

# FINAL REPORT

Intended for  
**Ministry for Foreign Affairs of Finland**

Document type  
**Draft Final Report**

Date  
**15<sup>th</sup> July 2013**

## MID TERM REVIEW OF THE RURAL VILLAGE WATER RESOURCES MANAGEMENT PROJECT (RVWRMP II) IN NEPAL 2010-2015 FINAL REPORT



# FINAL REPORT

## List of Contents

Project Fact Sheet

List of Abbreviations

TIIVISTELMÄ (Summary in Finnish)

<b>1.</b>	<b>EXECUTIVE SUMMARY</b>	<b>5</b>
1.1	The Task	5
1.2	Main points of methodology	5
1.3	Main findings	6
1.4	Recommendations	8
<b>2.</b>	<b>IMPLEMENTATION OF THE MID-TERM REVIEW</b>	<b>9</b>
2.1	Brief review of the intervention	9
2.2	Building on Experience of Phase I	10
2.3	Changes in Working Environment	10
2.4	New Potential Partners	11
2.5	Purpose of the mid-term review	12
2.6	Methodology used, data collection and analysis	12
2.7	Indicators used, benchmarks and comparative reference material	13
2.8	Limitations	13
<b>3.</b>	<b>KEY FINDINGS</b>	<b>14</b>
3.1	Overall Achievements at Mid-term Stage	14
3.1.1	Achievement of the Overall and Project Purpose Indicators	14
3.1.2	Progress in Result Area 1 – WASH	17
3.1.3	Result Area 2 – Livelihoods	24
3.1.4	Progress of Result Area 3 – Institutional Capacity	28
3.2	Analysis on Evaluation Issues and Questions	30
3.2.1	Cross-cutting objectives	30
3.2.2	Appropriateness within the Operational Context	31
3.2.3	Validity of the Project Concept and its Operationalization	32
3.2.4	Cross-cutting Objectives and Overall Quality of Reporting	32
3.2.5	Investment Component	34
3.2.6	Governance of the Project	35
3.2.7	Capacity Development	35
3.2.8	Lessons for the Future	36
3.2.9	Natural Hazards Preparedness	37
3.2.10	Strategic Position and Synergy with other Development Programmes/Projects	37
3.3	Organizational Structure of Implementing Agencies	38
3.4	Impact	39
3.5	Effectiveness	41
3.6	Sustainability of results achieved	41
3.7	Efficiency	44
3.8	Implementation machinery and management	45
3.9	Relevance	46
3.10	Compatibility	46
<b>4.</b>	<b>CONCLUSION AND RECOMMENDATIONS</b>	<b>47</b>
4.1	Overall Performance	47
4.2	Lessons Learned	47
4.3	Key Areas of Modification	48
4.4	Recommendations Table	49
4.5	Recommendations for Improving the Implementation and Management	49
4.6	Long-term Vision and Recommendation of Phase III	50

# FINAL REPORT

## ANNEXES

Annex 1 Terms of reference

Annex 2 Missions schedule

Annex 3 Persons interviewed

Annex 4 Reference material consulted

Annex 5 Map of the Project area

Annex 6 Utilization of lessons-learned and MTR recommendation from Phase I of RVWRMP

Annex 7 Results and impacts by Logical Framework indicators

Annex 8 Comments on Concept Note on Phase II towards Phase III

Annex 9 Field Visit Notes

Annex 10 Financial Analysis

Annex 11 Recommendation Table

Annex 12 Debriefing notes, Kathmandu

# FINAL REPORT

## 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 in the Midwestern Region, Nepal
Duration:	2010 – July 2015
Starting Date:	September 1 <sup>st</sup> , 2010
Overall Objective:	Institutionalized 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 contribution equivalent to EUR 1 531 000 equivalent to NPR 179 760 000, and users' contribution NPR 588 000 000 (EUR 5 000 000)
Competent Authorities:	Ministry of Finance, Nepal Ministry for Foreign Affairs, Finland
Executing Agencies:	Ministry of Federal Affairs and Local Development/ Department of Local Infrastructure Development and Agricultural Roads, Nepal, together with participating District Development Committees

# FINAL REPORT

## LIST OF ABBREVIATIONS

ADB	Asian Development Bank
AEPC	Alternative Energy Promotion Centre
ANSAB	Asia Network for Sustainable Agriculture and Bioresources
BSP	Biogas Support Programme
CA	Constituent Assembly
CBO	Community Based Organisation
CBWSSP	Community Based Rural Water Supply and Sanitation Programme
CM	Community Mobiliser
CMP	Common Minimum Program
CWE	Children and Women Environment
DADO	District Agriculture Development Office
DDC	District Development Committee
DDF	District Development Fund
DMC	District Management Committee
DoLIDAR	Department of Local Infrastructure Development and Agricultural Roads
DPO	District Planning Office
DTO	District Technical Office
DWRDF	District Water Resource Development Fund
DWSS	Department of Water Supply and Sewerage
DWUA	Drinking Water User Association
EIA	Environmental Impact Assessment
ESAP	Energy Sector Assistance Programme
EU	European Union
FACD	Foreign Aid Coordination Division
FCG	Finnish Consulting Group Ltd
FCGO	Financial Comptroller General Office
FHW	Female Health Worker
FY	Fiscal year
GESI	Gender and Social Inclusion
GIS	Geographic Information System
GOF	Government of Finland
GON	Government of Nepal
HDI	Human Development Index
HPI	Human Poverty Index
ICS	Improved Cooking Stove
IDE	International Development Enterprises
IEC	Information, Education and Communication
IIE	Initial Environmental Examination
IWMP	Improved Water Mill Programme
IWRM	Integrated Water Resource Management
KfW	KfW Entwicklungsbank
LDO	Local Development Officer
LGCDP	Local Governance and Community Development Programme
LIDP	Local Infrastructure Development Policy
LLB	Local Latrine Builder
lpcd	litres per capita per day
LSGA	Local Self-Governance Act
LSP	Local Service Provider
MFA	Ministry for Foreign Affairs (of Finland)
MDG	Millennium Development Goal
MH	Micro hydro
MLD	Ministry of Local Development
MOF	Ministry of Finance
MOU	Memorandum of Understanding
MOWR	Ministry of Water Resources
MPPW	Ministry of Planning and Physical Works
MTR	Mid-term Review
MUS	Multiple Use System
NACCF	Nepal Agricultural Co-Operative Central Federation Ltd
NEWAH	Nepal Water for Health

# FINAL REPORT

NGO	Non-Governmental Organisation
NPC	National Planning Commission
NPD	National Project Director
NPR	Nepalese rupee
NTFP	Non-Timber Forest Product
NWP	National Water Plan
O&M	Operation and Maintenance
PCO	Project Coordination Office
PD	Project Document
PPP	Purchasing power parity
PRS	Poverty Reduction Strategy
PSO	Private Sector Organization
PSU	Project Support Unit
REDP	Rural Energy Development Programme
REP	Renewable Energy Programme
RVWRMP	Rural Village Water Resource Management Project
RWSSFDB	Rural Water Supply and Sanitation Fund Development Board ("Fund Board")
RWSSP-WN	Rural Water Supply and Sanitation Project Western Nepal
RWSSSP	Rural Water Supply and Sanitation Support Programme
TA	Technical Assistance
TOR	Terms of Reference
TYIP	Three Year Interim Plan
SNV	Netherlands Development Organisation
SO	Support Organisation
SWAp	Sector Wide Approach
UC	User Committee
UG	User Group
UN	United Nations
UNDP	United Nations Development Programme
VDC	Village Development Committee
VMW	Village Maintenance Worker
WARM-P	Water Resources Management Programme
WB	World Bank
WHO	World Health Organization
WRA	Water Resource Adviser
WRE	Water Resource Engineer
WRMC	Water Resource Management Committee
WUSC	Water User and Sanitation Committee
WUMP	Water Use Master Plan

## TIIVISTELMÄ (Summary in Finnish)

### Tehtäväkuvaus

Vesi ja sanitaatio on yksi Suomen kolmesta prioriteettisektorista Nepalissa. Maaseudun kylien vesivarojen hallintahankkeen toinen vaihe (RVWRMP II) tukee kyläyhteisöjen ehdoilla tapahtuvaa kestävästä kehitystä vesihuollon ja sanitaation, kastelun, pienten vesivoimaloiden, vesimyllyjen, ympäristön ja toimeentulon parantamisen alueilla, sekä näihin liittyvää institutionaalisen osaamisen kehittämistä. Hankkeen pitkän tähtäyksen tavoite on kehittää paikallista ja alueellista institutionaalista osaamista sekä ylläpitää ihmisten elämisen laadun ja edellytysten jatkuvaa parantamista, huolehtia ympäristöstä ja lisätä toimeentulo- ja elinkeinomahdollisuuksia kohdealueella. Projektin kokonaisbudjetti on 23.2 miljoonaa euroa, josta Nepal ja Suomen hallitusten osuudet ovat 3.2 miljoonaa ja 13.5 miljoonaa. Paikallishallinto lääni- ja kylätasoilla osallistuu rahoitukseen 1.5 miljoonan euron ja kyläläiset/ edunsaajat 5 miljoonan panostuksella. Hankkeen toinen vaihe on viisivuotinen (2010 – 2015).

Väliarvioinnin (MTR) yleistavoite oli tehdä tulevan päätöksenteon tueksi riippumaton analyysi hankeasiakirjassa määriteltyjen tavoitteiden ja tulosten validiteetista. MTR-raportin tuli suositella ja perustella mahdollisia muutoksia projektin lähestymistapaan, tavoitteisiin, organisaatioon, johtamiseen ja hallintoihin, aktiviteetteihin ja odotettuihin tuloksiin.

Vaihtoehtoja Suomen tulevalle osallistumiselle vesisektorin kehitystyöhön Nepalissa tulisi käsitellä raportissa mm. maantieteellisistä, poliittisista ja hauraan, konfliktista toipuvan valtion näkökulmista. Evaluaation tuli antaa suosituksia Suomen tuen sisällöstä, koosta ja toteutustavasta vesisektorille vuoden 2015 jälkeen. Väliarvioinnin tuli käsitellä myös mahdollisuutta työskennellä yhdessä hallituksen, yhteistyökumppaneiden ja muiden osapuolten kanssa kohti sektoriohjelmia (SWAp) keskipitkällä aikavälillä.

### Metodologia

MTR kokosi yksityiskohtaista kvantitatiivista tietoa lähinnä projektin tietojärjestelmästä, raporteista ja muista aiheeseen liittyvistä dokumenteista ja internet sivustoilta. Kvalitatiivista tietoa saatiin haastatteleamalla eri osapuolia keskus-, alue-, lääni- ja kylätasoilla, esimerkiksi hankkeen johtoryhmiä lääneissä, läänien ja kylien koordinaatioryhmiä vesi- ja sanitaatiosektorilla, puolueiden edustajia, kyläkomiteoiden ja osuuskuntien edustajia, muiden kylätason organisaatioiden edustajia, ja tekemällä havaintoja kentällä. Läänien johtoryhmät (DMC, District Management Committee) ovat avainasemassa hankkeen toteutuksessa. Kymmenessä läänissä oli mahdollista tavata edustajia kahdeksasta DMC:sta. MTR vieraili 10 läänissä (DDC) ja yhteensä 50 kylähankkeessa 16 kylässä (VDC).

### Keskeiset havainnot ja johtopäätökset

#### ***Yleishavainnot:***

RVWRMP II on edennyt kohti yleisiä tavoitteitaan ensimmäisen vajaan kolmen vuoden kuluessa. Jotkin yleistavoitteiden indikaattoreista ovat tosin vaikeasti mitattavissa ja tarvitsevat pidemmän aikavälin näkyäkseen kansallisissa tilastoissa, tai vaativat indikaattorien varmistamista kenttätutkimuksin.

Hankeasiakirjassa oletettiin että yksi laskennallinen edunsaaja (Beneficiary Equivalent) edellyttää 760 NPR apupanostusta Nepal ja Suomen hallituksilta, koska tavoitteena oli 1 milj. edunsaajaa budjetin ollessa 760 milj. NPR. Jälkilaskenta kuitenkin osoittaa, että yhden laskennallisen edunsaajan kustannusvaikutus on keskimäärin 956 NPR eli 25.6 % enemmän kuin oli arvioitu. Jos investointibudjetti pidetään alkuperäisessä 760 miljoonassa (NPR) ja kylähankkeiden kustannusrakenne säilyy entisellään voi hanke saavuttaa vain 795 000 laskennallista edunsaajaa. Projekti pystyy kuitenkin saavuttamaan ja ylittämään 1 milj. edunsaajan tavoitteen, jos riittävä rahoitus kylähankkeisiin taataan.

RVWRMP II on kehittänyt toteutusstrategiat, lähestymistavan, työtavat ja kapasiteetin ja päässyt hyvään vauhtiin kyläyhteisöjen ja muiden kumppanien kanssa. Hanke perustaa toimintansa pai-

kallishallinnon kumppanuuteen, ihmisoikeuksien kunnioittamiseen, tasa-arvoon ja syrjimättömyyteen. Koordinointi ja osallistava suunnittelu toimii läänitasolla hyvin ja useimmat kumppanit esittivät tyytyväisyytensä DMC:n työskentelyyn ja osoittivat kiinnostusta yhteistyön lisäämiseen/laajentamiseen. Projektitoimisto, jossa on projektin operatiivinen johtoryhmä, koordinoi ja tukee läänien projektityötä. Projektin tukiyksikkö (PSU, TA-tiimi) ja projektiin koordinoituyksikkö (PCO, Nepalin hallinnon edustus) tekevät yhteistyötä johtoryhmässä. PSU ja PCO ovat hyvin organisoituja ja systemaattisesti johdettuja ja käyttävät henkilöhallinnon työkaluna mm. kahden kuukauden suunnittelu- ja raportointijärjestelmää, joka koskee kaikkia asiantuntijoita. Järjestelmällinen monitorointi toimii ja hankkeen tietopankki (RVWRMP MIS) kerää, tallettaa ja tuottaa päivitettyä tietoa hankkeen edistymisestä.

RVWRMP II:n jäljellä olevan kaksivuotisen jakson aikana ei ole tarvetta tehdä merkittäviä muutoksia hankkeen lähestymistapaan tai toteutukseen. Hankkeen laatimat suuntaviivat (Concept Note) toisen vaiheen loppuajalle muodostavat MTR-tiimin käsityksen mukaan hyvän yleissuunnitelman. MTR painottaa kuitenkin, että tasa-arvo asiantuntija (GESI Specialist) on välttämätön nykytilanteessa siitäkin huolimatta että projekti on tehnyt vahvaa työtä tällä osa-alueella.

### ***Vesihuolto ja sanitaatio (tulosalue 1):***

Hanke on mukauttanut toimintansa ja edistynyt hyvin Nepalin kansallisen Sanitaatiota ja Hygieniaa koskevan Yleissuunnitelman hengessä (Sanitation and Hygiene Master Plan – SHMP 2011). RVWRMP II on ollut näkyvä kumppani kaukolämmen ja keskilämmen sanitaatiokampanjassa (ODF campaign), jonka tavoitteena on aluksi saada kaikki taloudet rakentamaan itselleen käymälät ja muuttamaan hygieniatottumuksiaan. Kehitys on lyhyessä ajassa saavutettuna merkittävä, koska aiemmin RVWRMP työskenteli samoissa kylissä tukien rahallisesti käymälöiden rakentamista, kun taas nyt periaatteena on, että kyläläiset rahoittavat itse käymälänsä. Luonnollisesti ODF-kampanja ja sitä seurannut muutos on tapahtunut yhteistyössä monien kumppanien kanssa. Useimmat RVWRMP:n kymmenestä läänistä ovat aloittaneet ODF-ohjelman läänin vesi- ja sanitaatiosektorin koordinaatiokomitean (D-WASH-CC) johdolla. D-WASH-CC:t ovat aktiivisia ja läänin 'vesitoimisto' (WSSDO) toimii komitean oikeana kätenä. UNICEF on yksi aktiivisista toimijoista ja eri viranomaistahojen lisäksi monet kansalaisjärjestöt ovat mukana. Hanke tulee saavuttamaan mitä todennäköisimmin ODF-statuksen 100 %:sti kaikissa 53 kylässä, joissa se työskentelee. Läänitasolla on kuitenkin vielä monia haasteita jäljellä. RVWRMP:lla on kapasiteettia tukea läänien ODF-kampanjoita myös 53 oman kohde-VDC:n ulkopuolella. Hanke voisi ottaa enemmän vastuuta läänitasolla ja ottaa uusia kyliä (VDC) työkohteiksi lähtien aluksi liikkeelle juuri sanitaatioasioista ja laatien vesivarojen käytön yleissuunnitelma (WUMP). Tällä hetkellä ainakin Baitdi, Darchula ja Kailali ovat läänejä, joissa RVWRMP voisi tukea ODF ponnisteluja laajemminkin kuin vain omista työkohteista olevissa kylissä.

Hankkeen käyttämä teknologia on MTR:n mielestä sopivaa alueen sosiaalisiin ja maantieteellisiin oloihin. Paikallisia rakennusmateriaaleja ja työvoimaa on käytetty mahdollisimman tehokkaasti. Vesihuollon osalta helmikuussa 2013 tehty selvitys osoittaa, että 315 valmistuneesta kyläprojektistä 64 % on täysin toiminnassa, 26 % toimii osittain, 9 % huonosti ja 1 % ei ollenkaan. Osittain toimiminen tarkoittaa sitä, että vesisysteemi toimii, mutta siinä on jotain korjaus- tai kunnossapitotarpeita, jotka on otettava huomioon käyttö- ja kunnossapito-ohjelmassa. Tyypillisesti nämä toimet eivät edellytä ulkopuolista apua, kun taas heikosti toimivissa systeemeissä tilanne vaatii jo ulkopuolista apua. Vesisysteemien toimivuudessa on, kuten voidaan edellyttääkin, merkittävä parannusta verrattaessa lähtötilanteen tietoihin (Baseline Report 2010/2011): 30 viime vuoden aikana toteutetuista alueen 538 vesisysteemistä vain 50 % oli täysin toimintakunnossa, 42 % osittain toimivia ja 8 % ei käytössä. RVWRMP on käyttänyt omaa toiminnallisuusluokittelua, jossa em. ryhmät ovat laajempia kuin kansallisen NMIP-systeemin luokittelussa. MTR suosittelee että hanke käyttäisi jatkossa NMIP:n toiminnallisuusluokittelua, jotta tieto olisi käyttö- ja vertailukelpoista kansallisella tasolla.

MTR tiimin näkemyksen mukaan pääasiallinen syy näiden vesisysteemien toiminnallisiin puutteisiin ovat asianmukaisen käyttö- ja kunnossapitokäytännön puutteet kyläyhteisöissä (käyttäjäkomiteoissa). Esimerkkeiksi käyvät käyttäjäkomitean (WUSC) passiivisuus, kuten kunnossapitoon tarvittavan putkimiehen puuttuminen, palkanmaksun laiminlyöminen, vesilähteiden kuivuminen, läpinäkyvyyden puute, viallisten vesipisteiden hylkääminen ja pienimpienkin kunnossapito- ja korjaustoimia laiminlyöminen. Kyse on paljolti myös välinpitämättömästä asenteesta ennakoiwaan hoitoon ja kunnossapitoon. Jossain tapauksissa kyläläiset ovat palanneet käyttämään perinteisiä vesilähteitään mieluummin kuin ryhtyneet uuden systeemin korjauksiin.

Positiivisena esimerkkinä voidaan esittää Kailalin läänissä arseeniongelmiin poistamiseen tähtäävä ohjelma. RVWRMP on kehittänyt teknologiaa ja käytännön tukimallin talouskohtaisiin biologisiin hiekkasuodattimiin perustuvaan ratkaisuun. Tämä ohjelma voitaisiin hyvin siirtää hankkeelta paikallisten toimijoiden ja kyläyhteisöjen vastuulle.

### **Toimeentulo (tulosalue 2):**

Toimeentulon parantamiseen tähtäävät toimet ovat olleet onnistuneita ja paikallisten ihmisten arvostamia. Osa-alueen 12 indikaattorista valtaosa tullaan saavuttamaan, ja loppuilla 3-4 indikaattorilla on tapahtunut edistymistä oikeaan suuntaan. Kuitenkin toiminta on vielä mittakaavaltaan pientä ja vaatii hankkeelta lisäponnisteluja erityisesti lisätuloja tuottavan toiminnan osalta.

Mielenkiinnon lisääntyminen ja käytännön toimet pienten vesivoimaloiden kapasiteetin käyttämiseksi enenevästi myös tuotannolliseen toimintaan on rohkaisevaa ja tuettavaa. Joitakin toimeentulon kehittämiseen tähtäviä toimintoja voisi vähitellen siirtää enemmän paikallisten kumppaneiden vastuulle. Esimerkiksi läänien maataloustoimistolla ja käsityö- ja pienteollisuustoimistolla on kiinnostusta ja kapasiteettia laajenevaan yhteistyöhön.

### **Instituutioiden toimintakyky (tulosalue 3):**

Paikallishallinto on hoidettu Nepalissa tilapäisjärjestelyin eikä vaaleilla valittuja kuntien (kylien) ja läänien valtuustoja saada valittua ennen kuin perustuslain uudistusprosessi on saatettu päätökseen. Nykytilanteessa poliittiset puolueet ovat tukeneet kyläyhteisöjä ja viranomaisia päätöksenteossa ja kehityshankkeissa (ns. 'all-party-mechanism' oli käytössä vuosia ja jatkuu epävirallisena edelleen). Näin ollen poliittisten puolueiden edustajat toimivat konsensusperiaatteella eräänlaisina valtuustoina, ilman vaaleilla ansaittua mandaattia. On esimerkkejä siitä, että käytännössä toiminta ei ole ollut erityisen läpinäkyvää. Toisaalta viranomaisten valta ja vaikutusmahdollisuudet ovat olleet suurempia kuin normaalisti paikallisten valtuustojen puuttuessa. Järjestelmä toki toimii, mutta usein henkilöstön ja varojen puutteessa virkamiehet ovat ylikuormitettuja ja sen tähden vähemmän motivoituneita ja kiinnostuneita tukemaan kyläyhteisöjä. Tilanne on johtanut mm. siihen että (i) lukuisat kansalaisjärjestöt toimivat kyläyhteisöjen kanssa ohi paikallishallinnon, ja (ii) projektiluonteista apua on suosittu vastaamaan lyhyen aikavälin tarpeisiin sen sijaan että toimintaa olisi voitu rakentaa enemmän paikallishallinnon ja viranomaisten toiminnan varaan.

Kansallisella tasolla projektista vastaavalla ministeriöllä (MFALD) ja sen asianmukaisella osastolla (DOLIDAR) olisi luonnollisesti kapasiteettia hoitaa RVWRMP kokoisia ja paljon suurempiakin ohjelmia. Kuitenkin hidas ja vaikea lisähenkilöstön palkkaaminen, henkilöstön vaihtuvuus ja ajoittainen rahoituksen viivästyminen olisivat haasteellisia, koska MFALD/DOLIDAR on riippuvainen hallituskoneistossa muualla tehtävistä päätöksistä, joihin ei itse voi vaikuttaa. Toisaalta viranomaisten lähestymistapa ja toteutus eivät painota yhtä paljon kyläyhteisön johtavaa roolia (mm. hankinnoissa), tasa-arvo- ja ihmisoikeuskysymyksiä kuin monet kehitysyhteistyön rahoittajat ja kansalaisjärjestöt. Esimerkiksi, RVWRMP:n kyläyhteisökeskeinen lähestymistapa vaatii vahvaa ulkopuolista teknisen avun panosta. Nepalilain hallinnon ollessa päätoteuttajana ohjelmaluonteisesti toteutetussa RVWRMP:ssä olisi keskeistä selvän koordinoivan ministeriön puute. Ohjelma vaatisi ministeriöiden yläpuolella olevan vetävän vastuuorganisaation. Läänitasolla esiintyy viiveitä DDC/DTO:n teknisessä ja hallinnollisessa toiminnassa. Syinä ovat mm. (i) rahoituksen vapauttamisessa esiintyvät viiveet ja vuosibudjettien leikkaukset, (ii) henkilöstön puute, ja (iii) usein toistuvat avainhenkilöiden poissaolot toimipaikoiltaan.

Voidaan myös todeta, että hankkeelle olisi haitallista ottaa liian monia ala-sektoreita toteutusohjelmaan. Tämä lisäisi teknisen avun kustannuksia, koska kaikki ala-sektorit vaatisivat myös osaamista hankkeen asiantuntijatiimissä. Jo nyt RVWRMP:llä on varsin laaja aktiviteettien kirjo, jonka hallitseminen tehokkaasti ei ole helppoa. MTR suosittaakin, että hanke hakisi jatkossa avainalueiltaan kumppanuuksia, jotka toisivat osaamista ja henkilöstöä omilta osaamisalueiltaan hankkeeseen. Erityisesti läänien maataloustoimistot (DADO) ja vaihtoehtoisten energiamuotojen keskus (AEPC) voisivat olla näitä vahvoja kumppaneita, kuten myös läänien käsityö- ja pienteollisuus toimisto (CSIDB), jolla tosin on rajoitetusti henkilöresursseja läänitasolla. Suunniteltaessa hankkeen kolmatta vaihetta olisi harkittava myös suoraa rahoitusta ko. kumppaneiden kautta. Tämä voisi lisätä omistajuutta, rahoitusvastuuta ja keskushallinnon kiinnostusta tukea hanketta.

### **Kestävyys:**

Nepalissa maaseudun infrastruktuurin rahoituksen ja taloudellisuuden kestävyys on edelleen hauraalla pohjalla, koska tariffeilla ei edes pyritä kattamaan uusinvestointeja tai suuria korjauksia. Tämä lähestymistapa tulisi muuttaa. Nepalissa kokeiluasteella oleva vesisysteemien vakuuttaminen luonnonkatastrofeja vastaan on tässä mielessä lupaava ja mielenkiintoinen avaus, jota ns. Fund Board organisaatio on lähtenyt edistämään. Vakuutuksen voi ottaa mm. maanvyörymiä, tulvia ja maanjäristyksiä vastaan. Pilottikohteissa vesisysteemin arvon kattava vakuutus on maksanut 4-5 NPR kuukaudessa taloutta kohti. RVWRMP:n tulisi seurata läheisessä yhteistyössä Fund Boardin kanssa kuinka vakuutus toimii käytännössä. Toinen mahdollisuus edistää kestävämpää rahoitusta olisi käyttää investoinnin kattamiseen lainarahoitusta, jota käyttäjät maksaisivat takaisin vesimaksujen osana. Tässä suhteessa mallia voisi kehittää pienten kaupunkien vesi- ja sanitaatio-ohjelman toteutustavasta (DWSS/ADB).

### ***Kukurfalna pienvoimalaitos:***

Kyseinen kylähanke alkoi RVWRMP ykkösvaiheessa. Se tulisi palvelemaan 630 taloutta Kalikanimisessä kylässä (VDC) Humlan läänissä, ulottuen myös Shrinagar VDC:n alueelle. Tällä hetkellä hanke on taloudellisissa vaikeuksissa arvioituja korkeammista rakennuskustannuksista johtuen. Toteutusbudjetista puuttuu 20 miljoonaa NPR. Hankkeen pääkumppani AEPC on pyytänyt RVWRMP:ia järjestämään lisärahoituksen. MTR tiimin mielestä hankkeen tulisi etsiä keinot järjestää tarvittava lisärahoitus, mitä puoltavat jo tehdyt mittavat investoinnit kohteeseen, kohdealueen syrjäinen sijainti, väestön köyhyys ja väestön vahva tarve saada kylähanke valmiiksi. Humlan läänin RVWRMP johtoryhmä voisi myös etsiä budjetistaan varoja tälle investoinnille.

### ***Projekti- vai ohjelmälähestymistapa:***

RVWRMP I ja II on suunniteltu projektilähestymistapaa käyttäen, missä teknisellä avulla on hyvin merkittävä rooli vaikkakin aktiviteetit tapahtuvat paikallisten osapuolten toimesta. Hankkeen tulevaisuuden haaste on kehittää lähestymistapaa ohjelmalliseen suuntaan, missä kansalliset toimijat todella johtavat ohjelman toteutusta. Monialainen hanke, kuten RVWRMP on tässä suhteessa vaikeampi haaste kuin kapea alainen hanke, esimerkiksi vain vesi- ja sanitaatiosektoria koskeva. Ilmeisestikin kehitys ohjelmalliseen suuntaan voisi RVWRMP:ssä tapahtua osa-alueittain paremmin kuin yhtenä laajana kokonaisuutena.

### **Tärkeimmät suositukset:**

Välisarviointitiimi on esittänyt 19 suositusta, jotka on esitetty liitteen 11 taulukossa. Lisäksi MTR-raportissa on vähäisempiä suosituksia ja ehdotuksia hankkeen ja rahoittajan harkittavaksi. Tärkeimmät suositukset ovat:

1. Hanketta tulisi jatkaa täydellä teholla käyttäen täysimääräisesti hyväksi lääneissä ja hankkeessa kehitettyä kapasiteettia. RVWRMP:n tulisi jatkua kaikissa kymmenessä kohteena olevassa läänissä nykyisen vaiheen loppuun ilman merkittäviä muutoksia lähestymistavassa tai toteutuksessa. Kussakin läänissä tulisi valita vielä 4 uutta VDC:tä ja käynnistää niissä ODF kampanjat sekä vesivarojen suunnittelu, silmällä pitäen hankkeen jatkumista kolmanteen vaiheeseen.
2. Suomen ja Nepalin hallitusten tulisi yhdessä varmistaa riittävä investointibudjetti maksimaalisten tulosten ja hyödyn saavuttamiseksi. Investointeihin tarvitaan 415 miljoonaa NPR lisärahoitusta, mikä vastaa 3.75 miljoonaa euroa (1 EUR=110 NPR). Tästä 33 % (137 milj. NPR) olisi Nepalin ja 67 % (278 milj. NPR eli 2.5 milj. EUR) Suomen rahoitusosuutta hankedokumentin määrittelemän kustannusjaon mukaisesti.
3. Hankkeelle tulisi suunnitella kolmosvaihe, jonka suunnittelu olisi syytä käynnistää keväällä 2014.
4. Alun perin hankeasiakirjassa esitetty budjetti oli noin 1 milj. EUR alijäämäinen. Virhe on raportoitu hankkeen alkuvaiheessa ulkoministeriölle ja projektin valvontaryhmä on huomionnut sen. Virhe tulisi korjata, mihin tulisi käyttää hankkeen vararahoitus (contingency) 445 000 € ja lisäksi muilta budjetin osa-alueilta säästyviä varoja.
5. MTR tiimi suosittaa että RVWRMP II siirtyisi käyttämään ministeriön uusia maksatusohjeita (julkaistu 1.6.2012). Tästä aiheutuisi noin 500 000 € lisäkustannus, joka pystyttäisiin kuitenkin sopeuttamaan alkuperäisen budjetin raameihin johtuen merkittävästä säästöistä kokonaisbudjetissa.
6. Projektin konseptipaperia (Concept Note) voi pienin muutoksin käyttää suunnittelun linjaukseen kahtena viimeisenä vuonna.

7. Projektin tulisi tehdä selvitys vesihuollon teknisestä ja hallinnollisesta toiminnasta (community management) käyttäen ulkopuolista asiantuntija tahoa. Selvitykseen perustuen hankkeen tulisi laatia toimintasuunnitelma vesiosuuskuntien toiminnan tehostamiseksi (WUSC capacity building). Tämä selvitystyö voitaisiin oppimisen ja harmonisoinnin vuoksi tehdä yhteistyössä vesisektorin muiden toimijoiden kanssa, esim. UNICEF, RWSSP-WN.
8. Projektin tulisi tehdä terveys- ja ravitsemustilanteen selvitys, jotta hankkeen vaikutus voitaisiin näiltä osin arvioida.
9. Hankkeen tulisi vahvistaa pienten vesivoimaloiden hallintoa, esim. auttamalla niiden käyttäjiä/omistajia järjestäytymään osuuskunniksi liiketoimintaluontoisen toimintamallin kehittämiseksi ja korjauksista ja uusinvestoinneista huolehtimiseksi.
10. Hankkeen tulisi huolehtia siitä, että RVWRMP:n kohdealueilta toimitetaan luotettavaa vesihuoltosektoria koskevaa tietoa kansalliseen tiedonhallinta järjestelmään (D-WASH-CC kautta) ja että DOLIDAR perustaisi lääneissä maaseudun infrastruktuurin kehittämistä ja ylläpitoa palvelevan tietojärjestelmän, esimerkiksi kokeiluluonteisesti 2-3 läänissä.

## 1. EXECUTIVE SUMMARY

### 1.1 The Task

Water & sanitation is one of Finland's three priority sectors in Nepal. The Rural Village Water Resources Management Project II (RVWRMP), situated in Far- and Mid- Western Nepal, is a water resources management project which in addition to water supply and sanitation supports community-based irrigation, micro-hydro power, water mills, environmental improvements as well as sustainable livelihoods and institutional capacity building activities. The long term objective of RVWRMP II is an institutionalized capacity at local and regional levels to sustain and continuously enhance quality of life, improve the environmental conditions and increase the opportunities in rural livelihoods in the Project area. The project has a total budget of € 23.2 Million, of which the contribution of Government of Nepal and Finland are € 3.2 Million and € 13.5 Million, respectively. The Local Governments (DDCs/VDCs) provide € 1.5 Million and the people/users € 5 Million. The duration of the project is five years (2010-2015).

The overall objective of the MTR is to provide an independent analysis for the decision making with regard to continued validity of the goal, purpose, objectives and outputs as set out in the Program document (PD). In the MTR report the Team shall justify and propose possible changes and revisions in the approach, objectives, organization, management systems, activities and/or expected results of the project.

The options of the Finnish Government's future engagement in the water sector in Nepal should be dealt with in the MTR. Consideration and assessment of the local political scene, geographical focus and fragile state aspects should be included in the analysis. Based on the findings the evaluation shall also give recommendations on continuation the Finnish support in the water and sanitation sectors beyond 2015 in terms of the possible modality, scope and size. The MTR shall assess the potential of working together between the Government, development partners and other sector stakeholders towards a sector-wide approach in the medium-term perspective.

### 1.2 Main points of methodology

The Mid Term Review (MTR) Mission employed two information collection methods, qualitative and quantitative. Quantitative information was mainly collected from the MIS of the RVWRMP II, review of relevant documents and web-sites. Qualitative information was mainly collected from the central, regional, district and village level interviews of concerned duty bearers and right holders, District Management Committees (DMCs), D-WASH-CCs, VDC, V-WASH-CCs, UCs, various other community organizations, including individuals, and the Mission's observation. The key structure of project facilitation is the District Management Committee (DMC), out of 10 districts, the Mission participated in 8 DMCs; In most of the districts, DMC, D-WASH-CC, including Political Parties, Media, and Civil Society expressed their opinions. Humla and Bajhang districts were unable to organize the DMC/D-WASH-CC Meeting. In order to get in-depth qualitative information the Mission collected information from 59 schemes within 16 VDC of the 10 Project districts.

## 1.3 Main findings

### **General:**

By the time of the mid-term review, RVWRMP II has achieved initial progress on indicators of the overall objective of the Project. Some of the (overall) indicators are very difficult to measure yet, needing longer time span to be visible in the national statistics like the living standard surveys, or, they need specific field studies in order to verify changes and status of affairs.

The Project Document has assumed that the target of one BE point needs 760 NPR external funding as the total budget from GON and GOF is 760 million NPR to reach 1 million BE points. Actually one BE point has been worth 956 NPR, 25.6% more expensive than estimated. If the investment budget is limited to the original 760 million NPR (GON + GOF contribution) then the Project could reach only 795 000 Beneficiary Equivalent points provided that the cost pattern remains the same as it has been till mid-May 2013. The Project can achieve and exceed the target if sufficient investment funding is provided.

RVWRMP-II has developed strategies, approach, modalities, capacity and momentum of decentralized, human rights based, inclusive implementation – with rural communities and a number of partners. Coordination and joint planning at district level functions well in general and most partners appreciate working in/through the District Management Committee (DMC), and many have expressed interest in wider cooperation with the Project. Project Support Unit (PSU) and Project Coordination Office (PCO) provide coordination and support to districts, having a joint decision making team (PMT) for day-to-day management. PSU/PCO is well organized and managed systematically, e.g. having bi-monthly planning and reporting of activities from every expert, systematic monitoring is carried out and database (RVWRMP MIS) provides updated information about the program and the progress.

There is no need to make any major changes in the Project approach or working modality in the remaining two years of the program. In this regard the MTR team considers that the Concept Note 'Phase II Towards Phase II' is a good overall plan to outline the remaining two year programs. However, MTR would like to stress that a GESI Specialist is crucial in the current context, in spite of the good streamlining efforts of incorporating GESI in the tasks of all experts/staff.

### **Water supply, sanitation and hygiene (WASH, Result area 1):**

The project has made good progress in line with the Sanitation and Hygiene Master Plan in Nepal (SHMP 2011). RVWRMP-II has been among prominent partners in ODF movement of the Mid West and Far West Regions. The achievement is remarkable, as in the same working VDCs the 'old subsidy model' was applied in Phase I, and was now changed to approach of NSHMP without (hardware) subsidies. Naturally this has not taken place alone, in isolation, but in collaboration with many partners at regional and district levels. In general, most of the RVWRMP's working districts have launched an active ODF campaign under the coordination of D-WASH-CCs. D-WASH-CC's are active and the WSSDOs play vital role as the right hand of the Committee (member secretary). Among active partners are also many NGOs and UNICEF. It is evident that the Project will achieve 100% coverage of ODF in these initial 53 working VDCs. However, at the whole working district level there is still a lot to do, apart from Dadeldura district which is very close to ODF status. RVWRMP II has capacity and it should assume more responsibility to support districts in their sanitation/ODF development at the district level by having more VDCs in sanitation program and WUMP preparation, and possibly having more VDCs selected only for ODF support. Currently, at least Baitadi, Darchula and Kailali seem districts where the Project could boost ODF progress beyond 'own VDCs'.

MTR team has found technology adopted suitable to the geographic and social conditions. The project has used local construction materials and labor to a maximum extent. In water supply an internal Project survey from February 2013 shows that out of 315 schemes constructed by the project until now (phase-I and II), 64% are fully functional. Another 26% are partially functional. And finally, 9% are poorly functioning and 1% is either in need of rehabilitation or closed down (fig. 1). Partial functionality means that the scheme is running but there is some need for repair or maintenance that will be addressed under the O&M plan, typically no external support would be needed. Poorly functional schemes have some parts in poor condition and the WUSC is likely to need external support for repair. There is remarkable improvement of functionality from the

Baseline Report 2010/2011 - as can be expected - out of 538 schemes of the baseline sample from the past 30 years only 50% were fully functional, 42% partly functional and 8% (43 schemes) closed down. The Project has used in the baseline and internal survey 'its own categories' of functionality. These categories are broader than the ones used in the national NMIP data. MTR suggests RVWRMP to use the NMIP classification of functionality even in internal monitoring/surveys thus contributing directly accumulation of useful field level data in the WASH sector.

MTR team concluded that the main reason behind partially functional schemes is lack of proper system/practices of operation and maintenance at communities (by WUSCs). Examples include inactive user committee, non-remuneration of the Village Maintenance Worker, depletion of water at the source, lack of transparency, some taps are not in use, even minor regular maintenance or repair is not done. This is by large also a matter of common attitude neglecting preventive maintenance and minor repair. In some cases also availability of traditional water sources may have caused reluctance to take care of the new scheme.

A positive example in WASH is also arsenic mitigation in Kailali district. RVWRMP has developed technology and approach for Arsenic Bio-sand Filters that can be applied already by DDC/DTO, VDC and UCs with minor software support from the Project.

### ***Livelihoods (Result area 2):***

Livelihoods program has been successful and highly appreciated by local people. Out of 12 indicators of this result area most will be met, and the rest have had good progress even if not fully achievable. However livelihoods program is still in a modest scale and needs continued attention and efforts, in particular in income generating productive areas. Increasing interest and practice of productive end-uses of electricity from micro-hydro plants is encouraging. Some components of the RVWRMP scope can gradually be shifted from the Project to the local actors. Livelihoods activities are potential in this regard as there are partners such as DADO and CSIDB who have the experience, resources and capacity to carry out the interventions

### ***Institutional capacity building (Result area 3):***

Actual local bodies in VDCs and DDCs have been absent for about a decade and local election are still evidently years away waiting for the administrative reform in the country. Meanwhile political parties have been backing up the society and government agencies in development and also day-to-day decision making (for several years a formal all-party mechanism was in place for this purpose, currently this cooperation is more informal but very widely practiced). Thus, political parties 'play the role of local bodies' in the spirit of consensus - however, parties do not actually enjoy the mandate of elected representative of the people. There are past and present signs that for example transparency is poor in this context. Similarly the power and influence of key civil servants is higher in the absence of local bodies. The current mechanism works, 'local bodies' (agencies/actors) are able to support communities, but in many cases they lack human and financial resources, are often overloaded, and thus have less motivation and interest to promptly focus on the needs of communities. This situation has contributed in e.g. (i) presence of a number of NGOs who directly work with the communities bypassing the DDC/VDC structures, and (ii) mobilizing project based programs where resource gaps can efficiently be filled up by short-term temporary arrangements rather than favoring programmatic approach relying on local structures.

At the central level MFALD and DOLIDAR have the capacity to handle this size and much bigger programs/projects. However, delays in staff recruitment, high staff turn-over, delays in release of funds would obviously be among challenges as MFALD/DOLIDAR are not independent of the GON machinery and decisions made beyond their control, financially or administratively. On the other hand, currently GON implementation approaches don't emphasize community management (including procurement), GESI and human rights issues as strongly as many donors/NGOs do. For example, the community centered working modality would obviously be compromised if the RVWRMP was run as a GON program without a strong TA component. A key risk in GON (alone) implementation of RVWRMP is the multi-sector nature of the program, probably an actor above the partaking ministries should be a host of such intervention. At the district level there are delays in technical and administrative support from DDC/DTO. Some of the reasons are (i) delay of GON budget release to DDC or line agencies, or cutting of annual budget (ii) lack of human resources, and (iii) frequent absence of key officials from district headquarters.

It can also be concluded, that the risk of the Project is to adopt too many sub-sectors under its implementation umbrella. This would increase delivery cost as all sub-sectors will also need expertise in the Project team. Already now RVWRMP-II has quite large scope that is difficult to manage efficiently. MTR suggests that RVWRMP would seek for stronger partnerships in key sub-sectors, partners bringing the expertise and other staff into the joint effort. In particular the DA-DOs and AEPC could be such strong partners, also CSIDB should be considered, even though they are less resourceful at the district level. In planning of Phase III, also direct funding through partner ministries/agencies should be carefully considered to enhance ownership and accountability, as well central level support from various partners.

### ***Sustainability:***

Financial and economic sustainability is fragile in rural context of Nepal, as rural infrastructure is established without actual intention to recover investment funds for re-investments from tariffs. Gradually the situation should be changed. The piloted scheme insurance policy (in the Fund Board) is promising in this regard, as the community can insure their facilities against natural calamities (landslides, floods, earth quakes, etc). Reportedly, the insurance premium in piloted schemes has been only around 4-5 rupees per HH per month. Experience in this regard is, however, very initial and limited. RVWRMP should closely follow up with Fund Board how the insurance policy works in practice. Another possibility to strengthen financial sustainability is to use loans in initial investment – reference is made to the success of the Small Towns Water Supply Program (DWSS/ADB) in this regard.

### ***Special case of Kurfalna micro-hydro:***

The scheme was started from phase-I of RVWRMP. It is expected to serve 630 households of Kalika VDC and partly Shrinagar VDC. At the moment, due to price escalation, there is deficit of 20.0 million NPR which is required for completion of this scheme. Other partners have already contributed their part and AEPC has requested the project to support for the deficit budget. MTR team has the view that the project should find means of allocating the required budget for completing the scheme. This is also justified in view of investment already made, remoteness of the scheme, poverty and high demand of the community. MTR recommends that RVWRMP will assist this scheme to be completed. DMC Humla should also adjust other budget to make space for this funding.

### ***Project approach vs. program approach:***

RVWRMP-I and II have both been designed using 'Project approach', where TA has very important role in operations – even though the activities are carried out by the local organizations and agencies, like WUSCs, DDC/DTO, VDC, etc. It is a major future challenge to develop the modality towards 'programmatic approach', where the national stakeholders (duty bearers and right holders) are truly leading the program. A multi-sector program like RVWRMP-II is more complicated in this regard than a narrow program (e.g. WASH). Perhaps change towards program approach should take place sector by sector rather than as a whole at a time.

## **1.4 Recommendations**

The MTR team has made 19 recommendations that are summarized in the Recommendations Table in Annex 11. In addition along in the MTR report there are suggestions in smaller issues for the consideration of the Project/MFA. The main recommendations are:

1. The RVWRMP-II should be continued in full swing utilizing the capacity developed at the districts level and in PSU/PCO; RVWRMP-II should continue till the end of phase II without any major changes in the approach or modality, in all 10 districts. Each district should have 4 more VDCs for ODF and WUMP preparation for smooth continuity towards Phase III.
2. Sufficient funding for completion of phase II with maximum outcome and results should be ensured from the two governments. The deficit amount for investments (DDFs) is in total about 415 million NPR equal to 3,75 EUR (EUR = 110 NPR). Out of this 33% would be GON contribution (137 million NPR, or 1,25 million EUR) and 67% GOF contribution (278 million NPR or 2,5 million EUR);
3. Phase III should be considered and planning of it launched latest in the spring 2014.
4. The TA-budget in the Project Document was originally miscalculated by roughly 1 million EUR. The error has been reported to the MFA at early stage of the Project and the Project's SVB has recognized it. The deficit of TA-budget should be rectified, for this purpose the Project contingen-

cy budget, 445 000 € should be used – then the correction can be adjusted in the original TA budget of the Project Document.

5. MTR recommends that RVWRMP-II will apply the new Standard Terms of Payment of Fees and Reimbursable Cost (1.6.2012), this will increase the TA budget nearly by 500 000 EUR. However, this amount can be also adjusted in the TA budget due to considerable savings in some of the budget headings.

6. The Project concept note (Phase II towards Phase III) is a discussion paper that can be applied as an overall outline of project planning for the two last years of the program with minor modifications.

7. The Project should launch Technical & Community Management Study using external competent organization; and based on findings develop action plan to enhance WUSC capacity building. This study could be done jointly with other WASH sector partners, RWSSP-WN, UNICEF, etc., for cross-learning and harmonization.

8. RVWRMP-II should conduct health and nutrition impact study.

9. The Project should enhance capacity of Micro-Hydro UCs, e.g. to reorganize as a cooperative to manage the business and be able to take care of repair and reinvestment.

10. The Project should ensure that (i) at least WASH sector reliable information is fed to the national system (under MUD) from RVWRMP working VDCs, and (ii) support DOLIDAR to establish district level MIS serving wider scope rural infrastructure/ water development, this could start by piloting in 2-3 districts.

## 2. IMPLEMENTATION OF THE MID-TERM REVIEW

The Ministry for Foreign Affairs of Finland assigned this MTR to Ramboll Finland Oy based on competitive bidding in March/April 2013. The MTR team comprised: Mr. Kari Leminen (Team Leader/Finnish), Ms. Hanna-Leena Ventin (International Water Resources Engineer/ Finnish), Dr. Jiba Nath Prasain (International Institutional Development Expert/ Nepalese), Mr. Chidadanda Sharma (Regional WASH Expert/ Nepalese), Ms. Urmila Shrestha (National Hygiene & Social Expert), Mr. Bhim Bahadur Malla (National Technical Expert).

### 2.1 Brief review of the intervention

Water & sanitation is one of Finland's three priority sectors in Nepal. The Rural Village Water Resources Management Project II (RVWRMP), situated in Far- and Mid- Western Nepal, is a water resources management project which in addition to water supply and sanitation supports community-based irrigation, micro-hydro power, water mills, environmental improvements as well as sustainable livelihoods and institutional capacity building activities. The long term objective of RVWRMP II is an institutionalized capacity at local and regional levels to sustain and continuously enhance quality of life, improve the environmental conditions and increase the opportunities in rural livelihoods in the Project area. Within the framework of the overall objective, the purpose of Phase II of RVWRMP is to achieve improved wellbeing and reduced poverty in Project Village Development Councils (VDC). The emphasis is on the impacts of the project, instead of means and activities.

The project has a total budget of € 23.2 Million, of which the contribution of Government of Nepal and Finland are € 3.2 Million and € 13.5 Million, respectively. The Local Governments (DDCs/VDCs) provide € 1.5 Million and the people/users € 5 Million. The duration of the project is five years (2010-2015).

The idea of the project is to develop the use of water resources on the basis of comprehensive Water Use Master Plans (WUMP), to be prepared for selected priority Village Development Committees. Then it will be implemented by local User Committees (UC) with the help of private and public support organizations (SOs) or persons (SP) under the coordination and support of local governments (DDCs and VDCs). Implementation procedures and guidelines established for other ongoing water sector projects have been applied with adequate modification as required to suit the current prevailing situation, Government policies, rules, and regulations.

The Project will contribute to the attainment of the overall objective through three Result areas. Attainment of expected results by the mid May 2013 is summarized in the Logical Framework of the Project, Annex 7. The Project result areas are:

**Result 1:** *Institutional community capacity to construct and maintain water supply and adopt appropriate technologies and behavior 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:** *Institutionalized capacity at district level to continue integrated water resources planning and support communities in implementing and maintaining WASH and livelihoods activities*

## 2.2 Building on Experience of Phase I

RVWRMP-II is built on the phase I experience and the Project design has materialized most of the 1<sup>st</sup> phase MTR report's recommendations. Among key issues in this regard are: (i) Changing from output orientation to results/impact focus, and (ii) taking livelihoods as a kind of cross cutting issue throughout the project. On the other hand RVWRMP-II has quickly adapted to new situations and requirement, the best example of this is the total change in sanitation and hygiene approach, away from the past heavily subsidized model, in the first 1-2 years of the second Phase. Annex 6 summarizes key issues of MTR recommendations of the first Phase and how the Project design and implementation has taken them into account.

The original Project Document (October 2009) was revised in the beginning of Phase II based on the instructions of the 1st Steering Committee meeting on 5 September, 2010. The revised PD was approved in the 2<sup>nd</sup> SC meeting on 27 March, 2011. The 2<sup>nd</sup> SC meeting also acknowledged and approved the Project Inception Report, and endorsed the Supervisory Board TOR and establishment. The MTR has referred to the revised Project Document (May 2011), unless otherwise mentioned, which has the following main changes compared with the October 2009 version:

- The draft Sanitation and Hygiene Master Plan (2009-2017) was available and its recommendations were taken into account in the Project design;
- Organization and decision making structure were updated, e.g. the Supervisory Board was added and roles and responsibilities of the Supervisory Board, Steering Committee, District Management Committee and Project Management Team were revised;
- The idea of shifting PSU from Kailali to Dadeldhura was removed from the Project Document 2011;
- The staffing of PSU was downscaled from 13 to 8 experts and Job Descriptions updated accordingly (Specialists and Officers); and
- Modification of some of the indicators in the Logical Framework took place. The LogFrame was later updated again (June 2012), this last version is endorsed as a part of Annual Work Plan FY03 but not taken into SC or SVB for approval – thus MTR team considered it unofficial so far.

## 2.3 Changes in Working Environment

The following changes can be noticed in the working environment of the Program since its beginning:

- River Basin/Watershed based administration has been discussed from time to time but concrete action is negligible;
- Roles and responsibilities of key ministries have remained the same as before, the name of the Ministry of Local Development is changed to the Ministry of Federal Affairs and Local Development (MFALD), and the Department of Water Supply and Sewerage is now under the Ministry of Urban Development (MUD) – overlapping of MFALD and DWSS of MUD activities at the district and village level remains;
- Sanitation and Hygiene Master Plan was approved officially in 2011 and the ODF movement is spreading out in the country very fast;

- A Three Year Interim Plan (TYIP) 2007 -10 has been followed by the TYIP 2010 – 2013 and the next plan is under preparation – No dramatic changes from RVWRMP point of view took place in TYIP 2010 – 2013 nor are expected in the next plan as the development challenges of Nepal are largely the same;
- Finnish development policy was revised in 2012 and the HRBA approach has come 'officially' into water sector programs. Finland has recently strengthened water sector support team at the Embassy in Kathmandu by recruiting a new advisor for the sector – aiming to become a lead donor in the Rural WASH.

On the other hand, the anticipated new constitution and political and administrative reform is struggling and has thus not brought any fundamental change in the RVWRMP working environment being. There have been quite some challenges related to political situation from time to time e.g. in May 2012. Elections of new Constitution Assembly (CA) are being prepared – but a number of political parties aim to boycott the elections. Similarly, while WASH sector coordination is pursued for at the central level, no concrete signs of possibilities of Rural WASH SWAp can be noticed so far. Encouraging coordination and consensus at the district level on implementing the Sanitation and Hygiene Master plan 2011 can be recognized as a promising sign of 'One Program – One Report – One Budget' approach, a local SWAp on ODF, although all the funding is not channeled through same basket (DDF).

## 2.4 New Potential Partners

In the past 10 years Far-west and Midwestern Regions have gradually gained more attention in the government of Nepal development agenda and among the Development Partners. Since preparation of RVWRMP-II new programs/projects have been launched or are being planned. The most relevant to the RVWRMP are the following:

ADB is preparing a new Project called Nepal: **Building Climate Resilience of Watersheds in the Mountain Eco-Regions (BCRWME)**. This Project will work in Lower West Seti Watershed and Budhi Ganga Watershed in the river Karnali basin. Thus Acham, Baitadi, Bajhang, Bajura, Dadeldhura, and Doti will be common districts of the BCRWME and RVWRMP-II. The proposed project is planned for 5 years due to start in January, 2014. Total funding is 30 million USD (grant), including parallel TA funding from the Nordic Development Fund (NDF). At the district level District Soil Conservation Offices (DSCOs) will implement the ADB/NDF project, under the Ministry of Forest, Department of Soil Conservation and Watershed Management. BCRWME will start 'as a pilot' in 4 sub-projects per working district. The idea of ADB/PPTA is that one VDC in each district would be common with RVWRMP-II for mutual learning and further development of the modalities. Masthamandu and Belapur VDCs in Dadeldhura were initially identified as suitable 'joint VDCs' as they both are accessible by road and thus easier for piloting and demonstration. RVWRMP's VDCs in Doti district seem too remote in this respect.

To some extent the new project could utilize the existing WUMPs (even if ADB project works on sub-watershed basis not following the political VDC boundaries). The new project is an opportunity to cooperate in climate change and soil conservation aspects and if successful have a big positive impact in the Far West region. On the other hand BCRME will 'swallow' the scarce resources of the DSCOs/ soil conservation sector, bearing a risk of reducing possibilities of concerned DSCOs to continue or widen cooperation with RVWRMP and others outside the BCRME sub-watersheds.

**The Multi Stakeholder Forestry Program (MSFP)**, Finland being among the group of donors supporting MSFP, was fielded in Bajhang and Dailekh districts in the spring 2013. This will offer good opportunities to establish closer relationship also with the DFOs and strengthen the role of Forestry User Groups in RVWRMP interventions/VDCs. FUGs can e.g. be financially relatively strong actors in cooperatives. DFOs could also complement insufficient resources available in DSCOs, having expertise in e.g. nursery establishment, NTFPs, plantation/ re-forestation, etc. DFOs have ilaka level (cluster of VDCs) field offices with technician level staff, which structure is not in DSCOs.

**The ADB funded Small Towns Water Supply and Sanitation program** under DWSS is considering to improve water supply in some district headquarters of RVWRMP area, most probably

at least in Dadeldhura. This would also contribute in district level ODF movement in urban areas of FWR and MWR, where environmental sanitation is still very poor. The Community Based Rural Water Supply and Sanitation Program (ADB/DWSS) was not continued after one phase, reflecting ADB's changed policy in WASH sector more towards urban areas.

**Local Governance and Community Development Program (LGCDP) under MFALD**, had an over-arching goal to contribute towards poverty reduction through inclusive responsive and accountable local governance and participatory community-led development that ensures increased involvement of Disadvantaged groups including women, Dalits, Adibasi Janajatis, Muslims and Madhesis in the local governance and community development processes.

Ward Citizen Forums were formulated by LGCDP throughout the country, being Community Organizations or legal bodies of ward level promoted by MFALD. In the Forum, there are 25 members, representing from Dalits, disable, ultra poor, ethnic group, Mother group, key social leader, Women, Ward level community development institutions ( Forestry, Water supply, irrigation, CO etc ). his forum mainly support to collect ward level demand and prioritize it and includes in the VDC annual work plan which helps to approve the ward level plan by Village Council. Similarly, it supports to solve social issues/ dispute and decreases the gap of the relationship between VDC and community. RVWRMP-II has had informal cooperation and coordination with the Ward Citizen Forums.

## 2.5 Purpose of the mid-term review

**The objective of the MTR was to provide analytical observations on the past performance and, subsequently, make operational and strategic recommendations for RVWRMP II in the remaining years.** The Terms of Reference (TOR) of MTR states: *"The overall objective of the MTR is to provide an independent analysis for the decision making with regard to continued validity of the goal, purpose, objectives and outputs as set out in the Programme document (PD). In the MTR report the Team shall justify and propose possible changes and revisions in the approach, objectives, organization, management systems, activities and/or expected results of the project. The options of the Finnish Government's future engagement in the water sector in Nepal should be dealt with in the MTR. Consideration and assessment of the local political scene, geographical focus and fragile state aspects should be included in the analysis. Based on the findings the evaluation shall also give recommendations on continuation the Finnish support in the water and sanitation sectors beyond 2015 in terms of the possible modality, scope and size. The MTR shall assess the potential of working together between the Government, development partners and other sector stakeholders towards a sector-wide approach in the medium-term perspective".*

The Terms of Reference (TOR) of this Mid-Term Review describe the objectives, expected outputs of the review, evaluation issues and questions in more details, please see Annex 1.

## 2.6 Methodology used, data collection and analysis

In addressing the specific tasks and in seeking clarification of the issues spelled out in the TOR, the MTR team applied the OECD/DAC evaluation criteria, relevance, effectiveness, efficiency, sustainability and impact. MTR also considered the three EU criteria of cooperation, complementarity and coherence. The Mid Term Review (MTR) followed the working process instructed in the TOR having the following timing of steps: (0) Contract for consulting services was signed on 25 April, 2013; (1) Desk Review and (2) Inception Report were done 25 April to 2 May; (3) Joint Interviews from MTR internal kick-off meeting on 24 April to end of May and Field Visits in the Project working areas 9 – 27 May; (4) Drafting the first version of the MTR Report 25 April to 2 June; (5) Debriefings in Kathmandu 28 May and Helsinki 2 June; and fine-tuning the Final Report 26 June to 4 July, 2013.

Mission employed broadly two information collection methods, qualitative and quantitative. Quantitative information was collected from the MIS of the RVWRMP II, review of relevant documents and web-sites. Qualitative information was collected from the central, regional, district and village level interviews of concerned duty bearers and right holders, District Management Committees (DMCs), D-WASH-CCs, VDCs, V-WASH-CCs, UCs, various other community organizations, including individuals, and the Mission's observation.

The Mission focused its attention to interact with various institutions, briefed its purpose and enquired the responses of respective organizations. Responses were ranging from very encouraging, neutral to don't know level attitude from the central to the community level. The key structure of project facilitation is the District Management Committee (DMC), out of 10 districts, the Mission participated in 8 DMCs; Humla and Bajhang were unable to organize the DMC/D-WASH CC Meeting. In most of the districts, DMC, D-WASH CC, including Political Parties, Media, and Civil Society were expressed their opinions. In order to get in-depth qualitative information the Mission collected information from 59 schemes of various types within 16 VDC of the 10 Project. Originally the mission targeted to visit all 10 districts and in total 30 VDCs. Number of VDCs had to be compromised to 16 due to remoteness and scattered nature of selected VDCs, not frequently visited by outsiders, and due to time limitation of two weeks for district and village level visits. Initial plan of 30 VDCs was overly optimistic, adhering to it village exposure would have been limited to most accessible roadside locations. On the other hand, 59 different schemes were covered and many overnight stays allowed more discussions at the grass root level. Three VDCs (Rugin and Chhatara of Bajura district and Chhapari of Darchula district) were selected on particular request of DOLIDAR. Annex 2 elaborates more on selected VDCs and schemes.

At the village level the MTR interacted with key organizations/institutions like VDC (represented by the VDC Secretary), V-WASH-CC, User Committees, cooperatives, schools and health posts, and individuals/beneficiaries. Most people met expressed their satisfaction toward the project interventions. The scheme levels discussions were held with UCs, Livelihood related groups, Mother's Groups, Dalits, Village Maintenance Workers (VMWs), Local Latrine Builders (LLBs), school teachers, Service Organizations (SOs – i.e. NGOs), individual Service Providers (SPs), etc. The scheme hardware were observed for example, household/institutional toilets, micro-hydro plants, improved water mills, multipurpose nursery sheds and collection centers, Improved Cooking Stoves, etc.. Capacity building/training activities were observed and discussed. Observation on ODF status, and post ODF situation like use of latrines, their cleanliness and personal hygiene behavior we observed.

## **2.7 Indicators used, benchmarks and comparative reference material**

The indicators presented in the Logical Framework of the Project Document (May 2011) were used to assess the Project results and impacts – impacts as much as possible to identify, if any, at the mid-term stage of the Project. The LogFrame indicators for achievement of project objective are largely based on the target of Nepal's Millennium Development Goal 2015.

Comparative reference material included e.g. Nationwide Coverage and Functionality Status of Water Supply and Sanitation in Nepal (e.g. DWSS, March 2011), and reported information on unit costs of water related infrastructure from various sources, including interviews, and the Baseline Report of RVWRMP-II. MTR made benchmarking with the Finnish funded projects "Aligning for Action – Sanitation and Water for all in the context of Climate Change in Nepal (UNICEF)", "Rural Water Supply and Sanitation Project, Western Nepal", and in less extensive degree with other ongoing programs in the RVWRMP-II working area.

## **2.8 Limitations**

The MTR team collected and analyzed available information from the Project activities and working area, and at the national level. However, due to relatively short time of the mission and hectic field program, some relevant documentation may have been missed. Similarly many Development Partners related to water sector at the central level could not be met. Even the MTR team visited all the 10 districts and 16 VDCs, covering 59 schemes, of the RVWRMP-II, some different views of the stakeholders in the districts or those of the project beneficiaries may not have been heard e.g. due to absence of persons.

The interpretations, views, opinions and recommendations in the MTR report are solely those of the MTR team, expressed as an independent external observer. Findings, conclusions and recommendations do not represent official view of the Governments of Nepal or Finland. The competent authorities of the Project would make decisions to what extent the recommendations should be adopted and followed.

## 3. KEY FINDINGS

### 3.1 Overall Achievements at Mid-term Stage

Overall achievements at mid-term stage were studied in particular from the following angles of view (ref: TOR):

- *The MTR will analyze the overall performance of RVWRMP II within the context of local and national development challenges.*
- *Discrepancies between the planned and actual implementation will be identified and justification given of the necessity of these discrepancies, in particular in the following project areas: (i) Sustained capacity and skills transfer. (ii) Institutional development, (iii) Investments.*

The idea of the project is to develop the use of water resources on the basis of comprehensive Water Use Master Plans (WUMP) and to be prepared for selected priority Village Development Committees. Then it will be implemented by local User Committees (UC) with the help of private and public support organizations (SOs) or persons (SP). Implementation procedures and guidelines established for other ongoing water sector projects have been applied with adequate modification as required to suit the current prevailing situation, Government policies, rules, and regulations.

The overall national development challenges in Nepal, RVWRMP project design being geared around them, include in particular:

- Reduction of widespread poverty, creating employment opportunities and enhancing economic growth in general,
- Strengthening young fragile democracy and emerging political and administrative reform, balanced regional development,
- Enhancement of decentralization and good governance,
- Combating rampant corruption in all strata of the society,
- Strengthening Gender equality, social inclusion (GESI) and ensuring basic human rights to all citizens, and
- Finding adequate measures to adapt in the global climate change risks, and to mitigate it if possible.

Along with the above national issues, the following local development challenges are faced in the Far- and Mid-West Regions, and addressed in the Project design and implementation:

- Low Human Development (Index) as compared with the national figures,
- Old backward traditions and practices related to GESI,
- Having water scarcity in many areas, having worse situation than national averages in sanitation and water supply,
- High seasonal migration due to food insufficiency and lack of job opportunities,
- The past conflict affected heavily the local population and accelerated migration from hills to Terai, caused political confrontations and distrust,
- Remoteness, poor accessibility.

RVWRMP responses to the above national and regional challenges are discussed below in chapters 3 and 4.

#### 3.1.1 Achievement of the Overall and Project Purpose Indicators

**The overall objective** of the project *"is institutionalized capacity at local and regional levels to sustain and continuously improve enhanced quality of life, better environmental conditions and increased opportunities in rural livelihood in the project area"*. By the time of the mid-term review, RVWRMP-II has achieved initial progress on indicators of the overall objective of the Project. Some of the (overall) indicators are very difficult to measure yet, needing longer time span to be visible in the national statistics like the living standard surveys, or, they need specific field studies in order to verify changes and status of affairs. Initial comments on selected indicators are presented below:

- "Communities are able to maintain the service level in water related infrastructure, sanitation and energy supply"; Mixed observations and evidence is found – in general more and even

innovative new ways of capacity building and strengthening the self-reliance of UCs/communities is needed.

- "Communities are able to manage and implement water related infrastructure and finance re-investment"; Community based implementation modality is strong and functions if dedicated support and technical assistance from related line agencies is available, financing re-investment in rural infrastructure is still a distant dream not even targeted yet in real sense in Nepal.
- "School enrollment of boys and girls at the same level, defined as a ratio for each particular school group (primary, lower secondary and upper secondary)"; This indicator aims to verify that school drop outs of girls do not happen due to poor sanitary conditions/facilities in the school, also, it tries to measure that girls get equal opportunities to education with boys (GESI issue). This indicator is difficult to measure in practice, but some limited efforts in one school from RVWRMP-II (in Doti) hint that there would not be any visible inequality in this respect. In more remote villages the situation may be different.
- "Relevant local and regional bodies are able to support communities in technical, administrative and livelihoods matters"; Actual local bodies in VDCs and DDCs have been absent for about a decade and local election are still evidently years away waiting for the administrative reform in the country. Meanwhile political parties have been backing up the society and government agencies in development and also day-to-day decision making (for several years a formal all-party mechanism was in place for this purpose, currently this cooperation is more informal but very widely practiced). Thus, political parties 'play the role of local bodies' in the spirit of consensus – however, parties do not actually enjoy the mandate of elected representative of the people. There are past and present signs that for example transparency is poor in this context. Similarly the power and influence of key civil servants is higher in the absence of local bodies. Back to the indicator: The current mechanism works, 'local bodies' (agencies/actors) are able to support communities, but in many cases they lack human and financial resources, are often overloaded, and thus have less motivation and interest to promptly focus on the needs of communities. This situation has contributed in e.g. (i) presence of a number of NGOs who directly work with the communities bypassing the DDC/VDC structures, and (ii) mobilizing project based programs where resource gaps can efficiently be filled up by short-term temporary arrangements rather than favoring programmatic approach relying on local structures.
- "Communities are eligible to borrow from banks or other financial institutions"; In order to enable access to financial services, the Project has supported communities to established 13 cooperatives. These cooperatives are in operation doing financial transactions for commercial purposes of the project beneficiaries. There were 3,094 Community Organizations (COs) established by the project in phase I and II, out of which 991 are active as saving/credit groups. There are also 156 other groups such as Community Forestry User Group, Water User Committees, schools who have used the financial services of the cooperatives. The component of facilitating establishment of cooperatives is encouraging the RVWRMP-II, and should be widened. However, care must be taken to allow communities to realize and internalize the benefits of cooperatives and move in their own pace ahead. There are many bad examples in the country of failed cooperatives that were quickly established either by some donor support or being motivated by rather lucrative government subsidy to cooperatives (currently not available).

**The Project Purpose has five success indicators**, achievements into these indicators are:

- "The relevant MDG's of Nepal achieved: Proportion of population below the national poverty line 21% and proportion of population below minimum level of dietary energy consumption 25%"; Relevant MDG's of Nepal are likely to be achieved, based on national statistics; The figures of poverty prevalence and dietary energy consumptions need more time to materialize – and shall be verified by sample surveys and special impact assessments in addition to referring to local, regional and national statistics.
- "All Project VDCs cholera free and at least 80% are Open Defecation Free (ODF)"; ODF campaign is progressing well in the Project areas and the 80% target will be exceeded, whereas water quality issues need still more attention and efforts to ensure that VDCs will become free of cholera.
- "Diarrhea incidences of children under five years reduced by 75%"; It is too early to draw any concrete conclusions even though interviews suggest that tangible reduction of water born diseases would have happened.

- "All facilities implemented under the Project are functional"; This target is challenging and needs more attention in both the post-construction activities, and the capacity building of User Committees (chapters 4.1.2 – 4.1.4 deal more this issue), as well as attitude change towards O&M and management of facilities;
- "About 1 000 000 beneficiaries ('Beneficiary Equivalents') of new facilities implemented under the Project"; The target of the Beneficiary Equivalent points (BE points), 280 000 for FY02 was achieved. The project has similarly achieved equivalent beneficiaries of 524 964 by April 2013, see table below, which indicates that RVWRMP-II is towards achieving its target of FY03 (620766). RVWRMP has the capacity to reach to over 1 million Beneficiary Equivalent figure if sufficient investment funds are made available.

**Table 1: Beneficiary Equivalent reached – status on 15 May, 2013**

Sector	Multipliers as in PD		Target FY 03 End		Status of FY 3 end of Baishak	
	Actual Beneficiary	Beneficiary Equivalent	Actual Beneficiary	Beneficiary Equivalent	Actual Beneficiary	Beneficiary Equivalent
Sanitation	1	1	105000	105,000	130,220	130,220
Water Supply	1	4.5	45000	202,500	43,130	194,085
Livelihood	1	1.5	68000	102,000	47,813	71,720
Micro-Irrigation	1	1.5		-	4,980	7,470
MUSA	1	8	13000	104,000	6,729	53,832
Env. Protection	1	1		-	-	-
Micro-Hydro	1	6	13000	78,000	7,667	46,002
Pico-Hydro	1	2.5		-	-	-
IWM	1	0.15	2441	366	1,081	162
Others	1	1		-	-	-
Con. Irrigation	1	4.5	3800	17,100	1,588	7,146
Coops Share holders	1	1	7000	7,000	7,796	7,796
School Toilets	1	0.25	8400	2,100	2,400	600
Advance Livelihood	1	0.15	18000	2,700	39,540	5,931
Other TBD				-		
<b>Grand Total</b>	<b>14</b>	<b>33</b>	<b>283,641</b>	<b>620,766</b>	<b>292,944</b>	<b>524,964</b>
<b>Total Target:</b>	<b>1,000,000</b>	<b>Population</b>				
<b>Achived till Baishak15, 2070</b>	<b>524,964</b>	<b>Population</b>				
<b>Remaining</b>	<b>475,036</b>	<b>Population</b>				

**Discrepancy from the Project design is revealed here.** The Project Document has assumed that one BE point needs 760 NPR external funding as the total budget from GON and GOF is 760 million NPR to reach 1 million BE points. Actually one BE point has been worth 956 NPR, 25.6% more expensive than estimated. If the investment budget is limited to the original 760 million NPR (GON + GOF contribution) then the Project could reach only 795 000 Beneficiary Equivalent points provided that the cost pattern remains the same as it has been till mid-May 2013. Two factors make setting of BE points for PD very difficult, namely:

- Schemes come from WUMPs of 47 VDCs and annual program depends also on available local contributions in funding; and
- District Development Funds cover also other cost than just investments in construction, cost of Support Organizations (SOs) and Service Providers (SPs) come from the investment budget, as well as part of the monitoring cost and various training activities organized at the district level (see table 2 below).

MTR team finds the Beneficiary Equivalent an interesting and innovative way to compile achievements from many different components, with largely varying use of resources, into one target figure. This should be further developed for Phase III of the Project by (i) using the statistics of the Phase II to analyze new weightage for different activities/ sub-sectors, (ii) giving weightage also for capacity building and training activities carried out by the districts with DDF funds, and (iii) giving points to preparation of WUMPs which have major funding from local bodies.

**Table 2: Total expenditure of DDF funds (investments) for different purposes.**

Districts	Actual Expenditures				In Percent	
	Total Investment Cost	SO/SP	Monitoring and Others	Total Actual expenses	SO/SP	Monitoring and Others
Achham	40 957 375	13 769 741	1 414 355	56 141 471	34	3
Baitadi	49 269 670	18 510 898	815 552	68 596 120	38	2
Bajhang	35 615 349	10 872 361	5 461 317	51 949 026	31	15
Bajura	33 235 181	9 942 726	9 508 312	52 686 218	30	29
Dadeldhura	44 596 565	11 640 728	5 020 245	61 257 539	26	11
Dailkeh	46 930 363	9 506 942	2 679 472	59 116 777	20	6
Darchula	50 152 204	15 150 554	2 825 788	68 128 546	30	6
Doti	37 849 775	11 345 283	9 186 369	58 381 427	30	24
Humla	37 311 224	8 241 388	3 722 695	49 275 307	22	10
Kailali	22 284 794	2 491 376	1 955 068	26 731 238	11	9
Total	398 202 500	111 471 996	42 589 173	552 263 668	28	11

Source: Project financial administration file, situation in mid-June 2013

The RVWRMP-II is an impact and result oriented project with expected results in three main areas. The progress against the targets set in the Project Document is assessed below. For attainment of indicators of Results, please see Annex 7.

### 3.1.2 Progress in Result Area 1 – WASH

Result 1 is "Institutionalized community capacity to construct and maintain community managed water supply and adopt appropriate technologies and behavior related to water and sanitation infrastructure". The LogFrame of RVWRMP-II has eleven (11) indicators for the Result 1 (WASH). The indicators and their link to different aspects and components of the interventions are presented in Table 3 below:

**Table 3: Indicators of WASH related results and MTR team's assessment of attainment of indicators.**

Result area 1 indicators (WASH)	aspects/components	Indicator to be achieved or not?
80% of communities in Project VDCs are ODF	Sanitation & Hygiene	yes
100% of communities' demand for improved water supply facilities, as verified by community's own contribution, satisfied	Water Supply, WUMP	yes (being a condition prior 'phase out' from VDC)
All community members have access to improved water supply facilities	Water Supply, GESI, HRBA	yes
Hand washing with soap substantially increased as evidenced by the reduced incident of diarrhea in Project VDCs	Sanitation & Hygiene	yes
Time to collect water is reduced by 75%	Water Supply, GESI	yes
100% of schools with separate facilities for girls and boys; hand washing facilities; and regular sanitation and hygiene lessons taking place	Sanitation & Hygiene, GESI, Water Supply	Not fully
Primary and secondary school enrolment of girls increased	GESI, HRBA	yes
Water Safety Plans (WSP) prepared and implemented for each water supply scheme, including protection of intakes and procedures for monitoring and action	Water Supply, Sanitation & Hygiene, community management	yes
UCs 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	Community management, WUSC	not fully achievable

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)	GESI	close to but not fully achievable in phase II
VDC level institutions and human resources (VDC secretary, technician, teachers, FCHWs) contribute to WASH awareness activities	Ownership (through V-WASH-CC)	yes

**In sanitation and hygiene** the project has made good progress in line with the Sanitation and Hygiene Master Plan in Nepal (SHMP 2011). RVWRMP-II has been among prominent partners in ODF movement of the Mid West and Far West Regions. The achievement is remarkable, as in the same working VDCs the 'old subsidy model' was applied in Phase I, and was now changed to approach of NSHMP without (hardware) subsidies. Table 4 shows the contribution of RVWRMP in achievement of ODF status in its working districts. Naturally this has not taken place alone, in isolation, but in collaboration with many partners at regional and district levels. In general, most of the RVWRMP's working districts have launched an active ODF campaign under the coordination of D-WASH-CCs. D-WASH-CC's are active and the WSSDOs play vital role as the right hand of the Committee (member secretary). Among active partners are also many NGOs and UNICEF.

**Overall finding:** Table 6 below shows the sanitation situation in RVWRMP-II working VDCs for the years 2007, 2011 and (May) 2013. Altogether 33 out of 53 VDCs have declared ODF and average sanitation coverage in 53 VDCs is 94%. Although there are some districts and VDCs that have been slower in the ODF campaign and progress, it is evident that the Project will achieve 100% coverage of ODF in these initial 53 working VDCs. However, at the whole working district level there is still a lot to do, apart from Dadeldhura district which is very close to ODF status. In their WASH strategy Bajhang and Dailekh plan to achieve ODF status in 2013, Bajura in 2014, Humla, Kailali, Doti and Dadeldhura in 2015, and Darchula 2016. **Recommendation of MTR:** RVWRMP-II should assume more responsibility to support districts in their sanitation/ODF development at the district level and by having more VDCs in sanitation program and WUMP preparation, and possibly having more VDCs selected only for ODF support. Currently, at least Baitadi, Darchula and Kailali seem districts where the Project could boost ODF progress beyond 'own VDCs'.

**Table 4: Sanitation status by districts and contribution of RVWRMP-II and others on ODF situation (Mid-May 2013, Project MIS).**

SN	District	Total VDCs	Total ODF VDCs	Other Supported ODF VDCs	RVWRMP Supported ODF VDCs	Sanitation Coverage of District
1	Achham	75	75	65	10	100,00
2	Doti	51	8	3	5	39,19
3	Dadeldhura	21	6	3	3	92,99
4	Bajura	27	6	5	1	34,55
5	Darchula	41	2	1	1	50,95
6	Baitadi	63	6	0	6	41,20
7	Bajhang	47	5	2	3	50,61
8	Dailekh	56	22	16	6	66,00
9	Humla	27	6	2	4	51,00
10	Kailali	46	2	1	1	51,00
	<b>Total</b>	<b>454</b>	<b>138</b>	<b>98</b>	<b>40</b>	

**Table 5: Sanitation situation in RVWRMP-II working VDCs, Kailali district (May 2013)**

Sanitation situation of Kailali district:						
SN	VDC Name	Total HH	Permanent Toilet	Temporary Toilet	%	Remarks
1	Lalbhoji	1712	793	27	46 %	
2	Bhajani	2356	958	156	41 %	
3	Dododhara	3588	1565	0	44 %	
4	Kotatulsipur	2209	2209	0	100 %	ODF
5	Chaumal	5074	1643	303	32 %	
6	Sandepani	4028	1692	233	42 %	
7	Khairala	2130	1129	0	53 %	
8	Sahjpur	820	353	9	43 %	1

*Note: Khairani and Sahjpur are newly selected VDCs in hills, other VDCs are in Terai.*

Government of Nepal has the target to provide basic sanitation facilities to 80% people by 2015 and 100% by 2017. The goal is to declare Open Defecation Free (ODF) Nepal by 2017. The project supports the national ODF movement under regional and district level coordination of R-WASH-CCs and D-WASH-CCs. Out of 73 Project VDCs, 53 'old' and 20 'new', 38 are now declared ODF and 29 more VDCs are process of becoming ODF by the end of 2013. This is remarkable progress of the project in sanitation and hygiene. RVWRMP-II would likely be able to support 40 more VDCs to achieve ODF status, if MTR recommendation of adding number of VDCs would materialize (average 4 more VDCs per district).

**School latrine program of the Project has targeted in total 110 schools.** Out of this 74 are completed and 46 in process. Target will be met in phase II. In ODF process institutional and public latrines tend to be done last, people are faster to build their own latrines. There are 432 schools in RVWRMP VDCs, but only 172 of them had separate latrines for girls and boys Baseline Report of RVWRMP-II) – many agencies and NGOs are supporting school sanitation with various approaches. Standard design of school latrines provides separate toilet for girls and boys in high schools.

**Table 6: Sanitation coverage in RVWRMP-II working VDCs in the hills (ref: Project MIS).**

Sanitation Status of Project VDCs with outcome, coverage and ODF												
District	VDC	Latrine Coverage in 2007			Latrine Coverage in 2011			Latrine Coverage in 2013 May				Remarks
		Total HH	Toilet Nos	%	Total HH	Toilet Nos	%	Total HH	Additional coverage in 1 Year	Total Coverage HH	%	
Achham	Balata	667		0%	914	532	58%	914	382	914	100	ODF
Achham	Bhatakatiya	764	16	2%	878	786	90%	878	92	878	100	ODF
Achham	Dhakari	697	1	0%	904	315	35%	904	589	904	100	ODF
Achham	Dhungachalna	979	2	0%	1148	777	68%	1148	371	1148	100	ODF
Achham	Hichma	995		0%	1380	374	27%	1380	1006	1380	100	ODF
<b>Achham Total</b>		4102	19		5224	2784		5224	2440	5224		
Baitadi	Bishalpur	747	3	0%	887	530	60%	887	357	887	100	ODF
Baitadi	Kuwakot	846	312	37%	1036	722	70%	1036	314	1036	100	ODF
Baitadi	Mahadevsthan	595	2	0%	754	543	72%	754	211	754	100	ODF
Baitadi	Mahakali	872	4	0%	906	325	36%	906	581	906	100	ODF
Baitadi	Sharmali	1153	11	1%	1209	413	34%	1209	796	1209	100	ODF
Baitadi	Thalakada	520	1	0%	658	281	43%	658	377	658	100	ODF
<b>Baitadi Total</b>		4733	333		5450	2814		5450	2636	5450		
Bajhang	Kaphalseri	1122		0%	1138	243	21%	1138	828	1071	94	
Bajhang	Koiralakot	602		0%	634	191	30%	634	443	634	100	ODF
Bajhang	Mastadev	494	15	3%	550	451	82%	550	99	550	100	ODF
Bajhang	Pauwagadi	368	4	1%	392	95	24%	392	295	390	99	
Bajhang	Rilu	957		0%	1020	329	32%	1020	691	1020	100	ODF
<b>Bajhang Total</b>		3543	19		3734	1309		3734	2356	3665		
Bajura	Bichhya	478	1	0%	608	282	46%	608	79	361	59	
Bajura	Chhatara	725	2	0%	811	659	81%	811	152	811	100	ODF
Bajura	Gotri	880	2	0%	1187	157	13%	1187	848	1005	85	
Bajura	Rugin	522	2	0%	568	140	25%	568	0	140	25	
Bajura	Sappata	1131	1	0%	1596	378	24%	1596	1218	1596	100	ODF
<b>Bajura Total</b>		3736	8		4770	1616		4770	2297	3913		
Dadeldhu	Belapur	1191	124	10%	1625	222	14%	1625	1380	1602	99	
Dadeldhu	Dewal Dibyapur	1080	78	7%	1277	541	42%	1277	736	1277	100	ODF
Dadeldhu	Mastamandu	757	91	12%	880	709	81%	880	171	880	100	ODF
Dadeldhu	Rupal	948	74	8%	1211	342	28%	1211	869	1211	100	ODF
Dadeldhu	Shirsha	2559	294	11%	2817	1326	47%	2817	1450	2776	99	
<b>Dadeldhu Total</b>		6535	661		7810	3140		7810	4606	7746		
Dailekh	Bishala	1309		0%	1450	257	18%	1450	1150	1407	97	
Dailekh	Kalika	400	0	0%	495	193	39%	495	302	495	100	ODF
Dailekh	Kushapani	1179		0%	1269	502	40%	1269	767	1269	100	ODF
Dailekh	Lalikanda	794	2	0%	878	591	67%	878	287	878	100	ODF
Dailekh	Meheltoli	545		0%	616	490	80%	616	126	616	100	ODF
Dailekh	Singhasain	1491	7	0%	1688	847	50%	1688	841	1688	100	ODF
<b>Dailekh Total</b>		5718	9		6396	2880		6396	3473	6353		
Darchula	Chhapari	551	19	3%	591	261	44%	591	172	433	73	
Darchula	Sarmoli	925	3	0%	1000	349	35%	1000	48	397	40	
Darchula	Sipti	1033	107	10%	938	738	79%	938	200	938	100	ODF
Darchula	Sitola	667	11	2%	729	325	45%	729	104	429	59	
Darchula	Sunsera	585	51	9%	623	352	57%	623	97	449	72	
<b>Darchula Total</b>		3761	191		3881	2025		3881	621	2646		
Doti	Chhapali	687		0%	665	298	45%	665	367	665	100	ODF
Doti	Girichauka	937	5	1%	934	418	45%	934	49	467	50	
Doti	Kanachur	521	1	0%	452	261	58%	452	191	452	100	ODF
Doti	Kedar Akhada	298		0%	329	157	48%	329	172	329	100	ODF
Doti	Simchaur	482	14	3%	508	166	33%	508	342	508	100	ODF
<b>Doti Total</b>		2925	20		2888	1300		2888	1121	2421		
Humla	Kalika	478	3	1%	559	276	49%	559	283	559	100	ODF
Humla	Maila	750		0%	827	409	49%	827	400	809	98	
Humla	Mimi	189		0%	208	95	46%	208	113	208	100	ODF
Humla	Rodikot	467	2	0%	526	156	30%	526	370	526	100	ODF
Humla	Shree Masta	150		0%	166	160	96%	166	6	166	100	ODF
<b>Humla Total</b>		2034	5		2286	1096		2286	1172	2268		
<b>Grand Total</b>		37087	1265		42439	18964		42439	20722	39686	94	33

### Water Supply (in the hill districts):

The other side of WASH is the community managed water supply schemes. In this regard MTR found good construction quality and functional water systems in most of the 19 water supply

schemes visited. In Rugin, Bajura district certain DWS schemes were vandalized due to political and social disputes, please see the field notes. Rugin VDC, even at 2 days walking distance from Martadi, was selected by MTR at a request of DOLIDAR to get external view into the problematic situation. A total of 110 gravity fed drinking water systems have been completed in phase II. The target of beneficiaries as of July 2013 is 45 000 and the progress as of April 2013 is 43 557. This clearly indicates that the project will achieve the target of FY03.

MTR team has found technology adopted suitable to the geographic and social conditions. The project has used local construction materials and labor to a maximum extent. An internal Project survey from February 2013 shows that out of 315 schemes constructed by the project until now (phase-I and II), 64% are fully functional. Another 26% are partially functional. And finally, 9% are poorly functioning and 1% is either in need of rehabilitation or closed down (fig. 1). There is remarkable improvement of functionality from the Baseline Report 2010/2011 - as can be expected - out of 538 schemes of the baseline sample from the past 30 years only 50% were fully functional, 42% partly functional and 8% (43 schemes) closed down.

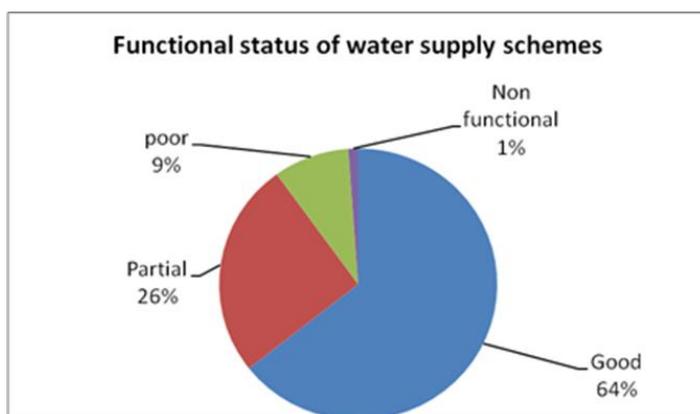
The Project has used in the baseline and internal survey 'its own categories' of functionality. Partial functionality means that the scheme is running but there is some need for repair or maintenance that will be addressed under the O&M plan, typically no external support would be needed. Poorly functional schemes have some parts in poor condition and the WUSC is likely to need external support for repair. Closed down schemes are not in use due to natural hazards or vandalism. Those categories are broader than the ones used in the national NMIP data (see fig. 2). **MTR suggests RVWRMP to use the NMIP classification of functionality** even in internal monitoring/ surveys thus contributing directly accumulation of useful field level data in the WASH sector.

MTR team concluded that the main reason behind partially functional schemes is lack of proper system/practices of operation and maintenance at communities (by WUSCs). Examples include inactive user committee, non-remuneration of the Village Maintenance Worker, depletion of water at the source, lack of transparency, some taps are not in use, even minor regular maintenance or repair is not done. This is by large also a matter of common attitude neglecting preventive maintenance and minor repair. In some cases also availability of traditional water sources may have caused reluctance to take care of the new scheme.

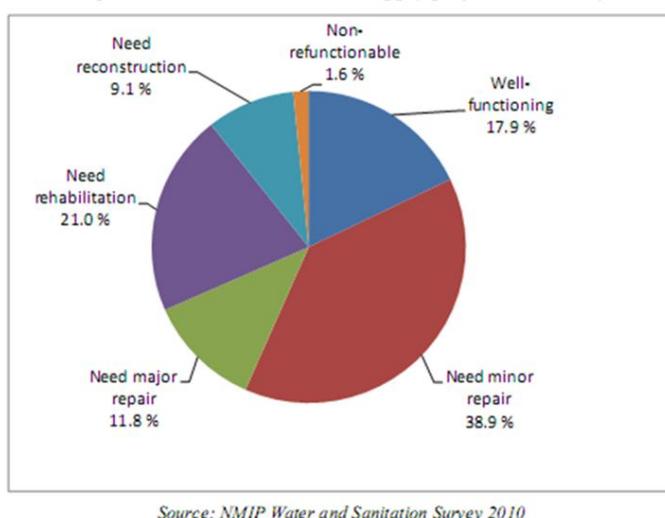
Also the Project data (MIS, surveys) reflect **non-satisfactory management of schemes, by WUSCs**, and alarming water quality test results. These areas need attention and strong support from the Project to change the current poor performance of WUSCs and change attitude towards water quality and hygiene behavior. The Project targets 100% of functional facilities. So called Sustainability Indicators that describe WUSC's management practice/ capacity show less satisfactory situation, for example (source: Project MIS):

- Preparation of O&M regulation : 50 % schemes
- O&M fund collected in 88% schemes
- Water tariff collection 65 %
- UC regular meeting in 58 %
- VMW presence in 77 % schemes, salary paid to VMWs 72% of schemes
- Public audit organized in 64 % schemes in the operational stage
- Record and account keeping updated in 69 % schemes

**Finding/suggestion:** The MTR team shares the view of RVWRMP-II experts that WUSCs will be more active when tangible benefits are recognized from the water, in addition to basic need of drinking water and health impact. For example, home gardening could be such activity, as well as avoiding depletion of water sources and poor water yield if any during the driest season. Also MUS schemes may be better taken care of as they have direct productive function in the community. This sounds to make sense but clear evidence should be collected in course of the coming years.



**Fig. 1: Functional status of WS schemes in RVWRMP (ref: survey Feb 2013)**



**Fig 2: National scenario of water supply schemes functionality**

**Water Quality:**

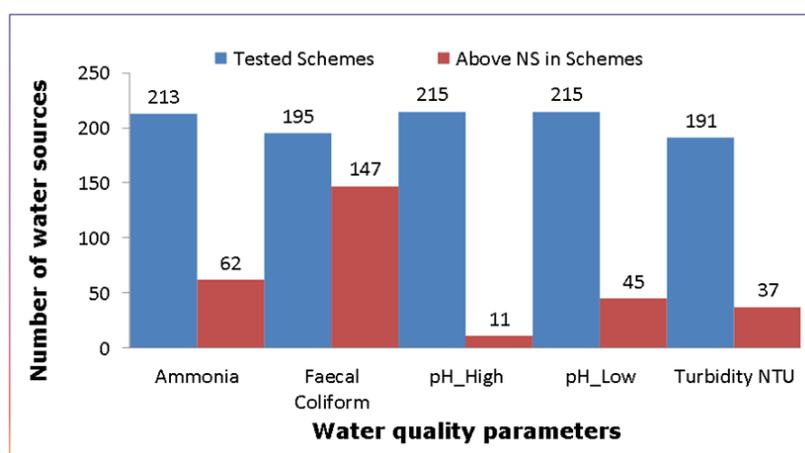
Water quality has direct link to incidence of e.g. diarrhea and cholera. The project has a 'mini laboratory' and field equipment for water quality testing. RVWRMP-II has tested by May 2013 water quality for physical, chemical and biological parameters as per the Nepal Drinking Water Quality Standards (NDWQS) in each scheme. Over 200 tests were also carried out during phase I.

**RVWRMP had tested water from source** for ammonia contamination in 462 intakes during RVWRMP-I & II. Out of the tested sample 13% sources had contaminated water exceeding Nepal national standards. The project also tested water samples from reservoir tanks, tap-stands and household. Data shows that ammonia contamination has decreased from source towards households. Eleven per cent reservoir tanks, 10% tap-stands and 6% household had ammonia contamination.

Water from 432 intakes (sources) for fecal coliform contamination has been tested. Out of the tested samples 52% sources had contaminated water exceeding Nepal national standards. The project also tested water samples from reservoir tanks, tap-stands and household. Data shows that fecal coliform contamination has increased from source towards households. Fifty five per cent reservoir tanks, 56% tap-stands and 87% household had fecal coliform contamination. This indicates that the system has not been disinfected in the beginning, or has been polluted later (e.g. children use store tank as a swimming pool if access is not prevented, leakage in the system, etc). It also indicates that water handling at the household level needs improvement.

**Suggestion for corrective measures:** The above data shows that in 13% of sources which have high ammonia contamination treatment plant is needed. Data also shows that increase of fecal coliform contamination from the source towards household is the indication of poor application of water safety plan and poor hygiene practices in the schemes. Figure 3 below shows that in out of 215 schemes tested, 75% has had fecal coliform contamination in some part of the system from source to household use. In those sources, where there is fecal coliform contamination, the source should be protected if it is a spring. If the source is a stream, then there is need for treatment. Also the sources with high turbidity need treatment facility.

The project has initiated Water Safety Plans (WSP) in the schemes as safeguard and mitigation of contamination. **Finding:** RVWRMP has remarkable data base of water quality tests but the data is not so far thoroughly analyzed or used. **MTR suggestion:** RVWRMP-II should without delay analyze the water quality test data in details to find sources and reasons behind contamination, in order to support WUSCs to do corrective measures. Such analysis would be even nationally interesting as there are not so many studies/ surveys reported on water quality assessment of rural water supply in Nepal.



**Fig 3: Water Quality Testing in RVWRMP (Data of RVWRMP-I & II lab tests by May 2013, 215 schemes).**

**Arsenic Mitigation (Kailali district):**

In Kailali, the project has supported households in mitigation of arsenic concentration in drinking water, using household level bio-sand filters. The project surveyed use of 2051 arsenic bio-sand filters supported by RVWRMP- I & II in Kailali. The study shows that out of 361 plastic 'Kanchan' filters distributed in Sadepani, 60% are not used anymore. Reason behind this is that 54% of these filters are broken and 6% filters are leaking. The result indicates low durability of plastic filters – in fact RVWRMP has promoted plastic filters only as temporary solution in Sandepani VDC where piped water supply was expected in the near future. Recent survey on use of filter shows that 20% filters are not in use (most of the not used filters are plastic ones). This indicates that plastic filters are not durable and hints that all the people in the area are not aware of the risks involved by using water with high arsenic concentration. The Robust Bio-sand Filters used already in phase I have proved to be durable. It was reported in the V-WASH-CC meetings (Kothatulsipur & Sadepani) that the users preferred Robust Arsenic Bio-Sand Filters because of its quality, durability and performance.

**Table 7: Field survey of arsenic bio-sand filters supported by RVWRMP program.**

Filter Type	Reason for Not use	No	Yes	Grand Total
<b>Ferrocement</b>		<b>106</b>	<b>766</b>	<b>872</b>
	In use		766	766
	Leakage	3		3
	Media changing (behavioral)	2		2

	No data	94		94
	Outlet Blocked	4		4
	Preference for cold water in Summer Season for drinking (seasonable: direct from tubewell)	3		3
<b>Plastic Kanchan</b>		<b>215</b>	<b>146</b>	<b>361</b>
	In use		146	146
	Leakage	21		21
	No data	194		194
<b>Robust RCC</b>		<b>99</b>	<b>719</b>	<b>818</b>
	Filtering Less Water	1		1
	House Location Changed	1		1
	In use		719	719
	No data	84		84
	Outlet Blocked	1		1
	Preference for cold water in Summer Season for drinking (seasonable: direct from tubewell)	12		12
	<b>Grand Total</b>	<b>420</b>	<b>1631</b>	<b>2051</b>

Data on use of ABFs (source: Field survey by RVWRMP, spring 2013)

Towards the end of Phase-I RVWRMP developed so called 'Robust Bio-sand Filter' to ensure longer durability as technical problems were found in ferro-cement filters. The 'ferro-cement' filter had occasional quality problems, mainly due to the difficulty to maintain high standard of raw materials and workmanship at the field level (filters were cast at the site in villages). A private entrepreneur participated in the development work and testing of the robust model, and is now providing these robust factory-made filters at the market. Of 818 Robust filter studied, 12% are not in use. For 10% of these filters, the reason for no use was not given by the respondents. Two per cent filters were not used by the people because they do not prefer to drink warm water that comes out of the filter in hot season. The project conducted water quality test for arsenic concentration in 246 filters in 2011. Out of these, 99% filters were performing well. It means output water of the filters was within drinking water quality standards of Nepal for arsenic concentration (below 50 parts per billion).

The project has planned to support provision of 28 robust arsenic bio-sand filters in new tubewells in Lalbojhi VDC in the next fiscal year. In Kotatulsipur VDC, there is also need to support 135 Robust ABF for new tubewells having arsenic contamination. But the project has not decided about this support as yet. **MTR finding:** Arsenic bio-sand filter technology is introduced and tested, service mechanism to provide filters and training to users is established. Robust Bio-sand Filters (RBF) are durable. Plastic filters are possible for temporary use only (1-3 years). **MTR recommendation:** The activity can be gradually shifted from RVWRMP to V-WASH-CC and DTO, to be directly funded by the VDC and DDC. The Project can provide software support e.g. to the V-WASH-CC in the transition away from the current 'project based approach'. At district level, there is a need for preparation of strategic plan for arsenic mitigation program in Terai VDCs of the Kailali district. It could be a part of WASH strategy, water supply aspects, of the district. RWSSP-WN has prepared a model Arsenic Mitigation Strategy for districts, which can be utilized also in Kailali.

### 3.1.3 Result Area 2 – Livelihoods

Result 2 is "Improved and sustained nutrition, food security and sustainable income at community level through natural resources based livelihoods development". The LogFrame has 12 indicators related to livelihoods (Result 2). These are:

**Table 8: Indicators related to livelihoods and MTR teams estimate of achievement of them.**

Indicator	Component/ aspect	Indicator to be achieved or not?
Number of malnourished children under 5 reduced by 40%	Nutrition/ health	likely to be achieved
A substantial number of new employment or livelihood opportunities at community level generated in order to diminish seasonal migration	employment, livelihood	yes, impact on migration to be studied
Seasonal migration from Project area reduced by 20%	employment, livelihoods	Possibly, to be studied
At least 50% of total participants in livelihood related trainings are women	GESI	Yes
Percentage of minority beneficiaries at least at par with their proportion/representation within community	GESI, HRBA	Yes
Availability of micro-finance to the community owned institutions and their members improved	Cooperatives, saving/credit	Yes, in limited scale
At least 50% of women hold leadership positions in the above institutions	GESI	Still challenge, 33% reached
Percentage of minorities holding leadership positions (chair, secretary or treasurer) in the above institutions at par with their proportion/ representation within community	GESI, HRBA	Still challenge
70% of the project beneficiaries have home garden in the end of the phase	Nutrition, livelihoods	Yes
A substantial number of farmers in the Project area adopted demonstrated low-cost livelihood techniques	Livelihoods	Yes
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	Energy, community management	Still challenge
At least 20% of the energy generated by hydro-power used for income generation purposes	Energy, livelihoods	Yes

Livelihoods activities in RVWRMP include (i) basic livelihoods improvement for better nutrition, mainly home garden management, and (ii) advanced livelihoods activities to enhance income in communities/ households. To support livelihoods activities also water related infrastructure development is in program: (iii) Multiple Use Systems of water (MUS), (iv) conventional and non-conventional irrigation, and (v) rural renewable energy. Further, for micro-financing in communities/VDCs (vi) Saving/Credit groups are formed and (vii) establishment of multi-purpose cooperatives supported. All activities are supported by relevant capacity building and training.

As of mid-May 2013, a total of 11 581 leader farmers have received various livelihood related training, majority being female. Seasonal vegetable production is started by 14 876 household. This is 51% into the Project target (indicator: 70% of beneficiaries (HHs) have home gardens). DADO has been the main partner in livelihood component. As per the observation of the MTR team, many households in the project VDCs do have vegetable home gardens. This is an indication of availability of vegetable for consumption and gradual change of food habits.

**Basic livelihoods** activities ensure that all HHs will have benefits from improved nutrition and food security via home garden management. Availability of vegetable seedlings, fodder plants, fruit trees is provided through multipurpose nurseries, at least one in each VDC. Manure management in the farmyard improves environmental sanitation and increases soil fertility.

**Advance level livelihoods** encourage commercial activities through production and marketing of pulses, vegetables, spices, fruit and fiber products. According to the Project data, 3077 families have benefitted from advanced livelihood program. Communities are supported to establish Marketing Committees and collection centers for reaching the markets. The MTR team observed e.g. off-season vegetable farming for commercial purpose using micro-irrigation technologies

(sprinkler and drip irrigation). CSIDB has contributed much in advanced livelihoods activities, for example women groups in Chhatara VDC of Bajura district are engaged in “allo” processing (textile production). Other activities observed were grinding and producing of spices and bamboo crafts activities. Promoted by RVWRMP-II, in total 935 entrepreneurs are engaged in various small scale business. There are also other productive end-uses of micro-hydro such as agro-processing services (grain grinding, rice hulling and oil expelling). These productive end-use businesses have been organized and managed by cooperatives and also individual private entrepreneurs.

**Ms Motikala Devi Rawal, Chhatara, Bajura, Owner of poly house for off-season vegetable farming:** “If I put in 10 to 15 thousand rupees, I can earn the same amount as profit. With three poly houses I can earn enough money for household need. Pesticides are not available locally. Also I cannot get seed on time. If I produce vegetables there is no problem for selling. Buyers come to my house.”

### Renewable energy:

The project has completed nine micro-hydro schemes generating 247 kW of electricity. These schemes have been installed in collaboration with Alternative Energy Promotion Centre (AEPCC). There are 15 units of Improved Water Mill (IWM) completed in cooperation with Centre for Rural Technology Nepal (CRTN) funded by NDF/NCF (REFEL project), SNV, etc. There are also 3628 units of Improved Cooking Stoves (ICS) installed in the project VDCs.

Plant capacity of micro-hydro schemes are traditionally designed for lighting and domestic uses of electricity. Generally, this power is being used during peak hour, i.e. early evening when all lights are on. In the recent years energy for productive end-uses has got more and more attention. Table 9 below shows electricity use for lighting and productive end-use, the latter being 25.8% of used energy. This is more than targeted indicator 20%. The surplus energy shown in the table below can be utilized for more productive end-uses, thus the community could earn more money from micro-hydro. Table 9 also shows that only 36% of energy in average is used of the total capacity of the plants. **MTR suggestions:** User Committee should be given business management training including endues possibilities, tariff setting, load management, etc. Further, the user committee should be reorganized as cooperatives to sustain the micro-hydro operation and earn for reinvest. MTR team observed that repair works are sometimes neglected by the UC. In Kailashkhola-V scheme, forebay tank is leaking and there is danger of damaging the power-house.

**Table 9: Electricity end-use of Micro-hydro schemes at present (May 2013)**

S.N.	Scheme Name	HHs	Plant capacity		Present use of energy (kwh/year)			Planned use of energy (%)	Surplus energy, yet to be planned (%)
			Power Output (kW)	Energy output (kwh/year)	Lighting	Productive End-use	Total		
1	Ashurani PHP, sirsha, Dadeldhura	21	2	175200	5110	0	5110	29%	71%
2	Hoparigad MHS, Sipti, Darchula	583	50	438000	127750	48600	176350	40%	60%
3	Nepka PHP, Shrimasta, Humla	47	4	35040	10220	0	10220	29%	71%
4	Upper Rilu MHP, Rilu, Bajhang	248	30	262800	76650	4824	81474	31%	69%
5	Jadarigad MHP, Pau-	245	21	183860	53655	15696	69351	38%	62%

	wagadhi, Bajhang								
6	Kashegad MHP, Chhatara, Bajura	677	50	438000	114975	109080	224055	51%	49%
7	Kailash Khola-V MHP, Bha- takatiya, Achham	349	25	219000	63875	6912	70787	32%	68%
8	Kailash Khola-IV MHP, Bha- takatiya, Achham	430	35	306600	89425	6912	96337	31%	69%
9	Maubheri Khola MHP, Koiralakot, Bajhang	386	30	262800	76650	23256	99906	38%	62%
<b>Total</b>		<b>2986</b>	<b>247</b>	<b>2163720</b>	<b>631085</b>	<b>215280</b>	<b>833590</b>	<b>36%</b>	<b>64%</b>

The Project reported that in these 9 MH schemes there are future plans to increase productive end-use of energy in average up to 45% of the total consumption, and to produce energy up to 54% of the available plant capacity. 50% - 60% utilization rate of the plant capacity is quite good for MH projects due to the limited daily operation time, typically 16 – 18 hours.

Table 10 below presents calculated use of energy in three MH plants as observed by the MTR team, taking readings from the energy meters at the plants. In the powerhouse of the MH plant, there is a meter for measuring energy supplied to the community. The records of energy used are kept in a logbook on daily basis. These readings indicate somewhat lower utilization rate of total plant capacity than the Project data in Table 9. There may be errors in metering thus the MTR team considers the Project data as more reliable and representative of the actual situation.

**Table 10: Effective use of power potential in selected schemes (Source: MTR field visit, from a logbook of the plant)**

Name of the MHP	Plant capacity		Present use of electricity (kwh/year)	Electricity use (% of total capacity)
	Power (kW)	Energy (kWh/year)		
Kashegad MHP, Chhatara, Bajura	50	432,000	144000	33%
Kailashkhola-V MHP, Bhatakatiya, Achham	25	216,000	18,720	9%
Kailashkhola-IV MHP, Bhatakatiya, Achham	35	302,400	144,000	48%

### **Irrigation:**

There are 31 conventional irrigation schemes in the Project VDCs out of which 6 schemes are completed, 8 under implementation and 15 in the preparatory phase. In addition there are 19 MUS schemes out of which 5 are completed. From this information it can be seen that total number of irrigation schemes (conventional and MUS) is 50. In the project VDCs, there are 235 water supply schemes out of which 110 are completed. From this data it can be seen that the number of irrigation and MUS is not substantially lower than that of water supply. According to the observation of MTR team, WUMP generally has less number of high priority irrigation and MUS schemes planned in comparison with water supply. The Project, DMC and VDC/users should mar-

ket WUMPs to e.g. Irrigation Department and other actors in the irrigation sector to fulfill large demands on this side.

**Table 11: Number of different types of schemes in RVWRMP-II (ref: Project MIS)**

Sector	Number of schemes			
	Total	Completed	On-going	Preparatory
ENVIRONMENT PROTECTION	1	1	0	0
IMPROVED WATER MILL	4	1	0	3
IRRIGATION	31	6	8	17
MICRO-HYDRO	10	3	4	3
MUSA	19	5	8	6
SANITATION	227	169	55	3
WATER SUPPLY	235	110	88	37
<b>Total</b>	<b>527</b>	<b>295</b>	<b>163</b>	<b>69</b>

**Multiple Use System (MUS):**

MUS stand for multipurpose use of water for water supply, irrigation, micro-hydro and improved water mills in different combinations. There are five completed MUS schemes in the project. There is increasing demand for MUS planning and implementation. MUS schemes are more cost effective than constructing isolated schemes of water supply, irrigation or micro-hydro. The main theme of MUS concept is to use water for productive uses if yield of source is sufficient. It supports livelihood and promotes enterprises in the community. Ultimately, it supports for sustaining the scheme by keeping UCs more interested and active about the scheme.

Kali Pachhai MUS scheme in Koiralakot VDC of Bajhang district is an example of water supply with non-conventional irrigation system. This MUS scheme serves for seven (7) households. All households produce vegetables for consumption and also for selling. It enhanced livelihood of the people and also raised ownership of the scheme.

**Cooperatives:**

For access to financial services, the project has supported communities to established 13 cooperatives. These cooperatives are in operation doing financial transactions for commercial purposes of the project beneficiaries. There were 3094 Community Organizations (COs) established by the project in phase I, out of which 991 are currently active. There are also 156 other groups such as Community Forestry User Group, Water User Committees, schools who have used the financial services of the cooperatives.

3.1.4 Progress of Result Area 3 – Institutional Capacity

Schemes of the communities are implemented by User Committees (UCs) with support from VDCs and DDCs. V-WASH-CC plans, monitors and coordinates the WASH activities at VDC level. In RVWRMP previous Water Resources Committees have been emerged to V-WASH-CCs who, accordingly, provide wider water sector coordination in the Project VDCs. At the district level, District Management Committee (DMC) coordinates and manages the project, DDC administers the work and District Technical Office (DTO) is responsible for technical matters. D-WASH-CC plans, monitors and coordinates the WASH activities at district level. A number of partners, mainly line agencies are members in the DMC and cooperate with the Project thus providing their institutional capacity, human resources and to some extent additional funding to the program. DMC composition is given in the Project Document, but is open for adjustments as per actual situation in the district.

The project had supported Water Use Master Plans (WUMP) of 47 hilly VDCs in Phase-I and these were updated in phase-II. In addition 20 VDCs are preparing WUMP in Phase-II. These WUMPs

are available with wider scope including livelihoods component, providing scheme information and priorities to support detailed investment and scheme planning at VDC level. Marketing of WUMP for getting funding from other agencies is not evident.

**MTR finding/recommendation** is that district strategic plans of different sectors are sufficient to guide planning and coordination, therefore preparation of separate District WUMP would be duplication of efforts. Instead of 'D-WUMPs', the Project should facilitate review of various sector strategies (or master plans) related to water resources use and protection, to ensure that they do not conflict each other, and to support the DDC level coordination, planning and implementing strategies/plans.

Result 3 is "*Institutionalized capacity at district level to continue integrated water resources planning and to support communities in implementing and maintaining WASH and livelihoods activities*". Looking against the LogFrame indicators, Result area 3, the following observations were made by the MTR team:

- "Necessary technical and administrative support is provided without delays by DTO, DADO and other relevant agencies"; Support is provided by DTO and partner agencies, but interviews revealed that there are sometimes delays in releasing funds, monitoring, etc from DDC/DTO side.
- "Both DDCs and VDCs contribute to relevant investments (total 10%)"; this was revised by the Steering Committee to be on average 5% from VDCs and 1-2% from DDC, s. VDCs are keen to contribute to investments and preparation of WUMPs resulting to higher than expected contribution. DDCs have less enthusiasm and so far only and only 3 out of 10 districts have paid any of their small contribution to the Program.
- "Project districts have district WASH strategies prepared by D-WASH-CCs, providing information on district level priorities and schemes to all development partners"; WASH strategies are prepared in all 10 districts (Kailali has just got a draft plan ready also). While these WASH plans guide well the ODF movement in the districts, the water supply part is either absent or very general without actual priorities, resourcing etc. This actually reflects the present 'national priorities' in Rural WASH sector, first ODF, then functionality and later water quality.
- "Performance based allocation of Project resources between districts in use by 2012"; The Project has developed a performance evaluation system of districts, and using it. But applying it to resource allocation at DOLIDAR/MFALD level has not been possible. DOLIDAR has own criteria, basically looking at capacity to use budgeted money as planned. In that respect money allocation is performance based and done in line with national practice. Interestingly, the Project staff reports that district performance evaluation has had a positive impact, e.g. creating a healthy competition between districts, and, 'rewarding' those who are doing best.
- "24 new VDC WUMPs available with wider scope providing scheme information and priorities to support detailed investment and scheme planning at VDC level", RVWRMP-II has selected 20 new VDCs and preparation of WUMPs in these is in process with considerable financial contribution from VDCs. The Project has capacity to facilitate more VDC level WUMPs – up to 40 more as proposed by MTR.
- "Data on relevant facilities and their condition is updated at district level and shared freely"; Data on WASH facilities is collected through D-WASH-CC (WSSDO) and fed into the national data system. District level data collection and management is still a big challenge due to insufficient human and other resources in the districts. The Project MIS is operated by PSU and data made available to the districts.

### **Marketing of WUMPs:**

Water Use Master Plans (WUMP) have been prepared and updated by project VDCs with support of the project. The project has strictly followed WUMP priorities, first of all leading to implementation of water supply schemes. WUMPs have also planned activities in irrigation, micro-hydro, MUS, livelihood and environment conservation sectors. Other actors than RVWRMP are rarely involved in the project VDCs to support for implementing activities of WUMP such as irrigation, MUS and environment conservation. DDC has also less ownership of WUMP and its implementation process. There is practice in the districts that other actors are not preferred to work in the

RVWRMP project VDCs. District has their constraints that resources cannot be allocated in few VDCs only. **MTR suggestion:** WUMP mobilization and marketing to potential agencies and programs is an urgent need. Marketing of WUMPs for getting funding support from other agencies should include:

- Internalize WUMP by V-WASH-CC and link with D-WASH-CC,
- Strengthen V-WASH-CC for marketing/promoting WUMP,
- D-WASH-CC should include WUMP in district level strategic sectoral planning,
- Organize WUMP marketing and coordination workshop(s) among the relevant actors at district level every year before District Council;
- Coordinate from central level agencies (DoLIDAR/MFALD) to follow the WUMP priorities in planning process and replicating preparation of WUMP in other VDCs.

## 3.2 Analysis on Evaluation Issues and Questions

### 3.2.1 Cross-cutting objectives

During the Project design the Finnish Development Policy Programme 2007 included the following cross-cutting issues: Gender and social equality, human rights and equal participation opportunities of easily marginalized groups (including children, people with disabilities, indigenous people and ethnic minorities), fight against HIV/AIDS as a development challenge, environment, climate and disaster risks. MFA had also published a guidance note on cross-cutting objectives in 2009 before launching the RVWRMP-II. In course of the phase II implementation, the Ministry published the latest Finnish Development Policy (2012) emphasizing three cross-cutting objectives: gender equality, reduction of inequality and climate sustainability.

Initiated in Phase I and further continued and strengthened in Phase II RVWRMP has been particularly strong in GESI – having clear strategy and action plan on it being incorporated in all possible project interventions. Also, a number of result indicators have GESI dimensions proving due consideration of this aspect in the Project design. Messages of HIV/AIDS have been built in health related training but not particularly focused in the Project activities. Environmental matters are present in all aspects of a water resources management project. The interventions in water supply, irrigation, environmental sanitation, soil conservation, livelihoods and renewable energy have direct environmental linkages. The small scale of schemes/ activities and appropriate technologies ensure that there are very low adverse impacts on environment, if any. The Project design (PD) also emphasizes watershed protection that would protect water quantity and quality, and address soil stability through activities such as reforestation and bioengineering. These have also livelihoods potential e.g. through NTFPs. These activities have not yet received significant attention, mainly due to (people's) other priorities for urgent implementation in WUMPs. The RVWRMP 'Concept Note Paper' recognizes the situation and suggests more activities in this regard. Cooperation with the coming ADB/NDF project (BCRWME) will offer opportunities to materialize tangible inputs in watershed protection/ management.

Climate Change aspects were also focused in the Project Document, e.g. proposing to carry out a specific study on related issues. However, RVWRMP-II decided not to go for a study as many other organizations were doing them (e.g. ICIMOD), and, among Finnish water sector interventions it was agreed that UNICEF will lead development of harmonized climate change approaches particularly in WASH sector. Instead of studies, RVWRMP has incorporated adaptation to climate change in all interventions with focus on issues and problems at the grass-root level. Renewable energy schemes are also contributing to mitigation of climate change, reducing use of firewood and kerosene. "Promoting Renewable Energy Technologies for Enhanced Rural Livelihood" project (REFEL), funded by NDF/NCF was mobilized in December 2011 and works in 25 RVWRMP VDCs in Achham, Baitadi, Doti and Dadeldhura districts. Reduction of greenhouse gas emissions is a core objective of the 2 year project. RVWRMP cooperates with and contributes to REFEL financially and technically, including planning and monitoring support.

Cross-cutting themes have not been implemented in a way that all themes would have been considered and taken into account in all interventions and at all levels. The MTR agrees that this would be too ambitious and unpractical. MTR agrees that RVWRMP's focus in cross-cutting issues has been correct – GESI (and human rights) and climate change issues being the highest priorities. This complies fully with the 2012 development policy of Finland. MTR team has proudly re-

ported mainstreaming of GESI (and human rights issues) in all project intervention – also in the job descriptions of all experts in RVWRMP.

### ***Improver Water Mill (IWM) and GESI:***

There are 15 units of Improved Water Mill (IWM) completed by RVWRMP. This type of mills works with less water than the traditional Nepali water mills (Ghatta) which are installed at the stream. Traditionally, women and children had to walk down to the stream to the mill. This task is time consuming and labor intensive. IWM are installed in the village itself because it runs with small flow of water. Village women and children can save time spent for agro-processing.



### 3.2.2 Appropriateness within the Operational Context

The evaluation question of appropriateness in TOR is: *Assess the relevance, effectiveness and efficiency of project design and implementation in the institutional and administrative context in Nepal taking into consideration the challenges to the implementation caused by remoteness, accessibility and transportation.*

Water resources management is not a sector but deals with an array of sectors with various needs of water use and protection. Thus there is no single host ministry or institution to work with in water sector. A number of ministries and their district level agencies deal with water resources management. In rural context, DDC is the body to coordinate all (rural) interventions in its area. In this situation RVWRMP has a right approach and design: It is clearly designed in project approach – not program approach – to support local bodies and communities in water resources development. It works with a number of (sub-) sector partners adjusting to their working modality and approaches. However, RVWRMP adheres to community centered implementation, village level planning, human rights based approach and GESI. It is difficult to see in short- or medium term that this project approach could be changed to programmatic approach with full responsibilities vested on local structures. Such change would compromise the efficiency of the implementation machinery remarkable, at least in short run.

Some components of the RVWRMP scope can gradually be shifted from the Project to the local actors. Livelihoods activities are potential in this regard as there are partners such as DADO and CSIDB who have the experience, resources and capacity to carry out the interventions. Another example is arsenic mitigation in Kailali district. RVWRMP has developed technology and approach for Arsenic Bio-sand Filters that can be applied already by DDC/DTO, VDC and UCs with minor software support from the Project.

The remote districts of Far West and Mid-West Nepal are considered backward and almost as a punishment by civil servants who are transferred there from other parts of the country. This causes e.g. a sometimes long absence of officials from their duty stations resulting in delays of decision making and actions. In the future, after administrative reforms, if DDCs can recruit their own staff, to be accountable directly to DDC, the situation could be improved.

For the Project implementation remoteness, difficult accessibility and transport are challenges that result in higher cost of infrastructure and longer time of construction. Selection of the re-

motest VDCs and communities is however the backbone of the Projects HRBA/GESI approach as typically the population in those villages is poor and traditionally left out of development support.

### 3.2.3 Validity of the Project Concept and its Operationalization

The TOR raised the following issues on validity of the Project concept and its operationalization:

- "Assess the extent to which RVWRMP II implementation policy has influenced the national agenda"; The Project has continued the Finnish water sector practice, since 1996 in Nepal, to work with and through local governments. This has definitely been visible and appreciated in the country by GON and the Development Partners. RVWRMP-II has continued supporting VDC level participatory planning (WUMPs) that has wider potential and interest among water sector partners to be replicated. GESI strategy and its operationalization have raised interest in Nepal and abroad. Harmonization efforts of WASH approach among the Finnish Programs is perhaps the most concrete contribution in sector dialogue. Due to remoteness from the capital active participation of RVWRMP management and experts have limited possibilities to participate in various sector meetings and workshops. In this regard the 'Project voice' is brought up by DOLIDAR/MFALD, the Finnish Embassy and to some extent UNICEF.
- "Assess the performance of RVWRMP II against its objectives as set out in the PD and to make recommendation to assist its implementation over the remaining term"; Chapter 4.1.1 earlier in this report discusses about 'Achievement of the Overall and Project Purpose Indicators'. RVWRMP-II needs additional funding for investments in total 415 million NPR in order to continue in full swing over the remaining two years of phase II. Targets can be increased both in terms of beneficiary equivalent of improved facilities and in planning. Achievements in institutional development/capacity building at district level have still challenges to attain the set indicators in full.
- "Assess the appropriateness of the present result and impact indicators and the way they are being used, and recommend improvements considering the thrive to harmonize Nepal's WASH sector across the programs and projects with the national level indicators (for RVWRMP II, the Result Area 1 indicators)"; Revision of indicators was proposed by RVWRMP in its 'Concept Note: Phase II Towards Phase III'. MTR made appraisal of the Concept Note, please see Annex 8, and suggested to keep the earlier defined (PD) indicators with a few proposed small adjustment. Concerning harmonization of WASH indicators MTR proposes to test-use a number of RWSSP-WN 2<sup>nd</sup> phase indicators – but they also need slight rephrasing due to wider water sector scope in RVWRMP-II.
- "Assess the sustainability of the institutional strengthening"; RVWRMP focuses in institutional strengthening on village level institutions, User Committees, cooperatives, other CBOs like farmer groups. This focus is crucial for long-term sustainability of investments and improvements in livelihoods and people's living conditions. Methods of capacity building/ training are tested and widely used in different sub-sectors of water resources management. There are still challenges in community management of infrastructure. Institutional strengthening of V-WASH-CC and D-WASH-CC are relatively new elements brought in along with implementation of the Sanitation and Hygiene Master Plan 2011. RVWRMP-II has succeeded to emerge the previous Water Resources Management Committees (WRMCs) in VDCs into the V-WASH-CCs. At the district level D-WASH-CCs have so far mainly concentrated in WASH and in ODF movement in WASH. Institutional strengthening of DDC/VDC officials and staff of partner agencies takes place mainly based on 'learning-by-doing'. More capacity building/training opportunities was proposed in district level meetings during the MTR visits.

### 3.2.4 Cross-cutting Objectives and Overall Quality of Reporting

- "Assess the quality of reporting and dissemination of information"; RVWRMP reports on monthly and Trimester (4 months period) basis to DOLIDAR/MFALD, who further reports to the National Planning Committee (NPC). This reporting follows strictly the GON procedures and uses its templates. Information is basically given only in figures, both for progress and finances. This system functions well under the National Project Coordinator in PCO, assisted by PSU and DTO/DDC with district Project office, when needed. PSU reporting is separate from the GON's one, it has not been possible to emerge reporting for GON and GOF into one. PSU reports of financial issues on quarterly basis (Gregorian year). The Progress reports are

Annual and bi-annual based on Nepalese fiscal year. Progress reports include also financial information of different contributors. PSU reporting is in line with MFA's guidelines 'Manual for Bi-lateral Programs 2012'.

- "Assess quality of reporting on the achievements in addressing cross-cutting issues. Special attention shall be paid to assess gender sensitivity and inclusion of most disadvantaged groups, community participation and good governance (e.g. whether the project has adequately planned and put into practice the cross-cutting issues";* Reports of RVWRMP (PSU) deal with cross-cutting issues in an extensive manner. Good governance aspects are not particularly highlighted in the Annual/ Bi-annual reports.

*"Assess the extent of recent socio-economic changes affecting the project region (widespread mobility of labor, single mother households, migrant remittances > access to cash, population growth, increased out-migration of men for wage labor > women left behind to work in the caste-based attached forms of labor in agriculture";* In Nepal poverty incidence has decreased over the past 15 years being 25.1% in average, 15.5% in urban and 27.4% in rural areas (Nepal Living Standard Survey, FY 2010/2011 figures). However, situation in the Far-West and Mid-West Regions is drastically different from the central and eastern parts of the country, or from the national averages. Table below highlights the negative trend, increase in poverty, in 7 out of 10 Project districts. Only Dailekh, Achham and Kailali districts have positive trend. Against this development it is difficult to see how RVWRMP-II could significantly change the situation in its VDCs, livelihoods interventions are still in rather small scale – and reach below the national 21% poverty line, which is one of the Project Purpose indicators. Far West Region is also a food-deficit one, apart from the Terai districts of Kailali and Kanchanpur. Seasonal migration is similarly especially high in the Far West – the Project has baseline data on seasonal migration. The largest number of migrants comes from socially excluded groups, landless, Dalits, etc.

**Table 12: Poverty incidence in RVWRMP districts by Census 2001 and 2011.**

District	Percent of population under poverty line		
	Census 2001	Census 2011	Change (percent)
Darchula	37.70	53.00	-15.30
Baitadi	36.80	45.00	-8.20
Dadeldhura	40.30	43.30	-3.00
Bajhang	48.20	56.80	-8.60
Bajura	47.30	64.10	-16.80
Doti	46.40	48.90	-2.50
Achham	51.60	47.20	4.40
Kailali	50.40	33.60	16.80
Humla	41.50	56.00	-14.50
Dailekh	51.60	35.80	15.80

(Source: Small Area Estimates of Poverty 2011, Central Bureau of Statistics, Government of Nepal, 2013)

**GESI strategy and Action Plan of the Project is the foundation for equitable, inclusive and participatory development approach.** Gender and social issues are incorporated and mainstreamed in the project activities. The Project reports/data are gender and socially disaggregated. The following examples reveal the application of GESI strategy and action plan;

- GESI concerns are well addressed in all Project guidelines,
- Representation of women and DAG in the grass root level institutions is found satisfactory e.g. UCs in average have 45% women members, 14% Dalits and 8% Janjatis, respective proportion in population of Project area are 21% Dalits and 4% Janjati.
- The Project has tried to apply positive discrimination for women, Dalits and Janjatis in Project recruitment. This is extremely challenging as number of educated, experienced women and DAG applicants are very low in particular for expert positions. However, in the Project staffing out of 90, 17 are women, 19 Janjatis and 5 Dalits. However in the staffing structure at the district level there are no women staffs except messenger in 3 districts.

- Women are empowered through different training and opportunities also in technical training like, VMW, LLB, Water Safety Plan etc. In average 55% of all trainees in the Project have been female.
- The Impact Evaluation of Livelihoods and Cooperative activities in RVWRMP VDCs, November, 2012 mentioned that GESI concept have emphasized on representation of women and Dalit, but their meaningful participation in “decision making” is still weak. Thus, more attention is to be paid to enhance the capacity of the women and DAG as well as to ensure their involvement at the decision making level.

Table 13 below is a sample taken from Balanta VDC of Achham district with regards to conventional irrigation facilities provided to the community members is in line with the HRBA. It indicates not much disparity access to benefits provided by the project.

**Table 13: Irrigation facilities supported by RVWRMP for Dalits and Non-Dalits.**

Name of Irrigation Scheme	Total HH	HH of Caste/Ethnicity		Irrigated Land Area (in Ropani)	
		Dalits	Non-Dalits	Dalits	Non-Dalits
Palta	25	1	24	4	93
Ghule Matel (MUSA)	60	12	48	6	81
Dharapani Amrukh Dhaula	25	3	22	10	167
Tutan Kaleam	41	18	23	111	116
<b>Total</b>	<b>151</b>	<b>34</b>	<b>117</b>	<b>131</b>	<b>457</b>
<b>In percentage</b>		<b>22.5</b>	<b>77.5</b>	<b>22.3</b>	<b>77.7</b>

### 3.2.5 Investment Component

Analyzes of the investments to schemes through the District Development Funds (DDFs) is done in Annex 11 of this report. MTR response to evaluation questions in this regard are summarized below:

- "Analyze the investment and local TA budgets, including the budget impact of MFA Standard Terms of Payment of Fees and Reimbursement of Costs applied in the Project"; The financial analysis, including TA cost, is presented in Annex 10. The new Standard Terms of Payment (MFA, June 2012) would imply additional TA cost of ca. 0.5 million EUR, during the two remaining years of phase II, if using the same principles of calculation as in RWSSP-WN in Nepal. A major part of additional cost comes from fees of national experts – due to big number of experts, in total 28 persons.
- "Appraise the proposed Conceptual Plan for the remaining period (2014-15). Assess the need, potential and rationale to adjust the scope of investments; if adjustments are needed, what is their justification?"; The Concept Note' basically proposed to continue RVWRMP without any major adjustments/ changes, which MTR team fully supports. The Concept Note discusses at length about water resources protection and soil conservation/ watershed management. However, the becoming ADB/NDF project BCRWME will be a major potential partner in this regard – it is not wise to make much related activity plans right now, but better to wait for the start-up and possible cooperation with BCRWME.
- "Examine, whether the job descriptions of local TA needs to be updated for the remaining period"; Annex 8 presents, among other things, assessment of the job descriptions and staffing structure (experts). MTR disagrees only in two things with the Concept Note about (i) keeping GESI specialist post vacant, and (ii) adding a Cooperative and Micro-finance specialist – this expertise is already in the PSU team and sufficient in the remaining phase II period.
- "Define budget implications for GoF and GoN, geographic scope and timing of potential (or needed) additional investments for the remaining project period to ensure the sustainability and long-term impact of the investments done so far"; RVWRMP-II has grown into its full implementation capacity in the third fiscal year of the project. To utilize the developed capacity and continue the Project activities in full swing till the end of phase II, altogether 415 million NPR (equal to 3.75 million EUR) of additional funding is needed on top of the already allocated 760 million NPR. Additional funding is only needed for investment budget/DDFs, original

TA budget and operational budget are sufficient. **MTR recommendation:** Sufficient funding for completion of phase II with maximum outcome and results should be ensured from the two governments. Out of this 33% would be GON contribution (137 million NPR, or 1.25 million NPR) and 67% GOF contribution (278 million NPR or 2.5 million EUR).

### 3.2.6 Governance of the Project

*TOR: Assess the functionality of the Project monitoring and supervision arrangement and review the TOR's for Supervision board and Supervision Committees and review the minutes of the meetings.*

Monitoring and supervision practice by the Steering Committee and the Supervisory Board was established in the 2<sup>nd</sup> SC meeting, where the TORs of the both bodies were approved. SVB was added in the Project as the SC was definitely too big (including representatives from 10 districts and many central level representatives of partner ministries/agencies) and expensive for decision making of policy level issues. TORs of the SC and SVB are harmonized among RVWRMP and RWSSP-WN. The Steering Committee meets once a year and the Supervisory Board meeting is at least once a year, but being flexible to meet if policy issues arise and need decisions.

Project internal monitoring is built in the step-by-step scheme procedures and functions well. It is jointly performed by the Project experts in PSU/PCO and in the district offices, with the representatives of DDC, VDC or partner agencies. Monitoring teams will be agreed case-by-case according to the type of activities and type of infrastructure. PSU carries out regularly financial monitoring of investment funds (DDFs). This has evidently improved sense of discipline and transparency in handling Project funds at the district level.

### 3.2.7 Capacity Development

TOR asked for the following assessments:

- *"Assess the methods of capacity building and indicators used for monitoring results of it";*
- *"Assess and conclude on the GoN's capacity to mobilize staff for project implementation and to continue implementation without external assistance, in other words, the sustainability potential under the full responsibility of the GoN. Assess and justify the potential risks, taking into account the current capacity level and the projected capacity level at the time of planned closure of the project".*

Indicators related to capacity building in Result 1 (WASH) are:

- *"Water Safety Plans (WSP) prepared and implemented for each water supply scheme, including protection of intakes and procedures for monitoring and action." WSP is relative new concept and thus its development has taken some time. Majority of schemes is still in a process to have WSP. Training on WSP and participatory preparation with WUSCs are needed. It is necessary to incorporate the WSP into O&M planning of the scheme and have these issues taken up with communities/WUSCs from the early stages of step-by-step process.*
- *"UCs 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"; UCs attitude and management skills/ capacity are varying in this regard. This matter is discussed more in chapter 3.1.2 of this MTR report. This indicator could be more precise as it does not say how to measure: 'are able' or 'are active'. Anyway, capacity building of UCs is challenging and one of the major issues nationally in the rural WASH sector.*

**Capacity of GON:** At the central level MFALD and DOLIDAR have the capacity to handle this size and much bigger programs/projects. However, delays in staff recruitment, high staff turn-over, delays in release of funds would obviously be among challenges as MFALD/DOLIDAR are not independent of the GON machinery and decisions made beyond their control, financially or administratively. On the other hand, currently GON implementation approaches don't emphasize community management (including procurement), GESI and human rights issues as strongly as many donors/NGOs do. For example, the community centered working modality would obviously be compromised if the RVWRMP was run as a GON program without a strong TA component. A key risk in GON (alone) implementation of RVWRMP is the multi-sector nature of the program, proba-

bly an actor above the partaking ministries should be a host of such intervention. At the district level there are delays in technical and administrative support from DDC/DTO. Some of the reasons are (i) delay of GON budget release to DDC or line agencies, or cutting of annual budget (ii) lack of human resources, and (iii) frequent absence of key officials from district headquarters.

**Table 14: Financing contributions in RVWRMP-II (ref: Project MIS data).**

Excluding Sanitation									
DistrictName	Acutal Expenses	In Percent							
	Total	GON	GOF	DDC	VDC	UsersCash	UsersKind	Others	Total
ACHHAM	40476776	10,9	30,6	2,2	8,7	2,3	22,4	23,0	100
BAITADI	26886112	23,2	48,0	1,0	6,4	0,5	21,0	0,0	100
BAJHANG	37367367	6,9	39,5	0,5	2,8	1,6	22,4	26,3	100
BAJURA	28283682	10,5	29,2	1,1	5,6	3,5	20,0	30,0	100
DADEL DHURA	45262634	16,8	63,5	0,6	2,0	0,3	16,9	0,0	100
DAILEKH	28905393	16,5	56,8	0,2	2,3	1,2	23,1	0,0	100
DARCHULA	22657185	21,6	41,3	0,9	11,2	0,6	24,4	0,0	100
DOTI	34030900	18,4	48,3	0,6	4,4	0,5	27,9	0,0	100
HUMLA	14737348	22,5	46,7	1,2	4,7	0,9	24,1	0,0	100
KAILALI	905625	19,3	77,2	0,0	0,8	2,7	0,0	0,0	100
<b>In Total</b>	<b>279513022</b>	<b>15,5</b>	<b>45,4</b>	<b>0,9</b>	<b>5,1</b>	<b>1,3</b>	<b>22,0</b>	<b>9,9</b>	<b>100,0</b>
Including Sanitation									
DistrictName	Acutal Expenses	In Percent							
	Total	GON	GOF	DDC	VDC	UsersCash	UsersKind	Others	Total
ACHHAM	62688646	9,9	25,5	1,7	7,6	1,5	38,9	14,8	100
BAITADI	84668780	10,8	24,8	1,0	5,7	6,2	51,5	0,0	100
BAJHANG	47370062	6,2	34,1	0,4	3,0	1,2	34,4	20,8	100
BAJURA	40967722	8,7	26,0	0,7	4,3	2,4	37,0	20,7	100
DADEL DHURA	87854344	11,4	40,4	0,5	2,5	0,2	44,7	0,2	100
DAILEKH	39826287	13,8	47,1	0,3	3,0	0,8	34,8	0,0	100
DARCHULA	30624020	18,4	36,8	0,9	9,5	0,4	34,0	0,0	100
DOTI	46132538	15,9	39,7	0,7	4,7	0,3	38,7	0,0	100
HUMLA	39368274	14,6	34,0	1,0	4,1	0,6	44,8	1,0	100
KAILALI	24333208	15,4	36,4	3,7	3,3	18,7	22,5	0,0	100
<b>In Total</b>	<b>503833881</b>	<b>11,9</b>	<b>33,7</b>	<b>1,0</b>	<b>4,7</b>	<b>2,7</b>	<b>40,5</b>	<b>5,6</b>	<b>100,0</b>

### 3.2.8 Lessons for the Future

- *"Draw lessons learned and make recommendations for corrective action to achieve full compliance with the requirements of the PD/funding agreement";* RVWRMP-II is on the way to comply with PD requirements. The deviations made are justifiable: (i) Climate Change study was cancelled, and (ii) D-WUMPs have not been done, Implementation machinery is capable to provide more services to population if additional investment funding is granted. Current funding is hardly sufficient to reach 800 000 beneficiary equivalent, out of targeted 1 000 000. With additional funding of 415 million NPR 'population' of over 1.3 million can be reached. For the 3<sup>rd</sup> phase of RVWRMP it is important to analyze carefully the balance between TA, other program cost and investments. Both in phase I and II investment budgets have been under-estimated in the PDs.
- *"Propose and justify revisions of the PD based on the findings of the MTR and make recommendations on how to operationalise these revisions, and explain the value added of the proposed changes and their budgetary consequences";* No major changes are needed apart from additional investment funding and re-allocation of cost between various budget headings of TA fees and reimbursable, on other program costs (see Annex 10). This also enables that RVWRMP-II can have more responsibility in the district level ODF campaigns, and work in wider area (MTR proposes 40 VDCs more in phase II).

## 3.2.9 Natural Hazards Preparedness

The TOR of MTR also asked to review the "*level of preparedness and instructions to project personnel in case of major natural hazard*". The Project management informed MTR that there are no written instructions in this regard. The Project partakes through DMCs/DDCs in disaster preparedness of districts and has (limited resources) to contribute in emergency actions, coordinated in DDC. **MTR suggests** that RVWRMP-II will develop short, to-the-point emergency plan for own staff as well, including contracted Service Organizations and Service Providers. In this regard, existing emergency plan available in the Finnish Embassy would be a good guide, but needs adjustment to local circumstances both in Dhangadhi and the remote districts.

## 3.2.10 Strategic Position and Synergy with other Development Programmes/Projects

Evaluation questions in TOR:

- *Does RVWRMP II systematically coordinate and/or harmonize its work with other relevant actors in Nepal?*
- *What is the level and specific mechanisms of donor coordination and communication in the project working area? Are these mechanisms contributing to complementarity of activities?*

RVWRMP-II coordinates closely with the Finnish supported water sector projects (RWSSP-WN and UNICEF project). In particular, ODF movement in WASH and exchange of information e.g. on training packages are examples of harmonization efforts. DMCs are well functioning coordination and joint planning bodies in RVWRMP-II intervention areas. In the WASH sector the D-WASH-CCs are active and assist DDCs/WSSDOs in leading the ODF movement in sanitation in the spirit of the Sanitation and Hygiene Master Plan 2011. Cooperation in ODF is good at all levels, including between DTOs and WSSDOs. The leading local bodies for ODF campaign are VDC WASH Coordination Committee (V-WASH-CC), D-WASH-CC at district level and R-WASH-CC at regional level. For national level, there is National Sanitation Steering Coordination Committee (NSCC) which takes the lead for national campaign and policy.

At the district level DTOs and WSSDOs coordinate their programs as a part of annual planning, under the guidance of DDC. MTR did not notice any specific friction or unhealthy competition between the two agencies. On the contrary, the ODF movement is a good example of very close collaboration between. In the water supply development, the agencies usually have their 'own VDCs' thus overlapping or confusion from slightly different working modalities will not be a problem. The theoretical demarcation line of 1000 population is not followed in practice in either agency (DTO to look after smaller and WSSDO bigger schemes). At the central level DWSS under the Ministry of Urban Development (MUD) has shifted interest towards urban areas/ townships having rather modest funding left in rural schemes. However, clear distinction between roles and responsibilities of MUD/DWSS and MFALD/DOLIDAR would make it easier to move towards national WASH program – as is now happening in sanitation/ODF.

Cooperation with DADOs has been instrumental in promoting the livelihoods development activities in terms of providing technical and financial resources as required. The array of livelihoods interventions has called for cooperation with a number of line agencies, organizations and institutions. The project has signed memorandum of understanding for implementation of livelihood promotion in RVWRMP with seven line agencies. These are (1) Alternative Energy Promotion Centre, (2) Cottage and Small Industries Development Board, (3) Department of Agriculture, (4) Department of Irrigation, (5) Department of Cooperatives, (6) Department of Livestock Services, and (7) Department of Women and Children. Also some less formal MOUs have been signed with (I)NGOs, e.g. Helen Keller, SNV. As per the observation of MTR team and discussion with stakeholders, coordination with DADO and CSIDB has been excellent. Accordingly, coordination with AEPC is also working well. The project needs to review the MOU and working mechanism with some stakeholders, including AECP who is launching a new National Rural Renewable Energy Program (NRREP), with basket funding from GON and 7-8 donors including e.g. SNV and GIZ. RVWRMP and partner agencies/NGOs are effectively complementing activities of each other. Joint planning and coordination in DMC facilitates cooperation.

Most of the representatives of district level partners appreciated the collaboration arrangement and saw DMC of the Project a good forum for discussion, coordination and joint-planning. Howev-

er, national level knowledge of, commitment and interest in activities carried out under MOUs seems surprisingly low based on MTR interviews/ observations. Perhaps, because the funding is not going through the regular channel of line ministries, their ownership and feeling of responsibility is not strong. Also high staff turnover may be a reason for less knowledge of the existing MOU and activities under it. On the other hand, the Project has no central level MOU with the Department of Soil Conservation and Watershed Management, but cooperation in small scale takes place in the districts with the DSCOs. The Project management reported to the MTR team satisfaction with cooperation with the Department of Agriculture and CSIDB at the central level.

**UNICEF** works in 5 (5) same districts and in these altogether in six (6) same VDCs with RVWRMP as shown in the table below:

**Table 15: Number of working VDCs of UNICEF and RVWRMP in common districts**

District	UNICEF VDCs	RVWRMP VDCs	Common VDCs	Names of common VDCs
Humla	7	7	3	Rodikot, Shrimastha, Kalika
Bajhang	7	6	0	
Bajura	6	7	2	Kailashmandu, Chhatara
Achham	31	8	0	
Dadeldhura	11	7	1	Bhageshwor

Cooperation and exchange of experience is well established between UNICEF and RVWRMP at the program-to-program, district, regional and national levels. UNICEF has been very active and visible partner at these levels in facilitating and 'pushing ahead' WASH programs (in particular ODF movement). UNICEF has also advocated 'Finnish approach' and experience in WASH at the central level. However, at the grass root level (common VDCs) cooperation between two Finnish funded programs has been very modest, if any. The RVWRMP staff (WRAs) in Humla and Bajura commented that the two programs do not actually meet/cooperate at the village level. MTR team's observations support that comment. A natural explanation to this could be that UNICEF has main focus in its school WASH programs (selected schools) while RVWRMP deals more with community infrastructure and livelihoods, having school programs in other schools. Thus UNICEF and RVWRMP complement each other in common VDCs but have not reached much implementation level synergy in practice. There is room for improvement in this regard.

### 3.3 Organizational Structure of Implementing Agencies

The MTR was asked to make "Concise analysis of risks and opportunities in terms of the organizational environment. The role of the TA in supporting the organizations to clarify their mandates, roles and responsibilities? How can it best contribute to possible changes in the future?" The table below summarizes the assessment:

**Table 16: Risks and opportunities matrix**

Organization	Weakness/ risks	Strength/opportunities	TA role
<b>UCs</b>	Less technical knowledge; Low level of networking thus less learning from each other; Neglecting attitude towards regular O&M; Financially weak	Community based, permanent, democratic organization, ownership; Joining cooperative (or changing to be a cooperative) or having joint-resources at VDC level	Capacity building; Emphasizing GESI issues; Facilitate linking/ networking (e.g. FED-WASUN); Provide specific training (financial/ accounting, exposure visits, etc)
<b>VDC</b>	Lack of human resources; Dependence on DDC	Policies and regulations in place; Increased grant funding	Training to V-WASH-CC; Collaboration with Ward

	and central level funds – lack of own revenue; Missing elected VDC bodies	from GON; O&M fund in VDC, technical staff in VDC	Citizen Forums; TA support to functionality problem solving – funding from local sources (users, VDC, DDC)
<b>DDC</b>	Overloaded key staff; High staff turn-over; Missing elected DDC bodies	Mandate and strength in coordination of actors/ programs; Functional DDF modality	Specific training (contracts management, GESI/HRBA, etc)
D-WASH-CC	Focus (only) on ODF; DWS side is weak in District WASH strategic plans	Cooperation & coordination works well at district level	Train/ Facilitate D-WASH-CC to put emphasis on DWS strategic plan (and possibly then wider IWR issues)
V-WASH-CC	Members of V-WASH-CC are volunteers; Focus now on ODF (mainly)	Local knowledge; Seem interested in wider IWR aspects	Capacity building/ training; Involve in Project activities e.g. monitoring (of DWS & others also)
DOLIDAR	Water and livelihoods are not the strongest sectors of DOLIDAR; Constrains to fill up posts in remote districts	High commitment and experience in RVWRMP interventions; Flexible budgeting based on districts' capacity/ utilization of funds	Capacity building in IWRM issues; Exposure to best/good practices in water management abroad and in-country
DTO	High staff turn-over; Insufficient staffing	Potential to be strengthened to a main technical hand of DDC	Capacity building/ training in IWRM issues
Partner agencies	Central level involvement/ commitment; Many have less human resources	Co-planning and coordination has been smooth; Interest to widen cooperation with RVWRMP	Clarify fund flow mechanism with partner agencies (phase III)

Two major changes can be seen in the future working environment of RVWRMP:

- The administrative and political reform will move ahead. This process and its timing are beyond control of the Project. The outcome of the reform will be taken into account by adjusting the Project as needed, e.g. in terms of geographical coverage (one whole state), new administrative setting and local government staffing pattern, etc. Ideal situation would be to design phase III of RVWRMP into new context, but obviously the change would take place later, in course of the 3<sup>rd</sup> phase,
- Change from the present project approach towards programmatic approach, where TA role would be to facilitate and monitor the program implementation, nor being the driving force of implementation. This is a big challenge considering the administrative reform taking place at the same time.

### 3.4 Impact

According to the observations and discussions of MTR team at communities, the following positive changes have been noticed in the villages because of the project interventions.

- People have access to safe drinking water and women and children have to spend less time for collecting water. Thus the burden of women has been reduced significantly. Children can have more time for studying and other activities. GESI awareness is slowly changing backward attitudes, e.g. chaupadi practices.
- Construction of schemes has generated employment opportunities and extra income for beneficiaries. It has also brought new skills in the communities (latrine builders, masons, VMWs, etc).

- iii. Access to better sanitation facilities and behavior change triggering training on hygiene and sanitation has started to change personal hygiene practice. This has reduced incidences of water and sanitation related diseases.
- iv. Introduction of home gardening practice are changing food habits of children and other family members, which is improving nutritional status of children
- v. Introduction of commercial livelihood activities will increase the income of the poor families. This also generates self-employment opportunities in the communities.
- vi. Introduction of micro-hydro schemes provides better lighting at houses and children can study at home better. Micro-hydro has brought extra income and employment in the communities, as well as energy for productive end-uses.
- vii. Introduction of IWM reduces time and burden of women for agro-processing.
- viii. Introduction of Improved Cooking Stoves reduces respiratory related diseases and eye problems especially in case of women working in kitchen, as well is contributing to environmental protection.
- ix. Introduction of WUMP at VDC level has made it possible for planned and efficient use of water resources by the communities.

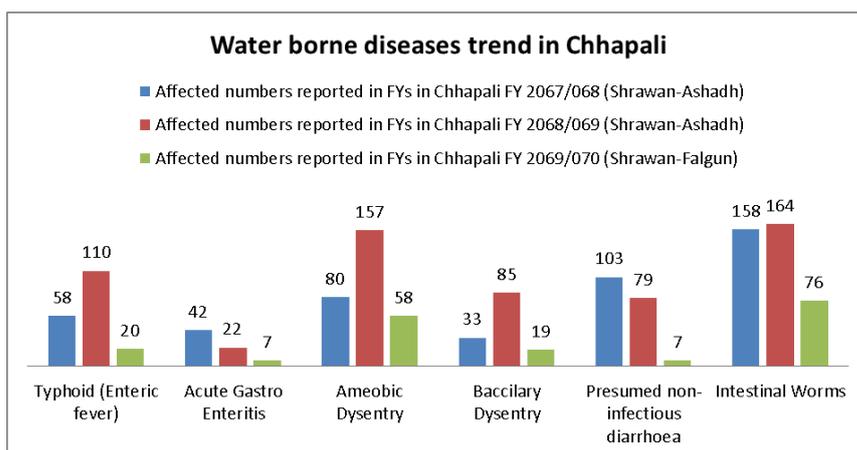
**Ms Devisara B.K., Mehaltoli, Dailekh (Female Community Health Volunteer):** "Earlier I needed to bring water from very far away. Once I wanted to cook Daal Bhat for visiting foreign guests. But they declined my offer after realising that I had to fetch water from far away. Now I have water and toilet facilities at the house with support of the project. Now I am very happy and want to live."



#### **Home gardens baseline and achievement:**

The project carried out a Baseline data study (2011) from nine districts on home garden management from a sample of 4901 households. Data shows only 1% households found all components of Home Garden Management (HMG) were managed whereas, 58% have managed some vegetables, only. Similarly, 22% of the households have fruit in their farm and 27% of the households have the fodder. Some 3% of the households have managed herbal plant production. It is unclear to MTR if all of the reported 52% of achievement in this connection is totally new brought by the Project – or some of the families had earlier practiced one or more components of home garden management.

RVWRMP has embraced the model of environmental sanitation which focuses on personal hygiene, household, community and institutional sanitation and, drinking water supply. The team observed that in most of the villages, at the household level people have constructed toilet, waste pit, utensil washing place and drying rack. They had also improved animal shed and set up washing facility as well. In the discussion with the villagers and V-WASH-CC representatives reported that in general there is substantial improvement in the household and village sanitation status. They also reported that the incidence of diarrhea, cholera, typhoid and other water and hygiene related disease have been reduced after the Project intervention. However, Project impact on reduction water borne diseases is expected but it is not visible yet in health post records, see fig. 4 below.



**Fig 4: Example of incidence of water-borne diseases in Chhapali VDC (source: Health post records)**

The figure gives an impression that total number of patients has increased in year 2068/69 compared to 2067/68, even not counting presumed noninfectious diarrhea. In several categories there is an increasing trend. Nevertheless, actual impact (trend) would be observed in the future data of year 2070/71 with gradual improvement in already 2069/70. The data does not fit with our overall feedback given by community people on the trend of water borne diseases in particular about Diarrhea.

### 3.5 Effectiveness

Effectiveness describes how well the results achieved have furthered the attainment of the Project Purpose, i.e. whether the immediate objectives of the intervention are attained or would be attained in the project period. As a background, “The Finnish Development Cooperation in the Water Sector, Evaluation Report 2010:3” states that effectiveness is a strong point in Finnish water sector aid. The challenge reported in the Evaluation 2010 is that impact oriented LogFrames and indicators had not been applied – planning and reporting had been too much activity oriented. RVWRMP-II has been effective in implementation and specifically emphasized, from the Project design to implementation, result based approach.

The RVWRMP implementation machinery is embedded in local structures (DDC, VDC, DTO, etc) and respects communities as owners and managers of the village programs. A number of partner agencies and organizations add value and enhance the progress. The budget for investments in schemes is not in balance with the implementation capacity of the Project. On the other hand the investment budget is found 20% less than would be needed to achieve the overall target of one (1) million ‘beneficiary equivalent’. MTR has suggested increasing investment budget from 760 to 1175 million NPR to match with the RVWRMP-II implementation capacity. This would result in reaching over 1.3 million ‘beneficiary equivalent’. Effectiveness exceeds the expectations set in the Project design.

The project is also supporting ODF campaigns outside the project VDCs in the districts by contributing in training and awareness building activities. RVWRMP-II would likely be able to support 40 more VDCs to achieve ODF status, if MTR recommendation of adding number of VDCs would materialize (average 4 more VDCs per district). Thus, also in sanitation RVWRMP-II is capable to provide considerably more than estimated in the original Project design.

In capacity building and institutional development achievements are more difficult to measure. For example, Project’s monitoring (field surveys) suggests that management capacity of User Committees is not fully satisfactory for long-term sustainability.

### 3.6 Sustainability of results achieved

On sustainability the MTR’s TOR draws attention to the following questions that are elaborated in Table 17 below:

- How has operational capacity of the implementing agencies been strengthened? Are the indicators used appropriate for measuring the result?
- Are investments conducted in a sustainable manner?
- How is operation and maintenance been planned to be taken care of (training, repair, financing) after the external funding ceases? Is there a mutually agreed exit strategic plan?
- What are the major factors influencing the sustainability in this particular project? What are the threats and what are the enhancing factors?
- By which concrete measures does the Government demonstrate ownership of the project?

**Table 17: Sustainability issues/aspects**

Issues	Description
Major sustainability issues in RVWRMP	<p>Sustainability of the Project largely depends on the ownership, interest and commitment of the communities to (i) look after the facilities, (ii) to continue livelihoods activities, (iii) and to increasingly be aware and act to protect water resources.</p> <p>Sustainability of facilities still leans on availability of technical and financial support to repair &amp; maintenance from DDC and VDC in most of the schemes/ villages. The project has selected VDCs based on remoteness and population of disadvantaged groups (DAG). WUMP planning is done with participation of the poor practically on door to door basis. Women are involving in project activities in particular various training and being members of UCs. This human rights based and inclusive approach is likely to enhance social sustainability. Schemes are sustainable if the user committees have organizational capacity, are socially accepted and are institutionalized. Women involve in User Committees and other project activities (e.g. on average 45% of WUSC members are women). This contributes to sustainability as women stay in the village, while seasonal migration of men is more common.</p>
Operational capacity of implementing agencies	<p>Operational capacity of DDCs/DTOs has enhanced in course of the Project implementation, high staff turn-over contributes somehow to national level capacity building but causes increased need of training and capacity building at the districts level.</p> <p>Partner agencies' capacity is good in principle as they do in the project what they are doing in their regular programs as well, some line agencies (e.g. DADO, DFO) have considerable resources in place locally, some partners lack human resources for wider cooperation.</p>
Indicators	<p>Indicators cover the three expected results as well as overall objective and Project purpose well – also emphasizing GESI aspects. Indicators are also measurable by reasonable additional efforts like sample surveys.</p>
Sustainability of investments	<p>Financial and economic sustainability is fragile in rural context of Nepal, as rural infrastructure is established without actual intention to recover investment funds for re-investments from tariffs. Gradually the situation should be changed. The piloted scheme insurance policy (in the Fund Board) is promising in this regard, as the community can insure their facilities against natural calamities (landslides, floods, earth quakes, etc). Reportedly, the insurance premium in piloted schemes has been only around 4-5 rupees per HH per month. Experience in this regard is, however, very initial and limited. RVWRMP should closely follow up with Fund Board how the insurance policy works in practice. Another possibility to strengthen financial sustainability is to use loans in initial investment – reference is made to the success of the Small Towns Water Supply Program (DWSS/ADB) in this regard.</p>
O&M arrangements	<p>O&amp;M arrangements are in this Project as practiced in concerned sectors in Nepal, based on community responsibility and ownership. Nationally, systematic management practices, technical staffing, tariff collection, and financing bigger repair or rehabilitation remain as challenges. Paying tariff for drinking water was not in practice in Nepal until recently. The schemes will be sustained only if the water user are paying tariff sufficient for VMW salary and purchasing spare parts for repair and maintenance. Currently, VMWs are being paid very low salary, from a few hundred rupees (part-time work) to 3000 rupees a month.</p>
Exit strategic plans	<p>Project has 'Investment phase out from VDC' strategy, but not yet exit plan for the entire project. No need for the Project exit is foreseen in the next 4-5 years.</p>
Threats	<p>There is a lot of room to improve sustainability of schemes and thus capacity build-</p>

and enhancing factor to sustainability	ing of UCs must get utmost attention – as UCs are the cornerstone of the scheme sustainability. Enthusiasm is clearly observed in villages concerning the livelihoods activities. MTR believes that the minimum 2 years post-construction presence of RVWRMP will consolidate achievements and lead to self-reliance in villages. Cooperatives can play vital role in this regards.
GON ownership	GON ownership in the Project is demonstrated by streamlining the project design with the GON development policies and strategies, (ii) financial contributions, (iii) provision of human resources at various levels. In this regard both MFALD/DOLIDAR and many other line ministries as partners should be mentioned. However, at the DDC level reluctance to contribute as agreed in financing tells about weaker ownership in this program.

**Case: Micro-hydro schemes of Kailash Khola IV & V, Achham:**

The UC collected electricity tariff from the households has been barely sufficient for staff salary and management cost, at present. Thus, regular/annual repair and maintenance works needed extra fund, which at present did not have any plan with the UC. It is one of the big challenges of scheme sustainability. Only household/domestic electricity tariff for lighting could not generate fund for future repair and maintenance. Therefore, the UC has to plan and put that in practice more end use activities. There is no national policy in renewable energy (micro-hydro) that would compel programs/donors/UCs to apply life-cycle cost analysis, and accordingly set sufficient tariffs for O&M and re-investment. Tariff income from productive end-uses will ease the situation but not solve the re-investment funding problem.

However, there are still some aspects to be improved for the effective **social and institutional sustainability**. MIS report has also mentioned that preparation of O&M regulation is totally lacking in 50 % schemes, no O&M plan in 48% schemes, no water safety plan in 62% and no water tariff collection in 35% schemes which are directly related with sustainability of the schemes. Similarly, no public audit has been done in 36 % schemes and UC general assembly has not been organized in 58% schemes, record and account keeping is missing in 31% schemes; this is more alarming from the perspective of transparency and good governance. Public audit, public hearing, transparency, accountability are the non-negotiable characteristic of good governance. Hence, these principles should be more emphasized to put in practice. As well as strengthening UCs in collaboration, cooperation, linkage and networking is essential which could help for institutional sustainability.

**Baseline information 2011:** Based on the Project supported 47 VDC of nine hill districts, there are 538 sampled water supply schemes. Of them only 24 (4.4%) had functional UC. It means that the situation was very alarming as 95.6% of UC are found inactive or not functional. Of the total water supply schemes, 293 (54.4%) had O&M fund collected and 45.6% did not have O&M fund. Likewise, 171 (32%) schemes were collecting water tariff regularly. The information shows that 68% schemes did not collect water tariff. In case of scheme level technical human resources 19.5% schemes did not have VMWs. In spite of a good percentage of schemes having VMWs, either they pay very less amount of remuneration or working as volunteer basis, almost all (95.6%) the schemes have inactive UC. The UC is the manager/mobilizer of scheme. Thus, by quickly looking into the given Baseline Report-RVWRMP II data 2011; the MTR Mission draw its serious concern to make the UCs functional, enhance the capacity of the UCs and a system/mechanism of reasonable amount of remuneration be arranged to the VMW, as well as regular water tariff collection. This is a concern at VDC level, not only RVWRMP schemes but all schemes should be functional before project exit.

**Table 18: Current Sustainability Status of RVWRMP supported schemes (Project MIS)**



CI	5,458	3,030	109	186	90	2,044	-
IWM	429	355	-	20	-	54	-
MH	5,187	1,570	35	194	183	815	2,391
CI+IWM	2,881	1,940	11	153	127	648	-
Gravity WS +NCI	7,133	5,420	-	150	35	1,528	-
Gravity WS+CI	6,447	4,364	-	197	33	1,854	-
MH + irrigation	5,427	1,421	160	589	164	1,112	1,981
As - mitigation	1,728	1,667	-	14	47	-	-
Gravity WS	5,419	4,076	42	282	28	1,330	-
RWH	14,367	10,557	-	128	336	3,346	-
Point Source Im- provement	3,766	2,782	38	188	-	758	-

CI = conventional irrigation; IWM = Improved Water Mill; MHP = Micro-hydro; WS = water supply; As - mitigation = Arsenic mitigation; RWH = Rain Water Harvesting.

The TA component (fees plus reimbursable TA) is only 17.7% of the whole Program cost of 23.2 million EUR. This is relatively low TA input as the project is not implementing routine program but driving for change and building new practices in IWRM. As a whole, TA plus other program cost is only 8.0 million EUR or 32.2% of the total Project cost. The Project employs regularly 85 TA-staff based in PSU/PCO and the 10 districts. Out of them 36 persons are in management/expert positions. The rest are in technical support staff, administration and general support staff. RVWRMP has 12 offices, PSU in Dhangadhi, 10 district offices and a liaison office in Kathmandu. The TA-component in terms of staffing is massive but can be justified by (i) achievement of objectives i.e. efficient implementation, and by (ii) the large and scattered working areas – only 8.5 persons per district or 1.6 persons per VDC on TA payroll.

Major factors contributing to achievements of the objectives are: (i) Participatory planning process, WUMPs that result in high commitment of villagers and VDCs to implement activities and contribute in cost sharing; (ii) Highly motivated TA-staff; (iii) Flexibility of the funding flow from two governments to respond promptly on districts' needs (flexibility would be lost if all funds were through GON system); (iv) Effective planning, coordination and management through DMCs, and (v) Active district level partner agencies.

Systematic skills/ knowledge transfer at village level is built in the Project activities, with main emphasis on on-the-job type of training in addition to traditional 'classroom' training. Training is focused on livelihoods activities for farmers (women and men), User Committees, Cooperative representatives and technical skills of VMWs, latrine builders, etc. At the district level the DMCs are the focal point of capacity building efforts – many DMC members being also members of the D-WASH-CC. Learning-by-doing has been the key methodology here. Resources in the capacity building budget are more allocated to technical capacity, skills and knowledge transfer, whereas sufficient resources are put in institutional development as a part of other interventions (e.g. step-by-step implementation). Separate capacity building and community mobilization budget is sufficient being 1.072 million EUR, or 8% of the Finnish funding.

### 3.8 Implementation machinery and management

DOLIDAR of MFALD is the executing agency of the project. The project management at district level is done by DMC. User committee is the implementing body of the project. This arrangement is according to the Local Self-Governance Act of Nepal. Coordination between PSU and DOLIDAR and districts vs. DOLIDAR is working smoothly. To some extent PSU suffers from lack of information flow from the central level, of the sector dialogue, various coming events, etc.

MTR team finds DMC as a good platform for Project management, coordination and joint planning. All stakeholders at the district level seem to appreciate this arrangement.

PSU is well organized and works effectively. In particular the organized personal level planning, reporting and annual performance evaluations are found increasing staff motivation and efficiency. A lot of weight is put on monitoring and presence in villages. Annual Planning and reporting

as well as other reports are found in professional style and manner. Regular monitoring of DDF utilization at district level is believed to enhance financial discipline and reduce use of money in unintended purposes.

Current size of the PSU and TA arrangements in districts is suitable – but rather the size of PSU is at its maximum and should not be expanded, for example by extending the program to new sub-sector with need of relevant expertise in PSU.

## 3.9 Relevance

### TOR:

- *Relevance with key policies and the needs of beneficiaries*
- *Consistency of the objectives, achievements and approach with Finland's new Development Policy Programme and promote its objectives and guiding principles including the cross-cutting objectives?*
- *In which way or through which mechanisms the needs of the beneficiaries at all levels have been featured in the project?*

The project contributes to achievement of the GON's Millennium Development Goals. Relevant MDG's are likely to be achieved in the project VDCs. Similarly, the Project is highly relevant to the needs and priorities of the local people in the working areas – in particular, including the DAG and the poorest. RVWRMP was appreciated by local people met as well as VDC/DDC level officials and other actors. It adheres to the new Finnish Development Policy 2012, this is highlighted more in Chapter 3.9.

After the People's Movement of 2006 the TYIPs have set a long-term vision of making a prosperous, modern and just Nepal with the objective of achieving employment and poverty alleviation oriented, broad-based economic growth, promoting good governance, increasing effectiveness in service delivery, increasing investment in physical infrastructure development, emphasizing social development, and carrying out inclusive development and targeted programs. The Plan has given priority to the reconstruction and rehabilitation of physical infrastructures, relief to the conflict affected people, rehabilitation, social integration and adaptation, and inclusion of deprived communities, regions, and gender in all the structures, sectors and processes of development. The TYIP has also given priorities to the development of physical infrastructures such as electricity, roads, irrigation and communication to support agriculture, tourism and industry, and to the development of human resources through education, health, drinking water and sanitation.

Relevance to beneficiaries needs and aspirations is ensured in RVWRMP through (i) participatory, inclusive and GESI sensitive planning at village level (WUMPs), (ii) implementing prioritized schemes strictly based on people's plans (WUMPs) respecting GESI & HRBA principles, and (iii) highly needed livelihoods activities.

**Coherence to Sanitation and Hygiene Master Plan 2011:** GON has the policy of providing no subsidy for building household latrines. However, many project districts/VDCs are providing subsidies using different criteria as per recommendations from the V-WASH-CC. This lack of consistency in subsidy level is creating misunderstanding among the people in the district and other stakeholders. Reportedly, there are also practices of VDCs procuring construction materials to villagers for latrines, and, when reward money is received from DDC the used funds can be at least partially recovered by VDC.

## 3.10 Compatibility

Compatibility of the Project is high both with the Finnish and Nepal government's development policies, including the recent Country policy and program of Finland in Nepal. In the Finnish development policy 2012, priority areas are (1) a democratic and accountable society that promotes human rights, (2) an inclusive green economy that promotes employment, (3) sustainable management of natural resources and environmental protection, and (4) human development. RVWRMP's holistic approach to water also is well in line with the Finnish International Water Sector Policy (2009).

RVWRMP's cornerstones in HRBA are:

- Selection of working VDCs based on DAG population, poverty and remoteness,
- Participatory and inclusive WUMP planning practically door to door,
- GESI strategy prepared and is being implemented.

RVWRMP promotes so called climate smart livelihood approach that is generally known as protecting and promoting environment, reducing carbon emission and ecological footprint, creating and or using environment for the well-being of the people by focusing renewable resource of energy and water in a more efficient and sustainable manner. And it also supports livelihood promotion interventions to those all who are aspirant for that, irrespective of caste/ethnicity, gender etc. Likewise, the program respects and abides to promote decent work and endeavor to improve the wellbeing of the poor people. The livelihood activities and achievement so far have been appreciated by the communities as well as other stakeholders and observers. These advance level activities are so far mainly for demonstration purpose. These entrepreneurs or groups require further support in linking them with outside market, which the Project has already initiated in many places, e.g. by facilitating formation of Marketing Committees and building collection centers.

Different technology have been initiated within the project assisted VDCs, which among other things aimed to promote green economy. Till now 12973 participants have received various technological training such as Plastic Tunnel-Nursery, Drip Irrigation, Sprinkler, Waste Water Use, Farm Yard Manure, Liquid Manure, Urine Use, Mulching, Composting and Cow shed improvement.

## 4. CONCLUSION AND RECOMMENDATIONS

### 4.1 Overall Performance

RVWRMP-II has developed strategies, approach, modalities, capacity and momentum of decentralized, human rights based, inclusive implementation – with rural communities and a number of partners. Coordination and joint planning at district level functions well in general and most partners appreciate working in/through the District Management Committee (DMC), and many have expressed interest in wider cooperation with the Project. Project Support Unit (PSU) and Project Coordination Office (PCO) provide coordination and support to districts, having a joint decision making team (PMT) for day-to-day management. PSU/PCO is well organized and managed systematically, e.g. having bi-monthly planning and reporting of activities from every expert.

This must be seen as opportunity to support more the unreached poorest and deprived people/communities and to gradually 'nationalize' the implementation process; thus RVWRMP should continue implementation of the 2nd phase without any drastic changes in the approach and modalities; and Sufficient funding for completing phase II in full speed' should be ensured by the two governments.

The Project is well on the way to attain most of the result indicators and contributes towards the overall objective and project purpose.

### 4.2 Lessons Learned

The MTR team sees this implementation machinery as an opportunity that should be further and extensively utilized to reach the poorest and deprived people/communities. Due to the multi-sector nature of water resources management, and at the same time the fragmented structure of government service provision through line agencies, it is not realistic to think that the implementation could be 'nationalized', meaning withdrawal of the project TA, in the next 5-7 years period. It is also very unlikely that any SWAp approach could be develop to cover the entire scope of the RVWRMP. Thus, a Project Based Approach is essential in the near future in order to continue efficient delivery of services to communities.

From the beginning of Phase I, the project has worked in variety of societal circumstances. Recently, it has been learned that 'standard approaches and technologies' are used in communities, who are nomadic in nature. They move around according to seasons and may have typically 2-4

settlements at various altitudes and places. It is not feasible to provide piped water supply or other permanent facilities at high cost in such places of settlement. In this regard, please see Field Notes from Rugin, Bajura district (Annex 9). Also in Humla this 'cultural lesson' is experienced.

It can also be concluded, that the risk of the Project is to adopt too many sub-sectors under its implementation umbrella. This would increase delivery cost as all sub-sectors will also need expertise in the Project team. Already now RVWRMP-II has quite large scope that is difficult to manage efficiently. MTR suggests that RVWRMP would seek for stronger partnerships in key sub-sectors, partners bringing the expertise and other staff into the joint effort. In particular the DA-DOs and AEPC could be such strong partners, also CSIDB should be considered, even though they are less resourceful at the district level. In planning of Phase III, also direct funding through partner ministries/agencies should be carefully considered to enhance ownership and accountability, as well central level support from various partners.

### 4.3 Key Areas of Modification

There is no need to make any major changes in the Project approach or working modality in the remaining two years of the program. In this regard the MTR team considers that the Concept Note 'Phase II Towards Phase II' is a good overall plan to outline the remaining two year programs. However, MTR would like to stress that a GESI Specialist is crucial in the current context, in spite of the good streamlining efforts of incorporating GESI in the tasks of all experts/staff.

**Ms Shanti B.K., Chief, WCDO, Darchula:** "Only women can understand the problems and issues of women. Therefore there should be female staff at all levels to address the issues of women."

The investment budget through DDFs is underestimated in comparison to the implementation capacity of the Project in 10 districts. The next table shows the expenditure pattern in this regard, at the end of the ongoing fiscal year (FY03 of the Project) there is balance of investment funds for next half a year only.

**Table 20: Investments up to date and estimates for FY04 and FY05.**

### DWRDF (GoN+GoF) STATUS 24.05.2013

		TOTAL PROJECT BUDGET PHASE II	760 000 000 NPR	EUR/NRP=100		
Fiscal Year	Beneficiary Equivalent Population	Cumulative B.eq population	Investment Budget (yearly)	Cumulative Expenditure	Budget Balance for next years	
FY01	109 996	109 996	88 740 469	88 740 469	671 259 531	Actual
FY02	210 001	319 997	226 510 989	315 251 458	444 748 542	Actual
FY03 10 months	204 966	524 963	186 715 847	501 967 305	258 032 695	Actual
<b>FY03 15 May- 15Jul</b>	<b>96 034</b>	<b>620 997</b>	<b>96 998 353</b>	<b>598 965 658</b>	<b>161 034 342</b>	92% in FY03
FY04	418 550	1 039 547	325 829 000	924 794 658	(164 794 658)	deficit
FY05	260 647	1 300 194	250 000 000	1 174 794 658	(414 794 658)	deficit

Investment funds are not sufficient. GON and GOF should consider positively adding more funds DDFs i.e. investment budget so, that the entire calculated deficit of 415 million would be covered.

Financial analysis (please see Annex 10) further suggests, that Technical Assistance and Other Program Costs can be adjusted within the original budget, if the contingency 445 000 EUR will be used to cover deficits caused by the (i) originally miscalculated budget, and (ii) adaption of the new Standard Terms for Payment of Fees and Reimbursable Cost, MFA (1.6.2012).

In the first three fiscal years a saving of ca. 257 800 € was noted as the project used lower than actual exchange rate in conversion between NPR and EUR. This saving is proposed to be kept as contingency – basically aimed for possible needs in the investment budget.

As a whole, the new project budget of the Finnish contribution would be 13.5 million plus 2.5 million, i.e. in total 16.0 million EUR. The increment is solely for investments. Accordingly, the total budget of the Government of Nepal will increase by 137 million NPR, as well as the contributions of DDC, VDC and users in the ratios given in the PD. This additional budget at local level is not believed to be a burden, as the increased cost will be borne by bigger number of VDCs and beneficiaries.

#### 4.4 Recommendations Table

The MTR team has made 19 recommendations that are summarized in the Recommendations Table in Annex 11. In addition along in the MTR report there are suggestions in smaller issues for the consideration of the Project/MFA. The main recommendations are:

1. The RVWRMP-II should be continued in full swing utilizing the capacity developed at the districts level and in PSU/PCO; RVWRMP-II should continue till the end of phase II without any major changes in the approach or modality, in all 10 districts. Each district should have 4 more VDCs for ODF and WUMP preparation for smooth continuity towards Phase III.
2. Sufficient funding for completion of phase II with maximum outcome and results should be ensured from the two governments. The deficit amount for investments (DDFs) is in total about 415 million NPR equal to 3.75 EUR (EUR = 110 NPR). Out of this 33% would be GON contribution (137 million NPR, or 1,25 million EUR) and 67% GOF contribution (278 million NPR or 2,5 million EUR);
3. Phase III should be considered and planning of it launched latest in the spring 2014.
4. The TA-budget in the Project Document was originally miscalculated by roughly 1 million EUR. The error has been reported to the MFA at early stage of the Project and the Project's SVB has recognized it. The deficit of TA-budget should be rectified, for this purpose the Project contingency budget, 445 000 € should be used – then the correction can be adjusted in the original TA budget of the Project Document.
5. MTR recommends that RVWRMP-II will apply the new Standard Terms of Payment of Fees and Reimbursable Cost (1.6.2012), this will increase the TA budget nearly by 500 000 EUR. However, this amount can be also adjusted in the TA budget due to considerable savings in some of the budget headings.
6. The Project concept note (Phase II towards Phase III) is a discussion paper that can be applied as an overall outline of project planning for the two last years of the program with minor modifications.
7. The Project should launch Technical & Community Management Study using external competent organization; and based on findings develop action plan to enhance WUSC capacity building. This study could be done jointly with other WASH sector partners, RWSSP-WN, UNICEF, etc., for cross-learning and harmonization.
8. RVWRMP-II should conduct health and nutrition impact study.
9. The Project should enhance capacity of Micro-Hydro UCs, e.g. to reorganize as a cooperative to manage the business and be able to take care of repair and reinvestment.
10. The Project should ensure that (i) at least WASH sector reliable information is fed to the national system (under MUD) from RVWRMP working VDCs, and (ii) support DOLIDAR to establish district level MIS serving wider scope rural infrastructure/ water development, this could start by piloting in 2-3 districts.

#### 4.5 Recommendations for Improving the Implementation and Management

MTR has no major recommendations in this regard, considering the remaining two years of Phase II.

It is proposed, however, that RVWRMP-II could take more VDCs in the program to prepare WUMPs and to support ODF campaign. In this way the Project will have readiness to continue without any gaps full implementation in the proposed Phase III.

RVWRMP-II should also consider to support some of the slowest districts of the ten in ODF campaigning.

It appeared that PSU/PCO has not an emergency action plan to be prepared for natural calamities like floods, earthquakes, etc. Such simple plan, covering the entire staff should be prepared.

**Project approach vs. program approach.** RVWRMP-I and II have both been designed using 'Project approach', where TA has very important role in operations – even though the activities are carried out by the local organizations and agencies, like WUSCs, DDC/DTO, VDC, etc. It is a major future challenge to develop the modality towards 'programmatic approach', where the national stakeholders (duty bearers and right holders) are truly leading the program. A multi-sector program like RVWRMP-II is more complicated in this regard than a narrow program (e.g. WASH). Perhaps change towards program approach should take place sector by sector rather than as a whole at a time.

**Special case of Kurfalna micro-hydro:** The scheme was started from phase-I of RVWRMP. It is expected to serve 630 households of Kalika VDC and partly Shrinagar VDC. The total estimated budget of the scheme is NPR 57,919,107. The project is under construction and it has received NPR 37,953,120 funding from different agencies. At the moment, there is deficit of NPR 19,965,986 which is required for completion of this scheme. Per kW cost this scheme is NPR 579 191 NPR. Average per kW cost of other schemes is NPR 473,105. Per kW cost of AEPC is NPR 430,646. The unit cost of this scheme is higher because construction materials need to be air lift-ed. Other partners have already contributed their part and AEPC has requested the project to support for the deficit budget. MTR team has the view that the project should find means of allocating the required budget for completing the scheme. This is also justified in view of investment already made, remoteness of the scheme, poverty and high demand of the community. MTR recommends that RVWRMP will assist this scheme to be completed. DMC Humla should also adjust other budget to make space for this funding.

#### 4.6 Long-term Vision and Recommendation of Phase III

Finland has had presence in Nepal's water sector for 25 years starting from the Integrated Watershed Management Project, Phewa Tal and Kulekhani (1988-1993) and Rural Water Supply and Sanitation Support Project I-III (1990 – 2005). Since 1996 the focus has been in decentralized, local governments led and community managed approach in WASH (RWSSSP II-III, RWSS-WN) and in wider water context in RVWRMP I-II. "Aligning for Action – Sanitation and Water for all in the context of Climate Change in Nepal" (UNICEF 2011 – 2015) targets strongly towards harmonized WASH sector development in Nepal having both "upstream" and "downstream" complementary activities.

##### ***Integrated Water Resources Management:***

Far- and Mid-West Regions are still far behind the national averages and targets in human and socio-economic development. Water scarcity is common and the regions are vulnerable to climate change impacts. RVWRMP continuation in the area is well justified also by its relevance and compatibility regarding needs of local people and development policies of the governments of Nepal and Finland. The initial results of the Project are positive and encouraging to continue basically in the concept of intervention. The MTR team drafted a future vision for RVWRMP as follows:

- Geographical working area is principally the same as in phase II (10 districts), but after the political and administrative reform the working area should be defined as one state, core area being the present hilly districts of the Far West Region;
- RVWRMP should move towards program approach where TA role is less in implementation and more in facilitation and monitoring, capacity building being the central task of TA;
- To achieve considerable impact in the working districts about 30-40% of VDCs should be covered as working VDCs – selected, as presently also, from the most disadvantaged end of the list;
- Duration of Finnish intervention should be first a 5-year phase III (2015-2020), followed by a consolidation program of another 4-5 years or more;
- Phase III could be ca. 16-18 million EUR as Finnish funding, with 50-50 contribution from GON for investments and other program cost through DDFs. Local contributions should also

increase from the phase II level (districts, VDCs, users). Thus total cost of the 5-year phase III could be around 27-30 million EUR.

Soil conservation and watershed management will be more and more important sector in water resources management and protection. This sector can be linked stronger to RVWRMP in the future. The first step in this respect should be to learn together with the coming ADB/NDF project (and DSCOs) on suitable modalities and approaches that have positive response from the communities.

### **Rural WASH:**

The focus in Rural WASH is now on the ODF movement. Water supply coverage is increasing very slowly in rural areas, whereas in urban context progress is obviously faster. There is e.g. Small Towns WSS program (DWSS) actively working in the sector. An example of coverage improvement in the Far West Region: We have 2.7 million people and present coverage is 83.3%. If all the investment budget of the RVWRMP-II (760 million NPR) would have been put on water supply, coverage could have been increased by 5-6% during the 5 year period of Phase II, if unit cost is 5000 NPR per capita. A major and main implementation machinery in the Far West, like RVWRMP would need at least 15 years to close the gap of coverage with current population. The biggest actor in WASH (DWSS) has had a budget of just 150, 306 and 219 million NPR in the last three fiscal years for the Far West Region. DOLIDAR has channeled 55, 54 and 47 million NPR in the same period to WASH sector in Far West.

The above calculation and figures indicate that in the period 2015 – 2025 GON will have in the Far West major financial challenge to achieve universal coverage alone (not to talk about functionality and water quality yet). The target of 100% WASH coverage in 2017 is not realistic. At the national level the picture is similar. Current annual funding of ca. 4 billion EUR should be doubled in order to reach the ambitious target (ref: National Planning Commission/UNICEF, Sector Assessment, June 2011; Nepal Rural Water Supply and Sanitation Sector Study/ WB).

Thus, WASH sector while obviously achieving 100% universal coverage in basic sanitation by 2017 will need strong emphasis by GON and the Development Partners still for several years beyond that milestone year. Finland can contribute in rural WASH development by:

- Completing RWSSP-WN phase II by 2018;
- Continuing RVWRMP by phase II 2015-2020, and beyond – rural WASH being among key infrastructure components in the project;
- Having central level 'working hand' (in addition to the Embassy) enhancing sector harmonization, cooperation and change towards program approach, where current success in ODF movement shows one workable way to proceed. UNICEF program could be continued beyond 2015 by another 5 years, possibly modified to best strengthen the WASH sector unity and 'one joint program' approach at the national or/and district levels.