

Leveraging finance for more equitable and sustainable WASH

Summary

Water for Women aims to improve the health, gender equality and wellbeing of Asian and Pacific communities through strengthened national and subnational water, sanitation and hygiene (WASH) systems with greater emphasis on gender equality, social inclusion, safely managed WASH and water security.

Sufficient and appropriate financing, one of the building blocks of the WASH system, is essential to inclusive and sustainable WASH services. This learning note, the second in the series, emerges from discussions under Water for Women's systems strengthening Learning Agenda initiative, which have considered WASH financing as a critical component of the WASH system. It presents lessons from across Water for Women civil society organisation (CSO) projects and through the examples of seven project case studies.

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Reaching the poorest and most marginalised users with affordable and sustainable WASH services requires a combination of public, private and household financing. Finding a contextually appropriate and sustainable balance of these financing streams requires engaging diverse actors from government, private sector service providers, investors, rights groups and WASH service users themselves. CSOs can take various roles to help the WASH sector and market move towards sustainable and equitable service and financing models.

As convenors

CSOs can bring together diverse actors from WASH, gender equity, disability and social inclusion (GEDSI), financing and investment to draw on their experience and knowledge to find new solutions to financing challenges. In convening these actors, CSOs can help to shift mindsets and overcome attitudinal and institutional barriers to WASH financing, and establish new networks and collaborations. In doing so, they generate opportunities for meaningful contributions from women, people with disabilities and rights groups, and encourage the creation of shared visions for the future of equitable and sustainable services. CSOs can also facilitate public-private partnerships (PPPs), which share the investment risks, capabilities and expertise for WASH between governments, investors and enterprise, in order to achieve better economic and social outcomes.

As technical WASH specialists

CSOs can help the sector to identify and analyse the bottlenecks preventing the effective provision and use of finance in WASH. By strengthening other building blocks of the WASH system,¹ CSOs can contribute to a stronger enabling environment in which greater trust and coordination, clearer roles and responsibilities, stronger capacity of local government and private WASH businesses to plan and implement services, and evidence generation and use for planning and decision-making can leverage new investments.

As advocates

CSOs are often uniquely placed, due to their engagement at various levels and with diverse actors, to understand the interests and priorities of actors that influence the allocation of public financing. In contexts where markets are underdeveloped and public finance is needed to support or subsidise service provision to the poorest and most marginalised, CSOs can use their knowledge and connections to engage strategically and build collaborative advocacy efforts that emphasise diverse voices and greater agency for groups at risk of being left behind in access to WASH.

CSOs can help to generate evidence of the cost, benefits and budget gaps that national budget-holders need to make informed decisions, and support local government to execute additional funding and demonstrate the value of WASH investments. By taking adaptive learning approaches in their advocacy monitoring and evaluation, CSOs can learn from successes, failures and changes in context to iteratively improve advocacy efforts for equitable WASH financing.

As innovators

CSOs can identify and demonstrate new service delivery models and tweaks to existing service delivery to make them more equitable and sustainable. Through testing and refining pro-poor financing options such as low-cost products, subsidies, payment instalment plans and parallel retail chains, CSOs can not only influence how WASH service providers reach marginalised households, but they can also leverage investment and ownership from households themselves, while informing development of clearer and more enabling regulations and guidelines. Through government support and private sector investment, new service models that CSOs develop can underpin more sustainable WASH finance.

Whatever their role in influencing finance for WASH, CSOs have both capability and responsibility to ensure Do No Harm principles and empowerment of groups that experience marginalisation within the WASH financing ecosystem. Water for Women projects demonstrate the feasibility of establishing WASH service models that ensure no one is left behind, and that the processes of planning, costing, budgeting and delivering services provide opportunities to challenge social norms and bring GEDSI actors and representatives of marginalised groups to the decision-making table.

¹ Water for Women uses the [Sanitation and Water for All Building Blocks](#) of sector policy and strategy, institutional arrangements, sector financing, and planning, monitoring and review, and capacity development to help consolidate reporting across the Fund.

Introduction

The Australian Government's Water for Women Fund aims to improve the health, gender equality and wellbeing of Asian and Pacific communities. One of the four end-of-Fund outcomes is "strengthened national and subnational water sanitation and hygiene (WASH) sector systems with greater emphasis on gender equality, social inclusion, safely managed WASH and water security".

Under Water for Women's Learning Agenda, partners are collaborating on a dedicated systems strengthening initiative that aims to deepen partners' and the broader WASH sector's understanding of how strengthening WASH systems can lead to more gender and socially inclusive, sustainable WASH services. Two primary learning questions are being explored:

1. How do partners interpret, frame, understand and engage with WASH systems?
2. What changes is Water for Women contributing to within (local and national) WASH systems, and how does this change happen?

This learning note seeks to contribute to the second learning question by considering how civil society organisation (CSO) partners (hereafter referred to as partners) are contributing to changing financing for equitable and sustainable WASH.

Sufficient and appropriate financing is essential to sustainable and equitable WASH services, and is commonly referred to as one of the building blocks of a strong WASH system. Partners' approaches to improving WASH financing in their project contexts represent the diversity of their approaches to strengthening WASH systems generally. Therefore, while the lessons documented in this learning note emerge from discussions about influencing WASH financing, they reflect the broader lessons that Water for Women partners are learning about strengthening inclusive WASH systems.

Structure of this learning note

The learning note starts with a brief overview of financing for WASH and seven case studies from which lessons are drawn. It then presents four roles through which CSOs can leverage financing for equitable and sustainable WASH – as convenors, technical WASH specialists, advocates and innovators – including lessons learnt from Water for Women about doing so effectively.

The learning note synthesises learning and evidence from various sources, including partners' annual reports, online webinars and workshops, case studies and partners' documentation, interviews with partners, and an online partner survey. While it primarily presents seven case studies (summarised in [Box 1](#)), it also draws on experiences from across Water for Women more broadly.

Financing WASH: Who pays for what, and how ?

Availability and effective use of financing is essential to delivering and sustaining WASH services and achieving the United Nations Sustainable Development Goal (SDG) 6. In thinking about how CSOs can contribute to leveraging financing to ensure WASH services reach everyone, it is worth considering that there are various sources of financing, different models through which finance helps to deliver WASH services, and correspondingly a variety of actors relevant to financing WASH.

Tariffs, taxes and transfers are often referred to as the "3Ts" of WASH finance ([Figure 1](#)). Each of the 3Ts is associated with different groups of actors and financing processes. Governments at various levels levy taxes and use these public funds to provide services, households pay tariffs for their services and invest their own money in household infrastructure such as latrines, and governments and international donors transfer new infrastructure and assets through grant mechanisms. Adding complexity, businesses and enterprises invest private equity to provide WASH services while generating employment and profit opportunities, and banks, development agencies and other financiers provide repayable finance options to enable growth and dynamism in the sector. There may be different levels of formality of WASH financing in any given context, with informal and community service provision extending to those who are underserved by formal services provided by government, utilities or regulated businesses.

Ultimately, sustainable WASH service provision in any context is likely to rely on a steady state that combines all these financing mechanisms through tariffs paid by those who are able, and partial subsidies from taxes and transfers enabling services to reach those at risk of being left behind. In the contexts in which Water for Women partners are working to strengthen systems for equitable and sustainable WASH, the market and its enabling environment of regulations, policies, plans, budgets, roles, responsibilities and institutional capacity have not yet achieved sustainable and stable service delivery models, which has led to CSO engagement in WASH financing.

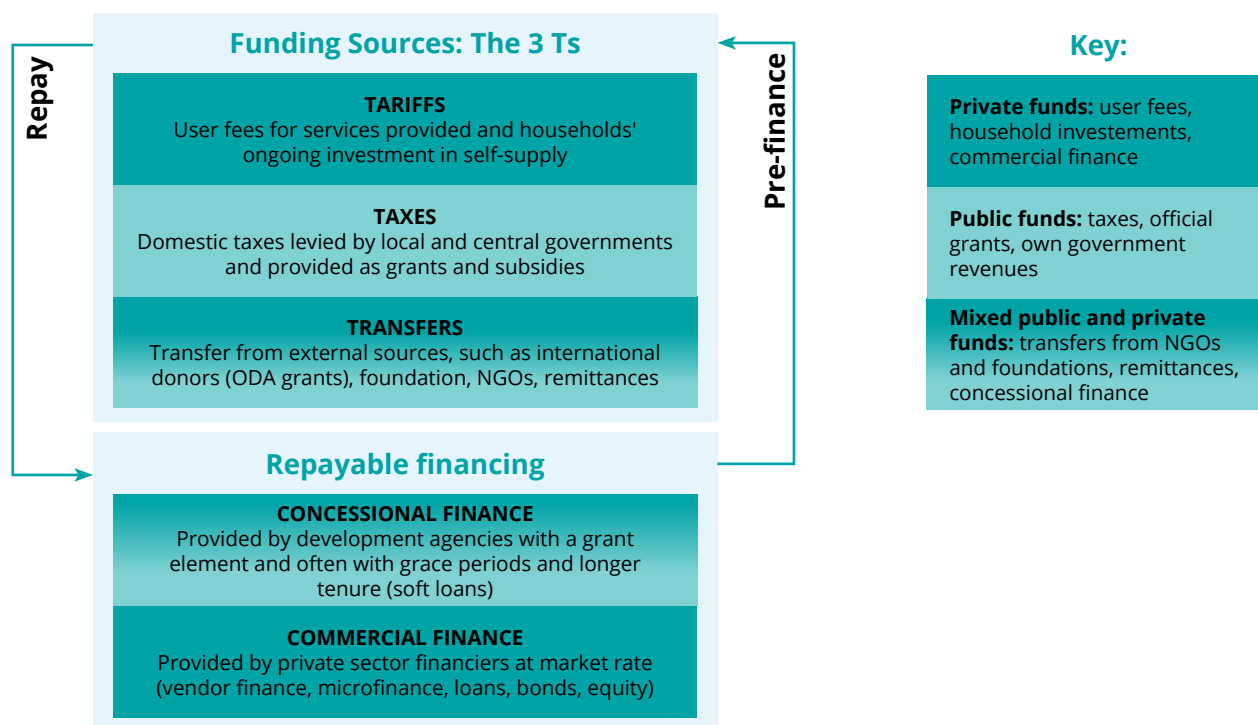


Figure 1. Sources of funding and financing

Source: Adapted from Fonseca et al. (2020)

The roles of CSOs in leveraging finance for equitable and sustainable WASH

Many actors perceive benefits in improving financing for WASH, such as achieving social and economic outcomes (e.g., national governments and donors), delivering profits (e.g., businesses and investors), or meeting service users' needs (e.g., community and rights holder organisations (RHOs)). In each local and national context, such actors and their interests – often complementary but sometimes competing – create complex systems. This document explores the roles CSOs can take, within these complex systems, to strengthen the use of finance across the 3Ts for equitable and sustainable WASH.

Civil society organisations can strengthen the enabling environment, attract new financing, directly finance, or otherwise help the market and WASH system progress towards a sustainable steady state. As markets and their enabling environments develop, CSOs may need to play multiple roles to help build and maintain momentum. CSO success in any role depends on both the context and CSO organisational capabilities. From a systems strengthening perspective, Water for Women contributes examples and lessons with respect to CSOs as:

- convenors and intermediaries
- technical WASH specialists
- advocates
- innovators.

The remainder of this learning note draws on seven case studies (summarised in [Box 1](#)) to present lessons CSOs have learnt about their contribution to leveraging finance for equitable and sustainable WASH within these roles.

Box 1. Summary of Water for Women WASH financing case studies

iDE in Cambodia uses a market-based approach to enable low-income households to participate in the sanitation market. iDE has introduced payment instalment plans, provided targeted subsidies to low-income households, partnered with small and medium enterprises to reduce their risk in providing innovative sanitation products, and enabled private sector investment. This has contributed to the construction of 39,000 partially subsidised latrines and declaration of Svay Rieng as the first open defecation free (ODF) province in Cambodia.

International Rescue Committee (IRC) in Pakistan has taken a two-pronged strategy to improve government WASH finance allocation in Khyber Pakhtunkhwa Province. IRC has supported the provincial WASH steering committee to develop guidelines for departmental sanitation budget utilisation, while also collaborating with a parliamentary WASH taskforce to advocate for greater WASH budget allocations. This contributed to sustained increases in budget allocations for WASH in provincial annual development plans (from 1.8% in 2018 to 3.3% in 2021).

RTI International (RTI) in India uses partnership brokering to connect WASH private sector actors and private investors with communities, governments and major water users. Focusing on identified gaps in the WASH market, especially those relating to equity and sustainability, RTI develops and tests solutions that leverage finance from both the public and private sectors to provide social and economic benefit to all involved. New retail chains that RTI has facilitated for affordable WASH products have enabled almost 14,000 women to access WASH products and provided livelihoods for 69 women.

SNV in Nepal uses a rights-based district-wide approach to support local governments to improve access to rural water and hygiene services in Sarlahi and Dailekh districts. SNV has supported rural municipalities (RMs) to undertake water supply functionality surveys and develop water supply service strategies, and developed GEDSI-related understanding and capacity. This has contributed to eight RMs developing and rolling out climate-resilient, inclusive water supply strategies and increases in annual RM WASH budget allocations of up to 1700% in Sarlahi district (from AUD 32,000 in 2019 to AUD 553,000 in 2021/22).

WaterAid in Papua New Guinea (PNG) uses a district-wide approach to support GEDSI-sensitive WASH in Wewak district. WaterAid has supported district-wide WASH service assessments and creation of a 5-year costed district plan and the development of proposals to fund the plan through various government funding mechanisms. This has improved coordination and prioritisation of government WASH service provision and co-financing commitments from district and provincial government.

World Vision in Bangladesh uses a rights-based approach to support rights holders to demand better services and duty bearers to provide them. World Vision supported the reformation of WASH committees and development of WASH plans, raised understanding of GEDSI and climate change, and ran interface meetings to enable community advocacy. This has contributed to increased budget allocation for WASH, 98% expenditure of climate-resilient GEDSI WASH budgets, and over 55,000 people gaining access to sanitation.

Yayasan Plan International Indonesia uses a district-wide approach in its project in Manggarai and Sumbawa districts, linked with efforts at provincial and national levels to overcome systemic challenges. Plan has supported districts to map budget sources and budget allocation regulations and advocated through their local partners for WASH integration into strategies, plans and budgets at village, sub-district and district level, with a specific focus on GEDSI. This has contributed to increased WASH budgets for infrastructure and behaviour change, and achievement of ODF in 15 of the 20 project subdistricts.

CSOs as convenors and intermediaries

CSOs are often uniquely placed to convene the diverse actors already engaged in WASH, GEDSI actors, and existing and potential funders. CSOs can engage strategically and build collaborations that cut across social or political boundaries to eliminate bottlenecks to financing (convening) and can build the business case and connections to broker new investments in WASH (intermediating).

CSOs can convene WASH and financing actors to facilitate collective solutions to finance problems

[Learning Note One](#) in this series described in detail how CSOs can bring together disparate government and non-government actors – especially GEDSI actors such as RHOs – into the WASH system. Understanding and resolving problems with WASH financing, and shifting from aid-dependent financing models to more sustainable and market-based models, inevitably involves many actors who are less traditionally engaged in WASH networks and collaborations, such as Ministries of Finance, Ministries of State/Interior (managing local government), banks, and domestic and international investors. Bringing these diverse actors together and building common understanding of WASH service status, gaps and investment needs is an important objective for CSOs.

Across Water for Women, CSOs connected and linked private sector service providers and government to improve sanitation financing options for poor households (iDE), bridged gaps between government departments and parliamentarians to rectify issues of public fund allocation and use (IRC), brought development banks, government and investors together to identify new service delivery models (RTI), and brought civil society and rights groups into government budgeting processes to strengthen equity in budget-making (SNV and WaterAid).

In Indonesia, Yayasan Plan International Indonesia brought local authorities together to map the various budget sources and regulations relevant to public WASH budgets and identify which actors required stronger capacity to use those funds effectively. Public financing for WASH can be utilised from various sources and departments, and at different administrative levels. This mapping formed the basis for advocacy by WASH and GEDSI actors to increase the government budget allocation to WASH (see section below) and helped to garner high-level commitments from government leaders and establishment of GEDSI regulations at various levels. Yayasan Plan International Indonesia's initial mapping identified that there was no guarantee of ongoing investment to ensure GEDSI outcomes in WASH. By developing WASH actors' capacity and understanding of GEDSI issues, supporting RHO partners to take active roles as advocacy champions within WASH working groups and with political leaders, and to oversee budget allocation processes, Plan contributed to greater agency of GEDSI actors within the WASH sector. Active participation and responsibility for WASH budgets in this instance indicates the sector's commitment to inclusion.

In Bangladesh, World Vision supported the formation of community citizen voice and action (CVA) working groups that include women, people with disabilities, and transgender people, and then brokered community-government discussion mechanisms around WASH financing. To ensure effective two-way relationships and trust, World Vision supported the local government Union Parishads (UPs) to understand their responsibility to deliver services, and mobilised the CVA groups to lobby their local governments to prioritise WASH in schools and communities and improve services for marginalised communities. Through enhanced accountability and CVA advocacy at the local level, public budgets for WASH have increased, especially for menstrual health and hygiene facilities in schools, and communities have greater agency to advocate for their own rights to WASH services.

The preceding examples contain several lessons for CSOs' convening role.

"Both OPD and PKK (women's representatives) have been entrusted by Pokja (working group) with budgeted tasks – a sign that their role and function in these groups is recognised as legitimate and important."

Yayasan Plan International Indonesia

"Earlier Union Parishad was not considered the budget for WASH activities. Budget allocation for WASH is increased in this year than previous. However, there is community demand to allocate more budget for implementing WASH activities."

Member of CVA working group, Bangladesh

CSOs can help overcome attitudinal and institutional barriers to better WASH financing by shifting mindsets

Facilitating dialogue among WASH, GEDSI and financing actors helps to deepen each individual and organisation's understanding of bottlenecks to financing equitable WASH and potential solutions, and strengthen the agency of rights groups in discussions around financing their services.

CSOs can establish new networks and collaborations from which new financing solutions can arise

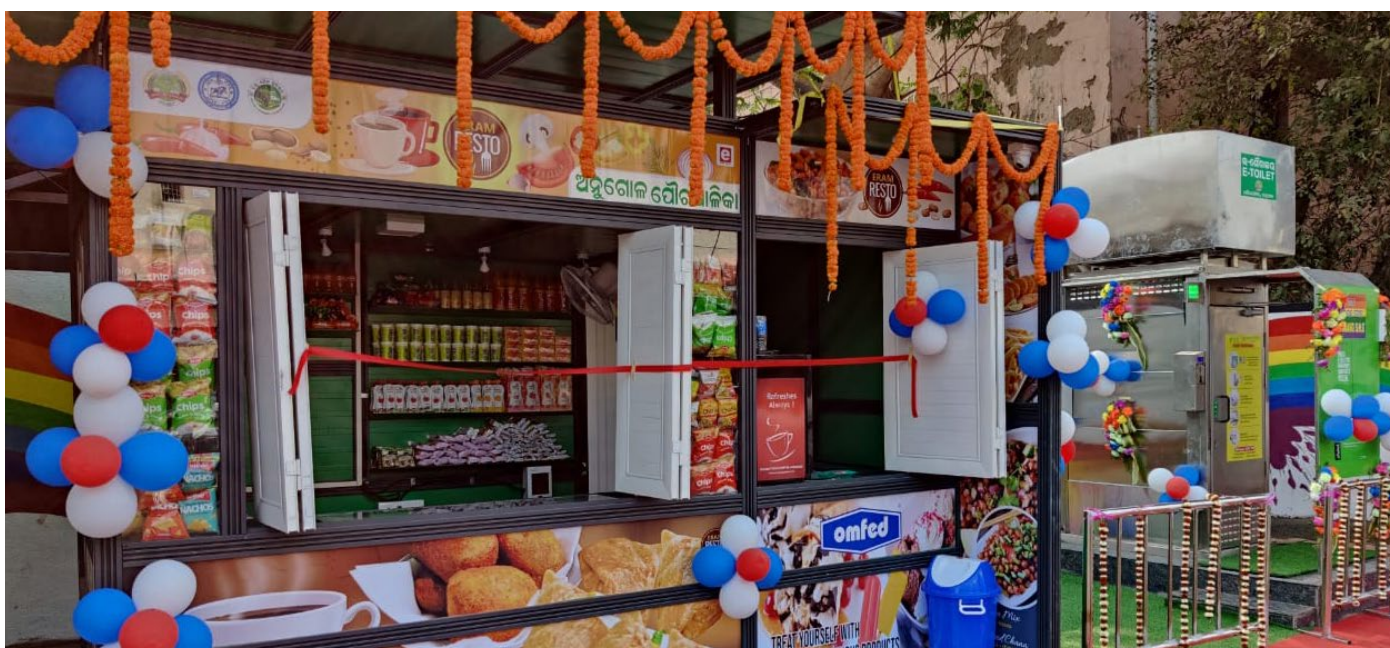
While CSOs may not have the authority to decide how WASH budgets and investment decisions are made, by bringing together diverse actors, they can help to create new sub-systems dedicated to finding the best financing solutions for equitable and sustainable WASH in their context. Engaging representatives of women, people with disabilities and marginalised groups in CSO work to influence WASH finance, and creating safe spaces for this dialogue, gives these actors greater agency and increases the likelihood that equity and inclusion are mainstreamed from the beginning of collaborative efforts to improve WASH financing.

CSOs can help give direction to the sector by encouraging creation of shared vision and common goals

Because CSOs often work at various levels across the system, they gain formal and informal knowledge of how actors and factors interact. CSOs can use this knowledge and their networks to build coherence and momentum and to identify and support champions who can lead and own the processes needed to create enabling environments that attract sufficient financing to WASH.

CSOs can broker new financing opportunities as intermediaries

From a market perspective, another convening role is that of bringing together potential investors, duty-bearers who are responsible for regulating and ensuring WASH service quality, and potential customers from private sector, industry and the community to identify and build innovative service delivery and financing models (see section on CSOs as innovators). This can also include identifying and realising blended finance opportunities that bring together investors from the private and public sectors in partnerships to achieve socially and economically sustainable outcomes ([Box 2](#)).



An innovative micro-entreprise for sanitation and health (MESH) model supported by [Water for Women](#) has created a self-sustaining, integrated public toilet and shop unit run by women-led self-help groups and improved sanitation in the Indian state of Odisha
Credit: RTI International, India / Angul Municipality and Eram Scientific Solutions

Box 2. Strengthening systems to catalyse investment via blended finance

Financing is an important means of enabling equitable and sustainable WASH, but is often considered an outcome that follows establishment of clear WASH strategies and plans, service delivery models, monitoring systems and service provider capacity. However, finance can and should be seen as a starting point to effect system-wide change.

In 2021, Water for Women partnered with Volta Impact to identify opportunities within the Fund for CSOs to facilitate blended finance. The research also looked at the type of finance available and opportunities to bring together WASH experts and finance, and produced recommendations.

Blended finance is a tool for innovative development finance that recognises the need for long-term sustainable service provision to move away from aid-based funding. It is based on the rationale that public, private and philanthropic funders' potential contributions differ due to risk tolerance, investment return expectations, and time requirements. Blended finance approaches use capital from public or philanthropic sources to catalyse private sector investment and shift service delivery to models that are less reliant on international development aid and more sustainable (Figure 2).

Water for Women has identified public-private-non-government organisation partnerships such as blended finance as a key opportunity to increase finance for equitable WASH. Many of the barriers to expanding blended finance relate to the enabling environment, but – through their efforts to strengthen inclusive WASH systems – CSOs are well placed to contribute to removing them.

Blended finance initiatives encourage the sector to think differently about the WASH system and take a longer-term view. Rather than focusing only on current financing bottlenecks, it encourages the sector to collaboratively imagine a sustainable financing environment 10–15 years into the future and consider new financing models based on who should pay for what aspects of WASH services in this future scenario – whether public sector, private sector or a combination of the two. Relevant actors can then work to realise that vision for a new sustainable and equitable ecosystem that makes effective and efficient use of finance (Volta Impact, 2022).

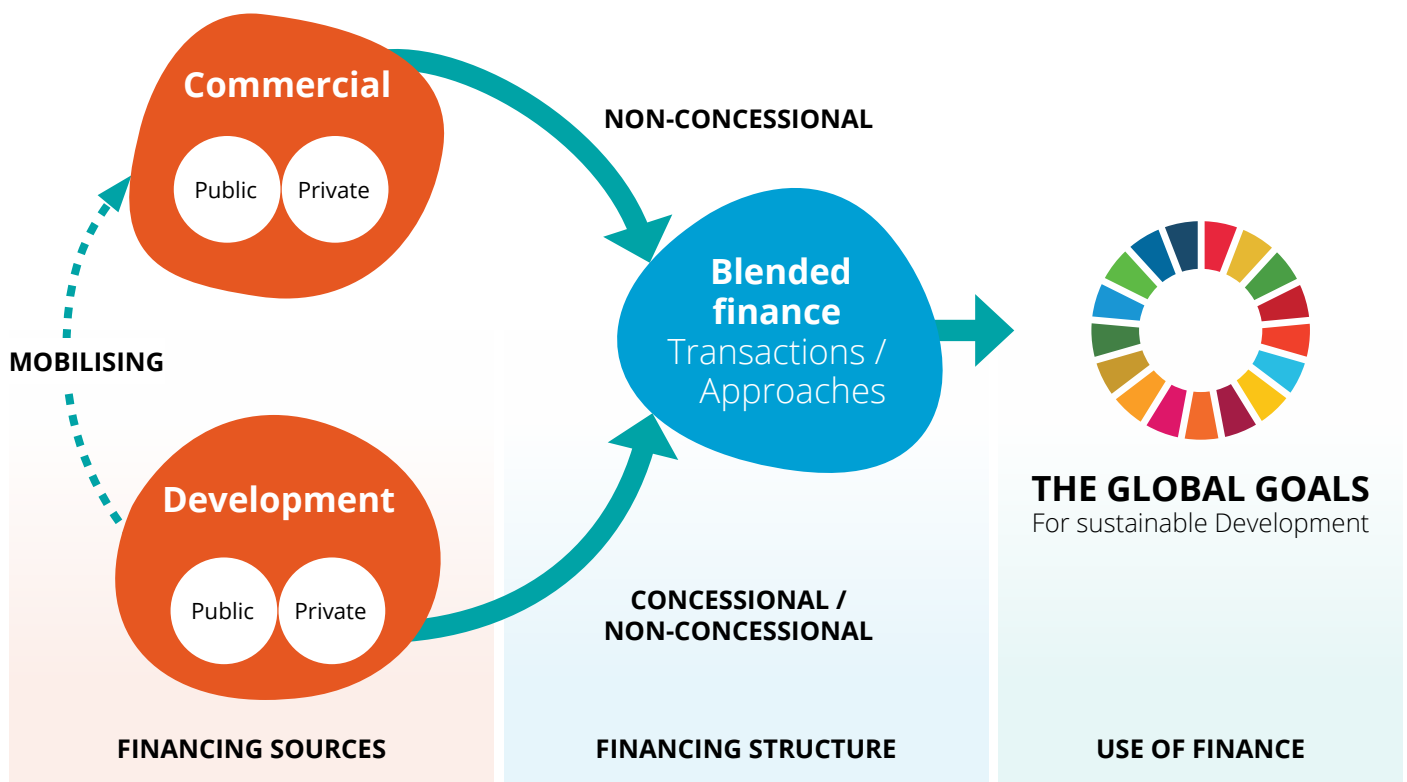


Figure 2. Making blended finance work for the SDGs

Source: Adapted from OECD (2018)

In India, PPPs are often structured so that the private sector invests 100% of up-front capital for a project and in return, recovers funding from user fees. The private sector bears all risk in these projects, often making them unappealing for investment and missing opportunities to draw on government's knowledge and experience of WASH in their jurisdiction. RTI has been designing and brokering PPPs using a blended finance approach, which shares the investments and risks between private sector and government.

In Rajasthan, one of the driest and most industrialised states in India, RTI identified wastewater treatment and industrial reuse as a potential solution for scarce water resources. RTI has partnered with the Asian Development Bank (ADB), which is mandated to provide finance to develop this type of project. Utilising ADB's strong relationship with the Rajasthan State Government and RTI's own expertise, RTI led a process to refine the scope of a PPP for the service model. This included a business and financing model (Figure 3) to identify tariff structures, and the contributions and risk management from government, developers (investors) and industry (consumers) needed to make the model viable. As an intermediary, RTI brokered the partnerships required for the new service, and used its technical capabilities to balance the investment risks, financial returns, and social outcomes to the satisfaction of all parties. This approach encourages sustainability of the partnership beyond the Water for Women project, as well as sustainable financing for the service.

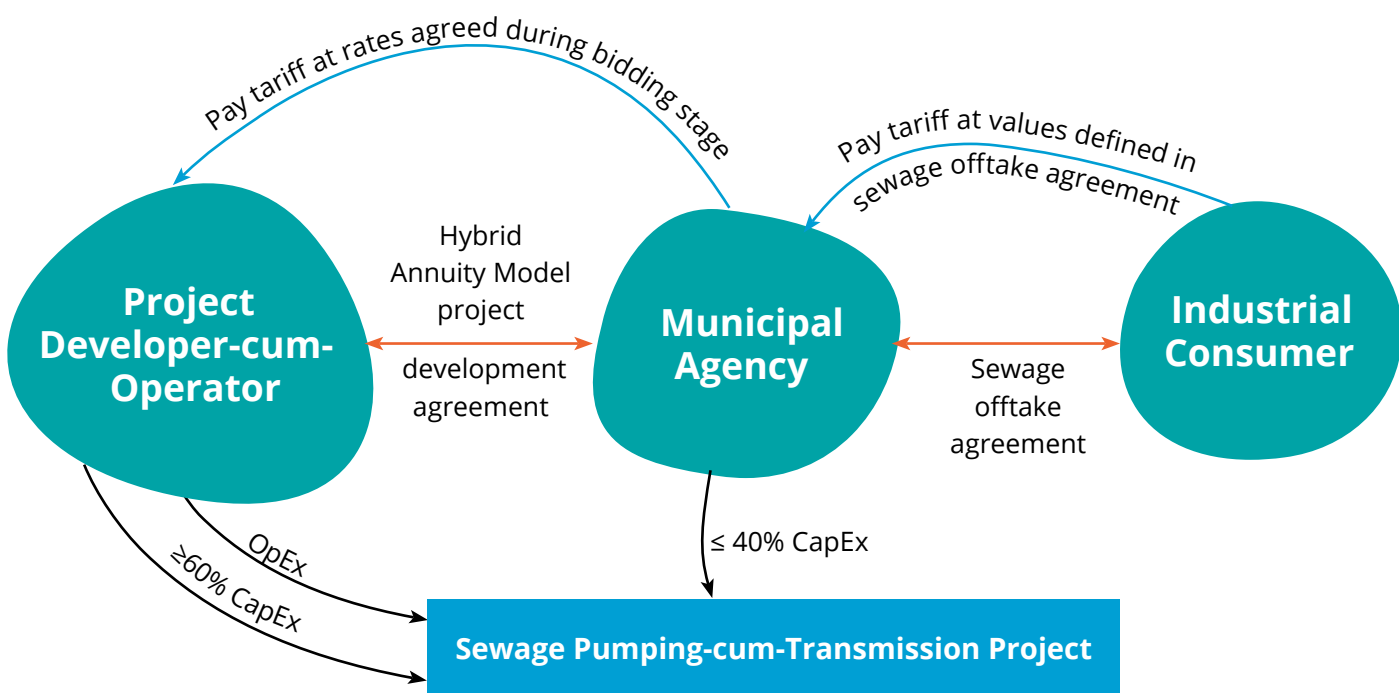


Figure 3. Public-private partnership-based business model for optimised water resource utilisation co-developed by RTI, the Rajasthan State Government and ADB



CSOs as technical WASH specialists

Many of the challenges to effective use of finance for equitable WASH services relate to developing individual and organisational capacity. Unless local governments have the financial management, evidence-based planning and critical thinking skills to make good investment decisions, they are unlikely to be trusted with higher budgets through fiscal decentralisation. Similarly, unless local WASH businesses have strong business acumen, rapport with their customers and technical proficiency, they are unlikely to attract investment capital to expand and upgrade their services.

In their role as WASH specialists, Water for Women partners have helped to develop regulations and guidelines that improve budgeting processes (IRC, Yayasan Plan International Indonesia), facilitate sector costing exercises (SNV, WaterAid), strengthen private sector capacity to run businesses and provide services (iDE, RTI), and especially, enhance understanding of how to integrate GEDSI into WASH financing processes and outcomes (all case studies).

Improving financing often requires CSOs to strengthen other aspects of the WASH system

Financing is often identified as a critical, and particularly challenging, bottleneck for ensuring equitable and sustainable WASH services. Because finance is known to be especially complex in contexts where funding options and markets are still developing, partners typically have set more modest ambitions for their impact on WASH financing at the beginning of their Water for Women projects than they did for their impact in other building blocks (Figure 4). This also reflects that many projects have had to solve problems in the other building blocks (especially institutional arrangements and capacity development) in order to lay the foundations for improving and leveraging financing.

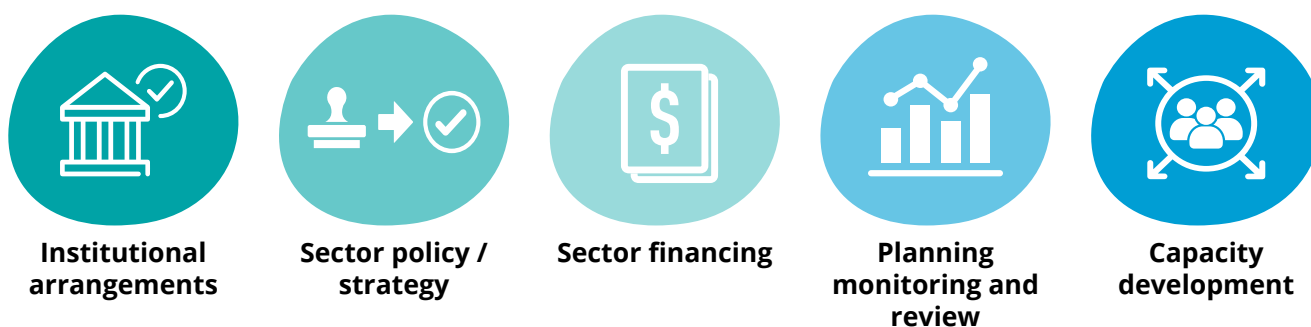


Figure 4. Building blocks of a well-functioning WASH sector

Source: Adapted from Sanitation and Water for All (2022)

In Bangladesh, the local government UPs are legally responsible for providing WASH services. However, the UPs with which World Vision worked were unaware of this responsibility, and consequently had no plan for delivering services against which budgets could be allocated. To solve problems related to public budgeting, World Vision had to first ensure that duty bearers understood their roles and responsibilities.

In Nepal, major government restructuring occurred at the beginning of SNV's project, changing individual and organisational responsibilities for managing budgets and overseeing WASH provision. Before SNV could advocate for more (and more equitable) finance, it had to work with districts and rural municipalities to develop the capacity they needed to manage services and develop and utilise budgets.

In Wewak district, PNG, no single institution is responsible for WASH. WaterAid supported coordination among the various budget holders and departments relevant to WASH in Wewak district to create a sector with coherent plans against which budgets could be allocated. The resulting costing five-year plan was then used to apply for national-level funding and to enhance accountability between budget holders.

As CSOs plan interventions and undertake context analyses to engage with WASH systems, both public and private, they should consider:

- The underlying causes of financing challenges; mapping the system and understanding the political economy may identify issues with roles, responsibilities, capacity and coordination that can reduce availability and effective use of financing.
- How financing opportunities and challenges fit into the broader system, requiring stronger regulations, guidelines, capacity and role clarity to unlock investment.
- How CSOs' efforts to strengthen systems can take a holistic approach. Rather than leaving financing challenges to be met only after other less-complex challenges of planning, monitoring, capacity and regulation are overcome, consider how financing and the political and business incentives associated with it can be used to drive and guide progress within those other building blocks.

Reducing bottlenecks in finance is essential to enabling and sustaining progress in other aspects of the system

Without adequate and effective financing, institutions cannot realise their mandates to provide services and implement WASH policies, and WASH plans and monitoring frameworks may not be realised. Unless appropriate mechanisms are in place to finance both service provision and all aspects of a functioning WASH system, changes in inclusive WASH systems will not be sustained.

While some approaches (like blended finance) consider financing as a starting point for strengthening inclusive WASH systems ([Box 2](#)), the success of such interventions depends on strong trust and relationships between local actors, as well as adequate capacity and authority to reshape the financing ecosystem. CSOs should consider how their efforts to strengthen inclusive WASH systems, develop capacity and convene WASH and finance actors can lay strong foundations for such projects.



A woman accesses inclusive sanitation facilities in her community following advocacy and facilitation support from World Vision through the [SHOMOTA project](#)
Credit: World Vision Bangladesh / Proshanto Roy

CSOs as advocates

Many CSO partners are engaging widely across the WASH system, and at national and local levels. This makes them uniquely positioned to identify and understand challenges facing WASH financing that might not be obvious, or able to be articulated, by other actors involved in public and private financing chains.

In many partner contexts where markets are underdeveloped, ensuring services reach the poorest and most marginalised users requires support or subsidy from public budgets. Many of the challenges relate to the political nature of small and competitive public budgets, which require sensitive advocacy approaches. By generating evidence, brokering relationships and keeping issues of finance quantity and quality on the sector's agenda, CSOs can advocate for, and support, changes in public financing to progressively realise rights to water and sanitation.

CSOs should strategically engage actors in advocacy based on their authority and interests

Understanding the influential actors and their motivations and relationships is essential to effective advocacy. The most important actors for public WASH financing advocacy are not necessarily traditional WASH actors, and often include parliamentarians, Ministries of Finance and Ministries of State/Interior, reinforcing the value of CSOs as convenors.

In many contexts, various individuals – political leaders, social leaders, and bureaucrats – have influence over budgets and funding. Undertaking a political economy analysis (PEA) or stakeholder analysis can help CSOs to identify targets for coordinated advocacy. In Khyber Pakhtunkhwa province, Pakistan, IRC used PEA to identify two pathways through which it could influence allocations of government budget for WASH. Through its role on the Provincial WASH Steering Committee, IRC advocated for and then contributed to drafting sanitation budget allocation guidelines, which were formally endorsed and disseminated through government mechanisms. Local government departments used these guidelines to allocate WASH within their existing annual development plan (ADP) process. Meanwhile, to reduce upstream bottlenecks to finance availability, IRC worked through the Provincial Planning and Development Department to identify and approach receptive parliamentarians within the Provincial Assembly's SDG WASH task force. In individual meetings and workshops with these WASH champions, IRC and government partners advocated for increased budget allocation through departmental ADPs as well as within discretionary funding under the authority of the parliamentarians. Political leadership and endorsement by these parliamentarians led to sustained increases in the percentage of provincial ADP budget allocated to WASH.

Timing is a key component of engaging strategic actors effectively, and requires CSOs to be opportunistic and prepared with the right relationships and advocacy strategies. Engaging decision-makers at favourable times such as the lead-up to an election campaign or during a COVID-19 pandemic response has increased the impact of partners' advocacy.

Emphasising diverse voices adds legitimacy to collaborative advocacy efforts

Advocacy by collaborations of diverse actors can be more effective than uncoordinated efforts because they offer additional pathways to deliver advocacy messages, amplify key points within common forums, and add legitimacy and depth of experience to advocacy.

SNV in Nepal partnered with organisations of people with disabilities (OPDs) and CBM Australia to undertake formative research into the WASH experiences of people with disabilities. This research presented human experience of the need for additional GEDSI-focused finance for WASH. OPDs used their roles as members of district WASH committees to convey the findings from this research and to act as voices for groups at risk of being left behind. The research findings, together with data from district-wide functionality assessments, inspired local governments to allocate additional budget to GEDSI-sensitive WASH and to prioritise people with disabilities in their COVID-19 response.

"The engagement of OPDs as members of WASH coordination committees helped the RMs and stakeholders to understand the issues related to WASH services and gave a voice to vulnerable groups, and aided GEDSI WASH budget allocation."

SNV Nepal

CSOs are also important in developing the capacity of rights groups and thereby increasing the agency of people who experience marginalisation to advocate for their own rights to WASH services.

Convincing evidence of the cost, benefits and budget gaps for WASH can influence the priorities of decision-makers

Stories of the human impact of inadequate WASH services can trigger emotive responses, but people who make decisions about public finance allocation usually need quantitative data and a compelling business case to justify their decisions.

Establishing evidence-based, costed district WASH plans is one way for partners to help relevant government departments to advocate for increased budgets. In Nepal, SNV supported districts to undertake district-wide functionality surveys, which identified the scale and cost of providing universal water services. RMs used the assessment results to produce water supply service improvement strategies against which annual budgets could be allocated, supported by participatory procurement processes that increased transparency.

WaterAid in PNG collaborated with provincial, district and local government, and RHOs representing women and people with disabilities to conduct the first district-wide baseline of WASH services in Wewak (including households, schools, health facilities, markets and prisons). The district WASH coordination body then used the baseline results to develop the country's first costed five-year district WASH plan. The Wewak District Development Authority uses the plan to guide its investment in services and advocate to parliamentary representatives for additional WASH budget through discretionary funds as well as national investment programs (see the next section of this report). Data-driven planning has led to co-financing commitments from CSOs and government at district and provincial levels, which WaterAid and other national actors are using to advocate for more systematic evidence-based WASH planning and service delivery.

Budget advocacy is only as successful as the quality of execution of additional budgets achieved

While many partners have focused on advocating for increased finance, and some have specifically advocated for financing of GEDSI components within WASH, ensuring sufficient allocation of finance does not in itself translate to improved WASH services.

Supporting local governments to utilise and expend budget allocations can constitute an entire outcome of a system strengthening intervention. Effective budget execution requires articulation of roles and accountabilities, development of individual and organisational capacity and processes, and monitoring and transparency of budget use to stakeholders including national Treasury and community members. Increased funding without the capability to successfully manage and use it can ultimately undermine advocacy objectives by creating doubts and providing justification for limiting future budget allocations. CSOs that advocate for WASH finance should ensure they complement advocacy with approaches to strengthen capacity for effective and equitable budget use. CSOs can help both national-level budget holders and local level budget users to create and track indicators that budgets are being well used in order to build trust and commitments to future funding.

"It's clear from [the] WASH expenditure trend that proper utilisation of the allocation is still a challenge."

World Vision Bangladesh

Adaptive learning approaches encourage learning and improvement, regardless of the advocacy outcome

One final lesson from partner advocacy experience is that despite CSOs' best advocacy efforts, results are sometimes unexpected or unsuccessful. Because financing concerns control of resources, it is a particularly political and unpredictable aspect of the system. Context changes such as a change in government or natural disaster can shift political and budgetary priorities rapidly and make WASH a higher or lower priority, or mean that the people with whom CSOs have been cultivating relationships are suddenly less influential. These changes, beyond CSO control, can have significant impact. Adaptive and reflexive approaches can help CSOs to anticipate or prepare for sudden changes, learn from them, and use the lessons to improve project planning and strategies.

As one example, WaterAid PNG supported the Wewak district administrator and WASH coordination body to submit a Provincial Improvement Program (PIP) proposal. The proposal followed the correct protocols, drew on district-wide WASH data, was strongly aligned with the district government's five-year WASH plan, was developed in a participatory process with RHOs, and received parliamentary endorsement. Informally, government staff involved who reviewed the proposal noted it was among the highest-quality PIP submissions ever received. The PIP funds have not yet been announced, and the 2022 national election means they are not guaranteed; if the political leaders change, they may want to distance themselves from proposals endorsed by their predecessors. WaterAid and the Wewak district government are using the PIP opportunity to learn about how public finance is allocated and who else needs to be engaged in the future. By using adaptive monitoring and evaluation approaches and indicators, CSOs can determine whether advocacy is working and learn from successes, failure, and changes in context to iteratively improve influencing efforts.

"The focus of the PIP submission has been about achieving equitable and inclusive service delivery. What that looks like in Wewak district is prioritising priority projects that fall under the plan and moving them forward with adequate finance in a collaborative manner."

WaterAid PNG

CSOs as innovators

Relative to other actors such as private investors and governments, CSOs often have a high-risk tolerance. This means they can more easily pilot new models of providing and financing WASH services to learn about what does or does not work.

Several partners, such as iDE in Cambodia and RTI in India, have leveraged household and private equity associated with tariffs and access to capital to establish or strengthen existing private or community-based ventures that provide WASH products and services. These business models provide examples of sustainable service delivery and financing mechanisms that can contribute to a dynamic and innovative WASH sector.

CSOs can leverage household finance and strengthen the regulatory environment by innovating products, services and payment options

In Cambodia, iDE works to leverage the power of markets to unlock household finance for WASH. Household expenditure is a significant but usually invisible proportion of WASH finance. Alongside support to an active network of latrine business suppliers, iDE has been developing pro-poor financing options to support marginalised households to enter the sanitation market. These include:

- Creation and marketing of low-cost sanitation products such as "soft shelters" that enable poor households to begin using their latrines sooner than if they had to save for more expensive alternatives.
- Targeted partial subsidies to reduce prices for the poorest households and enable achievement of ODF. iDE Cambodia's subsidy mechanisms have informed the Cambodian Ministry of Rural Development's development of national guiding principles for sanitation subsidies, which enable national costing of enabling all poor households to access sanitation.
- Supporting sanitation businesses to introduce zero-interest instalment plans, which allow cash-constrained rural households to purchase latrines without escalating debt.

iDE Cambodia's market-based interventions complement its capacity development for latrine businesses, local government representatives and ODF planning, helping target support to the households that most need it. Partial subsidies facilitated by local government, combined with the innovations described above, enable households that would otherwise be unable to construct their own latrines to invest in sanitation for the first time. Together, these efforts have contributed to the declaration of Svay Rieng as the first ODF province in Cambodia.



Since partnering with iDE in 2012, this latrine business in Kampong Thom province, Cambodia, has gone from strength to strength, including investment in an interlock brick machine to produce disability-inclusive toilet shelters
Credit: iDE / Hang Seyha

Equity and sustainability can be enhanced through innovative and holistic service model design

In many communities in India, existing retail chains link manufacturers of WASH products (such as soap) with customers. However, many of the poorest and most socially marginalised people are underserved by these retail chains or unable to afford the products and services offered.

RTI works with other CSOs in such communities to identify individuals who are willing to become WASH actors and link them directly with manufacturers to form new retail chains. The community actors earn a margin on the sales, but reducing the number of middlemen in the retail chain makes the products and services significantly cheaper. For example, RTI acted as an intermediary (see section above) to secure start-up capital from philanthropists for women community actors to purchase a first batch of menstrual products, which were in demand in settlements around Jaipur. The women sold the products at an affordable price that included a small margin, and reinvested the profits to purchase additional products. Their businesses grew quickly and became self-sustaining, providing women in the community with affordable products, the community actors with livelihoods, and the hygiene product manufacturers with a new market segment.

Numerous public toilet facilities had been constructed in India through the Swachh Bharat Mission, but financing their ongoing operation and maintenance remained problematic. RTI developed an innovative model involving a shop beside each public toilet, operated by women or transgender entrepreneurs, which could sell products or services, which were in demand in those areas. Alongside providing a livelihood for the entrepreneurs and covering the expenses of running the shop, a portion of the revenue is used to repay loans from private investors and government to fund the shop's establishment, and a portion is used to fund the maintenance of the public toilet. The prototype project, in Odisha, generated almost AUD 1000 per month, despite COVID-19 restrictions, and is repaying investors faster than predicted. Its success has led to it being replicated nine times, providing both a sustainable funding model for public toilets and stable livelihood opportunities.

"What we have tried to do is understand what makes each of these [WASH] products unaffordable."

RTI India

"You are more likely to take the word of mouth from someone who is your neighbour, and purchase products that someone has tried and tested, someone you know. It also empowers the [community actors] to become WASH ambassadors of their community ."

RTI India

Innovations in service and funding models need to embed Do No Harm principles

Doing No Harm requires CSOs to consider equity within the broader financing ecosystem and consider how new models can mitigate potentially harmful impacts of both normal financing practices and new models. For example, iDE's innovative financing mechanisms in Cambodia specifically sought to avoid interest-bearing debt, which can trap and exploit poor households, while its targeted subsidies deliberately considered how to avoid distorting market prices, which might make sanitation products unaffordable to the poorest households. Similarly, RTI partnered with manufacturers and community entrepreneurs to introduce new WASH products and services into communities in India where socially marginalised people were unable to access basic WASH. RTI not only considered how to make services affordable and accessible to the target population, but how to ensure that new retail chains complement rather than undermine existing retail chains.

Conclusion

Targeted financing is essential for the provision of equitable, sustainable and well-functioning WASH services. CSOs can strengthen the enabling environment for WASH by convening stronger networks, trust and coalitions among actors to lower the barriers to WASH financing, and through providing expertise to develop individual, institutional and organisational capacity to design and deliver services. Stronger enabling environments can help to reduce the risk profile and attract new public and private investment to WASH. CSOs are well placed to engage and support evidence-based, collaborative advocacy for public WASH financing, focusing on how services can be made accessible and affordable to the most marginalised. CSOs can pilot innovative and equitable financing and service delivery models, which can catalyse greater household and private sector investment in WASH. In any given context, CSOs may need to play multiple roles to leverage the financing required for equitable and sustainable WASH services. Regardless of their roles, CSOs have a responsibility to support active participation and leadership by RHOs and GEDSI actors, and to consider Do No Harm approaches to avoid harmful impacts within the WASH financing ecosystem and contribute to greater power and agency for diverse actors within WASH financing discussions.

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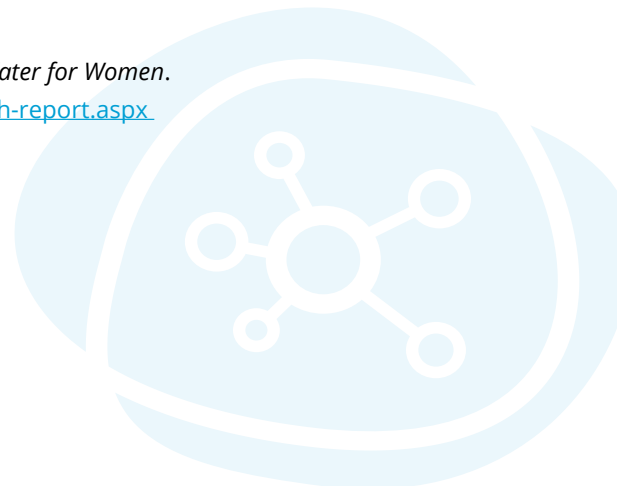
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About Water for Women

Water for Women supports improved health, gender equality and wellbeing in Asian and Pacific communities through socially inclusive, sustainable and climate-resilient water, sanitation and hygiene (WASH) projects and research. It is the Australian Government's flagship WASH program, investing AUD \$154.9 million over seven years. Water for Women is partnering with civil society organisations, research organisations and local partners to deliver 33 projects in 15 countries from 2018 to 2024. Knowledge and learning are central to Water for Women, positioning the Fund as an important contributor to global knowledge development and sharing in inclusive and climate-resilient WASH. Water for Women's Learning Agenda promotes collaborative learning, knowledge development and sharing to support long-term transformative change to WASH policy and practice globally.

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