Mid-Term Evaluation of
Sustainable WASH for All in Nepal (SUSWA)

for the Ministry for Foreign Affairs of Finland

Final evaluation report 22 November 2024

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Photo on cover: Kristiina Mikkola. Badakhola Water Supply Scheme, Bajagada, Hima Municipality. 14 September 2024.

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
APR	Annual Progress Report
AWIS	Annotated Water Integrity Scan
AWP	Annual Work Plan
CCA	Climate Change Adaptation
CGD	Child, Gender and Disability
CTA	Chief Technical Adviser
DMM	Dignified Menstruation Management
DRM	Disaster Risk Management
DRR	Disaster Risk Reduction
DWSSM	Department of Water Supply and Sewerage Management
EoF	Embassy of Finland
EU	European Union
FCDO	Foreign, Commonwealth and Development Office of United Kingdom
FGD	Focus Group Discussion
FSM	Faecal Sludge Management
FWSSMP	Federal Water Supply and Sewerage Management Project
FY	Fiscal Year
GEDSI	Gender Equality, Disability and Social Inclusion
GoF	Government of Finland
GoN	Government of Nepal
GRAPE	Green Resilient Agricultural Productive Ecosystems
GRB	Gender Responsive Budgeting
HRBA	Human Rights Based Approach
IEC	Information, Education and Communication
KADMM	Karnali Alliance for Dignified Menstruation Management
KII	Key Informant Interview
LG	Local Government
LMBIS	Line Ministry Budget Information System
LISA	Local Government Institutional Self-Assessment
M&E	Monitoring and Evaluation
MFA	Ministry for Foreign Affairs, Finland
MHM	Menstrual Hygiene Management
MIS	Management Information System

MoF	Ministry of Finance, Nepal
MoFAGA	Ministry of Federal Affairs and General Administration, Nepal
MoITFE	Ministry of Industry, Tourism, Forest, and Environment, Karnali Province
MoSD	Ministry of Social Development, Karnali Province
MoU	Memorandum of Understanding
MoWRED	Ministry of Water Resources and Energy Development, Karnali Province
MoWS	Ministry of Water Supply, Nepal
MT	Management Team
MTE	Mid-Term Evaluation
MuAN	Municipal Association of Nepal
MUS	Multiple Use water Schemes
M-WASH Unit	Municipality WASH Unit
M-WASH-CC	Municipality WASH Coordination Committee
M-WASH-MC	Municipality WASH Management Committee
MWF	Municipal WASH Fund
NARMIN	National Association of Rural Municipalities in Nepal
NEWAH	Nepal Water for Health
NFDN	National Federation of the Disabled Nepal
N-WASH-MIS	National WASH Management Information System
O&M	Operation and Maintenance
OA	Outcome Area
ODF	Open Defecation Free
PAPA	Participatory Annual Performance Assessment
PCO	Project Coordination Office
PD	Project Document
PIM	Project Implementation Manual
PSU	Project Support Unit
PwD	Person with Disability
RM	Rural Municipality
RVWRMP	Rural Village Water Resources Management Project
RWSSP-WN	Rural Water Supply and Sanitation Project in Western Nepal
SDG	Sustainable Development Goal
SHIP	Sanitation & Hygiene Implementation Plan
SmartME	MIS application of SUSWA
SNV	Netherland's Development Organization
SSC	Service Support Center

SUSWA	Sustainable WASH for all in Nepal
SUTRA	Sub-National Treasury Regulatory Application
SvB	Supervisory Board
TA	Technical Assistance
TOR	Terms of Reference
USAID	United States Agency for International Development
VMW	Village Maintenance Workers
WASH	Water, Sanitation and Hygiene
WB	World Bank
WIN	Water Integrity Network
WSP	Water Safety Plan
WSP+++	Water Safety Plan approach of SUSWA
WUA	Water User Association
WUSC	Water Users and Sanitation Committee

EXECUTIVE SUMMARY

Evaluation objectives and process

This is the Final Report of the Mid-Term Evaluation (MTE) of *Sustainable WASH for All in Nepal* (SUSWA). The Ministry for Foreign Affairs of Finland (MFA) commissioned the MTE from Cowater International Finland in June 2024. The MTE team commenced work in July 2024 and a field mission was conducted in September 2024. The Final Evaluation Report was submitted in November 2024.

The Mid Term Evaluation was commissioned to assess the progress of SUSWA project towards meeting the targets set out in the Project Document (PD), as well as the feasibility of the set targets (Terms of Reference, ToR). The MTE was asked to recommend measures to improve the implementation to achieve sustainable results during the rest of the project duration and to give guidance for the competent authorities on sustainable exit. Among the standard OECD/DAC evaluation criteria, the TOR and evaluation questions emphasized the criteria of effectiveness and efficiency. Likely impact and sustainability were expected to be reviewed from the angle of promoting progress towards impact and sustainability. Relevance as well as coherence, coordination and complementarity were also assessed. The MTE covers the period from November 2021 up to July 2024. It covers the whole geographical area of the project.

Description of the project

SUSWA is a bilateral water, sanitation and hygiene (WASH) project implemented in the Karnali Province in Nepal. The project started in November 2021 and will close in April 2027. The original project budget was EUR 31.1 million consisting of expected funding contributions from the European Union (EUR 10.1 million), Government of Finland (EUR 9.0 million), Government of Nepal (EUR 5.0 million), Local Governments (LG, including both municipalities and rural municipalities; estimate EUR 5.0 million) and users' contributions (estimate EUR 2.0 million). The competent authorities of the project are the Ministry of Finance (MoF) of Nepal and Ministry for Foreign Affairs of Finland.

The expected impact of SUSWA is "*Improved well-being and inclusive communities with sustainable WASH services and behaviours through local governments' improved capacities to achieve equal rights to WASH for all*". The expected outcome is "*People supported by the Project Municipalities have improved access to safe and sustainable drinking water and adequate sanitation services, dignified menstruation and improved hygiene practices paying special attention to the needs of women and girls and those in vulnerable situations*". SUSWA focuses on improving functionality and sustainability of existing water supply systems although it has also invested in few new schemes. Beneficiaries of SUSWA consist of both duty bearers and rights holders. There are duty bearers at community (Water User and Sanitation Committees, WUSCs, School Management Committees), local government (Municipal WASH Management Committees and WASH Management Units), provincial government of Karnali Province and federal level (Ministry of Water Supply and Department of Water Supply and Sewerage Management). Among key rights holders are the people and their households, namely women, men, girls and boys, including persons with disabilities, civil society organizations, institutions such as schools, hospitals and government offices, and commercial consumers (businesses, industries).

SUSWA has three outcome areas:

- Outcome Area 1: Strengthened enabling environment and governance for sustainable WASH services and Gender Equality, Disability and Social Inclusion (GEDSI) in Project Municipalities. SUSWA supports development of the capacities of the selected municipalities in the WASH sector. By July 2024 SUSWA has supported 21 Local Governments (LG) in Lower and Upper Karnali. Municipal WASH Units work in all the partner LGs; with SUSWA support, Municipal WASH Plans and Municipal WASH Acts have been developed in all of them.

- Outcome Area 2: Climate resilient, safe and functional water supply in Project Municipalities. Functionality improvement and/or reinvestment in gravity schemes and lift schemes, water quality and climate change related issues have been addressed together with Water Safety Planning and post-construction support. With SUSWA support 86 water supply schemes have been completed (either repair/rehabilitation of an existing scheme or a new scheme) with approximately 54 000 beneficiaries (target for water supply beneficiaries is 252,500 in the Project Document).
- Outcome Area 3: Sustainable Sanitation and Hygiene and dignified menstruation management [in Project Municipalities]. SUSWA aims to ensure sustainability of the Open Defecation Free (ODF) status and upgrade sanitation hygiene to achieve safely managed sanitation and total sanitation status; households as well as institutional sanitation is covered, and particular attention is paid to women's rights (including women with disabilities) to dignified menstruation. Approximately 28 800 people have access to basic toilets or improved sanitation facilities in the households (target for sanitation and hygiene beneficiaries is 483,600 in the Project Document). SUSWA has built 78 institutional toilets with handwashing stations in schools and health posts (target 300).

Total project expenditure during November 2021-July 2024 is EUR 9 749 478. This is 31 % of the original budget.

MAIN FINDINGS

Relevance

SUSWA addresses provisions of the WASH Act 2022 together with several other Government of Nepal (GoN) policies and guidelines on WASH, water quality, climate change and GEDSI. With SUSWA support, partner municipalities have started developing their own acts, strategies and plans that are important steps towards creating capacities and permanent institutions for improved, accessible and inclusive WASH services. The focus of SUSWA on water quality, sustainability and functionality of water supply services is a relevant approach in areas that are already served - i.e. locations with existing structures and systems, including existing Water Users and Sanitation Committees (WUSC). Some new challenges have emerged due to provisions in the WASH Act 2022 and National Drinking Water and Sanitation Policy 2023. Following the enactment of the WASH Act 2022 and formulation of the National Drinking Water and Sanitation Policy 2023, LGs and water users are expecting household connections and reduced user contributions. The "one house -one tap" concept has become an expected norm for rehabilitation and repair of non-functional schemes, although there is no such provision in the WASH Act. As a result, what has been identified as a 'minor' repair in the M-WASH Plan, becomes 'major' repair / rehabilitation for SUSWA.

Coherence, Coordination and Complementarity

SUSWA demonstrates many examples of partnerships that are mutually beneficial and provide SUSWA with additional knowledge, expertise or skills and at the same time provide useful exposure or opportunities for the partner institutions. SUSWA's decision to select partner LGs based on these not having other major WASH actors, has resulted in more expectations than what SUSWA can provide, particularly when there appears to be high interest in adding even more LGs. Having no other major projects and programmes in the LG means no complementarity at the local level.

Effectiveness

At the municipality level the project is working with duty bearers to enhance their capacities to deliver WASH services to the rights' holders, most notably supporting the development of WASH Plans and establishment of WASH Units. In the long run, the capacity of the LGs to implement their WASH plans

and related policies continues to be a challenge, as LGs lack their own permanent human and financial resources.

SUSWA's processes are participatory and inclusive, following the Step-by-Step approach and Human Rights and GEDSI Strategy. Among the successes are effective implementation of dignified menstruation management, the construction of child, gender, and disabled-friendly school toilets, and the systematic adoption and application of the gender quality, disability and social inclusion approach.

SUSWA's innovations in WASH include the scaling up of inline chlorine technology and the Water Safety Plan (WSP+++). Related trainings for WASH Units, Water Users and Sanitation Committees (WUSCs) and Village Maintenance Workers (VMWs) are essential and should be continued. In Total Sanitation, SUSWA has until recently focused only on communities where water supply investments have been planned and implemented.

At the federal level a major challenge for SUSWA has been that funds from Government of Nepal have not been available as per the project agreement. Establishment and functioning of the Project Coordination Office (PCO), and in connection to that the issue of providing data for the mandatory monthly and trimester progress reports that all GoN-funded projects should prepare, have been challenges to the project.

The project goals as such are feasible and relevant. The end of project targets for indicators, particularly for partner LGs and beneficiary targets for Outcome Area WASH Governance and Outcome Area Water Supply are no longer feasible both for reasons of funding constraints and demand for major repairs/rehabilitations following the one-tap-one-house principle (often results in a practically new water supply scheme). WUSCs should handle minor repairs independently without any investment support from SUSWA.

Efficiency

SUSWA has delivered results for Outcome Area 1 WASH governance economically and in a timely way. In Outcome Area 2, the categories of water supply investments that SUSWA supports are minor repair, major repair/rehabilitation and new scheme. SUSWA has attempted to maintain unit costs at a lower level by excluding necessary elements, like drainage and protection of pipelines and have them covered later in the WSP+++. This is not efficient. . Inefficiencies are observed also in Outcome Area 3 Sanitation and Hygiene; achievements particularly in Total Sanitation at the household level are modest compared to the resources used.

The human resources provided for supporting beneficiaries in the partner LGs are not well balanced in the project. The Municipal WASH Advisors need more support from the PSU. Some more technical staff would be needed to support the M-WASH Units and WUSCs in water supply and WSP+++. MTE observed issues in project management, notably in coordination and information sharing with the PCO, the availability and consistency of the financial and progress figures, monitoring practices and management information, and internal communication in the project team..

Impact

It is too early to define any concrete contributions at impact level. SUSWA has already started generating valuable lessons from addressing the functionality and sustainability challenges in repair / rehabilitation of water supply schemes. Experiences from WSP+++, the Service Support Centre (SSC) and innovative technical solutions (for example, in-line chlorination, remote water level sensors) are important to share with all WASH actors in Nepal.

Sustainability

The partner municipalities are interested and committed to funding WASH activities and delivering WASH services to the communities after SUSWA phases out. Their readiness has improved as a result of developing and gazetting Municipal WASH Acts, which are an important step towards ensuring continuation of Municipal WASH Management Units. More attention to financial and institutional

sustainability of governance structures at community, municipal and provincial level will be needed. Neither the Municipal WASH Units nor the provincial Service Support Centre are permanent institutions at present.

CONCLUSIONS

The focus on SUSWA on water quality, sustainability and functionality of water supply schemes is a relevant approach to contribute to Sustainable Development Goal 6. The partner LGs have prepared regulations and policies necessary for establishment of inclusive and sustainable WASH services at the local level. The WASH Policy 2023, with revised provisions on community contributions, and LG and community expectations regarding improved service levels and 'one house-one tap', are challenging changes that SUSWA needs to address. SUSWA is working in in remote, unserved LGs with high expectations – expectations that SUSWA has struggled to meet with the human resources available in the TA budget. The planned sequencing –three years of financial and technical support to a partner LG– is not feasible. Attention to institutional sustainability was initially not adequately addressed in the design of SUSWA. SUSWA collaborates closely with the relevant ministries in Karnali Province and participates in the Provincial WASH Coordination Committee and the Karnali WASH Cluster. SUSWA has established strategic partnerships with academic institutions, NGOs and other projects. SUSWA's role has been instrumental in developing the Karnali Alliance on Dignified Menstruation Management.

For rural WASH, the key stakeholders are the local governments and communities. SUSWA has been successful in supporting the LGs in developing their regulations, guidelines and capacities to work with community-level actors in implementing WASH activities, contributing significant financial resources themselves. In sanitation and hygiene implementation and dignified menstruation management, the construction of child, gender, and disabled-friendly school toilets and the adoption of the GEDSI approach has been effective. Limiting sanitation and hygiene beneficiaries to water supply scheme beneficiaries narrows the scope of what the Municipal WASH Units can do at municipal level.

SUSWA's outcome is valid with its focus on improved governance, improved water supply and improved sanitation and hygiene. The project is not on track towards meeting its indicator targets in terms of partner LGs and water supply and sanitation beneficiaries that were set out in the revised PD in 2022 SUSWA has faced significant challenges with the decisions on available budget allocations changing in the middle of the annual work planning process; these have obviously affected implementation and results of SUSWA negatively.

The lessons learned and experiences generated through the activities at the municipality and province level are expected to be SUSWA's main impact and contribution to solving the functionality and sustainability challenge in Nepal.

The interest and readiness of partner LGs to fund – and continue funding – WASH activities is an encouraging sustainability indicator. The permanence of the M-WASH Units remains to be proven; as of now the salaries of the staff are paid from the Municipal WASH Fund. The same applies to the Karnali Province Service Support Centre.

The **main recommendations** are presented in the table outlining findings, conclusions and recommendations on pages x-xiv below.

Main Findings, Conclusions and Recommendations

In the table below, both findings and conclusions are further summarized. The full recommendations are in Chapter 6.

Main Findings	Conclusions	Recommendations
During the inception, SUSWA selected 42 Local Governments as project partners and adopted a phased implementation schedule for supporting them (initially two years, after update three years). In FY1 (2022-2023) and FY2 (2023-2024) the project has worked with 21 partner LGs. Four new partner LGs were selected for FY3 (2024-2025) bringing the current number of partner LGs to 25. The PSU provided the MTE with different scenarios regarding partner LGs in the remaining project period; the scenarios proposed expanding project activities to 36 or 42 LGs during FY4-FY5 (July 2025-April 2027).	Expansion of project area from 25 LGs to 36 or 42 LGs as proposed by the PSU would not produce sustainable results. This is because the new LGs could only have 1 year 9 months of support from SUSWA. The planned sequencing as implemented at present is not feasible and does not support achievement of sustainable results at the LG and community level.	1. It is recommended for **SUSWA to support only those 25 Local Governments** that it currently partners with, in order to achieve sustainable results. *Please note: if this recommendation is approved, the decision made in the 8th SvB in September 2024 to expedite signing of MoUs with 11 additional Local Governments should be revisited.*
The project outcome, structuring activities along three outcome areas and targeted beneficiary groups are relevant in the context of Karnali Province. At the end of FY2 in July 2024, SUSWA had achieved 21% of the water supply beneficiaries (including all categories) and much less than that in sanitation, hygiene and dignified menstruation management. The beneficiary targets of the Project Document and the Result Framework in terms of number of partner LGs and water supply and sanitation and hygiene beneficiaries are no longer valid. The "one house-one tap" concept has become an expected norm for rehabilitation and repair of non-	The project is not on track towards meeting its beneficiary targets in terms of number of partner LGs and water supply and sanitation and hygiene beneficiaries of the revised PD because of several reasons related to issues with availability of budget from Government of Nepal, original project design and changed community expectations budget. Many baseline values in the Result Framework of SUSWA are not correct.	2. It is recommended to **revise the beneficiary targets of SUSWA** to take into account the remaining duration of SUSWA, the progress achieved so far, and the human resources SUSWA has available to support the LGs. Baseline values should be corrected in the Result Framework.

functional schemes, although there is no such provision in the WASH Act. As a result, what has been identified as a 'minor' repair in the M-WASH Plan, becomes 'major' repair / rehabilitation for SUSWA.		
See above.	Changes in Results Framework and related targets will influence the budgets of Outcome Areas. The approach to adjusting the total budgets need to be responsive to the set targets, and may call for amendments to such as PIM in terms of defining unit costs and community contributions to different types of technologies.	3. It is recommended **to revise the allocations within the existing budget of SUSWA** to reflect an updated balance of resources needed for achieving the revised targets for Outcome Area 1 in WASH Governance, Outcome Area 2 in Inclusive Water Supply and Outcome Area 3 in Sanitation, Hygiene and Dignified Menstruation Management; and transfer the savings in the budget line 'TA Establishment cost, one time' to budget line 'TA Running cost'.
SUSWA has supported water supply investments that have been prioritized in the Municipal WASH Plans. SUSWA has applied the cost categories defined for water supply investments for minor repair, major repair/rehabilitation, new scheme) in scheme selection in a manner that does not appear relevant (as a ceiling cost).	Considering the remaining project duration and progress achieved during FY1-FY2, the set targets and cost ceilings are no longer valid and should not guide scheme selection. WUSCs have an important role in defining what their scheme is truly about. The first monitoring as per the Step-by-Step process is critical as at this point nothing has been constructed yet and it is still possible to improve plans and review related costs, as well as to cross-check a range of issues.	4. It is recommended for **SUSWA to focus on major repair/rehabilitation of existing schemes and new schemes serving the unserved, and sanitation and hygiene activities in the current partner LGs** that have the interest, active WASH Unit and are committed to contribute to the Municipal WASH Fund. Selection of water supply and sanitation schemes should be done within the resources committed by the EU/GoF, GoN, LGs and users and be based on Municipality WASH Plans and priorities expressed therein (with an exception of schools serving Persons with Disabilities which should be prioritized), ceiling costs for different investment categories should no longer be used; and with

		respect to 'minor repairs' that the WUSCs can implement with their own resources SUSWA should provide only technical and capacity building support to such schemes without any investment support from SUSWA.
Some new challenges have emerged due to provisions in the WASH Act 2022 and National Drinking Water and Sanitation Policy 2023 that were not reflected in the SUSWA guidelines at the time of the MTE There is a widespread belief in the municipalities and communities that also in repair and rehabilitation of water schemes, household connections need to be constructed. The National Drinking Water and Sanitation Policy mentions that not more than 5 % cash contribution could be sought from the community. It does not address in-kind contributions. In water supply, scheme planning and implementation follow a structured process involving prefeasibility studies, design estimates, and final selection based on total cost levels, and then following the Step-by-Step procedure.	In the Project Implementation Manual, the community contribution clause is not according to the 2023 Policy... In Step-by-Step procedure, not all steps may be needed and/or there may be a need for alternative steps in terms of identifying the options for reconstruction or extensions, or for WUSC re-shuffling, re-orientation or additional training in specific topics.	5. The MTE recommends that the PSU **reviews the key manuals,** namely the provisions for community contribution in the Project Implementation Manual and revises the section(s) of the PIM as necessary in line with the Water Supply, Sanitation and Hygiene Policy 2023; and that the PSU amends the Step-by-Step procedure, given that the water supply schemes identified with repair needs may have a WUSC with some experience or a WUSC needs to be re-established.
SUSWA's initial approach in Outcome Area 2 Sanitation, Hygiene and Dignified Menstruation Management in focusing only on water supply beneficiaries in sanitation and hygiene activities has not been efficient. The beneficiaries appreciated Menstrual Hygiene Management and school WASH with construction of institutional toilets. Sanitation marketing as a new approach is yet to produce results in the field.	The construction of child, gender, and disabled-friendly school toilets and the adoption of the GEDSI approach has been effective. Quite impressive improvements were observed in Dignified Menstruation Management. Limiting sanitation and hygiene beneficiaries to water supply beneficiaries only narrows the scope of what the WASH Units can do, considering their role in contributing to the entire municipality. The establishment of Sanitation Task Forces to take	6. With regards to **Sanitation and Hygiene**, it is recommended that in Total Sanitation, activities should be scaled across the entire LGs as relevant and the WASH Units be encouraged to tailor their activities in different locations, and on Faecal Sludge Management to focus only on reviewing the needs for FSM in all partner LGs as part of the on-going sanitation activities, go ahead with the planned awareness and capacity building

With regards to faecal sludge management (FSM), the project has begun the situation analysis in selected communities. According to AWP FY3 the plan is use the results of the analysis in facilitating the LGs to prepare a workable plan of action and initiate an FSM pilot.	sanitation and hygiene activities municipality wide is a positive move. Effective sanitation and hygiene call for understanding of the behavioural factors of the population and needs to be location specific. Faecal Sludge Management is not the high in the agenda of LGs in most of the rural locations where SUSWA works.	activities at the LG level and with the learning and sharing events.
With regards to inclusive and sustainable WASH governance and working with the LGs**,** SUSWA has delivered results for Outcome Area 1 WASH Governance economically and in a timely way considering the challenges faced.	The project has enhanced the capacities of duty bearers to deliver WASH services to the rights holders. LGs are actively coordinating with community-level actors to implement WASH activities and contributing significant financial resources. The capacity of the municipalities as duty bearers to deliver WASH services to the communities is built through learning-by-doing and actual capacity develops over time through action where the training topics are applied in practice.	7. With regards to **inclusive and sustainable WASH governance and working with the LG**, pay attention to what sustainability means in each municipality considering the ground realities of each Local Government and make governance assessment tools, such as PAPA more participatory; improve and clarify communication about the exit strategy, especially with the LGs , assess the readiness of LGs for phasing jointly with the LGs, taking into account their specific situation vis-à-vis different dimensions of sustainability; and facilitate the update of the M-WASH Plan and related N-WASH-MIS entries as part of phasing out from a LG.
Current partner LGs are interested and committed to funding WASH activities and delivering WASH services after SUSWA phases out. SUSWA design does not pay adequate attention to institutional sustainability. So far 21 LGs have developed WASH Acts that include provisions for establishing a permanent WASH Unit. The concrete steps to establish a permanent unit with LGs' own resources are ongoing.	The interest and readiness of partner LGs to fund – and continue funding – WASH activities is a significant positive sustainability factor. The permanence of the M-WASH Units remains to be tested; action from the LGs is needed in institutionalizing and financing the units. The applies to the Service Support Centre as well – for it to become sustainable, it should be institutionalized with the MoWRED structure and	8. With regards to institutional sustainability, support Ministry of Water Resources and Energy Development in defining how the Ministry can institutionalise the Karnali Province Service Support Centre; support partner LGs in establishing permanent M-WASH Units. This task is not just for SUSWA alone but inputs from MoWS will be needed in advocating with Ministry of Federal Affairs and General Administration and Ministry of

	permanent posts established with Provincial government resources	Finance on the urgency and importance of institutionalizing municipal WASH Units.
Municipal WASH Advisors need more support from the PSU. The number of technical staff has not been adequate to support the M-WASH Units, and WUSCs in water supply and WSP+++. Project management challenges were observed in in monitoring, communication and teamwork. With regards to monitoring ongoing schemes**,** the progress and financial data in different applications (including the MIS application of SUSWA, SmartME), and the documents and reports produced by the PSU, present different figures. The MTE has concerns about the accuracy and reliability of the data: which document or source has the right figure for which information need, and how that can be verified?	The human resources provided for supporting beneficiaries in the partner LGs are not well balanced in the project because human resources are missing from the field The number of Municipal WASH Advisers has not been adequate even for the 21 LGs supported in FY2 and the PSU support to the Municipal WASH Advisors has not been adequate. Some more technical staff would be needed to support the M-WASH Units and WUSCs in water supply and WSP+++. Improvements in human resource management, communication and team work would be needed in the project (please see also recommendation number 11 below).	9. With regards to **human resources** of SUSWA, it is recommended to establish four (4) new Technical Facilitators' (field) posts to support M-WASH Units and WUSCs in the partner LGs in scheme design, implementation, and other technical tasks as need arises.
See above	The human resources provided for supporting beneficiaries in the partner LGs are not well balanced in the project. The Municipal WASH Advisors need more support from the PSU. PSU uses several solutions, tools and applications in managing data related to planning, scheme design, progress monitoring and result data. There are weakly coordinated. Result data is only partly stored in SmartME. Management of financial data (budget and expenditure) needs improvements as well.	10. With regards to **project management** it is recommended that the PSU improves on its support to WASH Advisers; develops a manageable and reliable monitoring system for on-going water supply and institutional toilet investments; and that the PSU uses consistent verified financial figures for actual annual and cumulative expenditure and updated/current indicator data in progress reports and work plans.

With regards to PSU's engagement with the federal level stakeholders, challenges were identified in coordination, information sharing and reporting. PSU's coordination and collaboration with PCO, DWSSM and MoWS has not fully met the expectations of the partners.	The role of the Project Coordination Office and PSU's collaboration with the PCO, DWSSM and MoWS is of utmost importance for the success of the project. The PCO at the FWSSMP in Surkhet is understaffed and has not been able to fulfil its expected function in coordinating SUSWA.	11. With regards to **coordination, collaboration and information sharing with the federal stakeholders**, it is recommended that the PSU improves on the collaboration, coordination and information sharing with the PCO, DWSSM and MoWS; that the PSU shares the data it holds with the PCO that it needs in GoN monthly and trimester progress reporting; and that MoWS and DWSSM expedite their efforts in having the agreed additional staff resources for PCO in place.

1 INTRODUCTION

1.1 Background and purpose

This is the Final Report of the Mid-Term Evaluation (MTE) of *Sustainable WASH for All in Nepal* (SUSWA). The Ministry for Foreign Affairs of Finland (MFA) commissioned the MTE from Cowater International Finland in June 2024, and the MTE team commenced work in July 2024. The field mission to Nepal took place in September 2024. The MTE team revised the draft Evaluation Report based on comments received and the Final Report was submitted on 22nd of November 2024.

In Section 1, the scope and objectives of the evaluation are discussed, and the evaluation process, methodologies and limitations are briefly presented. Section 2 describes the project. In Section 3, context of the project is described and in Section 4 the findings of the evaluation are presented. In Section 5 the conclusions and in Section 6 the recommendations of the MTE are presented.

1.2 Evaluation objective and scope

According to the Terms of Reference (TOR in Annex 1), the purpose of the mid-term evaluation is to assess the progress of the SUSWA project towards meeting the targets set out in the Project Document (PD), as well as the feasibility of the set targets. The MTE will recommend measures to improve the implementation to achieve sustainable results during the rest of the project duration. It is expected to give guidance for the competent authorities on sustainable exit.

The TOR outlines two priority issues for the evaluation, namely:

- Are the result targets and the number of local governments to be covered feasible and is the project reaching the most relevant beneficiaries according to the project goals? The analysis should take into account the remaining resources (both financial and technical assistance) and the sustainable ending of the project as fixed preconditions.
- The human resource management, teamwork and operational set up: is the current technical assistance team organized in an optimal way to ensure achievement of the project objectives and their sustainability?

Emphasis is on the criteria of effectiveness and efficiency among the OECD/DAC evaluation criteria, to strengthen the accountability of expected results, and give recommendations on new/revised project targets (clear figures with justifications) where needed, as well as recommendations to assure a good process. Since impact and sustainability would not yet be clearly confirmed, these issues should rather be reviewed as how to promote "the progress towards impact and sustainability". Relevance as well as coherence, coordination and complementarity are among the issues to be assessed as well.

The MTE covers the period from November 2021 up to July 2024 - i.e. from the beginning of the inception phase of SUSWA to beginning of the evaluation. It covers the whole geographical area of the project.

The results of the MTE will be used by key stakeholders for informed strategic guidance and decision-making regarding the project. In addition, the MTE serves as an accountability tool for the Ministry for Foreign Affairs of Finland in terms of assessing the return on its investment. The results and lessons learned will be shared with Water, Sanitation and Hygiene (WASH) sector actors in Nepal.

1.3 Evaluation criteria and questions

Key evaluation questions for the evaluation criteria from the TOR are presented in Table 1. The MTE's task was to analyse challenges, good practices and lessons learnt related to each of the questions and give recommendations for a way forward.

During the inception period of the evaluation, the MTE team learned that planning documents of SUSWA emphasize the importance of following the steps of plans, strategies, action plans and related guidelines for Human Rights and Gender Equality, Disability and Social Inclusion (GEDSI). Based on the document review, it was not apparent how GEDSI was integrated in all phases of the project activities at different levels. Considering that the issues are essential for effectiveness and contribute to impact and sustainability in the long run, the MTE team added one major question on human rights-based approach (HRBA) and cross cutting objectives and how SUSWA addresses them. The question was added under Effectiveness. The addition was approved by MFA.

Table 1 Evaluation criteria and questions

Evaluation criteria	Questions
Relevance	How has the new Water Supply and Sanitation Act of 2079 (2022) and municipality level regulations influenced the project implementation?
Coherence, Coordination, Complementarity	To what extent is the project coherent, coordinated and complimentary with other local level actors? What kind of synergies do and/or would add value?
Effectiveness	Is the project on track towards meeting the goals set out in the Project Document and are the set goals and targeted areas feasible? Is the project able to reach its objectives and if not, should they be adjusted according to the evidence from the evaluation to reach sustainable results with the available resources for the project?
	What is the readiness of the municipalities for phasing out as planned by the project[1]? Is the planned sequencing feasible and supportive of sustainable results?
	What are the successes and challenges of SUSWA's work at the different levels (community, municipality, province, federal)? Are the processes participatory and inclusive? How has the project succeeded in the promotion of the meaningful participation of women and disadvantaged groups in decision making? **New question:** How does SUSWA apply a Human Rights Based Approach and Cross-Cutting Objectives (gender equality, non-discrimination with emphasis on Persons with Disabilities (PwDs), and climate resilience) in its approaches and activities?
	Is the project's approach for sanitation and hygiene effective and sustainable?
	Has the project strengthened the capacity and leadership of the local governments and Water Users and Sanitation Committees to deliver the services to the people?
Efficiency	To what extent has the project delivered and is planning to deliver results in an economical and timely way?
	How effectively is the budget allocated to respond the needs of different outcome areas, taking into account the current project span in terms of human resources and targeted municipalities?
	To what extent is the division of tasks and expertise between the Project Support Unit (PSU) and field staff supporting the achievement and sustainability of project's objectives and indicators?

[1] The TOR asks this question two times, both under Effectiveness and Sustainability. In this report, main MTE findings with respect to the question are presented under Effectiveness.

Evaluation criteria	Questions
Impact	What has been the concrete contribution of SUSWA in solving the functionality, sustainability challenge and other WASH related issues in the WASH sector in Nepal? Has SUSWA developed new ideas, approaches etc. that the government of Nepal and/or other donors are interested to scale up?
Sustainability	What is the readiness of municipalities for project phasing out in the timeline planned by the project?
	What are the possible factors enhancing or inhibiting sustainability?

1.4 Evaluation process and methodologies

The evaluation process, main methodologies and main limitations are briefly presented here. A complete description of the evaluation approach, methodology, Data Collection Tool and discussion about limitations and their implications to the evaluation is available in Annex 2.

The evaluation was conducted as an independent and external exercise during July-November 2024. A methodology-focused inception phase begun at the end of July 2024. The team conducted a desk review of main documents and data produced by the project, Government of Nepal and Government of Finland. The review of documents continued during the field mission. Prior to the mission, a few preliminary interviews were conducted with the MFA Finland, Embassy of Finland in Nepal (EoF), EU Delegation in Nepal and Niras Finland Oy (the company providing Technical Assistance (TA) services to SUSWA). The key evaluation questions were further discussed and interpreted. Each question was broken down into sub-questions and was allotted a data collection method in the Data Collection Tool. The team used the tool systematically both in data collection and in data analysis to ensure a consistent approach to answering the evaluation questions. The preparations for the in-country mission were completed in August and the final Inception Report was submitted on 5 September 2024.

The three-week in-country mission took place during 7-28 September 2024; of the total mission working time, two weeks were allocated for working in Karnali Province. Table 2 below lists all the stakeholder and beneficiary groups that the MTE has met.

Table 2 Right holders, duty bearers and other stakeholders that the MTE consulted with

Level	Organisations, groups
Local	In four Municipalities (Bheriganga, Hima, Naumule, Tripurasundari) a total of 41 meetings with: • Local Government chairpersons, Chief Administrative Officers, members of Municipality WASH Management Committees (M-WASH-MCs), staff of Women and Children sections (49 persons) • Staff of Municipal WASH Units (39 persons) • Beneficiaries of 12 water supply schemes and nine School WASH projects: women, men, girls and boys including PwDs, members of Water User and Sanitation Committees, school staff and students, M-WASH-MC members and Ward Committee members (approx. 640 persons)
Provincial (Birendranagar)	22 meetings with: • SUSWA staff: Project Support Unit (PSU) and municipal WASH Advisers • Project Coordination Office (PCO) of SUSWA, Federal Water Supply and Sewerage Management Project (FWSSMP), Surkhet • Service Support Centre (SSC) • Ministry of Water Resources and Energy Development (MoWRED), Ministry of Social Development (MoSD), Ministry of Industry, Tourism, Forest and Environment (MoITFE) and their Forest Research and Training Centre,

Level	Organisations, groups
	• Karnali Alliance of Dignified Menstruation Management (KADMM), UNICEF, Graduate School of Engineering of Mid-West University, the National Federation of the Disabled Nepal (NFDN), Helvetas
Federal	Two meetings with: • Ministry of Water Supply (MoWS), Department of Water Supply and Sewerage Management (DWSSM)
Other	Six meetings with: • MFA Finland, EoF, EU Delegation • GIZ /Green Resilient Agricultural Productive Ecosystems programme (GRAPE), USAID Karnali Water Activity • NIRAS Finland Home Office Coordinator
Debriefing presentations	Four debriefing sessions in Nepal and two in Finland: • Virtual presentation of Field-level Findings (in Nepalese via Zoom) to province and local government level stakeholders, municipal staff, WASH Advisers and PSU staff, Birendranagar 24 September 2024 (approx. 65 participants in Zoom and 12 persons from the PSU) • Informal presentation of Findings and Emerging Recommendations to SUSWA PSU staff, Birendranagar 24 September 2024 (12 persons from the PSU) • Formal Mission Debriefing Presentation to MoWS, DWSSM, EoF and EU Delegation in the Ministry of Water Supply, Singha Durbar, Kathmandu 25 September 2024 (6 persons) • 2nd Debriefing Presentation to MFA, EoF and EU Delegation, in the EU Delegation, Kathmandu 26 September 2024 (5 persons) • After the field mission the Team Leader presented the evaluation findings and emerging findings to Niras Finland Oy (4 October 2024). An additional discussion was held with the MFA in October 2024.

The mission was followed-up by a data analysis and report writing phase (October 2024). The Draft MTE report was submitted for comments on 24 October 2024. The MTE team revised the draft based on comments received and the Final Report was submitted on 22 November 2024. A final presentation of evaluation results will take place by the end of November 2024.

The main methods and sources used in the evaluation included document review and analysis (both SUSWA-related and external documents), key informant interviews (KII) of stakeholders in Finland and Nepal, focus group discussions (FGD) with project beneficiaries, field visits and observation of completed schemes were among primary data sources. Annex 3 contains the field mission programme, Annex 4 the list of MTE meetings with stakeholder organisations and beneficiary groups and Annex 5 the list of documents reviewed.

Limitations

As with most evaluations, field visits to all locations were not feasible in the available time and budget, hence sampling was carried out, in agreement with the MFA Finland and the Project Support Unit (PSU). At the time of the field mission, the late monsoon continued in Nepal with heavy rains causing floods and landslides. The MTE experienced roads cut off by landslides and flooding rivers, but despite the challenges, was able to complete the field activities as per the plan. Therefore, the MTE had only few major limitations that needed attention during the mission.

Reaching out to Local Governments not visited by the MTE. In its first two operational years, SUSWA has worked with of 21 Local Governments (LGs) in Lower and Upper Karnali. With the resources of the

MTE, it was feasible to visit four municipalities and communities within those municipalities. The virtual debriefing presentation to the supported LGs provided a valuable opportunity for the MTE to share emerging findings with the municipalities and receive direct feedback from them. Importantly, it provided an opportunity for a larger group of municipalities to share about their experiences and expectations about SUSWA. Another important data source on the experiences and expectations of the municipalities supported by SUSWA are the materials of the 1st municipal workshop that SUSWA organised in August 2024.

Mixed picture on key project data. Various documents, reports and plans and the MIS application of SUSWA (SmartME) provide a mixed picture on the key project data, such as expenditure and targeted results. This has meant that the MTE has needed to spend a lot of time on trying to ascertain whether the data presented in this report is factual.

Ministry of Finance not met. The MTE was not able to meet with the Ministry of Finance while it was working in Kathmandu. The MTE had an appointment agreed with the Ministry but that was cancelled.

2 OVERVIEW OF THE PROJECT

Formulation of SUSWA took place in 2018-early 2019 and it was followed by an appraisal in 2019. The project was tendered in June 2021. The contract between the Implementing Consultant (NIRAS Finland Oy) and MFA was signed on 1 November 2021.[2]

"*Sustainable WASH for All in Nepal*" is a bilateral project implemented in the Karnali Province in Nepal. The total duration of SUSWA is 66 months (i.e. 5.5 years). The project started in November 2021 and will close in April 2027. The original budget of SUSWA is EUR 31.1 million consisting of expected contributions from the European Union (EUR 10.1 million), Government of Finland (EUR 9.0 million), Government of Nepal (EUR 5.0 million), Municipalities (estimate EUR 5.0 million) and user contribution (estimate EUR 2.0 million). The competent authorities of the project are the Ministry of Finance (MoF) of Nepal and Ministry for Foreign Affairs of Finland.

The Project follows the fiscal calendar of Nepal (see Box 1) in planning and reporting whereby a fiscal year (FY) starts on July 16th and ends on July 15th the following year. A fiscal year therefore covers two six-month periods from a Gregorian Calendar.

Box 1. The working years of SUSWA in the fiscal calendar of Nepal and Gregorian calendar

Inception phase: FY 2078/79 = CY 2021/22 (8 months)

Fiscal year 1 (FY1): FY 2079/80 = CY 2022/23

Fiscal year 2 (FY2): FY 2080/81 = CY 2023/24

Fiscal year 3 (FY3): FY 2081/82 = CY 2024/25

Fiscal year 4 (FY4): FY 2082/83 = CY 2025/26

Fiscal year 5 (FY5): FY 2083/84 = CY 2026/27 (9 months)

SUSWA is building on approaches and lessons learned from the previous Finnish-funded WASH projects in Nepal (Rural Village Water Resources Management Project, RVWRMP 2006-2022 Rural Water Supply and Sanitation Project in Western Nepal, RWSSP-WN 2008-2019). Among the tools and approaches that SUSWA has built on and has adapted are, for example, the Project Implementation Manual (PIM), Step-by-Step Procedure for drinking water supply and multiple use projects, support to Gender Equality, Disability and Social Inclusion (GEDSI), supporting municipal WASH Plans and WASH Units, Water Safety Plans (WSP), Menstrual Hygiene Management (MHM) and post-Open Defecation Free (ODF) and post-construction support activities.

Project inception

The inception phase of SUSWA was implemented from November 2021 to June 2022. Four key experts were mobilized by mid-November 2021 (Chief Technical Advisor, Chief Administration and Finance Officer, Monitoring and Evaluation (M&E)/ Coordination Expert(Deputy Team Leader), and Technical Expert). Most of the other project staff positions – but not all – were filled during the inception. Recruitment of two Municipal WASH Advisers and two PSU Specialists (Climate Change Adaptation / Disaster Risk Reduction, and Governance) took place later once funding from the EU was confirmed.

The Project Document was partly revised during the Inception period (e.g. organizational arrangements, results framework, Monitoring, Evaluation and Learning system and risk matrix). Several key guidelines were developed/adapted, a baseline study done, and Annual Work Plan (AWP) developed for the first full Fiscal Year FY 2079/80 (from mid-July 2022 to mid-July 2023).

Theory of Change and objectives of the project

SUSWA's Theory of Change is depicted in Figure 1. It is drawn on the basis of the Theory of Change and Result Framework in the revised PD. The project contributes to the Government of Nepal's commitments to pursue and achieve the Sustainable Development Goals (SDG) by 2030, in particular

[2] Information in Chapter 2 is based on the Revised Project Document (2022) and the Inception Report of SUSWA (2022).

to SDG 6.1 Achieve universal and equitable access to safe and affordable drinking water for all; and SDG 6.2 Achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations. According to the PD, SUSWA is a human rights progressive project.

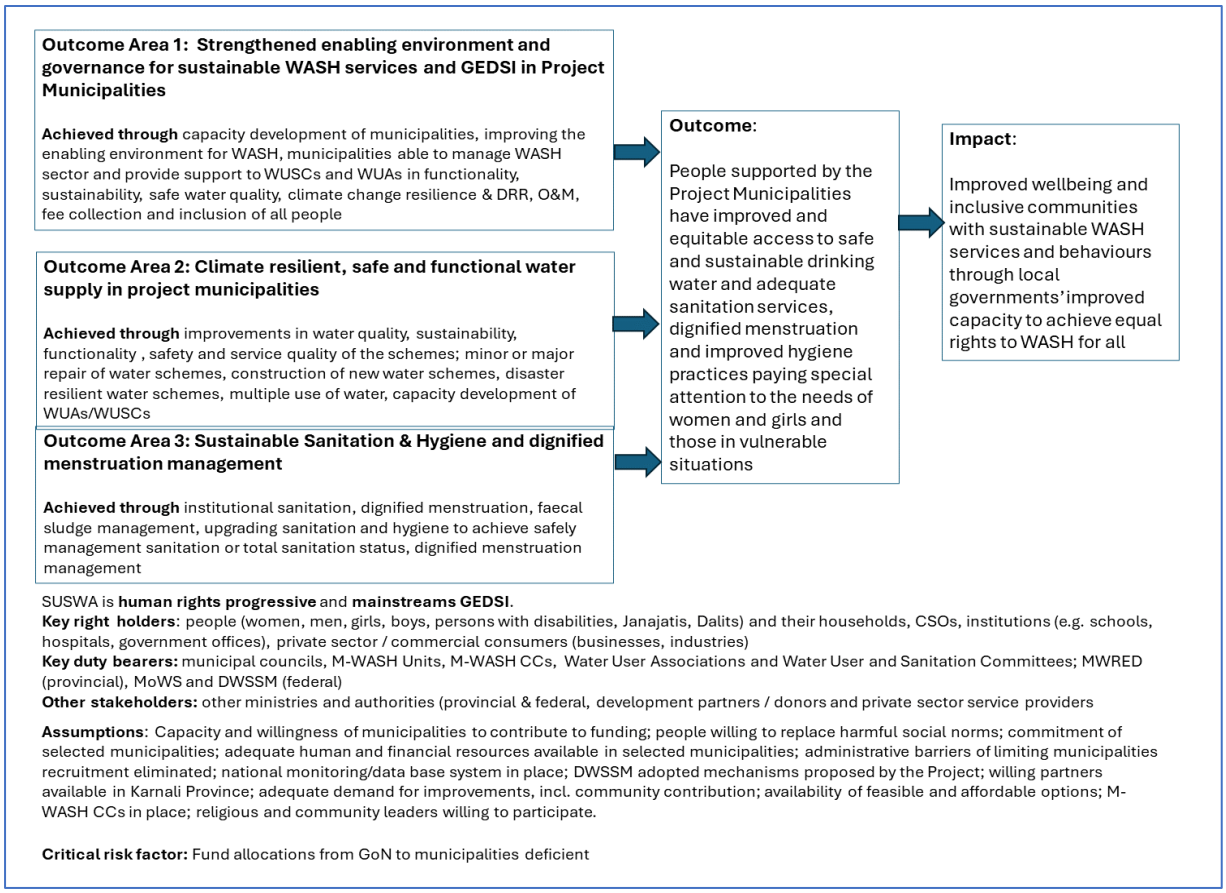

Figure 1 Theory of Change of SUSWA

The expected impact of SUSWA is "*Improved well-being and inclusive communities with sustainable WASH services and behaviours through local governments' improved capacities to achieve equal rights to WASH for all"*. The expected outcome of the project is "*People supported by the Project Municipalities have improved access to safe and sustainable drinking water and adequate sanitation services, dignified menstruation and improved hygiene practices paying special attention to the needs of women and girls and those in vulnerable situations"*. The achievement of the expected outcome and impacts is built on three outcome areas:

- Strengthened enabling environment and governance for sustainable WASH services and GEDSI in Project Municipalities
- Climate resilient, safe and functional water supply in Project Municipalities
- Sustainable Sanitation and Hygiene and dignified menstruation management [in Project Municipalities]

SUSWA supports development of the capacities of the selected municipalities in the WASH sector towards the achievement of the WASH-related SDGs and implementing gender and disability friendly and inclusive policies and plans. While SUSWA follows mainly the community-based approach and logic practiced already in RWSSP-WN and RVWRMP, its focus is different from the past project. The

focus of SUSWA is on improving functionality and sustainability of existing water supply systems rather than on investing in new schemes. Therefore, in Water Supply functionality improvement and/or reinvestment in gravity schemes and lift schemes, water quality and climate change related issues,), Water Safety Planning and post-construction support (life-time Operation and Maintenance (O&M) are in the focus. In Sanitation and Hygiene, SUSWA aims to ensure sustainability of the ODF status and upgrade sanitation hygiene to achieve safely managed sanitation and total sanitation status as applicable. It covers households as well as institutional sanitation and pays particular attention to women's rights (including women with disabilities) to dignified menstruation.

Beneficiaries of SUSWA consist of both duty bearers and rights holders. There are duty bearers at four levels as follows:

- Community: Water User Associations (WUA), represented by Water User and Sanitation Committees (WUSC) at the community level and other community level groups or committees dealing with WASH, such as School Management Committees;
- Local government: municipal bodies and committees representing autonomous local government in planning, budgeting/financing, monitoring and reporting;
- Local / province: private sector service providers, such as firms, academic institutions, individuals, NGOs and Community Based Organizations supporting WUSCs and communities on a commercial and/or voluntary basis;
- Province: provincial government as regulators; and
- Federal: government ministries and departments in policy making, guidance and assistance and contributing to municipal budgets.

Key rights holders are the people and their households, namely women, men, girls and boys, including persons with disabilities, civil society organizations representing various interest groups of people (NGOs, Community Based Organizations, Youth and Child Clubs, organizations of persons with disabilities), institutions such as schools, hospitals and government offices, and commercial consumers (businesses, industries).

Implementation and coordination arrangements

SUSWA's partner LGs are responsible for the planning, budgeting, implementation and monitoring of the WASH programmes in their area. Within SUSWA, each LG has its own sub-project, jointly funded by Government of Nepal (GoN), Government of Finland (GoF), European Union (EU), LG and users. The EU contribution is delegated funding via GoF, therefore the MTE uses the expression EU/GoF to indicate this as one funding channel. The Memorandums of Understanding (MoUs) signed between DWSSM and each partner LG and (with SUSWA signing as a witness) define roles and responsibilities of each party. Each partner LG has established a Municipal WASH Fund (MWF) as a separate ledger. Funds for annual implementation of WASH activities have been transferred from EU/GoF, GoN and the concerned LG into the respective Municipal WASH Fund.

For overall management, coordination and supervision of LG-wide WASH activities, a WASH Management Committee (M-WASH-MC) has been established in each partner LG together with a Municipal WASH Unit (M-WASH Unit).

The Project Support Unit office is in Birendranagar, Surkhet. It is led by the Chief Technical Adviser (CTA) and is the place of assignment for national and international specialists and support staff. A team of Municipal WASH Advisers supports the partner municipalities, each having their designated office in a selected LG but covering a cluster of two to four municipalities. The PSU has a Management Team (MT) that includes CTA (Chair), Deputy Team Leader, Chief Administrative and Finance Officer and Field Specialist.

The highest decision-making body of SUSWA is the Supervisory Board (SvB). Initially it consisted of the Secretary of Ministry of Water Supply and as members, the Joint Secretary of MoWS, Director General of Department of Water Supply and Sewerage Management (Member Secretary), a representative of MFA (represented by the Embassy of Finland) and the EU (represented by the EU Delegation to Nepal). The composition of the SvB was amended in the 4th SvB meeting (10 March 2023) to include the Ministry of Finance (Under Secretary) as a voting member and the Ministry of Water Resources and Energy Development (MoWRED) of Karnali Province as an observer member.

According to the PD, a Project Coordination Office (PCO) appointed by DWSSM was to be established with a primary duty of ensuring smooth release of GoN funds for the partner municipalities and reporting to DWSSM on the use of funds that are released by both governments and EU to support WASH implementation. PCO's tasks include communication with local authorities. The PCO is in the office of the Federal Water Supply and Sewerage Management Project (FWSSMP) in Surkhet. For the PCO, three staff positions were expected to be recruited: one WASH Engineer, one Accountant and one Computer Operator. PCO/DWSSM administrative and management budget for the project period as stated in the PD is EUR 100,000.

SUSWA working area in Karnali Province

According to the revised PD, the working area of SUSWA consists of 42 municipalities in Karnali Province. These include both Rural Municipalities (RM, '*gaonpalikas'*) and Municipalities ('*nagarpalikas'*). In this report, the abbreviation 'LG' refers to both types of local government.

The selection of LGs was done during project inception. It was based on the main criteria of avoiding overlap with other major WASH interventions.

At the time of the MTE mission in September 2024, SUSWA had started supporting 25 local governments both in Upper and Lower Karnali (see Figure 2). Support to the first batch of Local Governments started in FY1 in July 2022 (eight Year 1 LGs), second batch of Local Governments (thirteen Year 2 LGs) in FY2 in July 2023 and third batch of Local Governments (four Year 3 LGs) in July 2024. 'Non SUSWA LGs' are those Local Governments where some other WASH sector actor or actors are active. SUSWA does not work in those.

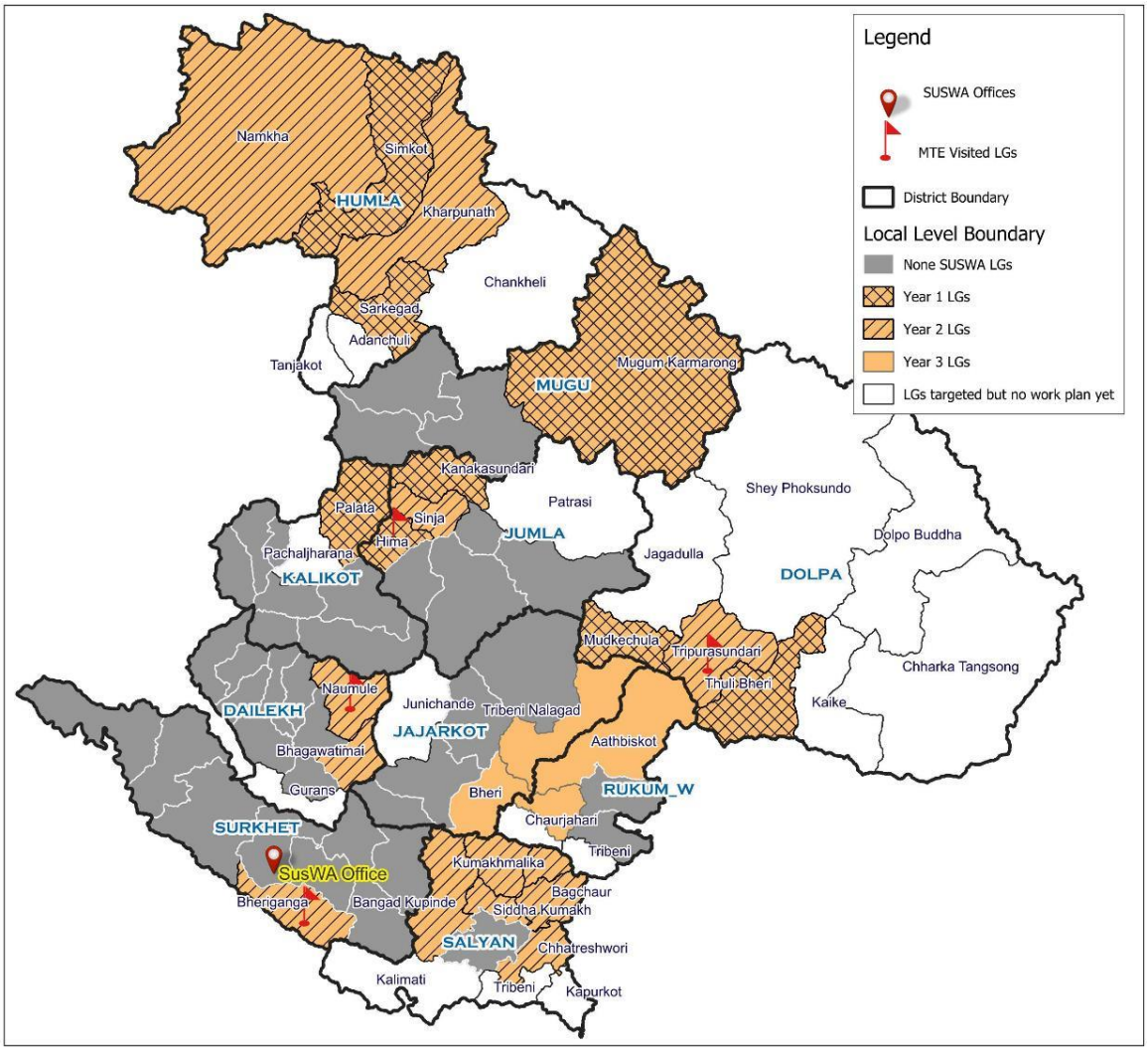

Figure 2 SUSWA's 25 partner LGs in September 2024

Source: SUSWA PSU

3 PROJECT CONTEXT AND RELEVANT POLICIES

3.1 Project context

There are several important context factors to keep in mind when SUSWA's progress is assessed. These include progress of federalisation in Nepal, socio-demographic characters of the communities living in Karnali Province, and recent events related to rural WASH in Nepal.

As per the Constitution of the Federal Republic of Nepal 2015 **three levels of government were established**, namely federal, provincial, and local. State powers were defined and divided among the three tiers of government - for example, the local governments were given 22 exclusive mandates to deliver services to local people. Among those mandates are basic sanitation, attention to senior citizens and Persons with Disabilities, water supply, disaster management and protection of watersheds. The local governments have the authority to formulate and enact laws on those mandates (Dahal 2024). While two rounds of local elections (2017 and 2022) have been successfully conducted, it is indeed only the second round of democratically elected local governments in charge of local development processes. Significant challenges remain, for example, due to the slow process of federal legislation[3], the adjustment to three levels of government, and recruitment of the civil servants in provincial and local governments, and in transferring the functions, institutions and relevant programs and projects to the respective levels. Especially at provincial and local governments, significant capacity gaps remain to meet the requisites of the Constitution (Acharya et al 2020, CIPE & University of Pittsburgh 2022).

According to the **Baseline survey of SUSWA** (2022), the majority of the intended beneficiaries of water supply, sanitation and hygiene activities of the project are the rural poor. Illiteracy is high (38%) with disparity between male and female population (nearly two thirds of the illiterate persons are female). One fifth of the households were women-led. 70 % of the population is engaged in subsistence agriculture, with many suffering from food insufficiency around the year. A further 14% of the population earn their living from daily wages only. 42 % of the population was served by well-functioning water supply schemes, 51 % were getting water from partially functioning schemes and the remaining 7 % of people were unserved or getting water from other alternative sources due to non-operational schemes. 8 % of the population were without access to any kind of a toilet and about half of the population did not have hand washing stations. 80% of the women were allowed to use the regular toilet during menstruation but only 24% were allowed access to the water tap.

The **Water, Sanitation and Hygiene Joint Sector Review** (Joint Sector Review report 2023) covers many critical themes within the sector, including governance, institutional arrangements, capacity building, sector planning, monitoring and evaluation, financing and climate change adaptation. Strengthening the coordination between various levels of government and stakeholders and capacity building came out as a top priority. There is a focus on safely managed delivery of water supply and sanitation services, hence the attention to water quality testing.

The Department of Water Supply and Sewerage Management organised a **WASH/N-WASH Plan review workshop** (April 2024) to review progress, identify the challenges and develop a plan for accelerated implementation of the WASH plans at all levels of government. Local governments are responsible for preparing the WASH plan. At federal level, Ministry of Water Supply, Nepal is taking the lead to build the capacity of stakeholders. The role of provincial government is being explored in the WASH plan development process. Among the issues that came out are: i) MoWS should prioritise capacity building to province and municipalities to operationalize N-WASH; ii) review the costing

[3] For example, Federal Civil Service Law has not been enacted, a new Bill was proposed to the Parliament in March 2024. In: https://decentralization.net/2024/05/will-nepals-new-federal-civil-service-bill-unlock-the-potential-of-federalism/ accessed on 15 October 2024

framework of the water supply system components in the N-WASH software; iii) devise ways to generate investment required to prepare WASH plan; iv) simplify the data input; v) formulate Key Performance Indicators in N-WASH to measure annual program outcomes in WASH; vi) the N-WASH Dashboard needs customization to include an analysis report tailored for various stakeholders to support evidence-based advocacy and informed decision making; and vii) initiate establishment of a WASH unit and proper human resources allocation in each municipality to institutionalize informed decision making.

The **Global Summit on Sanitation** (June 2024) was organised by WHO, UNICEF, and WaterAid in Kathmandu. The Summit aimed to speed up advances towards universal access to safely managed sanitation and noted that globally progress in safely managed sanitation is behind targets. Studies presented addressed institutional, governance, financing and National WASH Management Information System (N-WASH-MIS) towards achieving safely managed sanitation.

The Joint Sector Review, national WASH/N-WASH Plan Review workshop and the Global Summit on Sanitation all indicate that challenges in WASH sector exist, including demand for rural WASH. However, the **interest of major donors in supporting rural WASH is dwindling**. Both the World Bank (WB) and the Asian Development Bank (ADB) have been staunch supporters of DWSSM in rural WASH for many years but have increasingly shifted their support to urban water supply and sanitation. The World Bank-funded Nepal water sector Governance infrastructure support program is focusing on both rural and urban WASH projects in six LGs in Sudurpaschim and Karnali provinces. Netherlands Development Organisation (SNV), WaterAid Nepal and Helvetas Nepal are the most important INGOs working in the WASH sector. Functionality and WASH governance are the key themes of SNV. WaterAid Nepal focuses, inter alia, on climate change/ disaster risk reduction (DRR) issues in WASH. Helvetas Nepal has water resources and livelihoods projects (including WASH) and is mainly active in Karnali province. The Foreign, Commonwealth and Development Office (FCDO) of United Kingdom is no more directly involved in the WASH sector other than supporting WASH projects implemented by Gorkha Welfare Trust around the country. United States Agency for International Development (USAID) is a key bilateral agency with significant focus on rural WASH through Karnali Water Activity. Nepal Water for Health (NEWAH) is a national WASH sector NGO currently working in just two districts in Nepal.

3.2 Government of Nepal policies and commitments

Treaties and covenants

Nepal is a signatory to several international WASH and human rights related treaties and conventions. Nepal recognises the UN Resolution on the Human Right to Water and Sanitation as the most essential normative criteria for the WASH sector. The Resolution recognises "*the right to safe and clean drinking water and sanitation as a human right that is essential for the full enjoyment of life and all human rights*."[4] Nepal has ratified both the Convention on the Elimination of All Forms of Discrimination Against Women and the Convention on the Rights of Persons with Disabilities. These conventions obligate their signatory states to take appropriate measures to eliminate discrimination against women and persons with disabilities, and to ensure equal rights, including in accessing water and sanitation. This is aligned with the Nepal's 2015 Constitution[5], that defines, that "*each citizen shall have the right to access to clean water and hygiene*".

[4] UN Resolution 64/292. The human right to water and sanitation, UN General Assembly, https://documents.un.org/doc/undoc/gen/n09/479/35/pdf/n0947935.pdf (accessed 14 Aug 2024)

[5] Nepal's 2015 Constitution, Unofficial translation by Nepal Law Society, International IDEA, and UNDP https://www.constituteproject.org/constitution/Nepal_2015 (accessed 19 Aug 2024)

Government of Nepal policies and guidelines

The **Water Supply and Sanitation Act 2079 (2022)** ensures every citizen's right to clean water supply; to obtain adequate, clean and quality water supply regularly; and to have easy and accessible access to quality sanitation services, recognizing these as fundamental rights. Local governments are responsible for basic water supply, sanitation services, public awareness, wastewater management, and project maintenance. The Act mandates that services should be equitable and affordable, with concessions for poor families. The function and tasks of Water Users' and Sanitation Committees remains unchanged. The Act prioritizes drinking and domestic water use and enforces environmental and water quality standards. The Act is in line with SDG 6 on water and sanitation. The related policy is still work in progress.

The **National Water Quality Standard, Implementation and Monitoring Guideline 2079 (2022)** applies to all water service providers (federal, provincial and local government, private water suppliers). Key aspects of the water quality testing regime consist of sampling procedures, authorized testing labs/institutions, testing equipment, Water Safety Plan, sanitary inspection, water quality monitoring and surveillance, and organizational responsibilities. There are 19 mandatory parameters (physical, chemical or microbiological) to be tested, and other parameters based on the location specific risk factors.

The **National Drinking Water, Sanitation, and Hygiene Policy 2023** aims to provide safe drinking water and sanitation services to all by 2043, aligning with the SDGs and Human Right to Water and Sanitation. Local governments have responsibility for ensuring water quality and quantity, providing technical and financial support for service sustainability, and conducting maintenance. It calls for equitable water distribution, prioritizes underserved communities, mandates water treatment facilities, and involves private sector actors in water testing. All levels of governance must prepare WASH plans, with municipalities receiving priority for cooperation. The policy mentions that not more than 5% cash contribution should be sought from the community.

The **Service Support Centre (SSC) Guideline 2080** (MoWS and DWSSM 2023) addresses the challenges of smooth operation and long-term sustainability of completed small rural water systems under the purview of local governments. The approach proposed in the Guideline involves establishing and operating a service support centre under the relevant ministry of the provincial government or under a coordinated mechanism between the federal and local levels. It is expected that such service centres would play a pivotal role in coordinating between user committees managing rural water supply projects at the local level and the WASH Units of the respective municipalities.

The **Gender Equality and Social Inclusion Strategy** of the Provincial and Local Governance Support Programme (2021) of the Ministry of Federal Affairs and General Administration (MoFAGA), covers actions to roll out **the National Gender Equality Policy**, including measures to ensure institutionalisation of Gender Responsive Budgeting (GRB).

The federal **Water Resources Bill 2024** aims to utilize, conserve, and develop water resources in an integrated and coordinated manner while minimizing climate change-induced water and weather-related disaster impacts. It calls for coordinated river basin planning and mandates a masterplan to assess costs, benefits, and risks and to mitigate social and environmental impacts. The bill calls for early warning systems, disaster preparedness, climate-resilient infrastructure, and adaptive practices. Local governments are tasked with small-scale irrigation and water bodies.

The **Karnali Province WASH Bill 2023** mandates non-discrimination in access to drinking water and sanitation services, focusing on support for unreached communities and prohibiting discrimination by user committees and private companies in WASH. It mandates public toilets to be friendly to gender, children, elderly, and Persons with Disabilities (PwD), and requires that data is disaggregated by gender and disability. It provides tariff concessions for disaster-affected areas or households unable to pay, promotes integrated water resources management and includes provisions for ecosystem

service payments. SUSWA has given inputs to the formulation process. At the time of MTE, the Bill was under review by the Ministry of Finance.

The **Climate Change Policy 2019** is highly relevant for LG level planning. Among other issues, it focuses on achieving agriculture and food security through targeted adaptation programs, crop diversification, and promotion of agroforestry and water-efficient irrigation technologies.

In Karnali Province, the Ministry of Industry, Tourism, Forest and Environment is drafting a **Climate Change Strategy and Action Plan 2022 - 2032.** The strategy follows the national Climate Change Policy of Nepal.

3.3 Government of Finland policies and commitments

Finland's Development Policy, One world, common future – towards sustainable development (Government Report to Parliament, 4 February 2016) was in place when SUSWA was designed. The core goal of the policy was to eradicate extreme poverty and to reduce poverty and inequality with the 2030 Agenda for Sustainable Development guiding the policy. The realisation of human rights was a key goal in the Policy with the aim to strengthen the capacity of individuals and authorities to promote human rights as well as to assure that development cooperation is not discriminatory, and people have an opportunity to participate in decision-making. The rights of children and the most vulnerable, notably persons with disabilities, are taken account of in all activities. The policy took account of climate change with all activities to be geared to climate change mitigation and giving support for climate change adaptation and preparedness. The priority areas were enhancing the rights and status of women and girls; improving the economies of developing countries to ensure more jobs, livelihood opportunities and well-being, democratic and better-functioning societies; and increased food security and better access to water and energy; and the sustainable use of natural resources.

In the **Report on Development Policy Across Parliamentary Terms (MFA 2021**) the development priorities consisted of rights of women and girls, education, sustainable economies and decent work, peaceful, democratic societies, and climate change, biodiversity and sustainable management and use of natural resources. In the MFA's 2024 **Report on International Economic Relations and Development Cooperation** Finland's development policy priorities are given as improving the sexual and reproductive health and rights of women and girls, education and climate action. The cross-cutting objectives are gender equality, non-discrimination, with an emphasis on disability inclusion, climate resilience, low emission development and protection of the environment, with an emphasis on safeguarding biodiversity.

The **Finnish Country Strategy for Nepal (2016-2019)** was valid at the time of formulation of SUSWA. In the Country Strategy, water was one of the two main sectors of Finnish development cooperation in Nepal and the Strategy aimed to address the most marginalized and vulnerable people in the society by enhancing their livelihoods and improving their access to basic services. Human rights, gender and other cross-cutting objectives were systematically mainstreamed into programming and planning of the Finnish development cooperation. The overarching goal of **Finland's Country Strategy for Nepal 2021-2024** is "*to foster a federal, democratic, inclusive and resilient Nepal*". Among the strategic goals are reduction of inequalities (gender, disability, discrimination and other forms of exclusion and marginalisation) and supporting sustainable development and climate and disaster resilience several areas, including WASH, livelihood development and gender equality.

Other important guidelines include the Guidelines for Human Rights-Based Approach (2015), recently updated Results Based Management (RBM) in Finland's Development Policy: Managing for Sustainable Development Results - Guiding Document (MFA 2023), and the guidance on Cross-Cutting Objectives (MFA, 2020).

4 FINDINGS

4.1 Relevance

How has the new Water Supply and Sanitation Act released in 2079 (2022) and municipality level regulations influenced the project implementation?

***Key findings**: SUSWA addresses the provisions of the WASH Act together with several GoN policies and guidelines on WASH, water quality, climate change and GEDSI. With SUSWA support, partner municipalities have started developing their own acts, strategies and plans that are important steps towards creating capacities and permanent institutions supporting improved and inclusive access to WASH services. Following the enactment of the WASH Act 2022 and formulation of the National Drinking Water and Sanitation Policy 2023, LGs and water users are expecting household connections and reduced user contributions.*

SUSWA addresses relevant federal and provincial policies

The implications of the Water Supply and Sanitation Act 2022 and several other policies and processes on the project and how SUSWA contributes to their implementation are highlighted in this chapter.

As per the **Water Supply and Sanitation Act 2079 (2022)**, the responsibility for providing basic level water supply, waste management, sanitation awareness and maintenance support lies at the LG level. SUSWA supports these capacities, both at the LG (Municipal WASH Coordination Committees and Municipal WASH Units) and WUSC levels in Karnali Province. WUSCs are assuming their key responsibilities in managing their projects. SUSWA is promoting metering in the water supply schemes.

Stakeholders communicated with the MTE about the "one house -one tap" principle that had become an expected norm for rehabilitation and repair of non-functional schemes. Community tap stands are no longer accepted by the users as they now expect private connection / household taps. It is an interesting misunderstanding, as the Act itself is not calling for private household connections. WHO/UNICEF defines a safely managed drinking water as *"an improved water source that is accessible on premises, available when needed and free from faecal and priority chemical contamination"*. This definition seems to have become the norm to LGs both in Lower and Upper Karnali.

The provision in the **National Drinking Water, Sanitation, and Hygiene Policy 2023** is to limit the user contribution to maximum 5% of cash contribution. This issue came up in the discussions with the LGs. It is likely to create challenges in the planning of water supply investments. At present the level of user contribution in SUSWA is a minimum of 20% including 1% up-front cash as stipulated in the Project Implementation Manual.

The role of LGs is prominent in the **National Drinking Water, Sanitation, and Hygiene Policy 2023.** The Policy underlines that all levels must prepare WASH plans, with municipalities receiving priority for cooperation. SUSWA supports the LGs in taking lead in water supply, sanitation and hygiene programmes. SUSWA uses the Municipal WASH Plans in identifying water supply and institutional sanitation schemes for implementation. SUSWA has had a key role in supporting the development of the plans in LGs where they have not existed. SUSWA also supports revisions of the plans. This is further relevant for SUSWA in terms of capacity building focusing on climate change adaptation, disaster management, and enhancing technical human resources, and regular monitoring, data management, and intersectoral coordination for effective service delivery.

The focus of SUSWA on water quality, sustainability and functionality is a relevant approach in areas that are already served - i.e. locations with existing water supply systems with existing WUSCs. The focus on funding repairs together with the capacity building of already experienced WUSC and innovations related to service delivery models and technical additions is relevant.

For unserved areas the project themes as such are relevant: all WASH systems new or existing should be sustainable and functional and be able to provide safe water. In this case, however, the investment is higher, both in terms of new construction and WUSC capacity building, and in terms of need for technical backstopping and overall field presence of skilled persons to ensure quality.

SUSWA addresses the provisions of the **National Water Quality Standard, Implementation and Monitoring Guideline 2079 (2022)** through emphasis on water quality. SUSWA's contribution includes e.g. Water Safety Plans, mini-labs established at the Municipal WASH-Units and in-line chlorination.

SUSWA supports implementation of the **SSC Guideline (2080)** through financing a pilot Service Support Centre for Karnali Province. The Centre is hosted by the Ministry of Water and Energy Development in Birendranagar, Surkhet.

Practical implications of the **Water Resources Bill 2024** for SUSWA relate to topics such as Multiple Use of Water (MUS) and climate resilient structures. These topics are emphasized in the provisions of the **Climate Change Policy 2019** as it encourages MUS, renewable energy, and energy-efficiency. SUSWA is, for example, providing training to the municipal and WASH unit staff on solar lift schemes and spring shed management. SUSWA's approach in water source conservation and development constitutes a climate resilient WASH approach.

The **Karnali Province WASH Bill 2023** provides further support to SUSWA on GEDSI as the Bill requires representation and inclusion of women and marginalized / disadvantaged groups. SUSWA has also incorporated the provisions for inclusion as reflected in various other policies discussed in Chapter 3.

SUSWA contributed to the **Joint Sector Review** process in 2023 in several ways. For example, SUSWA organized consultations in Karnali Province and shared multiple good practices with the Review. A case study about SUSWA is included in the final JSR report. Several action points are relevant for SUSWA to consider, some of these being already work in progress in SUSWA. For example, adoption of GEDSI-responsive programming, financing, and budgeting practices, and working for a dedicated institutional home at the local level (WASH Units) are already in the SUSWA's agenda. The JSR Report has some other relevant recommendations that overlap SUSWA's work with LGs and the WASH Units to update their respective WASH plans. These include incorporating Nationally Determined Contributions into the development and implementation of WASH plans to enhance the adaptive capacity of these services while supporting LGs to update their WASH Plans. The JSR report also suggests the need to pay more attention to enhanced evidence-based decision making and resource allocation in WASH, and use of N-WASH-MIS for data-driven decision making within the WASH Units.

SUSWA contributes to establishment of LG regulations

Partner municipalities are progressing towards establishing their regulations and policies that are relevant to inclusive and sustainable WASH services. With SUSWA support, Municipal WASH Plans have been developed and approved. Partner municipalities have developed and/or already gazetted Municipal WASH Acts. These Plans and Acts are an important step towards institutionalizing support to inclusive WASH services at the municipal level. Some of the municipalities have already drafted or started drafting their own GEDSI strategies and with SUSWA support Gender Responsive Budgeting processes have been completed in the partner LGs. Dignified Menstruation Management Procedures have been prepared and approved. Achievements in terms of municipal regulations and plans are further discussed in chapter 4.3 Effectiveness.

Host ministry for small scale rural WASH activities

The MTE has looked at the ministerial mandates in terms of the WASH activities that are the responsibility of local governments. From a technical point of view the relevant implementing agency of the WASH sector is clearly DWSSM with MoWS as the lead executing agency. In terms of contributing to WASH sector development in Nepal, MoWS is a logical choice. However, the scale of investments supported by SUSWA falls below the threshold of federal water projects that DWSSM

implements. The water supply schemes are under the jurisdiction of LGs, as stipulated by the Constitution and subsequent legal framework. From that angle, MoFAGA might be a more suitable partner in future undertakings. This would be justified also from the right to water and right to sanitation perspective, the LGs being the main duty bearers that would have to pay attention to all citizens within their jurisdiction (rather than individual water schemes).

4.2 Coherence, Coordination and Complementarity

To what extent is the project coherent, coordinated and complimentary with other local level actors? What kind of synergies do and/or would add value?

Key findings: *SUSWA's work demonstrates many examples of partnerships that are mutually beneficial and provide SUSWA with additional knowledge, expertise or skills and at the same time provide useful exposure or opportunities for the partner institution. However, SUSWA's decision to select partner LGs based on these not having other major WASH actors, limits potential complementarity at municipal and community level. It also has created expectations that SUSWA will not be able to meet.*

Karnali Province and partner LGs

In Karnali Province SUSWA works in coherent and complimentary manner with several other actors. There is an active **Provincial WASH Coordination Committee** in Karnali Province that offers an opportunity for all WASH sector actors to coordinate their work. In addition, SUSWA participates in the **Karnali WASH Cluster** (emergency support). After the 2023 earthquake in Jajarkot and adjoining districts, SUSWA contributed to emergency response by providing temporary toilets and hygiene materials for households in Darma LG in Salyan. This was appreciated by the provincial level stakeholders that the MTE met in Surkhet.

SUSWA collaborates with three **ministries in the Karnali Province**. The Ministry of Water and Rural Energy Development (MoWRED) is an observer member of the project's Supervisory Board. MoWRED also houses the provincial Service Support Centre that SUSWA supports (e.g. by providing salaries of two staff and operating expenses). Coordination with the Ministry of Tourism, Environment and Forestry and its Forestry Research and Training Centre has focused on climate change adaptation and disaster preparedness (Training of Trainers, spring shed management and bioengineering (WSP+++). The Ministry of Social Development (MoSD) chaired the Karnali Alliance for Dignified Menstruation Management after its establishment. Dignified Menstruation Management (DMM) has been the main focus of collaboration with the ministry.

The **Karnali Alliance for Dignified Menstruation Management (KADMM)** is a network established in 2022. SUSWA is a co-chair of the Alliance that aims to strengthen coordination between provincial government, LGs, and other partners working in Dignified Menstruation Management in the Province. A key output is the 12-Point Surkhet Declaration for DMM approved in 2023.

SUSWA has signed MoUs with several strategic partners. Among them is the **Graduate School of Engineering of the Mid-West University** that supports SUSWA in implementing WSP+++ (climate change adaptation and disaster preparedness). Students from the Mid-West University have also participated in an assessment regarding GEDSI indicators in some municipalities. The **National Federation of Disabled Nepal (NFDN)** collaborates with SUSWA regarding disability inclusive WASH in partner municipalities.

SUSWA maintains informal contacts and knowledge sharing with several WASH actors that implement projects in Karnali Province. **Karnali Water Activity** and SUSWA share an active interest in the Support Service Centre. Karnali Water Activity would be keen to replicate that once the approach is proven in practice. SUSWA harnesses the experiences of **Helvetas** in inline chlorination and remote water monitoring technologies. Collaboration with **UNICEF** is mainly through the Provincial WASH Coordination Committee that brings together WASH sector actors at province level.

The **Green Resilient Agricultural Productive Ecosystems programme (GRAPE**) implemented by GiZ in Sudurpaschim and Karnali provinces strengthens sustainable agricultural ecosystems to support green local economic development. SUSWA has had discussions for collaboration with GRAPE over the past two years. A challenge has been that both projects have their own criteria for selecting locations, and the municipalities have been directing project to different wards to have more project coverage within the LG. Both SUSWA and GRAPE were working in Simikot and Kharpunath (Humla), Naumule and Bhagawatimai (Dailekh) and Bheriganga (Surkhet) in FY 2080/81. The MTE visited two of these locations in Naumule and Bheriganga. The visits showed that while GRAPE-supported improvements were evident within a household, these were not necessarily benefiting from the water taps. GRAPE is being gradually phased out by the end of the year. The second of phase of GRAPE would start in early 2025 with some geographical overlap with SUSWA. The emphasis of new phase is expected to shift more towards value chains and private sector development, moving the focus from production to markets and expanding to other locations outside Karnali.

In collaboration with **UN Women** and **Ministry of Finance**, SUSWA has organized capacity building events for municipal staff and decision makers on Gender Responsive Budgeting and GEDSI. **National Association of Rural Municipalities in Nepal (NARMIN)** and **Municipal Association of Nepal (MuAN)** facilitated the first Provincial level Progress Review Reflection and Policy Formulation Dialogue in August 2024. SUSWA has also started partnering with the **Natural Resources Institute of Finland (LUKE)** on climate research.

Coordination at LG level

In the Local Governments that were selected to be SUSWA's partners during its inception, support to WASH activities is the sole responsibility of SUSWA. The other major WASH sector actors that are active in Karnali Province do not work in those LGs. This includes the 25 Local Governments where SUSWA is active at present as well as those 17 Local Governments that expected SUSWA support to begin either in the ongoing Fiscal Year or start from July 2025 at the latest. This stems from the process of defining SUSWA's **working area in Karnali Province** that was done in collaboration with other WASH stakeholders that were working in the province in 2022. SUSWA's main criteria was to avoid overlap with other major WASH interventions. The project justified this with the intent to avoid duplication of planning and workload in the municipalities. In early 2022, there were 42 municipalities in Karnali Province that met this criterion. Those municipalities are therefore reflected as SUSWA's partner municipalities in the revised project document. Therefore, SUSWA mainly coordinates with other WASH actors at the LG level by avoiding duplication of activities within a LG. This is logical, but because of this, the other WASH actors have not started any activities in those LGs. Many LGs are waiting for SUSWA to start work. The MTE will return to this decision and its repercussions in chapter 4.3.

Value added in coordination

Coordination adds value when the topic of coordination is something tangible and do-able. Ideally the partnership adds value to both partners. There are several positive examples: among them is the in-line chlorinator, which was piloted in Nepal by Helvetas, and which is now being scaled up by SUSWA. Experiences from this 'extended field pilot' that SUSWA supports will eventually benefit Helvetas and other actors in the country. Another example is the Mid-West University; the partnership with SUSWA provides the local university with opportunities for student internships and builds expertise in the province. Harmonisation of the water quality testing protocols is another example of an important topic where SUSWA is taking the lead in the province. Plan International Nepal and SUSWA have worked together to develop grievance handling mechanisms in several LGs where the activities of both organizations overlap (e.g. Sinja LG in Jumla and Mudkechula in Dolpa).

SUSWA has actively established partnerships that add value to the project, such as in disability inclusion, climate sustainability and innovative technologies. Based on discussions with partners, SUSWA's inputs and approaches to improving WASH governance, water supply and sanitation and hygiene are appreciated by them.

4.3 Effectiveness

What are the successes and challenges of SUSWA work in the different levels (community, municipality, province, federal)? Are the processes participatory and inclusive? How has the project succeeded in the promotion of the meaningful participation of women and disadvantaged groups in decision making?

Is the project's approach for sanitation and hygiene effective and sustainable?

Has the project strengthened the capacity and leadership of the local governments and Water Users and Sanitation Committees to deliver services to the people?

What is the readiness of the municipalities for phasing out as planned by the project? Is the planned sequencing feasible and supportive of sustainable results?

How does SUSWA apply a Human Rights Based Approach and Cross-Cutting Objectives (gender equality, non-discrimination with emphasis on PwDs, and climate resilience) in its approaches and activities?

Is the project on track towards meeting the goals set out in the Project Document and are the set goals and targeted areas feasible? Is the project able to reach its objectives and if not, should they be adjusted according to the evidence from the evaluation to reach sustainable results with the available resources for the project?

***Key findings:** At the municipality level the project is working with duty bearers to enhance their capacities to deliver WASH services to the rights' holders, most notably supporting the development of WASH Plans and establishment of WASH Units. The LGs' capacity to implement their WASH plans and related policies continues to be a challenge, as LGs lack their own permanent human and financial resources.*

SUSWA's processes are participatory and inclusive. Among the successes are effective implementation of dignified menstruation management, the construction of child, gender, and disabled-friendly school toilets, and the systematic adoption and application of the GEDSI approach.

SUSWA's innovations in WASH include the scaling up of inline chlorine technology and the Water Safety Plan (WSP+++). WSP+++ addresses climate change and disaster risk management (DRM) by focusing on both disaster preparedness and response. Related trainings for WUSCs and Village Maintenance Workers (VMWs) are essential.

At the federal level, challenges with availability of funding and coordination and reporting exist.

The set indicator targets for indicators, particularly for partner LGs and beneficiary targets for Outcome Area WASH Governance and Outcome Area Water Supply are no longer feasible as foreseen in the revised PD: there is a strong demand for major repairs/rehabilitations following the one-tap-one-house principle. This often results in a practically new water supply scheme. WUSCs should handle minor repairs independently.

4.3.1 Successes and challenges

At **community level**, Water Users' and Sanitation Committees have been formed or reinvigorated. Normally, a WUSC is formed when project is implemented. Therefore, all repair and rehabilitation schemes should have some kind of a WUSC. But it is also likely that no residue of the previous WUSC exists – which is one of the reasons why the water supply scheme fell into non-functional state. The WUSCs are meeting once a month on average, minutes are taken, and tariffs and O&M fund issues are discussed. SUSWA has exceeded its target for female representation in the WUSCs (at least 50 % women according to SUSWA guidelines; this exceeds the 33 % provision of the Constitution of Nepal). In July 2024 (end of the fiscal year 2), 55.3 % of the members were women. Although the MTE met a female chairperson in two WUSCs (the MTE had meetings with 12 WUSCs during the mission), women

often hold positions with less decision-making powers (vice chairperson, treasurers or secretary). Women, Dalits, Janajatis and in some communities also some PwDs were present and outspoken. These observations indicate SUSWA's effectiveness in social mobilization and capacity building.

Planning and implementing scheme-wise investments are guided by the Step-by-Step procedure. The basic idea of the approach is that individual water supply schemes are planned and implemented step-by-step, each phase including specific capacity building and planning events for WUSCs together with specific works related to technical aspects. There should be a public participatory monitoring and public audit at the end of each step to verify the situation before releasing the next instalment to WUSC. These structured monitoring events are described in SUSWA's Step-by-Step guideline and detailed in the Step-by-Step monitoring books. These monitoring books should ensure that all aspects are publicly discussed and verified, ranging from social and environmental questions, to technical and financial. This is an opportunity for tailored capacity building for the WUSC and for cross-checking how the cross-cutting objectives are addressed in practice, as well as what is the status with the other SUSWA funded activities within the scheme area, including (total) sanitation and hygiene. It provides also an opportunity to take action to address any gaps observed.

The MTE team observed Step-by-Step monitoring books in the WASH Units but found that the WUSC monitoring books were only checked by the WASH Unit staff themselves. There was no evidence that PSU experts or the even the WASH Adviser had checked the books. This means that the WASH Units were monitoring the results of their own actions, which does not represent good governance.

Collaboration with **Local Governments** is a success**.** LGs are actively coordinating with community-level actors to implement WASH activities. Considering that many LGs have low internal revenues they also contribute significant financial resources. They have developed Municipal WASH Acts, Water Resource Regulations, and WASH plans, supported by a National WASH Management Information System. Municipal-level WASH units have been established, and local capacities strengthened, utilizing Government of Nepal procedures like Gender Responsive Budgeting for financial management. Additionally, municipalities have formulated five-year GEDSI Action Plans to ensure inclusive WASH services. Resources have been delivered on time for most projects selected from the M-WASH plans, following a structured process involving prefeasibility studies, design estimates, and final selection based on total cost levels, and then following the Step-by-Step procedure.

In the four LGs visited by the MTE the WASH Units are functioning well. The Units are led by experienced WASH Coordinators. The Units consist of technical and social staff with average team size of 8 (162 staff members working in 21 LGs, along with 219 Local Resource Persons at the end of FY2). The WASH Unit staff have an agreement with the local government and their salary is paid by the municipality with the funding from the project. The LGs have taken ownership of their WASH Units and were considering using the unit to support also other than SUSWA-funded WASH investments. This is highly recommended by the MTE team, considering that particularly in the eight 'fast track' municipalities (i.e. the LGs that have worked with SUSWA since July 2022), SUSWA is supporting only a very limited number of water supply schemes in the ongoing fiscal year (FY3). Similarly, the sanitation and hygiene related activities could be scaled up. Up until recently these activities have been limited to water supply scheme beneficiaries and schools with sanitation investments only.

The Technical Assistance team of SUSWA has been particularly active with the dignified menstruation advocacy at the **Karnali Province level**. Another province-level success stems from work done with regards to Climate Change Adaptation and Disaster Risk Management (CCA/DRM) and WSP+++, engaging MoITFE in developing capacity building package and in training the trainers for this. The piloting of the Service Support Centre concept in Karnali Province is an important initiative because it is the first of its kind in Nepal. SUSWA also supported MoWS and DWSSM in the development of the SSC Guideline. SUSWA introduced the concept to Karnali province with the pilot ongoing for less than a year. The SSC now taking its early steps with two persons recruited for it by SUSWA. In LGs, the Ward Chairpersons have been oriented on their role as SSC Focal Points.

SUSWA has faced some major challenges **at the federal level**. The main challenge for SUSWA has been that **funds from Government of Nepal have not been made available** as per the project agreement. This has been a major factor in the budgeting and planning of project activities and significantly affects reaching the project targets. The project has a process of preparing Annual Work Plans which, once complete, are brought to the Supervisory Board for approval. Annual Work Plans for three Fiscal Years have been presented to the SvB with varied outcomes. All partners provided budgets for the Annual Work Plan of the first Fiscal Year (2079/80) as per the provisions of the Project Document and related agreements. However, preparation of the Annual Work Plans for FY2 (2080/81) and for FY3 (2081/82) have suffered from issues that emanate from non-availability or limited availability of Government of Nepal funding. The Annual Work Plan and Budget for FY2 was discussed twice in the Supervisory Board. The 4th SvB meeting in March 2023 made an initial decision to provide funding as per the agreement between Government of Finland and Government of Nepal. The Annual Work Plan for FY2 was rediscussed in the 5th Supervisory Board meeting in July 2023. The minutes of the meeting indicate that Government of Nepal did not allocate any contribution to the operational budget. For FY2, the Government of Nepal contribution was eventually only EUR 15,556[6] and was entirely allocated to PCO/DWSSM administrative and management costs. The programme implementation cost was therefore covered by contributions from Government of Finland, European Union, participating LGs (21) and the users.

For the Fiscal Year 3 (2081/82), the Annual Work Plan and Budget was initially approved in April 2024. EU, GoF, GoN, LGs (36) and user contributions were included but after the SvB meeting a downward revision of the GoN budget provision followed. Subsequently the GoF and EU also revised their contributions down (in proportion to available GoN funding). Due to these changes SUSWA needed to revise the Annual Work Plan and reduce the number of new partner LGs to four (instead of the planned 15). The AWP and Budget for FY3 was finally approved in a revised form in September 2024 (8th SvB meeting).

Figure 3 depicts the expected partner contributions as per the Project Document and actual contributions at the end of FY2 in July 2024. Contributions from 21 Local Governments and Users in those LGs are reflected in the chart.

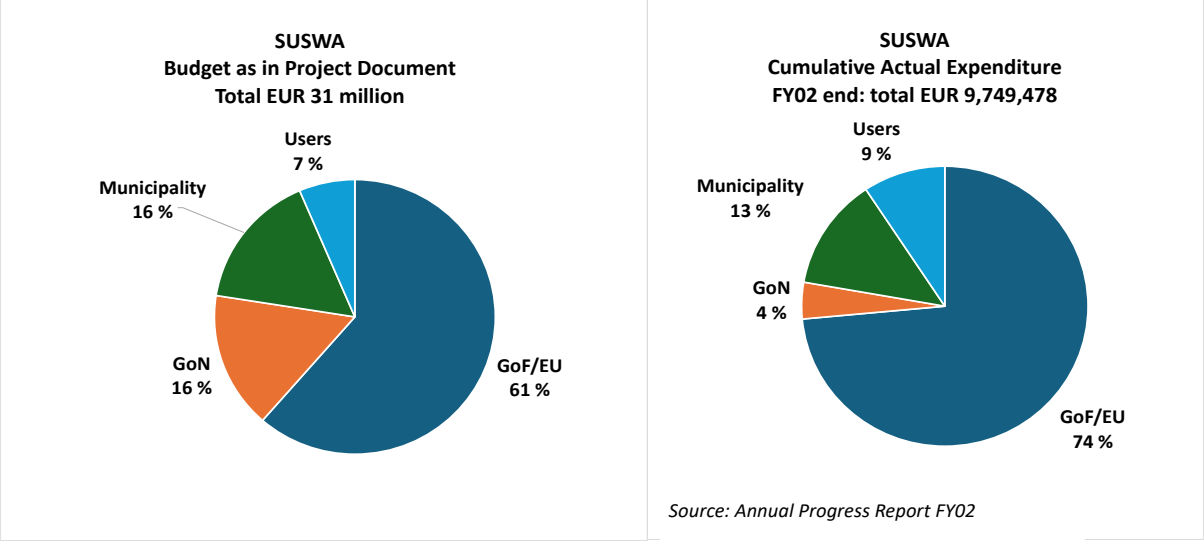

Figure 3 SUSWA budget with expected partner contributions and actual contributions at the end of FY2

[6] According to the Minutes of the Fourth Supervisory Board Meeting 10 March 2023, the initial GoN allocation was NPR 203 635 856 (approx. EUR 1.4 million).

The other major challenge is related to the **Project Coordination Office** which was initially planned to be at the DWSSM. As is specified in the Project Document, the Department of Water Supply and Sewerage Management is the main agency supporting the implementation of this project and the Department was also expected to act as the PCO. In the PD, the PCO's primary duty was defined as ensuring smooth release of GoN funds to partner municipalities and reporting on the use of funds that were released by both governments [and EU]. The PCO was also tasked with communicating with partner municipalities in matters related to project implementation. The PCO and PSU were expected to collaborate for the overall reporting of SUSWA, to prepare Line Ministry Budget Information System (LMBIS) entries and to facilitate SvB meetings. In the PD (page. 49) staff provisions are listed (three staff positions under the PCO office were to be recruited, one WASH Engineer, one Accountant and one Computer Operator for the monitoring and support activities related to SUSWA. Starting from the 3rd Supervisory Board meeting in September 2022, the SvB has given ample attention this issue (see details in Box 2).

There is a Terms for Reference[7] that defines the role and objectives of the PCO more in detail than the Project Document. The Federal Water Supply and Sewerage Management office in Surkhet is now the official PCO of SUSWA but the PCO continues to suffer from lack of operational resources and time, and the additional staff posts (three positions that were already mentioned in the Project Document) are still vacant. Reasons for delays in recruitment are not clear but according to information received from the Ministry of Water Supply the engineer post needs an approval of the Cabinet, and the sub-engineer post should be approved by the Minister.

Box 2. SvB decisions made about the Project Coordination Office arrangements (source: SvB minutes)

- 3rd SvB meeting (September 2022) approved the provision of 0.1 million EUR for the PCO from the GoN budget. SVB decided to recruit three staff members under the GoN budget (one WASH Engineer, one Sub-Engineer and one Computer Operator) for the monitoring and support activities related to SUSWA. GoN also promised to arrange additional funding for human resources if required so.
- 4th SvB meeting (March 2023) discussed a need to improve the existing PCO-PSU coordination. A TOR was under preparation of the coordination arrangements.
- 5th SvB meeting (July 2023) discussed the SUSWA coordination mechanism and TOR. A revised version Coordination mechanism and TOR for the Project Coordination Office (PCO) and Project Support Office (PSU) Coordination was approved.
- 7th SvB meeting (April 2024) discussed about official communication through PCO to LGs and functioning of PCO. SvB decided that "*the official communication through PCO to LGs related to SUSWA activities will only include regular programme related activities. Other letters need to be proceeded through the PSU*." Difficulties for the smooth functioning of the PCO under federal structure were discussed. The Board decided to request MoWRED in Karnali Province to take over the PCO under Provincial Government.
- 8th SvB meeting (September 2024) decided to keep the PCO under federal structure in line with the provisions mentioned in the Project Document.

According to the PCO ToR, one of the objectives of the PCO is "to report of the use of funds that are released by both Governments to support WASH implementation". An issue that came up in the meetings with the PCO, DWSSM and MoWS is the **mandatory monthly and trimester progress reports**

[7] ToR for Project Coordination Office (PCO) and Coordination between PSU and PCO of SUSWA Project, approved in the Fifth Supervisory Board Meeting in July 2023.

that all GoN-funded projects should prepare (See Annex 9 for the National Planning Commission's template from 2013). These reports about SUSWA have not been provided to the National Planning Commission in the past nearly three years. The responsibility for preparing the reports rests with DWSSM and MoWS and therefore should be the task for the PCO. In practice, the PCO cannot prepare the required reports without SUSWA's support because the PSU holds all the data. The PSU has provided the PCO with an online access to SmartME (project MIS) but this is not sufficient because the required data is not available there (as encountered by the MTE).

The discussions that the MTE had with the members of the SvB, PCO coordinator and senior PSU experts indicate that coordination and collaboration between the PSU and PCO needs to be improved. While some respondents expressed satisfaction, the government staff clearly stated that communication and information sharing from the PSU to them should be improved. The MTE is not able to ascertain what is the role of the staff changes in these comments, as different persons have different experiences and views. PSU staff report that coordination and information sharing has been good. To support this they note that it has been possible, for example, to be able to make last minute changes to the government budgeting application (LMBIS), and to have some of the training manuals validated by DWSSM, and the SSC guidelines adopted at the national level. Whatever the perceptions, effective coordination and collaboration between such a significant project as SUSWA and its lead sector ministry and department is important for experience sharing and contributing to development of rural WASH in Nepal.

The MTE finds that the coordination arrangements with Ministry of Water Supply and the Department of Water Supply and Sewerage Management are not well defined in the revised Project Document. Given that SUSWA is the first initiative in decades with the MoWS as the lead ministry of a Finnish funded project, much better care should have been accorded to developing and describing the coordination arrangements both by SUSWA and the Competent Authorities, at the latest during the project inception period and finalisation of the Project Document.

4.3.2 Selection of partner LGs and sequencing

Initial selection of partner LGs

The main LG selection criterion in the revised PD is described as *"The selection of municipalities has been based on the main criteria of non-overlapping with other major WASH interventions in the province (USAID, WB, FCDO, FWSSMP, Helvetas), to avoid duplication of planning and workload in Municipalities.*" This resulted in 42 LGs listed as partner municipalities and has led SUSWA to work in remote unserved LGs with high expectations. The decision did not take fully into account the priorities and other ground realities in these municipalities. Focusing only on lack of support from other WASH projects diverted the attention from the other priorities that the municipalities may have had in water supply. In many unserved locations the call is for serving the unserved - i.e. the demand is for new schemes, not just for rehabilitation and repair. This could have been expected - if there are no other major programmes working in a location, this indicates a high likelihood of having unserved or very poorly served population. This became evident to the MTE: the demand is clearly for new schemes or major reconstruction (i.e. practically new schemes).

It was a common expectation that SUSWA would start working in all 42 LGs and that, given the history of Finnish-funded projects in Nepal, there would be longer term support. This was communicated to the MTE both by members of project staff (PSU and field) and by the LGs (meetings and virtual debriefing).

Feasibility of the planned sequencing

SUSWA had originally planned to support activities for only two years in an LG. Due to high demand from local governments, starting from this fiscal year, SUSWA has decided to extend this implementation cycle to three years, allowing a more gradual phasing out and a better-prepared exit

strategy. The updated implementation timeline is shown in Table 3 below. The expectation behind this plan is that SUSWA staff, both PSU and Municipal WASH Advisers, would work with any LG for only three years, and after that would focus on new clusters of partner LGs The expectation is that after this, the M-WASH Units could continue on their own.

Table 3 Implementation timeline of SUSWA

Status	FY1 2079/80 //2022-7/2023	FY2 2080/81 7/2023-7/2024	FY3 2081/82 7/2024-7/2025	FY4 2082/83 7/2025-7/2026	FY5 2084/84 7/2026-4/2027	Total
New LGs	8 'fast track'	13	4	17	-	**42**
LGs phasing out				-8	-13	**-21**
Total LGs per year	8	21	25	34	21	

Source: Annual Work Plan FY3

Significantly, the MoUs signed between the LGs and DWSSM are silent about this plan. On the contrary, they indicate that the MoU will remain effective from date of signature "*till the end of the Project period*". This suggests five years and this how the LGs had understood SUSWA's commitment. It is also not clearly explained in the PIM; an expression of "*multi years long implementation plan*" is discussed without defining the number of years. The MoUs do not indicate a short project period. During the MTE team visit for instance in Tripurasundari, the WASH MC heard about the phasing out plan for the first time. The expectation had been that SUSWA would be present in the LG for 5 years, and the LG was committed for this from its own resources. Their assumption was that the first year is an inception year for recruiting and mobilizing the WASH Unit, and for updating policies and plans. Given the ambitious outcome expectations and the baseline condition of the remote LGs, the three years cycle appears optimistic.

Already the 2nd Home Office Coordinator's Visit report in February 2024[8] raised a critical question about the planned increase of number of LGs in the 3rd year. The plan drafted at the time intended to increase the total number of municipalities to 35 LGs. The report pointed out that it was becoming physically impossible for the WASH advisors to manage their responsibilities effectively. The MTE concurs with this analysis.

4.3.3 Approach to sanitation and hygiene

The sanitation and hygiene work is guided by the Sanitation & Hygiene Implementation Plan (SHIP), the Trainers' Manual on Total Sanitation, the Total Sanitation Monitoring Protocol, and various Information, Education and Communication (IEC) materials introduced through Communications and Visibility related work. Among others, the SHIP introduces the Step by Step process for the promotion of sanitation and hygiene, and the steps for school WASH. The hygiene related work has placed emphasis on menstrual hygiene (Dignified Menstruation Management), targeting the whole community on the safe use and disposal of sanitary pads. Training on reusable sanitary pad making was provided in remote villages but with mixed results. For instance, in Tripurasundari, the MTE interacted with women in three WUSCs that participated in the one-day training sessions on sanitary pad making that SUSWA had organised. The experiences of the women on the training were mixed: in one WUSC the women were not satisfied with the trainer and the quality of training, in another WUSC

[8] Home Office Coordinator of the Project works at Niras Finland Oy. During the period evaluated the Coordinator has conducted two monitoring visits to the project, first one in November 2022 and second one in February 2024.

women reported that due to the remoteness of their village it had not been possible to attend the training; this also affects their ability to obtain raw materials for the pads. In third village the women were quite satisfied with the contents of the training. As the result of the trainings, in one community women continued to use old cloth as a sanitary napkin but have a better understanding about the need for hygiene when menstruating; in the second community, women will use sanitary napkins when they travel outside the village; but in the third community the women now use the reusable sanitary napkins they themselves make.

The MTE team observed progress with Total Sanitation, although the activities have focused only on water supply beneficiaries - i.e. communities where investments have taken place. Based on field observations and a specialist's presentation, it was found that awareness creation on sanitation and hygiene uses IEC tools like flip charts and hoarding boards conveying key messages. A social mobilizer is assigned to each project to conduct awareness sessions. Training on latrine construction is provided, along with the building of demonstration latrines. The project area commonly features two types of latrines: basic and improved, with the goal of transitioning households from basic to improved latrines. Modifications to basic latrines include raising ceiling height, adding ventilation, and installing ceramic or plastic pans. To facilitate the shift to improved sanitation, local resource persons are recruited, and a toilet supply chain is being developed to ensure the availability of pan options. Recently, Sanitation Task Forces have been established in each ward to scale up efforts. This action is supported by the MTE.

The distinction between "improved sanitation" and "basic sanitation" is vague in SUSWA's definitions. The **definition for improved sanitation** is "*SDG indicator 6.2.1 defines an improved sanitation facility a facility which is not shared with other households, and where the excreta produced is either treated and disposed in situ; stored temporarily and then emptied and transported to treatment off-site; or transported through a sewer with wastewater and then treated off-site. Improved sanitation facilities include flush/pour flush to piped sewer system, septic tanks or pit latrines; ventilated improved pit latrines, composting toilets or pit latrines with slabs*".[9] The **definition for basic sanitation** does not pay attention to disposal. In most of the remote hill and mountain locations the pits drain to the ground, and consequently fill very slowly the solid material composting in the pit. Many toilets have only one pit, the commitment being that once that is full, a new pit will be constructed. The original two-pit Sulabh latrine considered that by the time both pits are full, the first pit can be safely emptied and used in the field.[10] In SUSWA's locations, therefore, a latrine becomes "improved" if there is space and willingness to construct the other pit and leave the first one intact i.e. safely disposed in-situ. If one pit is in place, practically all toilets visited by the MTE team can be described as "improved toilets".

The MTE team did not observe open defecation, and new or updated toilets were observed in several locations. Some were constructed due to SUSWA's efforts, but many were built earlier during the drive towards ODF declarations. It appears that in resource poor communities, the motivation to upgrade an existing but well-functioning "basic" toilet to an "improved" one may be limited. In Hima RM it was learned that the cost of a constructing a completely new improved toilet is 20 000 NPR (EUR 140). Handwashing is addressed in Total Sanitation work.

[9] UN Water, Indicator 6.2.1 "Proportion of population using (a) safely managed sanitation services and (b) a hand-washing facility with soap and water" https://www.unwater.org/our-work/integrated-monitoring-initiative-sdg-6/indicator-621-proportion-population-using-safely

[10] Until now the understanding has been that when the second pit is full, the contents of the first pit have been standing for at least two years and virtually all pathogenic organisms will have died. At this point, it has been assumed to be comparatively safe to remove the pit cover slab and dig out the contents. By this time the pit contents will have broken down to leave an odourless material which can be safely spread on the ground to help improve the quality of soil. Yet, this depends on the locality, size of pit, temperature, availability of oxygen (how the pit was constructed), water level, and many other factors so overall hygiene and safety need to be considered.

Effective sanitation and hygiene call for understanding of the behavioural factors of the population, and the fact that these differ: what motivates in one location, may well be ignored in another. SUSWA's Output 3.1 *Personal and household sanitation and hygienic behaviours improved* calls attention to this. Effective Behaviour Change Communication (BCC) should pay attention to behavioural factors: why people behave as they do? What motivates them, what is it that they would like to have, what are the barriers to that? The MTE did not find any BCC materials to address the slippage with basic sanitation i.e. toilet use and toilet maintenance. Rather, the materials were more focused on Total Sanitation and hygiene practices. The MTE found that the BCC materials are based on past experience and knowledge generated from managing community-based WASH and health projects in Karnali Province and were therefore not particularly tailored. It is also not sufficient to count the number of toilets if these are not used or are not used by all. SUSWA's study on root causes of inequalities, once completed, can contribute to improved understanding of behavioural factors and what motivates the communities in the different municipalities.

In **sanitation marketing** in SUSWA is taking very early steps with the short-term consultant reports available and some products being introduced, with only very vague reference to consumers' behaviours and needs. IDE has prepared reports including "Sanitation Market Analysis Report (5/2023), "Adapting Desirable, Feasible and Viable Home Latrine Solutions for the Karnali Region Report (5/2023) and "Sanitation Business Models in Karnali Context (7/2023). Results from sanitation marketing activities were not visible in the municipalities visited by the MTE. The project reports that many activities have taken place after the IDE studies to support development of thriving supply chains for sanitation products (for example, workshops with wholesalers, importers and product representatives, workshops in marketing centres, and training to local masons).

SUSWA is supporting construction of **institutional toilets for schools and health posts**. School WASH with GEDSI friendly sanitation blocks were well received in all nine schools visited by the MTE. The school WASH programme with Three-Star approach and working with the Youth and Child Clubs is effective, well implemented and actively supported by the teachers and school management committees. With SUSWA support, Gender, Child and Disability friendly toilets have been constructed. However, there were also school toilets which were not connected to a water supply network. Lack of water is very likely to limit the use of toilets, their cleanliness and sustainability. Rainwater harvesting is still an option, even if there are some very arid pockets in Karnali with winter rains missing. In some schools the members of School Sanitation Committees were also tasked to maintain the cleanliness of the toilets, while in others the students were in charge of this practice, the clean-up applying also to solid waste within the school compound. Yet in other schools, a maintenance worker was responsible for cleaning duties. It was observed that the wheelchair accessible toilets are now in the mainstream and always constructed as part of the school toilet block.

The MTE team observed that in several cases these were kept locked and not used as "there were not people with wheelchairs". While the ramps and other special arrangements within the toilets work well in drawing attention to the disability issue and as such are highly appreciated by the MTE team, there is a need to broaden the scope. An eye opener to the MTE was the visit to a school compound in Chincchu, Bheriganga where with SUSWA support a new toilet block had been constructed, without giving any attention to toilet facilities of the hostel of children with disabilities that was also in the same compound (see Box 3 below).

With regards to faecal sludge management (FSM), at the time of the MTE the project had begun the situation analysis in selected communities. According to AWP FY3, the plan is to use the results of the analysis in facilitating the LGs to prepare a workable plan of action and initiate an FSM pilot. The MTE found that this is not the primary concern in most of the rural locations where SUSWA works. The issue was only raised by some schools where the MTE visited. The issue is coming up, but it is not yet critical in rural areas where SUSWA works.

Box 3. School and dormitory for disabled students in Bheriganga

The MTE visited Sikhar Secondary School that has around 1,000 students and a school compound that includes agricultural and livelihood development initiatives (at least nine major donors and programs, including the WASH Alliance and SUSWA). There is also a boarding school for 35 students with disabilities (both blind and physically disabled students), with only one toilet (two cubicles) and water available at a separate location. The School Management Committee raised concerns about the risk of snake bites and requested an accessible toilet and washing facility. The need, the needs of the blind students' school and dormitory had been overlooked. This presents an opportunity for the project to expand the concept of disability-accessible toilets beyond ramps to include facilities designed for blind children, integrating a washing facility within the same structure. The provincial Ministry for Social Development reportedly maintains lists of special needs schools. SUSWA's work on disability inclusion could be strengthened by assessing the condition of WASH facilities in these schools, as their needs may not have been highlighted or addressed in the M-WASH Plans. Sikhar school could serve as a pilot case for exploring options for blind-accessible toilets and implement this in the Sikhar as an advocacy case to raise awareness that accessibility goes beyond wheelchair users. In this case, the facility should cater to more than just basic needs, considering that this is a boarding school where blind students live and study full-time.

4.3.4 Capacity and leadership at local level

The capacity of local governments

The capacity of the LGs as duty bearers to deliver WASH services to the communities is built through learning-by-doing. One-off trainings can give entry points, but the actual capacity develops over time through action where these training topics are applied in practice. The experience and professional background of the local government staff, elected members and WASH Unit staff vary. In addition, every time the WASH Advisor is changed, the dynamics change.

SUSWA improved the capacity of LGs through training provided to staff, WASH MC and WASH Unit staff to enable them to better respond to community needs. Additionally, guidelines, plans, and policies have been developed to support the implementation of WASH activities. Learning through doing and on-the-job are highly valid tools. Participatory Annual Performance Assessment (PAPA) should provide some answers to what the capacity of the LGs as duty bearers is. PSU has done this for the eight FY1 municipalities. While PAPA should foster transparency and public discussion and serve as a tool for advocacy and mutual learning, the LGs visited were not entirely satisfied with the process; they had experienced the assessment more as a PSU a desk study rather than a participatory process engaging members of WASH MCs or individuals within the LG staff. The Water Integrity Network (WIN) has developed integrity assessment and management tools to increase integrity and reduce corruption in the water sector. SUSWA has prepared a facilitator's guide for the Annotated Water Integrity Scanning (AWIS). Over the past year workshops were organised in 16 LGs and as a result, each LG developed action plans tailored to their specific needs, focusing on improving governance structures, enhancing transparency in water service delivery, and ensuring community participation. SUSWA has also utilized the results of Local Government Institutional Self-Assessment (LISA) in assessing municipality capacities.

Capacity of WUSCs

WUSCs have an important role in defining what their scheme is truly about. If it concerns minor repairs, they should be able to address it themselves as part of the WSP+++. The first monitoring as per the Step-by-Step approach is critical, as at this point prior to construction, it is still possible to improve plans and review related costs, as well as to cross-check a range of issues from environmental, technical and social issues, to financial matters. Capacity building through the Step-by-Step approach should not be a one-off event for WUSC members but rather, contains a learning agenda, consisting

of both classroom-type lectures, and learning by doing once the scheme moves ahead. The training and orientation activities provided to the WUSCs have led to improved capacities and active WUSCs due to strong individual leadership. However, women in key positions still struggle to influence decisions, often holding secondary roles without real decision-making power.

Readiness of municipalities for phasing out as planned by the project

LGs are showing interest and awareness in taking leadership, but challenges remain. Frequent staff transfers, a lack of skilled personnel, and low motivation among LG staff hinder their ability to consistently deliver services effectively. The LGs also indicated that hiring WASH Unit staff is challenging and time taking due to the lack of required skill sets among the candidates as well as political pressure. The LGs also pointed at delays in financial execution as there is no finance staff of SUSWA at the LG level.

SUSWA's plan is to limit project support to a LG for three years. This is the same across all municipalities regardless of their location and need. Discussions with the CTA indicate that some flexibility might be applied, but clear criteria were not shared with the MTE. The MTE does not expect that this plan would lead into sustainable results. For instance, in upper Karnali the working season is very short. If schemes are selected based on the criteria that they can be planned and completed within this timeframe by a WUSC that has possibly not done this before, is unrealistic and will lead into short-cuts in the Step-by-Step approach. Furthermore, it takes time to have meaningful sanitation and hygiene programmes, in terms of first recruiting and then orienting and training the social mobilizers, then assessing the gaps and priorities within the municipality and its project focus areas, and then having these activities included into annual workplans and budgets. There is currently no LG phase out or exit plan.

Making major investments during the first year is not ideal. To prepare the investments and to carry to the necessary WUSC planning and capacity building events as per the Step-by-Step procedure calls for qualified trained WASH Unit staff. However, if this is the first year for the LG, the year starts with recruitment of WASH Unit staff and their orientation, as well as with review and prioritization of the schemes presented M-WASH Plans. The main construction period ends with the monsoon. In Upper Karnali the winter season further limits the number of active construction months.

From the beginning of Fiscal Year 3 (2081/82) SUSWA supports a total of 25 LGs. The four new LGs would be able to benefit from SUSWA support for 2 years 9 months (not even full 3 years). In all partner LGs, both 'fast track' LGs and those that joined SUSWA in FY2 or FY3, more support is required from PSU-based specialists and the PCO, especially when dealing with stakeholders not directly reporting to SUSWA. This is discussed further in chapter 4.4 below.

The LGs which MTE interacted with were positive to continue with their WASH Units after SUSWA would phase out. They were aware of the budget needed and had considered the staffing and their role in terms of serving the entire LG. It was noted that MoFAGA and MoF need to be involved in establishing permanent staff positions for the WASH Units and generally to institutionalize the WASH Unit into local governance structure.

4.3.5 HRBA and GEDSI

The MTE's assessment of SUSWA, in terms of applying a Human Rights Based Approach and gender equality, disability inclusion and social inclusion, is very positive both in terms of project design and implementation.

The project design is well linked to related guidelines and policies. The PIM specifies the project to be following MFA 2015 guidelines on HRBA as well as the UN Common Understanding on HRBA and the UN Human Rights Framework. The Project's response to the priority areas of the Finnish Development Policy (2016) relating to strengthening the status and rights of women and girls, with an emphasis on

sexual and reproductive health and rights, is specified in the SUSWA Project Document as social safeguards assessments and actions. These priorities remain valid in the current GoF policies (Report on International Economic Relations and Development Cooperation, 2024 and Finland's Country Strategy for Nepal 2021-2024). The Human Rights and Gender Equality, Disability and Social Inclusion Strategy and Action Plan that SUSWA developed identifies concrete action points to strengthen the inclusion and non-discriminatory practices of the project. Further integrating both the HRBA and GEDSI into the project, the strategy contributes to the capacity building of the duty-bearers to fulfil human rights and right-holders to claim them. It also provides overall support to the creation of an enabling environment with inclusive practices and processes in the WASH sector in the SUSWA partner LGs. The strategy highlights the equitable participation in different phases of the project and the importance of intersectionality in understanding the grounds of discrimination. It recognises that both "soft and hard components" of technical facilitation are needed to ensure WASH rights. These principles have been incorporated in the other key manuals and guidelines as well, such as Project Implementation Manual, Step-by-Step approach, WSP+++ and others.

SUSWA applies HRBA and promotes gender GEDSI in its activities. Key approaches are well understood in the context of WASH and Nepal and are also applied to in practice. It is well understood in its actions; SUSWA pays equal attention to the right-holders and their entitlements, as well as duty-bearers and their obligations. The project works actively towards strengthening the capacities of both the right-holders to make their claims and duty-bearers to meet their obligations. SUSWA is, for example, tracking under its output indicators the number of women, persons with disabilities and minority populations in key positions (chair, vice chair, secretary, joint secretary and treasurer) in WUSCs. Examples of concrete measures observed by the MTE are the activities in Menstrual Hygiene Management and construction of institutional (school) toilets that are both child, gender and disability friendly (CGD).

Examples of SUSWAs inputs to human rights and GEDSI were already mentioned in chapters 4.1., 4.2, 4.3.1, 4.3.3 and 4.3.4 above. Examples of impacts are included in chapter 4.5 below.

4.3.6 Progress vis-à-vis water supply, sanitation and hygiene targets

The outcome of SUSWA and the three outcome areas - improved governance, improved water supply and improved sanitation and hygiene - are valid as such. However, *the set targets for indicators, particularly for partner LGs and beneficiary targets for Outcome Area WASH Governance and Outcome Area Water Supply,* are no longer valid. Therefore the project is not on track towards meeting the achievement targets set out in the revised PD. The funding constraints discussed in chapter 4.3.1 are one of the main reasons. The second reason is the uncertainty regarding actual demand for different types of investment and their per capita cost. According to the PD (p. 39), during the inception PSU collected average cost information from similar projects and used those averages to calculate per capita cost estimates for different types of repair investments.[11]

The revised PD considers targets for "major" and "minor" repairs separately, these being now merged into one target combining also minor improvements made through WSP+++. At the same time, the per capita cost thinking for each category does not match with the actual per capita costs. It was evident at the time of MTE field visits, that schemes entered as "minor repair" or "major repair" were practically new schemes, possibly including major civil works such as overhead tank or more complicated electro-mechanical structures than classification as "gravity scheme" would indicate (e.g. solar lift). One of the key factors behind this is the demand from communities to construct private connections instead of community tap stands. In the following Table 4, the figures are collected from

[11] According to the information received in the discussions with the project staff (PSU and field), the present cost categories are 14 000 NPR per capita for new scheme, 8000 NPR for major repair and 5000 NPR for minor repair.

the Annual Progress Reports (APRs), Annual Work Plans (AWPs), and the revised PD. The table also shows how the project targets change when the baseline is changed to zero.

Table 4 Estimated beneficiary numbers and targets of SUSWA

Indicator	Project targets**	Cumulative progress by FY2 end (July 2024) **	Plan FY3** 7/2024-7/2025	Cumulative progress by FY3 end (July 2025) ***
Beneficiaries on water supply re-investment (Rehabilitation and Major repair of non-functioning water systems)	*Revised PD:* 40,224			
Beneficiaries on water supply functionality (Minor repair and service upgrade of partially functioning water systems)	*Revised PD:* 212,276			
Indicator 15: Number of people served by nonfunctional schemes made functional and safe (disaggregated by service level, gender, caste and disability)	*Target in AWP FY3:* 252,500	45,682	40,762	86 444
Beneficiaries on water supply new investment (Construction of new water systems to reach unserved communities) - Indicator 16: Number of people served by new water supply schemes (disaggregated by service level, gender, caste and disability)	*Revised PD:* 10,000	8,769	735 (all FY2 carry over)	9 504
Multiple use water systems (MUS)	*Revised PD:* 35 schemes	0	0	0
Institutional toilets	*Revised PD:* 300 (271 schools, 29 health care facilities)	78 (70 schools, 3 health care facility, 5 public)	61	134
Sanitation and hygiene beneficiaries	*Revised PD:* 483,600			
Indicator 21: Number of people having permanent access to improved sanitation facilities and using them (data to be disaggregated by sex, ethnicity and PWD).	*Target in APR FY2:* 90,321 *Target in AWP FY3:* 78,274	16,596 people (2,871 improved toilets)	23,676 people	40 272
Indicator 22: Number of additional people with access to basic toilets (data to be disaggregated by sex, ethnicity and PwD).	*Target in APR FY2:* 20,708 *Target in AWP FY3:* 21,336	12,224 people, 2,285 toilets	5,593 people	17 817

*Note to table: ** PD (01/2021) *** Revised PD (09/2022); APR FY2: Annual Progress Report 2080-2081 (2023/2024), dated 30.8.2024, AWP FY3: Revised Annual Work Plan 2081-2082 (2024/2025), presented to 8th Supervisory Board meeting 09/2024 *** Assumed "Cumulative progress by FY3 end" calculated from the actual cumulative progress as presented in the APR FY2 + the target set for FY3 as presented in the AWP FY3, taking the total target as presented in the AWP FY3 as the final target regardless whether it is the same as presented in the APR.*

Table 4 above summarises the set targets, cumulative progress and likely progress *assuming that the targets as set for the FY3 would be fully achieved*. Under Outcome Area 3 the project has also several other indicators besides indicators number 21 and 22, but the indicators seem to overlap with each other (it is likely that households and/or persons are contributing to several indicators).[12] One point of concern to the MTE is that in different documents produced by SUSWA, the targets fluctuate. This is an indication of problems with data management and the SUSWA Management Information System (MIS). This will be returned to in Chapter 4.4.

SUSWA has not supported any Multiple Use Schemes. So far, the only achievement in MUS consists of a field manual. Some collaboration ideas and plans were there for working together with GIZ/GRAPE, but with GRAPE phasing out, those plans will not materialize. Potential for future collaboration depends on the design of the next phase of GRAPE that is expected to start in 2025.

4.3.7 Feasibility of indicator targets and accuracy of baseline

Feasibility of SUSWA proposal on indicator targets

Before the MTE visit, the GoF requested that SUSWA should propose an "estimation of realistic results target levels". The MTE was tasked to assess the feasibility of the SUSWA proposal. The CTA of SUSWA shared on 20 September 2024 the '*TA note to MTE on budget scenarios, targets and indicators proposed changes*' (attached as Annex 10). The proposal includes three different scenarios for project beneficiary targets and partner LGs.

The SUSWA scenarios attempted to address possible levels of GoN funding for the remaining project period. In all these scenarios, the achievement of Result Framework targets in water supply, sanitation and hygiene are expected to fall behind the end of project targets. The three scenarios are based on expanding SUSWA's working area to either 36 or 42 LGs from the present number of 25 partner LGs.

The MTE is not in agreement with these scenarios for several reasons. Considering that the Annual Work Plan for FY3 was approved by the SvB in September 2024 only, the actual period covered in the SUSWA proposal is just one year and nine months (July 2025-April 2027). Based on discussions with the PSU and the municipalities, it is likely that the 11 LGs that were left out from the AWP for FY 2081/82 (2024/25) are not expected to be able to establish M-WASH-Units on their own resources during the current Fiscal Year. It is the understanding of the MTE that Municipal WASH Units have so far been established only in the LGs that are already SUSWA's partners. The recruitment process in new partner LGs could only begin from July 2025 at the earliest and the M-WASH Unit teams might be in place in October-November 2025.

This would mean schemes are selected based on the criteria that they can be planned and completed within this timeframe by a WUSC that has not done this before (or has done but not in recent history). This is both unrealistic and risky and will lead into short-cuts in the Step-by-Step approach. It also takes time to have meaningful sanitation and hygiene programmes in terms of first recruiting, and then orienting and training the social mobilizers, then assessing the gaps and priorities within the municipality, and then having these activities included into annual workplans and budgets. Preparation of design estimates for schemes to be funded could therefore commence only late 2025. It is not likely that many schemes could be finalized by April 2026. Many of them would need to be carried over to the last 9-month long period in FY5.

[12] The indicators and cumulative progress by July 2024 are: Indicator 24. Number of households with hand washing facilities on premises with availability of soap and water (6,003 households), Indicator 25. Number of households filling total sanitation criteria (3,718 households), Indicator 28: Number of religious and community leaders, youth networks and teachers mobilized against harmful chhaupadi practice (718 persons), and Indicator 30: Number of people trained on MHM including sanitary pad making (data disaggregated by sex, ethnicity and PWD; 3,466 persons). Data source: Annual Progress Report FY2.

It is evident that time is needed for capacity building of the LG elected leadership, M-WASH Unit and WUSCs alike. Importantly, most of the capacity building and awareness creation activities that SUSWA provides for WUSCs, LGs and M-WASH Units could not be implemented as intended in new LGs. SUSWA's concept of sequencing, after all, is for three years at a minimum to reach sustainable results in municipalities and WUSCs.

In summary, the MTE agrees that the original targets for the partner LGs and water supply and sanitation beneficiaries should be adjusted, as the original targets will not be attainable. The number of beneficiaries SUSWA can actually reach depends on reliable funding by the partners and on the decisions Supervisory Board will make on the MTE recommendations. The MTE is not able to provide revised target figures. The MTE is further of the opinion that highest possible target numbers could be reached sustainably by focusing on the current 25 partner LGs only. This would also be more cost efficient as SUSWA could utilize and build on the developed capacities and skills of the existing municipal WASH Unit staff. SUSWA will not achieve its intended target numbers in water supply, but best chances for achieving reasonable numbers exist if SUSWA limits it support to the current 25 partner LGs only. To verify this, the MTE analysed the municipal WASH Plans of the four LGs visited. In Bheriganga, Hima, Naumule and Tripurasundari alone the WASH plans have 112 schemes waiting for investment support. Assuming that these plans provide a realistic picture of the demand for repair and rehabilitation investments across 25 LGs, hundreds of schemes are waiting for support. Similarly, the achievement of beneficiary targets in sanitation, hygiene and menstruation management depends on the existing M-WASH-Units and how they can implement municipality wide awareness creation activities.

Project baseline values in the result framework

In the Results Framework of SUSWA, indicators have been set for all levels - i.e. impact, outcome and outputs, setting targets based on these. During the inception SUSWA also developed a baseline level for each indicator, as presented in the Results Framework of the PD.

The MTE observes that at the outcome level the SUSWA Results Framework has key indicators expressed as proportion of population or population already served. This is both cumbersome to track and easily gives misleading impression about the actual end of project targets, annual achievements and cumulative progress achieved by the project. Similarly, the baseline values are confusing. For instance, in AWP FY3 baseline for indicator 15: *Number of people served by non-functional schemes made functional and safe (disaggregated by service level, gender, caste and disability)* is "313,213", end of project target "565,713" and annual target for FY3 "420,917". In practice with baseline "0" this translates to an actual end of project target of "252,500" and FY3 annual target "107,704". In projects like SUSWA, baselines for output indicators should be 0 and output targets and progress should be expressed as plain numbers (not percentages). For outcome level, the baseline should also reflect the fact that outcome is the result that is expected to be achieved with project resources only and should therefore in many cases be 0 as well for quantitative indicators. Percentages may be expressed for tracking progress if relevant.

SUSWA proposed revisions of indicator baselines and some definitions to the MTE (see Annex 10). The proposed revisions were well justified. In the process of analysing the proposal the MTE identified also other indicators with incorrect baselines. The detailed observations and recommendations of the MTE at the outcome and output level are included in Annex 6. The MTE encourages the PSU to apply correct baseline information in the Result Framework.

4.4 Efficiency

To what extent has the project delivered and is planning to deliver results in an economical and timely way?

How effectively is the budget allocated to respond the needs of different outcome areas taking into account the current project span in terms of human resources and targeted municipalities?

To what extent is the division of tasks and expertise between the Project Support Unit (PSU) and field staff supporting the achievement and sustainability of project's objectives and indicators?

***Key findings:** SUSWA has delivered results for Outcome Area 1 economically and in a timely way. However, in both Outcome Area 2 Inclusive Water Supply and Outcome Area 3 Sanitation and Hygiene, some inefficiencies are observed.*

Sanitation marketing as a new approach to household sanitation is taking early steps in the field.

The categories of water supply investments that SUSWA supports are minor repair, major repair/rehabilitation and new scheme. SUSWA has attempted to maintain unit costs at a lower level by excluding necessary elements, like drainage and protection of pipelines and have them covered later in the WSP+++. This is not efficient.

The human resources provided for supporting beneficiaries in the partner LGs are not well balanced in the project. Municipal WASH Advisors need more support from the PSU. Some more technical staff would be needed to support the M-WASH Units and WUSCs in water supply and WSP+++.

Project management challenges were observed in relation to the Management Information System, discrepancies in financial and progress data reported, monitoring and reporting, communication and teamwork.

4.4.1 Delivery of results

To what extent the project can deliver results in an economical and timely way is directly influenced by both how human and financial resources are planned and how data regarding those resources is managed. A shortage of human or financial resources, or delays or uncertainties related to their eventual availability, obviously influence the decision making and eventually all activities at the LG and community level.

Table 5 presents the project budget as per the revised project document and project expenditure for the period of November 2021-July 2024, i.e. from the inception until the end of FY2.

Table 5 SUSWA budget and expenditure 11/2021-07/2024 by source

	Budget lines	Total budget	Expenditure 11/2021-07/2024	%	GOF / EU	GON	LGs	Users
	EUR	*Budget*	*Actual*	*Actual/ Budget*	*Actual*	*Actual*	*Actual*	*Actual*
1	**Programme implementation cost by**	**23 800 000**	**7 078 718**	**30 %**	**4 498 391**	**411 172**	**1 262 968**	**906 187**
OA1	Strengthened enabling environment and governance for sustainable WASH services and GEDSI	**7 418 000**	**1 973 069**	**27 %**	**1 264 994**	**-**	**708 076**	**-**
	Municipality WASH Fund	7 209 000	1 890 794	26 %	1 182 719	-	708 076	-
	TA Capacity Dev., Planning and M&E*	209 000	82 275	39 %	82 275	-	-	-
OA2	Climate resilient, safe and functional water supply in Project Municipalities	12 883 000	**4 016 324**	**31 %**	**2 478 440**	**389 150**	**301 316**	**847 418**
	Municipality WASH Fund & Users Contr.	12 670 000	3 970 876	31 %	2 432 992	389 150	301 316	847 418
	TA Capacity Dev., Planning and M&E*	213 000	45 448	21 %	45 448	-	-	-
OA3	Sustainable S&H and dignified menstruation management	3 499 000	**1 089 325**	**31 %**	**754 957**	**22 022**	**253 577**	**58 770**
	Municipality WASH Fund & Users Contr.	3 301 000	1 006 590	30 %	672 222	22 022	253 577	58 770
	TA Capacity Dev., Planning and M&E*	198 000	82 735	42 %	82 735	-	-	-
2	**Contingency (non-allocated funds)**	**574 427**	-	-	-	**-**	**-**	**-**
3	**TA Fees and Reimbursables***	**4 370 110**	**1 808 345**	**41 %**	**1 808 345**	**-**	**-**	**-**
	TA Fees international	1 422 760	664 606	47 %	664 606	-	-	-
	TA Fees national	1 896 350	745 686	39 %	745 686	-	-	-
	Reimbursables	1 051 000	398 052	38 %	398 052	-	-	-
4	**Running cost***	**1 210 000**	**423 996**	**35 %**	**423 996**	**-**	**-**	**-**
5	**Establishment cost (one time)***	**400 000**	**227 961**	**57 %**	**227 961**	**-**	**-**	**-**
6	**Remuneration of indirect costs to MFA**	**645 463**	**210 458**	**33 %**	**210 458**	**-**	**-**	**-**
7	**PCO/DWSSM Administrative**	**100 000**	-	**0 %**	-	**-**	**-**	**-**
	Total	**31 100 000**	**9 749 478**	**31 %**	**7 169 150**	**411 172**	**1 262 968**	**906 187**

Sources: Project Document, APR FY1, APR FY2

By the end of FY2, total actual expenditure across all funding sources through Municipal WASH Funds for **Outcome Area 1** has reached 27%. This funding has supported the establishment and mobilization of 21 WASH Units. Overall, SUSWA has demonstrated efficiency and timeliness in delivering results in this regard. However, the plan to expand the number of LGs while there is still work to be completed with existing LGs, raises efficiency concerns, particularly regarding human resources. The Technical Assistance required to support the newly established WASH Units is not covered under the MWFs but these two need to be considered together. As was implied in chapter 4.3.2, SUSWA does not have sufficient field staff (WASH Advisors) at present.

By the end of FY2, total actual expenditure across all funding sources through MWFs for water supply investments in **Outcome Area 2** has reached 31%. This has contributed to the completion of 86 water supply schemes (14 in FY1 and 72 in FY2). Considering the plans outlined in AWP FY3, the MTE notes that substantial investment budgets remain for the final years, from GoN and EU/GoF. Planning must be handled carefully to ensure that all initiated projects are completed and financially closed, keeping in mind that the fifth fiscal year (7/2026-4/2027) is not a full year.

By the end of FY2, total actual expenditure across all funding sources through MWFs for **Outcome Area 3** stands at 30%. OA3 encompasses sanitation, hygiene, and DMM activities. The expenditure has been largely used for training, awareness activities (MHM, Total Sanitation and for investments related to institutional sanitation). The achievements do not indicate efficient use of resources. SUSWA has built 78 institutional toilets (70 schools, 3 health care facilities and 5 public toilets). This is a reasonable achievement, but the progress with other tracked indicators under Outcome Area 3 is low. The achievement of 2,871 improved toilets used by 16 565 people is only 18% of the original target. Basic sanitation, with 12 224 people using basic toilets, is more on track with lower target expectations. By the time of the MTE, only six municipalities had action plans developed and implemented for achieving safely managed sanitation and total sanitation. The number of households fulfilling total sanitation criteria was 11 % of the target set.

A projection of project expenditure by July 2025

The MTE has also prepared a projection of project expenditure by the end of current FY3 (see Annex 7).[13] Assuming that activities and schemes can be implemented in FY3 as planned, total expenditure of SUSWA in July 2025 might be approximately EUR 16 million, i.e. 52 % of the original budget. Based on the projection, it is likely that the Technical Assistance budget of SUSWA would be fully consumed by the currently planned end date of SUSWA (April 2027). Significant savings are likely to remain in the operational budget under all Outcome Areas for all partners. The MTE is not able to make any estimates of financial delivery beyond that.

4.4.2 Water supply per capita costs

The MTE has looked at the water supply unit costs which have guided the beneficiary target setting in SUSWA (see also chapter 4.3.6). The estimated unit costs were first introduced during the inception. PSU used them to calculate beneficiary targets and outcome area budgets for SUSWA for the revised Project Document (see table 6 below).

The cost categories that SUSWA has used in reporting are not included in the M-WASH Plan. In the plans, schemes are presented in priority order and with indicative budgets. During the MTE, information was received from several sources that these same cost categories would be used as ceilings in scheme selection. The short-term consultant report on Value for Money (draft report, October 2024) also makes reference to “cost norms” adopted by the project.

Providing one tap per household (private taps) increases the per capita water use and changes the earlier pressure calculations within the network. Based on a sample of design estimates (showing the technical structures and related budgets) and field observation there is often a need to improve and/or reconstruct water intakes, reservoir tanks, and other structures within the system, and/or increase the size of transmission line from the intake to the village. Eventually the system ends up being more than “minor repair” by adding private taps as these cannot usually be added without considering the entire water distribution network. Adding technologies such as in-line chlorination and other water quality improvements further increase the cost.

In the analysis of actual per capita costs of water supply investments, the MTE has used two data sources. The initial data set provides the per capita costs of 20 completed water supply schemes in the four LGs where the MTE visited (see Figure 4). It was compiled with support from the PSU during the field visit. Although in the Project Implementation manual clear definitions exist, the data in Figure 4 indicates that SUSWA does not apply clear cost categories in reporting.

[13] Annex 7 provides actual expenditure by the FY2 end and projection until the FY3 end based on the approved AWP for FY03.

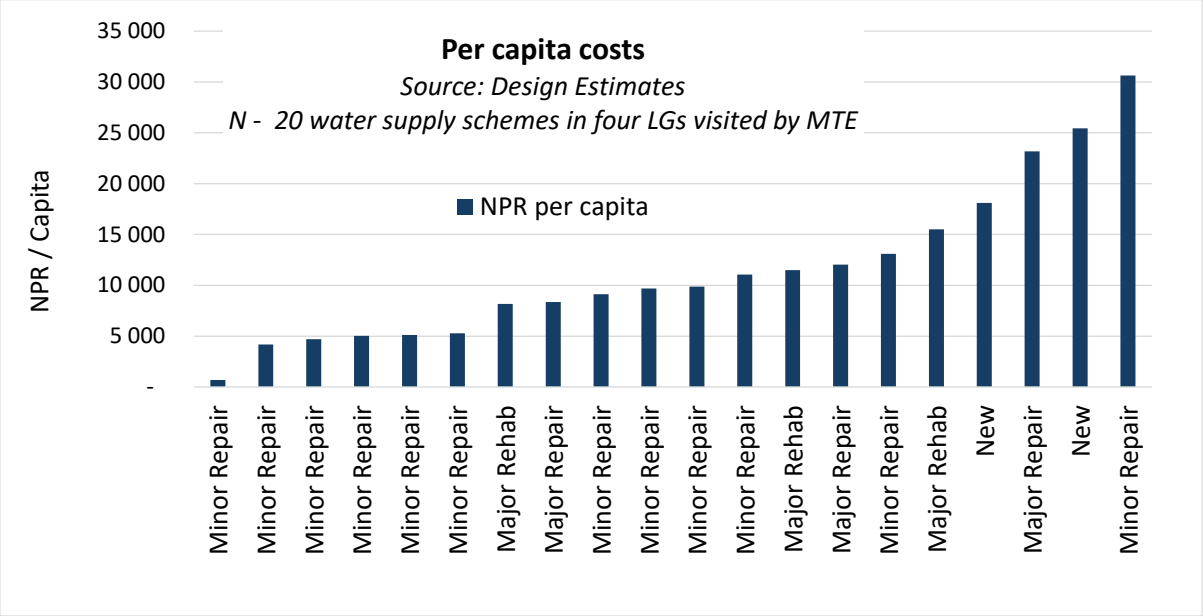

Figure 4 Per capita costs in the Design Estimates in LGs visited by MTE (Bheriganga, Hima, Naumule and Tripurasundari)

The second data source is the cost data from the Draft Unit Cost Study (Value for Money, Draft consultant's report, October 2024). The MTE figures on unit costs differ from the short-term consultant's report because we have only analysed completed schemes with full data. All schemes with incomplete data sets - i.e. those which did not include users, LG or EU/GoF contribution or (i.e. no budget, no actual expenditure) or information about technology type were left out. The following tables therefore apply to a total of 53 water supply schemes completed by SUSWA in FY2 only.

According to the PD, 64% of the investment budget was to be allocated for minor repairs; 27% for major repairs; and only 9% for new schemes. The actual situation is to the contrary: minor repair 9%, major repair and rehabilitation (often practically new schemes) 72% and new schemes 19% of the actual total expenditure (Table 6). This is also strong indication about where the interest of LGs and communities lies; there is demand for major repair and rehabilitation and for new schemes, not for minor repairs.

Table 6 Budget division according to scheme type (Sources: Project Document and Draft Unit Cost Study)

Scheme type	PD Table 15		FY2 - Total 53 water suppyly schemes by contributions				
	Total budget estimated	**% of total**	**Actual EU/GoF**	**Actual GoN**	**Actual LG**	**Actual Users**	**Total Actual**
Minor repair	7 743 164	**64 %**	9 %	0 %	9 %	8 %	**9 %**
Major repair & rehab	3 233 416	**27 %**	73 %	0 %	72 %	73 %	**72 %**
New Scheme	1 077 231	**9 %**	19 %	0 %	19 %	19 %	**19 %**
Total	**12 053 811**	**100 %**	**100 %**	**0 %**	**100 %**	**100 %**	**100 %**

Table 7 utilizes the same sample of 53 water supply schemes as described in the previous paragraph.[14] In the table, even higher per capita costs are evident than in the MTE's sample of four LGs. It is also evident that the definitions to different categories (minor, major, new) are not necessarily consistent by the per capita costs: major repair of lift systems costs more than a new scheme, while the minimum per capita cost for major repair can be less than the minimum for "minor" repair.

Table 7 Per capita costs in water supply schemes completed in FY2 (Source: Draft Unit Cost Study)[15]

Type	Schemes	Per capita cost, NPR			Per capita cost, EUR		
		Min of Per capita	Max of Per capita	Average of Per capita	Min of Per capita	Max of Per capita	Average of Per capita
Major Rehab	**33**	**1 860**	**38 260**	**11 457**	**13**	**268**	**80**
Electric Lift	*1*	*17 120*	*17 120*	*17 120*	*120*	*120*	*120*
Gravity	*29*	*1 860*	*20 737*	*9 856*	*13*	*145*	*69*
Solar Lift	*3*	*9 717*	*38 260*	*25 052*	*68*	*268*	*175*
Minor Rehab	**12**	**1 988**	**7 146**	**4 427**	**14**	**50**	**31**
Gravity	*12*	*1 988*	*7 146*	*4 427*	*14*	*50*	*31*
New Scheme	**8**	**11 852**	**21 800**	**15 101**	**83**	**153**	**105**
Gravity	*8*	*11 852*	*21 800*	*15 101*	*83*	*153*	*105*
Grand Total	**53**	**1 860**	**38 260**	**10 415**	**13**	**268**	**73**

4.4.3 Project Management and Human Resources

Rather than using the SmartME application as the single **Management Information System** of SUSWA, several solutions are used by SUSWA in managing project planning, progress and result data consist of several applications and software. The main tools for storing and processing data include the SmartME by Adalia, Word, Excel, mWater, High-Tech Survey for Water Supply System (includes also design, cost estimation and MUS options) and hardcopies (see list and descriptions in Annex 8). While SmartME is at the core of it, it does not contain all the data SUSWA needs. Significantly, no data with respect to any ongoing scheme is stored in one place. SmartME focuses on progress towards the indicators as in the results framework but, for example, does not contain any data about the ongoing projects and therefore does not meet the data needs of GoN progress reporting. In addition to SmartME, the PSU-based specialists maintain their own Excel spreadsheets.

Reportedly at the PSU, budgets and financial expenditure data are available from the **separate Excel sheets maintained by SUSWA financial section** (Account Monitoring officers, AMO) by aggregating figures submitted by the municipal WASH Units and attached to the WASH-MC meeting minutes. These figures include statements from the account sections of the municipalities (SUTRA reports) that

[14] APR FY2 reports very high per household figures such as NPR 137,768 per household for a gravity flow system and NPR 110,977 for lift system.

[15] NPR-EUR exchange rate (16 November 2024) 1 NPR equals 0.007 EUR. Obtained from OANDA https://fxds-hcc.oanda.com/?_gl=1*hap9lk*_ga*MTg5MDQ2MzgzOC4xNzMxNzQ2NDcz*_ga_Q2HXMSGECM*MTczMTc0NjQ3Mi4xLjAuMTczMTc0NjQ3My4wLjAuMA..#

are validated by the WASH-MC monthly. In the sample Design Estimates observed by the MTE, not all budgets matched the information maintained by the Technical Specialist in his Excel sheets for schemes, nor did they match with the Excel sheets AMOs maintained.

The MTE also found that with respect to both progress data and financial **data in different applications** (including SmartME), documents and reports produced by PSU **use different figures**. For example, achievement targets are not consistently reported in between the different documents or in the SmartME, and budgeted amounts fluctuate between different documents, as do the reported allocations and expenditures. Another example relates to the expenditure reporting under the Technical Assistance budget. Initial information from SUSWA/NIRAS suggested that there were savings in TA months that could be used for a local post. However, when this was checked it was found to be incorrect.

The MTE learned that when **preparing the Annual Work Plans and budgets**, the PSU has strictly adhered to budget allocations for the various Outcome Areas (OAs) as per the revised Project Document. This has resulted in inefficiencies, particularly revisions to the proposed scheme lists submitted by the partner LGs being made at the PSU level. The MTE was informed by some sources that attempts were made to lower the costs and stick to the ceilings by excluding some necessary elements, like drainage and protection of pipelines. SUSWA has adapted standard government design norms (DWSSM), including for tap stand drainage. However, depending on the site, SUSWA should have considered a more elaborate drainage system as part of scheme design. The experience from previous Finnish-funded projects is that standard design can be adjusted depending on the location: something added, something reduced, something left out completely. Where drainage is expected to create a problem, it should be addressed. Addressing these issues during the design phase is more efficient than retrofitting later. Another example was given with respect to capacity building activities; to fully keep with the capacity building budget, activities that may have not been essential have been added to the plans.

With respect to the available **human resources in the PSU and in the field**, the tasks and required expertise in the PSU and field staff is supporting the project objectives and activities. There are also several new officer-level additions to the TA team, mainly based in the PSU, covered from the reimbursable budget. They were taking their early steps in PSU at the time of MTE visit and hence, it is too early to assess to what extent they are in practice contributing to the achievement is too early to assess.

WASH Advisers are an essential link between the PSU based specialists in Birendranagar and the Municipality WASH-Units in partner LGs who are the backbone for action in the municipalities. SUSWA has nine WASH Adviser posts (seven based on clusters of municipalities and two roving advisors at the PSU). They face a very high workload given the geographical realities of the LGs they are meant to be advising. They are in constant movement between their assigned LGs. The MTE notes that also their logistic support is suboptimal: instead of vehicles, motorcycles are provided. Providing an annual rotation also means that they will not be able to complete all tasks they have started or have promised to start. While WASH Advisor rotation is considered beneficial for the individual, the one-year term in a cluster of LGs is too short, leading to a loss of social capital. There are many LG-level stakeholders that the WASH Advisors should liaise with– in multiple LGs - including municipality staff and elected members, Ward-level elected members and staff, local resource persons and mobilizers, WUSCs and other community groups, and other locality specific persons that could contribute to the project in many ways, including such as traders (sanitation marketing) and media. Research from the earlier Finnish-funded projects found that these relationships are critical for success.[16] es, b

[16] Haapala, J. and White, P. (2018) 'Development through Bricoleurs: Portraying Local Personnel's Role in Implementation of Water Resources Development in Rural Nepal'. *Water Alternatives,* 11(3): 979-998

WASH advisers are also essential for evaluating approaches and activities related to sanitation and hygiene, climate resilience, disaster risk management, GEDSI, and governance. Their field presence has been inadequate, also the local governments stressing the need for increased field-level oversight and participatory support. The MTE found that the present number of WASH Advisors is not sufficient to efficiently support the 25 partner LGs in FY3. At present SUSWA has nine WASH Advisers (seven advisers are based at their cluster of municipalities and two are roving). Although there should be more of them, there are no significant savings available to recruit more Advisers.

The MTE has concerns about **team support, trust, and communication** in the PSU and between the PSU staff and WASH Advisors. Several sources communicated to the MTE that challenges exist in internal communication and availability of the PSU staff to engage themselves in field level activities.

Effective monitoring of M-WASH units is critical for ensuring accountability and for properly conducted public audits – transparency remains high in the agenda of both GoN, GoF and EU. LGs reported delayed schemes due to missing monitoring and other support, particularly mentioning that the **support from PSU** is not available in time. The WASH Advisers often lack sufficient time for monitoring due to extensive travel demands. Requests for improved support and presence of PSU staff both for technical support and monitoring as per Step-by-Step procedure were brought up in the discussions with the staff and LGs.

The inputs from the Climate Change Adaptation/Disaster Risk Reduction Specialist are of tremendous importance to integrating climate change adaptation and disaster risk management into the project, using WSP+++ as the entry point. This consists of the development of relevant training materials and overall capacity building at different levels. Field manuals for WASH Units include the CCA/DRM and Climate Risk WASH manual; Spring shed management manual; Bio-engineering manual and Winter-proofing manual (in progress); and the Grey water management manual and MUS manual (completed). The post of the international CCA/DRR Specialist is only for two years without possibility for extension due to budget and procurement restrictions. It is the MTE view that the project would need to have a national specialist post established to continue the work of the international specialist, if resources would be available in the Technical Assistance budget, however it seems that this is not possible.[17] There is work remaining to ensure that the field manuals now completed and in process by the international specialist get used and are applied in practice, and that the valuable learning stemming from these gets documented and shared.

The planned duration of SUSWA is 66 months. The project started 1 November 2021 and will end in April 2027. This means that **FY5 ends already in April 2027**. Most TA staff would need to be phased out much earlier. This will allow the SUSWA administrative and finance teams sufficient time to process handing over assets and financial clearances for all staff, and for small number of TA staff to prepare the completion report and handover dossier, among others. These tasks cannot be completed while there are ongoing activities and staff remains active. Therefore, the phasing out of TA must begin earlier and be carefully planned. This includes the phased withdrawal from LGs and settling any remaining financial commitments with WUSCs and other community level actors even sooner. In practice, it will not be feasible to allocate new investment budgets for FY5, except for financial clearance of carryover schemes from FY4.

[17] Niras Finland Oy communicated to the MTE on 21 November 2024 that there were no savings in the TA fee budget (category: National Specialists).

4.5 Impact

What has been the concrete contribution of SUSWA in solving the functionality, sustainability challenge and other WASH related issues in the WASH sector in Nepal? Has SUSWA developed new ideas, approaches etc. that the government of Nepal and/or other donors are interested to scale up?

Key findings: It is too early to define any concrete contributions at impact level. SUSWA has started generating valuable lessons from addressing the functionality and sustainability challenges in repair / rehabilitation of water supply schemes. Experiences from WSP+++, SSC and innovative technical solutions (e.g. in-line chlorination, remote water level sensors) are important to the GoN and WASH actors in Nepal.

For un-served communities, a new or repaired/rehabilitated scheme, **providing water** at the private tap, **shows immediate impacts**. The community in a water supply scheme that was completed just two months before the MTE team visit was eager to share their immediate experiences, highly appreciating their improved situation. "*It was a full day job for female members of the house*" before the water project was built said the beneficiaries in Hima Rural Municipality. Now time is saved and stress avoided, as there is less quarrelling within the family. Women and girls have become more empowered thanks to having more time to interact and even study. All households have access to toilet, and now there is also water available for sanitation and hygiene purposes. One person raised the issue of whether people actually know what to do with the water and toilets, but the youth present in the meeting replied confidently "*Yes we do!*".

SUSWA's **emphasis on developing inclusive and sustainable WASH services** has much to offer to all levels of government and government stakeholders in all sectors in Nepal. SUSWA joins in a chain of WASH projects supported by Government of Finland that demonstrate the value of systematic efforts in addressing human rights, gender equality, disability inclusion and social inclusion that are also needed for achieving sustainable results. Box 4 provides some observed impacts of SUSWA's work on women, PwD and other disadvantaged / minority groups.

Box 4. Examples of impacts of SUSWA on Gender Equality, Disability Inclusion and Social Inclusion

Accessibility of nearby and clean drinking water has improved health and hygiene and resulting in time saving for the women who are responsible for collecting water for household uses, livestock, washing and cleaning.

The SUSWA GEDSI policy has increased representation and participation of women in key positions and has increased their confidence. Women are given due respect for their inputs and participation in all project implementation activities, such as construction and monitoring.

The availability of CGD friendly WASH infrastructure in schools - in particular, construction of gender friendly WASH facilities with attention to Menstrual Hygiene Management - has improved the attendance of girls during their menstrual periods.

Development of disabled friendly WASH infrastructure has removed some of the barriers of disabled children in attending school.

Persons with disabilities, as well as persons from minority groups, can influence decisions alongside other community members.

Improved awareness on DMM has decreased discriminatory practices faced by women and girls during their menstruation. Women are increasingly able to use taps and toilets during menstruation, and although isolation may still be required due to taboos, it will happen in a room in the house.

One of the expected contributions of SUSWA is **lesson learning**, both of the expected and the unexpected effects and impacts. Traditionally WASH projects in Nepal have focused on investing in new schemes. SUSWA's angle of focusing on functionality and sustainability of schemes through supporting investments in repair and rehabilitation of water supply scheme is refreshingly new in the sector. SUSWA's scope and available resources - even after the limitations experienced in GoN and EU/GoF budgets – remain at a scale that the project should be able to collect and analyse its

experiences across a variety of municipalities, contexts and schemes. The same applies to approaches used in sanitation and hygiene work. Such lessons would be of tremendous importance to WASH sector development in Nepal and would greatly benefit also MoWS and DWSSM and other partners.

SUSWA has already contributed to the national discussion, for example during the Joint Sector Review and has advocated the Support Service Centre concept, Menstrual Hygiene Management, Water Safety Plan concept that incorporates disaster risk response and management.

SUSWA's **potential impact is evident at municipal level** and consists of changed processes. Municipalities have established WASH Units, not just for investment planning and construction and technical support but also for monitoring and supervision of the scheme even after the completion of the scheme. Municipalities have developed WASH Plans and utilized those plans for prioritizing and selection of investments and for continually updating the WASH Plan. Entering the WASH Plans and information therein into the N-WASH-MIS would be the next important step.

Some impacts are evident in the changed sanitation and hygiene behaviours among men and women, particularly with respect to Dignified Menstruation Management.

The MTE team's discussions with the beneficiaries indicate **that every new solution brings a new set of challenges**, some of which can be addressed by the project, while others are probably beyond the means of SUSWA. For example, household connections introduce drainage problems, at least in the Upper Karnali context where houses in the villages are close to each other. In Lower Karnali, this is less of a problem because drainage water from household taps or from scheme overflow can potentially be used for MUS (though that potential is as yet to be incorporated in the schemes). Improved awareness on dignified menstruation management has brought up waste management problems - if commercially available sanitary pads are used, how to dispose of the used pads responsibly? Construction of toilets for schools and health centres will bring faecal sludge management problems in the future (at present no solutions or service providers exist to address this).

The **establishment of Nepal's first Service Support Centre** to increase professionalism in the delivery of water supply services in Karnali Province is an important pilot, also for the national level. SUSWA has made an effort to operationalise this concept by introducing the SSC also to the Karnali WASH Bill that is being drafted and orienting WASH Units and ward chairpersons as focal persons. The SSC has been in operation less than a year. Therefore, it is too early to assess to what extent SSC can extend its support to remote rural WUSCs and how the SSC itself will be sustainable once the project stops paying the salaries of the staff.

SUSWA pilots several innovations that may be of relevance to the WASH sector. These include replication of inline chlorination in Karnali province at scale. SUSWA is also piloting remote sensors to monitor their functionality by tracking water level change patterns in the water tanks in a few schemes.

Among the important innovations is WSS+++ and bringing the disaster risk response into O&M of the schemes. The concept is an adaptation of the earlier Water Safety Plan concept that has been applied in other projects as well. WSP+++ sets the entry point to CCA and DRR within WASH systems by strengthening existing modalities, creating new approaches, and building resilience. WSP+++ is now paying attention to both disaster preparedness and response. Activities include such as risk mapping, developing field manuals for WASH Units, and capacity building for LGs and WUSCs. Specific efforts involve disaster response planning, bioengineering, efficient water use, spring shed management, and grey water management. For Upper Karnali winter-proofing for long-term sustainability and resilience is a must - the field staff has observed water meters freezing, and is recommending not to install this type of structure in these locations.

The MTE became aware that there is still a tangible interest in receiving only hardware support - i.e. investment support among the partners, particularly among the LGs. Partners have less interest in

receiving software support, primarily used for capacity building and awareness activities, although this support has led into good results with hardware support.

4.6 Sustainability

What is the readiness of municipalities for project phasing out in the timeline planned by the project? What are the possible factors enhancing or inhibiting sustainability?

Key findings: The partner municipalities are interested and committed to funding WASH activities and delivering WASH services to the communities after SUSWA phases out. Their readiness has improved as a result of Municipal WASH Acts developed and gazetted, which should ensure continuation of Municipal WASH Units. More attention to financial sustainability of governance structures at community, municipal and provincial level is needed. Neither the Municipal WASH Units nor the provincial Service Support Centre supported by SUSWA are permanent institutions.

4.6.1 Capacity and readiness of municipalities to deliver WASH services to the communities

The capacity of the municipalities as duty bearers to deliver WASH services to the communities is built through learning-by-doing. One-off trainings can give entry points, but the actual capacity develops over time through action where these training topics can be applied into reality. Also, the experience and professional background of the LG staff, elected members and WASH Unit staff vary.

The different governance assessments (PAPA, LISA and AWIS) that SUSWA has introduced to the participating municipalities provide them with tools for continual self-assessment in the future. Participatory Annual Performance Assessment (PAPA) should provide some answers to what the capacity of the municipalities as duty bearers is.

The municipalities have become accustomed to planning and implementing WASH activities and they have developed capacities to perform their duties and provide services to the beneficiaries. With SUSWA funding, the municipalities have well-functioning WASH Units that are capable to support the WUSCs and School WASH Management Teams. A grievance handling mechanism has also been developed.

The municipal WASH Acts prepared by participating municipalities are an important initial step towards establishing permanent WASH governance and support structures at the local level. The Acts include provisions for permanent establishment of a WASH management committee and setting up a WASH Unit. The staff at the WASH Unit should include at least one sub engineer, one social staff and a Water Supply and Sanitation Technician for proper functioning of the unit. It should be noted that the gazetted Act is merely a starting point towards establishing “a permanent WASH Unit” into a LG.

The discussions the MTE carried out with LG representatives, municipal WASH-Unit staff and staff of SUSWA and other provincial stakeholders indicate that the municipalities have a high interest in setting up these structures. These viewpoints were also raised in the workshop that SUSWA organised for the partner municipalities in August 2024. They also came up in the feedback session MTE had with the municipalities during the field mission. Significantly, the municipalities expressed interest to continue co-funding to SUSWA also beyond the initial two years of the partnership. There is one condition though: the municipalities are not interested in co-funding activities that are merely capacity building or consist of minor repairs under WSP+++ activities. The municipalities expressed interest in genuine and significant service level improvements, which would require major rehabilitation of schemes or investment in new schemes. As was discussed in chapter 4.3.2, in all municipalities unserved population exists.

However, when the MoUs with partner municipalities were signed, their duration was vaguely stipulated with reference made only to SUSWA as a five-year project. It was news to at least some of the municipalities that SUSWA's intent was to support a LG for a total duration of three years only (see discussion on project cycle and phasing in chapter 4.3.2). The municipalities were not aware of any exit plans. According to PSU staff, exit plans have not been prepared.

4.6.2 Factors enhancing or inhibiting sustainability

The isolated Water User and Sanitation Committee (WUSC) model has proven to be less effective in maintaining functionality and is a challenging approach for long-term sustainability. In contrast, larger schemes that incorporate paid, dedicated staff for bookkeeping, management, and VMWs, as well as a reliable supply chain, are presumed to be more sustainable. Different models are discussed at present in Nepal. One option is that several smaller water supply schemes are merged under an umbrella of one WUSC which in turn takes a professional approach in terms of full-time skilled staff in operating and maintaining these systems. Other options outlined in the WASH Policy (2023) include public private partnership, water board or company and cooperative model.

Concern for institutional sustainability emerged as an issued during the MTE, both with respect to the Karnali Province SSC and the WASH Units in partner municipalities. It is too early to assess the sustainability of the Provincial Servicer Support Centre and to what extent a centre operating from Birendranagar, Surkhet will be able to provide support to all WASH Units in Karnali Province, not to speak of all WASH schemes in the Karnali Province. A lot depends on the sustainability of the organization itself and if MoWRED will incorporate the Centre into its organigram and be able to allocate budget for paying the salaries of the SSC staff.

The interest and readiness of the partner municipalities to budget for the WASH Unit and for the water supply investments is obviously a significant factor enhancing sustainability. The provincial government has also expressed interest to co-fund activities supported by SUSWA in the future. The MTE agrees with the project that the development of the WASH Act is the first concrete step toward establishing the WASH Unit as a permanent part of the LG's organizational structure. So far, this step has been reached in 21 municipalities (WASH Acts endorsed by the respective LG Council Meeting). As per the legal provisions, the steps to be completed are i) publication of WASH Act in the local Gazette; ii) an Organizational and Management Survey Report to be prepared by the Chief Administrative Officer with provision of WASH Unit to be included under the LG's organizational structure; and iii) submission of the Report to the LG Council meeting for approval. It should be noted that in terms of establishing the WASH Units, both MoFAGA and MoF would need to be involved in the process of establishing permanent positions for the municipal WASH units. Reportedly, SUSWA is moving forward with these plans in this fiscal year.

With WUSCs, adoption of a life cycle cost tariff has been difficult, though the approach has been discussed with WUSCs. The MTE observed that the WUSCs would need more support in setting up the water tariffs at a level that would be sufficient to meet the salaries of Village Maintenance Workers, the necessary tools and spare parts required for minor repair and maintenance work (e.g. taps, meters). The MTE does not expect that the WUSCs would be able to finance any major repairs or rehabilitation of schemes on their own. This means that WUSCs will need both technical and financial support in the event of a disaster – for instance, when a transmission pipe is washed away due to a landslide, or a source dries up due to external factors.

Inline chlorination is an **innovative solution** introduced by SUSWA to Karnali. Originally piloted by Helvetas, SUSWA has been scaling this up. MTE team observed several inline chlorination systems. In principle, the idea is acceptable considering that microbial contamination is the major water quality issue and that this can change after every rain. However, there were several challenges observed. For the replacement chlorine candles the Pokhara-based supplier has established a supply chain in

Nepalgunj, Dang and Dailekh. The cost can be up to NPR 40,000 (reported in Tripurasundari, Dolpa) which is an extra cost to the users. The present water tariffs just cover the salaries of the VMWs. Replacing the chlorine candles is likely to be a sustainability challenge. All cases observed by MTE were installed in such a way that also the reservoir tank overflow water was chlorinated. This is turn had resulted in the chlorine candles wearing out faster than anticipated. Reportedly this has already been addressed by the project.[18] The MTE also observed that in all but one case the chlorine candles were located inside a closed chamber in such a way that while it was still possible to open the candle, closing it was problematic when chlorine gas started filling up the closed space. This is an occupational risk for the VMW who is supposed to be opening the candle to be able to estimate the replacement needs in time. During the MTE visit, it was observed that several persons were required to go down to the chamber before the candle could be closed.

The **technical quality of water supply schemes** that the MTE observed (12 in total) was generally good. The physical quality of schemes was generally good, but there are issues with scheme design that pose a risk to sustainability of schemes. In some areas, wash-out air vents are missing in pipelines or air vents are also missing in distribution chambers, causing overflow. Intermittent flow was reported by many WUSCs visited. Intermittent flow results in deposits inside pipelines and hence, a system with an intermittent flow does not provide safe water. The high residual head is another risk to sustainability. Inadequate placement of washouts and airflows affects the flow. Meters are not sufficiently well insulated in Upper Karnali to protect them from freezing. Drainage issues in dense clusters were seen, where they could have been addressed in the beginning at the design stage. It would be also more efficient than coming back to it with the WSP+++.

The **quality of construction in school toilets** was not high. The team visited nine institutional toilets and observed that just few months after the construction, there were already signs of breaking down and dilapidation. In one school visited, handwashing stations were already removed because were broken, in another school, taps at the washstand had already needed repairs. The MTE team observed that materials which are not likely to last long (plastic taps and pipes used in the school toilets and handwashing stations) had been used.

5 CONCLUSIONS

Relevance

SUSWA's focus on water quality, sustainability and functionality is a relevant approach to contribute to SDG 6 in Karnali Province and in Nepal. Support to establishment of local government regulations is of tremendous importance to the partner LGs; the LGs have prepared regulations and policies necessary for establishment of inclusive and sustainable WASH services.

The provisions of the WASH Act have been misunderstood at the community and municipal level to the extent that private household connections are expected also in repair/rehabilitation schemes. This has created a situation whereby SUSWA's original approach on focusing rehabilitation and repair of water supply schemes including community tap stands is no longer valid. The repair is no longer just a repair, and this is driving up the costs of schemes. Considerably more capacity building will be needed too. The provision in the Project Implementation Manual with respect to community contribution is not keeping with the provisions of the Water Supply and Sanitation Policy (2023) and needs to be revised.

[18] The learnings from year one resulted in inserting one extra gate valve before the inline chlorination controls overflow water, and the technical staff has been trained accordingly.

Coherence, Coordination and Complementarity

At the provincial level, SUSWA participates in the Provincial WASH Coordination Committee and the Karnali WASH Cluster, collaborates closely with the relevant ministries in Karnali Province and has established strategic partnerships with academic institutions and NGOs. SUSWA's role has been instrumental in developing the Karnali Alliance on Dignified Menstruation Management. SUSWA compliments the other WASH sector projects and actors through its focus on repair and rehabilitation of schemes. SUSWA has benefited from experiences and interests of other WASH Sector actors, notably Helvetas and Karnali Water Activity.

At the local government level, SUSWA's support has been instrumental in supporting the development of Municipality WASH Coordination Committees (M-WASH-CCs); the committees are expected to have a lead role in mobilising support from many actors supporting WASH work and coordinating between them. Because SUSWA has chosen to support LGs where no other major WASH projects or actors are present, this role has been limited so far.

Effectiveness

SUSWA has been successful in several fronts. At the municipality level, the project has enhanced the capacity of duty bearers to deliver WASH services to the rights holders. Local governments are actively coordinating with community-level actors to implement WASH activities, contributing significant financial resources (considering that many LGs have low internal revenue). The partner LGs have developed Municipal WASH Acts, Water Resource Regulations, and WASH plans, supported by a National WASH Management Information System. Municipal-level WASH units have been established, and local capacities strengthened, utilizing Government of Nepal procedures like Gender Responsive Budgeting for financial management. Additionally, municipalities have formulated five-year GEDSI Action Plans to ensure inclusive WASH services. Among the innovations in rural WASH are the scaling up of inline chlorine technology; and the Water Safety Plan+++, which addresses climate change and disaster risk management (DRM) by focusing on both disaster preparedness and response.

In practice, the capacity of LGs to implement their WASH plans and related policies continues to be a challenge, as LGs lack sufficient internal human and financial resources. The capacity of the municipalities as duty bearers to deliver WASH services to the communities is built through learning-by-doing. One-off trainings can give entry points, but the actual capacity develops over time through action where these training topics are applied in practice. Given that the experience and professional background of the local government staff, elected members and WASH Unit staff, as well as WUSC members varies, tailored events and sessions are needed and should be continued.

For rural WASH, the LGs and communities continue to be the key stakeholders. While the private sector and the Service Support Centre can have a role to play in sustainable management of water supply schemes and in maintaining improved sanitation and hygiene practices, in remote locations, the core unit continues to be the community itself. From the rights perspective, the LGs as duty-bearers need to pay attention to all people within their administrative boundaries. The financial sustainability of WUSCs goes beyond technical functionality and includes addressing financial stability in highly vulnerable locations. Key issues involve tariff setting, the use of metered connections, and ensuring a continuous water supply. While in-line chlorination has contributed to the safe drinking water, the cylinders need replacement with a cost that has not been previously covered by the tariffs.

SUSWA has successfully followed the processes defined in the Project Implementation Manual and its other key manuals and guidelines. In water supply, projects prioritized in the M-WASH Plans have been selected, following a structured process of prefeasibility studies, design estimates, and final selection , and then following the Step-by-Step procedure. The challenge for SUSWA has been that the project Work Plan entries for minor repairs often escalate into major repairs, and what was initially planned as major repairs can turn into full-scale reconstruction projects. So far, SUSWA has provided financial and technical support to schemes ranging from very minor with low per capita costs to really

major (with very high per capita costs. WUSCs should handle minor repairs independently so improved scheme selection criteria are needed. WSP+++ and related trainings for WUSCs and Village Maintenance Workers are essential.

In sanitation and hygiene implementation and dignified menstruation management, the construction of child, gender, and disabled-friendly school toilets and the adoption of the GEDSI approach has been effective. The School WASH with Child, Gender and Disability) friendly sanitation blocks were well received in all schools visited (although the quality was not good in some of the schools). Water supply is a challenge for some of them; the problem should be addressed together with the sanitation: the facilities are unlikely to stay clean and hygienic without water. In dignified menstruation management the MTE observed quite impressive improvements during the field visit.

Until recently, SUSWA has limited the sanitation and hygiene beneficiaries to water supply scheme beneficiaries only; this has narrowed the scope of what the Municipal WASH Units can do. The drive to Open Defecation Free communities took a local government wide approach; the different projects and stakeholders worked closely together with the aim of covering the entire population within the local government boundaries. There is no reason to limit the scope, given the number of staff in WASH Units and their role in contributing to the entire municipality – these are Municipality WASH Units after all. It is positive that SUSWA now supports establishment of Sanitation Task Forces to take sanitation and hygiene activities municipality wide.

Effective sanitation and hygiene call for understanding of the behavioural factors of the population, and the fact that these are very different from cluster to cluster: what motivates in one location, may well be ignored in another. So far this has not been a strength of SUSWA. While Sanitation and Hygiene messages are well covered in the hoarding boards, overall Behaviour Change Communication activities have provided more emphasis on DMM than sanitation and basic hygiene.

SUSWA's main LG selection criterion was to select LGs where no other WASH development partners were active. This has led SUSWA to work in remote unserved LGs with high expectations. This has added several challenges that were not foreseen when the PD with a focus on sustainability and functionality was developed. In the unserved locations the call is for serving the unserved - i.e. demand for new schemes.

SUSWA has revised its implementation cycle in the partner LGs – now three years instead of the original two years. This is an improvement and implies that an exit from a LG would take place (though the plan for an exit has not apparently been conveyed to the LGs). The planned sequencing has been overly ambitious and has not also taken into account the human resources of the project. Selecting unserved partner LGs in the first place, then expecting them to have sustainable physical and institutional structures in place within a limited time, does not appear feasible and supportive of sustainable results.

The MTE argues that sustainability is more than taps and Acts. Attention to institutional sustainability was initially not adequately addressed in the design of SUSWA. So far eight LGs have developed WASH Acts that include provisions for establishing a permanent WASH Unit which is a great start However, the concrete activities towards establishing permanent units with LGs own resources have barely started. All the local governments that that the MTE interacted with were interested to continue with their WASH Units after SUSWA phases out. They were aware of the budget needs and procedures and had considered the staffing and their role in terms of serving the entire municipality. As noted above, MoFAGA and MoF need to be involved in establishing permanent positions for the WASH Units and generally to institutionalize the WASH Unit into local governance structure. There remains work to be done on this front in the LGs that SUSWA already supports at present.

The outcome of SUSWA is "*People supported by the Project Municipalities have improved access to safe and sustainable drinking water and adequate sanitation services, dignified menstruation and improved hygiene practices paying special attention to the needs of women and girls and those in*

vulnerable situations." The outcome and structuring activities along three outcome areas are extremely valid in the context of Karnali Province. However, the project is not on track towards meeting its indicator targets that were set out in the revised PD in 2022. When PSU was revising the project document during its inception, it did not give adequate attention to the available financial and human resources of the project and what could be feasibly achieved with those resources. Rather the Project document represents an attempt to cover all unserved LGs. The indicator targets set in the original Project Document (2021) were not based on solid analysis of the context, challenges and needs in the Karnali Province. These decisions have led into a situation where instead of "minor repairs", there is a strong demand for "major repair" following the one-tap-one-house principle. This often results in a practically new water supply scheme given that adding private taps calls for larger transmission line, new reservoirs and improvements in the water intakes, among others, the per capita cost then being similar to a new scheme. The funding constraints stemming from the Government of Nepal contribution for FY2 (not at all available) and FY3 (available amount less than originally decided by the SvB) have also impacted the achievement of targets negatively.

The MTE appreciates the different target scenarios proposed by the project but arrives at a different conclusion. Expansion of project area from 25 local governments to 36 or 42 local governments (subject to availability of GoN funding only) as proposed by the project is a risky proposition and would not produce sustainable results. On grounds of sustainability and efficiency, the MTE view is that for the remaining duration of the project SUSWA should focus its activities on the 25 LGs it is presently partnering with.

The project targets (indicators) as well as their baselines need adjustment in the Result Framework. The MTE is not able to provide any alternative targets for water supply, sanitation and hygiene beneficiaries because much depends on the availability of funding in the remaining years and on the decision on the number of partner LGs. MTE has made several recommendations to revise the baseline values in the Result Framework and to clarify the logic of target setting. These are all available in Annex 6.

Efficiency

At the end of second fiscal year in July 2024, the delivery rates per outcome area and inclusive of related TA Capacity Development, Planning and M&E costs were 30 % for Outcome area 1 on WASH Governance, 31 % on Outcome area 2 Climate resilient water supply and 31 % on Outcome area 3 Sustainable Sanitation, Hygiene and Dignified Menstruation Management. Delivery for Technical Assistance fees and reimbursables stood at 42 %. The total project expenditure was EUR 9 749 478 - i.e. 31 % of the available budget. With respect to WASH Governance, results have been delivered in an economical and timely way but with both Climate resilient water supply and Sustainable Sanitation, Hygiene and Dignified Menstruation Management, inefficiencies were observed.

The budget of the approved Annual Work Plan for the ongoing FY3 is approximately EUR 6.2 million. If SUSWA manages to implement the activities in this fiscal year as planned, the MTE projects that the financial delivery may reach approximately EUR 16 million by July 2025 (52 % of the available budget). It is not likely that SUSWA will manage to utilize the available financial resources by the end of April 2027.

The MTE notes that PSU has applied a rigid practice of remaining within the initial allocations of the budget lines; this has resulted, for example, in capacity building activities that were not always considered most relevant according to the stakeholders. The MTE view is that adjustments between different budget lines can and should be made. The Annual Work Planning and budgeting process is the tool for that, with the agreement of the SvB (a notable exception: Technical Assistance and operational expense budget lines need to be kept separate).

Results information should be systematically used for decision-making and learning at every level, by the project, by provincial and federal authorities and by competent authorities (MFA of Finland and

MoF of Nepal). For evidence- and results-based decision-making specific information needs to be updated and shared frequently.

The PSU has considered that the SmartME application forms the management information system of the project. The MTE discovered that the PSU uses several solutions, tools and applications in managing data related to planning, scheme design, progress monitoring and result data; in addition, the monitoring data is only partly stored in the SmartME. SmartME focuses on progress towards the indicators as in the results framework, these being updated every six months in preparation for semi-annual and annual progress reports. The WASH Units update the capacity building events regularly but the same is not practiced with regards to investments.

The project would benefit from revising its MIS and developing a comprehensive, seamless MIS system where all scheme related information (planned, ongoing and completed schemes) would be stored and kept up to date. However, the MTE does not consider an investment to revise the MIS to be an efficient measure at this stage. The PSU needs to develop for its own purposes as well as for providing the PCO with the required data for monthly and trimester progress reporting required by GoN, a monitoring system for ongoing investments.

The progress and financial data in different applications (including SmartME), and the documents and reports produced by the PSU provide a mixed picture, and present different figures. The MTE has concerns about the accuracy and reliability of the data: which document or source has the right figure for which information need, and how that can be verified?

Monitoring challenges exist, particularly with respect to monitoring M-WASH Units and involving PSU staff in monitoring activities. While the PSU has the required expertise and resources to support the project objectives and activities, the support to Municipal WASH Advisors has been sub-optimal. Municipal WASH Advisers constitute the main human resource for supporting the LGs. The MTE is of the opinion that the number of Municipal WASH Advisers has not been adequate even for the 21 LGs that the project supported in FY2. Even if the project remains within the current 25 partner LGs, both more field-based human resources and frequent support from the PSU to M-WASH Units will be necessary, to help the LGs to institutionalize the WASH Units. Even after the completion of the term of the international CCA/DRR Specialist, additional human resources would be needed to support WSP+++ activities also during FY4 and FY5.

Bilateral projects are partnerships between two governments – or in the case of SUSWA between two governments and the EU. Based on information received from key GoN stakeholders, the MTE understands that there is a need to improve coordination and collaboration between PSU and the PCO, DWSSM and MoWS. This would be welcomed by the partners. As the partnership is a two-way street, it would be important for the PCO based at the FWSSMP in Surkhet to have the human resources it needs; this is the responsibility of the MoWS and DWSSM.

Impact

The lessons learned and experiences generated through the activities at the municipality and province level are expected to be SUSWA's main impact and contribution to solving the functionality and sustainability challenge in Nepal. One of SUSWA's learnings is that with every new solution new set of challenges will develop. This underlines the importance of capacity building activities at LG and community level, to find local solutions where possible. The duty bearers and right holders need to stand on their own feet when SUSWA's resources, guidelines and staff are no longer available. SUSWA's approach on WASH services that are not only sustainable but also inclusive, is very important and should be continued with vigour.

Sustainability

The interest and readiness of partner LGs to fund – and continue funding – WASH activities, is a significant positive factor for sustainability. The permanence of the M-WASH Units remains to be

tested; action from the LGs is needed in institutionalizing and financing the units. This applies to the Karnali Province Service Support Centre as well – for it to become sustainable, it should be institutionalized within the MoWRED structure with permanent posts established with Provincial government or GoN resources.

With WUSCs, adoption of life cycle cost tariffs has been difficult. Even setting the tariffs at a level that would be sufficient to meet the salaries of the VMWs and purchase of essential tools and spares for minor repairs is a challenge. Different models to replace the isolated Water User and Sanitation Committee model are being discussed in Nepal, ranging from merger of smaller WUSCs into bigger ones or adopting a cooperative, Water Board model or public-private partnership model. SUSWA can contribute to the discussion through sharing its experiences widely.

6 RECOMMENDATIONS

The MTE has drawn quite numerous recommendations. However, these are based on the main findings and conclusions discussed in the report. The MTE has indicated the primary responsibility in taking action on the recommendations.

1. **SvB**: It is recommended for **SUSWA to support only those 25 Local Governments** that it currently partners with to achieve sustainable results. Please note: if this recommendation is approved, the decision made in the 8th SvB meeting in September 2024 to expedite signing of MoUs with 11 additional Local Governments should be revisited.

2. **SvB**: It is recommended to **revise the beneficiary targets of SUSWA** to take into account the remaining duration of SUSWA, the progress achieved so far, and the human resources SUSWA has available to support the LGs. Baseline values should be corrected in the Result Framework.

3. **SvB**: It is recommended to **revise the allocations within the existing budget of SUSWA** to:
    a. reflect an updated balance of resources needed for achieving the revised targets for Outcome Area 1 WASH Governance, Outcome Area 2 Inclusive Water Supply and Outcome Area 3 Sanitation, Hygiene and Dignified Menstruation Management. Necessary adjustments between the Outcome Areas and budget lines should be applied as part of the regular annual planning and budgeting process, in agreement with the SvB.
    b. transfer the savings in the budget line 'TA Establishment cost, one time' to budget line 'TA Running cost'.

4. **SvB**: It is recommended for **SUSWA to focus on major repair/rehabilitation of existing schemes and new schemes serving the unserved, and sanitation and hygiene activities in the current partner LGs** that have the interest, an active WASH Unit, and are committed to contribute to the Municipal WASH Fund.

    a. Selection of water supply and sanitation schemes should be done within the resources committed by the EU/GoF, GoN, LGs and users and be based on Municipality WASH Plans and priorities expressed therein. Ceiling costs for different investment categories should no longer be used.
    b. An exception are the sanitation facilities in schools serving Persons with Disabilities; those should be supported even if not included or prioritized in the Municipality WASH Plans.
    c. As per the definition in the Project Implementation Manual, 'minor repair' refers to small fixes to the system like faucet/tap replacement, fittings replacement, repair of pipeline

leakages, removing pipeline blockages etc; minor repairs can be handled by the community/WUSCs themselves to maintain the functionality of the water system. SUSWA should provide only technical and capacity building support to such schemes.

5. **PSU**: With respect to **the manuals of SUSWA**, the MTE recommends that
    a. the PSU reviews the provisions for community contribution in the Project Implementation Manual and revises the section(s) of the PIM as necessary to be in line with the Water Supply, Sanitation and Hygiene Policy 2023. Any other provisions in the PIM that may change as a result from addressing the MTE recommendations should be reviewed as well.
    b. the PSU amends the Step-by-Step procedure, given that the water supply schemes identified with repair needs may already have a WUSC with some experience or a WUSC needs to be re-established. Not all steps may be needed and/or there may be a need for alternative steps in terms of identifying the options for reconstruction or extensions, or for WUSC re-shuffling, re-orientation or additional training in specific topics. Topics could be included such as water meter reading and related tariff setting, financial stability and management that considers the increased costs compared to the earlier situation (such as adding in-line chlorination into system), or advanced-level technical operation and maintenance, where technology such as solar lift or other new (electro-mechanical) equipment has been added into the water supply system.

6. **PSU**: With regards to **Sanitation and Hygiene**, it is recommended that
    a. Sanitation and hygiene activities should take into account the locally relevant behavioural factors and address the critical behaviours accordingly. The Total Sanitation programme could be scaled up across the entire LG as relevant and be targeted: it may not be necessary to keep addressing all Total Sanitation targets at the same time if a given cluster of households have no issue with these. Usually limited and targeted behaviour change communications lead into more sustained behaviours and practices. The WASH Units should be encouraged to tailor their approaches to different locations as they are in the best position to assess the local behaviours and what drives and motivates people.
    b. On Faecal Sludge Management, to focus on reviewing the needs for FSM in all partner LGs as part of the on-going sanitation activities, go ahead with awareness and capacity building at the LG lever and with the learning and sharing events, but not to initiate an FSM pilot and not to focus on urban areas only.

7. **PSU**: With regards to **inclusive and sustainable WASH governance and working with the LG**, pay attention to what sustainability means in each municipality considering the ground realities of each Local Government (such as location, unserved population, access to market, spare parts needed for lift schemes and in-line chlorination (or other technology), priorities, barriers and behaviours related to sanitation and hygiene, local human and financial resources, and willingness to continue running a WASH Unit).
    a. The governance assessment tools (PAPA, LISA and AWIS) give an indication of the future likelihood for how sustainable a WASH Unit and its activities could be after SUSWA phase out. MTE recommends PSU to make PAPA more participatory, engaging the WASH MCs rather than collecting data to PSU and sending the result back. PAPA can be used to identify further training needs and other gaps in sustainability, and the related interaction can lead into innovating LG-specific solutions and opportunities.
    b. MTE recommends the PSU to improve and clarify communication about the exit strategy, especially with the LGs. The readiness of LGs for phasing out should be planned and assessed jointly with the LGs, taking into account their specific situation vis-à-vis different dimensions of sustainability: how ready the WASH Unit is to continue providing services,

how ready the WUSCs and their schemes are for phasing out SUSWA support? Are there other opportunities or stakeholders to continue support?

c. Facilitate the update of the M-WASH Plan and related N-WASH-MIS entries as part of phasing out from a LG.

8. **PSU, MoWS and MoWRED**: With regards to **institutional sustainability**, it is recommended that SUSWA supports
    a. MoWRED in defining how the Ministry can institutionalise the Service Support Centre - i.e. how can its services continue after SUSWA and what are the services the SSC can provide to M-WASH Units and WUSCs with own funding.
    b. partner LGs in establishing permanent M-WASH Units. This is not just for SUSWA alone but inputs from MoWS will be needed in advocating with MOFAGA and MoF on the urgency and importance of institutionalizing municipal WASH Units.

9. **PSU**: With regards to the **human resources of SUSWA**, it is recommended to establish the following new posts:

    a. From the capacity building budget, establish four (4) new Technical Facilitators' posts (assigned to a cluster of municipalities, no overhead) to support M-WASH Units and WUSCs in the partner LGs in scheme design, implementation, and other technical tasks, as the need arises. According to the partner LGs one reason for delays and quality problems with technical design of schemes has been that technical support has not been available from the PSU in timely manner. One roving WASH Adviser at the PSU is not a sufficient resource to support all partner LGs on technical matters.

10. **PSU**: With regards to **project management** it is recommended that
    a. the PSU should be more responsive to the needs and concerns of the WASH Advisors and help resolve issues, as well as generally make them feel valued as team members.
    b. the PSU develops a manageable and reliable monitoring system for on-going investments, both water supply and institutional toilets. The system should allow users to find all information from one source (e.g. technical and financial details, and information related to WUSCs and beneficiaries). The system should also meet the data needs of GoN monthly and trimester progress reporting. This would mean that both PSU and PCO could have updated information for both physical and financial progress, which in turn could serve both GoN reporting needs and PSU's own work planning: PSU-based specialists and officers could target their field movement in those locations where there seems to be issues with progress. Given the small number of on-going active schemes in each LG, it is expected that the WASH Units will be able to update both the physical and financial progress of their investment schemes, as their financial progress should follow the Step-by-Step procedure (e.g. instalments released after the scheduled monitoring visit). WASH Advisors and PSU staff should also monitor the application of the Step-by-Step procedures. This is part of the capacity building approach at WUSC and scheme level.
    c. the PSU uses consistent verified financial figures for actual annual and cumulative expenditure in progress reports and work plans for planning and monitoring the financial resources. This is particularly relevant towards the end, to avoid over-commitments. Same applies to indicator data, in plans and reports updated/current data should be used.

11. **PSU, PCO, DWSSM and MoWS:** With regards to **coordination, collaboration and information sharing with the federal stakeholders**, the role of the Project Coordination Office and PSU's collaboration with the PCO, DWSSM and MoWS is of utmost importance. Therefore, it is recommended to

a. the PSU to improve on the collaboration, coordination and information sharing with the PCO, DWSSM and MoWS.
b. the PSU shares the data it holds with the PCO, in order to use in GoN monthly and trimester progress reporting in a timely manner (linked to recommendation 11 below).
c. MoWS and DWSSM expedite their efforts in having the agreed additional staff resources for PCO (three staff members) in place as soon as possible.

ANNEX 1. TERMS OF REFERENCE

MINISTRY FOR FOREIGN AFFAIRS OF FINLAND

ASA-40 Miettinen Riikka

UH2024-029777

23.5.2024
V 2.0

Terms of Reference for Mid-term evaluation of Sustainable WASH for All in Nepal

Sustainable WASH for All Nepal SUSWA

1. Background to the evaluation

Sustainable WASH for All (SUSWA) is a bi-lateral project funded by the Government of Nepal (GoN) and Government of Finland (GoF) jointly with the European Union (EU). It is implemented in selected Local Governments (LGs) of Karnali Province. The SUSWA project implementation started in November 2021 and it is planned to continue until June 2027. The project works in 21 rural municipalities at the moment, including municipalities in the isolated and remote areas of Upper Karnali. The project has also initiated collaboration with 15 new municipalities by facilitating their annual work plan development for fiscal year 2081-2082 (Gregorian 7/2024-7/2025). The implementation of second full fiscal year is coming to an end in June 2024 and it is the right time for mid-term evaluation in order to be able to take into an account the evaluation results in the planning of the last two years of the project implementation.

Project Title: Sustainable WASH for all in Nepal (SUSWA) Project Number: 66014276

Sector: Water Supply, Sanitation and Hygiene

Geographical Coverage: Karnali province, 42 municipalities selected

Duration: 66 months

Starting Date: November 1, 2021

Impact Statement: Improved well-being and inclusive communities with sustainable WASH services and behaviours through local governments' improved capacity to achieve equal rights to WASH for all.

Outcome Statement: People supported by the Project Municipalities have improved and equitable access to safe and sustainable drinking water and adequate sanitation services, dignified menstruation and improved hygiene practices paying special attention to the needs of women and girls and those in vulnerable situations.

The Outcome areas of the Project are:

- Strengthened enabling environment and governance for sustainable WASH services and Gender Equality, Disability and Social Inclusion (GEDSI) in project municipalities

- Climate resilient, safe and functional water supply in Project Municipalities
- Sustainable Sanitation & Hygiene and Dignified Menstruation Management

Beneficiaries:

OA1 Strengthened enabling environment and governance for sustainable WASH services and GEDSI in Project Municipalities (42)

OA2 Climate resilient, safe and functional water supply in Project Municipalities (262 500 beneficiaries)

OA3 Sustainable Sanitation and Hygiene and dignified menstruation management (483 600 beneficiaries)

The project has human rights based approach and promotes gender equality, non-discrimination and promotion of climate resilience (climate change mitigation, adaptation and preparedness) as cross-cutting objectives.

The total budget of SUSWA is 31.1 MEUR, comprising 5 MEUR from GoN, 9 MEUR from GoF, 10.1 MEUR from the EU, and estimated 5 MEUR from Municipalities and 2 MEUR from users' contribution. The competent authorities of the project are the Ministry of Finance (MoF) of Nepal and the Ministry for Foreign Affairs (MFA) of Finland. The Department of Water Supply and Sewerage Management (DWSSM) under the Ministry of Water Supply (MoWS) is the main agency supporting the implementation of this project and has appointed Project Coordination Office (PCO) with three staff to support the implementation. The project municipalities are the main executing agencies of the project and responsible for planning, implementation, and monitoring of WASH activities in their areas. The municipalities support Water Users and Sanitation Committees (WUSC) to operate and maintain the water schemes at the village level.

The Project Support Unit (PSU), managed by NIRAS Finland, provides technical assistance and works closely with the PCO, DWSSM and municipalities. The Supervisory Board (SvB) is the main decision making body of SUSWA. SUSWA supports the local government to undertake their mandate in providing WASH services to the people in a participatory and transparent manner. The Project targets to support the establishment of an efficient and transparent WASH governance at a municipal level that is capable of ensuring safe, sustainable, inclusive WASH services and conditions for all. The municipal level must first internalize the concept of lifetime services (and costs) of schemes. The principles of lifetime management shall also be rooted at the community level. Hence, SUSWA will continue to construct new schemes, but the focus of the project is more on rehabilitation and improving functionality of existing systems.

1.1. Programme context

Nepal is one of Finland's primary long-term development partner countries. Finland has done development cooperation in Nepal since 1983, in water sector since 1989. In the previous Country Strategy for Development Cooperation for Nepal (2016-2019), Finland focused to improve water supply and sanitation services especially in rural and remote areas as the first Impact Area. The Country Programme 2021–2024, builds on previously achieved results focusing on improved climate resilience and health through sustainable water supply, sanitation and hygiene and livelihood development.

On this background, there have been many bilateral water projects, some of them also with delegated agreement by (European Union (EU), such as Rural Village Water Resources Management Project (RVWRMP) and the current Sustainable WASH for All (SUSWA).

2. Rationale, purpose and objectives of the evaluation

The purpose of this mid-term evaluation (MTE) is to assess the progress of the SUSWA project towards meeting the targets set out in the Project Document as well as the feasibility of the set targets. The MTE will recommend measures to improve the implementation to achieve sustainable results during the rest of the project duration. It is also expected to give guidance for the competent authorities on sustainable exit.

The priority issues of this evaluation are:

- Are the result targets and the number of local governments to be covered feasible and is the project reaching the most relevant beneficiaries according to the project goals? The analysis should take into account the remaining resources (both financial and technical assistance) and the sustainable ending of the project as fixed preconditions.
- The human resource management, teamwork and operational set up: is the current technical assistance teams organized in an optimal way to ensure achievement of the project objectives and their sustainability?

3. Scope of the evaluation

This is the mid-term evaluation (MTE). Main emphasis is on the criteria of effectiveness and efficiency, to strengthen the accountability of expected results, and give recommendations to finalise any outstanding targets, as well as recommendations to assure a good process. Since impact and sustainability would not yet be clearly confirmed, these issues should rather be reviewed as how to promote "the progress towards impact and sustainability".

The MTE will cover the period from the beginning of the implementation of the project to beginning of the evaluation and it covers the whole geographical area of the project. The MTE should visit both completed schemes and those under construction. For the field visits the mission should choose municipalities from both Upper Karnali and Lower Karnali covering in total minimum of 4 municipalities. The chosen municipalities should represent different groups based on when the SUSWA implementation started: 8 fast track municipalities, year 1 implementation and year 2 implementation. In preparing the MTE, the consultant shall consult with all relevant project stakeholders including, but not limited to, the EU, MoWS, the Ministry of Finance, Provincial and Local Governments, Water Users and Sanitation Committees.

4. Issues to be addressed and evaluation questions

The MTE will analyse challenges, good practices and lessons learnt related to each of the below questions and give recommendations for a way forward.

Relevance:

- How has the new Water Supply and Sanitation Act released in 2079 (2022) and municipality level regulations influenced the project implementation?

Coherence, Coordination, Complementarity:

- To what extent is the project coherent, coordinated and complementary with other local level actors? What kind of synergies do and/or would add value?

Effectiveness:

- Is the project on-track towards meeting the goals set out in the Project Document and are the set goals and targeted areas feasible? The evaluation team should assess whether the

project is able to reach its targets and if not, how should they be adjusted according to the evidence from the evaluation to reach sustainable results with the available resources for the project.

- The planned sequencing and phasing out of municipalities: assess the readiness of municipalities for phasing out as planned by the project. Is the planned sequencing feasible and supportive of sustainable results?
- What are the successes and challenges of SUSWA work in the different levels (community, municipality, province, federal)? Are the processes participatory and inclusive? How has the project succeeded in the promotion of the meaningful participation of women and minorities in decision-making?
- Is the project's approach for sanitation and hygiene effective and sustainable?
- How has the project strengthened the capacity and leadership of the local governments and Water Users and Sanitation Committees to deliver the services to the people?

Efficiency:

- To which extent the project has delivered and is planning to deliver results in an economical and timely way?
- How effectively is the project budget allocated to respond the needs of different outcome areas taking into account the current project span in terms of human resources and targeted municipalities?
- To what extent is the division of tasks and expertise between the Project Support Unit (PSU) and field staff supporting the achievement and sustainability of project's objectives and activities?

Impact:

- What has been the concrete contribution of SUSWA in solving the functionality, sustainability challenge and other WASH related issues in the WASH sector in Nepal? Has SUSWA developed new ideas, approaches etc. that the government of Nepal and/or other donors are interested to scale-up?

Sustainability:

- What is the readiness of municipalities for project phasing out in the timeline planned by the project?
- What are the possible factors enhancing or inhibiting sustainability?

5. Methodology

The MTE is to be carried out as a participatory, open and transparent process for all stakeholders including the final beneficiaries/rights owners. The MTE team is to base their observations, analysis and recommendations on relevant documentation, interviews and other relevant methods. The assignment includes both desk study and fieldwork. Multiple methods are expected to be used to validate the findings, both quantitative and qualitative. In data analysis, data should be disaggregated by gender, age group or other relevant categories. The Consultant is to propose the work methods in more detail, and they will be finalized in the inception report. The key background documents are listed as an annex to this ToR.

6. The evaluation process and time schedule

The Mid-term Evaluation (MTE) is expected to take place in July-November 2024. While a detailed work plan will be left to the evaluators to propose, the tentative schedule is as follows:

Schedule	Actions
June	Draft Terms of Reference (ToR)
	Kick-off meeting with consultant, selection of the CTA
	Service Order
July-September	Kick-off meeting with the team and finalizing the TOR
	Desk review
	Draft inception report
	Final Inception report
	MTE mission in Nepal (The team should reserve adequate time for traveling to the municipalities in the Upper Karnali)
October	Presentation of findings and validation session to Nepali and MFA Finland representatives
	Draft MTE report, with two weeks period reserved for MFA consolidated comments
November	Final MTE report
	Public presentation of the findings, conclusions and recommendations

7. Reporting

Inception Report

The inception report needs to be prepared and accepted by the Ministry for Foreign Affairs of Finland (MFA) before the fieldwork. The report needs to include findings from the desk review, work plan and time schedule.

The desk review should include (but is not limited to):

a. The Project Document, Inception report, contracts, management structures, related agreements, and other relevant materials
b. Annual work plans and budgets, Minutes of the SvB
c. Progress and technical reports, monitoring reports from the Technical Assistance (TA) team, relevant government reporting and development partners reports, if any.

First Presentation

The Consultant shall make a presentation of the key findings, conclusions and recommendations in the beginning of October in the end of the field mission. It will be presented in the Embassy of Finland in Nepal (with representatives of the key Nepali organizations) with on-line possibility to MFA Finland.

MTE draft report and final MTE report

The draft report will be prepared after the field mission and will be submitted to the competent authorities for comments. The final MTE report shall be prepared within one week after receiving the consolidated comments from MFA.

Final presentation on the evaluation findings and recommendations on-line

Based on the final accepted report.

Each deliverable is subjected to MFA's approval. The evaluation team is able to move to the next phase only after receiving a written statement of acceptance by the MFA.

8. Quality assurance

All deliverables will be quality assured before submission. The quality assurance system for the assessment should be specified in the Inception Report.

9. Expertise required

The team consists of a minimum one team leader (level 2), one evaluator (level 3), one emerging evaluator and 1-2 local evaluator (level 5) (in addition to the coordinator) according to the minimum requirements of FADER qualification levels. The evaluation is expected to be carried out between June-November 2024. The final report has to be ready by the end of November. The evaluation includes a field visit to project office and PCO in Surkhet and municipalities in Karnali as well as meetings with stakeholders in Kathmandu. Team should reserve enough time to visit also Upper-Karnali municipalities. The SUSWA team will support the consultant with office space and logistics in Surkhet.

Assignment specific minimum requirements

The Team Leader shall have

- Experience as an evaluation team leader or has conducted an academic research in the relevant topic.

The Team Leader and evaluator shall have

- 5 years of working experience in the WASH sector in developing countries.
- Previous experience from Finnish development cooperation WASH projects.
- Experience in Nepal (minimum one of them).

The evaluation team shall have solid experience and knowledge in the following fields (cover as a team):

- Relevant sectoral experience, including governance, community-based and gender equality, disability and social inclusion (GEDSI) approaches in WASH sector.
- Assessment, monitoring and evaluation of WASH infrastructure development projects.
- Rural WASH sector experience in Nepal.
- 2 members with fluency in Nepali.

The Team Leader will have the overall responsibility for the design and implementation of the evaluation, writing of the report, and timely submission of the draft and final version. Detailed responsibilities of each team member should be determined at the beginning of the mission and outlined in the methodology.

MFA/Embassy adviser or official may join the evaluation team in the field as an observer.

10. Mandate

The evaluation team is entitled and expected to discuss matters relevant to this evaluation with pertinent persons and organizations. However, it is not authorized to make any commitments on behalf of the Government of Finland.

Annexes:

Annex 1: MFA evaluation manual https://um.fi/development-cooperation-evaluation-manual

Annex 2: List of documentation (Most of these can be found in https://suswa.org/resources-2/)

SUSWA Appraisal Report

SUSWA Final project document

SUSWA Inception Report

SUSWA Bi-Annual and Annual Performance Reports

Minutes of meetings of supervisory board and other conducted with regard to SUSWA

Guidelines, studies, action plans and other relevant documents

ANNEX 2. EVALUATION PROCESS AND METHODOLOGY

Methodology

The MTE methodology was informed by the ToR, the initial desk study and the preliminary interviews undertaken before the field mission, and good evaluation practice and standards. It was built on the initial discussions that were held between the assignor (MFA Finland and the Embassy of Finland in Nepal) and the Cowater MTE team, both through digital meetings and email conversations.

Overall evaluation approach

This MTE was aligned with the OECD/DAC Guidelines on Quality Standards for Development Evaluation. Accordingly, the team adhered to the principles of impartiality, independence and credibility. Attention was paid to the needs for confidentiality and safe handling of data in each step of the MTE process. Only the MTE team has had access to the interview data, and no sensitive information is presented about any organisations or individuals in the final report.

The MTE uses the definition from the Evaluation Manual from the Ministry of Foreign Affairs in Finland which states that a "*Mid-term evaluation (MTE) is an evaluation that is performed at the mid-term of a project/programme (e.g. in the end of the second year of implementation in a 4-year programme). This will ensure that the findings and recommendations of the MTE can be integrated into the implementation plans for the second half of the implementation period. Typically, a mid-term evaluation also gives recommendations on the continuation of the project with a new phase or provides guidance on how to prepare an exit strategy*."

In line with good evaluation practice, the MTE was **utilization-focused and forward-looking**, meaning that it was planned and conducted in a manner that enhances the likely utilization of both the evaluation process and results, to inform decision-making and improve performance. This approach calls for the close engagement of primary intended users during the entire evaluation process. The intention was to present recommendations that will be useful to all key actors and project partners implementing SUSWA.

The evaluation has furthermore employed a **theory of change-based approach** which articulated the pathways of systemic change envisaged, enabled to explore what happened, and reasons for the envisaged change occurring or not occurring. For this, the MTE used the theory of change outlined in the Project Document and result framework to capture the intended pathway(s) of change to assess and report on results achieved.

The principles of a **human rights-based approach** were used in the MTE. In this case the duty bearers are the government (federal, provincial and municipality level), and the rights holders are women, girls, boys and men in the communities in Karnali Province. Rights holders' participation and voice was ensured through KIIs and FGDs. From an HRBA lens, this dual methodology of involving both rights holders and duty bearers is instrumental for success, as well as contributing to accountability and participation principles. Transparency was a key feature in all phases of the assignment; from start up to final report. In the process, the aim was to give equal voice to women and men, to Persons with Disabilities and to disadvantaged groups (Janajatis and Dalits). All parts of the assignment – from data collection to the final product – have used a gender sensitive language.

The findings of the evaluation are justified and based on solid evidence. They have been presented in a manner that they should be acceptable to all parties yet without shunning criticism. The focus was on analysing all information collected to obtain **evidence-based findings** by combining primary data (interviews and focus group discussions) with secondary information (documentary evidence and project MIS). The validity of the evaluation findings was strengthened by counter-checking information gathered or statements of stakeholders with other sources**. Triangulation** was conducted,

by using various data collection methods and hearing different stakeholders on the same topic. This has improved the validity and reliability of the evaluation.

Ethics and participation

The evaluation was conducted as **a participatory, open and transparent process for all stakeholders**. Equal participation and open approach were ensured by involving a wide range of stakeholders at federal, provincial, municipal and community level. The evaluation has attempted to avoid biases caused by gender, distance, class or power. Special attention was paid to the inclusion of most vulnerable groups of right holders and removing barriers for their participation by e.g. interviewing them separately. Data disaggregation with focus on human rights (making sure data is representative and reflecting also the disadvantaged groups) and gender and trying to obtain & verify such data with the stakeholders directly was emphasised in the evaluation.

It was considered important for the evaluation that persons interviewed could express their views openly and without prejudice**. The tone and openness of the discussions** were established from the outset by the evaluators. The purpose of evaluation and the potential for future learning and improvement was emphasised. The MTE team ensured that all respondents gave their consent to participate in the MTE by briefing all participants about the purpose of the assignment and how the information is to be used. The respondents were informed that opinions expressed will be treated confidentially and anonymously in the report. The evaluators made it clear that they are independent consultants (and not staff of the governments), and that the final opinions and findings will be theirs. The findings have been openly and transparently discussed with project stakeholders, project staff, TA consultant and assignor.

The **participation of the assignor** was ensured through regular check-ins and commenting on deliverables (inception report, draft evaluation report and final evaluation report). In producing the final report, the comments and suggestions on the draft MTE report will be handled in a systematic manner, including through the use of a Comments and Response Matrix.

Data collection

The team's internal working meetings played a key role in the preparation of the methods and tools. All MTE team members contributed to data analysis and reporting. After the Inception Phase teamwork continued with same intensity in data collection and in the analysis of the data, and reporting. The team's multidisciplinary professional experience was considered a useful strength when conclusions and recommendations were drawn.

A data collection tool (Appendix 1) that contains the key questions and main data collection tools vis-à-vis each question was developed during the inception. It provided the main framework for data collection and tools, data analysis and reporting of the evaluation findings, conclusions, and recommendations. For each issue, both success stories as well as challenges and encountered problems were analysed to provide useful information for the implementation of SUSWA. The data collection tool was designed to build on the six elements of OECD/DAC as well as the evaluation's specific objectives, as outlined above. For interaction with stakeholders and beneficiaries, more detailed open ended questionnaire formats were prepared.

Multiple methodologies, both quantitative and qualitative, were applied during the evaluation and both primary and secondary data sources were used. Main secondary data sources constitute the key documents regarding the project as outlined in the TOR as well as relevant policy documents from both governments (GoF and GoN) and EU (see Annex 5 Reviewed Documents). Quantitative data was available of financial details (delivery rates), beneficiary numbers, scheme numbers, progress rates and budget and cost data. The desk review of secondary resources mainly comprised of project-related documents and other relevant documentation.

SUSWA's **Project's Management Information System (MIS / SmartME**) and other components of project MIS were used to access disaggregated data on project coverage and progress with respect to Result Framework indicators at outcome and output level. The project MIS was not providing all data as expected; the issue has been addressed as a finding (see chapter 4.3 Effectiveness).

Primary data was collected during the field mission using KIIs and FGDs as a tool. Both KIIs and FGDs were open ended. They were the key form of primary data collection throughout the MTE to capture rights holders', duty bearers' and other stakeholders' opinions and validate emerging findings. The FGDs took the form of an open conversation and were thus guided by the interview tool, but not strictly following it. Yes or no questions were avoided, as well as leading questions that will push the participants in a certain direction; intentionally or unintentionally. All participants were encouraged to speak with the aim of being as inclusive as possible. During community visits an average size of a focus was approximately 20 persons. Some groups were larger, but every effort was made to ensure inclusive and effective participation. The MTE team took notes from every KII and FGD, and WASH Unit staff collected names in their own minutes; the notes were only for the team's internal use. Observation at scheme / community level was made during the field visits. Through primary data sources mostly qualitative data was collected. For all KIIs and FGDs predefined formats were developed (interview guides and checklists).

Summary of all right holders, duty bearers and other stakeholders that the MTE consulted with is summarised in Table 1 below. Annex 3 contains the field mission programme, Annex 4 the list of MTE meetings with stakeholder organisations and beneficiary groups and Annex 5 the list of documents reviewed.

Table 1 Right holders, duty bearers and other stakeholders that the MTE consulted with

Level	Organisations, groups
Local	In four Municipalities (Bheriganga, Hima, Naumule, Tripurasundari) a total of 41 FGDs with the: • Local Government (LG) chairpersons, Chief Administrative Officers, members of M-WASH-MC, staff of Women and Children sections (49 persons) • Staff of Municipal WASH Units (39 persons) • Beneficiaries of 12 water supply schemes and 9 School WASH projects: women, men, girls and boys including PwDs, members of Water User and Sanitation Committees, school staff and students, WASH management Committee members and Ward committee members (approx. 640 persons)
Provincial (Birendranagar)	22 KIIs or FGDs with: • SUSWA staff: Project Support Unit (PSU) and municipal WASH Advisers • Project Coordination Office of SUSWA, FWSSMP Surkhet • Service Support Centre (SSC) • Ministry of Water Resources and Energy Development (MoWRED), Ministry of Social Development (MoSD), Ministry of Industry, Tourism, Forest and Environment (MoITFE) and their Forest Research and Training Centre • KADMM, UNICEF, Graduate School of Engineering of Mid-West University, the National Federation of the Disabled Nepal (NFDN), Helvetas
Federal	Two FGDs with: • Ministry of Water Supply (MoWS), Department of Water Supply and Sewerage management (DWSSM)
Other	Six FGDs or KIIs with: • MFA Finland, EoF, EU Delegation • GIZ/GRAPE, USAID Karnali Water Activity

Level	Organisations, groups
	• NIRAS Finland Home Office Coordinator
Debriefing presentations	Four debriefing sessions in Nepal and two in Finland: • Virtual presentation of Field-level Findings (in Nepalese in Zoom) to province and LG level stakeholders, municipal staff, WASH Advisers and PSU staff, Birendranagar 24 September 2024 (approx. 65 participants in Zoom and 12 persons from the PSU) • Informal presentation of Findings and Emerging Recommendations to SUSWA PSU staff, Birendranagar 24 September 2024 (12 persons from the PSU) • Formal Mission Debriefing Presentation to MoWS, DWSSM, EoF and EU Delegation, Ministry of Water Supply, Singha Durbar, Kathmandu 25 September 2024 (6 persons) • 2nd Debriefing Presentation to MFA, EoF, EU Delegation, Kathmandu 26 September 2024 (5 persons) • After the field mission the Team Leader presented the evaluation findings and emerging findings to Niras Finland (4 October 2024). Additional discussion was held with the MFA in October 2024.

Data analysis and reporting

The team commenced initial analysis of all data collected already in Birendranagar. For the evaluation an effective team work to be an important element of high-quality analysis and eventual report. The data collection tool provided a checklist to ensure that all issues are thoroughly analysed and reflected in the report. The analysis method was a combination of qualitative content analysis (for documents) and discourse analysis (for interviews). Quantitative data has been used in analysing available of financial details (delivery rates), beneficiary numbers, scheme numbers, progress rates and cost data.

Instead of just one debriefing session at the end of the field mission as proposed in the TOR, the MTE the proposed to organise two separate debriefing sessions. The first session was a virtual presentation organized in Birendranagar (venue: PSU) and targeted the provincial and local level stakeholders. The presentation was given by National Consultant Mr Dinesh Bajracharya in Nepalese. This session increased the transparency of the evaluation process and was helpful to the MTE team as more feedback was available directly from the right holders already before the MTE report is drafted. This session was followed up an informal debriefing to the project staff present at the PSU. The briefing was given by the Team Leader Kristiina Mikkola. Official debriefing session were organised in Kathmandu at the end of the mission – one debriefing at MoWS at Singha Durbar in Kathmandu on 26 September 2024 and another one at EU Delegation at Lazimpat in Kathmandu on the following day 27 September 2024. Upon returning Finland, the Team Leader has also shared about the MTE findings and recommendations with the TA Consultant Niras Finland. She has also discussed the recommendations with MFA staff separately.

After the field mission, the team has completed the analysis of all the findings, drawn conclusions, defined recommendations and drafted the MTE report. The report has been written with the mind that it will be useful to the project and all stakeholders with clear, timely and actionable findings, conclusions and recommendations. Findings are based on empirical data, facts and evidence, conclusions assessed against performance, and recommendations propose improvements and action that are challenging enough but attainable and including proposals specific to an institution and time bound. Clear recommendations towards future activities are incorporated in the report. The report also captures lessons learnt from issues that have been assessed well done for further use and up scaling of the achievements of the Project. The draft and final reports were quality assured and submitted in a timely manner.

Limitations

At the time of the field mission, monsoon rains continued and caused floods and landslides across Nepal. Field team 1 experienced the landslides that had destroyed segments of the Karnali Highway from Dailekh to Jumla on the way to Hima rural municipality and back. Travel of field team 2 was affected by the severe flooding of rivers (Bheri River and others) that necessitated the team to cross the rivers as foot passengers on suspension bridges and rent a new vehicle at every river crossing on their way from Surkhet to Tripurasundari in Dolpa. Alternative field visit plan had been prepared, but because the monsoon then took a break both field teams could complete their planned visits and activities. However, it would be advisable not to put project staff or consultants to such a risk in the future. The MTEs experiences underline the severe and harsh working conditions in the Karnali Province.

However, the MTE experienced a few limitations.

Reaching out to municipalities not visited by the MTE: During FY1 and FY2, SUSWA has supported a total of 21 LGs. Four more LGs have started partnering with SUSWA on this Fiscal Year (FY3). With the available time and resources of the MTE, the team could only feasibly access four municipalities and visit communities in those four. The virtual debriefing presentation that was organized with the PSU support provided a valuable opportunity for the MTE to share emerging findings to the municipalities and receive direct feedback from them. Importantly, it also provided an opportunity for the municipalities to share about their experiences and expectations about SUSWA. Another important source to the experiences of all 21 municipalities supported by SUSWA are the presentations the municipalities gave in the 1st municipal workshop in August 2024.

Mixed picture on key project data. Various documents, reports and plans and the SmartME system of SUSWA provide a mixed picture on the key project data, such as expenditure and targeted results. This has meant that the MTE has needed to spend much time on trying to ascertain that data presented in this report is factual.

Ministry of Finance not met. The MTE was not able to with the Ministry of Finance while it was working in Kathmandu. The MTE had an appointment agreed with the Ministry but that was cancelled.

Appendix 1 Data Collection Tool

Evaluation criteria	Evaluation questions (TOR)	Means of data collection	Source of verification	Detailed questions
Relevance	How has the new Water Supply and Sanitation Act released in 2079 (2022) and municipality level regulations influenced the project implementation?	Literature review. KIIs & FGDs with MoWS, DWSSM, FWSSMP, MWRED, municipalities, SUSWA PSU	Federal and provincial policies, municipality level policies & regulations, MoU with DWSSM, PIM and guidelines of SUSWA, M-WASH plans, KII & FGD notes	How have the federal, provincial and municipality level documents influenced the project implementation (Water Supply and Sanitation Act 2022, Provincial WASH Act (draft), Municipal WASH Acts and regulations developed). How do they address GEDSI? Have the new regulations changed the status of WUSCs? Are the roles and responsibilities clearly defined between the municipalities and WUSCs (both theory and practice)?
Coherence, Coordination, Complementarity	To what extent is the project coherent, coordinated and complimentary with other local level actors? What kind of synergies do and/or would add value?	Literature review, KIIs & FGDs with MoWS, DWSSM, FWSSMP, MWRED, municipalities, other donors and projects, PSU	Progress Reports, KII & FGD notes	What other actors work in WASH in Karnali Province? How does SUSWA coordinate with them? Are there synergies between actors and does coordination add value?
Effectiveness	Is project on track towards meeting the goals set out in the Project Document and are the set goals and targeted areas feasible? Is the project able to reach its objectives and if not, should they be adjusted according to the evidence from the evaluation to reach sustainable results with the available resources for the project?	Literature review, Project MIS, KIIs & FGDs with PSU, municipalities, WUSCs	Project Document, Inception Report, Progress Reports, Project MIS (SmartME), PSU proposal of feasible targets and cost analysis, KII & FGD notes	What progress has the project made towards impact, outcome and output targets of the PD? What progress can the project make vis-à-vis targets with the available resources and time? What should the revised and realistically achievable beneficiary targets for SUSWA be?
	What is the readiness of the municipalities for phasing out as planned by the project? Is the	KIIs & FGDs with	KII & FGD notes	How has the sequencing worked with municipalities already working with SUSWA? Does the sequencing support

Evaluation criteria	Evaluation questions (TOR)	Means of data collection	Source of verification	Detailed questions
	planned sequencing feasible and supportive of sustainable results?	Municipalities, MWRED, FWSSMP, DWSSM, MoWS, PSU		sustainability of results? What is the capacity of the municipalities as duty bearers to deliver WASH services to the communities? What could be done differently to further strengthen readiness of municipalities and sustainability of results?
	What are the successes and challenges of SUSWA work in the different levels (community, municipality, province, federal)? Are the processes participatory and inclusive? How has the project succeeded in the promotion of the meaningful participation of women and disadvantaged groups in decision making? New question: How does SUSWA apply Human Rights Based Approach and Cross-Cutting Objectives (gender equality, non-discrimination with attention to PwDs and climate resilience) in its approaches and activities?	Literature review, KIIs & FGDs with MoWS, DWSSM, FWSSMP, MWRED, municipalities, WUSCs, schools, community groups and members, SUSWA PSU, PCO	Progress Reports, KII & FGD notes	What are the key approaches applied by SUSWA at community / municipal / provincial and federal level in water supply and sanitation and hygiene? What have been the main challenges, good practices and lessons learnt from SUSWA? How participatory and inclusive the processes are? Are women, girls, PwDs, and disadvantaged groups (esp. Dalits and Janajati) able to participate meaningfully in decision making and in benefit sharing? What are the successes and challenges at different levels?
	Is the project's approach for sanitation and hygiene effective and sustainable?	Literature review, KIIs & FGDs with municipalities, WUSCs, schools, community groups and members, PSU	M-WASH plans, IEC materials, PIM, Field guidelines, training materials and reports, KII & FGD notes	What are the main elements of the sanitation approach? Which elements have been effective? Is the approach and the tools, e.g. on Behaviour Change Campaigns expected to lead into sustainable results? What successes and challenges there are at different levels (province, municipality, community)?

Evaluation criteria	Evaluation questions (TOR)	Means of data collection	Source of verification	Detailed questions
	Has the project strengthened the capacity and leadership of the local governments and Water Users and Sanitation Committees to deliver the services to the people?	Literature review, KIIs & FGDs with municipalities and WUSCs/WUAs	Progress Reports, meeting notes of WUSCs, WSP+++ reports, training reports and evaluations, capacity building plan, KII & FGD notes	How has the capacity of the local governments improved? Are the local governments able to take leadership in delivering the services? What gaps remain? How has the capacity of Water Users and Sanitation Committees improved? What gaps remain?
Efficiency	To which extent the project has delivered and is planning to deliver results in an economical and timely way?	Literature review, KIIs & FGDs with municipalities, PSU, PCO	Work Plans, Progress Reports, KII & FGD notes	How economical and timely has the delivery of results been? Would revisions be needed? If yes, what?
	How effectively is the budget allocated to respond the needs of different outcome areas taking into account the current project span in terms of human resources and targeted municipalities?	Literature review, KIIs & FGDs with municipalities and SUSWA staff at PSU and in municipalities	Annual Work Plans and Budgets, Inception Report, Progress Reports, KII & FGD notes	How are resources (financial and human) allocated to different outcome areas? Would revisions be needed? If yes, what?
	To what extent is the division of tasks and expertise between the Project Support Unit (PSU) and field staff supporting the achievement and sustainability of project's objectives and indicators?	Literature review, KIIs, FGDs with SUSWA staff at PSU and in municipalities	Progress Reports, KII & FGD notes	How effective is the division of tasks and expertise between PSU and field staff? Would revisions be needed? If yes, what?
Impact	What has been the concrete contribution of SUSWA in solving the functionality, sustainability challenge and other WASH related issues in the WASH sector in Nepal? Has SUSWA developed new ideas, approaches etc. that the government of Nepal and/or other donors are interested to scale up?	Literature review, KIIs and FGDs with MoWS, DWSSM, FWSSMP, MWRED, municipalities, other donors and projects	Progress Reports, Water Safety Plans, KII & FGD notes	What concrete contributions SUSWA has made to the WASH sector development in Nepal, particularly with respect to the functionality and sustainability challenge? What lessons and/or approaches can be learned from SUSWA that GoN and other donors can scale up / replicate?

Evaluation criteria	Evaluation questions (TOR)	Means of data collection	Source of verification	Detailed questions
				What is the impact of SUSWA on women, PWD and other disadvantaged groups? What is the impact of natural disasters (e.g. droughts or floods exacerbated by climate change, earthquakes) on WASH infrastructure? How has SUSWA addressed this?
Sustainability	What is the readiness of municipalities for project phasing out in the timeline planned by the project?	KIIs (telephone interviews) with a sample of municipalities	KII notes	Will municipalities have the required capacity to manage WASH sector and provide support to WUSCs/WUAs after project closes down (mid-2027)? What gaps remain?
	What are the possible factors enhancing or inhibiting sustainability?	Literature review, KIIs, FGDs	Progress Reports, KII & FGD notes	What are the factors enhancing sustainability? What are the factors inhibiting sustainability? For example, what is the impact of the decreasing population in the SUSWA working area? Has the project taken this into consideration in the planning? What more could be done to improve prospects for sustainability?

ANNEX 3. FIELD MISSION PROGRAMME

Date	Activity
Sat 7 Sep 2024	Departure from Finland (international consultants
Sun 8 Sep 2024	Arrival to Nepal Internal team meeting (afternoon)
Mon 9 Sep 2024	Meetings in Kathmandu • Embassy of Finland • EU Delegation • USAID Karnali Water Activity • GIZ/GRAPE
Tue 10 Sep 2024	Meetings in Kathmandu • Ministry of Water Supply • Department of Water Supply and Sewerage Management
Wed 11 Sep 2024	Flight Kathmandu-Birendranagar, Surkhet Meeting with Project Support Unit (PSU) staff and Service Support Centre staff
Thu 12 Sep 2024	One-on-one meetings with the PSU staff and group meeting (virtual) with municipal WASH Advisers
Field visits - Team 1 Kristiina Mikkola and Dinesh Bajracharya	
Fri 13 Sep 2024	Travel by road (Birendranagar, Surkhet - Manma, Kalikot)
Sat 14 Sep 2024	Travel by road, Manma, Kalikot – Nagma Bazaar, Hima Rural Municipality Field visit
Sun 15 Sep 2024	Meetings with Hima Rural Municipality staff, M-WASH-MC and Municipal WASH Unit Field visits
Mon 16 Sep 2024	Field visits
Tue 17 Sep 2024	Travel by road (Nagma Bazar, Hima – Dailekh Bazar, Dailekh)
Wed 18 Sep 2024	Daily commute by road Dailekh Bazar-Naumule-Dailekh Bazar Meetings with Naumule rural municipality staff and M-WASH-MC, Municipal WASH Unit Field visit
Thu 19 Sep 2024	Daily commute by road Dailekh Bazar-Naumule-Dailekh Bazar Field visits
Fri 20 Sep 2024	Am Travel by road (Dailekh Bazar-Birendranagar)
Field visits - Team 2 Sanna-Leena Rautanen and Kanta Singh	
Fri 13 Sep 2024	Travel by road (Birendranagar, Surkhet – Tallobagar, Rukum West)
Sat 14 Sep 2024	Travel by road (Tallobagar, Rukum West – Tripurasundari Rural Municipality), field visits Field visit
Sun 15 Sep 2024	Meetings with Tripurasundari Rural Municipality, M-WASH-MC and Municipal WASH Unit Field visits
Mon 16 Sep 2024	Field visits
Tue 17 Sep 2024	Travel by road (Tripurasundari – Salla Bazar, Salyan)

Date	Activity
Wed 18 Sep 2024	Travel by road (Salla Bazar, Salyan – Chinchu, Bheriganga Rural Municipality) Meetings with Bheriganga Rural Municipality, M-WASH-MC and Municipal WASH Unit Field visits
Thu 19 Sep 2024	Field visits
Fri 20 Sep 2024	Am Travel by road (Chinchu, Bheriganga – Birendranagar, Surkhet)
	Pm Meetings with provincial level stakeholders in Birendranagar (full MTE team) • Project Coordination Office / FWSSMP Surkhet • Helvetas • Mid-West University
Sat 21 Sep 2024	Rest / Begin field analysis
Sun 22 Sep 2024	Team meeting, field analysis
Mon 23 Sep 2024	Meeting with SUSWA Management Team at the PSU to discuss some pending questions Meetings with provincial level actors continued • Karnali Province: Ministry of Water Resources and Energy Development (MoWRED), Ministry of Social Development (MoSD) and their Forest Research and Training Centre, Ministry of Industry, Tourism, Forest and Environment (MoITFE) • Other stakeholders: KADMM, UNICEF, the National Federation of the Disabled Nepal (NFDN)
Tue 24 Sep 2024	Virtual presentation of initial findings (in Nepalese) to municipalities, Municipal WASH Units and project staff (PSU and municipal WASH Advisers) Briefing of key findings and emerging recommendations to SUSWA PSU staff Team meeting, data analysis and preparations for debriefing presentation
Wed 25 Sep 2024	Flight Surkhet-Kathmandu Team meeting, analysis and preparations for debriefing presentation
Thu 26 Sep 2024	Team meeting, preparations for debriefing presentation Debriefing presentation at the Ministry of Water Supply, Singha Durbar (attendance: MoWS, DWSSM, EoF and EU Delegation)
Fri 27 Sep 2024	2nd Debriefing presentation at the EU Delegation (attendance: MFA, EoF and EU Delegation)
Sat 28 Sep 2024	Travel by plane (international experts), arrival in Finland

ANNEX 4. MTE MEETINGS WITH STAKEHOLDER ORGANISATIONS AND BENEFICIARY GROUPS

FINLAND

- Ministry for Foreign Affairs, Finland
- Niras Finland

KATHMANDU

- Embassy of Finland
- EU Delegation
- Ministry of Water Supply
- Department of Water Supply and Sewerage Management
- USAID Karnali Water Activity
- GRAPE/GIZ

KARNALI PROVINCE, BIRENDRANAGAR

- SUSWA Project Support Unit (PSU)
- SUSWA Municipal WASH Advisers (virtual meeting)
- Project Coordination Office (PCO) / FWSSMP Surkhet
- Ministry of Water Resources and Energy Development (MoWRED)
- Ministry of Industry Tourism Forest and Environment (MoITFE)
- Ministry of Social Development
- Helvetas
- Karnali Alliance for Dignified Menstruation Management (KADMM), including
    - AAWAAJ
    - Youth for Change
    - INSEC
    - Mid-West University
    - Karnali Water Activity
    - Center for Mental Health and Counselling
    - Center for Agriculture and Economic Development
    - Helvetas
    - Dalit Welfare Organization
    - Kopila Vallay Sewa
    - 3 individual members
- Mid-West University, Graduate School of Engineering
- National Federation of Disabled Nepal (NDFN)
- UNICEF

BHERIGANGA RURAL MUNICIPALITY, SURKHET

- Bheriganga Municipality and M-WASH-MC
- Municipal WASH Unit
- Sikhar Secondary School
- Sikhar Secondary School, Child Club
- Dipendra Primary School
- Mainitar Water Supply Scheme
- Keureni Water Supply Scheme
- Sano Hare Water Supply Scheme

HIMA RURAL MUNICIPALITY, JUMLA

- Hima Rural Municipality and M-WASH-MC
- Municipal WASH Unit
- Badakhola DWS
- Badki DWS
- Dewaar Gaon DWS
- Tallo Bajagada WSS
- Shree Kalika Basic School
- Hima Basic School in Koirali

NAUMULE RURAL MUNICIPALITY, DAILEKH

- Naumule Municipality and M-WASH-MC
- Municipal WASH Unit
- GIZ GRAPE Naumule Team
- Tallo Nauli DWS
- Saunedhara DWS
- Shivashakti Secondary School

TRIPURASUNDARI RURAL MUNICIPALITY, DOLPA

- Rural Municipality and M-WASH-MC
- Municipal WASH Unit
- Saraswati Secondary School
- Tripura Secondary School
- Khaliban water supply scheme
- Kalaska Dalit Tol water supply scheme
- Chaurikhola water supply scheme

DEBRIEFING PRESENTATIONS IN NEPAL

1 Presentation of Field-level findings to province and local government level stakeholders and municipal staff, SUSWA PSU, 24 September 2024 (virtual presentation in Nepalese)

Approximately 65 participants representing Chairpersons of municipalities, M-WASH Unit Coordinators and staff and Municipal WASH Advisors from the following rural municipalities:

- Bagchaur
- Bangad Kupinde
- Bhagawatimai
- Bheri
- Bheriganga
- Chhatreshwori
- Darma
- Hima
- Kanakasundari
- Kumakh
- Mudkechula
- Namkha
- Naumule
- Sarkegad
- Siddha Kumakh
- Simikot
- Sinja
- Tripurasundari

2 Debriefing of field-level and other emerging findings and recommendations to PSU staff, SUSWA PSU, Birendranagar, 24 September 2024

Attendance: 12 PSU staff members

3 Mission debriefing at MoWS, Singha Durbar, Kathmandu, 26 September 2024

- MoWS
- DWSSM
- PCO/FWSSMP Surkhet
- Embassy of Finland
- EU Delegation

4 Second mission debriefing at EU Delegation, Lazimpat, Kathmandu, 27 September 2024

- Ministry for Foreign Affairs
- Embassy of Finland
- EU Delegation

ANNEX 5. LIST OF DOCUMENTS CONSULTED

SUSWA

a. Project Document, Baseline, Work Plans, Progress Reports

Project Document, Revised Version September 2022

Inception Report for the Period 21 November 2021-22 June 2022

Annual Progress Report FY 2079-80

Semi-Annual Progress Report FY 080-81

Annual Progress Report, FY 2079-080 Sustainable WASH for All 2021-2027

Annual Progress Report, FY 2080-81 (Final draft) Sustainable WASH for All 2021-2027

Annual Work Plan FY 2079/2080 (July 16, 2022 to July 15, 2023)

Annual Work Plan FY 2080/2081 (July 16, 2023 to July 15, 2024)

Final Draft Annual Work Plan FY 2081/2082 (July 16, 2024 to July 15, 2025)

SUSWA EU logframe, report / data entry 23 September 2024

b. Meeting minutes

Supervisory Board Meeting Minutes (8 meetings)

Coordination Meeting Minutes (7 meetings)

PCO-PSU Coordination Meeting Minutes (5 meetings)

c. Guidelines, Manuals, Training materials, IEC materials

Project Implementation Manual (PIM), May 2022

Water supply, Sanitation and Hygiene related Structures/Facilities to, Accessibility Audit Checklist

Annotated Water Integrity Scan (AWIS) User's Manual, Sustainable WASH for ALL (SUSWA) (A Facilitator's Guide), AWIS training/workshop guide for the facilitators, October 2023

CCA/DRR, Sustainable WASH for All (English and Nepalese), a Powerpoint on Climate Resilient WASH

Field Guideline 1 - Step by step procedure for drinking water supply & multiple uses water services, September 2022

Field Guideline 2- Community Procurement Procedure - approved by SvB - Nepali Version

Field Guideline 3 - WASH unit staff Selection and mobilization Procedure, Original 29 September, 2022, Revised 24 July 2023

Functionality Training Package – WUSC CB Full Training Manual (A Facilitator's Guide), January 2024

Guideline for Sanitation Marketing LRP Mobilization, 9 Aug 2024 (in Nepalese)

Sustainable WASH for All Guiding Principles for Inclusive Community-Level Events (Meetings/Trainings/Workshops/Seminars)

Communication & Visibility - Strategy & Action Plan for SUSWA, June 2022 / Updated June 2023

General recruitment principles

Human Rights and Gender Equality, Disability and Social Inclusion Strategy and Action Plan, March 2023

Trainers' Manual on Total sanitation (Destination Towards Total Sanitation) (in Nepalese)

Total Sanitation Monitoring Protocol- SUSWA, updated (in Nepalese)

Sanitation & Hygiene Implementation Plan (SHIP)

Project Monitoring, Evaluation and Learning (MEL) Plan

Digital Tools, Database and Dashboard, SmartME Software Application, September 2022

IEC materials, two leaflets (on SUSWA in English and on DMM in Nepalese) and links to SUSWA YouTube videos

Online access to SmartME (from 22 August onwards)

d. Reports, assessments and studies

Baseline Survey Report (Final) of Working Area of Sustainable WASH For All (SUSWA) in Karnali Province of Nepal, September 2022 – Submitted by Development Management Institute (DMI)

Sanitation Market Analysis Report, Sustainable Water, Sanitation, and Hygiene for All (SUSWA) Project, resubmission: May 12th, 2023, International Development Enterprises (iDE)

Sanitation Business Models in Karnali Context, Sustainable Water, Sanitation, and Hygiene for All (SUSWA) Project, July 15th, 2023, International Development Enterprises (iDE)

Final Report on SCORE - Sustainable Water, Sanitation, and Hygiene for All (SUSWA) Project, July 28, 2023, International Development Enterprises (iDE)

SUSWA - Adapting Desirable, Feasible and Viable, Home Latrine Solutions for the Karnali Region Report, May 23rd, 2023, International Development Enterprises (iDE)

SUSWA Provincial level Progress Review Reflection and Policy Formulation Dialogue, Venue: Hotel Namaste, Birendranagar, Surkhet, dates14-15 August, 2024 (1st slots), 16-17 August, 2024. Workshop report and presentations made by participating rural municipalities (21)

TA Note to MTE on budget scenarios, targets and indicators proposed changes, 20 September 2024

Er. Puneet Srivastava, 2024. WSS Value for Money: SUSWA Project, Nepal, Critical Review, draft consultancy report, October 2024

e. MoUs with strategic partners

Concept note for DMM Karnali Alliance: Commitment to forming a Karnali Alliance on Dignified Menstruation Management

MoU for strategic partnership between NFDN and SUSWA

MoU for strategic partnership between SUSWA and GSE-MU (Graduate School of Engineering, Mid-West University, Karnali, Nepal

MoU for strategic service delivery of FRTC for SUSWA (Forest Research and Training Centre of MoITFE)

f. Municipal and scheme level documentation (examples)

M-WASH Plans (Naumule, Hima, Bheriganga and Tripurasundari)

Design estimates of several schemes in Hima, Bheriganga, Naumule and Tripurasundari, examples of Prefeasibility Studies (Hima, Naumule, Bheriganga, Tripurasundari)

Dignified Menstruation Management (DMM) Directives (Tripurasundari) (in Nepalese), DMM Procedure (Hima) (in Nepalese)

MoUs between DWSSM and LGs (Hima, Bheriganga, Naumule, Tripurasundari)

GEDSI Strategy, Hima, Jumla (in Nepalese)

WASH-MC Directive Hima (in Nepalese)

WASH Act Hima (in Nepalese)

g. Home Office Coordination Visits

Sustainable WASH for All - Report – Home Office Visit November 2022, 20 November 2022

Sustainable WASH for All SUSWA - Second Home Office Coordination Visit, 7 February 2024

GoN documents

Constitution of Nepal 2015, Unofficial translation by Nepal Law Society, International IDEA, and UNDP https://www.constituteproject.org/constitution/Nepal_2015 (accessed 19 Aug 2024)

Department of Water Supply and Sewerage Management (DWSSM), Workshop summary Notes, N-WASH/ WASH Plan Review Workshop, (5-6 April 2024)

Joint Sector Review, Kathmandu Declaration of Key Recommendations for Advancing the WASH Sector in Nepal, September 2023

Ministry of Water Supply, 2022. Water Supply and Sanitation Act, 2022, 6 September 2022

Ministry of Water Supply, 2023. Water Supply, Sanitation & Hygiene. Sector Performance Report. Joint Sector Review.

Ministry of Water Supply, Department of Water Supply and Sewerage Management 2023. Rural Drinking Water Service Support Center Operation Guideline (SSC Guideline 2080), December 2023

Ministry of Water Supply, Department of Water Supply and Sewerage, 2023. Training of Trainers on Extended Water Safety Plan For WASH Practitioners - Facilitators Guidebook

Ministry of Water Supply, 2023. Training of Trainers on Extended Water Safety Plan For WASH Practitioners - Reading Materials

Water Resources Bill 2024

National Drinking Water, Sanitation, and Hygiene Policy 2023

National water quality standard, implementation and monitoring guideline 2023

Karnali Province WASH Bill 2023

Provincial and Local Governance Support Programme / MOFAGA, Gender Equality and Social Inclusion Strategy, 2021

National Gender Equality Policy

Climate Change Policy 2019

National Planning Commission 2013. National Monitoring and Evaluation Guidelines, (ME) Form No.4, Template and instructions for monthly and trimester progress reporting to GoN

GoF documents

MFA 2015 Guidelines for Human Rights-Based Approach

MFA 2020 Guidance note on Cross-Cutting Objectives, updated in 2023

MFA Evaluation Manual, in https://www.eoppiva.fi/kurssit/evaluation-manual-2/#/

Finland's Development Policy, One world, common future – towards sustainable development (Government Report to Parliament, 4 February 2016)

MFA 2021 Report on Development Policy Across Parliamentary Terms

Report on International Economic Relations and Development Cooperation (2024)

MFA 2016 Finnish Country Strategy for Nepal (2016-2019)

MFA 2021 Finland's Country Strategy for Nepal 2021-2024

Krista Orama Travel Report. Report about a mission with gender equality focus to Nepal, 4-16 October 2023 Krista Orama/KEO-20

MFA Finland SUSWA monitoring visit to Salyan: Chhetreswori, Baghchaur, Darma RM and project office in Surkhet 15.-20.3.2024

Report on Project Monitoring Visit to SUSWA in Karnali Province, Pallab Raj Nepal and Jari Laukka, 21 January 2023 – 26 January 2023

SUSWA Field Monitoring Visit Report, 30 May – 5 June 2022

MFA 2023 Results Based Management (RBM) in Finland's Development Policy: Managing for Sustainable Development Results - Guiding Document

Other documents

Acharya MR, Upadhyay P & Acharya A 2020. The Assignment of Functions Across Levels of Government in Nepal. Australian Aid – The Asia Foundation.

Basic Operating Guidelines agreed to by the Undersigned Agencies in Nepal

CIPE and University of Pittsburgh/Centre for Governance and Markets 2022. The State of Federalism in Nepal. An Assessment. August 2022. Copyright: Center for International Private Enterprise (CIPE), 2022. In: https://www.cipe.org/resources/the-state-of-federalism-in-nepal/

Dahal G 2024. Nepal's experience in implementing the federal government systems: Assessment of law-making by the local government of Kaski district, Nepal. In: Heliyon 10 (2024) e26250, https://doi.org/10.1016/j.heliyon.2024.e26250 2405-8440/© 2024 The Author. Published by Elsevier Ltd. This is an open access article under the CC BY license (http://creativecommons.org/licenses/by/4.0/).

Project Statutory Audit Report 1st Shrawan 2079 to 31st Chaitra 2081, submitted to Embassy of Finland, Nepal, submitted by: SDR Associates, July 2024

WASH/N-WASH Plan review workshop (April 2024), workshop materials

Global Summit on Sanitation (June 2024), in: https://www.who.int/news/item/05-07-2024-who--unicef-and-wateraid-host-global-sanitation-summit, accessed on 25 August 2024

Toft E, Khanal R, Singh K, Bajracharya D, Tuomaala R, Mikkolainen P & Laaksonen S 2022 Final Report, Ex-Post Evaluation of Rural Water Supply and Sanitation Project in Western Nepal (RWSSP-WN) 2008-2019 and Final Evaluation of Rural Village Water Resources Management Project (RVWRMP) 2006-2022. Consortium composed of Particip and NIRAS.

UN Resolution 64/292. The human right to water and sanitation, UN General Assembly, https://documents.un.org/doc/undoc/gen/n09/479/35/pdf/n0947935.pdf (accessed 14 Aug 2024)

ANNEX 6. MTE OBSERVATIONS AND RECOMMENDATIONS ON SUSWA RESULT FRAMEWORK

Outcome/ Output	Indicators	Baseline	Total Project Target	Cumulative Progress (End of FY 2080-081)	Means of Verification	Definitions	MTE comments and recommendations
IMPACT STATEMENT Improved well-being and inclusive communities with sustainable WASH services and behaviours through local governments' improved capacity to achieve equal rights to WASH for all	Impact indicator 1: The local governance performance index	67,70 %	75 %	76,20 %	Ministry of Foreign Affairs and General Administration of Nepal. Local Government Institutional Capacity Self-Assessment (LISA), FY 079-080.	Provincial and Municipal statistics; MICS; specific studies	
	Impact indicator 2: Incidence of diarrhoea in under 5 children reduced	595/0999	357/1000	115	Ministry of Health and Population. Annual Health Report, Department of Health Services (DOHS), FY 2079-080.	MICS; other specific studies	
	Impact indicator 3: Neonatal mortality rate	29/1000 (deaths/ live birth)	19/1000	50	Ministry of Health and Population. Annual Report, Department of Health Services (DOHS), FY 2079-080.	MICS; other specific studies	
	Impact indicator 4: Gender inequality index of the HDI	0,558	0,516	0,495	UNDP. Nepal Human Development Report 2020.	Nepal HDI; other impact studies	**MTE comment:** What is the data source for progress reported at the end of FY 2080/81?
	Impact Indicator 5: Verified change of living conditions among the population of the rural project municipalities regarding the implemented human rights and inclusion to the development of all community members and women, girls and	62,10 %	70 %	67,85 %	Ministry of Foreign Affairs and General Administration of Nepal. Local Government Institutional Capacity Self-Assessment (LISA), FY 079-080.	Nepal HDI; other impact studies	

	disadvantaged groups in particular						
OUTCOME STATEMENT People supported by the project municipalities have improved and equitable access to safe and sustainable drinking water and adequate sanitation services, dignified menstruation and improved hygiene practices paying special attention to the needs of women and girls and those in vulnerable situations.	Outcome indicator 1: Proportion population using safely managed drinking water services	2,90 %	65 %	10,56 %	SUSWA Annual Progress Report	Collected beneficiary of completed water schemes using KOBO tool	**MTE Comments on all Outcome Indicators:** According to the SUSWA Inception Report, the key indicator targets and their baselines were adjusted as per the project Baseline Report (2022). The baseline data was collected from 42 LGs that at the time were assumed to become SUSWA's partner LGs. The challenge with the baseline and target values of these indicators is that all are expressed as percentages. Indicators 1-10 are proportions of population or households and indicator 11 is a proportion of municipalities. When the baseline is only precented as a percentage without providing the actual value (e.g. how many people in the project area used safely managed drinking water services in 2022), tracking project achievements at outcome level is very challenging. Sometimes a change of 1 percentage point may mean 10 000 more beneficiaries, sometimes just 1. **The MTE recommendations are:** 1. SUSWA should amend this section of its Result Framework by also showing the actual numbers behind the percentages (both in baseline, project target and cumulative progress columns, and make sure that the indicator wording is clear
	Outcome indicator 2: Percentage of households with access to piped water supply	73,50 %	76,50 %	79,51 %	SUSWA Annual Progress Report	Collected beneficiary of completed water schemes using KOBO tool	
	Outcome indicator 3: Percentage of households with basic water supply coverage	77,70 %	95 %	79,15 %	SUSWA Annual Progress Report	Collected beneficiary of completed water schemes using KOBO tool	
	Outcome indicator 4: Percentage of households with E-coli risk level in household water >1 cfu/100ml	54 %	27,40 %	48,12 %	Water quality testing after scheme completion	E-coli risk level in household water reduced due to increased community awareness on H&S	
	Outcome indicator 5: Maximum percentage of households with E-coli risk level in source water >1 cfu/100ml	47 %	23,70 %	41,12 %	Water quality testing after scheme completion	E-coli risk level in household water in source reduced due to increased community awareness on H&S	
	Outcome indicator 6: Percentage of households using improved sanitation facilities which are not shared (%)	73 %	85,70 %	75,50 %	SUSWA Progress Report [Semi-annual/Annual]	Increased community awareness for household toilet construction and market system for the supply of sanitation products.	
	Outcome indicator 7: Proportion of	89 %	92 %	93,84 %	SUSWA Progress Report [Semi-annual/Annual]	Increased community	

	population using toilets (%)					awareness for household toilet construction and market system for the supply of sanitation products.	concerning what the percentage refers to (population, HH, LGs, WUSCs, sample, etc). 2. Based on SUSWA's justification on setting the baseline value for output indicator number 11 to 0 (zero) (see below), the baseline value for outcome indicator should be adjusted to 0 (zero) as well. 3. The baseline values for outcome indicators 7 and 8 should be corrected in the Result Framework. According to TA Note to MTE prepared by SUSWA, baseline values for Outcome indicator 7 and 8 ARE not correct and should be 92% for Outcome Indicator 7 and 89% for Outcome indicator 8.
	Outcome indicator 8: Proportion of households with Sanitation coverage (%)	92 %	95 %	96,10 %	SUSWA Progress Report [Semi-annual/Annual]	Increased community awareness for household toilet construction and market system for the supply of sanitation products.	
	Outcome indicator 9: proportion of households with toilets not causing faecal sludge management (FSM) problem or provided with support to proper FSM (%)	6 %	74 %	6 %	SUSWA Progress Report [Semi-annual/Annual]	Proper FSM options adopted at the household level.	
	Outcome indicator 10: Proportion of population using hand washing facility with soap and water (%)	46 %	66 %	51,10 %	SUSWA Progress Report [Semi-annual/Annual]	Increased awareness on sanitation and hygiene	
	Outcome indicator 11: Proportion of municipalities with increased capacity level for achieving the WASH SDG targets	19 %	100 %	54,71 %	SUSWA Progress Report [Semi-annual/Annual]	Increased and improved capacity of municipalities on planning, implementation and management of WASH services.	
Outcome Area 1: Strengthened enabling environment and governance for sustainable WASH services and GESI in Project Municipalities							

Output 1.1 The project Municipalities are able to mobilize and direct human and financial resources to support WUSCs in provision of equitable, safe and affordable drinking water and able to facilitate access to adequate and equitable sanitation and hygiene	1: Percentage of filled positions versus positions in WASH organizational structures	36 %	90% of 252 positions in 42 LGs having 6 positions in each	76,48 %	WASH-MC meeting minutes, SmartME Reporting	WASH-MC meeting minutes recorded	See TA Note to MTE, page 7. **The MTE recommends** that the baseline value for this indicator is set to 0 (zero). This is because SUSWA has learned the municipalities did not have actual operational WASH Units. Also, the actual number of filled positions (persons working) should be reflected.
	2: Percentage of implemented schemes versus WASH implementation plans	9 %	90 %	25,38 %	WASH Plan, WASH-MC minutes	All the construction works has been completed.	See TA Note to MTE, page 7. **The MTE recommends that the baseline value also for this indicator is set to 0 (zero).** This is because SUSWA tracks the implementation of the schemes that are included in the municipal WASH Plans and reports the completed schemes. Baseline value should therefore be set at 0 (zero).
	3: Percentage of requests/queries of WUSCs/WUAs responded to	67 %	90 %	96,30 %	LG meeting minutes, grievances handling system registers	Procedure for grievance handling established	**The MTE recommends** that the baseline for this output indicator is set at 0 (zero). SUSWA should clarify the definition; the indicator talks about request/queries responded by to while the definition talks about grievance handling mechanisms. These are two different things.
	4: Stakeholder Satisfaction	41 %	70 %	94 %	Stakeholders' satisfaction survey data	Assessment data collected from all the relevant stakeholders	**The MTE recommends** that the baseline for this output indicator is set at 0 (zero) assuming that the idea is to measure satisfaction to completed schemes.

	5: Number of Municipalities having incorporated M-WASH-Units into permanent organizations	8	42	21	Municipal WASH-MC meeting minutes, Municipal WASH policies, directives	Draft policies and directives have been distributed to the LGs and LGs have adapted and approved by the municipal council.	See TA Note to MTE, page 7. **The MTE recommends** that: 1) the baseline value also for this indicator is set to 0 (zero). This is because at the time of baseline study the municipalities did not have permanent WASH Units, and 2) the definition of a permanent WASH Unit is revised to constitute "a Unit that has been established as per the Municipal WASH Act and has at least the minimum number of staff as defined in the WASH Act contracted by the Municipality with Municipality's own and/or GoN budget." A WASH Act and reference to a WASH Unit are important initial steps for establishing such units.
Output 1.2 Municipal Councils, Water Boards/ MWRCs and WUAs /WUSCs in the Project Municipalities able to manage the WASH sector providing safe and inclusive services in a sustainable manner	6: Number of Municipalities being able to perform basic water quality tests	5	42	15	SUSWA training and events reports, Municipal WASH-MC minutes, water quality test reports	Basic water quality test lab established with appropriate water quality kits purchased by LGs	
	7: Number of Municipalities having up to date strategic and inclusive Municipality WASH Plans approved by relevant authorities	8	42	30	Municipal WASH plans, WASH-MC meeting minutes	LGs have either updated or developed new municipal WASH plan.	According to SUSWA (email from CTA to the MTE on 20 Oct 2024), twenty-one plans were prepared with SUSWA financial support, and nine were prepared by other agencies (namely WaterAid, UNICEF, and RVWRMP). In those cases, SUSWA supports the revision and update. The group of nine includes the eight fast-track LGs in SUSWA's first implementation year. Therefore, the **MTE recommend**s setting the baseline at 0 and revise the

							cumulative progress to 21. In a project result framework at the output level, only results achieved with project's own resources should be presented.
	8: Key positions (Chair, Vice Chair, Secretary, Joint Secretary and Treasurer) in UCs of improved water supply schemes in the project municipalities are held by women, Dalit, Janajati, person with disability and by minority populations	24% of women; 9% of Dalits; 8% of Janajati and 1% of PwD in average	50% women and proportional participation of Dalits, Janajati, and PwD in key positions (target set per scheme based on Baseline)	Women: 55.31% Dalits: 18.53 % Janajati: 13.62% PWDs: 2.45%	WUSC Meeting minutes	WUSC details reported in the SmartME	**MTE recommends** to use plain numbers for the indicator. This is justified by the fact the number of WUSCs SUSWA works with increases every year and that is important to track in the indicator as well.
Output 1.3 Up-to-date financial and management and MIS tools in active use in the Project Municipalities	9: Number of Municipalities systematically using MIS for WASH information	5	42	21 (16 additional Municipalities)	SUSWA training and events reports, Municipal WASH-MC minutes, NWASH-MIS login logs	LG officials including WASH unit staffs got trained, user accounts for NWASH is activated and if needed, are able to feed and extract information from the NWASH.	**MTE observes** that this indicator is not measuring one thing but several (WASH MIS; Financial MIS e.g. SUTRA, their use) Baseline report refers to N-WASH-MIS (baseline 5 LGs) but all LGs use SUTRA. As it is defined now, is not specific enough and SUSWA should consider a more specific definition.
Output 1.4 Project municipalities develop and implement evidence-based gender and disability-responsive laws, plans and budgets	10: Number of Municipalities with gender responsive budgets	27	42	34	SUTRA Report: Annex-13	LG officials including WASH unit staffs got trained and knowledgeable enough on the process of GRB coding in SUTRA and coding in SUTRA is completed for this FY budget.	See TA Note to MTE, page 7. **The MTE recommends** that the baseline value for this indicator is set at 0 (zero). This is because SUSWA has learned that prior to the GRB training, none of the municipalities had done the GRB coding in SUTRA.

	11: Number of Municipalities having a plan for eradication of harmful Chhaupadi practice	9	42	17	Municipal executive committee decisions, LG website	The plan has been approved at least by the municipal executives	See TA Note to MTE, page 7. **The MTE recommends** that the baseline value for this indicator is set at 0 (zero). This is because SUSWA has learned that none of the municipalities where SUSWA has been working had a plan for eradication of Chhaupadi practice when SUSWA started.
	12: Number of Municipalities that involve disability organizations in the WASH planning and monitoring	15	42	22	Municipal Planning Meeting minutes	Involvement of OPDs have been recorded in the meeting minutes and OPDs are working in the LGs	See TA Note to MTE, page 7. **MTE observes** that based on the note, it is not evident how many municipalities were involving the local/district/province level Organizations of Persons with Disabilities in the planning before SUSWA started. In the Baseline report (pp. 44-46) 13 municipalities had involved PwDs in WASH planning and monitoring. Therefore, 13 could be considered as a baseline value.
Output 1.5 Efficient knowledge sharing and linkage building with relevant actors for strengthened enabling environment for sustainable WASH services	13: Municipalities in Karnali Province well informed about WASH sector developments and capacitated to adopt changes	18	42	32	SUSWA training and event reports, shared documents in LGs	Related training and events (such as NWASH, GRB, WSP+++, DMM) have been conducted, documents (such as WASH act/policy, WSP+++ manual) shared.	**MTE recommends** to set the baseline at 0 (zero). Under outputs progress that has been achieved as result of SUSWA's activities should be tracked.
	14: Number and types of strategic partnerships and initiatives between the SUSWA supported WASH programme and other actors related to gender, disability,	-	4	4	Formal Memorandum of Understanding (MoUs) signed with these organizations.		

	dignified menstruation, CCA and DRR						
Outcome Area 2: Climate resilient, safe and functional water supply in Project Municipalities							
Output 2.1 Functionality and safety of drinking water supply improved	15: Number of people served by non-functional schemes made functional and safe (disaggregated by service level, gender, caste and disability)	313 213	565 713	358895	Actual beneficiaries under completed schemes obtained through survey using KoBo. LG progress reports	All the planned structures have been constructed, water is flowing from the tap, inline chlorination installed	See TA Note to MTE, page 8 on clarifying the baseline and setting the target. As discussed in chapter 4.3 of the report, **the MTE recommends** to set the baseline at 0 (zero) and revise the total project target to present the actual number of people expected to benefit from this activity. The target set in the revised PD is 252 500 persons. The cumulative progress by FY2 end should be revised accordingly. According to APR FY2 it is 45 862.
Output 2.2 Functional and safe drinking water supply extended to unreached people	16: Number of people served by new water supply schemes (disaggregated by service level, gender, caste and disability)	153 926	163 926	162 722	Actual beneficiaries survey using KoBo. LG progress reports	All the planned structures have been constructed, water is flowing from the tap, inline chlorination installed	As discussed in chapter 4.3 of the report, the MTE recommends to set the baseline at 0 (zero) and revise the total project target to present the actual number of people expected to benefit from this activity. The target set in the revised PD is 10 000 persons. The cumulative progress by FY02 should be revised accordingly. According to APR FY2 it is 9 504.
Output 2.3 Extended Water Safety Plans (WSP+++) introduced, prepared and implemented	17: Proportion of WUSCs having up-to-date WSP+++ (WSP that also address climate change adaptation and disaster risk reduction, O&M and water fee collection, and inclusion)	12,00 %	100,00 %	97,64 %	Training completion report, WSP+++ documents with the WUSCs	WSP+++ training conducted, WSP+++ formulated by the WUSCs and are actively working	See TA Note to MTE, page 8. **The MTE recommends t**hat the indicator is revised to read "Number of schemes that have an updated WSP+++ (WSP that also addresses climate change adaptation and disaster risk reduction, O&M and water fee collection, and inclusion".

	18: Proportion of schemes monitoring water safety and taking measures if necessary	15,00 %	80 %	61,29 %	Meeting minutes/action plan/actions of water safety team or WSUC	WUSC/Water safety team formed and are actively working	See TA Note to MTE, page 8. The TA Note suggests to change the indicator itself. **The MTE recommends** that the Indicator is revised to read "Number of schemes monitoring water safety and taking measures if necessary". This is justified because at the output level indicator values (baseline, target, cumulative progress) are best described as actual numbers. The indicator tracks functionality of schemes.
	19: Proportion of WUSCs operational and maintaining scheme functionality	15,00 %	100 %	91,13 %	LG progress reports, SUSWA VMW training and events reports		See TA Note to MTE, page 8. The TA Note suggests to change the indicator itself. **The MTE recommends** that the Indicator is revised to read "Number of WUSCs operational and maintaining scheme functionality). This is justified because at the output level indicator values are best described as actual numbers. The indicator tracks sustainability of WUSCs.
	20: Number of people trained on disaster risk reduction and climate change adaptation (data to be disaggregated by sex, ethnicity and PWD)	44	At least 3 people in each municipality and partner WUSCs	1986 Additional 1722 people, 776 Female, 946 Male, Dalit 223, Janajati 149, Others 1350, 8 PWDs, LG staff/officials: 416, Community	WASH Unit Progress reports SmartME Reports	At least WUSC members have been trained/oriented on CCA/DRR with proper contents during step by step capacity building activities	**The MTE recommends** to set the baseline at 0 (zero) because this would be number of people trained by SUSWA.

				people: 156, WASH Unit staff: 63			
Outcome Area 3: Sustainable S&H and dignified menstruation management							
Output 3.1 Personal and household sanitation and hygienic behaviours improved	21: Number of people having permanent access to improved sanitation facilities and using them (data to be disaggregated by sex, ethnicity and PWD)	519 172	609 493	536239 (additional: 16,596 people, Female 8,374, Male 8198, GSM:24; dalits:3,354, janajati: 1,388, others:11,854 including PwD:101)	Progress report received from LGs [Semi-annual/Annual]	Increased community awareness for the construction and improvement of household toilet and strengthened market system for the supply of the sanitation products.	As discussed in chapter 4.3 of the report, **the MTE recommends** to set the baseline at 0 (zero) and revise the total project target to present the actual number of people expected to benefit from this activity. The target set in the revised PD (p. 45) is 483 600 persons. However in the Annex 1 of the Project Document (p. 69) different targets are presented. Using these figures the project target is 90 231. The cumulative progress by FY2 should be revised accordingly. According to APR FY2 it is 16 596.
	22: Number of additional people with access to basic toilet (data to be disaggregated by sex, ethnicity and PWD)	-	21 336	13,016 (Female: 6,515, Male:6,489, GSM:12, Dalit: 2,839, janajati:1,337, Other: 8,840 including PWDs: 90)	Progress report received from LGs [Semi-annual/Annual]	Increased community awareness for the construction and improvement of household toilet and strengthened market system for the supply of the sanitation products.	**MTE recommends** to set the baseline at 0 (zero) and revise the total project target to present the actual number of people expected to benefit from this activity. The target set in the revised PD is 20 708 persons. The cumulative progress by FY2 should be revised accordingly. According to APR FY2 it is 12 224.
	23: Number of Municipalities with action plan developed and implemented for achieving safely managed sanitation and total sanitation	7	42	13	LG websites, LG progress reports	Action plan is approved by the municipal executive and activities are being implemented as per the plan	See TA Note to MTE, pages 7-8. **The MTE recommends** that the baseline value for this indicator is set at 0 (zero). This is because SUSWA has learned that none of the municipalities where SUSWA has been working had an action plan.

	24: Number of households with hand washing facilities on premises with availability of soap and water	68 101	97 700	77 184	LG progress reports, Based on the data/ report received from the WASH unit	Community people are well aware of handwashing and have constructed the hand washing facilities at their home with soap and water in place	**MTE recommends** to set the baseline at 0 (zero) and revise the total project target to present the actual number of people expected to benefit from this activity. The target set in the revised PD is 29 599 persons. The cumulative progress by FY2 should be revised to be 29 599 (source: Figures in the RF).
	25: Number of households fulfilling total sanitation criteria	16 581	32 934	20 915	LG progress reports Based on the data/ report received from the WASH unit	Increased awareness and practice on total sanitation compliance and total sanitation status verified by through joint monitoring.	**MTE recommends** to set the baseline at 0 (zero) and revise the total project target to present the actual number of people expected to benefit from this activity. The target set in the revised PD is 16 353 persons. The cumulative progress by FY2 should be revised to be 4 334 (source: Figures in the RF).
Output 3.2 Institutional such as school, health station, public sanitation facilities and their maintenance improved in the Project Municipalities	26: Number of improved institutional toilets with water supply (disaggregated by type of institution, CGD friendliness of facilities, and for schools the 3-star approach categories)	1,295 (948 of total 1,354 schools 347 of total 369 HCF)	1,595 (Additional 271 schools, 29 HCF)	1373 new 78 institutions, 4 HCF, 70 Schools, 5 public toilets	Self-assessment reports from the WASH units. Agreement with SMCs and Health Care Facility (HCF) and LG progress reports	Sanitation facilities have been constructed at the institutions and are operational	**MTE observes** that SUSWA is presenting data of two different indicators here, namely number of toilets constructed and number of persons using them. **MTE recommends** to revise the indicator to read "Number of improved institutional toilets with water supply and functional hand washing facility with water and soap", to set the baseline at 0 (zero). The target of the revised PD is already presented (300 toilets) but the cumulative progress by FY2 should be revised to 78 (source: Figures in the RF).
	27: Number of institutions having a functional hand	842 (569 of 1354	1,142 (Additional 271	920	Self-assessment reports from the WASH units. Agreement with SMCs and Health Care	Handwashing facilities have been constructed at the	MTE observes that this indicator constitutes double counting, because the hand washing

	washing facility with water and soap	schools, 273 of 369 HCF)	schools, 29 HCF)		Facility and LG progress reports.	institutions and are operational	facilities are installed in the same schools and health care facilities that SUSWA has supported. **MTE recommends** to delete the indicator and include hand washing facilities in indicator number 26.
Output 3.3 Dignified menstruation promoted	28: Number of religious and community leaders, youth networks and teachers mobilized against harmful chhaupadi practice	264	750	718	Contracts/agreements of the local resource persons mobilized in project LGs LG progress report	Contract and/or MoU has been signed with the mobilised persons and the tasks accomplished has been recorded well.	**The MTE recommends** to set the baseline at 0 (zero) because these would be people mobilized by activities of SUSWA.
	29: Proportion of women using toilets during menstruation (data disaggregated by ethnicity and PWD)	78 %	90 %	86.11% (Dalit: 24.35%, Janajati: 26.16%, others: 49.49%, PWD: 2%)	Voting data on females using toilet during menstruation collected by WASH units. LG progress data	Secret voting method has been used to calculate the proportion of females using toilet during menstruation.	**The MTE observe**s that under the cumulative progress, data disaggregation has not been correctly presented. If proportion of all women using toilets during menstruation is 86.11%, disaggregated data should be presented vis-a-vis ethnicity and PwD, i.e. what proportion of Dalit women use toilet, what proportion of Janajati women use toilet, etc.). MTE recommends SUSWA to correct these calculations in the RF.
	30: Number of people trained on MHM including sanitary pad making (data disaggregated by sex, ethnicity and PWD)	687	3 000	3466 (additional 2,779 people, female: 2,449, male: 330 Dalit: 328, Janajati: 701, Others: 1750, PWD: 46)	Training event report, Municipal progress report LG progress reports	Well defined content delivered and with technical skills on sanitary pad making	**The MTE recommends** to set the baseline at 0 (zero), because these would be counting number of people trained by SUSWA from its training records.

Output 3.4 Faecal sludge management promoted	31: On-site faecal sludge management options reviewed, assessed, piloted and introduced to Project Municipalities	NA	2-5	0	-	-	
	32: Faecal sludge issues incorporated into toilet design and O&M manuals	NA	100% (relevant manuals)	The FSM issues Incorporated in the household toilet construction manual and Total Sanitation Training Manual	Manuals	-	

ANNEX 7. PROJECTION OF SUSWA EXPENDITURE FROM NOVEMBER 2021 TO JULY 2025

Budget lines	Total Budget*	Inception FY78/79**	FY01 FY79/80**	FY02 FY80/81*	FY03 FY81/82***	Subtotal assuming FY03 budget 100% utilized	
	EUR	EUR	EUR	EUR	EUR	EUR	% of total budget spent
Programme implementation cost by	**23 800 000**	**1 853**	**2 243 268**	**2 133 607**	**5 337 476**	**9 716 204**	41 %
OA1 Strengthened enabling environment and governance for sustainable WASH services and GEDSI	**7 418 000**	**1 002**	**439 248**	**1 532 819**	**1 706 161**	**3 679 230**	50 %
Municipality WASH Fund	7 209 000		401 905	1 488 889	1 643 507	**3 534 301**	49 %
TA Capacity Dev., Planning and M&E	209 000	1 002	37 343	43 930	62 654	**144 929**	69 %
OA2 Climate resilient, safe and functional water supply in Project Municipalities	**12 883 000**	**836**	**1 500 327**	**2 515 161**	**2 802 358**	**6 818 682**	53 %
Municipality WASH Fund & Users Contr.	12 670 000		1 487 662	2 483 214	2 730 108	**6 700 984**	53 %
TA Capacity Dev., Planning and M&E	213 000	836	12 665	31 947	72 250	**117 698**	55 %
OA3 Sustainable S&H and dignified menstruation management	**3 499 000**	**15**	**303 693**	**785 617**	**828 957**	**1 918 282**	55 %
Municipality WASH Fund & Users Contr.	3 301 000		267 220	739 370	788 957	**1 795 547**	54 %
TA Capacity Development, Planning and M&E	198 000	15	36 473	46 247	40 000	**122 735**	62 %
Contingency (non-allocated funds)	**574 427**	0	0	0	0	**0**	0 %
TA Fees and Reimbursables	**4 370 110**	**316 126**	**646 810**	**845 409**	**961 234**	**2 769 579**	63 %
TA Fees international	1 422 760	127 011	217 760	319 835	387 093	**1 051 699**	74 %
TA Fees national	1 896 350	85 288	295 572	364 826	370 900	**1 116 586**	59 %
Reimbursables	1 051 000	103 827	133 477	160 748	203 241	**601 293**	57 %
Running cost	**1 210 000**	**36 401**	**170 843**	**216 752**	**302 393**	**726 389**	60 %
Establishment cost (one time)	**400 000**	**110 192**	**70 680**	**47 089**	**42 074**	**270 035**	68 %
Capacity building from TA Total (O1, O2, 03)	**620 000**	**1 853**	**86 481**	**122 124**	**174 904**	**385 362**	62 %
Remuneration of indirect costs to MFA	**645 463**					**n/a**	n/a
PCO/ DWSSM Administrative ****	**100 000**					**n/a**	n/a
Total	**31 100 000**	**464 572**	**3 131 601**	**5 942 847**	**6 643 177**	**16 182 197**	**52 %**

*Sources: * Revised PD Table 19, * APR FY2 Table 2; ** APR FY2 Annex 9; *** AWP FY3 Annex 2.6*

ANNEX 8. TOOLS USED IN SUSWA FOR DATA MANAGEMENT

This description of tools and applications used for data management in SUSWA has been compiled by the MTE based on discussions with PSU experts during the evaluation mission.

Main data management tools:

SmartME by Adalia: Adalia's web-based Monitoring and Evaluation Platform used by NIRAS for International Development Programs as a tool for monitoring and reporting. A Web-based application with data input through digital forms and by uploading such as Excel files. Updated for semi-annual and annual progress reporting by Results-indicators.

Word, Excel, uploaded to SmartME

- Word: Participatory Annual Performance Assessment
- Word: Local Government Institutional Capacity Self Assessment (LISA)
- Excel: Municipality WASH Fund - actual expenditure, data collected from M-WASH Units by AMO
- Excel: technical information maintained by the Technical team
- Excel: Design Estimates (standard set widely used in Nepal)
- Excel: training participants, files uploaded from M-WASH Units

mWater: mobile device application used to collect geo-tagged household data related to sanitation beneficiaries and water supply schemes.

High-Tech Survey for Water supply System: Design consists of features of DTM, GIS, Google Earth and can be compatible with the N-WASH-MIS system in the future. Prepares schemes schematic layout with pipe size, type, water discharge, and hydraulic grade lines and easy-to-understand hydraulic phenomenon in the system.

Hardcopies: Step-by-Step monitoring books.

KoBo Toolbox: Similar idea as in mWater - geo-tagged data collection with mobile device.

Planning Tools:

- AWP
- Milestone calendars
- Capacity Building Calendar and MEL Plan
- Communication and Coordination Tools
- WASH MC Logbook

ANNEX 9. GOVERNMENT OF NEPAL TEMPLATE FOR MONTHLY AND TRIMESTER REPORTING IN PROJECTS

NPC (ME) Form No.4

Basic Statistics and Status Update Form of Project

Part A: Basic information of Project

1. Name of the project:
   Budget sub-title No.:
2. Project goal # :
3. Project objective #:
4. Project output #:
5. Project main activities #:
6. Millennium Development Goal (MDG): MDG target: MDG indicator:
7. Sector:
8. Sub-sector:
9. Strategy of the periodic plan of the project:
10. Working policy of the periodic plan of the project:
11. Poverty Index:
    To contribute directly to poverty eradication, ☐ To contribute indirectly to poverty eradication ☐ Others ☐
12. Gender index:
    To contribute directly for gender equality, ☐ To contribute indirectly to gender equality ☐ Others ☐
13. Type of the project
    Service oriented ☐ Research oriented ☐ Production oriented ☐
    Construction oriented ☐ Good governance ☐
14. Project implementation site and criteria adopted while selecting
    (a) Implementation site: District: Electoral constituency: Municipality/VDC
    (b) Selection criteria

#To be filled in according to the logical framework. In the event when there is no log frame, it should be filled in according to the project proposal.

15. Total cost of project and resource description: (Rs. in hundred thousand)

Description	Kinds of Payment	Internal resource		External resource		
		GoN	Local	Grant	Loan	Tech. assistance
Gov. of Nepal						
Dev. partner						
Internal/External						
Tech. assistance						
Total resources						
Total cost						

16. Project nature: Annual basis ☐ Periodic ☐

17. Project Period (proposed total year):
(a) Date of commencement:
(b) Date of completion:
(c) Revised date of completion:

18. Priority order of the project according to Medium Term Expenditure Framework
Priority One ☐ Priority Two ☐ Priority Three ☐

19. Allocation of the total project budget on annual basis (Rs. in hundred thousand)

Fiscal year	Amount

20. Description about project consultants
a) Total number of consultants in project:
Local: International:
b) Budget provision for consultants in fiscal year wise:

Fiscal year	Budget provision	
	Local	International
Total		

21. Project implementing agency:

Part B: Updated Status of Project

22. Annual budget, expenditure and reimbursement status (Rs. in hundred thousand)

Particular	Total cost	Annual budget	Expen diture	Reimbursable amount	Requested amount	Yet to receive	Yet to request
(a) Internal							
1. Gov. of Nepal							
• People's participation							
• Agency							
• Local body							
Total amount							
(b) External							
1. Loan							
To be reimbursed							
Direct payment							
2. Grant							
Reimbursed							
Direct payment							
Cash							
Assistance in kind							
1. Tech. assistance							
Int'l consultant							
Local consultant							
Others							
Total amount							
Net total amount							

23. Physical output and outcomes of the project to date (According to No.4):

24. Benefit/advantage from the implementation of the project:
    (a) Total population benefited

Woman	Children	Indigenous ethnicity	Dalit	Madhesi	Muslim	other

    (b) Employment generated (Labour/day):
    (c) Estimated quantity to be increased in production:
    (d) Contribution towards regional balance:

25. Services related description:

Total number of consultants for the project			
Appointed in this period		Appointed up to this period	
Local	International	Local	International

26. Number of contract and amount of contract:

Total number for the project period		Appointed up to this period	
Number	Amount	Number	Amount

27. Physical and financial progress and elapsed time of project (in percentage):

This period progress		Up to this period progress		
Physical	Financial	Physical	Financial	Elapsed Time

28. Problems occurred during project implementation:

Main problems	Causes of problem	Action taken to resolve	Measures to resolve

29. Description Regarding Project Chief:

Name	Working Duration in the Project	
	From	To

Name of project chief: Designation:

Signature: Date:

Guidelines for the Preparation of the Basic Data and Updated Status Form

There are two main parts in this form. Basic data of the project is in part one, and project's updated implementation status is in part two. The project's basic description and implementation status can be known from this form. All ongoing projects are to fill up this form after each trimester and after completion of each fiscal year. This form will be filled out by the Project office as follows:

Part A: Basic Description of the Project	
1. Name of Project and Sub title number:	Mention the project name and budget sub-head number according to the budget book (Red Book), published by the Ministry of Finance.
2. Goal of Project:	Mention goal according to log-frame of project
3. Objectives of Project:	Mention objective according to log-frame of project
4. Output of Project:	Mention output according to log-frame of project
5. Main Activities of Project:	Mention main activities according to log-frame of project
6. Millennium Development Goal	Mention the suitable MDG (8 goals, 18 targets and 48 indicators) if the project is targeted to achieve MDG related goals, targets and indicators. If the project is not related to the MDGs, just mention 'not related'.
7. Sector	Mention according to annual programme book of NPC, under which of the sectors the project falls. The sector list is given below.
8. Sub-sector	Mention according to annual programme book of NPC, under which of the sub-sectors the project falls. The sub-sector list is given below.
9. Related Strategy of Periodic Plan	Mention the projects relation to the strategy of the current periodic plan
10. Related Working Policy of Periodic Plan	Mention the projects relation to the working policy of current periodic plan
11. Poverty Index	Tick the first box if the project directly contributes to poverty alleviation, tick the second box if project indirectly contributes to poverty alleviation and tick the last box if projects do not contribute to poverty alleviation.
12. Gender Index	Tick the first box if project directly contributes to gender equality, tick the second box if project indirectly contributes to gender equality and tick the last box if projects do not contribute to gender equality.
13. Types of Project	Mention the type of the Project among Service Oriented, Research Oriented, Production Oriented and Construction Oriented.

14. Project implementation site and criteria adopted while selecting	Mention project sites accordingly
(a) Implementation site:District: Electoral Constituency: Municipality/V.D.C.:	District: Mention project implementing districts name. Electoral Constituency: Mention project implementing electoral constituency number. Municipality/VDC: Mention project implementing municipality/VDC name.
(b) Selection criteria	Mention how the project site selected in those district, electoral constituency and municipality/VDC.
15. Total cost of project and resource description:	Mention the total cost to complete the project according to contribution made through various resources in Rs. from internal sector, i.e., Nepal Government, local body/ agency and people's participation and from external sector, i.e. loan, grant and technical assistance
16. Project Nature:	Mention whether project is annual basis or periodic one.
17. Project Period (proposed total year):	Mention the Date of Project commencement and completion, including the amendments, if any.
18. Priority order of the project according to Medium Term Expenditure Framework:	Mention priority number of the project based upon medium term expenditure framework or NPC annual programme book.
19.Allocation of the total project budget on annual basis:	Mention the project total budget in annual basis, i.e. if the project is for five years distribute total budget among five year.
20. Description about project consultants:	Mention the total number and budget allocation for consultants, both local and international, on annual basis.
21. Project implementing agency:	Mention the name of project implementing agency.

Part B: Update Status of the Project

22. Annual budget, expenditure and reimbursement status:	Mention the amount of total cost, annual budget and expenditures of internal source, i.e., Government of Nepal, People's Participation, Agency and local body, external sector, i.e., loans, grant, materials, technical assistance, consultants and other expenditures of the project. Also mention the reimbursement status of project.
23. Physical output and outcomes of the project to date (According to No.4):	Mention the physical outputs up to reported period of the project according to target listed in number 4. And also mention if there is any kind of outcomes from the project outputs.

24. Benefit/advantage from the implementation of the project:	Mention in a) How many are benefitted from the project activities in their respective boxes of Woman, Children, Indigenous ethnicity, Dalit, Madhesi, Muslim and specify if any other (b) How many employment opportunities generated (Labour/day), (c) How much of an increase in production and (d) How much of a contribution towards regional balance.
25. Services related description:	Mention the number of consultants appointed out of total number of consultants for the project both locally and internationally.
26. Number of contracts and amount of contracts:	Mention the consultant's number and amount that is provisioned in the project. Also mention the number and amount for consultant hiring.
27. Physical and financial Progress and elapsed time of project:	Mention the physical and financial progress of the reported time and also mention the overall physical and financial progress along with elapsed time of the project period.
28. Problems occurred during project implementation:	Mention the problems that are faced by project during implementation and also describe how they tackled and what will be the measures to correct those problems.
29. Description Regarding Project Chief:	Mention the name and post of all the Project-In-Charge and their involvement period.

After completely filling out the Basic Data and Updated Status Form have it duly signed by project in-charge.

NPC (ME) Form No.5

Monthly Progress Report Form
(For Project/Programme to be Carried out Special Monitoring)

..... Year ..... Month

1. Number of budget sub-title:
2. Ministry
3. Name of department/organisation:
4. Name of the project:
5. Annual budget Rs:
6. Budget until this trimester Rs:
7. Expenditure up to this month Rs:
8. Status of goals/progress according to annual work plan of the project:

S.N.	Target of this Month According to Annual Action Plan	One Month's Progress According to Target	Main Activities completed up to Last Month	Remarks
1				
2				
3				

9. Progress until the last trimester (in percentage)
   (a) Physical (b) Financial

10. Problems revealed in the project and solutions:

S.N.	Main Problems	Measures Adopted for Solution	Detail of Support Required from other Agencies, if any
1.			
2.			
3.			

Name of project chief: Signature: Date:

Comments and suggestions of the ministry:

1.

2.

Head of Monitoring and Evaluation Division
Name:
Signature:
Date:

Verified by
Name:
Signature:
Date:

Guidelines to fill out Monthly Progress Report

The Projects/Programmes that are to have special monitoring should prepare monthly work plans along with annual work plans. For the monthly work plan fill out this form and send it to the related ministry/agency on a monthly basis within seven days of the end of a month. The activities are fixed on the trimester basis instead of monthly basis. The objective of this form is to identify if there are any problems related with the works to be completed according to the goal and to facilitate the implementation process with timely identification of solution measures. The guidelines to fill out the forms are mention below.

1. Number of budget sub-title:	Mention the project sub-title number according to red book of Ministry of Finance.
2. Ministry	Mention the name of ministry under which project is implemented.
3. Name of department/ organisation:	Mention the name of department or organization under which project is implemented.
4. Name of the project:	Mention the project name according to red book of Ministry of Finance.
5. Annual budget:	Mention annual budget in Nepali Rs. of the project according to red book of Ministry of Finance.
6. Budget until this trimester:	Mention the trimester budget in Nepali Rs. according to yearly development programme of the project within reporting trimester.
7. Expenditure up to this month:	Mention the total expenditure amount in Rs. according to account section's financial report up to the reporting month of the current fiscal year.
8. Status of goal/progress according to annual work plan of the project:	Mention in the first column serial No. In the second column mention this monthly working target according to the annual work plan; In the third column mention this monthly progress against monthly target; In the fourth column mention major activities carried out up to last month; and In the fifth column mention any remarks.
9. Progress until the last trimester (in percentage) (a) Physical (b) Financial	Mention the trimester physical and financial progress of just the most recent trimester of reporting month. i.e. if you are preparing report of Paush month you need to mention first trimester physical and financial progress.
10. Problems revealed in the project and solutions:	Mention in first column serial No.; In the second column mention major problems; In the third column mention measures that are taken to solve the problems; and In the forth column mention description if there is need of other agencies support.

Fill out all the description, duly signed by project in-charge and send to the respective ministry. The Ministry may add further comments and suggestion about the project. Division chief of Monitoring and Evaluation duly signed will likewise sign off the final authority from ministry and send to related ministry/agency.

ANNEX 10. SUSWA PROPOSAL FOR REVISION OF TARGETS AND BASELINES SUSWA RESULTS FRAMEWORK

SUSWA
SUSTAINABLE WASH FOR ALL

Date: 20 September 2024

TA note to MTE on budget scenarios, targets and indicators proposed changes

Upon request from the midterm evaluation team, the technical assistance (TA) conducted an analysis to assess the alignment between available resources and project targets, taking into account technical and financial progress, as well as the remaining time and resources. This analysis aimed to determine the feasibility of realistically achieving the set targets before the project's conclusion.

The first section of this document provides an overview and explanation of budget scenarios for the remaining two implementation years, based on the most plausible assumptions. The subsequent section identifies key challenges in meeting performance indicators and proposes revised targets that are more attainable given the available resources and remaining time.

The final section of this document presents proposed adjustments to the result framework baseline and revisions to the indicators of the SUSWA.

1 Main assumptions and findings

- The 5th and last year of the project implementation will be three months shorter, and the project will end in April 2027. According to the LGs' capacities and the calendar limitations, it is very unlikely that a full construction cycle of the infrastructure, from design to completion, will be implemented and completed in time in year 5. To avoid the risk of the project leaving unfinished or unsustainable facilities behind, the phasing-out strategy will comprise only software activities in the target areas that are considered to be implemented in year 5.
- The project's ability to meet its expected targets has been partially affected by funding delays over the past two years. Other factors have also led to the proposed changes in three project targets, as

outlined in the second part of the document. However, to emphasize the impact of budget scenarios on the project's ability to achieve those targets, a summary of the percentage changes is provided in the budget analysis section below.

- If the Government of Nepal's funding in year 4 reaches a minimum of 350 million NPR (approximately EUR 2.5M), it is realistic to allocate investment budgets and provide software support for at least one and two years, respectively, to all 42 anticipated local governments (LGs). This funding level is consistent with the support extended by SUSWA thus far and acknowledges the constraints faced by local governments in allocating their own funds.
- If, in year 4 budget planning, GoN maintains reduced funding below the aforementioned 350 Million NPR, the TA recommends reducing the project scope to 36 LGs to safeguard financial sustainability and ensure that the exit strategy can still be effectively implemented in the last year.

2 Budget Review: Project Funding for Years 4 and 5 and anticipated impact

The technical assistance (TA) has carried out a budget review that outlines two options based on the expected funding from the Nepal government in year 4. This funding is earmarked for allocation in February/May 2025. The purpose of this review is to provide decision-makers with information about the financial implications of each option. A detailed analysis is provided below.

2.1 Option 1: Nepal Government Increases Funding in Year 4 (NFY 82/83) to 350 Million

Total Reach: Full project implementation will cover 42 local governments (LGs). By the end of the project, 22 LGs will have received a two-year investment budget, and 20 LGs will have received a one-year investment budget.

	Inception	Y1	Y2	Y3	Y4	Y5
New LGs	0	8	13	4	17	0
LGs with Infrastructure and software budget	0	8	20	15	21	0
LGs with software budget only	0	0	1	10	13	21
Total working LGs	**0**	**8**	**21**	**25**	**34**	**21**

- Area Coverage: The entire project area will be covered.
- Targets review:
  - 32% decrease in the target of indicator #15, output 2.1: Number of people served by non-functional schemes made functional and safe;
  - 18% decrease in the target of indicator #21, output 3.1: Number of people having permanent access to improved sanitation facilities;
  - 20/25% decrease in the target of indicators #26 and 27, output 3.1: Number of improved institutional toilets with a water supply and handwashing facility;
- Pros:
  - Full coverage of all intended LGs and all of them have received at least one year of infrastructural investments.
- Cons:

- In the event of changed context or planning errors requiring adjustments to the Year 4 Annual Work Plan, the lengthy LMBIS review process may lead to disbursement delays and impede progress despite increased funding allocation.
- It is anticipated that LG's contribution will not be able to match the increased funding in year 4 due their budget constraints. LG's contribution is expected to be approximately 16% in year 4 and, without the incentive of receiving an investment budget, not more than 21% in the last year 5. Overall, LG's contributions are likely to decrease from the expected 5 million euros to around 4 million euros.

- TA capacity: to support 34 LGs in year 4, out of which 17 are new, the TA will recruit and mobilize 3 additional Municipal WASH Advisors, 2 additional technical controllers and 1 additional AMO and GEDSI compliance officer; these resources will be gradually reduced during year 5. A preliminary analysis of the TA budget shows that most of this can be done within the currently available financial resources. If this scenario is confirmed, a detailed budget amendment will be elaborated on and proposed to MFA.

	1 SUSWA Budget (EUR)		FY 79/80	FY 79/80	FY 80/81	FY 81/82	FY 82/83	FY 83/84
		Total	Inception	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	Programme implementation cost by Outcome Area (total)	*23,800,000 €*	*1,853 €*	*2,243,269 €*	*4,833,597 €*	*5,337,476 €*	*8,660,000 €*	*2,723,804 €*
OA1	*Strengthened enabling environment and governance for*	*7,418,000 €*	*1,002 €*	*439,248 €*	*1,532,819 €*	*1,706,161 €*	*2,675,000 €*	*1,063,770 €*
OA2	*Climate resilient, safe and functional water supply in Project*	*12,883,000 €*	*836 €*	*1,500,327 €*	*2,515,161 €*	*2,802,358 €*	*4,740,000 €*	*1,324,317 €*
OA3	*Sustainable S&H and dignified menstruation management*	*3,499,000 €*	*15 €*	*303,694 €*	*785,617 €*	*828,957 €*	*1,245,000 €*	*335,717 €*
2	*Contingency (non-allocated funds)*	*574,427 €*						*574,427 €*
3	*TA Fees and Reimbursables**	*4,370,110 €*	*316,126 €*	*646,809 €*	*845,409 €*	*961,234 €*	*969,795 €*	*630,737 €*
4	*Running cost**	*1,210,000 €*	*36,401 €*	*170,843 €*	*216,752 €*	*302,393 €*	*279,849 €*	*203,762 €*
5	*Establishment cost (one time)*	*400,000 €*	*110,192 €*	*70,680 €*	*47,089 €*	*42,074 €*	*129,965 €*	*- €*
6	*Remuneration of indirect costs to MFA Finland*	*645,463 €*	*- €*	*161,366 €*	*161,366 €*	*161,366 €*	*161,366 €*	*- €*
7	*PCO/DWSSM Administratives and management costs **	*100,000 €*	*- €*	*- €*	*15,556 €*	*15,000 €*	*34,722 €*	*34,722 €*
	Total	*31,100,000 €*	*464,572 €*	*3,292,967 €*	*6,119,769 €*	*6,819,543 €*	*10,235,697 €*	*4,167,452 €*

2 SOURCES OF FUNDING							
	TOTAL	Inception	Y1	Y2	Y3	Y4	Y5
EU/GoF	€ 19,100,000	€ 464,572	€ 2,246,632	€ 4,570,219	€ 3,691,602	€ 5,840,474	€ 2,286,501
LMBIS	*€ 11,280,000*	*€ -*	*€ 1,110,454*	*€ 3,177,480*	*€ 2,049,631*	*€ 4,139,499*	*€ 802,937*
TA	*€ 6,600,110*	*€ 464,572*	*€ 974,813*	*€ 1,231,374*	*€ 1,480,605*	*€ 1,539,609*	*€ 909,137*
Others	*€ 645,463*	*€ -*	*€ 161,366*	*€ 161,366*	*€ 161,366*	*€ 161,366*	*€ -*
Unallocated	*€ 574,427*						*€ 574,427*
GoN	€ 5,000,000	€ -	€ 411,172	€ 15,556	€ 1,445,286	€ 2,492,722	€ 635,264
LMBIS MWF	*€ 4,900,000*	*€ -*	*€ 411,172*	*€ -*	*€ 1,430,286*	*€ 2,458,000*	*€ 600,542*
LMBIS PCO Budget	*€ 100,000*	*€ -*	*€ -*	*€ 15,556*	*€ 15,000*	*€ 34,722*	*€ 34,722*
Municipality & Users	€ 5,000,000	€ -	€ 322,996	€ 939,972	€ 1,131,344	€ 1,360,000	€ 1,245,688
User	€ 2,000,000	€ -	€ 312,166	€ 594,021	€ 551,311	€ 542,501	€ -
TOTAL	*€ 31,100,000*	*€ 464,572*	*€ 3,292,966*	*€ 6,119,769*	*€ 6,819,543*	*€ 10,235,697*	*€ 4,167,453*

3 Municipal WASH Fund only							
	TOTAL	Inception	Y1	Y2	Y3	Y4	Y5
EU/GoF	€ 11,280,000	€ -	€ 1,110,454	€ 3,177,480	€ 2,049,631	€ 4,139,499	€ 802,937
GoN	€ 4,900,000	€ -	€ 411,172	€ -	€ 1,430,286	€ 2,458,000	€ 600,542
Municipality	€ 5,000,000	€ -	€ 322,996	€ 939,972	€ 1,131,344	€ 1,360,000	€ 1,245,688
Users	€ 2,000,000	€ -	€ 312,166	€ 594,021	€ 551,311	€ 542,501	€ -
TOTAL MWF	€ 23,180,000	€ -	€ 2,156,788	€ 4,711,473	€ 5,162,572	€ 8,500,000	€ 2,649,167

2.2 Option 2: Nepal government maintains the current reduced funding in Year 4, and all 42 LGs are targeted

Area Coverage: The project area covered and the number of LGs in year 4 and year 5 do not change compared with scenario 1. The table below shows a possible scenario for the Municipal WASH Fund budget in the case GoN maintains similar funding allocations in years 4 and 5 as in year 3; in the table, it is considered in year 4, NPR 230 Million (~ EUR 1.6 million).

Municipal WASH Fund only

	TOTAL	Inception	Y1	Y2	Y3	Y4	Y5
EU/GoF	€ 11,280,000	€ -	€ 1,110,454	€ 3,177,480	€ 2,049,631	€ 4,939,499	€ 2,937
GoN	€ 4,900,000	€ -	€ 411,172	€ -	€ 1,430,286	€ 1,658,000	€ 1,400,542
Municipality	€ 5,000,000	€ -	€ 322,996	€ 939,972	€ 1,131,344	€ 1,360,000	€ 1,245,688
Users	€ 2,000,000	€ -	€ 312,166	€ 594,021	€ 551,311	€ 542,501	€ -
TOTAL MWF	€ 23,180,000	€ -	€ 2,156,788	€ 4,711,473	€ 5,162,572	€ 8,500,000	€ 2,649,167

In this scenario, the following assumptions are considered:

- LGs are unlikely to allocate more than an average of NPR 8 Million/year,
- In year 5, only software activities can be planned.

Considering those assumptions, to spend the budget on time, almost the entire remaining GoF/EU budget should be anticipated in year 4, and the MWF in year 5 would be funded by GoN and LGs only. Additionally, the LGs should contribute to almost half of the MWF without any infrastructural investment, which represents their main incentive.

The TA estimates that this budget in year 5 is highly critical and could likely lead to incomplete funding and limited support, which would threaten the sustainability of the initiative across 17 local governments.

2.3 Option 3: Government Maintains Current Reduced Funding in Year 4, and the number of LGs targeted is reduced from 42 to 36

Partial Reach: Reduced project scope from 42 to 36 LGs.

- Area Coverage: The project will only provide partial coverage of the designated area;
  - in 36 out of 42 originally planned LGs. In the fourth and fifth years, attention will be directed to an additional 11 local governments (LGs) originally included in the year 3 workplan but subsequently excluded due to budgetary constraints;
  - in year 4, support to the 4 LGs incorporated in year 3 and to the 13 LGs incorporated in year 2 will also continue; the working area will include 28 LGs overall;
  - out of the 42 LGs initially outlined in the project documentation, the remaining 6 have not been engaged and no financial commitments have been made to them; hence, they will not be considered for project support.

	Inception	Y1	Y2	Y3	Y4	Y5
New LGs	0	8	13	4	11	0
LGs with Infrastructure and software budget	0	8	20	15	15	0
LGs with software budget only	0	0	1	10	13	15
Total working LGs	**0**	**8**	**21**	**25**	**28**	**15**

			FY 79/80	FY 79/80	FY 80/81	FY 81/82	FY 82/83	FY 83/84
1	SUSWA Budget (EUR)							
		Total	Inception	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
1	*Programme implementation cost by*	*23,800,000 €*	*1,853 €*	*2,243,269 €*	*4,833,597 €*	*5,337,476 €*	*5,615,000 €*	*1,349,638 €*
OA1	*Strengthened enabling environment and*	*7,418,000 €*	*1,002 €*	*439,248 €*	*1,532,819 €*	*1,706,161 €*	*1,731,050 €*	*419,321 €*
OA2	*Climate resilient, safe and functional*	*12,883,000 €*	*836 €*	*1,500,327 €*	*2,515,161 €*	*2,802,358 €*	*3,065,250 €*	*731,552 €*
OA3	*Sustainable S&H and dignified*	*3,499,000 €*	*15 €*	*303,694 €*	*785,617 €*	*828,957 €*	*818,700 €*	*198,765 €*
2	*Contingency (non-allocated funds)*	*574,427 €*						*574,427 €*
3	*TA Fees and Reimbursables**	*4,370,110 €*	*316,126 €*	*646,809 €*	*845,409 €*	*961,234 €*	*969,795 €*	*630,737 €*
4	*Running cost**	*1,210,000 €*	*36,401 €*	*170,843 €*	*216,752 €*	*302,393 €*	*279,849 €*	*203,762 €*
5	*Establishment cost (one time)*	*400,000 €*	*110,192 €*	*70,680 €*	*47,089 €*	*42,074 €*	*129,965 €*	*- €*
6	*Remuneration of indirect costs to MFA*	*645,463 €*	*- €*	*161,366 €*	*161,366 €*	*161,366 €*	*161,366 €*	*- €*
7	*PCO/DWSSM Administratives and*	*100,000 €*	*- €*	*- €*	*15,556 €*	*15,000 €*	*34,722 €*	*34,722 €*
	Total	*31,100,000 €*	*464,572 €*	*3,292,967 €*	*6,119,769 €*	*6,819,543 €*	*7,190,697 €*	*2,793,286 €*

2 SOURCES OF FUNDING								
	TOTAL	Inception	Y1	Y2	Y3	Y4	Y5
EU/GoF	€ 17,294,863	€ 464,572	€ 2,246,632	€ 4,570,219	€ 3,691,602	€ 4,213,274	€ 2,108,564
LMBIS	*€ 11,280,000*	€ -	*€ 1,110,454*	*€ 3,177,480*	*€ 2,049,631*	*€ 2,512,299*	*€ 625,000*
TA	*€ 6,600,110*	*€ 464,572*	*€ 974,813*	*€ 1,231,374*	*€ 1,480,605*	*€ 1,539,609*	*€ 909,137*
Others	*€ 645,463*	€ -	*€ 161,366*	*€ 161,366*	*€ 161,366*	*€ 161,366*	€ -
Unallocated	*€ 574,427*						*€ 574,427*
GoN	€ 3,591,557	€ -	€ 411,172	€ 15,556	€ 1,445,286	€ 1,234,822	€ 484,722
LMBIS MWF	*€ 4,900,000*	€ -	*€ 411,172*	€ -	*€ 1,430,286*	*€ 1,200,100*	*€ 450,000*
LMBIS PCO Budget	*€ 100,000*	€ -	€ -	*€ 15,556*	*€ 15,000*	*€ 34,722*	*€ 34,722*
Municipality & Users	€ 5,000,000	€ -	€ 322,996	€ 939,972	€ 1,131,344	€ 1,200,100	€ 200,000
User	€ 2,000,000	€ -	€ 312,166	€ 594,021	€ 551,311	€ 542,501	€ -
TOTAL	*€ 27,886,421*	*€ 464,572*	*€ 3,292,966*	*€ 6,119,769*	*€ 6,819,543*	*€ 7,190,697*	*€ 2,793,286*

3 Municipal WASH Fund only							
	TOTAL	Inception	Y1	Y2	Y3	Y4	Y5
EU/GoF	€ 11,280,000	€ -	€ 1,110,454	€ 3,177,480	€ 2,049,631	€ 2,512,299	€ 625,000
GoN	€ 4,900,000	€ -	€ 411,172	€ -	€ 1,430,286	€ 1,200,100	€ 450,000
Municipality	€ 5,000,000	€ -	€ 322,996	€ 939,972	€ 1,131,344	€ 1,200,100	€ 200,000
Users	€ 2,000,000	€ -	€ 312,166	€ 594,021	€ 551,311	€ 542,501	€ -
TOTAL MWF	€ 23,180,000	€ -	€ 2,156,788	€ 4,711,473	€ 5,162,572	€ 5,455,000	€ 1,275,000

- Targets review:
  - 40% decrease in the target of indicator #15, output 2.1: Number of people served by non-functional schemes made functional and safe;
  - 27% decrease in the target of indicator #21, output 3.1: Number of people having permanent access to improved sanitation facilities;
  - 33% decrease in the target of indicators #26 and 27, output 3.1: Number of improved institutional toilets with a water supply and handwashing facility;
- Pros:
  - Balanced budget in year 5: the project is likely to provide at least 2 years of support to the last group of LGs and ensure sustainability of the infrastructures built in year 4.
  - LGs contributions will likely match the expected 22%.
- Cons:
  - Partial coverage of intended LGs: 6 out of 42 are excluded from project support and investments;
- TA capacity: to support 28 LGs in year 4, out of which 11 are new, the TA will recruit and mobilize 1 additional Municipal WASH Advisor and 1 additional technical controller; these resources will be gradually reduced during year 5.

3 Analysis of the proposed changes in project targets

- The adjustment of water beneficiaries is attributed to errors in project document calculations, a concern previously underscored by the TA in the inception report. The proposed changes are primarily influenced by budget availability rather than the number of local governments or the project duration.
- The revision of institutional toilet targets is based on prioritizing the areas identified as most in need, as proposed by the monitoring mission report from the MFA in April 2024. This is also due to the project's limited capacity to support necessary activities that promote behavioral changes and ensure the long-term sustainability of facilities.

- The adjustments in the target for household permanent toilets are influenced by the implementation of the zero-subsidy policy and the limited capacity of households to self-finance toilet improvements within the project timeline.
- The plan to reduce the number of institutional toilets is expected to result in savings of around EUR 430,000 in scenario one and about EUR 700,000 in scenario two. These savings, along with the use of the contingency budget line (EUR 574,427), can be allocated to OA2 for the construction of extra water supply facilities. An alternative allocation of a portion of these funds involves the establishment of faecal sludge treatment facilities, the current feasibility of which is under evaluation. The technical assistance (TA) will present a more detailed budget and alternative options in the forthcoming annual work plan, aligning with the recommendations outlined in the Mid-Term Evaluation. However, in this document, the use of the contingency and savings is entirely allocated to the water target, and the increased targets are highlighted in two columns in the summary table below.
- All target adjustments are outlined in the table below and are evaluated in both scenarios: 42 and 36 local governments.

	Original target	Scenario 1 (42 LGs)	Scenario 1 + use of contingency and budget amendment	Scenario 2 (42 LGs)	Scenario 3 (36 LGs)	Scenario 3 + use of contingency and budget amendment
indicator #15, output 2.1	*252,500*	177,300	190,609	Same as scenario 1	157,078	174,179
indicator #21, output 3.1 (in # of households)	*90,322*	73,710	NA	Same as scenario 1	66,065	NA
indicators #26 and 27, output 3.1	*300*	240	NA	Same as scenario 1	200	NA

- All targets of indicators in OA1 will not change, as they are expressed in %.
- Under OA2, no change is necessary apart from the proposed change of indicator 15 explained above.
- Under OA3, no changes are needed except for the proposed modifications to indicators 21, 26, and 27 explained above. However, the target for indicator 23, Output 3.1 (Number of Municipalities with an action plan developed), is currently stated as the number of local governments (LGs) and, if scenario 3 applies, should be adjusted from 42 to 36.

- All outcome indicator targets are aligned with the Nepal road map to SDG and not with project resources or baseline data. Therefore, the TA has not included them in the proposed changes.

4 Recommendation to review SUSWA's Indicators

The following section describes some discrepancies the team has identified between the project baseline figures and the actual status of the indicators based on further verification and closer collaboration with the project municipalities. The discrepancies are caused mainly by differences in the definitions of indicators and sometimes, it has been found that the baseline does not fully reflect the reality on the ground. These

differences create challenges for the reporting of cumulative results especially in the result framework and the EU's reporting portal and without streamlining the definitions or revisiting the baseline data, the cumulative progress of the mentioned indicators is not accurate in the RF and the EU's reporting portal. The PSU has explained these discrepancies in the narrative report since the 2024 Semi-Annual Progress Report and is going to include explanations in the EU report's comment section as well.

1. Indicator 1: Percentage of filled positions versus positions in WASH organizational structures: Based on the baseline assessment, 36% of the sanctioned positions (engineers, sub-engineers, and assistant sub-engineers) were filled in municipalities at the start of the project. However, after verification and closer collaboration with the municipalities, it was discovered that the municipalities did not have actual operational "WASH Units". The project has been calculating results for this indicator based on the number of people hired through the Municipal WASH Fund to the following WASH Unit positions: WASH Coordinator, Technical Facilitator, Technician, Social Mobiliser, and MIS Officer. PSU suggests revisiting the baseline and/or the definition of this indicator in the Results Framework during the Mid-Term Review to recommend the best way to report this going forward.
2. Indicator 2: Percentage of implemented schemes versus WASH implementation plans: Currently, the project is tracking the implementation of the schemes included in the municipal WASH Plans and reporting the number of completed schemes. In the baseline survey, the result was calculated based on the number of municipalities that were somehow implementing a WASH Plan (4/42).
3. Indicator 5: Number of Municipalities having incorporated M-WASH-Units into permanent organizations: According to the baseline study, 8 municipalities had "incorporated WASH Unit into permanent organisation" at the start of the project. However, based on the closer collaboration with the municipalities, at least seven of the municipalities that reported having a WASH Unit during the baseline study, did not have them. SUSWA reports progress for this indicator when the municipality has approved a WASH Act that mentions WASH Unit as a permanent organisational structure.
4. Indicator 10: Number of Municipalities with gender responsive budgets: According to the baseline study, 27 out of the 42 SUSWA municipalities have GRB (Palika has allocated a gender responsive budget). However, verification and closer collaboration with the municipalities revealed that none of the 21 municipalities where SUSWA has been working, had actually done the GRB coding in SUTRA. The PSU is currently counting and reporting only the LGs that have completed the official GRB coding in SUTRA.
5. Indicator 11: Number of Municipalities having a plan for eradication of harmful Chhaupadi practice: According to the project baseline assessment, 9 municipalities had guidelines/policies to abolish Chhaupadi practices. However, verification and closer collaboration with the municipalities revealed that none of the municipalities where SUSWA has been working, have a plan for the eradication of the harmful Chhaupadi practice. SUSWA has facilitated the preparation of the plans in the project municipalities and is reporting the number of municipalities that have approved the plan.
6. Indicator 12: Number of Municipalities that involve disability organisations in the WASH planning and monitoring: Of the 42 municipalities, OPDs exist only in 24 LGs. The rest of the LGs need to coordinate with district or province level OPDs. This may create challenges particularly for the involvement of the OPDs in monitoring as well as in planning in the long term. The project has not managed to ensure the involvement of OPDs in all LGs so far but the team works to ensure that OPDs will be engaged in all project LGs next FY. The project is in the process of planning a provincial networking event to facilitate connections between the LGs and OPDs that operate in Karnali.
7. Indicator 23: Number of Municipalities with action plans developed and implemented for achieving safely managed sanitation and total sanitation: According to the baseline data, 11 municipalities had

developed a total sanitation action plan. However, the verification process has revealed that none of the LGs have an actual action plan.

8. In addition, the PSU suggests reviewing **indicator 18** to consider if the indicator is needed for reporting. The indicator is very similar to **indicator 17** and does not provide much new / additional information. Another challenge with the indicators 17, 18 and 19 is that their baseline % is calculated based on a sample of 113 schemes. It is not possible to calculate accurate cumulative progress including baseline with this information. Therefore, the project suggests calculating the cumulative progress of these indicators based on the number of schemes included in the AWP. Table below provides additional detail on the suggested definitions.
9. **Indicator 17: Proportion of WUSCs having up-to-date WSP+++ (WSP that also address climate change adaptation and disaster risk reduction, O&M and water fee collection, and inclusion)** : Number of schemes where the project helped the WUSC prepare a WSP+++ / schemes planned to be repaired or constructed by the project
10. **Indicator 18: Proportion of schemes monitoring water safety and taking measures if necessary**: Number of schemes repaired or constructed by SUSWA and have WSP+++ AND schemes where the project helped the WUSC prepare a WSP+++ and did some repair work based on the WSP+++ monitoring / schemes planned to be repaired or constructed by the project
11. **Indicator 19: Proportion of WUSCs operational and maintaining scheme functionality:** Number of WUSCs operational and maintaining scheme functionality / schemes planned to repaired or constructed by the project
12. **OS7 and OS8 are in reversed order by mistake in the project baseline**: 92% OS7; 89% OS8.
13. **The baseline for indicator 15 should be 0**: The population (322,717) used as the baseline is using water from systems partially functioning or not functioning well, which means minor or major repairs are needed to make the system functioning and ensure water quality. This is our target population. Out of this, our target is to cover 252,500 people by making non-functional schemes functional. This is not on top of 322,717.
14. While calculating a total population of 42 LGs, the Tribeni of Rukum-West population (20,466) was mistakenly used in Triveni of Salyan. The correct population for Tribeni in Salyan is 16,768, which leads to a total population of 42 LGs: 707,496. Now, is 711,194.