

**Water for All?**  
**Are ADB Funded Water and Sanitation Projects**  
**Ensuring Sustainable Services for the Poor?**  
*Case of Bangladesh*

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## EXECUTIVE SUMMARY

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**Background, rationale, objective:** Asian Development Bank (ADB) supports Bangladesh in the water and sanitation sectors (WSS) among others. ADB's assistance to this sector is concentrated towards urban areas along with some supports for rural areas.

This year, ADB is planning to carry out the review of its policy on: '*Water for All: The Water Policy of the Asian Development Bank*'. WaterAid has been engaged in the policy review by working with its partners and other civil society organizations through examining the effectiveness of ADB-supported water and sanitation projects in Bangladesh. This study – not an evaluation of ADB Water and Sanitation (WatSan) projects – intends to provide an informed, evidence-based input to the ADB Comprehensive Water Policy Implementation Review Project. The overall objective of the study is to improve the effectiveness of ADB funded Water and Sanitation Projects in Bangladesh. In congruence with the overall objective, the main research question was to assess how effective are ADB's water and sanitation projects in Bangladesh in ensuring sustainable services for the poor. In pursuance with this main research question the study focused to answer five specific questions.

**ADB's involvement in Water Supply and Sanitation Sector in Bangladesh:** Two ADB funded projects worth US\$ 41.65 million were solely dedicated to WSS sector, while 7 other multi-component projects worth US\$ 332.14 million had water-sanitation component. Besides, ADB provided four Technical Assistance (TA) in WatSan in the form of PPTA worth US\$ 1.7 million. Again, the Secondary Towns Water Supply and Sanitation Project has recently been approved – the PPTA (worth US\$ 1 million) is in the pipeline. ADB is also providing TA on institutional strengthening for urban WSS.

**ADB's contribution to WatSan-related Millennium Development Target (MDT):** Preliminary estimate shows, in the water sector, ADB finances 15.9% towards achieving MDT and serves 3.8% of the MDT beneficiaries. In the sanitation sector, the contribution is 1.2% of finance and 3.5% of beneficiaries.

**ADB's influence on sector policies:** ADB had influenced the making of national water and sanitation sector policies and practices. The areas of influence include

- Providing guideline for institutional strengthening of DPHE (TA 1979).
- Facilitating formulation of National Safe Water Supply and Sanitation Policy (1998).
- Utilizing experiences from WatSan in designing Pro-poor Strategy for Water and Sanitation Sector (2005) and National Sanitation Strategy (2005).
- Focusing on sustainable Operation and Maintenance procedures for Paurashavas with DANIDA and Dutch partners.
- Taking initiative to promote arsenic free drinking water and large scale WatSan for Dhaka Metropolitan City Area with the World Bank.

**Poor non-poor divide in services:** The poor households' access to ADB supported tube wells and piped water is less pronounced than that of the non-poor. Among poor households, only about 6.2% have access to such tube wells and 4% to piped water, which among non-poor is 23.9% and 16% respectively. Among households having ADB supported piped water, only 18% are poor and 82% non-poor. Similar to water, more non-poor (62%) received ADB supported latrine than poor (38%).

Out of Tk.830 million allocated for piped water, the poor have received Tk.149 million, and the rest, Tk. 681 million, allocated to non-poor. Again, out of Tk. 281 million for Household Environment and Sanitation (HES), poor's share is Tk.88 million and non-poor's Tk.193 million. Poor constitute 47% of the population in the beneficiary location but they received 21% of allocated funds for physical infrastructure such as, tube well, piped water, latrine and sullage pit.

**Benefits, improvements and constraints:** Beneficiaries spending time to fetch water decreased significantly. It was 26 minutes on average before project in dry season and after projects it was 8 minutes. Similar decline was also reported for the wet season. Average trips to fetch water have decreased after introduction of the Project. Before Project, 7.4 trips and 5.7 trips per day were needed for dry and wet season respectively. However, after the Project, average trips became less: 5.2 and 3.6 trips for dry and wet season respectively.

There is a positive change in utilization of latrines as people shifted from hanging to hygienic latrines. Before the project, not more than 20% of poor households had a hygienic household latrine while after the projects ownership has increased to 81%. For the non-poor such increase is also very high: from 19% to 94%.

Although some improvement takes place in solid waste management, proper community managed system is still not happening. People mostly throw their household solid waste around their house and waste water in an open place. There is no road for entrance of Paurashava truck in Char or slum area. There was no drainage system as well. The drainage system in Char/slum has been improved by the project in recent years. The drains constructed by ADB project are still insufficient for the areas. However, cleaning of drains is still a problem.

**User pay and tariff related issues:** Usually beneficiaries of piped water pay flat bill, Tk.50-Tk.100 per month, which is 1.7%-3.3% monthly income of poor. Tube well owners paid Tk.2,300 in total in 100 equal installments, i.e. Tk 23 for each installment. Single pit latrine owner pays Tk.1,500 in total in 50 weekly installments with Tk.16 each. Two-thirds of the piped water users reported that they have paid for the connection, and average amount paid for connection is Tk. 744. Neither tube well nor latrine owners participate in tariff setting process. There does not exist any system of flexible billing. The user charge for public latrine is Tk. 2 for defecation and Tk. 1 for urination.

**Issues on sustainability:** Regarding physical operations of water and sanitation facilities, since installation, piped water connections are functioning. Some hand tube wells are found non-functional due to presence of arsenic; upper part stolen or taken by NGO for non-payment of loan etc. Under Household Environmental Sanitation (HES), sanitary latrines function well in small families, but in some large families they become silted within six months. In case of siltation, servicing sanitary latrines are expensive for people living in slum/char areas. Some of the beneficiaries in the Project areas learned maintenance work and repairing of tube well and latrines. Based on the demand, low cost spare parts are also available. It is found that interest rate to avail tube well and latrine is high for beneficiaries. However, there exists uniform subsidy irrespective of economic status.

NGO staffs were not technically capable to do arsenic and iron test of water before installing tube well. When beneficiaries found arsenic and excess iron in water, they became reluctant to repay loans. To address this, NGO staff had to learn some of these tests. There was no specific staff to deal with poor's concern and also no separate area denoted as "Poor

Community”. Even level of interaction with civil society is very low with absence of meetings during design phase and systematic involvement during implementation.

**State of community participation and information dissemination:** Community participation is negligible in choice of technology, monitoring, evaluation and information dissemination. However, within low participation, there exists wide poor-non-poor variation such as, in choice of technology the upper limit for poor’s participation is only 2.6% and for non-poor 5.6%. User’s committee was not formed in Second Water Supply and Sanitation Sector Project (SWSSP) and committees formed in Secondary Towns Infrastructure Development Project II (STIDPII) were *ad hoc*. Most committees formed were active during project, but become dysfunctional after project. No meeting/dialogue was held between local people and project staff who were involved in project preparation, design or evaluation. Before implementation of the Project, a large part of the information disseminated through miking was related to credit for installation of tube well or latrine. Information related to project were disseminated after the inception of project. Overall, community participation was confined to implementation phase only.

**Monitoring-Evaluation and institutions:** In ADB funded projects, monitoring and evaluation was conducted as per Bank's system of Benefit Monitoring and Evaluation. The primary emphasis of M&E was towards performance evaluation of financial, physical and time-bound indicators. As evident from lack of poverty related disaggregated indicators in M&E, enough attention was not paid to measure the extent of effectiveness in providing sustainable services to poor people. While projects encourage community participation, in particular women's participation in various project activities, but it could not confirm their intention to implement this through regular monitoring and evaluation.

**Financial implications of ADB project funding:** ADB project funding has financial implications both for the government and for the poor mediated through the local government. Bangladesh’s debt burden comprises mainly of public sector debt. Total public debt as percentage of GDP has increased from 45.2% in FY 1993 to 51% in FY 2003. Debt-service ratio has declined from 21.1% during 1980-81/1989-90 to 7.2% in 2001-02. Annual MDG finance gap in water sector is US\$42 million while US\$125 million needs to be spent each year to reach the water and sanitation MDGs. Government’s debt service payments are 16 times greater than the extra money needed to meet the water and sanitation MDT.

ADB provides Special Fund (SF) as loan to the Government of Bangladesh (GoB), repayable within 40 years including a grace period of 10 years carrying a service charge of 1% per annum. A portion of the loan is made available by the GoB to paurashavas on the basis of 50% grant and 50% loan at an interest rate of 7.5% per annum for water supply components, and 1% per annum for household environmental sanitation components. This on-lent will be repaid within the period of 20 years by the paurashavas to GoB including a grace period of 5 years. The debt burden is ultimately more burdensome for the people at the grassroots who pay 14% interest rate per annum on loans.

**Reflection of ADB Water Policy 2001 in Project Design and Implementation:** The judgemental scoring (low, medium, high) of twelve selected action points of ADB’s Water Policy substantiated by evidences from design and implementation of projects shows high score for 2 action points, medium score for 2 action points, and low score for 8 action points. The Water Policy action points which scored ‘high’ in Bangladesh include ‘foster the integrated management of water resources: optimization of agency functions’ and ‘improve and expand the delivery of water services’. The policy action points scoring ‘medium’

include ‘capacity building’ and ‘advise to adopt cost recovery’. Many of the Water Policy action points scored ‘low’; these are ‘factoring in the needs of the poor’, ‘phased elimination of direct subsidies’, ‘getting the poor to participate’, ‘user participation’, ‘participation of civil society’, ‘gender approach’, ‘autonomy and accountability of the service providers’, and ‘promote a national focus on water sector reform: develop comprehensive water policy’. Based on this pattern of level of implementation of ADB Water Policy, it can be concluded that the policy implementation status is not that satisfactory, and there exists distinct scopes for improvement. However, it is to note that based on the past experience and in compliance with the basic tenets of MDG and PRSP, ADB’s most recent projects address many components of poverty reduction. For example, the Urban Governance and Infrastructure Improvement (Sector) Project (a US \$ 87 million multi-component project for 2003-09) aims to develop and expand physical infrastructure and urban services to increase economic opportunities and reduce poverty, and to focus on upgrading the conditions of the poor living in slum areas, among others.

### **Recommendations towards improvement of ADB Water Policy implementation:**

The key recommendations towards improvement of ADB Water Policy implementation are presented below. In order to facilitate the process of designing solutions, each recommendation is categorized under either ‘strategic’ or ‘implementation’ level. It is to note that most recommendations presented below are strategic by nature (7 out of 12 recommendations).

#### **Strategic recommendations**

- ADB resources in water and sanitation should be disaggregated for the poor and disadvantaged in compliance with Millennium Development Goals, ADB’s Poverty Reduction Policy and National Poverty Reduction Strategy.
- Annually US\$125 million needs to be spent to reach the water and sanitation MDGs. Moreover, government’s debt service payments are 16 times greater than the extra money needed to meet the water and sanitation MDT. Therefore, ADB can target more resources to the poor to accelerate the process of attainment of WSS related MDG and poverty reduction targets.
- The issue of poor-non poor divide in availing household tube wells, piped water, and latrines should be resolved in the design and implementation stages of future projects.
- To ensure inclusive engagement and ownership of the community, participation of civil society, local NGOs, poor, disadvantaged and women in the project community should be encouraged from very design stage and continued throughout formal project cycle.
- Provisioning of appropriate latrine considering women, children and handicapped in the community; differential tariff for water; costing of water and sanitation installation; poor people’s ability to pay and issue of subsidized/deferred payment etc. constitute major design issues. These should be considered in future projects.
- ADB may undertake WatSan pilot project to experiment differential pricing and cross subsidy scheme in the paurashavas, urban slums and low income settlements.

- ADB can consider transforming ADB Water Policy into Water and Sanitation Policy by including Sanitation Policy frame related to MDT.

### **Implementation level recommendations**

- Monitoring and Evaluation (M&E), Operation and Maintenance (O&M) mechanisms need to be worked out in the Projects to track compliance with poverty reduction targets in water and sanitation sector, such as: devise parameters for inclusion in M&E in congruence with poverty reduction programme, participation of poor and women at various stages, civil society engagement; develop indicators showing project's accountability to intended beneficiaries, indicators relating to sustainability; use simple participatory method(s) for M&E to facilitate involvement of community people.
- The project purpose and initiatives should also be disseminated to the community more openly and clearly, so that a sense of responsibility and ownership develops spontaneously.
- Appropriately designed Behavioral Change Communication (BCC) strategies to popularize use of dustbin/communal dump for solid waste management and drains for waste water management, hand washing before eating and after defecation; to involve community in WatSan should be vigorously pursued.
- ADB can facilitate community management efforts towards waste management by providing low interest loans.
- Participatory Learning Approach (PLA) method may be applied for identification of poor and disadvantaged groups, problems and formulation of strategies in planning, monitoring and implementation.