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ANDHRA PRADESH WATER & ENVIRONMENT SANITATION SECTOR DEVELOPMENT

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INSTITUTIONAL ANALYSIS

Prepared for

Government of UK
DFID India
Water & Environmental Sanitation Group

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CONTENTS

LIST OF ACRONYMS

APGENCO	Andhra Pradesh Generation Company
APIIDC	Andhra Pradesh Industrial Infrastructure Development Corporation
APIIC	Andhra Pradesh Industrial Infrastructure Corporation
APWESSD	Andhra Pradesh Water and Environment Sanitation Sector Development
ARWSP	Accelerated Rural Water Supply-Program
APVP	Andhra Pradesh Vaidhya Vidhan Parishad
CBO	Community Based Organistaion
CE	Chief Engineer
EIC	Engineer in Chief
EPTRI	Environment Protection Training & Research Institute
GoAP	Government of Andhra Pradesh
HMWSSB	Hyderabad Metropolitan Water Supply and Sewerage Board
HUDCO	Housing and Urban Development Corporation Limited
IEC	Information, Education, Communication
IRDP	Integrated Rural Development Program
MA & UD	Department of Municipal Administration & Urban Development
ME & PH	Department of Municipal Engineering & Public Health
MNP	Minimum Needs Program
MGD	Million Gallons per Day
NABARD	National Bank for Rural and Agriculture Development
NAPO	Netherlands Assisted Project Organisation
NGO	Non Governmental Organisation
O & M	Operation & Maintenance
PHC	Primary Health Center

PSC	Project Steering Committee
PRED	Panchayati Raj Engineering Department
RGNDWM	Rajiv Gandhi National Drinking Water Mission
RLP	Rural Livelihood Program
RWSEP	Rural Water Supply Engineering Department
TSP	Tribal Sub-Plan
TWED	Tribal Welfare Engineering Department
WALMATRI	Water & Land Management & Research Institute
WB	World Bank

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1.1 EXECUTIVE SUMMARY

INSTITUTIONAL SCENARIO

Most of the water supply schemes in the State at present, are ground water based schemes. In recent times emphasis of the State government has shifted towards increasing proportion of surface water based schemes. Overall utilisation of drinking water in total water requirement in the state is estimated to be less than 5%.

All surface water is practically owned by the Department of Irrigation. Ground water, is practically under the direct control of primary stakeholders except some situations.

The 73rd constitutional amendment and the consequent Andhra Pradesh Panchayati Raj Act 1994 assigns that all local bodies like Gram Panchayats, Municipal Corporations are responsible for providing safe drinking water and sanitation in the state and may take over such functions completely depending on their financial positions. Practically very few rural local bodies have done the above.

Departments like Pnachayati Raj Engineering (PRED) & Municipal Engineering & Public Health ME & PH) are created to support local bodies in designing, constructing and Operations & Maintenance(O & M is carried out by PRED only) in water supply & sanitation areas.

In addition some special bodies like APIIDC & HMWSSB also exist for activities related to water supply & sanitation in special areas.

Stress on the sanitation on the whole is quite less and most of the efforts & budget in the state are concentrated on water supply side.

Both PRED & ME & PH are vertical service delivery contracting departments with technical (engineering) staff. The basic focus on users of services, economic & financial viability of schemes, ownership by communities for O & M and service delivery are subordinated to physical targets of asset creation.

The strength of these departments lies in availability of large pool of technical manpower, physical infrastructure and reach.

PRED is responsible for contracting, designing and O & M (Central Piped Water Schemes, piped water schemes as well as point source based schemes) of water supply schemes in rural areas. It also carries out O & M activities for piped water schemes. O & M of point source based schemes is the responsibility of gram panchayats.

PRED is assisted by Tribal Welfare Engineering Department for creation of water related assets in Tribal Sub-Plan (TSP) areas.

PRED on the whole is responsible for drinking water supply & sanitation of about 67% of the state population and caters to around 21000 Gram Panchayats. The 5000 strong workforce of PRED reports to the parent department, 'Department of Panchayati Raj and Rural Development'.

ME & PH is responsible for constructing and approving/carrying out designs for water supply assets in urban areas (except industrial areas, where APIIDC is responsible for the same and Hyderabad, where HMWSSB looks after water supply and sanitation). The department caters to water supply & sanitation requirements of 26% of the state population. It covers around 116 municipalities of various classes. All municipal corporations (numbering six) are self sufficient to create their own assets. The department of ME & PH has a budget of Rs. 4000 million per year and report to the parent department, Department of Municipal Administration and Urban Development.

Department Of Health, Medicine and Family Welfare is a large department. It is responsible for rural health delivery, medical education, family welfare and overall health function in the state. It has 1500 multipurpose health workers for implementing IEC activities for health & hygiene promotion and various other national and state level programs.

State Ground Water Board is mainly advisory and monitoring body. It has a budget of Rs.120 million and a staff of about 1200.

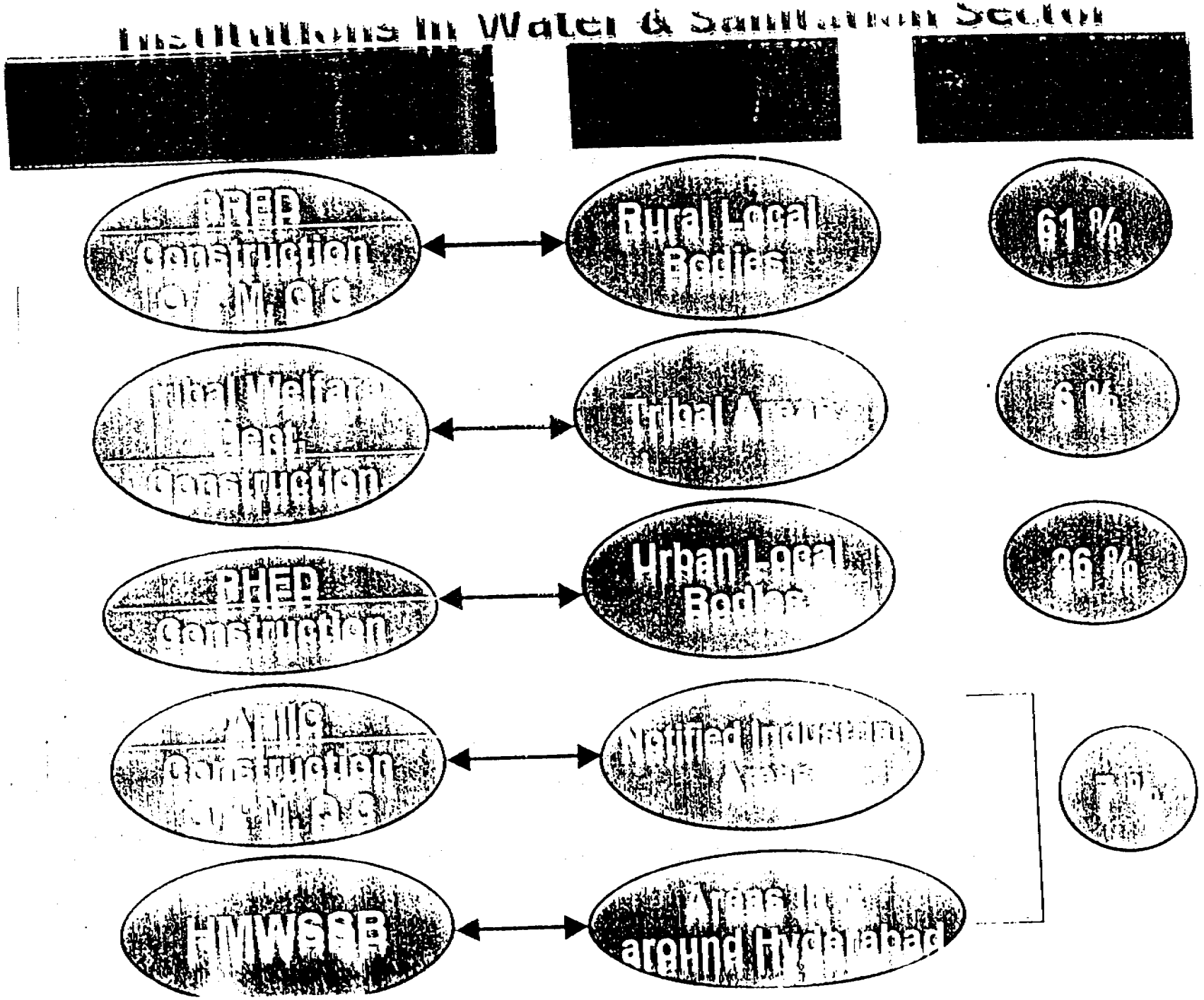
The overall weakness in the institutional structure in the state is too much fragmentation & lack of holistic policy formulation, strategy evolution and coordination for the area of water utilisation & sanitation.

All most all the departments have shown interest in participating in the proposed APWESSD project & undertaking innovative projects.

Well-planned capacity building efforts across various departments will be needed to generate innovative projects with emphasis on soft aspects to enhance required coordination among various departments.

Coordination between PRED/ME & PH and Health department to create IEC link between user & service department may be an important issue, in view of large number of multi purpose health workers available with the department of Health, Medicine & Family Welfare.

The influence of institutions in water & sanitation sector in the state is highlighted in the following chart.


Rural Local Bodies
61 %
Urban Local Bodies
39 %
86 %

PROGRAM STRUCTURING & PARTNERSHIP IDEAS

PRED and ME & PH both would be required to act as partner for the proposed APWESSD project to keep the program focus statewide.

Program design should be flexible enough to encourage innovative projects with well-defined guidelines to ensure emphasis on soft aspects of the program. The same may be ensured by phase wise implementation of APWESSD.

The health department may be a strong partner with peripheral interest in the project and little influences over other stakeholders to start with. The higher interest of the department can be taken care of in design of the program. This is a worthwhile idea to be explored in project designing.

Program guidelines should lay down priorities for selecting & priorating various projects. Criteria like users' ownership, cost recovery, IEC, sustainability, capacity building may be used for the same.

In any program related to sectoral/policy reforms people's involvement may be one of the key themes. The NGOs/CBOs thus will become vehicle of implementation and are important. The weightage given in the program to the balance between NGOs/CBOs will be one of the factor determining the involvement & efficiencies of APWESSD implementation.

Guidelines for optimum usage of APWESSD funds will be required in order to emphasize soft aspects.

Coordinated efforts of all donor agencies will also go a long way in smooth implementation of APWESSD.

WESSD will require a strong management structure to guide, implement & monitor effectively the implementation of such an 'open ended and process program'.

A Project Steering Committee (PSC) comprising of all key stake holders have been proposed with project based task forces to implement APWESSD.

The APWESSD program management will require sufficient time & efforts of all stakeholders including DfIDI – WES.

The proposed program may have a component of enabling the State to implement Rajiv Gandhi National Drinking Water Mission guidelines.

Linking APWESSD with other ongoing programs like rural livelihood program of DfIDI, Power sector reform program of World Bank etc. will result in optimum implementation.

2.0 INSTITUTIONAL SCENARIO

2.1 Drinking Water Supply and Sanitation

The drinking water usage stands at around less than 5 % of the total water usage in the national scenario. Although for the state of Andhra Pradesh no separate figures are available, it may be assumed that the figure would be similar to that of national scenario.

At present most of the drinking water schemes in the State are ground water based. As per the policy of the state government, the emphasis would emphasize the surface water based schemes in future.

2.1.1 Local Bodies

The 73rd constitutional amendment and the consequent Andhra Pradesh Panchayati Raj Act 1994 assigns that the local bodies can assume the responsibility of providing safe drinking water supply and sanitation. Local bodies comprise of Gram Panchayats, Municipal Corporations and Municipalities. Under the AP Panchayati Raj Act, O & M of water supply installations, is the responsibility of Gram Panchayats. The Act also empowers the Gram Panchayat to collect house tax (10% of which is intended for use in water supply) from its' constituents. In reality, most of the Gram Panchayats have financial constraints in taking over the responsibility of Operational & Maintenance.

2.1.1.1 The Gram Panchayats (numbering 21000) are supported by Panchayati Raj Engineering Department (PRED).

The functions of PRED are to design, develop and carry out Operations & Maintenance activities for all piped water supply schemes. O & M of stand posts is the responsibility of the Gram Panchayats.

The role of Gram Panchayat seems to be more of making demands for water supply and identify & communicate repair requirements at Manadal level. Repairs are usually carried out by PRED trained mechanics. However, the PRED continues to take the responsibility with regards to installation and O & M of water supply services.

In addition PRED is supported by Tribal Welfare Engineering Department for construction of water supply and sanitation facilities in notified tribal areas (numbering 1189) in the state.

2.1.1.2 There are six municipal corporations in AP to carry out the functions of water supply and sanitation in their respective jurisdiction. These municipal corporations have their own budget, based on grants/loans plus revenue from the internal resources. The corporations have their own cadre of technical staff for design, development, contracting and operations and maintenance functions. The designs of the schemes have to be approved by Department of Public Health & Municipal Engineering (PH & ME) before construction.

2.1.1.3 The function of providing safe drinking water supply in smaller towns is being administered through municipalities (numbering 116) of various classes depending upon the population of the town.

Municipalities carry out the functions of designing water supply scheme, raising finance and operations and maintenance. To carry out the above functions, usually the municipalities have the technical staff on deputation from the department of PH & ME.

The department of PH & ME carries out actual construction through contracting.

2.1.2 Other Bodies

Andhra Pradesh Industrial Infrastructure Development Corporation (APIIDC) is responsible for construction and O & M of water supply and sanitation in notified industrial areas and industrial estates.

Hyderabad Metropolitan Water Supply and Sewage Board is responsible for water supply in and around Hyderabad.

2.1.3 Other Concerned Departments in the States

2.1.3.1 Ground Water Department is mainly responsible for ground water monitoring, surveys and investigations and expert advice. However, practically, ground water can be said to be under the control of primary beneficiaries except in cases of Government owned wells or when private wells are constructed through institutional finance. In such cases limited regulations apply which are based on empirical guidelines and may not have any linkages to actual ground level conditions.

2.1.3.2 Irrigation Department owns all most all of the surface water in the State. Whenever water supply schemes are based on surface water, the user department needs to have coordination with the irrigation department for negotiating water allocation.

2.1.3.3 Health and Family Welfare Department is primarily responsible for providing health care facilities in the state and operates through several large departments within it. The Directorate of Medical and Health Care Services has huge staff of multipurpose health workers to implement several national level as well as state level programs. The staff is also responsible for IEC and health promotion. The Directorate of Medical & Health Care Services undertakes hygiene promotion as one of the IEC area in a limited manner. In times of epidemic outbreak etc. the department also support as expert agency to local urban/rural bodies.

2.1.3.4 AP Housing Corporation is responsible for rendering financial assistance and expert advice for creation of housing for low income families in the state, particularly in rural areas. Inclusion and construction of a latrine is a prerequisite for availing finance (grant plus loan) for construction of houses. The corporation offers standard two-pit latrine design for implementation. The corporation, which is also funded by the central government, is running in losses at present.

2.1.3.5 AP Housing Board offers services of construction for housing in the state for lower, middle and higher income group family, particularly in urban areas.

2.1.3.6 State Pollution Control Board is responsible for controlling air and water pollution including hazardous waste through national level Statute. City solid waste is the responsibility of relevant local bodies.

2.1.3.7 Department of Women Welfare and Child Development is responsible for encouraging women's involvement in developmental initiatives of the state.

2.1.3.8 Water & Land Management & Research Institute (WALMATRI) is a state government training and research institution in the areas of water resources and irrigation.

2.2 FINANCIAL INSTITUTIONS

2.2.1 HUDCO funds several departments of the state including PH & ME and Housing Corporation through loans and soft loans.

2.2.2 Lead Banks have been decided for each district of the state for funding developmental initiatives including soft loans for construction of wells, pump sets procurement, deepening of bore wells etc for centrally funded programs.

2.3 CENTRAL GOVERNMENT INSTITUTIONS

2.3.1 Rajiv Gandhi National Drinking Water Mission has recently come out with modified guidelines for availing grants and incentives by the state. The state of Andhra Pradesh has yet to decide and declare formal acceptance of the modified guidelines.

2.3.2 Central Ground Water Board plays an advisory and expert role in ground water monitoring and exploitation. A model ground water bill has been proposed over which decision has yet to be taken by the State.

2.3.3 Ministry of Water Resources at a national level also plays the role of advisory and expert resources.

2.3.4 National River Action Plan has primary objective of prevention of pollution in rivers and ponds. Several states have availed grants from the Plan to treat industrial and domestic sewerage.

2.4 RELEVANT ONGOING PROJECTS IN THE STATE

2.4.1 Netherlands Assisted Project Organisation (NAPO) has been working in areas of water quality monitoring & advisory capacity for last four years.

2.4.2 UNICEF has a State level office and implementing relevant initiatives. UNICEF– AP office is also funded by DfIDI.

2.4.3 EPTRI (Environment Protection Training & Research Institute) is an institute funded by The Netherlands for training and research in environment areas.

2.4.4 DfIDI- Rural sector has recently launched a " Rural Livelihood Program".

2.4.5 DfIDI-Urban Poverty office has been working with department of Municipal Administration & Urban Development (MA & UD) for a large urban program.

2.4.6 World Bank has funded several projects of irrigation and water supply.

2.4.7 A storm water drainage design project is going on in several towns of AP and likely to be posed to multilateral funding agencies for funds.

2.4.8 WB and DfIDI have also funded ongoing power sector reforms program in the state. Some of the projects like 'power sector reforms' have an impact on the "APWESSD" while some like 'rural livelihood programs' and urban project can provide linkages to the proposed APWESSD.

2.4.9 IL & FS and APIIC have floated separate utility company for undertaking water supply in Vishakhapatnam city from an irrigation source.

3.0 INSTITUTIONAL ANALYSIS

Various institutions playing role in the water and environment sanitation have been highlighted in the following table.

PRIMARY STAKEHOLDERS	• Tribal population(domestic water users) • Rural population(domestic water users) • Urban and urban slum population(domestic water users) • Farmers (irrigation surface water users) • Farmers (ground water users)
KEY STAKEHOLDERS	• Panchayat Raj Engineering department/Panchayat Raj & Rural Development department • Municipal Engineering & Public Health department/ Department of Municipal Administration and Urban Development • Irrigation department • State Ground water board • Department of medicine, health & family welfare • Women Development & Child welfare department • AP Transmission company • NGOs/CBOs • DfIDI- Water & Sanitation group
EXTERNAL STAKEHOLDERS	• Rajiv Gandhi Drinking Water Mission (RGDWM) • Other multilateral and bilateral funding & development agencies • Politicians & other parties

3.1 PANCHAYATI RAJ ENGINEERING DEPARTMENT

Panchayati Raj Engineering Department (PRED) is part of Department of Panchayati Raj & Rural Development. Andhra Pradesh was one of the first states to implement local Government reforms in early eighties based on recommendations of the Balwant Rai Mehta Committee in 1959.

PRED is one of the largest and most influential departments in the state in terms of influence over the population with regards to water supply & sanitation. PRED continues to share the responsibility of both, the installation as well as operations & maintenance of water supply services.

The organisational structure of PRED is highlighted in the following chart.

PRED's role is to act as contractors/constructors besides operators to the rural bodies. Its principal functions consist of undertaking surveys, planning, designing and contract out/construct the water and other related assets for the rural local bodies. The next expected step is handing over the assets to local bodies. In reality it rarely happens and PRED carries out O & M and quality control role on a continuous basis.

At district level and below the PRED engineers (below Superintendent Engineers) responsible for water supply are officially under the administrative control of the Chief Executive Officer of Zilla Parishad, and under the technical control of PRED.

The 'Human Resource' department of PRED was created in 1995. The budget for HR department in 1998-99 was Rs. 12 million (central contribution Rs. 10 million, rest contributed by the state). Total staff in PRED is about 5000 including administrative staff of 2500. Total technical staff in R & B division is about 1000 whereas in RWS division is 1500. HR department carries out the training function and other related activities. It also has a team of two people for IEC activities related to community awareness!

The salaries of SE to AE level including office staff is paid by zilla/manda. parishads. The salaries above SE level are paid by the department through state funds. Administrative control of works is done by local councils. Technical control is being maintained by PRED department technical staff.

Department funds through state government flow directly through department. The local bodies funds including state & central government funding flows through zilla /mandal parishads.

PRED thus has an influence over total rural population of the state, which is about 67% of total population of the state.

Some of the relevant statistics are highlighted in the following table.

Districts	23
Revenue Divisions	74
Mandals	1110
Inhabited villages	26586
Total population	66.5 million
Rural population	48.63 million

Analysis of the department

PRED is a specialist technical department created to facilitate assets creation by the rural local bodies. It however also carries out O & M & QC functions, as most of the panchayats have not been able to carry out the same functions.

The staffing pattern is heavily skewed towards engineering disciplines. The department has been getting the budget sanctions based on completed works and on O & M activities. Hence the physical targets of completion of schemes are emphasized rather than soft targets like service delivery, quality and reliability of services. Thus, officials in constructions may have more power as compared to all other supposedly support functions.

The department has weak interface with peers (e.g. health department) and with users of services.

Potential Interests & Influences

Major interest of the department will be on the numbers of projects they can undertake under any suitable titles of pilot/demonstration/experiment etc.

The major interest of the department may be in undertaking projects in inaccessible areas, fluoride affected areas etc through availability of the grant funds. Most of these projects may not be financially viable.

Any policy /reform project under the circumstances is likely to address some of the issues of:

- Stringent legislation for usage, wastage etc of water
- Financial recovery
- Users participation
- Enhanced peer's participation (e.g. health department)
- Enhanced standards of systems, documentation, planning & monitoring, contracting, quality control etc.
- Sustainability of the solutions
- Tariff revisions

The above-mentioned measures; if implemented in true essence, would make the department more open & impactful. However the process of change will be difficult process and requires quite a high level of commitment of the top management of the department. The process also will require infusion of new skills and attitudinal changes through intense capacity building programs. Given the large size of department, such changes will require long-term measures and well-structured programs.

The interest of the department is judged to be more in undertaking engineering project as compared to bringing sectoral development.

The interest of local politicians/elected representatives also is judged to be lukewarm in such measures. Additionally, farmers as users of surface water irrigation may be affected negatively by such a program. (assuming that tariff rationalization, cost recovery, ground water extraction curbing rules, allocation to drinking water from irrigation sources etc. are part of the program component)

Thus the broader process of reform/policy issues addressal; though well intentioned and required, will gain desired impetus only through suitable conditionalities and much larger program.

United platform of donor agencies could be one of the ways to facilitate the above-mentioned process.

Any program touching the aspects of water supply & sanitation in rural areas essentially will have to involve the department, as it is by default the existing service provider. The above role may undergo a change in future based on the policy direction of the state.

Capacity Building Needs

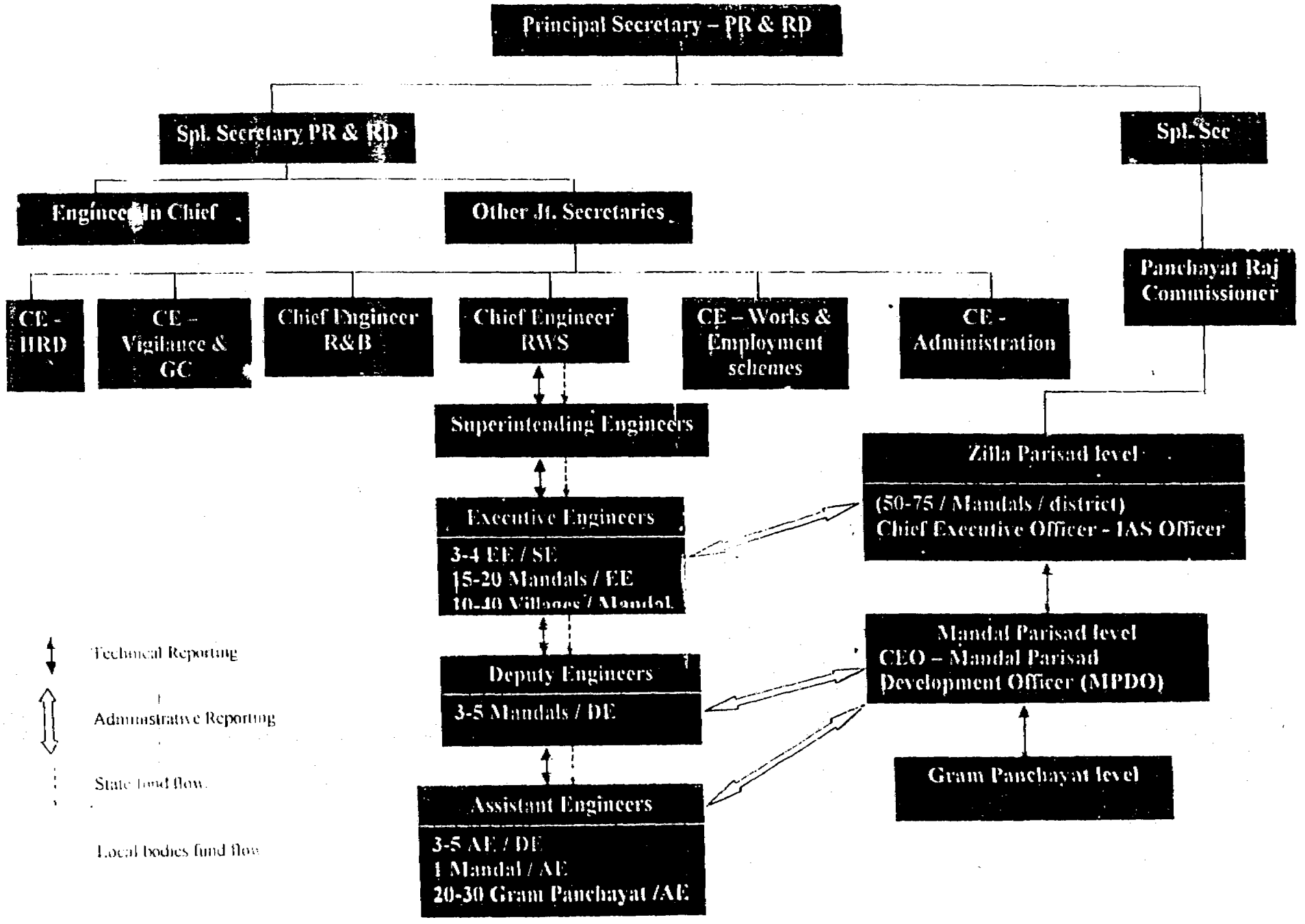
Broad capacity building needs are perceived to be in the areas of

- Planning process, methods & monitoring.
- Technical areas like Management information and other systems, standards of documentation, contracting & quality control.
- Public relations.
- Attitudinal de-learning from "creators" to "service providers" and from "cost /activity center approach" to " contribution approach".
- Team working, multi-disciplinary team work.
- IEC
- Co-ordination, presentation & marketing skills.
- Technological areas like de-fluoridation, hydro-geology.
- Financial planning & management accounting.

It is perceived that in the proposed program the department may play an effective role to influence partner. Any program design will have to account for the above factors and provide for an adequately stronger project steering mechanism to influence the program implementation & affect mid course corrections.

In essence:

- It is a typical vertical service delivery organization with the disadvantage of being removed by one step. (rural local bodies are the first interface with the users).
- The current role of the department is of 'assets creator' rather than that of a 'service provider'.
- Major strengths are large pool of technical human resource and reach of the department. It is the single largest department in terms of population coverage (67%).
- Major weaknesses are lack of service orientedness (attitudinal) and lack of marketing and planning skills (technical & managerial skills). This is the only department in rural area, which can involve people/users and put across the ideas of cost recovery, ownership, O & M etc.
- Well designed capacity building efforts will be required to implement APWESSD.


Principal Secretary – PR & RD
Spl. Secretary PR & RD
Spl. Sec
Engineer-in Chief
Other Jt. Secretaries
Panchayat Raj Commissioner
CE - HRD
CE – Vigilance & GC
Chief Engineer R&B
Chief Engineer RWS
CE – Works & Employment schemes
CE - Administration
Superintending Engineers
Zilla Parisad level
(50-75 / Mandals / district)
Chief Executive Officer - IAS Officer
Executive Engineers
3-4 EE / SE
15-20 Mandals / EE
10-40 Villages / Mandal
Mandal Parisad level
CEO – Mandal Parisad Development Officer (MPDO)
Deputy Engineers
3-5 Mandals / DE
Gram Panchayat level
Assistant Engineers
3-5 AE / DE
1 Mandal / AE
20-30 Gram Panchayat /AE
Technical Reporting
Administrative Reporting
State fund flow
Local bodies fund flow

3.2 DEPARTMENT OF MUNICIPAL ENGINEERING & PUBLIC HEALTH

This is one of the departments of Municipal Administration & Urban Development Department.

Department of Municipal Engineering & Public Health (ME & PH) plays an important role in assets creation and the role of constructor for water supply and sanitation in all urban areas (except notified industrial areas and areas in and around Hyderabad).

The organisational structure of Department of ME & PH is highlighted in the following chart.

The functions of ME & PH are similar to that of PRED and consist of carrying out surveys and investigations, planning and design, contracting and construction supervision and quality control. The assets are handed over to the concerned local urban bodies after completion for O & M.

ME & PH had a yearly budget of Rs 50 million till two years ago. A large loan from HUDCO has resulted in increased budget to the tune of Rs 200 million.

The local urban bodies request for a water supply scheme through a council resolution as part of the procedure. The cost/funding etc. are finalised through intervention of department of Municipal Administration and Urban development.

Some relevant operational statistics of the department are highlighted in the following table.

Shortages in water supply	75-100% in 11 municipalities 50-75% in 14 municipalities 50-25% in 42 municipalities less then 25% in 33 municipalities 0% in 15 municipalities
Total schemes of water supply under implementation	53
Water supply schemes recently completed	40
Water supply schemes under planning	39
Women based CBOs operative	25 municipalities
Sanitation privatized in some or other form	60 municipalities
Approximate repayment liability per year of current HUDCO and previous LIC loan for water supply	Rs 700 million

The important lessons learnt by parent department of MA & UD in the process of implementing innovative solutions to people participation are

- People are willing to pay for the reliable and quality services
- CBOs are encouraged more as compared to NGOs. This also seems to be the emphasis of Government of India from the discussions.

Urban water supply throughout the state, except part of Hyderabad and couple of places like Guntur is non-metered. Recently about 40 water supply schemes have been completed through financial assistance of HUDCO. Thirty nine water supply schemes are planned to be taken up through further assistance of HUDCO.

HUDCO loan is available at 16.5% interest rate, which is perceived to be quite high and State Government is trying to convert the loan to soft loan with lesser burden through assistance through multi-lateral funding organizations.
It was opined that majority of the local urban bodies find it difficult to meet the total O & M and QC costs. Substantial numbers of local urban bodies are defaulting on the electricity payments.

The cost break up of O & M and QC seems to be 80% electricity, 10% chemicals and 10% establishment costs.

In terms of innovative programs this department (MA & UD) seems to have done more than all other departments.

Some examples are

- Privatization of Vishakhapatnam water supply side
- In 25 municipalities about 50 women groups as CBOs are promoted to cater to drainage and street cleaning. Each group is about 15-20 strong. The funding is Rs 0.18 million subsidy from the department and facilitation of loan from banks of about similar amount.
- Sanitation is privatized in about 60 municipalities out of total of 116 municipalities.
- In some municipalities innovative scheme of " user based charges" is floated.
- With better planning the completion time for water supply schemes is cut down from 7-8 years to 2 years and less.
- Storm water drainage planning is being done by a foreign consultancy company for 32 municipalities. It is the intention of the Government to pose the same for multilateral assistance after the completion of planning.

MA & UD exerts influence over 35% of the population of the state

Analysis of the department

Department of ME & PH is a specialist department created to facilitate creation of water, sanitation and other related assets by urban local bodies. On the whole the focus is on the water supply and sanitation takes back seat. Though the issues remain the same in case of dept. of ME & PH and PRED, the intensity of the same however is varying.

The local political situation is the same in rural and urban bodies in terms of their lack of will to change the tariff or bring reforms in sensitive area like water. However, there are some inherent advantages in ME & PH as the scales of operations are bigger per scheme. This has enhanced possibilities of cost recovery, better services provisions etc.

The influence of department of ME & PH over local urban bodies is perceived to be quite less. The significant strengths & weaknesses of the department are perceived to be:

- Pool of technical human resource available with the department
- Greater awareness in the department for issues like cost recovery, financial viability etc.
- Greater potential for attracting grants/loans etc from multi-laterals organizations
- Poor public relations & user orientation
- Vertical service delivery
- Perceived higher possibilities of financial viability of projects due to scale of operations per scheme
- Possibilities of sub-optimization of technological selections as separation of assets creation and O & M & QC functions

Interests & Influences

The department may be relatively more open to change as compared to PRED. This may be so as the department is more aware of the needs (may be due to higher exposure to funding agencies for loan etc) of policy/sectoral reform.

Any policy reform is likely to enlarge the power of the department by enhancing the possibilities of loans. Such changes also may seemingly reduce the power in terms of more openness and users involvement. Thus, this department may feel both types of the impacts of any sectoral program as compared to PRED where negative impacts of the program may be weighed higher.

Any program with impact on urban water supply & sanitation will have to take in to account the department in program design & implementation.

In terms of monetary value the department is even less likely to evince interest with the proposed program budget as compared to PRED. The department has better marketability as compared to PRED in the arena of international donors and may be looking for involvement of large influx of funds more aggressively as compared to PRED.

Capacity Building Needs

The broad-based capacity building needs are perceived in the area of:

- Integrated planning processes at municipalities level for services
- Monitoring systems & documentation
- Cost recovery, financial viability & technology selection
- Users orientation and service provider work culture
- Sustainability issues
- Multi disciplinary team working

In the proposed program the department has the potential to play a role of a strong partner. However the interest of the department in the program will depend on the stances of other donors and possibilities of other cross cutting programs. Any program designing involving the parent department of MA & UD is likely to add weight to the change process.

3.3 IRRIGATION DEPARTMENT

Irrigation department is the owner of all surface water in the state. it is staffed by 5000 engineers and 32,000 at administrative and support level. The annual budget of the department is Rs. 14,000 million. The total establishment costs are estimated to be about 30% of the total budget.

The organisation structure of the department is highlighted in the following chart.

The department has to consent the withdrawal of surface water for any surface water based water supply scheme. Such schemes are very few e.g. Hyderabad water supply scheme, Vishakhapatanam water supply scheme, Tirupati water supply scheme etc

In such cases normally water withdrawal is on 'no charge' basis, besides no measurement of water withdrawal is made.

The department is responsible for all multipurpose irrigation and pure irrigation projects. APGENCO is however involved in hydropower projects.

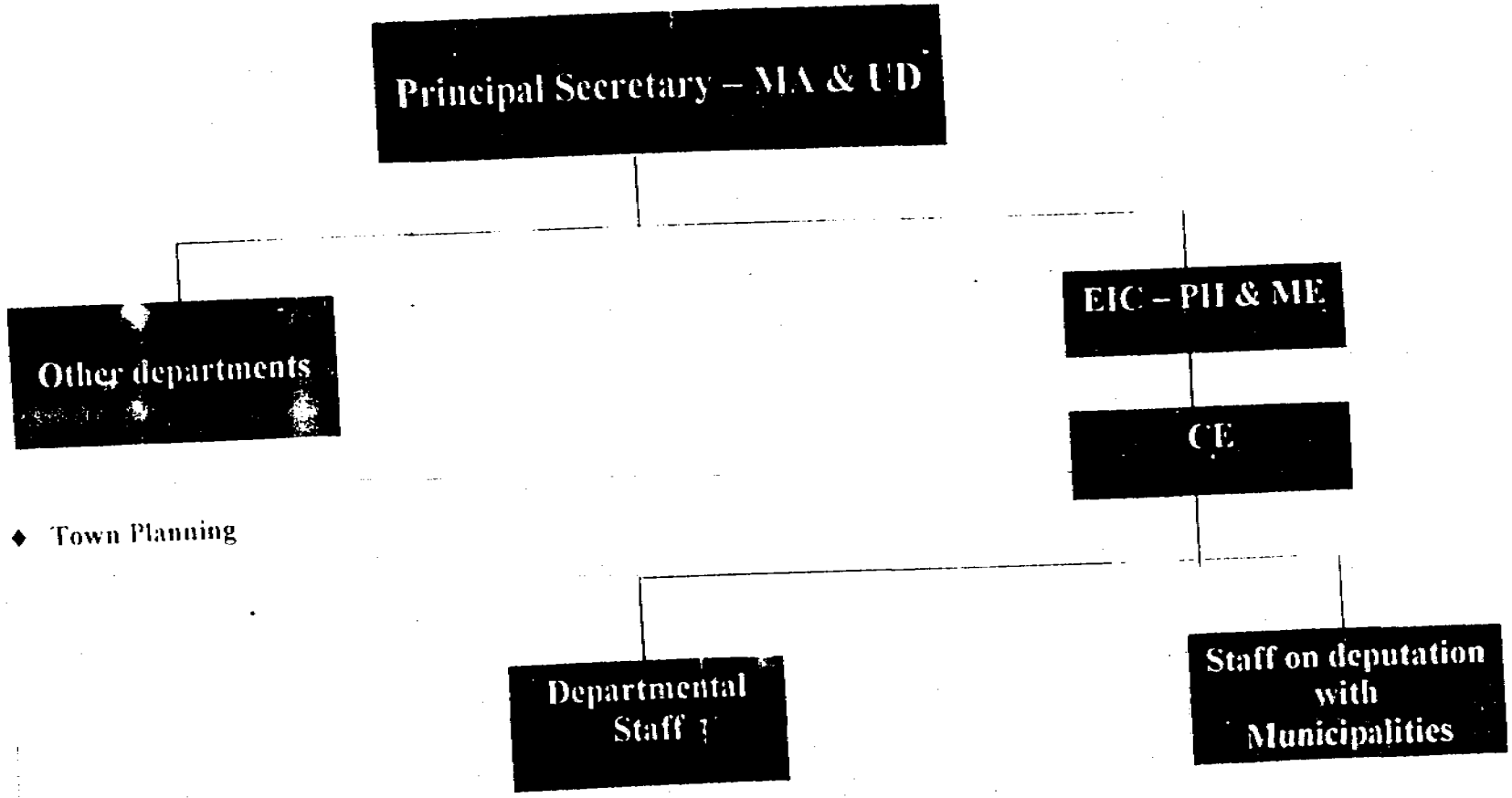
The peak months for irrigation water demand are January – March and slack months are June – November. It was opined that surface water supply scheme will have to be designed keeping in consideration the peak irrigation water demand.

The state has implemented various laws to encourage 'community involvements'. *Irrigation District Board* is created in districts with the district collector as its chairman. Concepts of Participatory Irrigation Management (PIM) are implemented through creation of bonds and various committees like *Water Users' Association* (for O & M of minor, sub-minor and field channels), *Distributory Committees* (for distributories, branch & major canals) and *Project Committees* (for main canal & headworks). Water budgeting exercise is carried out by Water Users' Association every year and then consolidated.

Drinking water tanks, *"Konuru"* exist in each village and coastal areas. These tanks are filled by he department through link channels. Summer tanks in village are also filled by the department. In rural areas, construction of such tanks is done by PRED and in urban area by the department of ME & PH.

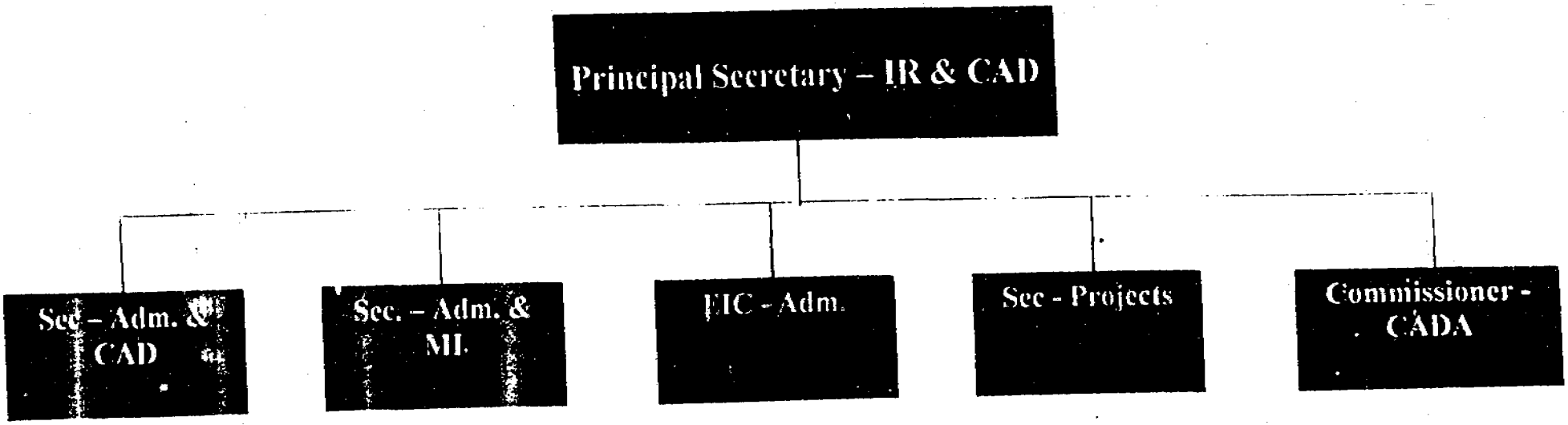
The Irrigation Department is perceived to be a strong partner with peripheral interest in APWESSD.

Organisation Structure – PH & ME



- Total Staff – 2500, Technical – 1300, Administrative – 1200
- Budget / Year Rs. 5000 million, less than 10% of budget spent for sewage schemes establishment cost Rs. 100 million.

Organisational Structure of Irrigation Department



- CE - Major Irrigation
- CE - Medium Irrigation
- CE - Minor Irrigation

- Director – VALMATRI

- CE - (Investigations)
- CE - (Central Design organisation)
- CEs - (Concerned Projects)
- MD - (AP Irrigation Development Corporation)

- The department has technical staff of 8000, Supporting staff of 32000 & Total staff of 40,000
- Yearly budget of the department is Rs 14000 million establishment cost are about 30%
- All Minor Irrigation schemes are from 40-2000 hactare, Medium Irrigation Schemes 2000-10,000 hactares. Major Irrigation Schemes above 10,000 hactare of command area
- All hydro electric 100% power projects handled by APGENCO Multipurpose projects under Irrigation department.

3.4 STATE GROUND WATER BOARD

State Ground Water Board has major function as monitoring of ground water status in the state. It has yearly budget of Rs 110 million with staff of about 1100. The technical staff consists of 800 personnels whereas remaining being the administrative staff. About 25% of the posts are lying vacant. It has one office per district for monitoring and other purposes. The department has preponderance of hydro-geologists and hydrologists.

As per the present statute the departments has role to play only in cases of

1. Government owned wells
2. Institutionally financed private wells
3. Expert assistance to other departments in survey and investigations
4. Implementation of the 'National Hydrology Project'
5. Monitoring and evaluation of ground water resources

The department compared to other departments has very weak linkages with other stakeholders.

State Ground Water Board, at present is construed to be a monitoring body. Any sectoral reform program is likely to affect the department positively as it will be perceived to enhance the relative power & influence of the department vis-a-vis other departments. This is a much smaller department and unlikely to wield much power/impacts over the APWESSD program components.

The capacity building needs for any role change will be massive. Even though much smaller department, initiation of any change in the department is perceived to be more difficult to achieve as compared to PRED or ME & PH.

The department receives very low level of funds and grants as compared to both PRED & ME & PH. Thus ground water board can be said to have relatively lesser interest in the program. The interest may be higher, particularly if the program addresses corrective measures related to ground water status.

Thus in the proposed program, the State ground water board is likely to be a weak partner. Their interest in the proposed program also may be peripheral only unless critical legal corrections are provided.

3.5 DEPARTMENT OF HEALTH, MEDICINE AND FAMILY WELFARE

This department is very large and has been divided further in following departments

- Andhra Pradesh Vaidhya Vidhan Parishad (APVP)
- Directorate of health
- Directorate of Medical Education
- Family welfare

The organisational structure of department of health, medicine and family welfare is highlighted in the following chart.

Its existing interfaces with the other stakeholders are through committees at the district levels. The co-ordination among the PRED, department of ME & PH and Health department is more obvious in times of epidemic break ups etc rather than normal times. Its central role is playing advisory role to local bodies in health areas.

APVP is responsible for urban and district level health set up including hospitals.

Directorate of Health is responsible for rural health delivery including primary health centers & running of all national programs (malaria, TB, Blindness etc). Health education & IEC (Information, education & communication) are found to be under the sole purview of the health department (except a team of two staff deployed by PRED for IEC).

While O & M of the assets are done by PRED the chlorination is carried out by the Health department. The material for chlorination is provided by the concerned gram panchayat.

Director of medical education is responsible for medical education aspects in the State.

Family welfare department is responsible for family planning aspects apart from other concerned issues.

All municipal corporations have their own health set up. Grade one municipalities have health officer to look after the health aspects in their own geographical areas. All class 2 & 3 municipalities have sanitary inspectors. All gram panchayat depend on the set up created by the PHC under the directorate of health.

It is noteworthy that the department has very large (about 15000 strong) human resources in terms of health assistance and inspectors. They act as

multi purpose vehicle of implementation of various national & state level programs related to health. These health assistants & inspectors may offer unique advantage in APWESSD by taking up the role of *multi purpose outreach workers* at grass root level.

The department also has the responsibility to advise the local urban and rural bodies in cases of epidemics and out breaks of water born and communicable diseases.

Some relevant statistics of the department are as under.

Numbers of primary health centers	1336
Sub centers	10568
Government hospitals	142
Dispensaries	108

At present World Bank funded Rs 6000 million project for Health systems is going on. The major components of the program seems to be the improvement of health delivery system through several components like building construction, equipment provisions and capacity building including systems & process upgradation.

Under the program about 100 building have been completed. In addition to this, 150 hospitals have been covered.

Noteworthy innovation by the department

- Some primary health centers have been made operational for 24 hours a day on pilot basis. Initial results have been reported to be encouraging.
- In some districts prone to epidemics standard drill protocols have been set.
- Primary health centers and sub center level advisory committees have been formed. This comprises of doctors, NGOs, panchayat officials etc The committees are responsible for over all supervision of the local health delivery system. The results are yet to come in of such a system.
- Health policy for the State is being developed.
- AP was the first State to bring the industrial health & hygiene under the health set up.
- About 68000 flip charts, 420000 leaflets were distributed in the last year under IEC program.
- AP school health project funded by DfIDI
- Water quality sampling & testing by the institute of preventive medicines through their regional laboratories.

The co-ordination with the other stakeholders seems to have been through district collectors. Several committee structures seem to exist for the purpose. However in practice the meetings and interaction depends on the initiative of local officers.

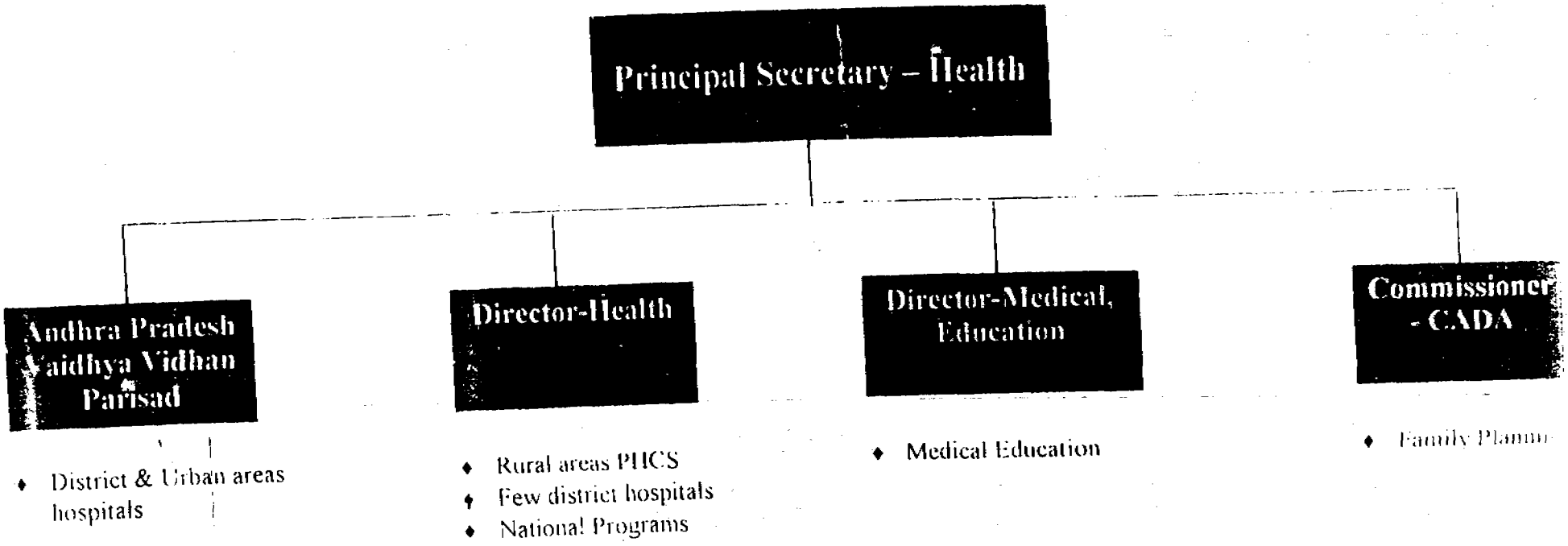
Program like 'Janmabhumi' is administered through the department through quarterly meetings with concerned local people and officials.

The involvement of Health department in APWESSD will require:

- Substantial capacity building of assistants/inspectors as multi purpose health workers including involvement of NGOs/CBOs.
- Clear links/channels and areas of operations and co-operation among PRED, ME & PH and Health department.
- Adequate and broad based project steering mechanism

The health department may be a strong partner with peripheral interest in the project and little influences over other stakeholders to start with. The higher interest of the department can be taken care of in design of the program. This is a worthwhile idea to be explored in project designing.

Organisation Structure – Health Department



3.6 TRIBAL WELFARE ENGINEERING DEPARTMENT

Tribal Welfare Engineering Department (TWED) was created in 1984-85 fc. speedy & effective execution of works in tribal areas. As a part of this program construction of schools, hostels, residential colleges are being taken up for providing educational infrastructure facilities to S. T. population. Apart from the above programs, providing drinking water supply and sanitation facilities in Tribal Sub-Plan (TSP) areas, providing road facilities to tribal habitations, providing minor irrigation facilities for the improvement of quality of life and the social & economic up-liftment of the tribal population in the state are being taken up.

Tribal Welfare Engineering Department is thus the constructor for PRED in tribal areas and has the responsibility of creation of water related assets in the tribal areas.

The Tribal Welfare Engineering Department is headed by the Chief Engineer with two (2) circles, nine (9) divisions, forty one (41) sub divisions and 137 sections. The establishment's budget for the year 1999–2000 was Rs. 170 lacs under plan and further Rs 85.09 lacs under non plan, totaling to Rs. 255.09 lacs.

The department does not have infrastructure and the human resources for O& M and QC (Operation & Maintenance and Quality Control) and the assets are handed over to PRED.

Since inception of the Tribal Welfare Engineering Department, funds for creation of water related assets are being released through PRED under ARWSP & MNP (RWS) for providing drinking water facilities in Tribal Sub-Plan (TSP) areas. This comes out to be about 6% of the total budget line for PRED.

The Tribal Welfare Engineering Department thus has an influence over 6% of the population of the state.

Some relevant statistics of the tribal welfare Department are highlighted in the following table.

Total tribal population	40,46,673
Total Tribal habitations	11438
Not covered habitations	3295
Covered habitations	4037
Fluoride/Salinity affected habitations	643
Inaccessible habitations	861

3.7 HYDERABAD METROPOLITAN WATER SUPPLY AND SEWERAGE BOARD

Creation and O & M and QC of water related assets in Hyderabad and surrounding areas is the responsibility of Hyderabad Metropolitan Water Supply and Sewerage Board.

HMWSSB is a special set up created and caters to about 5% of the State population.

Assets creation and O & M and QC for the services including water, sanitation etc. in industrial areas is the responsibility of the State Industrial Infrastructure corporation.

3.8 ANDHRA PRADESH TRANSMISSION COMPANY (APTRANSCO)

APTRANSCO is a recently formed organization under the power sectoral reform project of World Bank & DfIDI. It is one of the most affected entities as significant numbers of the local bodies are unable to pay electricity charges for the water supply & sewerage. In O &M terms it is understood that the electricity charges may be up to 80%.

The dues go on mounting currently. It is quiet obvious that current situation of mounting dues can not be permitted for long time and needs to be brought under control as under the AP power reform program, there will be conditionalities to implement.

Thus any water policy/sectoral program is likely to affect this department positively. The department will be a strong player with monopoly service provider position.

Interest of APTRANSCO in the program is perceived to be of peripheral nature.

Thus APTRANSCO is perceived to be a strong partner with peripheral interest in the proposed program.

3.9 ANDHRA PRADESH HOUSING CORPORATION

Andhra Pradesh is one of the few states to have a separate housing department at state government level. AP Housing Corporation was established in 1979 and is functioning as financial plus technical advisory body for creating housing in rural areas, particularly for economically weaker section. The criteria for poverty is yearly income below Rs. 11,000.

The corporation has a staff of 3,000 and yearly budget of Rs. 8,000 – 10,000 million.

The organisational structure is highlighted in the following chart.

The housing design is on set standards with mandatory provision of twin-pit latrines.

The corporation gets funding from HUDCO and state government. In addition it also gets grant based funding from central government. For implementing central government sponsored schemes like 'Fishermen Housing Program', 'Silk Weavers' Housing Program' etc.

The loan plus grant amount per house is Rs. 17,500 and Rs. 25,000 in rural and urban areas respectively.

All collectors are *defacto* executive directors of the corporation. The land for housing of weaker section is provided by the revenue department.

In the year 1998-99 loan for about 3,74,000 houses were distributed.

The department is perceived to bea less influential partner with peripheral interest in APWESSD.

AP Housing Board is responsible for creating housing in urban areas. In addition to this AP Housing Board construct housing for high & middle-income group.

3.10 LEAD BANKS – A case of Andhra Bank

Lead banks have been nominated for all districts in the state. Each lead bank has designated service areas. The lead bank administers central government development schemes & provides soft loans for implementation of those schemes.

In areas of water supply (drinking water is not separated out) soft loans are provided for construction of wells/bore wells, installation of pumpsets, deepening of bore wells etc. under minor irrigation schemes.

Andhra Bank is lead bank for four (4) districts of East Godavari, West Godavari, Guntur & Srikakulum.

The administered program includes IRDP, SC/ST action plan, minor and large irrigation programs. The lead banks are being refinanced by NABARD. Development activity/lending plans are proposed by village development officers and bank officers and approved by mandal officers. All mandal plans are consolidated and a *'District credit plan'* is evolved at district level. The District collector is the chairperson of the *'District Consultative Committee'*, which approves the district credit plan.

It was opined that commercial operations of lead banks in rural areas are quite low as compared to the development activities.

Lead Banks are perceived to be partners with relatively low level of interest & influence in APWESSD.

3.11 ANDHRA PRADESH INDUSTRIAL INFRASTRUCTURE CORPORATION

Andhra Pradesh Industrial Infrastructure Corporation (APIIC) was established in 1973. Its function consists of land acquisition, creating, marketing and maintenance of industrial infrastructure (*Industrial Estates*) in Andhra Pradesh. It has a total staff of 700, out of which class IV staff is about 400.

At present about 240 industrial estates exist in the state. In addition to this the corporation also undertakes other projects like construction of hospitals, agricultural godowns etc. as directed by the state government.

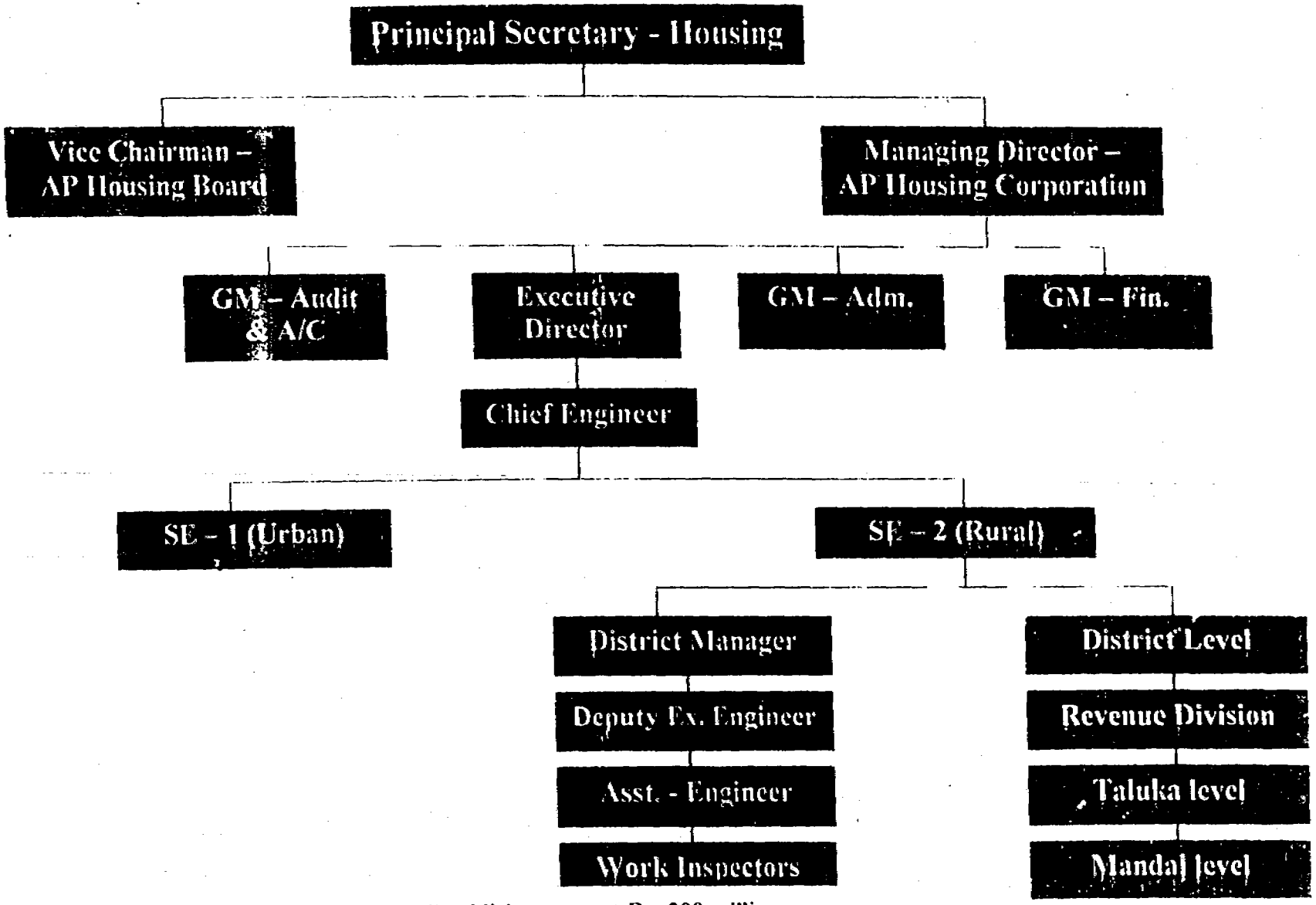
All most all Industrial estates' water provision is through ground water based schemes. Sewerage and solid waste planning has not been integrated with over all developmental planning of the industrial estates, till now. However storm water planning does takes place. Common effluent treatment plants exist at two places.

Maintenance of industrial estate is handed over to *Service Societies*. The Societies' constituents are elected members of industrial estates. The creation of such societies was initiated in 1994. Societies exist at most of the industrial estates. In some cases the societies also employ technical staff for maintenance functions.

One innovative experiment the corporation has done is creation of a separate utility company for constructing and O & M of Vishakhapatnam City Water Supply Scheme of 178 MGD in partnership with IL & FS. The total cost of the scheme is Rs. 8,000 million.

The corporation is perceived to be a partner with only peripheral interest and influence in APWESSD.

Organisation Structure – AP Housing Corporation Ltd.



- Total staff 3000, Yearly budget Rs. 10,000 Million, Establishment cost Rs. 200 million per year
- Corporation was established in 1979.
- All collectors are defacto executive directors of the corporation.

3.12 RAJIV GANDHI NATIONAL DRINKING WATER MISSION

This external stakeholder is perceived to be a strong influencing mechanism for proposed program through incentives provided to the States for the reforms under the scheme.

Any major loan/grant is likely to have conditionalities similar to the mission guidelines or even beyond. Thus, implementation of the mission guideline is full acceptance of the State Government's need and desire for sectoral changes.

The proposed program may have a component of enabling the State to implement the mission guidelines. This provision is likely to bring DfIDI much closer to the State & the center stakeholders in the arena of water supply & sanitation and be an influencer in the water policy area at national level.

The mission in the above case can be said to be a strong partner with substantial influence over the State in policy formulation in water arena. The same logic can be extended for any other water & sanitation project for any State. This factor can be an important one in designing other programs. Thus while the influence of the mission can be substantial, their interest in such a program could not be ascertained.

There can be several other peripheral interest holders like department of women development & child welfare etc. for APWESSD.

However, their role can evolve over a period of time and the program thus should provide sufficient flexibility to incorporate at a later date any such partners which can influence the project outcome significantly.

LEARNING FROM NAPO (NETHERLANDS ASSISTED PROJECT ORGANIZATION)

This is a six year old project of advisory and monitoring nature. It had adopted about 10 villages in Vizianagaram district and planning to expand to phase–3. The major functional lessons learnt by the project in AP–2 phase seems to be

- Demand responsive services planning
- Tailor made local solutions
- Cost recovery of O & M and some capital.
- Well planned systems and documentation for creating comparable data basis.

The broad-based understanding derived from the project seems t be:

- It will be difficult to talk about sectoral reforms unless all mu lateral and bilateral organizations have a co-ordinated front.
- The departments like PRED, ME & PH, Irrigation are very l ge and to a large extent self-sufficient. The need to sit together an thresh out conflicting issues may not exist on its own even in the inter t of over all better policy formulations.
- Empowerment of user communities
- The capacity building needs may be in the areas like tech cal (Hydro-geology, water recharge and conservation) Managerial (ystems and documentation) and human resource developmen skills EC, people participation etc)

NGOs/CBOs

Andhra Pradesh is one of the few states, which has number of e cient NGOs. State Government has been encouraging CBOs relatively m e in recent times. Due to paucity of time none of them could be met. On th water policy areas however there does not seem to be many NGOs involved.

Involvement of the people & especially women has been pla ned through formation of various advisory committees & programs like " Jan abhumi". MA & UD department seems to have done some remarkable wor with women CBOs in unbundling sanitation services.

In any program related to sectoral/policy reforms people's involv ment may be one of the key themes. The NGOs/CBOs thus will becom vehicle of implementation and are important. The weightage given in the p gram to the balance between NGOs/CBOs will be one of the factor de rmining the involvement & efficiencies of such organizations.

4.0 PROGRAM STRUCTURING & PARTNERSHIP IDEAS

4.1 Program Objectives

"APWESSD" will be an enabling program in the sector of Drinking water supply & Environment Sanitation in the State of Andhra Pradesh. Its objectives will be

- To enhance the State capacity through need based capacity building of service delivery institutions in identified key areas of management, technical & operational systems.
- To facilitate the discussions & decisions in areas of policy & sectoral betterment through information exchange, orientation & exposure visits.
- To promote innovative initiatives/pilot projects with objectives of sustainability, better service delivery, consumer awareness & involvement, financial viability and inter department co-operation.
- To promote better donor co-ordination.

4.2 Program Nature

The program will not duplicate the efforts of the ongoing programs of the State Government but emphasize on enhancing effectiveness, efficiencies and innovations in pursing the objectives of policy and sectoral betterment. The program is visualized to develop in organic way based on interlinked taskforce workings within service delivery institutions created within the State Government set up or outside the State Government set up.

4.3 Program Duration

The first phase of " APWESSD" will be for duration of three calendar years. At the end of which DfIDI will review the status and agree for continuation/revision or otherwise of the program with GoAP.

A mid term review at the end of first one & half year will be undertaken by DfIDI. The program may be revised/improved/modified and agreed with GoAP based on the review.

4.4 Program Funds

- DfIDI will contribute Rs. 210 million (approx.) over next three years of first phase.
- The funds will be released by at every six monthly period based on the
  - Surpluses available with the department from the previous installment

- Proposed projects schedules & financial expenditure forecasts

The funds will be released subject to availability of independent auditors' utilization certificate at every year-end.

The first installment of advance will be decided mutually with program steering committee (PSC). The program funds spending pattern will be flexible with following broad guidelines

1) Minimum 10% of the total fund should be spent for capacity building of service delivery institutions as per agreed plan.
2) Minimum 10% of the fund should be spent on information sharing and exposure visit to facilitate discussions & decision making with objective of betterment of policies and sectoral performance
3) Minimum 10% of the total fund should be spent on studies like base line database creation, consumer research, feasibility studies & monitoring & evaluation etc.
4) Not more then 10% of the fund should be spent for capital assets procurement. The capital assets proposals should be able to demonstrate direct need and utility of the assets to proposed projects and will exclude assets like buildings, vehicles etc
5) Not more then 5% of the total fund should be spent for administering the projects. This can have costs like meeting costs, additional secretarial assistance, hiring of audio-visual aids, hiring of conference halls, presentation material costs etc.
6) All the remaining fund may be utilized for undertaking pilot projects subject to guidelines which will be evolved by PSC.

4.5 Fund Flow

PRED will be the treasurer of the funds and open a separate account to deposit and transact the fund.

4.6 Project Steering Committee(PSC)

PSC may be a one group with all encompassing role for APWESSD or may be a two tier committee with tier – I representing senior secretaries of the relevant departments and tire – II may be the operational group for planning & implementing APWESSD.

The role of tier – I PSC may be evolved by the group itself. Operational level PSC parameters have been detailed out as following.

4.6.1 Functions of PSC

PSC will be empowered body by issuing a regulation of the State Government to act as overall guiding, sanctioning and monitoring body. It may evolve program guidelines including its own functioning. Some typical functions of PSC may be to

1. Formulate the program guidelines.
2. Approve the yearly plans and projects including the financial clearance.
3. Review and monitor the projects and commission appropriate studies for evaluation etc
4. Approve the training plan and list of people for training
5. Enhance interdepartmental co-ordination through inviting other members/departments on need basis to PSC for information/experience sharing
6. Appoint project auditors and other experts as necessary to supplement APWESSD.
7. Steer APWESSD and evolve appropriate strategies, systems and processes etc

4.6.2 Functions of Convenors

1. To ensure PSC meetings every quarter.
2. To prepare and circulate agenda notes including initiatives /projects and highlighting decisions required
3. To prepare the minutes of the PSC meetings and get the same approved by the concerned chairman.
4. To recommend projects/initiatives etc to PSC and facilitate the project identification, proposal preparation etc within departments as well as through NGOs/CBOs etc. The convenors thus will be playing crucial role of creating feeder pipeline of initiatives and projects to PSC. They also may create appropriate task forces within the departments as required.
5. To ensure the implementation of PSC directives, guidelines and decisions
6. To keep all the records and act as member-secretary to PSC including administrative arrangements for holding PSC meetings etc. In addition CE-PRED i.e. one of the convenor will also act as signatory for cheque signing authority. If the above arrangement is not possible then one of the account officer of PRED will also be made member of PSC.

4.6.3 Constituents

The PSC may have following constituents.

1) EIC-PRED as chairman of the PSC for rural projects
2) EIC-ME & PH as the chairman of the PSC for urban projects
3) Engineering Advisor of DfIDI as co-chairman
4) Project officer of DfIDI as team member
5) CE- PRED as the convenor of PSC for rural projects
6) CE-ME & PH as the convenor of PSC for urban projects
7) Two selected NGO/CBO as members
8) One representative of Health department of the rank of additional director

There will be four members with voting powers which will include EIC-PRED, EIC-ME & PH, and two DfIDI members. All others will be nonvoting members.

For all matters relating to urban areas EIC-PRED will act as member of PSC and for all matters relating to rural areas EIC-ME & PH will act as PSC member. PSC chairman can invite any other person as invitee.

4.6.4 Periodicity of Meetings

The meetings will be held at periodicity of each quarter for two consecutive days. On day one all matters relating to urban areas will be discussed. On day second all matters relating to rural areas will be discussed.

The relevant convenors will take up the responsibility of facilitating the proposal preparation and scrutinizing and recommending before the PSC.

4.7 Projects' Components

A typical project may have several components as highlighted below:

a) Engineering components of rehabilitation & maintenance for existing schemes of water supply for enhancing service delivery of the schemes
b) IEC for promoting consumer awareness, health & hygiene promotion, active participation and operation & maintenance responsibility etc
c) School sanitation – new schemes or operation & maintenance component
d) New schemes of water supply with cost recovery plan and consumer participation.

e) Base line & research studies, monitoring & evaluation studies, project appraisal studies, tariff rationalization studies etc
f) Consumer awareness drives and BCC campaign
g) Event promotions
h) Training needs assessment and capacity building plans
i) Preventive maintenance standards evolutions & pilot projects for implementation
j) Small but critical sewage pilot projects
k) Privatization package of services –design & implementation
l) Innovative pilot projects for disposal of hospital solid waste, city solid waste with relatively smaller capital outlays
m) Water supply projects in difficult areas, problem areas especially effecting poor people
n) Exposure visits
o) Integrated planning and service oriented target driven process implementation.

4.8 Projects' Identification & Implementing Mechanism

One of the essential functions of convenors (CE-PRED, CE-ME & PH) will be to create the project feeding platforms for APWESSD. They may for the same:

- Create, facilitate and monitor sub departmental task force to study/facilitate studies and create project proposals.
- The task forces may create the proposals on their own, with partnership of outside agencies or invite external bodies like NGOs, CBOs, Private sector, local bodies etc. to create the proposals and implement the same.
- Each task force may have a nodal officer with 4-5 members. The task force may be an interdepartmental one with members drawn from several departments as needed.
- The functions of the tasks forces will be to create adequate numbers of high quality projects as per the guidelines established through participatory approaches.
- Task forces will be involved in orientating/training project planning/monitoring etc. and facilitate implementing bodies and guiding monitoring and providing feed back to PSC through convenors.
- Orientation needs of task forces will be defined and capacity building program may be evolved and implemented. There may be support task forces established to support the project task forces.

4.9 Draft Guidelines for Initiatives/Projects

Though the program budget is flexible it is expected that roughly 50% each of the project budget components will be spent for urban and rural area initiatives/projects.

The initiatives/projects suggested under the program should have all/several of the following characteristics

a) Ensuring sustainability through local solutions/involvement of communities in O & M/financial viability or cost recovery/betterment of services delivery
b) Capacity building needs assessment and the plan for areas like consumer orientation, better service delivery and enhancement of the required technical, managerial and systemic skills of departmental executives
c) IEC/BCC for local community for influencing better service seeking behavior, awareness and acceptance of concepts like cost recovery, Health & hygiene promotion etc.
d) School sanitation.
e) Smaller components for O & M and quantity enhancement will be encouraged whenever justified by the project.
f) Interdepartmental collaboration in project implementation.
g) Community participation & involvement in project cycle.
h) There can not be rigid financial limits for the size of a project. A project/initiative may be as low as Rs 20,000 for creating awareness or as high as Rs 20 million for a project with engineering/ construction/renovation/rehabilitation component. Generally the project should emphasize soft aspects rather than hard ones.
i) Pre, concurrent and post impact studies, monitoring and evaluation etc. may be integral parts of the project proposals. These may include studies like Community needs assessment surveys, willingness to pay surveys, service delivery standards establishment and implementation, consumer research, service reliability surveys etc.
j) The project selected should have clear demonstration value in terms of visibility and replicability.
k) Improvement/rehabilitation of existing schemes may be preferred as compared to construction of totally new schemes from scratch.
Projects having impacts on especially the poor will be encouraged. This may include projects in tribal areas, difficult to reach areas, areas covering slums and poor urban communities etc.
m) The project proposal should especially emphasize participation of women and children, as needed.
n) The project proposal should demonstrate linkages with other ongoing programs/activities funded by the State/Central Government or multilateral and bilateral funding agencies.

o) The projects should utilize existing human resources and infrastructures as far as practical, rather then create new ones for project implementation. Whenever State Government employees are involved in project implementation the project will fund the incremental additional costs other then salaries and costs of people and existing infrastructure.
p) The projects under APWESSD should not duplicate the projects all ready identified and funded by the State Government. Rather the objective should be to enhance the effectiveness and efficiency of ongoing efforts through integrated approaches and innovative local solutions.
q) The project proposals may contain integrated projects with several components as above with multiple sources of funds. In those cases clear break ups of project costs and resources should be mentioned including the funds requirements from the APWESSD.
r) The projects should fall within priority of the State and local Governments and communities.
s) A project may have only one component like capacity building, IEC etc or several components including soft and engineering aspects depending up on the needs of communities and capacity of implementing organizations.

4.10 The Program Agreement & Contractual Arrangements

Initiatives/ projects proposed by departments of the Government will require approval of the PSC, which will amount to administrative, financial and legal sanctions.

Initiatives/Projects proposed by the external institutions (external to state government) like NGOs/CBOs and other bodies will have to enter in to legal agreement with the departments of ME & PH (for urban projects) PRED (for rural projects). The signatory from the departments' side will be the respective convenors.

The fund release to the individual project may be quarterly or six monthly period. The fund release to the project will be based on the agreed cash outflow projections. The fund payment will be on the re-imbursment basis after the initial advance installment.

The account office of the respective departments will handle the fund transactions. The further release of the funds to the project will be recommended to PSC through convenors by the relevant task force leaders based on the project status review and monitoring.

The extension of the projects also will be recommended by the task force leaders.

5.0 CONCLUSION

5.1 General Conclusion

It has been observed that policy/sectoral reforms have happened in India with presence of two essential parameters.

- Presence of large size broad banded soft loans
- Strong conditionality imposed by donor agencies

The above reforms have been mainly in "clean" areas like power generation & transmission, roads and fly-overs etc.

Water resources & water supply and sanitation have higher sensitivities of political nature attached to them by their inherent nature.

There is no reason to believe that any enabling policy/sectoral level project will be successful without the same two prerequisites.

Thus the proposed project has to be linked to very visible benefits of such nature, which are visible over short-term period.

5.2 Perceived Threats to the Proposed Program

The two major threats, which can have an impact over the proposed program are perceived to be

- Presence of an independent project in the state with overlapping objectives & higher funding with strong conditionalities for policy/sectoral reforms and adequate project purpose funding with the same state level partners
- Political parties, which can take up any such reforms as major controversial issues.

Andhra Pradesh is one of the few preferred states in India, which attracts most of the donor agencies. Hence in wake of above fact the above-perceived risks become higher for operations in the state.

Another point may be to have a right /non-conflicting balance between CBOs & NGOs in the project design, in line with the State & central government policies.

5.3 Future Course of Action

Planning and implementation of APWESSD will require further detailing including

- Detailed planning for the task group formation
- Evolving capacity building plans for the tasks groups
- Detailing program guidelines for APWESSD
- Evolving project guidelines for priorating innovative projects
- Evolving systems and processes for APWESSD implementation
- Evolving Management Information System for monitoring

It is suggested that Water & Environmental Sanitation Group, DFID India carries out all recommendations.

Annexure: A

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT INDIA (DFID India)
WATER AND ENVIRONMENTAL SANITATION GROUP, NEW DELHI

Andhra Pradesh Water and Environmental Sanitation Sector Development

Task: Preparation of project document

Terms of Reference for Institutional Development consultancy

Draft: Final **Authors:** AC/NK/NJ/SR **Date:** 3 November 1999

1. Background to the consultancy

1.1 DFID India is currently undertaking detailed design of the Andhra Pradesh Water and Environmental Sanitation Sector Development project. The aim of this project to support the Government of Andhra Pradesh to collaborate with, and draw on the resources available through, DFID India and other donors, and contribute to the development of appropriate policy in the water and environmental sanitation sector.

1.2 The purpose of the project is *"to enable the Government of Andhra Pradesh to develop and adopt demand responsive and sustainable approaches to water and environmental sanitation services for the poor in rural and urban areas by 2010"*

1.3 The project aims to:

- increase collaboration and understanding between donors, the Government of Andhra Pradesh and other interested actors in the sector
- provide technical assistance for the development of an appropriate policy and legislative environment for the sector in Andhra Pradesh, to further goals and standards set in the new guidelines of the Rajiv Gandhi National Drinking Water Mission.
- assist in the development of effective approaches to hygiene promotion as part of more integrated water and environmental sanitation programmes.
- develop and test innovative approaches to technical solutions and knowledge dissemination in the sector, and assist in the incorporation of successful approaches in programmes for water and environmental sanitation.
- reach agreement on a set of criteria, consistent with the new guidelines of the Rajiv Gandhi National Drinking Water Mission, and a process for development of new water and environmental sanitation projects for future funding from donors, including DFID India.

2. Purpose of the Consultancy

2.1 The purpose of the consultancy is to support the preparation of the Andhra Pradesh Water and Environmental Sanitation Sector Development Project Document, including the institutional annex. These Terms of Reference set out the requirements for reporting, and provide guidance on key issues to be considered.

3. Outputs of the Consultancy

3.1 The main outputs of the consultancy will be a draft report and a final report. The draft report should include the following:

- Executive summary of not more than 2 pages
- Identification of all Government of Andhra Pradesh and Government of India departments and institutions which have influence or are potential stakeholders in water and environmental sanitation in its broadest sense. (This should include those with responsibility for health and hygiene promotion, and for Water Resources allocation.)
- Identification of other non government institutions which are potential stakeholders in the proposed project.
- Analysis of each institution's level of influence in water and environmental sanitation in the state, and any existing collaborative links. This should be related to the policy and legislative framework.
- Preliminary institutional analysis of the key institutions, identifying strengths and weaknesses (This must include the Panchayati Raj Engineering Department and the Department of Municipal Administration and Urban Development, but should also look in appropriate detail at other institutions which have significant influence on the allocation of water resources.)
- Identification of key areas for capacity building within the institutions during project implementation.
- Annexes containing any raw data collected on institutional structures, staffing levels etc.

3.2 In addition, the final report should include:

- Recommendations for management arrangements of the proposed project, taking into account the outputs of the Project Design Workshop. Recommendations should include the role of DFID India in the project, mechanisms for inter-donor and government collaboration, contractual procedures, mechanisms for flow of funds.

3.3 In addition, the consultant is required to draft the institutional sections of the Project Document, including the Institutional annex, in accordance with the attached guidance note.

3.4 The consultant may also be required to provide inputs, including a brief presentation, at the Project Design Workshop.

4. Activities of the consultant

4.1 Preparation of a list of the main stakeholders in water and environmental sanitation service improvements in the state to be the basis for consultation in the project design process.

4.2 Data collection and analysis for all Government of Andhra Pradesh and Government of India departments and institutions, and non government institutions, which have influence or are potential stakeholders in water and environmental sanitation in its broadest sense. This should include, but may not be limited to:

- Panchayati Raj and Rural Development Department (and within this the Panchayati Raj Engineering Department)
- Municipal Administration and Urban Development Department
- Irrigation and Command Area Development Department (Major and Minor Irrigation)
- State Groundwater Board
- Central Groundwater Board
- Women Development, Child Welfare and Disabled Welfare Department
- Health, Medical Welfare and Family Welfare Department
- Finance and Planning Department
- Education Department
- Housing Department (in relation to sanitation)
- Agriculture and Co-operation Department
- United Nations Children's Fund

4.3 Contribute to stakeholder analysis.

4.4 Contribute to risk analysis.

4.5 Participation in the Project Design Workshop, including a presentation of key institutional issues to facilitate discussion. The presentation should be for no more than ten minutes.

4.6 Support, as required, to compiling the Project Document

4.7 Throughout the consultancy, the consultant will be required to work closely with both the Water and Environmental Sanitation Group and other consultants to integrate the outputs of the institutional analysis into the main Project Document.

5. Programme for the Consultancy

5.1 The consultancy will be carried out over a one month period from 5 November to 3 December 1999. Initial data collation and preliminary analysis in Hyderabad should be completed before 15 November, and the draft report submitted by 17 November. The Project Design Workshop will be held in Hyderabad on 22 and 23 November. The final report and contributions to the Project Document are to be submitted by 26 November. The consultant may be required to assist in the integration of the outputs into the Project Document in Delhi in the week ending 3 December 1999.

6. Reporting Requirements

6.1 Details of reports are given in 3.1, 3.2, 3.3 and 5.1 above. All reports are to be submitted in a single unbound copy and on electronic media to the Water and Environmental Sanitation Group, to arrive not later than the dates indicated. All reports should be written in single spaced Arial 12 point, using an A4 page size with top, bottom and right margins of 2 cm, and a left margin of 3 cm. Electronic copies of the report should be compatible with Word 6.0 for Windows 95.

7. Location of the Consultancy

7.1 The consultancy will be undertaken in Hyderabad and New Delhi.

8. Management Arrangements

8.1 The point of contact in the Water and Environmental Sanitation Group for contractual matters is Shobha Raman, Assistant Programme Officer and the Task Manager for the consultancy is Nigel Kirby, Engineering Adviser.

8.2 The consultant will remain in close contact with the Task Manager and keep him fully appraised of the progress of the consultancy