



Mapping of Water & Sanitation Programs, Institutions and Fund Flow Architecture for Ganjam, Odisha

Trisha Agarwala, Subrat Das,
Ruchika Shiva and Shiny Saha

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ABBREVIATIONS

BASUDHA	BuxiJagabandhu Assured Drinking Water to all Habitations	O&M	Operation and Maintenance
BDO	Block Development Officer	ODF	Open Defecation Free
C&AG	Comptroller & Auditor General	OSWSM	Odisha State Water and Sanitation Mission
CBO	Community based Organisation	PEO	Panchayat Executive Officer
CLTS	Community Led Total Sanitation	PHED	Public Health Engineering Department
CM	Chief Minister	PRI	Panchayati Raj Institution
CSS	Centrally Sponsored Scheme	PWS	Piped Water Supply
DPR	Detailed Project Report	RWSS	Rural Water Supply & Sanitation
DWSC	District Water & Sanitation Committee	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
GPB	Gram Panchayat Bhawan	SFC	State Finance Commission
GPDP	Gram Panchayat Development Plan	SHG	Self Help Group
IHHL	Individual Household Latrine	TWG	Thematic Working Group
JE	Junior Engineer	VWSC	Village Water and Sanitation Committee
LWE	Left Wing Extremism	WASH	Water Sanitation and Hygiene
MIS	Management Information System	WATSAN	Water and Sanitation
NGO	Non-governmental organisation		
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 Odisha. The paper attempts to map the rural water and sanitation (WATSAN) programs, institutions and fund flow architecture for Ganjam district in Odisha. Further, it presents a roadmap for tracking and analyzing budgets for WATSAN programs flowing into any particular district in Odisha, taking the case of Ganjam 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 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.

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), and the BASUDHA scheme (funded by State Government as well as from the 14th FC and 4th SFC grants for GPs). Reportedly, a large proportion of the 14th FC and 4th SFC grants for GPs in Odisha is getting channeled towards the water and sanitation schemes under BASUDHA.

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 Ganjam district in Odisha. The paper starts with drawing a 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 Ganjam, Odisha

INTRODUCTION

This paper is meant for aiding the efforts of CSOs engaging with issues of fiscal governance in the WASH sector in Odisha. It presents a mapping of the rural water and sanitation (WATSAN) Programs, institutions and fund flow architecture for Ganjam district in Odisha. It also presents a roadmap for tracking and analyzing budgets for WATSAN Programs flowing into any particular district in Odisha, taking the case of Ganjam 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 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 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 Ganjam district of Odisha 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 Ganjam 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 Ganjam district of Odisha. 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 Odisha, (ii) a review of all relevant government documents relating to the WATSAN Programs in Odisha, (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 Ganjam and representatives of CSOs working on WATSAN sector at the GP level in Ganjam.

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 Ganjam and a couple of other districts in Odisha in a workshop held in Bhubaneswar in December 2018.

Background Information and Situation Analysis for the Sector in Odisha and Ganjam

Water and Sanitation coverage

Table 1: Total Habitations in Odisha

Quality Affected [#]	4.24%
Main Contaminant	Iron Salinity (Coastal Area)
Water Supply Source [@]	Hand Pumps: 96.7% Piped Water Network: 24.8%

[#] 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 just 12 percent of water schemes.

In Odisha, 4.24 percent of habitations are quality affected (See Table 1). None of the quality affected habitations are fully covered with water supply, i.e., all people in these habitations do not have access to the prescribed 55 litres per capita per day (LPCD)¹. Iron is the main contaminant. There are reports of salinity in coastal areas but data is not available. Water supply in 96.68 percent habitations is from handpumps though piped water networks are installed in 24.8 percent habitations. The main source continues to be groundwater, used in all habitations either through handpumps or piped water schemes, while surface water accounts for just 12 percent of schemes.

A new Sub-Program under NRDWP viz. National Water Quality Sub-Mission (NWQSM) which had been started by the Ministry of Drinking Water and Sanitation in February 2017 addresses the urgent need for providing clean drinking water in about 28,000 arsenic and fluoride affected habitations. As per estimates, about Rs. 12,500 crore (125,000 million) as Central share would be required over 4 years i.e. up to March 2021. This is being funded from the allocation under NRDWP². In Odisha, 3 projects (fluoride affected) in 2017-18 are being funded by the NWQSM³.

Odisha has performed poorly on sanitation and is among the five worst-performers among the states in India. Latrine coverage is 39 percent and just 2,889 villages have self-declared as open defecation free (see Table 2). Of these, 209 have been verified. In the 106 Left Wing Extremism (LWE) affected districts, 598,440 toilets have been constructed in 2016-17 against a state total of 1.01 million (see Table 4). As per the 2012 baseline survey of the Ministry of Drinking Water and Sanitation, 81.5 lakh households lacked toilets in the state. Since then, 33.7 lakh households, that is around 41 percent, have got a toilet. Among the 30 districts, Debagarh district has the highest coverage (households having toilets) of 96 percent while Kalahandi has the lowest at 22 percent (see Table 5). Sanitation has improved in the coastal districts faster than in the interior districts to the north and south of the state⁴.

With regard to the SDGs, the Planning & Convergence Department is the Nodal Department to work out SDGs in the State. The Thematic Working Group (TWG) 2 of the SDGs oversees SDG goals- 3 & 6 of which the Principal Secretary, Water Resources is the Chairperson of the TWGs. Other members of the TWGs are the departments of Health & Family Welfare, Women & Child Development, Housing & Urban Development, Panchayati Raj & Rural Development and Agriculture and Farmers Empowerment.

Table 2: Coverage and ODF Status

Latrine Coverage	39%
Open Defecation Free (Self-declared)	2,889 villages (Only 209 verified)

Table 3: HHs in Odisha that lacks Toilets
(As per Baseline Survey (Ministry of Drinking Water and Sanitation)

2012	81.5 Lakh
2018 (Nov)	47.8 Lakh

Table 4: Left Wing Extremism (LWE) Coverage

Total Districts affected by Left Wing Extremism (LWE)	106
Total Toilets Constructed in the LWE Districts (2016-17)	598,440
Total Toilets Constructed in the State (2016-17)	1.01 Mn

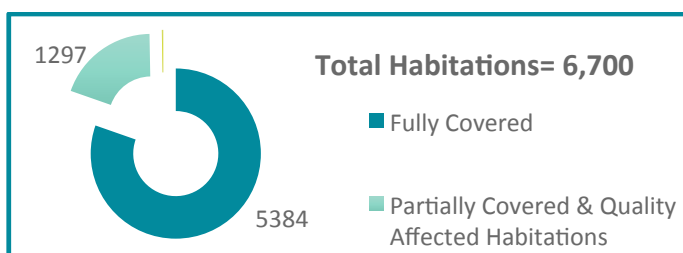
Table 5: Households Having Toilets
(Among the 30 Districts)

Highest Coverage	Debagarh (96%)
Lowest Coverage	Kalahandi (22%)
Rate of Sanitation Improvement	Faster in Coastal Area v/s interior districts to the north and south of the state

The district of Ganjam comprises of 22 Blocks, 503 GPs, 2,798 villages and 6,700 habitations. With a rural population of 29.81 lakhs, it has 5,384 fully covered habitations, 1,297 partially covered habitations and 5 quality affected habitations⁵ in terms of rural water supply coverage⁶ for the year 2018-19 (see Table 6 below). Iron contaminated sources are 11 and other contaminated sources are 10. As reported by officials, Ganjam district does not have any serious water quality issue except for 2-3 GPs where the quality is poor. Iron is the major problem in water quality as per MDWS data sources⁷. There are four water quality testing laboratories and testing is usually done twice a year, before and after the monsoon. As per discussions with government officials, all existing piped water schemes are single village schemes. If there is some disruption in water supply, Rs.5,000-Rs.10,000 is given for minor repairs by the RWSS. Spare parts of tubewell, hiring of a water tanker, mobile van for Panchayat are some of the heads under which expenditure could be made from the 14th FC funds.

Table 6: Composition of Ganjam District

Blocks	22
GPs	503
Villages	2,798
Rural Population	29.81 Lakhs



Major Programs Delivering Rural Water & Sanitation Services in Ganjam, Odisha

The major schemes for rural water and sanitation in Ganjam, Odisha are the NRDWP for rural drinking water, SBM (G) for rural sanitation from the Central level (Table 7). At the state level, the recently initiated BASUDHA scheme delivers the water to the rural population. The 14th FC funds and the 4th SFC funds also contribute to providing rural water supply and drainage services in the district. Table 1 shows the schemes for rural water and sanitation spread across all the tiers of governance. There are other sources of funds like Members of Parliament Local Area Development Scheme (MPLADS), Member of Legislative Assembly Local Area Development (MLALAD), District Mineral Foundation (DMF) at the district level and National Mineral Exploration Trust (NMET) that would be reviewed in the budget tracking process in the project.

NRDWP

The NRDWP is a centrally sponsored scheme (CSS)⁸. The NRDWP's goal is to bring piped drinking water to at least 90 percent of rural households in 2022 and make sure that at least 80 percent have a household connection⁹. Furthermore, it aims to “provide enabling support and environment” so that 100 percent of the rural drinking water sources and systems will be managed by local institutions, such as Gram Panchayats (GPs) and communities. The state implements NRDWP as per the national guidelines. The Odisha State Water and Sanitation Mission (OSWSM)¹⁰ is tasked with this responsibility.

Table 7: Important Schemes/Programs for rural WATSAN services in Odisha

Drinking Water Programs	<ul style="list-style-type: none"> - National Rural Drinking Water Program (NRDWP) - BASUDHA Scheme
Sanitation Programs	<ul style="list-style-type: none"> - Swachh Bharat Mission-Gramin or SBM (G)

Source: Based on discussions with State, district and block level officials in Ganjam and Bhubaneswar

SBM (G)

The SBM is also a Centrally Sponsored Scheme, launched in 2014, aiming to make India open defecation free by 2019, through the construction and use of individual, community/public toilets and behavior changes. SBM (Gramin) is the rural component of SBM and aims to eradicate open defecation in rural areas by 2019. Odisha implements the Swachh Bharat Mission through the State Water & Sanitation Mission. There is no separate campaign and the state has adopted SBM's guidelines and processes. It has adopted community-led total sanitation as the suggested method of behaviour change.

BASUDHA

The Buxi Jagabandhu Assured Drinking Water to all Habitations (BASUDHA) (see Box 1), a state initiated water supply scheme introduced during the financial year 2017-18 as a tribute to the Buxi Jagabandhu in the bi-centenary year of the Paika rebellion¹¹. The objective of the scheme is to provide adequate safe water to the rural people for drinking and domestic purposes on a sustainable basis. The components of BASUDHA are –

- New piped water supply schemes
- Augmentation /improvements of existing piped water supply schemes

- Installation of spot sources
- Construction of overhead tanks/underground reservoir/ over ground reservoir
- Water quality & water safety
- Operation & maintenance of PWS schemes
- Project Management Cost

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

The Odisha State Water and Sanitation Mission (OSWSM) under the Department of Panchayati Raj and Drinking Water runs the state’s water and sanitation Programs as shown in Table 8. The Chief Secretary is the chairperson while the mission is headed by the principal secretary for rural development and run by a Mission Director. One Executive Engineer heads the water supply and another heads the Sanitation Mission. Several State consultants support the mission. Up till 2017, the OSWSM was under the Department of Rural Development. This was changed only recently when the Department of Panchayati Raj and Drinking Water was created. This change was administered primarily in an attempt to manage the 14th FC funds more efficiently.

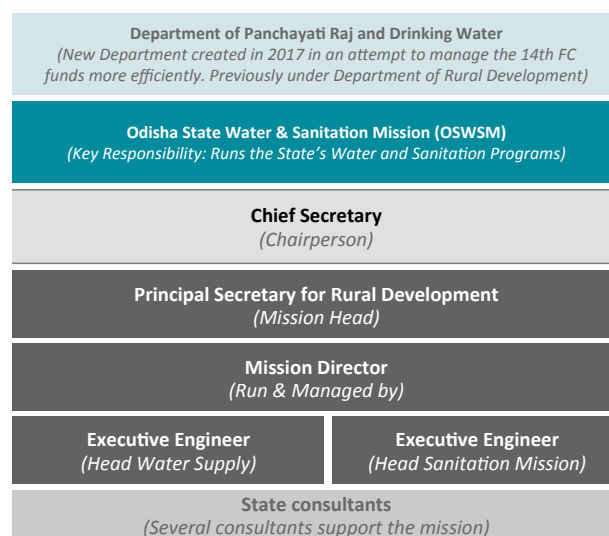


Table 8: Department Hierarchy

Table 9: 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 Ganjam, Odisha 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 Panchayati Raj & Drinking Water; State Water and Sanitation Mission;	Secretary (Dept. of PRDW); Chief Engineer (Dept. of PRDW);
District	District Water and Sanitation Committee; District Rural Development Agency; Office of RWSS	District Collector; District development Commissioner; Director, DRDA; Executive Engineer, RWSS
Block	Block Development Office; Office of JE, RWSS	BDO; Junior Engineer, RWSS
Gram Panchayat	Village Water and Sanitation Committee	Sarpanch; Gram Panchayat Executive Officer

Source: Based on discussions with State, district and block level officials in Ganjam & Bhubaneswar

Sources of Funds for Rural Water & Sanitation Services

Figure 1 below depicts all possible sources of funds for water and sanitation services in rural areas in Odisha. 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.

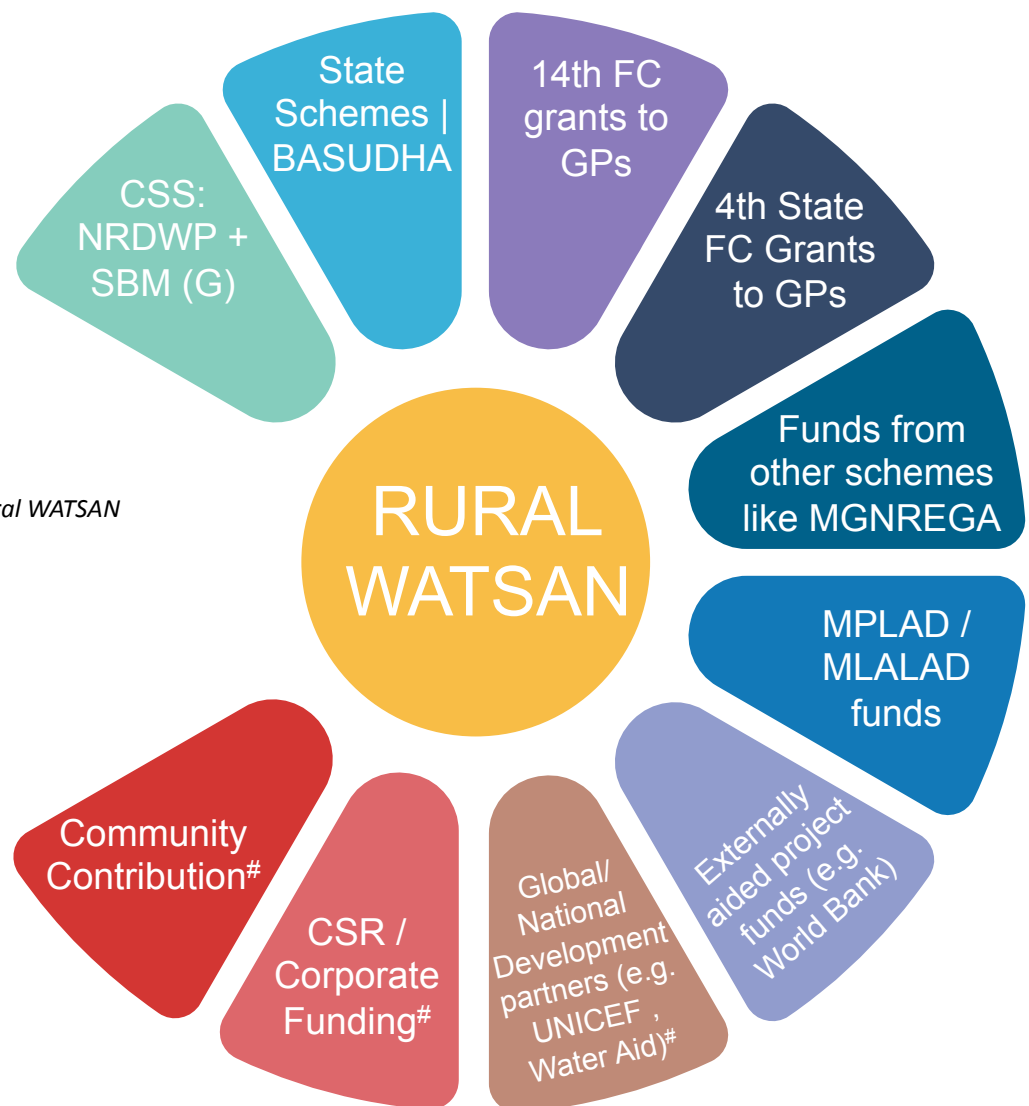


Fig 1: Sources of funding for rural WATSAN in Ganjam, Odisha

#: 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 Odisha, 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) and *BASUDHA* (funded by the State Governments from the 14th FC and 4th SFC grants for GPs). Reportedly, a large proportion of the 14th FC and 4th SFC grants for GPs in Odisha is getting channeled towards the water and sanitation schemes under *BASUDHA*.

Some of the Central Schemes also provide resources for the construction of various types of public institutions (e.g. schools and health centres etc.), which includes funds for water and sanitation facilities. Such schemes include *Samagra Shiksha Abhiyan* (primary and secondary schools), *National Health Mission* (primary health centers) and *Integrated Child Development Services* (Aanganwadi Centres). Moreover, the State Government's own schemes with budgets for the construction of such public institutions (if any) would be another source of public resources for water and sanitation services in Odisha.

Some of the other possible sources of public resources 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. The Rural Infrastructure Development Fund (RIDF)¹² is another source of funding for water service provision. It comes under the NABARD grant that gives guidelines on how to use the funds. The 14th FC and 4th FC funds are distributed to the GPs based on the population of the GPs. The Panchayati Raj & Drinking Water department of the State government issued a government order on 28th February 2017 which made it mandatory to use 30 percent of the funds from 14th FC and 4th SFC for rural water¹³.

Rural Drinking Water Supply: Fund Flow Architecture

National Rural Drinking Water Program (NRDWP) and *BASUDHA* (Box 1) are the two Programs through which drinking water supply in rural areas of Odisha is being ensured. Figure 2, in the following page, 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 *BASUDHA* scheme, which gets funded by the State Government and also by GPs from their grant funds.

BOX 1: BASUDHA SCHEME

The *BASUDHA* scheme came into existence in November 2018, since the NRDWP had reduced funds for the state. An allocation of Rs. 1,350 crore has been allocated by the state government for *BASUDHA* for the year 2018-19. The objective of the scheme is to provide safe drinking water wherever there is a shortage. Every year the NRDWP reduced its fund allocation to the state, hence, the state decided to supplement the allocation by creating the *BASUDHA* scheme. The thought behind the *BASUDHA* scheme has been holistic since the Gram Panchayats have all the funds and hence wield the influence to carry out any change.

The *Basudha* scheme has allocated around Rs. 10 crores for a GP and promises 'One village one tank' and every household to have tap water. The fund sharing pattern is 90:10 with the state providing 90 percent funds and the GP providing 10 percent of the funds. The share of GPs is 10 percent of the total project cost or Rs. 10 lakhs, whichever is less. These schemes are mainly single village piped water schemes. In the *BASUDHA* scheme, a Detailed Project Report (DPR) has to be made by the GP with the help of the RWSS department. The 14th FC funds are used to cover the GP's share (10 percent of the total project cost or Rs. 10 lakhs).

BOX 2. ROLE OF OFFICIALS IMPLEMENTING WATSAN SCHEMES

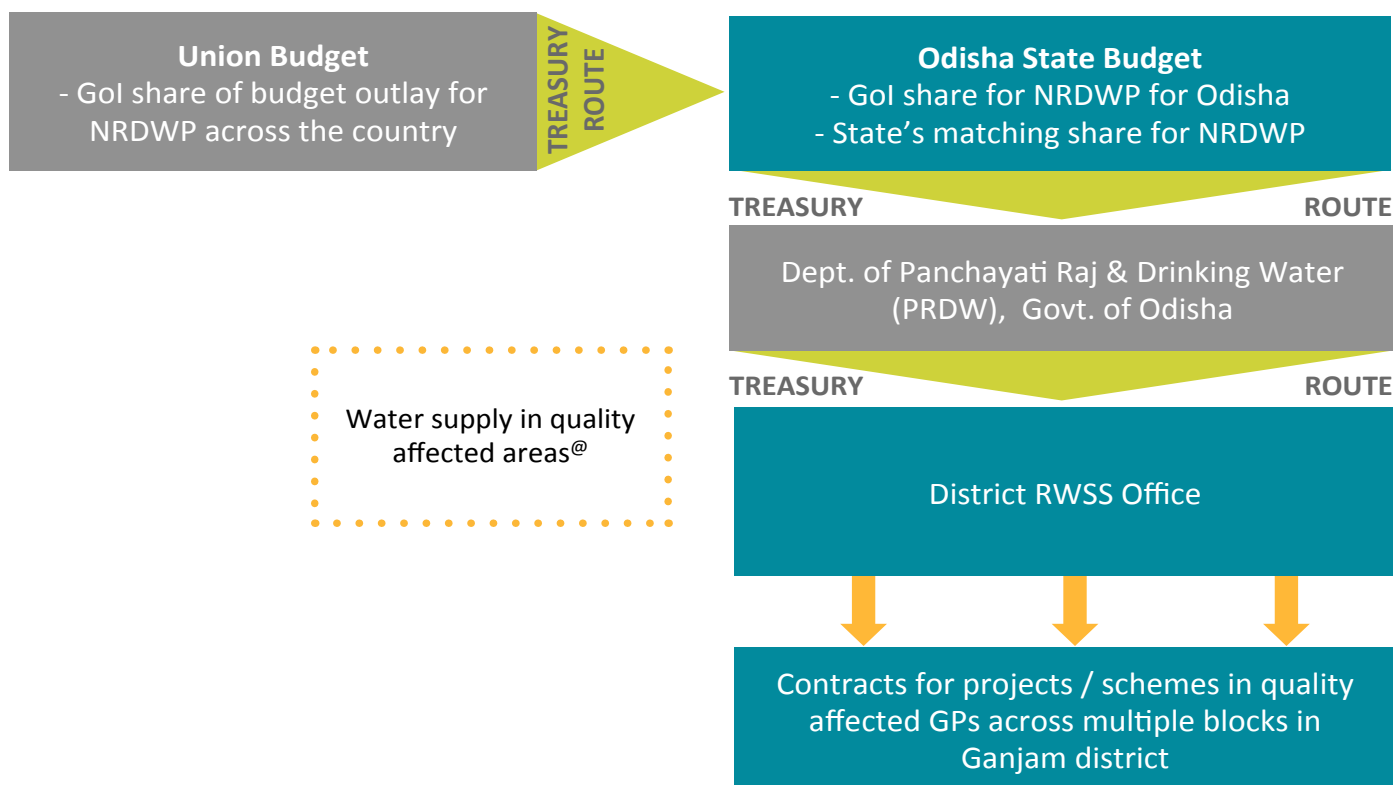
Role of the Junior Engineer (JE) and Self Employed Mechanic (SEM)

There are two kinds of work that the JE is responsible for - one is supporting/supervising the construction new PWS and the other is repair and maintenance of old systems. The fund for the maintenance of water points is from the 14th FC funds, this amount cannot be more than 10% of the fund received by the GP. Every GP has been allocated around Rs. 25 lakhs from the 14th FC for various services including WATSAN. Out of this amount, the electricity bill comes to Rs. 5,000 per month, the SEM (Self- employed mechanic) is paid Rs. 1600 and around Rs. 2,000 is spent for vehicle movement.

The funds for major water supply works/capital expenditure are provided by the RWSS. Ganjam has two divisions- Behrampur & Bhanjapur. In Behrampur, there are three sub-divisional officers (Asst. Engineer and Deputy Engineers). Further, each block has two JEs (JE I and JE II). The major water supply work is with JE I and sanitation work is with JE II. It has been planned that in the following year the work would be divided equally after training is imparted

Each GP has an SEM (self-employed mechanic) who handles the maintenance of 30 to 50 tubewells. They do the on groundwork or take help from the JEs. The JE I & JE II sit with all the GPs every week to discuss all issues.

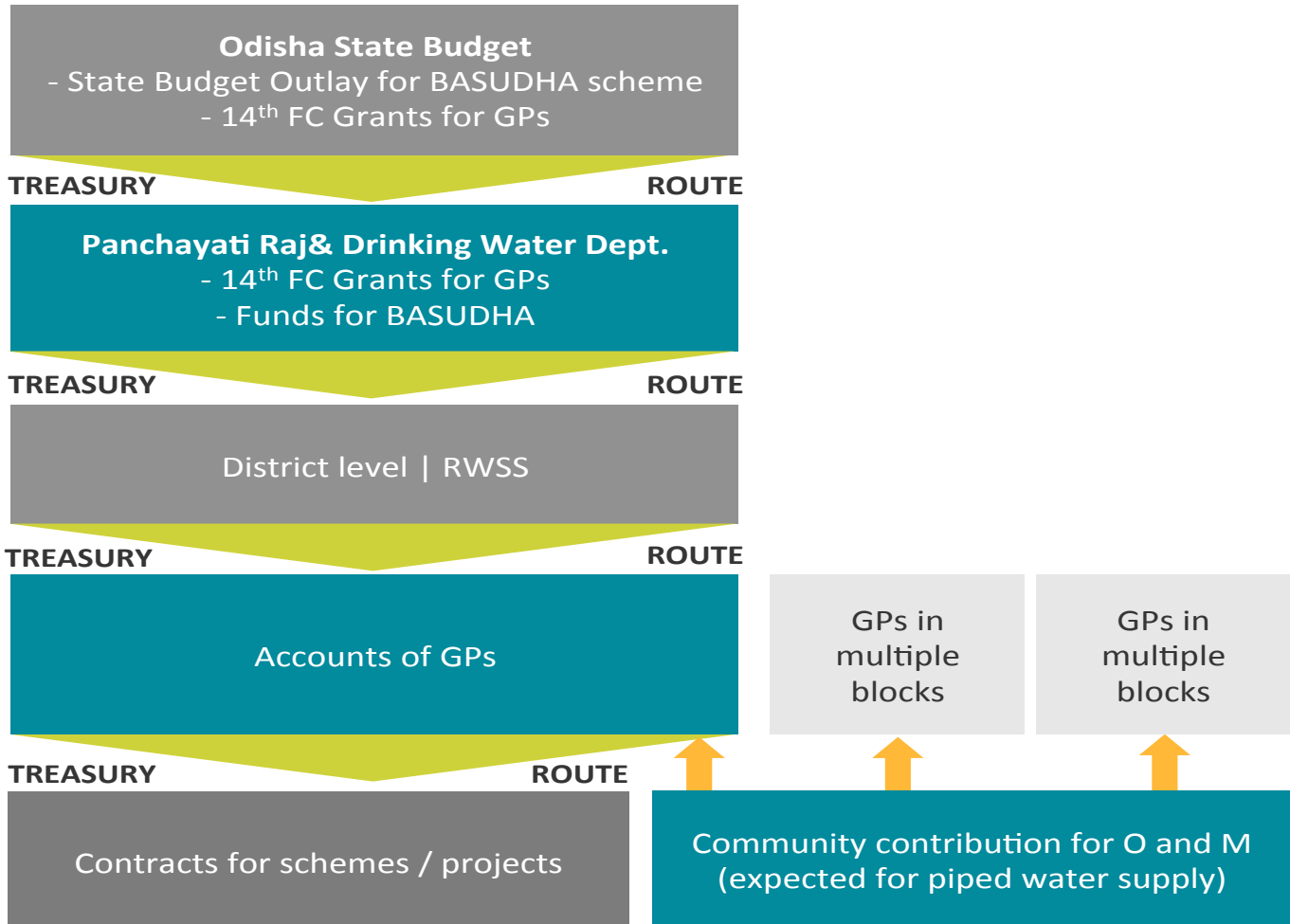
Fig 2. Fund Flow Map for National Rural Drinking Water Program (NRDWP)



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 BASUDHA scheme



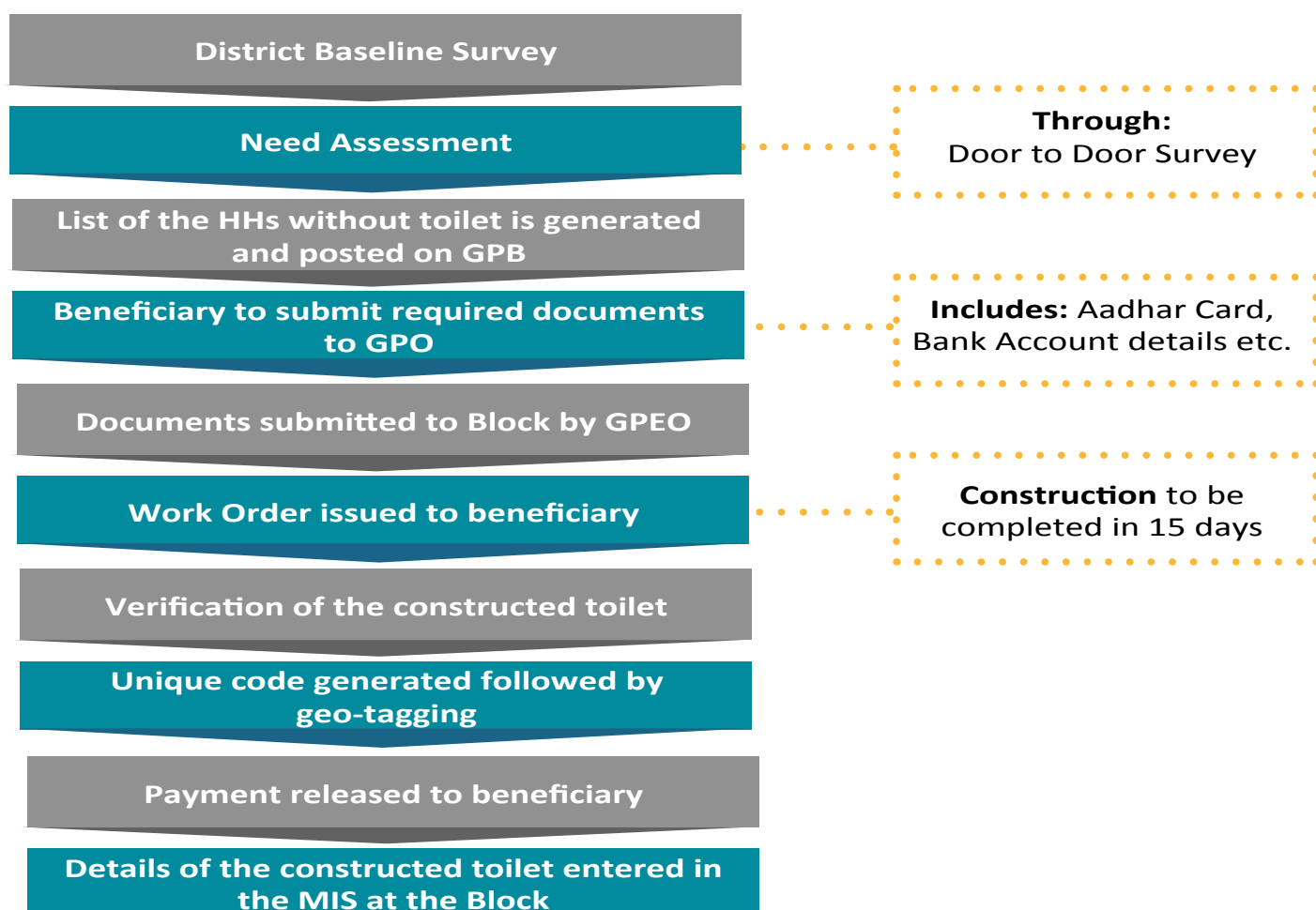
Rural Sanitation: Fund Flow Architecture

SBM (G) is the Program through which public resources for sanitation are being provided in the district. As per the District Project Coordinator of SBM (G), 52 percent of households in Ganjam district has already reached ODF status. Regarding the process of planning, the District level Action Plan is made at the district taking into account all the line ministries. The Annual Implementation Plan of SBM (G) shows the financial part of the District Action plan. The local government plans are known as Gram Panchayat Development Plans (GPDP), the trainings for the process of developing these plans is given by the state. The individual household toilet construction process under the SBM (G) in the district is detailed out diagrammatically in Fig 4.

The process is initiated using the district Baseline Survey as a basis to select beneficiaries. This is followed by a door to door survey for the purpose of need assessment. A list of households without toilets is generated which is posted on the Panchayat Samiti/GP Bhawan. Anyone who needs a toilet to be constructed is required to produce their Aadhar card and bank account details to the Panchayat Executive Officer (PEO) who takes these documents and puts up their demands in the Block. Subsequently a work order is issued to the beneficiary who has to complete construction in 15 days. The completed toilet is verified by SBM implementation team and geo-tagged. The payment is released to the beneficiary once the geo-tagging is completed and details of the completed construction is entered into the MIS at the Block level. In instances where the beneficiary is unable to pay for toilet construction, the SHGs give a loan. Some of the reasons why toilet construction has not taken up at the pace that it should have is mainly due to space constraints and land tenure issues.

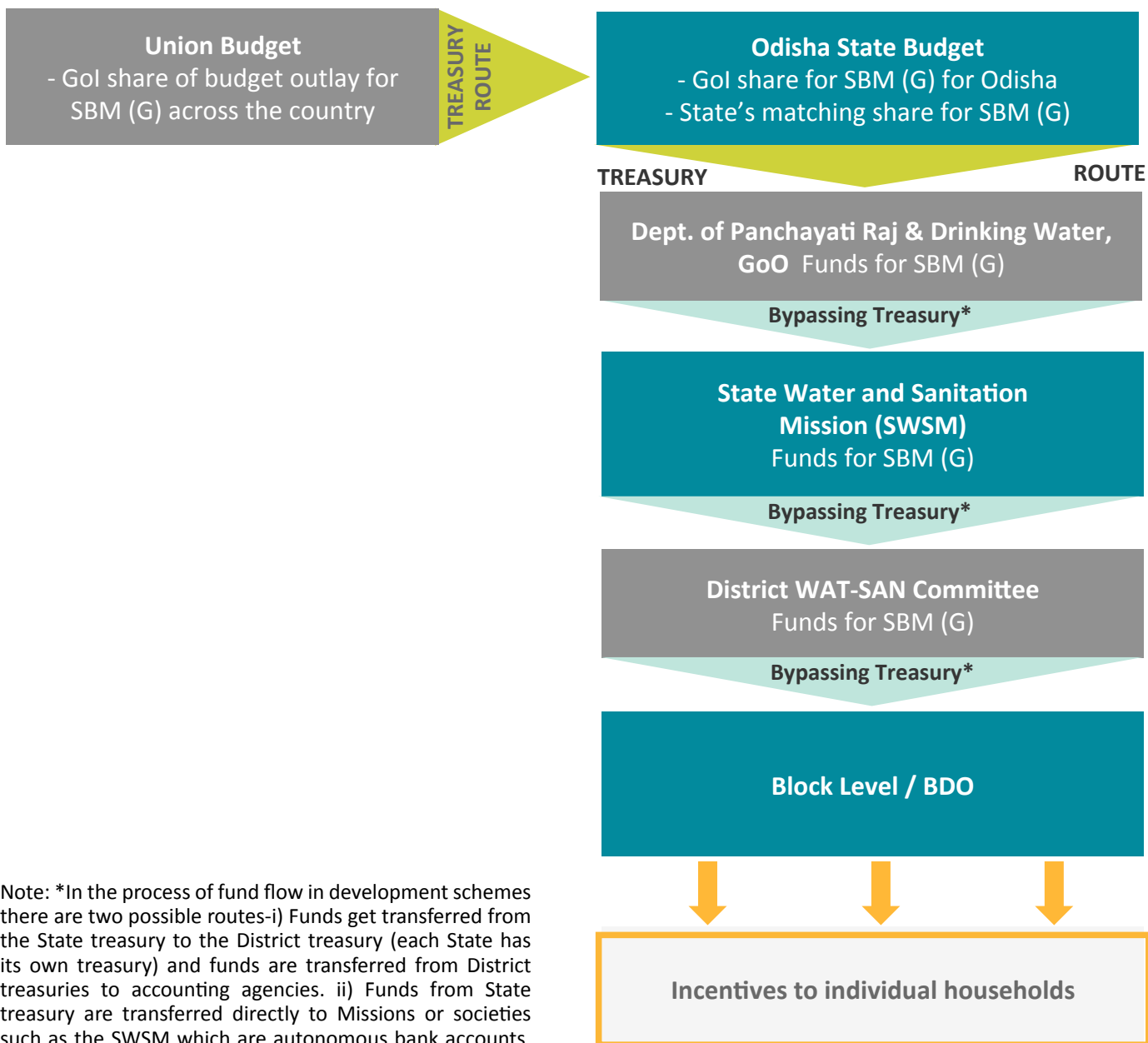
There are 22 blocks with two JEs, 2 Block and two Cluster Coordinators and 10 frontline staff. The JE II is in charge of the SBM (G) project implementation at the block level. Both the Block Coordinator and the Cluster Coordinator report to the CLTS Coordinator. Figure 5 in the next page depicts the fund flow architecture for SBM (G) in Odisha.

Fig 4. Toilet construction process in Ganjam, Odisha



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

Fig 5. Fund Flow Map for Swachh Bharat Mission (Gramin)



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 Ganjam, Odisha

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

Tracking Budgets for Water & Sanitation Programs in Ganjam, Odisha: A Roadmap

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 Ganjam district in Odisha. 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 Ganjam 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 Ganjam

- The engagement of officials at the block (including BDOs) in the implementation of WASH schemes for GPs is minor. There is thus a need to assign more responsibility at the block level. Further, discussions with officials revealed that there is a shortage of field level and frontline staff to implement the drinking water supply schemes (Box 2).
- With regard to the human resources in the implementation of rural sanitation Programs in the district, discussions with government officials revealed that there was a shortage of JEs and Cluster coordinators at the Block level as well as field-level staff. The officials felt that there is a requirement for one GP to have one Panchayat Executive Officer (PEO) and one JE, for smooth implementation. However, they are overburdened since they have many GPs under each JE.

Linkages between Issues in WATSAN Services and Budget

A workshop held in Bhubaneswar in December 2018, with representatives of CSOs working on WATSAN sector at the GP level in Ganjam and a couple of other districts in Odisha, brought out a number of linkages between issues in WATSAN services and budget. 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 Ganjam.

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 10 & 11)

Table 10: 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, RWSS/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, RWSS /office of DPRO)
Block	BDO, AE (SDO)	
Gram Panchayat	Sarpanchand Gram Panchayat Executive Officer;	MIS, DPR, UC GPDPs
Ward	WIMC	Payment Reports MB Book, Ward - Finance Register, Cash Book

Table 11: 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 Ganjam and Nuapada districts in Odisha and Samastipur and Gaya districts in Bihar. 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 Ganjam 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 Ganjam and Nuapada districts in Odisha (as well as from the two selected districts in Bihar), a comprehensive module for training/capacity building of CSOs in this area will be developed.

Endnotes

1. http://indiawater.gov.in/IMISReports/NRDWP_MIS_NationalRuralDrinkingWaterProgram.html
2. <http://www.pib.nic.in> Accessed on 14th November 2018
3. http://indiawater.gov.in/NWQSM/Re/rp_schemeDetails_s.aspx. Accessed on 20th November, 2018
4. Data collected by Watershed Consortium
5. FC habitations are those in which the average supply of drinking water is equal to or more than 40 lpcd. PC habitations are those in which the average supply of drinking water is less than 40 lpcd and equal to or more than 10 lpcd. QA habitations are those where water samples tested in laboratories have indicated levels of chemical contamination (limited to arsenic, fluoride, iron, nitrate & salinity) higher than the permissible limits set by the Bureau of Indian Standards.
6. http://indiawater.gov.in/IMISReports/Reports/Profile/rpt_DistrictProfile.aspx?Rep=2. Accessed on 20th November 2018
7. http://indiawater.gov.in/IMISReports/Reports/Profile/rpt_DistrictProfile.aspx?Rep=2. Accessed on 17th November, 2018
8. Centrally Sponsored Schemes are those schemes which are designed and funded by both the Union and State Governments and are implemented by the State Governments.
9. Guidelines of NRDWP, 2013, Ministry of Drinking Water & Sanitation, GoI
10. OSWSM under PR & DW Department, Govt. of Odisha is the apex organisation implementing SBM (G) & NRDWP in the rural areas of Odisha. The key objective of the Mission is to facilitate the implementation of these schemes for improving piped water & sanitation coverage through decentralized service delivery systems. The Mission is composed of State Level Consultants who are expected to provide the required technical and managerial support to OSWSM & DWSCs for planning, designing and implementing the schemes.
11. Buxi Jagabandhu was the commander of the forces of the king of Khordha in British India. He is one of the earliest freedom fighters of India. The great Paika Rebellion in 1817 was under his leadership.
12. Government of India created the RIDF in NABARD in 1995-96, for financing ongoing rural Infrastructure projects
13. GO.No. 3420, PR-CFC-POLICY-0003-2016, Panchayati Raj Deptt. Govt. of Odisha, 28th February, 2017

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 Odisha

Table 12 below depicts the trends in the sector-wide / Department-wide priorities in Odisha'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.

In the case of Odisha, we find a gradual increase (in absolute or nominal figures) in the overall magnitude of the State Budget of Odisha during the FY years 2015-16 to 2018-19. The volume of the Plan Budget or Scheme Budget of the State has also registered a healthy increase from 2014-15 to 2018-19. Among the seven selected Departments, all of which fall broadly under social sectors, none of the departments has witnessed an increase in the respective share in the overall Plan Budget / Scheme Budget of Odisha during the 14th FC years except for the Department of Panchayati Raj and Drinking Water. In fact, the share of the Women and Child Development Department has reduced significantly from 2014-15 to 2018-19.

Table 12: Department-wise Priorities in State Budgets of Odisha over the 14th FC Period

Budget Estimates (BE) for FY [@]	2014-15	2015-16	2016-17	2017-18	2018-19
Total State Budget of Odisha (in INR Crore)	80,140	84,488	94,053	1,06,911	1,20,028
Of which – Odisha's Plan Budget / Scheme Budget[#] (in INR Crore)	39,429	40,531	45,956	59,446	69,267
Department	Share of the Department in the overall Plan Budget / Scheme Budget (Figures in %)				
School & Mass Education	10	10	6	9	9
Rural Development	9	6	6	10	6
ST & SC Dept. of Minorities & BC Welfare	4	4	3	4	4
Women & Child Development	11	9	7	5	5
Health & Family Welfare	6	5	4	6	6
Panchayati Raj/Panchayati Raj & Drinking Water	13	12	7	14	14
Agriculture	6	6	5	5	5

Notes:

@ The figures for percentage shares of various Departments in the total Plan Budget / Scheme Budget of Odisha 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, Odisha's Total State Budget was presented along with a Plan vs. Non-Plan break up. This distinction was dropped by the Union Government and most States in FY 2017-18. However, starting with FY 2017-18, Odisha State Budget documents provide a similar break up, viz. Scheme Expenditure Vs. Establishment and Committed Expenditure. The erstwhile Plan Budget of Odisha 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 at a Glance, State Budget of Odisha, various years.

The department that provides budgetary resources for WATSAN Programs in rural areas in Odisha is the Panchayati Raj and Drinking Water Department (PR & DW). We find a slight increase in the budgetary priority (within the Plan / Scheme Budget of the State) for it in 2017-18 (i.e. the third FY in 14th FC's recommendation period) compared to the years before; although we also notice a very significant decline of budgetary priority for the department in FY 2016-17. This clearly shows that the States's budgetary priority reduced for water and sanitation during that time period most probably due to the increased budgets from the Union government.

Box 4: Limitations amongst PRIs in Odisha

Origin of the Odisha Gram Panchayat Act:

With the enactment of Orissa Gram Panchayat Act, 1948, Panchayati Raj Institutions (PRIs) came into existence in Odisha. Subsequently, Odisha Panchayat Samiti and Zilla Parishad Act, 1959 was enacted in 1961 and the three-tier system of PRIs was established in the State. All these Acts were amended in 1993 and 1994 in conformity with the 73rd Constitutional Amendment Act, 1992. It empowered the PRIs to function as institutions of self-government to accelerate economic development and ensure social justice in rural areas.

Status of sanctioned posts vis-à-vis posts filled in Panchayat Samitis and GPs

A look at the human resource strength in Panchayat Samitis (PSs) and Gram Panchayats (GPs) in Odisha (Table 13) indicates that the vacancies are the maximum under the posts of the ABDO.

Table 13: Statement showing sanctioned strength vis-à-vis men-in-position in PSs and GPs

Post Sanctioned	Strength	Men-in-position	Vacancies (per cent)
Block Development Officer (BDO)	314	276	38 (12)
Additional Block Development Officer (ABDO)	314	180	134 (43)
Junior Engineer/Gram Panchayat Technical Assistant (GPTA)	2,698	2,308	390 (14)
Panchayat Executive Officer (PEO)	6,801	5,362	439 (21)

Source: Information collected from PR&DW Department

As can be seen above, there was 43 percent vacancy in the post of ABDO in PSs and 21 percent vacancy in the post of PEOs in GPs. These were administrative posts and the huge vacancies were likely to affect the functioning of the PRIs. This gap in the functioning of the PRIs is one of the reasons why there are implementation issues in carrying out Programs at the GP level.

Recommendations were given by various State Finance Commission to address the weak functioning of the PRIs which concerned institutional and structural strengthening, resource generation, legal hurdles and issues of fund transfer.

Audit observations by Comptroller and Auditor General of India (CAG)

On the recommendation of the 13th Finance Commission, the State Government entrusted the CAG of India on April 2011, with an audit of all the three tiers of PRIs of the State under Section 20(1) of the CAG's (Duties, Powers and Conditions of Service) Act, 1971. Besides, the CAG was also requested to provide Technical Guidance and Support (TGS) to the State Audit Agency viz., Local Fund Audit (LFA) for an audit of Local Bodies. Some of the critical observations made by the CAG are given below:

a) Pending submission of Utilisation Certificate (UC)

It was observed that 26 out of 40 PSs audited during 2016-17, had not submitted UCs amounting to Rs. 335.47 crore against total expenditure of Rs. 441.64 crore. Similarly, 189 GPs had not submitted UCs for Rs. 23.98 crore against expenditure of Rs. 24.21 crore incurred during 2016-17.

b) Outstanding Advances

It was observed in compliance audit that in 38 PSs, Rs. 35.73 crore of advances remained unadjusted. The details of such advances viz. date of payment, the purpose of payment could not be ascertained in audit due to non-maintenance of Advance Registers by the PSs.

c) Non-reconciliation of balances as per the Cash Book

During Compliance Audit of 40 PSs during 2016-17, discrepancies between balances in Cash Book and Bank Pass Books were found in 32 PSs due to non-reconciliation.

Source: Excerpts from **Report of the Comptroller and Auditor General of India on Local Bodies for the year ended March 2017, Government of Odisha Report No. 1 of the year 2018**