

WEBINAR ON FINANCING SUSTAINABLE RURAL WASH

June 16, 2022

RECOMMENDATIONS

The following recommendations emerged from the webinar to strengthen provision of sustainable water and sanitation services to everyone.

Include O&M costs (taking a ballpark of 5-20% of the annual costs) in the planning process to ensure sustainability of the services.

Build capacities of GP representatives on managing water and sanitation services, need based planning, and timely and proper utilization of funds.

Partner with different technical experts and agencies, such as ISAs and TSAs, at the GP level to formulate and implement good plans.

Build local technical expertise at the block level using the services of ISAs and TSAs.

Involve GP representatives in all plans related to the area in their GP.

Incentivise good performance of GPs in terms of coverage and effective collection of tariffs.

Involve community representatives (teachers, doctors, ANMs, AWWs, ASHAs, etc) in developing plans and make decisions pertaining to a GP to improve delivery of services and foster ownership of the assets.

Deliver quality services to foster community ownership and encourage timely payment of tariffs.

Make community members aware of their rights to demand accountability of the service providers, and putting them in touch with service providers, to ensure quality of service provided.

Facilitate coordination between different departments for convergence and improved implementation of initiatives.

Adopt innovative arrangements for tariff collection – such as involving Self-help Group members and Youth groups to mobilize and collect tariffs. Small GPs can come together and share certain costs as well.

Improve communication flows across the decentralised governance hierarchy, various stakeholders as well as across GPs to enable cross-learning, mitigation of challenges, and foster a sense of unity to provide sustainable services.

BACKGROUND

The Government of India, in the last few years, has renewed its commitment to water and sanitation with the flagship schemes - Swachh Bharat Mission (SBM) and Jal Jeevan Mission (JJM), for sanitation and water, respectively. SBM Phase I (2014-2019) focused on achieving open defecation free status through construction of toilets. To ensure that the open defecation free behaviours are sustained, and that no one is left behind in terms of access to toilets, Phase II of SBM (2020-2025) was introduced. In addition, SBM Phase II aims to provide adequate facilities for Solid, Liquid & plastic waste management in rural India. Thus, in addition to construction of household toilets (of those left behind), Phase II of SBM focuses on construction of Solid Waste Management, grey water management, Plastic waste Management, and GOBAR-Dhan (for disposal of cow dung and organic farm waste) projects in rural India. With JJM (2019-2024), the aim is to connect every rural household to an individual tap connection.

According to the SBM dashboard, as of July 2022, 10,98,48,322 household toilets, 74,110 waste collection and segregation sheds, 4,43,671 community soak pits, 2,17,886 community compost pits, 90,896 kms long drains, 2,11,259 community sanitary complexes, 46 plastic waste management units, and 263 faecal waste management units have been constructed. And, there are 6,53,34,550 (34.02%) households that have been connected to tap water connection since the launch of JJM. As can be seen from the above discussion, all the initiatives entail significant capital investment for infrastructure construction. Further, sustaining the infrastructure require investments beyond capital expenditure. The questions that thus arise are – what are the various sources of funds available to cover the costs of the ambitious vision of the government, what are the funds available to sustain the initiatives, what and where are the gaps in the funds, and how can the same be addressed?

Water for People, IRC and the SuSanA India Chapter organised a webinar on 16th June 2022 to explore answers to these questions. The webinar brought forth the views of experts from civil society organisations and government, and of local government elected representatives. The webinar commenced with Trisha Agarwala of the Centre for Budget and Governance Accountability setting the context by providing the overview of the available sources of funds for the life cycle of water and sanitation services in India. Saroj Kumar Dash of the State Institute for Rural Development and Panchayati Raj, Odisha followed by discussing the necessary capacities of Gram Panchayats (GPs) to plan and finance for the life cycle of water and sanitation services. Elected GP representatives – Mamta Devi from Rajasthan and Mahendra Kumar from Uttar Pradesh – shared their experience, the challenges and the required support for them to finance as per the life cycle of water and sanitation services. This was followed by civil society experts – Banashree Das and Vinay Harswal from Water for People, Mahendra Singh Rao from Budget Analysis Rajasthan Centre, and Nabanita Das from Centre for Youth and Social Development – presenting the trends in state and GP water and sanitation budget allocation and expenditure, and the gaps therein, and the recommendations to overcome them for the states of West Bengal, Maharashtra, Rajasthan, and Odisha, respectively. The discussion concluded with Neelesh Kulkarni of PriMove reflecting on the presentations and relating them to his experience of being involved in capacity building of GPs – the challenges they face and the recommendations to overcome them. The webinar was moderated by Sujoy Mojumdar from UNICEF and was attended by more than 120 participants from across the country.

SOURCES OF FUNDS

In India, the government is the primary funder of water and sanitation programmes. The other significant source of funds is out of pocket or individual contributions to buy water from the market

or pay for use of sanitation facilities. Further, national and international donors comprising of foundations, multilateral, civil society organisations, etc. have also contributed to the sector. It is important to note that the private sector has also made some contributions to the sector.

Government contribution to rural water and sanitation programmes is in the form of centrally sponsored schemes (such as SBM and JJM), state government sponsored schemes (such as BASUDHA¹ programme of Odisha and Har Ghar Nal Ka Jal² of Bihar), funds from central finance commission (currently the 15th Finance Commission), funds from State Finance Commissions, funds from other schemes such as Mahatma Gandhi National Rural Employment Guarantee Act 2005 (MGNREGA), and funds from Members of Parliament Local Area Development Scheme (MPLAD) and Member of Legislative Assembly Local Area Development Scheme (MLALAD).

In both SBM and JJM, a significant departure from other water and sanitation programmes has been the removal of mandatory individual contributions towards financing water connections and toilets. However, individuals have spent significant amounts on both services as government subsidies have not been enough to provide individual water connections or handpumps, nor toilets.

The Government of India's commitment to water and sanitation has been visible in terms of financial allocations in the Union Budget over the years. For the 2022-2023 financial year, the Budget Estimate for water and sanitation, increased by 12% from the previous year, standing at Rs. 67,221 Crores.³ Further, as per the 15th Finance Commission (FC) fund guidelines, 60% of funds available to the rural local bodies is tied for expenditure on water and sanitation services. Similarly, various state governments have prioritised water and sanitation by introducing state schemes and encouraged rural government spending on the same through the state finance commission funds.

In addition to the centrally sponsored schemes and 15th FC fund, the GP representatives present at the webinar highlighted the support received from civil society organisations, MPLAD and MLALAD funds, and own source funds from sale of plants in nursery or entry tickets to tourist attractions, as important sources of fund for water and sanitation services.

THE GAP

Sustainable delivery of water, sanitation and hygiene services require all the elements of the services to be funded over their entire life-cycle. It includes planning, forecasting and budgeting the costs over life-cycle of the service, and identifying the sources of fund to finance the same.

Based on their analysis of water and sanitation schemes in various states, the civil society experts stated that the centrally sponsored schemes prioritise infrastructure creation i.e., capital expenditure (CapEx). There are major gaps in budgets for maintenance (minor and major) as well as information, education and communication (IEC). Studies have found that CapEx only covers the tip of the iceberg. For sustainable water and sanitation services, it is crucial to budget for the other costs heads. In the absence of factoring for these heads, there often is slippage in services due to minor and major breakdown, rendering the capital redundant overtime. As per estimates of the World Bank, achieving universal safely managed water and sanitation (SDG targets 6.1 and 6.2) would entail a capital

¹ Buxi Jagabandhu assured drinking water to all habitation (Basudha) scheme, launched in 2018 with the aim to provide adequate safe drinking water to rural households for drinking and domestic purposes on a sustainable basis.

² Har Ghar Ka Jal is part of the 7 resolves of the Government of Bihar which aims to provide clean drinking water to every citizen of Bihar, without any discrimination.

³ In Search of Inclusive Recovery - An Analysis of Union Budget 2022-23 (cbgindia.org)

expenditure of approximately 114 billion USD per year. The recurring costs of sustaining and maintaining the infrastructure, it is estimated, would exceed the annual capital cost requirements by, approximately, 1.5 times.⁴

The Operation and Maintenance (O&M) cost alone is estimated to run between 5% and 20% of capital investments.⁵ For water, the JJM guidelines puts forth community contribution as the source of O&M funds. There is limited incidence of tariff collection for O&M taking place, as was shared during the webinar. However, there are other arrangements in place to cover for O&M – such as the Public Health and Engineering Department stepping in to cover the costs or the GPs using 15th FC funds to pay for electricity charges. In the absence of a definite source of funds for O&M, and limited effort being made to engage the community for contributions, the sustainability of the services becomes questionable. If past trends are any indication, government sponsored schemes for water supply fail owing to poor upkeep, in part due to the lack of O&M.

Sources of funds for O&M as highlighted in JJM and SBM Phase II guidelines

The JJM and SBM Phase II guidelines provide the following options as sources of funds for O&M costs.

Scheme		Source of fund
JJM		User group or community contribution
SBM Phase II¹	For Community Sanitary Complexes	15 th FC, Corporate Social Responsibility (CSR)
	For Solid Waste Management	CSR
	For Greywater Management	CSR
	For Plastic Waste Management Unit	CSR
	For Faecal Sludge Management	CSR
	For GOBAR-Dhan Projects	CSR

JJM Source : <https://pib.gov.in/PressReleasePage.aspx?PRID=1597603>

SBM Phase II Source: <https://english.swachhamevjayate.org/wp-content/uploads/2021/01/SBMG-Phase-II-Guidelines.pdf>

⁴ As quoted in https://www.ircwash.org/sites/default/files/2017-4-19_financing_wash_postion_paper_final.pdf

⁵ <https://www.ircwash.org/sites/default/files/Fonseca-2010-Life.pdf>

It is important to mention here that through the centrally sponsored and state schemes, both the central and state governments are working towards provision of water and sanitation services to everyone by creating the necessary infrastructure. The responsibility of O&M of the assets, however, is that of the GPs. As per the Constitution of India, further, GPs are responsible for drinking water, sanitation as well as maintenance of community assets. To perform these functions, GPs require funds as well as necessary capacities. While 15th FC and other sources of funds are available with GPs, there remain gaps in the use of these funds.

CHALLENGES

The webinar brought to the fore some of the key issues that plague financing for rural water and sanitation. These are:

1. Infrastructure or asset creation is prioritised under central and state sponsored schemes, as well as by GPs.
2. Centre or state sponsored water and sanitation scheme plans are developed in a non-participatory manner. This undermines ownership by the GPs of the assets thus created, and interest in providing for the operation and maintenance (minor and major) costs of the same.
3. The focus on engineering aspects of water and sanitation services undermines the social aspects such as community engagement and ownership, that are important for planning for the services.
4. GP representatives have limited technical experience to handle water and sanitation which affects planning for the same.
5. Lack of dedicated technical experts (such as Junior Engineers) also affects planning for water and sanitation at the GP level.
6. GP representatives lack capacities in terms of planning, budgeting, and monitoring for rural development. There is thus delay in identification of beneficiaries of various schemes and programmes, poor Gram Panchayat Development Plan preparation, and utilisation of available funds.
7. Preconditions laid down on the use of available funds, by the central or the state government, undermine GPs' flexibility in planning for areas that require attention.
8. Different planning processes and cycle of the different schemes limit convergence and thereby adversely affect implementation of activities at the GP level.