Nepal: Second Small Towns Water Supply and Sanitation Sector Project

**Project Name**
Second Small Towns Water Supply and Sanitation Sector Project

**Project Number**
41022-022

**Country**
Nepal

**Project Status**
Closed

**Project Type / Modality of Assistance**
Grant

**Source of Funding / Amount**
Grant 0157-NEP: Second Small Towns Water Supply and Sanitation Sector Project
concessional ordinary capital resources lending / Asian Development Fund
US$ 45.10 million

**Strategic Agendas**
- Environmentally sustainable growth
- Inclusive economic growth

**Drivers of Change**
- Governance and capacity development

**Sector / Subsector**
- Water and other urban infrastructure and services - Urban sanitation - Urban water supply

**Gender Equity and Mainstreaming**
Gender equity

**Description**
The Project has three components. Component 1 will develop an efficient, effective, and accountable urban water supply and sanitation sector by establishing and implementing policies, establishing service standards, and enhancing sector coordination. Component 2 will entail development of safe, accessible, and adequate water supply and sanitation facilities in about 20 small towns. Component 3 will strengthen governance and capacity for project management and operation.

**Project Rationale and Linkage to Country/Regional Strategy**
Although Nepal is considered ahead of its Millennium Development Goal (MDG) target of 73% (95% for urban and 72% for rural) in terms of access to an improved water source, the Nepal Millennium Development Goals: Progress Report by the United Nations Development Programme (UNDP) published in 2005 cautions against optimism because of serious functionality problems. Based on a survey in 2002, it was reported that water availability was only intermittent in many areas, half of the gravity flow systems in the hills needed major repair, and more than half of the tubewells in the Terai were contaminated. UNDP concludes that Nepal’s coverage could be considerably lower if the strict definition of access to safe drinking water were applied. Access to improved sanitation services was estimated to be only 27% in 2006 according to the World Health Organization and United Nations Children’s Fund, and the MDG target of 53% (67% for urban and 52% for rural) for sanitation will not be met, if the rate of increase in coverage between 2000 and 2006 is maintained until 2015. Currently, 265 towns (153 Terai and 112 hill towns) are classified as small towns in Nepal, with a total population of 3.6 million. These towns are being developed haphazardly, although they are playing an important role in creating economic links between the rural areas and the country’s urban economy. Water supply in many small towns is deficient both in terms of coverage and water quality. There is serious and urgent need to improve water supply and sanitation services in small towns.

**Impact**
Improved health and economic and environmental living conditions of people in small towns in Nepal.

**Project Outcome**

**Description of Outcome**
Improved, affordable, and sustainable water supply and sanitation services which are governed and managed by locally accountable representative bodies.

**Progress Toward Outcome**
The construction of 21 town projects has been completed. Of these, 2 are in operation and maintenance stage, 7 are in defect liability period, and 12 are being operated by the water users and sanitation committees. The project completion report prepared by the Project Management Office (PMO) has indicated that a total of 370,099 population has access to improved water supply system after the implementation of this project. Similarly, 278,415 people have access to improved sanitation facilities. Also, 5,056 toilets were constructed through OBA. Construction of decentralized waste water treatment system was implemented in Indrapur and Vyas towns. TDF has been supporting all the WUSCs for efficient operation of the system by providing necessary trainings, preparing tariff guidelines, and other capacity building activities.

**Implementation Progress**

**Description of Project Outputs**
1. Efficient, effective, and accountable urban water supply and sanitation sector developed.
2. Safe, accessible, and adequate water supply and sanitation facilities developed in 20 towns.
   2.1 Water supply facilities expanded and rehabilitated
   2.2 Sanitation facilities expanded and improved
   2.3 Households connected to the water supply and sanitation system
3. Governance and capacity strengthened for project management and operation.
   3.1 WUSCs strengthened and fully address concerns of the diverse groups of users
   3.2 Regional monitoring and supervision offices/WSSDOs strengthened
   3.3 Public awareness on health and hygiene increased
The Project has been supporting sector development spearheaded by the MOUD, the sector efficiency improvement unit (SEIU), GON established the SEIU on 31 July 2009 and institutionalized it as a permanent unit of the MOUD in June 2012. Major activities undertaken by SEIU for the are as below:

- Data management system developed by SEIU and National Management Information Project (NMIP) is linked to technical audit and advisory to WUSC/operator, as per GoN Operating Directive. The data book files have been fully automated in Access software, and a web-based version was completed in August 2014.

- SEIU has been active in organizing sector coordination activities, supported policy development and drafted an overarching WASH Act. It also has been providing regular advice on WASH matters (tariff study, rural water supply modality study, formulation of third phase of the Fund Board project, etc.).

- GON has approved the operational directives for WS schemes for greater than 50 taps and has developed guidelines. For small towns and larger water supply schemes, SEIU has started benchmarking of Water Supply Service Providers and providing workshops and trainings to the Service Providers. The first Data Book published in March 2014, covered 32 water supply service providers. The second Data Book covering 63 schemes was published in April 2015.

- SEIU has produced a business plan, which was finalized after discussion with various Development Partners.

- Performance assessments of 29 small towns were conducted. TDF and DWSS are providing support to improve water service standard.

- Out of 21 water supply town projects, 12 have already completed the defect liability period (DLP) of one year and are now operated by the water users and sanitation committees, 2 town projects are in operation and maintenance phase (being operated by the contractors for one year), and 7 are in DLP.

- Two sanitation subprojects (dealing with surface water drainage, public toilets, solid waste management and wastewater/septage management), have been completed.

- 13 town project areas have already been declared ODF areas.

- The Project proposes a strategy for using explicit performance-based grants to deliver water supply and sanitation services primarily to the poor and vulnerable groups. At household level, it delivers the sanitation facility to marginalized section of people by constructing private pit latrines and compost pits through Output Based Aid (OBA) program. Altogether, 5,056 numbers of permanent Household Latrines and 4,930 tap connections have been constructed so far through OBA.

- Output 3: Strengthening Governance and Capacity for Project Management and Operation

This component aims to support smooth and effective Project implementation and operation including capacity building. Project Management Consultants (PMC) support the PMO in overall project implementation, while Design and Supervision Consultants provide engineering design and construction supervision and management support at the town level. In addition, several training activities are organized by the PMO, while town level training activities are carried out by concerned NGOs and Design and Supervision Consultants (DSCs). Some of the major activities under this component are as follow.

- Project Management Office/Project Management Consultants, Water Supply and Sanitation Division/Subdivision Offices conducted 33 numbers of training and orientations. Altogether 953 participants including 715 (75%) male and 238 (25%) female, participated in the training activities. The 1-7 days training to WUSC members, NGO professional staff, Division Chief, PISU Engineer etc. were conducted on solid waste management, Contract management, Water quality, Office Management, Account Training etc. 3169 participants, 1561 (49.3%) male and 1608 (50.7%) female, participated on WUSC, GESI, Health worker. Solid waste Management and school teacher training. Trainings were conducted by NGOs in respective town projects. In total, 113 trainings were conducted in all 21 town projects of Batch I & II.

- Training orientations were effective and useful to the stakeholders in raising awareness and practical information on health and hygiene, sanitation, solid waste management, OBA implementation, role and responsibility of stakeholders and overall project aspects.

- Similarly, a three days Women Leadership training (June 11-13, 2014) was conducted where 25 women participated from various town projects. The major topics of the Training program were GESI, leadership, motivation, grievance handling, decision-making, meeting handling, and overall role in WUSC.

- In each town, two days OBA Implementation training/workshop was conducted on different dates. Altogether 868 including 169 (25%) female and 517 (75%) male participants participated in OBA workshops/orientation.

- Stakeholder Communication, Participation, and Consultation

Consulting Services

Consultants were recruited in line with ADB's Guidelines on the Use of Consultants (2007, as amended from time to time). Consulting services were provided to (i) support sector development, (ii) support project management, monitoring, and evaluation at the central level; (iii) carry out design and construction supervision for individual subprojects, including monitoring for safeguards compliance; and (iv) provide training and capacity development programs for WUSCs and other institutions on financial, technical, and managerial aspects. An estimated 2,170 person-months (56 international and 2,114 national) of consulting services were earmarked.

Sector efficiency improvement unit consultant has been mobilized. A project management consultant is supported the project management office at the central level. 11 local NGOs and 3 design and supervision consultants were mobilized for Batch I towns. Similarly, 12 NGOs and 4 design and supervision consultants provided services for Batch II towns.

Procurement

All procurement to be financed under an ADB grant are being carried out in accordance with ADB's Procurement Guidelines (April 2015, as amended from time to time). The civil works contract, which will include the technical operation of the system for 1 year after completion of the construction, will be made for each town, combining water supply and sanitation facilities. Civil works contracts valued at more than $500,000 will be undertaken through international competitive bidding procedures, while civil contracts valued at $1 million equivalent or less and equipment contracts valued at $500,000 or less will be procured following national competitive bidding procedures generally in accordance with the Government's Public Procurement Regulations 2007 and Public Procurement Act 2007 and acceptable to ADB. Packages valued at $100,000 or less will be procured under shopping procedures. 21 contracts for civil works for water supply and 2 contracts for sanitation in town sub projects have been awarded and already completed.
Responsible ADB Division
Nepal Resident Mission

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Singhdurbar, Kathmandu

Ministry of Urban Development
Singhadurbar, Kathmandu, Nepal

Ministry of Water Supply (formerly Ministry of Water Supply and Sanitation)
Singha Durbar

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Timetable

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Grant 0157-NEP

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Status of Covenants

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Project Page
https://www.adb.org/projects/41022-022/main

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