GOVERNMENT OF NEPAL

MINISTRY OF LOCAL DEVELOPMENT
Department of Local Infrastructure
Development and Agricultural Roads

THE REPUBLIC OF FINLAND

MINISTRY FOR FOREIGN AFFAIRS

FINAL PROJECT DOCUMENT

RURAL VILLAGE WATER RESOURCES MANAGEMENT PROJECT, PHASE II (RVWRMP II) IN FAR AND MIDWESTERN REGIONS, NEPAL

May 2011

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Project Fact Sheet

Project Title:	Rural Village Water Resources Management Project, Phase II (RVWRMP II) in Far and Midwestern Regions in Nepal
Project Number:	66008702
Sector:	Natural Resources
Sub-sector:	Water resources management, health and sanitation, rural development
Geographical Coverage:	Achham, Baitadi, Bajhang, Bajura, Dadeldhura, Darchula, Doti and Kailali Districts in the Far Western Region and Dailekh and Humla districts in the Mid Western Region, Nepal
Duration:	September 2010 – July 2015
Starting Date	September 1st, 2010
Overall Objective:	Institutionalised capacity at local and regional levels to sustain and continuously improve enhanced quality of life, better environmental conditions and increased opportunities in rural livelihoods in the Project area
Project Purpose:	Improved health conditions and reduced poverty in Project VDCs
Project Financing:	Grant by the Government of Finland EUR 13,500,000 Contribution of the Government of Nepal NPR 372,400,000 equivalent to EUR 3,165,000 in Nepalese Rupees, DDC/VDC contributions equivalent to EUR 1,531,000 and users contribution equivalent to NPR 179,760,000 (EUR 1,531,000) User contribution NPR 588,000,000 (EUR 5,000,000).
Competent Authorities:	Ministry of Finance, Nepal Ministry for Foreign Affairs, Finland
Executing Agencies:	Ministry of Local Development/Department of Local Infrastructure Development and Agricultural Roads, Nepal, together with participating District Development Committees

Abbreviations and Acronyms

ADB	Asian Development Bank
ADBN	Agriculture Development Bank of Nepal
AEPC	Alternative Energy Promotion Centre
AIDS	Acquired Immune Deficiency Syndrome
BSP	Biogas Support Programme
CB	Commercial bank
CBO	Community Based Organisation
CBS	Central Bureau of Statistics
CBWSSP	Community Based Rural Water Supply and Sanitation Programme
CF	Community forestry
CFM	Collaborative forest management
CFUG	Community Forestry User Group
CIDA	Canadian International Development Assistance
CLTS	Community-Led Total Sanitation
CM	Community Mobiliser
CO	Community Organisation
CPN/M	Communist Party of Nepal/Maoist
DAC	Department of Agriculture and Co-operatives
DADO	District Agriculture Development Office
DAG	Disadvantaged Group
Danida	Danish International Development Assistance
DDC	District Development Committee
DEES	District Energy and Environment Section
DEO	District Education Office
DDF	District Development Fund
DFID	Department for International Development (UK)
DFO	District Forest Office
DFRS	Department of Forest Research and Survey
DIO	District Irrigation Office
DLS	Department of Livestock Services
DMC	District Management Committee
DOF	Department of Forests
DOI	Department of Irrigation
DoLIDAR	Department of Local Infrastructure Development and Agricultural Roads
DPS	District Planning Section
DSCO	District Soil Conservation Office
DTO	District Technical Office
DWRDF	District Water Resource Development Fund
DWSS	Department of Water Supply and Sewerage
DWSSCC	District Water Supply and Sanitation Coordination Committee
DWSSDO	Drinking Water Supply and Sanitation Divisional (or sub-divisional) Office
DWUA	Drinking Water User Association
DWUMP	District Water Use Master Plan
EC	European Commission
EIA	Environmental Impact Assessment
EPA	Environment Protection Act
EPR	Environment Protection Regulations
ESAP	Energy Sector Assistance Programme
EUR	euro
FAO	Food and Agriculture Development Organisation of United Nations
FCA	FinnChurchAid
FCHV	Female Community Health Volunteer
FEI	Finnish Environment Institute

FEDWASUN	Federation of Drinking Water and Sanitation Users Nepal
FINGO	Financial Intermediary NGO
FHKEP	Freed Haliya and Kamaiya Empowerment Programme
FMI	Finnish Meteorological Institute
FY	Fiscal year
GDP	Gross Domestic Production
GEF	Global Environment Facility
GESI	Gender and Social Inclusion
GIS	Geographic Information System
GoF	Government of Finland
GoN	Government of Nepal
GTZ	Deutsche Gesellschaft fur Technische Zusammenarbeit
HDI	Human Development Index
HIV	Human Immunodeficiency Virus
HKH	Hindu Kush-Himalaya
HKH-HYCOS	Hindu Kush-Himalayan Hydrological Cycle Observing System
HPI	Human Poverty Index
ICIMOD	International Centre for Integrated Mountain Development
ICS	Improved Cooking Stove
IDE	International Development Enterprises
IEC	Information, Education and Communication
IFAD	International Fund for Agricultural Development
IEE	Initial Environmental Examination
INGO	International Non-Governmental Organization
ISET	Institute for Social and Environmental Transition
IWMP	Improved Water Mill Programme
IWRM	Integrated Water Resource Management
JICA	Japanese International Cooperation Agency
kcal	kilocalorie
KfW	Kreditanstalt für Wiederaufbau
kW	kilowatt
LBFR	Local Body (Financial Administration) Regulation
LDC	Least Developed Country
LDO	Local Development Officer
LFG	Leasehold Forestry Group
LFLP	Leasehold Forest and Livestock Programme
LGCDP	Local Governance and Community Development Programme
LIDP	Local Infrastructure Development Policy
lpcd	litres per capita per day
LSGA	Local Self-Governance Act
LSP	Local Service Provider
LWF/N	Lutheran World Federation Nepal
M&E	Monitoring and Evaluation
MAP	Medicinal and Aromatic Plant
MEDEP	Micro-Enterprise Development Programme
MFA	Ministry for Foreign Affairs (of Finland)
MFDB	Micro-finance Development Bank
MFI	Micro-finance institution
MDG	Millennium Development Goal
MEUR	Million euro
MIS	Management Information System
MH	Micro-hydro
MLD	Ministry of Local Development
MOAC	Ministry of Agriculture and Cooperatives
MOF	Ministry of Finance
MOFSC	Ministry of Forests and Soil Conservation
MOHP	Ministry of Health and Population
MOI	Ministry of Irrigation

MOU	Memorandum of Understanding
MOWR	Ministry of Water Resources
MPFS	Master Plan for Forestry Sector
MPPW	Ministry of Physical Planning and Works
MTR	Mid-term Review
MUS	Multiple Use System
MW	Megawatt
NACCF	Nepal Agricultural Co-Operative Central Federation Ltd
NAPA	National Adaptation Plan of Action
NDRI	Nepal Development Research Institute
NEDA	Netherlands Development Agency
NEWAH	Nepal Water for Health
NGO	Non-Governmental Organisation
NPC	National Planning Commission; also National Project Coordinator
NPD	National Project Director
NPR	Nepalese rupee
NTFP	Non-Timber Forest Product
NWCF	Nepal Water Conservation Foundation
NWP	National Water Plan
ODFZ	Open Defecation Free Zone
O&M	Operation and Maintenance
PACT	Project for Agricultural Commercialisation and Trade
PAF	Poverty Alleviation Fund
PAM	Project Administrative Manual
PIG	Project Implementation Guidelines
PMT	Project Management Team
PoCo	Post Construction phase
PPP	Purchasing power parity
PRS	Poverty Reduction Strategy
PSO	Private Sector Organisation
PSU	Project Support Unit
RAD	Regional Agricultural Directorate
REDP	Rural Energy Development Programme
REP	Renewable Energy Programme
RHCC	Rainwater Harvesting Capacity Centre
RMDC	Rural Microfinance Development Centre Ltd
RSRF	Rural Self-Reliance Fund
RVWRMP	Rural Village Water Resource Management Project
RWSS	Rural Water Supply and Sanitation
RWSSFDB	Rural Water Supply and Sanitation Fund Development Board
RWSSP-WN	Rural Water Supply and Sanitation Project – Western Nepal
SC	Steering Committee
SCC	Saving and Credit Co-operative
SDAN	Sustainable Development Agenda for Nepal
SDC	Swiss Agency for Development and Cooperation
SEAM-N	Strengthening Environmental Administration and Management in Nepal
SFCL	Small Farmers Cooperative Ltd
SKBBL	*Sana Kisan Bikas Bank* Ltd [Small Farmer's Development Bank]
SLA	Sustainable Livelihood Approach
SLTS	School-led Total Sanitation
SNV/N	Netherlands Development Organisation, Nepal
SO	Support Organisation
STD	Sexually Transmitted Disease
SWAp	Sector Wide Approach
TA	Technical Assistance
TL	Team Leader
TOR	Terms of Reference
TYIP	Three Year Interim Plan

UC	User Committee
UG	User Group
UML	United Marxist Leninist party
UN	United Nations
UNDP	United Nations Development Programme
UN-HABITAT	United Nations Human Settlements Programme
UNHSP	see UN-HABITAT
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
USD	US dollar
VDC	Village Development Committee
WASH	Water Supply, Sanitation and Hygiene
WARM-P	Water Resources Management Programme
WB	The World Bank
WDO	Women Development Office (of district)
WECS	Water and Energy Commission Secretariat
WFP	World Food Programme
WHO	World Health Organization
WRA	Water Resources Adviser
WRMC	Water Resources Management Committee
WRO	Water Resources Officer
WSP	Water Safety Plan
WUA	Water User Association
WUPAP	Western Uplands Poverty Alleviation Programme
WUSC	Water Users' and Sanitation Committee
WUMP	Water Use Master Plan
WWF	World Wildlife Fund

Executive Summary

Background

Rural Village Water Resources Management Project (RVWRMP) is supported by the Government of Nepal (GoN) and the Government of Finland (GoF). Its Phase I started in October 2006 and continued until the end of August 2010. RVWRMP works in nine hilly and mountainous districts of the Far and Mid Western Nepal, and additionally with arsenic mitigation and sanitation activities in one district in Terai. The ten districts are: Achham, Baitadi, Bajhang, Bajura, Dadeldhura, Dailekh, Darchula, Doti, Humla, and Kailali.

The Far and Mid Western Regions are the least developed regions in the Nepalese context. The ten Project districts have been ranked either as “poor” or “very poor”. Agriculture, livestock and non-timber forestry products, particularly high value herbal collection, are the main source of living for the people in the mountain districts. Out of the 24 districts in the Far and Mid Western Regions, about 14 are food deficit districts, depending on external support to feed the population. Seasonal migration has evolved as a coping strategy. It is also a common livelihood approach for poor communities in the Far and Mid Western Regions.

The access to tapped drinking water systems varied between 48% and 76% in the Project districts in 2006-2007, whereas the access to sanitation facilities was much lower: between 11% and 29%. It is likely that at the actual coverage of safe and well-functioning water supply is much lower.

Beneficiaries

The key beneficiaries and stakeholders will be at different levels: (i) community and Village Development Committee (VDC); (ii) district and regional; and (iii) national.

The foremost and ultimate beneficiaries of RVWRMP are the present and future residents of the Project VDCs whose health, nutrition and livelihoods will be improved and who are empowered to manage relevant infrastructure, livelihoods and financial matters. Through improved nutrition and hygiene, children will be a special beneficiary group. Since women are largely responsible for tasks related to water and local livelihoods, it is expected that they will derive special benefit from improved water supply and sanitation as well as livelihood development, including relevant infrastructure. The development of income generating livelihoods will benefit the rural poor in general, providing them with possibilities to make their living in their home villages and reducing seasonal migration.

The participating organisations are direct beneficiaries of the Project through external support to their efforts to achieve the set targets and through substantial capacity building. At the local level, the stakeholders include Water Users’ and Sanitation Committees (WUSCs), VDCs, District Development Committees (DDCs) and relevant line agencies at the district level. At the federal state or regional level, at least Agricultural Directorates will be involved in the Project. Similarly, at the central level, the key stakeholders and beneficiaries are the Ministry of Local Development (MLD) and, under MLD, the Department of Local Infrastructure Development and Agricultural Roads (DoLIDAR) who may replicate and upscale the models developed, piloted and implemented by the Project with external support from other sources and, increasingly, with GON and local resources. Other stakeholders are private small scale service providers and private businesses as well as non-governmental organisations (NGOs).

Intervention

The overall (long term) objective of RVWRMP is *institutionalised capacity at local and regional levels to sustain and continuously improve enhanced quality of life, better environmental conditions and increased opportunities in rural livelihoods in the Project* area.

The purpose of Phase II of RVWRMP is to achieve *improved well-being and reduced poverty in*

Project VDCs. This new formulation emphasises the impacts of the Project, instead of means. This is quite challenging but it is justified by the fact that the indicators for the achievement of the Project purpose are largely based on Nepal's Millennium Development Goals (MDGs). Considering the relatively strong support provided to the Project VDCs, the MDGs should be achieved in these privileged areas. The targets to be measured by sanitation and water supply indicators exceed the country's MDGs.

The results of Phase II of RVWRMP are also largely impact oriented:

- Result 1: institutionalised community capacity to construct and maintain community managed water supply and adopt appropriate technologies and behaviour related to sanitation infrastructure;
- Result 2: improved and sustainable nutrition, food security and sustainable income at community level through natural resources based livelihoods development; and
- Result 3: institutionalised capacity at district level to continue integrated water resources planning and to support communities in implementing and maintaining Water Supply, Sanitation and Hygiene (WASH) and livelihood activities.

Approach

The nature of Phase is twofold:

- to continue the implementation of the balance of schemes prioritised by the communities in VDC level Water Use Master Plans (WUMPs) prepared in Phase I; and
- to adjust the Project to respond to the reform and decentralisation of administration in Nepal, and to adapt the scope and approaches accordingly, in order to support and build the national and local capacity to continue the work initiated in the Project, increasingly relying on local and national resources with the objective of eventual phasing out Finnish support.

The approach of Phase II of RVWRMP is based on the following principles:

- institutionalisation of the Programme activities and increasing Nepali responsibilities, particularly once the new administrative structure has been established;
- building on the approaches, modalities, guidelines, etc, developed in Phase I, however adapting them and developing new ones whenever the operating environment changes substantially or when other needs arise, e.g. if the Project purpose or results seem unachievable;
- avoiding substantial institutional change and expansion of the Project area until the new administrative boundaries and bodies have been established;
- promotion and application of integrated water resources management, i.e., comprehensive and optimal use and management of water resources, protection of scarce water resources and safe sources, and tapping the economic value of water for the well-being and welfare of people;
- schemes to be implemented according to the prioritisation of WUMPs, with the following exceptions:
  - clusters of prioritised and feasible schemes to be given preference, in order to improve the efficiency of the delivery of outputs and, consequently, to increase the number of beneficiaries,
  - opportunities for MUS to be actively explored for the benefit of livelihood development,
  - Project's resources to be allocated on the basis of performance and progress in VDCs and districts,
  - sanitation and water supply to further promoted and included, wherever possible, in order to achieve the 100% coverage indicators of Result 1,
  - livelihoods to be promoted and included, although they were excluded from the scope of WUMPs, in order to achieve the indicators of Result 2.

- improvement of affordability and sustainability by reducing the costs of facilities by developing more lower-cost technology options, increasing use of locally available materials and decreasing dependence on costly transportation, such as air-lifting.

Livelihood development activities will become cross-cutting in Phase II, i.e., some form of livelihood development – in a modest or more advanced form – will benefit every household that participates in the Project activities.

Organisation

The organisational set-up of Phase II is built on Phase I organisation. The main difference is the establishment of the Project Management Team (PMT). This is actually formalisation of a practice already adopted by the Project in Phase I. Minor changes are proposed also in regard to the voting rights of some Steering Committee (SC) members, and with the composition of SC and District Management Committees.

The competent authorities of the two governments for RVWRMP are the Ministry of Finance of Nepal and the Ministry for Foreign Affairs of Finland, represented in Nepal by the Embassy of Finland. The executing agency is MLD/DoLIDAR together with participating DDCs. Registered User Committees have the responsibility for scheme implementation, and operation and maintenance. Funds for the implementation of schemes are directly provided to them.

Timetable

Phase II of RVWRMP will be executed over a period of about five years. Phase II will be mobilised in September 2010 and extended until July 2015, following the Nepali fiscal calendar. Phase II is proposed to be followed by Phase III and probably by additional phases.

Budget

The estimated budget for Phase II is MEUR 23.2. The contribution of the Government of Finland is MEUR 13.5 (58%) and the contribution of the Government of Nepal MEUR 3.165 (14%). Additional contributions are expected from DDC/VDC – MEUR 1.531 (7%) and users/beneficiaries – MEUR 5.0 (21%). The Finnish contribution will be a grant. The tentative budget for Phase II is presented in the table below.

Table. Tentative Phase II budget in MEUR

Cost item	GOF	GON	DDC/ VDC	Users	Total
Capital for investments	5.100	2.500	1.400	5.000	14.000
Plans and studies	0.832	0.045	0.023	0	0.900
Capacity building and community mobilisation	1.072	0.120	0.108	0	1.300
Operational costs	1.880	0	0	0	1.880
Administration (GON)	0	0.500	0	0	0.500
TA	3.700	0	0	0	3.700
TA related costs	0.471	0	0	0	0.471
Sub-total	13.055	3.165	1.531	5.000	22.751
Contingency	0.445				0.445
Total	13.500	3.165	1,531	5.000	23.196

1. Present Situation

1.1 Country and Project Background

1.1.1 General Facts and Figures

Nepal, is a landlocked country in South Asia, bordered in the north by China and in the south, east, and west by India. It occupies an area of 147,181 km^2 and its population is estimated at about 30 million. The country is of roughly trapezoidal shape, 800 kilometres long and 200 kilometres wide, and it is divided into three physiographic areas: the Mountain, Hill, and Terai Regions.

The five climatic zones of Nepal broadly correspond to altitude. They range from (i) tropical and subtropical zones below 1,200 metres to (ii) temperate, (iii) cold, (iv) sub-arctic and (v) arctic zones, the latter above 4,400 metres. There are four climatic seasons: spring from March to May, summer from June to August, autumn from September to November, and winter from December to February. The monsoon is approximately from June to mid September. About 80% of the rain falls during that period, leaving most of the year rather dry. Winter rains are more common in the western hills. The average annual rainfall in Nepal is about 1,600 mm, but total precipitation differs in each eco-climatic zone. The eastern regions are wetter than the western parts of the country. For example, Taplejung in the Far Eastern mid hills receives an average annual rainfall of 2,024 mm, whereas Baitadi receives only half of that. Similarly, temperatures range widely between the climatic zones.

The country is divided into five development regions – (i) Eastern, (ii) Central, (iii) Western, (iv) Mid-Western, and (v) Far Western – further into 14 zones and 75 districts. The regional and zonal levels are rather weak, without any elected bodies and specific budgets. Several ministries, however, have offices at these levels.

The decade long history of conflict since 1996 lead to breakdown of security structure, increased uncertainty in mobility, and socio-political instability in the country. The years of civil war changed the social, economic and political landscape of Nepal. Almost every district in Nepal was affected to some degree. In a significant number of districts, the normal structure of local government and administration, together with the provision of basic government services through line agencies, was disrupted, if not substantially curtailed. The political situation became worse with the political infighting, dissolution of parliament and suspension of local election in 2001. After the royal coup in February 2005 and the breaking down of one-sided ceasefire in August 2005, the security situation worsened and violence spread rapidly – especially in the rural areas with 13,000 killed and many more handicapped and displaced. The lack of economic empowerment and social exclusion escalated by conflict has made people more alienated, powerless and voiceless, limiting their access to justice, security and essential services.

People's movement in April 2006 led into the cessation of active violence. This was followed by the Peace Accord that the coalition Government of the seven-party alliance and the Communist Party of Nepal/Maoist (CPN/M) signed on 21 November 2006. The new eight-party House of Representatives was established on 15 January 2007. On the same day, the House passed a new Interim Constitution, marking the beginning of a journey towards a peaceful, inclusive and prosperous "New Nepal". Nepal was declared a federal republic, thereby abolishing the monarchy. After several delays, the Constituent Assembly elections were held on 10 April 2008. The Constituent Assembly is tasked with writing a new constitution and it will act as the interim legislature for a term of two years ending in mid 2010. A new Cabinet was formed in August 2008. Despite carrying more than two-thirds majority, the Cabinet that consisted of the Maoist Party (220 seats), United Marxist Leninist (UML) Party (103 seats), and Madhesi Janaadhikar Forum (52 seats) in the 601-seat Assembly with support from smaller parties, resigned in May 2009. A new multiparty Cabinet was established in May 2009.

For the time being, local bodies have no elected members and there may be no local body elections until after the new constitution is formed, optimistically in 2-3 years time. However, most

officials in District Development Committees (DDCs) and Village Development Committees (VDCs) are local, except the executive officers who are appointed by the central government.

Political volatility and civil unrest is pervasive also in Far and Midwestern Regions. Terai has been and will probably continue to be the most difficult area. Because access to many hill districts is through Terai, any disturbances (shut down strikes) there may affect also hill districts. Elsewhere in Nepal (mostly eastern hills and Terai), dozens of nascent insurgency groups have emerged amidst the debate on proposed federal and ethnicity based administrative structures.

Rough tree-less terrain and topographic features make the Project area very erosion prone. Conservation of top soil, reforestation and planting of trees and other non-timber forest products are all critical to both water and food security. Yet, deforestation and over grazing continue, among others.

1.1.2 Rural Village Water Resources Management Project, Phase I

Rural Village Water Resources Management Project (RVWRMP) is supported by the Government of Nepal (GoN) and the Government of Finland (GoF). Its Phase I started in October 2006 and continued until the end of August 2010. RVWRMP works in nine hilly and mountainous districts of the Far and Mid Western Nepal, and additionally with arsenic mitigation and sanitation activities in one district in Terai. The ten districts are: Achham, Baitadi, Bajhang, Bajura, Dadeldhura, Dailekh, Darchula, Doti, Humla, and Kailali. Kailali is the only district in Terai in Far Western Region; Dailekh and Humla are in Mid Western districts, and the remaining seven are in the Far Western Region. The Project area is shown on a map in Annex 1.

The overall objective of the Project Phase I was “improved quality of life, environmental conditions and increased opportunities to improve rural livelihoods in the Mid and Far Western Regions through rational, equitable and sustainable use of water at the village level”. The purpose of the Project (Phase I) was to “contribute to the attainment of the overall objective through (i) increased availability of water resources with improved institutional capacity for planning, management and use of resources in the nine (9) districts; (ii) improved access to safe drinking water supplies and sanitation services; (iii) increased availability of irrigation services; and (iv) increased use of micro hydro power (MH) potentials”. These objectives are expected to be met by means of Integrated Water Resources Management (IWRM), i.e. optimal development and use of available water resources, protection of scarce resources and tapping the economic value of water for the well-being and welfare of people using these resources. Water is thus used as means for balanced social and economic development to benefit rural communities.

The numerical indicators for the measurement of the tangible results of the Phase I were:

- 80 VDC level Water Use Master Plans(WUMPs) have been formulated;
- 120,000 people served by water supply facilities, i.e., 8% of the population residing in the area;
- 60,000 people served by sanitation facilities, i.e., 4% of the population residing in the area;
- 15,000 people served with small-farm irrigation facilities, i.e., some 600 ha of irrigated land, i.e., 1% of the population residing in the area; and
- 6,000 people served by micro hydro facilities, i.e., five micro hydro power plants to be installed in selected priority villages with average capacity of 20 kW each, i.e., 0.4% of the population residing in the area.
-

As a result of the selection criteria of VDCs, RVWRMP is directed on a social basis to the most disadvantaged beneficiaries in the most remote areas. In practice, WUMPs have been or are being completed in 47 VDCs and RVWRMP has concentrated its support to these VDC plus six VDCs in Kailali. WUMPs have been prepared with a bottom-up approach and in a very inclusive and systematic way. About 4,700 schemes have been identified and prioritised in the WUMPs. It is not intended that the Project would support the implementation of all of these schemes.

WUMPs are instruments for VDCs and DDCs which should help in approaching other financiers, including GON. The implementation of schemes started later in Phase I and it has been estimated that about 7% of the schemes proposed in WUMPs will be completed by the end of Phase I. The Project expected to achieve the following beneficiary numbers by July 2010:

- about 100,000 people provided with access to improved water supply;
- about 85,000 people having improved sanitation facilities;
- around 10,000 people served with small-scale irrigation facilities;
- around 5,000 people served with improved water mills and pico- or micro-hydro; and
- around 700 people benefiting from environment protection and soil conservation.
-

In order to address the concerns for sustainability of achievements, the Project has also introduced activities, such as saving, development of livelihoods and income generation, which were vaguely included in the original scope in the first Project Document. On the basis of lessons learned during inception of Phase I, the Project has expanded scope on livelihood development by, e.g., piloting savings and credit activities, establishment of cooperatives and supported development of eco-villages where livelihood development has been an integrated part of all activities. The Project has also developed a number of procedures, modalities, guidelines and manuals.

1.2 Government and Sectoral Policies

1.2.1 Public Administration and Decentralisation

The **Local Self Governance Act (LSGA)**, 2055 (1999) is based on the following principles and policies for the development of local self-governance system:

- devolution of such powers, responsibilities, and means and resources as are required to make the Local Bodies[1] capable and efficient in local self-governance;
- building and development of institutional mechanism and functional structure in Local Bodies capable of considering for local people and bearing responsibilities;
- devolution of powers to collect and mobilise such means and resources as are required to discharge the functions, duties, responsibility and accountability conferred to the Local Bodies;
- having the Local Bodies oriented towards establishing the civil society based on democratic process, transparent practice, public accountability, and people's participation, in carrying out the functions devolved on them;
- for the purpose of developing local leadership, arrangement of effective mechanism to make the Local Body accountable to the people in its own areas; and
- encouraging the private sector to participate in local self-governance in the task of providing basic services for sustainable development.

In addition to executing or causing to be executed the decisions and directions of the Village Council, the functions, duties and powers of **VDCs** include, inter alia, to:

- prepare drinking water projects for the supply of drinking water required within the village development area and to implement and operate the same, and to arrange or cause to be arranged for their maintenance;
- construct, maintain and repair or cause to be constructed, maintained and repaired wells, deep water, ponds, taps etc. within the village development area;
- preserve or cause to be preserved the sources of water within the village development area;
- prepare projects on tracks and trails, and rural roads required within the village development area and to implement the same and make arrangement for their maintenance and repair;

[1] *Local Body* means the Village Development Committee (VDC), Municipality and District Development Committee (DDC).

- maintain and repair bridges, twines, embankments and culverts handed over by various agencies;
- establish pre-primary schools with own source, to give permission to establish them and to operate and manage the same;
- supervise and manage the schools being operated within the village development area;
- prepare projects of irrigation, dams, canals, water channel, water bank, etc. required within the village development area and to implement or cause to be implemented the same;
- prepare programmes on soil-erosion and river control that affects the village development area and to implement or cause to be implemented the same;
- generate and distribute electricity and to cause to be generated and distributed the same;
- build community buildings, rest houses and public toilets;
- prepare criteria for houses, buildings, roads and other physical infrastructures etc. to be constructed within the village development area, and to grant approval as prescribed for the construction of them;
- formulate land-utilisation plans of the village and to implement or cause to be implemented the same;
- make or cause to be made arrangements for necessary sewerage and drainage in settlement areas;
- operate and manage village level health centre, health post and sub-health posts;
- prepare programmes on primary health education and sanitation and disposal of wastes and garbage in the village development area and to implement the same;
- provide assistance in the development and expansion of herbs;
- encourage consumer groups and other non-governmental organisations (NGOs) for the development and construction works to be done in the village development area and it shall have such works done through such groups or organisations;

Each VDC shall formulate periodical and annual plans for the development of the village development area. In formulating the plans, VDC shall have to give priority to projects, which:

- are production-oriented and from which consideration may be obtained sooner;
- raise living standard, income and employment of and give direct benefits to the rural people, and contribute to the alleviation of poverty;
- can be operated with low cost and larger people's participation;
- are operated through local means, resources and skills;
- provide direct benefits to the women as well as backward class and children; and
- can contribute to protect and promote the environment.

VDCs can impose, inter alia, service charge on sanitation, drainage and sewerage. VDC also exercises the power to hear and settle at first instance cases on border/boundary of land, public land, canals, dams, ditches or allocation of water and encroachment on roads or way-outs.

The Secretary of VDC is the highest executive civil servant under VDC. S/he is appointed by the Public Service Commission and deputed by the Ministry of Local Development (MLD) to their VDCs for terms of at least two years.

The village level projects shall be carried out through consumers' committees. In getting a construction work done, VDC shall have to do, and cause to be done, contracts and other transactions be as prescribed.

In addition to executing or causing to be executed the decisions and directions of the District Council, the functions, duties and powers of **DDC** include, inter alia, to:

- formulate and implement, and cause to be implemented, such drinking water plans as are to benefit the people in more than one village development area in rural areas of the district development area;

- formulate plans on habitation and market development in rural areas of the district development area, and implement and cause to be implemented them;
- formulate, implement, operate, distribute and maintain and repair projects on mini and micro hydropower and other energy, and cause to be done the same;
- formulate and implement the programmes such as family planning, mother child welfare, extensive vaccination, nutrition and population education and public health; and
- maintain data of the district development area.

Relating to forests and environment, LSGA authorises VDCs to:

- afforest barren land, hills, steppe and steep land and in public land;
- prepare programmes in respect of forests, vegetation, biological diversity and soil conservation and to carry out or cause to be carried out the same; and
- make various programmes on environment protection and to carry out or cause to be carried out the same.

Similarly, the functions, duties and powers of DDCs related to forest and environment are to:

- prepare plans on forests, vegetation, biological diversity and soil conservation, and implement and cause to be implemented the same, and
- protect and promote, and cause to be protected and promoted, the environment.

The Local Development Officer (LDO) is the highest executive civil servant under DDC. S/he is appointed by the Public Service Commission and deputed by the Ministry of Local Development (MLD) for terms of at least two years, but LDOs of remote DDCs usually serve shorter terms.

The Local Body (Financial Administration) Regulation 2064 (LBFR, August 2008) builds on LSGA and provides detailed instructions on financial administration for local bodies. LFBR includes provisions for local bodies regarding their accounting systems, procurement procedures, internal tax collection systems, advance and assets advance settlement system and procedure, auditing and on asset management, inventories and auctions.

The roles of the Local Bodies in the development of infrastructure have more recently been elaborated on in **Local Infrastructure Development Policy** (LIDP) 2061 (2004). Its stated objective is that "by means of physical and social infrastructure, the access of local people including women, disabled, backward, oppressed, neglected and Dalit class to social service, economic opportunities and resources shall be increased". The four strategies for the achievement of the objective are:

- programmes relating to infrastructure to be operated by the line ministries shall be devolved to the local bodies;
- development of appropriate institutional structure and technical capacity shall be enhanced for the local infrastructure development;
- a concept and working style shall be pursued to mobilise local resources, means and skill in the local infrastructure development by means of people's participation; and
- an effective utilisation of available resources shall be made by maintaining harmonisation among the donor agencies involved in the local infrastructure development.

The policies for the implementation of the above strategies include, inter alia:

- functions and resources of local infrastructure development shall be devolved to the local bodies;
- central level and local level programmes shall be clearly classified;
- MLD shall be a focal ministry on local infrastructure – functions relating to policy formation, information management and dissemination, appropriate technology, development and implementation, research and development of local infrastructure de-

velopment and co-ordination between local bodies and sectoral ministries/ departments shall be done by this ministry;
- MLD shall mobilise foreign aid required for infrastructure development by maintaining uniformity and co-ordination among the donor agencies;
- the construction work shall be done through consumer's committees, local NGOs, community based organisations (CBOs), depending upon the nature, size, technology to be used – only the work which is technically complicated in nature shall be caused to be done through a contract;
- the local bodies shall be made fully responsible for the formulation, implementation, monitoring and evaluation, and operation and maintenance (O&M) of local infrastructure development plan; and
- a system of involving beneficiary groups in O&M after the completion of the plan shall be developed.

1.2.2 Poverty Reduction and Social Policies

The **Tenth Five-Year Plan** period was completed in June 2007. It was also the Poverty Reduction Strategy (PRS) for Nepal, thus poverty alleviation was the main objective. The strategies for the Tenth Plan period focused on four aspects:

- high, sustainable and broad-based economic growth;
- social sector and infrastructure development;
- targeted programmes; and
- good governance.

The Plan outlined eleven sectors which were to be given a special focus. Among them relevant ones to the Project were:

- agricultural development, sustainable management of natural resources and biodiversity: agricultural development seen as a major driver for poverty alleviation;
- development of rural infrastructures and energy – a must for enhancing economic development in rural areas (rural energy contributes to the modernisation and social transformation of rural economy, also both will provide additional support to poverty alleviation);
- human resources development and women's empowerment – women to be involved in the decision-making processes, women's increased access to resources;
- targeted programmes for the upliftment, employment and basic security of the downtrodden, ethnicities and the deprived people;
- strengthening local bodies, NGOs and CBOs;
- emphasis on development of remote areas and area development;
- guarantee and enhancement of local governance; and
- environmental conservation and promotion.

Sectoral policies and major approaches for different sectors included the following:

- agriculture – special emphasis to irrigation to increase agricultural production and to crop diversification;
- water resources and alternative energy – alternative energy developed in an integrated way for rural socio-economic transformation, entrepreneurship development and human welfare, emphasis on promotion and expansion of small hydropower, biogas, solar power, wind power and improved stove, biogas and rural sanitation to be fostered in an integrated way (toilets and biogas);
- drinking water and sanitation
  - advocates for integrated water resource management, rural drinking water projects based on community demand, through their participation, involvement and maximum mobilisation of local resources, NGOs, Community Organisations (COs) and private sector mobilised as collaborator,
  - emphasis to enhance the skill and competence of User Committees (UCs) for managing schemes;

  - drinking water projects applying appropriate technology, technology options include rainwater harvesting, solar pumps and hydro power,
  - national drinking water quality standard to be prepared,
  - sanitation programme as an integral component of drinking water projects; and
- special strategies also proposed for Dalits and marginalised community, e.g. including access to sanitation, health and education services on priority basis.

Instead of a regular five-year plan, in 2007 the Government of Nepal developed a **Three Year Interim Plan** (TYIP) for the period July 2007 – July 2010. This approach was selected because among the planned tasks for the Constituent Assembly is also the reassessment of the overall governance structure of Nepal. National Planning Commission (NPC) estimated the process to take three years. The Interim Plan visions "a Prosperous, Modern and Just Nepal" where Nepal will be free of absolute poverty and all Nepali people have obtained full rights. The main goal for the period is to prepare a basis for economic and social transformation in the future. The strategies for the plan are:

- emphasis on relief, reconstruction and reintegration – reconstruction and rehabilitation of rural infrastructure, investment plan for roads, and master plan for infrastructure;
- employment-oriented, pro-poor and broad-based economic growth - priority will be given to projects providing more employment to women, Dalits, Adibasi, Janajatis, youths and the Madhesi communities, immediately;
- good governance and effective service delivery – access of all Nepali including those excluded in economic and social service delivery, will be increased – for this, the private sector, civil society (including NGOs and CBOs) will be accepted as partners in development, and necessary laws, policies and programs will be revised, formulated and implemented in addition to an emphasis on decentralisation, institutional strengthening and capacity development;
- increased investment in physical infrastructures: roads, hydropower;
- emphasis on social development – additional investments will be made on education, health, drinking water and sanitation, and other social development activities, to develop human resources and raise the living standard of the people (in order to make the services from these sectors effective, the responsibility of managing these services will be devolved gradually to the local bodies);
- inclusive development process and carry out targeted programs – targeted programmes for the benefit of socially excluded groups, i.e., Adibasi, Janajatis, Dalits, Madhesi, women, and people with disability, extremely poor people, and people of the remote geographical areas, seeks to make special efforts in ending all forms of discriminations and in promoting multiculturalism and peace, to ensure a basis for inclusive development macroeconomic, social and political development processes will gradually be engendered (priority areas for targeted programmes include Karnali zone and remote, disadvantaged corners of districts).

In the specific policies, respect for human rights, inclusive development, gender mainstreaming and inclusion and upliftment of Dalits and the other disadvantaged groups are emphasised while poverty alleviation remains a key concern and challenge. The sector policies also include:

- agriculture – irrigation also acknowledges micro-irrigation and rainwater harvesting in the hills (co-operatives will be effectively mobilised by availing wholesale credit to them through commercial banks for rural credit including agriculture and microfinance);
- water and sanitation – numerical targets are set: by the end of TYIP, 85% of the people should have access to improved supply of drinking water and 60% to sanitation services[2], strategies include, e.g.,

[2] TYIP gives as the end of 10th Plan period (2007/08) achievements for water supply (76.6%) and for sanitation (45.8%).

  - simple technology based water supply schemes for extending the basic drinking water supply services, sustainable water supply services through rehabilitation and extension of previously executed old and damaged water supply schemes,
  - gradually improve the quality of drinking water in accordance with the Drinking Water Standards, 2007,
  - gradually extend the service standards as per the Water Supply and Sanitation Policy, 2004,
  - promote and extend sanitation facilities through public awareness at the rural and urban areas with the participation and contribution of the local government and users' communities,
  - introduce necessary policy, institutional and legal reforms for adopting Sector Wide Approach (SWAp);
- irrigation – projects based on integrated water resource management favoured, encompassing watershed based approach, users' participation, social inclusion, gender and representation of stakeholders in decision making at all stages, regional balance and opportunities of employment generation shall be included in the criteria of project selection, multiple water use shall be given priority in project formulation;
- alternative energy – small and micro-hydropower, solar energy and wind energy remain a priority in rural areas;
- decentralisation and devolution
  - it is visioned that the local bodies would be restructured according to the concept of inclusion, democracy and federal government system, local bodies will be capable as the local government to effectively deliver the services,
  - the objectives are to:
    - promote good governance at the local level by clearly delineating the political, planning, financial, legal and administrative rights of the central and local level according to the concept of the federal structure, and inclusive democracy and policy of full devolution through the establishment and operation of the local government, and
    - enhance effectiveness of the local government in local development works and service delivery by developing and adopting the participatory planning system based on peoples' aspirations and local demand through inclusion and mainstreaming at the local level.

TYIP will be followed by a new Five Year Plan to cover a period from July 2010 until June 2015 with a three year rolling plan.

The **National Microfinance Policy** (2007) aims to facilitate an enabling environment for development of microfinance and to increase access to financial services for the poorest, disadvantaged and women. Opportunities include the presence of retail microfinance institutions (MFI) and wholesale lending institutions, and the introduction of new products such as micro insurance.

The **Cooperative Act (1992)** stipulates formation and operation of cooperative societies and unions of different categories for enabling the farmers, artisans, low capital and income groups, labourers, landless and unemployed people, or social workers, to work for the economic and social development of the general consumers on the basis of mutual cooperation and co-operative spirit. Co-operative societies or unions may be formed with the objectives of providing services and facilities for the economic and social development. A society or union may issue loan bonds, or obtain loans from any local or foreign bank or any other agency.

1.2.3 Water and Environmental Policies and Strategies

The **Water Resources Act** 2049 (1992) is an umbrella Act and declares that the ownership of water is vested by the state. Persons willing to make use of water resources for collective benefits on an institutional basis may form a water users' association. According to this Act, the priority given to the different uses of water is:

1. drinking water and domestic use;

2. irrigation;
3. agricultural use such as animal husbandry, fisheries;
4. hydroelectricity;
5. cottage industry, industrial enterprises and mining;
6. navigation;
7. recreational use; and
8. other uses

More detailed stipulations on water user associations, licensing, establishment of District Water Resources Committee, etc. are provided in Water Resources Regulation 2050 (1993). Relevant legislation also includes Electricity Regulation 2050 (1993), Environment Protection Act 2053 (1996), Environment Protection Regulation 2054 (1997), Drinking Water Regulation 2055 (1998), Irrigation Regulation 2056 (2000), and Procurement Act 2063 (2007).

According to **Drinking Water Regulation**, groups of people who wish to benefit collectively from developing and operating their own project may establish a drinking water user association (DWUA), which also may be registered. After registration, no other water user association can be registered, which would reduce the quantity of the water used by the original DWUA in the same working area.

The **Water Resources Strategy** (2002) aims at contributing to the country's national goal – defined as *"living conditions of Nepali people are significantly improved in a sustainable manner"* – by ten outputs, each having specific short-, medium- and long-term targets with horizons of 5, 15 and 25 years, respectively. The ten outputs are:

1. effective measures to manage and mitigate water-induced disasters are functional;
2. sustainable management of watersheds and aquatic ecosystems achieved;
3. adequate supply of and access to potable water, sanitation and hygiene awareness provided;
4. appropriate and efficient irrigation available to support optimal, sustainable use of irrigable land;
5. cost-effective hydropower developed in a sustainable manner;
6. economic uses of water by industries and water bodies by tourism, fisheries and navigation optimised;
7. regional co-operation for substantial mutual benefits achieved;
8. enhanced water-related information systems are functional;
9. appropriate legal frameworks are functional; and
10. appropriate institutional mechanisms for water sector management are functional.

In regard to drinking water supply, the target is to achieve 100% coverage by 2012 and 100% coverage of "good quality water supply" by 2027. Similarly, 100% of population will have safe sanitation facilities by 2017.

The **National Water Plan** (NWP) was prepared to operationalise the Water Resources Strategy. NWP includes programmes in all strategically identified output activities so that all these programmes, in consonance with each other, will contribute to maximising the sustainable benefits of water use. The major doctrines of NWP are integration, coordination, decentralisation, popular participation and implementation of water-related programmes within the framework of good governance, equitable distribution and sustainable development.

Nepal National Sanitation Policy and Guidelines for Planning and Implementation of Sanitation Programme (1994) was made to address the sanitation issues of sustaining the quality of life and health of the people through:

- changing people's unhygienic sanitary behaviour and practice related to personal, household, and environmental hygiene through environmental health education, information and mobilisation of community;
- ensuring community involvement, in particular women's involvement in water management, hygiene education, and other sanitation promotion activities; and

- encouraging the participation of non-governmental organisations and volunteers as partners in development.

The key policy objectives are to:

- reduce incidence of morbidity and mortality due to water borne disease and lack of environmental sanitation and hygiene;
- bring about attitudinal and behaviour changes for improved sanitation and hygiene practices;
- increase knowledge and awareness among all levels of community, particularly in women and children regarding improved sanitation hygiene;
- reduce infant and child mortality rate in population through emphasis on control of diarrhoeal diseases; and
- ensure that all water supply programmes have sanitation programme and vice-versa as an integral component of each other.

The guidelines emphasised the role of DWSS and its regional and district level arms in the development of rural water supply and sanitation, in co-ordination with other sector agencies at the district level. The guidelines also encouraged NGOs to participate in sanitation awareness campaigns, motivation and education on hygiene and sanitation.

The **Rural Water Supply and Sanitation National Policy** (2004) aims to provide water supply and sanitation services to 100% of the population by 2017. According to this policy:

- service development and operation system will be adopted through leadership of the local community, which will identify the necessity of the project, its selection, plan formulation, implementation, and management by applying participatory method;
- health education and sanitation activities will be conducted together with water supply and sanitation programme;
- capacity of local bodies, user committees and NGOs will be enhanced to work as per the decentralised approach that will help minimise the direct involvement of GON in the implementation of water supply and sanitation projects;
- projects will be selected on the basis of projects prepared by the local bodies;
- appropriate technology that is affordable to and manageable by the users' committees will be used while informing them about all available technical alternatives;
- the system for regular monitoring and evaluation by the users at local level of micro-organisms and chemical and physical elements will be developed to maintain the water quality;
- consumers' groups and community organisations will be made responsible to provide water supply and sanitation services effectively by designing proper work to the local bodies as per decentralisation policy;
- GON and local bodies will play the role of regulating, monitoring and facilitating the implementation of the projects; and
- the consumers themselves will own, operate and have responsibility to maintain water supply projects, etc.

According to the **Rural Water Supply and Sanitation National Strategy** (2004):

- DWSS will prepare and implement a plan to gradually phase out direct implementation in rural water supply and sanitation schemes, and will hand over ownership and responsibility for O&M of all schemes to local bodies and/or Water Users' and Sanitation Committees (WUSCs). DWSS will not provide Technical Assistance (TA) through its Divisional offices for the implementation of rural water supply and sanitation programmes once the DDC becomes capable and sets up its own sectoral section;
- DWSS will mainly concentrate on formulation of sectoral policy, co-ordination between inter-sector and intra-sectoral programmes, development of TA and training mechanism, preparation of manuals and technical guidelines, creation and updating

of rural water supply and sanitation database, sectoral research, assistance to DDCs for the preparation on district profiles, assistance to the donor community in project preparation, etc.;

- Rural Water Supply and Sanitation Fund Development Board (RWSSFDB) will serve as a regular organisation for facilitating the provision of rural water supply and sanitation services;
- an O&M fund will be created with upfront contributions at WUSC level for financing O&M, and a rehabilitation fund will created at DDC and VDC level to support rehabilitation financing if and when such works are needed;
- linkages will be established with income generating projects/activities/programmes by the implementing agency to strengthen the O&M fund at the community level;
- NGOs or partner organisations will train the community level Female Community Health Volunteers (FCHV) on the promotion of sanitation issues;
- the basic level of water supply is defined by quantity of 45 litres per capita per day (lpcd) – in no case less than 25 lpcd, accessibility within 150 metres horizontally and 50 m vertically or within 15 minutes per round trip, reliability, and quality meeting at least the guidelines of the World Health Organization (WHO);
- gender equity and service development will be insisted in planning, decision follow-up, training, access and management of rural water supply and sanitation facilities/ services;
- WUSCs will be formulated by ensuring proportional representation of gender, caste and disadvantaged ethnic groups, with at least 30% representation of women;
- adult education and income generating activities will be conducted as auxiliary programmes of water supply and sanitation that will enable empowerment of women;
- role of NGOs and private sector will be enhanced to provide rural water supply and sanitation services;
- if the community demands, a stand-alone programme focusing on sanitation, hygiene and educational awareness may be implemented where the community people are at high risk for lack of sanitation facilities;
- all water supply rehabilitation/expansion projects will include awareness raising programmes about water supply, sanitation, hygiene and sanitation behavioural change and improved community, family and individual health;
- opportunities will be supported to integrate rural water supply and sanitation projects with the construction of biogas generators with a view to create an organisational pressure on health impacts on both diarrhoeal diseases and respiratory related diseases caused by indoor air pollution from cooking smokes;
- for water supply and sanitation improvements at schools, equity considerations for disadvantaged groups will include:
  - porterage of non-local materials from road head to the respective site/community and collection cost of materials beyond one day round trip will have to be borne by the project/agency,
  - contribution level needed for the identified community households will be reduced for marginalised group to improve their access (such contribution will be less than 20% but not less than 10%, cash contribution will not be compulsory for the poorest households and internal assistance will also used within community to increase community contribution in total);
- households will be identified for grant assistance purpose with the co-operation of the community through participatory approach;
- O&M costs should be fully borne by the community;
- local body and the government will provide some financial assistance for repair in case of huge and important structures;
- 20% of construction costs should be fully borne by the community with 1% of that amount in cash in the construction of institutional latrines;
- community managed revolving funds will be allowed, with special subsidies for the construction of latrines for poor households; and
- O&M cost should be fully borne by the community institutions in case of school latrines and by individual households for family latrines; etc.

According to the strategy, the main roles of the key actors are:

- NPC – to incorporate sectoral plans in comprehensive national development process for orientating it towards national development targets and to monitor its progress;
- Ministry of Finance (MOF) – to allocate budget, release it and monitor its expenditure for achieving national development targets;
- Ministry of Physical Planning and Works (MPPW) – to formulate sectoral policy and plan and to monitor them;
- DWSS – to provide technical support in the rural water supply and sanitation sector;
- MLD – to assist in the overall development works of the districts and villages by providing technical skills in line with the process of decentralisation;
- DDC – to formulate and manage district level plans and to co-ordinate with other sectoral activities;
- Water Supply and Sanitation Division Office – to support in the implementation of water supply and sanitation projects in the absence of the Water Supply and Sanitation Offices in the district or such unit/office has not been created within DDCs;
- VDC – to enhance co-ordination at the community level;
- WUSCs – to participate in plan formulation, construction, management and operation, repair and maintenance of such facilities:
- NGOs and CBOs – to assist the community in the formulation and implementation of projects and to manage funds relating to such programmes, to experiment and evaluate the revised implementation processes, to evaluate them and also participate in the rural water supply and sanitation policy formulation on the basis of these experiences; and
- Private Sector Organisations (PSOs) – to provide, as partners, specific types of high standard and quality when such assistance is not possible from the government and non-government sectoral organisations.

The **Rural Water Supply and Sanitation Sectoral Strategic Action Plan** (2004) is guided by the principles set in the sectoral strategies. It further clarifies the roles of the key actors in the sector, for example:

- MLD will assist DDCs to establish branch offices of rural water supply and sanitation and to conduct training and to provide other relevant assistance;
- MLD will act in co-ordination with MPPW to remove the duplication in the functions of DTO and District Water and Sanitation Division Office;
- MPPW to remove the above duplication, paying special attention to the present policy of assigning the task of providing water supply and sanitation services to the community with population below 1,000 by DTO and to larger communities by DWSS through District Water and Sanitation Division Offices;
- DDCs to sign contracts with NGOs/PSOs to ensure the provision of sufficient financial training to WUSCs, and to ensure the availability of community contribution before the release of the construction fund;
- VDCs to take the lead of participatory projects at the village level with the active participation of NGOs/PSOs/CBOs and WUSCs, in any;
- VDCs to recommend WUSCs to get registered under District Water Resources Committees;
- VDCs to supervise the construction work;
- communities and WUSCs to take the lead role of construction and implementation works, including the procurement of external technical and managerial support and rural water supply and sanitation facilities made available from concerned aid agencies;
- WUSCs to contribute a minimum of 20% of water supply hardware investment cost, including at least 1% cash;
- WUSCs to take the responsibility of total O&M and repair cost of rural water supply and sanitation facilities;
- WUSCs to contribute a minimum of 20% of the construction cost of institutional latrines; and

- WUSCs to bear additional cost in full for facilities and services higher than the set standard.

Nepal Country Plan for International Year of Sanitation (2008) largely reconfirms earlier policy statements and takes the opportunity of the special year by publicity campaigns and dissemination of information and knowledge.

The **Master Plan for Sanitation and Hygiene in Nepal 2009-2017** has been circulated for approval in November, 2010. The main theme of the plan is: "local bodies -led approach to accelerated and sustainable universal coverage". The strategies proposed in the draft plan are:

- local bodies to be the lead agency for participatory planning and implementation of sanitation development programme;
- partnership between DWSS and DDCs, VDCs and municipalities to be based on a memorandum of understanding;
- implementation of the sanitation programme to be demand driven;
- financial grant to be provided to local bodies for accelerated sanitation, in order to encourage them to use also their own resources;
- priority given to the poor, to help them build their latrines without causing economic pain to themselves;
- local planning to be the basis for sanitation promotion, master plans and annual plans being the main instruments;
- sociological villages to be the basic unit of programme planning and implementation;
- technical support to local bodies and other related agencies to be a major component of sanitation promotion in the districts;
- catalytic support of health related NGOs to be utilised;
- sanitation promotion and programmes in districts to be co-ordinated by DDCs;
- DWSS to co-ordinate the programme at the national level;
- sanitation to be treated as a self-contained sector of foreign aid, to be managed by DWSS as the lead agency;
- development of sanitation and water supply to be co-ordinated; and
- a basket fund for sanitation to be established at the central and district levels.

The draft plan proposes that, in order to plan and implement the sanitation programme in their district, DDCs, as a condition of the Memorandum of Understanding (MOU), would establish a District Sanitation Section as part of the DDC Secretariat. This section would be headed by the District Sanitation Officer who should be qualified as a public health expert or of comparable professional background and would be selected and recruited locally for a maximum period of five years for the time being. The sanitation related officials working with the District Water Supply and Sanitation Divisional/Sub-divisional Offices in districts would be deputed to the District Sanitation Section. The sub-district NGOs would also work directly under the guidance of the District Sanitation Section. LDO will chair a multi-sectoral and inter-agency District Water Supply and Sanitation Coordination Committee (DWSSCC) in which some 20 different government and non-government organisations would be represented.

The **Environment Protection Act** (EPA) and the **Environment Protection Regulation** (EPR) were promulgated in 1997. EPA and EPR have promulgated provisions, e.g., for conducting environmental assessment for different types of infrastructure development schemes but their enforcement has been weak.

The **Sustainable Development Agenda for Nepal** (SDAN, 2003) contains a section on climate change. The potentially serious consequences for infrastructure, agriculture, drinking water, hydropower and biodiversity are listed. SDAN recognises the need to build capacity to minimize adverse impacts of climate change.

Preparation of **national climate change strategy and policy** is planned to commence soon. The Ministry of Environment is the focal point. **National Adaptation Plan of Action** (NAPA) Support Project has published national stocktaking and thematic assessment on climate change

reports in 2008. The completion of the adaptation plan of action will be essential to benefit from adaptation funds in the future.

1.2.4 Other Policies and Strategies

The **Master Plan for the Forestry Sector** (MPFS) of 1989 constitutes the key policy document for the forestry sector in Nepal. The plan identified a number of national programmes to develop Nepal's forestry sector in a sustainable manner.

MPFS introduced community forestry (CF) as one of the key forest management modes and provided foundation for legal reform. **Forest Act 1993 and Forest Regulations 1995** were enacted to translate the policy vision into practical duties and provisions. The Forest Act identifies two kinds of forests: national forest and private forest. National forest consists of five categories, government managed, community managed, protected, leasehold and religious forests. A key element is the management of the forests in close collaboration with the local communities. Among different participatory forest management models, community forestry is the pioneer that has become an extremely popular forest management mode in Nepal. It is a vast nationwide programme, as at the end of 2007, community forests covered 20.5% of the total forest area (1,190,000 ha). The programme had helped to establish 14,337 community forest user groups. 1,650,000 households are members of Community Forest User Groups (CFUGs), i.e., their membership comprised approximately 40% of the total population of Nepal.

Leasehold forestry focuses mainly on poorest of the poor within the community. So far 17,170 ha of degraded forest land have been handed over to 3,417 Leasehold Forest Groups (LFGs) involving 28,132 households. Evaluations of the leasehold forestry programme indicate that it is a successful model in managing degraded forest and at the same time generating income to the poor. Forest area will be handed over to the community on a 40 years lease free of cost (with a possibility to extend another 40 years). The lease arrangement provides the group members free access to forest land.

In 2000, the government promulgated the **Revised Forestry Sector Policy 2000**, particularly to initiate the management of large scale forests of Terai. It provides an update and amendments to MPFS. It introduced the collaborative forest management (CFM) as the new forest management mode to manage national forests in the Terai and Inner Terai.

Medicinal and Aromatic Plants (MAP, later re-defined as forming part of Non-Timber Forest Products, NTFPs) were already given a high priority in the Forestry Sector Master Plan. **Herbs and NTFP Development Policy** (2004) provides as the long-term sector goal to substantially contribute to Nepalese economy by conserving and preserving high value herbs and NTFPs and establish Nepal as an enormous source of herbs and NTFPs internationally by the year 2020. It has set of six objectives such as focusing on regeneration, reproduction, *ex situ* conservation of NTFPs, local processing through private sector participation, business development services, inclusion of the disadvantaged groups and earning of foreign currency through the competitive development of NTFPs. GON has prioritised 30 medicinal and aromatic plants for research and cultivation in Nepal.

A Draft Paper on Harmonization of Donor Assistance in Nepal and Donor Harmonization Action Plan was introduced by GON in the 2004 Nepal Development Forum .According to this document, harmonisation needs to be promoted at three broad levels:

- Tier I – harmonisation at the overall programme level;
- Tier II – harmonisation at the individual programme level; and
- Tier I – harmonisation at the financial modality level.

The target dates for most activities in the Action Plan were set to 2004 itself but there has not been much progress in practice.

According to MOF's **Draft Foreign Aid Policy 2009,** there is a growing need for making aid more predictable based on longer-term partnership and commitment. Generally, grants will be

preferred over loans in view of the long-term fiscal liabilities to be met. GON will be selective in receiving grants. No grant aid below MUSD 2 will be accepted, except grants for humanitarian support, emergency needs, budget support, pool fund support and trust fund support. After 2025, no grants will be sought from donors.

Nepal needs the trade sector to grow through mobilising foreign aid in trade infrastructure. Foreign aid in the medium to longer term will be channelled to productive investments. TA will be pooled into baskets from where GON will select consultants and their services matching national needs and priorities.

Nepal will encourage aid predictability and longer term partnerships from donors. To enhance harmonisation, SWAps and Joint Financing Arrangements (JFA) will be applied to a large extent.

1.3 Background studies

1.3.1 Economic and Socio-economic Status

With the Human Development Index (HDI) of 0.553, Nepal was ranked 144th out of 182 countries by United Nations Development Programme (UNDP) in 2009 (values for 2007). Though still belonging to the Least Developed Countries (LDC), Nepal has climbed to the lowest quartile in the category of countries that have achieved Medium Human Development. Life expectancy at birth is 66.3 years and overall adult literacy rate is 56.5% with 70.3% male and 43.6% female literate. The Gross Domestic Production (GDP) at purchasing power parity (PPP) per capita is USD 1,049. Widespread disparities persist between urban and rural population (rural poverty at 35%, urban poverty 10%), between Terai, hills and mountains, and between different development regions (Mid and Far Western region being the two poorest) and districts within the regions. This is illustrated in Figure 1.

The Far and Mid Western Regions remain the least developed regions in Nepal. The ten districts where the Project has been implemented[3] were ranked either as “poor” or “very poor” in Nepal Human Development Report 2004 by UNDP. HDI varied from 0.320 for Bajura to 0.434 for Dadeldhura. The annual per capita income varied between USD 125 in Dailekh and USD 242 in Dadeldhura, and the average adult literacy between 20% (Humla) and 40% (Baitadi), while female literacy in the Hills was as low as between 5% in Humla and 23% in Baitadi, and 32% in Kailali. The infant mortality rate varied between 80 and 160 per 1,000 births.

The 2009 National Human Development Report (UNDP, data from 2006) provides HDI values only for eco-development regions, not for districts. The average HDI values for the Project area are:

- 0.443 for Far-Western Hill districts (Dadeldhura, Doti, Accham);
- 0.435 for Far-Western Mountain districts (Baitadi, Bajhang, Bajura, Darchula) and for Mid-Western Mountain districts (including Humla);
- 0.448 for Mid-Western Hill districts (including Dailekh); and
- and 0.503 for Far-Western Terai (including Kailali).

Despite indicating some improvement, these are still the lowest values in Nepal and poverty remains pervasive in the Far and Mid-West, as seen in Figure 2. In Fiscal Year (FY) FY 2003/ 2004 poverty head count rate for Far-Western region was 41.0 % and for Mid-Western development region 44.8%, while the national average was 30.8%.

[3] The Project districts are Dharchula, Baitadi, Dadeldhura, Bajhang, Bajura, Doti, Achham and Kailali in the Far Western Region and Dailekh and Humla in the Mid Western Region.

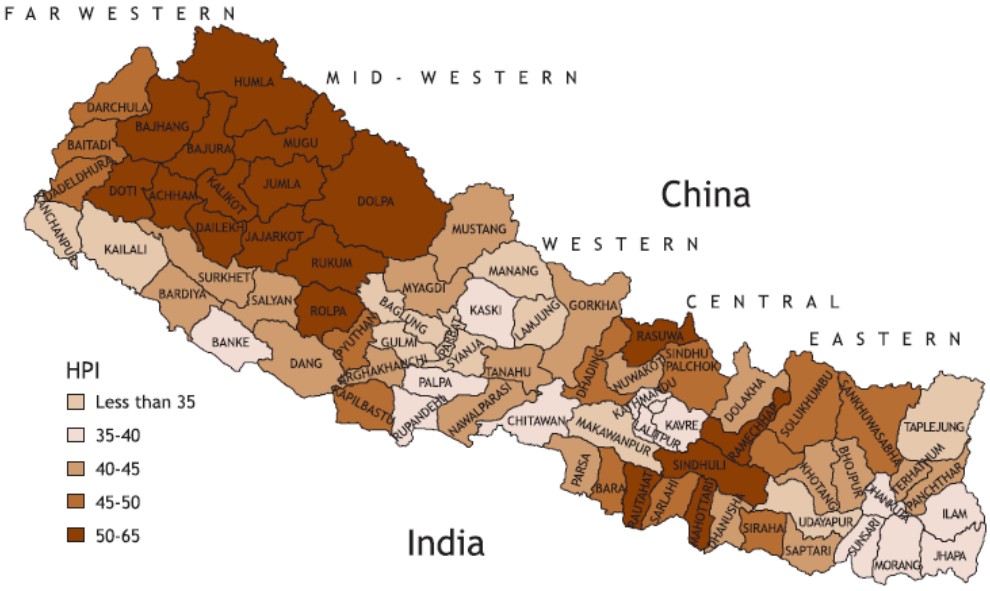


Figure 1 Human Poverty Index (HPI) by District (Source: UNDP 2004)

The situation of women and poor/excluded groups in the Project districts is highly variable and below the national average. The situation is dependent on a wide range of deep-rooted socio-cultural traditions, societal norms and values that cannot be changed easily. The male literacy rate is quite good if compared to the national average but the female literacy rate is alarmingly low in all ten districts. The core reason is that the girls have much less opportunity to attend school than boys.

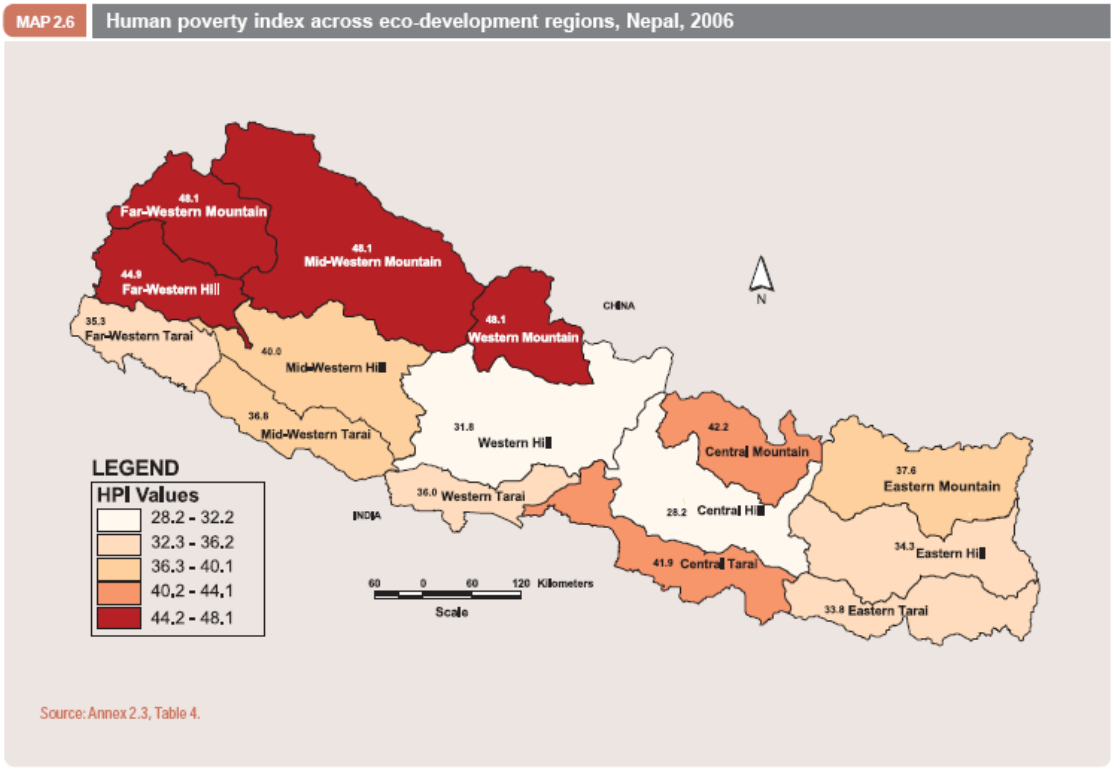


Figure 2 Human Poverty Index (HPI) by Eco-Development Regions (Source: UNDP 2009)

The main caste and ethnic groups in Nepal Far Western and Mid Western Hills are; Dalit, also called untouchable, Janajati, also called Adivasi, and Brahman and Chhetri, called upper caste. The upper castes form the majority of people in the Project area, representing 87% of population in Darchula and 68% in Humla. The Dalit population varies between 10% in Humla to 29% in Accham. Also in Dailekh and Doti over 25% of population are Dalits. Outside Humla (21%) and Dailekh (13%), the Janajati population is very low. Similarly, the indigenous ethnic minorities are typically less than 1% of the total population, the highest in Darchula 2.5%. In all Project districts, traditional societal norms, values and practices are strong; in addition to being a positive asset it also results to common incidence of caste and gender discrimination. The women in the Project districts have low socio-economic status, low mobility, very limited access to control over the resources, and less decision-making power concerning the resources. Women in rural areas, the Mountains and the Terai, especially those located in Mid-Western and Far Western Development Regions, participate less in political and economic decision-making, and have less power over economic resources[2].

1.3.2 Financial Services and Remittances[4]

In most parts of the country, access to financial services remains limited to a small segment of the population. About half of Nepal's households do not have access to any formal financial services. The informal sector includes money lenders, traders, friends and Dhikuti. Poorest of the poor mainly borrow from family and friends. Rural people are deprived of bank services, as most of these formal financial institutions are located in urban areas. Some 28% rely solely on informal financial sources, while 20% are financially excluded and receive no service from the formal or informal financial sector.

Commercial banks (CBs) do not lend directly to the poor, but rather provide wholesale funds to retail micro finance institutes under the mandatory Deprived Sector Credit Program. CBs are the largest providers of loans larger than Rs 50,000; whereas microfinance institutions (MFIs), such as microfinance development banks (MFDBs), financial-intermediary NGOs (FINGOs) and savings and credit co-operatives (SCCs), are the predominant direct providers of micro finance services to low-income households and rural people. MFIs serve clients for small loans generally below Rs 50,000. MFDBs largely serve in Terai; whereas FINGOs and co-operatives are the largest service providers in the hills and mountains.

Four wholesale lending agencies have been established in Nepal: (i) Rural Microfinance Development Centre Ltd. (RMDC); (ii) Sana Kisan Bikas Bank Ltd. (SKBBL); (iii) Rural Self Reliance Fund (RSRF); and (iv) National Cooperative Development Bank. RSRF, managed by the central bank, offers funds to NGOs and co-operatives and to Agriculture Development Bank of Nepal (ADBN). National Cooperative Development Bank provides funds to SCCs. There are ten MFDBs, 16 licensed financial cooperatives, 2,692 SCCs, 219 Small Farmers' Co-operative Ltd (SFCLs) and 47 FINGOs in Nepal that provide microfinance services directly to the poor.

Remittances have been a major source of foreign currency in Nepal in recent years. Due to the lack of employment opportunities and under-employment situation, youth and adults go abroad for employment and in turn send remittances to their families. The proportion of households that receive remittances in Nepal is 34%. Rural areas have a higher proportion of recipients compared to their urban counterparts. In particular, 40% of households in the mountains and hills of Western Nepal receive transfer income. The average income transfer in the form of remittance was about Nepalese rupees (NPR) 35,000 per recipient household in 2003-04.

1.3.3 Living Conditions and Livelihoods

Agriculture, livestock and non-timber forestry products, particularly high value herbal collection, are the main source of living for the people in the mountain districts, whereas, agriculture – especially food grain production – is the main occupation in the Terai districts. Cottage industry,

[2] Source: Nepal Human Development Report 2009
[4] Source: Microfinance Industry Report Nepal 2009

off-season vegetable growing, goats and sheep raising for meat products are also developing in the region. Trade and industrial activities are mostly confined in the Terai districts. Most of the hill and mountain districts do not produce enough food grains to support the dietary needs of the communities. Therefore, food grains are transported there (even airlifted in case of roadless districts) from Terai at the expense of GON. Out of the 24 districts in the Far and Mid Western Regions, about 14 are food deficit districts, depending on external support to feed the population. Except for the Terai districts and some hill districts, most districts still lack motorable road network. However, this situation is expected to improve quite rapidly as it is expected that all district headquarters in the Project area would be connected by an all weather road within the next 5-6 years. Construction of a VDC road network will understandably take much longer.

Seasonal migration has evolved as a coping strategy. It is also a common livelihood approach for poor communities in the Far and Mid Western Regions. In these areas, migration is intricately linked to the cropping calendar, with in-migration and out-migration coinciding with the beginning and end of the sowing and harvesting operations. Despite its gradual systematisation, migration was initially a transitional coping mechanism to deal with the vagaries of weather, natural disasters, man-made calamities, and lack of alternative economic opportunities among these food-insecure communities, it was not meant to become a permanent habit. Regardless of its ad hoc origins, today overall migration involves a startling 25% of the adult male population in Nepal, according to the Nepal Living Standards Survey (2003/04). Around 44% of households have one or more family members away pursuing labour opportunities, even during the harvesting period, as reported in Comprehensive Food Security and Vulnerability Analysis of the World Food Programme (2005).

According to a special food security assessment report of Food and Agriculture Development Organisation (FAO) and the World Food Programme (WFP) in 2007, rural poverty is a key factor affecting food security in rural Mid Western and rural Far Western Regions, with poverty incidence at 46.5% and 45.6%, respectively. People living in the mountains spend (on average) more than 65% of their income on food, compared with the national average of 37%.

1.3.4 Nutrition and Public Health

Although child mortality in Nepal declined from 91 per 1,000 live births in 2002 to 61 in 2006, malnutrition in Nepal is at a crisis level, according to WHO's classification. During 1995-2002, Nepal ranked last among 177 countries (tied with Bangladesh) in terms of the proportion of children classified as underweight (UNDP, 2004). Chronic child malnutrition is a major problem in the Mid and Far Western mountain districts and, to some extent, even the hilly districts at present. Studies on the relationships between nutrition and productivity suggest that improved nutrition directly increases labour productivity by making workers stronger and more energetic, and indirectly by increasing the productivity of time spent in school, which in turn influences long run productivity growth in the long run.

The incidence of under-nourishment as measured by insufficient caloric intake is very high in Nepal. At the national level, the proportion of undernourished population is estimated at 41%, with the minimum caloric intake requirement of 2,124 kilocalories per day, set by the Central Bureau of Statistics (CBS) of Nepal. Unsurprisingly, the Far Western and Mid-Western rural areas have a much lower mean dietary energy consumption (2,250 kcal and 2,310 kcal, respectively, compared to 2,405 kcal of the national average) and, consequently, the highest incidence of under-nourishment (about 50%). Consistently, the share of population with severe deficiency in food energy intake as measured by the threshold level of 1,910 kcal/person/d and 1,810 kcal/person/d is also much higher compared to rural population of the Eastern, Central and Western Regions.

Waterborne diseases are common in Nepal, due to contaminated water and low level of hygiene. In 2009, cholera and diarrhoea epidemics have killed about 300 people in rural areas, mainly in the Mid-Western Region.

Human Immunodeficiency Virus (HIV) and Acquired Immunodeficiency Syndrome (AIDS) are real problems in the Project area, although not much talked about. The prevalence of the dis-

ease increases especially in areas from where men migrate to India for seasonal work. Estimates of internal and external migration for seasonal and long-term labour range from 1.5 to 2 million people nationwide. In many localities most men work in India or Terai cities from April to September and again in November-January. This migration often contributes to most of the family's annual cash income. But seasonal migration of men has direct negative impacts for the families as some men bring HIV/AIDS or other diseases home. A HIV epidemic, resulting from increased migration, is a very real threat, as a recent study by WFP and Nepal Development Research Institute (NDRI) revealed. In 2007, about 41% of estimated HIV positive in Nepal were estimated to be labour migrants. Several studies and surveys of returned migrants indicated that:

- 15% of migrants had never heard of HIV;
- 8% of the men who had worked in Mumbai had HIV;
- in several VDCs of Doti 10.1% of returned male migrant workers had either HIV or STD and HIV/STD prevalence rate of non-migrant population was 2% (in 2001); and
- similarly in several VDCs in Accham 7.7% HIV/STD prevalence rate was recorded among returning migrants (in 2001).

1.3.5 Water Supply and Sanitation

Official reports on the service levels in water supply and sanitation in Nepal are based on rather optimistic estimates and suggest that the coverage of improved water supply is about 80% and of improved sanitation 46%. These estimates rely on inadequate data on population not to speak of water and sanitation facilities, particularly the condition of these facilities. According to another estimate[5], the coverage of improved rural water supply is as high as 88%, compared to the total coverage (including urban) of 89%, whereas the coverage of improved rural (and total) sanitation is only 27%.

The need for more reliable and comprehensive data on rural water supply and sanitation has been acknowledged and an assessment of the status of rural water supply and sanitation in Nepal is being undertaken by MPPW under a project "Designing M&E/MIS System for RWSS sector in MPPW of the GON".

The access to safe drinking water and sanitation in the Project districts, based on data of Poverty Alleviation Fund (PAF) and district profiles in 2006-2007, is shown in Table 1 below.

Table 1 Access to Safe Drinking Water and Sanitation in Project Area 2006-2007

District	Access to safe drinking water (%)	Access to sanitation (%)
Achham	56	14
Baitadi	68	19
Bajang	60	11
Bajura	71	20
Dadeldhura	76	29
Dailekh	59	11
Darchula	48	18
Doti	63	18
Humla	65	19
Average	63	18

According to this baseline data, the initial access to tapped drinking water systems varied between 48% and 76% in the Project districts. The access to sanitation facilities was much lower: between 11% and 29%. It is likely that the actual coverage of safe and well-functioning water supply is much lower.

[5] Source: Nepal WASH Coalition website

1.3.6 Effects and Impacts of Climate Change

The effects and impacts of climate change remain poorly known in Nepal. Climate data on the Himalayan region is limited and improved climate models will be needed to be able to predict the impacts effectively at various altitudes and locations. However, it is understood that climate change is likely to affect economic growth, development and hamper Nepal's efforts for poverty eradication. Besides lack of information and data, public awareness is low.

Between 1977 and 1994, Nepal recorded an average annual increase in temperature of 0.06°C. In global models (General Circulation Models) projection of temperature changes above the baseline average is 1.2°C for 2030, 1.7°C for 2050 and 3.0°C for 2100. They suggest that warming would be greater in winter months than in summer and that mountain and high altitude areas are changing more rapidly than elsewhere.

The precipitation (rainfall) is predicted to decrease in all regions and seasons except for a slight increase in the northwest during monsoon. Changes in rainfall patterns have already been observed, and rainfall intensity has increased. A small study conducted by RVWRMP in some weather stations of Far Western districts found that in a 20 year time span (1987 – 2006) winter rainfall is decreasing and summer rainfall increasing significantly. Overall, monthly rainfall trend lines confirm that seasons are changing: rainfall appears to be decreasing during winter season and increasing during the summer; yet, the total annual rainfall average appears to remain fairly similar in the region.

Nepal is already affected by climate variability and extreme weather events resulting in hazards (floods, landslides, draught). Changes in rainfall pattern can alter hydrological cycle and availability of water resources resulting in either increased flooding and landslides or depletion of water resources (draught), depending on locality. Weather related extreme events, excessive rainfall, longer drought periods, landslides and floods have already increased both in terms of magnitude and frequency. Floods (because of excessive rainfall or glacial lake outburst) destroy irrigation and water supply systems, roads, bridges and settlements as well as productive land. While increasing temperature and rainfall may improve agricultural productivity in some districts, it is estimated that climate change would have overall negative impacts and serious consequences for agriculture, forestry, biodiversity, livelihoods and health. The agricultural sector is highly dependent on the weather – particularly rainfall. Given the low productivity increase of the last few years compared to population growth, climate change is likely to have serious consequences for Nepal's agriculture. Vegetation patterns would be altered by changes in temperature and precipitation, which in turn would affect forests, vegetation patterns and species composition. The most critical impacts can be expected on water resources. Impacts will affect through a number of pathways, including water-induced disasters, hydropower, irrigation, and domestic water use.

Climate change is also a poverty issue – the most vulnerable groups will be the rural poor who depend on natural resources and forestry, agriculture and fisheries for their livelihoods. Warming of higher altitudes is predicted to increase the range of lower altitude disease vectors such as mosquitoes and, consequently, increase in the spread of malaria, Kala-azar (Leishmaniasis) and Japanese encephalitis in such regions. Additional health impacts are also expected from impacts on agriculture (reduced nutrition) and water resources (reduction in availability). The current lack of primary healthcare for significant numbers of population will contribute to their vulnerability to future climate change.

1.3.7 Other Relevant Interventions and Actors

Nepal is one of Finland's long term partners in development with particular emphasis on rural water and sanitation since 1989. **Rural Water Supply and Sanitation Project in Western Nepal** (RWSSP-WN, August 2008 – July 2012) builds on the experience of the first rural water supply and sanitation project supported by GOF in Nepal in Lumbini Zone. The project works in nine districts in the Western Development Region. It is implemented by MLD and its Department of Local Infrastructure Development and Agricultural Roads (DoLIDAR). The project purpose is to fulfil the basic needs and ensure rights of access of the poorest and excluded to safe domes-

tic water, good health and hygiene through decentralized governance system. RWSSP-WN supports the development of local Water, Sanitation and Hygiene (WASH) policies and guidelines and inclusive local governance in WASH. It pilots the establishment of district WASH basket funds and direct implementation by DDCs. A mid-term review (MTR) and audit are planned for 2010-2011, after which relevant experiences and modality changes, e.g., fund flow, may apply to RVWRMP and other projects supported by GOF.

Strengthening Environmental Administration and Management in Nepal (SEAM-N) was launched in 2001. Its current phase covers a period of three years 2008-2011 and the project purpose is efficient environmental administration, monitoring and enforcement by relevant local administration in place in Eastern Development Region. It operates in the Eastern Development Region, focusing on municipalities and industries but working also in rural areas. The executing agencies of the project are MLD, the Ministry of Environment and the Ministry of Industry. The core activity of SEAM-N is strengthening of environmental administration and planning and management capacity of local bodies. The institutional support has been enhanced by activities crucial for awareness raising, such as environmental school programme, eco-village projects and improvements in drinking water supply in communities and at schools. SEAM-N has also supported the establishment of a regional environmental laboratory and environmental monitoring.

The purpose of **Forest Resource Assessment in Nepal** (2009-2014) is to improve the provision of adequate forestry data and its processing for national forest policy development and for national level forestry sector decision making. The executing agency is the Department of Forest Research and Survey (DFRS) of the Ministry of Forests and Soil Conservation (MOFSC). By the end of the project, tabular data on the forest resources of Nepal – including trees outside forests, NTFPs and biodiversity – and geographically referenced data on forest cover, extent and quality will be available at national and regional levels. By 2013, district level data on some variables may become available. The project plans to develop an internet based system for delivery of results and thematic maps.

Leasehold Forest and Livestock Programme in Nepal (LFLP, until 2012) is supported by an IFAD loan and a TA grant from Finland. This grant is channelled through FAO. The implementing agencies are MOFSC, the Department of Forest (DOF) in collaboration with the Department of Livestock Services (DLS). LFLP is considered an innovative development practice and an approach to poverty alleviation through conservation and sustainable use of degraded forest resources. Leasehold forestry provides the poorest of the community with long term tenure security over forest lands, which encourages them to invest their labour and reap most of the benefits. LFLP has demonstrated potential to halt forest degradation, improve livelihoods of the poorest and improve the environment. LFLP's working area overlaps with four districts (Accham, Doti, Dadeldhura and Baitadi) of RVWRMP.

Freed Haliya and Kamaiya Empowerment Project (FHKEP, 2008-2011) is funded by Finn-ChurchAid (FCA) and implemented by local partners of Lutheran World Federation, Nepal (LWF/N). The project aims to empower and capacitate former bonded labourers (freed) haliya and kamaiya to claim and enjoy the rights and develop their livelihood sustainably. The project supports freed haliyas (bonded labourers declared free in September 2008, mostly Dalits) in several Far Western districts (Baitadi, Bajura, Bajhang, Dadeldhura, Doti and Darchula) and freed kamaiyas in Kailali. It applies a rights based approach and supports livelihood development of haliya and kamaiya households.

There are **institutional co-operation initiatives** between the Department of Hydrology and Meteorology of Nepal and Finnish Environment Institute (FEI) and Finnish Metrological Institute (FMI). The collaboration with FEI is at an initial stage but the scope would probably include (at least) institutional support to hydrological monitoring (of levels and flows as well as water quality).

GOF has decided in September 2009 to support the **Hindu Kush-Himalayan Hydrological Cycle Observing System (HKH-HYCOS) Project** as a regional component of the global World Hydrological Cycle Observing System programme. The objective of this three-year project is en-

hancement of regional co-operation among the countries in HKH region for the timely exchange of flood data and information. The project is implemented by the International Centre for Integrated Mountain Development (ICIMOD), based in Kathmandu.

Community Based Water Supply and Sanitation Project (CBWSSP) aims to provide rural water and sanitation facilities to about 1,200 communities in 21 remote and poverty-affected districts by 2010. The project is managed by a project management unit in Kathmandu under DWSS and a support office under DDC in each district where the project is implemented, including all RVWRMP area. The project has, inter alia, set up a sanitation revolving fund to provide credits for the construction of household latrines and has prequalified suppliers of equipment and materials. The project is funded by Asian Development Bank (ADB), which also supports Flood Rehabilitation Project in Kailali and Kachhanpur, including rehabilitation of water supply, for years since October 2009, and small towns water supply and sanitation as well as water supply and sewerage in Kathmandu Valley.

The **Rural Water Supply and Sanitation Project**, funded by the World Bank (WB) is implemented by Rural Water Supply and Sanitation Fund Development Board. The on-going project will be extended beyond 2010, its planned closing year. This project receives applications for scheme financing from partner NGOs from all districts and decisions on financing are made in the Board in Kathmandu. The technical services needed in the field are provided by consultants, many of them based in Kathmandu.

United Nations Children's Fund (UNICEF) concentrates in Nepal on school-led total sanitation and water quality aspects, especially arsenic issues. The sanitation activities are undertaken in 23 districts, including Achham, Bajhang, Bajura, Dadeldhura and Humla. The objective is to introduce an open defecation free zone (ODFZ) in one VDC in each district. UNICEF does not provide any direct subsidies to latrine construction. The support is provided through a revolving fund that can be used in a flexible manner by the community. UNICEF also supports GON in sector policies and water quality issues, and has developed plenty of Information, Education and Communication (IEC) material, which can be used by all stakeholders.

World Health Organization (WHO) has no specific water and sanitation related projects in Nepal. WHO has published a handbook on rural water supply and sanitation and particularly promotes Water Safety Plans (WSPs) to be applied in remote rural areas, instead of laboratory analyses, which, in spite of their relatively high cost, can not provide reliable on-time data on the safety of drinking water.

The **United Nations Human Settlements Programme** (UNHSP or UN-HABITAT) supports an ongoing programme that works in 36 districts on drinking water schemes in municipalities and emerging towns (including Darchula, Baitadi, Dadeldhura and Dailekh). The programme is implemented by DWSS and it works in collaboration with local governments, Municipality Association of Nepal, and non-governmental organisations to effectively mobilise resources and manage and facilitate urban projects.

Poverty Alleviation Fund (PAF) envisages developing and implementing programmes that address the issues and problems of the lower rung of the society. Initially PAF has worked in 25 districts of Nepal but has recently expanded to all districts of the country. PAF has adopted a demand led community based approach to alleviate poverty. The target communities are encouraged to undertake initiatives to improve their livelihoods, incorporating small-scale village community infrastructure and water and sanitation. The present programme phase of PAF runs until September 2012. PAF activities overlap in the nine hill and mountain districts of RVWRMP area.

According to its strategy for 2005-2010, **WaterAid Nepal** aims to directly help 31,000 beneficiaries to have access to improved water supply and 44,000 beneficiaries annually to have access to improved sanitation and hygiene education, and indirectly through its partners 32,000 additional people to benefit from improved water supply and 33,000 people from improved sanitation every year. WaterAid Nepal also lobbies and advices GON. In 2009, WaterAid Nepal is undertaking research on water sector financing, relative to need, between all districts in Nepal,

seeking up-to-date financing data from major stakeholders in the sector, including government, donors and NGOs.

Nepal Water for Health (NEWAH) is a national NGO based in Kathmandu and having regional offices, also in Far and Mid Western Regions. NEWAH implements water and sanitation projects, in line with its framework for strategic intervention 2006-2010, focusing on infrastructure development and sustainable hygiene behavioural changes, together with livelihood opportunities, promotion of social equity, capacity development, IWRM, etc. NEWAH also conducts relevant research. NEWAH is one of the key partners of WaterAid Nepal. For example in the fiscal year 2007/2008 NEWAH completed more than 100 schemes.

Helvetas Nepal is one of the most experienced supporters of rural water supply and sanitation as well as rural water resources planning and management. In RVWRMP Phase I Helvetas has a dual role: on the one hand it has been a member of the consulting consortium providing Project support and on the other a partner of RVWRMP through its Water Resources Management Programme (WARM-P). In 2009, Helvetas moved its regional office from Dhangadhi to Surkhet and is shifting its working area to Achham, Kalikot, Jajarkot and Dailekh, focusing on WUMP, water supply and sanitation and source conservation.

The **Federation of Drinking Water and Sanitation Users Nepal** (FEDWASUN) is an umbrella organisation of drinking water and sanitation user groups in Nepal. It advocates the water and sanitation rights and aims at being the voice of water users, bringing people's issues to the attention of policy makers and service providers. It also promotes good governance and organises training and awareness campaigns. At present, FEDWASUN is dependent on financial support, provided by, e.g., WaterAid Nepal.

Netherlands Development Organisation **SNV Nepal (SNV/N)** works in five sectors in Nepal: (i) renewable energy; (ii) WASH; (iii) smallholder cash crops; (iv) forest products; and (v) pro-poor sustainable tourism. WASH, renewable energy, local capacity development and livelihoods are potential collaboration areas with RVWRMP. Geographically an overlap exists in Humla, Dailekh and Kailali. SNV/N plans to support MLD/Dolidar in the development of capacities and WASH knowledge.

International Development Enterprises Nepal (IDE) has been working in Nepal since 1992, mainly with support from the United States Agency for International Development (USAID), on Smallholders Irrigation Market Initiative (SIMI) and the education for income generation (IEG) projects with its partners. IDE in Nepal has taken a leading role in developing and refining appropriate micro-irrigation technologies, e.g., drip systems and micro-sprinkle treadle pumps as well as water storage technologies manufactured in Nepal. IDE contributes to high-value livelihoods, including, coffee and tea farming, NTFPs, essential oils, spices, specialty products, livestock and fisheries, encouraging poor farmers to rapidly increase their incomes through marketing high-value commodities for domestic, regional and international markets. IDE also contributes to job creation in rural areas with agricultural enterprises, manufacturing and marketing inputs, service providers, and for processing and marketing of agricultural products.

Care Nepal, Plan Nepal and Practical Action are examples of INGOs that engage in topics related to the Project. **Care Nepal** has several ongoing projects in different Far-Western districts focusing, e.g., on promoting equitable and sustainable livelihoods, water and sanitation, health and education. Similarly, water and environmental sanitation is one of the core support areas of **Plan Nepal** together with child development and learning, health and nutrition, etc. **Practical Action** supports the efforts of poor men and women to improve their livelihoods by providing, for example, appropriate technology options, associated information, knowledge, and skills. Recently Practical Action has conducted a field study in six districts, including Doti and Kailali, to understand the community's perception on climate change and the impacts of climate change on their livelihoods.

Alternative Energy Promotion Centre (AEPC) is an organisation devoted to the development and promotion of renewable and alternative energy technologies in Nepal. AEPC has an autonomous status under the purview of the Ministry of Environment. AEPC has mandate to sup-

port alternative and renewable energy solutions that provide up to 500 kW of electricity and TA up to 1 MW solutions. AEPC provides assistance and/or channels government subsidies to the following renewable energy technologies: biogas, pico-hydro and micro-hydro, biomass energy, improved cooking stoves (ICS), solar energy and wind energy. AEPC has service centres in all districts, linking up communities to qualified service providers and equipment manufacturers, and facilitating access to relevant subsidy. Programmes under AEPC include Energy Sector Assistance Programme (ESAP, supported by governments of Denmark and Norway), Rural Energy Development Programme (REDP, supported by UNDP and WB), Biogas Support Programme (BSP, supported by SNV/N, the Netherlands Development Agency (NEDA) and the German Government (through Kreditanstalt für Wiederaufbau (KfW)), Renewable Energy Project (REP, supported by European Commission EC) and Improved Water Mills Programme (IWMP, supported by SNV/N).

The activities of **World Wildlife Fund Nepal** (WWF Nepal) include landscape scale biodiversity conservation, integrated river basin management and climate change issues. WWF applies IWRM in the Koshi River Basin in collaboration with Water and Energy Commission Secretariat (WECS). At the community level, Multiple Use Systems (MUS) are promoted in the farmland together with Water Smart Communities approach to ensure improved and sustainable local livelihoods.

The **Institute for Social and Environmental Transition** (ISET) is an international partnership for implementation, education and research on natural resources and the environment. **ISET Nepal and Nepal Water Conservation Foundation** (NWCF) are both Kathmandu-based NGOs working together and conducting interdisciplinary research on climate change adaptation and interrelated issues that affect the use and management of water. Recently the ISET-NWCF partnership has been working on adaptive strategies research projects, e.g., to identify improved strategies for drought and flood responses that mitigate the immediate impacts of disaster while also responding to longer term water management needs.

Rainwater Harvesting Capacity Centre (RHCC) promotes rainwater harvesting through awareness raising, research, advocacy and capacity building. It supports construction of rainwater harvesting tanks in Bajhang and Dailekh.

Local Governance and Community Development Programme (LGCDP, 2008-2012) is a national programme framework of support for decentralisation, local governance, and community development with the intent of working throughout the country and at all levels of local governments. The programme backs MLD's vision of local development and self-governance to bring good governance and development interventions to the people. A number of development partners are backing the programme: ADB, Danish International Development Assistance (Danida), Canadian International Development Agency (CIDA), Department for International Development (DFID) of the United Kingdom (UK), several United Nations (UN) agencies, Norway, Swiss Agency for Development and Cooperation (SDC), Deutsche Gesellschaft für Technische Zusammenarbeit GmbH (GTZ), Japan International Cooperation Agency (JICA), and WB.

Nepal Agriculture Co-operative Central Federation Limited (NACCF) is the umbrella organisation of the cooperatives established as Small Farmer Co-operative Limited (SFCL) and similar other agriculture cooperatives. It was initiated in 1993. It has been supporting multipurpose co-operatives in 229 VDCs in 45 districts of the country with the vision to emerge as a leading and capable federation for the sustainable development of community co-operatives in order to reduce existing poverty. Co-operatives federated to NACCF have access to whole sale credit from Small Farmers' Development Bank (SKBBL).

Western Uplands Poverty Alleviation Programme (WUPAP) is supported by a loan from IFAD. The programme strives to improve the livelihoods of the most vulnerable by improving access to services and resources, promoting different livelihood options, e.g., livestock, forestry, and crops, and empowering women and other marginalised people. WUPAP supports the establishment of leasehold forestry groups, too. The programme is implemented by MLD, targeting at 200 VDCs out of the 368 VDCs in eleven Far and Mid Western districts, including

Bajhang, Bajura, Dailekh and Humla. WUPAP is currently working in 107 VDCs. RVWRMP and WUPAP already collaborate in one VDC in Bajhang.

Micro Enterprise Development Programme (MEDEP, current phase 2008-2010) of UNDP supports enterprise development by promoting self-employment, creating economic opportunities and improving rural livelihoods. It aims to reduce rural poverty and supports peace making process. In its current phase it works in Dailekh, but has earlier supported enterprise development in Kailali, Dadeldhura, Baitadi and Darchula. In those districts Business Development Service Providers were established as an NGO to support enterprise development.

The IFAD pipeline contains a new programme called **"High Value Agriculture in High Side Mountains, Nepal**. It is expected to commence in July 2010. Among other areas, it will work in the Karnali highway corridor in Accham and Dailekh.

The World Bank is starting a new project **Agricultural Commercialization and Trade Project for Nepal (PACT)**. Its development objective is to improve the competitiveness of smallholder farmers and the agribusiness sector in selected commodity value chains in 25 districts supported by the project. Out of its 25 districts one (Kailali) overlaps with the Project area.

ADB has in the pipeline two projects that link up with rural livelihoods, namely **Sustainable Rural Livelihoods and Watershed Management in Highlands of Nepal** and **Crop Diversification and Commercialization**. Their working areas are yet to be determined as they are both at the Project Preparatory Technical Assistance stage.

1.4 Problems to Be Addressed

The deep-rooted socio-economic problems and the modest status of rural water supply and sanitation have been highlighted in Section 1.3 above. These problems have been and are being addressed by RVWRMP. Therefore, the main focus of the problem analysis below is on issues related to the operational environment in Nepal, particularly in the Project area, and problems encountered or identified during the implementation of the Project.

Still prevailing problems, identified in the initial formulation of the Project, include:

- inadequate institutional and human resources capacity at village and district levels;
  - inadequate institutional capacity at DDC and VDC level for water project planning and implementation and monitoring,
  - limited opportunities for continuous training and development of DDC, VDC, User Group and central level staff,
  - frequent staff relocation and lack of staff willing to work in remote regions,
- lack of co-ordination, planning, implementation and monitoring processes;
  - poor co-ordination among central and local authorities for water project planning and implementation,
- slow pace of decentralisation;
  - decentralisation still in transition stage; differences between central and local level about the pace and extent of decentralisation,
  - conflicting interests,
- inadequate financial and physical resources;
  - limited financial resources availability,
  - lower household financial capacity and demand to sustain the facilities,
  - resource allocation decision not based on user demand,
  - mismanagement of available resources,
- limited participation of women and other marginalised groups (deprived castes and ethnic minorities);
  - caste system strictly followed and participation and empowerment of low-income, lower caste people difficult,
  - women's social status very low,
- poverty;

  - lower sense of community cooperation in the project area; seasonal labour out-migration,
  - household incomes are lower, not regular and unwisely spent,
  - limited access of household to micro credit facilities,
- rugged terrain and poor transportation and communication facilities;
  - inaccessibility of villages (poor transportation and telecommunication),
  - higher development and implementation costs,
  - poor quality of purchased construction materials,
  - simple, proven indigenous technologies not promoted,
  - low priority on O&M, and
  - inadequate post-construction monitoring and technical support (including spare parts availability).

Particularly important for the formulation of Phase II are problems encountered in Phase I and identified in Phase II preparation. They include:

- Constitution delayed and new administrative structure unknown;
- non-existent or limited support from local bodies or parties in regard to accountability and ownership;
- law and order poorly established, anarchy prevailing across all levels of society;
- low capacity of the Support Organisations' (SOs) human resources;
- prevailing social problems of UCs and VDCs;
- limited capacity to manage savings and access to credit;
- external pressure on Project Support Unit (PSU) in Dhangadhi;
- sanitation coverage far behind water supply;
- unknown impact of climate change on water resources and livelihoods;
- challenge caused by remoteness of Project VDCs on livelihood development;
- high dependence on subsidies and low level of user contribution;
- financing of re-investment not secured;
- standardised design of facilities; and
- substandard quality of construction of some schemes.

A more detailed assessment of the above problems and how they have been addressed in the formulation of Phase II is attached as Annex 2.

1.5 Beneficiaries and Stakeholders

The key beneficiaries and stakeholders will be at different levels: (i) community and VDC; (ii) district and regional; and (iii) national.

The foremost and ultimate beneficiaries of RVWRMP are the present and future residents of the Project VDCs whose and health, nutrition and livelihoods will be improved and who are empowered to manage relevant infrastructure, livelihoods and financial matters. Through improved nutrition and hygiene, children will be a special beneficiary group. Since women are largely responsible for tasks related to water and local livelihoods, it is expected that they will derive special benefit from improved water supply and sanitation as well as livelihood development, including relevant infrastructure. The development of income generating livelihoods will benefit the rural poor in general, providing them with possibilities to make their living in their home villages and reducing seasonal migration.

Participation of users does not only take into account people's needs and their readiness to contribute financially and/or provide their time, but more importantly will:

- allow community groups develop their own identity, consciousness and collectiveness in the process of addressing their own needs and problems;
- put participatory planning into beyond immediate issues with of broader themes such as community development, livelihood opportunities and ecological concerns;
- allow community groups to use their own forces and resources while demanding technical support from relevant bodies and agencies; and

- promote accountability in decision-making as well as in the implementation of plans, use of resources and the handling of power relationships among the members and with local bodies.

The focus of Phase II will be in nine hilly districts – Achham, Baitadi, Bajhang, Bajura, Dadeldhura, Dailekh, Darchula, Doti and Humla. The primary Project area covers the 47 VDCs where WUMPs have been completed in Phase I and in Kailali the six VDCs supported by the Project in Phase I. The population in the 47 VDCs is estimated at 220,000. The Project area and its justification are described in Section 5.1.2.

The participating organisations are direct beneficiaries of the Project through external support to their efforts to achieve the set targets and through substantial capacity building. At the local level, the stakeholders include WUSCs, VDCs, DDCs and relevant line agencies at the district level. At the regional level, at least Regional Agricultural Directorates will be involved with the Project. Other regional actors may evolve during Phase II, possibly resulting from new administrative structure. Similarly, at the central level, the key stakeholders and beneficiaries are MLD and DoLIDAR who may replicate and upscale the models developed, piloted and implemented by the Project with external support from other sources and, increasingly, with GON and local resources. Other stakeholders are private small scale service providers and private businesses as well as NGOs.

2. Definition of the Intervention

The Phase II of RVWRMP, including its overall objective, purpose, results and activities, is described below. The intervention logic in a form of a logical framework is attached to this Project Document as Annex 3.

2.1 Overall Objective

RVWRMP will contribute to the achievement of the long term objective to be achieved prior to phasing out of Finnish support. In the current circumstances in Nepal it is very difficult to estimate the required time frame for the achievement of the overall objective; it will probably be beyond twenty years horizon.

The overall (long term) objective of RVWRMP is **institutionalised capacity at local and regional levels to sustain and continuously improve enhanced quality of life, better environmental conditions and increased opportunities in rural livelihoods in the Project area**. Compared to the overall objective in the Phase I Project Document, the new formulation emphasises the capacity to sustain the formerly defined status at the end of the Project, and limits the target area from the previously defined Mid and Far West Regions.

The key indicators for the verification of the achievement of the overall objective are:

- living conditions in the Project area are at the national average level, measured by health, equality and income indicators used in Nepal at that time;
- communities are able to maintain service level, meeting national criteria, in water-related infrastructure, sanitation and energy supply;
- communities are able to implement and manage water-related infrastructure and sanitation facilities and finance re-investment;
- communities are able to prepare participatory, gender and poverty sensitive project proposals in the Project area;
- communities are eligible to borrow from banks or other financing institutions;
- relevant local and regional bodies are able to support communities in technical, administrative and livelihood matters; and
- school enrolment of boys and girls at the same level, defined as the ratio for each particular school group (primary, lower secondary and upper secondary).

The achievement of the overall objective is beyond the scope of the Project alone. However, RVWRMP is expected to have substantial contribution, in parallel with other undertakings, to the building of local capacities to sustain and develop healthy and decent living conditions in remote rural areas with communities being capable of managing their water, sanitation and energy infrastructure from planning to replacement investments.

2.2 Project Purpose

Within the framework of the overall objective described in Section 2.1 above, the purpose of Phase II of RVWRMP is to achieve **improved well-being and reduced poverty in Project VDCs**. This new formulation emphasises the impacts of the Project, instead of means of the previous formulation. This is quite challenging but it is justified by the fact that the indicators for the achievement of the Project purpose are largely based on Nepal's Millennium Development Goals. Considering the relatively strong support provided to the Project VDCs, the MDGs should be achieved in these privileged areas. The targets to be measured by sanitation and water supply indicators exceed the country's MDGs. The target year of the Project Purpose and its indicators is 2015. Consequently, the indicators are targeted at those VDCs which are included in the Project are at that time.

The key indicators for the verification of the achievement of the Project purpose are:

- relevant MDGs of Nepal achieved: proportion of population below the national poverty line 21% and proportion of population below minimum level of dietary energy consumption 25% in project VDCs;
- All Project VDCs cholera free and at least 80% of them are open defecation free (ODF) areas;
- diarrhoea incidences of children under five years reduced by 75%;
- all facilities implemented under the Project are functional; and
- more than 1,000,000 beneficiaries ("beneficiary equivalents") of new facilities implemented under the Project.

Compared to the Phase I Project Document, the physical targets and allocation of resources are not divided between the subsectors (water supply, sanitation, micro-irrigation, energy, etc.), firstly because the priorities of the communities should be respected and, secondly, because resources in Phase II are expected to be allocated on the basis of progress and performance in VDCs and districts. In order to set some sort of physical targets, a concept of "beneficiary equivalent" was developed. This term counts the beneficiaries of physical improvement of all subsectors of the Project and, if benefiting from more than one improvement, e.g., water supply and sanitation, one person can be counted more than once.

The unit of beneficiary equivalent reflects the unit costs of physical facilities per capita. Full coverage of improved sanitation being a major target, one beneficiary of improved sanitation facilities is the base beneficiary equivalent. The beneficiary equivalents are summarised in Table 2.

Table 2 Definition of Beneficiary Equivalent

Subsector	Actual beneficiary	Beneficiary equivalent
Sanitation	1	1
Water supply	1	4.5
Household level livelihood development	1	1.5
Micro-irrigation	1	1.5
MUSA	1	8
Environmental protection	1	1
Energy		
▪ Micro-hydro	1	6
▪ Pico-hydro	1	2.5
▪ IWM	1	0.15
Others	1	1

2.3 Results

The results of Phase II are also largely impact oriented:

- Result 1: institutionalised community capacity to construct and maintain community managed water supply and adopt appropriate technologies and behaviour related to water and sanitation infrastructure;
- Result 2: improved and sustainable nutrition, food security and sustainable income at community level through natural resources based livelihoods development; and
- Result 3: institutionalised capacity at district level to continue integrated water resources planning and to support communities in implementing and maintaining WASH and livelihood activities.

The key indicators for health, equality and hygiene related Result 1 are[6]:

- 80% of communities in Project VDCs are ODF;
- 100% of communities' demand for improved water supply facilities, as verified by community's own contribution, satisfied;
- all community members have access to improved water supply facilities;
- hand washing with soap substantially increased evidenced by the reduced incidents of diarrhoea in Project VDCs;
- time to collect water is reduced by 75%;
- 100 % of schools with separate sanitation facilities for boys and girls; hand washing facilities; and regular sanitation and hygiene lessons taking place;
- primary and secondary school enrolment of girls increased;
- Water Safety Plans prepared and implemented for each water supply scheme, including protection of intakes and procedures for monitoring and action;
- WUSCs are able to maintain the service level, are active and collect O&M fund, which is subject to public audit at least once a year, and accumulate revenue towards future re-investment;
- at least 50% of women and percentage of minorities at par with their proportion/representation within the community holding key positions (chair, secretary or treasurer) in UCs, WUSCs and WRMCs; and
- VDC level institutions and human resources (VDC Secretary, technician, teachers, agriculture and livestock extension workers and FCHVs) contribute to WASH awareness activities.

The key indicators for livelihoods related Result 2 are:

- number of malnourished children under five reduced by 40%;
- a substantial number of new employment opportunities at community level generated;
- distress migration from the Project area reduced by 20%;
- at least 50% of total participants in livelihood related trainings are women;
- percentage of minority beneficiaries at least at par with their proportion/representation within community;
- availability of micro-finance to the community owned institutions and their members improved;
- at least 50% of women hold leadership positions in the above institutions; and
- percentage of minorities holding leadership positions (chair, secretary or treasurer) in the above institutions at par with their proportion/representation within community;
- 70% of the project beneficiaries have home garden in the end of the phase

6. Numerical target values for some Resul1 and Result 2 indicators can only be set after the Project has completed the baseline assessment for Phase II

- users of micro-irrigation and renewable energy schemes are able to maintain the service level, are active and collect O&M fund, which is subject to public audit at least once a year, and accumulate revenue towards future re-investment; and
- at least 20% of the energy generated by hydro-power (micro-hydro, pico- hydro, improved water mills) used for income generation purposes

The indicators for institutional capacity related Result 3 are:

- Clear roles and responsibilities with authorities and resources is provided to DTO, the District Agriculture Development Office (DADO) and other relevant offices
- necessary technical and administrative support is provided as soon as possible by DTO, the District Agriculture Development Office (DADO) and other relevant offices;
- performance based allocation of Project resources between districts in use by 2012;
- Project districts have District Water Use Master Plans providing information on district level priority watersheds and schemes to all development partners;
- 24 new VDC WUMPs, available with wider scope providing scheme information and priorities to support detailed investment and scheme planning at VDC level;
- capacity building to VDCs to update and, where necessary, expand the scope of WUMPs developed and implemented;
- both DDCs and VDCs contribute to relevant investments (total 10%); and
- data on relevant facilities and their condition is updated at district level and shared freely.

2.4 Activities

Planning of activities in project preparation is justified for drawing up a tentative timetable, calculating the necessary physical and non-physical resources, and for drawing up the budget. In the preparation of Phase II of RVWRMP, the timetable, resources and budget have been estimated and drawn up on experience from Phase I and other relevant programmes and projects and on estimates on the status of the Project at the launch of Phase II.

In order to encourage “result orientation” as opposed to “activity orientation”, the Phase II activities shall be defined by the decisions of the Steering Committee (SC), assisted in this duty by the Team Leader, on an annual basis, and the Supervisory Board in the context of annual Programme budgets. The Project should constantly conduct self-assessment of its achievements against the results and consider the effectiveness of the activities and, if necessary, propose reorientation of the activities to SC.

Tentatively, Phase II will include the following main activities:

- provision of integrated WASH and livelihood awareness raising and motivation for behavioural change;
- implementation of water supply, sanitation, micro-irrigation and energy schemes in 47 VDCs as identified and prioritised in WUMPs prepared during Phase I;
- implementation of arsenic mitigation and sanitation activities in six VDCs in Kailali;
- provision of capacity building and support to communities through Post Construction programmes (PoCos) in clusters where schemes are completed;
- provision of capacity building in livelihood development, marketing, other income generation, co-operative development, etc.;
- training and human resources development as integral part of the above key activities;
- impacts and results studies, and other studies as per necessary; and
- a concept paper plan for the last two years of Phase II, to be appraised by MTR.

3. Assumptions and Risks

The most serious external risks that might affect RVWRMP are related to natural calamities – drought and floods, which may become more serious in longer term – beyond Phase II – due to the climate change, and peace and stability in the country. Possible political instabilities in the Project area may cause delays and other problems to its implementation. These risks are beyond control of the Project and they have been addressed in the logical framework as assumptions.

Another group of risks that may seriously affect the implementation of the Project is related to the political and societal reform in Nepal. As a result of the restructuring, the administrative structure of the country may be entirely different from the present administrative structure and, thus, it may cause delays and other challenges to the project during its implementation. As long as the structure remains unclear, the activities of the Project will be limited to the VDCs where WUMPs have been prepared plus the VDCs where arsenic removal has been implemented. It is also possible that there will not be adequate political will to decentralise powers from the central level to the regional/provincial/federal state level and to the local level to the extent previously stated in relevant policies and legislation.

In general, SWAp would be welcomed to streamline the extremely fragmented water supply and sanitation sector in Nepal. However, as the scope of RVWRMP is much wider than water supply and sanitation or WASH, there could be a risk that a SWAp approach tailored to water supply and sanitation or WASH could affect the IWRM approach and integrated livelihoods development as practiced in RVWRMP.

There is indication that the support, especially from the district and VDC levels, may be constrained by limited human resources, their professional competence, lack of accountability (due to absence of elected bodies), and low motivation. The weak technical capacity of SOs, especially in remote and poorer districts has been a problem in Phase I and may continue to be a risk for the implementation of the Project. This issue has been addressed in the formulation of Phase II.

The implications of the remoteness of the selected VDCs have been experienced in Phase I. An additional challenge and a possible risk of the remoteness is associated with the development livelihoods; it may be difficult to develop livelihoods to be competitive on the market when the access to market is extremely cumbersome.

It is possible that cash and other contributions from DDCs and also VDCs affect the implementation of the prioritised projects. However, the Project's limited resources shall be allocated on the basis of progress and performance as well as adequate contributions from all sources, in addition to the priority order and feasible clustering of schemes.

Some key stakeholders may fail to understand the implications of RVWRMP. Political pressure to expand the Project area and distribute the resources thinly over a larger area was very much evident during Project formulation. The impact of the Project would, in such case, be much less visible and measurable, and the delivery costs would increase, resulting in lower number of actual beneficiaries. Another implication of possible expansion would probably be that the Finnish support would keep other potential supporters away from the expanded area.

As a result of seasonal migration HIV and AIDS may further impoverish communities and affect the human resources. The Project aims to reduce migration through livelihood development and raise HIV/AIDS awareness through health and hygiene education.

The ability and motivation of the communities to maintain the facilities remains at risk. Particularly the financial sustainability is a matter of concern if the revenues will not be adequate for reinvestment. In Phase II, users are encouraged to increasingly assume financial responsibility.

Many stakeholders continue to promote only Sulabh latrines which are relatively expensive for low-income households and unsuitable to areas where water supply is limited. If only Sulabh

latrines were accepted as improved sanitation facilities, the costs of total sanitation would be substantially higher and the target level of the relevant ODF indicator should be reduced.

The Finnish budget is determined in euro (EUR) whereas the majority of Project expenditure will be in NPR, which follows closely the rate of USD. Possible devaluation of EUR against USD and, consequently, against NPR constitutes a risk that could reduce Project outputs.

A rating of the identified risks is summarised in Table 3. The assumptions that need to hold in order to fully achieve the objectives and results are listed in the logical framework in Annex 3.

Table 3 Risk Rating

Risk	Likelihood	Impact
Natural calamities, climate change	Medium	Significant
Political instabilities and anarchy	Medium	Significant
New administrative structure delayed	Medium	Medium
Limited political will to decentralise	Medium	Medium
Limited support from local level	Medium	Medium
Sector reform (SWAp)	Low	Low
Limited capacity of SOs	Medium	Medium
Remoteness and access to market	Medium	Medium
Delayed or missing contributions	Medium	Low
Political pressure on expansion	Medium	Significant
HIV/AIDS	Medium	Medium
Inadequate O&M and revenue collection	High	High
Pressure to apply expensive sanitation technology	Medium	High
Possible devaluation of EUR against USD/NPR	Medium	Low

4. Compatibility and Sustainability

4.1 Compatibility with the Strategic Goals for Finnish Development Co-operation

The main goal of Finnish development policy is to eradicate poverty and to promote sustainable development in accordance with the UN MDGs. Finnish development policy is founded on the respect for and promotion of human rights. Finland promotes economically, socially and ecologically sustainable development, and places particular emphasis on the importance of issues relating to climate and the environment. At the same time, Finland stresses crisis prevention and support for peace processes as an important element in promoting socially sustainable development. The approaches and results presented in this Project Document support and promote these goals.

As a signatory to the Paris Declaration (2005), Finland also adheres to the five key principles of ownership, alignment, harmonisation, managing for results, and mutual accountability. Whenever the level of governance permits, Finland uses the partner countries' own administrative systems and helps to strengthen the management of public sector finances. An analysis of the Project approaches vis-à-vis the Paris Declaration targets is attached as Annex 4.

The Project has been designed according to the Finnish Development Policy Programme 2007, Towards a Sustainable and Just World Community, Government Decision-in-Principle 2007. The Policy addresses environment and sustainable development as objectives that need to be adhered to consistently in the implementation of Finnish development policy. In addition there are three cross-cutting themes:

- promotion of the rights and the status of women and girls, and promotion of gender and social equality;

- promotion of the rights of groups that are easily excluded, particularly children, people with disabilities, indigenous people and ethnic minorities, and the promotion of equal opportunities for participation; and
- combating HIV/AIDS; HIV/AIDS as a health problem and as a social problem.

The Project takes into account environmental concerns in the watersheds, on the one hand aiming to protect the quality and quantity of the water supplied and to conserve the water sources and on the other by minimising the adverse impacts of spilled water around the tap stands.

The Project promotes the right and the status of women and girls in many ways – through reducing their burden in water collection, improving hygiene, encouraging and requesting women to take more important roles in COs, WUSCs and co-operatives, supporting the development and dissemination of gender sensitive training material, etc.

RVWRMP is implemented in the Far and Mid Western Regions of Nepal, in districts all of which (with the exception of Kailali) fall among the most deprived and poor in the Human Development Index. The Project addresses the participation of the most vulnerable and disadvantaged community members in the management of community projects. The Project will ensure that all ethnicities residing in the Project VDCs will have equal access to drinking water, sanitation and livelihood services. It supports their inclusion to society and contributes to the ongoing peace building process in Nepal.

HIV/AIDS and tuberculosis patients are highly affected by the poor hygiene, unsafe water and sanitation in the communities where they live. Albeit their numbers are not known, it is evident that a drastic change in this situation in the communities where they live will increase their social wellbeing. The Female Community Health Volunteers, health posts and schools will be provided with improved sanitation and health, including HIV/AIDS awareness materials.

4.2 Policy Environment

Quite a comprehensive legal, policy and strategy review is provided in Section 1. The proposed Phase II complies with the present laws, policies and strategies of GON. The Project design is in line with the TYIP; many core elements of TYIP – such as strong emphasis on gender and social inclusion, decentralisation and devolution of responsibilities to local bodies – also remain at the core of the Project approach.

The strategy of the Project emphasises institutionalisation of sector development through the decentralisation measures of the Local Self Governance Act 1999 to promote democracy and good governance; prioritisation of areas in the highest demand for water services and lowest per capita incomes to improve their living conditions and assist the poorest communities.

The specific strategies of TYIP 2007-2010 include the introduction of necessary policy, institutional and legal reforms for adopting Sector Wide Approach (SWAp) in water and sanitation. Most of the external support to the water supply and sanitation sector – including the rural subsector, is channelled through bodies under MPPW, which is strengthening in its position, e.g., by developing the monitoring and evaluation and Management Information System (MIS) for rural water supply and sanitation and by being the lead agency in the draft Master Plan of Sanitation and Hygiene. On the other hand, MLD/DoLIDAR would have the responsibility for the rural subsector, except for larger schemes. The scope of RVWRMP is much wider than water supply and sanitation or WASH and, consequently, it would only partly fit under a WASH SWAp. Based on the above, RVWRMP will not take action towards SWAp until GON has made a clear decision on one unified SWAp that includes at least the whole rural water supply and sanitation subsector. Even then, Project activities excluded from the scope of SWAp will be continued as formulated in this Project Document.

There is no IWRM SWAp in the horizon. The most appropriate SWAp for the new scope of the Project would be rural development SWAp but this is not foreseeable today.

Basket funding of investment could be developed at the district level. In this respect, the existing DWRDFs have already this potential in the districts.

MDGs are at the heart of development agenda of the world. The Poverty Reduction Strategy of GON is aligned towards achieving MDGs. In TYIP Nepal has renewed its policies and strategies in the same line. The Project will directly contribute to the achievement of all eight MDGs as described below.

In **eradication of extreme poverty and hunger** RVWRMP focuses on improving the lives of the poorest of the poor and disadvantaged groups. The VDC selection in Phase I was based on the poverty criteria and in every working areas community based participatory wealth ranking will be conducted to find out the poorest beneficiaries. All training and capacity building activities are especially focused on poor people, women and other DAGs. Poor villagers will benefit from the increasing number of paid work opportunities as Local Service Providers (LSPs). The livelihood approach will contribute to reducing poverty and improving food security by, e.g., improved agriculture production and vegetable consumption through livelihood activities; leader-farmer trainings, micro-irrigation systems, eco-sanitation techniques and marketing activities and microfinance schemes covering all households of project VDCs through COs and related income generating activities.

The improvement of water supply, sanitation and hygiene education will reduce poverty through reducing time used for fetching water and frees up time of especially women for more productive activities and girls for school attendance. Improved health and hygiene will ensure better productivity and decrease money spent on medicines and health services. Healthy people are also able to absorb more nutrients and to work harder.

RVWRMP focuses on capacity building of institutions and individuals at all levels for sustainable and self-reliant development in the future. Support to and training and institutionalisation of local level institutions improves the local capacity to manage water resources and other development activities. Training and capacity building of local people and COs is done in large scale with special focus on poor, women and other DAGs. The Project also builds the capacity of local government institutions to plan, manage and implement water related and other development activities. Through this extensive capacity building and training effort the Project contributes to the improvement of local, regional and national capacity to reduce poverty through sustainable development activities also in the future.

The **achievement of universal primary education** is supported by improved access to safe drinking water and proper sanitation that makes students healthier. Improved sanitation facilities and time saved through better access to water improve the possibilities of girls to attend school.

Promotion of gender equality and empowerment of women are integral cross-cutting aspects in RVWRMP. Women and disadvantaged groups are encouraged to involve themselves in all Project activities and to take lead roles whenever possible. The Gender and Social Inclusion (GESI) policy of the Project sets the operating framework. Disadvantaged groups are given preference in all training opportunities and through improved health status and more time out of household work they can educate themselves. The result indicators have been set purposefully tight to provide further encouragement to the implementation of the GESI policy.

The **reduction of child mortality** is strongly supported by safe water supply systems, improved sanitation facilities and hygiene education that effectively decrease water-borne and water-related diseases, especially among children. Also livelihood training, agriculture and vegetable production will improve food security and reduce diseases.

The **improvement of maternal health** is also an obvious impact of supply of safe water and use of hygienic sanitation facilities. They will increase overall improvement of health of mothers and infants, as well as reduce physical burden of women who do not have to carry water from distant sources during pregnancy.

Combating HIV/AIDS, malaria and other diseases is addressed in RVWRMP by education and awareness raising campaigns, which are an integral part of the Project activities. Also safe water supply and adequate sanitation facilities will improve overall health of people, reducing the risks of people to suffer from water and vector-borne serious diseases.

Environmental sustainability, including halving the proportion of people without water supply and sanitation is one of the core principles of RVWRMP and the water supply and sanitation target of Phase II is partly more ambitious: Access to improved water supply should be provided to all communities which contribute their share of the capital costs and comply with other Project modalities. In sanitation, ODFZs (which require 100% coverage) should be achieved in 80% of communities in the Project VDCs. The Project also addresses environmental issues through environment and soil conservation schemes and improved watershed and resources management.

According to Environmental Protection Act 1997 (and related Rules) Initial Environmental Examinations (IEE) or Environmental Impact Assessments (EIA) are not mandatory for small-scale water supply, sanitation, irrigation, renewable energy etc. schemes. Nevertheless, IEEs (or EIAs as appropriate) will be included in the pre-feasibility and feasibility studies to be prepared for all schemes. Thus, environmental and social impacts will be identified and mitigation measures for possible negative impacts designed.

In regard to the **development of a global partnership for development**, RVWRMP works in close partnership with many the sector actors in Nepal and actively takes part in local, national and international discussions and co-ordination of development. The revised subsidy approach and the post-construction approach will both encourage GON and other local actors to work together and mobilise additional resources to the activities supported by the Project.

4.3 Economic and Financial Feasibility

As described in Section 1.3.1, the Far and Mid Western Regions are the least developed regions in Nepal, and the Project VDCs are among the poorest in the two regions. However, experience from other relevant projects suggest that even in very poor areas the concept of total sanitation, which is discussed in Section 5.1.7, has been successful in mobilising entire communities, including the poorest members, to improve sanitation and establish open defecation free zones with nominal external subsidies. RVWSSP – WN aims to have open defecation free districts without providing any subsidies. Similarly, it is anticipated that there is ability to contribute more to water and energy schemes among the communities in the Project VDCS. On the other hand, the willingness to pay may be substantially lower, due to GON's generous subsidies and the practice of many NGOs to give away facilities and services without user contribution.

In Phase I, RVWRMP has requested cash contributions from users mainly based on fixed amounts per user, per household, per tap, etc., irrespective of the scheme cost. For example, user contributions to investments have been NPR 100 per tap in gravity water supply schemes, NPR 100 per household in rainwater harvesting, and NPR 500/kW in micro-hydro. On the average, the user contribution is estimated at 20% of the total investment in the last year of Phase I, according to the Annual Work Plan. This share is expected to increase to 25% in Phase II. The respective contribution from VDC is about 2% of the investment in the last year of Phase I. DDCs' contribution is nominal – only about 10% of the contribution of VDCs. The share of DDCs and VDCs is expected to jointly represent 10% of the investment in Phase II.

The economic and financial feasibility of RVWRMP can not be assessed by any simple definitions or parameters, such as external and internal rates of return. Due to the selection of the most remote and poorest VDCs, even cost-efficiency of the investments and activities is hard to compare with most other undertakings in Nepal. In long term, the real test will be the capacity of users to mobilise capital – savings and borrowed capital – for re-investment: replacement of facilities and equipment when necessary and scaling up and upgrading facilities for increased populations and higher demands. It is expected that Phase II can only show way forward to financial sustainability in this respect.

4.4 Institutional Capacity

Risks identified in Section 3 include concerns for institutional capacity – especially of DDCs and district level agencies as well as the technical capacity of SOs. These problems are mostly beyond the capacity of the Project to solve. The problems are exacerbated by frequent circulation of senior officers of DDCs and sector agencies, their low motivation to work in remote areas and with RVWRMP without additional incentives, and the difficulties of SOs in retaining technical staff. This makes capacity building unsustainable. SOs should be assigned for longer period, in order to help them in attracting and retaining capable technical staff, possibly even recruiting more senior staff to supervise and oversee sub-engineers.

Undoubtedly, capacity constraints are serious also at the community and VDC level. What makes the situation better there is higher motivation and stronger ownership, and lower risk of brain or hands drain – especially in the case of trained females. Communities – COs, UCs, etc. – are focal institutions in the capacity building of the Project.

If – as hoped – the new administrative structure will be in place during Phase II, RVWRMP will have new opportunities to integrate into new bodies. Particularly important would be a new regional/provincial/state level, which could help transfer of responsibilities to relevant authorities. On the other hand, the new structure would pose a new challenge for capacity building.

4.5 Socio-cultural Aspects

Discrimination of women and disadvantaged groups remains dire in the Project area. Patriarchal systems, caste discrimination and other types of exclusion are prevalent despite many advances made during Phase I. RVWRMP explored many socio-cultural aspects during the development of its GESI Strategy. The strategy aims to reduce discrimination and barriers for inclusion and increasing the real participation of women, Dalits, poor and other DAGs in all decisions and activities.

The Project applies do-no-harm and conflict sensitive approaches. RVWRMP encourages the participation of local people in the design and implementation of its activities, aiming to ensure equal access to the facilities and other. Water rights are an obvious issue that RVWRMP is dealing with. Another aspect that hitherto has received less attention is the rights based approach (RBA). RBA could be utilised amongst the key stakeholders, including the staff itself, to create more understanding and acceptance of the human rights obligations related to water and sanitation. RBA could be utilised to address the social inclusion aspect, which still leaves room for improvement.

RVWRMP has to take into account the needs of the poorest and most marginalised groups, and constantly remind all stakeholders on what the GESI strategy means. However, since the Project districts are among the poorest and most disadvantaged in Nepal, it is evident that the majority of beneficiaries are poor, regardless or their caste or ethnic status. Constant attention has to be paid to both who is and is not served by the facilities constructed.

HIV/AIDS is a real problem in the Project area, as discussed in Section 1.3.4. The seasonal migration to India – with increased income can support the sustainability of Project activities if used productively to enhance livelihoods. The role of women can also be strengthened in the absence of most men in the village. However, seasonal migration of men has direct negative impacts on the Project activities as well. There is lack of men for physical labour in the villages for most of the year; so women's and girls' workload is further increased, sometimes the men use most of the money outside and the amount brought back to home can be minimal. Further, some men are HIV/AIDS positive or affected by other diseases when returning home. Since HIV/AIDS carries a heavy social stigma, it is not very likely that HIV/AIDS positive would come openly forward so that they could benefit from improved water supply and sanitation services on a priority basis. However, the Project can include HIV/AIDS awareness packages into the health, hygiene and sanitation awareness materials and incorporate the issue into the training conducted at all levels.

Support to peace building continues to be of special relevance to the Project. The Project applies the "do no harm" principle. RVWRMP supports the ongoing peace building process in Nepal by reducing and solving local water resource conflicts through participatory planning, e.g., VDC WUMPs, and by enhancing the coherence, organisation and activeness of communities through community mobilisation, capacity building, institutionalisation of community organisations, improving livelihoods and by supporting the communities in implementing the priority schemes. RVWRMP will also support negotiation skills development for solving local water source and use conflicts. The Project also contributes to improved capacities of local government and district based line agencies to manage water resources, including in water conflict situations, and plan their development in a way that will not cause further conflicts.

By addressing poverty, inequality and discrimination, RVWRMP activities directly relate to root causes of the conflict. Hence the Project supports the peace building process more broadly than merely focusing on water rights and source conflicts. Additionally, the incorporation of RBA should be supplemented with awareness raising on the duties and roles the communities and civil society organisations themselves have in peace building.

4.6 Participation and Ownership

RVWRMP is executed by MLD/DoLIDAR at the central level. Phase I of RVWRMP was categorised by NPC as a priority 1 project (P1). It is expected that this status will be retained in Phase II.

RVWRMP will continue to be implemented by the beneficiary communities represented by COs, WUSCs, co-operatives and other relevant community based organisations with support from SOs, the private sector and relevant DDC and VDC authorities and district-based line agencies. The community-based approach in scheme identification, design, construction, and O&M together with the adoption of livelihood development moves the emphasis from physical infrastructure development to community development activities, in order to increase beneficiary participation in decision-making, in implementing its decisions, and in sharing its benefits. The comprehensive step-by-step procedure of the Project has defined the process to be followed in different phases of the scheme implementation to ensure the sustainability through effective O&M and is to be continued.

Progress in social mobilisation has been encouraging, as is demonstrated by women and Dalits coming forward speaking freely and COs and UCs/User Groups (UGs). Members are mostly well informed on decisions on schemes and other community activities. Project has already paid more attention with extra inputs to the mobilisation and capacity building of Dalits and women. Despite that, it is evident that the social mobilisation approach and actual capacity building activities need to be increasingly tailored to supporting the specific needs of each CO and their members. Many will require more support because of the high discrepancy, superstition, limited exposure to outside world and discrimination that prevails in the Project area. Increased and more location specific training packages will be needed to ensure sustainability of groups and their activities.

In the absence of elected local government, the ownership and support of representatives of all political parties active in the Project working area needs to be secured. At the district level participation, the core members of District Management Committee (LDO, DTO chief, focal persons in DDC) continue to have a key role in annual planning, monitoring and reporting.

As the number of completed schemes continues to increase, emphasis on the post-construction phase activities becomes more important. In connection to all Project activities, but especially with respect to livelihood activities and post-construction phase both the following district-based line agencies and the respective central government departments become vital:

- District Agriculture Development Offices (DADO);
- District Irrigation Office (DIO);
- District Soil Conservation Office (DSCO);

- District Forest Office (DFO);
- Co-operative Division;
- Cottage and Small Industry Office;
- District Education Office (DEO);
- District Energy and Environment Section (DEES); and
- Drinking Water Supply and Sanitation Divisional/Sub-divisional Office (DWSSDO).

District Public Health Office will be an important partner in WASH activities. The Project will seek opportunities to enhance collaboration with all of these, also with the objective to mobilise human and financial resources from their ongoing programmes for the benefit of communities. To the extent possible, the outputs and data of the monitoring systems of these district agencies as well as DDC systems will be utilised in monitoring the Project.

At the central level SC and its members continues to be vital. Active experience sharing with RWSSP-WN will benefit both Finnish funded projects in the rural sub-sector. Knowledge and experience sharing with the ADB funded CBWSSP and with the WB funded Rural Water Supply and Sanitation Project as well as with national and international NGOs, e.g., Helvetas Nepal, WaterAid, WWF Nepal and NEWAH will continue.

The Project's active and structured approach on partnerships will be continued. In Phase I, RVWRMP signed MOUs with a number of government and civil society organisations. These MOUs provided a formalised mechanism for co-operation and helped the Project to secure access to some additional inputs (at no extra cost to the Project) and innovative thinking. The Project management needs to re-assess the usefulness and scope of each MOU at the beginning of Phase II in light of the revised Project approach. The MOUs signed in Phase I were with:

- AEPC on channelling support and resources to pico- and micro-hydro schemes;
- Regional Agricultural Directorates (RADs) of Mid and Far Western Development Regions on technical input on home garden management and agro-based livelihood activities;
- Department of Irrigation (DOI) on providing financial and technical support to UCs and individual schemes on irrigation activities;
- FEDWASUN on supporting WUSCs to achieve legal registration and federate at district level;
- National Agriculture Cooperative Central Federations (NACCF) on technical backstopping support to develop and establish community owned, sustainable, reliable institutions at VDC level and assist the rural cooperatives for the establishment of wholesale credit linkages with banks and/ or micro-finance institutions;
- SNV/n on leveraging expertise and resources for increased development impact on WASH and renewable energy, particularly in common working DDCs (Dailekh, Humla, Kailali); and
- IDE Nepal on applying and piloting the MUS and livelihoods activities.

4.7 Gender

In terms of gender, patriarchal worldview is embedded not only in social and cultural practices in the Project area, but also in systems of governance and its legal framework, permeating all aspects of the lives of women and girls. Patriarchy also pervades the social spectrum so that Dalit women face multiple layers of exclusion. Women and girls lag behind men and boys because of at least six factors, such as (i) disparities in education; (ii) limitations on the rights of women to own and inherit property until the recent past; (iii) poor health, especially in the realm of reproductive health; (iv) low access to labour markets, employment and productive assets/ resources; (v), gender-based violence; and (vi) lack of fair representation in decision making.

During Phase I, the Project has approached gender issues in a serious and responsible manner. A strong basis has been laid by conducting the GESI study. Building on the findings and on the policies of GON and GOF, a GESI Strategy and Action Plan was developed and has been implemented. The Strategy and Action Plan reflects the Project's commitment to the achieve-

ment of an inclusive, equitable, and participatory development approach. GESI concerns have been systematically addressed in the Project guidelines. RVWRMP is committed to promoting, integrating and mainstreaming GESI in all its activities. The Project recognises that gender is a central concern in water resource management and that adopting a gender sensitive approach improves sustainability. To truly address poverty and to ensure that the Project activities benefit also the poorest, high emphasis is put to social inclusion.

Positive discrimination continues to be practiced in recruitment, favouring women and DAGs (Dalits, ethnic minorities, i.e., Janajatis). Concrete policies, e.g., involvement of one woman from every household in COs, 50% participation of women in WRMCs and ensuring proportionate representation of Janajatis and Dalits will be continued and further enhanced during Phase II.

Further, GESI approach should not be limited to the mere numbers of participation, but be inclusion of different views, interests and needs, as well as the division of burden, benefits and influence accounts for the degree of gender sensitiveness. Proper functioning and use of the systems, sharing of and control over resources, as well as to create more equal chances for training, opportunities should be ensured and monitored. An approach of gender sensitisation for both men and women has been found effective for positive social change widely in Nepal. The Project should apply this approach across all levels of the structure – community, Project staff, SOs and all types of stakeholders involved in the Project activities.

The task of SOs and Community Mobilisers (CMs) is to ensure that all groups develop necessary skills and attitudes. The Project needs to re-brief both SO staff and CMs on the Project approaches and procedures to better equip them to be able to change the attitudes of the community members and to create an understanding of how GESI discrimination and discrimination is linked with prescribed gender roles, access and control over resources and power structures (decision making, access and control over resources). Similar understanding should be developed at all levels and types of stakeholders.

Gender and social issues will be incorporated and mainstreamed in the total sanitation activities. To mainstream, all people involved should be sensitised for quality and meaningful participation, and IEC materials should consider the issues accordingly.

The Project has also encouraged women to get employment in livelihoods promotion and in non-conventional roles, e.g., women constitute 34% of all Local Latrine Builders trained, 37% of Rainwater Harvesting Jar Masons, and 6% of Village Maintenance Workers. Their employment in these non-conventional tasks will be further explored and implemented.

Appropriate technologies, e.g., ICS, improved water mill and biogas are very good for women's and girl’s health and help to reduce their work loads. The Project’s revised approach in renewable energy solutions will incorporate these technologies.

Positive discrimination in recruitment, participation of women, Dalit and Janajati alongside with men, representing different ethnic, social and cultural backgrounds will be continued. The GESI toolkit will be further tailored to meet the changing conditions during Phase II. Effective monitoring and assessment approach is necessary to support learning and results-based orientation. The Project plans to conduct a joint GESI impact assessment by the end of Phase I with WDO to document these qualitative impacts and changes that are being observed in the field.

4.8 Environment

As a water resource management project, RVWRMP is very closely related to environmental matters in all of its activities. The interventions and investments in water supply, environmental sanitation, soil conservation, renewable energy and livelihood activities have direct environmental linkages. The Project will continue to select the most appropriate technologies and schemes with low adverse impacts on environment. The schemes that the Project supports in water supply, renewable energy and irrigation are mostly at such a scale that the thresholds provided for Initial Environmental Examination (IEE), not to speak of Environmental Impact As-

sessment (EIA) as per Environment Protection Act and Regulations are not exceeded. However, this should be verified case by case.

The Project's infrastructure interventions are small-scale and apply appropriate technologies. As community managed schemes, they will have a low impact on environment compared to many larger scale interventions. Yet, there are many areas that require further attention, such as watershed protection that would both protect the water quality and quantity and address soil stability through activities such as reforestation and bioengineering. These have also livelihood development potential, e.g., through NTFPs. These activities will receive significant attention and they will benefit from increased resources in Phase II.

RVWRMP is already active with the school environment programme. Through the School-led Total Sanitation Approach (SLTS) and by focusing more on school environment, significant community awareness can be achieved. School environment per se will be improved by incorporating composting, separate latrines for girls and boys, clean compounds and planting of greeneries. Students and youth could be trained to participate in basic water quality monitoring (visual inspections) to be defined in WSPs. Additionally, School-led Environment Awareness Programme as an extra-curricular activity in environment conservation, incorporating watershed conservation and climate change, can have effective long term impact on future generations.

An issue that will need further attention is adaptation to climate change: changes in the regular weather pattern towards extreme weather conditions have already been observed in the Far Western and Mid Western Nepal. For instance during the winter 2008/2009 the "winter rains" were virtually absent in the Project area, onset of 2009 monsoon was late and the atypical heavy rains in October 2009 resulted in landslides and loss of lives in the region. This phenomenon has its repercussions on a number of things. Poor or absent winter rains hamper the farmer's chance to harvest the winter crop, which has been traditionally rain fed. This naturally impacts household's well-being and food security. Apparently interest in rainwater harvesting has reduced, although that is based on misconstruction. On the contrary, the Project needs to look into wider rainwater harvesting applications and possibly revive some indigenous technologies, e.g., rainwater harvesting ponds ("pokhari") to support crop production or watering livestock during winter. Being able to take into account the implications of increasingly dry weather in the future is a necessity to many Project activities, including source selection and dry season flow measurement for gravity systems, selection of irrigation technology and vegetable/crop selection for livelihood activities. On the other hand, the extent and direction of long-term weather changes remains unclear – also predictions on increased winter rains, and reduced monsoon rains have been presented. However, there seems to be consensus that storminess and rainfall intensity during monsoon may increase, resulting in more floods in the plain areas and landslides. This supports thinking that the technologies to be applied by the Project should be appropriate and as low cost as possible. The Project could apply a practice known as "climate proofing" i.e., each planned activity or approach would be assessed vis-à-vis predicted effects and impacts of climate change.

The existing VDC WUMPs have a large number of watershed and source protection schemes that will be implemented during Phase II. These schemes will both protect the water quality and quantity, and address soil stability through activities like reforestation and bioengineering. Some benefits from livelihoods are possible, e.g., through NTFP cultivation. During the post-construction phase, RVWRMP will focus on environmental issues through watershed and source protection, WSPs and water quality testing. In watershed conservation schemes it would be practical to focus on the intake areas and surrounding sub-watersheds. Approaches and practices can range from supporting a community to reach an informal agreement to manage the site to the establishment or to conduct small scale watershed conservation activities with DSCO support and formal handing over of a community or leasehold forest to a group of users with support from DFO.

Sustainable management of forests and land use also increase climate change mitigation potential in the Project area. The proposed approaches and collaboration with DFO and DSCO combine this with increased community capacities, intending to reduce their vulnerability to climate change and improve their livelihoods. By expanding the scope of eligible renewable en-

ergy options beyond hydro power (improved water mills, pico-hydro, micro-hydro) and supporting also adoption of ICS, biogas and solar and wind energy where applicable, it is foreseen that fuel wood demand would reduce in the Project area, contributing to improved watershed conditions. By substituting and/or reducing fuel wood consumption with cleaner and renewable energy sources, some reduction in carbon dioxide emissions will be achieved, too.

The eco-village concept that was piloted in Phase I should be replicated to the extent possible. The concept supports and further enhances adoption of environmental sanitation and will contribute to overall cleanliness of villages and productive use of organic waste.

4.9 Appropriate Technology

In general, the technology applied in RVWRMP is rather conventional in Nepal, including many renewable energy technologies. Also newly promoted alternative energy options have proved to be appropriate and reliable, e.g., ICS and biogas reactors. They are also more energy-efficient and environment-friendly than conventional technologies. In terms of reliability, availability of support services and spare parts, and ease of O&M, technologies applied by the Project are appropriate.

Ideally, the Project should promote and introduce technologies that are sustainable and replicable. The sustainability requirement includes financial sustainability: the technology should be affordable to the users to the extent that they would be able to replace damaged or worn-out facilities latest at the end of the technical life time of the facilities. Replicability means that the technologies introduced by the Project should be able to be adopted by other than the target groups without (substantial) external support. In this sense, technologies of RVWRMP still need refinement for their appropriateness. Examples of lower-cost – and consequently more appropriate – technologies are improved water mills, which can also generate electricity, and indigenous rainwater harvesting ponds.

Examples of appropriate technologies in livelihood development include adoption of organic farming with low-cost irrigation technology, composting and development and possible domestication of medicinal plants.

5. Implementation

5.1 Approach

5.1.1 Principles

The nature of Phase is twofold:

- to continue the implementation of the balance of schemes prioritised by the communities in VDC WUMPs prepared in Phase I; and
- to adjust the Project to respond to the reform and decentralisation of administration in Nepal, and to adapt the scope and approaches accordingly, in order to support and build the national and local capacity to continue the work initiated in the Project, increasingly relying on local and national resources with the objective of eventual phasing out Finnish support.

The approach of Phase II of RVWRMP is based on the following principles:

- institutionalisation of the Project activities and increasing Nepali responsibilities, particularly once the new administrative structure has been established;
- building on the approaches, modalities, guidelines, etc, developed in Phase I, however adapting them and developing new ones whenever the operating environment changes substantially or when other needs arise, e.g. if the Project purpose or results seem unachievable;

- avoiding substantial institutional changes and expansion of the Project area until the new administrative boundaries and bodies have been established;
- promotion and application of IWRM, i.e., comprehensive and optimal use and management of water resources, protection of scarce water resources and safe sources, and tapping the economic value of water for the well-being and welfare of people;
- schemes to be implemented according to the prioritisation of WUMPs, with the following exceptions:
  - clusters of prioritised and feasible schemes to be given preference, in order to improve the efficiency of the delivery of outputs and, consequently, to increase the number of beneficiaries,
  - opportunities for MUS to be actively explored for the benefit of livelihood development,
  - Project's resources to be allocated on the basis of performance and progress in VDCs and districts,
  - sanitation to be further promoted and included, wherever possible, in order to achieve the indicators of Result 1,
  - livelihoods to be promoted and included, although they were excluded from the scope of WUMPs, in order to achieve the indicators of Result 2; and
- improvement of affordability and sustainability by reducing the costs of facilities by developing more lower-cost technology options, increasing use of locally available materials and decreasing dependence on costly transportation, such as air-lifting.

Some new aspects to be considered and adopted in Phase are described in the following sections.

5.1.2 Geographical Coverage

The resources in Phase II will be allocated on the basis of progress and performance in VDCs and Districts. The project continues to work in the present 10 Districts (Achham, Baitadi, Bajhang, Bajura, Dadeldhura, Dailekh, Darchula, Doti, Humla and Kailali) at least until the Mid-Term Review (MTR) to be organized in 2012. After that, the working area may be modified based on the MTR findings on performance in each District.

Once the Federal States are formed, the Project should limit its activities within one Federal State in order to facilitate the administration. The Project will prepare a concept paper for the scope of the last two years of Phase II and this will be reviewed and appraised by MTR.

Within the above mentioned area, RVWRMP will primarily work in the VDCs where WUMPs have been completed in Phase II. During the last two years of Phase II, seven District WUMPs will be prepared provided that the administrative boundaries have been established on the basis of the Constitution[7]. Similarly, 24 new VDC WUMPs will be prepared by the end of Phase II, in order to identify schemes to be implemented at the beginning of Phase III. The scope of the WUMPs is described in Section 5.1.4.

5.1.3 Capacity Building Approach

The institutional capacity to implement Project components may be a bottleneck but the capacity limitations are even more critical to the sustainability of the Project results. Consequently, capacity building and development of transparent and participatory mechanisms are essential for sustainability. The development of the local capacity at the national, district and VDC levels is built in the Project Document in the form of results and indicators, measuring the performance of the institutions rather than Project activities. It is intended that the key stakeholders shall

[7] The exact number of DWUMPs and their coverage will depend on the new administrative structure. It is likely that some bodies equivalent of VDCs will be in place also in the new structure. The names and coverage of districts or equivalent is more uncertain.

focus on the results and adjust the activities, if necessary, in the course of implementation of Phase II.

The Project is implemented through the national and local governance system – by DoLIDAR at the central level, by DDCs and VDCs at the local level and by communities at the settlement level. The overall guidance and policy support together with government resources for the community managed efforts is provided from the district level, with the involvement and support of DDC, VDC, district line agencies and district based civil society organisations (SOs). At the settlement level, the role and capacities of communities in participating in the preparation of the long term (WUMP and scheme-level) plans, eventually implementing the schemes and assuming responsibilities on O&M of the schemes is vital. At the community level, a number of village level institutions are being established (COs, WUSCs, WRMCs, co-operatives, etc.) to which the Project needs to provide capacity building and institution development inputs in many forms. VDCs have a role in approving and promoting plans prioritised by the COs and WRMCs.

DTOs are responsible for quality assurance of construction in the implementation of schemes under RVWRMP in its respective administrative area. There is a serious capacity constraint, due to the present limited human resources of DTOs. Therefore, the human resources of DTOs need to be strengthened and motivated by MLD/DoLIDAR to assume the overall responsibility for the development work under DDC, including Project schemes. They should also perceive that RVWRMP supports them to achieve the rather ambitious targets of GON, instead of considering RVWRMP an additional burden.

RVWRMP's capacity building activities can be classified into two broad categories: (i) awareness creation and skill enhancement through sensitisation, mass meetings, orientation and observation and study tours; and (ii) human resources development through various kinds of training (workshops, seminars, on-the-job training, learning by doing, etc.). The Project contributes to capacity building at three levels: central, district and grassroots.

At the central level, MLD/DoLIDAR as the executing agency co-ordinates with concerned organisations to develop common understanding and develop capacities to undertake integrated water resource management, public health and integrating livelihood improvement into the development of rural infrastructure. Specific activities include regular meetings, national level workshops, and exposure visits for SC members and others.

At the district level, activities focus on building the capacity of DTO of DDC to plan and support RVWRMP schemes. DDCs and District Management Committees (DMCs) are being supported to integrate the maximum use of the expertise of line agencies, such as DWSSDO, DFO, DSCO, DIO, DADO, DPHO, DEO, etc. For all of them, orientations shall be organised on a regular basis, also taking into account frequent staff transfers at district line agency offices. The capacity of DTOs and DDCs to handle the Project is enhanced through the operational guidelines prepared by RVWRMP. Similarly, SOs need to be oriented (and re-oriented) to the objectives, working approaches and working guidelines of RVWRMP. Acceptance and adoption of GESI and other strategies and knowledge should be ensured. Orientation should be given to the VDC Secretary and technician on, e.g., planning, implementation and monitoring of activities. FCHVs and school teachers need to be trained on sanitation and hygiene awareness and approaches, while livestock and agriculture extension workers need training on MUS and livelihoods work.

At the community level, RVWRMP supports capacity development in several ways, particularly:

- skills and capacities to run community organisations and co-operatives (organisational development, leadership, group dynamics, management, book keeping, saving and credit operation, etc);
- skills to implement, operate and manage water and sanitation and other small infrastructure and other technologies (small and mini irrigation, agro-processing, essential oil distillation plants, mill operating, improved water mills, improved cooking stove, micro-hydro, etc.);

- skills and knowledge to carry out income generation activities – entrepreneurship development in agriculture, livestock, forestry, etc.; and
- skills and knowledge to develop behavioural change for sanitation and hygiene.

At the community level, capabilities are also enhanced as a result of the Project processes, which involve the community at every stage, revolving around participation, transparency, consensus decision making, benefit sharing, empowerment and good governance. Additionally, the Project should strive to strengthen the community based organisations and strengthen their ownership by vesting considerable power in them, by making them signatories to various contractual arrangements within the Project, i.e., in contracts between the community and manufacturer, contracts between the community and RVWRMP, etc.

5.1.4 Water Use Master Plans and Scheme Implementation

Phase I experiments with a District WUMP in Dadeldhura. DWUMPs can hardly replace VDC level WUMPs because they can not incorporate participation and prioritisation of the activities of all beneficiaries. They can not be very detailed and they are largely based on secondary data collected from other studies, plans and statistics, supplemented with limited data to be collected in the field and from community interactions. DWUMPs may be useful in solving disputes on water resources management between VDCs and identifying larger scale schemes. When prepared before VDC level WUMPs, priorities should first be set on the watershed/sub-watershed level (rather than directly at the scheme level), and benefits of scale could be achieved by all development partners working on IWRM. DWUMPs can be very helpful in identifying where VDC WUMPs have to be co-ordinated or where inter-VDC WUMPs could replace VDC WUMPs. DWUMPs may also serve as sub-catchment IWRM plans where the administrative boundaries follow natural catchments. The detailed scope and level of detail of the DWUMPs to be prepared in Phase II shall be determined on the basis of the outcome of the first DWUMP and its implementation.

It is anticipated that the Project will have enough feasible schemes to be implemented during Phase II in the WUPMs completed in Phase I. In order to have schemes to be implemented from the very beginning of Phase III, new VDC WUMPs are expected to be prepared by the end of Phase II. Taking into account the high cost of WUMP, community sensitisation, mobilisation and empowerment plus all logistics costs, it will make sense to expand the scope of these WUMPs and study the overall needs in remote communities. The inclusion, participation and community level prioritisation should be maintained and the cost-effectiveness of WUMPs improved by using the comprehensive inventories and data by other sectors and stakeholders during WUMP formulation.

Livelihood issues and schemes were not included in WUMPs in Phase I. With limited additional effort and costs, the scope of VDC WUMPs can be expanded to include at least all RVWRMP activities, probably also other local rural physical and possibly social infrastructure. In Phase II the scope of the next generation of WUMPs (or rural infrastructure and services master plans) shall be expanded accordingly. Where necessary, Phase I WUMPs will be updated and expanded, especially to cover livelihood development. A brief review and assessment of the Phase I WUMPs will be conducted prior to the end of Phase I.

After the initial formulation of RVWRMP, the concepts of SLTS and Community-led Total Sanitation (CLTS) have proved to be highly successful in Nepal. Total sanitation involves personal, domestic, food and environmental hygiene, liquid and solid waste disposal, including 100% access to of improved sanitation facilities and ODFZs. Total sanitation focuses on behavioural change needed to ensure real and sustainable improvements. In order to have such improvements and, particularly, health benefits, it is mandatory that the entire community is involved and accepts and adopts the behavioural change. When aiming at ODFZs and applying the total sanitation concept, the Project can be pragmatic and make use of the methods that best fit in each situation. In total sanitation as well in other awareness raising activities, youngsters and (school) children could play an important role as advocates and agents of behavioural change.

As its name suggests, CLTS involves entire communities, which, in the case of RVWRMP could most naturally be based on the catchments of water or energy schemes. SLTS is based on the school catchments. The achievement of the sanitation related indicators of Result 1 requires that SLTS and CLTSI will be incorporated into the approach of Phase II.

The Project Implementation Guidelines (PIG), prepared by RWRMP, divides the scheme cycle into four phases and sixteen steps:

- planning phase
  - Step 1: selection of Project VDCs,
  - Step 2: agreement between VDC and DDC,
  - Step 3: CM Selection, formation of COs and SO selection,
  - Step 4: baseline data collection and WUMP awareness campaign,
  - Step 5: preparation of WUMP,
  - Step 6: annual implementation planning based on WUMP;
- preparatory phase
  - Step 7: agreement for preparatory phase,
  - Step 8: community mobilisation for scheme, scheme formulation and formation of UC,
  - Step 9: other preparatory works,
  - Step 10: detailed design, Bill of Quantities and cost estimate,
  - Step 11: preparation and finalisation of Community Action Plan (CAP), and final approval by DDC;
- implementation phase
  - Step 12: implementation phase agreement,
  - Step 13: training and seminars, construction and other activities,
  - Step 14: post-construction seminar and public auditing;
- post-construction phase.
  - Step 15: agreement on post-construction phase, and
  - Step 16: post-construction activities

PIG also describes the roles and responsibilities of different stakeholders. For Phase II, the Project should review the PIG to take into account lessons learned during Phase I. Issues warranting revision include e.g.:

- The capacity of SOs to support the implementation of technically demanding schemes, e.g., micro-hydro and critical points of inspection during scheme planning, implementation and post-construction is very low or non-existent. Among alternative measures to augment the capacity is outsourcing to competent experts and/or drawing resources increasingly from respective district-based line agencies. Also fewer contracts can be signed with SOs, i.e., only the best-performing SOs in each district will have new contracts – but for longer periods. They should help in having better-performing SOs engaged in the Project, to help them in attracting and retaining capable technical staff, possibly even recruiting more senior staff to supervise and oversee sub-engineers, if a higher number of schemes provide continuous demand for support. In practice, verified good performance of SOs shall be given weight in scoring when selecting them and the contracts shall have a performance-based payment module or incentive.
- Procedures ensuring timely inspection and monitoring support from DTOs need to be improved to make sure that delays do not occur when inspection is requested by the community (or SO staff).
- The post-construction phase (PoCo) should be extended to two years after the completion of scheme construction, and DDCs should increasingly take responsibility for post-construction monitoring. The post-construction phase is critical in terms of achieving sustainability. The Project is encouraged to continue with the PoCo strategy whereby all relevant government agencies at the district level plan and implement activities in a co-ordinated manner for the benefit of the communities.

- Water quality and its surveillance will be given increasing attention in Phase II, largely to be based on regular monitoring and evaluation by the users, in line with the Rural Water Supply and Sanitation National Policy (2004). The critical points of water supply systems and the surveillance and inspection methodology and frequency will be formulated in WSPs. The Project should provide WSP templates that can easily be tailored for each community/system.
- Mainstreaming of livelihood activities into all phases and steps need to be incorporated as well.
- Subsidy levels and approaches should be updated and amended, both with respect to WASH and renewable energy investments. With the new set of livelihood activities, communities should be facilitated to access financial support and subsidies as provided by line agencies working in, e.g., agriculture development and commercialisation of Non-Timber Forest Products. The Project should not provide any additional financial inputs as such support weakens the replicability of approaches and, hence, the long-term sustainability.

Especially in the most remote area, where transportation cost from the road head to the village is high and, particularly, where materials are transported by helicopter to the site, more appropriate options and reduction of costs need to be reconsidered in Phase II. It would be much better to use local materials to the extent possible, thus minimising the use of non-local materials. Below are some examples of possible solutions for cost reduction in water supply.

- dimensioning of water storage tanks for the estimated water use for, say, ten years ahead (an additional storage tank can be built at the time when the capacity of the first tank becomes critical);
- the size of collection chambers, distribution chambers, interruption and break pressure chambers to be reduced from the existing standard design size;
- using polythene tanks (200 litres) as, e.g., pressure break tanks (with stone mud masonry wall support);
- using low-cost tap stands, (even timber posts) to rest the pipe fitting of the tap stand;
- using local stone slabs (where available);
- making valve chambers of stone mud masonry and covering them with a flat stone slab/slab frame cover; and
- supporting rainwater harvesting (in spite of its high unit costs) where access to gravity schemes would become unfeasible.

In sanitation, cost reductions can be sought, e.g., by using traditional low-cost housing technologies for superstructures. It is also possible to construct only one pit in the beginning and building the second pit after filling up of the first pit.

5.1.5 Watersheds and Environmental Conservation

The Project has already supported the implementation of some of environmental conservation schemes in Phase I. During Phase II there will be an increasing emphasis to them. On the one hand, about 15-20% of the already prioritised schemes in WUMPs are environmental conservation schemes, and on the other hand this is needed because environment and soil conservation are crucial elements of the sustainability of water supply (and other investment) schemes. Proper source and watershed protection and improvement ensures source yield and helps to ensure high quality of water. Protection activities around the source, watershed and pipeline trenches are important actions in reducing and mitigating to the risk caused by landslides on the structures. However, it should be kept in mind that Himalayas are naturally erosion and hazard prone due their character as geologically young mountains. Therefore, environmental hazards, such as landslides, are partly a natural phenomenon, too.

RVWRMP supports small scale, low-cost soil, watershed and environment conservation schemes prioritised by communities in WUMPs. Awareness creation on the preventive maintenance should be incorporated into the planning and implementing phases. In the post-construction phase focus will be on holistic, scheme and community based watershed protection. Source

protection and improvement, watershed conservation as well as protection of the pipelines and structures are key actions to be implemented. Through these activities, a link with the forestry and soil conservation sectors will be forged. The Project's entry point in forestry and soil conservation has been co-operation with the DSCOs and the central level concerned department. During Phase II, also District Forest Offices can become valuable partners as the Project can work together with DFOs to support the establishment of Leasehold Forestry Groups and Community Forest User Groups in the catchment areas that are state forest land and are either barren or in risk of continuous degradation.

RVWRMP also supports sustainable development at the VDC and DDC levels by building the capacity of local agencies for proper natural resources planning and management, as well as better capability of other carrying out development activities and systematic management and sharing of data on resources and activities.

5.1.6 Livelihood Development

The Project approach in livelihood development and co-operative formation is revised for Phase II. Both activities have been piloted in Phase I with some promising results. The new approach is a holistic one, with a strong emphasis on community participation, community interest and community demand. It links up the community capacity development – and increased resilience to cope with the impacts of climate change – with the promotion of improved livelihood options such as on-farm and off-farm income generating activities, improved access to financial services, and conservation of water sources and forests.

Livelihood development activities will become cross-cutting in Phase II, i.e., some form of livelihood development – in a modest or more advanced form – will benefit every household that participates in the Project activities. This approach is reflected in the indicators proposed for Result 2.

In Phase II, RVWRMP will structure all livelihood related activities under the Sustainable Livelihoods Approach (SLA), originally developed by DFID and later refined by IFAD. SLA is a way to improve poor people's understanding of livelihoods. It draws on the main factors that affect poor people's livelihoods and typical relationships between these factors. It can be used in planning new development activities and in assessing the contribution that existing activities have made to sustaining livelihoods. The Alternative Sustainable Livelihoods Framework is depicted below and illustrated in Figure 4. This is a framework that helps in understanding the complexities of poverty. The way in which the IFAD framework is built up is important: it starts with the poor themselves, their motivation and personal interests and the livelihood assets that are available to them, also linking up with service providers, enabling and constricting agencies.

The benefit of the IFAD SLA for RVWRMP is that it will allow analysing and organising previously independent – albeit interrelated – pilot activities under one coherent and holistic framework. It looks at the poor and their aspirations and opportunities initially through their assets (or lack of). All these need to be addressed and developed in order to achieve any sustainable development results and impact. The six assets – or forms of capital – are:

- personal capital, referring to people's internal motivations, their will to act and promote change, drive to assert their rights and the spiritual side of their lives;
- human capital, representing skills, knowledge, ability to work and good health that together enable people to pursue their livelihood goals;
- social capital, meaning social resources – informal networks, formal groups, relationships of trust and exchange – upon which people draw in pursuit of their livelihood strategies;
- physical capital, comprising basic infrastructure and producer goods needed to support livelihoods, such as tools and equipment, affordable transport, secure shelter and buildings, adequate water supply and sanitation, clean and affordable energy, and access to information (communication);
- financial capital, denoting financial resources that people use to achieve their livelihood goals. Key sources include available stocks (cash, bank deposits, livestock,

valuables), access to credit, and regular inflows of money (earned income, pensions, remittances); and

- natural capital, referring to the natural resource stock from which resources and services useful for livelihoods are derived, such as nutrients, erosion protection, biodiversity, land, natural vegetation, etc.

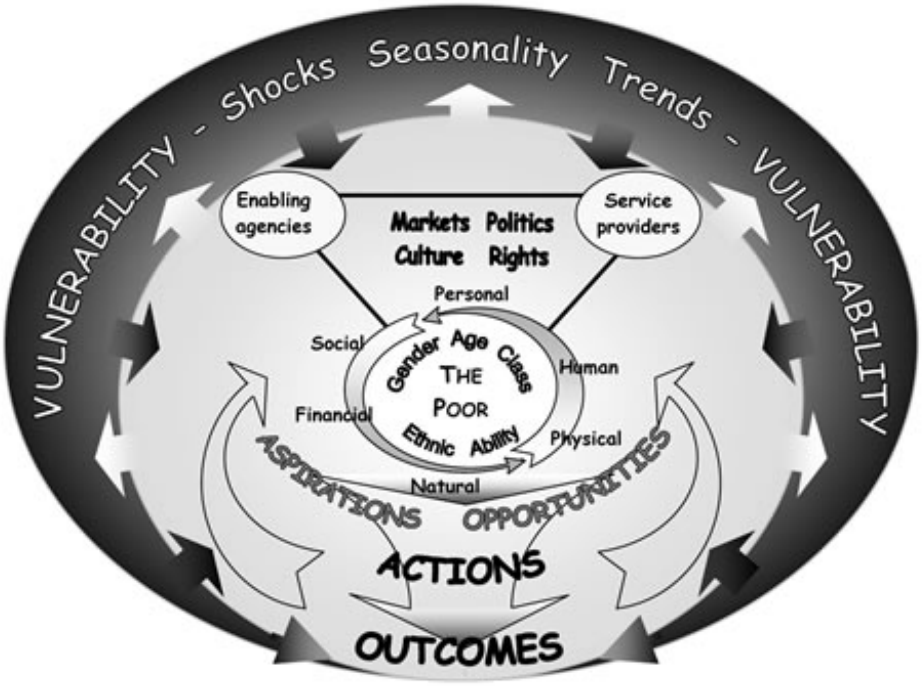


Figure 3 Alternative Sustainable Livelihoods Framework (source: IFAD)

Given the challenging transport conditions and remoteness of many Project VDCs, a three-pronged approach is proposed, consisting of the off-farm income, such as LSP, on-farm improvements on nutrition and health and both on and off-farm income generating opportunities.

The Local Service Provider concept promoted during Phase I remains important in terms of providing local employment opportunities. This will be applied and further developed. The Project has already supported development of a basic cadre of Local Latrine Builders, different kinds of masons and Village Maintenance Workers. Through regular monitoring their capacities will be further enhanced to increase their potential to be employed. Also Project approach that aims to complete all planned schemes in the current working VDCs should offer the already trained LSPs plenty of opportunities to strengthen their skills in practical work while also earning income. Employment of Community Mobilisers who are from the working VDC itself is another example of local employment opportunities supported by the Project.

Activities based on agriculture (on-farm) are the second type of livelihood opportunity for the communities. In food deficit villages the experiences from Phase I show that the cultivation of organic vegetables has already contributed to improved nutritional status of households. The use and reuse of solid waste to produce organic manure also contributes to environmental sanitation and cleanliness of the community. However, the selection of remotest VDCs in the districts, located far from road heads brings un-surmountable implementation challenges in terms of market access. In such communities, the Project is therefore advised to set modest livelihood improvement targets, mainly through improved food security but then aim for 100% community coverage. The activities could focus on improving access to improved farming inputs and capacity building on farming techniques and technologies, e.g., production of organic manure and careful selection of species to be cultivated, also looking at the nutrition and water conservation aspects (water smart community). At initial stages working on the market access may not be feasible to all communities. MUS schemes represent a different scenario – investments in both

irrigation and renewable energy – for example – are of such magnitude that income generation needs to be an integral part from the beginning.

Depending on the interest and demand of communities and COs and on their access to markets, the livelihood activities would then be expanded to incorporate the complete package, including market access and institutionalisation of COs, e.g., in the form co-operatives. Co-operative formation is seen as a tool that initially serves its purpose by strengthening the groups and offering them one way of legalising and registering the institution. In the long run, co-operatives can also facilitate improved access to credit and financial services, e.g., multipurpose co-operatives, once legally established and registered, can apply for wholesale credit from SKBBL.

Investments in renewable energy technologies (ICS, improved water mills, pico-hydro, micro-hydro) are part of the Project's overall approach in sustainable livelihood development. Other livelihood investment schemes include e.g. fish ponds, rainwater harvesting ponds for crop irrigation and NTFP processing plants.

The livelihood approach of the Project is also built on the premise that relevant government line agencies with presence at district level will contribute and share their resources in respective fields at different levels to implement the holistic approach of livelihoods. Among others, agencies working under the Ministry of Agriculture and Co-operatives (MOAC) and Ministry of Soil Conservation and Forestry are expected to be at front of the livelihood development activities.

It will be important that the Project applies one framework and one support modality to all communities across the Project area. In terms of different products and crops, all livelihood development schemes should build on sustainable management of locally available natural resources – not on external raw materials. As community capacities and interest expand, a wider choice of products on the basis of each locality can be incorporated. Besides agricultural crops, e.g., tree crops, harvesting NTFPs, such as MAPs from forests, even domestication of NTFP species, keeping poultry, bee keeping, small livestock rearing and different agroforestry practices can be considered. The unpredictability of climate change and its impacts however suggests that crop selection should favour rain-fed and aridity tolerant crops and products, i.e., crops that require limited or no irrigation at all.

5.1.7 Information, Education and Communication

In terms of sanitation, the Project has mainly relied on IEC materials produced by GON (in practice DWSS) and other development partners (such as UNICEF, NEWAH) without spending its own resources on a duplicated effort. The Project could also utilise community self-monitoring tools as practices by NEWAH and Helvetas. Also WASH awareness materials that will be produced by RWSSP-WN may be useful for RVWRMP in the future.

In Phase II, IEC activities will require more emphasis. RVWRMP has already garnered a wealth of useful information and experiences and learned lessons on what approaches work and why – and what does not work and why – in the challenging conditions of remote Far and Mid Western villages. These will need to be studied and distilled into publications and promotion materials that can be distributed to the wider WASH, IWRM and natural resources management practitioner communities in Nepal and help shape policies and strategies of these sectors.

In addition to Nepali, RVWRMP will also need to look into the need to produce some key awareness materials (e.g. on sanitation approaches and appropriate technologies) on some of the commonly spoken local languages (such as Doteli, Humli and Bhote) to ensure efficient dissemination of awareness messages.

The IEC concepts can also be applied in supporting the DDCs and VDCs to market (social marketing) the existing WUMPs and schemes requiring financing to prospective partners and financiers. DDCs and VDCs should be encouraged for more efficient utilisation of WUMP priority lists by other supporters and projects. A simple tool would be a guideline or leaflet describing

other potential supporters, e.g., the Fund Board and AEPC, their approaches, modalities and application procedures.

Local actors, such as school teachers, health post staff and FCHVs can be increasingly enlisted to distribute the awareness materials produced by the Project and possibly use them as part of training materials in their own activities. Cross-cutting issues such as GESI, hygiene and health awareness, including HIV/AIDS and sanitation, environmental conservation and awareness on effects and impacts of climate change will need to be carefully incorporated into materials aimed for community dissemination.

5.2 Organisation

5.2.1 Organisational Structure, Roles and Responsibilities

The organisational set-up of Phase II is built on Phase I organisation. The main difference is the establishment of the Supervisory Board and the Project Management Team (PMT), and re-scheduling and focusing of Steering Committee meetings to support step-by-step approach towards SWAp arrangements. A distinctive Supervisory Board as per guidance given in the "Manual for Bilateral Programmes" by the Ministry for Foreign Affairs, Finland, for large and/or complex projects, is established. The Supervisory Board is the highest decision making body. It consists of a small core group of four voting members only as described below. Establishment of PMT is actually formalisation of a practice already adopted by RVWRMP in Phase I. Minor changes are proposed also in regard to number of Steering Committee meetings, the voting rights of some SC members and with the composition of SC and DMCs.

The competent authorities of the two governments for RVWRMP are MOF of Nepal and the Ministry for Foreign Affairs (MFA) of Finland, represented in Nepal by the Embassy of Finland. The executing agency is MLD/DoLIDAR together with participating DDCs.

MLD/DoliDAR is responsible for the provision of all necessary technical and managerial support to local governing institutions, as well as coordination of all infrastructure development activities undertaken at present within the framework of MLD and gradual transfer of the co-ordination responsibility to local institutions.

The planning and execution of RVWRMP activities will be the responsibility of each DDC, supported by DoLIDAR and the Project. An organisation chart of Phase I is presented in Figure 4. Consistently with the principles of Phase II, listed in Section 5.1.1 above, the main set-up of Phase II will not be changed. The main changes are related to the transfer of CMs to be directly accountable to and employed by Support Organizations (SO)..

A part-time National Project Director (NDP) will be nominated by GON. NDP will be stationed in DoliDAR and facilitate planning, budgeting, progress review and monitoring at the central level. A senior officer of Under Secretary level will be the National Project Coordinator who will be supported by an accountant. National Project Coordinator's office will be within the Project Support Unit (PSU). The Consultant's team will be headed the Team Leader (TL) who will report to the National Project Coordinator (NPC). The purpose of PSU is to support and facilitate Project activities in districts.

The staffing of PSU will be adjusted to a minimum. Its composition will be flexible to meet with the demand of support from districts. PSU and district based Project staff is discussed in Section 5.4. Services of existing training institutions, national NGOs and private sector firms will be used to the extent possible. Local NGOs continue to play a critical role as SOs, supporting the implementation of Project activities at VDC, community and scheme levels.

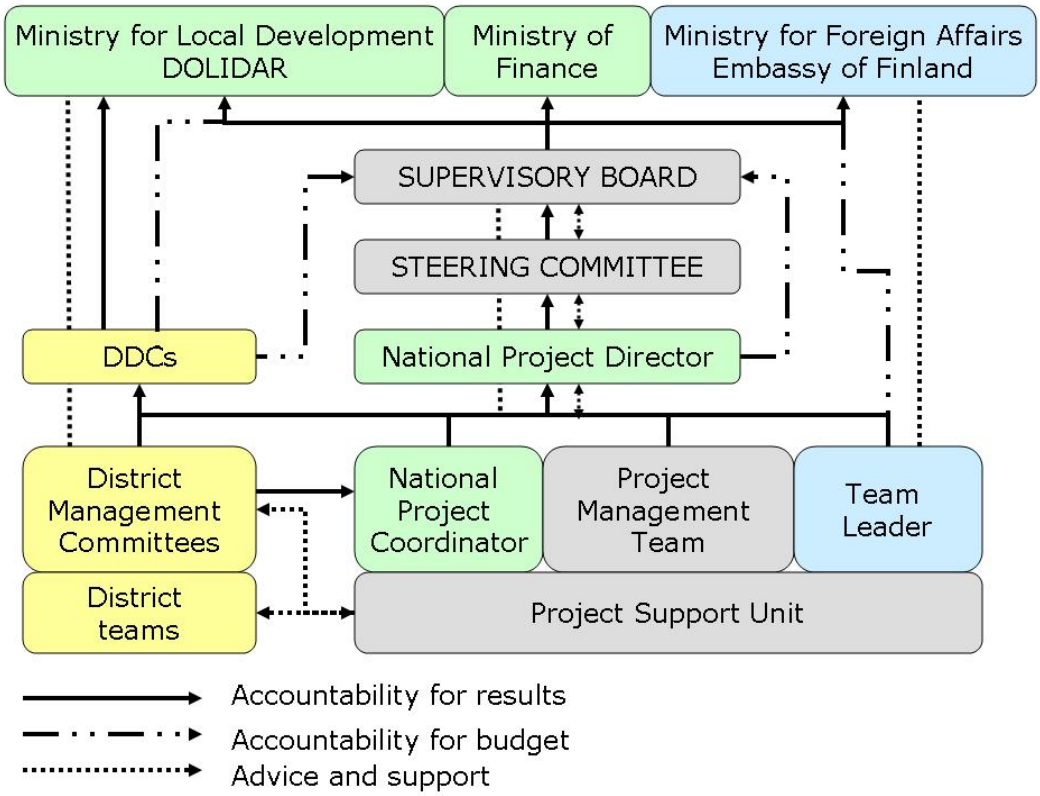


Figure 4 Organisational Chart of RVWRMP

Supervisory Board is the highest decision making body of the project. The Supervisory Board is the highest decision making body of the Project. The main duties of RVWRMP Supervisory Board are:

- approval of major strategic and policy issues directly relevant for the project;
- approval of any changes in the Project Document including project scope and objectives, the organisational structure and management as well as any other changes to the Project which will have major financial implications;
- approval the annual work plans and budgets; and
- any other (policy) decisions which have financial implications.

The decision of the Supervisory Board will be clearly recorded in the meeting minutes.

The Supervisory Board consists of a small core group of five voting members only:

- Secretary, Ministry for Local Development: Chairperson
- Director General, DoLIDAR: Member Secretary
- Senior officer, Ministry of Finance: Member
- Senior officer, National Planning Commission: Member
- Ministry for Foreign Affairs Finland, Embassy of Finland: Member

The Supervisory Board has authority to invite also other participants as needed. The Supervisory Board will meet at least once a year to approve the annual budget and related work plan, or more often as needed. The Supervisory Board aims at consensus in decision making.

Steering Committee (SC) is organized annually in one of the project districts. The Steering Committee will focus on the monitoring the progress of the project, to provide operational guidance for the district projects and enhance coordination between the different project related stakeholders. The main duties of SC are:

- providing operational guidance for the district projects and
- recommendations of the Project policies and implementation principles developed during the implementation;
- monitoring of the progress of the Project;
- solving any problems encountered in Project implementation; and
- decisions on any other issues of urgency and importance that are not included within the Supervisory Board's mandate.

The SC composition is large and therefore the project is only covering the costs of one (1) person per organisation, this with expectation that the actual size of the SC would decrease and enhance it's operational capacity. However, in Phase II the SC will be supplemented with a representative of the Ministry of Health and Population (MOHP), which is revitalising its Primary Health Care Unit and its role in WASH related promotion of hygiene and preventive health care as well as drinking water quality surveillance, and the Department of Agriculture and Co-operatives (DAC), which is vital in the development of livelihoods. The members of SC in Phase II are:

- Secretary, Ministry of Local Development (Chairperson);
- representative of MOF and/or Embassy of Finland;
- Director General, DoLIDAR;
- representative of National Planning Commission (NPC);
- representative of the Ministry of Water Resources (MOWR)[8];
- representative of MOHP;
- representative of Ministry of Agriculture and Co-Operatives (MAC);
- representative of DWSS;
- representative of DOI;
- representative of AEPC;
- representatives of participating DDCs;
- representative of Department of Agriculture and Co-Operatives (DAC);
- representatives of Regional Agricultural Directorates of Far and Mid Western Regions
- National Project Director (NPD), DoLIDAR, non-voting member;
- National Project Coordinator, RVWRMP, non-voting member; and
- Team Leader, RVWRMP, non-voting member.

SC aims at consensus in decision making. For possible issues that could have considerable implication, especially financial, the competent authorities of the Project will have a veto-right in SC. On the other hand, in order to avoid any potential conflicts of interest, NPD, National Project Co-ordinator and Team Leader shall be non-voting members in SC.

Joint Technical Review Meeting (JTRM) replaces the 2nd annual Steering Committee meeting, and will be held together with the other Finnish supported rural water projects. During the first year this will be done together with RWSS-WN and UNICEF, and later on with more actors if found feasible, moving towards programmatic approach. JTRM is organised primarily to decide on key sector policies, implementation principles and sharing of lessons learned that can then be applied and operationalized at the project level. This is expected to allow increased dialogue between the projects and to add into the national policy dialogues. JTRMs are organised in Kathmandu; its participants representing the central level agencies. The first JTRM will jointly decide on the Terms of Reference of JTRM and the way forward.

[8] MOWR is currently split and the relevant SC member represents the Ministry of Irrigation (MOI). This is assumed to change in future.

Project Management Team (PMT) was established for Phase I to ensure that the Project can be smoothly implemented, outputs achieved and funds managed efficiently and effectively, in accordance with the Project Document and approved work plans and budgets also between SC meetings. SC can delegate powers to PMT to the extent necessary and appropriate. SC shall, however, retain the authorities in regard to annual work plans and budgets. PMT could be authorised, e.g., to:

- initiate and draft TORs for short-term consultants (both national and international);
- select and approve short-term consultants (both national and international);
- approve tender documents, assess quotations, and subject to their assessment authorise the Team Leader to proceed with TA related procurement;
- review and approve TORs and bidding documents for studies and subcontracts to be outsourced and participate in the selection process of service provider(s);
- ensure that the Project is implemented with appropriate coordination and co-operation between the different agencies and stakeholders involved;
- review technical documents of the Project before submission to SC, and provide guidance to the efficient, effective and participatory implementation of the Project; and
- keep the concerned authorities in the Project area informed by reporting on decisions taken.

The members of PMT are:

- National Project Co-ordinator: Chairperson;
- Team Leader: Member Secretary;
- Capacity Building and Monitoring Specialist: Member;
- Planning and Monitoring Specialist or in his/her absence, another Long Term National Expert: Member
- Chief Administration Officer: Non-voting member.
- Field Specialist: Non-voting member.

District Management Committees (DMCs) are responsible for planning, administration and management of all the Project activities in districts. DMC will meet at least once a month to review progress of Project activities in the district and discuss other relevant matters. For Phase II, the composition of DMCs will be enlarged on district-by-district basis to incorporate also the key district line agencies that are active in livelihood development, watershed protection and post-construction support activities. In Phase II the members of DMC are:

- DDC Chairperson (chairperson);
- DDC Secretary (LDO);
- DTO Chief;
- representative of Women Development Office;
- representative of the Drinking Water Supply and Sanitation Divisional/Sub-divisional Office (DWSSDO);
- representative of District Agricultural Development Office;
- representative of District Soil Conservation Office;
- representative of District Irrigation Office;
- representative of District Forestry Office;
- representative of District Co-Operative Division;
- representative of the District Cottage and Small Industry Office;
- representative of the District Energy and Environment Section (DEES); and
- Water Resources Adviser (WRA) of the Project..

The quorum of DMC will consist of LDO, DTO Chief, DWDO and WRA. The TOR for SC, PMT and DMC are attached as Annex 5.

DTO is in charge of the technical matters of the district and will be responsible for the monitoring of technical matters in investment schemes and providing support to communities.

There will be a Water Resources Advisor (WRA), supported by a Water Resources Officer (WRO), attached to DTO of each district. WRAs will assist DDCs to plan, co-ordinate and monitor Project activities. They will also provide support, to the extent possible, to other sector partners and co-ordinate relevant activities.

Registered UCs of different types have the responsibility for scheme implementation and O&M. UCs may be, e.g., WUSCs for drinking water and sanitation, Water User Associations (WUAs) for irrigation, etc. Funds for the implementation of schemes are directly provided to UCs.

VDC level Water Resource Management Committees (WRMC) were established in Phase I. WRMCs have had an important role in WUMP preparation and scheme planning. In Phase II their role will be reassessed to see if increasing responsibilities in, e.g., monitoring and PoCo activities could be undertaken by them.

Community mobilizers will be employed by and be accountable to the Support Organizations (SO).

5.2.2 Fund Flow Mechanism and Project Modalities

The District Water Resource Development Fund (DWRDF) has been established under the District Development Fund (DDF) in each district to support the implementation of drinking water and sanitation, irrigation, renewable energy and environmental schemes. In Phase II, funds for livelihood development, intra-district (within the district in question) capacity building activities as well as for the preparation of district and VDC WUMPs will also be channeled through DWRDF to extent possible (Figure 5).

Regarding renewable energy investments, at the inception of Phase II, the Project signed a Memorandum of Understanding with AEPC and its two projects, ESAP and REDP. In each case the fund flow will follow the established steps as defined separately for each project/programme.

DWRDF consists of a bank account named investment account. The account is funded by GOF, GON and in Phase II also increasingly by DDC. A separate account named office and administration account, funded by GON to bear the administrative and running cost of the government staff has been established in each district. The management of both accounts is the responsibility of DDC. All expenditures shall comply with the rules and regulations of GON and shall meet the provisions of PIG. Expenditures incurring under DWRDF have to be approved by LDO, and the authority to sign the checks shall be of LDO. However, LDO shall delegate this authority to any other competent officer as provisioned in the Local Body (Financial Administration) Regulations. Nevertheless, the overall financial accountability shall remain with LDO.

The fund flow mechanism of RVWPRM as applied in Phase I is illustrated in Figure 5. Consistently with the principles listed in Section 5.1.1, some activities will be transferred from PSU funding responsibility to district fund responsibility. Otherwise the fund flow mechanisms of Phase I will be applied in Phase II. The minor changes include:

- Inter-district reimbursable training and capacity building expenses;
- salaries of junior technical overseers and facilitators working under WRAs in Phase I; and
- district and VDC WUMP development.

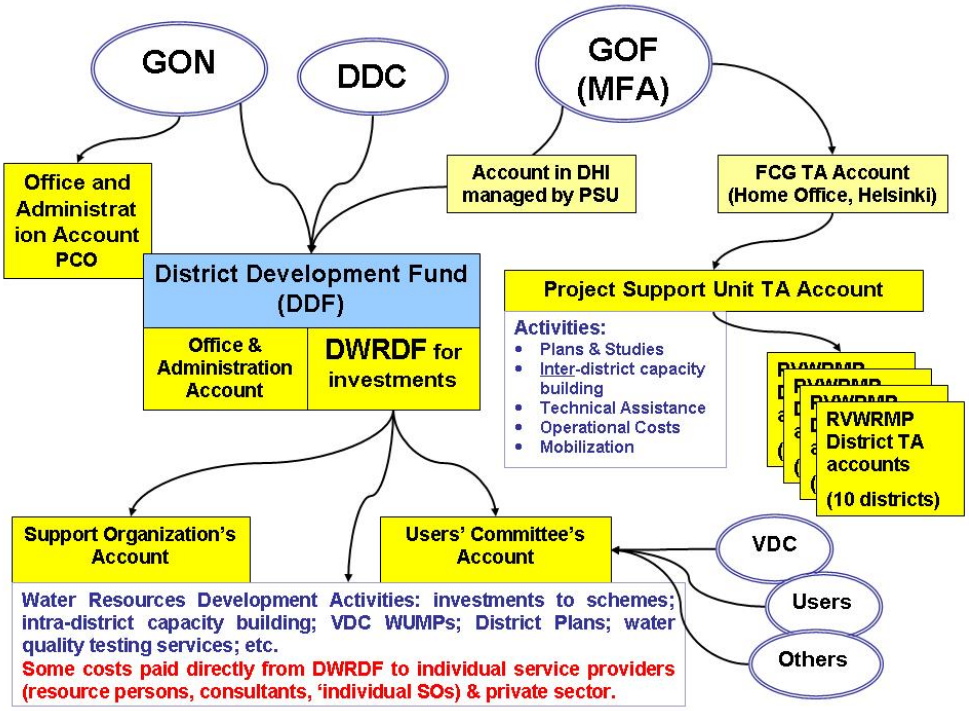


Figure 5 Fund Flow Mechanism of RVWRMP

In Phase I the Project has developed modalities and a comprehensive set of manuals and guidelines guiding planning and implementation of project activities at all levels. The guidelines are available at the Project's website (www.rvwrmp.org.np). During the mobilisation of Phase II, it will be important to review and amend the guidelines (as appropriate) to reflect the lessons learned in Phase I and to incorporate the changes for Phase II. The main guidelines and strategies include:

- Project Implementation Guidelines (PIG);
- Gender and Social Inclusion Strategy and Action Plan (GESI);
- Personnel and Administrative Manual (PAM);
- Step-by-Step Manual;
- Guidelines for Water Use Master Plan (WUMP) Preparation; and
- Post Construction (PoCo) Guidelines

5.3 Tentative Timetable

Phase II of RVWRMP will be executed over a period of about five years. Phase II will be mobilised in September 2010 and extended until July 2015, following the Nepali fiscal calendar, from 2011 onwards.

5.4 Budget

Assuming that the new Constitution and subsequent administrative structure in Nepal will be decided and adopted by the third year of Phase II, the formulation of the last two years of Phase II will need to be revisited. The estimated budget for Phase II is MEUR 23.2. The contribution of the Government of Finland is MEUR 13.5 (58%) and the contribution of the Government of Nepal MEUR 3.165 (14%). Additional contributions are expected from DDC/VDC – MEUR 1.531 (7%) and users/beneficiaries – MEUR 5.0

(21%). The Finnish contribution will be a grant. Operational costs include an allocation for purchase of three four wheel drive vehicles. The tentative budget for Phase II is presented in Table 4.

Table 4 Tentative Phase II budget in MEUR

Cost item	GOF	GON	DDC/ VDC	Users	Total
Capital for investments	5.100	2.500	1.400	5.000	14.000
Plans and studies	0.832	0.045	0.023	0	0.900
Capacity building and community mobilisation	1.072	0.120	0.108	0	1.300
Operational costs	1.880	0	0	0	1.880
Administration (GON)	0	0.500	0	0	0.500
TA	3.700	0	0	0	3.700
TA related costs	0.471	0	0	0	0.471
Sub-total	13.055	3.165	1.531	5.000	22.751
Contingency	0.445				0.445
Total	13.500	3.165	1,531	5.000	23.196
Contingency (%)	3,3				1,9
Share of the whole budget (%)	58	14	7	21	100

The budget figures for GON, DDC/VDC and users are in the above budget shown in EUR. In practice, they will be defined in NPR, based on the agreed exchange rate. The budget is based on the cost sharing principles as revised after the 1st Steering Committee meeting and as approved 1.10.2010 (Table 5). The share of GON and DDC/VDC in each investment can be reduced to the extent that users exceed their share.

At least during first years of RVWRMP II, the TA is comprised of:

- three long term international specialists, consisting of Team Leader, Capacity Building and Monitoring Specialist, and Field Specialist (Junior Programme Officer, JPO);
- eight long term national specialists and two long term national officers at PSU, consisting of:
  - GESI Specialist,
  - Sanitation and Hygiene Specialist,
  - Technical Specialist,
  - Technical Officer,
  - Post Construction Specialist,
  - Sustainable Livelihoods Specialist,
  - Cooperatives and Microfinance Specialist.
  - Cooperatives, Microfinance and Marketing Officer,
  - Planning and Monitoring Specialist, and
  - Management Information System (MIS) Specialist;
- district teams, consisting of 9 long term district Water Resource Advisers (all districts except Humla) and 9 long term district Water Resource Officers (all district expect Kailali);

and

- ten person months of international short term consultants; and
- 100 person months of national short term consultants.

The grand total of the Finnish contribution in the budget in indicates the ultimate ceiling of the financing of MFA. Any additional financing, if needed, has to be mobilised from other sources

Table 5 Phase II Contribution Pattern (approved 1.10.2010)

Type/Technology	Approved contribution pattern in %				
	User (C+K) (min)	VDC (min)	DDC	GON (max)	GOF (max)
New Schemes					
Gravity (Pipe system)	20	5	1	24	50
Rainwater at household level	20	4	3	24	49
Conventional irrigation	25	5	2	22	46
Micro-irrigation	30	4	1	20	45
Household latrine (Hill)	60-75*	5	1	6-12	13-22
Household latrine (Terai)	40-60*	4	5	11-17	20-34
School latrine (Hill)	30	15	2	18	35
School latrine (Terai)	50	15	2	11	22
Institutional latrine	50		1	16	33
Arsenic Bio-sand Filter (ABF)	10-20*	3	5	24-27	48-55
Modest form of Livelihood	Will be decided later after sub sector activities identification				
Advance form of Livelihood					
Rehab Schemes:	* Based on poverty status				
Gravity	35	3	1	20	41
conventional irrigation	40	3	2	18	37
Micro Hydro and Improved Water Mills	25	5	4	Subsidy of AEPC, tap other funds of sector agencies including GOF	
District/VDC WUMP	0	5		10	85
Gravity ws plus micro irrigation	Based on set contribution of individual components of MUS				
Micro-hydro plus conventional irrigation					

6. Planning, Monitoring and Reporting

The planning, monitoring and reporting system that was developed for Phase I will be carried over to Phase II. It is described in detail in the Project Implementation Guidelines (PIG). The system was designed to satisfy the requirements of both main financiers of the Project – GON and GOF. During Phase I, RVWRMP has enjoyed the status of a priority project (so called P1 project) in the GON system. This status implies regular planning and reporting annually, by trimester and by month. Special reports may be requested from time to time. MFA usually requires annual and quarterly planning and reporting.

The Nepalese **planning and reportin**g cycle is based on FY from the month of Shrawan to Ashad (17 July to 16 July of the following Gregorian year). Annual planning is a participatory process from the VDC level to the DDC and central levels. VDCs are due to complete their annual plans by end of January (second week of Magh). These plans are compiled at the Ilaka level by the first week of February (third week of Magh). Finally, district level annual plans are compiled by the first week of March (third week of Falgun) and approved by the DDC assembly by mid March (end of Falgun). DoLIDAR is due to prepare its annual plans by the third week of March (second week of Chaitra) for the following fiscal year. RVWRMP planning has been synchronised with this annual planning cycle. Similarly, RVWRMP will support the periodic planning of VDCs and DDCs, and integrate Project planning into these five-year periodic plans.

This implies that a draft work plan and budget for FY 2067-2068 (the first year of Phase II), will need to be prepared in Phase I. The plan and budget will be reviewed at the mobilisation of Phase II and should be endorsed by SC as early as possible.

The Finnish fiscal year is a Gregorian year, forming the basis for planning and reporting. As MFA allows and encourages development projects to integrate into the national and local governments' planning and reporting systems, the Nepali Fiscal year cycle will be followed in the Project.

The regular Project progress reports will consist of:

- Two Trimester Progress Reports as follows: Trimester 1 for the period of July 17 – November 15 (Nepali months Shrawan to Kartik) and Trimester 2 for the period of November 16 – March 13 (Nepali months Mangsir to Falgun)
- One Annual Progress Report covering a Fiscal Year July 17 – July 16 the following year. This report also includes progress made during Trimester 3 (March 14 – July 16, Nepali months Chaitra to Asar).

However, MFA needs quarterly financial reports in line with the Finnish fiscal year. For financial reporting purposes the Finnish contribution for the four quarters is assumed to accumulate and reported in the Quarterly Financial Progress Reports as follows:

- 1st Quarter – expenditure of January, February, March
- 2nd Quarter – expenditure of April, May, June
- 3rd Quarter – expenditure of July, August, September
- 4th Quarter – expenditure of October, November, December

In addition to the above mentioned regular project plans and reports, a number of specific plans and reports will be prepared during the implementation of the Project. VDCs, SOs, UCs, etc. have planning and reporting functions as specified in PIG.

Monitoring consists of many layers and levels of data collection and data flow to concerned bodies for assessment and evaluation. Monitoring and Evaluation (M&E) is a tool for the management at different levels to have real-time or updated information about the performance and productivity of the organisation and possible issues, to react on problems, challenges and possibilities, and to improve the performance and efficiency of the staff and organisation as per necessary. M&E also aims to ensure that intended outputs are achieved as measured by ob-

jectively verifiable indicators, and that the development impacts are meaningful and sustainable. The core thrust of the monitoring in RVWRMP is:

- process follow-up (step-by-step procedure, implementation guideline, fund flows);
- verification of data (reports) provided by SOs and UCs;
- quality assurance of construction works, and
- assessment of impacts of the activities against set indicators.

The details and responsibilities of the monitoring system of RVWRMP are provided in PIG. The monitoring functions of the Project are carried out at least at the following levels:

- National Planning Commission (NPC);
- MLD/DoLIDAR;
- DDC;
- VDC;
- WRMC and Cooperative
- UC;
- CO;
- MFA; and
- the Project (PSU).

The information is mainly "born" and collected at COs, UCs and VDCs. It flows in the form of various reports to DDCs for assessment, verification and further reporting forward. PSU assesses and analyses the information and forwards it in a form of different regular and ad hoc reports to MLD/DoLIDAR, MFA and SC. The planning and monitoring mechanism of GON and local governments will be strictly followed in the chain of VDC-DDC-MLD/DoLIDAR, included various actors linked to activities.

SC is the focal point of the monitoring system; it approves the regular plans and (monitoring) reports, discusses them and steers the Project to the right direction also in the changing working environment. This mechanism also serves the NPC, MLD and MFA in their long term development planning.

The Project has established a Management Information System (MIS) with an integrated at the PSU level, to satisfy the needs of all data collection, analysis and reporting with GIS. This MIS shall be distributed in an appropriate form to districts, in order to help them to manage and update relevant data and to share the data with, e.g., the M&E/MIS System for RWSS sector in MPPW, which is under development.

During Phase I, the Project commissioned a specific study on assessing the impact of the GESI strategy. This is a good practice and it is proposed that the Project would commission more such studies in Phase II. At least an Impact Assessment (covering Phase I and the first 1-1.5 years of achievements of Phase II) shall be commissioned. The findings of the Impact Assessment would be useful for an external MTR, described in Section 7.

7. Evaluation

An independent external mid-term review will be conducted in 2012. It shall assess the impacts of the changes in the operating environment of the Project, particularly in terms of the administrative structure and the Project's integration into the new structure. This will also determine the Project area and its expansion. MTR will also assess the need to redirect the Project and adopt new modalities and/or approaches, based on the Project's proposal – a concept paper for the last two years of Phase II, lessons learned from other projects, e.g., RWSSP-WN, programmes and initiatives, etc.

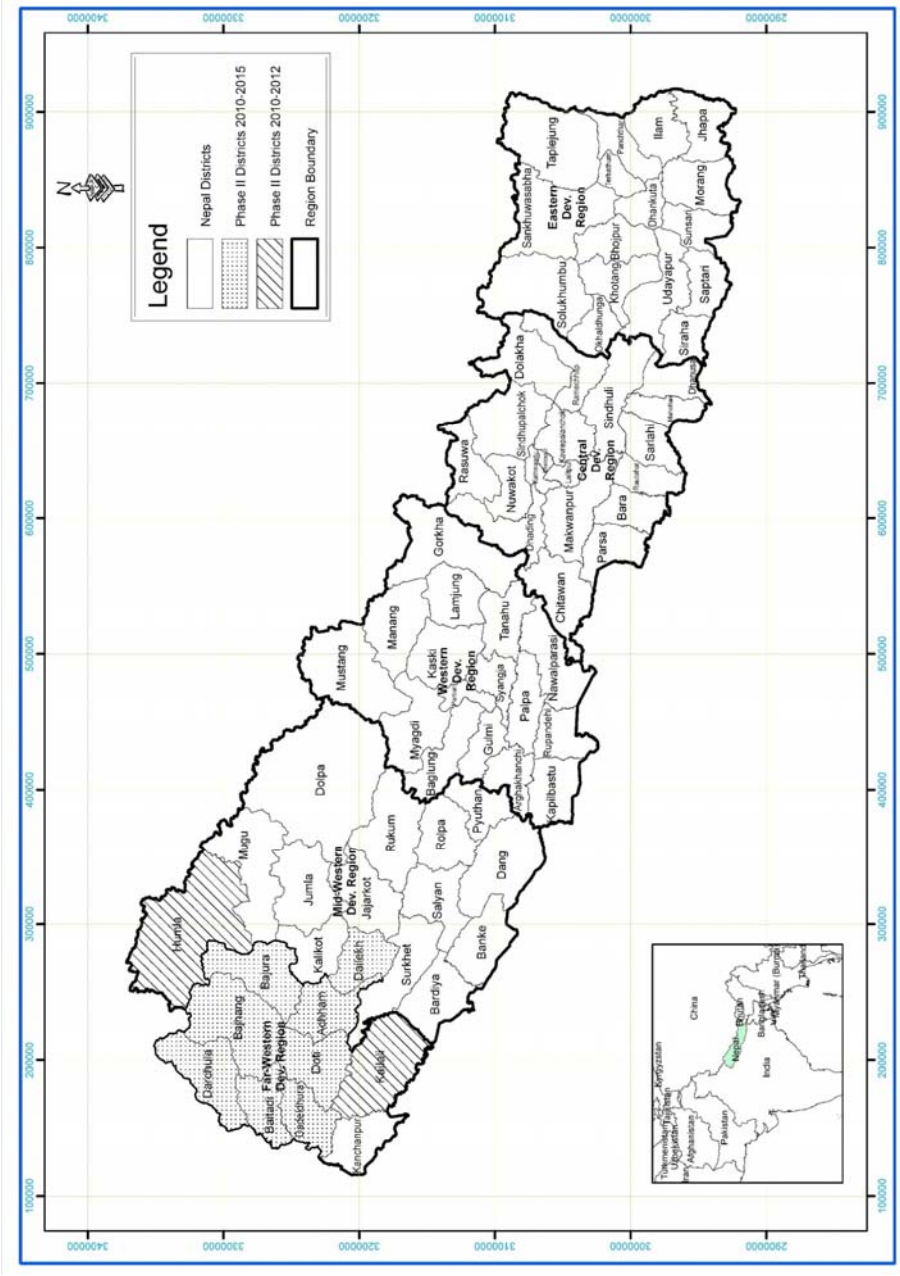
In the course of Phase II, GON and GOF may assign an auditor or auditors to assess the conformity of the Project to the established procedures, norms and criteria. The audit(s) shall focus on the use and management of the financial resources allocated to RVWRMP. The scope and timing of the audits will be decided jointly or independently by the SC.

As early as possible after receiving the recommendations of MTR and latest in January 2014, the Competent Authorities will mobilise the preparation of Phase III, which shall also update the lessons from the Project as well as other relevant undertakings.

As the Project aims at supporting the Nepali capacity to continue the implementation of integrated water resources management in WASH and livelihood development on its own and to achieve sustainable results in the long term, the impacts of RVWRMP and the sustainability of the impacts are not possible to be assessed until after the completion of the entire Project.

Annex 1: Project Area

Achham	Balanta, Bhatakatiya, Dhakari, Dhungachalna, Hichma
Baitadi	Bishalpur, Kuwakot, Mahadevisthan, Mahakali, Sharmali, Thalakanda
Bajhang	Kaphalseri, Koiralakot, Mastadev, Pauwagadi, Rilu
Bajura	Bichhiya, Chhatara, Gotri, Rugin, Sappata
Dadeldhura	Belapur, Dewaldibyapur, Masthamandu, Rupal, Shirsha
Dailekh	Bisalla, Kalika, Kusapani, Lalikanda, Mehaltoli, Singasain
Darchula	Chhapari, Sharmauli, Sipti, Sitaula, Sunsera
Doti	Chhapali, Girichauka, Kanachaur, Kedar Akhada, Simchaur
Humla	Kalika, Maila, Mimi, Rudikot, Shrimastha
Kailali	Chaumala, Bhajani, Dododhara, Kota Tulsipur, Lalboji, Sandepani



Annex 2: Problem Analysis

	Problem/issue	Assumption/solution
1	Constitution delayed and new administrative structure unknown	▪ Assumption: new Constitution adopted and new administrative structure in place during Phase II ▪ Project design: no expansion to new VDCs in years 1-3; possibly in years 4-5 if Constitution adopted, administrative structure in place and respective District WUMPs approved
2	Water sector fragmented and different approaches practised by various actors	▪ Assumption: SWAp will not materialise during Phase II; DDC will be able to co-ordinate and avoid overlapping ▪ Project design: no major thrust towards SWAp
3	Non-existent or limited support from local bodies or parties in regard to accountability and ownership	▪ Assumption: elected local government bodies in place by end of Phase II ▪ Project design: capacity building, empowerment of community level beneficiaries
4	Fiscal power and appointment of key staff of local bodies not decentralised	▪ Assumption: powers not fully decentralised by end of Phase II ▪ Project design: capacity building, appointment of diligent officials and motivation by MLD/DoLIDAR; community based approach
5	Law and order poorly established, anarchy prevailing across all levels of society	▪ Assumption: situation remains poor, especially in Terai; political unrest possible in the hills ▪ Project design: move of PSU from Kailali to the hills, GESI emphasised, priority on relatively safer areas
6	Limited capacity and capability at VDC level	▪ Assumption: no substantial increase of employed human resources ▪ Project design: capacity building of able and diligent community members, performance based resource allocation to VDCs, CMs transferred under VDCs
7	Limited capacity, capability and motivation in DTOs	▪ Assumption: MLD/DoLIDAR increases the human resources of DTOs in the Project area to match the need or provides DTOs with adequate resources and authorises them to outsource (part of) the work to capable bodies, e.g., DWSS divisional/sub-divisional offices ▪ Project design: performance based resource allocation to Districts; capacity building of DTOs and other relevant bodies at the district kevel on monitoring and management of water resources data, transfer of Project's district level technical staff under WRAs to districts
8	Low capacity of SOs' human resources	▪ Assumption: competition for SO resources will increase; SOs are able to attract and retain reasonably capable staff with longer contracts and higher volume of work ▪ Project design: reduction of the number of SOs and longer-term contracts; improved orientation to RVWRMP approach and modalities, performance based selection and assignments
9	Prevailing social problems of UCs and VDCs	▪ Assumption: emphasis on social inclusion will continue to be important at national level, e.g., in the 5-Year Plan ▪ Project design: monitoring and assessment of effectiveness of training; tailored refresher training, e.g., Dalits and women

10	Limited capacity to manage savings and credit	▪ Assumption: group savings will substantially increase during Phase II ▪ Project design: establishment of co-operatives; capacity building taking into account varying local conditions with assessment of effectiveness of training
11	External pressure on PSU in Dhangadhi	▪ Project design: PSU and duty stations of advisers to be strategically located and specialists fielded
12	Sanitation coverage far behind water supply	▪ Assumption: demand for ODFZs can be created ▪ Project design: total sanitation concept to be applied
13	Unknown impact of climate change on water resources and livelihoods	▪ Assumption: depending on location, rains may increase or decrease; information will remain scarce during Phase 2 ▪ Project design: a meteorological study to be conducted; depending on findings, design guidelines may need to be revised, crops requiring less water favoured; regardless of the findings, water smart community approach followed
14	Challenge caused by remoteness of Project VDCs on livelihood development	▪ Assumption: despite the development of road network Project VDCs will remain difficult to access during Phase II ▪ Project design: nutrition to be prioritised over income generation in livelihood; promotion of co-operatives and facilitation of access to micro finance to be integrated into livelihood development
15	Inadequate contribution from DDCs	▪ Assumption: DDC contribution increases from the present level ▪ Project design: resource allocation to Districts dependent on the level of DDC contribution
16	High dependence on subsidies and low level of user contribution	▪ Assumption: on the average, communities are increasingly able to contribute more than the minimum requirement 20% of the water supply investment; most households are willing and able to finance the construction of a low-cost toilet. ▪ Project design: lower-cost technologies to be applied; subsidies to be more accurately targeted
17	Financing of re-investment not secured	▪ Assumption: GON has inadequate resources for major rehabilitation and repair of schemes ▪ Project design: water tariffs to be increased, insurance policies to be promoted and facilitated
18	Standardised design of facilities	▪ Project design: lower cost options to be developed, e.g., to remote districts to eliminate air lifting; more flexibility to address variety of local conditions and indigenous technologies; wider selection of energy options
19	Substandard quality of construction of some schemes	▪ Project design: reduction of the number of SOs and longer-term contracts; prequalification of suppliers of materials; monitoring and assessment of the effectiveness of training of UCs; tailored refresher training
20	Inadequate O&M of schemes	▪ Assumption: slow and partial harmonisation of policies and modalities between relevant undertakings in water supply and sanitation proceeds during Phase II ▪ Project design: intensified capacity building and motivation prior to and during implementation; increase of user contribution; intensified post-construction support

Annex 3: Logical framework

Overall Objective	Objectively Verifiable Indicators	Sources of Verification	Assumptions
Institutionalised capacity at local and regional levels to sustain and continuously improve enhanced quality of life, better environmental conditions and increased opportunities in rural livelihoods in the Project area	▪ Living conditions in the Project area are at the national average level, measured by health, equality and income indicators used in Nepal at that time ▪ Communities are able to maintain the service level in water-related infrastructure, sanitation and energy supply ▪ Communities are able to implement and manage water-related infrastructure and sanitation facilities and finance re-investment ▪ Communities are able to prepare participatory, gender and poverty sensitive project proposals in the Project area ▪ Communities are eligible to borrow from banks or other financing institutions ▪ Relevant local and regional bodies are able to support communities in technical, administrative and livelihood matters ▪ School enrolment of boys and girls at the same level, defined as the ratio for each particular school group (primary, lower secondary and upper secondary)	▪ National, regional and local statistics ▪ Project completion report ▪ Monitoring and evaluation reports	▪ Stabilised political and societal circumstances in Nepal in general and in the Project area in particular ▪ Well-established administration with decentralised powers and accountability, allowing local bodies enact policies and laws ▪ Private sector developed to supply services to communities ▪ Finnish I support gradually replaced by resources from communities, local, regional and national budgets
Project Purpose	**Objectively Verifiable Indicators**	**Sources of Verification**	**Assumptions**
Improved well-being and reduced poverty in Project VDCs	▪ Relevant MDGs of Nepal achieved: proportion of population below the national poverty line 21% and proportion of population below minimum level of dietary energy consumption 25% ▪ All Project VDCs cholera free and at least 80% are open defecation free areas ▪ Diarrhoea incidences of children under-five years reduced by 75% ▪ All facilities implemented under the Project are functional ▪ About 1,000,000 beneficiaries (“beneficiary equivalents”) of new facilities implemented under the Project	▪ National, regional and local statistics ▪ Phase completion report ▪ Annual and trimester reports of the Project ▪ Impact assessment ▪ Mid-term and next phase Project evaluation ▪ Sample surveys	▪ Parallel improvement of health services provided by GON ▪ New Constitution adopted, elected local bodies and new administrative structure in place ▪ Increased human resources in DTOs or at their disposal ▪ Group savings substantially increased during Phase II ▪ Competent, experienced and motivated staff available to PSU

Results	Objectively Verifiable Indicators	Sources of Verification	Assumptions
Result 1: Institutionalised community capacity to construct and maintain community managed water supply and adopt appropriate technologies and behaviour related to water and sanitation infrastructure	▪ 80% of communities in Project VDCs are ODF ▪ 100% of communities' demand for improved water supply facilities, as verified by community's own contribution, satisfied ▪ All community members have access to improved water supply facilities ▪ Hand washing with soap substantially increased as evidenced by the reduced incidents of diarrhoea in Project VDCs ▪ Time to collect water is reduced by 75% ▪ 100 % of schools with separate sanitation facilities for boys and girls; hand washing facilities; and regular sanitation and hygiene lessons taking place ▪ Primary and secondary school enrolment of girls increased ▪ WSPs prepared and implemented for each water supply scheme, including protection of intakes and procedures for monitoring and action ▪ WUSCs are able to maintain the service level, are active and collect O&M fund, which is subject to public audit at least once a year, and accumulate revenue towards future re-investment ▪ At least 50% of women and percentage of minorities at par with their proportion/representation within the community holding key positions (chair, secretary or treasurer) in UCs, WUSCs and WRMCs ▪ VDC level institutions and human resources (VDC Secretary, technician, teachers and FCHWs) contribute to WASH awareness activities	▪ RWSS sector MIS System ▪ Phase completion report ▪ Monitoring and evaluation reports ▪ Annual and trimester reports of the Project ▪ Impact assessment ▪ Mid-term and next phase Project evaluation ▪ Sample surveys	▪ Political stability and favourable policy environment, emphasising user ownership and responsibility ▪ Improved capacity of SOs to provide support

Result 2: Improved and sustainable nutrition, food security and sustainable income at community level through natural resources based livelihoods development	▪ Number of malnourished children under 5 reduced by 40% ▪ A substantial number of new employment opportunities at community level generated ▪ Distress migration form Project area reduced by 20% ▪ At least 50% of total participants in livelihood related trainings are women ▪ Percentage of minority beneficiaries at least at par with their proportion/representation within community ▪ Availability of micro-finance to the community owned institutions and their members improved ▪ At least 50% of women hold leadership positions in the above institutions ▪ Percentage of minorities holding leadership positions (chair, secretary or treasurer) in the above institutions at par with their proportion/representation within community ▪ 70% of the project beneficiaries have home garden in the end of the phase ▪ A substantial number of farmers in the Project area adopted demonstrated low-cost livelihood techniques ▪ Users of micro-irrigation and renewable energy schemes are able to maintain the service level, are active and collect O&M fund, which is subject to public audit at least once a year, and accumulate revenue towards future re-investment ▪ At least 20% of the energy generated by hydro-power used for income generation purposes	▪ National, regional and local statistics ▪ DSCO and DFO records ▪ Phase completion report ▪ Monitoring and evaluation reports ▪ Annual and trimester reports of the Project ▪ Impact assessment ▪ Mid-term and next phase Project evaluation ▪ Sample surveys	▪ Political stability and favourable policy environment, emphasising user ownership and responsibility ▪ Decentralised powers and accountability with adequate human resources in DDC
Result 3: Institutionalised capacity at district level to continue integrated water resources planning and to support communities in implementing and maintaining WASH and livelihood activities	▪ Necessary technical and administrative support is provided without delays by DTO, DADO and other relevant offices ▪ Performance based allocation of Project resources between districts in use by 2012 ▪ Project districts have District Water Use Master Plans, providing information on district level priority watersheds and schemes to all development partners ▪ 24 VDC new VDC WUMPs, available with wider scope providing scheme information and priorities to support detailed investment and scheme planning at VDC level; ▪ Both DDCs and VDCs contribute to relevant investments (total 10%) ▪ Data on relevant facilities and their condition is updated at District level and shared freely	▪ Annual reports of line agencies ▪ RWSS sector MIS System ▪ Phase completion report ▪ Monitoring and evaluation reports ▪ Annual and trimester reports of the Project ▪ Impact assessment ▪ Mid-term and next phase Project evaluation	▪ Political stability and favourable policy environment, emphasising user ownership and responsibility ▪ Decentralised powers and accountability, with adequate human resources in DDC ▪ Efficient co-ordination of and collaboration between district based line agencies, e.g., DSCO, DHO, DADO and DWSO in Project related activities

Annex 4:
Check list for Aid Effectiveness – Project Preparation and Implementation Phase

Paris Declaration Principles and Indicators	Implications of Effectiveness and Harmonisation in RVWRMP Phase II
1. Aid flows are aligned on national priorities (indicator 3)	
Project preparation: a) Finnish development aid is prepared for a sector which is in the Government budget[1]. Project implementation: a) The estimated Finnish aid flows[2] are reported to the Government on a timely and comprehensive manner. The aid flows are recorded systematically in the Government budget estimates.	• RVWRMP is fully aligned with GON priorities as provided for instance in TYIP, LSGA, Water Resources Strategy and National Water Plan, Rural Water Supply and Sanitation Policy and National Strategy. • Finnish aid flows will be reflected in the national accounts (Red Book). The fund flows will be reported to GON once a trimester (three times per year).
2. Strengthen capacity by coordinated support (indicator 4)	
Project preparation: a) Capacity development needs (human resource, organisational and broader institutional capacities) have been analysed together with the partner country. b) The partner country's capacity development strategies and objectives have been asked, discussed and used in the preparation of the Finnish co-operation. c) The capacity development is in line with partner country's capacity development priorities and clear objectives have been established for the project for the capacity development activities ("capacity development for what ?"). d) Partner country will exercise leadership over the capacity development project. e) Co-ordination arrangements involving the country authorities and donors have agreed upon placing, or with the intention of placing, the responsibility of the co-ordination of the technical co-operation by the country authorities. Project implementation: a) The implementation of the above principles (a-e) are enforced and monitored regularly. b) The achievement of the objectives for capacity development is assessed regularly.	• Capacity development needs and strategies were systematically analysed during Project formulation. The topic was discussed, e.g., at the district level stakeholder workshop in Dadeldhura, at the interaction workshop with Local Development Officers and DTO Chiefs in Nepalgunj and both at the first field mission debriefing and feedback workshops with SC members and key sector stakeholders in Kathmandu. • The logical framework of the Project provides clear impact indicators for capacity development at community, VDC and local level. • Co-ordination of the Project activities at the central level is the task of MLD/DoLIDAR). At the local level the co-ordinating responsibility is with the DDCs and VDCs.
3. Use of country Public Financial Management (PFM) systems (indicator 5a)	
Project preparation: The possibilities for using the country PFM	• Prior to Project formulation it was

[1] There needs to be an effort to connect aid programmes with country policies and processes. The support from Finland should be aligned with national development priorities, i.e. the sectors and development priorities which are included in the Government budget.

[2] Includes also the ODA implemented by NGOs, private sector or semi-autonomous government agencies in context of an agreement with the Government administrators (ministries, departments, agencies or municipalities).

[3] Managed according to the national budgeting procedures established in the general legislation and implemented

Paris Declaration Principles and Indicators	**Implications of Effectiveness and Harmonisation in RVWRMP Phase II**
systems for disbursing the Finnish funds have been carefully assessed in the project document using the below criteria (a-c). The associated risks for using the PFM systems and means for managing these risks are covered in the assessment. The critical factors or changes based on which it should be considered to withdraw from using the country PFM systems, or it would be possible to proceed in using them should be included in the analysis. Considerations should also be made on the possibilities to work with the donor community in country towards strengthening the PFM systems. a) Use of national budget execution procedures - Finnish development aid is prepared for a sector which is included in the Government budget (see item 1). - Finnish funds are subject to established country budget execution processes[3]. - Finnish funds are processed (e.g. deposited and disbursed) through the established country treasury system. - There is no need to open a separate bank account for the Finnish funds. b) Use of national financial reporting procedures - There is no need for maintaining a separate accounting system to satisfy the reporting requirements by Finland. - The financial reports prepared using country's established financial reporting requirements are sufficient for Finland. c) Use of national auditing procedures - Finnish funds are audited under the responsibility of the Supreme Audit Institution. - No additional audit arrangements are needed. - There is no need for different audit standards from those adopted by the Supreme Audit Institution. - There is no need to request the Supreme Audit Institution to change its audit cycle to audit the Finnish funds. <u>Project implementation</u>: Country PFM systems are monitored and assessed. Greater alignment with the country PFM systems is assessed during the annual and mid-term evaluations.	decided that the national budget execution processes do not apply to RVWRMP at the beginning of Phase II. This is because the ongoing RWSSP-WN will pilot direct government to government fund flow mechanism. Once lessons from the new fund flow mechanism have been learned, audited and reviewed, the fund flow mechanism of RVWRMP may change. This is reflected in the Project Document. • For the time being separate accounting systems and financial reports will be prepared by the Project. • National budget execution processes as stipulated in the Local Body (Financial Administration) Regulation apply for the operation of the District Water Resources Development Fund (DWRDF). • It is foreseen that an independent Project audit would take place in the third year of Phase II. However, funds deposited at DWRDF are subject to annual audits as per GON regulations. At community level, public audit meetings (hearings) will be conducted as soon as a scheme is completed.
4. Use of country procurement systems (indicator 5b)	

by the government.

Paris Declaration Principles and Indicators	**Implications of Effectiveness and Harmonisation in RVWRMP Phase II**
Project preparation: The possibility for using country procurement systems[4] in the project implementation is carefully assessed. The proposed procurement modality and methods are well analysed and justified in the project document. The possibilities for greater alignment with national procurement systems are analysed as well as the related risks and critical conditions due to which the use of national procurement systems should not be allowed or continued. Considerations are made on the possibilities to work with the donor community towards strengthening the procurement systems. Project implementation: Country procurement systems are monitored and assessed. Greater alignment with national procurement systems is assessed during the implementation (annual and mid-term evaluations).	• The Project will undertake its procurement activities independently due to fund flow. However, DMC will be responsible for procuring the services required for developing District and VDC level WUMPs. Greater alignment with national and local procurement system is subject to changes in the fund flow mechanism. • As per the Rural Water Supply and Sanitation Sectoral Strategic Action Plan, the communities and Water Use and Sanitation Committees themselves take the lead role of construction and implementation works, including procurement. This practice is carried over from Phase I.
5. Strengthen capacity by avoiding parallel implementation structures (indicator 6)	
If a separate Project Implementation Unit (PIU) is necessary for the project management[5], the following principles should be encouraged to the extent possible: Project preparation: a) PIU is accountable for the country implementing agency rather than for the Finnish Ministry for Foreign Affairs. b) The terms of reference of externally appointed staff are determined by the country implementing agency rather than the Finnish Ministry for Foreign Affairs. c) The professional staff is appointed by the country implementing agency to the extent possible. d) The salary structure of the PIU staff should not distort the salaries and confuse the accountability for development. Project implementation: The implementation of the above principles (a-d) are enforced and monitored regularly.	• The Project will work with eight hill districts (at the beginning of Phase II in nine hill districts and one Terai district), each district having DDC and DMC in charge of planning, management and co-ordination of Project activities. PSU in the Project area is necessary because at present there are no regional structures or organisations in place in Nepal that could co-ordinate and manage these field activities. It is hoped that once new constitution and revised administrative structure is in place, such regional/federal entities would be established that could assume PSU's role. It may take several years for those entities to emerge and become functional. • At the beginning of Phase II, PSU will be relocated to Dadeldhura. The re-established PSU will be closer to main Project area. The staff inputs have been reduced from Phase I. It is also foreseen that some PSU specialists may be fielded to districts from time to time to be able to better support implementation. • Project Management Team (PMT) has been constituted and it has the responsibility for developing TORs and appointing staff. • It is proposed that MLD/DoLIDAR would

[4] Procurement of works, goods and services managed according to the national procurement procedures.
[5] Finland has committed to reduce parallel implementation units by two thirds in context of the Paris Declaration.

Paris Declaration Principles and Indicators	Implications of Effectiveness and Harmonisation in RVWRMP Phase II
	appoint two overseers (technical staff) to each DTO to support RVWRMP activities (GON contribution). It is also proposed that the Community Mobilisers (at present hired by the Project) would be hired by the respective VDCs. Similarly, the junior district level technical staff provided by the Project should in Phase II be staff of DTO.
6. Aid is more predictable (indicator 7)	
In addition to providing timely and comprehensive information to the partner country on the estimated annual disbursements of each project (indicator no 3), Finland is committed to informing the partner country on its aid allocations and disbursements for the next 3-5 years. [6]	• The Project Document includes a long-term vision for Finnish involvement. It is foreseen that Phase II of RVWRMP will be a step towards the achievement of long-term overall objective and ultimate phasing out of Finnish support. The vision clearly indicates that in Phase II the long-term objectives will not be achieved and follow-on phase(s) will be required.
7. Use of common arrangements or procedures (indicator 9)	
The project is implemented following the programme based approach enforcing the following principles: <u>Project preparation:</u> a) The host country or organisations exercise the leadership over the project. b) A single comprehensive programme and budget framework is used. c) Donor co-ordination and harmonisation processes are ongoing *at least in two* of the following systems: i) reporting, ii) budgeting, iii) financial management, iv) procurement. d) The project uses *at least two* of the following local systems: i) design ii) implementation, iii) financial management, iv) monitoring and evaluation. <u>Project implementation:</u> The implementation of the above principles (a-d) are enforced and monitored regularly.	• DoLIDAR and MLD took an active leadership role in project formulation. • The Project Document includes a comprehensive logical framework and budget where both GOF, GON (central, DDC, VDC) and community contributions are reflected. • The annual work planning as well as trimester and annual progress reporting are fully synchronised with GON fiscal year and deadlines arising from within. Project's monthly progress reports to MLD (and NPC – if Priority 1 project status continues) are supplement by a trimester narrative progress report which is also sent to Embassy and MFA. At scheme level the procurement of goods and services is UC's In Phase II, DMCs will also procure services needed for district and VDC water use master planning. Responsibility for hiring necessary local level technical staff will be increasingly transferred to district and VDC level. • There is no relevant SWAp in the horizon. The responsibility for rural water supply and sanitation, by law, should be assumed by MLD for smaller scale schemes but the majority of resources are channelled through bodies under MPPW. There is no SWAp for other activities of the Project.
8. Joint Missions (indicator 10a)	
The project enforces the following principles:	• The Project Document includes a

[6] Sharing the information on the long-term commitments is the responsibility of the MFA.

Paris Declaration Principles and Indicators	**Implications of Effectiveness and Harmonisation in RVWRMP Phase II**
Project preparation: a) Fewer field missions involving donor officials and partner country authorities are carried out. b) The timing of the missions are coordinated with the partner country and, where necessary, with other donors. c) More joint missions with donors are carried out, including missions that are carried out on behalf of another donor (delegated co-operation). Project implementation: The implementation of the above principles (a-c) are enforced and monitored regularly.	proposal to organise the Steering Committee meetings of RVWRMP and RWSSP-WN back to back and alternatively within each project's working area. This would contribute to alignment and would also facilitate sharing lessons learned between two Finnish projects.
9. Joint Country Analytical Work (indicator 10b)	
The project enforces the following principles: All analytical works (reports, assessments, studies) are undertaken in coordination with other donors and with substantive involvement from government.	• To the extent possible, analytical work would be undertaken in co-ordination with other sector partners. Local bodies at district and VDC level will be responsible for developing the plans and monitoring progress of implementation.
10. Mutual assessment of progress (indicator 12)	
Project preparation: The project design proposes mutual assessments of project progress with broad range of stakeholders[7], and ensures that the project produces documentation on its progress against clear targets and indicators. In order to enforce transparency, the progress reports should be available to the public, including the respective parliaments of the partner country and Finland. The assessments should be country lead, and in bigger interventions supplemented with independent/ impartial reviews, wherever possible. Project implementation: The project conducts its assessments according to above principles.	• Project progress will be monitored at community, VDC, district and programme levels. Stakeholders at different levels, e.g., UC and WUSC members, members of VDC Water Resource Management Committee, DMC, PSU staff and Steering Committee) will all have responsibilities in monitoring. • Project progress reports and guidelines are available at the Project website. • An independent programme audit and an independent Mid-Term Review are proposed.

[7] Government ministries, donors and civil society, to the extent possible.

Annex 5: Terms of Reference for Supervisory Board, Steering Committee, Project Management Team and District Management Committee

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Terms of Reference for Supervisory Board of the Rural Village Water Resource Management Project (RVWRMP)

Mandate and Scope of the Supervisory Board (SB)

The Supervisory Board is the highest decision making body of the Project. The main duties of RVWRMP Supervisory Board are:

- approval of major strategic and policy issues directly relevant for the project;
- approval of any changes in the Project Document including project scope and objectives, the organisational structure and management as well as any other changes to the Project which will have major financial implications;
- approval the annual work plans and budgets; and
- any other (policy) decisions which have financial implications.

The decision of the Supervisory Board will be clearly recorded in the meeting minutes.

The Composition of the Supervisory Board is:

- Secretary, Ministry of Local Development: Chairperson
- Director General, DoLIDAR: Member Secretary
- Senior officer, Ministry of Finance: Member
- Senior officer, National Planning Commission: Member
- Ministry for Foreign Affairs Finland, Embassy of Finland: Member

The Supervisory Board has authority to invite also other participants as needed.

The Supervisory Board will meet at least once a year to approve the annual budget and related work plan, or more often as needed.

The Supervisory Board aims at consensus in decision making.

Terms of Reference for Steering Committee of the Rural Village Water Resource Management Project (RVWRMP)

Mandate and Scope of the Steering Committee (SC)

The Steering Committee is the highest decision making body of the Project. The main duties of RVWRMP Steering Committee are:

- providing operational guidance for the district projects and
- recommendations of the Project policies and implementation principles developed during the implementation;
- monitoring the progress of the Project;
- approval of changes in the Project scope and objectives as well as any other changes to the Project;
- solving any problems encountered in Project implementation; and
- decisions on any other issues of urgency and importance that are not included within the Supervisory Board's mandate.

While SC has the full authority to deviate from the Project Document when approving annual work plans, any such deviations should be clearly brought to its attention when the draft annual work such proposals and plans are submitted to SC, and such deviations have to be clearly recorded in the meeting minutes of SC.

The Composition of the Steering Committee is:

- Secretary, Ministry of Local Development (Chairperson);
- representative of MOF and/or representative of the Embassy of Finland;
- Director General , DoLIDAR;
- National Project Director, DoLIDAR, non-voting member;
- representative of National Planning Commission (NPC);
- representative of the Ministry of Water Resources (MOWR) ;
- representative of MOHP;
- representative of Ministry of Agriculture and Co-Operatives (MAC);
- representative of DWSS;
- representative of DOI;
- representative of DAC;
- representative of AEPC;
- representatives of participating DDCs;
- representative of Department of Agriculture and Co-Operatives (DAC);
- representatives of Regional Agricultural Directorates of Far and Mid Western Regions
- National Project Co-ordinator, RVWRMP, non-voting member; and'
- Team Leader; RVWRMP, non-voting member.

SC meets annually or upon request of any of the members.

SC aims at consensus in decision making. For possible issues that could have considerable implications, especially financial, the competent authorities will have a veto-right in SC. In order to avoid any potential conflicts of interest, NPD, National Project Coordinator and Team Leader shall be non-voting members in SC.

Terms of Reference for Project Management Team of the Rural Village Water Resource Management Project (RVWRMP)

Mandate and Scope of the Project Management Team (PMT)

Project Management Team (PMT) is established to ensure that the Project can be smoothly implemented, outputs achieved and funds managed efficiently and effectively, in accordance with the Project Document and approved work plans and budgets also between SC meetings. SC can authorise to delegate powers to PMT to the extent necessary and appropriate.

PMT is authorised to:

- initiate and draft TORs for short-term consultants (both national and international);
- select and approve short-term consultants (both national and international);
- approve tender documents, assess quotations, and subject to their assessment authorise the Team Leader to proceed with TA related procurement;
- review and approve TORs and bidding documents for studies and subcontracts to be outsourced and participate in the selection process of service provider(s);
- ensure that the Project is implemented with appropriate coordination and co-operation between the different agencies and stakeholders involved;
- review technical documents of the Project before submission to SC, and provide guidance to the efficient, effective and participatory implementation of the Project; and
- keep the concerned authorities in the Project area informed by reporting on decisions taken.

The members of PMT are:

- National Project Co-ordinator: (Chairperson);
- Team Leader: Member Secretary
- Capacity Building and Monitoring Specialist: Member;
- Planning and Monitoring Specialist or in his/her absence, another Long Term National Expert: Member
- Chief Administration Officer: Non-voting member.
- Field Specialist: Non-voting member.
- Capacity Building and Monitoring Adviser; and
- one of the senior national specialists working at PSU.

Meetings and Quorum

PMT will meet as and when required. The quorum of the PMT will consist of NPC and TL or in their absence their authorised representatives.

For possible issues that could have considerable implications, especially financial, related to the contribution of Finland (TA), the Team Leader will have a veto-right in PMT.

Terms of Reference for District Management Committee of the Rural Village Water Resource Management Project (RVWRMP)

Mandate and Scope of the District Project Management Committee

District Management Committees (DMC) are responsible for planning, administration and management of all the Project activities in districts. DMC will meet at least once a month to review progress of Project activities in the district and discuss other relevant matters.

The Composition of the District Management Committee

The composition of DMC incorporates also the key district line agencies that are active in livelihood development, watershed protection and post-construction support activities.

In Phase II the members of DMC are:

- DDC Chairperson (chair);
- DDC Secretary (LDO);
- DTO Chief;
- representative District Women Development Officer (DWDO);
- representative of the Drinking Water Supply and Sanitation Divisional/Sub-divisional Office (DWSSDO);
- representative of DADO;
- representative of District Soil Conservation Office (DSCO);
- representative of District Irrigation Office (DIO)
- representative of Department of Forestry (DFO);
- representative of District Co-Operative Division;
- representative of the District Cottage and Small Industry Office;
- representative of the District Energy and Environment Section (DEES); and
- Water Resources Adviser (WRA) of the Project.

Meetings and Quorum

DMC will meet at least once a month to review progress of Project activities in the district and discuss other relevant matters.

The quorum of DMC will consist of LDO, DTO Chief, DWDO and WRA.

Annex 6: Job Descriptions

1. National Project Director (Nepal contribution)

A National Project Director (technical) will be nominated by GON. The NPD will be stationed in DoLIDAR. The NPD will facilitate the planning, budgeting, progress review and monitoring at the central level and participate in the steering committee meeting.

2. National Project Co-ordinator (Nepal contribution)

A senior officer of under secretary level (technical) of DoLIDAR will be the National Project Co-ordinator (NPC) of RVWRMP on a full time basis. The NPC will be in charge of overall coordination and administration of the Project. Her/his primary duty is to ensure the smooth release of GON funds for the Districts. S/he will also be responsible for directing the Project in policy issues and convey information related to policy issues to the District Projects. S/he will also be in charge jointly with the Team Leader (TL) - of providing support to the DDCs in planning, coordination and management of the District Projects. The NPC is - jointly with the TL - in charge of preparing the work plans for the Projects and advising the District Projects in preparation of their work plans. S/he is also responsible of reporting of the Project according to the guidelines of GON. The NPC will supervise and monitor the use of the funds in the districts. The NPC will also coordinate and contribute to the institutional capacity building and human resources development activities of the Project (such as orientation workshops, training, possible studies etc.). The NPC is - jointly with the TL - responsible for coordination with government agencies, sector donors and NGOs/INGOs, exchanging experience and streamlining working approaches and policies as far as possible. The NPC jointly with the TL conduct the Steering Committee meeting. NPC will be the Chairperson of the Project Management Team (PMT). The NPC will be based in the RVWRMP Project Support Unit. The TL will report to the NPC. The NPC will be supported by an accountant.

3. Team Leader (Finnish contribution, long-term position)

Duty Station : Project Support office (PSU) with frequent travel to Project districts

Counterpart : National Project Coordinator

Academic Qualifications : Masters degree in Economics, Social Economics, Water Supply and Sanitation Engineering, Civil Engineering, Environment or other relevant discipline

Professional Experience :
- Minimum 10 years of work experience in rural development, livelihood development, integrated water resource management or water supply and sanitation
- Experience in project management of multidisciplinary project teams in Asia particular; experience from Nepal will be an advantage;
- Experience in community-based, demand driven projects, preferably in water sector, hygiene, sanitation, rural development and/or environment

Other Skills :
- Excellent human resource management skills
- Leadership, motivation and good interpersonal skills
- Fluency in written and spoken English
- Ability to work and communicate in a multi-sector team and across cultural and gender divides; ability to work in remote areas
- Facilitation and good communication skills
- Good computer skills (MS Office, familiar with utilising internet)
- Good reporting skills
- Demonstrated reference of strong sense of discipline and high moral conduct.

Duties : **Team Leader (TL) - jointly with the National Project Coordinator (NPC) of RVWRMP:**
- Is responsible for planning, coordinating, monitoring and reporting of all the Project activities;
- will support and advise the DDCs in planning, coordination and management of the district activities, including budgeting and management of district funds;
- is responsible for personnel management, project administration as well as annual and short term budgeting, financial control and accounting. S/he is accountable for the use of the Finnish funds alone.
- is responsible for producing the work plans for the Project;
- will make field visits to districts and communities involved in Project implementation to monitor planning and implementation and recommend ways to streamline the procedures.
- is responsible for reporting of the Project according to the guidelines of the Government of Finland.
- will coordinate and contribute to the institutional capacity building and human resources development activities of the Project (such as orientation workshops, training, possible studies etc.) according to her/his background and competence;
- will be in charge of coordinating the professional input of the PSU and District teams to the Project;
- is responsible for coordination with government agencies, sector donors and NGOs/INGOs, exchanging experience and streamlining working approaches and policies as far as possible.
- will liaise with the SC members as required

Special Requirements (if any) :

Capacity Building and Monitoring Specialist (Finnish contribution, long-term position)

Duty Station : Project Support office (PSU) with frequent travel to Project districts

Supervisor : Team Leader

Academic Qualifications : MSc degree from field relevant to rural development or other related field

Professional Experience :
- Minimum 10 years of work experience in water supply, sanitation, renewable energy, rural infrastructure, rural development, capacity building, human resource development, community forestry or livelihood development.
- Professional experience in multidisciplinary and multinational project teams in Asia; experience from Nepal will be an advantage;
- In case of a Nepali or regional national, at least 5 years of relevant international working experience from a minimum of three countries

Other Skills :
- Excellent training needs assessment and training material production skills
- Leadership, motivation and good interpersonal skills
- Fluency in written and spoken English
- Ability to work and communicate in a multi-sector team and across cultural and gender divides; ability to work in remote areas
- Facilitation and good communication skills
- Good computer skills (MS Office, familiar with utilising internet)
- Good reporting skills
- Demonstrated reference of strong sense of discipline and high moral conduct.

Duties :

Capacity building
- Review roles and responsibilities of DoLIDAR and DDC staff, estimate long term staffing requirements;
- review provisions of the existing GON strategies, policies, acts, rules and regulations
- design a plan for the management of human resources in line with Project purpose, results and indictors
- Plan, conduct and supervise the identified training activities at all levels.

Monitoring
- Liaise with e.g. MLD/DoLIDAR, Fund Board, CBWSSP and other sector stakeholders to keep abreast with development of national monitoring systems
- identify physical, social, environmental institutional and financial data to be analyzed to monitor sustainability and impact on Project services and gender and poverty improvement targets;
- Review and revise – if necessary – Project's Management Information System (MIS) and Monitoring program
- make periodic visits to all project levels to discuss Monitoring procedures with project staff; assess quality and completeness of data gathered and its use by communities and project management.
- Develop and support development of training materials, manuals, checklists and other relevant tools
- Develop methodologies for relevant baseline and impact assessments regarding different thematic areas of the Project
- Contribute to – or draft – various progress studies and reports.

Others:
- Any other duties assigned the supervisor

Special Requirements (if any) :

5. Field Specialist (Finnish contribution, long-term position, Junior Programme Officer/JPO)

Duty Station : Project Support office (PSU) with frequent travel to Project districts
Supervisor : Capacity Building and Monitoring Specialist
Academic Qualifications : MSc degree from field relevant to rural development, preferably in social sciences

Professional Experience : Work experience in water supply, sanitation, renewable energy, rural infrastructure or livelihood development

Other Skills :
- Fluency in written and spoken English and Finnish
- Good computer skills (MS Office, familiar with utilising internet)
- Ability to work in a team and to deal to deal with local government staff and other development partners.
- Facilitation and good communication skills
- Demonstrated reference of strong sense of discipline and high moral conduct.
- Technical background can be an asset but is not essential,
- Knowledge and experience of M&E tools and systems is an asset
- Skills and willingness to apply participatory methods in development of M&E and in its implementation is an asset

Duties :
- Participate in the implementation of a comprehensive monitoring and evaluation system for the WSS sector activities at the levels of DDC, VDC and users (UC). At the DDC level the M&E system concentrates on the water, sanitation and/or irrigation schemes (planning, implementing, funding) and the main actors responsible for monitoring would be the DDC DTO, VDC and the UC. At the village level M&E also includes the post construction monitoring for proper maintenance (emphasis on preventive measures). At all levels financial monitoring will be emphasised to enter into a transparent practical system which will be utilized for public auditing as much as possible.
- Participate in field monitoring to provide intensive "on-the-job" training to all parties involved in M&E activities.
- Assist in the operation and further development of Project level Monitoring system.

Others:
- Any other duties assigned the supervisor

Special Requirements (if any) :

6. **Long Term National Experts** (Finnish contribution, long-term position)

Note: all the following Job Descriptions were revised from those presented in the Draft Final Project Document April 2010 based on the recommendations of the 1st Steering Committee with regards to staffing (and in Memo approved 1.10.2010 in a meeting in MLD), and based on lessons learned in Phase I. The following Job Descriptions are the current ones used in the present employment contracts:

- Gender, Equity and Social Inclusion Specialist
- Sanitation and Hygiene Specialist
- Technical Specialist
- Technical Officer
- Post Construction Specialist
- Sustainable Livelihoods Specialist
- Cooperatives and Microfinance Specialist
- Cooperatives, Microfinance and Marketing Officer
- Planning and Monitoring Specialist
- Management Information System (MIS) Specialist
- Water Resource Adviser (WRA)
- Water Resource Officer (WRO)

Gender, Equity and Social Inclusion Specialist

Duty Station

- Project Support office (PSU)

Supervisor

- Team Leader

Academic Qualifications

- Bachelor Degree in social sciences or related field with specialization in gender, women in development and participatory methods.

Professional Experience

- Minimum 10 years of work experiences in field of GESI and rural development, livelihood development or water supply and sanitation

Other Skills

- Fluency in written and spoken English and Nepali, command of local languages of working area is an additional asset.
- Facilitation and good communication skills.
- Training material development and training skills.
- Good computer skills (MS Office, familiar with utilizing internet).
- Ability to work in a team and to deal to deal with local government staff and other development partners.
- Demonstrated reference of strong sense of discipline and high moral conduct.
- Demonstrated ability to work with communities and in multi-cultural teams as well as willingness to work in difficult field conditions are essential.

Tasks

- The GESI Specialist is a facilitator who is responsible for widening and deepening the knowledge and skills of the Project actors (including the programme/projects staff) both in gender issues and in participatory working methods and community management.

Planning and implementing (75%)

- To prepare of village level training modules related to schemes and VDC/UC level functionaries and training of sector partners to undertake these training is another key task.
- To review implementation of GESI Strategy and Action Plan and revise it accordingly.
- Ensure incorporation of GESI into all working modalities of RVWRMP (e.g. the step by step approach manual, plans and reports) and further to all working modalities of the DDC and other sector partners.
- Training of all concerned staff of sector agencies and the project is the first step in the process to implement the gender plan.

Monitoring and Evaluation (25%)

- Development of and updating of gender sensitive monitoring indicators.
- Regular monitoring of the gender plan action and strategy and suggest further activities and indicators when found necessary.
- Monitoring of schemes and Project activities to ensure their compliance and further development with gender action plan and strategy.

Others

- Any other duties as assigned the supervisor.

Sanitation and Hygiene Specialist

Duty Station:

- Project Support Unit (PSU)

Supervisor

- Team Leader

Academic Qualification

- Bachelor Degree in medical sciences, public health, health education, sanitary engineering, public health engineering or equivalent.

Professional Experiences

- Minimum 10 years of working experience in fields of water supply and sanitation, health education or environmental health.

Other Skills

- Fluency in written and spoken English and Nepali, command of local languages of working area is an additional asset.
- Ability to work in a team and to deal with local government staff and other development partners.
- Good computer skills (MS Office).
- Facilitation and good communication skills.
- Demonstrated training material development and training skills.
- Demonstrated ability to work with communities and in multi-cultural teams as well as willingness to work in difficult field conditions are essential.
- Demonstrated reference of strong sense of discipline and high moral conduct.

Tasks

Health & Sanitation (75%)

- Providing support to district projects in health and sanitation related issues and activities.
- Develop new modalities and organise/facilitate necessary training to respond to villagers' needs and demand in a flexible manner.
- Contribute to the development of sanitation and health related activities and materials.
- Improve the present training modules and develop new ones in cooperation with other specialists.
- Follow national policies and development, coordinate and maintain regular dialogue with other governmental and private actors and donors.
- Advice water quality related issues in the project.

Monitoring (25%)

- Develop M&E related to sanitation and health (e.g. health impact indicators).
- Participate and contribute in scheme monitoring at all levels.
- Supervise, monitor and guide the work of laboratory technician.
- Plan, manage and monitor the "Environmental Health and Sanitation"-budget, and report the status periodically to CBM Specialist/Team Leader as requested.

Others

- Any other tasks as assigned by the supervisor.
-

Technical Specialist

Duty Station

- Project Support Unit (PSU)

Supervisor

- Team Leader

Academic Qualification

- Bachelor degree in engineering, civil engineering. (Registration in Nepal Engineering Council is compulsory)

Professional Experiences

- A minimum 10 years of working experience rural water supply, sanitation, water resources management, irrigation or renewable energy technologies in planning, management and coordination positions.

Other Skills

- Fluency in written and spoken English and Nepali, command of local languages of working area is an additional asset.
- Experience in community management of rural infrastructure facilities, including participatory working methods.
- Ability to work in a team and to deal with local government staff and other development partners.
- Strong management ability, communication skill, team building and leadership skills.
- Good computer skills (MS Office, AutoCad, GIS, GPS)
- Facilitation and good communication skills.
- Demonstrated ability to work with communities and in multi-cultural teams as well as willingness to work in difficult field conditions are essential.
- Demonstrated reference of strong sense of discipline and high moral conduct.

Tasks

Technical (75%)

- Develop and supervise technical aspects of the gravity water supply, rain water harvesting, sanitation, irrigation and renewable energy schemes in Project districts.
- Provide technical support to the district projects as needed.
- Coordinate and monitor technical training.
- Develop further appropriate rural technologies and systems which can be planned, designed, built and maintained by UCs and VDCs.
- Contribute to the development of Water Safety Plan methodology and format.

Monitoring (25%)

- Contribute to scheme monitoring to ensure technical quality.
- Support the continued development of Management Information System, mapping and other GIS applications as agreed each year.
- Analyse the lessons learnt with the various technology choices in the Project (technically and working approach).
- Contribute to the development of M&E system and Post-Construction activities in the districts (DDC, VDC and users levels).
- Participate in scheme and activity monitoring on behalf of RVWRMP.
- Plan, manage and monitor the technical training related budget, and report the status periodically to CBM Specialist/Team Leader as requested.

Others

- Improve working guidelines and manuals to be user friendly (at VDC and UC level).
- Any other duties as assigned by the supervisor.

Technical Officer

Duty Station

- Project Support Unit (PSU) with frequent travel to Project districts

Supervisor

- Technical Specialist and Planning and Monitoring Specialist (Registration in Nepal Engineering Council is compulsory)

Academic Qualification

- Bachelor Degree in engineering or civil engineering.

Professional Experiences

- Minimum 5 years of working experience in rural water supply, sanitation, water resources management, irrigation or renewable energy technologies.

Other Skills

- Fluency in written and spoken English and Nepali, command of local languages of working area is an additional asset.
- Experience in community management of WSS facilities, including participatory working methods.
- Good computer skills (MS Office, AutoCad, GIS, GPS)
- Ability to work in a team and to deal with local government staff and other development partners.
- Strong management ability, facilitation, communication and team building skills.
- Demonstrated ability to work with communities and in multi-cultural teams as well as willingness to work in difficult field conditions are essential
- Demonstrated reference of strong sense of discipline and high moral conduct.

Tasks

Technical (75%)

- Supervise technical aspects of the gravity water supply, rain water harvesting, sanitation, irrigation and renewable energy schemes in Project districts.
- Provide technical support to the district projects as needed.
- Coordinate and monitor technical training.
- Contribute to development of further appropriate rural technologies and systems which can be planned, designed, built and maintained by UCs and VDCs.

Monitoring (25%)

- Contribute to scheme monitoring to ensure technical quality.
- Analyse the lessons learnt with the various technology choices in the Project (technically and working approach).
- Participate in scheme monitoring on behalf of RVWRMP.

Others

- Improve working guidelines and manuals to be user friendly (at VDC and UC level).
- Any other duties as assigned by the supervisor.

Special Instructions

- May be nominated as manager of one of the satellite PSUs in the districts.
-

Post Construction Specialist

Duty Station

- Project Support Unit (PSU)

Supervisor

- Team Leader

Academic Qualification

- Bachelor Degree in social sciences, engineering or other relevant fields.

Professional Experiences

- Minimum 10 years of working experience in rural water supply, water resources management, sanitation, planning and coordination in similar position.

Other Skills

- Fluency in written and spoken English and Nepali, command of local languages of working area is an additional asset.
- Experience in community management of WSS facilities, including participatory working methods.
- Ability to work in a team and to deal with local government staff and other development partners.
- Strong management ability, communication skill, team building and leadership skills.
- Good computer skills (MS Office, AutoCad, GIS, GPS)
- Facilitation and good communication skills.
- Demonstrated training material production and training skills
- Demonstrated ability to work with communities and in multi-cultural teams as well as willingness to work in difficult field conditions are essential.
- Demonstrated strong sense of discipline and high moral conduct.

Tasks

Post-construction package (75%)

- Provision of specialised technical inputs and handling institutional and implementation issues related to RVWRMP activities.
- Design, prepare, coordinate and manage the RVWRMP post-construction phase activities with a comprehensive program of activities and financial monitoring of the related TA budget.
- Promote best practices in the design, implementation and monitoring of the project components, advising district projects and colleagues, supervising consultants/support organisations and O&M related specialists.
- Liaise and coordinate with the district staff, DMCs, SOs, and RVWRMP staff; and lead the Post-Construction thematic group in the PSU.

Monitoring (25%)

- Contribute to scheme monitoring, ensuring that issues related to post-construction phase (sustainability) will be considered early enough in the schemes.
- Support DMCs to establish appropriate monitoring and evaluation mechanism for the post-construction phase.
- Support PSU M&E Team in designing, conducting and analysing impact evaluation studies and other research initiatives aiming at identifying results, lessons learned and impacts at various levels.
- Develop Post-construction phase Guidelines and indicators, and contribute to developing and updating other project guidelines.

Others

- Improve working guidelines and manuals to be user friendly (at VDC and UC level)
- Any other duties as assigned by the supervisor

Sustainable Livelihoods Specialist

Duty Station

- Project Support Unit (PSU)

Supervisor

- Team Leader

Academic Qualification

- Bachelor degree in agriculture, rural development, agricultural economics, management, social sciences or equivalent.

Professional Experiences

- Minimum 10 years of working experience in water resources management, sustainable livelihood development or any related field in planning, implementation, monitoring and evaluation.

Other Skills

- Fluency in written and spoken English and Nepali, command of local languages of working area is an additional asset.
- Experience in participatory methods, micro-credit and livelihood activities.
- Good facilitation and communication skills.
- Good understanding of operation and maintenance issues.
- Demonstrated training material production and training skills.
- Good computer skills (MS Office, GPS).
- Ability to work in a team and to deal with local government staff and other development partners.
- Demonstrated ability to work with communities and in multi-cultural teams as well as willingness to work in difficult field conditions are essential.
- Demonstrated reference of strong sense of discipline and high moral conduct.

Tasks

Livelihood (75%)

- Identify livelihood promotion activities at VDC scheme level in reference to water use master plan (WUMP).
- Support in pilot site selection in close coordination with DDC and DADO.
- Manage technical support for training to leader farmers and local entrepreneurs.
- Support to develop leader farmers as local service providers.
- Support district to plan the livelihood activities under PoCo.
- Document the process of pilot activities and share the learning among project/DDC staffs.
- Facilitate district/regional/national level meeting/workshops on livelihood aspects.
- Based on the learning develop appropriate model of livelihood promotion to contribute for operation and maintenance of the scheme.
- Report to concerned authorities as per need.

Monitoring (25%)

- Contribute to scheme monitoring to ensure sustainable quality of livelihood activities.
- Supervise, monitor and guide the work of agricultural engineer.
- Plan, manage and monitor the livelihoods related budget, and report the status periodically to CBM Specialist/Team Leader as requested.

Others

- Improve working guidelines and manuals to be user friendly (at VDC and UC level)
- Any other tasks assigned by the Management to achieve goal and objectives of Project relevant to his/her competency.

Cooperatives and Microfinance Specialist

Duty Station

- Project Support Unit (PSU)

Supervisor

- Team Leader

Academic Qualification

- Bachelor degree in economics, social sciences or other relevant disciplines related to rural economics.

Professional Experiences

- A minimum 10 years of working experience in field of rural development and micro credit organizations.

Other Skills

- Fluency in written and spoken English and Nepali, command of local languages of working area is an additional asset.
- Experience in community management, including participatory working methods.
- Ability to work in a team and to deal with local government staff and other development partners.
- Strong management ability, communication skill, team building and leadership skills.
- Good computer skills (MS Office, internet).
- Facilitation and good communication skills.
- Demonstrated ability to work with communities and in multi-cultural teams as well as willingness to work in difficult field conditions are essential.
- Demonstrated reference of strong sense of discipline and high moral conduct.

Tasks

Cooperative and Microfinance (75%)

- Design appropriate tools and mechanism for the organization development in village level.
- Design and formulate villager's friendly book keeping system.
- Assist district project staff in the development of organization with basic principles of social mobilization.
- In close coordination with relevant colleagues, support Users Committees to generate O&M fund and enhance their capacity to undertake the income generation activities.
- Support to activate formal and informal community organizations, UCs and groups as a part of the post-construction support to schemes.
- Facilitate and empower saving credit groups/CBOs to establish functional linkages with financial institutions.
- Design and prepare appropriate training materials and documents for the COs, UCs and other groups and organize training for the community in the field of social mobilization and saving credit.
- Encourage COs/UCs/other groups and demonstrate/piloting for the establishment of VDC level umbrella organization for the sustainable development of community people.
- Assist to develop a pool of Human Resources in the field of rural development and community owned/based micro credit operation system at VDC level.
- Prepare appropriate saving and credit manuals for COs.

Monitoring (25%)

- Contribute to scheme monitoring to ensure sustainability of micro credit and finance.
- Plan, manage and monitor the institutional development related budget, and report the status periodically to CBM Specialist/Team Leader as requested.

Others

- Supervise, monitor and guide Cooperatives, Microfinance and Marketing Officer
- Any other tasks assigned by the Management to achieve goal and objectives of Project relevant to his/her competency.

Cooperatives, Microfinance and Marketing Officer

Duty Station

- Project Support Unit (PSU)

Supervisor

- Cooperatives and Microfinance Specialist and Sustainable Livelihoods Specialist

Academic Qualification

- Bachelor degree in economics, social sciences or other relevant disciplines related to rural economics. Business Management, Market Development or other relevant disciplines

Professional Experiences

- A minimum 5 years of working experience in field of rural development and micro credit organizations.

Other Skills

- Fluency in written and spoken English and Nepali, command of local languages of working area is an additional asset.
- Ability to work in a team and to deal with local government staff and other development partners.
- Good computer skills (MS Office, internet)
- Facilitation and good communication skills.
- Training skills will be an asset
- Ability to work with communities and in multi-cultural teams as well as willingness to work in difficult field conditions are essential
- Demonstrated strong sense of discipline and high moral conduct.

Tasks

Cooperative and Microfinance (75%)

- Design appropriate tools and mechanism for the organization development in village level.
- Design and formulate villager's friendly book keeping system.
- Assist district project staff in the development of organization with basic principles of social mobilization.
- In close coordination with relevant colleagues, support Users Committees to generate O&M fund and enhance their capacity to undertake the income generation activities.
- Support to activate formal and informal community organizations, UCs and groups as a part of the post-construction support to schemes.
- Facilitate and empower saving credit groups/CBOs to establish functional linkages with financial institutions.
- Design and prepare appropriate training materials and documents for the COs, UCs and other groups and organize training for the community in the field of social mobilization and saving credit.
- Encourage COs/UCs/other groups and demonstrate/piloting for the establishment of VDC level umbrella organization for the sustainable development of community people.
- Assist to develop a pool of Human Resources in the field of rural development and community owned/based micro credit operation system at VDC level.
- Prepare appropriate saving and credit manuals for COs.

Monitoring (25%)

- Contribute to scheme monitoring to ensure sustainability of micro credit and finance.
- Plan, manage and monitor the institutional development related budget, and report the status periodically to CBM Specialist/Team Leader as requested.

Others

- Supervise, monitor and guide Micro Credit and Finance Officer
- Any other tasks assigned by the Management to achieve goal and objectives of Project relevant to his/her competency.
- Any other duties as assigned by the supervisor.

Planning and Monitoring Specialist

Duty Station

- Project Support Unit (PSU)

Supervisor

- Team Leader

Academic Qualification

- Bachelor Degree in agriculture, management, social sciences, civil engineering, sanitary engineering or equivalent.

Professional Experiences

- Minimum 10 years of professional experience in water resources management schemes, planning, implementation, monitoring and evaluation.

Other Skills

- Fluency in written and spoken English and Nepali, command of local languages of working area is an additional asset.
- Ability to work in a team and to deal with local government staff and other development partners.
- Strong management ability, communication skill, team building and leadership skills.
- Good computer skills (MS Office).
- Demonstrated ability to work with communities and in multi-cultural teams as well as willingness to work in difficult field conditions are essential.
- Demonstrated reference of strong sense of discipline and high moral conduct.

Tasks

Monitoring (75 %)

- Monitor the Project performance of all levels.
- Analyse the district reports and assess the support needed to districts.
- Support to organise regional level review/planning meetings and support districts to prepare Annual Working Plans.
- Facilitate in Steering Committee meeting and review meetings.
- Ensure the reflection of RVWRMP district programs in red book.
- Develop performance monitoring parameters.
- Prepare district supporting mechanism and assign the persons from PSU for monitoring support.
- Ensure the timely monitoring of the schemes and payment to users.

WUMP Planning and Implementation (25%)

- Collate lessons learned from District and VDC WUMP development during Phase I and their implementation during Phase II to develop and refine scope for District and VDC WUMPs.
- Facilitate process in coordination with DDC, DoLIDAR and other central level agencies.
- Develop and suggest VDC/WRMC in WUMP updating/review process.
- Support VDC/WRMC/DDC in WUMP marketing.
- Develop and capacity enhancement activities for WRMC.
- Mobilise human resources for WUMP preparation monitoring at VDC level.
- Monitor the performance of involved NGOs and Consultants and recommend for final payment.
- Coordinate and lead DWUMP preparation in close coordination and consultation with DDC and other stakeholders.

Others

- Improve working guidelines and manuals to be user friendly (at VDC and UC level)
- Any other duties as assigned by the supervisor

Special Instructions

- Coordinate and supervise all M&E related activities.
- Supervise work, input of staff, activities and progress in satellite PSUs.

Management Information System (MIS) Specialist

Duty Station

- Project Support Unit (PSU)

Supervisor

- Team Leader

Academic Qualification

- Bachelor Degree in relevant disciplines.

Professional Experiences

- Minimum 10 years of working experience in experience in database management and GIS.

Other Skills

- Fluency in written and spoken English and Nepali, command of local languages of working area is an additional asset.
- Good command in database management computer application and GIS mapping.
- Good speaking and writing skill in Nepali and English.
- Good understanding of operation and maintenance issues.
- Experience in participatory method and micro credit.
- Demonstrated training material development and training skills.
- Demonstrated reference of strong sense of discipline and high moral conduct.

Tasks

Management Information System (MIS) (75%)

- Develop and maintain MIS system of schemes.
- Design scheme information card and train district staffs on its use.
- Receive monthly scheme status and update the status of scheme, training etc.
- Prepare the status reports in monthly, trimester, half yearly and annual basis.
- Support DDC to develop the scheme MIS system and use of WUMP data base by providing training and necessary support.
- Maintain WUMP database at project level.
- Develop contents and facilitate in different MIS/GIS related trainings at scheme, VDC, DDC and project level.
- Train DDC/DTO/DIDC/RVWRMP/SO/Consultant staffs in GPS and GIS mapping.
- Check WUMP GIS map submitted by consultants.
- Prepare GIS maps for the project use indicating scheme layout and others as per need.
- Prepare arsenic mapping.
- Design and prepare presentation maps for different purposes as per need.

Monitoring (25%)

- Produce and collate necessary data summaries and reports from the database in a timely manner to support production of monthly, trimester and annual progress reports.
- Visit district offices to ensure adequate scheme information management.

Others

- Any other duties as assigned by the supervisor

Water Resource Adviser (WRA)

Duty Station

- One of the district headquarters in project area with frequent travel to Project working VDCs

Supervisor

- Team Leader and DDC

Academic Qualification

- A minimum of Bachelor degree in a field relevant to rural development or public administration (civil engineering, social science, management, etc).
- Further training in participatory planning and working methods is an asset.

Professional Experiences

- A minimum of 10 years of relevant professional experience with proven experience from rural areas.
- Experience in participatory planning/working at community level.
- Experience in working with local elected bodies (DDC, VDC) and other field level partners (NGOs, line agencies etc).
- Experience in donor funded project management and administration is an asset.

Other Skills

- Fluent in Nepali, fair in English. Any knowledge of local languages is an asset.
- Excellent communication, presentation and facilitation skills; team work skills, yet, can work independently and take initiative; creative and flexible, and willing to work under difficult field conditions as needed.
- Knowledge and/or experience in water, sanitation, hygiene, nutrition and/or health sector. Firsthand experience with a community health or water project is a strong asset.
- Demonstrated ability to work with communities and in multi-cultural teams as well as willingness to work in difficult field conditions are essential.
- Demonstrated reference of strong sense of discipline and high moral conduct.
- Good computer skills (MS Office, familiar with utilizing internet).

Tasks

Planning and Reporting (50 %)

- As a member of the District Management Committee, support the DDC in planning, coordinating and funding of the sector activities relevant to RVWRMP scope of work (as per Project Document).
- Follow up activities of and performance of all partners and other stakeholders in relevant sectors, including the Support Organizations
- Identify needs for further institutional support and capability building
- Facilitate regular planning and reporting of the district project to DDC, RVWRMP and the two governments.

Monitoring (25 %)

- Facilitate and monitor the operations of DWRDF on behalf of the RVWRMP.
- Facilitate and coordinate scheme monitoring and compliance with the Step by Step and Project Implementation Guidelines

Others

- Any other duties as assigned by the supervisor

Water Resource Officer (WRO)

Duty Station

- One of the district headquarters in project area with frequent travel to Project working VDCs

Supervisor

- Water Resources Adviser (WRA) of the district

Academic Qualification

- Minimum Bachelor degree in engineering or civil engineering
- Further training in participatory planning and working methods is an asset.

Professional Experiences

- Minimum 5 years of experience from rural water supply schemes, water resources management, sanitation or rural infrastructure development
- Experience in participatory planning/working at community level.
- Experience in working with local elected bodies (DDC, VDC) and other field level partners (NGOs, line agencies etc).
- Experience in donor funded project management and administration is an asset.

Other Skills

- Fluent in Nepali, fair in English. Any knowledge of local languages is an asset.
- Ability to work in a team and to deal with local government staff and other development partners.
- Good computer skills (MS Office, internet)
- Facilitation and good communication skills.
- Demonstrated ability to work with communities and in multi-cultural teams as well as willingness to work in difficult field conditions are essential

Tasks :

Technical (50 %)

- Contribute to development and supervision of technical aspects of the gravity water supply, rain water harvesting, sanitation, irrigation and renewable energy schemes in the Project working area
- Provide technical support to the schemes as needed.
- Develop further appropriate rural technologies and systems which can be planned, designed, built and maintained by UCs and VDCs.
- Contribute directly to the technical training.

Monitoring (25 %)

- Provide technical support to the district projects as needed.
- Coordinate and monitor technical training.
- Contribute to scheme monitoring to ensure technical quality.
- Support the continued research and development of various appropriate technologies applied in the project.
- Analyse the lessons learnt with the various technology choices in RVWRMP (technically and working approach), and contribute to the various progress reports and studies as requested.

Water Safety Planning (25 %)

- Support water quality related activities, including development of Water Safety Plans and related training & IEC materials.
- Provide advice and support to development of Water Safety Plans.
- Monitor implementation of Water Safety Plans.

Others

- Any other duties as assigned by the supervisor