

**DRAFT OUTLINE TERMS OF REFERENCE FOR SECTOR EFFICIENCY IMPROVEMENT  
UNIT (SEIU) CONSULTANT**

1. The Sector Efficiency Improvement Unit (SEIU) consultant will provide support to the unit being established in Water Supply and Sanitation Division of Ministry of Physical Planning and Works (MPPW), Government of Nepal for developing efficient, effective and accountable water supply and sanitation sector in the country. The legislative and policy framework for water supply and sanitation sector in the country has mainly developed over the past decade. The SEIU consultant will support MPPW in developing new policies, refining existing policies in water supply and sanitation sector in addition to facilitating the implementation of current policies. There are currently no policies and guidelines focusing on wastewater management, another priority area for the Government to be supported by SEIU consultant.

2. In order to ensure efficient, effective, responsive, transparent and accountable service delivery by water supply and sanitation service providers in the country, it is required to develop proper benchmarking, performance evaluation and rating system of the service providers along with systems to improve provision of services to the citizens by such service providers, for which SEIU consultant will support the Government. There are many agencies implementing or influencing policies at the national level, and many development partners are supporting the sector, but currently sector coordination is not sufficiently undertaken. There is a need to have more effective coordination with uniform parameters for policy formulation, implementation, institutional structures, subsidy structures, implementation modality and other arrangements. The SEIU consultant will help the Government to achieve better sector coordination and harmonized implementation procedures for all agencies and development partners in the sector. Adoption of best practices of similarly situated countries is another area in which SEIU consultant will provide support to the Government.

3. The scope of SEIU consultant will include but not necessarily be limited to the following:

**A. Policy Support for Water Supply and Sanitation**

- (i) Analyze urban water sector and sanitation policies and the implementation arrangements in other countries, especially in Asia and suggest the best concepts/ practices to be adopted in Nepal based on such analysis.
- (ii) Review and suggest amendments in the current acts, policies, regulations, guidelines or their implementation arrangements related to water supply and sanitation sector in Nepal. The policy and legal framework has developed incrementally with separate policies and regulations adopted and enacted for water resources, national sanitation, rural water supply and sanitation, water quality, and urban development. Major acts and regulations include Drinking Water Regulation (1998), National Water Supply and Sanitation Policy (1998), Local Self Governance Act (1999), Local Self Governance Regulations (1999), National Water Plan (2002), and National Drinking Water Quality Standards (2007).
- (iii) Support implementation of Urban Water Supply and Sanitation Sector Policy (UWSSSP) and establish monitoring and evaluation mechanism (including Management Information System [MIS]), including the preparation of UWSSS Action Plan.

- (iv) Develop specific guidelines for output-based aid (OBA)<sup>1</sup> and monitor the implementation of the guidelines.
- (v) Support the development of umbrella Water Supply and Sanitation Act.
- (vi) Support the development of national standards and/or guidelines for sewerage and wastewater management.
- (vii) Support the development of guidelines for preparing water safety plans and assist the water utilities in preparing water safety plans in accordance with the guidelines.
- (viii) Support the development of other appropriate policies and guidelines in water supply and wastewater management sector, as required by the Government.
- (ix) Carry out specific studies, if required, for deriving suitable interventions in policies related to water supply and sanitation sector.

**B. Benchmarking and Efficiency Improvement of Water Supply and Sanitation Service Providers**

- (i) Develop criteria for benchmarking, performance evaluation (Report cards giving grades on selected important parameters), and performance rating system (like the credit rating system used in financial sector) of service providers in water supply and sanitation sector in the country, based on the analysis of similar systems in other countries, especially in Asia, and current service levels in Nepal.
- (ii) Collect relevant data, apply the approved criteria and produce periodic performance evaluation (Report cards) and overall performance ratings of various service providers across the country.
- (iii) Institutionalize systems for publication and dissemination of comparative performance evaluation (Report cards) and performance ratings of various service providers to wider public so that there is greater demand by citizens for better services from the service providers.
- (iv) Develop suitable systems, through policy interventions and/or refinement of implementation arrangements, to encourage efficiency improvement and better citizens' service delivery by the service providers.
- (v) Institutionalize the systems for sustainable performance evaluation and rating in the MPPW.
- (vi) Develop suitable policy interventions for encouraging private sector participation in water supply and sanitation sector to improve managerial efficiencies and enhance sector investment.

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<sup>1</sup> OBA, a strategy for using explicit performance-based grants to deliver basic services such as water supply and sanitation, where policy concerns would justify public funding to complement or replace user contribution, will be applied to the Second Small Towns Water Supply and Sanitation Sector Project, to facilitate mainly the poor's house connection to water supply and sanitation system. OBA, as an approach to help improve aid effectiveness, is increasingly being utilized by other development partners such as the World Bank. In the Project, Water Users and Sanitation Committees (WUSCs) will pre-finance a part of the connection costs for the poor, mainly through membership fees and/or initial contributions from the non-poor, and ensure the poor's house connection to the water supply and the construction of private latrines with appropriate designs. Grants will be paid back to WUSCs by the Government after the intended outputs have been confirmed by local NGOs working as verification agent. As this is the first attempt of its kind, specific guidelines need to be prepared.

- (vii) Carry out specific studies, if required, for deriving suitable interventions in policies related to benchmarking and performance evaluation.
- (viii) Organize capacity building programs for important stakeholders and service providers including visits to best managed utilities in the country and abroad and encouraging service providers to group together for mutual learning, experience sharing and forming association/federation, as appropriate.

### C. Water Supply and Sanitation Sector Coordination

- (i) Review various water supply and sanitation sector programs/projects financed and supported by major external agencies across the country such as World Bank, ADB, JICA, Government of Finland, and other prominent I/NGOs in terms of their policies, priorities, institutional structures, subsidy structures, implementation modalities and arrangements etc and suggest measures to achieve better coordination, uniformity and more effective use of resources, especially towards a common Sector Wide Approach (SWAp).
- (ii) Review various water supply and sanitation sector programs/projects implemented by agencies such as DWSS, NWSC, KUKL, WUSCs in terms of their policies, priorities, institutional structures, subsidy structures, implementation arrangements etc and suggest measures to achieve better coordination, harmonization and more effective use of resources, especially in terms of SWAp.
- (iii) Analyze such arrangements in similarly situated countries, especially in Asia and suggest the best practices to be adopted in the country.
- (iv) Suggest institutional arrangements to achieve better sector coordination and harmonization in financing and implementation modalities.

4. The qualifications, experience and person-months requirements of key SEIU consultants are given in **Table F.1**.

**Table F.1: Qualifications, Experience and Person-months for SEIU Consultant**

	<b>Expert</b>	<b>Desired requirements</b>	<b>Person-Months</b>
1	Water Supply and Sanitation Sector Policy Analyst/Team Leader, International	A Post-graduate in Water Supply/Sanitation with at least 15 years of international experience of working in water supply and sanitation sector out of which at least 7 years should be at policy level. Experience of working in more than 3 countries and expertise in policy analysis techniques as applicable to water supply and sanitation are desirable.	18
2	Service Providers Benchmarking and Efficiency Improvement Expert, International	A Post-graduate in Water Supply/Sanitation with at least 15 years of international experience of working in or with water supply/sanitation service providers out of which at least 7 years should be at senior/policy level. Experience of working in more than 3 countries and expertise in benchmarking and performance assessment of water supply/sanitation service providers are desirable.	8
3	Water Supply and Sanitation Sector Policy and Coordination Expert,	A Post-graduate in Water Supply/Sanitation with at least 10 years of experience of water supply/sanitation in Nepal. Experience of various programs and projects in the sector in	18

## Supplementary Appendix F

	National	the country and expertise in comparative analysis of implementation of such programs and projects with respect to policy and sector coordination (including experiences on SWAp) are desirable.	
4	Water Supply and Sanitation Legal Expert, National	A Post-graduate in Water Supply/Sanitation with at least 10 years of experience of working in water supply and sanitation sector out of which at least 5 years should be at legal, institutional and regulatory issues. Experiences of working in more than 3 externally funded projects are desirable.	6
5	Water Supply and Sewerage Engineer, National	A Post-graduate in Water Supply/Sanitation with at least 10 years of experience of working in water supply and sanitation sector out of which at least 5 years should be at designing, supervising, and operating water supply or sewerage systems as an engineer. Experience of working in more than 3 externally funded projects and expertise in various technological options for water supply and sewerage management are desirable.	18
6	MIS System Development Specialist, National	A Post-graduate in information technology/system with at least 7 years of experience of developing and operating management information system. Experiences on water supply and sanitation sector are desirable.	6
7	Socio-economist, National	A Post-graduate in sociology, economics or social development with at least 7 years of experience of working in poverty mapping, microfinance or related fields with economics perspectives. Experience of working in more than 3 externally funded projects and knowledge on water supply and sanitation sector are highly desirable. Experiences on the OBA are an advantage.	12
8	Unallocated (National)	To be identified based on the requirement	20
9	Unallocated (International)	To be identified based on the requirement	6
10	Individual Consultants (National)	To be identified based on the requirement	40