



Mapping of Water & Sanitation Programs, Institutions and Fund Flow Architecture For Samastipur, Bihar

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ABBREVIATIONS

BDO	Block Development Officer	O&M	Operation and Maintenance
BSWSM	Bihar State Water and Sanitation Mission	ODF	Open Defecation Free
CBO	Community based Organisation	PEO	Panchayat Executive Officer
CFC	Central Finance Commission	PHED	Public Health Engineering Department
CLTS	Community Led Total Sanitation	PRIs	Panchayati Raj Institutions
CM	Chief Minister	PWS	Piped Water Supply
CSS	Centrally Sponsored Scheme	RWS	Rural Water Supply
DPR	Detailed Project Report	SBM (G/R)	Swachh Bharat Mission (Gramin/Rural)
FC	Finance Commission	SDGs	Sustainable Development Goals
Goi	Government of India	SEM	Self-employed Mechanic
GP	Gram Panchayat	SE	Superintending Engineer
GPDP	Gram Panchayat Development Plan	SFC	State Finance Commission
IHHL	Individual Household Latrine	SHG	Self Help Group
JE	Junior Engineer	SWSM	State Water and Sanitation Mission
LSBA	Lohiya Swachh Bihar Abhiyan	TWG	Thematic Working Group
LWE	Left Wing Extremism	VWSC	Village Water and Sanitation Committee
MIS	Management Information System	WASH	Water, Sanitation and Hygiene
NGO	Non-governmental organisation	WATSAN	Water and Sanitation
NRDWP	National Rural Drinking Water Program		

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EXECUTIVE SUMMARY

The purpose of this paper is to aid the efforts of CSOs engaging with issues of fiscal governance in the WASH sector in Bihar. The paper attempts to map the rural water and sanitation (WATSAN) programs, institutions and fund flow architecture for Samastipur district in Bihar. Further, it presents a roadmap for tracking and analyzing budgets for WATSAN programs flowing into any particular district in Bihar, taking the case of Samastipur as an example.

Recent changes in the federal fiscal framework in India have put greater onus on the State and Local Governments for public financing of social sector programs, including those delivering WATSAN services in rural areas. The Fourteenth Finance Commission (14th FC) recommended a higher devolution of untied funds to States over the period 2015-16 to 2019-20, as a result of which State Budgets are getting a higher quantum of funds during these years under the head States' share in the divisible pool of central taxes. State Governments and Local Governments (i.e. the GPs) are, therefore, playing a more prominent role currently in public financing of the programs that are delivering WATSAN services in rural areas.

In view of this, it is important to examine the expenditure priorities for drinking water and sanitation in the Budgets of State Governments and how the 14th FC funds are being spent at the level of GPs. Hence, it is pertinent to analyze in the context of a State like Bihar – whether the overall quantum of budgetary resources flowing into WATSAN sector (i.e. the resources provided for Central Schemes, with combined Central and State shares for such schemes, and those provided for State Government's own schemes for the sector) has increased in the 14th FC period or not. Moreover, given the high degree of political priority given to sanitation with the Swachh Bharat Mission (SBM) since 2014, which is a Central Scheme for sanitation, it is also important to study the spending priorities for drinking water vis-à-vis those for sanitation in the most recent years.

Among the various types of public or government sources of funds for water and sanitation services in Bihar, the major sources in terms of the volume of funds available are the following: NRDWP (Central and State shares of resources), SBM (G) (Central and State shares of resources), Lohiya Swachh Bihar Abhiyan (funded by the State Government), and the Har Ghar Nal Ka Jal and Nali Gali Pakkikaran schemes under the Saat Nischay program (funded by State Government as well as from the 14th FC and 5th SFC grants for GPs). Reportedly, a large proportion of the 14th FC and 5th SFC grants for GPs in Bihar is getting channeled towards the water and sanitation schemes under Saat Nischay.

As stated at the outset, the main objective of this paper is to aid CSOs, engaging with water and sanitation sector at the grassroots level, in being able to track and analyze the budgets provided for relevant programs in Samastipur district in Bihar. The paper starts with drawing the background of the district and state in terms of its rural water and sanitation situation followed by a mapping of relevant programs, institutions and officials, the different possible sources of funding and the fund flow architecture in the district. The road map for tracking budgets for water and sanitation programs has been laid out with an analysis of preliminary observations during the stage of primary data collection. An attempt has been made to highlight the linkages between issues in WATSAN services and budget issues. This is further explained by charting out the ways in how to access budget information in the district.

Mapping of Water & Sanitation Programs, Institutions and Fund Flow Architecture for Samastipur, Bihar

INTRODUCTION

This paper is meant for aiding the efforts of CSOs engaging with issues of fiscal governance in the WASH sector in Bihar. It presents a mapping of the rural water and sanitation (WATSAN) programs, institutions and fund flow architecture for Samastipur district in Bihar. It also presents a roadmap for tracking and analyzing budgets for WATSAN programs flowing into any particular district in Bihar, taking the case of Samastipur as an example.

This working paper is part of the Watershed India Program (2016 - 2020), which aims to facilitate improvements in governance and management of WASH services (Water, Sanitation and Hygiene services) and water sources on which such services depend by strengthening the role of civil society organizations (CSOs) as agents of change in the sector. The Watershed India Program is focusing on two landscapes in Bihar and Odisha.

Rationale and Objective

Recent changes in the federal fiscal framework in India have put greater onus on the State and Local Governments for public financing of social sector programs, including those delivering WATSAN services in rural areas.

The Fourteenth Finance Commission (14th FC) recommended a higher devolution of untied funds to States over the period 2015-16 to 2019-20, as a result of which State Budgets are getting a higher quantum of funds during these years under the head States' share in the divisible pool of central taxes. However, this increase in devolution to States has been accompanied by some reductions in the Union Government's / Centre's direct funding of many social sector programs; State Governments are expected to compensate for the reductions in the Central share of funding in such programs depending on their State-specific needs across sectors. The Central programs meant for both rural drinking water supply and sanitation are among those that witnessed a restructuring of the Centre-State funding pattern.

Moreover, the 14th FC also provided a greater magnitude of funds to Local Governments across the country (both rural and urban Local Governments). In most of the States, a sizable chunk of the 14th FC funds for the Gram Panchayats (GPs) are being directed towards WATSAN services.

State Governments and Local Governments (i.e. the Gram Panchayats for rural and Urban Local Bodies for urban) are, therefore playing a more prominent role currently in public financing of the programs that are delivering WATSAN services in rural areas. In view of this, it is important to examine the expenditure priorities for drinking water and sanitation in the Budgets of State Governments and how the 14thFC funds are being spent at the level of GPs.

An in-depth assessment of the changes, progress, and gaps in the public financing of rural WATSAN services in Samastipur district of Bihar requires us to first develop a comprehensive mapping of all the relevant programs, institutions and fund flow architecture for the district. The present paper maps this architecture for Samastipur and also indicates the roadmap that could be followed by CSOs and other stakeholders for tracking and analyzing government funds flowing to the district for rural WATSAN services.

Scope and Methodology

This paper provides an overview of the government programs and institutions delivering rural WATSAN services, including institutions at all three levels of the government (viz. Centre, State and Local Government) that play an important role in the sector, so as to develop a comprehensive understanding of the rural WATSAN funds, functions and functionaries in Samastipur district of Bihar. The paper also provides the fund flow charts or maps for all relevant government programs for the said district.

The methodology for this exercise included: (i) a review of secondary literature on rural WATSAN sector focusing on Bihar, (ii) a review of all relevant government documents relating to the WATSAN programs in Bihar, (iii) a number of structured interviews with State Government, district and block level officials, and (iv) a number of focused discussions with elected members of select GPs from Samastipur and representatives of CSOs working on WATSAN sector at the GP level in Samastipur.

Moreover, an earlier draft of this paper was also discussed for validation with representatives of CSOs working on WATSAN sector at the GP level in Samastipur and a couple of other districts in Bihar in a workshop held in Patna in December 2018.

Background Information and Situation Analysis for the Sector in Bihar and Samastipur

Water and Sanitation coverage

Table 1: Rural Water Supply Status of Bihar

Quality Affected [#]	4.5% <i>(60% habitations that accounts for 49.9 % of State's population)</i>
Partially Affected	36.4% <i>(60.1% habitations that accounts for 54.6% of State's population)</i>
Water Supply Source [@]	Hand Pumps: 94% Piped Water Network: 4.2%

[#] All people in these habitations do not have access to the prescribed water supply 55 Liters per capita per day (LPCD)

[@] Groundwater is the source in all habitations either through hand pumps or piped water schemes, while surface water accounts for a minuscule 0.2 percent of water schemes.

In terms of the rural water supply status of Bihar – while 59 percent of its habitations are fully covered with water supply, 36.4 percent are partially covered and 4.5 percent are quality affected. 60 percent of habitations, which account for 49.9 percent of the State's population, are in quality-affected areas; and 60.1 percent habitations, with 54.6 percent of the population, fall in partially covered areas. Water supply in 94 percent of the habitations is from hand pumps. Piped water networks are installed only in 4.2 percent of the habitations in Bihar. Groundwater is the source in all habitations either through hand pumps or piped water schemes, while surface water accounts for a minuscule 0.2 percent of water schemes.

In terms of the performance in the sanitation sector until now, Bihar has lagged behind most others as it appears among the five poorest performers. Latrine coverage is 27 percent and just 1,014 villages have self-declared as ODF; of these, merely 17 villages have been verified. As per the 2012 Baseline survey, 168.1 lakh households in Bihar lacked toilets. Since then, 57.8 lakh households have got toilets. Patna district has the highest coverage at 55.5 percent. However, the pace of toilet construction has increased significantly since the 2015-16, after SBM.

Table 2: Coverage and ODF Status

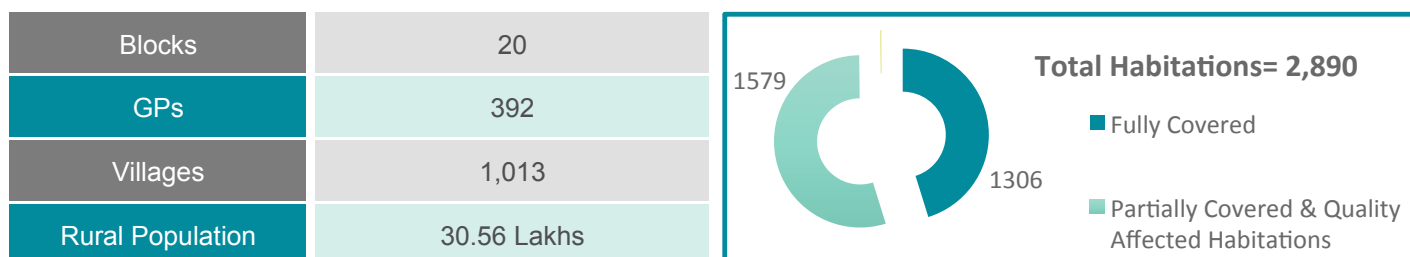
Latrine Coverage	27%
Open Defecation Free (Self-declared)	1,014 villages <i>(Only 17 verified)</i>
Highest Coverage	Patna (55.5%)

Table 3: HHs in Bihar that lacks Toilets (As per 2012 Baseline Survey)

2012	168.1 Lakh
2018 (Nov)	110.3 Lakh
The pace of toilet construction has increased significantly since SBM (2015-16)	

Samastipur district comprises of 20 Blocks, 392 GPs, 1,013 villages and 2,890 habitations. With a rural population of 30.56 lakh, it has 1,306 fully covered habitations, 1,579 partially covered habitations and 5 water quality-affected habitations in terms of rural water supply coverage.

Table 4: Composition of Samastipur District



Major Programs Delivering Rural Water & Sanitation Services in Samastipur, Bihar

The major schemes for this sector in Samastipur (as also in other districts in Bihar) are the National Rural Drinking Water Program (NRDWP) for rural drinking water and Swachh Bharat Mission - Gramin or SBM (G) for rural sanitation, both of which are Central Schemes. Bihar Government provides the State's matching share of funding for both of these Central Schemes and implements them in the State.

Also, for sanitation, Bihar Government has launched Lohiya Swachh Bihar Abhiyan (or Lohiya Sanitation Yojana) to cover those households that were not eligible for incentives for toilet construction under SBM (G).

Bihar Government has also launched the Har Ghal Nal Ka Jal scheme and Gali Nali Pakki Karan Scheme under the (Chief Minister's) Saat Nischay¹ (or Seven Resolutions) program. Table 1 below identifies the schemes for rural water and sanitation being implemented in Samastipur, Bihar.

NRDWP

The NRDWP is a centrally sponsored scheme (CSS)². The NRDWP's goal is to bring piped drinking water to at least 90 percent of rural households by the year 2022 and make sure that at least 80 percent have a household connection. Furthermore, it aims to "provide enabling support and environment" so that 100 percent of the rural drinking water sources and systems are managed by local institutions, such as Gram Panchayats (GPs) and communities. State Governments implement the NRDWP following the national guidelines issued by the Union Ministry of Drinking Water and Sanitation. Bihar State Water and Sanitation Mission (BSWSM) is tasked with this responsibility.

SBM (G) and Lohiya Swachh Bihar Abhiyan

Swachh Bharat Mission - Gramin or SBM (G) too is a CSS, it is funded by both the Centre and the States. As mentioned earlier, Bihar Government has also launched Lohiya Swachh Bihar Abhiyan (or Lohiya Sanitation Yojana) to cover those households that were not eligible for incentives for toilet construction under SBM (G). These two schemes aim to end open defecation in Bihar; the combined target is for 1.66 crore households to be provided with toilets by 2nd of October

2019 (which would mark the completion of five years since the launch of SBM).

Saat Nischay Program

As stated earlier, under the Saat Nischay program of Bihar Government launched in 2016, Har Ghar Nal Ka Jal and Gali Nali Pakki Karan Schemes aim to deliver drinking water and drainage services to the rural population across the State. In each GP, the Mukhiya with the Ward level Ward Implementation and Management Committee (WIMC) are responsible for the implementation of these two schemes – i.e. Har Ghar Nal Ka Jal for household piped water supply and Gali Nali Pakki Karan for stormwater drainage.

Table 5: Important Schemes/Programs for rural WATSAN services in Bihar

Drinking Water Programs	<ul style="list-style-type: none"> - National Rural Drinking Water Program (NRDWP) - Har Ghar Nal Ka Jal (HGKJ) Scheme (under Saat Nischay)
Sanitation Programs	<ul style="list-style-type: none"> - Swachh Bharat Mission-Gramin or SBM (G) - Lohiya Swachh Bihar Abhiyan - Gali Nali PakkiKaran Scheme (under Saat Nischay)

Source: Based on discussions with State, district and block level officials in Samastipur and Patna

Mapping Key Institutions in the Delivery of Rural Water & Sanitation Services

The Public Health Engineering Department or PHED of the State Government (refer to Box 1) bears the responsibility for provisioning of drinking water in the State and runs the Bihar State Water and Sanitation Mission. It has a State Project Management Unit, which manages district units and village water and sanitation committees or VWSCs (refer to Table 7). The PHED is headed by a Minister, who is assisted by a Principal Secretary, a Chief Engineer cum Special Secretary, and an Additional Secretary. The Engineering Wing of PHED is headed by a Chief Engineer, who is assisted by three others; there are four regional Chief Engineers in the State; they supervise a team of 1,139 Engineers down to the level of sub-divisions and blocks (See Table 6)

Sanitation features in the Chief Minister’s Saat Nischay program, which, among other things, resolves to provide a toilet in every house in the State. Bihar has adopted the SBM guidelines and processes; it has also launched the Lohiya Swachh Bihar Abhiyan as mentioned earlier.

In June 2016, sanitation was shifted to the Department of Rural Development, which is headed by its own Minister and run by a Principal Secretary. Subsequent to the handing over of sanitation to Rural Development department from the Public Health Engineering

Table 6: Department Hierarchy

The Public Health Engineering Department or PHED of the State Government <i>(Responsible for provisioning of drinking water in the State and runs the Bihar State Water and Sanitation Mission)</i>			
Bihar State Project Management Unit <i>(Key Responsibility: Manages district units & village water and sanitation committees or VWSCs)</i>			
Minister <i>(PHED Head)</i>			
Principal Secretary <i>(Assist the Minister)</i>			
Chief Engineer – Special Secretary <i>(Run & Managed by)</i>			
Additional Secretary			
Regional Chief Engineer	Regional Chief Engineer	Regional Chief Engineer	Regional Chief Engineer
Team of 1,139 Engineers <i>(Down to the level of sub-divisions and blocks)</i>			

Department, a number of factors reportedly affected the pace of implementation such as, slow hand-over of work at the grassroots, a policy of releasing the subsidy to beneficiaries only when a ward is declared open defecation-free (ODF), and a shortage of human resources at all levels. It has been observed, however, that the pace of implementation (especially of construction of toilets) has gathered a lot of momentum in 2018 keeping in view the deadline of October 2019. In the new framework, Jeevika, which is the State Livelihoods Mission, has been mandated to run the sanitation program. The idea behind giving this responsibility to Jeevika is that Self-Help Groups (SHGs) can serve as a readily-available platform for implementing rural development programs and no additional staff would be needed. Jeevika has offices in each block across all districts and works through a network of 4,10,012 SHGs with a membership of 4.08 million women.

BOX 1: ROLE OF THE PHED IN THE CONTEXT OF SAMASTIPUR DISTRICT

- Earlier, the main responsibility of the PHED was to supply water to all habitations; however, now, the focus is on water quality issues in the district
- Traces of arsenic had been found in households near the Ganga river bed within a range of 10 km. Bacteriological contamination was also reported to be a problem. While shallow wells and ordinary hand-pumps were used earlier as there was no bacteriological contamination then, it is not the case anymore
- All the ongoing schemes are single-village piped water schemes. The earlier State scheme, called 'Chapakal Yojana' (or Hand Pump scheme) has been discontinued
- There is one water quality testing laboratory in Samastipur district
- Initially tariff collection was there with a very meagre tariff but it has stopped now

Table 7: Key Institutions in the Delivery of Water and Sanitation Services. Charts out the key institutions & resources in the delivery of water and sanitation services in Samastipur, Bihar from the level of the central government to the local government levels.

Level	Institutions	Key Positions / Staff
Union	Ministry of Drinking Water & Sanitation	Secretary, MDWS
State	Dept. of Rural Development; Public Health Engineering Dept.; State Water and Sanitation Mission; Panchayati Raj Dept.	Secretary (RD Dept.); Additional Secretary-cum-Project Director, RWSP (PHED); Chief Engineer (PHED); Secretary, PRD
District	District Water and Sanitation Committee; District Rural Development Agency; Office of PHED	District Collector; District development Commissioner; Director, DRDA; Executive Engineer, PHED
Block	Block Development Office; Office of JE, PHED	BDO; Junior Engineer, PHED
Gram Panchayat	Ward Kriyanvayan Samiti; Jeevika-SHGs	Ward Samiti Members; Mukhiya; Panchayat Sachiv

Source: Based on discussions with State, district and block level officials in Samastipur and Patna

Sources of Funds for Rural Water & Sanitation Services

Figure 1, in the following, depicts all possible sources of funds for water and sanitation services in rural areas in Bihar. It must be noted here that three of these different sources, viz. Community Contribution (i.e. out of pocket spending by people), funding from Corporate Social Responsibility or other Corporate channels, and funding from International or National Development Partners are not government or public resources; these do not flow through the State Budget and hence are not part of government spending on the sector.

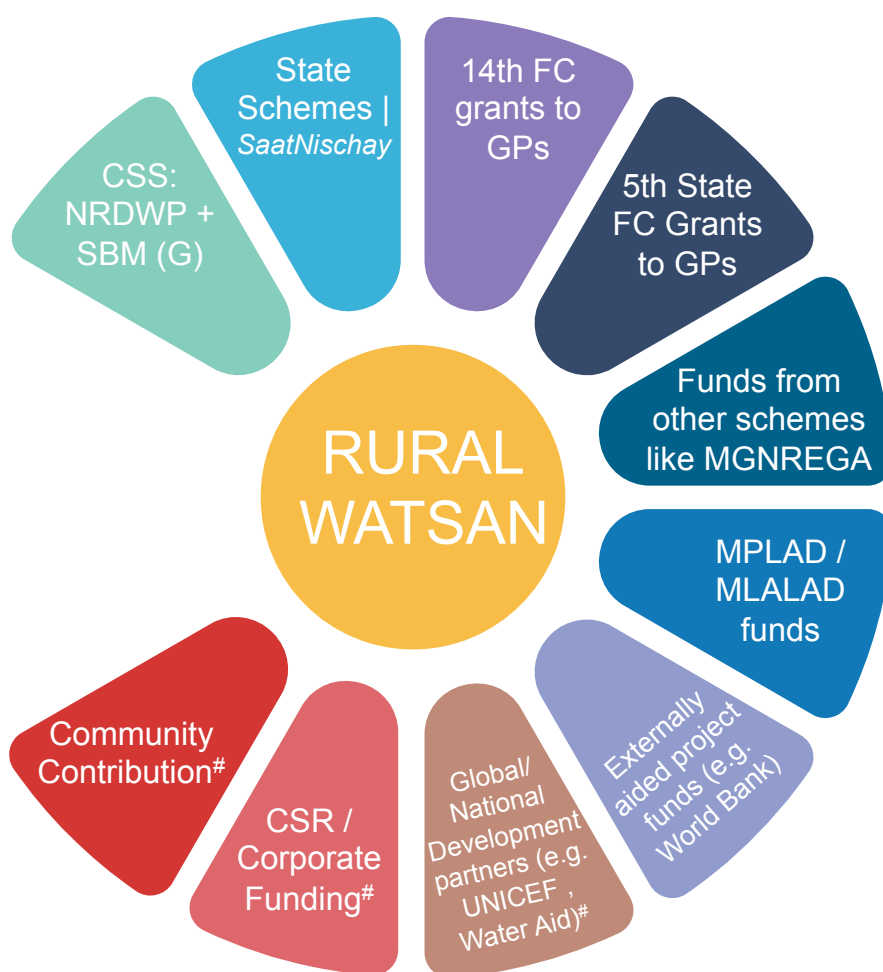


Fig 1: Sources of funding for rural WATSAN in Samastipur, Bihar

#: Funds from these three sources are not part of government budget or government spending on the sector
Source: Based on CBGA's primary and secondary research in the project States

Among the various types of public or government sources of funds for water and sanitation services in Bihar, the major sources in terms of the volume of funds available are the following: NRDWP - a Central and State shares of resources, SBM (G) - a Central and State shares of resources, Lohiya Swachh Bihar Abhiyan (funded by the State Government), and the Har Ghar Nal Ka Jal and Nali Gali Pakki Karan schemes under the Saat Nischay program (funded by State Government as well as from the 14th FC and 5th SFC grants for GPs). Reportedly, a large proportion of the 14th FC and 5th SFC grants for GPs in Bihar is getting channeled towards the water and sanitation schemes under Saat Nischay.

Some of the Central Schemes also provide resources for the construction of various types of public institutions (e.g. schools and health centers etc.), and the construction budgets under these schemes do include funds for water and sanitation facilities. Such schemes include Samagra Shiksha Abhiyan (for primary and secondary schooling), National Health Mission (primary health centers) and Integrated Child Development Services (Aanganwadi Centres for pregnant mothers and early childhood care and development). Moreover, the State Government's own schemes with budgets for the construction of such public institutions (if any) would be another source of public resource for water and sanitation services in Bihar.

Some of the other possible public sources for water and sanitation services, viz. funds from MGNREGA (through the proposed convergence between this scheme and SBM), MPLAD / MLALAD funds, or funds for Externally Aided Projects, have not been reported as major sources of funds for the sector as yet.

Rural Drinking Water Supply: Fund Flow Architecture

National Rural Drinking Water Program (NRDWP) and Har Ghar Nal Ka Jal (under Saat Nischay) (Box 2) are the two programs through which drinking water supply in rural areas of Bihar is being ensured. Figure 2, in the following, presents the fund flow map for NRDWP, which gets funded by both the Centre and the State. Subsequently, Figure 3 depicts the fund flow architecture for the Har Ghar Nal Ka Jal scheme, which gets funded by the State Government and also by GPs from their grant funds.

BOX 2: HAR GHAR NAL KA JAL SCHEME (HGKJ)

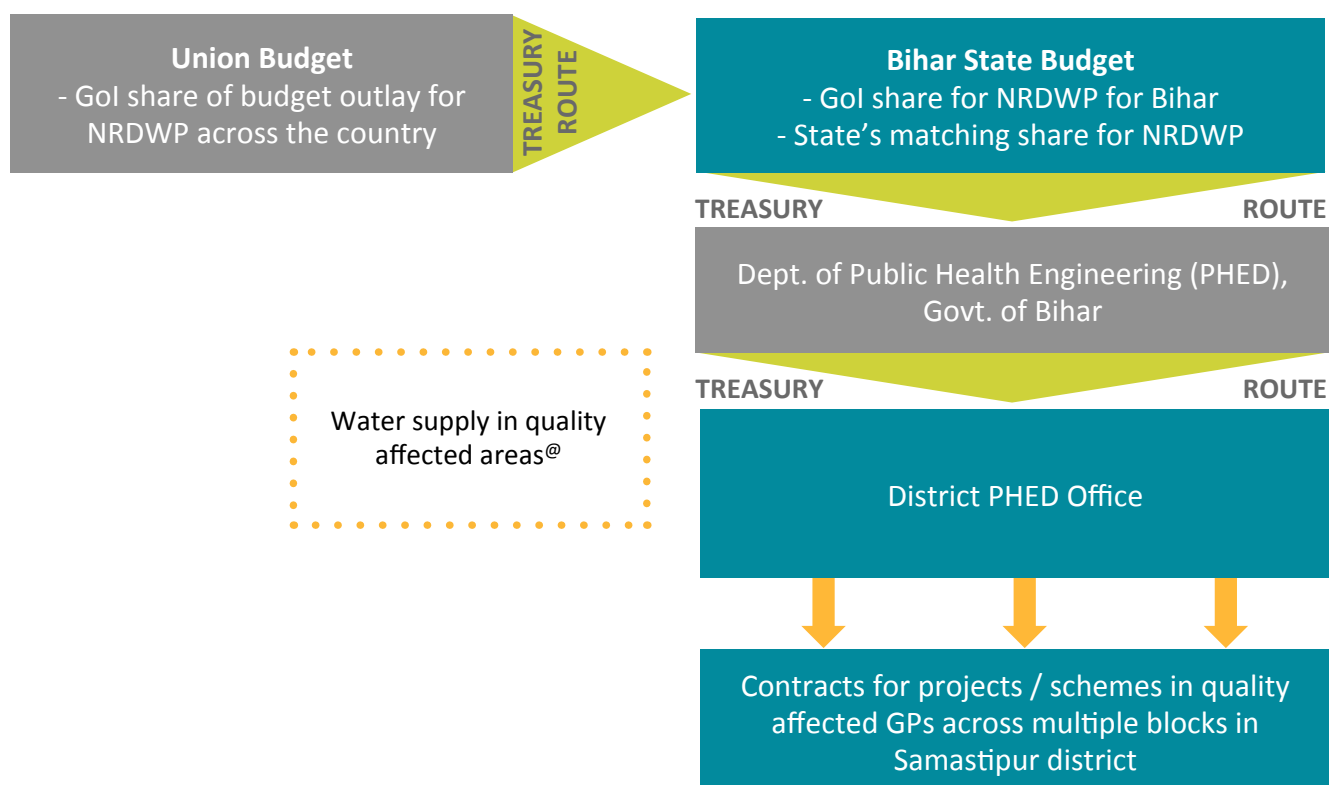
- Har Ghar Nal Ka Jal is a piped water supply scheme for households, which is being implemented ward wise.
- Three water supply connections are provided per household – one in the toilet, one in the kitchen and another inside the house.
- The Ward Implementation and Management Committee (WIMC) is responsible for implementation of the scheme. The capacities of WIMC are limited and they often rely on the Gram Panchayats for support/direction on what needs to be done. In turn, the Gram Panchayats, it is reported, rely upon directions from the office of the Block Development Officer.
- In the selection of wards for implementing this scheme, wards with majority Dalit and Mahadalit households have been prioritised.
- The works are mostly all tendered out, though it was supposed to be carried out by the communities themselves.
- Capital cost of the piped water supply, up to the last mile, is borne by the government (from 14thFC and 5th SFC grants to GPs and water supply program funds provided by the State Government).
- The source of the water is mostly ground water; water quality is tested after boring which is checked by the PHED.
- There are overhead tanks of 5000 litre being installed at the ward level. Keeping in mind the population and the quantity standard of water supply as per this scheme, the tank would require pumping at least 4 to 5 times a day. This makes the availability of an operator and an electrical connection crucial, and

BOX 2 (CONTD.): HAR GHAR NAL KA JAL SCHEME (HGKJ)

the resources for the salary of this operator and the electricity bill all the more important to plan and provide for.

- The O&M costs are to be borne by the communities. The costs of major repair or replacement will be with the PHED.
- As revealed by State Government officials, a tariff of Rs. 30 is to be levied which is expected to go up to Rs.60 per month. This amount is expected to be used towards recurrent costs of an operator's salary and payment of electricity bill.
- Tariff collection in villages that have water supply through this program has not started yet.

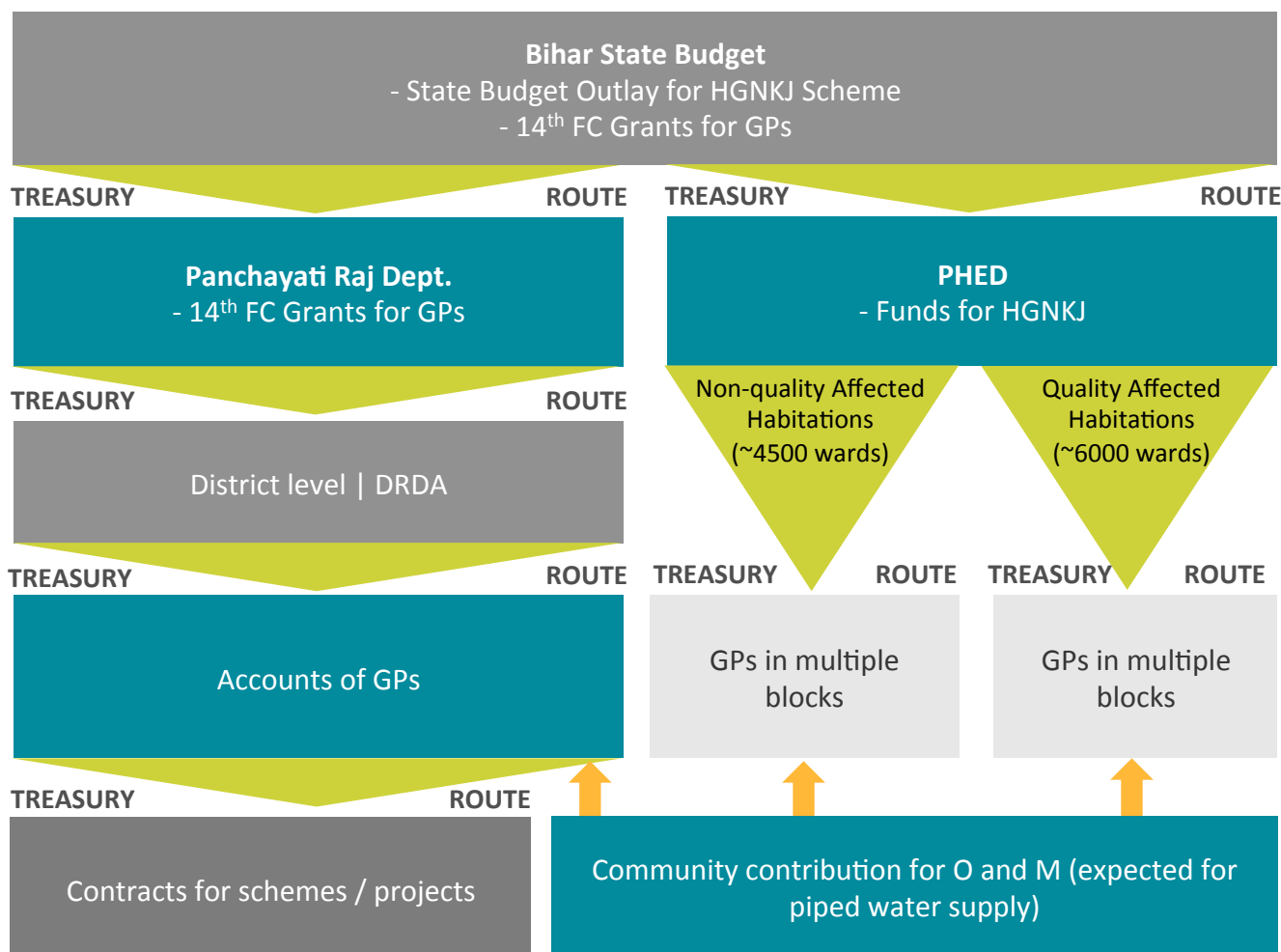
Fig 2. Fund Flow Map for National Rural Drinking Water Program (NRDWP)



Note: @For those GPs / Habitations declared as Quality Affected Areas

Source: Based on CBGA's primary and secondary research in the project States

Fig 3. Fund Flow Map for Har Ghar Nal Ka Jal (HGKNJ) Scheme (under Saat Nischay Program)



Rural Sanitation: Fund Flow Architecture

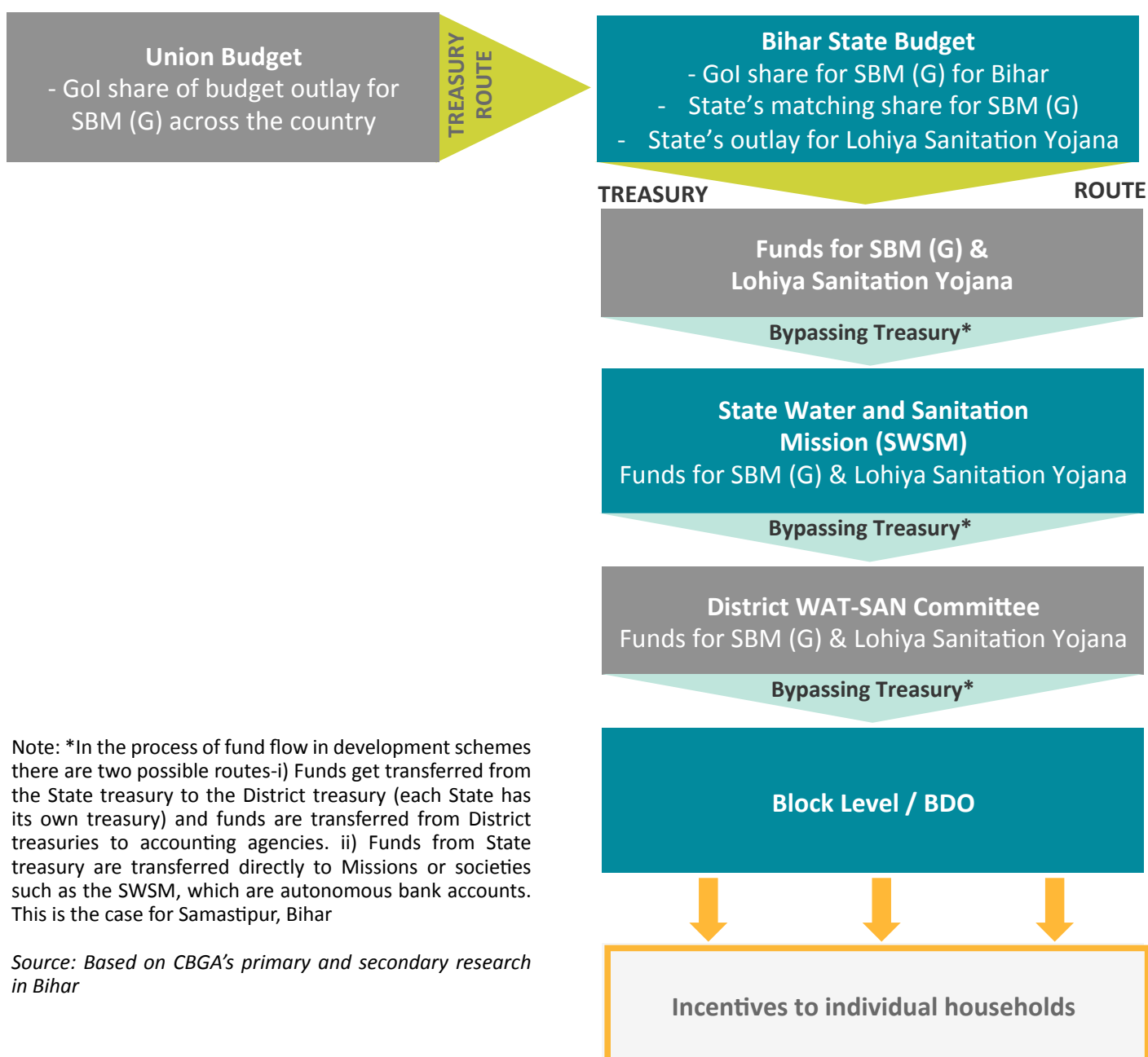
SBM (G) and Lohiya Swachh Bihar Abhiyan (Lohiya Sanitation Yojana) are the programs through which public resources for sanitation are being provided in the district (see Fig. 4). As regards need assessment and planning for sanitation, the District Rural Development Agency (DRDA) in Samastipur depended on the Baseline Survey by the Union Ministry of Drinking Water and Sanitation conducted in 2014. An Open Defecation Elimination Plan has been made under which households that do not have toilets have been listed.

Once a Ward is saturated (with toilet construction), the Ward Member shares it with the Mukhiya³ following which the WIMC submits a certificate of the ward being ODF. Subsequently, this is verified by the Mukhiya and other officials, geo-tagged and uploaded on the SBM's MIS. One of the hurdles to implementing the sanitation schemes in Samastipur is reported to be the low level of motivation among people to build toilets. Also, as per the government officials, with 30 percent of the population in the district living in abject poverty, the pre-condition of ensuring ward saturation for

receiving the subsidy amount (for toilet construction) has been problematic. State Government Orders on 21st June 2018 have directed the transfer of beneficiary incentives in any Ward/GP on the completion and use of 50 percent of toilets in the concerned Ward/GP; the earlier condition for releasing the beneficiary incentives was 75 percent completion of construction of toilets.

Tracking Budgets for Water & Sanitation Programs in Samastipur, Bihar: A Roadmap

Fig 4. Fund Flow Map for Swachh Bharat Mission (Gramin) and Lohiya Swachh Bihar Abhiyan in Bihar



Note: *In the process of fund flow in development schemes there are two possible routes-i) Funds get transferred from the State treasury to the District treasury (each State has its own treasury) and funds are transferred from District treasuries to accounting agencies. ii) Funds from State treasury are transferred directly to Missions or societies such as the SWSM, which are autonomous bank accounts. This is the case for Samastipur, Bihar

Source: Based on CBGA's primary and secondary research in Bihar

As stated at the outset, the main objective of this paper is to aid CSOs, engaging with water and sanitation sector at the grassroots level, in being able to track and analyze the budgets provided for relevant programs in Samastipur district in Bihar. Mapping of relevant programs, institutions and officials, the different possible sources of funding and the fund flow maps lays a foundation for such efforts.

However, we also need to take into account the issues in public delivery of water and sanitation services that could possibly be there in Samastipur district and which of these issues are linked to budgets, i.e. either an issue has resulted from deficiency in budgets or it has resulted from poor utilization of available budgets, or resolving an issue requires additional budgets. The present section provides a brief overview of the latter.

Preliminary Observations on Operationalisation of the Programs in Samastipur

- Discussions with District officials in Samastipur have revealed that while the WIMCs are expected to play a crucial role in the implementation of the Har Ghar Nal Ka Jal scheme, adequate support of the PHED Engineers is essential for smooth implementation of the scheme
- In the villages that receive water supply through the Har Ghar Nal Ka Jal scheme, tariff collection and proper maintenance of accounts would be vital to the continued functionality of this scheme
- One of the hurdles in implementation of the sanitation schemes is reported to be the low level of motivation among people to build toilets
- Also, as mentioned earlier, with 30 percent of the population in the district living in abject poverty, the pre-condition of ensuring ward saturation for receiving the subsidy amount (for toilet construction) has been problematic
- A shortage of human resources at all levels has also been reported as another hurdle in implementing the sanitation schemes

Linkages between Issues in WATSAN Services and Budget

A workshop held in Patna in December 2018, with representatives of CSOs working on WATSAN sector at the GP level in Samastipur and a couple of other districts in Bihar, brought out a number of linkages between issues in WATSAN services and budget issues. It was observed that a number of issues in the WATSAN sector have resulted from a deficiency in budgets or from poor utilization of available budgets; moreover, resolving some of the issues requires additional budgets.

All such budget issues, relevant for the WATSAN sector, can be clubbed broadly under two heads as presented in the following:

(i) Budget Policy Issues (where there is a need for increasing budgets)

- Lack of human resources for implementing the relevant schemes
- Budgets for major (and minor) maintenance
- Budget for water quality improvement

(ii) Budget Process Issues (where the requirement is for better utilization of available budgets)

- Poor maintenance of assets
- Low/no capacities of community-level organizations (e.g. VWSCs) to manage water supply
- Delays in payment of subsidy
- Unrealistic pre-conditions for releasing the subsidy/beneficiary incentive for toilet construction
- Unskilled masons
- Misuse of IEC budgets
- Corruption

Thus, the efforts by CSOs for tracking and analyzing the budgets for WATSAN schemes need to be guided by these possible budget issues at the grassroots level in a district like Samastipur.

Accessing Budget Information for the District

In order to track and analyze budgets for WATSAN schemes, it would be necessary for the CSOs to keep in mind – (i) what kind of budget information for the schemes is required, (ii) which government (or GP level) documents/reports/sources of data in a district possibly have the required budget information, and (iii) which officials are likely to be in possession of the relevant documents/reports/sources of data. Each of these is indicated briefly in the following.

(i) What kind of budget information for the schemes is required?

For each relevant scheme, financial year wise information is required on:

- Funds sanctioned
- Funds released
- Funds utilized/Actual expenditure

We would also require some amount of details in the budget information in order to be able to analyse what the budgets were used for:

Water Supply

- Supply (PWS, Hand-pump/tube-wells)
- Quality
- Major, minor maintenance
- IEC, BCC, Capacity Building
- Human Resource
- Establishment costs

Sanitation

- Subsidy
- IEC, BCC, Capacity Building
- Human Resource
- Establishment costs

(ii) Which government documents/reports/sources of data possibly have the required budget information, and, which officials are likely to be in possession of the same? (Tables 8 & 9)

Table 8: Accessing Budget Information for Water Supply Programs

	Key Official	Document/Report that has financial information
District	Authorization by - DDC Information from - DPRO, and EE (RWSS)	(i) MIS at district level (office of EE, PHED /office of DPRO) (ii) Estimates, Detailed Project Reports, Utilization Certificates, and Work Orders (for quality areas) (iii) Monthly/ Quarterly Progress Reports (EE's office): 4 th Quarterly Progress Report for FY 2016-17, 2017-18; and 2nd QPR for FY 2018-19 (iv) Departmental Audit (office of EE, PHED /office of DPRO)
Block	BDO, AE (SDO)	
Gram Panchayat	Mukhiya and Panchayat Sachiv	MIS, DPR, UC GPDPs
Ward	WIMC	Payment Reports MB Book, Ward - Finance Register, Cash Book

Table 9: Accessing Budget Information for Sanitation Programs

	Key Official	Document/Report that has financial information
District	Authorization by - DDC Information from - PD, DRDA	MIS Annual Implementation Plans Audit Reports
Block	BDO BPMU	MIS, Fund Transfer Order Register (FTO), Audit Reports
Gram Panchayat	X	X

Concluding Observations

This working paper is an output of an ongoing project, which is focusing on Samastipur and Gaya districts in Bihar and Ganjam and Nuapada districts in Odisha. The paper would be refined further in the subsequent months based on the actual experience of CSOs in accessing and analyzing budget information for WATSAN programs in Samastipur district (during the months of January and February 2019).

Following further refinement of the present paper and additional insights that would be generated through budget tracking exercises in Samastipur and Gaya districts in Bihar (as well as from the two selected districts in Odisha), a comprehensive module for training/capacity building of CSOs in this area will be developed.

Endnotes

1. Bihar's Chief Minister, Mr. NitishKumar, launched the SaatNischay (Seven Resolves) program in 2016.
2. Centrally Sponsored Schemes (CSS) are those Central Schemes, which are funded by both the Union and the State Governments; these are of course implemented on the ground by the State Governments.
3. Elected head of the Gram Panchayat
4. The Plan Budget or Scheme Budget, to put it simply, is that part of a State Budget where the Government provides budgetary resources for ongoing / new projects for socio-economic development. The Non-Plan Budget mostly caters to the State Government's establishment and committed expenditure across sectors. A part of Non-Plan expenditure too is meant for development purposes (e.g. expenditure on salaries of all regular / permanent government staff in school education, higher education, medical and public health, agriculture sector etc.); however, the State Government gets very little maneuverability or flexibility for reducing or increasing expenditures quickly in this part of the Budget. Hence, policy analysts as well as policymakers usually observe the spending priorities in the Plan Budget / Scheme Budget, which finances all kinds of ongoing / new projects for socio-economic development in the State.

Annexure

Overview of Institutional and Fiscal Framework

Towards decentralized responsibilities and implications for budget allocations

After independence, a quasi-federal Constitution was adopted in India with centralizing tendencies; the Constitution provides for a division of responsibilities between the Union (or Centre) and States with regard to various areas of governance. There are a Union List, a State List and a Concurrent List enumerating the division of power to legislate on different subjects as well as the power of revenue collection and areas of public expenditure.

In terms of division of powers and responsibilities, the Union List mainly covers matters of national importance (such as defense, transportation, infrastructure, international trade and macroeconomic management, etc.). As per the provisions made in the State List, States are given regional matters and issues considered to be more important at the State level (such as law and order, public health, housing, agriculture etc.). The Concurrent List includes a number of sectors (such as education, contracts, matters of bankruptcy and insolvency, employment and labor welfare, electricity etc.), each of which requires consensus between the Union and States.

Sanitation clearly falls within the State List. Water, “that is to say, water supplies, irrigation and canals, drainage and embankments, water storage and water power”, is also a part of the State List. However, “regulation and development of inter-State rivers and river valleys ...” appears in the Union List. Starting from the 1960s, the Union Government has also been carrying out programmatic interventions in a number of areas that fall either in the Concurrent List (e.g. education) or in the State List (e.g. public health and sanitation) in the interest of addressing issues that are of national importance.

While several State Governments and experts have been critical of this development, referring to it as over-centralization of policy and programming across sectors, the concerns of regional disparity in the country, on the other hand, seem to justify the Union Government’s approach. This debate continues to draw attention in India’s policy and public finance landscape till date. As far as provisioning of safe drinking water and sanitation facilities is concerned, the Programs/schemes launched by the Union Government (known as Central Schemes) have been the backbone of public service delivery in this sector in many of the relatively poorer States.

In 1992, a major process of fiscal decentralization was initiated in the country, through the 73rd and 74th Constitution Amendment Acts, to empower Local Governments in terms of their revenue and spending capacity. After these amendments, State Governments evolved their own rules for devolving fiscal power to Local Governments and the extent of devolution was left to the States to decide according to local needs; as a result, it has varied widely across States.

As far as the role of rural Local Governments in WATSAN sector is concerned, it was noted earlier that the 14th FC has also provided a visibly higher quantum of grants (compared to the earlier FCs) for the GPs. Thus, the volume of funds flowing to GPs in Odisha would certainly have gone up visibly during the 14th FC years. However, the role that GPs can play in public financing of WATSAN services also depends on the extent of devolution of functions, funds, and functionaries to Panchayati Raj Institutions (PRIs) in the State.

The division of roles and responsibilities between the Union Government and State Governments, given in the Constitution, has translated into a division of expenditure responsibilities and taxation powers between the two. However, there is a *vertical imbalance* between the powers of the States and that of the Union to raise revenue through taxes and duties in comparison to their respective expenditure requirements. The powers of revenue mobilization vested with the States are insufficient to help them mobilize enough resources to meet their total expenditure requirements. This kind of a *vertical imbalance* was built into the fiscal architecture of India keeping in mind the need for Union Government's interventions to address the *horizontal imbalance*, i.e. the limited ability of some of the States to mobilize adequate resources from within their State economies compared to other States. In the fiscal architecture that has evolved in India, a significant amount of fiscal resources are transferred from the Union Government every year to State Governments so as to enable them to meet their expenditure requirements.

A *Finance Commission* is set up once every five years to recommend on sharing of fiscal resources between the Union and the States, a major part of which pertains to sharing of revenue collected in the Central Tax System. The total amount of revenue collected from all Central taxes – excluding the amount collected from Cesses, Surcharges and taxes of Union Territories, and an amount equivalent to the cost of collection of Central Taxes – is considered as the *shareable/divisible pool of Central tax revenue*. In the recommendation period of the 13th Finance Commission (2010-11 to 2014-15), 32 percent of the *divisible pool of Central tax revenue* used to be transferred to States every year, which was increased to 42 percent by the 14th FC (for 2015-16 to 2019-20) (See Box 3).

BOX 3: DEBATE FOLLOWING THE 14TH FC RECOMMENDATIONS AND RESTRUCTURING OF CENTRE-STATE SHARING OF RESOURCES FOR THE PERIOD 2015-16 TO 2019-20

Following the report of the 14th FC and restructuring of the Union Budget, there has been an intense debate around two objectives or priorities, viz. the objective of increasing the autonomy of State Governments in setting the spending priorities in their budgets; and that of ensuring adequate budgetary resources for social sectors and development Programs for the vulnerable sections of the population (taking into account both Union Budget and State Budget outlays for these sectors).

While a major push has been given to the first objective, i.e. greater autonomy of State Governments in setting their spending priorities, in the recommendations of the 14th FC and the consequent restructuring of the Union Budget since 2015-16, apprehensions have been raised that the second objective may get compromised at least in some of the States with relatively poor fiscal health and lower levels economic development.

This is largely because of the limited ability of the poorer States to expand their fiscal space with own revenue collection and the fact that they also face more acute shortages of funds for other sectors such as general administration, law and order, and infrastructure. Hence, the competition for budgetary resources could be more intense in these States and the social sectors may not be given the priority for resources that are needed; this could aggravate the problem of regional disparity in the longer run. Although, we may note here that both of the above-mentioned objectives could be pursued together if the tax-GDP ratio of the country is stepped up visibly.

As mentioned previously, this increase in devolution to States has been accompanied by some reductions in the Union Government's/Centre's direct funding of several social sector Programs; State Governments are expected to compensate for the reductions in the Central share of funding in such Programs depending on their State-specific needs across sectors. This has emerged as one of the important issues in public financing of WATSAN services, especially in the relatively less developed States. Hence, it is pertinent to analyze in the context of a State like Odisha– whether the overall quantum of budgetary resources flowing into WATSAN sector (i.e. the resources provided for Central Schemes, with combined Central and State shares for such schemes, and those provided for State Government's own schemes for the sector) has increased in the 14th FC period or not. Moreover, given the high degree of political priority given to sanitation with the Swachh Bharat Mission (SBM) since 2014, which is a Central Scheme for sanitation, it is also important to study the spending priorities for drinking water vis-à-vis those for sanitation in the most recent years (Box 4).

Trends of State Budgets in Bihar

Table 10 below depicts the trends in the sector-wide / Department-wide priorities in Bihar's State Budgets during the 14th FC years (i.e. 2015-16 onwards). In this analysis, only select Departments are covered, all of which are directly relevant for public provisioning for the poor and underprivileged sections of the population.

We find a significant increase (in absolute or nominal figures) in the overall magnitude of the State Budget of Bihar during the years 2015-16 to 2018-19. The volume of the Plan Budget or Scheme Budget⁴ of the State has also registered a similar expansion over the last four financial years (FYs). Among the eight selected Departments, all of which fall broadly under social sectors, Rural Development and Rural Works departments have witnessed noticeable increases in their respective shares in the overall Plan Budget / Scheme Budget of Bihar during the 14th FC years.

Table 10: Department-wise Priorities in State Budgets of Bihar over the 14th FC Period

Budget Estimates (BE) for FY [@]	2014-15	2015-16	2016-17	2017-18	2018-19
Total State Budget of Bihar (in INR Crore)	1,16,886	1,20,685	1,44,696	1,60,086	1,76,990
Of which – Bihar's Plan Budget / Scheme Budget[#] (in INR Crore)	57,392	57,138	71,502	79,316	91,795
Department	Share of the Department in the overall Plan Budget / Scheme Budget (Figures in %)				
Education	21.4	19.2	15.3	17.9	20.8
Rural Development	11.3	9.5	7.6	12.3	16.8
Rural Works	7.6	9.8	8.3	10.7	10.3
Social Welfare	8.0	7.2	7.0	6.2	7.4
Health	4.2	4.2	7.5	4.5	4.1
Panchayati Raj Department	4.1	1.8	2.3	3.3	3.0
Agriculture	4.2	4.1	3.3	3.0	2.5
Public Health Engineering Dept.	2.5	1.9	1.9	2.5	2.9

Notes:

@ The figures for percentage shares of various Departments in the total Plan Budget / Scheme Budget of Bihar are provided every year in the State Budget documents only for the Budget Estimates (BE) for the ensuing financial year (FY). Such figures for the Revised Estimates for the ongoing FY or Actual Expenditures for the previous FY are not given in the State Budget documents.

Until FY 2016-17, Bihar's Total State Budget was presented along with a Plan vs. Non-Plan break up. This distinction was dropped by the Union Government and by most States in FY 2017-18. However, starting with FY 2017-18, Bihar State Budget documents provide a similar break up, viz. Scheme Expenditure Vs. Establishment and Committed Expenditure. The erstwhile Plan Budget of Bihar broadly matches with the Scheme Expenditure / Scheme Budget, while the erstwhile Non-Plan Budget corresponds broadly to the Establishment and Committed Expenditure / Budget.

Source: Compiled from Budget Summary, State Budget of Bihar, various years.

The ones that provide budgetary resources for WATSAN programs in rural areas in Bihar are Public Health Engineering Department (PHED), Rural Development (RD) and Panchayati Raj Department (PRD). We find a steep decline in the budgetary priority (within the Plan / Scheme Budget of the State) for each of them in 2015-16 (i.e. the first FY in 14th FC's recommendation period) compared to the year before; but we also notice a restoration of budgetary priority for these departments in FYs 2017-18 and 2018-19. In fact, in the State Budget for 2018-19, PHED has registered an increase in its share to 2.9 percent of the overall Scheme Budget from 2.5 percent in the year before.

Box 4

Limited Extent of Devolution of Functions, Funds and Functionaries to PRIs in Bihar

The Seventy-third Constitutional Amendment Act (1992) had envisaged that all 29 functions, mentioned in the Eleventh Schedule of the Constitution, along with funds and functionaries would be eventually transferred to PRIs through suitable legislations of the State Governments. Bihar, however, presents an unimpressive record on this front.

Devolution of Functions

A meeting of all Principal Secretaries/Secretaries of various departments in Government of Bihar (GoB) in July 2014 had decided to frame Operational Guidelines for effective devolution of powers to PRIs. In the first phase, 12 Departments were selected for framing the Operational Guidelines. By January 2017, PRIs had been entrusted with 621 types of specific responsibilities by various departments of GoB, which included selection of beneficiaries, financial powers, preparation of plans, construction of infrastructure, management of programs, monitoring works, maintenance of assets etc. However, only two Departments had framed the Operational Guidelines by January 2017. The Fifth State Finance Commission (5th SFC) had observed (in February 2016) that the progress until then on Department-wise and subject-wise activity mapping was unsatisfactory and Para-statal Bodies were also carrying out the functions meant for PRIs.

Devolution of Funds

No taxes were levied and collected by the PRIs as of January 2017 despite recommendations of the Fourth State Finance Commission (4th SFC) and provisions of the BPR, 2006, since the State Government had not notified the rates of taxes. The Monitoring Officer, Panchayati Raj Department of GoB had stated in January 2017 that framing of Regulation for taxation by PRIs was under process. Untied grants were made available to three levels of PRIs under Fourteenth Finance Commission (14th FC), 5th SFC and Rajeev Gandhi Panchayat Sashaktikaran

Yojana (RGPSY). As per the 5th SFC report, funds available to the PRIs from various sources were grossly inadequate for their assigned functions. Further, PRIs in Bihar were not able to utilize even the allocated funds due to capacity constraints such as, serious deficiencies in skilled staff, office space, IT facility, equipment etc.

Devolution of Functionaries

The District Panchayats / Zilla Parishads (ZPs) in Bihar did not have adequate staff to discharge the devolved functions and 79 percent of sanctioned posts for them were vacant as of January 2017. In two ZPs, staff-in-position was less than 10 percent of the sanctioned strength. At the GP level, 3,160 posts of Panchayat Secretary (38 percent of the total 8,397 posts sanctioned for all GPs in Bihar) were vacant as of 31st March 2016. The 5th SFC, while observing the acute shortage of staff at all levels of PRIs, had recommended a revised staffing pattern, which was not followed as of December 2016.

Function of the District Planning Committee (DPC)

Article 243ZD of the Constitution of India and Section 167 of the BPR, 2006, envisage formation of a District Planning Committee (DPC) to consolidate the plans prepared by both the Panchayats and the Municipalities in the district and to prepare a draft development plan for the district as a whole. Further, the Chairperson of every DPC should forward the development plan to the State Government. Though, the DPCs were constituted by all the districts of Bihar, the 5th SFC of the State observed that planning was limited only to the Backward Regions Grant Fund (BRGF) scheme and Finance Commission funds due to lack of cooperation of the Line Departments and low capacity of PRIs and DPCs to plan. Thus, the purposes of the Article 243ZD and provisions made in BPR, 2006 were only partially fulfilled.

Source: Excerpts from **Report of the Comptroller and Auditor General of India on Local Bodies for the year ended March 2016, Government of Bihar Report No. 4 of the year 2017**