

**Community Contribution in Water Supply and Sanitation
*Present Practices and
Recommendations for Policy Changes***

Submitted to the Ministry of Physical Planning and Works

**Prepared by:
Committee on Recommending Policy Changes
in Community Contribution to Rural Water & Sanitation Projects for
bringing Uniformity
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Community Contributions to Rural Water Supply and Sanitation Projects in Nepal - Present Practices and Recommendations for Policy Changes

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Community Contributions to Rural Water Supply and Sanitation Projects in Nepal - Present Practices and Recommendations for Policy Changes

I. Background

A sector co-ordination meeting held on June 7, 2002 formed a committee to analyze experiences from different agencies and come up with recommendations on policy changes in community contribution for bringing uniformity among all of implementing/funding agencies (Minute attached as Annex-8).

The Department of Water Supply and Sewerage (DWSS), Asian Development Bank (ADB), Nepal Water for Health (NEWAH), Rural Water Supply and Sanitation Support Project (FINNIDA-RWSSSP), HELVETAS, UNICEF, WATER AID, DFID, World Bank (WB) and Rural Water Supply and Sanitation Fund Development Board (RWSSFDB) participated in the committee and contributed under the chairmanship of Mr. Sohan Sunder Shrestha, Joint Secretary, Ministry of Physical Planning and Works. Mr. Raj Babu Shrestha, Executive Director, RWSSFDB acted as secretary to the committee.

The experiences from different agencies on community contribution aspects were shared and analyzed. Based on this and wide discussions among committee members the community contribution requirements and policies are recommended. All together four committee meeting were held and their minutes are attached as Annex-7.

The report presents community contribution strategies and practices of different agencies and based on this, makes recommendations for new community contribution policies.

The pertinent current policy directives are also considered in preparing this document.

II. Community Contribution in Water Supply

Current Policy on Water Supply (National Water Supply Policy 1998)

The National Water Supply Sector Policy aims at achieving the following principal objectives:

1. To provide and ensure safe, convenient and adequate water supply to all Nepalese people with sanitation as its integral component with specific focus on the disadvantaged groups.
2. To reduce incidence of water related diseases extensively prevalent in Nepal.

3. To lessen sufferings and drudgeries of women and children who are traditionally involved with collecting water and taking care of domestic sanitation and hygiene.

The current policy related to financial aspects is as follows:

- Defining mode and level of capital subsidy to ensure incentives to design cost-effective schemes and monitor economic benefits of rural schemes systematically to determine subsidies are justified. In any case, the subsidy on the capital costs of RWSPs shall be to the extent of 90% only. (Policy Directive is to achieve optimal use of locally available resources, skill and labour through social mobilization and Strategic Objective: Mobilizing adequate beneficiary community participation in terms of local resources, initiatives and skills)
- Setting up a mandatory advance maintenance fund in the rural areas as Rs. 1000 for a tap stand post or any other figure mutually agreed upon. (The basic future programme is: the rural water supply and sanitation projects (RWSP) are required to raise sufficient water charges from users in order to meet O&M expenses).
- Arranging credit facilities by HMGN from the financing and banking institutions to the water utilities for augmentation and improvement of WSP.
- Operation and Maintenance: Providing necessary technical and financial support for major repair or extension programme beyond the capacity of WUC. The sharing of the cost and responsibilities shall be project specific.

Current Community Contribution Practices on Water Supply

Community contributions to water supply hardware costs vary significantly between different agencies. The details on current practices by different agencies are presented in Annex-3.

There is no specific pattern of variation between different regions. However, data from HELVETAS shows some decline in community contribution between Mid and Far Western Regions .

The major variations in community contributions between agencies are primarily due to different policies . These are summarized below:

Gravity Schemes

Table

Agency	Average	Range	% cash
DWSS/ADB Project	18%	11% to 40%	0
NEWAH	21%	13 % to 40%	0
RWSSSP/FINNIDA	31%		2%
RWSSFDB	35%	11% to 55%	2%
SRWSP-WARM-P / HELVETAS	42%	22% to 56%	0.4% (range 0.1 to 2.2%)

All agencies allow exception which sometimes fall below the 10% specified in the present policy. This is particularly the case for the DWSS-ADB Project and NEWAH, where the average contribution of only 20% are due to their treatment of local materials and portorage. In case of DWSS-ADB Project, sand, stone and aggregates are considered non-local material and fully subsidized. For NEWAH projects, when sand and portorage are beyond 1 day round trip, it is subsidized fully and NEWAH pays 50% of the total contribution of the poorest households.

RWSSSP-FINNIDA shares cost on portorage of non-local materials from roadhead to site and collection of sand based on distance. RWSSFDB and HELVETAS which require these costs to be borne by the community, in practice allows the community to mobilize other resources. This clearly shows the need for subsidies for transportation / portorage of non-local material from road head to site and collection of sand when it is not locally available. This provides equity in community contributions for remote and poor communities.

At present only two agencies, RWSSSP-FINNIDA, RWSSFDB require some community contribution in cash. HELVETAS, encourages cash contribution for cross-subsidy but this is not mandatory. The argument for a small cash contribution is that it encourages the community to develop a sense of ownership and increases pressure for procedural and financial transparency. A cash contribution that is in some way related to the total cost gives the communities an incentive to push for least cost solutions. This ensures community participation in technical choices and design to reflect real demand.

All agencies require up-front cash contribution for establishment of O&M fund.

An affordability analysis, using data from the RWSSFDB shows that the poorest (those in the bottom 3 deciles) would pay between 1-2 months income (10-15% of annual income) per capita towards the community contribution (with additional contributions towards O&M) under the current scenario. If the contribution is set to 20% of hardware costs, poor households would be paying between 4-6% of annual income. If poor households receive a 50% subsidy, they will pay between 2-3-% of annual income and an additional 1% for O&M contribution. These shares seem much more reasonable than the current Fund Board practice. The affordability analysis is presented as Annex-6.

In addition to community contributions, cost sharing from Village Development Committee (VDCs) is mandatory for RWSSSP/FINNIDA projects. NEWAH encourages VDCs to contribute but it is not mandatory. HELVETAS allows contributions from VDCs, District Development Committees (DDCs), Members of Parliament (MPs) and from other available local resources.

Recommendations on Policy on Community Contribution on Water Supply and Software Program

Based on experiences and current practices of different organizations the following changes in community contribution policy in water supply sector is recommended:

Water Supply

1. In general community contribution will be minimum of 20% of water supply hardware cost in cash and kind of which minimum 1% should be in cash. (A list of Water Supply Hardware Cost Components is attached as Annex-1)
2. Community contribution in kind should generally be asked for in the form of unskilled labour (for trench digging, construction works etc.), local materials like sand, stone, aggregates etc. and portage of non-local materials from road head to the site. The cash equivalent of community contribution will be calculated based on prevailing labour and material rates in the community.
3. The community cash contribution will be used for non-local materials and/or skilled labour.
4. For equity consideration and as a pro-poor strategy to cover disadvantaged groups the following strategies will be taken:

Community identified under remoteness and availability of local materials

- The cost for portage of non-local materials from road head to site/ community and collection of sand beyond 1 day round trip will , be borne by the project/ agency.

Community identified under pro-poor strategy

- As a poverty-sensitive strategy to cover disadvantaged groups, community households identified using the poverty identification criteria listed below, the level of contribution will be reduced below 20% , but should not be less than 10%.
- In such cases, their willingness to contribute should be assessed using a choice of lower cost technical options so that the community contribution from these households can exceed 10%.
- Cash contribution from very poor households are not mandatory, but encouraged where possible .
- Cross-subsidization within the community can also be used to increase the overall community contribution.

□ Poverty Identification direct proxy criteria¹
(Individual household/ scheme level)

Community will carry out well being ranking using Participatory Approaches to identify poor household for subsidy using, but not limited to the following indicators:

- Household having food sufficiency for less than six months in a year
 - Household whose major source of income is wage labor
 - Female headed household and/or household without adult working member and/or households with physically disabled persons with no outside economic support
 - Similar criteria as determined by the community
5. The community will be provided with options for different service levels and technologies, where possible, to be able to make choices to reduce the total cost and subsequently the community contribution requirements for capital cost and operation and maintenance cost. Any, community or household that opts for higher service level should pay all the additional costs. (Definition of Basic service level is provided in Annex-2)
 6. This policy will apply to any rehabilitation scheme that includes major repairs or extension for providing basic service level. All additional costs should be borne by the users if a higher service level is selected.
 7. In addition to community contributions, cost sharing from other organizations, VDCs/DDCs and individuals will also be encouraged.
 8. Operation and Maintenance Cost should be borne fully by the community. An operation and maintenance fund should be established with up-front community contribution.

Software

1. Software including sanitation promotion should be integral part of water supply programmes. These software should have with the following objectives.
 - Ensuring Community Participation, Ownership & Responsibility
 - Ensuring long term Sustainability
 - Maximizing health benefits from the new water & sanitation
 - Universal Coverage; inclusion of socially excluded groups;
 - Maximising the contribution of water to livelihoods
 - Poverty Alleviation

¹ These proxy poverty criteria relate to food sufficiency and land holding that are a more direct manifestation of poverty in Nepal (Nepal Poverty Assessment 1999). Additional indicators identify households where labour inputs are insufficient to produce income for daily food or these human resources are unavailable for contribution in terms of labour.

- Gender Equality - meaningful involvement of women in the design, construction and management of the new facilities.
2. The extent and requirement of software varies but the following minimum software components should be carried out with above objectives:
 - Community Mobilization/ Organization
 - Health, Hygiene and Sanitation Education
 - Promotion of household and school sanitation
 - Operation and Maintenance
 - Community and School Capacity Building for long term O & M
 - Training and development of training materials
 - Follow-on support (Technical Supports)
 - Skill development and Income-Generation Program
 - Gender Sensitivity and Equity
 - Monitoring and Evaluation
 3. All projects should allocate sufficient budget but should not be less than 20% of scheme cost for implementing software components.
 4. A prior preparatory and planning phase before implementation and post implementation follow-up and support phase should be included in every water supply and sanitation program.
 5. Communities will be encouraged to contribute for software also and community time at meeting and additional contribution in the form of land etc. will also be accounted but not accounted as part of minimum community contribution requirement.
 6. As a part of the community organization process, Water Users' Group (WUG/WUC) should be registered under Water Resources Act. They will be encouraged to form federations as an institution for operation and maintenance support.

III. Community Contributions for Sanitation

Present Financial Policy on Sanitation (National Sanitation Policy 2000 and Draft National Sanitation Policy 2002)

For on-site sanitation in rural areas, government will provide resources for the promotion of sanitation, the major capital cost will be borne by households and the community resources (in cash and kind, materials and/skilled labour). Full operation and maintenance costs should be borne by the households and community.

The Sanitation Policy aims to increase access to credit in rural sanitation as per the local needs with a view to increase overall cost recovery and to ensure acceptable and affordable sanitation technologies. Seed money will be provided to the community as Revolving Fund for providing credit for the construction of latrines. However, subsidies

may be provided considering the need of very poor people. Subsidy may be provided for household as well as institutional toilets based on economical belt and socio-economic condition.

The Current Community Contribution Practice on Sanitation

The subsidy policy in sanitation varies between different agencies. The details on current practices on community contribution by different agencies are presented in Annex-4.

- Until 2000 , SRWSP in Western Development Region did not provide subsidy for household latrine construction. WARM-P now considers subsidy in Mid and Far-Western Development Region. WARM-P provides subsidy on household latrines with support of non-local materials for up to pan level to very poor and average household upon a contribution of an additional cost in O&M fund. No subsidy will be provided to well off households. For areas outside the drinking water scheme it provides support only if the VDC support at least the cost of the pan.
- RWSSSP/FINNIDA provides a fixed cash contribution based on type of technology to build household latrine and also requires a fixed cash contribution from VDC. In case of institutional latrines and environmental sanitation 50% cost will be borne by the agency/ project and 50% needs to be borne by the VDC and users.
- DWSS/UNICEF adopt a revolving fund mechanism for promotion of household sanitation. UNICEF/DWSS contribution solely depends upon the community interest and VDC commitment/contribution.
- In case of DWSS/ ADB Project, there is no subsidy in any of the household latrines built. In case of the school latrine if there is a demand and need, the sub project provides a support. The school authority takes the responsibility of collecting sand, stones, aggregates in addition to excavation works for platform and pit. They also arrange the skilled labor but the wage of that labor is given by the project
- NEWAH has currently three types of options for its project beneficiaries for latrines. The cheapest requires 4 rings, 1 pan slab etc., is sold to the community for a total cost of Rs. 200. The construction is to be done by the users. The Terai project provides a set of these materials free of cost along with the cost of transporting these materials to their houses. In the hills a water seal, fibre pan, a bend, round plain slab, 2m long HDP pipe (90 m – 2.5 kg/ cm square), half bag of cement and a day's labour charge of a skilled person is provided.
- RWSSFDB has established a revolving loan fund at WUG level for construction of household latrines. The size of the Sanitation Revolving Loan Fund (SRLF) depends on the size of the community and ecological belt. The size of SRLF will be to cover the cost of latrine up to pan level to cover 25% of households. No direct subsidy to individual household is provided. In case of school latrines non-local materials, its

transportation up to road head and skilled labour is provided by the agency/project and rest has to be borne by community/ school.

Recommendations on Policy on Community Contribution on Sanitation

Based on experiences and current practices of different organizations the following changes in community contribution policy in sanitation sector are recommended:

1. Institutional Latrines

- In case of institutional latrines, community contribution norms applied for water supply will be applied with minimum contribution requirement of **20%** of hardware cost in cash and kind, of which, minimum 1% should be in cash. (Water Supply/ Institutional Latrine Hardware Cost Components are attached in Annex-1)
- Schools and Health Posts will be eligible for institutional latrines.

2. Household Latrines

- In case of household latrines, some indirect subsidy will be provided by establishing a Sanitation Revolving Fund to be managed by the community.
- Further, to target poor and disadvantaged groups the following policy will be adopted:
- Community will carry out well-being ranking using Participatory Approaches to identify poor households for subsidy, on non-local materials to construct up to pan level using the following indicators:
 1. Household having food sufficiency less than six months in a year
 2. Household whose major source of income is wage labor
 3. Female headed household and/or household without adult working member and/or households with physically disabled persons with no outside economic support
 4. Similar criteria, as determined by the community

Cash contributions from those households are encouraged and resources available with other organizations, VDC/DDCs and individuals can also be mobilized for these subsidies or for cross-subsidies.

3. The cost sharing from other organizations, VDCs/DDCs and individuals, will be encouraged.
4. Program with sanitation alone will also be accompanied with software activities of minimum software components (Minimum software components are provided in Annex-1).

5. Operation and Maintenance Cost should be borne fully by the community/ Institution or individual households.

IV. Conclusion

It is recommended to amend present Water Supply Sector Policy 1998 and National Sanitation Policy 2002 to reflect the policy changes recommended above. Further the 10th plan document on water supply and sanitation and other related strategies being prepared should reflect the recommended policies and policy guidelines for consistency.

Further it is proposed that the policies should be reviewed annually with stakeholders, with a special effort made to include community representatives.

Annexes

- 1 Water Supply and Sanitation Cost Components
- 2 Basic Service Level
- 3 Community Contributions for Rural Water Supply Schemes - Current Practices of Five Agencies / Projects
- 4 Community Contributions for Rural Sanitation - Current Practices of Six Agencies / Projects
- 5 NPC - PRSP Poverty Monitoring Indicators
- 6 Affordability Analysis
- 7 Meeting Minute
- 8 Sector Co-ordination Meeting Minute

Water Supply and Sanitation Cost Components

Different organizations have their own systems, practices, interpretations of project costs and community contributions. To develop a uniform policy in community contribution in rural water and sanitation sector, uniformity in the methodology for project costing and calculation of community contributions is also necessary.

Based on current practices, the following procedure is recommended:

Hardware cost Components

Hardware cost components (for Water Supply and Institutional Latrines/ Sanitation) will be as follows:

1. Non-Local Materials
 - a) Pipes
 - b) Fittings
 - c) Tools
 - d) Cement
 - e) Other Construction Materials
2. Non-Local Materials Transportation Costs
 - a) Market to Roadhead
 - b) Roadhead to Site (portering)
3. Skilled Labour
4. Unskilled Labor
 - a) Portering of Non-Local Materials
 - b) Trench Digging and Filling
 - c) Unskilled Labour for construction of Structures
5. Local Materials Costs
 - a) Sand
 - b) Boulders and Stones
 - c) Aggregates
 - d) Woods and Bamboos
6. Others
 - Storage Rental
 - a) Local Materials Storage
 - b) Non-local Materials Storage
 - Roadhead Storage
 - Site Storage

7. Technical Assistance
 - a) Engineer
 - b) Overseer
 - c) Technician
 - d) Management/ Overheads
8. Sanitation (local/non-local and labor contributions)
 - a) Private Latrine
 - b) Institutional/School Latrines
 - Non-local Materials, Transportation and Skilled Labour
 - Local Materials and Unskilled Labour
 - c) Others

Community Contribution (usually in kind) should include, but not be limited to, the following components :

1. Non-Local Materials Transportation Costs
 - a) Roadhead to Site (portering)
2. Unskilled Labor
 - a) Portering of Non-Local Materials
 - b) Trench Digging and Filling
 - c) All Structures Construction
3. Local Materials Costs
 - a) Sand
 - b) Boulders and Stones
 - c) Aggregates
 - d) Woods and Bamboos
4. Others
 - Storage Rental
 - a) Local Materials Storage
 - b) Non-local Materials
 - Roadhead Storage
 - Site Storage
5. Sanitation (local/non-local and labor contributions)
 - a) Private Latrine
 - b) Institutional/School Latrines (as in the case of water supply)
 - c) Others

The contribution on above items are usually in kind. When cash contribution is also asked for this may cover other items as well.

Software Cost Components

The following are minimum basic software components that need to be implemented.

- Community Mobilization/ Organization
- Health, Hygiene and Sanitation Education
- Promotion of community and school sanitation
- Operation and Maintenance
- Community and School Capacity Building
 - Training and Training Material Development
 - Follow-on support (Technical Support)
- Skill development and Income Generation program
- Gender Sensitivity and Equity
- Monitoring and Evaluation

Basic Service Level

Quantity

- The quantity of water available for domestic consumption should be 45 litres per capita per day. In no case should the average per capita water availability be lower than 20 lpcd.

Quality

- The water will be provided from the safe and protected sources, and should be free from physical, chemical and bacteriological contamination that have adverse impact to the health.

Accessibility

- All households should be able to go, fetch and bring water within 20 minutes (a round trip).

Continuity

The supply should be available for 24 hours a day and should meet the demand as mentioned in "Quantity". However, in no case the supply should be for less than 4 hours a day.

Reliability

- Water Sources should be perennial and Water Supply should be available for all 12 months in a year.

(based on 10th plan draft document on water supply and sanitation Program prepared by NPC)

Community Contributions for Rural Water Supply Schemes - Current Practices of Five Agencies / Projects

WATER SUPPLY

Current Practices

The community contribution norms and current practices of different organization are discussed below.

1. NEWAH

Contribution Norms/Rules

NEWAH's approach for the community contributions depends upon the proximity of the project to the road head. The project requires community contribution basically for the local materials and unskilled labour. Both are in the form of non-cash contribution. Besides this, community also contributes for portorage of non-local materials from the road-head if it is located with in one day round trip. This one day limit equally applies for the collection and portorage of sand however stones and aggregates are considered to be locally available and require unskilled labour for collection and preparation.

The price of unskilled labour is taken as per the local rate and it varies from Rs. 80 to Rs. 100 per day (for 01/02 projects). Likewise same rate is considered for the calculation of equivalent cost of local materials provided by the community for particular project.

Generally community does not contribute in the form of cash. Cash contribution only applies to the initial maintenance fund before implementing the project. NEWAH expects each community to raise a total of Rs. 700 per tube-well point in Terai project and Rs. 1000 per tap point in gravity flow project. This fund should be raised from the particular tap/tube-well user households.

The project requires cash contribution from the concerned Village Development Committee (VDC) at a rate of Rs. 200 per beneficiary in gravity scheme and Rs. 25 per beneficiary in Terai tube-well project.

Community contributions are there in many other activities but not counted or costed. These are -

- Land
 - Provide land for structure site (RVT, BPT, tap stand), pipe trench.
 - Provide store and site office in the village.

- Local materials
 - Provide woods and bamboos for construction.
- Participation
 - Participation in health and sanitation education sessions.
 - Participation in village training and meeting.
 - Management time of the Project Management Committee (PMC) committee members.
 - Support time of other partner NGO members (only NGO coordinator is paid – all other NGO staff time is contributed free of charge)
- Labour/work
 - Curing for concrete structure
 - Unskilled labour required for installation/construction of household latrine set.
 - Construction of latrine superstructure both skilled and unskilled labour and material cost.

NEWAH pays 50% of the contribution that falls on the part of the poorest households. The definition of absolute poverty is:

“The condition of the households which have been categorized in the lowest quintile using a well-being ranking tool of the participatory rural appraisal (PRA) method by the local key information as the poorest, most vulnerable and marginalized: who have no or limited land and therefore cannot meet the food requirements of their family through their regular income and production: and who are forced to take loans and to do daily wage labour activities in their landlord’s farm or elsewhere”

Gravity Flow Piped System (Hills – Based on 57 schemes spread over to eastern, central, western, mid-western and far western development regions)

- The community contribution ranges from 13% to 40% with an average of 21% on water supply hardware cost.
- 70% of schemes are with community contribution above 20%
- The average community contribution on total cost (hardware and software) is 17%
- The average capita contribution per HH is Rs. 2660 ranging from Rs. 1130 to Rs. 7980 (In kind).
- O&M contribution in cash is in an average 1.1% of water supply hardware cost i.e. in an average Rs. 120 per HH (ranging from Rs. 56 to Rs. 525)
- Average software cost is 38% of total cost (Range from 20% to 60%)

Terai STW/DW System

- The average community contribution on total cost (hardware and software) is 4%
- The average capita contribution per HH is Rs. 150 ranging from Rs. 50 to Rs. 1200 (In kind).
- O&M contribution in cash is in an average Rs. 30 per HH (ranging from Rs. 20 to Rs. 100)

2. DWSS/ADB

Contribution Norms/Rules

In all ADB assisted Fourth Water Supply Projects there is mandatory requirement to have at least 10 % contribution from the community, the contribution is supposed to be borne by the civil works such as pipe line excavation, material transportation and any other. Distribution pipe line excavation works need to be completed voluntarily by the users and if the monetary value of that component does not go beyond 10 % then only we need to explore other works. There is no provision of up front cash and the contribution part is arithmetically calculated on the basis of total cost spent on the actual work (as presented in the measurement book). We therefore sometimes have different contribution figures in appraisal and actual work due to variation in the actual work from that of original appraisal report. The actual work done also includes the sanitation component being carried as an integral component of the water supply system.

As mentioned the modality to calculate community contribution is to look over the total expenditure tabled in the measurement book and that is compared to the monetary value conferred to the works done by the community. Sand, stone and aggregates are treated as external materials and are paid. As provisioned in the FAR, the users' committee themselves carry out most of the civil works and they get the payback for the job performed. When the mandatory provision of the minimum 10 % contribution is covered by the distribution pipeline payment will be done for all other works. The transportation responsibility of all the materials to the site (including pipes and fittings) goes to water supply offices.

Gravity Flow Piped System (Hills – Based on schemes spread over to eastern, mid-western and far western development regions)

Regarding the community contribution the value varies in the range from 11 % to 40 % (with an average of 18%) if we exclude some exceptional cases. Few sub projects (less than five) have community sharing slightly less than 10 % as required by the sub project's appraisal condition. If we have statistical analysis we find the value lying in the normal range of 15 % to 20 %. About 40% of schemes are with above 20% community contribution. No distinct variation between regions are seen.

3. SRWSP-WARM-P/HELVETAS

Contribution Norms/Rules

All local materials like sand, stone, aggregates etc., unskilled labour for trench digging and construction of structures, portorage of non-local materials from road head to site has to be borne by the community. Contribution for capital cost is in the form of cash and kind.

Community contributes cash in up-front to establish O&M fund.

Gravity Flow Piped System (Hills – Based on schemes spread over to western, mid-western and far western development regions)

No of schemes by %Community Contribution to Total Cost

%Community Contribution (Rs.)	No. of Schemes	% Schemes
<20	1	1.0
>=20---<30	11	10.8
>=30---<40	38	37.3
>=40	52	51.0
TOTAL	102	100.0

- 99% of schemes have contribution above 20%, 88% schemes have contribution above 30%.
- Average contribution in 42% ranging from 22% to 56%.

No of schemes by %Community Contribution to Total Cost by Development Region

%Community Contribution (Rs.)	West	M/F west	Total
<20	1 (1.1)	-	1 (1.0)
>=20---<30	7 (7.6)	4 (40.4)	11 (10.8)
>=30---<40	34 (37.0)	4 (40.4)	38 (37.3)
>=40	50 (54.3)	2 (20.0)	52 (51.0)
TOTAL	92 (100.0)	10 (100.0)	102 (100.0)

- 88% of schemes in western region are having community contribution above 30% but only 60% of schemes in mid and far west are with above 30% community contribution – decreasing trend of community contribution as it goes to mid and far western development regions.

No of Schemes by Community Contribution per Household in Rs.

Community Contribution per Household (Rs.)	No. of Schemes	% Schemes
<500	0	0.0
>=500---<1000	3	2.9
>=1000---<2000	9	8.9
>=2000---<3000	11	10.8
>=3000---<4000	18	17.6
>=4000	61	59.8
TOTAL	102	100.0

- In 77% of schemes, community contribution per HH is above Rs. 3000.
 - Community contribution in cash for capital cost is 0.4% in an average (ranging from 0.1% to 2.2%).
 - O&M contribution in cash is in an average 2.7% of water supply hardware cost ranging from 0.2 to 15% i.e. in an average Rs. 270 per HH (ranging from Rs. 20 to Rs. 2500)
 - Average software cost is 8.3 % of total cost (Range from 2.8% to 27%)

4. RWSSSP/FINNIDA

Contribution Norms/Rules

In addition to cash, the users community has to contribute unskilled labour required (trench digging, transportation of materials, sludging, collection of local materials etc.) for the scheme. However, labor is compensated for transportation of non-local materials and sand, aggregate, stones/boulder etc. as the distance gets far as mentioned in Table below:

S.No.	WALKING DISTANCE UPTO SCHEME SITE	COST CONTRIBUTION (%)	
		RWSSSP	COMMUNITY
A.	SAND TRANSPORTATION		
1	Less than 4 KM	0	100
2	4 Km to 6KM	25	75
3	Above 6 KM to 10 KM	50	50
4	Above 10 KM to 13 KM	75	25
5	Above 13 KM	100	0
B.	NON-LOCAL MATERIAL TRANSPORTATION		
1	Up to 5 KM	0	100
3	Above 5 KM to 8 KM	25	75
4	Above 8 KM to 12 KM	50	50
5	Above 12 KM to 18 KM	75	25
	Above 18 KM	100	0

Cash contribution from community and VDC are mandatory in RWSSSP schemes. The contribution requirements are as follows:

Type of technology	RWSSSP Rs.	Contribution Rs.	
		VDC	User Household
<u>Water Supply System</u>			
▪ Gravity System		300 per capita	3,000 per water point
▪ Shallow Tube well		2,000-4,000 per tubewell	1,000 – 3,000 per tubewell
▪ Rainwater Harvesting		300 per capita	300 per household
▪ Lift Tube well		300 per capita	3,000 per well

Note: Of the cash contribution from the users, Rs. 1,500 is deposited for future O&M purpose of the scheme in case of gravity system, Rs. 500 for O&M in case of Shallow tubewell and Lift Tubewell. Rainwater are of the private use, therefore, O&M has to be managed by the user household themselves therefore, fund is not allocated for O& M purpose.

Percentage Contribution of Users/Community and VDC by Type of Technology
(Based on schemes spread over to western development regions)

Type of technology	Percentage Contribution of Users/Community to the Total Scheme Cost		VDC Cash Contribution (%)
	Cash (%)	Kind (%)	
<u>Water Supply System</u>			
▪ Gravity System	2	29	13
▪ Shallow Tubewell	4	18	20
▪ Rainwater Harvesting	2	11	15
▪ Lift Tubewell			

Note: The percentage of community and VDC contributions are of the total cost that includes investment and SO costs (both social and technical services)

- In 90% of gravity schemes, community contribution is above 20%

5. RWSSFDB

Contribution Norms/Rules

Community need to contribute 2.5% of hardware cost (i.e. on pipes, fittings, tools and other construction materials and cost for skilled labour) up-front and establish joint account with SO for capital cost investment. Apart from cash contribution community contributes all local materials such as sand, stones, aggregates etc, all unskilled labour for pipe trench digging and filling, unskilled labour for construction works, and portorage of non-local materials from road head to site.

Community further contributes up-front cash contribution equivalent to 3% of total water supply hardware cost (i.e. on pipes, fittings, tools and other construction materials, cost for skilled labour, unskilled labour, local materials, portorage of non-local materials and technical assistance and overheads) to establish operation and maintenance fund.

The price of unskilled labour is taken as per the local rate and it varies from Rs. 40 to Rs. 100 per day with an average of Rs. 72. Likewise same rate is considered for the calculation of equivalent cost of local materials provided by the community for particular project.

Gravity Flow Piped System (Hills – Based on 559 gravity schemes of Batch-I, II and III spread over to eastern, central, and western development regions)

Community cash and kind contributions on the water supply cost i.e. hardware cost of the schemes are illustrated:

<20	=	1.6% (9 schemes)
>=20 -- <30	=	22.0% (123 schemes)
>=30	=	76.4% (427 schemes)

- The community contribution ranges from 11% to 55% with an average of 35% on water supply hardware cost of which 2% is in cash.
- 98% of schemes are with above 20% contribution
- The average community contribution on total cost (hardware and software) is 28%
- The average capita contribution per HH is Rs. 3900 ranging from Rs. 1250 to Rs.10500 (In Cash and kind). Of this, community contribution in cash per household is in an average Rs. 200.

Average Household Contribution by Household Compositions

Batch	Household Range or Size											
	Less than 50 HHs			50 – 100 HHs			100 – 150 HHs			More than 150 HHs		
	Schs	Cash	Kind	Schs	Cash	Kind	Schs	Cash	Kind	Schs	Cash	Kind
01	27	212	3314	36	173	3107	8	171	3230	5	150	2726
02	71	179	4440	80	175	3769	25	255	3413	18	159	2876
03	47	191	4656	113	187	4486	62	177	3950	67	244	3475

The table demonstrate that in terms of average household contributions there is no vast differences in regard to the scheme sizes.

- O&M contribution in cash is in an average 3.5% of water supply hardware cost i.e. in an average Rs. 375 per HH (ranging from Rs. 115 to Rs. 1150)
- Average software cost is 21% of total cost (Range from 10% to 45%)

Terai STW/DW System (Based on 28 schemes)

- The average community contribution on total cost (hardware and software) is 32% of which 20% in cash.
- The average capital contribution per HH is Rs. 825 ranging from Rs. 250 to Rs. 2400 (In cash and kind). Of this, cash contribution is Rs. 500 per HH in an average ranging from Rs. 185 to Rs. 1540.
- O&M contribution in cash is in an average Rs. 115 per HH (ranging from Rs.50 to Rs. 265)

SOFTWARE

All agencies are implementing software including sanitation as an integral part of water supply Program. No community contribution is required in software program.

The objective of conducting software program are:

1. Community Ownership
2. Sustainability
3. Maximum health benefit
4. Universal Coverage; and
5. Poverty Alleviation.

The software cost is in the range of 10 % to 60 % of total scheme cost as per the experiences of different organization.

NEWAH Avg. 38% (20% to 60%)

HELVETS Avg. 8.3% (2.8% to 27%)

RWSSFDB 21% (10% to 45%)

Community Contributions for rural Sanitation - Current Practices of Six Agencies / Projects

1) WARM-P/HELVETAS

Until 2000 AD, SRWSP in Western Development Region did not provide subsidy for household latrine construction. WARM-P now considers subsidy in Mid and Far-western Development Region. The present policy on subsidy is shown in the table below:

Table 1: WARM-P Subsidy Policy in the Programme VDCs

S. No.	Area in the VDC	Very Poor		Average		Relatively Well off	
		Deposition in O&M fund	WARM-P support	Deposition in O&M fund	WARM-P support	Payment of pan Cost to WARM-P	WARM-P support
1	DWS area	Rs. 50	Non local construction materials for up to pan level	Rs. 200	Non local construction materials for up to pan level	Pan cost	Pan
2	Outside DWS area in the VDC	If VDC supports them at least pan equivalent cost	Pan	If VDC supports them at least pan equivalent cost	Pan	Pan cost	Pan

Subsidy of WARM-p policy for school latrines to be formulated.

2) RWSSSP/FINNIDA

CASH CONTRIBUTION FROM COMMUNITY AND VDC IS MANDATORY IN RWSSSP SCHEMES. THE CONTRIBUTIONS FROM THEM ARE AS:

Type of technology	RWSSSP Rs.	Contribution Rs.	
		VDC	User Household
Sanitation			
▪ Sulabh (Water shield) Latrine	500	500 per household	All the rest
▪ Water Shield Pit Latrine	250	250 per household	All the rest
▪ Institutional Latrine	50%	50% of the total cost (VDC and Institution)	
▪ Environmental Sanitation	50%	50% of the total cost (VDC and users)	

Note: Household latrine are of the private use, therefore, O&M has to be managed by the user household themselves.

Type of technology	Percentage Contribution of Users/ Community to the Total Scheme Cost		VDC Cash Contribution (%)
	Cash (%)	Kind (%)	
Sanitation			
▪ Sulabh (Water shield) Latrine	59 including both cash and kind un household latrine		11
▪ Water Shield Pit Latrine			
▪ Institutional Latrine	-		
▪ Environmental Sanitation	(Not much experience has been gained so far)		

Note: The percentage of community and VDC contributions are of the total cost that includes investment and SO costs (both social and technical services).

3) DWSS/UNICEF

DWSS/UNICEF have adopted the following financial guideline for promotion of school and household sanitation:

1. School Sanitation and Hygiene Education (SSHE)

The Env. Sanitation Section of DWSS developed a standard design guideline in 2001 for promotion of school latrine and urinals. Gender sensitive design of urinals have been proposed for boys and girls. Before preparing these designs, fact information was collected from the schools regarding the % of children using latrines and urinals. The study recovered that only 8% children use latrines and 92% children seek urination, which is not available in most of the schools. However, higher cost have been invested to construct big latrines only focusing on interest of teachers but not the children. There is an urgent need to address on this issue. Such a issue may help a lot for the promotion of quality education in the schools and reducing cases of diarrheal diseases among the children in Nepal.

2. Basic Sanitation Package

For promotion of household sanitation, demonstration latrines will be constructed to encourage community sanitation volunteers, motivators VMSWs and other related volunteers. Further, a revolving fund mechanism is adopted. UNICEF/DWSS contribution solely depends upon the community interest and VDC commitment/contribution. So far UNICEF/DWSS provided revolving fund amount ranging from Rs. 20,000 to 100,000 for each working VDC upon deposition of same/equal amount from VDC side. Such mechanism has been successful in Baglung, Parbat, Kavre, Chitwan, Parsa, Kapilbastu, Sunsari. VDC contribution of revolving fund have been found used as subsidy for many communities.

4) DWSS/ADB

There is no special sanitation package in any water supply sub project. In the time of training sessions topics covering various sanitation-related activities, lessons and demonstrations are held. In a similar way the field staff suggest on improved ways of sanitation activities to the people during their presence in the sub project area. Each sub project has three major types of training. The first one called as pre- construction training is set in the initial stage of the project. The duration is of six days to cover all the procedures, duties mentioned and few topics on sanitation. In the period it is made compulsory to construct one latrine in each users' committee member's house. The users' committee members then insist others to build household latrines on their own with technical support from the District or Division Office. There is no subsidy in any of the household latrines built. Subsidy for household latrines should be discouraged in future also. In case of the school latrine if there is a demand and need the sub project provides a support. The school authority takes the responsibility of collecting sand, stones, aggregates in addition to excavation works for platform and pit. They also arrange the skilled labor but the wage of that labor is given by the project. Another training is VMW's training and the last one is post construction training. Besides, the Central Project Management Office and Regional Project Management Office carry out number of training packages targeted to schoolteachers, DDC members, Sanitation motivators and Sanitation volunteers.

5) NEWAH

NEWAH has currently three types of options for its project beneficiaries for latrines. Among these, No III is the cheapest, which requires 4 rings, 1 pan slab etc. The community people are entitled to pay Rs. 200 for this set in total. The rest of the construction is to be done by them. The Terai project provides a set for these materials free of cost for these houses along with the cost of transporting these materials to their houses. Whereas in the hills a water seal, fibre pan, a bend, round plain slab, 2m long HDP pipe (90 mm – 2.5 kg/ cm square), half bag of cement and a day's labour charge of a skilled person is provided.

6) RWSSFDB

RWSSFDB policy is to establish a revolving loan fund at WUG level for construction of household latrines. The size of the Sanitation Revolving Loan Fund (SRLF) depends on the size of the community and ecological belt. The size of SRLF will be to cover the cost of latrine up to pan level to cover 25% of household. At present, cost of latrine up to pan level in hills is calculated Rs. 750 and in Terai Rs. 1100.

In case of school latrines non-local materials, its transportation up to road head and skilled labour will be provided by the project and rest has to be borne by community/school.

NPC - PRSP Poverty monitoring Indicators

(from “Framework for Monitoring Poverty in Support of PRSP in Nepal – Dec. 2001 Draft” prepared by National Planning Commission)

All together 39 different indicators are proposed (District Level Poverty Monitoring Indicators used and tested in Two Districts are provided below). The basis for identifying these indicator are (i) development goals set by the Ninth Plan and PRSP, (ii) various aggregate economic, social and poverty indicators that the Ninth Plan has set some long-term targets, and (iii) international development goals set forth by different international conventions and endorsed by Millennium Summit of United Nations.

The following are found more relevant to identify poor households that need to provide further subsidy in community contribution in RWSS as part of pro-poor criteria

1. Household whose major source of income is wages labor
2. Female headed household with no outside economic support
3. Household having food sufficiency for six months or less in a year

The above poverty criteria relate to food sufficiency and land holding that is a more direct manifestation of poverty in Nepal (Nepal Poverty Assessment 1999). Other indicators identify households where labour inputs are insufficient to produce income for daily food or these human resources are unavailable for contribution in terms of labour.

Details:

District Level Poverty Monitoring Indicators used and tested in TWO Districts (Extract from "Framework for Monitoring Poverty in Support of PRSP in Nepal – Dec. 2001 Draft" prepared by National Planning Commission.)

Literacy rates	Okhaldhunga			Achham		
	%			%		
	Total	Male	Female	Total	Male	Female
adults	65.5	78.3	54.1	47.9	80.2	24.3
children (6 - 14 age group)	79.7	78.0	81.1	69.9	75.3	64.3
youth literacy of 15 -24 age group	87.6	94.2	82.3	74.2	98.1	52.9
Net Enrollment ratios (by sex) in						
Primary level (boys)	65.2			57.8		
Secondary level (boys)	41.9			41.0		
Primary level (girls)	78.5			51.4		
Secondary level (girls)	45.7			12.5		
Percent of children never attending the school (6 -14 years age group)	3.8			18.9		
Reasons for not attending the school						
Child is too young	60.0			42.6		
School is too far	0.0			11.1		
School is costly	0.0			9.3		
No need for education	0.0			5.6		
Need to support family	20.0			27.8		
Health reason	20.0			3.7		
Percentage of births attended by skilled health personnel	38.6			19.0		
Prevalence of HIV, female 15 - 24 age	0.0			0.0		
Prevalence of water borne diseases	33.9			45.5		
Percent of sick or injured persons who visited health institutions for treatment in the last month	71.3			77.3		
Reasons for not visiting health institutions by sick or injured persons						
No need to go	52.9			14.5		
Expensive	21.6			64.5		
Too far	2.0			7.9		
No faith	21.6			3.9		
No time to go	2.0			9.2		
Percent of household reporting food sufficiency for up to 6 months	45.7			46.5		
If not sufficient, how did you manage for the rest of the year, by						
seasonally migrating	0.0			0.0		
hunting and gathering food from forest	0.0			0.0		
selling assets	0.0			0.0		
others	1.2			0.0		
don't know	1.2			0.0		
no response	0.0			0.0		
borrowing	4.7			4.7		

wage laboring		3.5	18.6
Access to primary school	<0.5 hrs.	89.9	91.4
	0.5 - 1 hrs.	8.1	4.9
	1 - 2 hrs.	2.0	2.7
	2 - 3 hrs.	0.0	1.1
	>3 hrs.	0.0	0.0
Access to health center	<0.5 hrs.	71.2	80.5
	0.5 - 1 hrs.	24.2	11.9
	1 - 2 hrs.	4.6	6.5
	2 - 3 hrs.	0.0	1.1
	>3 hrs.	0.0	0.0
Access to sources of drinking water (improved and non - improved)	<0.5 hrs.	96.0	94.1
	0.5 - 1 hrs.	2.0	3.2
	1 - 2 hrs.	1.0	2.7
	2 - 3 hrs.	0.0	0.0
	>3 hrs.	1.0	0.0
Access to grinding mill	<0.5 hrs.	56.6	30.8
	0.5 - 1 hrs.	24.8	15.1
	1 - 2 hrs.	17.2	34.6
	2 - 3 hrs.	1.5	11.9
	>3 hrs.	0.0	7.6
Access to bus stand	<0.5 hrs.	0.5	7.57
	0.5 - 1 hrs.	0.0	18.9
	1 - 2 hrs.	0.0	42.2
	2 - 3 hrs.	0.0	21.6
	>3 hrs.	99.5	9.7
Access to agriculture product market	<0.5 hrs.	20.0	24.9
	0.5 - 1 hrs.	10.1	10.8
	1 - 2 hrs.	18.7	35.7
	2 - 3 hrs.	13.6	17.8
	>3 hrs.	37.4	10.8

Ratio of adult literate female to adult literate male	0.77	0.42
Ratio of enrollment of girls to boys in primary level	1.38	0.77
Ratio of enrollment of girls to boys in secondary level	1.03	0.31
Percent of women having actively engaged in one or other organizations like NGOs, users' group etc.	22.7	18.7
Percent of women participating in income generating activities initiated by NGO/INGO	22.9	7.0
Percent of women participating in political party activities	1.5	1.34
Percent of women holding positions at political level	0.75	1.34
Percent of women holding administrative positions	2.74	0.27
? to school	1.01	12.43
Percent of household heads from occupational castes	11.62	31.89
Percent of female headed household	15.15	38.92
Percent of female headed households with no outside economic support	0.0	3.78
Percent of households whose major source of income is wage labor	1.01	3.78
Percent of households having livestock	1.5	8.7
Percent of households owning some land	94.9	83.8
Percent of households owning cattle	74.2	88.1
Percent of households owning buffaloes	79.3	37.3
Percent of households owning poultry	81.8	23.8
Percent of households owning sheep/goat	59.1	36.8
Percent of households owning pigs	18.7	3.2
Percent of households owning fishery	0.5	0.0
Percent of households owning other livestock	0.0	0.0

Affordability Analysis - current and proposed

Existing data from the Fund Board shows that the poorest (those in the bottom 3 deciles) would pay between 1-2 months income (10-15% of annual income) per capita towards the community contribution (with additional contributions towards O&M) under the current scenario of average 35% (ranging 11% to 55%) community contribution.

If the contribution were set to 20% of hardware costs, poor households would be paying between 4-6% of annual income.

Finally, if poor households receive a 50% subsidy, they will pay between 2-3% of annual income for the community contribution (between 3-4% of annual income if the initial O&M contribution is included). These shares seem much more reasonable than the current practice.

The results are summarized in the tables below.

- Summary of Costs Used in the Estimates

Summary of Costs and Contribution²	
Number of schemes	649
Average scheme population (present)	584
Average number of HH in scheme	96
Average per capita scheme cost (Rs.)	2242
Average per capita hardware cost (Rs.)	1541
Average per capita contribution (Rs.)	717
Average per capita in kind contribution (Rs.)	684
Average per capita cash contribution (Rs.)	33
Average % contribution	46.5%

² It is assumed that hardware costs include construction costs of water supply, institutional latrines and catchment protection (It does not include any technical assistance costs).

Total Contribution³

Table 1: Total Community Contribution as a Percentage of Per Capita Income by Decile (Income and Contributions in 2001 Rs.) - Current Scenario in Fund Board Schemes

Decile	Cumulative Consumption Distribution	Per Capita Income	Community Contribution	Contribution as % of Annual Income	Contribution as % of monthly income
I	3.2	4898.27	718	14.66	175.90
II	7.6	6735.13	718	10.66	127.93
III	12.6	7653.55	718	9.38	112.58
IV	19	9796.55	718	7.33	87.95
V	26	10714.97	718	6.70	80.41
VI	34.1	12398.75	718	5.79	69.49
VII	43.7	14694.82	718	4.89	58.63
VIII	55.1	17450.10	718	4.11	49.38
IX	70.2	23113.73	718	3.11	37.28
X	100	45615.17	718	1.57	18.89
Average		15307.10	718	4.69	56.29

Note: Decile I represents the poorest households and X represents the wealthiest

PROPOSED SCENARIO (CONTRIBUTION OF 20% OF HARDWARE COSTS)

Table 2: Total Community Contribution as a Percentage of Per Capita Income Assuming a Contribution of 20% of Hardware Cost (Gravity) (Income and Contributions in 2001 Rs.)

Decile	Cumulative Consumption Distribution	Per Capita Income	Community Contribution	Contribution as % of Annual Income	Contribution as % of monthly income
I	3.2	4898.27	308	6.29	75.46
II	7.6	6735.13	308	4.57	54.88
III	12.6	7653.55	308	4.02	48.29
IV	19	9796.55	308	3.14	37.73
V	26	10714.97	308	2.87	34.49
VI	34.1	12398.75	308	2.48	29.81
VII	43.7	14694.82	308	2.10	25.15
VIII	55.1	17450.1	308	1.77	21.18
IX	70.2	23113.73	308	1.33	15.99
X	100	45615.17	308	0.68	8.10
Average		15307.1	308	2.01	24.15

³ Assumptions: Income distribution is based on the 1999 Nepal Poverty Assessment which uses 1995/96 NLSS data. Income is 1999 per capita GDP (World Bank SIMA data base) converted to 2001 assuming 2.4 % population growth and 8% inflation.

PROPOSED SCENARIO (CONTRIBUTION OF 20% & 50% SUBSIDY FOR THE POOR)

Decile	Cumulative Consumption Distribution	Per Capita Income (Rs.)	Community Contribution (Rs.)	Contribution as % of Annual Income	Contribution as % of monthly income
I	3.2	4898.27	154	3.14	37.73
II	7.6	6735.13	154	2.29	27.44
III	12.6	7653.55	154	2.01	24.15
IV	19	9796.55	308	3.14	37.73
V	26	10714.97	308	2.87	34.49
VI	34.1	12398.75	308	2.48	29.81
VII	43.7	14694.82	308	2.10	25.15
VIII	55.1	17450.1	308	1.77	21.18
IX	70.2	23113.73	308	1.33	15.99
X	100	45615.17	308	0.68	8.10
Average		15307.1	308	2.01	24.15

Meeting Minutes

**Rural Water Supply and Sanitation Co-ordination Group Meeting
of
Committee on Recommending Policy Changes in Community Contribution for
brining Uniformity
Meeting held on June 21, 2002
under the chairmanship of Mr. Sohan Sunder Shrestha, Jt. Secretary, MPPW**

Present

Sohan Sunder Shrestha	MPPW
Puru Risal	RWSSSP/ FINNIDA
Ram P. Risal	HELVETAS
Laxmi Sharma	ADB/NRM
Madhav Pahari	UNICEF
Mona Sur	WB
Kishor Bimb	RWSSFDB
Raj Babu Shrestha	RWSSFDB

Discussion and Decisions

1. RWSSFDB, RWSSSP-FINNIDA, and HELVETAS presented their experiences with data on schemes implemented by the support of respective agencies. Similarly ADB and UNICEF also briefed their experiences.
 - The trend shows that the community contribution being raised are more than 10% and are mostly in the range of 30% to 40%.
 - RWSSFDB - 35%
 - FINNIDA - 31%
 - HELVETAS - 40%
 - ADB Project - 17%
 - Trend shows that minimum contribution requirements can be increased from 10% to 20% . However, the components included in the cost calculation, its basis needs to be looked into in detail and deflators are to be used to bring all cost in current prices. Hence, all agency data will be compiled and analyzed further at net present value of 2001.
 - Further, community contribution may depend by technology type such as Gravity Scheme, Dug well scheme, shallow tubewell scheme, rain water harvesting etc. Which need to be analyzed. FINNIDA experiences shows differences in contribution by technology.

- Data presented by different agencies consists of coverage in remote and deprived groups also. However, as we need to cover now the unserved areas which will be more remote and more deprived groups, it is required to look into and consider for remoter and poorest segment of the community. Hence, policy should address with objective criteria to waive minimum contribution requirements. Alternate/supplement to this, more technological options also need to be provided to the community.
 - Contribution for sand (when it is not available locally) and portorage of non-local materials in remote communities are major concerns for equity to deal with poorer and remoter communities. This should be addressed.
 - In the contribution policy, not only water supply but also sanitation components be spelled out clearly. Again, community contribution policy for rehabilitation should also be spelled out clearly.
 - Community contribution both in cash and kind should also be spelled out clearly.
2. Based on above discussion, however, a general agreement is reached on the following:
- Set a community contribution in cash and kind in % as only minimum requirement with exceptions for remoter and poorer communities based on consolidated analysis of data from different agencies.
 - Contribution policy should spell out clearly on sanitation aspects and rehabilitation (with use of existing structures) aspects.
3. Further, the following decisions are taken as next step:
- Respective organizations/ projects will complete the requested data, analyze it and send to the committee secretariat, RWSSFDB by Thursday, June 27, 2002.
 - While completing the data and analyzing it, the following points will be given due attention.
 - The implementation cost data since 1996 will be used for analysis (1996 to 2001).
 - Price deflator will be used to bring all cost data into 2001 price.
 - Per capita cost and contribution will be calculated on hardware cost. It is also be calculated on cost including software cost.
 - The Cost components on which these calculations are based will also be shown.

- Adopted norms on community contribution and minimum contribution requirements of the project will also be shown.
- The norms adopted in case of sand contribution, contribution on portorage of non-local materials from road head to site will also be shown.
- All the data will then be consolidated and analyzed by RWSSFDB to be presented to the committee meeting.

4. Next meeting will be held on July 1, 2002 at 10:00 AM in RWSSFDB meeting hall.

Rural Water Supply and Sanitation Co-ordination Group

2nd Meeting of

Committee on Recommending Policy Changes in Community Contribution for bringing Uniformity

Meeting held on July 1, 2002

Present

Puru Risal	RWSSSP/ FINNIDA
Ram P. Risal	HELVETAS
Madhav Pahari	UNICEF
Alan Etherington	WATER AID
Urmila Simkhada	WATER AID
James Wicken	WATER AID
Anil Pokhrel	NEWAH
Biman Paudel	FRWSSP/ DWSS
Raghu Thapaliya	RWSSFDB
Romi Tuladhar	RWSSFDB
Kishor Bimb	RWSSFDB
Raj Babu Shrestha	RWSSFDB

Discussion and Decisions

1. Minute of last meeting has been endorsed with remarks that 17% contribution from ADB project is tentative and FRWSSP/DWSS will provide detailed data on this.
2. Further data analysis from RWSSSP/FINNIDA, HELVETAS, WATER AID/ NEWAH, RWSSFDB were shared.
3. National Urban Consumer Price Index published by Nepal Rastra Bank will be used to bring all cost data into 2001 price and Base Year Population will be used to calculate per capita cost.
4. The components on which community contribution will be calculated or asked for should be made clear along with guiding principles.
5. The community contribution will be asked/ calculated on hardware components and to make sure that software are integrated sufficiently in every project minimum software package required will be defined based on present experience. As the extent and requirement of software varies, the objective of integration of software will be made clear.
6. Community contribution set out as a % of scheme cost and requirement of integration of software will be applicable for rehabilitation scheme also.

7. Rehabilitation of schemes is required to be addressed at present as a major issue. But presently it lacks clear policy and strategies and needs to work out further. It is proposed to continue this group to work out on this issue after completion of the present assignment.
8. On sanitation, different strategies/ modalities are adopted by different agencies.
 - In case of Institutional latrines, the community contribution strategy is similar to that adopted for water supply.
 - In principle no subsidy for household latrines. But provision for revolving loan fund, wide range of technical options and pro-poor targeting subsidy are in practice.
 - Different components of sanitation should also be taken into account.

All implementing agencies provide their, policy, strategy, different components, cost and community contribution data, based on which contribution policy will be determined.

9. Studies related to Experiences on Sanitation being conducted by UNICEF and NEWAH will be shared by respective agencies among the committee members.

10. Further, the following decisions are taken as next step:

- Fourth RWSSP/ADB project and DWSS data (on sample basis if all data can not be compiled within stipulated time) and analysis will also be made available to the committee secretariat, RWSSFDB by Monday, July 8, 2002.
- All respective organizations/ projects will also complete data and analysis (if not complete based on guiding format and discussion) and furnish electronic copy to the committee secretariat, RWSSFDB by Monday, July 8, 2002. The following information should also be included:
 - The Cost components on which cost and community contribution calculations are based.
 - Adopted norms on community contribution and minimum contribution requirements of the project.
 - The norms adopted in case of sand contribution, contribution on portorage of non-local materials from road head to site.
 - Provisions for technical options

- RWSSFDB will prepare draft document on Policy in Community Contribution for bringing Uniformity along with experiences of different organizations based on discussion and information provided. Draft Document will be shared among committee members before next meeting.

11. Next meeting will be held on July 12, 2002 at 10:00 AM in RWSSFDB meeting hall.

Rural Water Supply and Sanitation Co-ordination Group

3rd Meeting of

Committee on Recommending Policy Changes in Community Contribution for bringing Uniformity

Meeting held on July 12, 2002

under the chairmanship of Mr. Sohan Sunder Shrestha, Jt. Secretary, MPPW

Present

Sohan Sundar Shrestha	MPPW
Puru Risal	RWSSSP/ FINNIDA
Ram P. Risal	HELVETAS
Laxmi Sharma	ADB/NRM
Alan Etherington	WATER AID
Urmila Simkhada	WATER AID
Umesh Pandey	NEWAH
Anil Pokhrel	NEWAH
Biman Paudel	FRWSSP/ DWSS
Raghu Thapaliya	RWSSFDB
Kishor Bimb	RWSSFDB
Raj Babu Shrestha	RWSSFDB

Discussion and Decisions

1. Minute of last meeting has been endorsed.
2. The report on policy on community contribution with consolidated analysis and conclusions are presented and discussed (document attached: which is finalized as this document).
3. The following on community contribution policies are agreed:

Water Supply

- In general community contribution is proposed to set as minimum of 20% of water supply hardware cost in cash and kind of which minimum 1% should be in cash (cost components attached: *refer Annex-1*).
- Community contribution in kind are generally be asked for unskilled labour (for trench digging, construction works etc.), local materials like sand, stone, aggregates etc. and portorage of non-local materials from road head to the site.
- However, cost for portorage of non-local materials from road head to site/ community and collection of sand should be shared by the project/ agency when

it is beyond 1 days round trip (the cost sharing basis to be developed). It should allow less than 20% community contribution when adopting this arrangement.

- The community contribution will be calculated based on prevailing rates in the community.
- Further, pro-poor criteria will be developed to provide subsidy to poor and deprived group. (NPC - PRSP monitoring document, experiences of NEWAH and HELVETAS on well being ranking etc. will be referred)
- This policy is applicable for rehabilitation scheme also.
- Apart from community contribution, cost sharing from other organizations, VDCs/DDCs and individuals can also be sought.

Software

- Software including sanitation should be integral part of water supply program. The objective of conducting software program are:
 - Community Participation and Ownership
 - Sustainability
 - Maximum health benefit
 - Universal Coverage;
 - Poverty Alleviation; and
 - Gender Equality.
- Given the above objectives software should be integrated with hardware in implementation. It is proposed that a minimum of 20% of scheme cost should be set aside for software (minimum software components are attached: *refer Annex-1*).
- Community time at meeting and additional contribution in the form of land etc. will also be accounted but not added to as part of minimum community contribution requirement.

Sanitation

- In case of institutional latrines, community contribution norms applied for water supply will be applied.
- In case of household latrines, in principle, no subsidy will be provided. But to target poor and deprived group the following policy will be adopted:
 - Establishment of Sanitation Revolving Loan Fund
 - Provide subsidy on non-local materials to construct up to pan level
- The resources from other organizations, VDCs/ DDCs and individuals can also be mobilized.

- Program with sanitation alone will also be accompanied with software.
 - Apart from above, pro-poor criteria will be developed on which the subsidy policy depends.
4. Further, the following decisions are taken as next step:
 - NEWAH, HELVETAS and other agencies will make available information related to developing pro-poor criteria by Tuesday July 16, 2002.
 - RWSSFDB will finalize the draft report on policy on community contribution and share.
 5. Next meeting will be held on July 19, 2002 at 11:00 AM in RWSSFDB meeting hall to discuss on draft report on policy on community contribution and finalize it.

Rural Water Supply and Sanitation Co-ordination Group

4th Meeting of

Committee on Recommending Policy Changes in Community Contribution for bringing Uniformity

Meeting held on July 19, 2002

under the chairmanship of Mr. Sohan Sunder Shrestha, Jt. Secretary, MPPW

Present

Sohan Sundar Shrestha	MPPW
Puru Risal	RWSSSP/ FINNIDA
Ram P. Risal	HELVETAS
Urmila Simkhada	WATER AID
Umesh Pandey	NEWAH
Anil Pokhrel	NEWAH
Biman Paudel	FRWSSP/ DWSS
Namaste Lal Shrestha	UNICEF
Mark Harvey	DFID
Raghu Thapaliya	RWSSFDB
Kishor Bimb	RWSSFDB
Raj Babu Shrestha	RWSSFDB

Discussion and Decisions

1. Comments on last meeting minute obtained from NEWAH and UNICEF are shared. Minute of last meeting has been endorsed with minor changes (Revised Minute is attached: *refer 3rd meeting minute in Annex-5*).
2. Water Aid shared document on "Water Provision and Poverty Reduction" prepared for Kyoto World Water Forum, March 2003.
3. The second draft report on policy on community contribution with consolidated analysis and conclusions are presented and discussed (document circulated earlier is attached: *finalized as this document*). The following are discussed and agreed:
 - As a Pro-poor strategies the following criteria will be applied:

Household identified on the following basis by the community will be waived 50% of the minimum set community contribution requirements in cash and kind (i.e. 10% community contribution of which 0.5% in cash in case of water supply).
 - Household whose major source of income is wage labor
 - Female headed household and/or household without adult working member with no outside economic support

- Household having food sufficiency for up to six months in a year
- Household with no land and not holding property outside the community
- Similar criteria determined by the community

Resources available with other organizations, VDC/DDCs and individuals can also be mobilized for these additional subsidies or for cross-subsidies.

- The 1 day round trip for which community contributes for portage of non-local materials from road-head to site and sand collection, would be applied based on the following norms:
 - one person carries 50kg of load 13 km distance in a 8 hrs. day i.e. about 8 Km. distance one way from community.
 - The criteria for rehabilitation scheme that applies as for new water supply scheme, is also for basic service level only. The additional cost for higher service level opted should be borne by the community itself. It is required to make clear.
 - The tenth plan document will also be referred to define basic service level in water supply.
 - In case of institutional latrines (for school and health posts), 30% contribution from community will be sought and pro-poor indicators for water supply will be applied to identify households that need subsidy (non-local materials upto pan level). However, in case of subsidies in institutional and household latrines, the policy being prepared on Sanitation by Environmental Sanitation Division, DWSS will also be referred.
 - It will be proposed to the government that the policies should be reviewed with stakeholders annually.
4. Based on above discussion, the second draft will be revised, shared and finalized by Friday, July 26, 2002. Comments will be provided by July 24, 2002. The final document with recommendations will be submitted to MPPW for further action.
 5. As decided before, the group will continue to meet to discuss on rehabilitation issues and policies. The next meeting will be held on August 9, 2002, at 11:00 AM in RWSSFDB meeting hall.

Rural Water Supply and Sanitation Co-ordination Group

5th Meeting of

Committee on Recommending Policy Changes in Community Contribution for bringing Uniformity

Meeting held on July 31, 2002

under the chairmanship of Mr. Sohan Sunder Shrestha, Jt. Secretary, MPPW

Present

Sohan Sundar Shrestha	MPPW
Ram P. Risal	HELVETAS
Urmila Simkhada	WATER AID
Anil Pokhrel	NEWAH
Madhav Pahari	UNICEF
Namaste Lal Shrestha	UNICEF
Raghu Thapaliya	RWSSFDB
Kishor Bimb	RWSSFDB
Raj Babu Shrestha	RWSSFDB

Discussion and Decisions

1. Comments on last meeting minute and “Final Draft” on policy recommendations on community contribution obtained from NEWAH, HELVETAS, RWSSSP/FINNIDA, ADB, WB, UNICEF, WATER AID are shared and discussed.
2. It is tried to incorporate comments received and revised the “Final Draft” on policy recommendations on community contribution. The Revised Final Draft on policy recommendations on community contribution is attached herewith.
3. The Revised Final Draft on policy recommendations on community contribution will be shared with all committee members and endorsed as Final Document to send to MPPW for further action with language edit which will be carried out by WATER AID.
4. As decided before, the group will continue to meet to discuss on rehabilitation issues and policies. The next meeting will be held on August 9, 2002, at 11:00 AM in RWSSFDB meeting hall.

Rural Water Supply and Sanitation Sector Co-ordination Meeting June 7, 2002

(MPPW, MLD, DWSS, RWSSFDB, FINNIDA-RWSSSP, NEWAH, GWS, WB, ADB, UNICEF, DFID,
WATERAID, HELVETAS)

Meeting Minute

A sector co-ordination meeting was organized, as a continuation to a Strategy Meeting with Stakeholders on Policy Issues of Rural Water Supply and Sanitation Sector held on May 6, 2002. The focus of the meeting was to discuss further on policy issues raised during the May 6 meeting in the process of building consensus. It is expected that the inputs from the group would help government to bring policy changes in the sector for better performance.

The meeting was held under the chairmanship of Mr. Dinesh Chandra Pyakurel, Secretary, Ministry of Physical Planning and Works on June 7, 2002 at Conference Hall, Department of Water Supply and Sewerage (DWSS), Panipokhari. The list of meeting attendees is presented in Annex-1. The agenda set for the meeting were as follows:

Agenda

- Discuss on Report on Strategy Meeting with stakeholders on Policy Issues of Rural Water Supply and Sanitation Sector;
- Further discuss on other relevant issues raised during the meeting;
- Formalization of the sector co-ordination group; and
- Any other relevant agenda.

Discussion and Decisions

Mr. Dinesh Chandra Pyakurel, Secretary, Ministry of Physical Planning and Works, welcome all the invitees and highlighted the purpose of the meeting. He pointed out following key focus areas the national water supply and sanitation policy addresses:

- Decentralized service delivery;
- Mobilization of beneficiaries;
- Enhance local capabilities; and
- Attaining financial viability.

Mr. Pyakurel then presented policies being framed in the context of 10th plan, changes in the institutional arrangements and pointed out some policy decisions that need to be taken.

Talking about the Approach Paper to 10th plan and 10th plan water supply action plan under preparation, Mr. Pyakurel informed that the following points are being included in line with the outcomes of Strategy Meeting with Stakeholders on Policy Issues of Rural Water Supply and Sanitation Sector held on May 6, 2002:

The targets for water supply coverage and sanitation coverage for 10th plan are set as 85% and 50% as against present coverage of 71% and 25% respectively.

In the implementation process, all agencies will implement projects under the purview of District Development Plan. A community development and preparation phase of at least one year will lead the implementation phase of the scheme. Health and Sanitation Education (HSE) and sanitation activities will be an integral part of the water supply scheme. Focus will be given to maximize the utilization of local resources and community contribution. Women representation in Water Users' Committee(WUC) will be increased to 3 and at least one women will hold key position in WUC. Non-Formal Education (NFE) and Income Generation activities will be undertaken as support program. Community will take full responsibility for the operation and maintenance of the scheme. Sectoral Monitoring will be strengthened and performance will be evaluated.

Similarly, regarding the institutional arrangements, the DWSS will act as an institution looking after Monitoring and Evaluation, Regulation, Quality Control and Human Resource Development It facilitates the implementation of larger and complex projects, sewerage projects, quality improvement projects and provide technical support to District Infrastructure Development Office (DIDO) and other sector institutions. The Rural Water Supply and Sanitation Fund Development Board (RWSSFDB) will be a regular implementation institution, which mobilizes NGOs and private sector organizations and work in co-ordination with local authorities. In order to ensure the permanency of the RWSSFDB, it will be reestablished under a separate Act of parliament. The DIDO will support District Development Committees (DDCs) in the implementation of smaller schemes (population < 1000) and operation and maintenance. The DDCs, VDCs will plan, co-ordinate, monitor and evaluate all the schemes within DDC and VDC, facilitate implementation of smaller schemes and provide post implementation support for operation and maintenance. The NGOs and Private Organizations will also facilitate scheme implementation. The Water Users' Group/ Communities implement the scheme and take full responsibility for operation and maintenance.

Mr. Pyakurel pointed out that as uniformity in community contribution has been realized by all the sector stakeholders and it is also desirable for better sector performance, it needs to further discussed and finalized.

Following the deliberation of Mr. Pyakurel, Mr. Raj Babu Shrestha, Executive Director, Rural Water Supply and Sanitation highlighted the outcomes of stakeholders' meeting of May 6, 2002 in brief.

The meeting was then focused to discuss more on bringing consistency in community contribution aspects. The NEWAH and Water Aid presented their analysis which shows that the small communities need to contribute more when community contribution is set in percentage. But it was argued that technical options and choices to the community and contribution in percentage provide greater transparency and incentive to lower down the cost. Participants presented different experiences in community contribution aspects. However, it is further pointed out that there is a need for consistency in costing system and making clarity on which items the 20% contribution will be based. A need of clarity on contribution in case of new projects, rehabilitation and project with sanitation only was also brought out. Again, the need of developing objective criteria to determine exceptions where the poor, remote and deprived communities are truly unable to pay the contribution (20%). The floor also raised that the rural areas within municipalities also need to be catered strategically.

The meeting at the end took the following decisions:

Decisions

1. The report on Strategy Meeting with Stakeholders on Policy Issues of Rural Water Supply and Sanitation Sector held on May 6, 2002 is endorsed.
2. A committee to analyze experiences from different agencies and come up with recommendation on policy changes in community contribution for bringing uniformity irrespective of implementing/ funding agencies is formed under the chairmanship of Mr. Sohan Sunder Shrestha, Joint Secretary, Ministry of Physical Planning and Works. The committee consists of representative from DWSS, ADB, NEWAH, FINNIDA-RWSSSP, HELVETAS, UNICEF, WATER AID and RWSSFDB. Mr. Raj Babu Shrestha, Executive Director, RWSSFDB will act as secretary to the committee. The committee will provide its recommendation to the MPPW within 2 weeks.
3. Different organizations of the water supply and sanitation sector will provide their inputs to the above committee within stipulated time.
4. The meeting itself was formalized as Water Supply and Sanitation Co-ordination Group under the chairmanship of the Secretary, Ministry of Physical Planning and Works, by including organizations attended the meeting as its members. The previous group is now reorganized under the chairmanship of Secretary, MPPW.
5. A committee to draft the ToR for newly formalized Water Supply and Sanitation Co-ordination Group is formed under the chairmanship of Mr. D.B. Shrestha, Director General, Department of Water Supply and Sewerage. The committee consists of representative from ADB, NEWAH, UNICEF, WHO and RWSSFDB. Mr. Raj Babu

Shrestha, Executive Director, RWSSFDB will act as secretary to the committee. The committee will review ToR drafted earlier for Water Supply and Sanitation Co-ordination Group during previous co-ordination group meeting in the present context, for better co-ordination. The ToR will be drafted within 4 weeks and presented to Water Supply and Sanitation Co-ordination Group.

6. The ToR drafted earlier for Water Supply and Sanitation Co-ordination Group during previous co-ordination group meeting will be circulated among group members to review and provide comments to the ToR drafting committee. Mr. Raju Tuladhar, ADB, will act on this.

**Sector Co-ordination Meeting
on
Rural Water Supply and Sanitation Sector Policy**

Venue: Conference Hall, DWSS

Date: June 07, 2002

<u>S. No.</u>	<u>Name</u>	<u>Designation</u>	<u>Office</u>
1	Mr. Dinesh C. Pyakurel	Secretary	MPPW
2	Mr. Sohan S. Shrestha	Joint Secretary	MPPW
3	Mr. Raju Tuladhar	Sr. Programme Officer	ADB
4	Mr. Umesh Pandey	Director	NEWAH
5	Mr. Anil Pokhrel	H.T. Division	NEWAH
6	Mr. Kenichi Ohashi	Country Director	World Bank
7	Mr. Tashi Tenzing	Sr.Sanitary/Environment Engineer	World Bank
8	Mr. Puruswottam Risal	O&M Specialist	RWSSSP/FINNIDA
9	Ms. Vijaya Shrestha	Consultant (Freelance)	
10	Mr. Hukumraj Thapa	Project Director	GWS
11	Mr. Raj Babu Shrestha	Executive Director	RWSSFDB
12	Mr. Hans Spruijt	Chief CWE	UNICEF
13	Mr. Mark Harvey	IUDD Adviser	DFID
14	Mr. Alan Etherington	Country Representative	WATERAID
15	Ms. Urmila Simkhada	Program Support Manager	WATERAID
16	Mr. Ram P. Risal	Dy. Programme Director	Helvetas
17	Mr. Raj Kumar Trikhatri	Head of Operation	NEWAH
18	Mr. Dinesh Bajracharya	Program Manager	WATERAID
19	Mr. Surya Sharan Regmi	Joint Secretary	MLD
20	Mr. Dhruva Bahadur Shrestha	Director General	DWSS
21	Mr. Madhav Pahari	PO	UNICEF
22	Mr. Namaste Lal Shrestha	Project Officer	UNICEF
23	Mr. Jyoti Kumar Shrestha	Senior Divisional Engineer	DWSS