Implementing Sector Reforms
A review of selected state experiences

The reforms currently undertaken by the Government of India in the rural drinking water and sanitation sector mark a major departure from the conventional allocation-based rural water supply and sanitation services to one that adopts a community-oriented and participative approach. Significant progress has been achieved in mobilizing proposals and substantial funds (Rs. 5,720 million) have been disbursed to 65 districts of 26 states towards implementing the ‘Sector Reform Program’ (SRP). At the request of the Drinking Water Supply Department, GOI, the Water and Sanitation Program-South Asia conducted an independent rapid review of the implementation of the program in October 2001 across five randomly selected districts each in different states. The intent of monitoring the SRP implementation process was to assess the progress in terms of the reform principles and guidelines, identify the constraints and issues and make recommendations for the program as a whole.

By disseminating the findings and recommendations of the review, the Jal Manthan has built a consensus around issues which are critical to the future success of the SRP. The implementation process has witnessed some innovations attempted by stakeholders in order to adopt this reform-oriented program. Critical issues of capacity-building, IEC strategies, the role of the Panchayati Raj Institutions, criteria for habitation selection and prioritization, community participation and management of schemes have emerged. The implementing states accept the centrality of these concerns and intend to actively adopt the proposed recommendations.

The Government of India appreciates the role of WSP-SA in carrying out the review which has proved to be extremely useful and timely. The RGNDWM will work out a road map for a more extensive review in the current year.

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BACKGROUND

The Government of India (GOI) is implementing a program of reforms in the Rural Water Supply and Sanitation (RWSS) sector carved out of the Accelerated Rural Water Supply Programme to pilot demand-responsive approaches to RWSS. The Sector Reform Program (SRP) is probably the world’s largest Central Government-supported rural drinking water and sanitation program based on demand-responsive principles. The program, launched in April 1999, has so far sanctioned US$ 4001 million of Government of India budgeted resources – with no external assistance involved – for 65 districts spread across 26 states covering a population of over 70 million.

The following principles drive the program:
- subsidiarity, that is, services should be delivered at the lowest appropriate level;
- adoption of a demand-driven and participatory approach;
- focus on village level capacity-building;
- integrated approach to water supply, sanitation and hygiene promotion;
- partial capital cost recovery and full operations and maintenance (O&M) financing by users; and
- promotion of groundwater conservation and rainwater harvesting.

The program demonstrates a real paradigm shift in governments thinking on rural water supply: moving from a centralized, supply-driven approach to a people-centered, demand-driven approach that focuses on decentralized delivery through local governments. Under this program, ownership of the assets by local communities and local governments is promoted. The primary objective of the program is to achieve environmental, institutional and financial sustainability of systems and sources. The Water and Sanitation Program-South Asia (WSP-SA) has a strategic alliance with the Rajiv Gandhi National Drinking Water Mission (RGNDWM) to provide technical assistance to the SRP to improve the effectiveness and efficiency of implementation.

The Drinking Water Supply Department (DWSD), GOI, requested WSP to conduct an independent rapid review of the progress of the SRP. The review was conducted in October 2001 and included field visits (to the State Government, district level implementing agencies and selected villages) and a review of secondary data.

The findings and recommendations of the review were disseminated and discussed at a workshop in Delhi on February 26, 2002. The workshop was chaired by the Secretary, DWSD and enjoyed participation from 11 State Governments (the five participating in the review plus another six states), some district level implementers, officials from the RGNDWM, External Support Agencies and resource persons. The full proceedings are with WSP-SA. This field note summarizes the key findings and recommendations.

SUMMARY OF FINDINGS OF THE REVIEW

Objective and scope

The objective of the rapid review was to get quick feedback on the implementation of the Sector Reform Program in the states. It was not intended to be comprehensive – in geographical coverage or subject matter – just a ‘snapshot’ view at how the program was being taken up. Five districts in five states were randomly selected for the study: Agra (Uttar Pradesh), Coimbatore (Tamil Nadu), Kamrup (Assam), Medinipur (West Bengal), and Moga (Punjab). During October 2001, meetings were held with state officials and the District Water and Sanitation Mission and a few field visits were conducted. No debriefing was conducted; however, state and district officials were requested to comment at the Delhi workshop in February 2002.

1 One United States dollar (US$) = Rs. 49 (INR) (as on May 2002)
2 The detailed review of each state and district has been documented in the review report available from RGNDWM
Overall findings

The SRP has achieved progress in mobilizing proposals and disbursing substantial funds to districts. Some awareness about reforms and the SRP is evident in each of the states, however on the whole, progress in implementation is poor. Table 1 gives a snapshot of progress in each of the reviewed states using the phases laid out in the RGNDWM guidelines. This indicates that most states are clearly behind schedule.

Some common features in implementation in all the states are listed here:
- The progress of SRP has been patchy. With the exception of Coimbatore and Moga, progress in the other three districts was found to be tardy;
- In most states the state engineering department continues to be at the center in the implementation of the SRP;
- No clear demarcation has been followed between policy and implementation of the SRP process by the newly formed state and district level bodies;
- Present monitoring formats were found to be inadequate for capturing process issues;
- Shortcomings in IEC strategies, capacity-building and village level participatory processes remain;
- No development of well laid-out and transparent criteria for habitation selection and prioritization;
- Real choice of technology and cost options have not been fully explored and offered to communities;
- Operation and maintenance (O&M) cost implications (life cycle costs, energy costs) have not been fully considered;
- Source sustainability options have not been fully explored;
- The goal of community planned, designed, implemented and managed schemes has been partially realized; and
- The Total Sanitation Campaign (TSC) has not been integrated with the SRP in any of the states.

Some distinguishing features

Although the overall finding of the review is of poor progress, each district displayed some positive features. Some of these are recorded here. Table 2 displays a simplified representation of the institutional structure of the five states at the state, district and village level.

Baseline and ‘demand generation’ surveys in Assam: In Kamrup district the PHED has undertaken two sets of surveys. The first is a census conducted earlier in each of the habitations to document the status of water and sanitation at the household level, apart from other demographic details. This has provided information on the coverage of habitations and their categorization into fully covered, partially covered and not covered categories using current, not historic, data. A second baseline survey seeks to cover about 500 habitations. Entitled ‘Demand Generation for Water Supply and Sanitation’, this survey seeks to collect household level data on current arrangements and preferences of the respondent households and whether and how much will they be willing to pay for water supply and sanitation.

Transfer of funds to villages in Punjab: In Moga district, bank accounts have been opened for the District Water and Sanitation Mission (DWSM) and 38 of the proposed 302 Village Water and Sanitation Committees (VWSCs). GOI funds for the SRP are routed to the DWSM account. The Executive Engineer-RWS disburses the funds to the agencies and VWSCs after sanction is accorded by the District Water and Sanitation Committee (DWSC). Although the DoPW (PH) is uncomfortable with the fact that there are no control mechanisms provided in the guidelines, independent fund management by the VWSC has been suggested for the future; however at the time of the review, no VWSC had taken up independent management of funds. These transfers are in line with the recommendations of the RGNDWM finance manual.
Efficiency and pace of execution in Tamil Nadu:
Coimbatore district has made significant physical and financial progress by setting up about 100 drinking water supply schemes, organizing VWSCs as a standing committee of the Gram Panchayat (GP) and by utilizing nearly three-quarters of the funds released by GOI. The community’s response to the SRP has been good. The State Government’s earlier program with participatory approaches, requiring the community to contribute a minimum of 25 per cent of the costs, could have acted as a catalyst for the community’s willingness to adopt the SRP. Priority has been given to IEC activities through the effective engagement of NGOs and self-help groups. The latter are working as catalysts to promote the role of women.

Amendment of the Panchayati Raj Act in Uttar Pradesh:
The Panchayati Raj Act has been suitably amended to enable the formation of VWSCs. Under the new arrangement, the Jal Prabandhan Samiti (JPS), which is a sub-committee of the GP, will function as the VWSC. The representative of the village water-user group will be co-opted in the JPS. This will link the GP with the water user group of each revenue village which carries out the spot selection. Bank accounts maintained by the JPS will be jointly operated, with authority vested in one elected member of the JPS and one water-user group member. With effect from April 2002, all handpumps are to be transferred to the GPs and maintained by them.

Potential integration with PRIs in West Bengal:
West Bengal has a well developed local government system ideally suited to implementing the SRP. No constraints have been reported in the flow of funds from the DWSM to Gram Panchayats. With the success of the sanitation programs being undertaken actively by the PRIs in the district there exists an opportunity for integrating water supply and sanitation provision to the PRI system and hence, providing the basis for the long-term institutional sustainability of the SRP.

EMERGING ISSUES
Some of the key constraints and issues which emerged through the review process and the Jal Manthan deliberations are summarized here.

Capacity-building and IEC
Capacity-building has not received adequate importance. The nodal agency and state/district institutions of the SRP need active assistance from the center to (a) interpret the guidelines; and (b) recognize the centrality of the ‘software component’ of the SRP. DWSMs (and DWSCs) need to absorb a mix of skills within their organizations, especially in the areas technical, financial, community mobilization, communications and participation competencies.

At the heart of the program, GOI is trying to enhance the capacity of local institutions (GPs and communities) to manage their own services. Intensive and innovative capacity-building programs will need to be developed in each district to effect such a change. These can use a combination of ‘supplied’ training programs – through NGOs, training institutions or the private sector – and institutions that can respond to local demands.

A critical component of the SRP is an IEC (Information, Education and Communication) strategy which targets the community’s needs and dilutes the role of politically motivated resource allocation decisions. GOI can give a good lead by focusing on mass media campaigns and by creating a political platform in support of reforms. The IEC strategies should specifically target women, poorer communities, water quality affected habitations and multi-village schemes. Awareness of these issues would enhance the communities willingness to pay
for the services. In addition, making communities fully aware of payment issues, future implications of scheme ownership and maintenance would play an important role in the sustainability of the program. The implementers of SRP should appreciate the role of support organizations, NGOs and external aid agencies in developing systematic communication strategies.

**Habitation selection and prioritization**

The criteria for habitation selection and prioritization is critical to the sustainability, equity and coverage aspects of the RWSS. Each district will need to balance the competing objectives of coverage and sustainability and develop transparent selection criteria that give appropriate weight to each component. A good lead has been taken in Assam on conducting village level household-based benchmark surveys for assessing need and demand for the services. Surveys of this detail would complement the traditional NC/PC/FC categories of habitation selection to reflect dynamic categories based on demand. Use of households as units for measuring coverage and demand can mitigate the potential bias of the SRP schemes toward richer households as reported in Punjab. Village development plans generated through PLA exercises can be used to improve habitation selection, service levels and provide more equitable and transparent criteria for selection.

**Institutional arrangements**

There have been delays in setting up institutions and their proper functioning in most of the states. The distinction between the state and district level missions (for policy guidance and supervision) and executive committees (for implementation/executive) has not been followed in most cases. The newly formed bodies also reflect a de facto predominance of the conventional service providers (UP being the exception to this). Limited adjustments have been made to create new institutions at the village and district levels.

The real challenge in the SRP is not to deliver the taps but to generate institutions to take forward the delivery of water services. The program gives immense flexibility to districts in the use of various service providers. There is little experience in India of the private sector being contracted to provide RWSS services, however officials from Haryana reported that some preliminary work is being done in this area. Other actors at the community level who have proven to work as catalysts and can be included in the SRP institutional frame are: (a) parent teacher associations to provide water supply and sanitation to

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**Select policy directives on habitation selection**

In October 2001, Shri M. Venkaiah Naidu, the Union Minister of Rural Development, chaired a two-day conference of State Ministers In Charge Of Rural Water Supply, in New Delhi.

The conference recommended that once the coverage of all rural habitations in any state is achieved, the norms for coverage may be relaxed to provide for 55 lpcd with a source within 0.5 km in the plains or 50 meters elevation in the hills. The criteria for allocation of funds to states to be modified as: weightage for the NC/PC habitations to be increased from 10 per cent to 15 per cent and that of quality-affected habitations to be increased from 5 per cent to 10 per cent.

The concept of community participation is to be adopted in normal RWS programs after full coverage of habitations as per the present norms. Community contributions of a minimum of 10 per cent of the capital cost and the O&M management and financing will be necessary for service level augmentation beyond the existing norms. States were also in favor of carrying out a re-survey of all habitations for making a realistic assessment of the situation.

The conference directed that the ongoing survey of quality-affected habitations should be completed. In such habitations a concept of dual water supply is to be considered to provide treated water up to 10 lpcd for drinking and cooking and untreated water for other purposes.
schools; (b) anganwadis and SHGs for ensuring greater participation of women; (c) the introduction of annual maintenance service providers in the O&M, and (d) contracting out of O&M management services.

The role of PHEDs

The role of the Public Health Engineering Departments (PHEDs – or the equivalent body conventionally responsible for rural water supply) remains central in most of the reviewed states. This ‘nodal’ agency plays multiple roles within the institutional framework created in the states. This agency is involved in all facets of scheme implementation right from inception till completion:

- The PHED is responsible for selecting habitations according to supply-driven criteria;
- The agency is represented in the governing and executive institution at the state and district levels, holds the responsibility of fund drawal and disbursement, prepares the designs and estimates and also carries out village mobilization, IEC and HRD activities; and
- After the DWSC approves schemes, the agency takes up execution or contracts out works, certifies the executed scheme and then hands them over to the VWSC.

Translation of the SRP as another scheme implemented by PHEDs has arisen out of their incentive to ‘speedily implement works’, retain management control and to internalize financial resources. This has, however, burdened them beyond their capacity, affected process quality (especially software inputs) and restricted the entry of other capable agencies (GO/NGO) in the SRP. The division of roles and responsibilities between state, district, sub-district, village and scheme/user levels remains unclear to most actors in the SRP. Therefore, the program has tended to be internalized in a select technical agency and has been viewed and implemented essentially as an engineering project. Uttar Pradesh is an exception where the SRP is being implemented by the Department of Rural Development.

The role of PRIs

With the exception of West Bengal (where currently there are intentions of integration), the role of the Panchayati Raj Institutions (PRIs) has not been adequately strengthening in implementing the SRP. The SRP guidelines now prescribe that the VWSC should be explicitly linked to the GP.

Community participation

The review revealed that communities remain marginalized at all levels of scheme planning, designing, implementation and management due to the dominance of

Local initiatives in Tamil Nadu

The Odanthurai Panchayat, Coimbatore district (Tamil Nadu) is a large Panchayat comprising seven habitations located near the town of Mettupalayam in Coimbatore district. Under the Sector Reform Program, a piped water supply system tapping water from the river Bhavani with a sedimentation tank and slow sand filtration unit has been constructed in the village. It was the first Panchayat that saw an opportunity in the program and contacted TWAD to design a system to meet their requirements. They identified the in-take point, the land where the sand filter tanks and pumping station could be located and the alignment of the piped supply system. The village collected contributions from potential users while TWAD designed the Rs. 48 lakh scheme as per the requirements expressed by the Sarpanch and was commissioned in February 2001. The community contributed Rs. 6.2 lakh (13 per cent). In the village, a VWSC was formed with all nine members of the Panchayat and three other nominated members – the school teacher, a tribal woman and another woman representative. The VWSC members collected the household contributions that varied from house to house, depending on affordability. This money was deposited with the DWSC. The scheme, although designed to provide 450 individual connections, at present provides only 175 individual connections. The VWSC collects a connection charge of Rs. 1,000.

In Odanthurai, Sintex tanks have been provided to distribute water from the SRP scheme and an income of Rs. 1,500 is anticipated from such stand post users. While this accounts for about 10 per cent of the cost of operations, the VWSC/Panchayats face a challenging task in regular collection of tariffs from such consumers who in the past have not been charged for the use of stand posts.

The village agriculture depends on ground water. Drinking water is accessed from the surface water source, thus eliminating the possibility of conflict between different end-users of water. It is unlikely that a large diversion structure will be constructed upstream; therefore there is little risk to the sustainability of the source.

Local strategies to arrive at the right mix of connection types (including group connections) and tariffs for equity in the provision and financial viability of the system are yet to emerge, although the skills and political space to design such systems appear to exist in the village.
As the Minister for Rural Development for the Government of India, I have the responsibility to facilitate local government delivery of a number of important rural services including water supply, education, health, rural roads, electricity, etc. If through the reforms in the water sector we can create robust institutions for good local governance, these can be effectively used for the delivery of a host of other local public initiatives and services which will have a positive impact on rural development and poverty reduction.

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.

Key action points to move forward

Based on the findings and recommendations of the review and deliberations in the workshop, the Secretary, Drinking Water Supply Department, laid down key action points for moving ahead with the SRP. These included:

- Similar rapid reviews be done for all states implementing the SRP;
- The monitoring template used for the review to be adopted for half-yearly reviews by the RGNDWM. States are encouraged to use the template for their interim reviews. Video-conferencing may be a useful medium for the center to communicate with all the states on a more regular basis;
- The RGNDWM will support states in adopting a minimum policy agenda on key reform principles. In addition, it will consider formulating MOUs with participating states;
- States must prepare capacity-building plans in the areas of IEC, social mobilization, gender sensitization and PLA processes for PRIs and other agencies involved in implementation. The RGNDWM will develop a national core team of professionals who will advise and train on specific needs of the states;
- The RGNDWM will support the states’ closer integration of the PRIs into the implementation process; and
- States must conform to the GOI policy guidelines on community capital cost contributions and O&M financing and management.

References

4. WSP-SA (April 2002), Proceedings of the Jal Manthan Workshop (February 26, 2002, India Habitat Center, New Delhi, India)
### Sixth Jal Manthan: List of Participants

Implementing Sector Reforms: A review of selected state experiences  
February 26, 2002, New Delhi, India

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