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Water for the World Country Plan

I. EXECUTIVE SUMMARY

The Government of Nepal (GoN) aims to achieve universal, safely managed, water and sanitation access, in line with Sustainable Development Goal (SDG) 6, by 2030. The major challenges to achieving this goal include the functionality of water supply and sanitation and hygiene (WASH) infrastructure, seasonal or permanent water shortages, and water quality.

USAID/Nepal has been supporting the GoN in the WASH sector since 2011 through watersupply construction, strengthening WASH governance, the Open Defecation Free (ODF) movement, and hygiene promotion. Drawing on lessons from past WASH investments and the latest innovations from the global water sector, USAID/Nepal's Water and Development High Priority Country Plan represents a strategic investment in integrated, comprehensive, multi-sectoral programming to create healthy, resilient and water secure communities with sustainable and functional WASH services. Now that Nepal has been declared ODF, the Plan incorporates a continuation of hygiene promotion activities in line with the GoN's total sanitation guidelines. The Plan also includes the first strategic engagement linking water resource management and WASH. This activity will generate evidence on linkages between watershed management and safe water availability for both domestic and productive purposes, and will generate policy recommendations for scale-up of proven interventions.

II. INTRODUCTION

Nepal's water sector currently faces challenges in quantity, quality and reliability. In 2007, Nepal was classified as experiencing “economic water scarcity” due to lack of investment, and human and institutional capacity to plan and manage water supply in order to satisfy the demand.¹ Since then, anecdotal evidence and research have noted a reduction in water availability. This indicates that Nepal may be starting to experience physical water scarcity in certain locations and seasons, where the available water is not sufficient to meet both human demands and those of ecosystems.

Where water is available, it is often unsafe. Arsenic levels in groundwater exceed international benchmarks in parts of the country. Forests have been degraded and wetlands have been drained, which hinders natural filtration and treatment of biological and chemical contamination. And although Nepal was declared ODF in September 2019, fecal sludge continues to spill directly into water bodies, forests and flood-prone areas, further contaminating groundwater.

Unsafe water, poor sanitation, and unhygienic behaviors are major contributors to morbidity and mortality in Nepal. Diarrheal disease is responsible for 15.3 percent of mortality, and acute respiratory illness (ARI) an additional 24.8 percent² in Nepali children between 1 and 59 months. The majority of diarrheal deaths, and 13 percent out of 24.8 percent of ARI, are attributable to poor water, sanitation and hygiene.³ Poor WASH practices are also related to nutritional status. Analysis of the 2011 and 2016 Nepal Demographic and Health Surveys (NDHS) shows a correlation between a decrease in open defecation and decrease in stunting across the nation over this time period.

III. WATER AND SANITATION CONTEXT IN NEPAL

GoN's Water and Sanitation Priorities

Nepal's Constitution states that “every person shall have the right to live in a healthy and clean environment,”⁴ and Nepal has committed to achieving the SDGs for universal access to safely managed drinking water and sanitation.

According to the Ministry of Water Supply (MoWS),⁵ in 2019, 88 percent of households had access to basic drinking water services. In terms of water quality, the latest Nepal Multiple Indicator Cluster Survey (MICS 2019)⁶ found 75 percent of water sources and 85 percent of household drinking water showed fecal contamination, indicating additional contamination during transport and storage. Ultimately, only 19 percent of the population used a safely managed drinking water service, that is, one located on the premises, available when needed, and free from contamination.

The country has been declared ODF, and 94.5 percent of households are using improved sanitation (MICS 2019). The MoWS has now introduced the concept of Total Sanitation, which aims to

1 Water for Food, Water for Life: Comprehensive Assessment of Water Management in Agriculture. 2007. London: Earthscan, and Colombo: International Water Management Institute.

2 UN data <https://data.unicef.org/topic/child-survival/under-five-mortality/> updated Jan 2019

3 Safer water, better health. 2019 update. Geneva: World Health Organization; 2019.

4 The Constitution of Nepal. Article 35(4). Kathmandu: Ministry of Law, Justice and Parliamentary Affairs; 2015

5 Annual report of Department of Water, Sanitation and Sewerage Management, MoWS, 2019.

6 Multiple Indicator Survey 2019, UNICEF and GoN.

reinforce people's behavior towards toilet use, cleaning and maintenance, and handwashing.

The current 5-year National Development Plan (2019/2020–2024/2025) envisages 99 percent access to basic water supply, 40 percent access to safely managed drinking water, and maintaining ODF, while progressively achieving Total Sanitation, with at least 20 percent of wastewater treated and properly discharged. The Plan also emphasizes water source conservation along with multiple-use and integrated planning of water resources.

GoN's Current and Planned Strategies and Approaches to Water and Sanitation

Nepal's WASH sector has a comprehensive policy and legislative environment under a dedicated MoWS. A new Drinking Water and Sanitation Bill is before the Cabinet, and is expected to be endorsed in 2020. The draft bill covers all the components of the right to water and sanitation: quality, quantity, reliability, affordability, equity, transparency, and accountability. It prioritises water for domestic use over other uses like irrigation and hydropower. A new National Water Supply and Sanitation Sector Policy is also under development. Nepal has drafted a WASH Sector Development Plan (SDP) 2019-2029, which is also under review at the MoWS.

Almost three percent of the GoN's total budget is allocated for the WASH sector, and the WASH budget has doubled from US\$249 to \$431 million from Fiscal Year (FY) 2015 to FY 2020. As in previous years, the major portion of the budget is allocated for large infrastructure investments in Kathmandu and other urban areas. The budget also aims to achieve basic drinking water access for 94 percent of the population by FY 2021/22, while simultaneously increasing access to managed drinking water.

The draft SDP estimates a requirement of US\$14.5 billion to meet SDG WASH targets by 2030. This means that there will be a gap of US\$1 billion if prevailing budget trends continue. Nepal's WASH budget is highly dependent on external funding, with 49 percent of the budget coming from external sources, especially loans (41 percent).⁷ Although private sector engagement is crucial to reduce dependency on external funds, the private sector's involvement in water and WASH-related services is underdeveloped in Nepal. This may be due to a lack of mechanisms, frameworks and guidelines to facilitate engagement. While the draft SDP considers water a valuable commodity that people must be willing to pay for in order to appeal to the private sector, many Nepalis expect water to be free and are reluctant to pay tariffs for it.

IV. CHALLENGES AND OPPORTUNITIES IN THE SECTOR

Major Challenges

Functionality of WASH infrastructure: The functionality of WASH infrastructure is a challenge. A 2014 study⁸ reported that only 25% of water supply systems function properly, while 39% require either major repairs, rehabilitation or reconstruction.

Climate vulnerability and drying up of water sources: A changing and unpredictable climate poses serious threats, in the form of floods, droughts and landslides, to water source reliability, assets and functionality.

7 WASH financing in Nepal 2018/19, WaterAid Nepal 2018.

8 Nationwide Coverage and Functionality Status of Water Supply and Sanitation in Nepal, Department of Water Supply and Sewerage, GoN.

Inclusive WASH: Women and marginalized groups' participation in the WASH sector is too often limited to fulfilling quotas. Ensuring coverage of the hardest to reach areas is another challenge.

Legal and policy framework: Guiding sector legal and policy framework documents, including a new WASH bill, are still in the process of approval. These important documents will support and strengthen the enabling environment to improve the coordination, sustainability and quality of WASH services provided.

Water quality: Biological contamination is a major issue in providing safe drinking water access in Nepal. There is no systematic water quality surveillance. The GoN has a mandatory requirement for custodians of water supplies to prepare climate resilient Water Safety Plans (WSP), but this remains to be institutionalized.

Fecal sludge management: With impressive government leadership in declaring Nepal ODF, fecal sludge management is now a major challenge in the country.

Opportunities

National Management Information System (MIS) platform: MoWS recently developed a National WASH M&E/MIS System which will be a reliable data collection and reporting mechanism from the local to national levels. This platform will help to identify the unreached population, WASH infrastructure status, prevent duplicate interventions, and help ensure achievement of the national WASH policy.

Federalism: Federalism has shifted powers, responsibilities, and resources to local governments. This creates both opportunities and challenges. Local governments have the right to tax, collect revenue, and allocate budget for construction and oversight of WASH activities. This is an opportunity to mobilize local government funds for WASH activities and to ensure local government ownership.

Paradigm shift in sanitation approach: The GoN's Total Sanitation program presents opportunities for households to upgrade their sanitation facilities, and to strengthen the value chain for safely managed services.

V. RESULTS FRAMEWORK

USAID/Nepal's vision is to continue to be a leader in implementing, documenting and disseminating new models for sustainable water and sanitation service delivery and improved hygiene behaviors. The goal of USAID/Nepal's Country Development Cooperation Strategy (CDCS) 2014-2019 is: "Effective and inclusive governance, combined with investments in human capital and economic growth, will result in a more democratic, prosperous, and resilient Nepal." Water resources and related services must be managed in an integrated and sustainable way for Nepal to achieve water security to support its growth and development goals. Water security and WASH will remain an essential component of the next CDCS (2021-2026).

The Theory of Change for Nepal's WASH portfolio is:

If water resources are managed for quality, quantity, and equitable gender and social group access for humans and the environment; and,

IF technological and financing innovation, knowledge management and research are accompanied by awareness-raising, as well as educational and capacity development programs for WASH infrastructure and water use optimization to provide reliable water and sanitation services for domestic and productive needs; and,

IF WASH and water resource governance system are in place;

THEN sustainable water and sanitation systems and ecosystems will support development and build resilience and enhanced equitability on Nepal's journey to self-reliance.

USAID/Nepal's WASH activities advance the State Department-USAID Joint Strategic Plan Objective 2.2, "Promote healthy, educated, and productive populations in partner countries to drive inclusive and sustainable development, open new markets, and support U.S. prosperity and security objectives," and the Kathmandu Embassy's Integrated Country Strategy Mission Goal 2, "Increase America's prosperity by developing Nepal as a reliable economic partner," and Mission Objective 2.2, "Nepal improves health and education outcomes to increase economic productivity." This will also contribute directly and indirectly to meet several SDGs, including SDG 6 pertaining to water, health, poverty, energy, and food security.

USAID/Nepal's WASH portfolio contributes to USAID's Journey to Self-Reliance by strengthening the commitment and capacity of federal, provincial, and local governments to effectively manage limited water resources, and provide safe water and sanitation services to promote a healthier, more stable, and prosperous Nepal. It will also create community assets that build community resilience by constructing and/or rehabilitating multi-use water systems in co-located watersheds. It will explore and mobilize diverse funding mechanisms, including host government investment, blended finance structures, public-private partnerships (PPPs), and other models to plan, finance, and implement solutions for sustainable WASH services.

VI. PROGRAM COMPONENTS

USAID/Nepal's current WASH portfolio consists of an earthquake recovery WASH activity, a project improving WASH in health care facilities, a WASH financing activity, and a hygiene promotion through integrated nutrition activity. In the next five years, USAID/Nepal will continue its support to household hygiene promotion in line with the GoN's Total Sanitation, with nationwide scale-up of hygiene promotion at immunization clinics. USAID/Nepal's WASH activities are currently implemented in 43 districts, and will be expanded nationwide from early 2021.

Water security will be an important theme in the design of new WASH activities in Nepal. The Karnali Water Security (KAWAS) activity, a mechanism under procurement, uses multi-sectoral approaches to address water supply, sanitation and water resource management via upper watershed management in order to conserve biodiversity, while increasing water availability downstream, focusing towards water secured communities. The activity will address growing water insecurity (e.g., the drying up of water sources); promote rational and efficient use of water for people, agriculture, and other uses; reinforce legal and institutional frameworks on water resource management; and reduce water contamination by fecal sludge, agriculture and other sources. It also incorporates flexibility to provide supplemental assistance to link disaster response and recovery activities with support for functional WASH delivery. This strategic engagement in the WASH sector will generate evidence on linkages between watershed management and safe water availability for both domestic and productive purposes, and will generate policy recommendations for scale up of proven interventions.

Other current and planned Mission activities, particularly Feed the Future (FtF), Democracy and Governance (DG), and Natural Resource Management (NRM) programs, indirectly contribute to Agency WASH objectives. Food for Peace’s (FFP) new design will have complementary geography and activities with KAWAS, focusing on resilient communities and strengthening disaster risk reduction (DRR). DG activities provide WASH supplies such as hygiene kits and water treatment chemicals to local governments during emergencies and support the repair and maintenance of community level water systems. NRM programs include environmental conservation and management interventions to protect water sources.

The table below provides a list of USAID/Nepal WASH mechanisms for the next five years.

Name of Mechanism	Type of Mechanism	Major Interventions	Dates	Funding	Geographic Focus
Nepal Health and Hygiene Activity (“Swachchhata”)	Cooperative Agreement	WASH in health care facilities	Feb. 2016 - Feb. 2021	\$4.9M (\$4.7M WASH Directive)	Four districts in Karnali Province (Rukum, Salyan, Jajarkot & Dolpa)
Water, Sanitation and Hygiene Earthquake Recovery Activity (“Safaa Paani”)	Cooperative Agreement	Community water supply	Nov. 2015 - Nov. 2020	\$4.3M (100 percent WASH Directive)	Sindhupalchowk & Dolakha districts (earthquake affected)
Suahaara II (Integrated Nutrition Program II)	Cooperative Agreement	Total sanitation promotion	Apr. 2016 - Mar. 2021	\$85M (\$8.5M WASH Directive)	42 Districts
WASH Financing (WASH-Fin)	Centrally-funded and managed contract	WASH financing	Jan. 2018 - June 2020	\$2.6M (100 percent WASH Directive)	Surkhet, Banke & Bardiya districts
Karnali Water Security Activity (KAWAS)	Contract	Water security, sustainable water and sanitation services	5-year, tentatively Jan. 2021 - Jan. 2026	\$24.8M (88 percent WASH Directive, seven percent FTF fund, five percent Evt fund)	Karnali Basin
G2G Redbook	G2G	Hygiene promotion	Annual	\$1.4K (FY19 and 20)	Nationwide
New Food for Peace Activity	TBD	Productive uses of water and DRR	TBD	\$13M	Karnali Basin where KAWAS will be located

This Plan’s budget is based on prior year resources still available for programming and the FY 2020 estimated allocation of US\$9.5 million.

VII. STAKEHOLDER ENGAGEMENT

USAID/Nepal actively participates in the WASH sector coordination platform with the Finnish Embassy, DFID, and JICA as bilateral agencies; UNICEF, UN-HABITAT and other UN agencies; the World Bank and Asian Development Bank as multilateral agencies; WaterAid Nepal as a representative of international NGOs; and the International Water Management Institute (IWMI) as a representative of international organizations.

USAID/Nepal also participates in the WASH Cluster, which has been very active in the COVID-19 response. The National WASH Coordination Committee, hosted by the MoWS, is attended by implementing partners who keep the Mission informed. There is close collaboration on environmental health issues generally within Embassy Kathmandu. Within the Mission, there is a Nutrition, Food Security and WASH coordination group that meets monthly. USAID/Nepal's Social, Environmental and Economic Development Office procured the two-year (2019-2020) Integrated Water Management Activity (IWMA) to ensure effective collaboration around the importance of safeguarding water in the Rangun Khola and Lower Karnali watersheds amongst their ongoing NRM, FtF, and FFP activities.