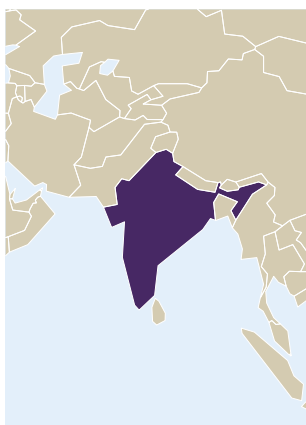


Overall Rating **C** Poverty Reduction
A Foundation for Sustained Growth



33 India Urban Water Supply and Sanitation Improvement Program

Contributing to the improvement of living standard of local people through providing loans for the water supply, sewerage, and sanitation projects

Loan Amount/Disbursed Amount 8.670 billion yen/8.670 billion yen
Loan Agreement January 1996
Terms & Conditions Interest rate 2.1%, Repayment period 30 year (grace period 10 years), General untied
Final Disbursement Date March 2001
Executing Agency Housing and Urban Development Corporation (<http://www.hudco.org/>)



Project Objectives

This project's objective was to improve the water supply and public health services in India's small to mediumsized cities by extending long-term, low-interest loans via financial institutions to public services providers, thereby helping to improve living standards of local people and develop infrastructure for industry.

Effectiveness & Impact

Rating **b**

Though this project was planned to provide about 50 sub-loans towards projects including water supply and sewerage projects, actually, loans for 19 water service projects in 23 cities and 7 sewerage projects, in total, 26 loans were provided. Through this project, in 14 cities, 400,000 people obtained water taps to their homes. Thanks to many public taps provided, the number of people who can access the water facility increased. Moreover, in the project's drainage projects, in 5 cities, approximately 650,000 people were newly connected to sewerage system. Also, the improvement of treatment capacity is confirmed. As for the objective achievement level of each sub-project, out of the 26 projects, 8 achieved 80% or more of original plan, and 13 achieved less than half of the plan. Applying a weighted average for all projects, the degree of objective achievement was approximately 60-70%. Therefore, this project has largely achieved its objectives, and effectiveness is highly satisfactory.

Relevance

Rating **a**

This project has been highly relevant with India's national policies both at the time of the appraisal and at the time of the ex-post evaluation. Both India's Eighth Five-Year Plan (at the time of the appraisal) and its Tenth Five-Year Plan (at the time of the ex-post

Changes in hygiene habits —Results of a beneficiary survey in Tirupati City

In Tirupati, a city with a population of approximately 250,000 in the state of Andhra Pradesh, water supply and sewerage projects were conducted with the aim of increasing water supply capacities through development of a new water resource. Answers of a beneficiary survey in Tirupati targeting the housewives in 300 households are as follows:

Changes in hygiene habits

A beneficiary survey was conducted to study changes in hygiene habits in households over the past seven years, including the project implementation period. Out of 300 households, 34% of respondents answered that they washed hands more frequently after using the bathroom, 35% answered they washed their hands more often before eating, 31% said they bathed more frequently, and 24% washed their faces more frequently.



Residents of a slum who were provided new household water tap.

evaluation) emphasized the importance of improvement of the water supply, sewerage, and sanitation sectors. This project has high priority since it supported the provision of infrastructure in these sectors made it something of high priority.

Efficiency

Rating **b**

While project period and costs both were almost as planned (both period and cost were 90% compared to the plan), the actual result of infrastructure provision project provided was no more than 70–80% of the plan. The main reasons for this shortfall are the facts that the local government and state authority were short of funds, and that additional time was needed to consort with the administrations and obtain permits. Therefore, the evaluation for efficiency is moderate.

Sustainability

Rating **b**

Though some problems have been observed in terms of organizational and financial aspect of the agency concerned with the water and sewerage services operation and maintenance, shortage of personnel, sustainability of this project is moderate.

Conclusion, Lessons Learned, Recommendation

In light of the above, this project is evaluated to be moderately satisfactory. Loans were provided to a sector that had issues in terms of financial structure and project operational efficiency. In such cases, initiative is needed to undertake studies at the planning stage to determine whether the executing agency has the capacity to examine and implement the project issues within the government of the country that will be receiving aid. Consultants should also be employed at the planning stage to help implement countermeasures.

Third-Party Opinion

In India, there is a strong need for provision of water supply and sewerage system, and accordingly, relevance of this project is especially high. In addition, while the number of projects to be financed was lower than planned, the living standard of residents in the project areas were greatly improved.

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