

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: Social Sectors Division

TA No. and Name TA 4215-PRC Safe Drinking Water and Sanitation for the Rural Poor			Amount Approved: \$400,000		
			Revised Amount: None		
Executing Agency: Ministry of Health		Source of Funding: Poverty Reduction Cooperation Fund		TA Amount Undisbursed \$9,618	TA Amount Utilized \$390,382
Date			Completion Date		
Approval 12 Nov 2003	Signing 8 Mar 2004	Fielding of Consultants 19 Aug 2004	Original 30 Sep 2005	Actual 28 Apr 2006	
			Closing Date		
			Original 30 Sep 2005	Actual 13 Jul 2006	
Description During the past 20 years, the PRC has achieved significant results in the water supply and sanitation (WSS) sector. However, in the rural areas, especially in the vast Western Region, there is still much need for improvements. ADB in its Country Strategy and Program for the PRC promotes the sector as part of the pro-poor economic growth. Past development focused mainly on the urban areas and construction of physical facilities. The Government is giving more attention to rural areas, strengthening sector policy, strategy and operational frameworks, institutional capability building, as well as integrated efforts in health education. ADB also recognizes the importance in the participation of community-based organizations in contributing towards sustainable development in rural areas. To explore the potential for strengthening WSS in rural areas, the Government and ADB agreed to carry out this TA.					
Expected Impact, Outcome and Outputs The TA was aimed to provide safe and sustainable rural water supply, and improve sanitation, health, and hygiene behavior. The TA assisted the Government prepare pro-poor rural WSS (RWSS) sector policies, and a strategic investment framework for integrated RWSS sector development, focused on defining viable models for financing sustainable pro-poor RWSS sector systems, and related institutional capacity-building. The TA focused on preparing a medium-term RWSS sector plan and investment strategy for 2006-2010, for inclusion in the 11th five-year development plan, and, in the context of realizing the millennium development goals, a longer-term outline strategy up to 2015. Strategy formulation included (i) detailed desk and field reviews; (ii) national and provincial workshops to ensure stakeholder involvement, recognition, and understanding of issues involved; (iii) synthesis of lessons from local and international RWSS projects; and (iv) six case studies to test selected critical issues including an in-depth analysis of organizational models for water user groups, pro-poor RWSS sector tariff setting, and community-based O&M models for RWSS sector schemes. The TA design was relevant to the Government's development strategy for the RWSS sector. The TA was nationwide but gave particular attention to rural poor areas in the Western Region; decentralization initiatives; harmonizing national procedures and standards; promoting private sector participation; integrating the RWSS sector; and enhancing participatory processes, including community consultations, women's involvement, and incorporation of children's needs, in the design and implementation of RWSS projects and programs.					
Delivery of Inputs and Conduct of Activities The Executing Agency (EA) of the TA was the Ministry of Health. The TA provided for 11.3 person-months of international and 44 person-months of domestic consultants in (i) project management; (ii) sector review and analysis of sector constraints, including institutional, legal, economic, financing, poverty, social, gender, engineering, resources allocation, environmental, health, capacity-building, monitoring, evaluation, and dissemination; (iii) case studies; (iv) policies and strategy formulation; (v) sector development formulation; and (vi) investment program preparation. The consultants have extensive sector experience and were able to work in a well-coordinated manner to successfully complete the six case studies and provide in-depth analysis to supplement the findings of current constraints in the RWSS sector. The level and quality of the inputs provided by the consultants were satisfactory. Further, the TA was conducted in close collaboration with the ADB staff concerned. ADB provided inputs throughout the TA period including review missions, support from the Resident Mission, and references from RWSS sector related ADB reports, manuals, and handbooks. Inputs from participating government institutions such as the EA; project implementation teams; district, municipal and village administrations in terms of government policies and previous sector experience were received. Inputs from international donor agencies in previous related project and program experiences were also valuable, in particular those from the World Bank RWSS sector program and the United Kingdom Department for International Development (DFID). The inputs received were relevant, informative, and applicable to the TA. Regular exchange of information and presentations of preliminary ideas and concepts were conducted through workshops, seminars, and meetings with participating institutions including the EA, National Development and Reform Commission, Ministry of					

Finance, Ministry of Water Resources, Ministry of Agriculture, Ministry of Construction, Office of Poverty Alleviation and Development in the State Council, All-China Women's Federation, provincial and municipal governments, Australian Agency for International Development, DFID, European Union Development and Co-operation, Japan Bank for International Cooperation, Japan International Cooperation Agency, Kreditanstalt für Wiederaufbau (Germany), United Nations Development Program, United Nations Children's Fund, World Health Organization, and World Bank. These agencies were actively involved in the conduct of case studies and delivery of the workshops.

Evaluation of Outputs and Achievement of Outcome

Throughout the TA, monthly progress reports were submitted regularly to ADB and the EA. An Inception Report, a RWSS sector Preliminary Profile, an Interim Report, 6 Case Study Reports, a Draft Final Report and a Final Report were prepared and submitted. The Final Report included findings and recommendations on (i) the current status of development in various aspects of population, social and economic development, geography, climate and hydrology, (ii) the existing status, profile and relevant constraints of the RWSS sector, (iii) major tasks accomplished for the six case studies, (iv) the RWSS sector status and constraints in a general context as well as case studies specific context, (v) a detailed analysis of the RWSS sector, (vi) discussions and formulation of policies and strategies for the development in the RWSS sector in the next five years (2006-2010), (vii) RWSS sector strategy, the proposed RWSS sector Medium-Term (2006-2010) Development Plan, (viii) the role of ADB towards the development of the RWSS sector, and (ix) recommendations on possible investment framework and potential investment projects. The findings and recommendations of the consultants were of satisfactory standard. All reports were of good quality, well organized, comprehensive, and translated into Chinese. Outputs of the TA were assessed by the EA and were considered to be useful to all concerned. The reports were relevant and accessible to users.

Overall Assessment and Rating

The TA fully accomplished its objective to help the Government prepare pro-poor RWSS sector policies, a strategic investment framework for integrated RWSS, focused on defining viable models for financing sustainable pro-poor RWSS systems, and related institutional capacity building. The TA is rated as successful.

Major Lessons

There is an inherent difficulty in formulating viable financing models for RWSS primarily due to (i) relatively high investments required in providing drinking water to the rural poor as well as sanitation and hygiene education; (ii) requirement for subsidies (from both the central and provincial Government); (iii) problems of cost recovery and financial sustainability of RWSS systems in the poorer areas; and (iv) low borrowing capacity in rural areas to finance RWSS. In previous RWSS projects, a major challenge was to target the investments to the poor who must have sufficient resources to upgrade their water supplies whenever long-term financing could be provided. There is a risk that funds would be captured by middle-income communities rather than the poor.

Recommendations and Follow-Up Actions

The TA provided a strong base for the preparation of future RWSS projects in the PRC. Based on the sector policy and strategies, and investment framework developed under the TA, several project proposals for RWSS have been prepared, following the PRC internal procedures. ADB needs to follow up these proposed projects, particularly during the next CSP/CSPU.

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