CHAPTER III

INTRODUCTION TO JALSWARAJYA

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CHAPTER - III

INTRODUCTION TO JALSWARAJYA

3.1- INTRODUCTION -

Since July 2000, Government of Maharashtra has adopted a demand driven and participatory approach in solving rural drinking water and Sanitation sector problems. There is overwhelming response by the rural masses of the State to this new policy. Initially manifest in Sant Gadge Baba Rural Sanitation Campaign, has given a sufficient re-assurance to the State Government to extend and scale-up the new policy and strategy Statewide. The Sant Gadge Baba Sanitation Campaign made remarkable strides and village communities managed to mobilize about 1000 Million Indian rupees against a total investment of a mere 180 Million Indian Rupees by the State Government.\(^{(1)}\) In the last three years, by way of prizes to the communities, adjudged the best through a transparent multi-layered appraisal system. This prize amount was also designed primarily for use in community works. This unprecedented upsurge in popular enthusiasm and initiative has not only proved the skeptics about its sustainability wrong, but has led. The State Government has realized that the village communities are genuinely looking for efficiency and sustainability of water supply and sanitation solution. The Gramsabha and Panchayat Raj Institutions are identified as the key institution in achieving efficiency and sustainability of the solutions.

The strategies in water supply on a pilot basis in different parts of the State the Government of Maharashtra has synthesized an innovative strategy through well-designed information. Having successfully demonstrated the community based demand-driven approach.
The education and communication campaign coupled with community-based incentives through a variety of State level programme.

In tune with this approach the World Bank aided Jalswarajya project. The various sectoral issues brought out by the different studies carried out during the preparation phase. The project includes targeted interventions to focus on the poor, the tribal’s and the women. The implementation of the project will further strengthen and mainstream decentralization by ensuring the principles of subsidiarity and the devolving financial powers and decision-making responsibility to the lowest appropriate levels of panchayat Raj Institutions (PRI). The village panchayat and the Gramsabha have got a crucial nay, central role in the implementation of the Jalswarajya project.

The Jalswarajya project is aimed at successfully resolving the various challenges in operationlizing the new policy, strategy and approach Statewide. The Government of Maharashtra forward to developing a meaningful partnership with the World Bank led International Development Agency (IDA). Not only in filling up the financing gaps, but also realized that operationlizing the step – by - step learning approach in a phased manner. Hence the project design incorporates a long term association with the International Development Agency (IDA).

The Government of Maharashtra has great hopes about the success of the Jalswarajya project because, it will empower the Gramsabha and village panchayats and prepare them to be more responsive to the poor and the women. The project will lead to more sustainable outcome based on the principles of equity and inclusion. This project will no doubt give a fillip to operationlizing Statewide the new reform policy in the water supply and sanitation sector of the State.
3.2- CONCEPT OF DRINKING WATER, HEALTH AND SANITATION, AND WOMEN EMPOWERMENT

3.2.1- Drinking water-

The clean and pure drinking water supply means clean, constant and cheap water supply of the use of personal and every family.

The minimum per capita water supply in rural areas prescribed by Government of Maharashtra is 40 Liters per capacity per day (LPCD) round the year. In 21521 villages and hamlets the source created is not adequate and needs strengthening. In remaining 1494 villages and hamlets no safe ground water source is available. It requires recourse to alternate sources of water supply. Thus the water quantity problem exists for uncovered and partly covered villages and hamlets. This project is trying to address the need of 2800 Grampanchyat. (2)

The currently groundwater is over-exploited in 109 about sub-units. The watershed units located in parts of 72 talukas, where water tables are progressively declining at 30 cm or more per year as a result of excessive ground water withdrawal. As a result of regional lowering of water table many of the drinking water shallow open wells, bore wells and hand pumps. In these areas have either dried or become unserviceable. The Trend analysis also indicates that if the present situation is allowed to continue, rural drinking water consumes only about 3% of the total water use in the State. The rest is consumed by other sectors, irrigation being the largest (61%). The situation therefore, requires a holistic approach and integrated water resources management to protect drinking water sources.
The following are the proposed mitigation measures, source augmentation, sustained availability of groundwater and its protection would be achieved through artificial recharge to groundwater. The selection of one or combination of these work would depend on hydro geological conditions the water supply source.

A) **Information Education Communication (IEC)** - The information education communication organization is a system of educating the villagers about the project of Jalswarajya. This system give the idea of Jalswarajya so that the villagers are familiar to the project. The communities in the participating villages would be educated through IEC about the need to conserve groundwater by optimizing the various demands and controlling the current practice of over withdrawal.

B) **Piloting of holistic water management** - The Aquifer Management Groups would be set up for integrated water resource management in six pilot watershed areas. These groups would assess and decide on the inter-sectoral allocation of water and oversee the utilization of water. So as to ensure sustainable drinking water supply in a village. The concept would be scaled up in the entire State, based on the result of the pilot.

C) **Roof rainwater harvesting** - The concept of harvesting rainwater for domestic use in the lean season through roof-rainwater harvesting techniques would be promoted in the project villages.

D) **Reduction of water loss in domestic supply** - The Indian water works Association studied, the loss of water in piped water supply scheme due to leakages range from 17 to 44%. Prevention of leakages, introduction of water saving devices, regular maintenance and education under IEC (Information Education Communication) about efficient water use can bring down domestic water wastage to 10-12% program would be organized to achieve this. The
domestic water wastage will be reduced as well as the water saving devices will be adopted.

**E) Repairs of tanks and ponds**- Most of the village tanks, which are used as alternate sources of drinking water supply, are silted. Desisting these to restore their near designed capacity and simultaneously protecting these from access to animal would increase their water availability.

**F) Ground water monitoring**- A group of Para-professionals at the village level would be trained to monitor groundwater development. It will also recommend appropriate measures for exercising provisions under the Groundwater Act to protect drinking water source. This would include the prohibit construction of new wells within certain distance.

The regulation of extraction of ground water for other than drinking water wells in water scarcity areas and within 1 km from drinking water well will do done.

**3.2.2- Health and Sanitation -**

The sanitation means total sanitation personal, family, home, village and environmental sanitation covers total sanitation.

The toilets privately owned by better families are kept functional. These families could afford the construction, operation and maintenance cost and have easier access to water. In many cases, toilets constructed utilizing Government funds are not properly utilized. The reasons of the same as under.

1) Scarcity of water which prevents the use of toilets.
2) Improper technology.

3) Improper construction and drainage.

The common perception among villagers is that access to sanitation is not as important as access to water. In absence of functional toilets open defecation is the most common practice and has several associated problems. The concept of sanitation in different types is in the following manner.

1) **Kitchen Sanitation** -

The Kitchen waste and waste water disposal is a problem due to lack of drainage facilities and of clearly designated waste disposal space in most of the villages.

2) **Drainage** -

The Most villages do not have proper roadside drains. If they are constructed, they are either improperly maintained or no longer functional.

3) **Personal Hygiene and Health** -

The personal hygiene is not a major problem. People follow basic norms of cleanliness. No infectious diseases due to lack of hygiene were reported in any of the villages.

3.2.3- **Women Empowerment** -

There is increase in the participation of the women in Jalswarajya project.

This component has aimed to empower the women and prepare them to play an effective role in the village development activities even beyond water supply and sanitation issues.
The mainstream women participation is in water management, sanitation and village development activities. The institutional model and implementation processes have specified clear roles for women in the activities of village water supply and sanitation committee and Gramsabha.

A women development committee is setup in each of the participating village panchayatas. The village water supply and sanitation committee is set up with 75% women as the member to implement activities under the women empowerment fund. The women participation is in Mahila Mandal, Yuvati Mandal and self help groups. The Separate training programmes and workshops are organized to highlight the roles and responsibilities of women members and in the project activities and encourage their active participation in decision-making.

The women development committee is supported by gender facilitators. The district facilitation team and the support organizations to develop women empowerment plans. It includes requirements of capacity building, development of skills and financial resources for undertaking economic and village development activities. The women empowerment plan will have its focus on water and sanitation.

The women participation is full in women Gramsabha and main Gramsabha. It is also in the village water supply and Sanitation Committees, social audit committee and other committee by empowering them with leadership roles and responsibilities.

The technical support will be given to set up village savings thrift and credit societies by involving women in the community. For eligible women members in the community especially the youth skill development trainings will be provided of different vocations so as to enable them to start income generating activities.
The project is arranged for providing technical help, like marketing, finance and account keeping, micro enterprise development etc, to those who start income generating activities. The financial support, in the form of seed money will be provided to below poverty line families. All members of women groups will be encouraged to federate at the village level and linked to financial institutions for increased access to credit.

3.3- INSTITUTIONAL ARRANGEMENTS -

The institutional arrangements are classified in three parts in the following

A) Institutional arrangements at the State level.

B) Institutional arrangements at the district level.

C) Institutional arrangements at the village level.

A) Institutional arrangements at the State level-

The State level institutional arrangement has been designed to scale up the reform policy being pursued by the Government of Maharashtra across the State. In order to advice Government of Maharashtra on various policy implications and to provide critical inputs on setting the directions of reform policies in the sector. A State Level Advisory Committee on water resources has been constituted. The Secretary of Government water supply and sanitation department (WSSD) will be in over all charge of the project. The Deputy Secretary designated, as project Director will manage the day to day implementation of the project. In order to translate water supply and sector policy in to action plans. The sector policy support team and Operations and Monitoring team. These two teams will be setup within the reform support and monitoring unit. (3)

B) Institutional arrangements at the district level-
The Zilla Parishad, the highest tier PRI (Panchayat Raj Institutions) will be the focal point for implementation of the project at the district level in the following committees are arranged in the district level.

I) District water management and sanitation committee (DWMSC)

II) District Facilitation Team (DFT)

III) District Appraisal and Monitoring Team (DAMT)

IV) District Financial Management Team (DFMT)

I) **District Water Management and Sanitation Committee (DWMSC)** -

The existing subject Committee of the Zilla Parishad called District water supply and Conservation committee will be transformed into District water management and sanitation committee to assume the role of the responsible agency at the district level for project implementation.

The district water supply and conservation committee currently consists of the chairpersons of all subjects committee expects mahila vikas and balkalyan samities. The general body of the Zilla Parishad will adopt necessary resolution to include the chairperson of mahila vikas and balkalyan samities including sanitation function. The resolution will further empower District water management and sanitation committee (DWMSC). The required autonomy for taking various decision directly to facilitate smoother implementation of the project in district. The president of Zilla Parishad will be the chairperson of the committee. The chief executive officer will be included in the committee, who will be the member secretary of the committee, who will be designed as district project co-coordinator.

II) **District Facilitation Team (DFT)** -
The dedicated team for facilitating coordinating and guiding community development and technical activities is called the district facilitation team.

An officer in the rank of Deputy Chief Executive Officer is selected from the department of the State Government who will be the team leader for the District Facilitation Team. If such an officer is not available from any Government department he/she may be taken on contract basis from any private/semi Government organization, local institution or Non-Government Organization of depute. He/she will be assisted with 5 to 7 experts in the areas of public health engineering, gender mainstreaming, participatory methodologies, hydro-geology, social mobilization community health, development communication monitoring and evolution etc. The member of the District Facilitation Team will be selected from among the Government officials, from the private sector through or from the Non-Government Organization sector through a selection process to have persons with right skills and attitude to facilitate project implementation.

III) **District Appraisal and Monitoring Team (DAMT)** -

The District Appraisal and Monitoring Team sufficiently fire walled from the facilitating team will function as the “guardian of rules” to ensure that the project addresses clearly the community priorities, follow the principles and guidelines for project implementation and the technical and financial viabilities of the proposed schemes.

The Executive Engineer of the water supply department will be the team leader of District Appraisal and Monitoring Team. The District Appraisal and Monitoring Team expert team will have a skill of mix of engineering, social mobilization, performance auditing, financial auditing quality certification, monitoring and evolution etc. The team may consist of 5 careful team
members and rest of the expertise can be availed ‘on call basis‘ by contracting consultants

IV) District Financial Management Team (DFMT) -

A small team consisting of a finance officer assisted by accounts clerks and two administrative clerks will take care of the financial support activities to the district level arrangement. The District Financial Management Team will also be responsible for arranging and coordinating the financial audit of the project account of village Panchayats. The district project director/District project coordinator along with the finance officer will be the signatory to operate the dedicated bank account for the project. The expenses on Information Education Communication, capacity building etc. Will be incurred as per the recommendations of the District Facilitation Team. The funds for project implementation will be released to the village Panchayats based on the recommendations of the District Appraisal and Monitoring Team. The salary of the district teams will also be paid by District Financial Management Team.

C) Institutional Arrangements at the village level -

The institutional arrangements at the village level is entrusted with the primary responsibility of implementing the project. In order to achieve the consistent with the principles of decentralization through the panchayat Raj Institutions (PRIS) the project will have the following institutional arrangement at the village level.

I) Gramsabha -

The Gramsabha is the highest general body consisting of all persons registered in the electoral roles within the area of a village panchayat. And the constitutional body for participatory decision – making at the lower most level of panchayat Raj Institutions (PRIS). The government of Maharashtra has
vested with the Gramsabha substantial powers in matters dealing with the social or economic development activities within the village panchayat. This include stipulation for more frequent meeting of the Gramsabha. The requirements of conducting separate meeting of the women members of the Gramsabha before every regular meeting of the Gramsabha.

II) Village Panchayat -

A body corporate incorporated as the Local Self Government under the constitution of Indian and the Bombay Village Panchayat Act 1958. The role of village panchayat is the apply for inclusion in the project facilitate Information Education Communication (IEC) activities and trigger capacity building and co-ordinate all activities of the project. It also approves the appointment of procurement Sub- committee, finance Sub- Committee and such other Sub- Committees suggested by Village Water Supply and Sanitation Committees.

III) Village Water Supply and Sanitation Committee (VWSC)-

The village water supply and sanitation committee is the executive arm of the village panchayat. It is entrusted with the responsibility of carrying out the decision of the Gramsabha. The matters relating to project implementation as well as the general aspects related to water supply and sanitation sector in the village under the overall supervision of the village panchayat.

IV) Beneficiary Level Sub- Committee (BLSC) –

When a single scheme cannot be planned for the entire village because of Geographically scattered settlements, hydro geological and technological limitations. It is convenient to maintain the water supply and sanitation facility for a word. The project will allow for more than one water supply scheme within the same village panchayat. In such cases, the Gramsabha can permit
the village water supply and sanitation committee create Beneficiary Level Sub-Committee for each of existing schemes including operation and maintenance.

The account will be maintained at the village water supply and sanitation committee level. The beneficiary level sub-committee after undertaking procurement and other expenses recommend to the village water supply and sanitation committee for making payments. The accounts and other records will be maintained at the village water supply and Sanitation Committee level. However at the beneficiary level sub-committee will be fully responsible for operation and maintenance activities.

V) **Multi Village Water Supply and Sanitation Committee (MVWSSC)**-

According to the provisions under Maharashtra Zilla Parishad and Panchayat Samitis Act, the legal responsibility of implementing multi village water supply scheme is vested in Zilla Parishad. However Zilla Parishad Act also provides for a joint collaboration with village panchayatas or other urban local bodies. Consistent with the demand – led and community driven development approach of the project. The responsibility of planning, implementing and managing multi village drinking water supply facilities is vested with the multi village water supply and sanitation committee.

VI) **Social Audit Committee (SAC)** -

The village water supply and sanitation committee, a representative body of the community.

The Community Based Organization (CBO) and the Village Panchayat will have the necessary freedom to execute the decisions of the Gramsabha on behalf of the village panchayat. The monitoring and control of the activities of
the village water supply and sanitation committee is through setting up and operationalizing a social Audit Committee.

3.4 - PHASES OF JALSWARAJYA -

The project has developed a detailed process plan, specifying the key steps and the sequence of activities to be performed in implementing the project. This will enable all partnering institutions and functions arise to agree and understand the critical activities important points to be reckoned, timing and duration activities as well as the interdependence of the Activities. During the project period, the participating Village panchayat Samiti will be covered in various batches. The project has also prepared a “Project Cycle “covering the sequence of activities to be performed in each village panchayat with a definite start and end. (4)

3.4.1 Pilot Learning -

The project design and the project cycle are being developed through an active mechanism of intensive learning launched for 30 villages in the three project districts of Thane, Satara and Osmanabad, since April 2002. The selected districts have a representative character depicting the socio-economic, geo-physical and agro-climatic stratification of the stage.

The Project approach being tested for hands-on-learning in these pilot villages. The lesson learnt during the pilot villagers are being used to validate the various assumption about community participation, community willingness, partnership capabilities of participating institutions, commitment to and discharge of reciprocal obligations of various stakeholders etc.

A District Core Team (DCT) constituted within the water supply department of Zilla Parishad is responsible for coordinating project activities in the pilot districts. Two Non Government Organizations (NGO) have been
identified in each of the 3 districts as Support Organizations (SOs). The Support Organizations are responsible for mobilizing and organizing the community, capacity building at the village level, sensitizing and inclusion of community based organization in pilot activities etc. In order to provide handholding support to the Non Government Organizations and to build the capacity of District Core Team (DCT), an Umbrella Non Government Organizations has been engaged since September 2002.

3.4.2 Project Level Processes -

The project level processes include setting up the project institutional arrangement, designing and implementing projects, financial management systems and procedures, planning and implementing capacity building programmes, developing and implementing monitoring and evaluation system etc.

The selection of the districts for phased implementation of the project using the selection criteria as described in following table.
### Table - 3.1

**Criteria for Districts**

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Weightage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Need for the project</strong></td>
<td></td>
</tr>
<tr>
<td>a) Through proneness of the district</td>
<td>45%</td>
</tr>
<tr>
<td>b) No. of tanks deployed in the district for last 3 years</td>
<td>10%</td>
</tr>
<tr>
<td>c) No. of NC habitation in the district</td>
<td>10%</td>
</tr>
<tr>
<td>d) No. of habitation having No Safe Source (NSS)</td>
<td>10%</td>
</tr>
<tr>
<td>e) No. of other partially covered habitations</td>
<td>5%</td>
</tr>
<tr>
<td><strong>2. Socio-economic characteristics</strong></td>
<td></td>
</tr>
<tr>
<td>a) Percentage of tribal (indigenous people) Population</td>
<td>25%</td>
</tr>
<tr>
<td>b) Percentage of backward class population</td>
<td>10%</td>
</tr>
<tr>
<td>c) No. of BPL population of the district</td>
<td>5%</td>
</tr>
<tr>
<td><strong>3. Potential of the district</strong></td>
<td></td>
</tr>
<tr>
<td>a) Implementation of sant Gadagebaba villege Sanitation campaign</td>
<td>30%</td>
</tr>
<tr>
<td>b) Implementation of Shiv kalin water harvesting Scheme</td>
<td>10%</td>
</tr>
<tr>
<td>c) Mahatma Phule Jay Bhumi sandharan</td>
<td>5%</td>
</tr>
<tr>
<td>d) Yashavant Rural Development scheme</td>
<td>10%</td>
</tr>
</tbody>
</table>

**Source** - Government of Maharashtra - Jalswarajya Project Implementation Plan.

The prioritization and ranking of the districts will be done in a transparent manner.

The pre-requisite for participation of a district in the project from the prioritized list of districts are certain threshold level of preparedness as follows.
1) The Zilla Parishad passing a resolution committing itself to the principles of the project and agreeing to facilitate implementation in accordance with project processes and guidelines.

2) The general body of the Zilla Parishad will take necessary steps to constitute District Water Supply and Water Conservation Committee by appropriately transforming the District Water Supply and Water Conservation Committee, including transfer of financial powers the District Water Supply and Water Conservation Committee.

3) The Zilla Parishad have taken action in constitutions the various district level teams and orient them on project principles and processes.

4) The Zilla Parishad have prepared a panel of Non Government Organizations (NGOs) contractors, Community Based Organizations (CBOs), technical consultant and resource persons available in the district through a pre-qualification process for providing assistance to the community and villages in implementing the project.

The Zilla Parishad have already initiated and Information (IEC) Information Education Committee campaign on demand-responsive approaches and need for community participation in water supply and sanitation activities.

3.4.3 District Level Processes -

Once a district is selected for implementation, various start-up processes in the district are initiated. The project will launch a district level Information Education Committee (IEC) campaign to promote and sensitize all the district level stake holders on the project principles and preparatory activities.

The Orientation programmes for the district. Zilla Parishad functionaries, Non Government Organizations other service providers, Panchayat Samiti level
functionaries, Village Panchayat representatives. The idea is to disseminate the key guiding principles and non-negotiable of the project. Judicious use of mass media and other Information Education Committee tools, like posters, folk media etc. will be attempted. The Operation and Monitoring Team (OMT) will design the Information Education Communication (IEC) strategy for the whole State. The DFT will be primarily responsible for carrying out the Information Education Committee activities in the district. All the important stakeholders understand the need for a changed approach and share a common vision based on key project principles and approaches.

3.4.4- **Selection of Village Panchayatas** -

The Village Panchayat Samiti in the district will be included in the project in a phased manner in batches. Consistent with the demand–driven nature of the project a self selection process will be adopted for the purpose.

The list of Village Panchayat Samiti to be included and the phasing will be published and made known to all the Village Panchayat Samiti. All grievances about the selection will be suitably heard and appropriate redress measures will be undertaken. The Village Panchayat willing to participate in the program have to demonstrate.

3.4.5- **Project Cycle at Village Panchayat Level** -

The project is launched in a Village Panchayat with an Information Education Communication (IEC) activity. A cascade of activities follows spread over about 18 month all these activities are inter-dependent and follow a particular sequence. Various activities, which are closely related, which can be earmarked as a particular phase and leading to certain specific output in project implementation are termed as the main process of the project cycle.
The processes included in the project cycle at the Village Panchayat level and key outputs envisaged to be achieved in the following figure.

The VP level Project Cycle is shown in figure 3:2 Major Phases in Project Cycle

The above figure includes the major phases in project cycle. The project has completed 18 months. The phases are classified five parts.

1) Information Education Committee (IEC) and community mobilization One Month.

2) Village level Planning – Four Months
3) Appraisal and sanction – one Month

4) Implementation – Nine Months

5) Operation and maintenance – Three Months

1) **The Community mobilization** – The community mobilization process prepares the user communities, Gramsabha and village panchayatas to establish a meaningful functional partnership to solve water supply and sanitation related issues in the village. They spreading the message on project principles and conducting workshop for Community Based Organizations and village panchayat member. They visited house and arrange the corner meetings. They discussed project principles in women Gramsabha and General Gramsabha.

2) **Village level Planning** – The village communities continue to search for alternative solutions for sources, facilities, procurement etc. The most important considerations for assessing feasibility and selection are affordability by community for members. The village levels plans are separately prepared for each of the sub-project village action plan for community infrastructure. The sub-project consisting of three parts. The first is water supply second is water recharge and source strengthening and third is environmental sanitation and hygiene promotion.

3) **Plan Appraisal and Sanction** – The village action plan prepared by the community is then subjected to an appraisal for checking the conformity with project principles and to suggest improvements. The village panchayat submit the village action plan for appraisal and sanction to the Zilla Parishad. The village action plan is then subjected to a desk appraisal to verify whether the proposal is complete in all respects and checking institutional sustainability. The verifying inclusion and equity to benefits to everyone in the village.
4) **Implementation** - Like in the earlier processes the village panchayats assisted by the village water supply and sanitation committee have active roles in procuring goods and works, contracting different services and in construction and quality assurance. The community will supervise the implementation and ensure that the construction is progressing as per the implementation plan and as per approved designs. They will also ensure that the required quality is maintained in material procured and works executed. Upon completion of implementation a scheme completion report will be prepared along with receipts and payments Statement which will be published and made known to all community members.

5) **Operation and Maintenance** - The activities under operation and maintenance are the result of a pro-active planning process by the communities during which management arrangements have been clearly planned for the anticipated issues. The village water supply and sanitation committee members will be trained in operation and maintenance. The villages water supply and sanitation committee will operate and maintain the facilities. They will collect data on all aspects of operation and maintenance including cost and verify for variability with what has been planned. The Gramsabha discuss this and approve the operation and maintenance charges to be collected. The schemes continue to deliver satisfactory services to the community in a cost effective manner. The operation and maintenance expenses are borne by the community through user charges.

The Community manual and the technical manual contain a detailed description of the various tasks to be performed for the implementation of the above processes.

**3.5 FINANCIAL MANAGEMENT** -
The financial management system has been designed and put in place so as to meet the financing, accounting, auditing reporting and monitoring requirements of the project. Further the project implementation arrangement and the proposed institutional arrangement has been considered in designing the system. The financial management system will support Project Management in.

1) Highlighting key financial aspects and performance indicators to monitor progress against action plan.

2) Supporting accountability and transparency at various levels under the new demand paradigm.

3) Assisting in meeting the financial reporting requirements of various stakeholders, including Government Maharashtra and the World Bank.

The project is proposing a minimum 10% capital contribution from the beneficiaries towards the hardware cost of building water supply infrastructure providing 40 Liters Per Capacity Per Day (LPCD) service level. 100% of the Operation and Maintenance (O&M) expenses are also to be borne by the beneficiaries. 100% of the Investment required for additional service levels including house connection are to be borne by the beneficiaries.
3.5.1 Fund Flow –

The envisaged fund flow for the project is given in following figure 3.3

**Source** – Government of Maharashtra Jalswarajya project implementation plan.
A) **State Level** -

The Government of Maharashtra will transfer the funds based on the annual work plans to the Poverty line account maintained by the Operation and Monitoring Team (OMT) in installment. From the Poverty line account funds required for State level project expenditure will be met. The funds for the district level operation will be transferred to the Zilla Parishad from the Poverty line account.

B) **Zilla Parishad Level** -

5) A separate bank account in a scheduled bank will be maintained at the Zilla Parishad level, which will be operated by the officers from District Water Supply and Water Conservation department in Zilla Parishad under single or joint signatures, depending upon the amount of transaction. The officers may be Chief Executive Officer, Additional Chief Executive Officer, Senior Accounts Officers of the district financial Management Team or other officers in Water Supply and Sanitation Department in the Zilla Parishad as approved by Operation and Monitoring Team (OMT). The expenses for the district level operations and expenses of the District Facilitation Team, District Appraisal and Monitoring Team, District Financial Management Team and the administrative unit will be met from this account as per the approved village level action plan and agreed milestone there in, funds will be transferred from this account to the village Panchayat.

C) **Village Panchayat Level** -

A dedicated account will be opened at the Village Panchayat level, to receive funds from the Zilla Parishad and the also to credit capital contribution by the community. This account will be operated on behalf of Village Panchayat by Village Water Supply and Sanitation Committee members under
the joint signature of at least two officer bearers of village water supply and sanitation committee, nominated for the purpose by the Gramsabha. At least one signatory shall be a woman.

3.5.2- **Framework for Project Financial Management** -

At the State and district levels, the project will maintain account using the Present Government accounting system, with additional accounting and reporting processes to classify project expenditures as required by project components/activities and disbursement categories and prepared monthly/quarterly/annual reports required for project management. The accounting and reporting system will be manual in the beginning and will move into a computerized environment during the life of the project.

**A) State Level** -

The Operations and Monitoring Team (OMT) will continue to operate the present book keeping arrangements as per the Government accounting mechanism. However, the accounts will be classified and summarized by additional accounting heads to track project component wise expenses disbursement categories and procurement categories. The Operations and Monitoring Team will be responsible for compiling the financial reports and claims for fund release to the State, Government of Maharashtra as well as to the Bank. The Reform Support Team (RST) will provide overall policy level support in developing financial management policies and bring in lessons learnt.
B) **Zilla Parishad Level** –

A dedicated District Financial Management Team (DFMT) setup as district level, under the Chief Executive Officer/Additional Chief Executive Officer, Zilla Parishad as the District Project Director and District Project Coordinator will manage the project funds and will be responsible for all expenditures at the district level. This will include meeting the expenditure of the district Facilitation Teams.

The dedicated team for facilitating, coordinating and guiding community development and technical activities is called the District Facilitation Team (DFT) An Account With adequate skills and experience in community accounting and capacity building will be an integral part of the District Facilitation Team and will be responsible for Village Panchayat level facilitation and training function.

C) **Village Level**-

Gram Sabah is a general body consisting of all persons registered in the electoral roles within the area of a Village Panchayat and is the constitutional body for participatory decision-making at the lower most level of Panchayat Raj Institutions. The Gram Sabah will be responsible for

a) Approving participation in the project and approving any contracts to be signed between Village Panchayat & Zilla Parishad

b) Appointment of the village water and sanitation committee (VWSC)/Beneficiary level sub committees (BLSC)

c) Approving the village action plans

d) Recommend levels of community contribution tariff rates, operation and maintenance charges etc. to be collected from community members.
e) Appointing social audit committee and take action by itself or to direct Village Panchayat to take appropriate legal action based on report of Social Audit Committee (SAC).

f) Review the progress of activities undertaken by the Village Water Supply and Sanitation Committee, periodically for ensuring inclusiveness, equity, transparency, cost effectiveness and other principles of the project.

g) Approving Statements of accounts and other reports, budget and annual accounts etc. on project implementation presented by Village Panchayat and

h) Recommend agencies for performance audit, financial audit and technical audit on the working of Village Water Supply and Sanitation Committee and project implementation.

3.5.3 - **Staffing and Capacity Building Plan** -

A) **State Level** -

The Reform Support Team will have senior level financial adviser, on deputation from the accounts cadre of Government of Maharashtra, assisting then Team to develop overall State level policies on financial management, accounting, auditing and beneficiary contributions etc.

The operations and monitoring team will include finance and accounting staff. Senior Accounts Officer (1) Accounts Officers (2) Assistant Accounts Officers (3) All staff on deputation from the accounts cadre of Government of Maharashtra. Each of the Assistant Accounts officers will be placed with the Regional Facilitation Hubs (RFH) to perform extensive monitoring activities, provide quick response and feedback to the districts and also conduct key process and progress checks at the district level. It would be the responsibility
of the finance and accounts staff of the Operations and Monitoring Team to ensure that

The financial management system is implemented as per the design agreed with the Bank.

B) **District Level**

A small Team consisting of a finance officer assisted by accounts clerks and two administrative clerk will take care of the financial support activities to the district level arrangement. The District Financial Management Team will also be responsible for arranging and coordinating the financial audit of project account of Village Panchayatas.

An accountant with adequate skills and experience in community accounting and capacity building will be an integral part of The District Facilitation Team and will be responsible for Village Panchayat level facilitation and training function.

C) **Village Level**

At the village level, the finance, accounts and social audit functions will be with different institutions/committees as described earlier in the section on institutional arrangements. At the Village Panchayat level the village water and sanitation committee can hire the services of an accountant or entrust the responsibility a member of village water and sanitation committee duly trained under the project for book keeping and maintaining accounts. If necessary skills are not available at the village level. A suitable can be identified and trained as a paraprofessional. As an alternate option, a cadre of self employed accountants will be developed and encouraged to setup accounting practices
at the village level, whose level can be availed by the village water and sanitation committee.

3.5.4 **Accounting Policies and Procedures** -

The financial management has been prepared and documents in detail of the accounting and financial management processes and procedures. A chart of accounts has been developed to enable data to be captured and classified by expenditure center, budget heads, procurements methods, project components/activities and disbursement categories. This matches closely with the classification of expenditures and source of funds indicated in project document.

*Village water and sanitation committee/Village panchayats will maintain account records as follows-*

i. Cash/ bank book.

ii. Contributions received in cash /labour/materials.

iii. Material purchased and utilized.

In addition the village water and sanitation committee / Village Panchayat will retain all vouchers, bills supporting documents and ensure that the bank pass books are regularly updated. Similar accounts will be maintained for the operations and maintenance bank accounts Bank account and reports submitted to its members and Gramsabha.

3.5.5- **Audit Arrangements** -

The Controller and Auditor General of India (CAG) through its offices in Maharashtra will be the statutory auditor for the project. The Auditor Generals office will conduct annual audit of the operations of the Operations and Monitoring Team at the State level, Water Management and Sanitation
Department at the Zilla Parishad level and will also Cover the Village Panchayatas on some basis (10% for all Village Panchayatas receiving total project funds below INR 10 lakhs, 25% for all Village Panchayatas receiving total project funds above 10 lakhs and below Indian Rupees 25 lakhs, 50% for all Village Panchayatas receiving total funds above Indian Rupees 25 lakhs and below 50 lakhs and all Village Panchayatas receiving total project funds above Indian Rupees 50 lakhs.\(^{(6)}\)

The audit report with the management letter will be submitted to International Development Agency within six months of the close of each financial year. The Terms of References audit has been prepared in agreement with International Development Agency and will be agreed with the Controller and Audit General. The form of annual Financial Statement to be certified will also be agreed with the Controller and Audit General.

Audit Report Compliance System (ARCS) is shown in Table No. 3:4
Audit Report Compliance System

<table>
<thead>
<tr>
<th>Implementing Agency</th>
<th>Audit</th>
<th>Auditors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Supply and Sanitation Department, Government of Maharashtra</td>
<td>Support Organization/ Project Audit</td>
<td>Controller and Audit General of India</td>
</tr>
<tr>
<td>Department of Economic Affairs/ Government of India</td>
<td>Special Account</td>
<td>Controller a Audit General of India, New Delhi</td>
</tr>
</tbody>
</table>

Source- Government of Maharashtra Jalswarajya project implementation plan.

The Village Panchayat Samites as constituents of local rural Government are audited by the State Government under the Bombay local fund Audit Act 1930. As a demonstration of good practice, each of the Village Panchayatas implementing the project will be required to submit audited Statements of expenditures and audit reports for the project within 6 months of the close of financial year.

3.5.6- Reporting and Monitoring -

The monthly reporting formats from each of the accounting centers, have been designed to provide summarized monthly financial information on the fund flows, balances in cash/bank, status of advances and expenditures classified by project components/activities, disbursement categories, procurement method etc. These reports will be complied by the Operations and Monitoring Team at the State level on monthly and quarterly basis to provide meaningful financial monitoring reports (FMRS). An important aspect
of the reports would be that the expenditures reported under the project would need to be regularly reconciled with the reports submitted to the Accountant General Office and would need to explain differences if any. These reports will be prepared from the start of the project, submitted to the International Development Agency within 45 days of the close of the quarter and used by the project at the State and district level and the International Development Agency for monitoring and management decision making.

3.5.7 **Computerized Financial Management Manual** -

The computerization of the financial management system has not been envisaged from the start of the project but will be initiated before the end of year 2 of the project. The key issues considered while developing the design of the software would be:

1) Integration with the Management Information System qualitative information on the sub project proposal/contracts tracked in the Management Information System system are linked by common code number in the Financial Management System. Financial information relating to the sub-project contracts are tracked by the same code numbers.

2) The system would allow accounting of multiple project and overall consolidation at the entity level.

3) The system would be used for generating financial reports required to be submitted to the Accountant general as well as required for project management.

3.5.8 - **Disbursement** -
Disbursement form International Development Agency credit would initially be made the transaction-based system (Traditional Disbursement Procedures, Such as reimbursement, district payment, etc.) and may be converted to the report based system at the option of the Government of Maharashtra and Government of India after the successful demonstration of regular, timely and Adequate Financial Monitoring Reports.\(^{(8)}\)

Disbursement will be made on the basis of Statement of expenditure for:

a) Civil Works for contracts not exceeding Us$250,000.

b) Goods under contracts not exceeding Us$200,000

c) Consultants for contracts not exceeding Us$200,000 for firms and Us$50,000 for individuals.

d) Incremental operating and maintenance costs.

e) Training, workshops and exposure visits and

f) Sub project grants under parts A and D.1&D.2.
3.6 - **SUMMING UP** -

This chapter consists the Introduction to Jalswarajya. At the outset we have taken review of the scheme of Jalswarajya introduced by the Government of Maharashtra. In the next phase we take in to considerations the concepts of drinking water, health & sanitation and women empowerment. Then we have given the various institutions at the State, district and village level helping the scheme. The next stage comprises of the phases of Jalswarajya with the Project Cycle. The most important thing that we discussed is the Financial Management. The Financial management includes the fund flow, staffing and capacity, accounting policies, audit arrangement, reporting and monitoring, disbursements etc. the total review of the Jalswarajya scheme and the determinant factors there in , are given importance in the discussion.
REFERENCES -

1) Jalswarajya – www.mahawssd.gov.in
Jalswarajya project page - 5

2) Renjit C.S.- (2003-04) Jalswarajya – Maharashtra Rural water supply & sanitation project Government of Maharashtra water supply and sanitation department – page -130

3) Ibid – page 60

4) Ibid – page 75

5) Ibid – page 92

6) Government of Maharashtra water supply and sanitation department – Jalswarajya – Maharashtra Rural water supply & sanitation project- Chapter-Iv page 55

7) Ibid – page -91

8) Ibid – page -103