

# **Evaluation of Poverty and Social Impacts (EPSI) Study**

## **Terms of Reference**

### **A. PROJECT CONTEXT**

The Water Supply and Sewerage (WSS) system in Shimla – capital of state of Himachal Pradesh, which is more than 100 years old, currently serves a population of 0.2 million. The water supply system comprises 200 km of network, with bulk supply from seven sources. Given the jaundice outbreaks in early 2016, GSWSSC has improved monitoring and disinfection practices. Currently, water supply is 1.5 hours every alternate day and Non-Revenue Water (NRW) is estimated at about 40%. Overall O&M cost recovery is about 21% based on user charges. While O&M cost recovery for distribution only is about 238%, the O&M cost for bulk is very high due to excessive pumping cost for bulk water (cost of bulk is INR 93/kl water consumed, and cost of distribution is about 8 INR/kl water consumed). The sewerage system comprises 221 km of sewerage network and 6 Sewerage Treatment Plants (STPs) with a total of 36 MLD capacity, but only an average capacity utilization of 30% due to lack of sewer lines and household connections, leakage in network, and limited collection of grey water.

In this context, the World Bank is currently preparing the Shimla Water Supply and Sewerage (WSS) Project as a Development Policy Loan (DPL) operation. The proposed programmatic operation would support the Government of Himachal Pradesh's (GoHP's) program for improving WSS services in the Greater Shimla Area. This first operation lays the foundation for legislative and institutional reforms to improve sector governance and actions necessary for improving operational performance. The key areas of the GoHP program supported by the proposed operation are: (a) strengthening governance by establishing a WSS Company for Greater Shimla Area, and (b) improving WSS service delivery through Private Operator.

### **B. NEED FOR THE EPSI STUDY**

The overall program is expected to be positive for the consumers within the Greater Shimla Area, with resulting improvements in water quality, standards of services, and mechanisms for engaging with service providers, including redressal of complaints, etc. While it is anticipated to also have overall positive social and poverty consequences, it is important to assess the extent to

which this will happen, and to provide feedback in case of hiccups and recommendations for course correction in implementation.

Preliminary analysis indicates that certain proposed key prior actions<sup>1</sup> under the DPL such as: i) shift from flat tariff to a volumetric tariff for domestic consumers, ii) involvement of private sector to improve service delivery, iii) 24x7 water supply for people in demo zones, and iv) tariff, subsidy and energy efficiency policies to improve cost recovery, could have the following implications:

- i) The reform is expected to result in poverty and social effects especially for poor people and vulnerable groups vis-à-vis their affordability and coping mechanisms;
- ii) It is anticipated that the reform will significantly benefit all customers, especially women consumers through time saved in collection and storage of water, while also addressing their health issues and concerns such as the recent jaundice outbreak. However, it could differentially impact poorer women consumers as they are likely to have different roles in urban and peri-urban areas of Shimla and also may have higher willingness to pay for good quality water services, but with possibly lower incomes;
- iii) The reform is likely, however, to elicit low participation of women given: a) their lower capacity and awareness on issues such as existing tariffs and connection charges, procedures to obtain new or regularize existing connections, and information about the existing complaint system to report water supply, quality, and sanitation related issues; and b) their lower representation in staffing within the WSS utility, including field level workforce, which is largely male dominated.
- iv) Finally, the reform is likely to lead to apprehensions amongst consumers about the proposed institutional changes and promised levels of services, if they are not adequately consulted and informed.

Evaluating these potential impacts prior to policy reform can inform the choice, design, and sequencing of alternative policy options. Furthermore, as policy implementation of the DPL occurs over phases, complex welfare impacts may unfold continuously. Studying these before

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<sup>1</sup> Detailed Prior Actions along with the proposed DPL program details will be provided for analysis.

the policies are enacted can help inform ex ante policy design. It is expected that a study that is conducted with due concern to policy processes and stakeholders' interests can strengthen ownership for reforms and expand the evidence basis for policymaking.

The objective of the proposed EPSI study is to assess the existing water supply and sewerage situation in Greater Shimla, its quality, coping strategies adopted by users, coping costs, challenges on the social front including poor, and related gender issues, along with measures to address these through the proposed WSS Program. The study will also assess potential willingness to pay among consumers for better supply of water and sewerage services. Given the short time frame within which the DPL operation has to commence, the study will rely on a qualitative approach conducting focus group discussions (the FGDs) with different stakeholders in the Greater Shimla area to answer the questions indicated above.

### **Scope of the EPSI study**

The FGDs would focus on:

- a. Consumer experiences and perceptions, including the poor, regarding the quality of WSS service (duration of supply, quality of water, women's concerns about health issues, distance they have to travel to procure water), consumption patterns (including gender differences in water needs and usage), payment practices and transparency and accountability of WSS utility firms/ service providers;
- b. Coping mechanisms and costs, social impacts of current and proposed WSS services for different population groups including women, poor and marginalized communities etc.
- c. Affordability and consumers' readiness (Willingness to Pay) for reform such as volumetric pricing; conditions under which these reforms will be able to reduce the negative impacts on the poor and vulnerable households<sup>2</sup>; their expectations.

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<sup>2</sup> The poorest and vulnerable households may be defined as those that are in the bottom 20 percentile of the overall income distribution of household income within the Shimla city.

For purpose of this study, 14 Focus Group Discussions (FGDs) will be carried out in Greater Shimla. A small structured questionnaire would be used with participating members to elicit individual information and feedback on the concerned issues. The group discussions following this would discuss all interrelated issues, feedback perception and opinion.

<b>3 FGDs for Stakeholders at the Institutional Level</b>	<b>6 FGDs with Domestic Consumers / Users</b>	<b>5 FGDs with Commercial/ Institutional Users / Consumers</b>
Shimla Municipal Corporation (SMC) officials – 1 FGD  Irrigation and Public Health Department (IPH) officials -1 FGD  WSS Company officials-1 FGD	Vulnerable households – 1 FGD with women and 1 FGD with men  Domestic consumers from middle income group – 1 FGD with women and 1 FGD with men  Domestic consumers from high income group – 1 FGD with women and 1 FGD with men	Hotel / Restaurant – 1 FGD  Shopkeepers, Retailers, etc – 1 FGD  Offices / Companies – 1 FGD  Educational Institutions - 1 FGD  Agriculture/Horticulture Business Entrepreneurs-1 FGD

### **FGDs at institutional level**

Issues, concerns on water supply services, affordability and opinion about volumetric price for 24x7 supply.

### **FGDs with Domestic Consumers / Users**

The sample for this category of respondents will cover authorized, unauthorized connections and yet to be served consumers. Prior to the FGD, a structured questionnaire of 12-15 pages will be administered with the same target group, where every participant of the FGD will fill it individually. The structured questionnaire will collect data on details such as the water

supply/consumption pattern, access to water supply, frequency of water supply service and its usage, price, amount, time invested for collection and storage of water across gender, coping mechanisms and costs, and affordability and opinion on volumetric price for 24x7 supply.

### **FGDs with Commercial Institutional Users / Consumers**

The sample for this category of respondents will also cover authorized, unauthorized connections and yet to be served consumers. The FGDs with these stakeholders will be carried out to know the accessibility and frequency of water supply service, requirement, issues, payment, opinion on the policy reform particularly volumetric price for 24x7 supply, etc.

## **C. METHODOLOGY OF EPSI STUDY**

The evaluation study will use only qualitative methods to assess impacts of proposed WSS program.

Methodology shall comprise the following:

- (I) Review of secondary data and literature**
- (II) Small structured interviews and focus group discussions with different categories of consumers/users as well as institutions responsible for water supply and sewerage services**
- (III) Gender analysis based on the findings of focus group discussions**

Refer to **Annexure** for indicative FGD checklist.

**I. Responsibilities of the firm: To conduct the FGD and structured interviews, analyze the findings and prepare a report of not more than 25 pages.**

### **(IV) REQUIRED QUALIFICATIONS AND EXPERIENCE OF KEY EXPERTS**

A reputable firm with:

- Established track record and demonstrated experience in design, methodology and implementation of FGDs.

- Experience in conducting FGDs and collecting information, and the capacity to analyse results in a meaningful manner.
- Capacity to mobilize relevant staff required for FGDs and elicits meaningful responses.

Interested organization/firm should:

- Provide information, showing that it is qualified in the field of the assignment and has successfully implemented activities similar in the scope and coverage of the work specified under this ToR;
- Demonstrate technical and managerial capabilities in providing similar services;
- Provide information on its core business and years in business (company's experience); and
- Provide information on the qualification of key staff, who are expected to participate in the delivery of work and activities specified under the current ToR (CVs of the team leader, project manager and key staff/resource persons, summarizing specific experience in similar assignments).

<b>No.</b>	<b>Key Expert</b>	<b>Minimum Qualification And Experience</b>	<b>Considered for Technical Evaluation</b>	<b>No of experts</b>	<b>Total Man Months</b>
1	Team Leader	The candidate must have: Master's or higher degree in a Water sector or Economics related discipline and experience of working as Team Leader in at least one or two World Bank or multilateral funded projects and should have understanding of carrying out EPSI studies	Yes	1	1
2	Consultation	Masters in a Social Science	Yes	1	1

	Expert	discipline with at least 6-8 years of experience of handling communities in urban projects, preferably in WSS sector and conducting stakeholder consultations. Experience in working with multi lateral agencies			
3	Economist / Water Sector Expert ( <i>if team leader is a water sector person then economist or vice versa</i> )	Masters in relevant discipline and at least 6-8 years' experience in collection of data and analysis in relation to delivery of basic services, preferably water and sanitation			
4	Gender Expert	Masters in Social Sciences with at least 6-8 years of experience of addressing gender issues in WSS projects and preferably of working with multilateral agencies	Yes	1	1
5	Supporting Personnel (to assist in FGDs and data analysis)	Bachelors' degree in social sciences with at least five years of experience in consumer mobilization in infrastructure and/or livelihood projects		2/3	2/3

**(V) DELIVERABLES AND TIMELINES**

Duration of assignment would be **1 month** from the date of award of work. The consultant is expected to provide the following outputs, as per the schedule given. The consultants are expected to allocate resources, such as for surveys, keeping this output schedule in mind.

#	Task	Timeline
1	Inception report comprising details of work plan, timelines, and FGD methodology	1 week from start date
2	Presentation to GSWSSC and stakeholders in Government on proposed work plan, FGD checklist	After submitting inception report
3	Submission of Draft report	3 weeks from start date
4	Submission of Final consolidated report	4 weeks from start date
5	Disclosure Workshop on final report	Within 1 month

**(VI) PAYMENT SCHEDULE**

- i. 20% on Submission and Acceptance of inception report
- ii. 30% on Submission and Acceptance of Draft Report
- iii. 40% on Submission and Acceptance of Final Report, including final proceedings of the workshops, documenting outcomes of discussions and list of participants as cleared by GSWSSC
- iv. 10% after the Disclosure Workshop on Final Report



## **Annexure: Information to be collected through FGDs**

The information to be collected in FGDs would include:

- Access to water – piped connection, public taps, tankers or a mix of sources – and sewerage.
- The effective tariff paid by households (even though households face a flat rate, they in fact face variable tariffs due to restricted supply);
- Affordability – cost of water as a share of income
- Quality of supply
- Quality of customer service: metering, billing, bribes, grievance redress
- Coping mechanisms and their costs
- Simple questions on perceptions of service quality and questions about social integration – since access to public taps has been found to be a source of tension in other studies
- Readiness/willingness to pay for policy reforms such as volumetric pricing, 24x7 water supply