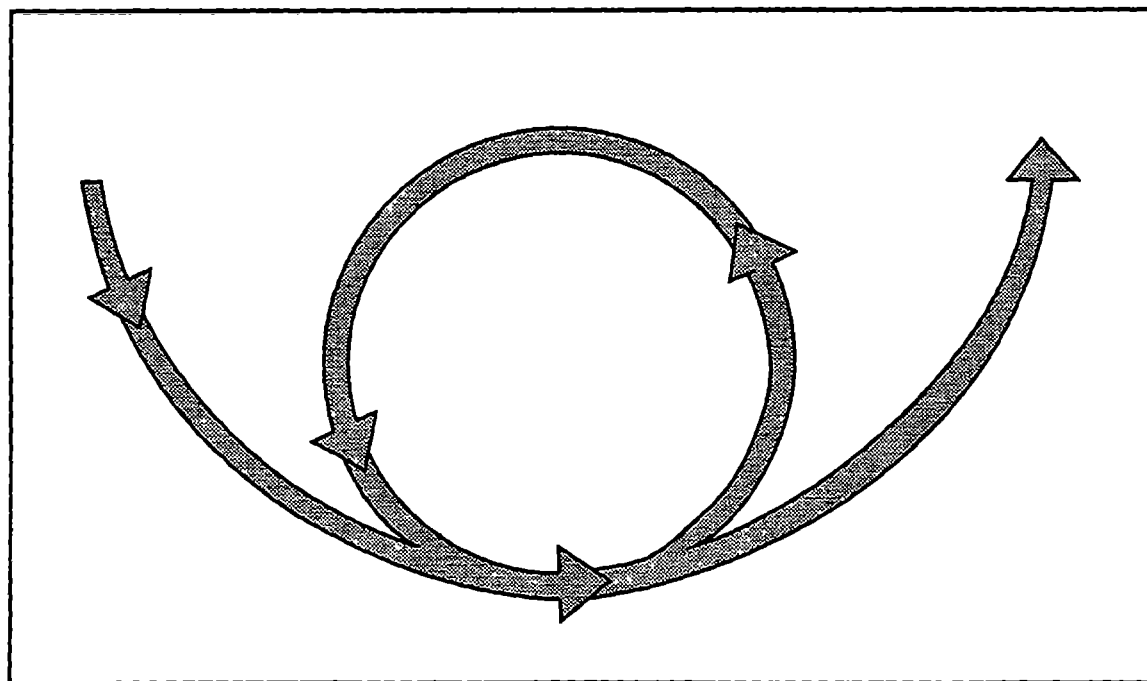


JOINTLY BREAKING A VICIOUS CIRCLE



final draft
REPORT
OF THE FORMULATION MISSION

**INSTITUTION
AND
COMMUNITY DEVELOPMENT**

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EXECUTIVE SUMMARY

Under the ongoing Indo-Dutch Environmental and Sanitary Engineering Project, the cities of Kanpur and Mirzapur are provided with rehabilitated and extended infrastructural works.

After completion of the physical construction, the municipal organizations in Kanpur and Mirzapur will be responsible for management, operation and maintenance of most of the installations. In order to assure that sufficient capacities and capabilities for these tasks are available, a Formulation Mission was given the task to conduct discussions with the relevant persons and organizations, and to propose relevant additional actions, part of which could be carried out by means of a project under assistance from the Netherlands Government.

This Mission visited India from November 21st to December 10th, 1991. The findings and recommendations are presented in this report.

Problem Setting

All parties agree that the current situation at the municipalities does not guarantee adequate operation and maintenance of the facilities for which they are responsible. One reason for this is the existence of a vicious circle: the provision of services to the inhabitants is poor, leading to a very low willingness with these "clients" to pay adequate fees and taxes. As a result, the municipalities lack the means to improve the quality and quantity of the services.

It is also widely acknowledged that this vicious circle can not be broken by interventions in one field alone, but that a concerted technical, financial, managerial, staffing and consumer-oriented approach is required.

Organizational Development

In the first chapters of this report, an overview of such a concerted and integral approach is provided. It essentially covers the following areas:

Regarding *financial aspects*, it is imperative that necessary expenses can be made. For this purpose, adequate cost recovery should take place. In certain cases, permanent governmental subsidies are required.

At present, cost recovery is insufficient but substantial efforts are made to change the situation.

One of the prime factors in increasing the quality of services is adequate allocation and motivation of *staff*. Skills need to be available for effective and efficient job execution.

Furthermore, the municipal agencies need to communicate with the *consumers*, the individuals and communities that use the services provided. This is an essential task, aimed to assure that the type of services provided



meets demands, but also to stimulate the users to pay the municipality for the services they received.

Management provides the necessary interrelation between these aspects. It also maintains a perspective to developments at the longer term. The municipalities already undertake relevant steps for improvement.

For each element, the Mission has listed the specific points for action that were already proposed or taken by the municipal agencies concerned.

Specific Tools for Action

In discussions between the Mission and the municipal agencies, it was agreed that some additional tools could be provided under a separate Dutch-supported project.

These tools are:

- **Management Information System (MIS).**
The principal aim of this MIS is that a myriad of aspects regarding day to day performance of municipal agencies can be brought together and made visible. With MIS, management has a tool to monitor progress and compare this to the targets.
Moreover, MIS can be of use to monitor activities carried out under different projects.
- **Exchange visits.**
The municipal organisations in Kanpur and Mirzapur expressed a considerable interest in having the opportunity to exchange experiences and views with fellow organisations abroad.
- **Geographical Information System (GIS).**
The mission found that GIS might be a useful additional tool for improvement of performance of municipal agencies. The feasibility of using GIS for operation and maintenance will have to be determined.
- **Training.**
Training can be one of the instruments for institutional development and should be considered as part of an integrated plan. A training programme should be designed by training experts together with the institutional development consultants and the target organizations.

With regard to the existing Indo-Dutch Project, it is proposed to supplement the Social Economic Unit with an Area Development Approach. Such an approach is needed to ensure that the type and quality of services provided is in line with the needs and demands from the population. It also secures an adequate linkage between the individual households and the main infrastructure. Finally, it stimulates taking responsibility for operation and maintenance at community level.



The Area Development Approach requires that community organizations are sufficiently articulate and that effective interaction between the community and the local authorities exists.

Project Approach

The principal organizations to benefit from the proposed project are KJS and MNP. In a later stage, and when found relevant, also KNM may be included.

The project should aim at optimum exchange of experiences and will be using a low-cost approach. Future replicability will thus be facilitated. To achieve this aim, it is proposed that a Project Office be set up at UP's Ministry of Urban Development.

Within the Project Office, three "cells" will be established to manage and control the main activities: monitoring of project progress, MIS development, and development and coordination of training.

A proposed project organisation chart has been discussed and agreed to.

It is estimated that the project activities will require a budget of some Dfl 2.9 million over a period of five years.

Additionally, an Area Development Approach in IDP will demand an budget of some Dfl 450,000.

MAIN RECOMMENDATIONS

As *general* recommendations we wish to list:

1. The vicious circle of insufficient income and cost recovery, resulting in an inability to deliver adequate services, leading to lack of willingness with the public to pay taxes and charges, should be broken.
2. An enterprise approach should be adopted by the implementing agencies by putting emphasis on *market* (consumers, communities), *output orientation* and *cost recovery*.
3. Sustainable implementation of major infrastructural works is dependent on the managerial and financial capabilities of the agencies responsible for operation, maintenance and coverage of running costs of the new facilities.

It is therefore proposed to closely monitor the achievements in the fields of O&M and cost recovery. This report presents some milestones to that effect.

It is furthermore proposed that disbursements for the Budget Support Programme should be linked to the achievement of those milestones. In the meantime, a formulation process for the Budget Support Programme can be executed as envisaged.

Aiming to contribute to *institution development*, the following recommendations are made:

4. The design and realization of MIS for the implementing agencies should be started as soon as possible, following the outline presented in chapter 8.1.
5. Exchange visits between the Indian executing agencies and relevant Dutch organizations should be organized, focusing on management, operations and maintenance.

In the field of *staff development and training*, the following points are proposed:

6. Activities in staff development should be undertaken, in order to increase staff motivation, productivity and attitude. These will comprise amongst others determination of job descriptions and stimulation of team work.
7. Training should be an integrated part of the ICD project. It will be stimulated and coordinated by a training cell at UP State level in collaboration with the participating organisations.

8. The training activities will be defined after taking formal decisions on the goals of the ICD project. The training programme should be prepared by the training cell.
9. For training activities, an earmarked budget should be available.
10. GPD should elaborate the proposal for the Waste Water Treatment Plant Training Centre.

Regarding *community development under the current project* in Kanpur and Mirzapur the following is recommended:

11. Physical improvement and social development activities in the current project should be concentrated in a few areas at the time.
12. Monthly work plans should be prepared with all departments concerned, specifically including SEU.
13. The SEU staff should be trained in participatory methods for community development.
14. In order to link current project activities with bottom-up planning, integrated "area development plans" should be made by the communities. SEU -- in consultation with the municipalities -- has to make a project outline for an Area Development Approach within the context of the Kanpur/Mirzapur project.
The plan should be developed within three months, defining activities to be included, type of areas to be selected and milestones to be reached. In the coming two years, the effectiveness and feasibility of bottom-up planning through an Area Development Approach has to be proven.

Community development beyond the current project is recommended to cover the following points:

15. The SEU should be integrated within the municipal organisations after construction activities under the current project are finalized, preferably within the Urban Development Cell.
16. In 1992 a plan and budget should be developed by SEU/UDC and municipal organisations in which the activities of the SEU/UDC within the municipal organisations are defined. Special consideration should be given to providing SEU/UDC with a coordinating role for all government schemes pertaining to community development.
17. The staff of the implementing agencies who is directly involved in implementation of physical works at community level should be trained to become more aware of the community development approach and its benefits.



For optimum *project execution*, the following points are recommended:

18. A project office should be established at UP State level to coordinate ICD activities. This office should be an integrated part of the UP Ministry of Housing and Urban Development.
19. A TA-budget should be made available for support of the activities carried out in this project
20. UP Urban Development should be invited to prepare a proposal for the ICD project within three months. This proposal will be drafted in consultation with relevant local bodies and will relate to earlier reports of JPS Associates. In the proposal, a bar chart with activities and a time schedule should be included, in accordance with the terms of reference and time frame presented in Appendix VI.



1. INTRODUCTION

1.1 History

The Indo-Dutch Environmental and Sanitary Engineering Project is currently being implemented in Kanpur (Jajmau) and Mirzapur. The components included in the project are:

- UASB sewage treatment plants;
- sewer lines;
- stormwater drainage;
- water supply system;
- solid waste collection and disposal;
- sanitation facilities;
- community participation and health activities.

The Indo-Dutch project has adopted an integrated approach to environmental and engineering problems. It is expected that this approach can be replicated under the Ganga Action Plan in other towns. The presently ongoing second phase is to be completed in June 1992. Due to various reasons, the implementation of physical infrastructural works will not be completed by then and continued GON Technical Assistance support is anticipated. Furthermore, it has become increasingly clear in the course of the present project, that continued support beyond June 1992 is also required for an improvement of sustainability of the installations, systems and facilities constructed.

1.2 Background and Execution of Formulation Mission

The municipal organizations in Kanpur and Mirzapur are responsible for the management and operation of most of the installed infrastructure. It is imperative that they have the capacity and capability to carry out this task. The municipal organizations are facing difficulties in executing their present and future tasks and responsibilities in this respect, however. It was therefore decided to send out a Formulation Mission aiming to investigate the present situation and to formulate necessary action.

The Terms of Reference for this Mission were agreed by both Governments. The final version is added to this report as Appendix III.

The Formulation Mission visited India from November 21 to December 10, 1991. An overview of organizations and persons visited is given in appendix II. At the end of the visit, a draft report was discussed with Ganga Project Directorate, UP-State Urban Development and the Royal Netherlands Embassy. Agreement was reached on the recommendations made by the Mission.

This document incorporates the comments received during this discussion.

Two main factors have been of influence to the work of the Mission. Firstly, an Evaluation Mission had preceded our visit with just some weeks. This resulted in some confusion regarding the status and distinction between the two missions. The short time span also might have hindered the implementing agencies in digesting the Evaluation Mission's recommendations and prevented that new actions had already been devised. Secondly, some divergence existed regarding the topic of discussion (institution development) and the underlying assumptions. Parties had differing ideas about the desirable degree of autonomy for municipal agencies and the extent to which services are to be provided at basis of cost-recovery. In some cases, the term "institution development" was considered more or less equivalent to "training".

As a result, the Formulation Mission needed considerable time to come to agreement with the implementing agencies on the actual fields for discussion and potential external assistance.

In fact, the Mission feels that this -- very useful and relevant -- discussion has just been started. The Mission hopes that it has played a role in initiating and stimulating a debate (or perhaps, in drawing attention to additional points in an already ongoing process). It is important to realize that also the specific recommendations of our mission can be *tools* to develop straightforward solutions to institution development.

In alphabetical order, the Formulation Mission had the following members:

- Hans Gortworst, Director of Geoplan, expert on human resources development;
- Jeroen van Luijk, Matrix Consultants, expert in institution development and twinning;
- Jan de Lijster, Twijnstra Gudde Management Consultants, expert in organization development;
- Madeleen Wegelin-Schuringa, International Water and Sanitation Centre, expert in community development.

Regrettably, several factors prevented the two Indian team members to attend the discussions in Lucknow, Kanpur and Mirzapur. During final debates and writing of this very report, Prof. Dr. Nilay Chaudhuri fortunately was able to join the mission.

1.3 Outline of the Report

This report essentially contains two parts.

The first part, chapter 3 to 7, discusses the various fields of consideration for an integrated institution development approach: financial affairs, management, staff, customer orientation, and facilities. Terms and setting are introduced in chapter 2.

The second part presents possible points for action. It contains two chapters, one on specific tools, another on the approach to be taken.

2. ORGANIZATIONAL DEVELOPMENT: SETTING AND TERMS

2.1 Preface

When starting up the installations currently under construction or rehabilitation, the responsibility for operations and maintenance will be given to the municipalities and to Jal Nigam (the latter only regarding main pumping stations, main sewerage lines and treatment plants).

The major task will be to assure that the operation and maintenance tasks are effectively and efficiently carried out. This puts extra pressure on organization because of the substantial increase of capital and of expectations from the population.

It should be noted that the situation in Kanpur is quite different from that in Mirzapur, due to differences in size, but also because the coverage in Kanpur (10%) is much less than in Mirzapur (65%).

Fact finding reports of December 1990 and workshop minutes of February 1991 indicate that present performance of the municipal agencies is inadequate.

Plans for institutional development and training were developed by JPS in discussion with the municipal agencies and Jal Nigam (September 1991). These present detailed overviews of actions to be taken.

The executing agents agree to a need for improvement of performance. They commit themselves to proper operation and maintenance of the facilities, but see main bottlenecks in availability of finance and skills.

During the field visits of the Formulation Mission, it became clear that the interpretation of the terminology used in the different reports varies. Municipal bodies, Jal Nigam, UP-State, GPD, Consultants and the donor seem to have implicit understanding of terms without realizing that each may put different accents. To bring more clarity in this respect, the Formulation Mission wishes to summarize the main lines of discussion and action.

2.2 Goal and Approach

As main goal of a municipal organization can be used:

Manage, organize and execute the provision of services to the inhabitants, according to their needs and demands. Ensure that the beneficiaries pay for these services according to their standard of living and the level and quality of the services provided.

This calls for an enterprise-like approach.

However, this does not mean that privatization should take place, but indicates that services of municipality have key elements, similar to those of an enterprise:

- market-orientation: inhabitants can be considered clients;
- output orientation: delivery of services is main issue, provision of employment only secondary;

- need for cost recovery through revenues (although not specifically profit oriented): cross subsidies to benefit the poor, future extensions of services to be paid from surpluses;
- autonomy (into some extent, to assure sufficient managerial leeway).

Institution Development can be described as an approach that considers the following elements in mutual interaction:

- finance
- management
- staffing
- customer orientation and mobilization
- facilities and equipment

aiming to improve the organization's capacity to realize its goals in an effective and durable manner.

This is elaborated in the chapters below.

In order to determine the main fields of action, we have compared the "desirable" situation with the current position, each in separate paragraphs. After this first analysis, a presentation is given of suggestions as to who would have to implement such action under what planning.

3. FINANCIAL AFFAIRS

3.1 Desirable Financial Position

In broad terms, one can state that the main issue is to achieve cost recovery at the municipal level.

For this purpose, two elements have to be discussed: revenues and costs.

Three main factors determine the inflow of *revenues*:

- **the services provided.** To a large extent, revenues represent the value of municipal services as perceived by the consumers, the inhabitants. Not only will consumers hesitate to pay for poor services, it also means that payments should be clearly linked to what is provided. If for instance the quantity of water delivered is not related to the charges levied, the users may consume disproportionately large volumes. Or, if a sewer tax is levied irrespective of the actual connection of a house to the sewerage lines, those who have a connection may not really value it.
- **bills and taxes should effectively be issued and collected.** Apart from the obvious truth that a revenue is only a revenue once it has been received by the municipality, the overall payment discipline of the consumers may be negatively affected if taxing and billing are not adequately issued and followed up.
- **the amounts to be taxed or billed should be sufficient to cover the costs.** Refinements in the structure may be needed to cater for other objectives of the municipality, such as provision of services to the very poor. In such cases, large consumers may have to face a higher unit price, or taxes may depend on the wealth of a family. At any rate, care should be taken not to confuse the capacity of consumers to pay¹ and their willingness to actually do so; the latter has to do with the quality of the services provided.

It is conceivable that some of the services delivered by the municipality can never be financially sustained by the direct revenues. This essentially refers to services that are too expensive (such as solid waste collection or road construction) or that serve interests beyond the immediate local level (such as waste water treatment).

For this type of services, it may be necessary that the State permanently provides full or additional funding.

In other cases, municipal involvement in operation and maintenance of facilities may not be necessary. Hand pumps may well be put under the care of the local community. In such cases, the absence of costs will eliminate the need to collect revenues, thus reducing necessary efforts in this respect from the municipality.

¹ which is usually high. For instance, in order to obtain water from their taps, users are prepared to purchase substantial lengths of pipes or even a suction pump.

Table 1 provides a brief overview of a set up where, in as many cases as possible, the required inputs and revenues from the population are related to the amount and quality of the services received. Note that the table does not discuss construction work, but focuses on operation and maintenance.

Table 1: Payment of O&M expenses

Organization		Service	Con-sumer	Direct charge	Fixed tax	UP-State
MNP	KJS	Sewers		++	+	
		Piped water		++		
		Hand pumps	++		+	
		Drains			++	
	KNM	Solid waste			++	+
		LCS	++			
		Roads			+	++
		Health		+	+	+
Jal Nigam		UASB				++
		Pumping				++
		Main sewers				++

The plus-signs reflect major (++) and important (+) sources of revenues. "Consumer" refers to the situation in which all operation and maintenance is carried out and paid for by the community itself. "Direct charge" indicates that bills or charges are directly linked to the reception of a service. "Fixed tax" signifies taxation irrespective of the actual or quantitative receipt of a service. State level contributions are marked under "UP-State".

In order to provide the intended services, the municipality has to face certain *costs*. The main issue here is that long term financial viability can only be assured through consideration of *all* costs, as these are:

1. salaries;
2. running costs (energy, consumables);
3. daily maintenance and repairs;
4. long term maintenance (overhauls);
5. replacement of equipment (depreciation);
6. capital costs (interest)².

This list presents the cost items as function of immediate urgency. Non-payment of items 1, 2 and 3 will lead to immediate halting of the operations.

² In many cases, it may be argued that capital costs should not be calculated as the installations had been provided as a grant. This may indeed be true for municipal bodies, because these have no alternative investment opportunities for their capital, as would be the case for a private enterprise.

Failure to make accruelements for long term maintenance, depreciation and interest, however, will do the same only in the longer run.

Furthermore, decreasing expenses for daily maintenance may result in reduced efficiency (higher running costs) or premature breakdown (higher overhaul or replacement costs).

The challenging task for a financial manager is to simultaneously make adequate payments and reservations, and to minimize the costs under each item.

Under this purpose, it may even be advisable to generate sufficient reserves for a swift replacement of some key equipment in order to prevent that services and thus revenues are interrupted for prolonged periods of time in case of a break-down.

3.2 Current Situation

Both in Kanpur and in Mirzapur, the financial status of the municipality has the attention of top management. Several actions are undertaken or planned to curb the current situation in which cost recovery is absent.

The main fields of attention regarding generation of revenues are:

- highly inadequate collection of revenues. In many cases, no payments whatsoever are requested. In case consumers do receive bills or taxations, little follow up on the actual payment takes place. As a result, as substantial part of, for instance, water delivered is not leading to municipal revenues.
- the general level of taxes and charges is inadequate to cover the costs. Here, a major vicious circle exists in that the taxes and charges can not be increased without improving the services concerned, which in turn is impossible under the current financial circumstances.
- a large number of consumers pays fixed rates based on the annual rental value (ARV), thus not linked to the actual delivery of services or quality thereof³.

UP-State and the Ganga Project Directorate provide overall subsidies to municipalities. UP-State covers immediate deficits of salary costs.

It is not known to the Mission whether the overall subsidies are determined such that they primarily cover the costs of those services that can not be sustained by the municipality itself, as discussed earlier in this chapter (3.1).

³ Note that ARV also has the more fundamental disadvantage of becoming a fixed amount under the Rent Control Act, after a period of 10 years has passed since construction. In other words: the major part of the houses will have a totally obsolete ARV. This is, however, not an issue that falls within the scope of this mission, although it will continue to present a major bottleneck to revenue collection in the future.

With respect to the costs, it may be stated that:

- costs currently only concern immediate salaries (but often 3 months late) and some of the running expenses (although usually not for energy). As a result, accuracy and quality of services provided is well below standard. Furthermore, the prospects for sustained delivery of services are slim.
- due to postponement or non-execution of small repairs and maintenance, capital investments are slowly being liquidated or will need major overhauls and/or replacements, thus leading to excessive costs in the longer term.

3.3 Points for Action

Officials at State, District and Municipal levels are aware of the desolate financial situation in both Kanpur and Mirzapur. Action has already been taken in various fields, not in the least by appointing a crisis manager with KJS in Kanpur and with short-circuiting the MNP-Board in Mirzapur.

In more detail, the following actions need to be taken:

1. A break-through is to be achieved of the vicious circle of no-services-no-revenues-no-services. This is principally done by organizing drives to follow up arrears, and by obtaining loans from UP State. The intention is to boost municipal service delivery such that revenue collection can be brought at a higher level.
It should be assessed whether the proposed measures for increasing revenues will be adequate for this purpose. If not, external provision of "working capital" should be considered.
2. Taxation and charges will cover all households, and non-payment of bills will followed up and/or penalized.
3. An adequate costing structure will be devised and applied. In the short term, payments will cover salaries, running expenses (possibly postponing full payment of energy costs) and daily maintenance and repairs. Immediately after this, proper accruing for overhauls, depreciation and interest will commence.
4. Realistic levels for revenues will be determined, considering the actual costs of each service and the overall carrying capacity of the inhabitants. Differential charges may be worked out.
5. A clear link between service provided and payment demanded will be developed; refer to Table 1 above.
6. Communication will be started with consumers about tariffs and services, and the relation between them.
7. Commitments from UP-State level will be obtained regarding the necessary political support for tariff modifications.
8. Negotiations will be conducted with UP-State on the provision of permanent subsidies for services that can never be fully paid by municipality, as discussed in earlier chapters and Table 1.

4. MANAGEMENT

4.1 Desirable Position

In general, it can be stated that management of an organization is carrying the final responsibility for the realization of the objectives. It will do this by allocating and coordinating tasks to the staff in the fields of operations, finance, marketing, purchases and sales, maintenance, and the like.

When considering municipal agencies, however, these general terms will no longer apply.

Insofar such an agency can be considered as an organization that aims to deliver services (water, sewerage, cleaning, roads), it is possible to describe the necessary top management functions as follows:

1. Enforce objectives as determined by State and local authorities. These objectives are detailed into rules and regulations that apply to the organization itself (staffing, financial matters) and to the public (services to be delivered, taxation, charges, punitive actions). Within this framework, top management is required to determine a broad planning that aims to reach maximum effectiveness at minimum costs. For this purpose, it will use tools such as recruitment and discharge of staff, establishment of detailed task allocations, and so forth.
2. Provide feed back to higher level authorities on need for alterations in rules and regulations, and on suggested new or additional objectives, such as increased community participation.
3. Ensure coordination and communication for effective execution of all tasks to the staff, the public and communities, the higher authorities, and to external parties such as Jal Nigam and consultants.
4. Maintain an open view to external developments. Top management will have to anticipate changes in policies and macro economic conditions (such as inflation). It will also contemplate potential external funding, support and projects.

For middle management, the main fields for attention will be:

1. Contribute to the realization of the objectives of the municipal agency, provide feed back on the results and required modifications to top management.
2. Ensure adequate planning of works to be carried out. This essentially involves proper setting of priorities (what to do first) as well as a determination of an optimum mix (what should be done simultaneously or subsequently).
3. Instruct and motivate staff, report on good and bad performance.
4. Provide information on financial matters.
5. Stimulate and maintain a clear focus on consumers and community and ensure adequate communication with them.

As a general remark, it may be stated that impact can only be achieved if sufficient time is available. It seems reasonable that a manager be on post for at least five years.

In the case of Kanpur and Mirzapur, the above tasks have a temporary accent towards starting up the new installations and ensuring their operations and maintenance.

4.2 Current Situation

Both in Kanpur and in Mirzapur, qualified top managers are successfully carrying out the duties of management.

However, due to the difficult circumstances under which they have to operate, not all efforts always lead to the desired results. The main constraints are:

- Regarding the enforcement of objectives:
 - . there are only limited possibilities to provide incentives to staff;
 - . dismissal of staff is extremely intricate and rarely applied;
 - . much political interference is noted with regard to the provision of services and to the enforcement of taxes, charges, and punitive actions;
 - . the existence of a vicious circle⁴ severely limits the possibilities for adequate overall planning. Furthermore, the aim appears to be to reach maximum effectiveness with available revenues, instead of against minimal costs.
 - . top management has only limited financial authority in determining expenditures.
- Regarding coordination and communication:
 - . staff involvement and dedication appears to be limited. This point will be further elaborated in the next chapter.
 - . the image of the municipality with the public is poor. This is partly caused by the existence of a vicious circle, as described earlier.
- Regarding external developments:
 - . long term planning possibilities are only limited, given the constraints in which the municipal agencies have to operate at present.
 - . not all potential for additional support and project funding seem to be used as yet.

⁴ Similar to what has been stated in chapter 3.2: due to insufficient municipal income, salaries and running costs can not be adequately paid, leading to a poor quality and quantity of municipal services. This in turns reduces the willingness of the inhabitants to pay up their taxes and charges, thus further reducing municipal income.



Also at middle management level, overall performance is good. Here too, some bottlenecks may be noted nevertheless:

- regarding the planning of works to be carried out:
 - . much work appears to be carried out on an ad-hoc basis;
 - . priorities are often determined by pressure from the public or from influential persons.
- regarding instructions to staff:
 - . although adequate instructions are given, follow up appears to be insufficient;
 - . performance appears to be controlled by using the stick, and much less the carrot. This is further elaborated in the next chapter.
- the focus on consumers is essentially considered a task for the Urban Development Cell, rather than an integral part of the work of each and every department.

The authorities have already taken action to assure that managers will remain on their post for a period of five years, provided of course that their performance is adequate.

4.3 Points for Action

Management and authorities express their concern with the existence of a vicious circle, as this signifies a substantial threshold for many of the potential improvements of municipal functioning.

A break-through is essentially sought at two levels:

- financially. Increased billing efficiency, follow-up drives on arrears, loans from UP-State, and sale of developed lands, are to boost the financial strength of the municipality. This, in turn, should lead to improved delivery of services, as described in an earlier chapter.
- technically. The provision of services through the new installations will lead to improved quality and quantity of the services without substantial immediate requirements for running costs. At the same time, these installations may represent a hazard: if no breakthrough is achieved, the municipality will face larger running costs and consumers that are more disappointed than ever before.

Some specific points of action are:

1. Aiming to improve staff productivity, motivation and incentives need to be provided. Creativity is needed to explore possibilities for financial and non-financial stimuli. Furthermore, also the lower staff should feel part and parcel of the organization. See also next chapter.
2. Obtain and maintain high level support for appropriate provision of services and enforcement taxation, charges and punitive action. Similarly, support is needed for adequate staff planning (both recruitment and discharge).
3. Open discussions to increase the authority of top management regarding financial affairs.

4. Improve level and quality of services, in close collaboration with the customers and communities.
5. Maintain highly supportive attitude of higher authorities.
6. Include inflation and other relevant macro economic factors in indicators of the anticipated Management Information System for the municipality.
7. Instruct SEU/UDC to establish and maintain list of potential relevant external funding, support and projects.
8. Ensure that the customers are adequately involved in planning and provision of services.
9. Reduce external interference to middle management regarding the planning of the work, insofar as these disrupt efficient execution of the work or seek to benefit certain parts of the population.
10. Increase planning skills of middle management.
11. Ensure adequate collection of data for the Management Information System and provide all concerned with relevant feedback.
12. Upon the completion of the emergency inputs, an adequate hand-over of the managerial tasks from the crisis-manager at KJS and of the District Magistrate to the Board of MNP is advisable.

As management is in principle responsible for all required action to be taken, please refer for details to other chapters as well.

5. STAFF

5.1 Desirable Staff Position

An organization of some size will always be highly dependent on the availability of a workforce that is capable and devoted to adequate handling of all necessary tasks.

This chapter deals with those aspects that determine the effectiveness and efficiency with which these tasks are executed. First, an overview of issues and main characteristics for success is presented.

One of the prime factors is the motivation of the staff, as this determines into a large extent whether high productive performance and sufficient efficiency can be obtained. Motivation depends on

- clarity of description of the job to be done, and the way to do it. Effectiveness and efficiency need to be specifically requested and pictured.
- rewards, whether material or immaterial. These may even be provided through mutual competition (e.g. worker of the month contests).
- feeling of responsibility, of being "part of the family". Alienated workers are unlikely to be motivated for their duties.

The attitude of workers determines the difference between mere attendance and actual performance. It is essentially important for

- feeling of responsibility for more than just a limited part of a task;
- seeing a need to match the service produced with the needs and wishes of the consumers and communities.

No task can be executed without assigning appropriate responsibilities, not only for its successful enactment, but also to provide a staff member with adequate control to be able to do so. The main elements to stimulate this are

- a certain degree of "autonomy". Parts and materials should be reasonably accessible, immediate communication with other employees should not be forbidden by hierarchy, and the like.
- responsibility for completion of entire task, rather than for partial duties. Not only will it be easier for management to measure someone's performance, it is also more rewarding to the person concerned.

Staff should dispose of sufficient skills to perform the core job. Additional skills may be useful to assume responsibility for an entire task. Communicative skills are essential to be able to adequately deal with consumers and communities.

Finally, the number of staff is of importance. Generally spoken, governmental organizations dispose of much more staff than they actually need, but have limited possibilities to influence this.

However, this situation often leads to lack of funds for adequate payments and it jeopardizes staff attitude towards efficient performance.

5.2 Current Situation

Management in Kanpur and Mirzapur is aware of the crucial role of their staff in realizing the ultimate goals of the organizations. They are equally aware that external rules and regulations limit the possibilities to actively pursue improvements.

These improvements may be listed as follows:

Regarding motivation, it can be stated that

- payments are low and often late, essentially caused by the poor financial health of the organization (see earlier).
- no incentives exist for good performance, e.g. following swift action on a breakdown. This can partly be explained by the impossibility to provide financial incentives.
- rewarding of staff is mainly done by means of annual performance appraisal. This may have a tendency to focus on regular poor performance (looking for a stick), and to neglect constant good performance (not using a carrot).
- clear job descriptions have not yet been formulated in all cases.
- a feeling to be "part of the family" is not stimulated. This is partly explained by the regular transfer of key staff, leading to a rather fluid "family".

Regarding the attitude, it was noted that staff is essentially not paid for actual performance. As a result, it

- only feels responsible for the specific (partial) task that was allotted to them.
- has little tendency to communicate with consumers and community. This is considered a task for the Urban Development Cell (or Social Economic Unit). In some cases, a member of staff is alienated from his or her own colleagues when adopting a consumer-oriented attitude.

Assigning larger responsibilities to lower hierarchical levels is very difficult in the Indian circumstances. This can be considered as a constraint.

Apart from this, tasks tend to be of a specialized nature, comprising one single element only. This reduces the efficiency of execution, because the work will be halted the moment preceding duties of someone else have not been completed. Furthermore, illness or transfers of staff result in voids that can not be filled by colleagues.

Available skill levels may not be adequate. A certain lack of insight in the overall functioning of the technical systems was noted, leading to failures in taking adequate action within someone's own task.

Communication with consumers is limited to providing of information to them.

Furthermore, staff that has received training is often transferred to other municipalities.

As stated before, the municipal agencies dispose of very elevated numbers of staff, most of whom have little output. In past, staff was often added for other purposes than actual tasks to be performed.

5.3 Points for Action

It was stated already, that management of the various municipal bodies acknowledges that further action for improvement is required. They also stress that the municipalities themselves should be able to effectuate all necessary action.

The main points for action are listed below.

Aiming to improve motivation:

1. Develop clear job descriptions that also cover qualitative fields (speedy action if needed, good technical quality of work, speed of work). Link this to the introduction of a performance appraisal system in which dedication, efficiency and promptness of action are rewarded.
In order to increase the feeling of responsibility, these job descriptions should also cover wider, comprehensive tasks. The aim is to define jobs such that its completion can easily be attributed to the person that carried it out. It may have to encompass preparation as well as execution.
2. Identify other forms of incentives, such as attendance to workshops, training, mutual competition based on quality and quantity ("worker of the month"). Base these on performance, not on status.
3. Make sure foremen and middle management understand how to motivate staff.
4. In order to limit the scope of work to manageable proportions, it is suggested to use a "block approach", in which results become more clearly visible.

Aiming to establish a more constructive attitude:

5. Set up **teams** that cover a slightly wider range of tasks (again using the "block approach": several disciplines to work together), and stimulate interaction.
6. Stimulate a consumer-oriented attitude. This demands that top-management has to declare this as prime task, comprising swift action on any complaint or request. Current SEU/UDC staff is to be involved in regular meetings of departmental staff. Additional non-material rewards (compliments, commendation) needs to be given to staff with consumer-oriented attitude.
7. Management to assess not only presence, but also actual work carried out by individuals. It may have to be considered to devise ways to pay staff (notably the daily paid) per job, not per day.

In order to increase delegated responsibilities within the Indian context, is may be considered to

8. Investigate the possibilities to provide more authority to lower ranks in order to improve their control over the successful completion of their tasks. Implement wherever possible.
9. Stimulate easy handing over of tasks to peers or subordinates to minimize effects of transfers.
10. Improvement of skills requires the establishment of a staff development plan. Such a plan has the following elements:
 - . determination of main fields and topics where an increase of skills is sought: technical, overall insight in system, administrative, reporting, communication, coordinative, and so forth.
 - . determination of mode for execution. In order of priority, these could be active exchanges within team and with management, working in task forces, on-the-job training, exchange visits, and formal training.

It has been stated already, that the number of staff is mostly beyond the control of management of municipal agencies. Nevertheless, some points for action may be identified:

11. Assess whether non-performing staff can be dismissed.
12. Pursue "qualified staff replacement" as often as possible. The main approach is to thoroughly check whether someone who departs from the organization can be replaced by one of the existing members of staff with suitable qualifications. New posts that would emerge due to growth of number of inhabitants or facilities may be filled in a similar way. Qualified staff replacement will lead to a relative reduction in employment (although in absolute terms the different may be marginal).
13. Ensure adequate motivation to gradually and simultaneously increase staff productivity. This requires quantification for which the mission had not sufficient time and insight.
14. It is conceivable that in the future a situation can be achieved in which reduced numbers of staff with increased salaries will be able to attain higher productivity and increased overall efficiency in the organization.

6. CUSTOMER ORIENTATION AND COMMUNITY DEVELOPMENT

6.1 Desirable Position

Part of the institutional development process concerns the establishment and strengthening of the relationship between formal municipal organizations and the users/community. The effectiveness of this relationship (and thereby of the whole municipal system) depends to a large extent on a clear definition of responsibilities of each party, and on adequate execution of the tasks thus defined.

Many of the tasks and responsibilities of the implementing agencies regarding customer orientation and community participation are described in other chapters already.

Some pertain directly to the interface between municipality and users/-communities:

- the community must be adequately informed about activities that the municipality intends to carry out;
- procedures to obtain facilities must be clear;
- procedures to obtain services to repair facilities must be clear and direct;
- the municipality should be highly responsive to requests from users/-communities, both for operation and maintenance and for infrastructural improvements that are to be carried out;
- each party must have adequate funds, spare parts, skills, and time to carry out the envisaged tasks regarding operation and maintenance;
- regulations on user payments should be clear;
- collection procedures of user payments should be clear;
- actual collection of payments is to take place.

More specifically, the tasks and responsibilities of the users/community are the following:

- effective utilization and maintenance of the facilities;
- knowledge of requirements for operation and maintenance;
- community organization for managing systems and facilities;
- community organization to contact, negotiate and communicate effectively with the implementing agencies;
- payments of taxes and dues for facilities and systems used.

The community will only be able and willing to carry out these tasks and responsibilities if a number of conditions have been met: there should be a felt need for the facilities, an involvement in planning for the facilities, instructions in effective use, operation and maintenance of the facilities, and training in community organization.

Payment of taxes and dues will be dependent on satisfaction about services rendered by the municipal agencies and on the actual collection of these taxes and dues.

To strengthen the relationship between the consumers and the municipal organizations, and to enhance involvement of the communities in planning, operation and maintenance of infrastructural facilities, it is necessary that a unit such as Urban Development Cell (or, temporarily, SEU) is established within the municipal structures.

6.2 Current Situation

While a number of the infrastructural facilities do respond to a need which is felt by the whole target population, this is not true for all installations in all areas covered. Because the decision on infrastructural facilities to be provided was taken at the start of the project, interventions were necessary to stimulate motivation to adopt and use what was constructed.

A sense of responsibility and ownership of the facilities is needed to ensure operation and maintenance. This is most effectively developed by involving the community in planning. Although the overall planning for the installations was done at the start of the project already, the precise location could be determined by engineers and community together.

This required organization of the community as it is impossible to deal with people on an individual basis, other than for private latrines and house connections.

Individual education was given to ensure that hygiene related behaviour (hand-washing, covering of water vessels etc.) complements the infrastructural improvements, in order to have maximum impact on health improvements.

For these purposes, the Social Economic Unit has conducted meetings at community level and has trained change agents.

Moreover, to enhance community involvement in the improvement of their living conditions, a number of activities was initiated which directly responded to an identified need, such as training of women masons and plumbers, occupational health care, primary health care and some income generation activities.

6.3 Institutional Setting

Community related activities are expected to be handled by an Urban Development Cell. Such a cell exists already in Kanpur, but not yet in Mirzapur. Its establishment in Mirzapur is envisaged.

In Kanpur, staff from the Urban Development Cell is seconded to SEU. In Mirzapur, SEU comprises temporary staff only.

Recent governmental policies anticipate the establishment of District Urban Development Agencies (DUDA). These agencies are to coordinate the various urban development schemes, such as UBSP, NRY, EIUS, HUDCO

and IDC. Links with ongoing activities from non-governmental organizations (such as UHCP, ICDS) are to be settled as well.

The UNICEF-supported UBSP programme also intends to stimulate coordination between the schemes. UNICEF offered financial support regarding staffing of the local Urban Development Cells during a discussion with the Mission.

The planned GON supported "women and work" project should be established in coordination with the Urban Development Cell (or SEU, for the time being). UDC should not be responsible for the actual execution of the project, as this would lead to unreasonable broadening of activities.

6.4 Points for Action

While the mission is aware that establishment of community organizations and user committees takes a long time, and recognizing that the SEU/UDC activities are gradually becoming more effective, the following recommendations are made to intensify the process:

1. Activities should be concentrated in a few areas at the time, and the determination of sequence and priority of the activities has to be worked out by the relevant construction departments in coordination with SEU/UDC. This may coincide with the "block-approach" suggested in other chapters. It is proposed to apply an "area development approach" as described in chapter 8.5.
2. Multiply successful community efforts from one area to another. This may take place for hand-pump user funds, health insurance funds, solid waste demonstration areas, and the like.
3. Draw monthly workplans with all departments concerned, including SEU/UDC, specifying type of activities, location and timing.
4. Finalize the monitoring sheets as developed in the workshop of May '91.
5. Training of the SEU/UDC staff in participatory techniques for community development needs to be organized.
6. Intensify communication efforts between municipality and community, partly by means of a PR-approach. Fields to be covered are the "image" of the municipality services, the feeling of community responsibility for operation and maintenance, and more formal aspects such as current regulations, collection of taxes and charges, services provided, and the like.
7. Establish and/or streamline procedures for obtaining and repair of services and facilities.
8. Increase municipal "responsiveness": speed and accuracy of reacting to requests from communities and consumers.
9. Institutionalize SEU into Urban Development Cells as described in chapter 6.3.

7. FACILITIES AND EQUIPMENT

7.1 Desirable Position

Municipal organizations that aim to provide services to the inhabitants, need to dispose of physical installations of a certain minimum scale and quality. When installations are too small, the services are not sufficiently recognizable to ensure appreciation of the consumers. Installations that are in a bad shape will fail to render services of sufficient quality.

Needless to say that the equipment is not necessarily of the most advanced and elaborate options. Skeleton installations or simple designs may be quite able to provide the desired services.

Furthermore, an organization cannot function properly without a certain number and level of office facilities, such as buildings, office equipment, communication devices, and the like.

7.2 Current Situation

Under the Indo-Dutch Project, most physical installations have been rehabilitated and/or extended. In the case of Kanpur, this was done in Jajmau only. Here one can question whether KNM and KJS can successfully operate when one area has much better facilities than other. At present, 90% of the town has little or degraded systems, whereas in 10% of the area efficient but more expensive installations are found. This requires either tariff differentiation (pay more in Jajmau for better services) or boosting the whole of Kanpur.

In Mirzapur the situation is somewhat similar: the area now covered represents two thirds of the population. The remainder is divided over the section south of the railway line and Vindhyachal to the West.

Office facilities in Kanpur and Mirzapur generally seem adequate. In some aspects, improvements may be required.

7.3 Points for Action

A careful analysis has to be made of the need to cover larger areas in rehabilitation or construction programmes *from the viewpoint of successful operation and maintenance*.

In Kanpur, this would be an extensive and costly scheme, covering water supply, and the main drainage and sewerage lines.

In Mirzapur, similar fields may have to be covered, but to a more limited physical and financial extent.

Similarly, it should be assessed whether available office facilities are adequate for the performance of the (expanded) tasks of operation and maintenance. Supplementary investments may have to be considered.

8. SPECIFIC TOOLS FOR ACTION

8.1 Management Information System

8.1.1 Introduction

The Mission found that all parties in the Indo-Dutch project are satisfied with the existence of the Management Information System and the way this is being used for monitoring the progress of the project. The main users of this MIS are Jal Nigam, the consultants, UP-State, GON and GOI.

In meetings of the Mission with the implementing agencies, it became clear that the methodology of the MIS might also provide an adequate instrument for management of operations and maintenance of the installations in the future.

The experience gained with the current project-oriented MIS can be applied to develop a new MIS which covers additional fields of immediate interest to the management of the municipal agencies.

8.1.2 Aim of MIS

The principal aim of any MIS is that numerous aspects regarding progress and performance can be brought together and made visible. By doing so, management will have quicker insight in the overall performance as well as in the areas that call for further action.

MIS, however, does not intend to replace existing systems for formal reporting and administration; it merely seeks to increase their accessibility in order to assist management in determining and taking priority actions. In discussions with the municipalities, it became clear that the usefulness of is undoubted, especially now that cost recovery is becoming a key issue.

MIS can combine the information on revenues and costs and performance of the organizations and give management the tool to control the organizational and physical processes.

8.1.3 Further Use and Relevance

It will be important that the MIS can also be used for the proposed action from UP State Secretary Urban Development (Mr. P.L. Punia) in his efforts to improve the unhealthy financial situation in Kanpur and Mirzapur. In his approach, he wants to see real improvement in the next six months and a further healing process in the next 2 to 3 years.

For UP it is essential that the improvements on municipal level will be accomplished without substantial additional investments. As almost 500 municipalities in UP have deficits, a pilot project on improvement in one or two municipalities is likely to result in similar requests from the others. The MIS can be a relatively cheap method to improve the cost recovery and

performance of public services, and can be applied in additional locations against limited costs.

8.1.4 Ingredients of MIS

The main ingredients of MIS are targets and performances in the numerous fields of the municipalities and communities.

In every field (e.g. water supply, low cost sanitation, road construction, solid waste, maintenance, costs and revenues) targets should be defined. A next step is to monitor the execution of activities that should lead to the defined targets.

When implementing MIS, substantial attention of the relevant authorities is required to assure cooperation and data provision from all levels in the organizations.

The Mission feels not competent to give a full list of items to be included in MIS, as this will require much more substantial discussions and analyses. Nevertheless, we wish to suggest that the following key fields be included:

Field	Items to be included in MIS
Financial	<ul style="list-style-type: none"> Total salaries paid Total energy costs Total consumables Expenses for maintenance and repairs Reserves generated for replacement of equipment Capital costs Tax revenues Tax levels Taxation efficiency (households covered) Revenues from charges and dues Levels of charges and dues Charging efficiency (households covered) State subsidies due State subsidies received Other revenues Total costs Coverage of costs through revenues (billing efficiency) Collection efficiency of bills sent Total arrears and average backlog Liquidity position and planning Possibilities for other external support Inflation and other macro factors in past period

Field	Items to be included in MIS
Technical	<p>Depending the actual service to be delivered. Essentially covers issues such as:</p> <ul style="list-style-type: none"> - total quantity delivered; - total quantity produced; - physical and administrative losses; - current condition of equipment, planned maintenance; - available facilities, increase/decrease; - consumption of energy, spare parts;
Managerial	<p>Action ref. finance (envisaged, taken) Action ref. staff (envisaged, taken) Action ref. consumer relations (envisaged, taken) Action ref. technical matters (envisaged, taken) Action ref. internal communication (envisaged, taken) Action ref. higher authorities (envisaged, taken) Action ref. external developments (envisaged, taken) Main elements in planning next period Realization of planning past period Interference in planning from external sources Managerial skill improvements planned, executed Effectiveness and efficiency in MIS data collection</p>
Staff	<p>Number and position of staff Changes in past period: outflow, replacements, inflow Productivity (relate technical and other indicators) Job descriptions planned, finished, implemented Performance assessments planned, undertaken Action ref. motivation (envisaged, taken) Action ref. team work (envisaged, taken) Action ref. consumer oriented attitude (ditto) Incentives (financial and other) planned, provided Skill improvement efforts planned, executed</p>
Consumers	<p>Area development plans envisaged, undertaken PR-activities planned, executed Communication efforts planned, executed Complaints received Complaints answered Complaints resolved Community organizations initiated Established community funds Inputs by community (maintenance, superstructures)</p>

Note that not all items can or should be of a quantitative nature. Qualitative considerations may be successfully applied.

8.1.5 Developing MIS

The MIS will have to be developed in close collaboration between the beneficiaries (KNM, KJS, MNP, Jal Nigam, Urban Development Cell) and external project staff. A temporary but dedicated unit will have to be established for this purpose, under Dutch financial support.

The approach would have the following steps:

- determination of an initial list which comprises all required pieces information. Two categories will be distinguished: information related to temporary building activities, and information regarding continuous operations and maintenance.
- the initial list will be compressed as much as possible by developing indicators for performance. Doing this, the presentation of the information will be more quickly accessible.
- a good format for presentation and analysis will be developed, including setting of priorities and determination of targets.
- by actually using this extended MIS in practice, further modifications and improvements will emerge.
- once the system is adequately and satisfactorily running in Kanpur and Mirzapur, it will be made available for use in any other municipality in Uttar Pradesh. It will prove to be necessary to modify and alter the system in order to adapt it to the specifics of these municipalities.

8.2 Twinning

The municipal organizations in Kanpur and Mirzapur expressed a deep interest in having the opportunity to exchange experiences and views on operation and maintenance matters with fellow organizations abroad. It was felt that such an effort would lead to a deeper insight in the opportunities for further improvement and the necessary steps to be taken.

The Mission agrees that this indeed would be very useful, as it provides ample opportunities to further discuss the various elements of management in their mutual relation and with a view to increased effectiveness and efficiency.

To achieve such exchange, it is proposed to bring both KJS and MNP in contact with relevant counterparts in The Netherlands. Teams consisting of top and middle management from both sides will conduct short visits. Experience in other countries has shown that the duration of these visits should be limited. Repetitive (2 to 3) trips are more effective than one longer expedition. The programme of each tour should focus on specific aspects of management, not on general overviews or superficial introductions.

It is unlikely that a full-fledged twinning relationship between KJS or MNP with a Dutch partner will emerge at short notice, as this requires a slow process of "growing towards each other".

The Mission proposes that the mutual visits be executed as soon as possible. Thus it is likely to be necessary to apply full costing⁵.

It is conceivable that in the course of time a true twinning relationship will emerge. The success of the project, however, is not dependent on this.

⁵ unlike with "real" twinning, where the Dutch partner provides her expertise at no costs.

8.3 GIS

The Mission found that for good operation and maintenance performance regarding the infrastructural installations and facilities, a Geographical Information System (GIS) is likely to be a useful additional tool.

GIS is a computer aided system with very many possibilities in bringing together different types of information. It basically divides the city or region in grids and lists various sorts of activities and physical amenities ("layers") to these grids.

For example, it gives sanitation projects the opportunity to register population, old and new infrastructures, in order to make it possible to present it in so called "functional mapping".

Many municipalities in The Netherlands use GIS for planning of maintenance on their systems.

The Mission recommends that the feasibility of using a GIS system at municipality level in India is determined. It needs to be assessed whether the type of information that GIS provides is in line with the managerial needs. Furthermore, it should be determined whether GIS set-up and data collection requirements are manageable at the level of the agencies themselves.

8.4 Training

8.4.1 Introduction

Training can be one of the instruments for institutional development. The availability of well educated and motivated employees is without any doubt one of the essential ingredients for a successful institutional development. However, training must be part of an integrated plan: a training programme should be designed by training experts together with the institutional development consultants and the responsible beneficiaries.

For such an approach, it is essential that first an inventory is made of all the training needs related to the actual situation and institutional changes. The job description should be described in detail together with an overview of the knowledge and skills required for each function. These activities result in a programme of needed qualifications for the described functions. All this is a necessary preparation for a matching of what is needed and what is available in human resources.

After this first step, another inventory has to be made. The available staff of the organization must be categorized in present jobs and present qualifications. These data can be assessed and be compared with the results of the first inventory that was made for the new organization. It is very crucial that the assessment of the qualifications of the existing staff is done properly. It should not only show the present qualification but also give ambition and motivation for possibilities in training and new opportunities. Training of people without any motivation has little impact, so it is better to select the most motivated.

Motivation can be strengthened by incentives as improvement of job satisfaction, promotion or higher salaries, or other positive inputs.

A prime condition for institution development is a firm commitment of the top level for the transition of the organization. Without this dedication and support, it is impossible to have a good basis for a successful institution development process, as it is very delicate and often painful.

Training may be one of the key activities in this process. When designing training efforts for this purpose, the most difficult part is the translation of the needed knowledge and skills to adequate training modules. The training activities must have a job-oriented design, catering for people with practical experiences, and different levels of seniority. The modules should be a mixture of lectures and practical work, with limited theoretical elements and an strong emphasis on practice.

Training in this field is different from regular education, because most of the participants are only externally motivated. Furthermore, they are not always convinced of the necessity of the training.

Additional incentives may be required, such as specific qualification for the new organization, or providing a recognized certificate giving as reward for their willingness to participate in training activities.

It should be noted that the common educational institutes or administrative institutes are often not equipped to provide education for people with long experiences in their jobs.

8.4.2 Training Demands

The Mission found in her meetings with the involved Indian organizations that there is an unarticulated demand for training activities. In most discussions it was also mentioned, however, that current staff is well educated and trained.

It is obvious that if a programme on institution and community development will be started, this situation might change. Institution and community development will put a higher demand on the staff in terms of new activities, or changed job content. More emphasis will be put on reporting, logistics, and internal management of the standing organizations, and consumer orientation. New activities such as area development will be started.

The Mission learned that JPS Associates is processing a (quantitative) training programme which will be finalized in January 1992. It is not clear how this report is produced and in what way resource persons from the UP organizations are consulted by JPS.

The Mission feels that this training programme should be further elaborated under a new ICD project. As will be further elaborated in chapter 9, the Mission advises to have a training cell in the ICD project for that purpose. This cell should be responsible for identification of the specific training needs and for stimulating training cells in the participating organizations. Being a substantial input to this project, the training activities should dispose of a well-determined part of the allocated budget.

The training cell should be responsible for making an inventory of the training needs. This is a time consuming activity which needs well qualified staff. This staff must be able to define needs on all levels in the organizations, from management seminars to vocational training.

Furthermore, they will have the task to assist in the identification of training institutes equipped for the needs shown in the inventories.

The Mission advises that external support will be provided at short notice, because the human resources development plan will be needed in the early phases of the new project.

It is obvious that human resources development should be part of the MIS. This not only refers to specific training activities under an ICD project, it also points at ongoing staff development within the municipal agencies.

When designing such an MIS, it should be realized that the quantitative performance can be assessed much more easily than the qualitative impact on the trainees and their organization.

8.5 Area Development Approach

8.5.1 Introduction

One of the aims of municipal organisations is to ensure that the type and quality of services provided is in line with needs and demand from the population. To realize this, it is required that community organizations are sufficiently articulate and that effective interaction between the community and the local authorities exists. In order to further stimulate this, the mission recommends to apply an *area development approach*.

Until now, communities have been involved in selection of the location of the facilities, but not in decision making regarding the type of infrastructural improvements to be carried out. The area development approach may provide different accents in this.

Currently, the inhabitants are provided with water (handpumps or piped individual connections), sanitation facilities and solid waste collection. It is perceivable that also other activities are needed, such as drainage, roads, schools, health care, and the like. Furthermore, the communities may have a different priority setting regarding each of these elements than the municipality.

When applying an area development approach, the communities themselves have to draft plans for a certain area. This also includes a description of the contribution and responsibilities of the communities themselves, apart from the tasks and responsibilities expected to be fulfilled by the municipality.

If for instance linkage to main drains is a priority in the community and if it is agreed that this should be included in area development plans, community contributions could be in the form of:

- provision of space for the drains;
- responsibility for the operation and maintenance of the individual drains;
- labour contribution for the new connections.

The contribution of the implementing agencies in the same field could be:

- provision of building materials for construction;
- construction of the drains;
- construction of proper linkage with main drains;
- keep the main drains clean and functioning.

Due to its complexity, the area development approach will lead to a long process of discussions and meetings to set priorities.



8.5.2 Main Tasks in Area Development Planning

For the different actors in area development planning, the execution of the following tasks is important:

The community:

- become organized in such a way that all factions in the community are represented in the organization;
- establish a community organization (mandal);
- set priorities for improvement;
- elaborate community contributions and responsibilities;
- determine government contributions and responsibilities to be requested;
- rank activities in order of priority for execution;
- communicate with implementing agencies;
- establish systems for operation and maintenance.

The municipal agencies, in close collaboration with Jal Nigam:

- check feasibility of submitted area development plans;
- on the basis of the community plan, finalize infrastructure improvement plan, including costing;
- in coordination with the community set a time frame for the improvements to be carried out by the implementing agencies;
- construction.

Within the municipal agencies, a specific "actor" is required to facilitate the process. For ease of reference it will be dubbed Urban Development Cell (currently: SEU). It will have the following tasks:

- assist community in getting organized;
- assist community in setting priorities;
- assist community in drafting of the plan;
- provide information to the community on linkages with ongoing government schemes;
- provide information to the community on linkages with ongoing non-government schemes;
- act as a facilitator between the community and the implementing agencies;
- give training on proper use and operation and maintenance of infrastructure and facilities;
- increase awareness with implementing agencies regarding importance of community involvement and area development plans.

To perform these tasks, the actors require adequate skills.

For the community, extensive training has been carried out already for change agents, user representatives and mandal organizations. This training has probably been sufficient, although communication techniques might have to be further strengthened.

The implementing agencies have to be trained in community development and participation aspects. This can take place under the training activities which form part of the institutional development process.

The tasks of the Urban Development Cell are currently brought under the Social Economic Unit of IDP. Other missions had already recommended that SEU/UDC receives further education in participatory training techniques. In addition, it may be stimulating and motivating if the staff is given the opportunity to visit other integrated urban development projects in India in which communities are actively involved in planning, operation and maintenance.

The mission suggests to apply the area development approach, complementary to the activities of IDP, in a limited number of locations. By doing this, the initial locations can serve as a demonstration for later areas. This also allows for networking between mandals, as being an effective means for motivation and guidance.

Criteria for choice of location will be proposed by the Urban Development Cell (and/or SEU) in close collaboration with the municipalities and Jal Nigam.

It is recommended that the criteria cover at least:

- level of organization of the community;
- concentration of activities to be implemented in the current project;
- improvements already carried out under the current project;
- adequate spread over target populations to be reached;
- level of urgency for action in the area.

9. RECOMMENDED APPROACH

9.1 Introduction

The Formulation Mission feels that the municipal agencies current supported through the Indo-Dutch Project in Kanpur and Mirzapur need extended backing in the fields of operation and maintenance of the newly built or rehabilitated installations.

It is proposed that a project on Institution and Community Development ("ICD") is established, in which at least the following elements are covered:

- a Management Information System that focuses on all aspects of operations and maintenance of the facilities: management, staff, technical, financial, customers.
- exchange visits with relevant and similar agencies in Europe.
- training activities that focus on operational and managerial skills required for institution development.
- an assessment of the feasibility of GIS-systems.

Furthermore, the monitoring of the progress and success of the operations and maintenance tasks regarding the new facilities is an important duty of the ICD.

Although these activities are required to successfully operate the facilities provided under IDP, they are not technically linked to the current construction works. A relation with IDP may well develop, but is not a prerequisite for the success of ICD.

In one specific field, additional inputs to the IDP are proposed. The Area Development Approach as described in chapter 8.5 should become part of IDP, not of ICD, because it specifically aims at the provision of new facilities to the communities.

9.2 Objectives

The objectives of the Project on Institutional and Community Development are:

1. To assure that the facilities and installations provided under the Indo-Dutch Project in Kanpur and Mirzapur are handled and maintained in a manner that assures continuity of operations for a period of at least 10 years.
2. To contribute to the overall operations of municipal supply of services in a manner that assures highest efficiency and effectiveness at lowest external (state) inputs.

The objectives of the component on Area Development Approach into the existing Indo-Dutch Project are

1. To increase the involvement of the beneficiary population in the planning and construction of the relevant parts of the facilities.

2. To stimulate the implementing agencies to attach greater importance to user involvement and community needs assessment, also beyond the scope of IDP.

9.3 Justification

Under the ongoing Indo-Dutch Project, the executing agencies have to devote much of their managerial attendance to the construction of facilities and installations. In this, they are assisted by UP Jal Nigam and external consultants.

Once the construction phase is concluded, the focus will shift towards issues regarding operations and maintenance. Prime concerns will be in

- assuring adequate financial flows;
- assigning and motivating the required manpower;
- handling political constraints;
- providing adequate management and control.

Unlike at present, the agencies will essentially have to perform these difficult tasks themselves. In some extent, these tasks will need further detailing and specification.

UP State, in its turn, is seeking to improve the financial position and performance of the numerous municipalities. This should be done without having to resort to large investments, because the sheer number of locations would render the total amount extravagant. Improvements in organizational effectiveness and efficiency through an effort in institutional and community development are therefore welcomed.

The proposed activities in Kanpur and Mirzapur in this field, however, should meet criteria of replicability and low costs.

The donor, GON, has a vested interest in focusing on further organizational strengthening. Investments that were provided under donor funding would not maximally serve the purpose (or even negatively affect municipal performance) if operations and maintenance can not be adequately performed.

9.4 Requirements

The Mission proposes to start a project that provides relevant inputs to existing municipal and state organizations in order to support them in executing new or extended tasks.

The key organizations in this respect are those that have tasks and responsibilities in operation and maintenance of new or rehabilitated facilities. The principal actors in this are KJS and MNP. However, also UPJN (main pumping stations, treatment plants) and KNM (low cost sanitation and solid waste) play an important role.

The inputs to be provided to the municipalities and Jal Nigam are essentially in the fields of Management Information Systems, and Staff Development. A coordinated effort is needed to assure exchange of experiences and future replicability; a Project Office will serve this purpose.

Given the nature of the activities to be carried out and the fact that substantial local financial contributions (in covering budgetary deficits) are envisaged, it is proposed to place this Project Office under UP's Ministry of Urban Development. It should, however, be formal part of the Ministry itself.

Furthermore, both GOI and GON will request adequate monitoring of progress. The Project Office will therefore perform an essential task in determining milestones and assessing performance in that respect.

It is thus proposed to create three "cells" in the Project Office: Monitoring, MIS, and Training.

The main tasks of this project office will be

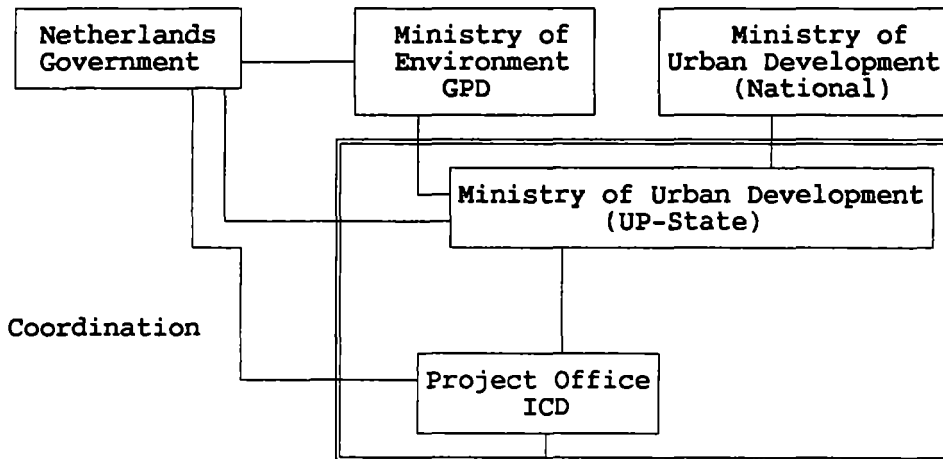
- assistance in the development of a MIS for municipal organizations;
- assess and coordinate training activities;
- organize and coordinate exchange visits;
- assess the feasibility of GIS systems;
- monitor the day to day ongoing performance and progress;
- advice UP State on the solution of bottlenecks in the ICD project;
- liaise with the municipalities and other involved parties (such as consultants).

For the execution of these tasks, the Project Office can make use of external expertise. A budget for Technical Assistance is suggested.

Furthermore, inputs and support to the existing IDP is suggested in the field of the application of an Area Development Approach.

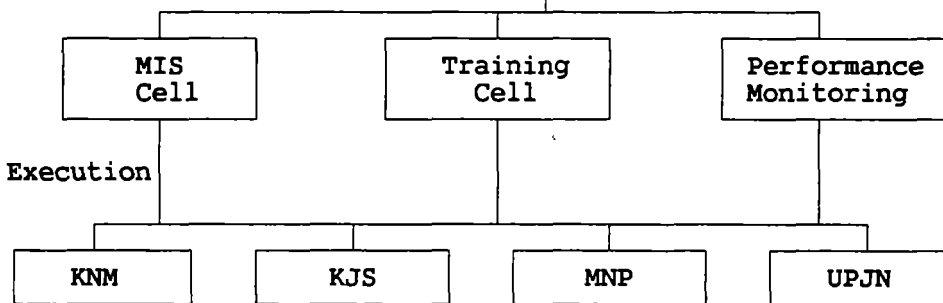
9.5 Project Organization Chart

Policy & Goals



Coordination

Tools



Execution

9.6 Provisional Budget

As stated above, it is stipulated from the Indian side that a project on ICD should be a low budget effort, allowing for replicability in numerous other towns and cities in Uttar Pradesh.

A first, rough estimate would lead to a set up as in Table 2.

Table 2: Provisional Budgets

Budget item (amounts in Dfl 1,000)	year 1	year 2	year 3	year 4	year 5	Total
INSTITUTION AND COMMUNITY DEVELOPMENT						
Indian consultants	150	80	40	25	10	305
Dutch experts and support	250	200	100	60	60	670
MIS	150	50	20	20	20	260
Office facilities	50	150	25	100	50	375
Twinning/exchange visits	200	200	200	100	100	800
Per diem, travel costs	20	20	20	20	20	100
GIS		100	60	40	10	210
Training		80	40	20	20	160
Total ICD	820	880	505	385	290	2880
INDO-DUTCH PROJECT KANPUR/MIRZAPUR						
Area development	200	250	p.m.	p.m.	p.m.	450
GRAND TOTALS	1020	1130	505	385	290	3330

Explanatory notes:

- **Indian consultants.** For the implementing agencies it is useful to dispose of the assistance of Indian consultants. A monthly tariff of Rs 75,000 is anticipated.
- **Dutch experts and support.** Additional to the Indian consultants, it will be required to obtain inputs from Dutch consultants.
- **MIS.** The amounts listed represent costs of development of adequate software.
- **Office facilities.** The implementation of MIS requires that computers are placed in the agencies.
- **Twinning/exchange visits.** The costs for this activity are mainly for travelling, and for remuneration of the Dutch partner, as the latter has no immediate benefits from this activity.

- **Per diem, travel costs.** Refers to travel expenses that occur in India.
- **Area development.** Activities in the framework of area development will lead to the identification of additional demands for amenities.
- **GIS.** If GIS is found feasible, a budget is necessary for software and specific training.
- **Training.** As this is an integrated part of the project, a substantial budget is required. The need for training is determined in the first year, whereas immediately after this, considerable efforts are needed for developing training materials.

9.7 Relation with Ongoing Project

It has been stated earlier that the ongoing Indo-Dutch Environmental and Sanitary Engineering Project in Kanpur and Mirzapur has adopted an integrated approach in the sense that technical construction, socio-economic aspects and institution development aspects are considered simultaneously. Relevant efforts in the field of institution development have been realized, and plans for further actions are proposed. The main facilitators in this process are consultants from JPS Associates.

It should be noted that those activities are essentially *complementary* to the endeavour proposed in this report. It is therefore useful that they be continued. From the viewpoint of continuity, it is imperative that this takes place without interruption.

This is best guaranteed by including the efforts as proposed by JPS in the plans for extension of IDP covering the period July 1992 to December 1993, as they are to be submitted by the consultants.

After finalization of the Indo-Dutch Project, it should be considered whether and how the institution development activities can be brought under the ICD project as proposed in this very report.

APPENDICES

APPENDIX I: WASTE WATER TREATMENT TRAINING CENTRE

In the documentation available to the mission (see appendix V) a wide variety of information was given on the waste water training centre. The need for a new specific training centre is emphasized, but reasons for this need are not explained.

The proposal prepared by NEERI is well documented and gives good information about costs (initial investments and annual costs), training modules and participants. This proposal mentions an annual capacity of 375 participants for the total programme. It is less informative about the main goals and the target groups. The figures that are provided (expected number of 200 supervisory staff, including the laboratory staff, and 1000 technicians working in G.A.P. Sewage Treatment Plants) represent total numbers, not a quantified need for training.

As 375 applicants can be trained per year, it is not clear whether after 2 or 3 years there is still a need for such a specialized training centre. It would be advisable to identify some more background information connected with the goals of this new training centre.

For further elaboration of the proposal, the following aspects are of importance:

Identity

In the available report, the philosophy for the training centre is not made clear. It would be useful to define what the specific additional contribution of this centre would be in relation to the existing educational facilities and opportunities. It is therefore necessary to define the reasons for a new training centre and to explain why the training cannot be carried out by an existing institution. In India there are many qualified training institutes. Even in Kanpur, the IIT, was interested to be involved in the efforts and offered to prepare a proposal for an integrated initiative.

Target group

The proposal does not define which organizations or states the training centre has to cover. In the discussions with representatives of different organizations, the mission was given a number of opinions, varying from a centre for UPJN, UP, G.A.P. or all India.

The target group for training is also not clear as the real needs are not assessed. Only technicians and supervisory staff employed on sewage treatment plants and the intermediate and main pumping stations set up under G.A.P. are mentioned. The target groups identified for training include:

- 1) Decision makers/senior management staff
- 2) Operation and maintenance staff and supervisory personnel

The mission wonders whether a combination of a high level training programme and a training programme oriented towards vocational training within one institution would not lead to a problem of identity for the centre. Some elaboration on this point is needed.

Programme

Some training modules have been indicated, but these are incomplete and also reflect the lack of defined target group. The training schedule does not give a possibility for further extension of the programme, although not all mentioned target groups are included. More information about the priorities of the programme is necessary.

Management

For the sustainability of the centre, it is necessary to clarify who is responsible for the centre and its management. Priority needs to be given to a decision on this issue.

Facilities

A detailed overview is given on the buildings and equipment needed. At this stage no elaboration on this is necessary, although computers (needed for CAD) and the purchase of software is not mentioned in the present proposal.

Finances

The investment costs for the centre are estimated to be 2.5 crores. The mission did not investigate this, nor can it give an opinion on the estimated recurrent costs of 30 lakhs. It is however not clear who will pay for the initial investment. The World Bank has offered to provide the initial investment and possibly (partially) the recurrent costs for a limited period, but they require a further detailed programme of the centre. A suggestion is included for Dutch funding for the recurrent costs. Contributions from UP, Bihar and West Bengal State are also suggested. A decision on this point is needed.

Recommendation

The mission proposes that GPD will be invited to prepare a further detailed proposal for the training centre which includes all details mentioned by the mission.

APPENDIX II: PERSONS AND ORGANIZATIONS VISITED

Delhi:

Dr. S.R. Shukla	CPHEEO
Dr. P.S. Rajvanshy	CPHEEO
Mr. J.P. Srivastava	JPS Associates
Mr. Abdullah Khan	Iramconsult
Mr. Hay Soree	ETC
Ms. Nalini Kumar	ETC
Prof. Dave	
Mr. Sikka	GPD
Mr. Gupta	GPD
Mr. Shadha	GPD
Mr. P.S.A. Sundaram	Ministry of Housing and Urban Development
Mr. Mulkh Raj	HUDCO
Mr. de Fonseka	UNICEF
Dr. Menno Keuken	Royal Netherlands Embassy
Mr. Chandra Godavitorne	World Bank

Lucknow:

Mr. P.L. Punia	Urban Development, UP
Dr. R.S. Sing	UP Jal Nigam
Mr. Shankar	Urban Development, UP

Kanpur:

Mr. Dikshit	UP Jal Nigam Kanpur
Mr. R.N. Trivedi	KNM
Mr. Zaheer	KJS
Mr. R. Zwaag	Haskoning
Dr. S. Joshi	SEU
Ms. S. Jacob	SEU
Dr. Shukla	SEU
SEU staff Kanpur	
Shramik Bharati	NGO Kanpur
KURD	NGO Kanpur
Prof. M.P. Kapoor	IIT Kanpur
Prof. Ashok Mallik	IIT Kanpur
Prof. Yudhbir	IIT Kanpur
Mr. P.K. Agrawal	GPD, UP
Mr. Y.N. Khare	GPD, UP

Mirzapur:

Mr. R.P. Singh	District Magistrate
Mr. R.N. Dwivedi	Officer in charge District Magistrate
Mr. K.K. Govilla	UPJN Mirzapur
Mr. S.K. Mishra	UPJN Mirzapur
Mr. A.K. Mathur	UPJN Mirzapur
Mr. Hamidullah	MNP

Mr. U.N. Tiwari	MNP
Mr. W.G. van de Fliert	Euroconsult
Ms. S. Hussain	SEU
SEU staff Mirzapur	

APPENDIX III: TERMS OF REFERENCE OF MISSION

november 1991

1. Introduction

In the framework of the Indo-Dutch cooperation programme on Environment, The Netherlands, since 1987, are supporting the implementation of the so-called Kanpur/Mirzapur Sanitary Engineering Project. Purpose of this project is to contribute to a reduction of pollution of the Ganga-river and to demonstrate an integrated approach to that effect. Therefore, the project covers the planning, design and construction of urban infrastructure, including water supply and sanitation (solid waste, drainage and sewerage), socio-economic activities geared towards involvement and improvement of the position of project beneficiaries and finally institutional development and training support, as to enhance the capabilities of state and municipal level organizations in the operation and maintenance of urban services.

Novel technologies that have been introduced in this project are concerned with the anaerobic treatment of domestic and/or industrial waste water through the so-called UASB process, as well as the demonstration of an effective technology to reduce the chromium contents of tannery waste water.

Furthermore, the projects devotes substantial attention to improvement of labour conditions in the tanneries and the weavery sector.

The first phase of this project covered the period 1/1. 87-31/12. 89 and according to the (IInd) sideletter, i.e. the agreement between GOI and GON to cooperate in this activity, the (presently ongoing) 2nd phase is to be completed June 1992. Due to various reasons the implementation of physical infrastructural works will not be completed by then and continued GON-Technical Assistance support is anticipated.

Furthermore, it has become increasingly clear in the course of the present project, that continued support beyond June 1992 is also required as to allow for sustainability of the project interventions on the long run.

The latter not only applies to O&M of the urban services but also to initiated community development activities.

Given the fact that external assistance aimed at promoting sustainability of project interventions is basically from a different nature and also requires a prolonged donor commitment, compared to support for the implementation of the physical infrastructural works, GON considers to embark on the following approach beyond 1992:

- A project that allows for technical supportive services in order to complete the planned and ongoing construction works in Kanpur and Mirzapur. This project will most likely be completed in the course of 1993
- A project aimed at institutional development for the organizations that become responsible for the O&M of the physical infrastructure; in this regard training and -as part of it- operationalization of the planned

wastewater treatment training centre in Kanpur is one of the objectives. Furthermore, this project is to assist in the further development and consolidation of community involvement and development activities that have taken place. Given the time frame required before results of Institutional and Community Development (ICD-) support activities materialize, it is recommended that this project will cover a 5-year period from 1992-1997.

2. Linkages of the Kanpur/Mirzapur Sanitary Engineering Project with other projects

Presently GON considers the option of a so called "Budget Support Programme as to allow for replication of the project approach in other cities bordering Ganga river.

Also the experiences gained under the project with chromium recovery in pilot tanneries are planned to be disseminated to other tanneries in the frame work of a separate project under the Indo-Dutch cooperation.

A MEMISA funded Urban Health Care Project (UHCP) has recently started in Kanpur and Mirzapur aimed at improving health conditions in these cities. Furthermore, supported by UNICEF funding, the municipal administrations are in the process of establishing separate departments focusing on the provision for urban basic services for the poor (UNICEF-UBSP programme); the latter departments are to maintain close contacts with the community based organisations (mandals) in that respect. Finally the project "Women and Work" which is planned to be carried out under the Indo Dutch cooperation, might be instrumental in consolidating the initiatives that have led to the establishment of female cooperatives under the present project (mason and plumber corporations - mandals).

3. References for the ICD project formulation mission

- Project report "Fact Finding Part 1A" (January 1991), depicting a performance assessment of the state and municipal organizations responsible for O&M of the urban services.
- Minutes of the workshop (February 1991) on Institutional Development and Training Support facilities.
- Project report "Training Plan, Institutional Development and Training" (May 1991), outlining 8 technological training sessions to be implemented under the present project (matrix I) and about 20 training sessions to be implemented beyond June 1992 (matrices II and III activities).
- Project report "Framework for Institutional Development" (to be submitted), outlining the ongoing and planned activities concerning counselling of the management of state level and municipal organizations in the preparation and implementation of action plans geared towards development of enterprise performance.
- Perspective plans for O&M for the schemes under Indo-Dutch Integral Sanitation Programme at Kanpur and Mirzapur; prepared by GOI (April 1991).

- Advice to the Netherlands Embassy from the project monitor RIVM (August 1991) on the proposed areas to be covered under a ICD-programme.
- Report of the identification mission on waste water training (February 1990).
- Proposal submitted by GOI to GON (February 1990) on proposed Netherlands assistance in the development of the planned Kanpur Waste Water Treatment Training Centre.
- Project MIS reports (notably version Jan-March 1991) as to a status of Socio-Economic project activities.
- Project reports Vol I/V (July 1989) on the training for health promoters in environmental sanitation.
- Project report (May 1991) on monitoring and impact assessment for sanitary and urban health care interventions.
- Inception report (May 1991) on the Kanpur/Mirzapur Urban Health Care Project (May 1991).
- Formulation report (November 1989) "Women and Work" Project.
- Report of the mid-term evaluation mission (November 1991).

4. Institutional framework

Several parties are presently involved in the implementation of construction activities under the ongoing Kanpur/Mirzapur Sanitary Engineering Project. At the national level the Ministry of Environment/Ganga Project Directorate is responsible for the appraisal and sanctioning of all schemes under the Ganga Action Plan in Uttar Pradesh (UP), Bihar and Bengal.

The coordination of the implementation of the schemes in UP rests with the UP State Government's Department of Housing and Urban Development. The implementation of schemes in both cities itself is carried out by UP-Jal Nigam, a state government engineering body, as far as water supply, sewerage storm water drainage, sewage treatment and low cost sanitation (only Mirzapur) schemes are concerned.

Furthermore, there is an involvement of municipal bodies in the construction activities, namely Kanpur Nagar Mahapalika (KNM; low cost sanitation, solid waste management, community participation and health promotion), Kanpur Jal Sansthan (KJS; handpumps and sewer cleaning) and Mirzapur Nagar Palika (MNP: solid waste management and community participation/health promotion).

As to the operation and maintenance of facilities, UP-Jal Nigam will become responsible for the sewage treatment plants and pumping stations in both cities; furthermore, the municipal bodies are to assume the following O&M tasks:

KJS: sewerlines/sewer cleaning, water supply

KNM: storm water drainage, low cost sanitation and solid waste

MNP: sewer lines, storm water drainage, low cost sanitation, water supply and solid waste management.

Considering the precarious financial position of notably KJS and MNP, UP-State is to provide complementary subsidies to at least cover recurrent cost expenditures.

5. Objectives of the ICD-formulation mission

5.1 General

To formulate a programme geared towards institutional development of state and municipal level organizations resulting in an increased efficiency of urban services management and institutionalization and extension of community development activities implemented so far.

The sustainability of urban development, as pursued in the Kanpur/Mirzapur Project, depends on good management of the public utilities, the public service "corporations". Good management does mean among others a businesslike administration of the municipal agencies ("corporations") for public facilities (water, electricity, sanitation, sewerage, etc.). Such management requires a sound financial base. To realize such a businesslike management the "corporations" need sufficient autonomy. Such autonomy is necessary in order to make their own decisions based on calculations in accordance with the local (municipal) situation. It must function also as an incentive for good, responsible management. It means that the management will have the possibility to make financial sound decisions within socially acceptable boundaries. At the same time this autonomy must include accountability towards the state, the municipality and the public (the clients). Forms of accountability for each level must exist or be developed. Training as a part of institutional development makes only sense if the personnel on the different levels are trained for a sustainable urban development, including sound management of the municipal "corporations". The programme must be formulated in a way that it will be repeatable, reproducible, in other Indian cities taking into account the financial, legal and organizational Indian context.

5.2 Specific

- 5.2.1 At the national level the Ministry of Urban Development and Construction and through this the Centre for Public Health and Environmental Engineering (CPHEEO) is responsible for strengthening of the water and sanitation sector.
The Ministry of Environment/GPD already has established working relations with CPHEEO.
- 5.2.2 Propose means for strengthening the relations between the municipal and state level implementing agencies; adequate relations are pre-requisite for f.i. sound budget planning and appraisal, regular release of complementary subsidies if required, performance monitoring of municipal activities etc.

5.2.3 Considering the fact that there should be an intrinsic relation between monitoring/assessment of enterprise performance, and the preparation and implementation of action plans (covering human and material resources development), the mission is requested to cover the following:

- assess present procedures and mechanisms for monitoring municipal enterprise performance by State level authorities and explore the possibilities of the legal framework
- assess present procedures for the preparation by State level authorities of action plans geared towards the improvement of municipal enterprises performance, a.o. through training and allocation of financial resources. Make proposals to improve on this
- assess the municipal level organization's capacities and financial capabilities and make proposals to improve on this
- propose means for an adequate and sustainable training delivery system, including manpower forecasting, preparation of job descriptions, training need assessment, training analysis, training material production, training of trainers, training implementation and impact assessment

Make a distinction in this regard between training needs at management and operational level and between the different areas of urban services, i.e. watersupply and sanitation (sewerage, drainage and solid waste).

Consider the GOI proposal for the Kanpur based training centre for waste water treatment and suggest any changes which are deemed necessary.

- Apart from formal class training as one of the means for municipal enterprise development, assess also the feasibility and practicalities of a cooperation between these enterprises and the like public services organizations in The Netherlands.
- Assess the feasibility of setting up of training cells in the municipal bodies.

5.2.4 As to community development activities:

- assess the extent of the institutionalization of the existing organizations of community development and make recommendations for further improvements in this sense.
- assess the quality of the present interface between formal municipal and community organizations and make recommendations to improve on this.
- assess the capabilities of the local community organizations to carry out planning at the micro level in order to improve the quality of the environment.
- assess the possibility of involving the local community organizations in the drafting of the area development plans (bottom up planning) and recommend on means to promote this.

- make recommendations that will further the organizations strength of the female professions organizations (presently masons and plumbers); recommend on the relevance of linking this subject also with the planned GON supported "Women and Works Project", the ongoing/planned Socio Economic Unit activities under the Kanpur/Mirzapur sanitary Engineering Project and the UNICEF supported UBSP-project.

6. Composition of the mission

Drs. J.J. de Lijster - TGI
Ir. J. van Luijk - Matrix
Drs. J.L. Gortworst - Geoplan
Drs. M. Wegelin-Schuringa - IRC
Prof. Dr. N. Chaudhuri - Jadavpur University Calcutta
Prof. S. Siddiqi - Delhi Drinking Water and Sewerage Board

The Netherlands team members will be contracted through DGIS/DAL-ZZ, the Indian members through the Netherlands Embassy.

As resource person to the mission is appointed Dr. P.K. Agrawal, Regional Director GPD

7. Timing

The mission is scheduled for the period 5th week November mid December 1991.

8. Debriefing and final reporting

Upon completion of its activities, the mission will discuss and finalise summary conclusions and recommendations before the mission leaves India.

The draft final report will be submitted to GON ultimo 4 weeks beyond completion of the mission.

The report will contain a draft proposal for the implementation of the project and a provisional budget estimate.

APPENDIX IV: MAILING LIST FOR REPORT

Mr. P.L. Punia, Secretary Urban Development Uttar Pradesh, Lucknow

Dr. R.S. Sing, UP Jal Nigam, Lucknow

Mr. R.N. Trivedi, Kanpur Nagar Mahapalika

Mr. Zaheer, Kanpur Jal Sansthan

Mr. S.R. Dikshit, Ganga Pollution Control Unit, UPJN, Kanpur

Mr. R.P. Singh, District Magistrate, Mirzapur

Mr. K.K. Govilla, Jal Nigam, Mirzapur

Mr. U.N. Tiwari, Mirzapur Nagar Palika

Dr. P.S. Rajvanshy, CPHEEO, New Delhi

Mr. Chadha, Joint Secretary Ministry of Environment, New Delhi

Mr. Gupta, Ganga Project Directorate, New Delhi

Dr. M. Keuken, Sector Specialist, Royal Netherlands Embassy, New Delhi

Ms. A. Hofstede, Ministry of Foreign Affairs, The Hague

Mr. Chandra Godavitorne, Senior Operations Officer Infrastructure, World Bank

Mr. P.S.A. Sundaram, Ministry of Housing and Urban Development, New Delhi

APPENDIX V: DOCUMENTATION USED

1. Institutional Development and Training Fact Finding Report (Phase 1).
December 1990 - JPS Associates
2. Minutes of the Workshop on Institutional Development and Training Support Facilities. Februari 1991.
3. Training Plan, Institutional Development and Training Support.
May 1991 - JPS Associates.
4. Institutional Development Plan.
September 1991 - JPS Associates.
5. Perspective Plan for Operation and Maintenance for the Schemes under Indo Dutch integral Sanitation Programme at Mirzapur.
April 1991.
6. Advice to the Netherland Embassy from the project Monitor (RIVM) on the proposed areas to be covered under a ICD programme.
7. Identification of projects for Training in India in Waste Water Treatment.
March 1989.
8. Report of the Expert Group on developing a training programme for Waste Water Treatment.
August 1990.
9. Management Informations System, progress Up to March.
April 1991.
10. Project reports (volumes I - V) in the training for health promoters in environmental sanitation.
July 1989.
11. Workshop report on Monitoring and impact assessment for Sanitary and Urban Health Care Interventions.
May 1991.
12. Inception report on the Kanpur/Mirzapur Urban Health Care Project.
May 1991.
13. Towards environmental sanitation: an approach paper on community participation and health promotion aspects.
Project report January 1991.
14. Formulation report "Women and Work" Project.

15. Briefing document Midterm Evaluation Mission Indo Dutch Project.
Februari 1991 - Matrix Consultants.
16. Conclusions and Recommendations of the Midterm Evaluation Mission.
October 1991 - Matrix Consultants.
17. Preliminary Note on Replicability Reduction Pollution Load.
October 1991 - Hasko, Euroconsult, AIC, IRAM.
18. Guidelines for planning community participation activities in Water
Supply and Sanitation Projects.
1986 - IRC.
19. Note for the consideration of formulation mission.
November 1991 - KNM.
20. Documents provided by GPD.
 - Decision of the Central Ganga Authority.
 - Calculation annual expenditure and income.
 - Report of the Expert Group on Operation and Maintenance.
21. Training Institute for Waste Water Treatment Plant Manpower Development at Kanpur (U.P.), Sponsored by Ganga project directorate, Ministry of Environment and Forest, National Environmental Engineering Research Institute, Nehru Marg, Nagpur - 440 020
March, 1991.

APPENDIX VI: MILESTONES

Table 3 lists the main milestones to be applied in the Monitoring Cell of the proposed project on Institution and Community Development.

Note that only a selection of the relevant points of action have been transformed into milestones. This is done for ease of handling. It does not, however, suggest that other points as listed in the chapters 3 to 7 of this report are of less importance.

The first column lists the relevant criteria. In the other columns, an indication of the desirable attainment is provided. When applicable, a quantification of the criterium is given between brackets in the first column.

Table 3: Milestones

MILESTONES	June 1992	Dec 1992	June 1993	Dec 1993	Dec 1994	Dec 1995	Dec 1996	Dec 1997
Status of ICD project:		start		1 year	2 years	3 years	4 years	5 years
Collection of revenues and taxes	40%	60%	>80%	>80%	>80%	>80%	>80%	>80%
Arrears (situation Dec 1991: 100)	80	60	50	40	30	<25	<25	<25
Determine costing structure (as chapter 3)	ready							
Determine realistic revenues	start	ready						
Modify tariffs	prepare	start	ready					
Obtain permanent subsidies	start	ready						
Increase financial authority of management KNM, MNP, KJS (chapter 4)	discuss	discuss	decide					
Job descriptions and performance appraisal system (chapter 5)	develop	test	implement	implement				
Staff development (identify fields; determine plan)		identify	plan	implement	implement			
Non-financial forms of incentives (worker of the month)	develop	try out	implement					
Develop block approach with team work			develop	try out	implement			
Apply "qualified staff replacement" (% of departing staff internally replaced)	20%	20%	50%	70%	>70%	>70%	>70%	>70%
Consider needs of customers (number of locations with area development approach in each town) (chapter 8.5)	2	4	6	8	p.m.	p.m.	p.m.	p.m.
Multiply successful community involvement efforts (number of replications of per town)	2	4	6	8	12	>15	>15	>15



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MILESTONES	June 1992	Dec 1992	June 1993	Dec 1993	Dec 1994	Dec 1995	Dec 1996	Dec 1997
Status of ICD project:		start		1 year	2 years	3 years	4 years	5 years
Draw monthly workplans, including UDC/SEU inputs	every month	cont.	cont.	cont.	cont.	cont.	cont.	cont.
Finalize monitoring sheets	ready							
Start PR and communication (chapter 6)	lst prospects	make plans	try out	imple-ment	imple-ment			
Increase responsiveness (% of complaints answered in same month)	30%	40%	50%	60%	80%	>80%	>80%	>80%

Note that "collection of revenues and taxes" presents targets for each separate unit within the municipal organization: water supply, sewerage, waste disposal, and so forth. Each will have their specific composition of direct charges, dues, and indirect levies and taxes. This is not further elaborated in this document.



APPENDIX VII: MAIN ACTIVITIES IN ICD PROJECT

PLANNING

The activities suggested in this report can be planned as follows:

Factor, action	1992	1993	1994	1995	1996	1997	
UN-DGIS Process proposal ICD Process proposal WWT Formulation Budget Support Check progress & milestones							
UP-Urban Development Prepare proposal for ICD Set up ICD project office Allocate staff and funds							
ICD Project Office Design & implement MIS Staff development programme Exchange visits Assess GIS Execute project (milestones)							
Implementing Agencies Set up UDC and integrate SEU Undertake necessary actions							
DP Kanpur/Mirzapur Application ADA							
GPD Proposal WWT training center Decision Construction Start training activities							

PROPOSAL FOR ICD PROJECT

In the scheme above, UP-Urban Development is invited to determine a proposal for the Institution and Community Development Project.

It is suggested to contain the following elements in that proposal:

1. Legal status of the project and the project office;
2. Objectives, mandate and justification of the project;
3. Policies and regulations pertaining to the ICD project;
4. Organizational structure, including local authorities and urban development cells;
5. Project management: staffing and available tools (MIS);
6. Project staff: required numbers and capabilities;
7. Hardware and software needed for project execution (MIS, GIS), operating methods, procedures to be applied;
8. External relations: related and supporting institutions and organizations, clientele;
9. Mode for execution and planning
 - . MIS at municipal level;
 - . exchange visits;
 - . training;
 - . GIS;
 - . specific points for action as listed in chapters 3.3, 4.3, 5.3, 6.4 and 7.3 of this report;
 - . relation with ongoing Indo-Dutch Project in Kanpur and Mirzapur, specifically considering institution development efforts as assisted by JPS-Associates.
10. Required budgets from GOI and GON;
11. Aspects and planning regarding monitoring of project progress in quantified terms wherever possible.

It is furthermore anticipated that the report of the current mission can be used as input to this proposal.

APPENDIX VIII: POINTS FOR ATTENTION SEU

This appendix lists the points to be taken into account in the workplan of the SEU to be prepared by the consultants for the period June '92 to December '93.

For Area Development Approach:

- type of improvements to be included in area development approach;
- criteria for selection of areas for area development approach;
- proposal for areas to be taken up, in coordination with implementation of current project activities;
- time frame for preparation of area development approach;
- steps to be undertaken by SEU to assist community to initiate activities;
- milestones to be reached in area development approach (for instance organization of mandals, handpump committees);
- indicators for monitoring progress and developments

The feasibility and additional value of the area development approach in the context of infrastructural improvements carried out by municipal organizations has to be proven before December 1993. Indicators have to be selected to be included in the MIS.

The continuation of the approach depends on future infrastructural works, e.g. as under Budget Support programmes.

For SEU activities as continuation of current Indo-Dutch Project:

- coordination for improved synchronization of SEU activities with infrastructural improvements to be carried out (block approach);
- coordination with implementing agencies on sequential order of activities;
- clear tasks and responsibilities of SEU staff in block approach;
- intensified social mobilization and education by focusing on the specific activities to be carried out. This applies specifically to low cost sanitation, where improvements are required with respect to selection of beneficiaries, conditions for having the latrines (such as the need to construct a superstructure), and requirements for use, operation and maintenance;
- improvement of final selection, motivation and instruction of beneficiaries for latrines (for instance a requirement that material for the superstructure is present before the construction of the substructure can start);
- follow-up for hygiene education and monitoring of use after latrine construction;
- clear division of tasks and responsibilities in implementation and operation and maintenance of facilities provided (including repayment of loans) between municipal organizations and communities;
- expansion of health and safety councils in tanneries, including time frame and milestones;

- finalization of monitoring and impact assessment system for sanitary and urban health care interventions (workshop report May '91) and actual integration in MIS, including:
 - conditions of facilities
 - awareness of and rate of loan repayment
 - actual use
 - presence of superstructures
 - number of mandals established
 - number of community funds for handpumps established
 - number of community funds for health care established
 - general cleanliness of the area
 - tasks for change agents in monitoring
 - tasks for SEU in monitoring
- structure for networking between mandals already established;
- training of mandals in communication and accounting;
- timeframe for the establishment of more mandals (see also above under Area Development Approach);
- proposal on structure, tasks and function of urban development cell to be functional in december '93. Assistance to municipal corporation in giving input in the workplan for institutional development for the urban development cell;
- proposal for training in participatory techniques for community development, including consultant to be attracted, curriculum, costs and timeframe;
- coordination with UNICEF on cooperation of SEU staff in UBSP programme. Possibility of SEU staff being paid by UNICEF (three persons for 5 years), division of tasks (especially in coordinating all government programmes aimed at improvement of living conditions for the urban poor).

APPENDIX IX: ABBREVIATIONS

ADA	Area Development Approach
ARV	Annual Rental Value
CPHEEO	Central Public Health and Environmental Engineering Organization
DUDA	District Urban Development Agency
GAP	Ganga Action Plan
GIS	Geographical Information System
GOI	Government of India
GON	Government of The Netherlands
GPD	Ganga Project Directorate (national, under Ministry of Environment)
HUDCO	Housing and Urban Development Corporation Ltd.
ICDS	Integrated Community Development Scheme
ICD	Institution and Community Development (proposed new project)
JN	Jal Nigam (Water works; engineering of all water and sanitation systems)
JPS	Consultancy firm in Bombay
KJS	Kanpur Jal Sasthan (Water board)
KNM	Kanpur Nagar Mahapalika (mainly sanitation)
LCS	Low-cost sanitation
MIS	Management Information System
MLD	Million litres per day
MNP	Mirzapur Nagar Palika (O&M of water and sanitation systems)
O&M	Operation and maintenance
SEU	Social Economic Unit
SUDA	State Urban Development Agency
TA	Technical Assistance
UASB	Up-flow Anaerobic Sludge Blanket
UBSP	Urban Basic Services for the Poor
UDC	Urban Development Cell
UHCP	Urban Health Care Project
UP	Uttar Pradesh
UPJN	UP Jal Nigam
WWT	Waste Water Treatment



1911
1912
1913