IWRM Action Hub

CASE STUDY

India: Social Contract Formulas in Rural Areas - Naandi Foundation Water Treatment Plants

Summary

Providing safe drinking water to poor families is a critical development issue of India. To address the common outbreaks of water borne diseases, the Naandi foundation together with Water Health India initiated the pilot rural Community Safe Water Scheme that combines cost-effective water purification technology with community-driven and performance-based approach. This case illustrates that with awareness raising campaigns, rural households are willing to pay for clean drinking water.

Background

Providing safe drinking water to poor families is critical development issues of India. Rural households in the coastal districts suffer frequent outbreaks of jaundice, diarrhea, and gastroenteritis. Andhra Pradesh with 80 million people routinely experiences bacteriological contamination of water due to inadequate water supply and sanitation. Some of the challenges in providing clean water in rural areas include geographic remoteness, poor maintenance of existing systems, and a paucity of public funds. Social factors also contribute to poor service levels in rural areas, notably the caste system and high rates of illiteracy. Providing safe drinking water to poor families in the coastal area of Andhra Pradesh is critical for the economic development of the region as well as for improving health and living conditions. In 2006 the Naandi Foundation was founded, an Indian non-governmental organisation which describes itself as "one of the largest and fastest growing social sector organisations in India working to make poverty history". Started by an extremely successful businessman, the foundation bases its approach to poverty on using public-private partnerships to create sustainable models for delivering critical services. Safe drinking water is a core programme. Naandi formed a relationship with Water Health India (WH India), a subsidiary of Water Health International (WHI), a disinfection technology provider, and approached Global Partnership on Output-Based Aid (GPOBA) to request funding to pilot rural village water schemes in coastal Andhra Pradesh that combine cost-effective water purification technology with a community-driven and performance-based approach.

Actions taken

In 2006, the Naandi foundation together with Water Health India (WHI) requested Global Partnership on Output-Based Aid to fund the pilot rural Community Safe Water Scheme that combines cost-effective water purification technology with community-driven and

performance-based approach. The pubic-private partnership between the village, NGO and WHI was established to finance the treatment facility.

The project districts were chosen because of their high poverty rate and lack of access to quality water services. Villages were selected based on the presence of a water source that could be purified and the willingness and ability of the village to adopt a fee-for-service scheme.

GPOBA subsidizes the cost of setting up the water treatment plants with ultraviolet (UV) purification technology 25 villages through a 800,000 USD grant. A combined financing of local funds, subsidy and a loan was employed. The grant covered the investment, community awareness and running costs. Tariffs are set at an affordable rate and cover the initial investment and O&M costs. A thorough financing discipline was critical for success of the project.

As a part of the project, targeted awareness raising campaigns helped the people to understand health benefits of safe drinking water. The project uses various techniques to target the poorest households. A cost benefit analysis and financial analysis revealed that project was financially sustainable from the operator’s perspective.

Outcomes

The project provided access to safe water through the construction and installation of 25 UV water purification plants in 25 villages in Guntur, Krishna and West Godavari districts. Household surveys conducted after grant closure found that 98% of the households reached by the project still continue to use water from the new plants for drinking purposes (i.e. they have not reverted back to existing contaminated sources). This implies a high community awareness of the health risks of contaminated water, and evidence of the effectiveness of the awareness campaign which complemented the hardware component. The project provided significant short and long-term benefits with many positive spillover social and economic impacts at the individual and community levels. Health and environmental benefits and cost saving from medical and health related expenses are the largest benefits of any water supply and sanitation project, but they are difficult to quantify in entirety. The quantifiable economic benefits include:

- water sold at flat tariff rate established by the operator which comprise of economic value of incremental water consumptions by households with access to safe water;
- health benefit of the project for the beneficiaries; and
- potential time cost saving for collecting water from distance.

Lessons Learned

Rural households are willing and able to pay for clean drinking water; just a need for awareness and campaign.

This project contributed to stimulate a wider sector discussion on issues related to appropriate water treatment technology for rural water supply, institutional arrangements of O&M, and improving accountability and transparency in service delivery.

A tripartite agreement has been instrumental for the success of the project - partnership between the grant recipient and the technology provider.

Corresponding Author Contact
info@naandi.org

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India: Social Contract Formulas in Rural Areas - Naandi Foundation Water Treatment Plants

Related IWRM Tools
Multi-Stakeholder Partnerships, WASH and Gender, Subsidies, Water-Related Financial Disclosures

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