



D28.3 Community Contracting Example from Nepal

[Translated from Nepali]

COMMUNITY-LED ENVIRONMENTAL SANITATION PROGRAMME NALA (PHASE I)

LETTER OF AGREEMENT

between

EKIKRIT SAHARI VIKASH KENDRA / CIUD (NGO CIUD)

and

NALA EKIKRIT VIKASH SAMITI (Nala United Development
Committee) **(Community-based organization)**

To implement the 1st phase activities of the Ugrachandi Nala V. D. C. environmental sanitation and development programme.

This agreement formalizes the implementation of selected environmental sanitation services in Nala, Nepal after a one-year planning phase applying the Community-Led Urban Environmental Sanitation (CLUES) approach. An earlier contract between Eawag (Contractor) and the NGO CIUD (Client) was executed in 2009/10 and prepared the ground for this community-based implementation project. According to this agreement, the main implementation partners of the first phase of the environmental sanitation project ("project") in Nala will be the Nala United Development Committee ("Committee") and the implementing NGO CIUD ("NGO").

1. DESCRIPTION OF THE PROJECT

Name of the project	Community-Led Environmental Sanitation Programme (Phase I)
Location of the project	Ugrachandi, Nala V.D.C, Kavre District, Nepal
Start of project	Kartik 15, 2067 (October 2010)
Duration of project	Engineering and construction works will take 9 months (Oct 2010-June 2011).

2. PROJECT GOALS

- To improve the environmental sanitation situation in Nala settlement without changing its natural appearance;
- To provide sustainable and affordable sanitation services so that Nala's citizens can live a healthy and productive life.

3. MAIN ACTIVITY LINES OF THE NALA PROJECT

1. Strengthen the representation and management ability of the committee via courses and on-the-job training. This will be achieved through specific training inputs.
2. Hold tailor-made training events and projects, concerning water and sanitation.
3. Prepare CAPEX/OPEX cost estimations of household connections, sewer lines and waste water treatment facility.
4. Prepare operation and maintenance plans and checklists to guarantee the ability of the Committee to carry out future O&M.
5. Establish a Committee-led revolving fund arrangement of (chakra kosh) for the construction of on-site sanitation in Nala.
6. Construct the waste water treatment facility (ABR and constructed wetland) in accordance with the Nala community.

4. FINANCIAL MANAGEMENT OF THE NALA PROJECT

Following the active involvement of the Nala community in the planning phase, the community is obliged to contribute their manpower and economical support for the implementation phase. Additional funding (<50% of implementation costs) will be made available by UN HABITAT, WaterAid and Eawag as per requirement. The NGO is in charge of the project's financial management and will provide an external audit of all project accounts after June 2011.

5. RELATED ASPECTS OF PROJECT OF AGREEMENT LETTER

This project is a joint partnership project between UN-HABITAT, Eawag, Ugrachandi Nala V.D.C., WaterAid Nepal and the Committee. The main roles and responsibilities of the related main stakeholders are as follows:

- **Nala Committee** – overall project responsibility, taking the leading role at the constructive and operative level and mobilising the participation of local people as per need, to complete the project. And also taking the guarantee for completing the physical construction of the project.
- **NGO** – playing the functional role of project advisors. Overall financial responsibility.
- **Eawag-Sandec** – backstopping and technical support of the project from planning to implementation.
- **UN-HABITAT** – providing technical and economic support for the project.
- **ENPHO** (specialized NGO) – designing the shallow sewers for the wastewater treatment, preparing the cost estimates and providing technical support for the treatment plant construction.

6. WORKING METHOD FOR OPERATING THE PROJECT

- This project will be implemented together with the local community, by the agreement between community and NGO according to the work plan approved by Eawag and UN-HABITAT.
- Project implementation relies on community contributions and external donor funding.
- Project accounts: a separate bank account will be opened for this project which requires joint signatures of authorized people recognised and chosen by the

Committee and the NGO. The account will receive community and donor funds in one account. The money is to be invested in activities listed in point 3 only.

- The committee and sub-committees carry the overall responsibility for the construction work of the project. However, among the construction works mentioned on the basis of the technical agreement between the Committee and the NGO, specific works may be sub-contracted to others.
- For purchase of important items for the project, all the procurement rules of Eawag and CIUD should be followed.
- Relevant financial accounting and record keeping regulations of the NGO and contributing organizations must be followed. The original bills, vouchers and accounts will be kept by the NGO.
- A monthly description of all project expenses must be sent to the NGO. Yearly audits by national external auditors must be performed.
- Project funds may only be spent according to the planned budget lines agreed by the main implementing partners.

7. MODE OF OPERATION

- For the implementation of the project, the NGO will organize and mobilize all the technicians, investors and other necessary manpower. Management of manual labour and other community services will be organised by the Committee.
- Responsibility for all the electronic and other project tools used during the implementation phase will be with the NGO.
- Arrangement of payments: for payment of any purchase, the original bill or invoice received by the Committee will be recommended for payment after approval by NGO technicians. In this way, payment will be done on the basis of the submitted original invoice. If any of the invoices are rejected for payment by the NGO then the concerned person will be accountable to the Committee.
- The Committee will establish and decide on the location of the field office one month before construction works begin.

8. CONDITIONS FOR THE NALA COMMITTEE

The following conditions are to be met by the Nala United Development Committee:

- Besides the responsibilities mentioned in this Letter of Agreement, all the conditions to be fulfilled by the Committee will be in accordance with the founding by-laws of the Nala United Development Committee.
- Ensuring full cooperation with all relevant governmental (V.D.C, D.D.C) and non-governmental organizations for the completion of this project.
- In kind manual labour and financial support for the construction of the sanitation infrastructure for Nala in cooperation with the NGO technicians and experts.
- Record-keeping of all the project expenses and timely submission to the NGO upon request.
- Collection of financial support / local contributions as agreed by the local community.
- Conflict resolution and solving disputes regarding implementation of the project.
- Organization of community laborers and workers for the construction and the operation of the project.
- Payment of salaries and wages for the participating local people during the project implementation.
- Definition of rules and regulations for the entire community to follow during the construction and the operation of the project.
- Preparation of a plan for the construction of toilets in 100% of the houses in Nala (using available revolving fund seed money).
- Ensuring equality in sex, race and in different communities during the project implementation as well as effective participation of women.
- After completion, assisting the NGO to prepare the final project completion report.
- Guaranteeing the overall responsibility for the management and maintenance and also the management of solid waste collection, the simplified sewers and the treatment plant.
- After the implementation of the project, assuring sustainable management and maintenance of the project, including the hiring of specialized maintenance staff.

9. CONDITIONS TO BE MET BY NGO (CIUD)

- Ensuring technical and management support for the implementation of the project until the handing over of all construction works.
- Preparation and execution of specialised training required for implementation and long-term maintenance of the new infrastructures.
- Preparation of bi-monthly project progress reports as required by UN-HABITAT.
- Overall monitoring of the execution of the sanitation project at community level on a daily basis.
- Cooperation with relevant governmental and non-governmental organizations as required for the implementation.
- Establishment of a field office in Nala during the implementation phase with regular staffing from Monday to Friday.
- Support and strengthening of the local Committee (technically, economically and management-wise).
- Maintaining highest quality engineering and construction of the project.
- Regular monitoring of the project implementation, conducting weekly site visits.
- Preparation of the final report of the project after finalizing implementation.

SIGNED BY:

CIUD (NGO) and Nala United Development Committee (CBO)