



# WATER, SANITATION AND HYGIENE FINANCE (WASH-FIN) NEPAL

Closing financing gaps to achieve universal access to water and sanitation services.

Nepal has made progress toward providing access to safe drinking water and sanitation for its population. The Government of Nepal’s WASH Sectoral Development Plan estimates 86% coverage for water supply and approximately 82% coverage for sanitation. However, the WASH sector continues to face significant regional disparities, in terms of both coverage and quality. In particular, WASH services are lagging in the mid-west and far-west regions as well as the Tarai areas. The government has set ambitious targets for universal access to water and sanitation by the year 2030, requiring an unprecedented mobilization of funding. The Sector Development Plan estimates the total financing gap to be \$120 million per year for the next 15 years and places an emphasis on the need for domestic market finance mobilization to fill the gap.

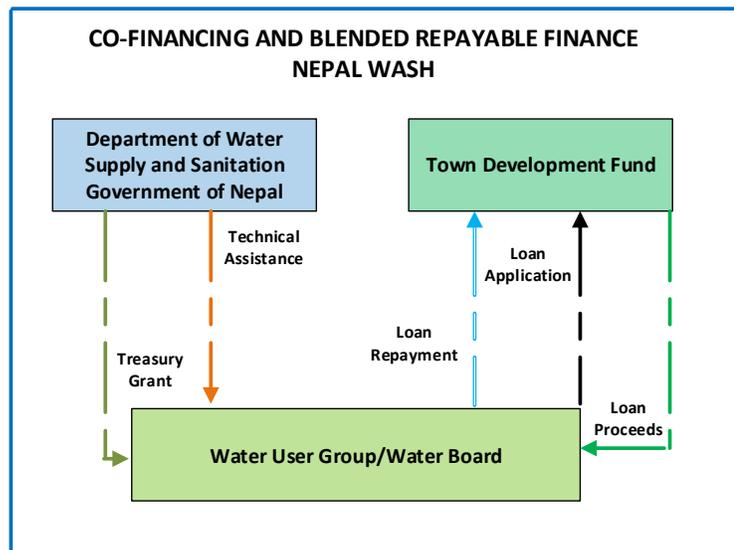
Nepal’s Constitution, adopted in 2015, mandates a federal structure under which local government bodies are responsible for providing WASH services. Some Water User Groups and Water Boards are already providing piped water supply to municipalities. The government has initiated blended grant and repayable financing from the Town Development Fund (government owned entity for urban infrastructure lending and financing) for WASH operators. In support of the growing WASH financing needs in Nepal, WASH-FIN provides a unique opportunity to collaborate with Water User Groups, Water Boards, Municipal WASH Coordination Committees, local governments, development partners, and civil society to build a foundation for expanding sources of finance for sustainable WASH services.

## WASH-FIN NEPAL APPROACH

The 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 water and sanitation and hygiene 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 effectively leveraged to expand or improve service delivery.

The goal of WASH-FIN Nepal's 30 month activity is to expand, develop and institutionalize a municipal WASH

service model based on commercial approaches to customer centered service delivery using cost reflective tariffs and clear business plans which facilitate access to blended grant and repayable finance from the Town Development Fund. This effort will also make practical contributions to the improvement and institutionalization of municipal fecal sludge management systems.



## WASH-FIN NEPAL ACTIVITIES

### Category 1 – Assist to Establish a Viable Water Supply Model

- Activity 1.1 – Review Institutional Framework for WASH Services
- Activity 1.2 – Options Analysis for Defining Municipal Institutional Relationships
- Activity 1.3 – Institutionalization of Municipal/Local Water Supply Model

### Category 2 – Creditworthiness Enhancement

- Activity 2.1 – Business Plan Development
- Activity 2.2 – Cost Reflective Tariff
- Activity 2.3 – Financial Reporting
- Activity 2.4 – Developing Financing Proposals for the Town Development Fund

### Category 3 – Fecal Sludge Management Institutional and Financing Model

- Activity 3.1 – Landscape Analysis of Fecal Sludge Management
- Activity 3.2 – Development of Standards, Institutional and Financing Model

### Category 4 – Knowledge Management

- Activity 4.1 – Stakeholder Engagement and Collaboration
- Activity 4.2 – Knowledge Sharing Other Sector Stakeholders

## WASH-FIN NEPAL 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. WASH-FIN implementation in Nepal is led by Tetra Tech with support from Segura Consulting.

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