



Water and Sanitation Program

An international partnership to help the poor gain sustained access to improved water supply and sanitation services

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FOREWORD 4

The Government of India has initiated policy reforms to improve the sustainability of rural water supply and sanitation services. Drinking Water Sector Reforms Projects with demand-responsive approaches are being implemented in 63 pilot districts in 26 states throughout the country. A community-based participatory approach has been adopted to promote the management of water supply services at the village level, that is, local self-governments and communities. The scale of the program (Rs 1,820.45 crore for 61 districts over three years) demonstrates the strong desire of the Central Government for reforms within the sector. If the pilot projects succeed, the potential exists for scale-up to other districts across the country. This experiment in the drinking water and sanitation sector can lead the way in the capacity-building of Panchayati Raj Institutions.

The Sector Reforms Pilot Projects reorient the very fundamentals of rural water supply and sanitation delivery systems and processes in India. The capacity-building of the people's organizations – like the Panchayati Raj Institutions at the district and village level – will be the foundation for these projects. In this context, there is a role for External Support Agencies to supplement the efforts of the Government of India.

The Government of India has renewed the Strategic Alliance with the Water and Sanitation Program-South Asia for a period of three years to provide support to the Sector Reforms Projects. An important activity of this partnership relates to the organization of a series of Jal Manthan workshops for spreading the philosophy and principles of community participatory and demand-responsive strategies in these Sector Reforms Projects to every nook and cranny of the country.

Shri S.K. Tripathi
Secretary

Department of Drinking Water Supply
Government of India

a rural think tank jal manthan

Launching Sector Reforms

Supporting the Government of India pilot demand-responsive approaches to rural water supply and sanitation



Empowering local governments and communities to manage water and sanitation services.

BACKGROUND

The reform program of the Government of India (GOI) makes a paradigm shift from a supply-driven to a demand-driven approach. Despite a large investment in the Rural Water Supply and Sanitation (RWSS) sector to the extent of Rs 32,000 crore¹ since 1954; the sustainability of drinking water supply sources and systems and poor coverage of rural sanitation is the reason for such a paradigm shift. Although there are many reasons for not adequately meeting the challenge of delivering these basic services, such as major environmental problems due to over-exploitation of water sources and competing use from the irrigation sector, many believe the primary problem is the supply-driven approach taken by the state implementing agencies.

In response to this challenge, the GOI has embarked on a program of RWSS 'sector reforms'. The primary aim of sector reform is to shift to more demand-responsive and participatory approaches by empowering local governments and community groups to fully manage their own services. This entails operating, maintaining and repairing their own water supply and sanitation facilities in a financially and environmentally sustainable manner without the need for outside support.

The GOI has earmarked 20 percent of the Accelerated Rural Water Supply Programme (ARWSP) fund to support sector reforms projects in 63 pilot districts in 26 states. To date, over Rs 1,820 crore has been sanctioned for the implementation of 61 district drinking water pilot projects. In addition, the same districts receive funds under the Restructured Centrally Sponsored Rural Sanitation Programme (RCSRCP) for the sanitation component. The pilot projects will have an implementation period of three years and are funded by the GOI directly to district level institutions – like the Zila Parishad (ZP) or a District Water and

Sanitation Mission (DWSM). Users are expected to pay 10 percent of the capital cost as community contribution and 100 percent of the operation and maintenance costs. It is estimated that up to 70 million people, predominantly poor, will benefit from this program.

JAL MANTHAN WORKSHOPS

The sector reform program pilots a significant shift in the approach of the Union Government to RWSS service delivery. In order to launch the program, with the key policy reforms and to seek feedback from state and district officials responsible for implementation, a series of workshops (called Jal Mantans) were held by the GOI, in collaboration with the Water and Sanitation Program (WSP) (see *Table 1 for information on the workshops*).

A national-level workshop was held in Delhi on 10 July 2000, convened by the Minister for Rural Development, where State Secretaries from 26 states and their chief engineering advisors participated in the launching of the GOI sector reforms program and heard presentations about key design issues and lessons from projects demonstrating 'best practice'.

The then Minister of Rural Development, Shri Sundar Lal Patwa, explained "the concern for the Government in the rural water supply sector is sustainability of the sources and of the systems" and described that in the sector reform program "the emphasis will be on demand-driven approaches, community participation and decentralization of powers for implementing drinking water supply programs". He explained how "the policy changes enabling these projects hope to bring about a paradigm shift in the sector...if successful, they could be used as a model for expansion to other districts of the country".

In his welcome address, Shri S.K. Tripathi, Secretary, Department of Drinking Water Supply, GOI, emphasized that "these reforms intend to institutionalize community participation in the rural water supply sector by enabling the beneficiaries of water supply schemes themselves to plan, partially fund, implement, operate, maintain, manage and also provide for replacement of their schemes". He stressed that under the sector reform agenda "the Government will function primarily as a facilitator". He urged district representatives to "rise to the occasion and sincerely try to fulfill this cherished objective [sustainability] as the whole world, and the nation in particular, are looking towards you with expectation".

GOI RWSS sector reform program – Fact file

Number of states	26 (of 28 in India and 7 Union Territories)
Number of districts	63 (of 532 in India)
Population of India	1,013 million (2000) (approximate)
Total rural population within pilot districts	94 million
Total beneficiary population	40-70 million
Total annual GOI investment in RWSS	Rs 2,010 crore as the Central Plan Outlay for the year 2001-2002 (this is matched by state funding)
External Support Agencies	3-5% of total capital investment per year
Funds sanctioned to date	Rs 1,820 crore (\$ 387 million) (61 districts sanctioned at the time of publishing)

¹ 1 crore = 10,000,000; \$1 = Rs 47; Rs 1 crore = \$213,000

Table 1: Jal Manthan Workshops

National Workshop (Delhi, 10 July 2000) - Co-hosted with the Government of India

- State Secretaries and chief engineering advisors from all 26 states

South India (Mangalore, 29 July 2000) - Co-hosted with the Government of Karnataka

- ◆ **Andhra Pradesh**
(Chittoor, Khammam, Nalgonda, Prakasam) (Nellore)*
- ◆ **Karnataka**
(Bellary, Mangalore, Mysore)
- ◆ **Kerala**
(Kasaragod) (Kollam)*
- ◆ **Tamil Nadu**
(Coimbatore, Cuddalore, Vellore, Perambalur)

West India (Udaipur, 1 September 2000) - Co-hosted with the Government of Rajasthan

- ◆ **Gujarat**
(Mehsana, Rajkot, Surat)
- ◆ **Madhya Pradesh**
(Gwalior, Sehore, Hoshangabad, Narsinghpur, Raisen)
- ◆ **Maharashtra**
(Amravati, Dhule, Nanded, Raigad)
- ◆ **Rajasthan**
(Alwar, Jaipur, Sikkar)

North India (Nainital, 5-6 October 2000) - Co-hosted with the Government of Uttar Pradesh

- ◆ **Haryana**
(Karnal, Yamuna Nagar)
- ◆ **Himachal Pradesh**
(Simour)
- ◆ **J&K**
(Srinagar, Udhampur)
- ◆ **Punjab**
(Bhatinda, Moga) (Muksar)*
- ◆ **Uttar Pradesh**
(Agra, Chandauli, Lucknow, Mirzapur, Sonebhadra) (Haridwar)*

East India (Guwahati, 31 October 2000) - Co-hosted with the Government of Assam

- ◆ **Assam**
(Jorhat, Kamrup, Sonitpur)
- ◆ **Arunachal Pradesh**
(Lohit, West Siang)
- ◆ **Bihar**
(Dhanbad, Vaishali)
- ◆ **Mizoram**
(Serchhip)
- ◆ **Nagaland**
(Dimapur)
- ◆ **Orissa**
(Sundergarh, Balasore) (Ganjam)*
- ◆ **Sikkim**
(Sikkim South, Sikkim West)
- ◆ **Tripura**
(West Tripura)
- ◆ **West Bengal**
(North 24 Parganas, Midnapur)



Representatives from many states and districts participated in the Jal Manthan workshops and endorsed the Government of India sector reform program.

* These districts were added to the reform program post the Jal Manthan workshop series

Why are reforms needed?

Although water is a state subject, the central government plays an important role in financing state RWSS programs through the Accelerated Rural Water Supply Programme (this is matched by funding through the state resources). The Rajiv Gandhi National Drinking Water Mission was established in 1986 to give focussed attention for accelerating coverage and now is in the Department of Drinking Water Supply (Department of DWS) of the Ministry of Rural Development.

The coverage of drinking water supply in habitations throughout the country – measured at 40 liters per capita per day – indicates that 86.9 percent of all habitations are ‘fully covered’, 11.7 percent are ‘partially covered’ and only 1.4 percent are ‘not covered’. However, many habitations have problems of water quality, shortages in the summer months or defunct infrastructure due to poor maintenance. Many of these schemes are usually implemented through a ‘supply-driven approach’ in which the technical aspects of planning, design and construction are given priority and little attention is paid to the preference of the end users and the long-term management of the scheme. Sector reforms attempt to change the focus of government investments from coverage to the sustainability of systems and sources. The program advocates the belief that sustainability of the systems can be improved if technical, financial and institutional decisions are made at the appropriate grassroot level, that is, local governments or community groups.

A recent review of the sector by the World Bank and the GOI (World Bank, 1999) estimates the total investment required to fully cover all rural populations and restore functionality in existing schemes is Rs 170-200 billion. If current capital outlay were increased by two-and-a-half times, it would take the GOI 10 years to provide operational schemes to the entire population. An estimated Rs 29 billion is required annually for O&M, excluding provision for depreciation of the assets – representing 12 times the current levels of funding. In addition, the sector has experienced rising per capita costs due to increased investment in more expensive piped water supply schemes.

What are the key principles?

In order to implement sustainable RWSS systems, the whole sector needs to be gradually reformed. Key reform principles – embodied in the ‘demand-responsive approach’ – as stated in the ‘Cochin Declaration’ (adopted at the State Minister’s workshop in December 1999 – WSP, 2000) are:

- ◆ adopting demand-responsive approaches and the use of participatory processes;
- ◆ changing the role of the Government from provider to facilitator;
- ◆ establishing financial viability and sustainability of rural water supply services;
- ◆ promoting integrated water resource management.

An important project rule to promote financial sustainability is in increasing the role of communities in the planning and management of their own facilities and requiring the users to pay all operation and maintenance costs and at least 10 percent of the capital cost.

These principles, first articulated in the GOI Eighth Five Year Plan, are being taken forward in the Ninth Five Year Plan (1997-2002) and have shaped the thinking behind the Guidelines for Implementation of the Rural Water Supply Programme (RGDNWM, 2000).

The program contains an incentive scheme for states to reform. Whereas ARWSP funds are transfers from center to state, the sector reform program (20 percent of the ARWSP funds) is reserved for states promoting reforms. Districts have been selected based on demand from the states and the challenge now exists in the implementation of these projects.

Have these approaches been tried elsewhere?

The design of the sector reform program has been influenced by lessons from successful projects from within India and abroad. It has adopted state-of-the-art principles of decentralization and community-driven development in the program design. Through a central grant system, the GOI provides states with fiscal incentives to reform and an opportunity to build the capacity of

Some key events leading to the sector reform program

1. Global sector knowledge on community management disseminated and influenced multi-lateral and bilateral donor projects in India (‘80s and ‘90s).
2. The WSP-managed JAKPAS project in Nepal was the first RWSS project in the region to demonstrate fiscal devolution directly to community groups (early ‘90s).
3. The World Bank-assisted Swajal project successfully pilots demand-responsive approaches in 1,000 villages in Uttar Pradesh (1996-2002) (see box).
4. The GOI develops policy and guidelines for adopting demand-responsive approaches (1999, revised 2000).
5. Guidelines are used in 63 pilot districts across the country (2000).
6. Lessons from the pilot projects need to be fed back into national and state policy debate to scale-up nationwide and influence other rural development sectors (future).

The 'Swajal' Project*

The Government of Uttar Pradesh, with World Bank assistance, is implementing an integrated rural water supply and environmental sanitation project in 1,000 villages in 19 districts of the state, 12 districts of the Kumaon and Garhwal hills and seven districts of the Bundelkhand region. These villages are being selected on the basis of transparent criteria (such as demand, need, technical factors, etc). Initially, single village schemes are being taken up. Shortlisted NGOs (Support Organizations) are assisting village communities in the planning and construction of their schemes. The project is a major innovative demonstration in community participation, community procurement and partial capital cost recovery in water supply systems. The total project cost is US\$ 71 million to be used over the project duration from 1996 to 2002. (<http://www.swajal.org/index.htm>)

* The name 'Swajal' was adapted from the Hindi words 'swa' meaning 'self' or 'our' and 'jal', 'water'

the Panchayati Raj Institutions (PRIs). The objective of financially and environmentally sustainable rural water supply systems through management at the lowest appropriate level also provides a long-term incentive to states to relieve them of their current burden of recurrent costs and dysfunctional systems.

Projects designed with demand-responsive approaches have had successes abroad and in India. One notable example in India is the World Bank-assisted Uttar Pradesh Rural Water Supply and Environmental Sanitation Project (or 'Swajal' Project: see *box*). Other countries have had some success in implementing DRA projects (for example, the Ghana Community Water and Sanitation Project, 'Prosabar' RWSS in Bolivia, WSSLIC in Indonesia, The Mvula Trust, South Africa and others). However, none of these projects have been able to scale-up to a national level. Indeed little is known globally by water sector professionals on how to scale-up these approaches.

Who are the primary actors?

The GOI guidelines (RGNDWM, 2000) support the wider decentralization agenda of the Union Government consistent with the 73rd Constitutional Amendment and globally accepted best practice (as articulated in the Dublin-Rio Principles) for service delivery of RWSS at the

lowest appropriate level. Therefore, if at all possible, sector reform projects should be implemented through the Panchayati Raj Institutions. PRIs are three-tier local government structures with elected representatives in the Zila Parishad (district); Block (or taluka or mandal) Panchayat and Gram Panchayat (village level). In states where PRIs are not fully empowered, implementation can be done through a DWSM that has explicit linkages to the ZP. Although the guidelines offer detailed advice on the desired institutional arrangements, states themselves can apply to the center for variants on the suggested norms in order to be flexible to reform processes within each state.

This is a major diversion from current practices whereby implementation is through state engineering departments. The various models for delivery at district, block and Gram Panchayat level were discussed at length in the workshops. Although the district institution (ZP or DWSM) is the nodal agency for implementation, actual implementation will need to be done at village level: either through the GP or through Village Water and Sanitation Committees or local users committees. Community contracting, whereby the communities themselves procure goods and services for construction and O&M is an essential principle of the program (see *WSP publication, 2001: 'Community Contracting in Rural Water and Sanitation'*). NGOs can be contracted to assist local institutions in developing their capacity for the implementation and management of the system. Adopting these new institutional arrangements will take some time and will provide a platform for decentralized delivery, but will need extensive capacity support to be effective. Institutional analysis and strengthening will need to be state-specific in order to adapt to the local environment.

How are activities sequenced?

The program is to be implemented in a phased manner. As it will take these new institutions time to develop the capacity for implementation, it is envisaged that implementation will take place in batches, for example, in any particular district, four batches may be taken up, first, with a small number (50 villages or habitations) and three larger batches (for example, 100 villages each). As one batch moves from the first phase of awareness creation and community mobilization to the second phase of planning and design, the next batch can start on phase one. Each district will need to develop the 'scheme cycle' through which individual village projects will need to proceed. The guidelines suggest four phases of (i) institutionalizing (3 months) (ii) sensitization and village identification (12 months) (iii) planning and design (9 months) and (iv) implementation and commissioning (12 months).

ISSUES EMERGING FROM THE JAL MANTHANS

Institutional framework

As PRIs are not fully empowered in many states, projects may be implemented through District Societies (DWSMs). Although this is a means to achieve delivery, the long-term sustainability of these institutions is questionable.

The future role of State Engineering Departments (for example, Public Health Engineering Departments (PHEDs), Water Boards, etc) was a topic that generated extensive discussion at the workshops and will continue to be a major challenge for each state to address. Reorienting and restructuring these institutions to be able to adapt to the new approaches is an option that needs substantive research – this is already happening in some states.

Political commitment to reform process

Politicians at every level – center, state, district and sub-district – need to be sensitized to the stark reality of the state of the RWSS sector. They also need to be convinced that solutions may lie in adopting the reform principles as articulated by the GOI. The concept that sustainability can be improved if users themselves have a major stake in managing their own supply and therefore also share the cost of supply needs to be discussed and debated. This requires a shift in many political messages: moving away from supplying a poor service, free; to providing adequate services, albeit at some cost to consumers and hence recognizing that water is an economic as well as a social good.

Capacity-building

The sector reforms program advocates a new approach to RWSS. Implementing institutions need substantial capacity support in order to fully take up their new role. Each district project has significant funds budgeted within the project for ‘software’, for example, awareness creation, IEC

(Information, Education, Communication), hygiene promotion and training. The guidelines indicate that up to one-third of the total project cost can be spent on these ‘non-hardware’ activities. However, many district teams may not be able to make full use of these funds, as they may not fully appreciate the value of these activities. Therefore support is also needed to catalyze the demand for capacity-building.

Workshop participants identified the need for resource centers that can assist state and district training institutions frame their capacity-building strategy to be consistent with the national program and ensure that the piloting process informs the wider reform debate within each state. Guidelines on financial aspects, implementation, O&M, training, monitoring and IEC aspects need to be issued to flesh-out the existing guidelines. As capacity requirements will vary among states and even between districts, a flexible framework of support needs to be developed to respond to specific demands.

Integration with sanitation campaign

Parallel to the sector reform program in drinking water supply, the Department of Drinking Water Supply, GOI, is implementing the Total Sanitation Campaign under RCSRSP. The program, supported by both the GOI and state governments, is being implemented in 150 districts across the country, including districts of the Drinking Water Supply Reforms Pilot districts. The program introduces a ‘low’ subsidy policy (subsidy for household latrines are reduced from Rs 2,000 to Rs 500)



Benefits of community-managed water supply services are enacted for a village audience during a ‘kalajatha’ in Andhra Pradesh.

to move towards more demand-responsive approaches and ensure maximum subsidy to the least cost unit.

It is universally accepted that for drinking water projects to have any significant impact in improving public health (for example, reduction in diarrhoeal and other water-related disease), they need to be accompanied by sanitation and hygiene promotion initiatives. Although there are two separate schemes at a central level, both programs are implemented at the district level.

In principle, the same district institutions can implement both schemes, although this will not necessarily be the case unless states and districts opt for this arrangement. This integration at the district level can be mutually beneficial to both schemes in reaching their objectives.

Many activities of the two programs are complementary, for example, the IEC Campaigns, Human Resource Development, community mobilization and many others. WSP, along with the Department of DWS, is preparing a capacity framework for sector reforms that complements the RCSRSP and ensures integration in implementation in the districts and gram panchayats.

Multi-village schemes

Demand-responsive projects have been more successful in areas where local sources are available – due to the relative simplicity of community-based operation and maintenance. Often when local sources are not available – due to inadequate quantity or quality – engineers have designed multi-village schemes (or regional schemes), that is, many villages served by a piped water network conveying water from a remote source. These schemes are technically and institutionally more complex and entrusting the management of the scheme to the community, as envisaged in the sector reform program, may be more challenging (although the decision-making about the management option should still be at the lowest appropriate level).

Many regional workshop participants indicated that demand-responsive approaches to more complex multi-village schemes would be more difficult to implement. It is clear that sector reforms will be easier in single source villages and districts should be encouraged to select habitations with this in mind; however, substantive research and

piloting needs to be conducted to test out new models for demand-responsive multi-village schemes.

LEARNING BY SEEING

WSP, in partnership with the Center for Development Studies (CDS) of the Uttar Pradesh Academy of Administrative, Nainital, organized Observation Study Tours of the Swajal project for all the sector reform districts between November 2000 and June 2001. CDS are the principal ‘software’ trainers for the Swajal project and have been closely associated with other community-based development projects. Key personnel (District Collectors, PHED Engineers, Zila and Gram Panchayat Presidents, Zila Panchayat CEOs, etc) from the pilot districts and state representatives attended a three-day training visit in the UP hills and plains as exposure to the ‘Swajal model’ that has been so influential in the design of the GOI program. The visits combined frank workshop discussions with visits to projects directly managed by community groups.

Although many participants were skeptical about the sustainability and scalability of community-based approaches, the visits had noticeable effects on changing the perception of many participants. Some lessons learnt from the feedback from participants include:

- ◆ system of community action planning could be a powerful means of ensuring peoples’ active involvement in decision-making;
- ◆ system of tripartite agreement among district project management



Participants on a study tour observing how villages constructed, and now operate, their own water supply.

- ◆ Jal Manthan 1: Restructuring PHEDs/Water Boards: Why and How? Delhi, May 1999
- ◆ Jal Manthan 2: Decentralized rural water supply and sanitation management. Cochin, July 1999
- ◆ Jal Manthan 3: State Water Minister's workshop, Cochin, December 1999

(Proceedings of the above workshops can be obtained from the Water and Sanitation Program)

The Jal Manthan (meaning 'churning of water' in Hindi) is a think tank on rural water supply and sanitation. It is a travelling forum that aims to be an open network encouraging frank and informal policy-level dialogue between sector practitioners and professionals. Prior to this series of workshops, three Jal Manthans have been held.

jal manthan

unit (DPMU), support organization (SO) and village water and sanitation committees (VWSC), as adopted in the Swajal project, could be suitably modified and adopted in reform projects as well;

- ◆ release of payment could be output-based to ensure efficient financial allocation and use of available resources;
- ◆ hiring of specialized service agencies for IEC, capacity-building and quality control could be adopted;
- ◆ system of maintaining proceedings register, cash book and other account books could be encouraged at the village level;
- ◆ use of participatory tools and techniques for community mobilization could be adopted to create community interest and involvement at each stage of the scheme cycle.

WAY FORWARD

If successful, the sector reform pilots could lead the way for all rural areas in India in demand-responsive delivery of water supply and sanitation. The potential for strengthening local government and thereby opening the door for more effective delivery of other services is also vast. If carefully implemented, the program could be considered global 'best practice'.

The Jal Manthan workshops raised important areas of support needed to ensure the success of this ambitious program. Building capacity of local governments and communities to manage their own services; supporting policy debate in state governments to scale-up these

approaches within the state; lessons learnt of best practice and direct technical assistance in implementation are all areas that need support.

External Support Agencies have been supporting similar reform principles for decades, but never at this scale. This program offers a significant opportunity for furthering those very principles. Although the program is fully funded by the GOI, a role does exist for donors to support the process and assist in capacity-building. WSP has developed a framework for capacity support through which donor support can be coordinated.

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For more information on the Rural Think Tank, please contact:

jal manthan: a rural think tank

c/o India Country Team, Water and Sanitation Program-South Asia
55 Lodi Estate, New Delhi 110 003

Tel: 469 0488/89 Fax: 462 8250 e-mail: wsp@worldbank.org

www.wsp.org

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