

DOCUMENT

03

# NEPAL COUNTRY IMPACT STUDY



DOCUMENT  
**03** **NEPAL COUNTRY  
IMPACT STUDY**

United Nations Human Settlements Programme  
Nairobi 2011

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## **Water and Sanitation Trust Fund Impact Study Series**

Nepal Country Impact Study

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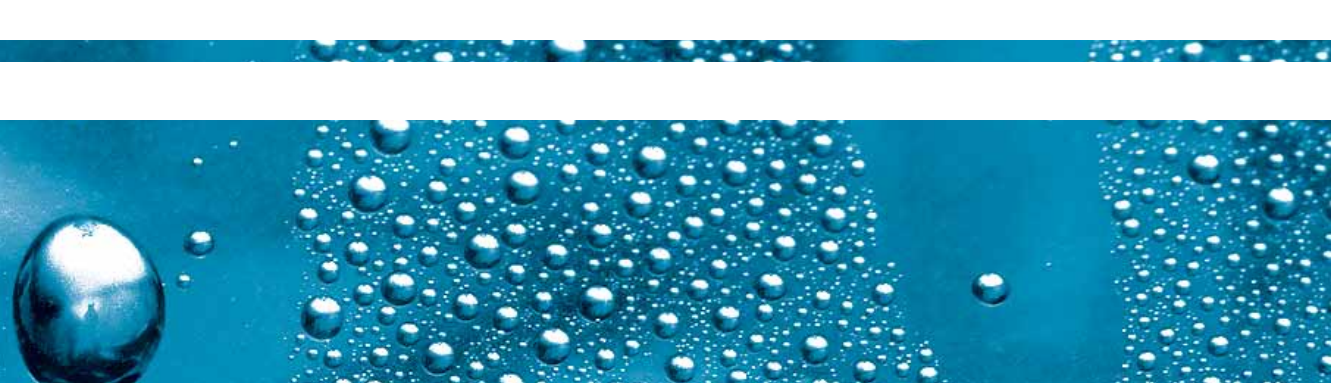
# Acronyms

ADB	Asian Development Bank	PRSP	Poverty Reduction Strategy Paper
CA	Co-operation Agreements	RBM	Results Based Management
CBO	Community-based organisation	RBTS	Reed Bed Wastewater Treatment System
CIUD	Centre for Integrated Urban Development	RWH	Rainwater Harvesting
CSS	Country Support Strategy	STWSSP	Small Towns Water Supply and Sanitation Project
DUDBC	Department of Urban Development and Building Construction	SWAp	Sector-Wide Approach
DWSS	Department of Water Supply and Sewerage	SWM	Solid Waste Management
ECOSAN	Ecological Sanitation	SWM&RMC	Solid Waste Management and Resource Mobilisation Centre
ENPHO	Environment and Public Health Organisation	TDF	Town Development Fund
FUWS	Forum for Urban Water and Sanitation	UCs	Users' Committees
GoN	Government of Nepal	UDLE	Urban Development through Local Efforts
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (German Technical Cooperation Company)	UEIP	Urban and Environment Improvement Project
HH	Household	UEMS	Urban Environment Management Society
I / NGO	International / Non-Government Organisation	UEMS	Urban Environment Management Society
I&K	Information and Knowledge	UN	United Nations
KfW	German government-owned development bank	UN-HABITAT	United Nations Human Settlements Programme
KUKL	Kathmandu Upatyaka Khanepani Limited	UNDP	United Nations Development Programme
KVWMSP	Kathmandu Valley Water Management Support Programme	UNICEF	United Nation's Children Fund
LFA	Logical Framework Approach	VDC	Village Development Committee
LUMANTI	Lumanti Support Group for Shelter	WAN	WaterAid Nepal
MDGs	Millennium Development Goals	WAsC	Water for Asian Cities
MoF	Ministry of Finance	WATSAN	Water and Sanitation
MoHP	Ministry of Health and Population	WDM	Water Demand Management
MoU	Memorandum of Understanding	WESH	Water, Environmental Sanitation and Hygiene
MPPW	Ministry of Physical Planning and Works	WHO	World Health Organisation
MuAN	Municipal Association of Nepal	WSH	Water Supply, Sanitation and Hygiene
MWSP	Melamchi Water Supply Project	WSP	Water Service Provider
NWSC	Nepal Water Supply Corporation	WSS	Water Supply and Sanitation
O&M	Operation & Maintenance	WSTF	Water and Sanitation Trust Fund
PAN	Practical Action Nepal	WUA	Water User's Association

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# Executive Summary



This document is an internal Nepal country impact study of initiatives supported by UN-HABITAT's Water and Sanitation Trust Fund (WSTF) undertaken by a team of international consultants. The objective of the WSTF is to bring in new investment and ideas, expand service coverage for poor urban dwellers, and help build momentum for achieving the MDGs. The objectives and envisaged outcomes of the Country Support Strategy (CSS) of the Water for Asian Cities (WAsC) in Nepal (2008-2012) are by and large similar to those of WSTF.

## MAIN FINDINGS ON THE NEPAL COUNTRY PROGRAMME

UN-HABITAT is a newcomer to the Urban WATSAN sector in Nepal, but has managed to establish itself as a notable development partner in this field. The

order of magnitude of the impacts of the WAsC interventions on the achievement of the MDGs **is limited in terms of tangible increase in WSS coverage**, but UN-HABITAT has **demonstrated significant impacts in terms of** improvements in quality and relevance of the projects. Hence, the actual value added and impacts made by the first generation pilot projects (2005-09) provide a solid base for more vigorous at large scale replication efforts provided the UN-HABITAT has incorporated lessons learned and recommended strategic and operational adjustments.

Overall, very good work has been accomplished under (sometimes) difficult circumstances in Nepal, which include very high government staff turnover, political instability and lack of NGOs with sufficient experience to mobilise urban poor communities.

UN-HABITAT has an excellent reputation in Nepal amongst national water authorities, municipal authorities, communities and NGOs and local institutions. UN-HABITAT's comparative advantage is its focus on the **complex problem of the urban poor** and the ability to integrate WSS approaches across the urban sector and community involvement from the outset of the project.

These are key points of concern of future national WSS sector development. The UN-HABITAT WAsC Nepal Country interventions are well integrated with relevant authorities, institutions, and development partners at national and municipality level and contribute to the creation and achievement of GoN's urban development strategies. The country programme issues and findings are elaborated in detail in Chapter 3-2 and 4-1.

There is a **close coherence** between the project outcomes of the Water for Asian Cities Nepal Programme 2008-2012 and those envisaged by the WSTF Strategic Plan 2008-2012 and UN-HABITAT's main Nepal aims - solutions to serving the informal urban poor and gender mainstreaming in cities and small towns - are widely recognised as critically important issues.

The main achieved impacts from 2005-2008 are developing strategic approaches, policy reforms, training and tools in partnership with the Government and demonstration of pro-poor community-based management mechanisms in selected pilot communities helping to achieve the WSS MDGs in cooperation with NGOs, municipal authorities and the stakeholders. In the past, the latter has been pre-dominant, and one of the main

challenges facing the UN-HABITAT is to make a strategic shift towards the former.

One important aspect of the UN-HABITAT funded Water Supply, Sanitation & Waste Management projects is the local institutional capacity building, which is crucial for the effectiveness and sustainability of the large investment programmes.

## MAIN PROJECT LEVEL FINDINGS

The impact assessments of Nepal country projects have taken into account the following four programme outcome categories of the CSS WAsC-NEPAL (2008-2012):

- Institutionalisation of inclusive and gender responsive pro-poor urban governance in the WAsC Nepal supported local authorities
- More active engagement of communities in the management of water and environmental sanitation at local level with little or without external support
- Improved WATSAN service delivery mechanism at local level
- Improved MDG monitoring and reporting mechanisms

In this impact study, the consultants studied the achievements and impacts of 16 selected sample projects as presented in the overview in Annex 2. Collectively, these sample projects are considered representative of the Nepal project portfolio of 48 projects. Information was gathered from reviewing project



documents, meetings with implementing partners, interviews with key stakeholders, including beneficiaries and field visits to the project areas inside and outside the Kathmandu Valley.

The objectives and outcomes of the UN-HABITAT's interventions are woven into several associated projects and activities performed by other development partners. Hence, it is not feasible to undertake precise assessments of the impacts that can be attributed directly to the UN-HABITAT country support programme, so the impacts addressed in this report are rather in terms of **incremental impacts and value added**.

It is noted with concern that the **project portfolio of 48 projects presented** in the Country Support Strategy is **very diverse and complex** and that UN-HABITAT is spreading its limited staff and financial resources too thinly on demonstration and pilot interventions in the communities. The situation is about to stabilise since the number of new projects have gone drastically down since 2007. Nevertheless, it is essential that UN-HABITAT is determined to tune down its role as a **big entrepreneurial NGO** and strengthen its functions as strategic influencer.

The main impacts of UN-HABITAT's involvement are contributions to **enhanced quality and pro-poor relevance of the WSS sector projects** that provide a sound basis for replication and up-scaling under capital investment programmes to achieve the WSS MDGs at the national and local levels.

The Country Support Strategy is involved in the design and implementation of capital investment projects funded by ADB and other multi- and bilateral-development funding agencies. It is playing an important role in building capacity in the WUCs to make large investment projects pro-poor oriented, operational and sustainable. The WAsC Nepal operations have **demonstrated tangible impacts and momentum** to these and other urban WSS projects. These impacts have been achieved through enhanced community involvement, institutional capacity building at municipality and community level and demonstrating innovative approaches to better serve the informal urban poor in cities and small towns and promote gender responsive governance.

The outcomes of UN-HABITAT's involvement are **enhanced quality and pro-poor relevance** of the WSS sector projects, thus providing a sound basis for replication and up-scaling under capital investment programmes to achieve MDG WSS targets at the national and local levels contribution Institutionalisation of inclusive in the WAC Nepal supported local authorities'.

UN-HABITAT is delivering good work on **poverty & gender mapping**, which is both appreciated and in use by concerned by UDLE, DWSS and the methods are also replicated in projects in Vietnam, Lao PDR and India. The assessment of projects reveals impressive community work, concrete results and high effort level. Implementation approach is spread too widely, so there are needs for sharpening of the efforts and for "understanding of gender".

There are **substantial and probably underestimated needs of expertise** efforts, funding and implementation time to ensure effective community participation and pro-poor impacts in urban WSS projects. The findings indicate that the “post construction support” to STWSSP needed about USD 5 per capita (equivalent to 8% of capital investments), which is considered quite a reasonable price tag to make large investments more relevant and effective. However, the cost of the support to UEIP projects was in the range of USD 29 to 57 per capita (25-50% of capital investments). These unit costs are considered quite high in terms of consequences for large scale replication.

Nevertheless, these are demonstration projects that will pave the way for large scale replication. The up-scaling efforts will also include **optimisation of the community involvement component** with a view to streamlining and reducing the costs of these activities.

## RECOMMENDATIONS

### Strategic Recommendations:

- UN-HABITAT Nepal should now give **greater weight to its role as a strategic influencer** and with a clear vision about what is needed to address the challenges of urban WSS. This new role will also require increased engagement in national policy dialogue, involve key government policy makers more centrally in the development and implementation of country activities and focus its strategy on **longer term scaleable approaches**. This will also require a much more strategic **selection of activities and projects**.
- Play a more leading role to assist GoN in **WSS sector coordination** under the auspices of the new SWAp arrangement and should thus enhance its role a strategic development partner. This will require creating a platform for dialogue with the Government.
- Enhance UN-HABITAT’s **donor coordination** involvement in the view to improve the weak donor coordination mechanisms between GoN and WSS development partners and support UNICEF’s initiative to organise donor coordination meetings regularly where UN-HABITAT will be one of the main stakeholders. This will be an important entry point for enhanced strategic impacts on the Government’s WSS development policies and investment programmes.
- In order to strengthen the UN-HABITAT’s position in the new ADB STWSSSP (2010-2015) and similar project it is recommended to vitalise and **formalise the cooperation with the ADB** through a MoU at country level, as has been done in Lao PDR.
- Give greater focus to **mobilizing resources from urban investment partners** that could take UN-HABITAT ideas to large scale investments. This should consider extending its cooperation with new partners, such as the KfW Development Bank, JICA, the World Bank and other bi- and multi-lateral financiers.



- Carry out a synthesis and assessment of the experiences of the community and pro-poor interventions of all projects. The purpose of this should be to limit the scope of projects to the most critical WSS issues, sharpen the focus and optimise the use of human and monetary resources for engaging in future local community WSS interventions. Synthesise the outcomes in a new up-scaling strategy.
- Improve the Project Document by using a standard format including a log frame with indicators of achievement and impact that are SMART (Specific, Measurable, Achievable, Realistic and Time bound). The same requirements should also apply for non-project operations.
- Pay more attention to systematic monitoring and reporting of the performance and achievements of the WAsC projects including their collective achievements reflecting the overall significance of UN-HABITAT Nepal.

**Management and Operational Recommendations:**

- Make necessary adjustments of UN-HABITAT's operations and its CSS for Nepal in response to the enhanced role as strategic influencer. Initiate actions to strengthen internal capacity including upgrading of the staff situation (number and categories of staff required), enhanced expertise in financial and policy matters and in municipal service management, strengthening of project cycle management, performance monitoring, reporting, revised budgetary requirements and financial mobilisation. Some specific tasks in this respect are summarised in the below bullet points.

Explore possible streamlining options for the project cycle management and disbursement cooperation between UN-HABITAT Nepal and HQ.



# Background and Methodology



## 1.1 BACKGROUND

The goal of the UN-HABITAT Water and Sanitation Programme is to contribute to the achievement of the internationally agreed goals related to water and sanitation in human settlements, with particular focus on the urban poor in order to facilitate an equitable social, economic and environmental development. The development objective is to support developing countries in expanding access to environmentally sound basic infrastructure and services with a special focus on the un-served and under-served populations.

In 2003, to give a greater focus to the challenge of improving access for the urban poor to water supply and sanitation, UN-HABITAT re-organized its water and sanitation activities into a comprehensive programme under the aegis of a “Water

and Sanitation Trust Fund” (WSTF) supported by a number of donors. The objective of the Trust Fund was to bring in new investment and ideas, expand service coverage for poor urban dwellers, and help build momentum for achieving the MDGs.

Managed by the Water, Sanitation and Infrastructure Branch (WSIB) under the Human Settlements Financing Division of UN-HABITAT, the Trust Fund currently supports “Water and Sanitation for Cities Programmes” in Asia, Africa and the Latin America and the Caribbean Regions. In addition, the Trust Fund also supports two unique regional initiatives, the Lake Victoria Water and Sanitation Programme and the Mekong Region Water and Sanitation Initiative. Activities under these programmes combine policy dialogue and normative work with on-the-ground pilot and demonstration initiatives.





Based on a number of years of experience working globally within the water supply and sanitation (WSS) sector and incorporating lessons learnt through its normative and operational work, the Trust Fund developed a Strategic Plan for the period 2008 – 2012. The plan envisions the following outcomes for the programme:

- Increased institutional capacity in partner countries for advocating/ promoting and implementing pro-poor water and sanitation initiatives and policies with focus on gender equity, renewable energy and efficiency and environmental sustainability
- Increased flow of investment into water and sanitation sector catalysed by Water and Sanitation trust fund interventions
- Improved Millennium Development Goals monitoring mechanisms in place in partner countries, with improved benchmarking of water and sanitation service providers

The majority of WSTF-supported activities are undertaken through “Agreements of Cooperation” (CA) signed between UN-HABITAT and a cooperating partner which could be a local government authority, a public utility, a NGO or an academic institution. However, “normative” work such as development of tool-kits and guidelines, awareness raising and training and dialogue on policy issues with government are also important components of the WSTF supported work.

## 1.2 RATIONALE

UN-HABITAT has identified a need to initiate a rolling strategic assessment of impact at the country and thematic programmatic levels on a regular basis. Such periodic internal assessment will assist UN-HABITAT’s management and the realignment of projects to WSTF’s strategic priorities.

This first review has three foci: case studies of Kenya, case studies of Nepal and a thematic focus on Gender. Kenya and Nepal were selected as countries in which UN-HABITAT has a number of years of programme operations and which contain a variety of core activities supported by the Trust Fund being implemented under different CAs, enabling the team to study the collective impact of these aspects under the water and sanitation programme.

The impact study also responds to requests from the donors to the WSTF for more information on program impact and the findings will be presented at the next WSTF Board meeting in March 2010.

The need to integrate a structured programme of impact studies into the activities of the WSTF is supported by recent changes in the strategic context for UN-HABITAT’s work. These include the adoption of the UN-HABITAT Mid Term Strategy and Institutional Plan (MTSIP) 2008-2013, which calls for an Enhanced Normative and Operational Framework (ENOF) approach to programming.



This approach is driven by a number of external and internal factors namely the HABITAT Agenda, the need to accelerate progress in meeting the Millennium Development Goals (MDGs), the Paris Declaration, 'One UN' reforms, increased focus on alignment and coherence in UN-HABITAT activities and the priority now being given to Results Based Management (RBM). Given the emphasis on results, joint programming and efforts to align activities with desired outcomes, there is now a need to undertake an impact study that informs the WSTF management on the level of integration of these factors into the overall programming at the country level and its resulting impact.

## 1.3 OBJECTIVES OF THE STUDY

This impact study initiated by the Water, Sanitation, and Infrastructure Branch (WSIB) is an assessment of the impact of WSTF activities in selected areas. This consultancy is the first phase of a plan to assess the impact of the WSTF on a regular basis over the next five years.

Based on the results of this study a long-term impact evaluation mechanism will be established. The specific objectives of this consultancy are as follows:

- Undertake a comprehensive study of WSTF's impact in Nepal and Kenya
- Undertake a comprehensive impact study of WSTF activities globally on the theme of "Gender Mainstreaming".

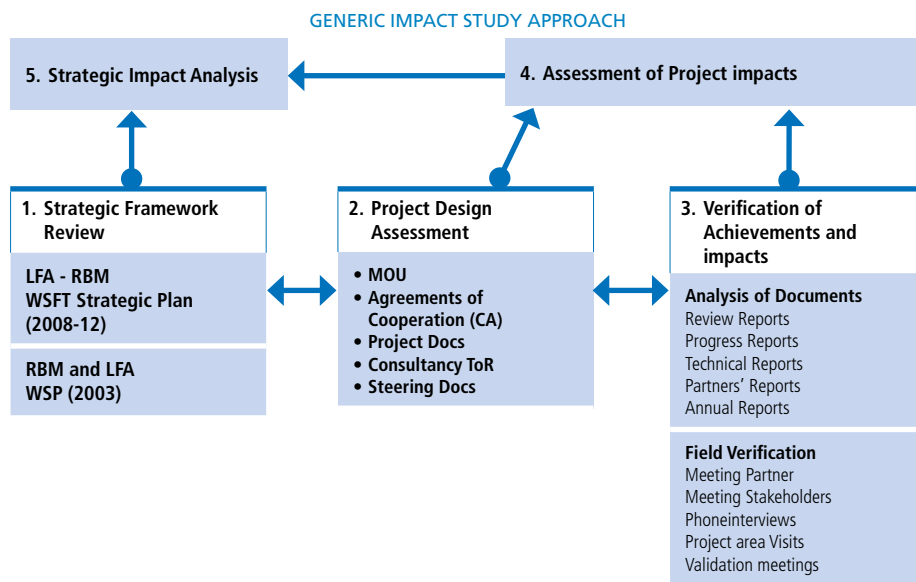
This volume (Document 3) presents the results of the impact evaluation of UN-HABITAT WSTF activities in Nepal.

## 1.4 APPROACH AND METHODOLOGY

### 1.4.1 IMPACT VERIFICATION AND ANALYSIS PROCESS

The methodology developed for this study was prepared during an October 2009 briefing for the consultants held in Nairobi with the divisional director HSF, section chiefs of WSIB/CTAs and key program staff and outlined in the consultant's Inception Report. The methodology was presented in the inception report. The figure below illustrates the proposed generic approach of the impact study in the two focal countries, Kenya and Nepal.

FIGURE 1.1: Approach of the Country Impact Study



The Results-Based Management and Logical Framework Approach (LFA-RBM) matrices provide key information on the intended effects and associated monitoring indicators for the UN-HABITAT WSTF Programme. The impact evaluation methodology was to undertake visits to key selected projects to meet with selected project staff and stakeholders and to study real impacts and achievements against the expectations of key planning documents.

UN-HABITAT's planning framework is evolving and there are several relevant planning documents, including:

- The LFA-RBM for the WSP Programme Document (2003)
- The LFA of the WSTF Strategic Plan (2008-12)

- The UN-HABITAT MTSIP Overview Result Framework (2008-09)
- The Task Force on the Enhanced Normative and Operational Framework (ENOF) towards a policy and roadmap.

It was agreed that the most appropriate log frame for this study would be the WSTF Strategic Plan (2008-12), since this provides a forward-looking orientation. It was recognised that the impact on some project outcomes will be less as these were not the intended outcomes in the initial strategy. Since most projects have also been designed on the basis of the LFA-RBM for the WSP (2003), the study will also assess their design and impacts against the backdrop of this strategic framework.

### 1.4.2 OUTPUT CATEGORIES

The initial step of the country project assessment was to review the main strategic planning instruments for the programme. The stated outcomes of the WSTF projects and interventions fall into three broad categories:

- Increased capacity in the partner countries for pro-poor WSS initiatives and policies and assisting the national counterpart agencies in prioritising the water and sanitation sector in the overall national development programmes (“normative” impacts)
- Increased flow of investment (resource mobilisation) into WSS sector catalysed by WSTF interventions
- Improved information, knowledge and MDG monitoring mechanisms in partner countries with improved benchmarking of service providers

The support to the development of water, sanitation and solid waste management in Nepal by UN-HABITAT is entirely embedded in the Country Support Strategy of the Water for Asian Cities in Nepal (WAsC) Programme (2008-2012). Hence, the impact assessment of the WSTF funded operations in Nepal has initially examined the coherence between the objectives and outcomes of the Nepal Country Support Strategy and the WSTF Strategic Plan (2008-12).

For comparison, the four broad categories of the WAsC are as follows:

- Institutionalisation of inclusive and gender responsive pro-poor urban governance in the WAC Nepal supported local authorities;
- Communities engage more actively in the management of water and environmental sanitation at local level with little or without external support;
- Improved WATSAN service delivery mechanism at local level;
- Improved MDG monitoring and reporting mechanisms.

### 1.4.3 SELECTION OF SAMPLE PROJECTS

Some 16 focal Sample Projects (SPs) were identified and selected by the Consultants in consultation with UN-HABITAT Nepal. An important criteria for this selection is that the projects should cover the four key outcome areas stated in the LFA of the Country Support Strategy and collectively represent a cross section of WAsC's interventions in Nepal. Annex 2 provides an overview and key information of the 16 Sample Projects.



# Country Context and Challenges



## 2.0 COUNTRY CONTEXT AND CHALLENGES<sup>1</sup>

### 2.1 BACKGROUND

#### 2.1.1 GENERAL

Nepal is a diverse country in South Asia, poor in terms of human development but rich in culture, scenery and history, with a population of 27.6 million and an area of 147,181 km<sup>2</sup>. Nepal's development challenges are immense as delivering services and fostering economic growth in a landlocked country with rugged topography is not only difficult but also costly.

About 15% of its population lives in the urban areas, and the country is experiencing rapid population growth. Nepal has an annual per capita income of about USD250.

The country is emerging from nearly a decade of internal armed conflict and political instability. In April 2008, Nepal initiated a process to rewrite its constitution. The outcome of this process, which may include creation of a federal state and leading to a significant shift in resources to local authorities, will undoubtedly affect the institutional structure and performance of the country and the WASH sector.

<sup>1</sup> This chapter is mainly abstracted from the following sources: (i) *Water, Environmental Sanitation and Hygiene Programme for Urban Poor – A joint Programme Proposal of UN-HABITAT and Water Aid Nepal*, (WAN August 2008); and (ii) *UNDP GoAL-WaSH Programme – Governance, Advocacy and Leadership for Water Sanitation and Hygiene. Nepal Sector Assessment - Draft*. Piers Cross (January 2009)

The following sections address key issues relevant to the development of the WSS sector. As will be further elaborated in this Country Impact Study, many of them are focal points of UN-HABITAT's involvement in Nepal.

### 2.1.2 POVERTY AND GENDER ISSUES

More than 30.8% of the population (about 8 million) is living below the poverty line, and poverty varies spatially and socially and its incidence is high, especially amongst ethnic minorities and households headed by women, who often are socially excluded and face challenges in interacting with state authorities and voice their demands related to accessing various services. The Poverty Reduction Strategy Paper (PRSP) addresses social exclusion and deprivation and seeks to reduce Nepal's poverty rate and bring women and marginalized groups and regions into the development mainstream.

Special efforts are required to enhance equitable access to resources, skills, and income generating opportunities, education, health care and other basic needs. Even where social and economic infrastructure has improved, it has often failed to reach large marginalised groups of the population. These efforts have been hampered by a number of factors, which include ineffective governments over the past decade and lack of elected officials at local government levels. In this context it is interesting to note that gender equity promotion and enhanced pro-poor WSS service provision are focal issues of WSTF's Strategic Plan (2008-12) and a focal activity of UN-HABITAT Nepal.

### 2.1.3 URBANISATION

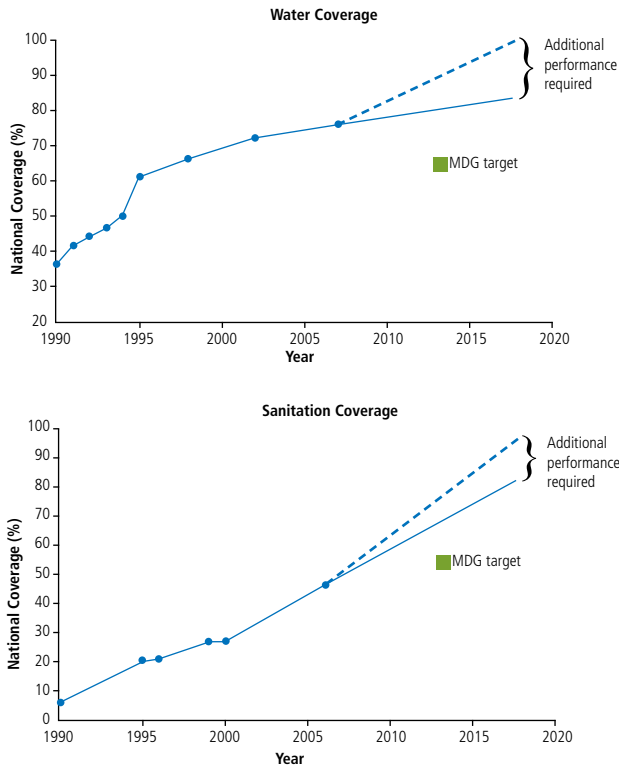
Nepal is experiencing the most rapid urbanization trend in the South Asian Sub-continent with approximately 15% of its total population living in 58 communities. The urban population is increasing at 6.6 % per annum, reflecting an increase in migration to towns leading to potential conflicts and reclassification of growing towns from villages to municipalities. If this trend continues, half of the population of 30 million people will be living in urban areas by 2035.

Over the past two decades, the industry and services sector, with predominantly urban activities, has grown by almost the same rate as the growth of the urban population so gross domestic product per capita has been more or less stagnant. The rapid urbanisation coupled with the inability of the GoN to keep pace with the demand for infrastructure and services for urban populations, has increased the pressure on the urban environment.

Urban areas are characterized by a high growth rate, an aging infrastructure and significant management and resource constraints. These result in an average water supply time reduced to a few hours a day and women spending several hours daily fetching water during the dry season. For sanitation, open defecation is widespread in rural and urban communities in Nepal.

This has serious health, equity and economic implications. The huge repair and rehabilitation challenge facing Nepal needs a comprehensive approach.

FIGURE 2.1 Water Supply and Sanitation Coverage in Nepal



## 2.2 SECTOR COVERAGE

Although the figures are disputed, Nepal appears to be on track to meet its MDG targets in water supply coverage, but is off track to meet the targets for sanitation.

The figure below shows the Ministry of Physical Planning and Works (MPPW) tracking of national coverage plus the additional performance required to reach the 2017 target of national universal access. It indicates that in 2006, water supply coverage was in the order of 77%, whereas the sanitation coverage was about 46%.

At current investment levels water and sanitation coverage in 2017 is predicted to be about 83% and 81% respectively and will therefore not reach the national targets of full coverage. Substantially increased external and governmental financing is needed to meet the targets for both water and sanitation coverage.

These access figures do not reflect the challenging sector realities on the ground as there is a high level of breakdown of WSS schemes which limits actual functional coverage. The inadequate water supply and sanitation systems have adversely affected the quality of life and



health conditions of the poor. Access is also heavily skewed by wealth: the richest quintile is eight times more likely to have access to sanitation, and 13 times more likely to have a household connection.

## 2.3 SECTOR ORGANIZATION

### 2.3.1 GOVERNMENT LEVEL

The Ministry of Finance allocates public sector finance to the sectoral ministries. The Ministry of Physical Planning and Works (MPPW) is the lead sectoral Ministry responsible for water supply, sanitation and wastewater services in the country.

Working with the National Planning Commission (NPC) it has the responsibility for formulating policies, plans and strategies. MPPW has two operational arms: DWSS and NWSC. The functional responsibilities of the Ministry are divided between the two agencies: Department of Water Supply and Sewerage (DWSS) and Nepal Water Supply and Sewerage Corporation (NWSC).

NWSC is responsible for water supply, sewerage and drainage services in all municipalities outside the Kathmandu Valley. The Kathmandu Valley water services are now under the Kathmandu Valley Water Supply Management Board and operated by Kathmandu Upatkya Khanepani Limited (KUKL) - a company established under the PPP concept. The DWSS is the department responsible for all water supplies and sanitation in rural areas and small towns, but it lacks the capacity to effectively build, operate and maintain and scale-up rural water supply and sanitation.

### 2.3.2 DISTRICT AND MUNICIPAL LEVEL

The 2004 RWSS Policy sought to shift implementation responsibility to local authorities and communities and restructure DWSS's role to that of facilitation and oversight, leaving construction, operation and maintenance of systems to local government, NGOs and user groups for the smaller projects, and planner and implementer of larger projects.

The Local Self Governance Act (1999) provides for local authorities to plan and manage water and sanitation services. This change, however, has not progressed as planned and the absence of a clearly defined policy for urban water supply and wastewater services has hampered the progress of the WSS sector reforms in Nepal.

Improving sector capacity at district and municipal level is a key action to strengthen sector development. The capacity of municipality authorities is especially weak, emerging from the conflict and a history of weak local governance, and is recognised by many agencies as a strategic entry point to improving national development.

## 2.4 SECTOR COORDINATION

The WSS sector in Nepal is characterised by institutional fragmentation and limited sector coordination. There has been a notable growth in externally supported projects supported by diverse funding sources, in particular projects implemented by NGOs, seeking to fill the gap in government service delivery. MOPPW has created a Sector Stakeholder Group (SSG) to improve coherence and dialogue and increase co-ordination.





The sector is still driven by projects and sector leaders are overloaded by project management and are often unable to give strategic direction or resource allocations. The SSG has recently initiated a move towards a SWAp and 11 key partners signed a commitment to participate in this initiative - though progress in this area is slow.

## 2.5 SECTOR FINANCING

Central government transfers are the main source of finance to local government and are estimated at providing more than 75% of their income. Allocations are, in general, low compared to needs. The main source of local government sector finance comes from MLD and MPPW.

MPPW's policy is that 20% of the budget allocated for water supply may be used for sanitation but in practice the sum is much lower. In the current financial year 2010/2011<sup>7</sup>, there was, for the first time, a stand alone sanitation budget allocation thanks to the Year of Sanitation 2008 efforts.

About 67% of the public sector budget is financed through external aid and a large proportion of sector finance is off-budget. The aid is highly project-oriented, the single largest external financiers being the ADB and the WB (rural WSS). An analysis of district budget allocations found that 45% of DWSS district budget allocations went off local budgets to NGOs and a further 32% was spent directly by DWSS.

Budget allocations to the WSS sector declined significantly through the conflict years and are now slowly increasing but there remains a large gap in resource requirements to meet the MDGs and



rehabilitate the aging and poorly-functioning infrastructure. Poverty, low tariffs and poor collection systems limit revenue streams whilst households make high investments in coping mechanisms. Most sector finance by-passes local authorities (either off-budget funding from central Ministries or direct NGO finance) further undermining local authority's low capacity.

Nepal's Foreign Aid Policy-2002, which forms an integral part of the overall policy for mobilizing external resources for development, calls for external financial and technical partners for enhanced transparency and harmonisation of their allocations with the national and local government priorities.

The emphasis of the policy is to:

- Foster a spirit of mutual understanding and partnership that will lead to improved development impact
- Reduce compartmentalization and improve integration, consistency and compatibility
- Encourage INGOs and NGOs to contribute to and strengthen the national development process rather than functioning independently and outside of government priorities. The external resources channelled through international NGOs (INGOs) will thus be better monitored, and their use should be made more transparent.

There are various estimates of the funding gap to meeting Nepal's planned targets with MoPPW suggests it is USD46 million/year, though other estimates are higher. But even these figures do not take into account the massive effort required to rehabilitate non-functional systems.

Sector financing is generally fragmented and poorly tracked and there is no consolidated financial data at national or district levels. The sector has undertaken limited financial analysis of flows, efficiencies, expenditures, value-for-money and/or unit costs and there is lack of economic analysis of the impacts of investing.

In response to the current WSS sector financing challenges, a comprehensive sector finance study should be undertaken to better determine gaps and inefficiencies, and provide a sound basis for developing a sector financial strategies at national and local levels to ensure that the MDGs are met, as well as meeting capital shortfalls and addressing operational effectiveness.

## 2.6 SECTOR MONITORING AND INFORMATION SYSTEMS

The WSS sector lacks effective performance monitoring and there is no updated sector assessment. Information is fragmented, data is unreliable and definitions are not consistent. The sector is characterised by some strong project monitoring systems and weak sector-wide monitoring.

DWSS's publication of a sector inventory should provide a useful structure and baseline on which to build a stronger monitoring system with clear definitions. MPPW has prioritised improving the WSS sector monitoring, starting with a Monitoring Strategy and creating a Monitoring Unit. Financial monitoring is especially poor and strengthening of public sector financial administration will be a key factor in leveraging sector finance and making progress towards a SWAp.

## 2.7 URBAN WATER SECTOR PERFORMANCE

Whilst Nepal appears on paper to be on track to meet its MDG targets in water supply coverage with a reported access to potable water of 90% in urban areas, 81% in rural areas and 82% overall, the reality is different.

Piped water supply covers only a small portion of urban residents, and the supply is usually intermittent and the majority of households face serious water shortages during the dry period. Water quantity delivered is mostly below 50 litres per capita per day (lpcd) and the quality often falls below WHO standards for drinking

water, mainly due to bacteriological contamination caused by poor sanitation facilities.

The figure below shows the MPPW tracking of national coverage plus the additional performance required to reach the 2017 target of national universal access. At current investment levels, water and sanitation coverage in 2017 will not reach the national targets and substantially-increased external financing is needed to meet the targets for both water and sanitation.

## 2.8 URBAN SANITATION SECTOR PERFORMANCE

Only about three-quarters of the urban population have access to proper sanitation facilities. Onsite sanitation systems, such as septic tanks, are not a viable option especially for densely-populated core town areas.

Sewerage systems, often combined with stormwater drainage systems, exist in a number of urban areas. However, their coverage is limited and final treatment of the sewage is often inadequate, if not totally nonexistent. As a result, rivers in urban areas have often practically become open sewers, especially in upland towns during the dry season.

In contrast, urban areas located in lowlands often experience health hazards during the rainy season when flooding and rising groundwater tables render the existing wastewater disposal systems ineffective. Overall, these deficiencies of urban and environmental infrastructure and services pose a serious threat to health and sanitation of the urban residents.

The water sector lacks the infrastructure investment, capacity and knowledge to manage its water resources. Inadequate treatment of urban effluent has significantly increased environmental pollution. There are significant water quality concerns in both rural and urban areas and the degree of compliance with Nepal's own water quality standards is weak.

## 2.9 URBAN WSS DEVELOPMENT PROGRAMMES

### 2.9.1 MAJOR URBAN WSS DEVELOPMENT PROGRAMMES

The large scale impacts of UN-HABITAT's programme in Nepal are inevitably linked to sizeable capital investment programmes.

The major identified programmes include:

- The Small Towns Water Supply and Sanitation Sector Project (2000-09)
- The Second Small Towns Water Supply & Sanitation Sector Project (2009-16)
- The Urban and Environmental Improvement Project (UEIP) (2003-10)
- The 2<sup>nd</sup> Urban and Environmental Improvement Project (UEIP) (Under approval)
- The Urban Development through Local Efforts Programme (UDLE) (2008-2010)
- The Capacity Development for Water Services Operations and PPP in Kathmandu Valley (ongoing)



- The Kathmandu Valley, Melamchi Water Supply Project (delayed take-off)

Annex 3 gives some information about each of these programmes.

### 2.9.2 DEVELOPMENT PARTNERS

Major financial partners in the WSS sector include the World Bank, which has mainly focussed on the rural sector, and the ADB, which has invested more than USD 300m in urban and rural water projects in Nepal since 1984.

The ADB has also been a significant partner to DWSS and MPPW in national sector policy development. It presently supports DWSS in implementing a Community Based Water Supply and Sanitation Project (CBWSSP) and ADB is supporting DUDBC to implement the Secondary Towns Urban Environmental Improvement Project which is improving services in small towns and urban communities and assisting DWSS undertake further reforms.

The investment banks also support a major source replenishment plan (USD 500m) developed for the Kathmandu Valley, the Melamchi and Kathmandu Urban Water Management Projects. Progress is slow and the project had to be unbundled due to pressure against private sector involvement.

There are several leading UN agencies supporting the sector.

UNICEF which, alongside a disaster response program, promotes awareness of drinking water quality and household-treated water, improves sanitation in homes and schools, supports hygiene promotion and hand-washing and supports national and district capacity building

UN-HABITAT supports activities in their Water for Asian Cities Programme, including developing pro-poor approaches for urban water and sanitation, promoting alternative urban water sources for households and promoting innovative urban sanitation approaches

UNDP currently has a programme that includes a focus on poverty reduction, governance, environment and sustainable development. It has three projects associated with the water sector a PPUE project which helps establish PPPs, largely between municipalities and urban communities, by developing systems, enhancing capacity, and supporting project implementation (including bottled water distribution, water service management, public toilet management); a DLGSP project supporting local governance and demand and supply sides of basic service delivery, including water and sanitation services and a EENDM unit seeking to enhance sustainable access to natural resources, including water.

WHO provides technical assistance to MoPPW, the Ministry of Health and Population and the Ministry of Environment, Science and Technology. Its support focuses on health risk reduction through water quality improvement, based on WHO water safety plan framework, and sanitation and hygiene promotion programmes. It provided core funding to the International Year of Sanitation 2008 Secretariat within MoPPW.

The Water Supply and Sanitation Collaborative Council (WSSCC) is preparing one of the first Global Sanitation Fund grants to Nepal, working with NEWAH.

Although there are many NGOs active in social development, human rights and advocacy activities, few of them





work exclusively on water, sanitation and hygiene promotion at the national level – and very few are active in urban areas. These NGOs engage local civil society groups to deliver water supply and sanitation projects. Because of their community focus, NGOs are found to have a comparative advantage in getting stakeholders on board and strengthening of local WSS authorities.

The key NGOs in the water sector have organised themselves in a “NGO Forum for Urban WATSAN” (NGOFUWS) as an umbrella organisation for assisting the communities to develop and implement water and sanitation projects. UN-HABITAT has capitalised on, and further enhanced, the capabilities of the NGOs in several demonstration projects. The project has been launched but has suffered many delays and bottlenecks.

# UN-HABITAT Nepal Programme and Projects



## 3.1 COUNTRY SUPPORT STRATEGY FOR NEPAL WASC (2008-2012)

### 3.1.1 COUNTRY PROGRAMME DESIGN

This section addresses some Country Programme Design issues that have relevance for the impact assessment at country and thematic level as a basis for strategic, programmatic, and operational recommendations to UN-HABITAT's management.

The UN-HABITAT interventions in Nepal are all part of the Water for Asian Cities (WASC) Programme that was launched in 2003 as a collaborative initiative between the UN-HABITAT, the ADB and the governments of Asian countries.

UN-HABITAT initiated the WAC-Nepal Programme in response to a letter of interest from the MPPW in November 2004 and, in the MoU which followed, UNHABITAT agreed to invest USD500,000 per year in the urban WATSAN sector until 2010. The WASC Nepal programme was initiated in 2005 with a series of projects implemented in partnership with various government and non-government agencies aimed at supporting local initiatives in water and sanitation improvement and building local capacity in this sector.

The strategic and operational framework for UN-HABITAT's current operations in Nepal is presented in the "Country Support Strategy – Water for Asian Cities – Nepal (2008-2012)". The programme supports the implementation of WATSAN related MDGs and targets in Asian

cities, specifically promoting pro-poor governance, water demand management, increased attention to environmental sanitation and WATSAN-related income generation for the poor.

The programme seeks to achieve this by mobilizing political will, raising awareness through advocacy, information and education; training and capacity building; by promoting new investments in the urban water and sanitation sector and by systematic monitoring of progress towards the MDGs. The overriding thrust of WAC is to enhance capacity at national, municipal and community level and to create an enabling environment for new flows of investments in the urban water and sanitation sector.

### Log frame of the Country Support Strategy

According to the Country Support Strategy of the Water for Asian Cities in Nepal (2008-2012), the overall development impact of the interventions of the support strategy will be that the "Urban centres have improved WATSAN services and are on track to achieve MDG goals and targets". The overall indicator quantifying the achievement of this impact is a "5% increase in urban WATSAN coverage towards national and internally-accepted targets differentiated by gender and income (Urban community)".

The means of verification will be an annual report; impact assessment report and mission reports. The main assumptions that have to be fulfilled to attain the envisaged impacts are that GoN and external development partners continue to invest in WATSAN and sufficient investment resources can be mobilised and availed to meet the needs of the poor and the political situation

favours the implementation of planned WATSAN programmes in urban areas.

### Goals and Objectives

According to the Country Support Strategy (CSS), the goal is "To ensure equitable access to basic water and environmental sanitation facilities for the urban and peri-urban poor". The actual indicator to verify the attainment of this goal will be the "number of urban poor with access to affordable and environmentally sustainable WATSAN and related infrastructure compared to baseline".

More precisely, the purpose of the country support is to help Nepal attain targets 10 and 11 of MDG 7 by **building the capacity of the GoN** and other key stakeholders and by **facilitating the practice of community-based WATSAN** delivery mechanisms. The effectiveness of the community-based management approach in urban areas has to be considered an element in a comprehensive and professional approach to service provision and not a separate strategic intervention. This issue has been further addressed in connection with the impact assessment of the sample projects.

The specific objectives are to: achieve pro-poor water and sanitation investment in selected peri-urban centres and/or small towns; enhance institutional and human resources capacities at local levels for the sustainability of water and sanitation services and for participation in service delivery; enhance economic development in peri-urban centres through improved water, sanitation as well as related income generation activities and increase access to safe, reliable, environmental friendly and affordable services for sustainable development and poverty reduction.



TABLE 3.1 Comparison of the Outcomes of WSTF SP and CSS WAsC-Nepal

WSTF Strategic Plan (2008-2012)	Country Support Strategy WAsC-NEPAL (2008-2012)
<ol style="list-style-type: none"> <li>1. Increased institutional capacity for implementing <b>pro-poor</b> WSS initiatives and policies with focus on <b>gender</b> equity, renewable energy and <b>environmental</b> sustainability</li> <li>2. Increased flow of investment into water and sanitation sector catalysed by WSTF interventions</li> <li>3. Improved <b>MDG monitoring</b> mechanisms with improved benchmarking of water and sanitation service providers</li> </ol>	<ol style="list-style-type: none"> <li>A Institutionalisation of inclusive and <b>gender</b> responsive <b>pro-poor</b> urban governance in the WAsC Nepal supported local authorities</li> <li>B More active engagement of communities in the management of water and <b>environmental</b> sanitation at local level with little or without external support</li> <li>C Improved WATSAN service delivery mechanism at local level</li> <li>D Improved <b>MDG monitoring</b> and reporting mechanisms</li> </ol>

The broad indicators are stated in the LFA matrix as follows: increase of 100,000 households with access to water and sanitation services differentiated by gender and income; x% increase in investment flows of the GoN and municipalities in WATSAN; ten municipalities adopt pro-poor, gender sensitive WATSAN governance frameworks and waterborne diseases reduced in the areas supported by the WAsC-Nepal Programme as compared to the baseline figure.

### Response of CSS WAsC-Nepal to WSTF Strategic Plan

As it appears from the table below, there is by and large a good match between the envisaged outcomes of the WSTF Strategic Plan (2008-12) and the Country Support Strategy WAsC-Nepal (2008-2012). The WSTF pays more explicit attention to the contribution to increased flow of investments, whereas the WAsC Nepal is more explicitly concerned about sanitation, urban environment, and engagement of local communities and authorities. The impact assessment will take into account the combined outputs of both documents.

The Output A of the WAsC-Nepal is not fully responding to the stated purpose of building the capacity of the GoN as the above Outcome A only mentions support to local authorities. It is, however, assumed that Outcome A also means strategic partnership with the Government in terms of training and creation of national WSS policies and strategies.

### 3.1.2 PROJECT PORTFOLIO

The WAsC Nepal Programme started in 2005 with initial interventions in urban and semi-urban poor communities in Kathmandu Valley that served as a starting point of a fast growing project portfolio. As can be seen from Table 3-1, the WAsC-Nepal Programme now comprises 46 projects (actually 48 projects as of December 2009) of which 22 has been completed. The table below also indicates that the number of new projects peaked in 2007 with 31 new project agreements presumably due to funding limitation and limited capacity for management and processing of projects.

The selection of projects seems to have



TABLE 3.2 Summary of Financial Allocation to UN-HABITAT Nepal 2005-09

Year	No. of CAs	Completed	Contribution (USD)			Beneficiaries (Direct)
			UN-HABITAT	Partner	Total	
2005	4	4	327,500	210,898	538,398	9,000
2006	7	7	566,400	719,478	1,285,878	37,800
2007	21	11	1,743,332	2,302,747	4,046,079	113,710
2008	11	0	949,724	1,332,773	2,282,497	24,000
2009	3	0	207,000	313,835	520,835	25,200
Total	46	22	3,793,956	4,879,731	8,673,687	209,710

been following a pragmatic approach driven by upcoming project requests and opportunities rather than by strategic choices. The project portfolio is complex and diverse with numerous challenges being addressed.

The Table 3-2 also shows that the total accumulated turnover of the WAsC programme in Nepal, since 2005, is about USD 8.7 million of which WSTF has accounted for USD 3.8 million matched by a partner contribution of about USD 4.9 million. The beneficiaries have provided in-kind contribution that is included in the partner contribution.

### 3.1.3 WASC IN THE CONTEXT OF WSS SECTOR INVESTMENTS

The consultants have not been able to access a complete overview of the urban WSS sector investment situation in Nepal, but Table 3-3 gives an indication of the state of affairs by summarising the major development projects.

These projects amount to about USD 146 million (plus UDLE) which is roughly USD 9 million per year. ADB is by far the major funding agency for urban water and sanitation investments in Nepal with an

accumulated contribution in the order of USD 113 million in the period 2000-2016.

In the period of 2010 to 2016 the only sizeable project is the Second Small Towns Water Supply and Sanitation Sector Project with a budget of USD 72 million (USD 12 million/year) in contrast to the estimated urban WSS sector annual investment needs of USD 46 million as suggested by MoPPW (Chapter 2.4). Hence, the GoN and its partners are facing a major challenge in substantially increasing the investment flow to the urban water and sanitation sector.

The WAsC project portfolio from 2005-2009 is amounting to about USD 8.7 million (UN-HABITAT + partners, Table 3-1) averaging USD 1.7 million annually. The total envisaged WAsC and partner involvement in 2010-2012 (Figure 3-1) is about USD 7.5 million or USD 2.5 million per year of which UN-HABITAT/WSTF is proposed to contribute some USD 1.6 million. The securing of the necessary funding from the WSTF and optimizing the use of these funds to add significant value to the WSS sector investments are major challenges facing the UN-HABITAT Nepal.

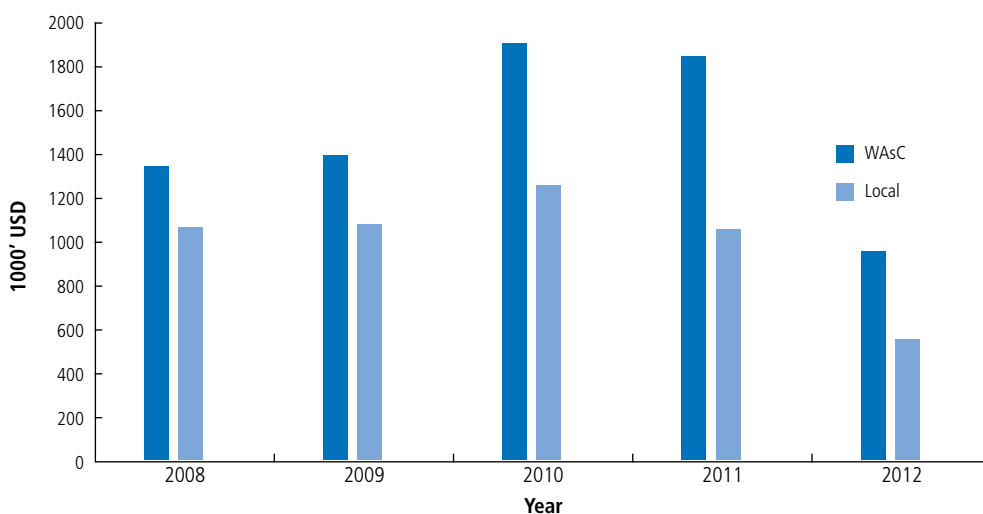
TABLE 3.3 Key WSS sector investment projects in Nepal (2000-2016)

Project	Approx. No of Beneficiaries	Approx. Cost (USD million)
Small Towns Water Supply and Sanitation Sector Project, 2000-2009 (ADB: 100%) Completed	21 towns 252,000 people	35.0
Second Small Towns Water Supply and Sanitation Sector Project 2010-2016 (ADB: USD 45.1 million)	20 towns 270,000 people	72.0
The Urban and Environmental Improvement Project (UEIP) (ADB: USD 30 million) (2003-10)	9 towns 320,000 people	37.5
The Urban Development through Local Efforts Programme 2003-10 (UDLE) (GTZ)	58 towns	(need data)
Kathmandu Valley Water Reforms Programme (ADB: USD2.5 million)	(need data)	3.0

### 3.1.4 TENTATIVE BUDGET 2010-2013

The tentative budget for the WSTF Nepal WAsC Strategy (2008-2012) is USD 12,475,000 with funding contributions from WAsC (WSTF) of about USD 7,500,000 and an envisaged local counterpart contribution of USD 5,025,000. The Figure 3-1 shows the expected annual budget distribution.

FIGURE 3.1 Nepal WAsC Strategy 2008-12 Estimated Annual Budgets and Funding





## 3.2 EMERGING ISSUES AND RECOMMENDATIONS

Since the impact assessment mainly focuses on selected sample projects, no overall assessment of country achievements and impact is made here. Chapter 3-4 presents the project design and achievements of the selected sample projects followed by the emerging issues, impact assessment and recommendations in Chapter 3-5. The following sections summarises the main country program and strategic issues and recommendations.

### 3.2.1 SECTOR ORGANISATION GOVERNMENT LEVEL

Since its launching in 2005, the WAsC Programme in Nepal is actively engaged in capacity building and promotion of WSS policy reforms at national level through its cooperation with such as MPPW, NWSC, KUKL, TDF and MuAN. It has become an important niche for UN-HABITAT Nepal to help DWSS gaining momentum in its new role, through policy development assistance and capacity building support DWSS.

A strong element of UN-HABITAT's policy involvement in Nepal is its cooperation with the GoN, including capacity building of DWSS. Many stakeholders expect UN-HABITAT to play the leading partner role with GoN in helping guide the development of ideas that might work at scale.

The frequent change of ministers and focal points in the ministries is a matter of concern for the effectiveness of the cooperation with the Government. For the next phases of the WAsC programme UN-HABITAT should give **more priority to strategic influencing activities**, with less effort spent on implementing pilot projects.

### 3.2.2 SECTOR ORGANISATION MUNICIPAL AND COMMUNITY LEVEL

One important impact of the UN-HABITAT-funded water projects is the local institutional capacity building and stakeholder involvement that are crucial for the success of the large investment programmes. UN-HABITAT contributes notably to the creation of appropriate models for small town and municipal WSS service management, encompassing effective community involvement,



capacity building of service providers (WSUCs) to improve accounting, financial management and consumer relations.

The frequent changes of municipal Chief Executive Officers and the absence of elected representatives in municipalities/ local authorities pose a challenge for the timeliness and sustainability of the projects. Despite the limited size of the annual budgets of the WAsC Programme, it has considerable impacts on some major urban water supply and sanitation programmes.

UN-HABITAT should consider shifting its role from direct involvement in demonstration and pilot projects to using the acquired methodologies and lessons learned as a basis for strategic up-scaling and advocacy with other actors (NGOs and CBOs) and funding agencies focussing on the financing and implementation of projects on the ground. The 2005-09 projects have given a sound idea of the price tag of community oriented approaches, and basically these costs should be incorporated into the budget of new capital investment projects. To make this happen will need a close and constructive cooperation between UN-HABITAT and the large funding agencies.

### 3.2.3 WSS SECTOR COORDINATION

UN-HABITAT's emerging involvement in donor coordination is an important strategic shift. UN-HABITAT is recognised for its active and increasing engagement in sector coordination and SWAp and the important contribution of individual projects. As a UN organisation, it is well placed to interact with authorities, donors, NGOs and municipalities. It has taken a leading role in facilitating improved WSS SWAp coordination under the auspices of the new arrangement and should in

this respect enhance its role as a strategic development partner.

### 3-3.4 SECTOR FINANCING

Enhanced cooperation with financial and technical WSS sector partners and increased flow of investments into the sector are priority areas of the WSTF Strategic Plan (2008-12) and UN-HABITAT Nepal. UN-HABITAT should now consider placing more emphasis on acting as a strategic partner to the Government and spend fewer resources directly on project implementation on the ground.

The funding mobilisation issue is implicitly addressed in many projects. The budget of the UN-HABITAT WAsC Programme is relatively low compared to the overall support by other donors to urban water and sanitation development. UN-HABITAT and its associated project partners are in effect bringing USD 1.7 million per year into the Urban WSS sector with a financial need of about USD 50 million annually. The major current contributor to the Urban WSS sector is the 2<sup>nd</sup> ADB Small Town Project with about USD 10 million per year yet there is a significant funding gap.

The UN-HABITAT projects are achieving very good value for money in the targeted communities, but the WAsC as such does not have the necessary economic robustness to fund effective up-scaling. UN-HABITAT should therefore engage more directly with the major urban investment partners to enable them to include UN-HABITAT's ideas and approaches into large scale investments. This should also include vitalising the MoU with ADB at country level as well as seeking cooperation with other sector partners, such as KfW, JICA, and others.





### 3.2.5 SECTOR MONITORING AND INFORMATION SYSTEMS

UN-HABITAT Nepal is increasingly involved in improving relevance and coordination of WSS sector monitoring in agreement with the focal objective of WSTF concerning Information, Knowledge and MDG Monitoring. It is recommended that this activity should be further upgraded as part of an adjusted UN-HABITAT strategy in Nepal.

### 3.2.6 STRATEGIC ADJUSTMENTS OF THE WASC

The first four years of WASC operation has used a project approach rather than a programmatic approach. Such jump-start approach has been useful for getting

the programme quickly up and running, demonstrating results on the ground, gaining field experience. It is suggested that greater weight should now be given to its role as a strategic influencer and source of expert knowledge, rather than an implementer of service improvements. UN-HABITAT's involvement in joint MDG monitoring efforts and WSS Sector Coordination are focal entry points in this respect.

However, such strategic adjustments will also have bearings on the size and expertise of the UN-HABITAT Nepal (in-house and associated resource base) and the budgetary allocations. It will for instance require experience in financial matters, policy and strategy development, I&K, and strategic municipal service management.

### 3.2.7 UN-HABITAT NEPAL OPERATIONAL ISSUES

With the programme budget of UN-HABITAT Nepal limited to about EUR 5 million it is clearly achieving extraordinarily good value for money. The agency has made considerable achievements with limited financial and staff resources and developed a project portfolio of 48 projects since 2006 by using its comparative advantage to move fast.

**Project Documents.** The consultants noted that the project documents in the CAs vary a lot in structure and quality and there is inadequate reporting on progress and achievements compared to the reporting requirements stated in the CAs. What should be considered is improving project documents by using a standard format and list of contents and including a log frame with checkable achievement and impact indicators.

### **Result Monitoring and Reporting.**

Effective and strategic reporting of project achievements and impacts to the international funding agencies that are financing the WSTF is crucial. UN-HABITAT Nepal should be commended for its high quality presentation documents and audio-visual presentations.

However, more attention should be paid to the monitoring and reporting of the performance and achievements of the WASC projects including their collective achievements reflecting the overall significance of UN-HABITAT Nepal.

The basis for integrated result monitoring has already been conceptualised in the LFA-RBM of the Country Support Strategy including a provisional budget as a framework for Annual Plans. Introduction of periodic result and impact monitoring (in cooperation with HQ) is an important instrument to keep the WSTF donors informed about the achievements and impacts of the investments with the view to ensure a stable funding base. Special attention needs to be paid to how the achievements shall be effectively replicated at scale, and how UN-HABITAT will make this happen, including concerted efforts with key partners and associated commitments and recourse requirements

**Cooperation with ADB.** The consultants observed that the cooperation with the ADB is rather sporadic and should be formalised through a MoU with ADB at country level, as has been done in Lao PDR. The ADB funded projects are benefiting substantially from UN-HABITAT's associated post construction support projects as demonstrated in Chapter 3. It is important that UN-HABITAT be recognised for its contributions to the functioning of the 1<sup>st</sup> and design of the 2<sup>nd</sup> small town project and the UEIP contributions.

**Project Cycle Management.** The UN-HABITAT has developed a lean project cycle management arrangement, and project processing time is low despite the large number of projects, the limited staff (six staff, three out of whom are involved in project task management) and the environment in Nepal. The project identification and approval approach is based on a logical and well-defined procedure.

Several projects are, however, experiencing implementation delays from six months to two years compared to the planned schedules. The delays may be attributed to political and governance issues when it comes to governmental or municipal partners, whereas other delays have been caused by internal project preparation, approval, and disbursement procedures. UN-HABITAT funds are managed from the HQ in Nairobi and disbursement is considered slow, especially second and third payment releases due to required reporting and fulfilment of CA conditions for UN-HABITAT HQ approval, so possible streamlining options should be looked into.

This process will normally involve the participatory preparation of a Project Document (PD) and/or Project Appraisal Report (PAR) comprising a LFA matrix that specifies goals, objectives, activities, outputs, verifiable indicators, means of verification and assumptions/risks. The LFA will serve as an important basis for the assessment of project achievements and impacts versus the planned ones. It is recommended that UN-HABITAT considers adjusting its project planning, reviewing and approval procedures, including the format of the CA, to a system of project design documents that will enable systematic reviews and impact assessments.

**WAsC Programme coordination and communication.** The Joint Secretary of MPPW, raised the issue of the ministry's role in the implementation of the WAsC and alignment with governments policies to enhance GoN's ownership and synergies. The MPPW is a member of WAsC Steering Committee and is, through the meetings of the Committee, briefed by the Habitat Programme Manager on the activities of the Urban Development Programme (UNDP). A meeting chaired by the Secretary of the MPPW is held every three months. All the programmes and projects of the WAsC-Nepal Programme must first be endorsed by the Steering Committee.

### 3.3 OVERVIEW OF SAMPLE PROJECTS, OUTCOME CATEGORIES, AND APPROACH

#### 3.3.1 OUTCOME CATEGORIES

The Nepal impact assessment is based on a large selection of Sample Projects that are partly overlapping and complementary in terms of objectives and contents. The consultants have considered whether it would be possible to structure the projects according to the four Output

Categories (Table 3-2) but came to the conclusion to first present and analyse each project separately and then do the assessment of the cross-cutting issues under the Summary of Findings and Recommendations Chapter.

#### 3.3.2 SAMPLE PROJECTS

Some 16 Sample Projects (SPs) were selected by UN-HABITAT Nepal in cooperation with the consultants. An important criterion for this selection is that the projects should collectively represent a cross section of WAsC's interventions in Nepal. Annex 2 provides an overview of the 16 SPs. As shown in Table 3-4, these SPs account for about 53% of the total project portfolio (2005-2009) and financial contribution ratio between UN-HABITAT and the partners is also in the same order for the SPs.

#### 3.3.3 IMPLEMENTING PARTNERS

The UN-HABITAT's implementation partners, such as signatories to the Cooperation Agreements (CAs) of the sample projects, include:

- Department of Urban Development and Building Construction (DUBDC)
- Ministry of Physical Planning and Public Works (MPPW)

TABLE 3.4 Key data for Sample Projects compared to the Project Portfolio

	No	UN-H	Partner	Total	% of Total
Sample Projects	16	1,893,890	2,664,817	4,558,707	53
%		42	58	100	
Total	46	3,793,956	4,879,731	8,673,687	100
%		44	56	100	



- Department of Water Supply and Sewerage (DWSS)
- Municipal Association of Nepal (MuAN)
- Town Development Fund (TDF)
- NGOs and INGOs: Water Aid Nepal (WAN), Environment and Public Health Organisation (ENPHO), Urban and Environment Management Society (UEMS), Practical Action Nepal (PAN), NGO Forum for Water and Sanitation (NGOFUWS), and Lumanti Support Group for Shelter, Fresh Action Network (FAN)-South Asia
- Municipalities (Dhulikhel, Siddisapur, Chyasal, Khiktana and Hetauda)

Some projects are also informally linked to the ADB supported investment projects to incorporate supplementary activities adding value to these projects.

### 3.3.4 IDENTIFIED ISSUES, ACHIEVEMENTS AND IMPACTS

An individual assessment of each of the 16 SPs has been made, through a combination of report reviews, meetings with key partners and stakeholders, supplemented by field visits to some selected projects. Key information, observations and impact consideration have been summarised in Sample Project Briefs that are gathered in a separate internal working document.

The impact considerations are a combination of UN-HABITAT's publications, evaluation report for completed projects and the consultants' own observations. The project briefs are

meant to provide "food for thoughts" for the impact assessment and not necessarily consistently organised and edited. The following sections will provide a summary of the contents and findings of each sample project.

## 3.4 DESIGN, ACHIEVEMENTS AND ISSUES OF EACH SAMPLE PROJECT

### SP1 Pro-poor Urban Governance through Poverty Mapping and Gender Assessment in Selected Municipalities and Enforcement of Urban Environmental Guidelines

**Design.** The project is implemented by the Department of Urban Development and Building Construction (DUDBC), which is executing the ADB supported UEIP in eight municipalities. The purpose of this UN-HABITAT project is to prepare municipal level basic information systems of urban poor through poverty mapping, gender assessment and identifying the needs of the poor of the selected municipalities and small towns under UEIP and other projects.

**Achievements.** The project outputs are significant as they add value in terms of including the needs of the poor in WSS development planning and implementation of direct WSS investments, contributing to achievement of MDGs for 270,000 people (ultimately 320,00 people) under the UEIP at a project cost equivalent to USD 1.6 per beneficiary.



**Issues and Recommendations.** The a GIS-based tool and experience gained from this project will also have wide ranging impact on poor and gender assessment by replication in other municipalities and the implementation of urban environmental guideline and promotion of rainwater harvesting through legal framework policy. The project is also interacting with **SP2, SP4, SP11** and **SP16**.

UN-HABITAT should consider supporting the replication efforts and continue assessing the impacts of this urban poverty and gender mapping system on the improvement of the WSS services for the poor. This activity should be linked to UN-HABITAT's increased involvement in MDG monitoring at national level.

**SP2: Community Based Sanitation Improvement in Urban Poor Communities in Hetauda Municipality**

**Design:** The Project is implemented by ENPHO in cooperation with Hetauda Municipality and local communities. The project involved a broad range of activities comprising:

- Capacity building of the municipality and local CBOs in WATSAN planning and interventions
- Sanitation improvement
- Revolving fund for total sanitation
- Local water source improvement and management
- Capacitate HM for municipal owned water supply management

**Achievements:** The project has contributed to the performance of the ADB-supported UEIP in addressing issues related to community-based sanitation services and poverty reduction.

FIGURE 3.2 Pour-flush Toilet and HM Rai Tole Community CEO Meeting



It contributed to the efforts in meeting the MDG target by extending coverage to previously un-served households and promoting pro-poor sanitation governance for 5,550 people at a project cost equal to USD 29 per beneficiary in addition to improved school sanitation.

The project has in many ways enriched the approaches of the UESP and similar projects by demonstrating the concepts of Community- and School-Led Total Sanitation (CLTS) and (TSLTS), and by mobilising communities to declare “Open Defecation” (OD) free areas. Engaging students as agents of hygiene behavioural change, it demonstrated the success of using schools as an entry point. By providing micro-credit and women’s savings and credit groups the project was able to increase the extent of household based toilet construction and income generating activities mainly benefiting women.

The project addressed Solid Waste Management (SWM), Rain Water Harvesting (RWH), and road and drainage improvements. The project has also enhanced the awareness of the Environmental Sanitation Section (ESS) of the DWSS (Outcome category A). It also had conceptual links to i.a. **SP1, SP7, SP11, SP13, SP14, and SP16.**

**Issues and Recommendations:** The project seems to go beyond the sanitation focus reflected in the project title. Like various other sample projects it has a very high complexity and diversity that makes it quite demanding in terms of optimising the use of human and capital resources.

For future up-scaling, it is needed to prioritise and focus the interventions more candidly having in mind the limited financial resources and the large number municipalities in need of support. It is also important to assure that the project outcomes will be internalised so that the community will be able to continue similar pro-poor interventions with their own resources.

### **SP3: Demonstration of Water Bottling System for Urban Poor Communities in Kathmandu Valley**

**Design:** The project is implemented by the Urban Environment Management Society (UEMS). It has successfully demonstrated local water bottling and distribution as a viable alternative of providing safe drinking water to the urban poor.

**Achievements:** The pilot supplies affordable water (USD 0.05 per 20 litres) to some 4,000 people at a project cost equivalent to USD 5 per beneficiary, which is considered quite reasonable. It has reportedly improved personal hygiene and helped reduce the incidence of waterborne diseases such as diarrhoea, jaundice, and typhoid but no data is available to quantify these impacts.

The concept has a noteworthy “replication potential” to benefit other poor communities. The Low Income Consumer’s Unit (LICU) of KUKL and UNDP/PPPUE have expressed their interest to collaborate with UN-HABITAT to spread this concept.

**Issues and Recommendations:** The financial sustainability of this undertaking through cost-recovery needs to be further monitored.



**FIGURE 3.3 Water Treatment and Bottling system in Chyasal, Lalitpur Municipality**



**SP4: Capacity Building, Dissemination, Demonstration and Promotion of Rainwater Harvesting (RWH) in Kathmandu and Selected Towns in Nepal**

**Design:** The project is managed by the NGO Forum for Urban Water and Sanitation (NGOFUWS) and paves the way for systematic use of rainwater to mitigate urban water scarcity. RWH has been promoted by establishing demonstration sites and conducting awareness-raising and capacity-building activities.

**Achievements:** As a result of massive staff training campaigning and demonstration activities in DUDBC, DWSS and in nine municipalities, GoN has decided to make installation of the RWH system mandatory in all new government buildings and a RWH policy paper is drafted (SP1). The RWH efforts have also received international recognition. The project adds incremental value to the achievement of water supply MDGs under the UESP and in other investment programmes (ADB, KfW etc.).

**Issues and Recommendations:** One issue that has to be further elaborated and clarified is the pro-poor effects of RWH and the technological options and approaches that will ensure pro-poor benefits. The pro-poor rationale is related to water management by collection of rainwater so that all traditional water sources can be revived in order to provide the urban poor with access to drinking water from sources such as dug wells, stone spouts and so on. In this respect, the project has resolved a variety of water-related challenges in the targeted community thus benefiting the poor and adding another case to the collective knowledge base of good practices.

**SP5: Initiative for Strengthening Networking and Advocacy Capacities of Civil Society Organizations (CSOs) in South Asia Working Towards Achieving the Rights to Water and Sanitation**

**Design:** The project is also implemented by NGOFUWS in cooperation with Freshwater Action Network (FAN)-South Asia. The project is relevant for the urban water and sanitation sector development projects in Nepal by increased attention to the need for building the capacities of CSOs in WSS development. The project comprises various activities such as workshops, orientation of FAN champions, national and regional FAN-SA meetings and so on.

**Achievements:** It is not straightforward to identify tangible impacts of such a project. Nevertheless, it will have some influence on the abilities of CSOs to influence on decision makers in the view to add value to the achievement of the WSS MDGs.



**SP6: Integrated Approach to Improve Water and Sanitation System and Increase Agricultural Productivity in Selected Communities in Khokhana, Lalitpur**

**Design:** The project is implemented by LUMANTI Support Group for Shelter in cooperation with the Community Learning Center. The impact of the project lies in the demonstration of decentralized and integrated peri-urban waste and wastewater management by meeting the needs for more water by rehabilitating traditional water sources and ensuring a supply of irrigation water.

**Achievements:** The project has addressed Khokana's pressing need for more water by rehabilitating traditional water sources and ensuring a supply of irrigation water. It includes essential structural investments sewer pipes from latrines connected to a bio gas digester, while grey water is treated through Reed Bed Treatment System (see **SP14**).

The actual impacts on achievement of MDGs of the project is improved WSS for some 2,000 people at a project cost of about 35 USD per beneficiary. The project has also led to increased agricultural productivity and production by the renovation of the traditional irrigation canal in Khokana that were blocked and broken some 20 years ago.

**Issues and Recommendations:** The project was targeted for integrated WRM and best utilisation of rainwater so that all traditional water sources can be revived so that the poor will have access to drinking water from sources like dug wells, stone spouts and so on. In this

respect, the project has resolved a variety of water related challenges in the project community thus benefiting the poor and adding another case to the collective experience base.

**FIGURE 3.4 Biogas Connection and Improved Traditional Well Khokhana, Lalitpur**



**SP7: Demonstration of Localizing Millennium Development Goal (MDG) on Water & Sanitation through Capacity Building of MuAN and Kalaiya Municipality (KM)**

**Design:** The project is executed by Municipal Association of Nepal MuAN in association with Kalaiya Municipality. MuAN, an umbrella organization of all municipalities of Nepal, is instrumental to advocacy and lobbying at nation level for policy reforms and strategies to up-scale the provision of WSS services to the poor municipal dwellers.





**Achievements:** It has been launching a campaign on localizing MDGs in municipalities of Nepal involving partnership with member municipalities, central government agencies, donors, and other stakeholders. Kalaiya Municipality has been selected as a model site for implementing MuAN's Poverty Reduction Strategy by sharing lessons learned among the municipalities and partners.

The demonstration project has strengthened the capacity and capability of MuAN and the pilot municipality. About 5,280 people are directly benefiting from improved sanitation and hygiene at a cost in the order of USD 31 per beneficiary, which also includes the training of MuAN staff. The project is related to the UN-HABITAT projects **SP2, SP9, SP10, SP13, and SP16**, the ADB Small Towns Project.

**Issues and Recommendations:** The main impact of this project should however be found at the strategic level by its enhancement of the capacity of MuAN and the Urban Resource Centre to enable other municipalities in localizing MDGs and Poverty Reduction Strategy. In this respect, it is recommended to further examine the up-scaling effects of the outcomes of the project and if necessary provide the necessary support to enable MuAN-URC transferring the knowledge into practice.

**SP8: Strengthening Water, Sanitation and Hygiene Treasuring Health (SWASHTHA)**

**Design:** The project is implemented by Practical Action Nepal (PAN) in cooperation with ENPHO, MuAN, and targeted municipalities and communities. It aims to support the GoN's initiatives on YoS-2008 on its commitment to help achieve MDGs,

by developing participatory water and sanitation Master Plans for the clusters of municipalities and small towns. The project includes education and awareness building and pilot demonstration projects.

**Achievements:** The project has reportedly drastically reduced occurrence of waterborne diseases (diarrhoea, typhoid, jaundice, worms) and scabies among the targeted poor households, thanks to better quality water being supplied to the HHs. The project's actual contribution to the achievement of MDGs is improved sanitation and hygiene practices for 50,000 people, at a project cost equivalent to USD 9 per beneficiary. It is related to i.a. **SP2, SP7, SP9, SP10, SP13, and SP16**. It is closely integrated with the ADB UEIP and the Small Town Water Supply and Sanitation Project.

**Issues and Recommendations:** The project has effectively delivered the intended outputs in the pilot communities, thus added more value to the common urban WSS knowledge and experience base. More attention needs to be paid to the strategic and efficient use of the knowledge base in the future.

**SP9: Water, Environmental Sanitation and Hygiene Programme for Urban Poor**

**Design:** The project is managed by WAN in cooperation with LUMANTI, and CIUD. It demonstrated urban water, environmental sanitation and hygiene for the urban poor including an effective model of partnership for fast tracking such projects. WSS services to the urban poor communities were not adequately covered by the UEIP, so one of the project purposes was to strengthen its pro-poor orientation and provide a valuable basis for replication in other towns.

**FIGURE 3.5 Narayani Community  
Bharatpur Municipality**



**Achievements:** The project has involved capacity building of WAN and other NGOs. The project's actual achievement is improved water supply for 9,025 people and improved sanitation for 12,000 people. Assuming there are 19,025 beneficiaries, the WSS improvement cost is about USD 37 per beneficiary including dissemination of demonstration outcomes and replication efforts. The project is corresponding to other community based water supply, environmental sanitation programme for the urban poor (**SP14** and **SP15**).

**Issues and Recommendations:** An important, albeit under-emphasised, impact of this project is concerning the lack of tenure rights of poor residents in informal urban communities and therefore they have no right to municipal WSS and other public services. Through assistance by the project, the municipal authorities were convinced to grant the necessary guarantee for NWSC to allow public water connections. The municipality also constructed toilets, as well as a wastewater interception channel along the river. It is reported that OD has now stopped and the river bank zone has become an attractive public area.

The success can be attributed to i.a. the UN-HABITAT project resulting from advocacy at NWSSC and municipality level that helped allow the connection of WSS services to the poor and landless. This case may pave the way to assist other landless urban people at a larger scale. The project has added important value to the common urban WSS knowledge and experience base. UN-HABITAT should put more vigour into systematic and strategic replication of the acquired knowledge in the future.

**SP10: Capacity Building of Water and Sanitation User's Committee for Pro poor Service delivery in selected four Small Towns**

**Design:** The project is managed by DWSS of MPPW in association with STWSSSP, TDF, and WSUCs. The project is associated with the ADB funded Small Town Water Supply and Sanitation Sector Project (STWSSSP) to improve health and quality of life of the people living in the 29 small towns by upgrading the WSS and drainage systems and providing health and hygiene education.

**Achievements:** The UN-HABITAT funded project is effectively performing "Post Construction Support" in terms of capacity building and financial sustainability (i.e. for repayment of TDF loans) of the UCs in four small towns (committed to do 14 towns) for sustainable pro-poor service delivery and to increase water and sanitation coverage in poor clusters of the ADB project.

The project (four towns) has benefited 66,000 people, equivalent to USD 5 per beneficiary. The per capita cost of the ADB funded WSS investments in small towns are typically in the order of 63 USD per beneficiary, so an incremental



investment of USD 5 per capita (8%) to make such investments poverty responsive and operational is considered a good value for money. Similar kinds of approaches are applicable for other investment related WASc projects (**SP1, SP2, SP7, SP8, SP9, SP10, SP14, and SP16**).

**FIGURE 3.6 New Toilets from UN-HABITAT Project and New Tap Connection**



#### **Issues and Recommendations:**

Following the experience from the UEIP and 1<sup>st</sup> Small Town projects, community oriented projects are quite resource and time consuming and these activities should basically be included in the capital investment programme and not addressed as post-project “add-on”. The design of the second project has followed a participatory approach which included workshops at central level and in the towns attended by key stakeholders, government departments, NGOs, and development partners including UN-

HABITAT. The latter played an active role during project design, through workshops and several meetings with the ADB project appraisal consultants, with particular emphasis on pro-poor project interventions and involvement of the civil society which is one of UN-HABITAT’s comparative advantages. Thus, UN-HABITAT has contributed to the inclusion of lessons learned into the new project.

The project preparation workshops have contributed to a strong stakeholder support to the project. Participation of stakeholders, including poor and vulnerable groups, are also key elements during project implementation supported by NGOs assisting WUSCs and DWSS in mobilizing communities and ensuring beneficiaries’ participation. The project will thus directly capitalise on UN-HABITAT’s valuable, albeit under-recognised contributions that also may involve complementary projects addressing community involvement and pro-poor orientation.

Unfortunately, UN-HABITAT has no formal position in the 2<sup>nd</sup> STWSSSP and that would have been desirable for enhanced recognition and strategic influence. It is therefore recommended to consider vitalising the MoU with ADB at country level in Nepal to ensure better impacts and recognition of UN-HABITAT’s services.

#### **SP11: Country Level Capacity Building of Stakeholders on Total Sanitation and Promotion of School Led Total Sanitation in Bharatpur and Ratnanagar**

**Design:** DWSS Environmental Sanitation Section (ESS) manages the project in partnership with WSSD/SDO and



stakeholders. The joint effort of DWSS and UN-HABITAT in training technical professionals has resulted in changed DWSS attitudes and priorities when it comes to community and school driven sanitation development - as sanitation has now become a recognized area with political support and own budget lines and allocations. DWSS has taken an initiative to promote nationwide SLTS.

**Achievements:** The project has contributed to a favourable working environment to achieve the Nepal Country Plan for the IYS-2008 targets. The consultants could observe the results of these efforts on the ground, as several communities arranged Open Defecation Free (ODF) area ceremonies during the field visits.

The project also contributes to achievement of MDG in specific demonstration communities totalling 15,000 people with a project cost equivalent to 18 USD per beneficiary. This also includes expenditures for DWSS training, so the actual cost of the pilot demonstration of Total Sanitation will be lower. The project has conceptual

**FIGURE 3.7 Shreee Rastriya Primary Vidhyalaya Sano Yagyapuri**



connections to **SP2** and **SP13**.

**Issues and Recommendations:** The project has added important value to the common urban WSS knowledge and experience base on total community-based sanitation approaches. UN-HABITAT should put more vigour into systematic and strategic replication of the collective knowledge acquired from this and other demonstration projects.

#### **SP12: Blanket Arsenic Testing of Ground Water Sources in Seven Terai Districts of Nepal**

**Design:** The project is managed by DWSS Water Quality Section, MPPW and strategic Partnership with WHO and UNICEF. The project has supported the water quality monitoring responsibility of the WQS by mapping of arsenic contaminated wells thus generating systematic knowledge about the arsenic problem as a potential public health risk factor.

**Achievements:** The outputs of the project has contributed to the arsenic mitigation programme in nine arsenic-affected districts of Nepal by Nepal Red Cross Society (NRCS) in close coordination with local government and line agencies.

**Issues and Recommendations:** An important outcome of this project is the strategic partnership with relevant UN agencies like UNICEF and WHO. It was undertaken in response to a demand from GoN to UN-HABITAT to join forces with other organisations to clarify and combat the arsenic problem of the country. UN-HABITAT's contribution was to provide technical support and capacity building of local entrepreneurs able to produce



arsenic filters that are mainly installed in urban centres.

**SP13: Enhancing the International Year of Sanitation 2008 to Create an Enabling Environment for Promoting Total Sanitation in Nepal**

**Design:** The project is executed by DWSS, Water Quality Section, MPPW. It resulted in the preparation of the Nepal Country Plan for IYS-2008, which was implemented as an alliance among government agencies, donors, UN Agencies, international/non-governmental organizations (I/NGOs), local bodies, civil societies, mass media, private sector, users committees, schools and general public.

**Achievements:** Thanks to this collaboration the GoN allocated, for the first time, a separate budget for sanitation promotion thus recognizing the social, economic and health implications of sanitation that demonstrates the government's growing concern and commitment towards sanitation promotion in more systematic and coherent ways. The project has connections to **SP2 and SP15**.

**Issues and Recommendations:** The project is also important for UN-HABITAT's visibility and credibility as a key sanitation sector development partner of the GoN to continued support awareness building and recognition of the importance of sanitation and hygiene, and facilitation of large scale replication interventions.

**SP14: Establishment of Community Based Wastewater Treatment Plant for Dhulikhel Municipality**

**Design:** The project was implemented by Dhulikhel Municipality in cooperation with the Shreekhandapur UC and ENPHO. The project included establishment of a community managed Reed Bed Treatment System (RBTS) with biogas digester as a treatment system serving a small community. The system is maintained and operated by the community (UC) with technical assistance from a local NGO.

**Achievements:** This system functions as learning site for professionals and technicians from other municipalities to replicate the system under the ADB-funded UEIP in 7 municipalities and is already being replicated in Bharatpur, Kamalamai. The project is benefiting some 2,500 people and the project cost is about USD 57 per direct beneficiary. This cost includes pilot, dissemination and replication efforts so the per capita replication cost would probably be lower. The project has conceptual connections to **SP6, SP9 and SP10**.

**Issues and Recommendations:** The project demonstrates a well-functioning RBTS for researchers, sanitation engineers, students, and relevant stakeholders and is being replicated under the UEIP small towns and others. The project enriches UN-HABITAT's technological knowledge base and it should be further promoted beyond the ongoing replication under the UEIP.

**FIGURE 3.8 Field visit Shreekhandapur Reed Bed Treatment System (RBTS)**



**SP15: Community Based Water Supply and Sanitation Pilot Project in Peri – Urban Community of Siddhipur within Kathmandu Valley**

**Design:** Environment & Public Health Organization (ENPHO) implements the project, in cooperation with Siddhipur Water Supply and Sanitation Committee. The project demonstrated community-oriented approaches and process such as familiarizations meetings among local stakeholders; formation of a technical team and sub-committees to carry out activities; legal institutionalization of the WSUC; setting up of administrative arrangements and monitoring.

The WSUC also demonstrated tap connection options to meet the needs of the extremely poor, involving funding through cooperatives and women's savings and credit groups including pro-poor water pricing. Other activities included installation of sanitation systems through CLTS and SLTS campaigns.

**Achievements:** The project's actual MDG impact was improved sanitation for 6,200 people at a project cost of 61 USD per beneficiary, which may appear surprisingly high for the community aspects. The project is conceptually corresponding to **SP2, SP11 and SP13**.

**Issues and Recommendations:** The consultants noted with interest some observations made in a recent MSc Thesis (by J. W. van Rooij) where the author points out the contradiction between project speediness and poverty responsiveness of the project. The fast-track approach has been quite successful in showing rapid establishment of WSUC and improvement of WSS services, nonetheless this has been at the expense of community involvement since community **participation** and pro-poor interventions have proven to be **very time (and resource) consuming**.

This is an extremely valid point when it comes to recognition of the time, funds and staff resources needed for up-scaling of the "soft" parts of WSS projects. Yet, this project has achieved great progress, and much development has been set in motion. Important lessons have been learned concerning the constraints facing the fast tracking of community based and pro-poor approaches. The experiences from this project will add value to the common knowledge base of urban WSS approaches. In the future, more attention should be paid to the use of this knowledge for scaling up planning.



FIGURE 3.9 Pavement and storm-water system and Previous open defecation area



**SP16: Provision of Total Coverage of Safe Drinking Water and Sustainable Sanitation Facilities in Urban Poor Communities in Hetauda Municipality**

**Design:** The project is carried out by Hetauda Municipality (HM) and Toile Development Committees. The UEIP has placed its main focus on construction of water supply and wastewater facilities and other infrastructures. The UN-HABITAT project is supplementing the project with more community based, onsite sanitation facilities and solid waste management and assisting local people in improving their traditional water sources and systems in poor areas where UEIP investment may not be sufficient.

**Achievements:** The project has prompted people to construct toilets in cooperation with community groups under the

auspices of Community-Led Total Sanitation (CLTS) and School-Led Total Sanitation (SLTS) through a pro-poor micro credit scheme for providing water and sanitation facilities. Hetauda municipality has developed a scheme for providing loan for water and sanitation facilities and a similar kind of mechanism managed by Users' Committees (UCs) is being developed in 14 small towns of the ADB Small Towns Water and Sanitation Project (SP10).

The project's actual impact on achievement of MDGs is improved sanitation for 4,500 people at a project cost 45 USD per beneficiary. The project is related to **SP1, SP2, SP8, and SP10**.

**Issues and Recommendations:** The project should be recognised for its achievements in addressing



the challenges facing the targeted communities. However, it has high complexity and diversity that makes its implementation and cost efficiency quite demanding. For future up-scaling, it is necessary to prioritise and focus on the essential interventions, having in mind the limited financial resources and the large number of municipalities in need of similar support. It is also a question that, if the mission of the project is fully accomplished, there is no more need for external support to maintain the momentum of the introduced solutions. It is recommended to take this into consideration in connection with a more strategic orientation of the Nepal Country Support Programme.

### 3.5 CROSS-CUTTING ISSUES, IMPACT ASSESSMENT AND RECOMMENDATIONS

The 16 sample projects are facing a lot of common issues and cross-cutting challenges. The following sections address some of the common aspects and recommendations arising from the sample projects:

1. **Complexity and Diversity of the Project Portfolio.** The consultants were struck by the complexity and diversity of the UN-HABITAT project portfolio and of the amount of aspects that have been addressed by some projects.

FIGURE 3.10 Hetauda Municipality, Rai Gaun and Kalyantar Communities







FIGURE 3.11 Rai Gaun Traditional Well and New Road and River Crossing (UEIP)



The multiplicity of the project portfolio has of course contributed to a rich and valuable knowledge and experience information source on the functioning of pro-poor community-based approaches and so on for urban WSS.

This information source should now serve as a sufficient basis for guiding strategic up-scaling efforts where UN-HABITAT has a role to play. This translates into the recommendation of adjusting UN-HABITAT's country strategy in Nepal.

**2. Government and National Level Impacts.** The project is also important for UN-HABITAT's visibility and credibility as a key sanitation sector development partner of the GoN to continued support awareness building

and recognition of the importance of sanitation and hygiene, and facilitation of large-scale replication interventions. This area should receive much more attention and the proposed strategy adjustments should take into account the lessons learned from the current partnership activities.

**3. The Dilemma of Fast Tracking Community Based Urban WSS.**

Important lessons have been learned concerning the constraints facing the fast tracking of community based and pro-poor approaches. The fast-track approach has been quite successful in showing rapid establishment of WSUC and timely improvement of WSS services. Nonetheless, too much speediness will leave the pro-poor concerns behind.

Lessons learned shows that community participation and pro-poor interventions are very time (and resource) consuming. This is an extremely valid point when it comes to recognition of the time, funds and staff resources needed for up-scaling of the “soft” parts of WSS projects.

- 4. Increased Flow of Investment** to meet MDGs for Urban WSS. Increased flow of investments to the urban WSS sector in the view to achieve the MDGs is an essential objective of the WSTF and WAsC Nepal. The funding requirement to meet Nepal’s future WSS targets is almost USD 50 million per year in addition to the massive efforts required to rehabilitate non-functional WSS systems.

For the time being, the ADB funded 2<sup>nd</sup> Small Town WSS Sector Project (2009-2016) will account for the main flow of investments into the sector with about USD 72 million (USD 12 million per year). This will improve the situation in 20 towns in addition to the 21 towns that were covered under the 1<sup>st</sup> Small Town project.

The funding mobilisation issue is implicitly addressed in many SPs in terms of their direct or indirect contributions to the large investment projects, especially the ADB Small Towns Water Supply and Sanitation Sector Project (STWSSSP) (2000-2009) and the Urban and Environmental Improvement Project (UEIP) (2003-2010).

5. It is difficult to assess the **cost-efficiency** of the UN-HABITAT projects since many of them are pilot and demonstration interventions focusing on specific communities. The Table 3-5 gives an indication of the number of direct beneficiaries and cost per capita invested to

achieve improved WSS services for the concerned populations in some sample projects.

- 6. Costs of Community Participation and Inclusion of Pro-poor Concerns.** The UEIP is aimed to cover the WSS MDGs for about 320,000 people at an average capital investment of about USD 117 per capita<sup>2</sup>. The related UN-HABITAT pilot and demonstration projects are enhancing the quality of the UEIP projects in terms of demonstration of community based management approaches including capacity building, community involvement, pro-poor and gender responsive WSS development and associated supplementary investments.

The actual achievements of the UN-HABITAT projects are summarised in the Table 3-5 above. For UEIP related demonstration projects, the cost per capita for pursuing pro-poor and community-based management ranges from USD 29 to 57 per capita. Hence, the per capita costs of facilitating community involvement and poverty mitigation in urban WSS projects are quite substantial compared to the capital investments (USD 121). This underscores the experience from the sample projects that community and ultra-poor inclusion is a demanding and time consuming task. However, since these figures are from pilot and demonstration projects the per capita replication cost would be less.

<sup>2</sup> Total investments ADB and counterparts USD 37.5 mill

Table 3.5 Project Costs per Beneficiary of Some Sample Projects<sup>\*)</sup>

Budget and Funding (USD)				UN-HABITAT Involvement			Investm. Project
SP	UN-H	Partner	Total	Type of benefit	Direct Benefic.	USD/ cap	
SP1	200,454	227,500	427,954	Poverty mapping	270,000	1.6	UEIP
SP2	80,000	80,000	160,000	Improved san.	5,550	29	UEIP
SP3	15,000	5,400	20,400	Bottled WS	4,000	5	
SP6	71,000	81,300	152,300	Improved WSS	2,000	76	
SP7	88,750	72,350	161,100	Impr. san & hyg	5,230	31	UDLE
SP8	198,000	252,000	450,000	Hygiene educ.	50,000	9	UEIP
SP9	250,000	453,592	703,592	Improved WSS	19,025	37	UEIP
SP10	201,486	127,950	329,436	Improved WSS	66,000	5	STWSSSP
SP11	97,600	176,500	274,100	Improved san.	15,000	18	
SP14	92,000	52,000	144,000	Improved san.	2,500	57	UEIP
SP15	250,000	100,000	350,000	Improved WSS	6,200	61	
SP16	99,600	176,800	276,400	Improved WSS	4,500	45	UEIP

<sup>\*)</sup> The grey marked projects are related to demonstration of community based management approaches

7. Concerning the STWSSSP, the capital investment **cost** of the ADB funded WSS investments are in the order of USD 63 per beneficiary (excluding co-funding). The UN-HABITAT post construction support (SP10) has covered four towns and benefited 66,000 people at a cost equivalent to USD 5 per beneficiary. An incremental investment of USD 5 per capita (8%) to make such investments poverty responsive, operational, and sustainable (building UC capacity) is considered a good value for money. UN-HABITAT is committed to do another 14 small towns under this project, which will roughly require budget of about USD 1.2 million (330,000 x 14/4).

**8. Enhanced Involvement in the 2nd STWSSSP.** UN-HABITAT has contributed to the second ADB STWSSSP (2010-2015) benefiting from lessons learned by the UN-HABITAT's post-construction support project. The project has directly capitalised on UN-HABITAT's valuable, albeit under-recognised contributions to project design that also may involve complementary projects aimed to strengthen its community and the pro-poor orientation.

Unfortunately, UN-HABITAT has no formal position in the 2nd STWSSSP that would have enhanced recognition and strategic cooperation. In order to better position UN-HABITAT in this and similar projects it is recommended to consider vitalising the MoU with ADB at country level in Nepal.



### 9. Pro-poor Focus of Projects.

- One issue that has to be further elaborated and clarified is the pro-poor effects of Rainwater Harvesting (RWH) related projects (SP1 and SP4) and the technological options and approaches that will entail a stronger pro-poor profile of RWH.
- Another initiative is the arsenic mitigation programme in nine arsenic-affected districts (SP12). An important outcome of this project is the strategic partnership with relevant UN agencies like UNICEF and WHO. It was undertaken in response to a demand from GoN to UH-HABITAT to join forces with other organisations to clarify and combat the arsenic problem of the country.
- A project where the pro-poor effects can be questioned is the Initiative for Strengthening Networking and Advocacy Capacities of Civil Society Organizations (CSOs) in South Asia (SP5). The project funding of workshops, meetings etc. and the pro-poor impacts are rather indirect. Nevertheless, such a project will have some influence on the abilities of CSOs to influence decision makers with the view of adding value to the pro-poor benefits.

### 10. Improved MDG Monitoring and Reporting Mechanisms.

There are only two sample projects that have bearings on MDG monitoring and reporting. These are SP1: "Pro poor urban governance through Poverty Mapping and gender assessment in selected municipalities, and enforcement of Urban Environmental Guidelines" and SP7: "Demonstration of Localizing MDG on WSS through Capacity Building of MuAN and Kalaiya Municipality".

The former has created an important GIS based poverty information system that also provides a tool for documenting the baseline situation for water and sanitation in the poor urban settlements. The latter will enhance MuAN's capacity to participate in MDG performance monitoring. As recommended, UN-HABITAT Nepal is already actively involved in a coordinated monitoring of the achievement of MDGs and this activity should be intensified as part of an adjusted country strategy



# Summary of Findings and Recommendations



## 4.1 FINDINGS

### 4.1.1 MAIN FINDINGS ON THE NEPAL COUNTRY PROGRAM

UN-HABITAT is a newcomer to the Urban WATSAN sector in Nepal, but has managed to establish itself as a notable development partner in this field. The order of magnitude of the impacts of the WASc interventions on the achievement of the MDGs is limited in terms of tangible increase in WSS coverage but UN-HABITAT has **demonstrated significant impacts in terms** of improvements in quality and relevance of the projects.

Hence, the actual value added and impacts made by the first generation pilot projects (2005-09) provide a solid base for more vigorous at large scale replication efforts provided the UN-HABITAT has

incorporated lessons learned and recommended strategic and operational adjustments. Overall, good work has been accomplished under (sometimes) difficult circumstances in Nepal, such as a very high government staff turnover, political instability and lack of NGOs with sufficient experience to mobilise urban poor communities.

UN-HABITAT has an excellent reputation in Nepal, amongst national water authorities, municipal authorities, communities and NGOs and local institutions. UN-HABITAT's comparative advantage is its focus on the **complex problem of the urban poor** and the ability to integrate WSS approaches across the urban sector and community involvement from the outset of the project. These are key points of concern of future national WSS sector development.

The UN-HABITAT WAsC Nepal Country interventions are well-integrated with relevant authorities, institutions and development partners at national and municipality level and contribute to the creation and achievement of GoN's urban development strategies. The country programme issues and findings are elaborated in detail in Chapter 3-2 and 4-1.

There is a close coherence between the project outcomes of the Water for Asian Cities Nepal Programme 2008-2012 and those envisaged by the WSTF Strategic Plan 2008-2012 and UN-HABITAT's main Nepal focus - solutions to serving the informal urban poor and gender mainstreaming in cities and small towns - are widely recognised as critically important issues.

The main achieved impacts from 2005-2008 are developing strategic approaches, policy reforms, training and tools in partnership with the Government and demonstration of pro-poor community based management mechanisms in selected pilot communities helping achieve the WSS MDGs in cooperation with NGOs, municipal authorities and the stakeholders. In the past, the latter has been pre-dominant and one of the main challenges facing the UN-HABITAT is to make a strategic shift towards the former.

One important aspect of the UN-HABITAT funded Water Supply, Sanitation & Waste Management projects is the local institutional capacity building, which is crucial for the effectiveness and sustainability of the large investment programmes.

#### 4.1.2 MAIN PROJECT FINDINGS

The impact assessments of Nepal country projects have taken into account the following four programme outcome categories of the CSS WAsC-NEPAL (2008-2012);

- A Institutionalisation of inclusive and gender responsive pro-poor urban governance in the WAsC Nepal supported local authorities
- B More active engagement of communities in the management of water and environmental sanitation at local level with little or without external support
- C Improved WATSAN service delivery mechanism at local level
- D Improved MDG monitoring and reporting mechanisms.

In this impact study, the consultants studied the achievements and impacts of 16 selected SPs as presented in the overview in Annex 2. Collectively, these SPs are considered representative for the Nepal project portfolio of 48 projects. Information was gathered from reviewing project documents, meetings with implementing partners interviews with key stakeholders, including beneficiaries, and field visits to the project areas inside and outside the Kathmandu Valley.

The objectives and outcomes of the UN-HABITAT's interventions are woven into several associated projects and activities performed by other development partners. Hence, it is not feasible to undertake precise assessments of the impacts that can be attributed directly to the UN-HABITAT country support programme, so the impacts addressed in this report are rather in terms of incremental impacts and value added.

It is noted with concern that the **project portfolio of 48 projects presented** in the Country Support Strategy **is very diverse and complex** and that UN-HABITAT is spreading its limited staff and financial resources too thinly on demonstration and pilot interventions in the communities.

The situation is about to stabilise since the number of new projects have gone drastically down since 2007. Nevertheless, it is essential that UN-HABITAT is determined to tune down its role as a **big entrepreneurial NGO** and strengthen its functions as strategic influencer.

The main impacts of UN-HABITAT's involvement are contributions to **enhanced quality and pro-poor relevance of the WSS sector projects** that provide a sound basis for replication and up-scaling under capital investment programmes to achieve the WSS MDGs at the national and local levels.

The Country Support Strategy is involved in the design and implementation of capital investment projects funded by ADB and other multi and bilateral development funding agencies. It is playing an important role in building capacity in the WUCs to make large investment projects pro-poor oriented, operational and sustainable.

The WAsC Nepal operations have **demonstrated tangible impacts and momentum** to these and other urban WSS projects. These impacts have been achieved through enhanced community involvement, institutional capacity building at municipality and community level and demonstrating innovative approaches to better serve the informal urban poor in cities and small towns and promote gender responsive governance.

The outcomes of UN-HABITAT's involvement are **enhanced quality and pro-poor relevance** of the WSS sector projects, thus providing a sound basis for replication and up-scaling under capital investment programmes to achieve MDG WSS targets at the national and local levels. The following sentence makes no sense- UN-H contribution Institutionalisation of inclusive in the WAC Nepal supported local authorities.

UN-HABITAT is delivering very good work on **poverty & gender mapping** that is appreciated and in use by concerned agencies such as UDLE and DWSS and the methods are also replicated in projects in Vietnam, Lao PDR and India. The assessment of projects reveals impressive community work, concrete results and high effort level. Implementation approach is spread too widely so there is a need to sharpen efforts and for "understanding of gender".

There are **substantial and probably underestimated needs of expertise** efforts, funding and implementation time to ensure effective community participation and pro-poor impacts in urban WSS projects. The findings indicate that the "post construction support" to STWSSP needed about USD 5 per capita (equivalent to 8% of capital investments), which is considered quite a reasonable price tag to make large investments more relevant and effective.

However, the cost of the support to UEIP projects was in the range of USD 29 to 57 per capita (25-50% of capital investments). These unit costs are considered quite high in terms of consequences for large scale replication.

It should, be noted, however that these are first generation demonstration projects where the transaction costs may be a substantial part of the investments.



Nevertheless, it is important to pay attention to the per capita costs for large scale replication and efforts should be made to **optimise the community involvement activities** on the basis of lessons learned from the demonstration projects.

## 4.2 RECOMMENDATIONS

### 4.2.1 STRATEGIC RECOMMENDATIONS

- UN-HABITAT Nepal should now give greater weight to its role as a strategic influencer and with a clear vision about what is needed to address the challenges of urban WSS. More specifically this new role will require increasing UN-HABITAT's already ongoing engagement in national policy dialogue, involve key government policy makers more centrally in the development and implementation of country activities and focus its strategy on longer term scaleable approaches. This will also require a much more strategic selection of activities and projects.
- As part of the above, UN-HABITAT should enhance its leading role to assist GoN in WSS sector coordination under the auspices of the new SWAp arrangement based on a platform for dialogue with the Government
- It will also imply enhanced involvement in development partner coordination involvement in the view to improve the weak donor coordination mechanisms between GoN and WSS development partners and support UNICEF's initiative to organise donor coordination meetings regularly where UN-HABITAT will be one of the main stakeholders. This will be an important entry point for enhanced strategic impacts on the Government's WSS development policies and investment programmes.
- In order to strengthen the UN-HABITAT's position in the new ADB STWSSSP (2010-2015) and similar projects, it is recommended to vitalise and formalise the cooperation with the ADB through a MoU at country level (as has been done in Lao PDR)
- Give greater focus to mobilizing resources from urban investment partners that could take UN-HABITAT ideas to large scale investments. This should consider extending its cooperation with new partners, such as the KfW Development Bank, JICA, the World Bank and other bi and multilateral financiers
- Carry out a synthesis and assessment of the experiences of the community and pro-poor interventions of all projects. The purpose of this should be to order to strategise the lessons learned and optimise the scope of pro-poor interventions to the most critical WSS issues, sharpen the focus, and optimise the use of human and monetary resources for engaging in future local community WSS interventions. Synthesise the outcomes in a new up-scaling strategy
- Strategic Adjustments of the WAsC Country Support Strategy. Synthesise the responses of UN-HABITAT to the study recommendations in an adjusted country support strategy putting greater weight on its role as a strategic influencer and resource mobiliser. Such strategic adjustments will also have bearings on the size and expertise of the UN-HABITAT Nepal.



#### 4-2.2 ADMINISTRATIVE AND OPERATIONAL RECOMMENDATIONS

- Make necessary adjustments of UN-HABITAT's operations and its CSS for Nepal in response to the enhanced role as strategic influencer. Initiate actions to strengthen internal capacity including upgrading of the staff situation (number and categories of staff required), enhanced expertise in financial and policy matters and in municipal service management, strengthening of project cycle management, performance monitoring, reporting, revised budgetary requirements, and financial mobilisation. Some specific tasks in this respect are summarised in the below bullet points.
- Improve the Project Document by using a standard format including a log frame with indicators of achievement and impact that are SMART (Specific, Measurable, Achievable, Realistic and Time bound). The same requirements should also apply for non-project operations.
- Establish systematic monitoring and reporting mechanisms of the performance and achievements of the WASC projects including their collective achievements that will reflect the overall significance and impacts of UN-HABITAT Nepal operations.
- Explore possible streamlining options for the project cycle management and disbursement cooperation between UN-HABITAT Nepal and HQ.

# ANNEXES

## ANNEX 1: PEOPLE MET

Name	Position	Designation
Roshan Raj Shrestha	Chief Technical Advisor	South Asia Region WAsC WSIB II, HSFD
Sudha Shrestha	Acting CTA	WAsC Nepal WSIB II, HSFD
Rajesh Manandhar	WATSAN Coordinator	WAsC Nepal
Anjali Manandhar Sherpa	WATSAN Coordinator	UN-HABITAT Nepal
Deepa Manandhar	Admin/Finance Associate	UN-HABITAT Nepal
Pawan Joshi	Documentation Assistant	UN-HABITAT Nepal
Prafulla M. S. Pradhan	Habitat Programme Manager	UN-HABITAT Nepal
Gerhard Ferrie	Shelter Coordinator	UN-HABITAT Nepal
Suman Prasad Sharma	Joint Secretary	WSS Division Ministry of Physical Planning and Works (MPPW) GoN
Suresh P. Acharya	Joint Secretary	Ministry of Physical Planning and Works (MPPW) GoN
Kamal Adhikari	Sociologist	WSS Division Ministry of Physical Planning and Works (MPPW) GoN
Er. Birendra Man Shakya	Chief	Water Quality Improvement & Monitoring Project. Department of Water Supply and Sanitation (DWSS)
Deep Basnyat	Secretary	Ministry of Physical Planning and Works (MPPW) GoN
Shiva Hari Sharma	Project Director	Department of Urban Development & Building Construction of the Urban & Environmental Improvement Project (UEIP) GoN
Saroj Kumar Vaidya	Project Chief	Department of Urban Development & Building Construction GoN. Special Physical and Infrastructure Area Development Project
Sumitra Amatya	General Manager	Ministry of Local Development Solid Waste Management & Resource Mobilisation Centre GoN
Dipendra Bahadur	Legal Officer	Ministry of Local Development Solid Waste Management & Resource Mobilisation Centre
Harka Bd. Chhetri	Manager	Town Development Fund (TDF) Kathmandu
Laxmi Sharma	Project Officer	Nepala Resident Mission. Asian Development Bank (ADB)
Kalanidhi Devkota	Executive Secretary	Municipal Association of Nepal (MuAN)
Bidur Mainali	General Secretary	Municipal Association of Nepal (MuAN)
Caroline Vandenable	Strategy Planning Advisor	Resident Coordinator's Office United Nations Kathmandu



Name	Position	Designation
Andreas Knap	Project Officer	UNICEF
Prakash Amatya	Executive Director	NGO Forum for Urban WSS Kathmandu
Achyut Luitel	Country Director	Practical Action Nepal, Kathmandu
Kabir Das Rajbhandari	Programme Manager	WaterAid Nepal (WAN)
Sanjaya Adhikari	Country Representative	WaterAid Nepal (WAN)
SumanK. Shakaya	Deputy Executive Director.	Environmental and Public Health Organisation (ENPHO)
Padmaja Shrestha	Program Manager.	Environmental and Public Health Organisation (ENPHO)
Ashok Shahi	Engineer.	MLD Solid Waste Management and Resource Mobilisation Centre. GoN
Ram Deep Sah	Sanitary Engineer Project Director	Second Small Town Water Supply and Sanitation Project
Prakash Lamichane	Manager.	Biogas Support Programme (BSP) Nepal
Rashimi Kafle	Chair person	Stepping Stone Kathmandu
Samiksha Thapa	Reporting and Documentation Officer	Drinking Water and Sanitation Program. Nepal Red Cross Society
Prachet K. Shresta	Chairman	Environmental Camps for Conservation Awareness (ECCA)
Bharat Bdr. Dhungana	Chief & Executive Officer	Hetauda Municipality
Bhim Pd. Timalisina	Admin Officer	Hetauda Municipality
Dhruba Bdr. Bhujel	Section Officer	Hetauda Municipality
Bairab Bdr. Kumal	Comm. Dev. Asst.	Hetauda Municipality
Rajendra Nath Pokhrel	Focal person UN-H	Hetauda Municipality
Upendra Baral	Project Advisor	UEIP/PIU
Chiva Koirala	Chair Person	Municipal Poverty Reduction Strategy Formulation Committee
Buddha Lama	Member	Municipal Poverty Reduction Strategy Formulation Committee
Ganga Chanlagain	Leader	Urban Info Centre
Shankar Upadhyay	Finance Officer	Hetauda Municipality
Wilma Mohr	Technical Advisor	Municipal Regional Learning Center Hetauda Municipality Office. German Development Service (DED)
Rajesh Manandhar		UN-HABITAT
Sudha Shrestha		UN-HABITAT

Name	Position	Designation
Kulprasad Lamichere	Sanitation Facilitator	Bharatpur
Shree Prasad Kadel	Mgmt Committee Member	Bharatpur
Dipakumasi Malla	Teacher	National Primary School Saneyadyepuri
Nilakhanta Pegial	Teacher	National Primary School Saneyadyepuri
Premkumar Gaine	Teacher	National Primary School Saneyadyepuri
Shiva Ray Ashakari	Headmaster	National Primary School Saneyadyepuri

### 30 November Debriefing Meeting

Deep Basnet	Secretary	MPPU
Kamel Ray Pandesj	Joint Secretary	MPPU
Hari Prashad Sharma	Joint Secretary	MPPU
Nanayan Gopal Malego	Joint Secretary	MPPU
Roshan Raj Shrestha	Chief Technical Advisor	South Asia Region WASC WSIB II, HSFD

## ANNEX 2: OVERVIEW OF SAMPLE PROJECTS NEPAL

SP	Project Title	CA Signatory	Implementing Partner	Budget and Funding (USD)			Total	Status
				UN-H	Partner			
SP1	"Pro poor Urban Governance through Poverty Mapping and Gender Assessment in selected Municipalities, and Enforcement of Urban Environmental Guidelines - CA 1"	DUDBC	Municipality	200,454	227,500		427,954	
SP2	"Community Based Sanitation Improvement in Urban Poor Communities in Hetauda Municipality"	ENPHO	Municipality and local communities	80,000	80,000		160,000	Compl.
SP3	" Demonstration of Water Bottling System for Urban Poor Communities in Kathmandu Valley"	Urban Environment Management Society (UEMS)	Local community through WUCs	15,000	5,400		20,400	Compl.
SP4	" Capacity Building, Dissemination, Demonstration and Promotion of Rainwater Harvesting in Kathmandu and selected towns in Nepal"	NGO Forum for Urban WATSAN (NGOFUWS)	NGOFUWS	47,500	36,500		84,000	Compl.
SP5	"Initiative for Strengthening Networking and Advocacy Capacities of Civil Society Organizations (CSOs) in South Asia Working Towards Achieving the Rights to Water and Sanitation"	NGO Forum for Urban WATSAN (NGOFUWS)	Fresh Action Network-South Asia	15,000	112,335		127,335	
SP6	"Integrated Approach to Improve Water and Sanitation System and Increase Agricultural Productivity in Selected Communities in Khokhana, Lalitpur"	LUMANTI	Community Learning Centre	70,000			700000	Compl.
SP7	"Demonstration of Localizing MDG on Water and Sanitation through Capacity Building of MuAN and Kalaya Municipality"	Municipal Association of Nepal (MuAN)	MuAN, Kalaya Municipality	88,750	72,350		161,100	



SP8	"Strengthening Water, Sanitation and Hygiene Treasuring Health (SWASHTHA)"	Practical action Nepal (PAN)	ENPHO, MuAN, municipalities	198,000	252,000	450,000
SP9	"Water, Environmental Sanitation and Hygiene Programme for Urban Poor (Bharatpur, Lubhu, Narayantole)"	Water Aid Nepal (WAN)	CIUD, LUWANTI	250,000	453,592	703,592
SP10	"Capacity Building of WUCs for Pro poor Service delivery in selected four Small Towns (Parsa, Khairanitar, Bandipur and Lekhnath - CA I"	Department of Water Supply and Sewerage (DWSS)	DWSS and TDF and UCs of Parsa, Kharenitar, Bandipur, Lekhnath Towns	201,486	127,950	329,436
SP11	"Country Level Capacity Building of Stakeholders on Total Sanitation and Promotion of School Led Total Sanitation in Bharatpur and Ratnanagar"	DWSS	DWSS-ESS in partnership with WSSD/SDO and stakeholders	97,600	176,500	274,100
SP12	"Blanket Aseptic Testing of Ground Water Sources in Seven Terai Districts of Nepal - (Jhapa, Morang, Mahottari, Chitwan, Dang, Banke and Bardiya)"	DWSS	DWSS	99,500	519,590	619,090
SP13	"Enhancing the International Year of Sanitation 2008 to Create an Enabling Environment for Promoting Total Sanitation in Nepal"	DWSS	DWSS	88,000	191,000	279,000
SP14	"Establishment of a Community Based Waste Water Treatment Plant for Dhulikhel Municipality"	Dhulikhel Municipality	Shreekhandapur UC	92,000	52,000	144,000 Compl.
SP15	"Community-based WSS Pilot project in Peri Urban Community of Siddhipur within Kathmandu Valley"	ENPHO	Siddhipur WS&S Committee	250,000	100,000	350,000 Compl.
SP16	"Provision of Total Coverage of Safe Drinking Water and Sustainable Sanitation Facilities in Urban Poor Communities in Hetauda Municipality"	Hetauda Municipality	Hetauda Municipality and ENPHO	99,600	176,800	276,400

## ANNEX 3: CAPITAL INVESTMENT PROGRAMMES

### SMALL TOWNS WATER SUPPLY AND SANITATION SECTOR PROJECT (2000-09)

The ADB supports DWSS for implementation of water and sanitation projects in small towns under a project envisaged to provide WSS facilities in 50 urban communities in a phase-wise manner. The overall project is benefiting about 600,000 people, more than 34 percent of who live below the official poverty line but progress has been substantially delayed.

The first phase was to provide water supply, limited drainage, and sanitation facilities in selected 21 small towns (252,000 beneficiaries).

The project has four component parts: public awareness campaign and health and hygiene education to be carried out through NGOs; investment in water supply and sanitation facilities; technical support to WUSCs by providing technical and financial training and project implementation assistance.

It is interesting to note that the first and third parts include key interventions to ensure community ownership and long-term economic sustainability of the WATSAN services are key components of the WAsC's post-construction support to vitalize the water supply, sanitation, and solid waste operations in small towns of the ADB project. The impacts and value added by UN-HABITAT are revealed in sample projects SP10 and SP16, as further discussed in Chapter 3.



The project is financed by an ADB loan of USD 35 million in addition to contributions from beneficiaries and local governments and the project was also benefiting from complementary projects funded by bi-lateral donors, UN-HABITAT, NGOs and so on . The average per capita ADB investment for the improved WSS services is about USD 139 per beneficiary and approximately USD 1.7 million per town (not adjusted for inflation). Corresponding benefits include the time and cost savings from purchasing, fetching, treating, and storing water; improved public and family hygiene and health and increased productivity.

### **SECOND SMALL TOWNS WATER SUPPLY & SANITATION SECTOR PROJECT (2009-16)**

With financial assistance from the ADB, the GoN will improve water and sanitation facilities and services in 40 to 50 towns (1<sup>st</sup> + 2<sup>nd</sup> phase) with average populations of around 12,000. The Second Small Towns Water Supply and Sanitation Sector Project (STWSSSP) is jointly funded by ADB grant (USD 45.1 million); GoN (USD 20.5 million); Beneficiaries & Local Governments (USD 6.1 million) totalling USD 71.7 million.

The objective of the project is to contribute to improved health, economic and environmental living conditions of people in 20 small towns in Nepal. The design of the second phase has paid more attention to follow a demand driven, interactive approach that ensures that local water user groups will participate fully. It will comprise activities aimed to provide improved, affordable, and sustainable water supply and sanitation services governed and managed by WSUCs, and reduction in reported cases of water related diseases.

The project will benefit 240,000 people in 20 small towns in terms of access to high level water service by 2015; lead to reduced time for fetching water (essentially to zero in all towns) by 2015; improved sanitation for 270,000 people by 2015; wastewater in at least three towns is disposed of in a way that meets environmental standards by 2015 and operation of water supply and wastewater services with full O&M cost recovery is implemented by WUSCs in 20 towns by 2015. The average per capita investment for the improved WSS services is about USD 167 per beneficiary (270,000 beneficiaries) and approximately USD 2.3 million per town.

### **URBAN AND ENVIRONMENTAL IMPROVEMENT PROJECT (UEIP) (2003-10)**

The GoN, with financial assistance of ADB, is implementing an Urban and Environmental Improvement Project (UEIP) from 2003 to 2010. The Project will promote sustainable urban development in the selected nine towns surrounding Kathmandu Valley, namely Banepa, Dhulikhel, Panauti, Bharatpur, Ratnanagar, Hetauda, Bidur, Kamalamai and Kathmandu Metropolitan City.

The Executing Agency for the project is Ministry of Physical Planning and Works (MPPW) through Department of Urban Development and Building Construction (DUDBC). The main objective of the project is to facilitate sustainable urban development by addressing critical environmental needs, while supporting the government's priorities of environmental infrastructure improvement of secondary urban centres poverty alleviation decentralization of authority and strengthening municipal institutional capabilities.



The project will directly benefit the urban population of about 320,000 people in the selected nine urban areas with improved sanitation and "overall quality of life". The management and financial capacities of the participating local institutions, including municipalities and utilities under municipal control, will be strengthened for sustainable urban development.

The project is expected to contribute to the GoN's decentralization policy for better governance and improvements to the framework for public-private partnership. The total project cost is USD 37.5 million jointly funded by ADB Loan USD (30 million), GoN (USD 4.4 million) and the town/community/private sector (USD 3.1 million). The GoN will re-lend a portion of the ADB loan to the TDF who will on-lend the funds to the municipalities at special conditions.

The average per capita investment for the improved sanitation services is about USD 117 per beneficiary and approximately USD 4.2 million per town. The UEIP benefits from a number of related UN-HABITAT projects, namely SP1, SP2, SP14, and SP16. The impacts of the UN-HABITAT contributions are further addressed in Chapter 3.

## 2<sup>ND</sup> URBAN AND ENVIRONMENTAL IMPROVEMENT PROJECT (UEIP)

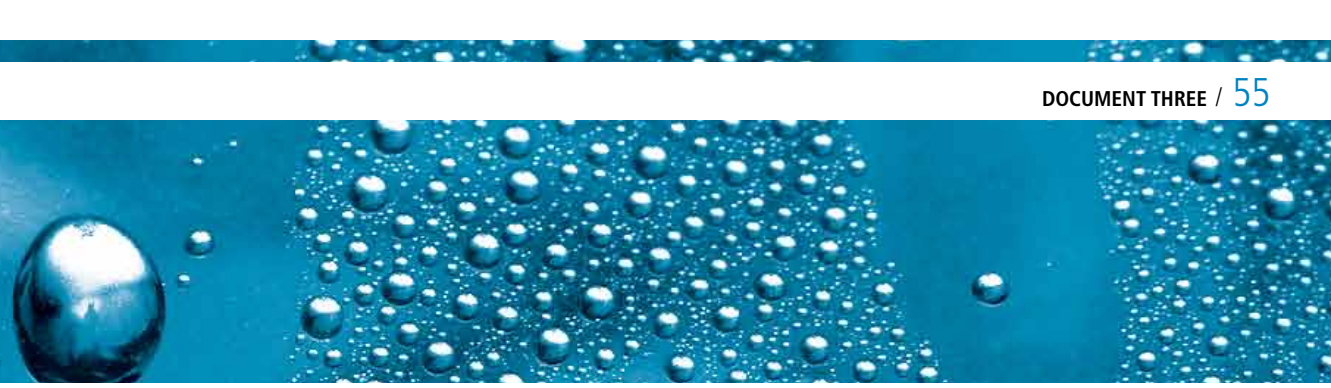
This is an upcoming project under preparation and approval with a significant scope for UN-HABITAT influence and involvement.

## URBAN DEVELOPMENT THROUGH LOCAL EFFORTS PROGRAMME (UDLE) (2008-2010)

The Urban Development through Local Efforts Programme (UDLE) is a cooperation programme of the GoN and the Federal Republic of Germany, which is implemented by the Ministry of Local Development (MLD) and the German Technical Cooperation (GTZ). KfW provides financial assistance through the Town Development Fund (TDF).

The programme's overall period of existence is from October 1987 to December 2010 and it has the objective of stabilising the performance of the cities, particularly the living conditions of poor urban inhabitants, and enable the municipalities to plan and control their development independently in cooperation with the municipal administrations, ministries and civil society groups. The project is also aimed at upgrading the skills of the administrative personnel on the themes of financial management, administration, human resource development, city planning, infrastructure development, environmental education and waste management.

An urban development fund was set up in 58 cities that provide access to technical advisory services and infrastructure financing by the KfW, in cooperation with the Municipal Association of Nepal (MuAN). The project has reportedly contributed to the establishment of new instruments for financial management, planning and administration. In particular, supporting the municipalities in collecting property tax has had a positive effect on municipal incomes.



The project supported the development of a system of indicators, which allow the quality control of public services at a local level. This will enable state funding for towns to be distributed on a performance-related basis. The approach and nature of the UDLE are quite supplementary to the WAsC projects in particular Sample Projects SP2, SP7 and SP10. The two institutions are also coordinating their efforts in some municipalities, such as Hetauda, in MuAN, and TDF related projects.

#### **CAPACITY DEVELOPMENT FOR WATER SERVICES OPERATIONS AND PUBLIC-PRIVATE PARTNERSHIP IN KATHMANDU VALLEY (ADB)**

The GoN recently established an institutional framework and procedures to facilitate the provision of efficient and affordable water supply and waste water service in Kathmandu Valley. Under ADB's assistance, the Kathmandu Valley Water Management Support Programme (KVWMSPP) has been supporting the necessary institutional reforms, including the restructuring of NWSC, and the establishment of three key entities: Water Authority, Water Utility Operator (Kathmandu Upatyaka Khanepani Limited (KUKL)), and National Water Supply Regulatory Board.

The GoN requested in September 2007 THAT ADB SHOULD SUPPORT?ADB to support a performance-based management contract for operational management of KUKL. The total TA cost is USD 3 million, jointly funded by ADB (USD 2.5 million) and GoN (USD 0.5 million). It should be noted that the UN-HABITAT is also involved in the capacity building support to the KUKL.

#### **KATHMANDU VALLEY, MELAMCHI WATER SUPPLY PROJECT**

In order to address the water stress issues of Kathmandu Valley, the Melamchi Water Supply Project (USD 474 million) aims to bring 170,000 m<sup>3</sup> water per day from the Melamchi Valley and along with rehabilitation of the existing distribution network and institutional reforms for efficient service delivery and overall management of the Kathmandu Valley water.

# 03 NEPAL COUNTRY

## WATER AND SANITATION TRUST FUND IMPACT STUDY SERIES

This document is an internal Nepal country impact study of initiatives supported by UN-HABITAT's Water and Sanitation Trust Fund (WSTF) undertaken by a team of international consultants. The objective of the WSTF is to bring in new investment and ideas, expand service coverage for poor urban dwellers, and help build momentum for achieving the MDGs.

UN-HABITAT is a newcomer to the Urban WATSAN sector in Nepal, but has managed to establish itself as a notable development partner in this field. UN-HABITAT's comparative advantage is its focus on the complex problem of the urban poor, the ability to integrate WSS approaches across the urban sector, and community involvement from the outset of the project.

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