Developing SWAp for Scaling up Rural Water Supply and Sanitation Reforms in Tamil Nadu, India

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Country Context

- Population: 1015 million
- Comprising: 28 States (574 districts)
- Rural Population: 72% (1.43 million rural habitations)
- Annual Per-capita Income: $450
- Poverty (population below national poverty line): 35%
- Annual Public Spending on RWSS: $850 million
- Decentralization – three tiered rural local governments
Tamil Nadu Context

- Population: 62 million
- Comprising: 28 Districts
- Rural Population: 56% (80,000 Rural habitations)
- Annual Per-capita Income: $528
- Poverty (population below national poverty line): 20% (Rural 24%)
- Annual Public Spending on RWSS: $100 million
- Decentralization to rural local governments – early stage
Main Reform Agenda of GOI

- Demand responsive and decentralized service delivery
- Integrated approach to Water, sanitation and hygiene behavior
- Redefining the role of the current main sector institutions
- Partial cost sharing and 100% O&M financing by the users
- Improved water resource management to strengthen sustainability of drinking water sources (Ground water recharge, Rain water harvesting)
- Integrating relevant social issues into RWSS
- Reorganizing and collapsing of current different approaches and programs
- Tamil Nadu pursues the same reform agenda
Two approaches

- Accelerating reforms through its own programs in states signing MOU with GOI.
- Piloting statewide scaling up in select states, with Bank assistance – Adopting a Statewide sector-wide approach

Tamil Nadu will be the First State in the Series
Sector Status and Issues in Tamil Nadu

- Huge past investments have not resulted in sustainable water services
- Sanitation demand and coverage are low
- Water still treated as public good
- Limited involvement of users in decision-making

- Current investments are about USD 100 million / annum
- Different channels have differing rules and delivery systems which undermine each other and often result in duplication and inefficiencies.
State Strategy - 1

Government  
Centralised  
Supply driven

Community  
Decentralised  
Demand responsive
In addition:

- Integrated approach to water sanitation and hygiene behavior for better health and environmental outcomes
- Focus on sustainability
- Achieve MDGs ahead of 2015
Why SWAp - 1

- Encouraging success of pilots (DANIDA, etc.)
- Desire to scale up new demand responsive service delivery approach statewide for greater sustainability of investments
- GOI keen to redirect its support to states willing to move from infrastructure building alone to sustainable service delivery
- Opportunity to have consistent policy framework and integrated service delivery systems irrespective of sources of financing
Why SWAp - 2

- Opportunity to develop and implement medium-term development plan with predictable sources of financing
- Equal opportunity to all communities across the state
- Simpler and faster disbursements
- Emphasis on improving O&M management of all existing systems regardless of new investments
- GoTN will have greater control over resource allocations in line with its own priorities
- Fully integrated with GoTN’s planning and budgeting framework
Key Features of SWAp in Tamil Nadu

- Government defined policy for the sector
- Developing A medium term RWSS program (5 year slice) to convert Tenth Plan Policy and priorities into Action
- Adoption of Common policy and program for the entire RWSS sector
- Implementation through integrated and decentralized delivery system
- Redefining the role of centralized Water Board from Implementation to Facilitation and Knowledge management
- Main Funding Partners: GOI, GOTN, Bank (and user contributions)
- Pooled funding arrangements by which funding partners finance share of Total expenditure and not linked to any specific sub-programs or components
- New investments to be funded on a demand responsive basis with ‘software support’ to local governments + user groups
- Focus on improving O&M management of all existing systems
Program Features

Program Development Objectives
❖ Increasing rural communities’ access to improved and sustainable RWSS services
❖ Piloting Statewide SWAp – first in India

Program Area
❖ Entire Rural areas of Tamil Nadu: 12000 Village Panchayats, 80,000 Habitations

Program Period
❖ Five Years: April 2004 – March 2009

Likely Program Investment and Maintenance Outlay
❖ About US $ 650 Million – MTFF to determine size and shares of GOI / GOTN / Bank

Sector Program Components
❖ Institution Building
❖ Community development and Infrastructure Building
❖ Sector Support and Development
Next Steps in Developing SWAp

(Work in Progress)

Developing

- A medium term RWSS sector program, including budget allocations and implementation arrangements and reaching agreements with Funding Partners (Bank, GOI)
- Joint funding arrangement (pooled funding) by GOL, GOTN and the Bank
- Satisfactory fiduciary and safeguard arrangements
- Legal documents suitable for SWAp to be signed between GOTN and funding partners
- A joint monitoring framework for all partners
- Manuals – Fiduciary, Safeguards, Operational

Reviewing

- Ongoing/committed schemes (for 2-3 years) and how these could be retrofitted with statewide adoption of uniform policies and approach
Developing Financing Framework under SWAP

**World Bank**

**Government of India**

**Government of Tamil Nadu**

**RWSS Sector Medium Term Program**

**Pooled Financing Arrangement**

**Sector Institutional Arrangements**

- State ➔ District ➔ Village Panchayat ➔ User Groups

**New Construction and Rehabilitation**

**Contribution by Users / Village Panchayats**

**Institutional Development**

- (IEC, Capacity Building, Program Management, Sector M&E)

**Improving Operation & Maintenance Management**

**Annual Joint Monitoring Review (GOI, Bank, GoTN)**

**User Charges**

**IBRD / IDA through GOI**

**GOI Plan Assistance for RWSS Program**

**World Bank**

**Government of India**

PA / MOU

DCA
TNRWSS Fund Flow Map

World Bank

Special account amount to be determined as a % of the annual requirement

GoTN-Treasury

WB+GoTN own share released quarterly

50% of annual requirement to be released upfront - replenished on half-yearly / quarterly basis

SWSM Pooled Rupee Bank A/c.

Quarterly Draw Downs

Construction funds in installments

DWSM Bank a/c

VP or VWSC Bank a/c

Capital Contributions

Program Expenditure

Program Expenditure

Program Expenditure

Individual / Community Contribution

A/c - Account
DWSM - District Water & Sanitation Mission
GoI - Government of India
GoTN - Government of Tamil Nadu
RBI - Reserve Bank of India
SWSM - State Water & Sanitation Mission
VP - Village Panchayat
VWSC - Village Water & Sanitation Committee
Challenges in Scaling Up Reforms

**Institutional and Capacity Issues**
- Resistance to change from existing institutions
- Weak capacity of rural local governments
- Designing and implementing good participatory process to ensure empowerment and informed decision making
- Multi village schemes where needed make adoption of DRA difficult

**Financing Issues**
- GOI agreement to finance against progress reports rather than individual transactions as done at present
- Ensuring advance funds flow to Rural Local Govts. through a long funding path
- For GoI – moving from annual allocations to state governments to 3 to 5 year commitments

**For Program Monitoring and Evaluation**
- Design of Joint Monitoring Reviews –
- Linking monitoring with regular planning and budget calendar of each level of government
Main Risks

- First time in India at this scale, a range of new questions to be addressed,
- The GOTN, Implementing and support agencies may lack capacity because of scale
- Electoral policies may adversely affect project design and Implementation
- Reputational risks involved since Bank would be held responsible for the safeguard policy failures in the entire government program.

- Overall High Risk High Reward Program