



USAID’S WATER, SANITATION AND HYGIENE FINANCE (WASH-FIN) NEPAL

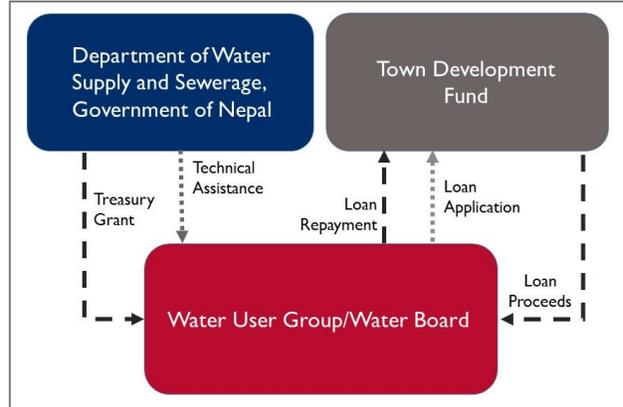
Building a foundation of commercial approaches and new institutional models to close financing gaps to achieving universal access to water and sanitation services.

Nepal has made progress toward providing access to safe drinking water and sanitation for its population. According to the Government of Nepal’s 2016-2030 WASH Sector Development Plan (SDP) coverage is at 86% for water supply and 82% for sanitation. However, the WASH sector continues to face significant regional disparities in terms of both coverage and quality, as well as resilience challenges. In particular, WASH services and water availability are lagging in Province 5, 6 and 7 in the western part of Nepal, and Province 2 in the eastern Tarai area. The government has set ambitious targets for universal access to water and sanitation by the year 2030, requiring an unprecedented mobilization of funding. The SDP estimates an average budget gap of approximately USD 120 million per year for the next decade. The SDP places an emphasis on mobilizing additional sources of domestic and international finance to fill the gap.

Nepal’s Constitution, adopted in 2015, mandates a federal structure with local government responsible for WASH service provision with water user groups and Water Boards providing water supply to municipalities. Blended grant and repayable financing is available from the Town Development Fund, an autonomous entity which leverages local co-finance, grants and repayable finance for urban infrastructure investment, including WASH. WASH-FIN provides a unique opportunity to leverage and collaborate with water user groups, Water Boards, Municipal WASH Coordination Committees, local governments, development partners, Town Development Fund, and civil society to build a foundation for expanding sources of finance for sustainable WASH services.

APPROACH TO CLOSING THE FINANCING GAP

The USAID WASH-FIN approach to closing financing gaps is based on the premise that: 1) citizens should be treated as valued customers and adequately served with WASH services; and, 2) WASH service providers should operate on sustainable business models that demonstrate creditworthiness within clear regulatory and governance structures. Only then can increased public investment and market finance be leveraged to expand or improve service delivery.



The goal of the Nepal Activity is to expand, refine, and institutionalize a customer centered WASH service delivery model based on commercial approaches, cost reflective tariffs, and clear business plans to facilitate access to grant and repayable finance including from the Town Development Fund. This effort will also contribute to improvement and institutionalization of municipal fecal sludge management systems.

ACTIVITIES

WASH-FIN Nepal is providing technical assistance and capacity building support over the following categories of activities:

ESTABLISH A VIABLE WATER SUPPLY MODEL. Support to develop and institutionalize a commercially viable framework for water supply services at the local level. Assistance includes review, analysis, and presentation of framework options and supporting the institutionalization of the selected model in the Municipality of Birendranagar, Surkhet District.

CREDITWORTHINESS ENHANCEMENT. To bring efficiency to operations and bolster creditworthiness, WASH-FIN supports water user groups in non-revenue water reduction, development of cost-reflective tariffs, and improved financial reporting. These efforts will be consolidated in the development of business plans with water service providers.

FECAL SLUDGE MANAGEMENT INSTITUTIONAL AND FINANCING MODEL.

Developing viable institutional and financing models, and options for a private sector entity to participate with the public sector in the efficient management of a fecal sludge management (FSM) plant in the Municipality of Gulariya.

KNOWLEDGE MANAGEMENT. WASH-FIN documents and shares knowledge gained with local stakeholders and partners in a variety of small-group learning exchanges and larger workshops, and through development and dissemination of targeted knowledge resources.

PROJECT DETAILS

The 30-month, \$2.6 million WASH-FIN Nepal Activity is funded by the United States Agency for International Development (USAID) and began in August 2017. Implementation is led by Tetra Tech with support from Segura Consulting. For more details, visit <https://www.globalwaters.org/WASH-FIN>.

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