



Tracking Expenditure for Water, Sanitation and Hygiene in Communities and Social Sector Institutions

Consolidated Brief

July 2020

Published under the Series
**Decentralised Public Finance for WASH:
Policy and Practice Learnings**



I. ABOUT THE CONSOLIDATED BRIEF

This consolidated policy brief puts together the findings of two projects - *Watershed - Capacity Building Support for Civil Society Organisations to Leverage Water and Sanitation Programmes in Bihar and Odisha* supported by IRC, and *Tracking and Analysing Budget Allocations and Utilisation for WASH by Rural Local Bodies* supported by WaterAidIndia. It uses the Life Cycle Cost Approach for assessing the expenditure, and covers Gaya and Samastipur in Bihar and Nuapada and Ganjamin

Odisha. It presents the key learnings from the projects, and also puts forth a way ahead for making decentralised budget and financing arrangements for Water, Sanitation and Hygiene (WASH) services a priority in the two States. With a greater emphasis on hygiene, in the wake of the COVID-19 pandemic, it suggests additional approaches that could be taken under these initiatives.

II. BACKGROUND

The different routes through which public finance flows in the area of water and sanitation include Centrally Sponsored Schemes (CSSs), State Sponsored Schemes, Central Finance Commission (CFC) Grants and State Finance Commission (SFC) Grants. The CSSs implemented in the water and sanitation sector are *Swachh Bharat Mission (SBM) - Gramin (Rural)*, *Swachh Bharat Mission (SBM) Urban* and the *National Rural Drinking Water Programme (NRDWP)*. There are also State Sponsored Schemes like *Har Ghar Nal Ka Jal* (Tap water for each household) and *Nali Gali Yojana* under the *Mukhyamantri Saat Nishchay* (Chief Minister Seven Resolves) scheme and the *Lohia Sanitation Scheme* in Bihar, and the *Buxi Jagabandhu Assured Water Supply to Habitations (BASUDHA)* scheme in Odisha. The *Har Ghar Nal Ka Jal* and *BASUDHA* are piped water schemes, with an objective of providing water and sanitation services at the community and individual household levels.

Ideally, institutions, such as schools, health centres and *anganwadi* centres (AWCs) should be able to receive the services under SBM, NRDWP, *Har Ghar Nal Ka Jal* and *BASUDHA*. The 14th FC recommended a basic grant to GPs for providing basic services, including water and sanitation. This was higher as compared to the 13th FC funds, for both the rural and urban local bodies. The fourth SFC of Odisha and fifth SFC of Bihar also recommended transfer of grants to GPs from the State Consolidated Fund for providing water and sanitation (WASH) services.

III. KEY PROJECT LEARNINGS:

The two projects tracked budget allocation and spending for WASH at the level of *Gram Panchayat* (GP) and social sector institutions, from the sources discussed above. The two main objectives of undertaking the projects were to understand the level of decentralised public financing for WASH in communities and institutions, and to enhance the capacities of CSOs on assessing budget data on WASH.

Some of the key learnings from the Projects are given below:

A. Challenges regarding availability and use of funds at GP level for WASH

The IRC supported project 'Capacity Building Support for Civil Society Organisations to Leverage Water and Sanitation Programmes in Bihar and Odisha' brought the following challenges out:

- **Priority for Water and Sanitation work under CFC and SFC Grants**

In Bihar, a large chunk of the 14th FC grant was used for water supply work, whereas the SFC grant was mainly utilised for construction of concrete roads and drainage systems. In Odisha, drinking water received a priority by GPs under the 14th FC grants; though, other kinds of development activities like sewage and solid waste management, work related to storm water drainage- covering construction, technical costs, administrative costs, operation and maintenance also took place.

- **Lower Release of Central and State Finance Commission grants to Local Bodies**

Only 39.25 per cent of the funds recommended by the Fourth SFC (2010-2015) were released to local bodies by the Government of Bihar, according to the Report on Local Bodies by the Comptroller & Auditor General (C&AG), 2011. Likewise, just 46 per cent of the amount recommended by the Third SFC (2010-15) was released by Government of Odisha to its local bodies, as per the Report on Local Bodies by C&AG, 2018.

- **Weak Financial Management of PRIs**

The *Panchayati Raj* Institutions (PRIs) in Bihar faced several delays in the process of release of the Fifth SFC grants during 2015-16. The record keeping, and submission of utilisation certificates (UC) by PRIs under the 13th FC, the Fourth SFC and the 14th FC have also suffered from shortcomings. All this indicates weak financial management by PRIs.

- **Challenges around budget allocation and utilisation**

The 14th FC grants in Bihar could not be used in 2015-16 and 2016-17 by the GPs because of disturbances due to the *Panchayat* election, subsequent litigation by the presidents of GPs regarding transfer of 14th FC fund to Ward Implementation and Monitoring Committee (WIMCs), and consequent delays in fund release from the State. Due to lack of capacity, experience and proper training of WIMC, the projects of water supply were poorly executed. Further, water supply projects got delayed due to lack of material availability related to the projects in the local market. But the State government made it mandatory to procure

materials from the local market which led to under utilisation of funds in the SFC as well as CFC grants in Odisha. Delays were at multiple levels - in fund flow from the top level (State to GPs), in completion of plans due to shortage of staff and their capacity, and in initiating plan processes at the GP level because of delay in instructions from the top (State level), as shared by a GP *Sarpanch*.

With regard to budget utilisation in the SBM, NRDWP, BASUDHA in Odisha and *Har Ghar Nal Ka Jal* and *Gali Naali Pakikaran* in Bihar, the following policy issues emerged (a) lack of human resources for implementing the relevant schemes, (b) lack of/insufficient budgets for major and minor maintenance, (c) absence of budget provision for improving water quality.

There were also issues around budget processes which include; (a) lack of systems for proper maintenance of assets, (b) low/no capacities of community level mandated institutions (e.g. Village Water Sanitation Committees) to implement or manage water supply or other water and sanitation initiatives at the village level, (c) delays in payment of incentives for toilet construction, (d) unrealistic pre-conditions for releasing the beneficiary incentive for toilet construction, (e) lack of skilled workers such as masons, and (f) non-utilisation or improper use of IEC budgets.

- **Role and accountability of the *Gram Sabha***

In both the States, the *Gram Sabha* was not found to be playing a major role in deciding the development priority for the GP, approving or reviewing plans and implementation thus leading to a situation of absence of accountability and ownership of the GP in the processes. Usually, the priorities for undertaking development projects under the

CFC and SFC were mainly decided by the State government or district authorities and communicated to the GPs. This diluted the community level planning processes there by diminishing community ownership.

B. Funding for WASH facilities in social sector institutions

The WAI supported project 'Tracking and Analysing Budget Allocations and Utilisation for WASH by Rural Local Bodies in Social Sector Institutions' in Bihar and Odisha brought the following challenges out:

The 14th FC funds for drinking water and sanitation were spent at the GP level, whereas the SFC grant were used at all the three tiers of *Panchayat*. The Fifteenth Finance Commission Report, 2020-21 recommended that 50 per cent of the total fund earmarked for all the three tiers of *Panchayats* be used for WASH. Besides, some media reports have talked about loans towards drinking water supply projects provided to the Government of Odisha by the National Bank for Agriculture and Rural Development (NABARD). Corporate Social Responsibility funds are also being spent to provide water and sanitation services to schools in Odisha. Despite a host of schemes and finances for the WASH sector, adequate focus has not been given to providing water and sanitation services at the institutional level (schools, AWCs, and health centres). Strengthening the governance and management of services in the water and sanitation sector at the institutional level is a challenging task at the district and the GP level. The bottlenecks in planning and budgeting process for CSSs, the SFC and CFC grants related to the sector are also big issues in terms of addressing the need of local institutions.

The concerns related to poor fund allocation, low unit cost of services and unspent balances lying

with the States and districts are major problems at the level of institutions. *Panchayati Raj* Institutions (PRIs) have been receiving funds for development work from the Union and State governments through several sources such as CSSs, Central Sector Schemes, State Schemes and Grants from CFC and SFC. The 73rd Constitutional Amendment Act requires the States to transfer the power of functions, funds and functionaries in 29 areas of development activities including the institutions (health centres, schools and AWCs) related to health, education and nutrition to PRIs. However, the power of management and monitoring of these institutions has not been transferred to PRIs from the line department. A look at the WASH services in AWCs, health centres and schools in Gaya and Nuapada brought out some key findings which are given below:

- **Inadequate spending in Anganwadi Centres**

The concerns related to poor fund allocation, low unit costs, miniscule contingency and maintenance cost for water and sanitation have been major issues at the institution level. In Bihar AWCs, the unit cost for the construction of piped water supply includes Rs. 10,000 for installation of pipes for running water supply, and Rs. 12,000 per toilets for child friendly toilet. This is not sufficient for carrying out any repair and maintenance of WASH facilities. The line departments and other agencies like the Public Health Engineering Department (PHED) had no interest in undertaking this work at such low costs. Moreover, the contingency amount of Rs. 3,000 per annum to AWCs is also too low for carrying out any repair and maintenance of WASH facilities. In AWCs where WASH facilities were available; they were no more functional in the absence of repair and maintenance services. In Odisha, although water facilities were largely available in AWCs, the quality of water was poor and there was an acute shortage of toilet facilities. The amount

allocated by the state government for WASH facilities at AWCs through the Annual Project Implementation Plans was quite meagre, even though the district administration had been making requests for additional allocation. In many AWCs, handpumps and toilets are non-functional.

- **Challenges in financing school WASH**

In the schools of Odisha and Bihar, hygiene awareness programmes were conducted. However, water facilities and hand washing platforms had not been made available in many of the centres. In Bihar, some schools, water facilities and hand washing platforms were available but were non-functional due to lack of fund for maintenance. There are two components under SMSA, viz., 'Strengthening of existing schools' and 'Composite School Grants' for supporting the provision of WASH facilities in schools. In both Bihar and Odisha, the budget for the 'Composite School Grant' component was inadequate and not used for the repair or maintenance of WASH facilities. Non-completion of the work around WASH facilities in time in many schools further slowed down activities approved under the 'Strengthening of existing schools' component. In one of our surveyed districts of Odisha, it was found that CSR fund was one of the major sources for WASH services in schools, wherein the preferences of the donor and availability of grants determined the provision of the facilities, than the actual requirements for each school. The field survey revealed that many children are unable to access water and sanitation services due to non-functional handpumps and toilets in schools.

- **Lack of spending on WASH facilities in Health Centres**

The *Kayakalp* and *Swachh Swasth Sarvatra* (SSS)

are joint initiatives under the NHM and SBM collaboration. The objectives are to prioritise convergent actions to achieve ODF, and incentivise good performing public health facilities and *Gram panchayats*. Despite the provision for allocation, no expenditure was made. SSS was not found to be implemented as it did not fulfill the eligibility criteria in terms of ODF block for availing funds. No health institution in the districts surveyed had

received the *Kayakalp* Award as they could not achieve the desired level of health services standard. There is no proper documentation of activities in both the States, due to which, it was difficult to assess the quantum of annual maintenance grants or *Rogi Kalyan Samiti*/Hospital Development Committee funds utilised for improving WASH. Further, The PHCs and Sub-Centres lacked essential WASH facilities.

Challenges faced by CSOs in accessing data on spending at local level on WASH

The CSO project partners in Ganjam, Nuapada, Samastipur and Gaya who played a central role in the budget tracking process at the District and GP level faced certain hurdles in collecting, collating and assessing the data and information on WASH both at the household and institution level. Some of the challenges are given below:

- The CSO partners in both the States were confronted with major hurdles from the district level authorities in the process of procuring data on expenditure of 14th FC and SFC funds by GPs. Not only were they in possession of very little data, the government officials also conveyed a high degree of reluctance in sharing such information on the district, block and at the GP level.
- Collection of data on SMSA, ICDS and NHM at the district level was also challenging due to non-availability of secondary sources, and the unwillingness on the part of government officials to share data and information. The capacity of maintaining data at block and GP level was also weak. Official documents like the Programme Implementation Plan (PIP) of NHM, Annual Work Plan & Budget (AWP&B) of SMSA and Annual Programme Implementation Plan (APIP) of ICDS did not provide any information on fund utilisation.
- The capacity of CSOs to comprehend and collect budget data needs strengthening. An understanding of data, about what to collect, how to collect and where to collect it from was lacking, in both the States. Further, capacity building on analysing this information effectively is also important.

IV. SIGNIFICANCE OF WASH IN THE TIMES OF COVID-19

Given that WASH solutions are critical in addressing the COVID-19 pandemic, the significance of prioritising WASH has gone up during these days. People living in villages and peri-urban settings face the most acute problems in accessing water and sanitation facilities. These issues are not sufficiently or appropriately incorporated into urban/rural planning for water and sanitation priorities.¹

The response of the Civil Society Organisations (CSOs) in dealing with the immediate impact of lockdown has been encouraging. A large number of CSOs have provided life saving support to people affected by the lockdown. Other than providing essential items they also distributed hygiene materials for personal protection. Many of them are also working closely with PRIs and Urban Local Bodies (ULBs), district and state administrations to provide important and helpful information and support to the community, despite their restricted mobility due to the lockdown measures. It is notable that a large proportion of CSOs would continue to provide communities with food ration, water, personal protective equipment such as mask and gloves, personal hygiene materials such as sanitary napkins, soap and sanitizer, at least over the next six months.² During this pandemic, the importance of the much neglected areas of water, sanitation and hygiene has come into prominence, with focus on hand washing and menstrual hygiene management rising significantly.

The return of workers from their place of migration to their native places has affected both the origin and the destination state. While the GPs in Odisha

were equipped with special powers, this was not the case in Bihar. For enabling the right to potable water and decent sanitation during the pandemic, it would be imperative for CSOs and local governments to work strategically with various other departments (especially health) - however greater public funding for WASH will be an underlying requirement. For WASH in health care institutions, the COVID-19 Preparedness Checklist for Rural Primary Health Care and Community Health Settings brought out by the COVID-19 PHC Action Group could be used as a ready reckoner. Similar reference documents should be produced for Schools and AWCs. Strengthening the role of PRIs in pandemic response and systems strengthening at the community level is another area which needs focus.

COVID-19 and WASH: Response of the Odisha and Bihar State governments – and the Role of GPs

Odisha government's response to COVID-19³

Before the declaration of the nationwide lockdown, the Odisha government had declared Covid-19 as a state disaster on March 13th 2020. Some of the key measures undertaken as disaster response by the State are below.

- Prohibiting strikes by WASH sector employees: The government issued an order on March 21 prohibiting any strike by employees in the supply of drinking water and sanitation in urban local bodies. The order was valid for six months.

¹ Globalisation and Health Knowledge Network: "WHO Commission on Social Determinants of Health: Globalisation, Water & Health", May 2007

² K.K Bandyopadhyay & S. Shikha : 'Capacities that Can Make A Difference', PRIA, May 2020

³ PRS India : "Odisha Government's Response to COVID-19", 21st May, 2020

- Implementation of MGNREGS: On March 31st, the Department of *Panchayati Raj* and Drinking Water issued an advisory for the implementation of MGNREGS, the key measures included: (i) provision of job cards to people interested in doing unskilled works, (ii) Upto five persons' allowance for individual works (iii) provision of hand wash and safe drinking water at the worksites. Moreover, priority was given to irrigation, water conservation works and water supply (both stand alone and pipe water supply) including installation and repair and maintenance.⁴
- On 18th April 2020, the *Sarpanchs* of GPs in Odisha were given special powers of district collectors under section 51 of the Disaster Management Act, for taking measures towards addressing the pandemic at the GP level.

The State's response to the pandemic has been very effective with appropriate on-ground preparedness and decentralised information campaigns.⁵ The orders from the Revenue and Disaster Management Department to GPs, on COVID-19 preparedness were clear, they included the provision of water and sanitation facilities in

quarantine centres, providing an incentive of Rs. 2,000 to a quarantined persons as well as making the GP the focal point to implement quarantine measures.⁶ The State's quick and timely response in providing financial resources from the its exchequer towards this disaster has facilitated smooth implementation of government measures.

Bihar government's response to COVID-19⁷

On 22nd March 2020, the government of Bihar announced a state-wide lockdown till March 31st. While the local bodies played an important role in managing migrant workers returning from other States, a systematic approach to bring local bodies, especially the GPs to a visible leadership for combating the pandemic was not seen in Bihar's response. Even though the importance of WASH was communicated, specific roles by the GPs for addressing the situation were not spelt out.

⁴ <https://health.odisha.gov.in/pdf/Covid19-Master-Circular-Lockdown-26-Apr-2020.pdf>

⁵ <https://thewire.in/government/odisha-covid-19-management>

⁶ https://prsindia.org/files/covid19/notifications/3183.OD_Directions_GPs_handle_influx_migrants_apr_19.pdf

⁷ PRS India : "Government of Bihar's response to COVID-19 (till Apr 19, 2020)", 21st May 2020

V. RECOMMENDATIONS

Take measures to improve budget planning and utilisation at PRI level

- Improved WASH budget utilisation would require improvements in the overall financial systems, and the strengthening of budget processes at GP level. This includes; (a) averting delays in fund transfer (b) augmenting financial resources of PRIs including provision of dedicated human resources for financial management at GP level, (c) ensuring transparency in sharing of budgets and spending at PRI, block, district and State level, and (d) strengthen the roles of *Gram Sabhas* in planning and monitoring of budget utilisation and (e) Enhancing CSO capacities in tracking and analysing PRI level budgets and their utilisation.

Provide Clear Guidelines on Fund Utilisation towards Improved WASH in Social Sector Institutions

- While WASH sector priorities are listed in the 15th FC grants for the PRI, and time bound *Jal Jeevan Mission* has declared ensuring piped drinking water supply across the country, it is important that these guidelines cover WASH services at schools, AWCs and health centres, which are not there at present. It is recommended that both the guidelines incorporate the need for WASH facilities in social sector institutions. These also need to address the challenges presented in the context of the COVID-19 pandemic.
- Flexibility for prioritising local needs, and using multiple sources of funds should be given. However, there should be measures to avoid duplication of funds such as comprehensive

financial reporting mechanisms that projects and reports allocation and use of funds for specific purposes from all sources of funds at one place.

Prioritise maintenance of WASH facilities in social sector institutions through CSSs, SFC and CFC grants

- The maintenance of WASH facilities in schools, AWCs and health centres should become an important part of the *Swachh Bharat Mission* to ensure ongoing services. It is recommended that the ongoing CSSs and grants like the SFC and CFC give an increased priority to augment WASH facilities and services in institutions such as AWCs, schools and health care facilities.
- In COVID-19 times, WASH facilities gain even higher prominence when requirements of physical distancing need to be met. The budget provisions should cover necessary retrofitting and repair costs to ensure this. Role of PRIs in these activities needs to be clearly defined by the line departments, in order to ensure that the local governments and communities have greater ownership of these institutions.
- Appropriate preventive measures are also necessary for better preparedness to deal with a pandemic like COVID-19. Other states can learn a lot from Odisha's pandemic management strategy which included increased testing, effective resource allocation, infrastructure set-up, capacity building of human resources in health care, and incentives for citizens to test.

ACKNOWLEDGEMENTS

This Consolidated Policy Brief has benefited a lot from project interventions by IRC (as part of the Watershed India programme) in Ganjam (Odisha) and Samastipur (Bihar) districts and WaterAid India in Nuapada (Odisha) and Gaya (Bihar) districts. The authors are grateful to Mr. Suresh Parida (Gram Utthan), Mr. Hemant Nayak (RCDC), Mr. Bikash Pati (WaterAid India), Mr. Basanta Nayak (CYSD) from Odisha; Mr. Tirath Nishad and Mr. Jitendra Kumar Ravi (Nidan), Mr. Amir Hussain (PGVS) Mr. Pankaj Kumar (WaterAid India) from Bihar for valuable inputs towards the Brief. They are also thankful to Mr. Subrat Das (CBGA) for pertinent comments and suggestions in conceptualising the Brief.

Authors:

Trisha Agarwala (CBGA), Jawed Alam Khan (CBGA)

Technical Inputs:

Raman VR (WaterAid India), Ruchika Shiva (IRC), Happy Pant (CBGA), Nilachala Acharya (CBGA)

Editorial Inputs:

Shiny Saha (IRC), Nirma Bora (WaterAid India), Asadullah (CBGA), Shuchita Rawal (CBGA)

Design and Art Work:

Common Sans, 1729, Sector 31, Gurgaon, Haryana

For more information, please write to the authors at: trisha14@gmail.com; jawed@cbgaindia.org

The views expressed in this paper are those of the authors and do not necessarily represent those of the affiliated organisations. This document is not a priced publication. Reproduction of this publication for educational and other non-commercial purposes is authorised, without prior written permission, provided the source is fully acknowledged.

Copyright@2020 Centre for Budget and Governance Accountability, WaterAid India and IRC

