO would submit a case for continued funding. Submitted/see report.



WSO Budget

1997/98 Budget-Costs

The agreed budget for WSO for 1997/98 was £583,800. The overall actual expenditure to end February 1998 was £468,731 and that estimated for end March is £504,700 which is 82% of the total budget. All rupee expenditure for 1997/98 has been converted at £1 = Rs 58.

Budget and expenditure details for 1997/98 attached as Annex A

Overspends

Office Costs

- Utilities : Due to increased costs in electricity rates
- Telecommunication: Due to costs of the email link previously routed via DCO
- Miscellaneous : spent on office supplies, books and periodicals, external photocopying (colour), photocopying charges and postage
- Vehicle Running Cost : Vehicle being a 2nd hand, various important parts needed to be changed.

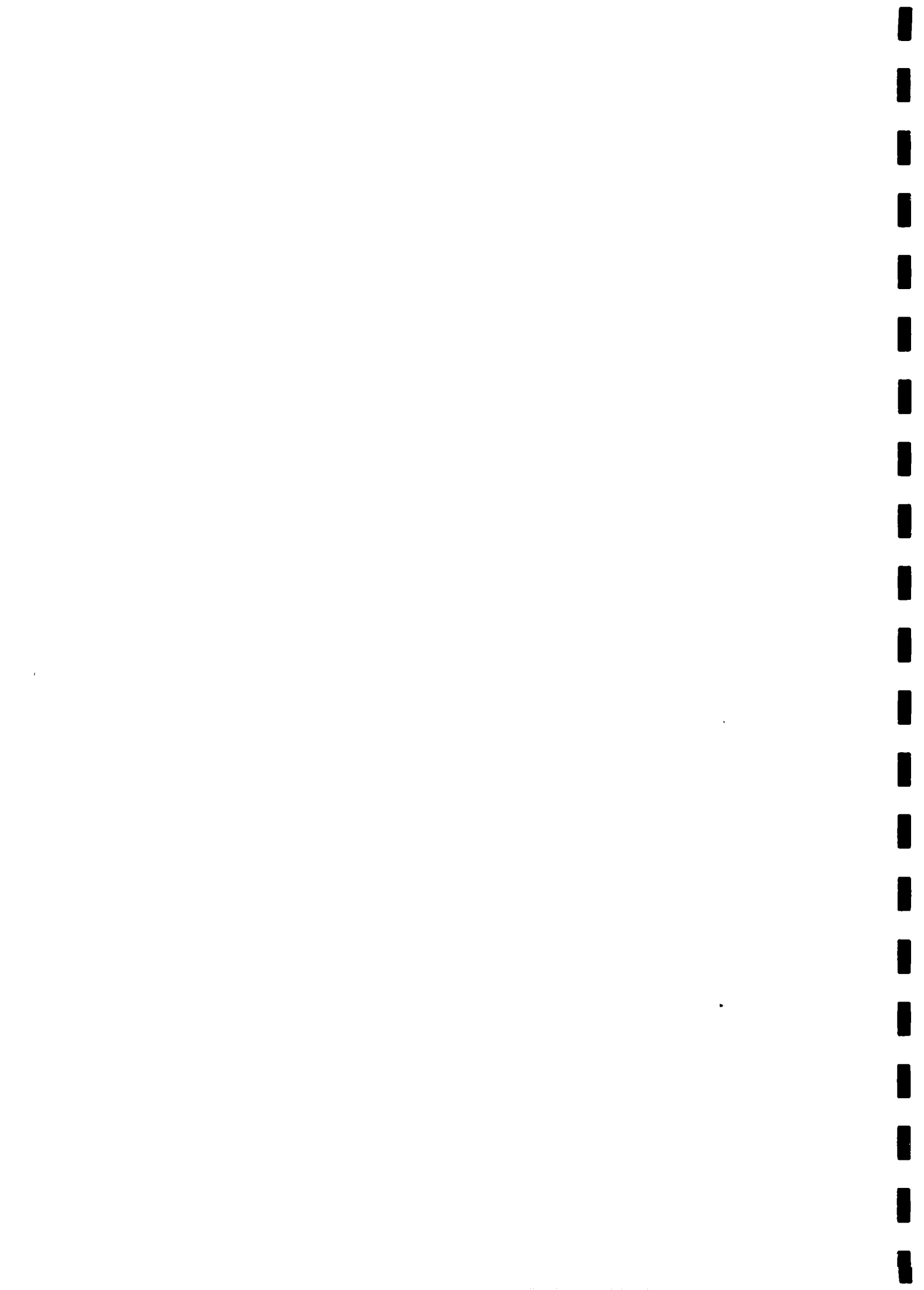
Housing Costs

- Furniture and Maintenance : Two TCOs joined in the middle of 1997. Expenditure was towards new furniture and renovation costs.

Consultants

- Local Consultants : Includes additional work which was not originally anticipated such as Archana Patkar's Gender Consultancy, JPS Associates's Water & Sanitation sector Review Consultancy, TARU's Anti Enrichment Consultancy.

These overspends have been offset by **underspends** in House Rent, LE Medical, LE Training, Stationery, Equipment, FMO staff to UK and Leave Travel where the spending is below 50%.



1998/99 Budget-Forecast

The lack of access to up-to-date MACSTATS creates major uncertainties and inaccuracies in the budgeting process. Expenditure are discovered to have been placed against the wrong MIS codes by Post and HQ Administration.

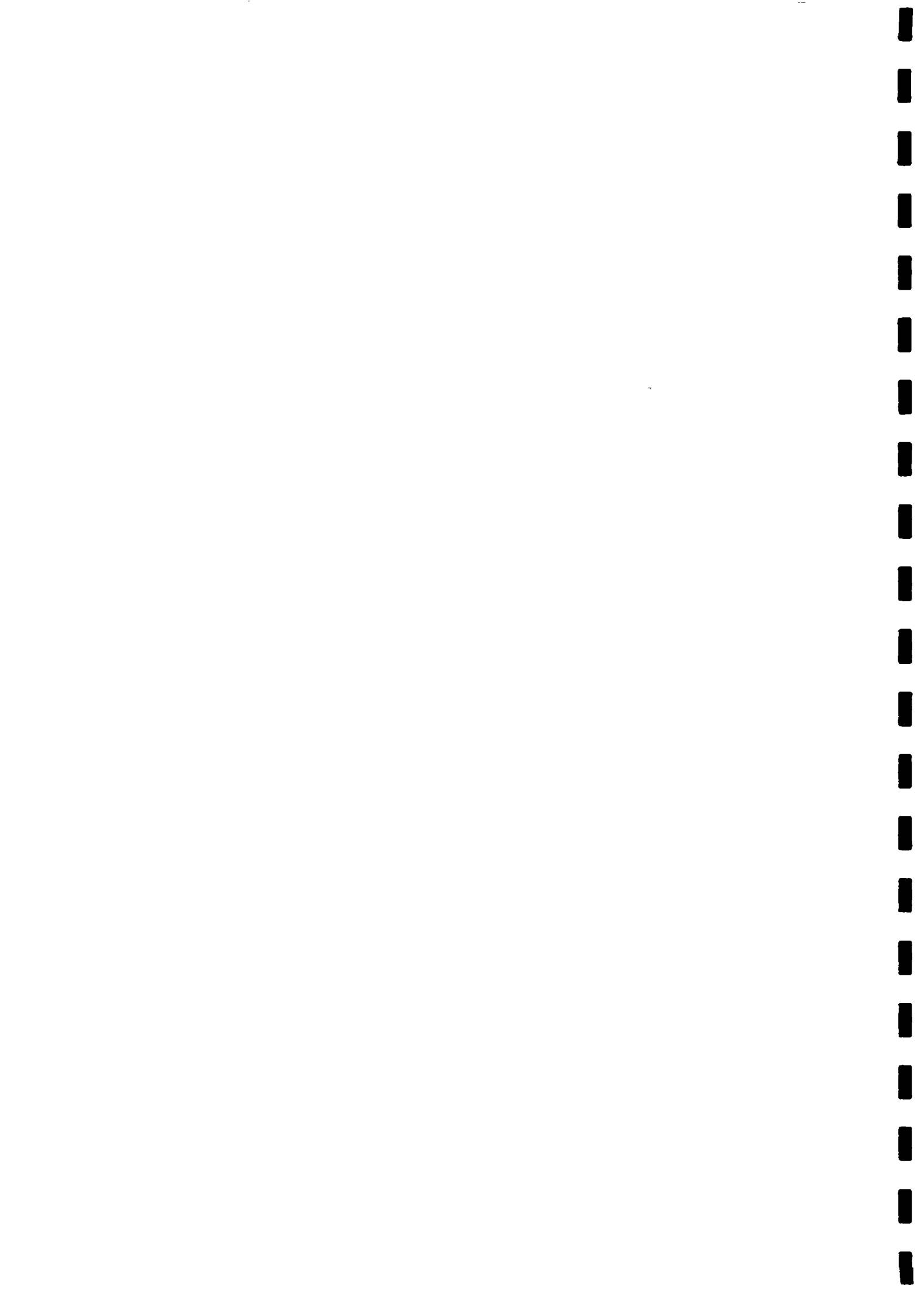
1998/99 budget forecast attached as Annex B

Office Costs

- Rent for office premises at B2 Anand Niketan, shared at 45:55 ratio between WSO and UPO, has been estimated for a 2 year period. The negotiation for extension of the lease is underway at present. The rent is likely to be increased by 25%. A provision of £90,000 has been made for this.
- Utilities : Based on previous costs, with increase to take account the increasing unit costs of electricity.
- Telecommunication : Budget has been increased to £30,000 to reflect the higher cost of telephone charges and ISD email link.
- Maintenance, Stationery, Entertainment and Miscellaneous retained at last year's level of expenditure.

Housing

- Rent:- Current lease for Francis Watkins' accommodation expires in Sep98 and that of Brian Baxendale's in June98. Provision for rent for these have been made for 2 years at a total cost of Rs 84,00,000 which equates to £140,000.
- Maintenance:- Based on previous costs, with increase to take into account of renovation of Brian Baxendale's accommodation. Provision of £7,500 has been made for this.



Equipment :

Details for office equipment are as follows:

Payment for photocopier (ordered in 97/98)	£ 7,500
Additional Furniture	£ 500
Computer Equipment	£ 1,500
Air conditioner	£ 1,500
Total	£11,000

Training

Based on training needs for TCOs and LE Staff.

Duty travel and subsistence

Based on requirements for visits to projects with reference to previous year's expenditure.

Leave travel covers all international travel (apart from Breather Breaks which are reimbursed in UK), made by the TCOs in WSO and paid in Delhi either through post account or the imprest.

Local Staff

Local staff costs are based on current staffing levels with provision for additional administrative support and possible LE 1 Project Officer.

Medical has been charged at 4% of salaries.

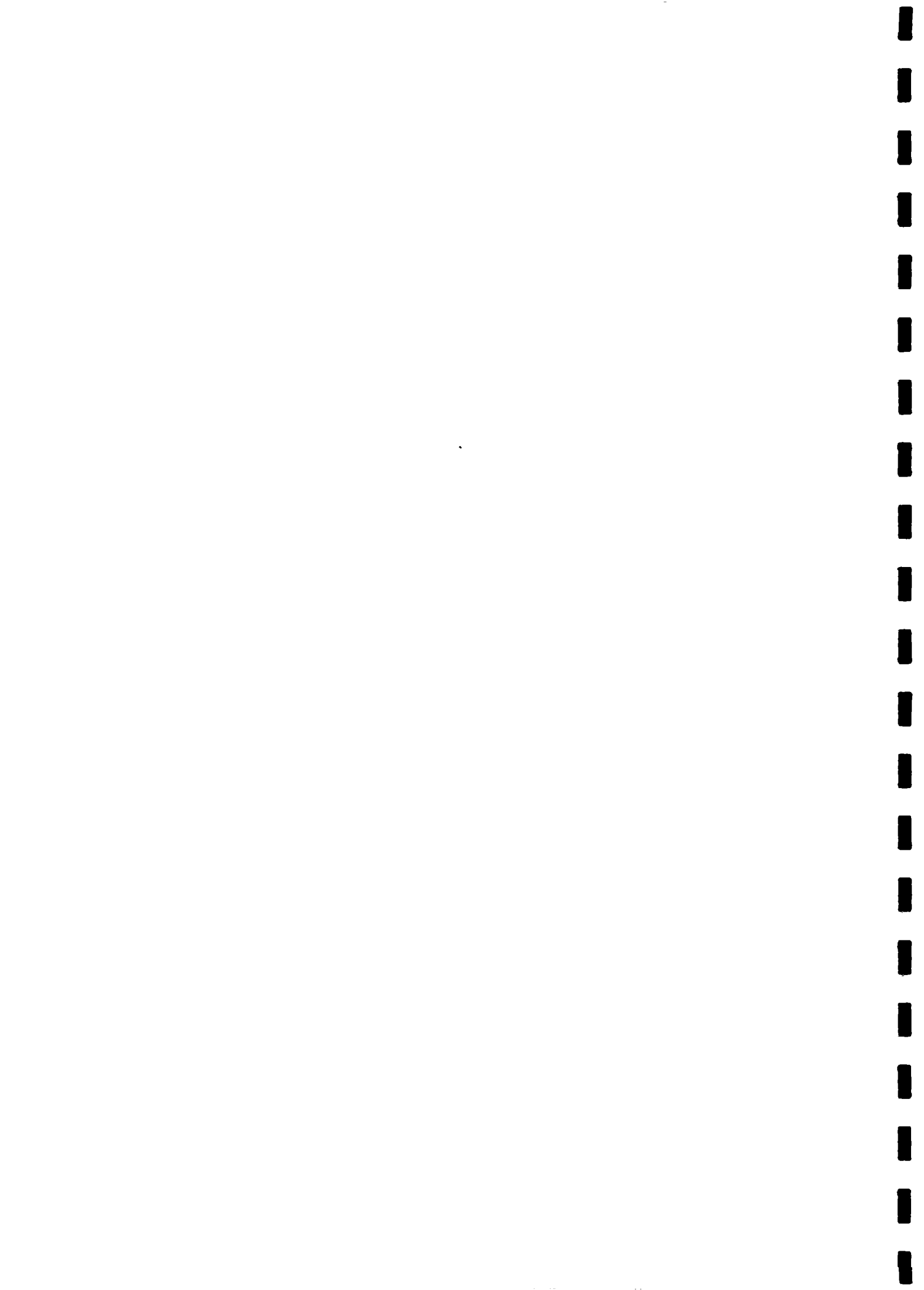
Consultants

Local Consultants : Retained at £10,000.

UK Consultants : Provision of £37,500 has been made for Andrea Cook's SD Consultancy and £17,000 for Alison Poole's Socio Economist Consultancy.

Budget 1998/99

The overall budget is showing an increase of £54,400 (8.5%) at £693,300 for the reasons outlined above. However, if deductions are made for rent payments which extend into the next FY, this reduces to an underspend of 18%.

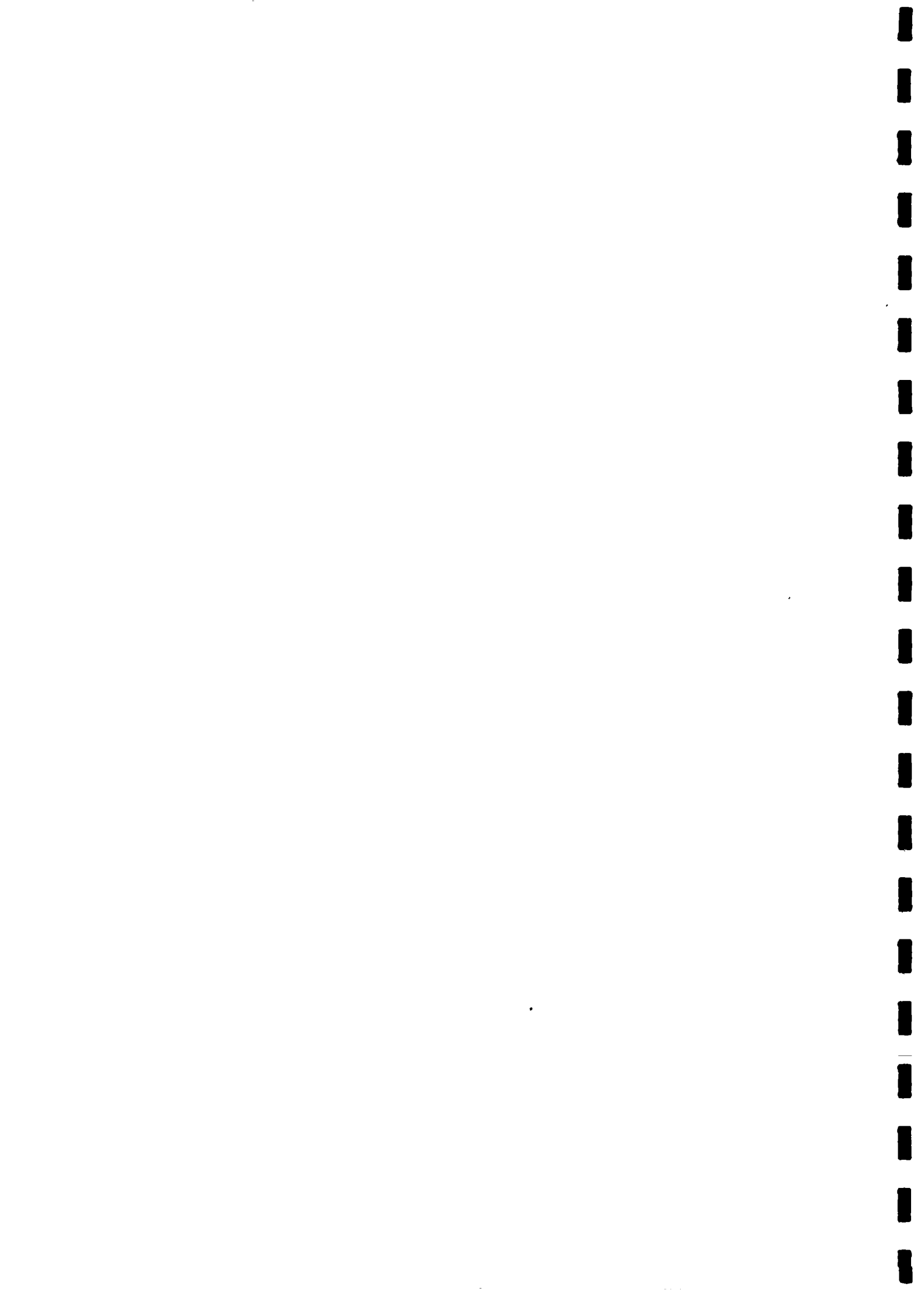


Total Budget for 1996/97 - 1998/99

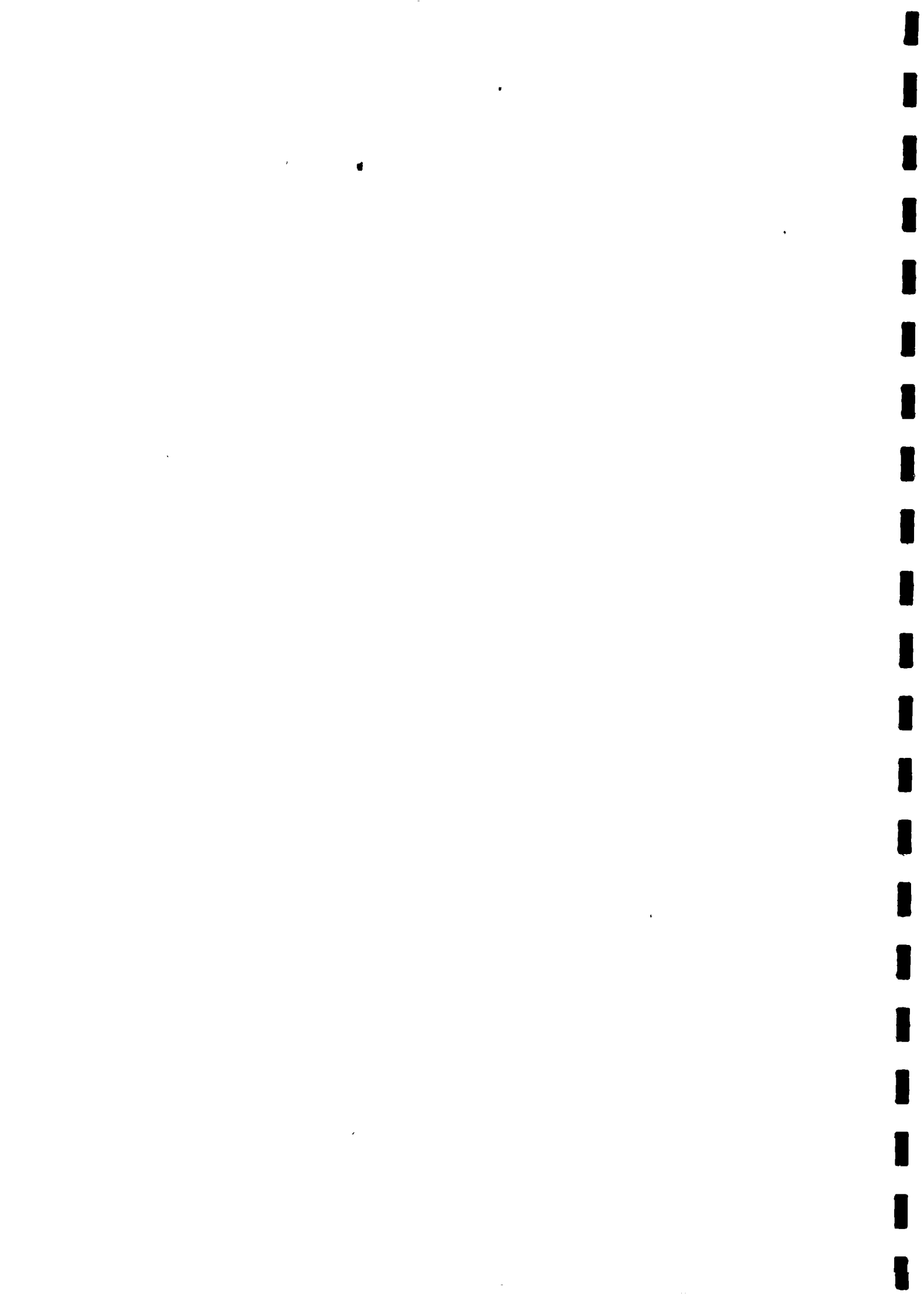
The approved WSO Project Memorandum includes a budget allocation for 1996/97 - 1998/99 of £1,849,950. Actual, estimated and forecast expenditure for this period is :

Actual spend 1996-97	Rs 547,983
Estimated spend 1997-98	Rs 504,700
Forecast spend 1998-99	Rs 693,300
Total	Rs 1,745,983

This is equivalent to 94% of the approved budget.



Sub Heads	MIS	Budget	Total Exp End of Feb98	Balance	% Spent	Spent so far In £
House Rent	BB001	7801000	3735000	4066000	48	64397
House Utilities	BB002	580000	262411	317589	45	4524
House Furniture	BB003	464000	788570	-324570	170	13596
House Maintenance	BB004	290000	412844	-122844	142	7118
House Security	BB005	522000	265837	256163	51	4583
Ian Curtis	BW001		4170536			71906
Mark Harvey	BW002		41312			712
Tamsyn Barton	BW003		1774672			30598
Andrea Cook	BW004		1786778			30807
Kevin Sansom	BW005		60302			1040
LE Salaries	BW006	1740000	1304559	435441	75	22492
LE Medical	BW007	46400	19960	26440	43	344
Local Consultants - fee	BW008	603200	866280	-263080	144	14936
UK Consultants - Fee	BW009	638000	503118	134882	79	8674
Field Manager Recruitment	BW010		1878970			32396
Social Development Advisor	BW011		1547045			26673
Nigel Kirby	BW012		3113085			53674
LE Training	BS001	290000	19756	270244	7	341
TGO Training	BS002	464000	247149	216851	53	4261
Office Rent	BA001	0	2475	-2475		43
Office Utilities	BA002	145000	260534	-115534	180	4492
Office Maintenance	BA003	87000	64597	22403	74	1114
Telecommunication	BA004	870000	1042202	-172202	120	17969
Stationery	BA005	290000	106637	183363	37	1839
Entertainment	BA006	58000	53339	4661	92	920
Miscellaneous	BA007	121800	190772	-68972	157	3289
Equipment	BE001	1044000	354940	689060	34	6120
Vehicle	BE002	0	0	0		0
Vehicle Running Cost	BE003	116000	122759	-6759	106	2117
FMO staff in India	BV001	2610000	1631902	978098	63	28136
FMO staff to UK	BV002	290000	55753	234248	19	961
Local Consultants Travel	BV003	0	190507	-190507		3285
Leave Travel (TCO)	BV004	1276000	311810	964190	24	5376
TCO Costs		13514000				
Total (in RS)		33860400	27186409	7532691	80	
Total (In £)		583800	468731	129874		468731
Expenditure breakup		Budget in £	Total Exp in Rs.	Balance	%Spent	Total Exp (in £)
Local Costs		350800	12813709	7532691	63	220926
TCO Costs		233000	14372701	0	106	247805
			Grand Total			468731



Annex B

Water and Sanitation Office
1998/99 Budget with 1997-98 Actual Expenditure Details
In - India Costs

	MIS CODE	Agreed Budget FY 97/98	Actuals to end Feb98 In £	Estimated Exp in March in £	*Project Budget FY 98/99 In £	Revised Budget FY 98/99 In £
Number of TCO months		48	48		48	48
BA - Office Costs						
Rent	BA001	0	43	0	54000	90000
Utilities	BA002	2500	4492	1500	3750	5000
Maintenance	BA003	1500	1114	200	2500	2500
Telecommunications	BA004	15000	17969	3000	11000	30000
Stationery & Supplies	BA005	5000	1839	600	5000	3000
Entertainment	BA006	1000	920	100	1000	1250
Miscellaneous	BA007	2100	3289	200	5000	5000
		27100	29665	5600	82250	136750
BB - Housing						
Rent	BB001	134500	64397		107000	-140000
Utilities	BB002	10000	4524	4000	30000	6000
Furniture	BB003	8000	13596	0	15000	3000
Maintenance	BB004	5000	7118	500	5000	7500
Security	BB005	9000	4583	800	9500	7000
		166500	94218	5300	166500	163500
BE - Equipment						
Office Equipment & Furniture	BE001	18000	6120	7500	10000	11000
Vehicle Purchase	BE002	0	0	0	0	0
Vehicle - Running cost	BE003	2000	2117	100	1750	1750
		20000	8236	7600	11750	12750
BS - Training						
Local Staff Training	BS001	5000	341	0	5000	5000
TCO Training	BS002	8000	4261	0	8000	8000
		13000	4602	0	13000	13000
BV - Travel						
FMO Staff in India	BV001	45000	28136	1500	25000	35000
FMO Staff to UK or 3rd World	BV002	5000	961	0	25000	4000
Local Consultants	BV003		3285	0		
Leave Travel	BV004	22000	5376	0	22000	20000
		72000	37758	1500	72000	59000
BW - Water FMO Staff						
Local Staff Salaries	BW006	30000	22492	2500	45000	45000
Local Staff Medical	BW007	800	344	125	900	1800
Local Consultant's fees	BW008	10400	14936	1300	12500	10000
UK Consultants		11000	8674	0	15000	
Andrea Cook (Cons)	BW014					3750
Alison Poole (Cons)	BW015					17000
		52200	46447	3925	73400	111300
TOTAL		350800	220926	23925	418900	496300

Note : The Exchange rate used for FY 98/99 is £1 = Rs 60

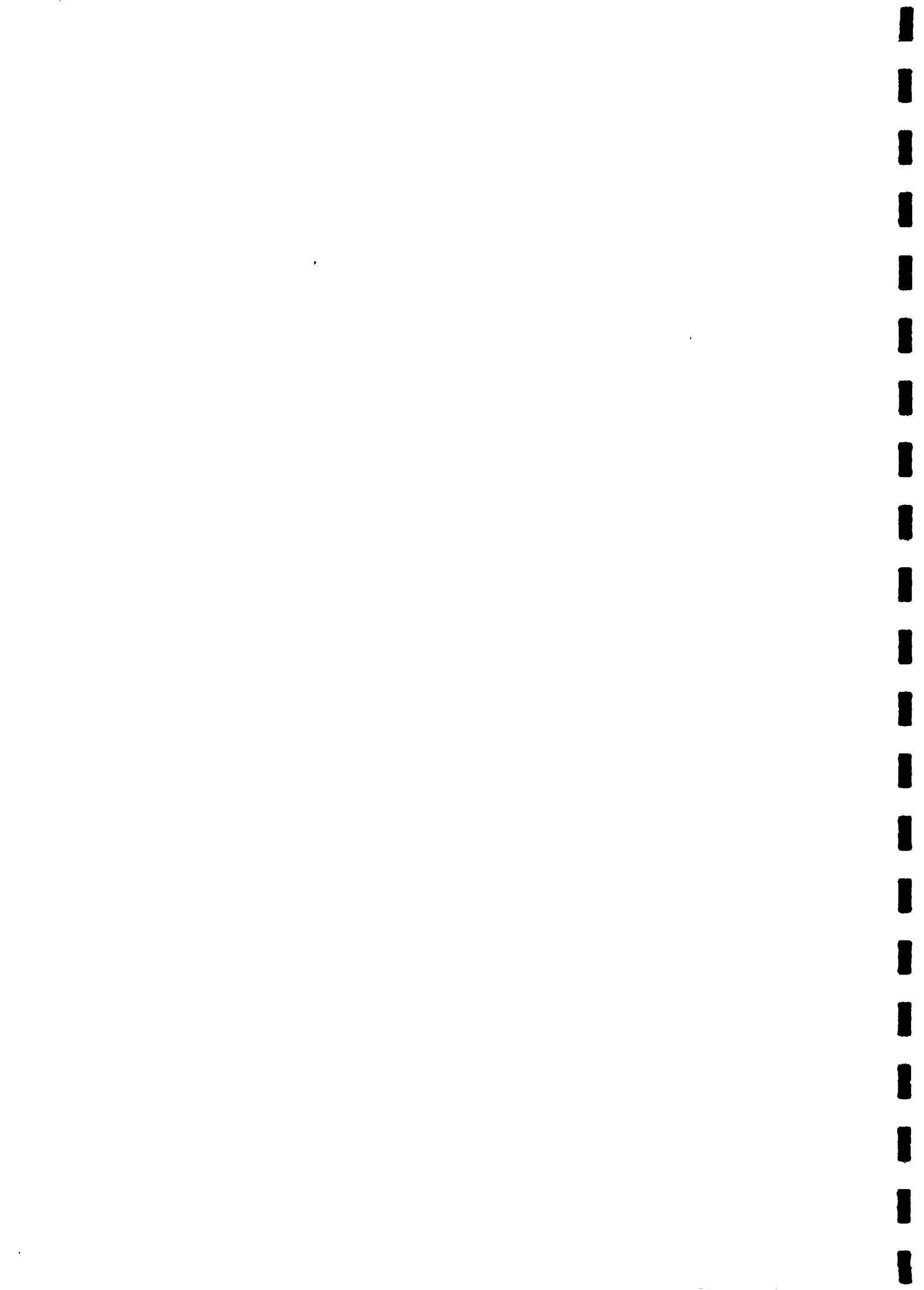
* = As per Project Memorandum, dated 8/5/96



Water and Sanitation Office

1998/99 Budget with 1997-98 Actual Expenditure Details
TCO & Total Costs

	MIS CODE	Agreed Budget FY 97/98	Actuals To end Feb98 In £	Estimated Exp in March in £	Project Budget FY 98/99 In £	Revised Budget FY 98/99 In £
TCO Costs						
Number of TCO months		56	54		48	36
Salaries		151,000	132,640	11,000	160,000	150,000
Annual Allowances		28,000	24,500	599	30,000	23,000
Initial/Terminal Allow.		10,000	17900		10,000	4,000
Breather Break		4,000				6,000
Education		21,000	21,000	150	16,000	10,000
Medical (UK staff)		4,000	3,500	295	4,000	4,000
Recruitment		15,000	14979			
Other			33,286			
Total TCO Costs		233,000	247,805	12,044	220,000	197,000
Total In India Costs					418,900	496,300
		350,800	220,926	23,925		
TOTAL		583,800	468,731	35,969	638,900	693,300



WSO Annual Workplan : Management

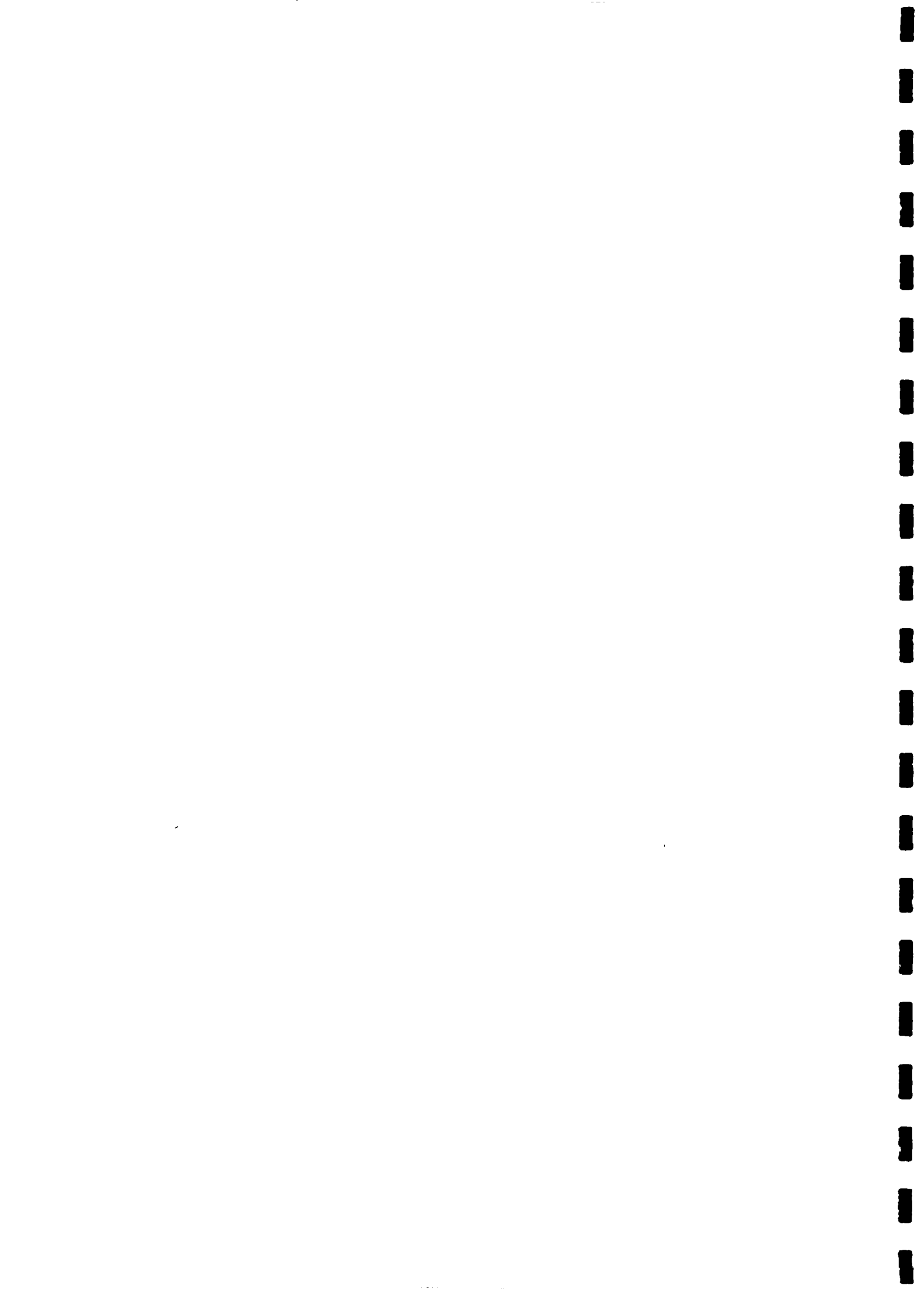
MONTH	WSO	DCOD
APRIL 98	<ul style="list-style-type: none"> • Water & Environmental Sanitation Sector Review (16&17/4) • Implement findings of CEREBUS report • Monthly meeting with Programme Manager • Head of FMOs Meeting • Finalise WSO budget • Future lease of B-2 Anand Niketan to be extended • Input to Country Strategy Paper • Undertake staff training needs assessment • Willingness to pay/demand assessment workshop (29/4) • Review CVs of Engineering APOs 	<ul style="list-style-type: none"> • Participate in water & Environmental Sanitation Sector Review • Head of FMOs Meeting • Agree WSO Budget
MAY 98	<ul style="list-style-type: none"> • WSO workshop to complete staff workplans and WSO Logframe (w/b 4/6) • Head of FMOs Meeting • Monthly meeting with Programme Manager - agree staffing requirements and, if appropriate, start recruitment process • Review consultancy/long term arrangements for SD and Economic support • FINSTATS updated (forecast and status) as a result of discussions at the review • Complete staff training plans • Co-ordinate and agree staff annual workplans • Initiate development of WSO publicity material • Complete APDP objectives for all staff • Input to Country Strategy Paper • Participate in UPO workshop on relocation - date to be agreed • Assist in development of Orissa watershed project with RDO? • <i>DB on leave - dates to be confirmed</i> 	<ul style="list-style-type: none"> • Monthly meeting with Head WSO • Head of FMOs Meeting • SDA group meeting • Finalise workplans • Complete APDP objectives and workplans for UK-staff • Agree arrangements for SD and Economics support • Agree and update FINSTATS
JUNE 98	<ul style="list-style-type: none"> • Quarterly review with Programme Manager • Head of FMOs Meeting • Quarterly Review of WSO budget & FINSTATS • Assist in development of Orissa watershed project with RDO? • Input to Country Strategy Paper • Engineering Conference (UK 17-19/6) • <i>NK on leave 8/6-3/7</i> • <i>BB on leave 10-16/6 & 20-28/6</i> 	<ul style="list-style-type: none"> • Quarterly review with Head of WSO • Head of FMOs Meeting • Country Strategy Paper complete



JULY 98	<ul style="list-style-type: none"> • Monthly meeting with Programme Manager • Head of FMOs Meeting • Review staff annual workplans and End of Year Achievements • Inventory check of office furniture and assets. • Report to BDCOD on physical and financial progress and forecasts for end of financial year • <i>NK on leave 8/6 - 3/7</i> • <i>FW on leave 6/7-31/7</i> 	<ul style="list-style-type: none"> • Monthly meeting with Head of WSO • Head of FMOs Meeting
AUGUST 98	<ul style="list-style-type: none"> • Monthly meeting with Programme Manager • Head of FMOs Meeting • WSO workshop - date to be agreed • Review status of local staff contracts and take action as required 	<ul style="list-style-type: none"> • Monthly meeting with Head of WSO • Head of FMOs Meeting • SDA group meeting
SEPTEMBER 98	<ul style="list-style-type: none"> • Mid-Year Water & Environmental Sanitation Sector Review - date to be agreed • Head of FMOs Meeting • Review UPO annual workplan and End of Year Achievements • Review staff annual workplans and End of Year Achievements • Quarterly review of WSO budget & FINSTATS • Staff APDP mid-year reviews completed 	<ul style="list-style-type: none"> • Mid-Year Water & Environmental Sanitation Sector Review • Head of FMOs Meeting • BDCOD approval for any substantial changes in WSO Annual Workplan and End of Year Achievements.
OCTOBER 98	<ul style="list-style-type: none"> • Monthly meeting with Programme Manager • Head of FMOs Meeting • Participate in Review of DCOD 	<ul style="list-style-type: none"> • Monthly meeting with Head WSO • Head of FMOs Meeting
NOVEMBER 98	<ul style="list-style-type: none"> • Monthly meeting with Programme Manager • Head of FMOs Meeting • WSO workshop - date to be agreed • Issue APDP forms for 1999 with time-table for completion 	<ul style="list-style-type: none"> • Monthly meeting with Head WSO • Head of FMOs Meeting • SDA group meeting
DECEMBER 98	<ul style="list-style-type: none"> • Quarterly Review with Programme Manager • Head of FMOs Meeting • Local staff APDP completed • Quarterly review of WSO budget & FINSTATS 	<ul style="list-style-type: none"> • Quarterly Review with Manager, WSO • Head of FMOs Meeting



JANUARY 99	<ul style="list-style-type: none"> • Monthly meeting with Programme Manager • Head of FMOs Meeting • UK staff APDP complete • Review FINSTATS 	<ul style="list-style-type: none"> • Monthly meeting with Head WSO • Head of FMOs Meeting
FEBRUARY 99	<ul style="list-style-type: none"> • Monthly meeting with Programme Manager • Head of FMOs Meeting • Commence preparation of Water & Environmental Sanitation Sector Review report • Review FINSTATS • WSO workshop - date to be agreed 	<ul style="list-style-type: none"> • Monthly meeting with Head WSO • Head of FMOs Meeting • SDA group meeting
MARCH 99	<ul style="list-style-type: none"> • Water & Environmental Sanitation Sector Review - date to be agreed • Head of FMOs Meeting • Review FINSTATS 	<ul style="list-style-type: none"> • Annual Water & Environmental Sanitation Sector Strategic Review. • Head of FMOs Meeting



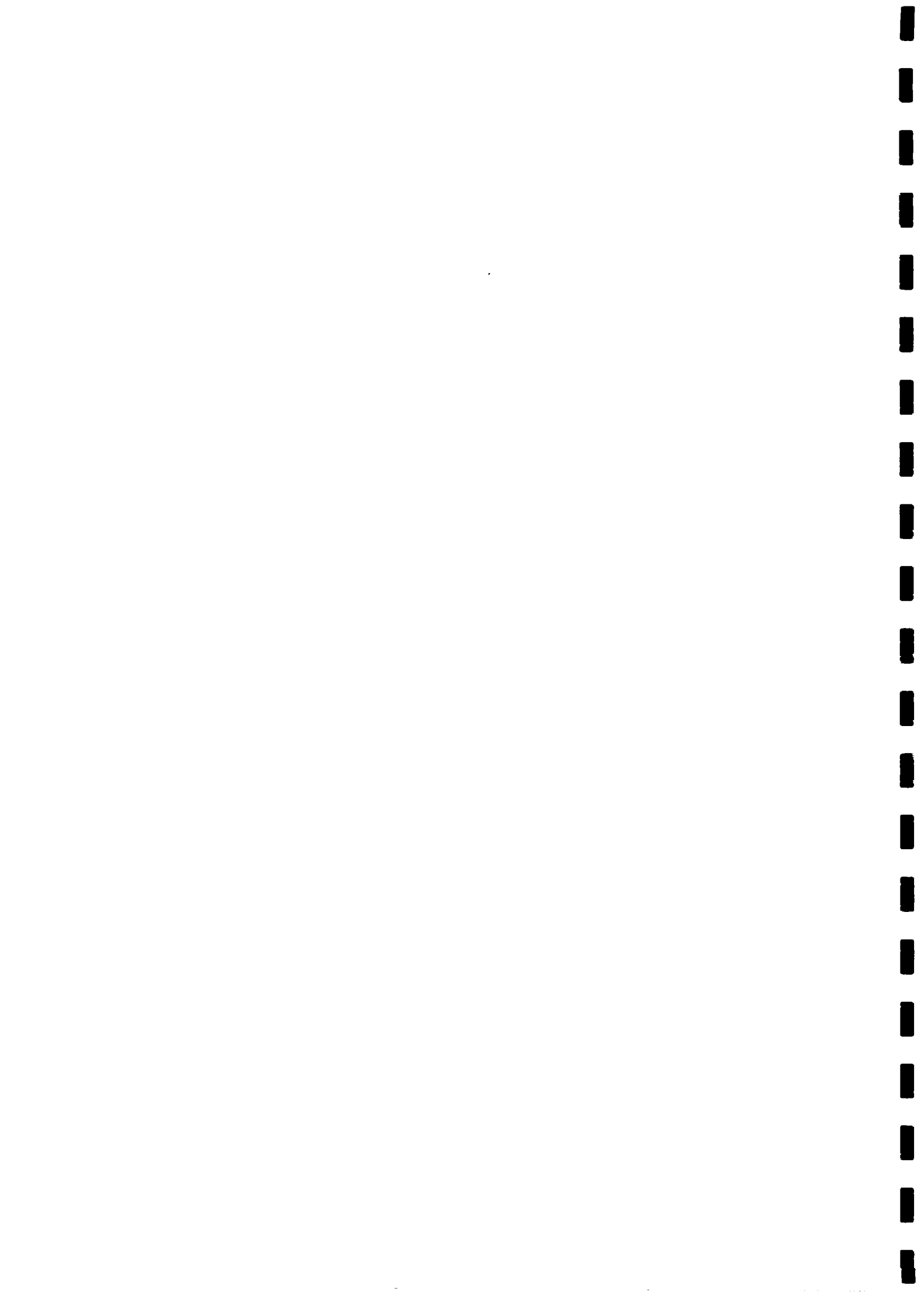
WSO ANNUAL WORKPLAN : STRATEGIC ISSUES AND PROJECT RELATED ACTIVITIES

Annex 4.1/6

MONTH	WSO	DCOD
APRIL 98	<ul style="list-style-type: none"> • UNESCAP workshop on PSP (28-30/4) • PCN for Maharashtra Phase 2 • PCN for NGO Fund • Final Project Document on support to RWWSG and submission to relevant level for approval • Second round of SCF Review - date to be agreed • Decision on way forward on PSP • Decision on way forward on IWP • Decision on way forward on Orissa proposals • Decision on way forward on AP proposals • Decision on extension in UNICEF CDD-WATSAN in Orissa & WB 	<ul style="list-style-type: none"> • Attend UNESCAP conference • Support/decision on work detailed under WSO • comment in draft PCN for Lucknow
MAY 98	<ul style="list-style-type: none"> • Global Water Partnership meeting in Colombo (18-20/5) • World Bank conference on rural water supply & sanitation in Washington (5-8/5) WSO are sponsoring a senior Gol and NGO officer to attend this conference • Decision on way forward on any future Lucknow project • Commence detailed design for NGO Fund • PCN for UNICEF proposal • Subject to decision being taken, preliminary visit to Orissa • Subject to decision being taken, preliminary visit to AP • Decision on way forward for training • Discussions on way forward in Rajasthan 	<ul style="list-style-type: none"> • Support/decision on work detailed under WSO
JUNE 98	<ul style="list-style-type: none"> • Commence detailed design for Maharashtra Phase 2 • Discussions on way forward in West Bengal • Discussions on way forward in Karnataka • Participate in UPO Calcutta impact assessment workshop - date to be agreed • Participate in UPO inter-project FS and Health training workshop. - date to be agreed • Conduct Review of GRPCL TSPs 	<ul style="list-style-type: none"> • Support/decision on work detailed under WSO
JULY 98	<ul style="list-style-type: none"> • Maharashtra Phase 2 design workshop • Commence detailed design for UNICEF project • Discussions on way forward on water quality initiative • Participate in UPO Cuttack Hygiene Promotion Workshop - date agreed 	<ul style="list-style-type: none"> • Support/decision on work detailed under WSO
AUGUST 98		<ul style="list-style-type: none"> • Support/decision/comment on work detailed under WSO



SEPTEMBER 98	<ul style="list-style-type: none"> • Draft Maharashtra Phase 2 Document to advisers • Participate in UPO Community Contracting and O & M Workshop - date to be agreed 	
OCTOBER 98	<ul style="list-style-type: none"> • Maharashtra Phase 2 Appraisal Mission 	<ul style="list-style-type: none"> • Participate in Appraisal Mission
NOVEMBER 98	<ul style="list-style-type: none"> • Financial Services Workshop (National) - date to be agreed • Draft UNICEF Project Document • 	
DECEMBER 98	<ul style="list-style-type: none"> • Final Maharashtra Phase 2 Document to advisers • Draft Project Document for NGO Fund • WSO Gender audit initiated. 	<ul style="list-style-type: none"> • Comment on Maharashtra Phase 2 Document
JANUARY 99	<ul style="list-style-type: none"> • Submission of Maharashtra Phase 2 Document to PEC • Final UNICEF Project Document • Participate in UPO inter-project health training workshop - date to be agreed 	<ul style="list-style-type: none"> • Maharashtra Phase 2 PEC
FEBRUARY 99	<ul style="list-style-type: none"> • Final Project Document for NGO Fund • Submission of UNICEF Project to PEC 	<ul style="list-style-type: none"> • UNICEF PEC
MARCH 99	<ul style="list-style-type: none"> • Submission of NGO Fund to PEC • GRPCPL Final Review of NCIPs End of Project Review • UNICEF CDD-WATSAN End of Project Review (3 years) 	<ul style="list-style-type: none"> • NGO Fund PEC



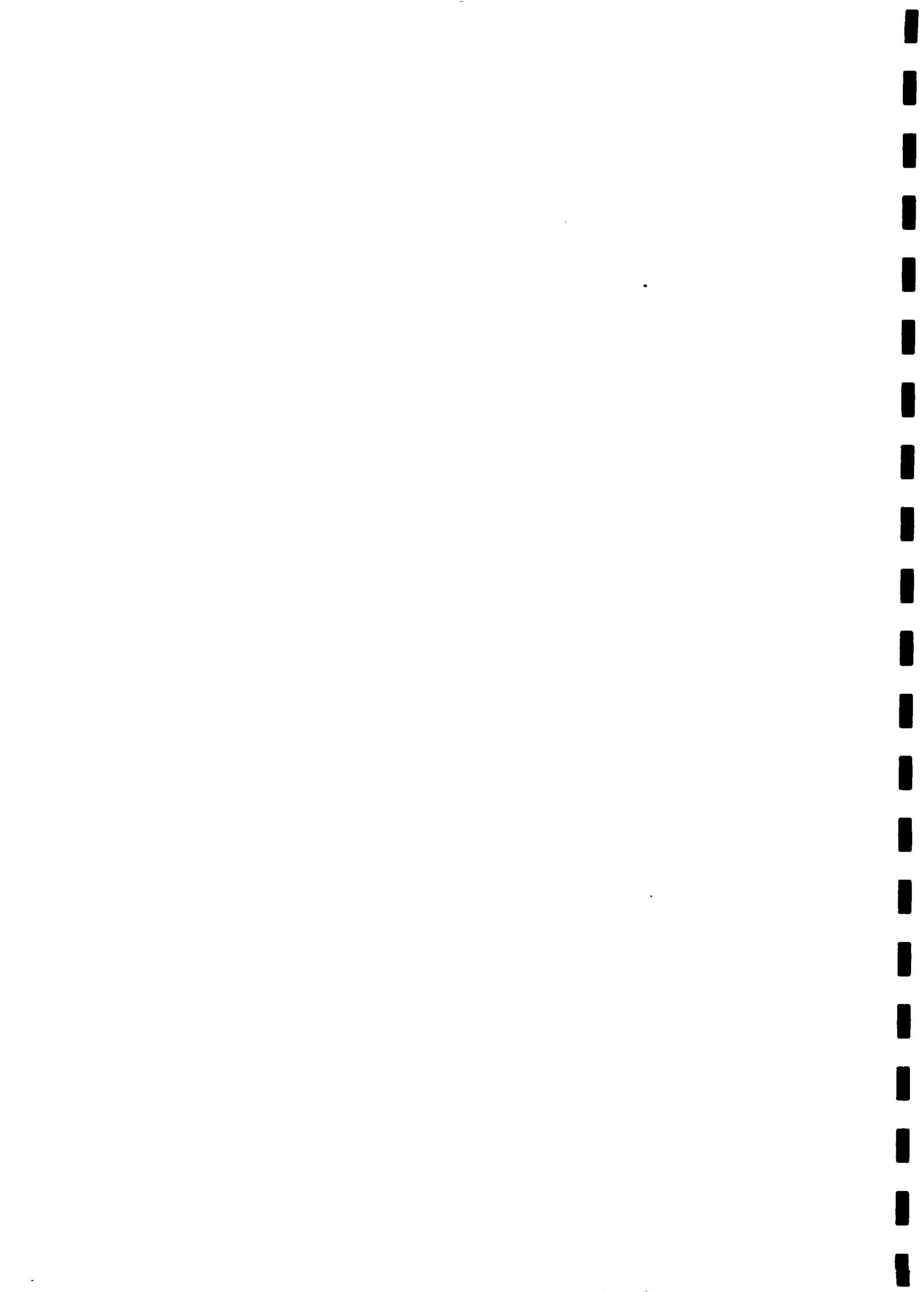
Maharashtra Rural Water Supply and Sanitation Project

Key issues

- Agreements between the Government of Maharashtra and the Zilla Parishads for funding O&M deficits of the schemes are not clear. This lack of clarity may have played a part in prompting the aggressive efforts to meet cost recovery targets in Jalgaon District. However if deficit funding arrangements are not clearly agreed, ZPs are likely to look for every opportunity to cut costs of O&M and thereby seriously threaten the sustainability of the schemes.
- The Village Water Person is the key person for ensuring proper O&M in villages. In many villages of the handed over schemes, VWPs have not been formally engaged due to the inability of Gram Panchayats to pay the minimum statutory wages. Unless this issue is resolved quickly, it is very likely that village level systems will start falling into a state of disrepair.
- The tenure of WMU staff is uncertain and Complaint Redressal and Preventative maintenance management system are yet to be fully established by the WMU
- Poor water supply in the 56 V scheme resulting from unrealistic assumptions of available electricity supply and poor construction quality
- Water Management Units at Jalgaon and Nasik are required to take over other schemes in the Districts. Since these schemes are in a very poor state of repair, there may be demands on funds intended for the new schemes. Further WMU do not have the staffing resources to simultaneously manage a number of schemes. DFID may consider supporting the rehabilitation of these schemes as an extension of the current project.

Lessons to be learned from the project

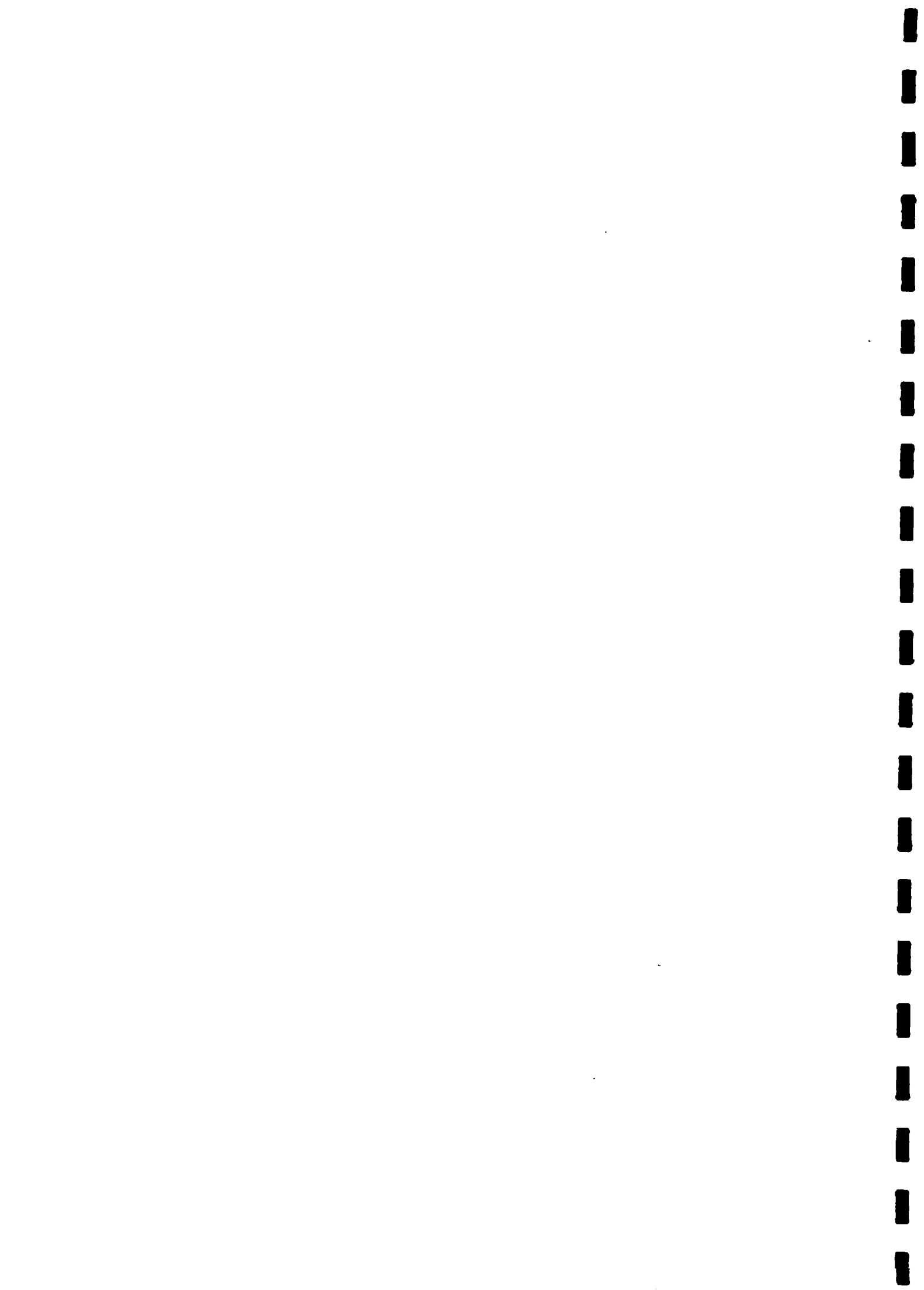
Though many concerns remain to be addressed, The Maharashtra Rural Water Supply and Sanitation Project which is now in its sixth year of implementation has evolved through various phases and has demonstrated new approaches in Rural Water Supply and Sanitation. The lessons from the project have catalysed change in Maharashtra and can contribute to improvements in the sector in other parts of India. A key lesson is that partnership and confidence built up between GoM and DFID has facilitated the development of an innovative approach. Some of the other lessons are:



- People are willing to pay for water; some of the prerequisites for good cost recovery appear to be intensive Community Development efforts and maintenance of good service levels.
- It is important that Financial and Institutional sustainability issues are considered early in the design phase of the project; roles, responsibilities and linkages between all institutions should be clear from the outset; the state level co-ordinating agency (PPMU) should be adequately staffed from the beginning of the project with experts from relevant departments and agencies such as the Health Department and the Engineering agency (MJP); if staffing resources are a constraint consideration should be given to engaging consultants on contract; a framework for enabling quick decisions such as State level Empowered Committees should be set up from the outset; where decisions having financial implications have to be taken at the district or lower levels, consideration should be given to setting up such frameworks even at these levels.
- Semiautonomous O&M units (Water Management Units) functioning within the local Government institution (Zilla Parishads) appear to be a promising model for O&M of rural water supply particularly where Panchyati Raj Institutions have taken root.
- The importance of transparent financial flows and appropriate funding plan for the schemes should be emphasised from the outset.
- Hygiene education and sanitation should be integrated with water supply for the beginning of the project.
- New and Innovative approaches call for a greater emphasis on Training and HRD. Training is important at all levels such a Management and Financial training for O&M supervisory staff, technical training for skilled staff O&M and financial management training for members of Village water persons.
- Job descriptions for all O&M staff should be prepared before staff are appointed and efforts should be made to recruit skilled staff for O&M.
- Development of a project should proceed through the stages of identifying communities based on suitable indicators such as measures of scarcity and poverty, presenting options to the community with cost implications of each and selection of options while ensuring that the poor have access to water supply and sanitation (through well designed subsidies).
- Community based evaluation and monitoring system should be in place from the early stages of implementation.



- Engineering designs should be based on realistic assumptions of factors such as availability of electricity, demand, supervisory skills of construction staff, availability of skilled contractors, skills of staff likely to be available for O&M and facilities available in the area for repairs. Designs should be adaptable to changed demands
- Quality Assurance Plans should be developed for all stages of construction such as procurement of materials, construction and installation, trials, testing and commissioning. Village Water and Sanitation Committees should be trained on simple quality aspects and orientated to identify and report on quality problems.
- Gender sensitive design for engineering components should be emphasised.
- A framework which will enable rational decisions to be taken to balance the competing demands for irrigation and drinking water should be established at the district and at the village level. And Attention should be given to ensure that the selected sources of water supply are secure.
- A good radio communication network and adequate stock of O&M spares are important for reliable operations of large regional piped water schemes.
- Engineering agency (MJP) staff and O&M (WMU) staff should be oriented for Community development and Hygiene education from the early stages of implementation.



Annex 4.2/2

**Maharashtra Rural Water Supply and Sanitation Project
Key Milestones from Project Action Plan 1998-99**

SI	Milestones	Responsibility	Target date			Assumptions/ Constraint
			Jalgaon		Nasik	
			80V	51V	56 V	
1	Physical works completed.	MJP	3/98	6/98	3/98	
2.	O&M contractor appointed	MJP/ZP	-	6/98	-	
3.	Whole system trials show adequate supplies in terms of quality, quantity & timing can be produced on a continuous basis.	MJP	Completed	8/98	3/98	
4	Handover Agreement between ZP and MJP signed & WMU assume full responsibility	MJP/ZP	42V 22.1.98	17V 1.5.98 33V 15.8.98	44V 12.98 12V 1.4.98	
5	Gram Sabha in each village agree and sign handover agreement between ZP and the GP/VWC	ZP/VWC/GP/ MJP/ TISS	42V-4/98	11/98	6/98	
6.	Private Connections Promotion completed as per O&M budget 1998/99	ZP/WMU	12/98	3/99	12/98	TISS to support with strategy development and planning
7.	O&M financial plan and budget approved by ZP General Body for 98-99	ZP	3/98	11/98	3/98	WMU to put forward budget for 50V for approval in 11/98.
8	O&M deficit financing agreed for 98-99 between ZP & GoM issued GR.	ZP/GoM	4/98	12/98	4/98	
9.	O&M Systems established in WMU (Operating procedures, Manuals, Registers finalised & being operated by WMU staff)	WMU/ Consultant	6/98	-	6/98	
10.	Financial Management Systems established in WMU and monthly reports generated	WMU/ Consultants	6/98	-	6/98	
11	Cost recovery achieved as per financial plans for the year 98-99	WMU	3/99	3/99	3/99	
12.	Performance monitoring system established and monthly report generated.	WMU	6/98	10/98	6/98	
13	Panchayat Samiti meeting review VWC functioning.	BDO(PS)/WMU	4/98	9/98	4/98	
14.	Quarterly meeting of Project Village Sarpanch held and minuted by WMU	WMU/ZP	6/98	12/98	6/98	



Annex 4.2/3

Maharashtra Rural water Supply and Sanitation Project

Planned End of Year Achievement to March 1998	Actual Achievement as on 31 March 98
<u>Sustainability :</u>	
All ZP Water Management Unit(WMU) and O&M staff in place and performing adequately , for 80 & 56 village schemes	All WMU staff in place in Jalgaon & Nasik except sectional engineers (Mechanical)
Appropriate WMU staffing for 50 village scheme agreed and recruitment commenced	O&M arrangements for 51 V under consideration by GoM/MJP/ZP; staffing details to be decided after finalising contracting out arrangements , a "contracting out " team has produced a draft O&M Contract Document in Feb 98
70% of the annual demand transferred to ZPs for 38.42 and 56 village schemes	65% of the annual demand transferred to ZP in the 38v scheme In 42 and 56v schemes, bills are recently sent to villages.
Nandgaon town Cost Recovery effected	Nandgaon town agreed to pay on a metered basis ZP have presented bills to Nandgaon. Town not getting agreed supply
80 V and 56V schemes are formally handed over to the ZPs from the MJP (formerly MWSSB)	38V and 42v handed over in May 97 & Jan 98 respectively, 56v partially handed (43 villages) over in Feb 98
Post Handover Institutional Support Strategy for 80V and 56V scheme under implementation	Key support areas agreed and being implemented Further plans also agreed with the WMUs in March 1998.
Post Handover Village based monitoring & evaluation system agreed and being used	VBMS piloted in the 80 V scheme with limited success. VBMS is being modified again
Interim Deficit Funding arrangements made	Deficits on 80v & 56v schemes met fully by respective ZPs for the year 1997-98 Arrangements to be clarified by GoM for future years
<u>Water Supply Engineering :</u>	
Major faults rectified and agreed levels of service provided for 80 and 56Village scheme	Agreed levels of service are met in the 80Village scheme. Poor electcnity supply affected service levels in 56v scheme WSO reviewing power situation by engaging a Consultant
80% of the construction completed on Phase II of the 50 Village scheme	60% construction completed on Phase II works.
O&M Management and Cost Recovery Systems in place for all schemes	Draft O&M manuals produced, stores management system prepared, cost recovery system in place at Jalgaon. These systems being developed at Nasik.
51v O&M arrangement in place	Based on O&M Contract Document, plans being prepared by WMU and MJP
<u>Training:</u>	
HRD strategy for WMU staff agreed and implemented, including review of NRTC's capacities to contribute	Not yet achieved;
IRC Management for Sustainability course transferred to NRTC	NRTC plans to conduct the first course in May 98. Preliminary evaluation planned Further improvements in NRTC management and institutional changes required
Community Financial Management training completed	Completed in 80v and 56v To be commenced in 51v
Health Promotion Theory and Practice course conducted, PHD capacity to conduct this course reviewed	Course conducted successfully Trainers from PHD trained and their capacity to conduct this course developed.
Health Promotion: Theory and Practice course transferred to PHD	Transfer is in process. PHD conduct its first course with its own trainers. DFID to monitor.
<u>Community Development:</u>	
Gramsabha ratifies VMP and signs Handover Agreement with ZP in each village in the 80, 51 & 56 Village scheme	For 38V : handover agreement signed in all villages, in 42v scheme completed in 15v, VMP completed in the 80V & 56V Schemes, VMP process yet to commence in 51v.
Nandgaon town and Wastis CD strategy agreed and underway	CD Strategy agreed in May 97 and is being implemented
VWC's manage O&M and cost Recovery with the villages in the 38V Scheme	VWP/standby VWP engaged in most of the villages of the 38V group, and carrying out village level O&M. 65% recovery took place in38v
Gender strategy recommendations for enhancing women's management role implemented	Gender Strategy Workshops at state, district and block level conducted Core group on Gender developed recommendations based on outputs from these workshops.



SC/ST strategy produced and recommendations for enhancement of SC/ST participation and for attention to their interests under implementation	SC/ST strategy produced in Oct 96 and being implemented
VWCs reconstituted and standpost positions agreed for the 50 Village scheme	VWCs in all villages are reconstituted and standpost positions have been agreed
Health Education:	
Hygiene Promotion budget and action plan agreed and being implemented	Hygiene and Sanitation promotion action plan agreed in April and being implemented
PHDs post hand over role agreed	This is in process
Health messages impact evaluation system being replicated in other districts	Health messages impact evaluation system introduced in non-project districts
Pilot Water Quality(WQM) strategy agreed and under implementation in one block in each district	GoM has issued a GR on WQM. O&M Consultant produced WQC Manual for WMUs in line with this GR and recommendations accepted by WMUs
Revised Phase II Pilot Sanitation Programme(PSP) strategy agreed and implemented	Required staff provided by ZP in both districts; Village Sanitation Plans discussed and finalised, funding and implementation arrangements being clarified by the GoM. GR issued. Construction work to start from April/May 1998
Adequate arrangements for spilled water disposal for all project standposts and service reservoirs 80 and 56 village schemes are in place	Soakpits constructed by MJP wherever required and Float valves installed for all reservoirs to avoid overflows.



Annex 4.3/1

Gomti River Pollution Control Project at Lucknow - Phase 1

Key Issues

Masterplan

The final revision of the Masterplan was completed in February 1998, incorporating comments received from the agencies in Lucknow and additional consultancy work carried out on the integration of water supply and delivery of services to the poor. A process has been agreed for dissemination of a Hindi synopsis to key staff in the agencies and to the elected representatives of the city who will debate the issues in the Sadan. Final endorsement as a planning tool for development of urban environmental services in Lucknow will be by the Secretary, Department of Urban Development.

Debate in the Sadan will at least ensure that the municipality realise the implications that the recommended interventions will have on revenue requirements for operations and maintenance. However, it must be recognised that even with the endorsement of the Secretary, Department for Urban Development, the Masterplan is likely to have little significance in the absence of a substantial successor project in Lucknow.

Technical Sub-Projects

Most of the Technical Sub-Projects are nearing completion. Cleaning of Sarkata A nullah is complete, and final accounts for the Gaughat diversion have finally been agreed. Re-silting of the cleaned nullah, primarily through solid waste disposal, brings into question the value of isolated interventions.

Work on the cleaning of Sarkata B is progressing well, and all Technical Sub-Projects being implemented by UP Jal Nigam and Lucknow Jal Sansthan will be completed by 30 June 1998 (in most cases work should be complete well before this).

There remain concerns over implementation of health and safety clauses in the nullah cleaning contracts, and social issues have not been adequately addressed. WSO is currently recommending that proposed crèches for children of nullah cleaning workers be funded through the Nullah Community Improvement Project consultancy technical co-operation budget.

Cleaning of Pata nullah remains a contentious issue. Approval to proceed with tendering has been held up pending submission of an acceptable design for slope stabilisation adjacent to Sonia Gandhi Nagar, and a commitment from the Government of Uttar Pradesh that there will be no relocation or anti-encroachment drive for the people of that baste. Lucknow Nagar Nigam are



keen to proceed with the work, and have engaged the Institute of Engineering and Technology in Lucknow to produce a report on the stability of the slope at Sonia Gandhi Nagar. Acceptance of the findings of this report is pending. Of greater concern is the threat of displacement of the people of Sonia Gandhi Nagar by the Lucknow Development Authority to allow for tree planting, despite a written assurance that they would not be affected. The issue of displacement and relocation is one that must bring into question both the completion of Phase 1 and the development of a successor project. If Pata nullah cleaning were to go ahead then completion would not be until end September 1998.

Lucknow Nagar Nigam also keen to see computerisation of their house tax system implemented, and funding of this work would enhance the relationship between DFID and LNN. However, they are yet to submit an acceptable Detailed Project Report (though this can be expected in the next week or so), and approval has yet to be sought from NRCD. LNN have been advised that it is unlikely that DFID will now sanction this work under Phase 1, though it may be something for consideration at an early stage under a possible new project.

Nullah Community Implementation Projects

With the decision to restrict implementation to five settlements, our relationship with SPARC became un-viable and was therefore terminated. SEWA is now the sole NGO involved with the Nullah Community Improvement Project Implementation.

There has been progress in preparation and agreement of community action plans for upgrading of infrastructure in the bastees of Rais Bagh and Shiv Puri. However, management arrangements have delayed commencement of implementation of these plans, and decisions on disbursement of funds to the NGOs are now critical if the work is to be completed by the January 1999 target date proposed in the recent request for extension. This issue is further complicated by the transfer of management responsibility to the LNN in June 1998.

The scope of the project has been reduced from 7 to 5 bastees, though significant increases in detailed estimates over those prepared for the Detailed Project Report may result in further reductions.

With the proposed winding up of the Project Management Unit at the end of June 1998, and the transfer of management to a cell within the Lucknow Nagar Nigam, it will be very difficult to take these works through to completion if the partnership with the municipal authority is further weakened by decisions not to go ahead with Pata nala cleaning and/or computerisation.



Request for Extension

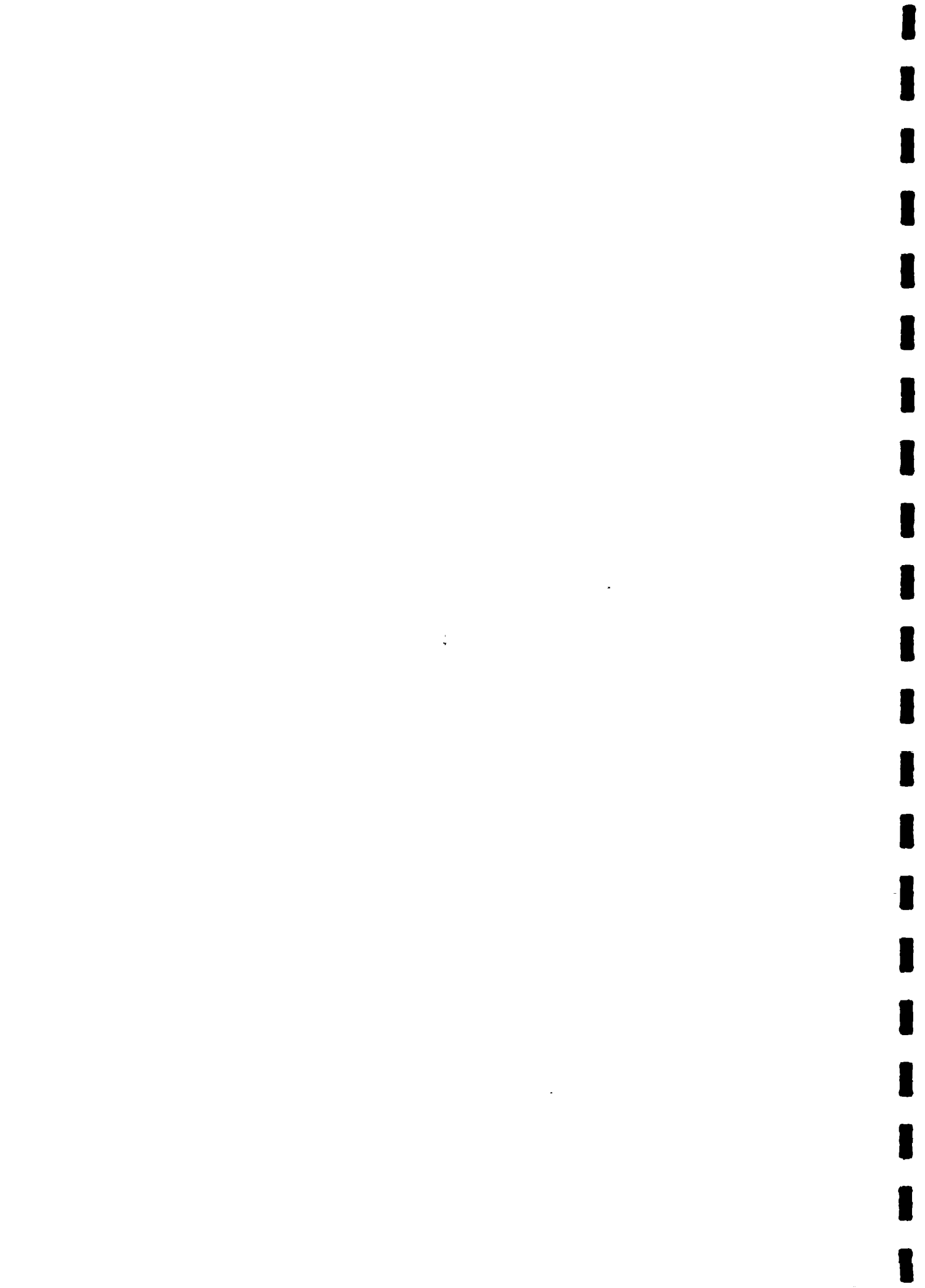
A planning meeting was held on 4 February 1998 which looked at most of the issues relating to completion of Phase 1, and a timetable drawn up for the submission of a request for extension of time.

The table below summarises the extension dates that have been requested:

Component	Date of Completion	Submission of Final Account
Technical Sub Projects (excluding Pata nullah and computerisation of LNN)	30 June 1998	31 August 1998
Pata nullah cleaning	30 September 1998	30 November 1998
Computerisation of LNN	31 January 1999	31 March 1999
Nullah Community Improvement Projects	31 January 1999	31 March 1999

It is proposed that the Project Management Unit is closed on 30 June 1998. Management of the outstanding Technical Sub Projects and Nullah Community Improvement Projects after this date will be the responsibility of a specially created cell within the Lucknow Nagar Nigam staffed by two current officers of the Project Management Unit. Funding for this will either be from internal LNN resources or from centage charges for the NCIPs.

WSO has recommended acceptance of this request to allow Phase 1 works to be completed, and partnerships retained for the possible development of a successor project.



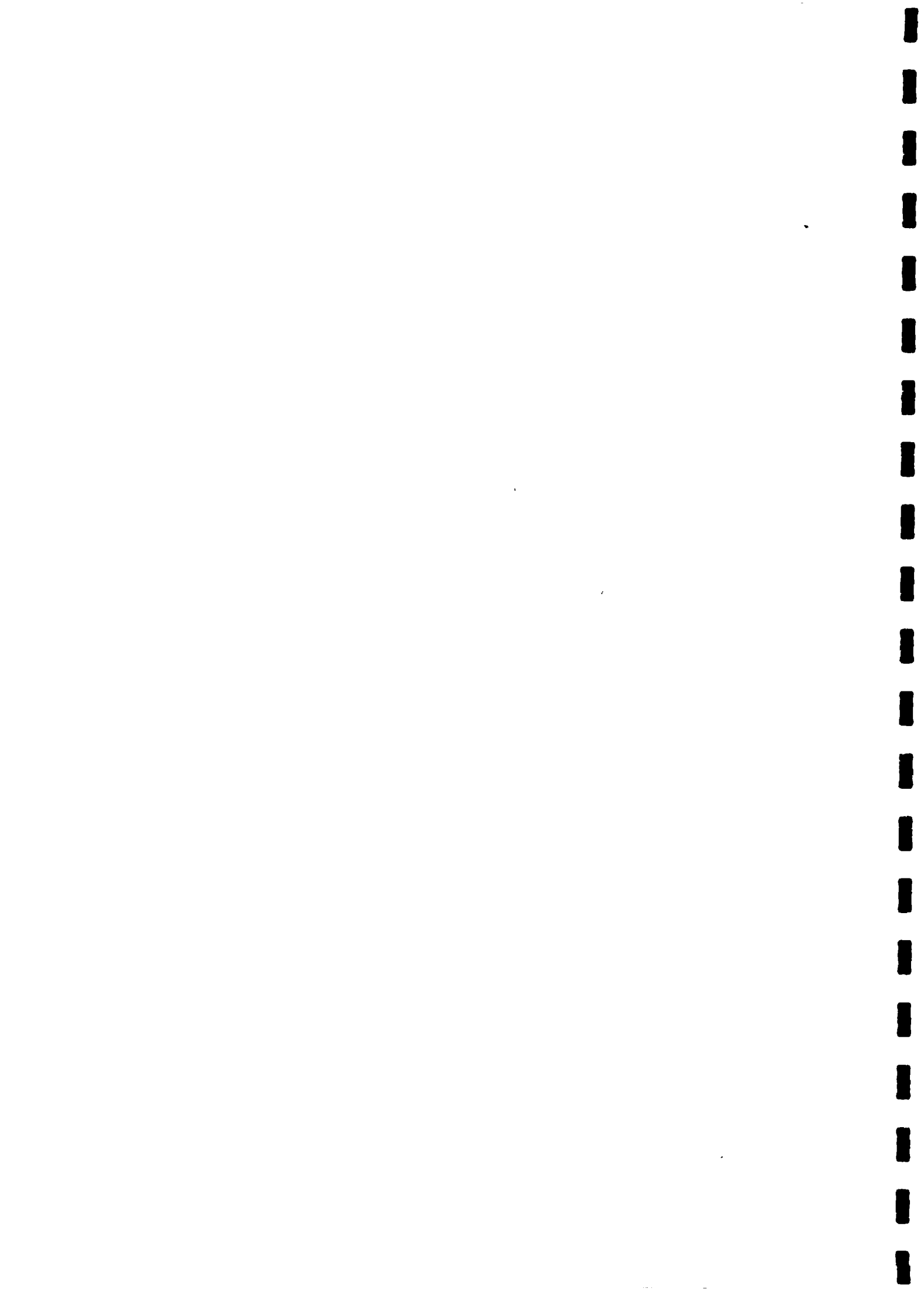
**Gomti River Pollution Control Project at Lucknow - Phase 1
Report on End of Year Achievements April 1997 - March 1998**

Forecasted End of Year Achievements	Indicator	Activities	Level of Achievement at March 1998
Project Components			
Master Planning			
1 Integrated master plan completed	Masterplan document	Document incorporates all areas of work Editorial reviews undertaken Editorial review comments incorporated into document	Completed Completed Completed
2 Integrated master plan endorsed by GoUP and concerned agencies	GoUP order (GO) GoUP develop Action Plan for implementing institutions and financial elements of masterplan	DCOD approve master plan Master plan presented to concerned agencies. Master plan presented to UPSSC GoUP approve masterplan	Masterplan issued to DFID (India) for comment. Final revision of Masterplan issued to PMU and agencies in Lucknow Projected completion date 31 May 1998. Projected completion date 31 May 1998
3 Primary Stakeholder consultation completed	Plan for consultation/publicity developed and implemented	Consultants appointed	Procedure for dissemination to agency staff and elected representatives agreed. Masterplan also to be debated in Sadan Wider dissemination not expected
Nullah Community Improvement Projects			
1 Environmental improvement completed in 7 bastees with appropriate levels of community and agency participation	Implementation completed in accordance with CAPs Funds flowing	DPR finalised and approved Capacity building of CP consultants and community leaders Sensitisation of state and municipal agencies Financing and cost recovery systems devised Monitoring system devised Contract management devised	Completed Completed Financial arrangements negotiated, final GoUP approval projected April 1998 Process documentation initiated Monitoring arrangements for implementation agreed Arrangements agreed for management by PMU and LNN
2 NCIP reviewed in light of overall phase II plan	Appropriate design developed for phase II planning	Appointment of consultant	Impact Assessment Study consultant appointed and design stage initiated



**Gomti River Pollution Control Project at Lucknow - Phase 1
Report on End of Year Achievements April 1997 - March 1998**

Forecasted End of Year Achievements	Indicator	Activities	Level of Achievement at March 1998
3. Scaled up NCIP in progress	50% complete	Extension of NCIP to further bastees Incorporation of lessons into project design	Scale reduced from 7 to 5 bastees Further bastees will not be considered under Phase 1 No longer applicable
Technical Sub-Projects 1 Exploration of inter-agency co-operation, O and M requirements, financing of services, social and environmental concerns completed	Reporting on TSPs completed Formal handover of completed works to agency responsible for O&M	Construction and maintenance/repair contracts awarded and completed Sakata and Pata Nullah Interception PS DPRs appraised Interagency liaison Computerised property tax system initiated Computerised revenue collection (water) initiated Review of TSP's completed	Construction of Gaughat diversion completed Cleaning of Sarkata A nullah completed. Work nearing completion on all other works except Pata nullah cleaning and computerisation of house tax. Projected completion date 30 June 1998. DPRs appraised. Work not to be undertaken in Phase 1 Interagency liaison remains poor. LJS have not agreed to take over of Gaughat pump station, and are concerned over Cis Gomti Pump Station. A new Detailed Project Report has been submitted for approval. If approved project completion date March 1999 Unlikely to be implemented under Phase 1 Formal review of Technical Sub-Projects will now be carried out in July 1998
Hygiene Promotion 1. Hygiene Promotion first phase completed (LSHTM/ Ankur) 2 First Phase evaluation completed 3 UNICEF co-ordinated second phase of Hygiene Promotion activity in progress	Successful completion of LSHTM/Ankur contract Evaluation document prepared UNICEF implements in accordance with the agreed design as the main co-ordinating agency for NGO project partners	First Phase of pilot programme completed Appointment of Evaluation team ToR and budget Prepared ToR and MoU finalised & agreed with UNICEF LogFrame workshop held NGOs appointed and implementing programme according to plans agreed in LF workshop	Completed Completed This activity will no longer take place in Phase 1 in light of the decision not to proceed with a Phase 2 project See above See above See above



**Gomti River Pollution Control Project at Lucknow - Phase 1
Report on End of Year Achievements April 1997 - March 1998**

Forecasted End of Year Achievements	Indicator	Activities	Level of Achievement at March 1998
Project Management			
1. Improved WSO/LSO coordination and project management arrangements	Quarterly Progress Reports	Regular project monitoring and reporting	Completed
		WSO/LSO (monthly/quarterly) planning meetings and annual retreat	Completed
2. Demonstrated capacity of PMU to undertake key project management tasks	Quarterly Progress Reports	Orientation of new project manager and deputy PM (Technical) completed	Completed
		Joint WSO/ PMU (monthly/ quarterly) planning meetings	Completed
		Appoint consultant to review existing arrangements and support PMU with essential project management tasks	Offer of consultancy support for this was rejected by the Project Management Unit
3. Appropriate project management arrangements developed for phase II	Consultancy report and recommendations	WSO/LSO support and progressively handover key project management tasks to the PMU	Not possible due to lack of capacity within Project Management Unit
		Appoint consultant to review existing arrangements and make recommendations for institutional, HRD and financial management structures. GoUP develop proposal for phase II project management	No longer applicable
Training			
1. Demonstrated capacity of project partners to undertake key tasks	Training Plan implementation to schedule	1997/98 TNA completed and training plan developed	Training programme significantly reduced in light of decision not to proceed with a Phase 2 project
		Agreement to training plan and budget	Completed
		Training plan implemented	Completed
Phase II Project Development			
1. Approval of Phase II Project Memorandum	Successful GoUK/GoI negotiations	NRCD/DFID Review Phase I	Completed
		NRCD/ODA/GoUP agree action plan for Phase II project preparation	July 1997 review decision not to proceed with Phase 2, but to look at development of a city based project. Decision on whether to proceed with this to be taken by end May 1998
		PM Drafting	No longer applicable
		Appraisal Mission	No longer applicable
		PEC Meeting	No longer applicable



Gomti River Pollution Control Project at Lucknow - Phase 1

Key Lessons from Phase 1

TIME

Phase 1 was 18 months, 'masterplanning' was expected to be substantially complete in 12 months, but the Ministry pressured to deliver by month 12 but most consultancies were barely operational by month 4, 12 months to get a community based project started in an unfamiliar environment was unrealistic, and compare with longer term involvement (eg Lahore).

LEGISLATION

Assumption was that this was inadequate and institutional arrangements must change, but there was no time to establish credibility.

REPLICABILITY

Complex, integrated, masterplanning approach is not replicable in India.

POACHER/GAMEKEEPER

Separate advice from monitoring.

PROJECT ToR, ITERATIVE STUDIES, CONSISTENCY, COHERENCE

A 'project' ToR is needed, disaggregated into specialisms, and we need to see how iterative work, eg results of CVM and preparation of technical options, can be applied.

TRANSPARENCY

DFID were not interested in funding a sewage treatment works - this should have been made more explicit.

CLEAR OBJECTIVES AND DELIVERABLES

Conflicting perceptions of what Phase 1 and consultants were supposed to deliver.

LOCAL PROCEDURES

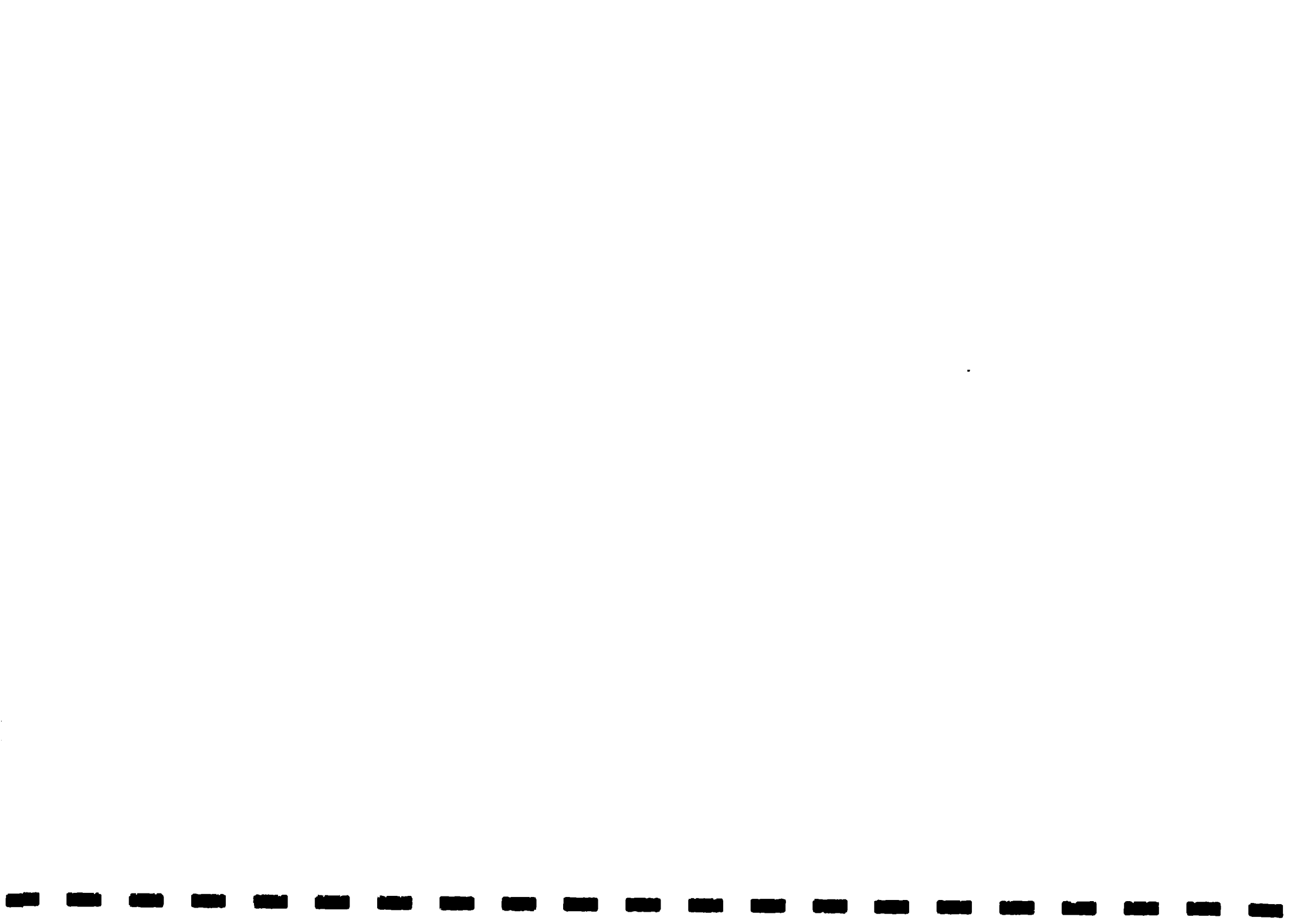
Need to understand this - the lack of feasibility stages, reliance on Detailed Project Reports, Ministry's limitations on funding channels.

ToR FOR AGENCY PARTICIPATION

To clarify role, provide for accountability and foster commitment.

MANAGEMENT OF UP-FRONT TA

Potentially valuable, low-key involvement over time, establishes working relationships, mutual confidence and credibility, but needs managing.



AIDE MEMOIRE

Summary of Main Recommendations of UNICEF - CDD WATSAN, Mid-term Review

MID-TERM REVIEW : 17-25 November 1997

Background

1. CDD-WATSAN is a strategy introduced and promoted by UNICEF in 15 districts throughout India since the beginning of the 1990s. The strategy incorporates many of the activities of the preceding Integrated Sanitation Programme, but seeks to integrate these with improvements to water supplies and hygiene promotion. It aims to bring about a sustainable reduction in diarrhoeal disease through improved access to and use of sanitation and safe water facilities and encouraging better practices for diarrhoea prevention and management. To this end UNICEF works in partnership with the State and District Governments and various non-government organisations (NGOs) undertaking activities in the provision of water supply, sanitation, hygiene promotion, training and motivation.

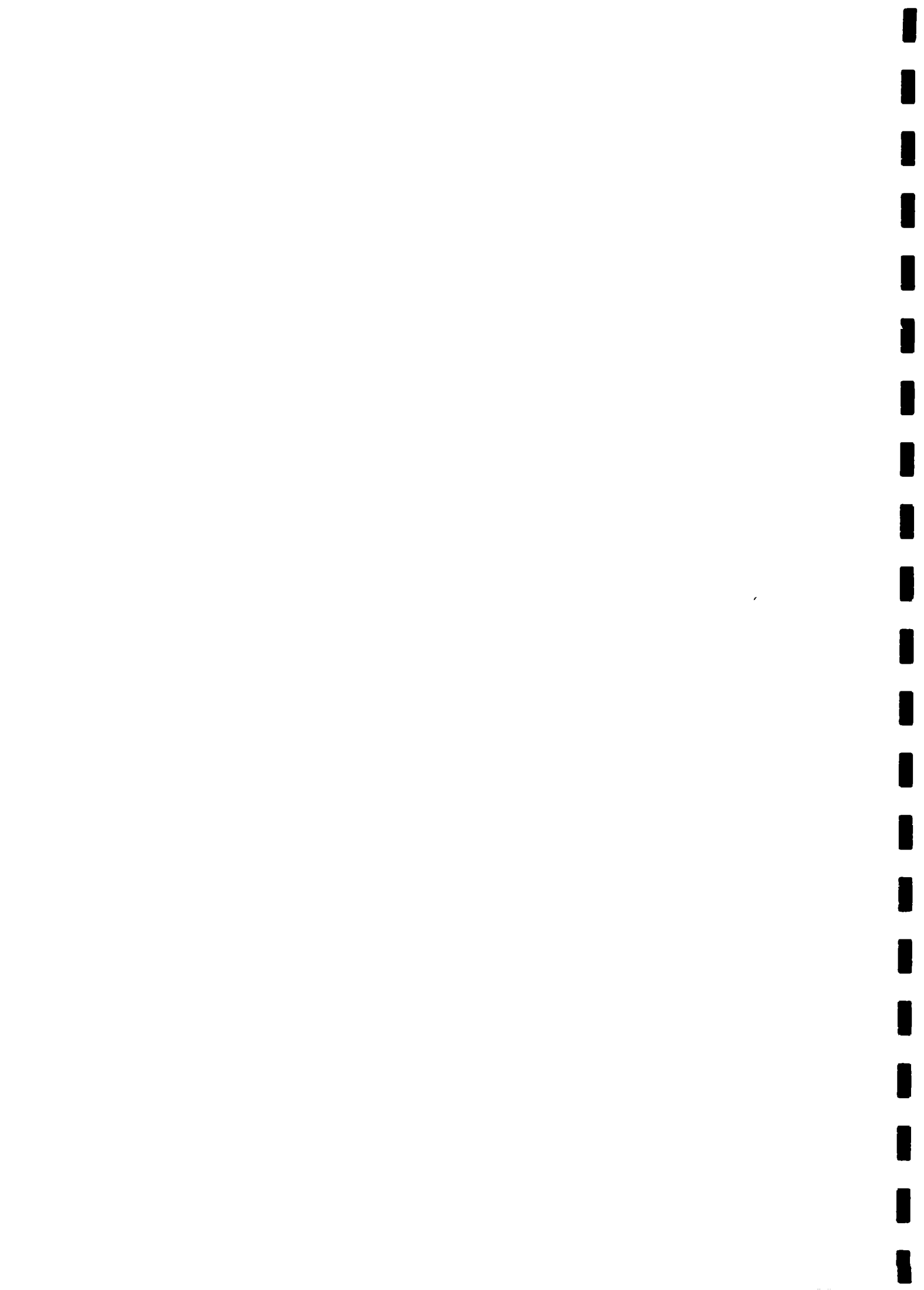
2. The purpose of this Mid-Term Review was to review progress against the project frameworks agreed with the project partners, to assess how far project outputs are set to achieve the project purposes in each project, and how far activities are set to achieve project outputs. The review is also expected to inform decisions about future DFID support to UNICEF projects.

Achievement of Project Purpose

3. The Mission considers that it is too early to judge the prospect of achieving the project purpose in Orissa, but that there is a strong likelihood it will be achieved in Medinipur.

Orissa

4. Project implementation has taken off relatively recently, particularly in Ganjam District. This is particularly disappointing in that the CDD WATSAN programme began well before the DFID funded project. Whilst the approaches being followed have some promising components and progress was evident against the outputs (see below), the Mission identified a number of generic potential constraints:



Coordination

5. The present level of coordination of activities was unsatisfactory, both within programme components and between them. The problem of coordination between components was largely due to the fact that line departments did not communicate future plans to each other and so did not integrate their activities. It is recommended that progress be assessed against agreed milestones, probably set annually. Districts should also review progress against outputs on at least an annual basis, which should promote integration by emphasising each line department's contribution to achieving each output. Such reviews should fully involve the partner NGOs.

Monitoring

6. Systems for monitoring achievement of targets for hardware provision are in place. However, there is scope for improving the monitoring of progress on the software side, particularly of behaviour change. There is also scope for improving the monitoring of quality of inputs. Design deficiencies in latrine pan construction appear to have been picked up late, leading to faulty units entering the market which could threaten the success of the latrine campaign.

Capacity

7. The Mission identified a lack of capacity in UNICEF's Orissa Field Office and cautions against attempts to extend coverage at this stage. Rather, it **recommends** that the emphasis be on consolidation of progress in existing areas. It further **recommends** that technical capacity in the Field Office be strengthened and that DFID consider the possibility of funding an additional technical post if asked to do so.

Technical Options

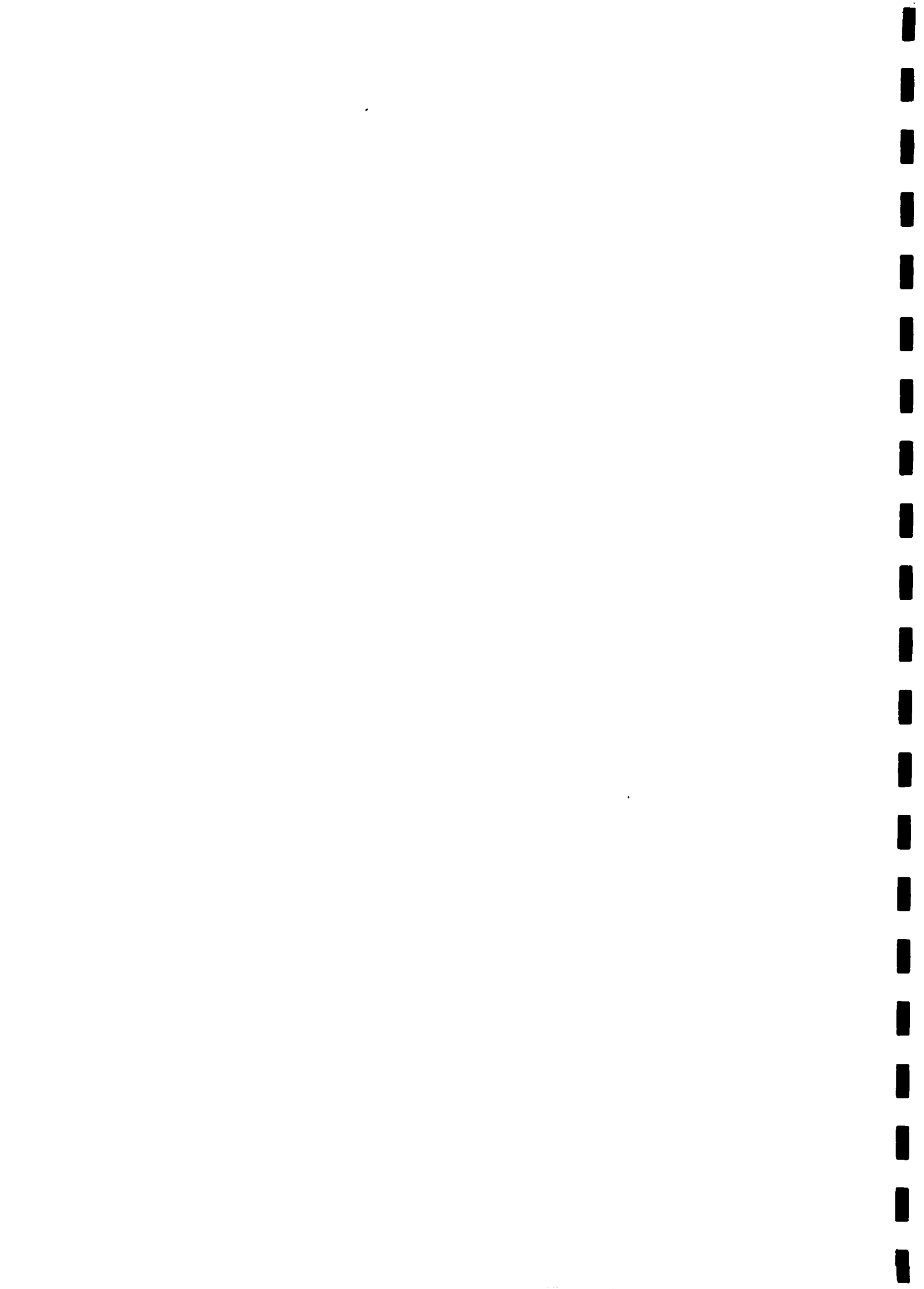
8. The current emphasis on tubewells and the long-term State Government policy on promoting relatively high cost double pit latrines unnecessarily reduce the flexibility of the programme. The appropriateness of particular technical alternatives in different contexts need to be considered more carefully (see under Outputs 1 and 2).

Subsidies

9. The Mission did not find any evidence that the high level of subsidies being offered under current State Government policy was helping to promote uptake of latrines amongst the poor. Indeed, it appeared that it reinforced the tendency to promote high cost options. The Mission **recommends** that the subsidy be abolished, or at the very least be offered only at a flat rate set to cover a proportion of the costs of a basic low cost latrine.

Medinipur

10. The project has had remarkable success in promoting low cost latrines, with apparently full coverage in some villages and a strong likelihood that it will be able to extend this throughout the district. UNICEF has been able to



take advantage of the strong presence of RKM, its NGO partner, throughout the district, and of the strong relationships built up by RKM with village level youth clubs. Youth clubs themselves have a very strong presence in villages, enabling thorough monitoring of progress through both formal and informal systems. Technical inputs have largely been of a high quality.

Availability of Funding

11. Availability of funding has been a constraint, however. This has led to the handpump programme lagging behind latrine coverage. School sanitation has also lagged behind. The Mission **recommends** that DFID consider additional funding to overcome these problems.

Institutional Integration

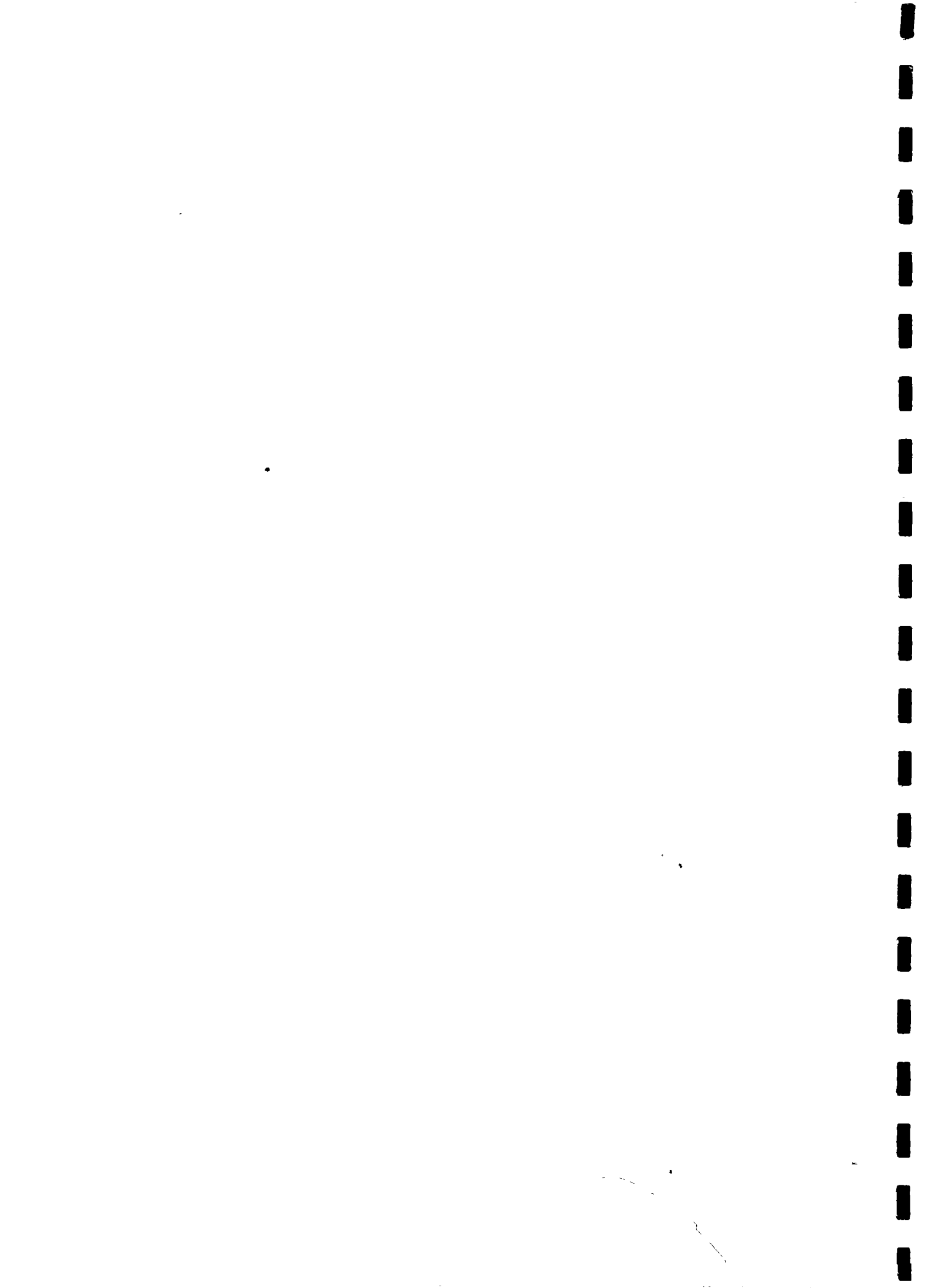
12. Whilst some success has been achieved in integrating the activities undertaken through RKM with State and local level structures, there remains evidence of tension between the youth clubs with their strong relationship with RKM, and panchayats. This is potentially reinforced by the existence of parallel reporting and institutional structures, notwithstanding attempts to bring them together through formal systems of Block and District level coordination. This issue is covered in more detail under Output 5.

Verification of Indicators

13. There was circumstantial evidence, from feedback by villagers, youth club members and panchayat representatives, that the incidence of diarrhoea in Medinipur and Phulbani has decreased since the project started. In addition, there were frequent references to decreased need for hospital or other medical services, largely as a result of the ready availability of ORS depots provided under the project. But statistical data on the incidence of diarrhoeal disease in project areas was lacking. Locally held records with NGOs and ICDS workers and sales of ORS provided rough indicators of prevalence. These records suggested that Government statistics were heavily underreporting actual incidence, probably because they only included cases where people had to visit health facilities. More worryingly, the Mission's findings revealed a strong discrepancy with the KAP Study data for Medinipur. The Mission **recommends** that a brief consultancy be commissioned to identify improved low-cost measures for monitoring the incidence of diarrhoea.

Poverty Targeting

14. Although not an explicit concern of the project, this is a major underlying concern of DFID and also of project partners. In Orissa, the high incidence of poverty suggests that benefits will reach the poor. And the policy of saturation coverage being followed in Medinipur should also ensure an impact. The Mission had some concerns over the distribution and siting of handpumps. The project should consider more participatory approaches to siting to ensure equitable coverage within villages. Data on the targeting of scheduled castes and scheduled tribes and religious minorities is lacking. It is **recommended** that such data be gathered and analysed in future.



SCF - Kalahandi Water and Development Project (KWDP) Mid-term Review

I. INTRODUCTION

1.1 A joint DFID/SCF team visited Kalahandi from 1st - 5th December 1997 to conduct a mid term review of the Kalahandi Water and Development Project (Terms of Reference at Annex 5). The activities of the review included meetings with the KWDP team and local NGOs; field visits; a workshop with partner agencies; and a risk analysis exercise with the KWDP team.

1.2 KWDP aims to contribute to the well-being of poor people in remote areas through development of a replicable model for equitable and participatory planning, provision and usage of water on a sustainable basis in remote areas. KWDP activities are focussed in two blocks in Kalahandi District - Thuamal Rampur and Lanjigarh. KWDP is being implemented by SCF(UK) by its KWDP team, largely through local NGOs and in close collaboration with the district government administration.

1.3 KWDP is consistent with DFID's recently developed water sector strategy for India. In particular the project has a clear poverty focus; it is seeking to develop models for provision of services in remote areas; is working through local NGO's; and is addressing key policy issues.

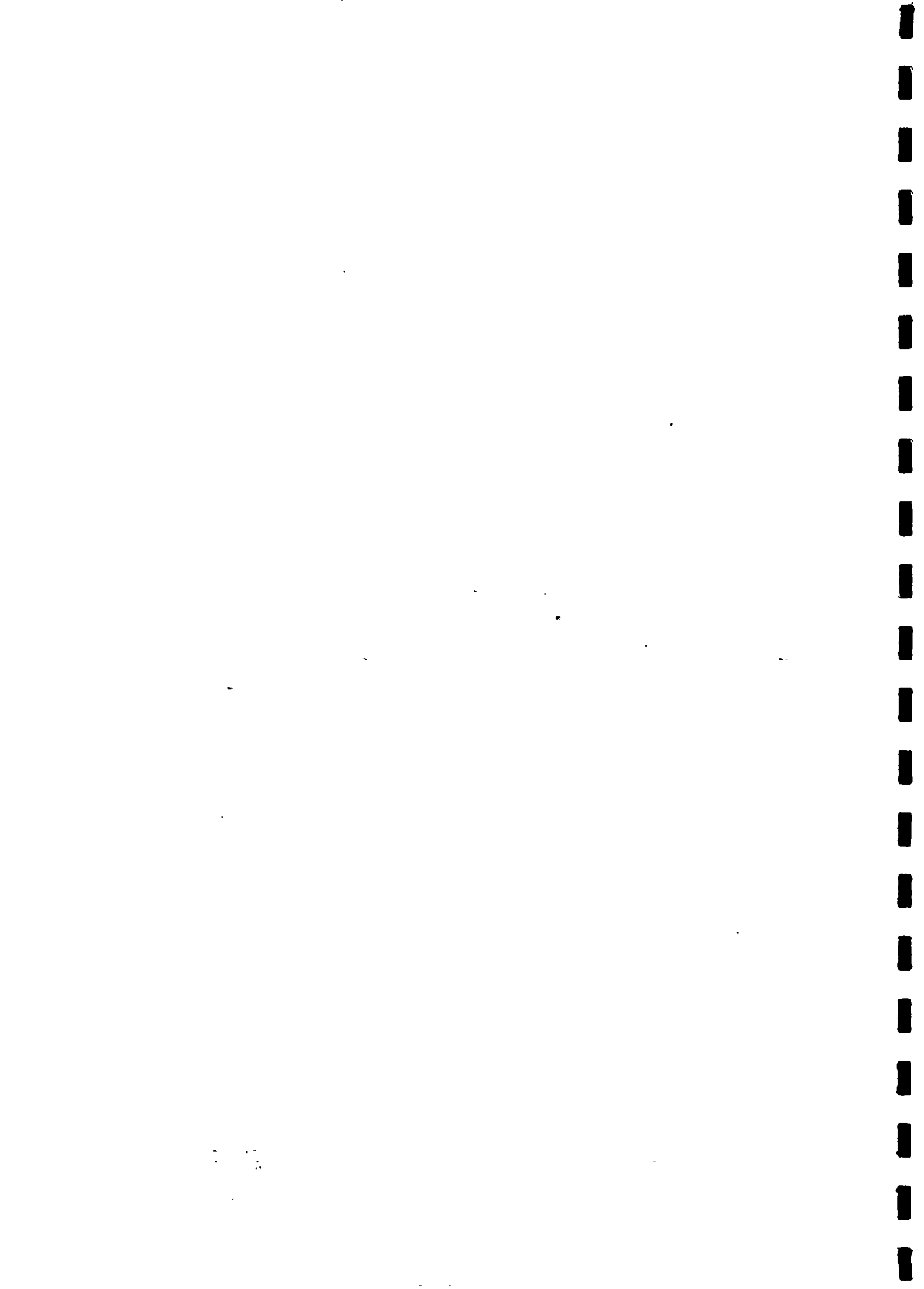
1.4 KWDP addresses some of the strategic priorities that SCF (UK) has identified for the next few years in India. It links with improving access and relevance of basic services to people and explores ways to strengthen peoples' abilities in addressing issues around poverty and livelihood security.

1.5 SCF (UK) is currently developing a global policy on water, and lessons from this project will feed into it.

2. PROGRESS TOWARDS ACHIEVING THE PROJECT PURPOSE

2.1 The project Purpose was originally stated as: "Sustainable and replicable model established for equitable and participatory planning, provision, and usage of water in remote areas. This was recently revised (in October 1997) to: Replicable model established for equitable and participatory planning, provision and usage of water on a sustainable basis in remote areas."

2.2 The three key elements of the purpose are: the establishment of a replicable model; developing an equitable and participatory process; and ensuring sustainability.



2.3 In terms of developing a replicable model, the KWDP team deals with an extremely complex situation where there are large variations across even short distances. The KWDP team has already begun to demonstrate a range of approaches and solutions to dealing with this complex area, including a range of technical solutions, a variety of approaches to developing community based systems of operations and maintenance (O&M) and working with a number of different Partner Agencies (PAs). It is, therefore, clear that the KWDP team should not seek to develop a single, simple model but rather should consider a model of flexibility. There is a need to consider what such a model would entail.

2.4 **The MTR team recommend** that the KWDP team give more detailed consideration to what this model of flexibility consists of, recording the variety of situations in which KWDP works and the variety of approaches used with a view to disseminating the approach more widely and seeking to replicate it elsewhere. The KWDP team is requested to produce a brief report on the emerging model by March 1998, engaging consultancy support if required.

2.5 It is clear that the KWDP team has developed effective participatory processes. However, there is some concern that in terms of equity KWDP is presently focused mainly on the most inaccessible villages with the poorest provision of amenities. There is relatively little attention given to the issue of poverty and particularly to people's own perceptions of poverty.

2.6 **The MTR team recommend** that more detailed work on poverty, which takes into account people's own perceptions, be carried out as part of the selection process. **The MTR team also recommend** that there be a more open-ended assessment of people's needs which takes into account their own prioritisation of these needs.

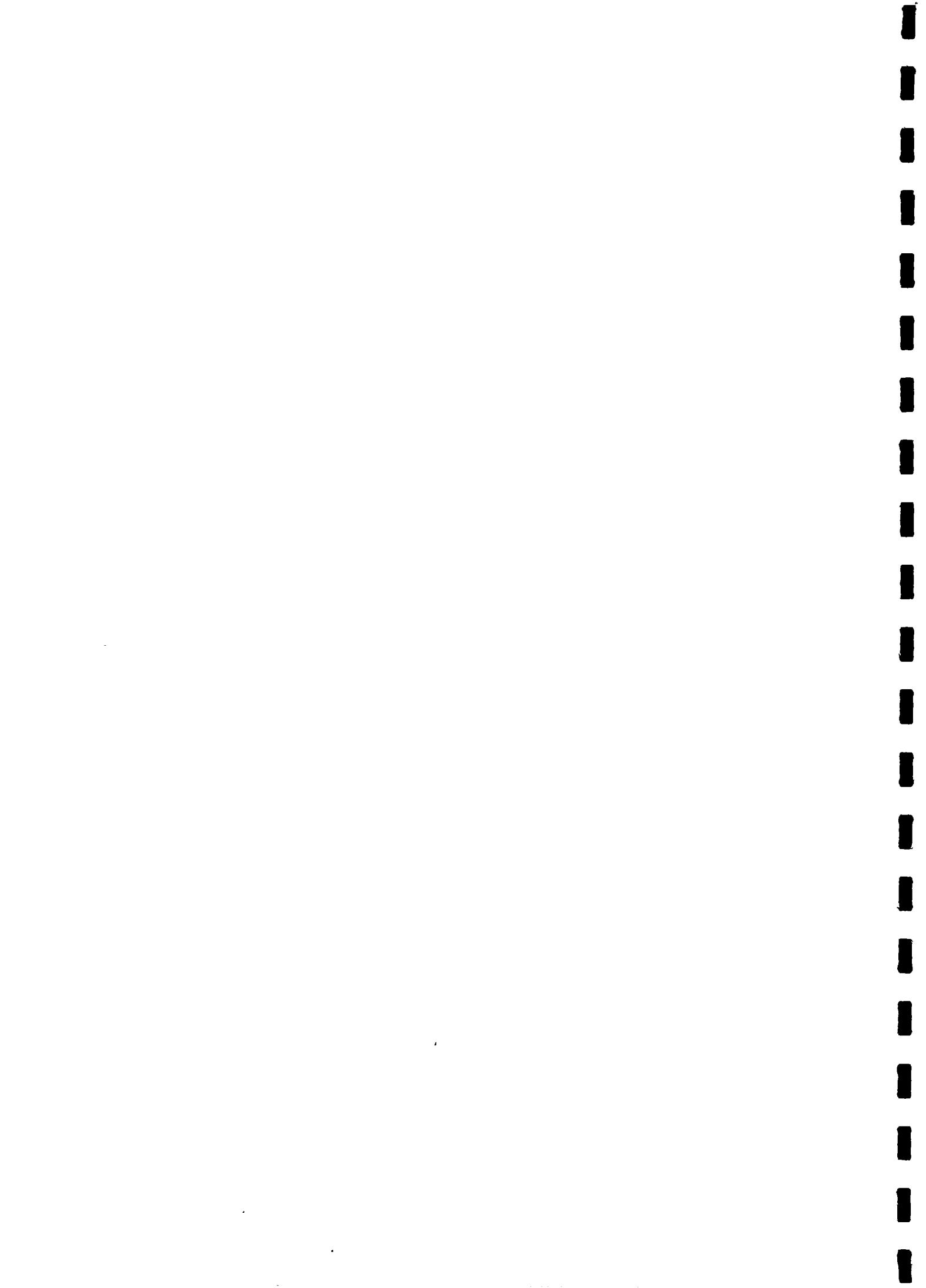
2.7 The KWDP team have made efforts from the start to ensure sustainability, placing particular emphasis on O&M. Work has been done to influence the development of government systems and policy. The KWDP team have also sought to establish systems at the GP and village level to ensure the sustainability of installations. The MTR has, however, drawn attention to a number of areas that require further work. **The MTR team recommend** that greater attention be given to the issues of cost recovery, the division of responsibilities for installations and spare parts banks, particularly between WUCs, GPs and the RWSSD, and the technical capacity of the institutions involved to take on these responsibilities.

3. SUMMARY OF REPORT RECOMMENDATIONS:

3.1 The MTR team also recommend that:

Relationships

4.4 DFID and SCF (UK) give active consideration to promotion of the KWDP model at state and national level.



- 4.8 KWDP support capacity building in the PAs.
- 4.13 KWDP give particular emphasis to ensuring clear linkages and understanding between WUCs, BACs and the PAC.

Sustainability

- 5.7 The KWDP team further explore respective roles and responsibilities between the community, the GP and RWSSD for O&M.
- 5.7 Consideration be given to the relative merits of ownership of installations by the GP or RWSSD.
- 5.8 Training of Caretakers be given significant emphasis in KWDP.

Health and Hygiene

- 6.5 In remote communities, where NGOs and KWDP are likely to be the most frequent contact, active consideration should be given to the introduction of simple measures for case management of diarrhoea, such as Oral Rehydration.
- 6.7 KWDP monitor the relevance of the hygiene practice messages through the collection of data on identified indicators.
- 6.10 KWDP monitor the likely benefits of the strategy on health promotion through identified indicators.

Access

- 7.8 PRA work which focuses on needs assessment and the prioritisation of needs by villagers themselves be carried out in an earlier stage of the selection process.
- 7.8 The needs assessment work through PRA be carried out in a more open-ended way in collaboration with PAs.
- 7.11 Further consideration be given to the use of local languages/dialects and the involvement of women in KWDP.
- 7.12 the KWDP team continues to give consideration to the ways in which different viewpoints can be understood and represented in the project and to how the project handles the variations in the situation in the project area.

Technical

- 8.3 Appropriate technical solutions be identified and developed keeping in view the following considerations:
- The least cost option for a particular habitation or a group of habitations should be considered keeping in view construction and O&M costs, as well as taking into account social factors. The per-person cost for a particular habitation should not significantly exceed the average per-person cost for the entire project.
 - The O&M requirements should be commensurate with the capacity of the community.
 - Equity and equitable access to people belonging to different social groups (SC/ST) and to people with different needs (including the old and the disabled).



- 8.4 KWDP investigate the feasibility of connecting a few villages in the same cluster to a common source of water, and also further options such as cheaper filter wells reportedly to be developed in the hilly regions of U.P and hydraulic ram pumps.
- 8.5 Efforts be made by the KWDP team to reach agreement with RWSSD on water quality criteria for spring and other sources; and to develop a WQM strategy in collaboration with RWSSD, the Health Department and GPs.
- 8.6 That:
 - Partner agencies should be encouraged to recruit and deploy qualified and experienced staff
 - A "Quality Check List" should be developed by KWDP engineers for the various structures and works. This should be provided to partner agencies and also to KWDP field coordinators.
- 8.8 In villages where none of the present options are feasible, measures be taken to protect the existing source (e.g streams), as far as possible, from external contamination. In addition, in such a situation the feasibility of measures such as boiling drinking water, and/or using domestic earthen pot filters should be explored.

Project Management

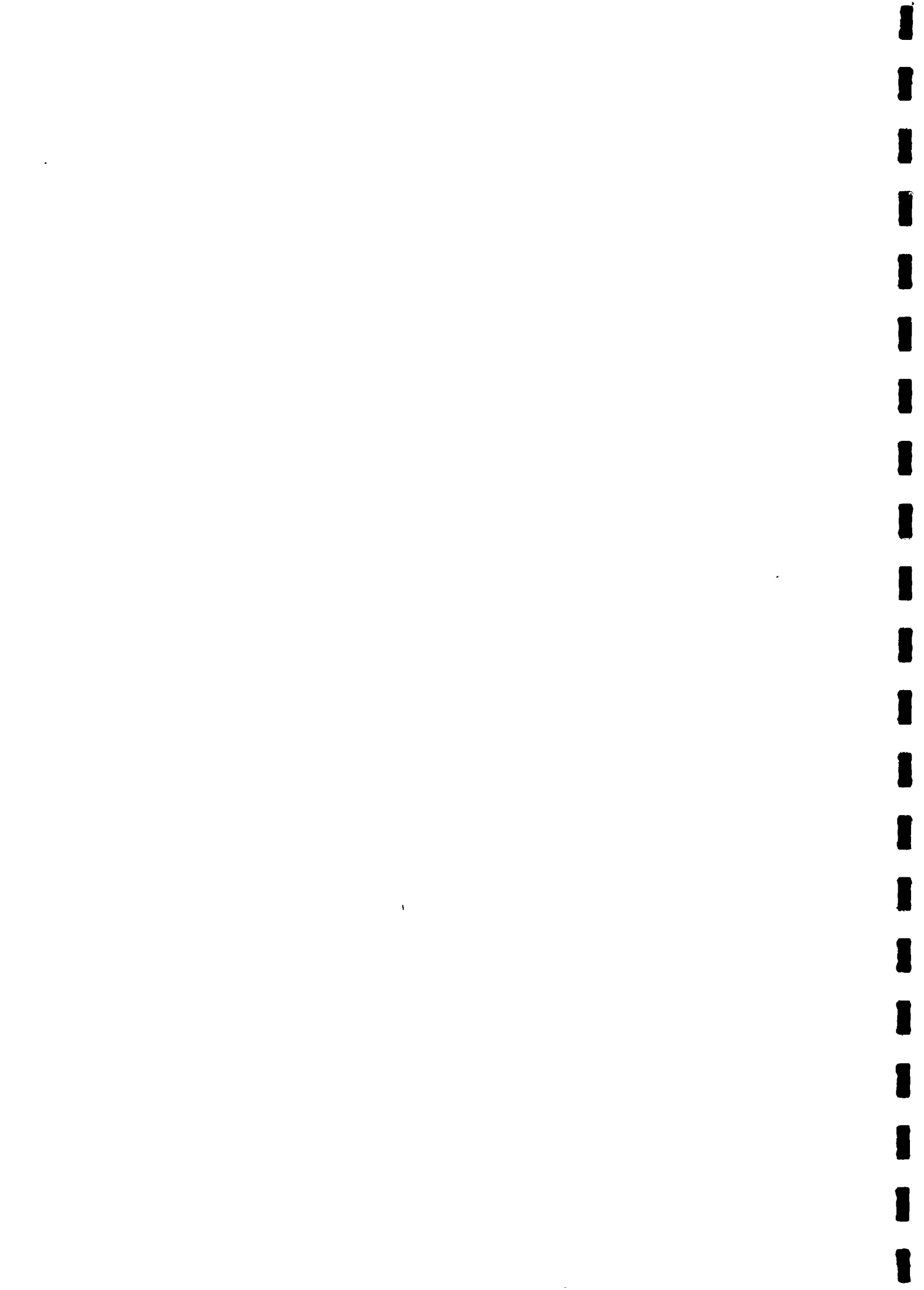
- 9.6 SCF (UK) India continues to encourage local decision making within clear parameters.
- 9.7 SCF (UK) India provide some support to planning for the provision of further training. Negotiation and conflict resolution skills have been identified as being particularly important.
- 9.7 SCF (UK) India reassess the mix of skills available in the KWDP team in the light of the model of implementation that has been developed.
- 9.11 SCF (UK) India review future financial projections in April 1998 in the light of actual implementation achieved during the period October 1997 - March 1998. This information should be included in any request for a project extension.
- 9.12 The KWDP team modify the reporting format to facilitate read across between what was planned for, and achieved during, the reporting period; and give consideration to providing shorter reports on a quarterly basis.

Documentation And Dissemination

- 10.2 Identify key parameters for creating a 'replicable model for remote areas' and document along these lines over the project life on a periodic and regular basis.
- 10.3 KWDP to identify thematic areas for documentation and sharing.
- 10.4 KWDP to conduct an audience assessment and analysis for purposes of wider sharing for networking, for scaling up and for policy developers at various levels.

Extension of Project

A revised request is submitted to DFID in April 1998.



Management for Sustainability in Water Supply and Sanitation Programmes

This programme, supported by DFID from 1994 - 1997, was designed by the International Water and Sanitation Centre (IRC) at The Hague together with the Management Development Foundation (Ede) and transferred to the Nashik Research and Training Centre (NRTC), Maharashtra.

The target group (of 25 on average) is made up mainly of government officers drawn from the DFID and IDA water supply project areas (deputy health officers, block development officers, executive engineers and administrators) together with representatives from non-governmental institutions such as the Tata Institute of Social Sciences (TISS). NRTC is making efforts as of this year, to attract participants from other states.

The three-week programme deals with the key aspects of sustainability in *rural* water supply systems using the Objective Oriented Project Planning Methodology to enable participants to carry out a problem analysis followed by an objective analysis to identify key issues for sustainability. This is followed by one week of exposure (including field visits) to key issues such as community participation, C & M, gender, sanitation, water quality monitoring, etc. The final week concentrates on the development of personal action plans using the planning tools and skills acquired.

The MFS course is a programme with immense potential. It is in line with DFID's change agenda for the water sector i.e. sustainable systems, cost-recovery and community participation. The focus on analytical tools and personal action planning complements DFID's training programme for the urban sector – MDSUPHO.

Recommendations

- Vision of the programme should be expanded beyond the current limited focus on training project staff.
- Programme should be used to further DFID's strategic objectives in the rural water supply sector.

Management Development for Senior Urban Public Health Officials

This national programme, supported by DFID since 1991 and sponsored by the Ministry of Urban Affairs and Employment (MUAE) is jointly delivered by WEDC together with the Administrative Staff College of India (ASCI) at Hyderabad with the intention of transferring the programme entirely to ASCI by the year 1999.



The target group for MDSUPHO is comprised mainly of superintending engineers drawn from different states (14 each year).

The programme aims to develop a cadre of sector managers and trainers who are aware of, and committed to, the need for change management in the sector with a focus on a new commercial and customer orientation.

Phase I (5 weeks) in the UK concentrates on technology through case studies and site visits (in the UK and France) where participants are introduced to the latest developments in engineering technology as well as exposed to different institutional arrangements for the sector. Participants are also introduced to project planning methodologies, economic and financial analysis and the basic principles of institutional development.

In Phase II (2 weeks), participants undertake an institutional analysis of a water utility in an Indian city. This is followed by a Phase III at ASCI, Hyderabad where participants review and reinforce learning objectives.

MDSUPHO addresses a key human resource development need for the Indian water and sanitation sector that is currently grappling with issues of financial viability and long-term sustainability of investments. The programme aims to create like-minded agents of change across the country that will initiate and take forward sectoral change.

Recommendations

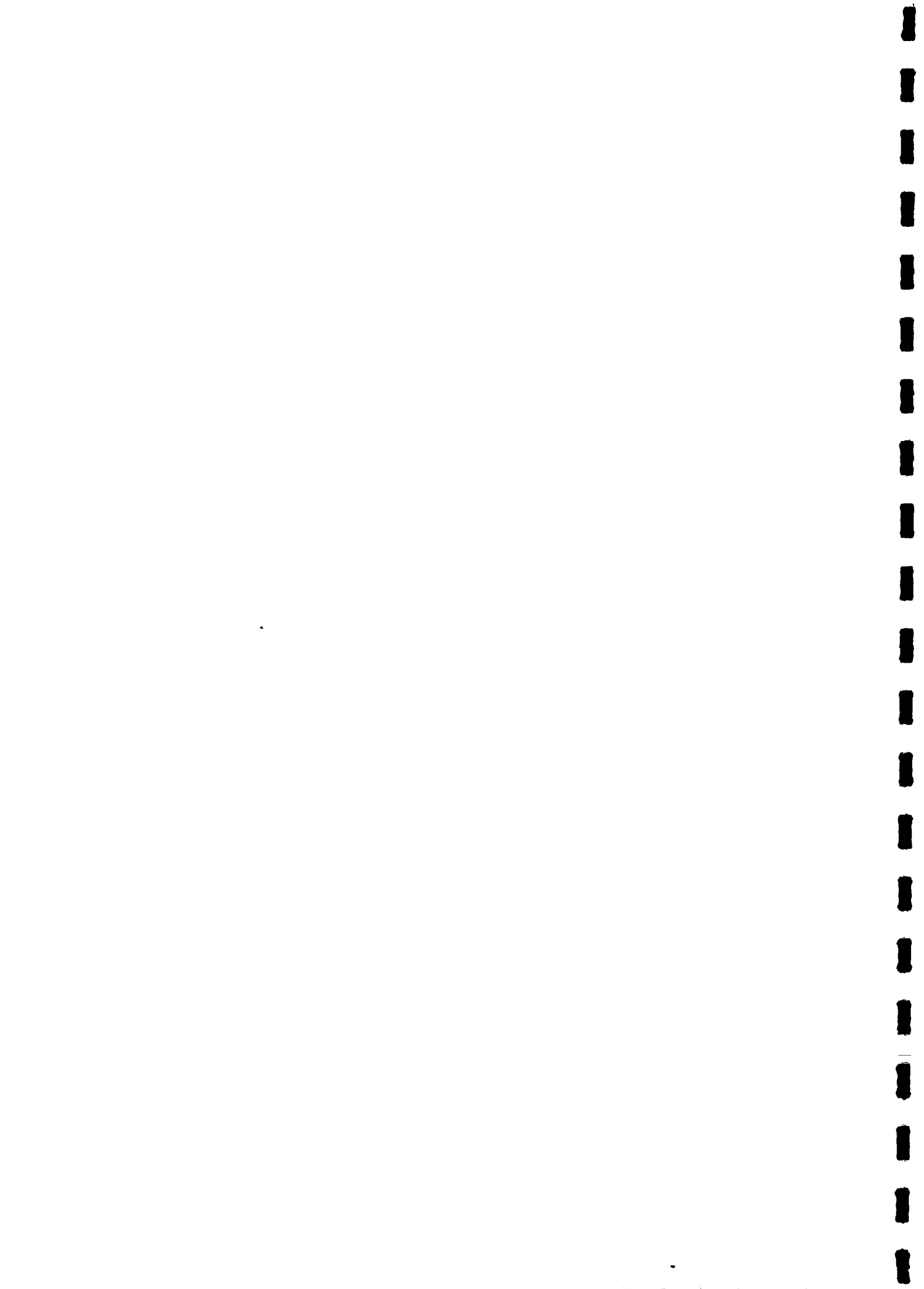
- DFID should support an expanded programme that creates the critical mass necessary to initiate and take forward change in the UWSS sector.
- DFID should better utilise the contacts and opportunities generated by MDSUPHO to inform and influence the national policy debate on sustainability of UWSS.

Groundwater Management for Rural Water Supply

The programme was supported by DFID from 1991, when it began as a national programme delivered annually by Scott Wilson Kirkpatrick. It was successfully transferred to the Gujarat Jalseva Training Institute (GJTI) in 1996 and DFID support withdrawn from 1998.

The programme targets superintending and executive engineers as well as scientists. A large number of the participants are drawn from the Gujarat Water Supply and Sanitation Board. The participation of the Irrigation and Agricultural Departments and NGOs is relatively poor.

GMRWS originally aimed to enhance Indian groundwater professional capacity to develop and safeguard groundwater resources so as to provide sustainable, good quality drinking water supplies in rural areas. The course



seeks to promote an integrated approach to the design and use of water resources.

There has been a slight shift in the original purpose towards developing a group of groundwater technical specialists by informing them about new techniques, methodologies and processes that can be used to promote attitude change and collaboration with different stakeholders in the rural groundwater sector.

Originally designed as a twelve week UK-India programme, GMRWS has evolved into a five week, all-India programme.

GMRWS addresses a key need in the rural water sector by equipping sector personnel to make more informed decisions on the utilisation and preservation of groundwater resources. By engaging in dialogue with different stakeholders in rural groundwater utilisation sector personnel are able to formulate a holistic perspective of the groundwater issues that affect sustainability.

Recommendations

- Closer co-ordination with authorities and professionals from the agricultural and irrigation sectors in order to emphasize the importance of an integrated catchment approach to water resources management.
- DFID should extend further and more holistic support to the multiplier effects of this investment in order to better utilise the contacts generated and capacity built, to further its strategic objectives in the rural water sector.

Solid Waste Management

DFID supported in the period 1992-1995, this national training programme was designed by WEDC, Loughborough University, UK and transferred to the All-India Institute of Local Self-Government, Mumbai over a period of four years.

The target group comprises of officers of Public Health Engineering Departments and municipalities from all over India, sponsored by MUAE.

This annual course is run for three weeks at AIILSG in Mumbai and is sponsored entirely by the MUAE. MUAE also sponsors two one-week refresher courses in SWM at Bhopal and Delhi annually.

The programme aims to equip public health officials with technical skills and knowledge together with analytical tools to inform an integrated management approach to the burgeoning solid waste problem faced by Indian cities.



Recommendations

- DFID should utilise the contacts and opportunities generated by this programme at the state-level and with MUAE, as an entry point into the urban sanitation sector.
- DFID should extend further support to the multiplier effects of this investment, tying it in closely to its overall human resource development strategy for the urban water supply and sanitation sector.

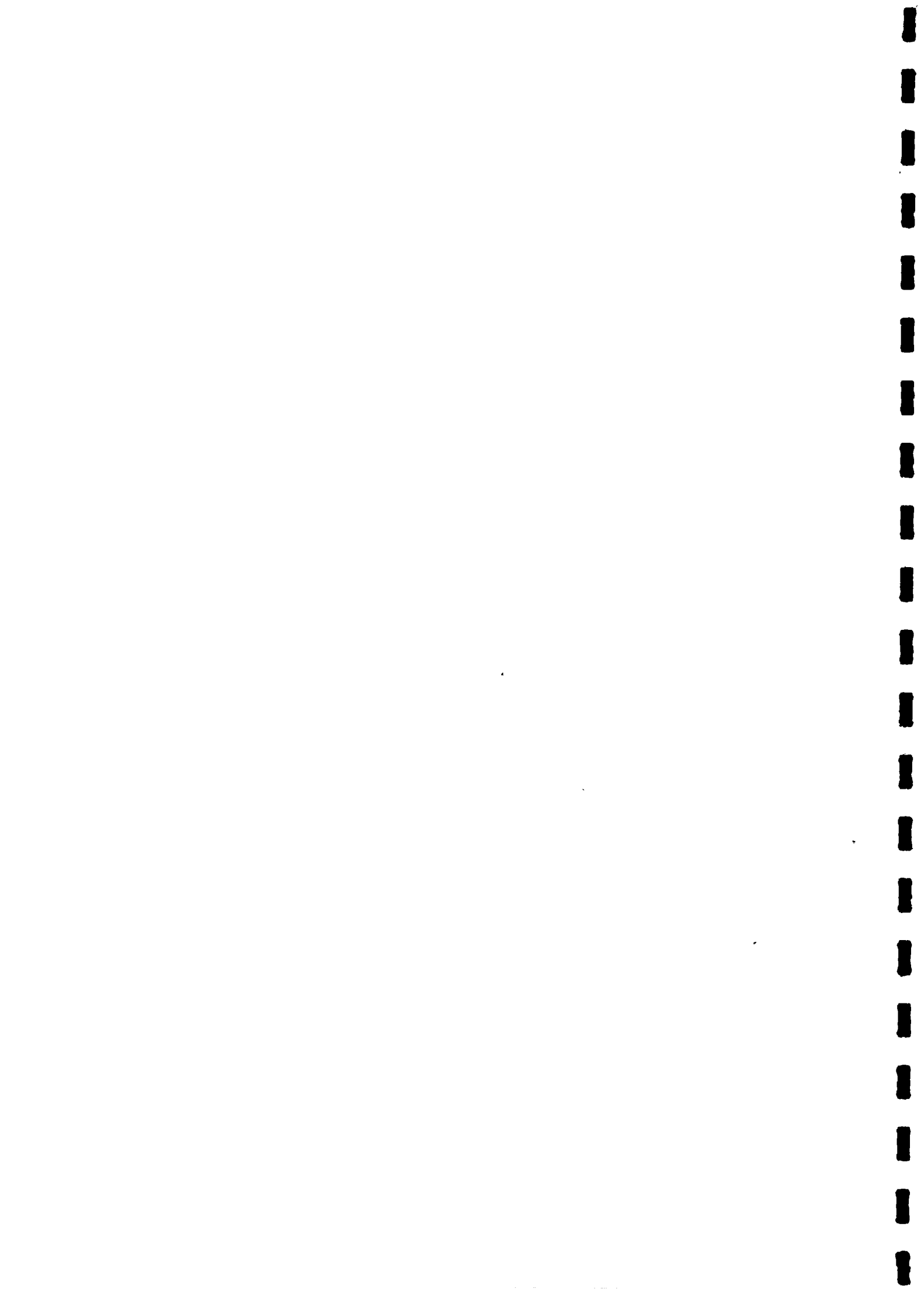
RWSG Proposal

This proposal submitted for DFID funding in March 1998 aims to develop a programme of national and municipal capacity building and to develop a programme of strategic thinking and policy development at state and national levels in India.

This proposal is in line with DFID's capacity building objectives that target municipal managers and decision-makers in WSS in India. It also ties together quite neatly recommendations emanating from recently concluded reviews (MDSUPHO and GMRWS) to build up a critical mass in targetted states and municipalities in order to accelerate the change process for the sector.

Recommendations

As the RWSG proposal deals predominantly with sanitation, with water as a corollary, DFID must consider how best it can improve or add to its existing investments in HRD in the water sector to complement the RWSG proposal. This would mean that a more holistic perspective of the sector needs to be taken which ensures that well-designed initiatives assess and address training needs at different levels of rural and urban water supply and sanitation.



Ganga Action Plan, Phase I, Cost Benefit Analysis

The key points emerging from the study are summarised in the following paragraphs:

The nature of the study, using contingent valuation methodologies (CVM) to estimate user and non-user benefits, health benefits assessment and quantification of agricultural benefits to value improvements in the quality of India's most important river were unique in the developing world. By drawing on a wealth of national expertise the study has integrated a number of scientific, ecological and economic techniques producing results which are at the cutting edge of economics in this area.

Cleaning up rivers is expensive, but so far GAP had cost less than a fifth of the Thames River clean up.

The results show that it is possible to estimate potential benefits using CVM techniques ex ante and hence it will now be possible to devise methods for recovering the costs against some of these benefits.

For water quality monitoring, further work could have been done which may have offered more useful information with regard to the health benefits of poor user communities. If extraction continues at the current pace then the average flow of the Ganga will continue to decline with concomitant decreases in river water quality.

Staff of NRCD were concerned about the inconclusive nature of the impact of GAP on fisheries. There was enough evidence to show that fish productivity was related to river water quality and hence that GAP has contributed positively to fish productivity.

User benefits had probably been underestimated because the sample was based on the 37,000 literate urban households living within 0.5 km of the Ganga. It was however, better to have a conservative estimate rather than run the risk of double counting the health and agricultural benefits which are more likely to affect poorer households. Furthermore, the fisheries and bio-diversity benefits were not quantified but add considerable intangible benefits to the project. The benefits of using sewage water in agriculture and electric crematoria were also not quantified in the study.

The implications for other river clean-up programmes were of interest to NRCD. The Ganga is a special river and non-user benefits were essentially quantifying the religious and cultural heritage that it represents. Non-user benefits for other rivers would be very marginal to the extent that there would probably be negative NPVs if a similar study was conducted for a different Indian river.

NRCD were keen to discuss possible sources of finance for recovering O&M costs of GAP. The Polluter Pays Principle, (PPP) Beneficiaries Pays



Regional Water and Sanitation Group (RWSG)

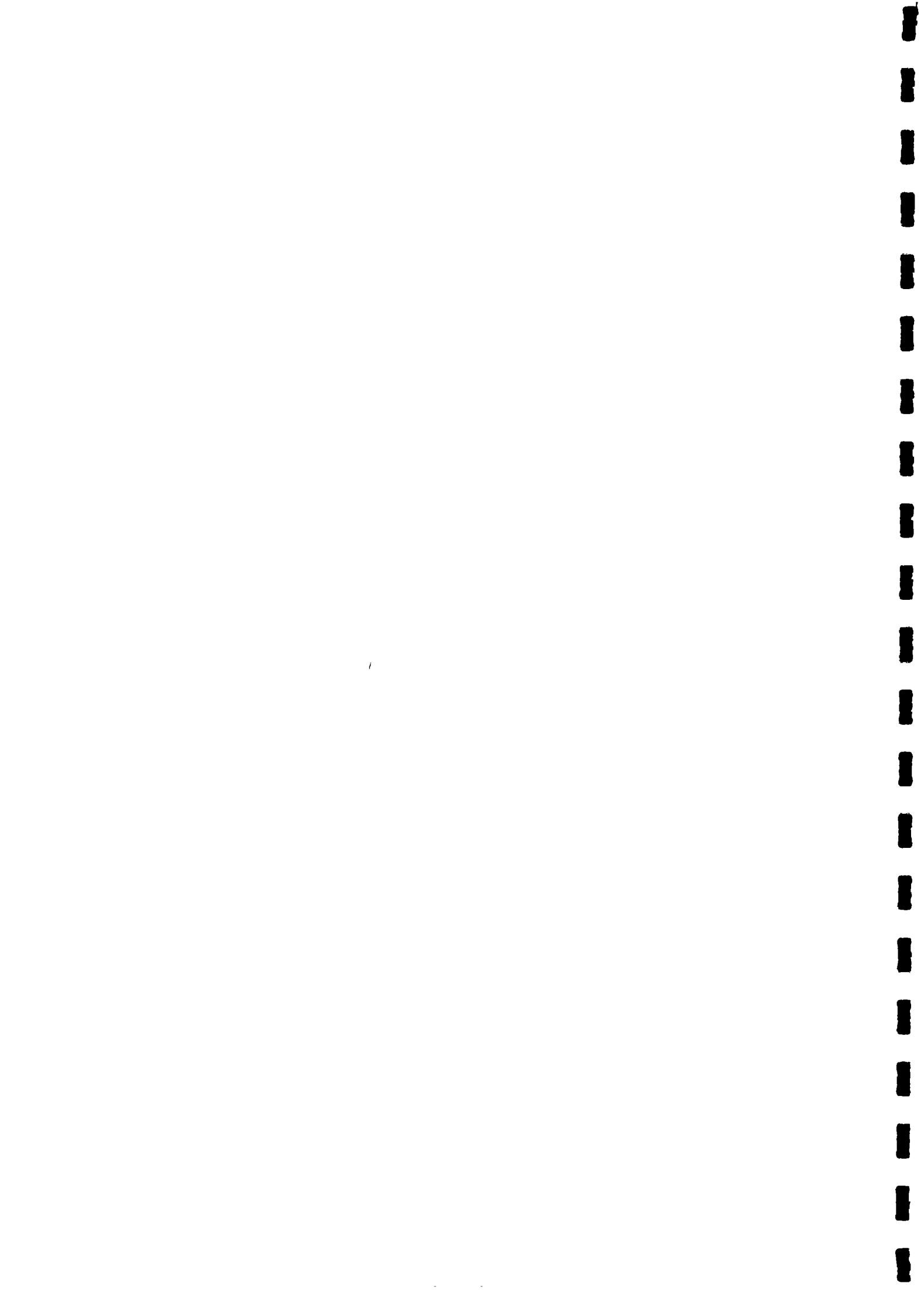
Summary of Activities January 1996 December 1997

The Department for International Development has provided funding for the position of Regional Sanitation Advisor in the RWSG - South Asia over a two year period. The Regional Advisor has been responsible for co-ordinating the Program's urban programme in five countries; India, Pakistan, Bangladesh, Nepal, and Sri Lanka. In addition to the Advisor led a number of specifically regional projects. This includes for example a major comparative study of large scale sanitation projects for the Urban poor, and their effectiveness after fifteen to twenty years of operation. This study is providing invaluable lessons on appropriate project design to ensure that investments in urban infrastructure can be effective in the South Asia region. In addition the Advisor provides support on sanitation issues in rural programmes throughout the region.

In the urban sector the Program's concern is to ensure that sanitation investments reach the poorest people within cities and towns. In addition to specific interventions at the level of individual slums and tenements, this means paying attention to the overall city/town infrastructure networks and to municipal finances; applying the Dublin principles of management at the lowest appropriate level means that higher levels of management in their turn must function better. For this reason much of the Advisor's work over the last year and half has focused on policy development at the government level and building capacities at the municipal level. As part of this the Sanitation Advisor has been responsible for a series of local and national workshops culminating in a Regional Workshop on Urban Sanitation held in Dhaka in February of this year, but also including national workshops in Bangladesh and Pakistan and a provincial workshop in Punjab, Pakistan. DFID have been able to participate in most of these.

Based around these workshops, but also working continuously with a range of partners, the Adviser has been developing extensive programmes of activity in India, Pakistan and Bangladesh. In Pakistan we are now launching a programme of piloting, sector policy development and strategic thinking. Concurrently the Advisor has been initiating negotiations with the World Bank to apply the new lending instrument known as the "Learning and Innovation Local (LIL)" to smaller-medium town investments in water and sanitation. In Bangladesh a similar programme is gradually developing, and the advisor has been establishing a working arrangement for provision of technical assistance by the Program to investments by DFID Bangladesh, ADB and IDA. However, here the focus has been much more on national policy development, and the production of the country's first draft policy on water and sanitation.

Donor coordination is another important aspect of this work and the Sanitation Advisor has played a key role in the "Think Tank" initiative in India, and similar



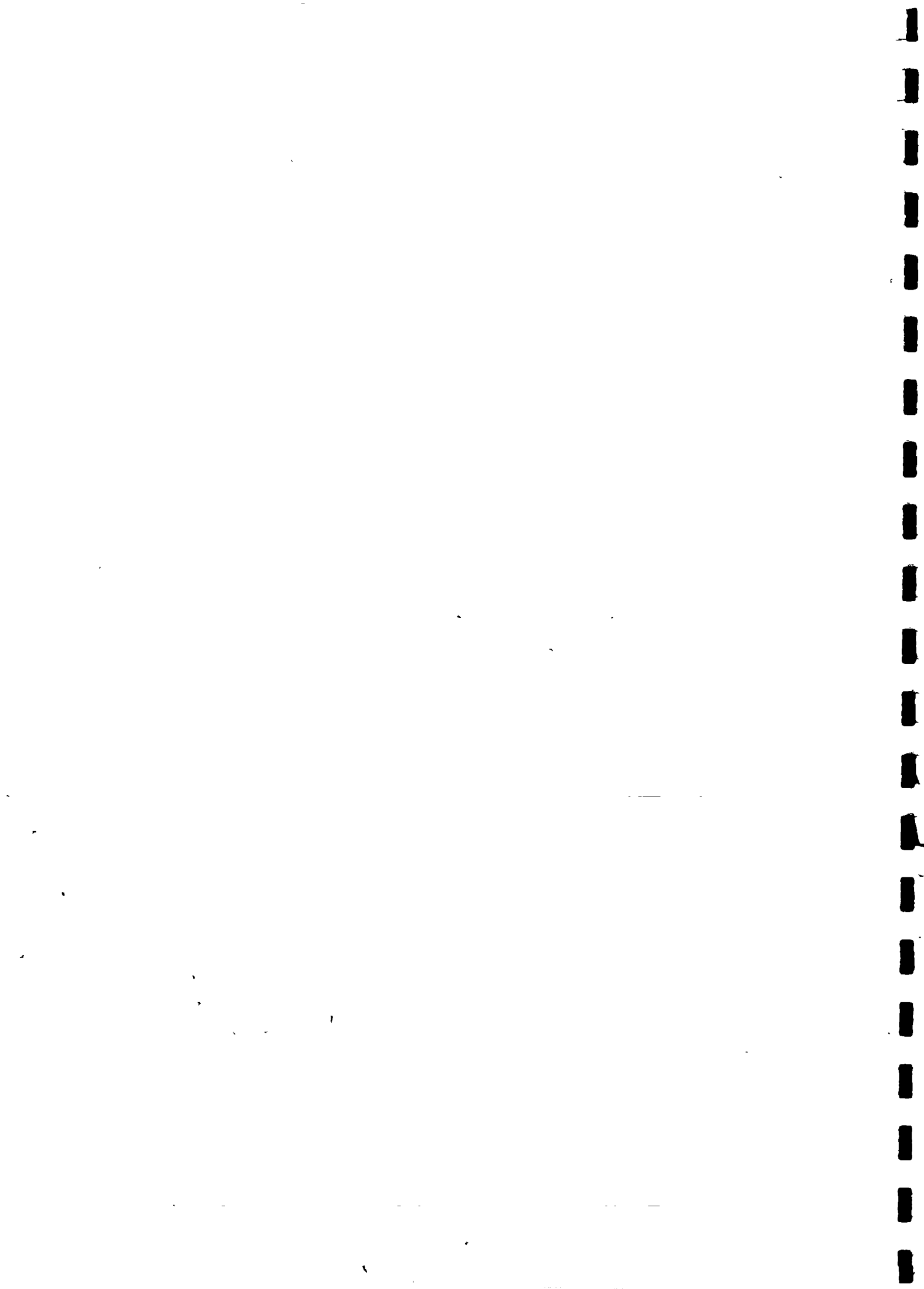
Principle and Special Environmental taxes were discussed. The report suggests that an annual payment of Rs.131/- would be sufficient to cover capital and O&M costs. However, it is recommended that presentationally it would be better to show the average household cost to recover only the O&M costs of GAP in view of the fact that in India there is almost no record of capital cost recovery on environmental clean-up projects.

Mechanisms for payments included paying through the normal income tax system or through voluntary contributions through an established or new NGO. The public has low expectations of successful project implementation by the government and that some private organisation may be able to collect more money and ensure that it is well spent. Other sceptics believed that stated WTP will not reflect actual payments once the tax/contribution is enforced.

A short four page summary report will be produced by the consultants for wider dissemination within India.



co-ordinating activities in Pakistan. The Advisor has also been involved in programme specific activities, particularly in India and Pakistan. One of the most relevant and challenging assignments has been working with Ahmedabad Municipal Corporation designing a long term infrastructure project for slum chawl dwellers. The project, supports poor people and mobilises local industry to work in partnership to provide local level municipal services. This activity will be extensively documented during this year.







Abbreviations

38V	38 Village Scheme (Maharashtra)	GOA	Government of Maharashtra
42V	42 Village Scheme (Maharashtra)	GOUP	Government of Uttar Pradesh
51V	51 Village Scheme (Maharashtra)	GP	Gram Panchayat
56V	56 Village Scheme (Maharashtra)	GRPOPL	Gomti River Pollution Control Project at Lucknow
80V	80 Village Scheme (Maharashtra)	GTZ	Gesellschaft fuer Technische Zusammenarbeit
ADHO	Additional District Health Officers	GWD	Groundwater Development
ADB	Asian Development Bank	GWMRS	Groundwater Management for Rural Water Supply
AILSG	All India Institute of Local Self Government	GWP	Global Water Partnership
APO	Associate Professional Officer	HDFC	Housing Development Finance Corporation
APR	Annual Project Review	HE	Health Education
ARWSP	Accelerated Rural Water Supply Programme	HRD	Human Resources Development
ASCI	Administrative Staff College of India	HUDCO	Housing and Urban Development Corporation
BDOs	Block Development Officer (at the block level)	IDA	International Development Association (World Bank)
BOT	Build Operate Transfer	IDSMT	Integrated Development of Small and Medium Towns
CAD	Command Area Development	ILC	Information, Education and Communication
CAPART	Council for People's Action and Rural Technology	IIDS	International Institute for Development Studies
CBA	Cost Benefit Analysis	IWP	Indian Water Partnership
CBO	Community Based Organisation	JICA	Japan International Co-operation Agency
CD	Community Development	JPS	JPS Associates, Management Support Consultants
CDD-WATSAN	Control of Diarrhoeal Disease - Water and Sanitation Project	JRY,MWS	Jawahar Rozgar Yojna, Million Wells Scheme
CEO	Chief Executive Officer (of the ZP)	KAR	Knowledge and Research
CSP	Country Strategy Paper	KWDP	Kalahandi Water Development Project
CVM	Contingent Valuation Method	LCSP	Low Costs Sanitation Project
CV	Curriculum Vitae	LDA	Lucknow Development Authority
DANIDA	Danish International Development Assistance	LIL	Learning and Innovation Loan
DC	Divisional Commissioner	L&MIC	Low and Middle Income Communities
DCOD	Development Co-operation Office, Delhi	LJS	Lucknow Jal Sansthan
DDP	Desert Development Programme	LNN	Lucknow Nagar Nigam
DF	Department of Finance	LSHTM	London School of Hygiene and Tropical Medicine
DFID	Department for International Development	LSO	Local Support Office
DHFW	Department of Health and Family Welfare	MDSUPHO	Management Development for Senior Urban Public Health Officials
DHO	District Health Officers	M&E	Monitoring and Evaluation
DPAP	Drought Prone Area Programme	MJP	Mahashtra Jeevan Pradhikaran
DPMU	District Project Management Unit	MNA	Mukhya Nagar Adhikari (Chief Executive Officer, LNN)
DPR	Detailed Project Report	MNP	Minimum Needs Programme
DRDA	District Rural Development Agency	MO	Medical Officer
DTT	District Training Teams	MoEF	Ministry of Environment and Forests
DUD	Department of Urban Development	MRWSSP	Maharashtra Rural Water Supply and Sanitation Project
DUDA	District Urban Development Agency	MSEB	Maharashtra State Electricity Board
DSC	District Steering Committee	MSG	Management Services Group (IEF Consultants)
EH	Environmental Health	MTR	Mid Term Review
EIUS	Environmental Improvement of Urban Slums	MUAE	Ministry of Urban Affairs and Employment
EPO	Education Project Office		
FINSTATS	Financial Statistics		
FIRE	Financial and Institutional Reform Expansion		
FMO	Field Management Office		
FWR&TC	Family Welfare Research and Training Centre		
GAP	Ganga/Gomti Action Plan		
GJTI	Gujarat Jalseva Training Institute		
Gol	Government of India		

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NCIP	Nullah Community Improvement Project	UPJN	UP Jal Nigam
NGO	Non-Government Organisation	UFO	Urban Poverty Office
NRCD	National Rivers Conservation Directorate	USAID	United States Agency for International Development
NRTC	Nasik Research and Training Centre	UWSS	Urban Water Supply and Sewerage
NSDF	National Slum Dwellers Federation	VP	Village Panchayat
NWG	Nullah Working Group	VW&SC	Village and Sanitation Water Committee
ODA	Overseas Development Administration	VWC	Village Water Committees
OECD	Overseas Economic Co-operation Fund (Japan)	WB	World Bank
O&M	Operation and Maintenance	WEDC	Water Engineering and Development Centre
ORS	Oral Rehydration Solution	WELL	Water and Environment at London and Loughborough
PEC	Project Evaluation Committee	WMU	Water Management Unit
PHD	Public Health Department	WQM	Water Quality Monitoring
PMU	Project Management Unit	WSO	Water and Sanitation Office
PPMU	Project Planning and Monitoring Unit	WSS	Water Supply and Sanitation
PRA	Participatory Rapid Appraisal	WSU	Water Supply Unit
PSP	Private Sector Participation	WTP	Willingness to Pay
RBM	River Basin Management	ZP	Zilla Parishad.
RDO	Rural Development Office		
RGNDWM	Rajiv Gandhi National Drinking Water Mission		
RWSG-SA	Regional Water and Sanitation Group South Asia (UNDP)		
SCF	Save the Children Fund		
SDA	Social Development Advisor		
SEM	Self Employed Mechanic		
SEWA	Self-Employed Women's Association		
SFC	State Finance Commission		
SIDA	Swedish International Development Assistance		
SPARC	Society for the Promotion of Area Resource Centres		
SP	Stand Post		
SUDA	State Urban Development Agency		
SWK	Scott Wilson Kirkpatrick		
SWM	Solid Waste Management		
TARU	The Action Research Unit		
TC	Technical Co-operation		
TCO	Technical Co-operation Officer		
TDR	Technology Development and Research		
TISS	Tata Institute of Social Sciences		
ToR	Terms of Reference		
TSP	Technical Sub-Projects		
UBSP	Urban Basic Services for the Poor		
UK	United Kingdom		
UNCED	United Nations Conference on Environment and Development		
UNCHS	United Nations Centre for Human Settlement		
UNDP	United Nations Development Programme		
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific		
UNICEF	United Nations Children's Fund		

