Water and Sanitation Program
End of Year Report, Fiscal Year 2013

The Water and Sanitation Program (WSP) is a multi-donor partnership administered by the World Bank to support poor people in obtaining affordable, safe and sustainable access to water and sanitation services.
As of September 2013, there are 825 days remaining to achieve the Millennium Development Goals. Yet the world is far from being able to provide water and sanitation to its population. Although the goals for sustainable access to drinking water were achieved in 2010, there are still 768 million people in the world without access to water. The statistics for sanitation are even worse. The WHO/UNICEF Joint Monitoring Programme estimates the world will miss the goal for improved sanitation by more than 500 million people. Even if progress were on track, there are still more than 2.5 billion people without access to improved sanitation.1 This shortfall will not only affect public health today, the lack of improved sanitation will cause long-term health and cognitive impacts on children, with serious consequences for future generations.2

Achieving Results at Scale

WSP is helping to address this gap between the goals for water and sanitation and the current reality. Working closely with government clients, WSP has contributed to large-scale results, particularly in our rural sanitation business area. Reaching scale is critical in rural areas, where 70% of the population worldwide still lacks access to improved sanitation. As of fiscal year 2013, WSP has supported 13 governments to increase access to improved rural sanitation for 22 million people. According to the latest estimates from WSP’s results monitoring, the Program is on track to support the target number of 50 million people. WSP’s support has emphasized a stronger enabling environment for rural sanitation across a broad range of focus countries. It is heartening to see that all of these countries have demonstrated tangible progress this year.

Through our domestic private sector business area WSP is also helping government clients leverage new resources to expand access to water and sanitation, encouraging over US $9.5 million in investments from small and medium enterprises working in water and sanitation. WSP also influenced the project design of $120 million in water and sanitation funding by the World Bank and other donors.

Testing and Scaling Innovation

At WSP, we believe that the sector cannot reach the scale needed in the time required by using the same approaches of the past. We have incorporated innovation into every aspect of the current business plan to test how new approaches could help the sector scale up rapidly, starting with the application of mobile technologies in all aspects of service delivery. In West Africa, mWater, a mobile-to-web platform, helps local piped water operators provide technical information such as the number of household connections or standpipes and length of network, as well as financial data, simplifying regulation and monitoring and helping the operators benchmark their businesses. WSP is also leveraging mobile technologies in Kenya, where an innovative financing plan for slum sanitation is built on the mobile money network mPesa.

WSP is drawing on the concept of human-centered design to develop and test ultra-low cost sanitation and hygiene solutions for the poor that better meet their needs, bringing the best in the industry to design the best products at the lowest price. In Bangladesh, American Standard, one of the largest manufacturers of toilet and plumbing products has designed an innovative plastic toilet that is easier to install and maintain, and much more effective than existing models in the market. By simplifying installation, reducing the cost of ownership and providing a product that meets aspirational design needs, this new technology addresses the main barriers poor households face in accessing improved sanitation.

WSP has also innovated in our partnership strategy to reach both traditional and non-traditional stakeholders. This year, WSP continued to collaborate with several local and international partners, includ-

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ing technology companies and governments, to organize the Sanitation Hackathon. In this first-ever global competition addressing sanitation, more than 1,000 participants across 13 countries competed to develop software applications to help governments, private sector and households improve sanitation service delivery. The competition was opened by World Bank President Jim Kim – the first time a World Bank president has spoken publicly on the importance of sanitation.

Meeting the Critical Needs of Urban Areas

While pushing the innovation and scale frontiers on existing water and sanitation challenges, in almost every WSP focus country we see an urgent need for service delivery in urban settlements. Urbanization continues at a rapid pace both in large mega-cities and in the growing proliferation of small towns and peri-urban areas throughout the world. The high population densities in these settlements dramatically amplify health impacts on the population. Recent research estimates that the adverse consequences of exposure to open defecation in terms of stunting outcomes are three times higher for children living in urban areas. Responding to these urgent needs from our clients, WSP has intensified our focus on service delivery in urban areas.

WSP advisory work in India helped the Government of Karnataka work towards uninterrupted water supply for two million citizens. Additionally, with WSP assistance the Government of Madhya Pradesh developed a strategy to improve urban sanitation for 20 million households.

In Indonesia, 134 cities benefited from WSP support on septage management models. The work has provided key insights into the inadequacy of existing systems. The Government of Indonesia is drawing on these insights in the design of new sludge treatment plants and the rehabilitation of existing ones.

In Mozambique, WSP is helping improve sanitation for 140,000 people in 11 informal settlements. Effective service delivery in slums is one of the most pressing challenges in urban water and sanitation, and WSP is working with the Government of Mozambique to address this issue through a community-level monitoring program that empowers citizens to advocate for better service.

The past year has also resulted in significant knowledge advances on urban sanitation, particularly around fecal sludge management – a pivotal issue in the service chain due to the large number of cities and towns that are not yet using sewerage networks. In 2014, WSP will expand this analytical work while scaling up current projects to support our clients with these growing challenges.

WSP Evaluations

Fiscal year 2013 was an important year for the management and administration of the program. I would like to highlight the outcomes of two recent evaluations of WSP’s work. The Program continued rolling out our Global Results Framework and refined how impact is measured and tracked. The consulting firm IOD PARC fine-tuned the current theories of change and corresponding indicators for two of our six business areas, strengthening how results are measured. IOD PARC also assisted in redesigning the country results monitoring tool and migrating it to a web-based platform for improved data tracking and aggregation.

In addition, WSP underwent a mid-term evaluation of progress achieved in the implementation of the current business plan. The evaluation, conducted by Universalia Management Group at the request of the WSP Council, included interviews of hundreds of stakeholders in the sector, as well as site visits to eight focus countries. The evaluation concluded that the business plan is well-aligned with the major challenges facing the water and sanitation sector. According to stakeholders interviewed, WSP has a comparative advantage as a knowledge broker and policy advisor, and the Program’s government clients believe WSP’s work to be highly relevant to their needs. Based on recommendations from the evaluation, WSP is reviewing cross-cutting themes, continuing to define how WSP leverage is estimated and further strengthening our capacity to generate and share knowledge.

The external evaluation also highlighted WSP’s cost-effectiveness, which was attributed to the ability to leverage strong partnerships and influence to generate results at scale. In the last year WSP has increased cost-effectiveness still further by reducing staff, consultant and travel costs over seven percent since fiscal year 2012.

Finally, I would like to welcome to the Program two senior staff. Ivo Imparato, Regional Team Leader for Latin America and the Caribbean, has been with the World Bank since 2001. Immediately prior to joining WSP, Ivo served as the World Bank’s Sector Leader for Sustainable Development for Sub-Saharan Africa, where he advised on water, infrastructure and other issues. Ivo has also worked with UN-Habitat. Also joining us this year is Bhuvan Bhatnagar, Global Business Area Leader for Poor-Inclusive Policy Reform. Bhuvan, who is also leading WSP’s 2016-2020 business planning process, previously served as Lead Social Development Specialist for South Asia at the World Bank, where he led programs on community-driven development and rural livelihoods.

We are halfway through our 2011-2015 business plan, and it is increasingly clear that the emphasis on results we mainstreamed in this business plan has brought an important focus to our work. In addition, the results delivered on the ground have given us some assurance that the theories of change being pursued in WSP’s global business areas have the potential to move the entire sector to scale. As we look towards the next business plan for years 2016-2020, we hope the results achieved and knowledge developed in 2013 will help set the course for water and sanitation in a post-Millennium Development Goals world.

WSP’s success is directly dependent on the support and partnership of our Council, and we are grateful for the opportunity to work with you to expand access to water and sanitation services for the poor. Thank you.

Jaehyang So
Manager
Water and Sanitation Program

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# Table of Contents

Introduction .............................................................................................................................................. 2

Global Knowledge .................................................................................................................................. 4

Business Area Highlights

  Scaling Up Rural Sanitation and Hygiene ............................................................................................... 7
  Creating Sustainable Services Through Domestic Private Sector Participation .............................. 13
  Supporting Poor-Inclusive Water and Sanitation Sector Reform ....................................................... 20
  Targeting the Urban Poor and Improving Services in Small Towns ................................................. 25
  Adapting Water Supply and Sanitation Delivery to Climate Change Impacts ................................... 32
  Delivering Water Supply and Sanitation Services in Fragile and Conflict-Affected States .... 45

Global Communications and Knowledge Management ........................................................................ 42

Administration and Finance .................................................................................................................. 46

Annex: Fiscal Year 2013 Disbursements by Country ........................................................................... 51
In 33 countries\textsuperscript{1} around the world, WSP is helping the poor gain access to water and sanitation.

\textsuperscript{1} Includes 23 focus countries and 10 additional countries under the fragile states initiative.
Since 1978 WSP has helped expand access to water and sanitation by engaging with governments, donors, academia, civil society and the private sector. In fiscal year 2013, the team of 144 staff in 23 focus countries (as well as an additional 10 countries under the WSP fragile states initiative) worked closely with government clients to scale innovative approaches and encourage policy reform that brings lasting change to the sector and helps reduce global poverty.

WSP’s work is organized into six complementary business areas, each oriented around a key global challenge in water and sanitation. Each business area works to identify and scale up solutions that help bring lasting access for the poor, and all work closely together to address cross-cutting issues facing the sector.

**Figure 1: WSP’s Global Footprint**

Since its founding in 1978, WSP has worked around the world to bring innovative solutions to water and sanitation at scale. Currently, WSP is working with client governments in four regions: Latin America and the Caribbean, Sub-Saharan Africa, South Asia and East Asia and the Pacific, which includes 23 focus countries with full-time staff and 10 additional non-presence countries under the fragile states initiative where WSP provided assistance in fiscal year 2013.

**Scaling up Rural Sanitation and Hygiene.** Nearly half the world still lacks access to improved sanitation – creating a crisis in public health. WSP addresses the challenge of poor sanitation by working with government clients to build a more effective enabling environment that supports access at scale. This year, WSP made significant strides in helping governments develop the enabling environment for improved sanitation across 13 countries, resulting in over 22 million people gaining access.

**Creating Sustainable Services through Domestic Private Sector Participation.** The private sector has an important role to play in providing wider, more cost-effective access to water and sanitation. WSP works with client governments to engage the private sector in service delivery. In fiscal year 2013, WSP efforts...
helped catalyze US $9.5 million in investments for local enterprises.

**Supporting Poor-Inclusive Policy Reform.** WSP helps governments build the capacity to effectively implement poor-inclusive water and sanitation policy. This year, WSP worked with governments across several continents to develop and carry out strategies that will increase access for the poor.

**Targeting the Urban Poor and Improving Services in Small Towns.** WSP is identifying new ways to expand sustainable access to water and sanitation in urban areas. The Program works with national and municipal governments to bring services to the bottom 40% of poor households living in slums and other urban areas. In fiscal year 2013, WSP worked with national and municipal governments to expand access to water and sanitation at scale, and also conducted new research into the issue of fecal sludge management.

**Adapting Water Supply and Sanitation Delivery to Climate Change Impacts.** In this emerging business area, WSP is working with client governments to identify and manage the risks associated with climate change and other natural disasters. This year, WSP helped officials in India and Vietnam better understand climate-related risks and assisted in developing strategies to address them.

**Delivering Water Supply and Sanitation Services in Fragile and Conflict-Affected States.** Providers of water and sanitation services in fragile and conflict-affected states face unique challenges. WSP is working with government clients to develop solutions that work in these environments. In 2013, WSP worked with donors in several fragile states to prioritize water and sanitation as part of the reconstruction process.

This report provides further detail on results achieved by WSP in fiscal year 2013. **Global Knowledge** highlights new learning developed by WSP in the past year. **Business Area Highlights** details the approach, implementation status and results of each of the six business areas. Each section also reviews lessons learned in the past year and opportunities to further strengthen our work.

**Global Communications and Knowledge Management** outlines the strategic global communications and knowledge management efforts during the past year. Finally, **Administration and Finance** discusses several WSP internal initiatives and summarizes WSP’s use of donor funds in fiscal year 2013.
Knowledge is a core part of WSP’s efforts to support governments as they expand access to water and sanitation. With a solid base of evidence developed through research and experience, governments can more easily identify effective approaches to scaling up services. The following are highlights of WSP’s knowledge contributions this year.

**Consequences of Poor Sanitation**

Improved sanitation is one of the most important public health achievements of all time, with immediate and long lasting impacts.

Repeated bouts of diarrhea can have lifelong effects on children. Based on cross-country comparisons, a large fraction of the variation in childhood stunting between countries can be explained by open defecation. In an impact evaluation of our sanitation marketing work in Indonesia, treatment areas experienced a statistically significant 30% reduction in instances of childhood diarrhea among households that did not have sanitation before the program started. Additionally, children from some households exposed to the program had lower rates of parasitic infection as well as improvements in height and weight. A randomized control trial conducted in Maharashtra, India, found significant positive impacts on average heights for children under the age of five.

In collaboration with the Research Institute for Compassionate Economics (RICE), WSP also conducted research in Cambodia that provides further evidence on the impact of open defecation on children’s heights.

It has been unclear if total coverage is required to achieve the health benefits of improved sanitation in a given area, and whether below a certain threshold of coverage there are minimal or no benefits. However, recent research shows that total coverage is not required and every toilet used contributes to reduced disease outcomes. Incidences of diarrhea decline as access to sanitation increases. Even if 100% open defecation-free status is unachievable, every toilet matters.

**Larger Impacts in Urban Areas**

Across the developing world, urban populations are growing rapidly, overloading often inadequate water and sewer infrastructure. The impact of this problem is even greater in smaller cities, which are growing faster than large urban areas. WSP’s work is highlighting the magnitude of this problem and identifying new approaches, and the Program is drawing on this knowledge to support reforms that expand access in large urban areas, as well as smaller cities.

The health effects of improved sanitation appear to be more pronounced in urban areas. A recent analysis of 140 Demographic and Health Surveys (DHS) datasets estimates that the adverse consequences of exposure to open defecation in terms of stunting outcomes are three times higher for children living in urban areas.

In urban slums, high population density means that smaller dwellings occupied by poor families lack space to cover and safely abandon human excrement. Disposal is typically handled by a range of poorly-coordinated entities. WSP work in this area has shown that a comprehensive sanitation service chain that coordinates this process from end to end is required to hygienically remove and treat fecal material.

Achieving an effective sanitation service chain requires a holistic, city-wide perspective on planning and investing. Similarly, in water supply, city-wide approaches harness economies of scale and improve the viability of service providers and their ability to serve all customers, including the poor.

**The Potential of Sanitation Markets**

With over two billion people still lacking improved sanitation, the private sector is a critical ally in expand-
ing access at scale. Based on new WSP research, the challenge of poor sanitation is also a compelling market opportunity due to its potential size and profitability.

In a recent multi-country analysis, WSP found that the total potential market for sanitation in the four countries studied was over US $2.6 billion per year.\(^7\) Of this market, sanitation for the poor alone represents $700 million. The market is dominated by small players – over 80% of providers are microentrepreneurs and small firms. Many larger firms have not yet entered the market due to a lack of information.

Firms included in the study have profit margins of 15-40%, which is in line with the margins in the construction sector. However, a lack of access to skilled labor and capital, along with poor marketing, results in low sales volume. This keeps overall profits low for many of these businesses.

In addition to the challenge of low overall profits, a fragmented supply chain for sanitation blocks delivery at scale. Most sanitation is highly customized and provided by small firms. These firms purchase inputs from a complex network of retailers, wholesalers and manufacturers, for whom sanitation is only a small part of their business. The coordination involved adds significant transport costs – often as much as 20% of the total cost – and increases the effort required from buyers. This fragmentation increases overall costs, discouraging households from investing in sanitation. Addressing these supply chain constraints is a critical step in scaling up access to sanitation.

In three years, WSP has helped 13 governments scale up access to improved sanitation for 22 million people.
Three quarters of the people around the world who still lack access to improved sanitation live in rural areas. WSP is working to address this critical challenge through the Scaling Up Rural Sanitation and Hygiene (SURSH) business area. To meet this need the Program focuses on three critical needs: building demand for improved sanitation through behavior change using community-led total sanitation (CLTS) tools, supporting the market for sanitation products and services to meet this increased demand and encouraging an enabling environment that allows the two sides of the market to effectively interact.

During the 2011-2015 business plan period, WSP is working with client governments to help 50 million people gain access to improved sanitation while leveraging approximately US $200 million from governments, the private sector and households over five years.

Between the initial baseline assessment and this year 2013, WSP helped governments to scale up access to improved sanitation for 22 million and encourage 19 million people to stop practicing open defecation in the 13 SURSH focus countries (See Figure 2). The results framework provides a method for determining what proportion of total access achieved was directly contributed by WSP efforts. According to the results monitoring system, on average, the Program contributes to about one-third of the results, with the government clients contributing to the remaining increases. However, in India and Indonesia, WSP activities contributed to about half of all the gains in access to improved sanitation.

**Overview**

WSP has also made significant progress this year in supporting governments to expand access to sanitation by strengthening the enabling environment in the 13 focus countries with rural sanitation initiatives. The results framework tracks progress across eight critical areas needed for scaling up and sustaining rural sanitation initiatives. In 2013, 10 out of the 13 countries reported progress in six or more of these areas (See Figure 3), with particularly strong progress in policy, strategy and direction; institutional arrangements; and program methodology.

### Policy, Strategy and Direction

A shared vision and strategy for sanitation, along with the political will to implement an ambitious program, is the key to achieving nationwide scale. Reaching scale also requires appropriate policies that allocate resources effectively and support implementation. This year, WSP’s client governments have made significant improvements in this area.

In Ethiopia, the Ministries of Health, Education, Water, and Finance and Economic Development signed a memorandum of understanding this year to support rural sanitation. In addition, officials developed National Implementation guidelines for Community-Led Total Sanitation and Hygiene based on experience in the state of Amhara. Lastly, following WSP and UNICEF preparations over the past few years, a WASH Implementation Framework was signed by stakeholders. As a result, there is now a common partnership framework which outlines a single WASH plan including financing, monitoring, reporting and evaluating mechanisms.

### Institutional Arrangements

Scaling up rural sanitation requires effective institutions with the resources to carry out their roles. In addition, there must be regular opportunities for coordination and partnership between the government, the private sector and civil society.

With WSP assistance, the Sanitation Working Group in Uganda established a sub-committee focusing on CLTS in 2011. The CLTS approach has now been fully
institutionalized within the working group. The Program is also working with the Ministry of Water and Environment and the Ministry of Health to pilot an integrated sanitation program in four districts in the central and eastern regions of the country. The pilot includes efforts to strengthen the enabling environment, create demand using CLTS and behavior change communication and improve the supply chain for sanitation. Lessons from the pilot will inform replication of these activities in other districts.

Program Methodology

A program methodology describes the specific activities needed to achieve rural sanitation at scale. To be effective, a country’s program methodology should be clearly articulated and supported by all stakeholders. WSP works closely with government clients to adopt global best practices into appropriate program methodologies for their own countries.

In fiscal year 2013, most WSP clients made progress in this area. In Kenya, which began working with the business area this year, WSP is part of an inter-agency coordination committee that helps all stakeholders in working towards a common program methodology. WSP helped the Ministry of Health develop and carry out an action plan on sanitation. The plan includes a program methodology based on WSP’s Theory of Change: sanitation market development and demand creation, along with a national campaign to end open defecation in Kenya. As a result of the country’s progress on its action plan, officials from Kenya were able to share their experiences with other countries at the AfricaSan action planning meetings in Ethiopia.

![Figure 2: Proportion of Sanitation Access Contributed by WSP Activities, FY2013](image)

WSP works with client governments to achieve access to sanitation at scale. Since the baseline was established, focus countries have helped more than 66 million individuals achieve access to improved sanitation. Based on the methods for contribution defined in the results framework, about one-third is directly due to WSP’s work, although the amount varies across countries.
Implementation Capacity

Institutions at all levels must have the capacity to carry out their roles and responsibilities. Institutional capacity includes adequate human resources, the systems and procedures needed for the program methodology and the ability to continually monitor program effectiveness. This year, WSP worked with partners to enhance implementation capacity at all levels in many countries.

In Cambodia, after the launch of the National Strategy for Rural Water Supply, Sanitation and Hygiene, which focuses on decentralized service delivery and a market-based approach to increasing access, WSP and UNICEF supported the government in disseminating the key messages of the strategy to the sub-national level.

Over 350 government officials were trained in the new strategy, helping encourage more effective implementation. Also, WSP, USAID, WaterSHED, iDE and others worked to increase the capacity of the private sector to deliver sanitation services across the country. Around 70% of all districts in Cambodia now have a sanitation marketing program in place that supports local sanitation enterprises.

Availability of Products and Tools

The decision by households to adopt improved sanitation is highly dependent on the existence and availability of products that meet their needs. Many WSP countries are currently working to increase the availability of new products and tools.

In Lao PDR, WSP and an implementing partner organized a tour for government officials to Cambodia and Vietnam, conducted field studies on user demand and preferences and developed and tested latrine designs using a human-centered design approach.

Findings from these studies were used to develop an upgradable toilet (see Figure 4) which was shared at a national workshop along with proposed marketing models. These products will be used in a full-scale program to be launched in the next fiscal year.
Financing

Without sufficient financing for programmatic costs such as training, salaries, transportation and supplies, rural sanitation programs are likely to be ineffective. WSP helps government clients expand the outreach of rural sanitation programs by encouraging additional government and private funds.

In Tanzania, WSP worked with officials at the Ministry of Water and the Ministry of Health and Social Welfare to develop sanitation campaign work-plans and budgets that are now being implemented in nearly all of the country’s 132 districts. As a result of WSP’s assistance the Tanzanian government leveraged US $22.5 million in additional funding from DFID as well as in-kind contributions from WaterAid and UNICEF.

Cost-Effective Implementation

With the limited resources and competing demands faced by developing countries, rural sanitation programs must demonstrate they are a cost-effective use of resources. WSP sanitation and hand-washing impact evaluations, completed this year to evaluate the health and welfare benefits of work done between 2006 and 2010 in Indonesia, India and Tanzania, included a complementary costing study to assess the costs of the different program delivery models.

The program per-capita costs, including WSP, government, private sector, volunteer and household investment varied: $5.42 per beneficiary in Tanzania, $8.55 per beneficiary in Indonesia, and $45.77 per beneficiary in India. The large difference in India was mostly due to government subsidies for household sanitation construction. In addition, costing of the hand-washing with soap programs in Peru and Tanzania shows the government-led programs reached large segments of the population for around $3 - $3.50 per beneficiary in both countries, and reported annual household spending averaged $34.98 in Tanzania for soap and $21.25 in Peru for both soap and handwashing facilities. However, these expenditures were no different between program and non-program areas, indicating the programs were not effective in getting people to use more soap.

Through these evaluations, WSP learned that government investment leverages substantial time and monetary expenditures from private sector, community volunteers and, in some cases, households. The costing studies also showed that rural sanitation demand generation programs are human resource-intensive, requiring significant investments of time by staff and volunteers. Finally, WSP found that in Indonesia, households reported investing substantial amounts of money to improve their sanitation facilities, increasing the effective leverage of government funds. However, additional household investments in sanitation were not found in either Tanzania or India, likely due to the higher levels of poverty in these two countries.

Monitoring and Evaluation

Large-scale sanitation programs require regular monitoring and periodic evaluation. Policymakers must also be willing and able to use the monitoring process to make rapid adjustments in the program. Effective monitoring identifies strengths and weaknesses in the program methodology, implementation arrangements and cost efficiencies. Overall monitoring responsibility must be at the highest level of the program, but should be based on information collected at the local government or community level.

While benchmarking of local government rural sanitation performance began in India, Indonesia and Uganda in previous fiscal years, these countries have made additional efforts to improve their monitoring systems in 2013. In India, following WSP technical assistance to state governments on developing a benchmarking model, the states of Rajasthan and Meghalaya officially adopted outcome-focused performance benchmarking to monitor district-level progress in rural sanitation. In Indonesia, the monitoring system has expanded from a WSP-led pilot using an SMS-
based monitoring system for East Java to a nationwide system that also includes an online knowledge platform. In Uganda, WSP supported the collection and analysis of data on sector performance. By sharing the experiences of these three countries across WSP’s network of country offices, additional countries plan to launch benchmarking programs in 2014.

Lessons and Opportunities

This year, WSP received the results of several large-scale impact evaluations on sanitation and handwashing. These evaluations are helping advance the state of knowledge in the sector, and WSP is working to share these results widely.

Results from the sanitation impact evaluations in India, Indonesia and Tanzania revealed some decrease of open defecation, a modest increase in access to sanitation and a decrease in instances of diarrhea in treatment areas. In Maharashtra, India, sanitation marketing resulted in a modest increase in sanitation coverage, which was associated with significant improvements in heights for children under the age of five. In Indonesia, treatment households were nearly 29% more likely to build a toilet, and open defecation among children under five years old was found to be 30% lower. The Indonesia impact evaluation also reported a small but significant improvement in health outcomes including diarrhea, helminth infection and anthropometry measures for all but the bottom 20% of households surveyed. In Tanzania, preliminary results indicate moderate decreases in open defecation and some improvement in latrine construction.

The sanitation marketing impact evaluations also highlighted that there are factors intrinsic to households and communities in each country that determine the effectiveness of behavior change campaigns to encourage the use of improved sanitation. Future WSP research will study how local factors affect behavioral changes under similar policies to improve program design.

Handwashing impact evaluation studies conducted in Peru, Vietnam and Tanzania found that WSP projects met their immediate goals but that achieving lasting behavior change is more difficult. In Peru the mass media campaigns and direct consumer contact activities resulted in no detected change in handwashing behavior. However, activities in communities and school settings showed more positive effects on knowledge retention, availability of water and soap, and improved handwashing behavior. In Vietnam, the handwashing campaign led to some improvements in handwashing knowledge, although observations in the home revealed low rates of handwashing with soap. WSP will use the results of these impact evaluations to enhance our approaches to handwashing and achieve higher levels of long-term behavior change.

One of the key challenges identified in the impact evaluations was the difficulty in monitoring sanitation practices and tracking whether they are maintained over time. Surveys alone provide an incomplete picture, but WSP is exploring emerging low-cost technologies that may allow future impact evaluations to more accurately measure handwashing and toilet use over time, helping design programs that lead to lasting behavior change.
In 2013, WSP helped catalyze nearly ten million dollars in investments for local enterprises that serve the poor.
Where the public sector faces challenges in providing its citizens with basic water and sanitation services, households turn to alternative sources and self-supply. Households who are excluded from public services are often aided by local entrepreneurs — the hardware store that sells the components for building a sanitation facility or the business that has taken a license from government to supply water. In urban areas, public utilities usually reach less than half of the population, and poorer households are typically excluded. This exclusion opens up opportunities for markets. The sanitation and water services market is expected to grow over the next decade.  

Through the Domestic Private Sector Participation (DPSP) business area, WSP works with governments to recognize and take advantage of this market growth by better harnessing the power of the private sector to deliver sustained service to all. In the years 2011 to 2015, the business area will help 2.5 million people gain and sustain access to improved services. At least 30% of those with access will be poor, and many of the others will be vulnerable. WSP will help mobilize US $100 million for market-based service delivery, catalyzing US $30 million in investments made directly by local private enterprises and leveraging another US $70 million from government and other public funding through our knowledge assistance.

In fiscal year 2013, the local private sector expanded access to water and sanitation services for 400,000 people and improved the level of service for nearly two million people. Additionally, WSP catalyzed over US $9.5 million in investments from small and medium enterprises to expand their reach and influenced the project design of $120 million in water and sanitation funding by the World Bank and other donors.

**Overview**

Today, many governments recognize that the profit motive has the potential to encourage more sustainable and efficient service delivery by pushing service providers to provide higher quality, lower cost services. The DPSP business area works to eliminate the barriers that result in lower private supply of services and higher costs to the poor. These barriers might be related to balancing financial viability of businesses and the low ability to pay of poor customers or the limited ability of investors to identify market opportunities and address non-commercial risks. WSP supports governments in the reform of policies that crowd out or restrict participation from the private sector, such as very short terms for rural public-private partnership (PPP) contracts, which discourage private participation.

By addressing these barriers, WSP assists governments in improving the confidence of market actors, and initial demonstration partnerships lead to increased participation by the private sector, creating a “Pathway to Scale” (See Figure 5).

The following sections describe DPSP’s 2013 results in more detail, organized by the key results used to track progress in achieving scale: increased investment by the private sector, growing market share, better service delivery, an improved relationship between the public and private sector and the development of high-impact knowledge for the sector.

The results achieved in 2013 demonstrate the increasing confidence between public and private actors in working together through markets for delivering services to the poor.

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Increasing Private Investment

WSP works with public and private providers to increase private investments in the water and sanitation sector. Drawing on private resources can expand outreach and encourage greater efficiency. In fiscal year 2013, WSP catalyzed nearly US $10 million in private investment (See Figure 6) in water and sanitation.

In Kenya, the success of the community water financing model in partnership with K-Rep Bank has been instrumental in building confidence among sector institutions and commercial lenders to finance the water sector. Together with the Global Partnership on Output-Based Aid, WSP worked with K-Rep Bank to develop a financial product for water infrastructure investment and introduced an output-based payment for providers, who were paid upon successful construction and operations. This product reduced the cost of borrowing and helped ensure access for the poor. In total, WSP has leveraged over US $7 million in financing and helped over 16,000 poor households gain access.

This activity also illustrates how developing plausible models of risk sharing can have important effects on achieving increased critical mass. The initiative has been widely publicized and the demonstration effect of the work has encouraged the Government of Kenya to mainstream the approach through a government-hosted output-based aid program. Other lenders have also indicated interest in financing the water sector, based on the evidence of potential demand for commercial financing by water service providers. In the next fiscal year, WSP will support the government in replicating the lessons learned on this activity, combining commercial debt and targeted subsidies for affordable services to the poor in urban water and sanitation service delivery.

Expanding Private Sector Market Share

In addition to working to expand investment in water and sanitation, WSP works with governments to open up space for private sector providers and to encourage their participation in the direct provision of water and sanitation services. By encouraging a small group of pilot enterprises, WSP demonstrates the potential viability of the market and facilitates the entry of additional providers, which drives increased efficiency, innovation and competition, leading to more affordable services to more numbers of households.

Figure 5: the DPSP Pathway to Scale

In countries such as Peru, WSP is helping the industry devise plausible business models and test innovative approaches to overcome the challenges of last mile access for rural sanitation. “Mi Baño” (“My Bathroom” in Spanish) is a program that works with local companies to offer a standardized product and financing for household customers in partnership with regional governments and microfinance institutions. 16 such partnerships have been developed in fiscal year 2013, translating into nearly US $500,000 in sales for sanitation construction by households. WSP is working with regional governments to build their capacity to manage these private sector partnerships and develop additional ones.

A growing group of entrepreneurs in Bangladesh and Cambodia are helping enable a critical mass of businesses that can deliver innovation and service to reach the underserved. In Bangladesh, the number of entrepreneurs servicing rural villages doubled to 57 this year. Sales per entrepreneur increased by over 600% due to assistance with marketing, product development and cash flow management. Based on the Pathway to Scale, WSP will share these results widely in the next fiscal year to encourage the entry of new entrepreneurs and reach scale. Similarly, in Cambodia, the number of pilot entrepreneurs tripled to 42 this year, representing total sales of over US $160,000 – twice the scale of entrepreneurs in Bangladesh.
In water supply, WSP facilitated the first ever rural design-build and service contracts between community organizations and private water service providers in Indonesia. For the first time in the long history of community-managed water systems, four contracts were launched between community organizations and private service providers.

Two of these exploratory contracts provided professional services for finance and billing. The other two, worth a combined US $212,000, were for the financing and supply of construction materials under a five-year build-lease-transfer agreement. These pilots were designed to address governments’ desire to explore ways of professionalizing the user associations who manage the tens of thousands of rural water systems in the country.

In Niger, WSP is advising government on the options for transferring exiting utilities in 19 small towns to private management.

Encouraging new investments in the water and sanitation sector is a key part of the DPSP theory of change. In fiscal years 2012 and 2013, WSP efforts catalyzed over $20 million in funds from the private sector. Not only do these investments amplify the impact of WSP’s work, but they also help to drive down the costs of service for the poor over time, as more participants enter the market.

**Improving Efficiency, Innovation and Performance in Service Delivery**

Many water and sanitation providers in the developing world suffer from serious capacity issues, particularly smaller firms. This prevents them from expanding access to more households and maximizing potential profits. To address this issue, WSP develops programs that help governments to assist small and medium-sized firms with technical, financial and commercial issues, as well as product innovation.

In sanitation, product innovation continues to drive business model development. In Kenya, in partnership with the IFC and three large plastics manufacturers, WSP is using human-centered design to develop plastic latrine slabs that meet customers’ needs at a drastically reduced price (See text box, page 17).

**Nicaragua** is the first stage of the Pathway to Scale for using markets to work for the poor. WSP assists the national program agency in using markets to reach...
their sanitation objectives. This year, sales teams have been trained, equipped with tools and deployed in pilot provinces to sell sanitation systems.

Product innovation in Indonesia has facilitated on-site construction through mobile septic tank molds. A standardized business model and product, along with financing support for customers has helped sanitation providers there rapidly expand across the province of East Java. Indonesia is moving from the ‘plausible model’ stage to achieving critical mass by inviting more businesses to work more effectively through a newly-established industry association.

**Strengthening Public Institutions to Engage the Private Sector**

WSP is working with a range of public institutions at the national and local levels to enhance their ability to engage with the private sector. These institutions are tracked on a five-point scale that measures their capacity to effectively support the private sector – with a five indicating that the government counterpart has all the necessary policies, regulations and institutions in place to work with the private sector to expand access to water and sanitation, while a one indicates that the government has no capacity to work effectively with the private sector. Due in part to assistance from WSP, Kenya’s Athi Water Services Board has moved from step three to step four and Indonesia’s National Planning Authority has moved from a two to a three.

There is strong interest in PPPs in India but market response is dampened by the unsystematic way that risks are managed. A key knowledge piece was completed this fiscal year that aims to inform Government’s strategies for lifting challenges faced by the private sector in engaging in water services.9

A review of recent PPPs in urban water reveals that inadequate preparation and information makes estimating the investment requirements and setting performance targets difficult. It found that while public funding has promoted PPPs, it may have taken the focus off capital efficiency and financial sustainability, which may jeopardize service delivery objectives.

WSP’s next phase initiative will support the development of improved models for project preparation and contract standardization.

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**Figure 7: Timeline of DPSP Activities**

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Leveraging Public Investments with Knowledge

WSP’s knowledge work is helping drive additional donor and government investments in initiatives that use the private sector to expand access to water and sanitation services.

As part of DPSP’s knowledge work, a multi-country enterprise survey conducted by WSP and the International Finance Corporation (IFC) surveyed nearly 200 firms providing on-site sanitation services and piped water to the base of the pyramid in six countries. The survey found that the government can often be the key constraint inhibiting the growth of this market, rather than access to finance.

The study found that the market for sanitation is worth over US $2.6 billion in study countries, while people are spending over US $620 million annually for water — with 40% of that spent by the poor. The study also found that sanitation businesses are often much higher margin enterprises than previously expected, even smaller, more informal firms.

In addition, households surveyed reported that sanitation was often a low priority, compared with other expenditures. Many of these households actually spend more per year on mobile phones than the cost of a basic sanitation system. More appropriate, lower cost options, as well as one-stop solutions for purchasing sanitation could help increase the number of households who choose to purchase toilets. The findings from this groundbreaking survey will be widely disseminated in the next fiscal year.

Lessons and Opportunities

WSP’s government clients increasingly recognize the need to engage with the domestic private sector to provide water and sanitation services at scale. In the past year there has been significant additional demand for DPSP project activities, and new sanitation business initiatives are beginning in Indonesia and Kenya. Additionally WSP is supporting new urban sanitation projects in Kenya, Niger and Uganda, as well as small town water PPPs in Benin, Burkina Faso and Niger.

WSP sees the need to rapidly translate the lessons being learned under this initiative about how to build market players’ confidence into guidance on how programs and mechanisms can be established that effectively harness the resources of the local private sector.

In fiscal year 2013, WSP focused on developing a global knowledge and learning agenda on how to increase the scale of service through the local private sector to deliver more affordable services for the poor. As part of this agenda, WSP staff have been grouped into learning “clusters,” focused around key approaches such as sanitation market development, PPPs, strengthening public institutions and investment climates. DPSP has brought on board additional expertise and a knowledge support team to extend capacity and accelerate knowledge exchange work with our clients and other relevant stakeholders.

Mikono Misafi - Using Human-Centered Design to Develop a Handwashing Station

In collaboration with the Kenyan Ministry of Health, IFC and WSP are implementing the Selling Sanitation program. Hygiene promotion is an important component of this market-based approach, which draws on human-centered design principles to develop new products that meet the preferences of consumers at the base of the pyramid. To develop Mikono Misafi (Swahili for “Clean Hands”) staff conducted research to gain in-depth insights into consumer needs and preferences to inform the design of a handwashing station suitable for rural and peri-urban Kenya. Research centered on locations categorized by water quality and availability and attempted to define the features of a low-cost, durable product that could be produced by local manufacturers and would inspire people to adopt and maintain the habit of handwashing.

Following the initial field research, the design team conducted a further round of prototyping and design refinements. The prototype model, Mrembo, included a mirror and 10 liter tank and was widely praised by initial users for its aesthetics and ease of use. The design team is now making final design refinements and working with manufacturers to produce the product, with several buyers interested in ordering large numbers of the handwashing stations for different programs throughout the country.
WSP will use this cluster mechanism to consolidate our learning into ‘standard operating procedures’ and good practices that can be used by our clients to develop programs that promote market solutions at scale.

While the public sector policy context is key to providing entry points for private sector, WSP’s experience is that this is not sufficient to bridge the constraints private sector businesses face in reaching the poorest segments of the market. Combining technical assistance with innovative financing increases the likelihood that businesses will invest in and innovate for the base-of-the-pyramid market.

WSP sees a gap in the toolbox of development solutions for an investment fund that can support the incubation and commercialization of sanitation and water businesses. However, sanitation and water businesses are often small and geographically dispersed resulting in higher transaction costs and lower margins for lenders. Additionally, a wide range of financial instruments are needed given the types of businesses, contexts and risks faced by small and medium-sized companies.

Finally, it takes a whole industry, not just a firm, to deliver water and sanitation services through a market-based approach to the poor. However, establishing supply chains and distribution systems can be difficult, since traditionally these have all been in the domain of the public sector. WSP is testing different approaches for engaging the industry as a whole, encouraging the provision of services at higher quality and lower cost for increasing numbers of poor customers.
In 2013, WSP helped governments across the world develop poor-inclusive water and sanitation policies.
Low coverage rates and poor-quality service in the water and sanitation sector are often the result of weak policies and institutions. Additionally, across the world there are wide disparities in the availability of services between the rich and the poor, with the bottom 40% having minimal access to improved water and sanitation. Across 16 countries, WSP supports sector reform that helps poor households gain access to water and sanitation. WSP works with client governments to develop poor-inclusive policy and strategy, strengthen institutional capacities to ensure effective implementation of these policies and monitor sector performance.

More finance and infrastructure alone will not lead to improved services, particularly for the poor. The fundamental challenge is not about fixing the pipes, but rather fixing the institutions that fix the pipes.

Effective reforms require appropriate institutional frameworks and should encourage increased sector financing through better management and budget allocation and the use of markets to leverage private capital. Both national and local policy and strategy is an important starting point in helping poor people gain access. WSP works at all levels of government to strengthen their accountability. Many governments have had challenges implementing policies due to a combination of factors, including weak local capacity, a lack of appropriate institutional frameworks and a lack of support for sector reform from key constituencies. To address these issues, WSP links support at the national level with interventions at the local level to close the gap between national policies and implementation.

**Overview**

This fiscal year, WSP supported governments in Burkina Faso, Vietnam and Kenya in developing poor-inclusive strategies for delivering water supply and sanitation services. It also helped governments in India, Peru, Bolivia and Cambodia strengthen their institutional capacity to improve service planning, delivery and sustainability at the sub-national level. Additionally, WSP helped governments in Niger and Mozambique build and strengthen capacity for effective sector monitoring. WSP’s work is developing a base of knowledge and tools government clients can use to replicate and scale up poor-inclusive strategies.

**Developing Poor-Inclusive Policy and Strategy**

WSP supports policy and strategy development that impact service delivery, particularly to the poor. In

![Figure 8: Access to Water and Sanitation by Wealth Level in Sub-Saharan Africa](image)

Sanitation and drinking water coverage by wealth quintiles, based on a population-weighted average of 35 countries across Sub-Saharan Africa. Richer individuals are significantly more likely to have access to improved water and sanitation services.
many instances, policy and strategy support is accompanied by a pilot initiative to test out an approach before going to scale.

In Kenya, WSP supported the development of a new National Water Policy and a Water Bill, under the devolutionary framework established by the new Kenya Constitution. The Program’s support was instrumental in having a stronger pro-poor focus in the National Water Policy that explicitly states that realizing the ‘right to water’ in urban settings is only possible by focusing on the poor, particularly those in informal settlements. Through a combination of technical assistance emphasizing poor-inclusive policies, WSP has been able to leverage approximately US $20 million in infrastructure finance from taxes, tariffs and transfers.

In Burkina Faso, WSP supported a delegated management pilot covering an area of over 85,000 inhabitants in the low-income peri-urban areas of Ouagadougou to improve the delivery of water and sanitation services. WSP assisted in the implementation of the project, financed by the French Development Agency, in five pilot areas to test the delegated management model and expand services to low-income settlements, which make up 30% of Ouagadougou.

This model, which promotes the partnership between the main utility and local private entrepreneurs, has already been incorporated into the national water utility’s new pro-poor strategy. This strategy is being used to help mobilize funds for improving urban water supply in poorer areas, and helped WSP leverage US$ 2 million in World Bank-funded water and sanitation projects in Ouagadougou and Boubou Dialasso.

WSP completed a comprehensive program of technical assistance to the Government of Vietnam to formulate a Unified Sanitation Sector Strategy and Action Plan in fiscal year 2013. The strategy helps improve sector coordination, clarifies and strengthens the policy and regulatory framework for sanitation, and also creates an enabling environment for increased sector funding and more effective use of resources.

The Ministry of Construction, responsible for drafting the strategy, has started the internal process of submitting the strategy to the Prime Minister for approval. A pilot city sanitation plan has been prepared for the city of Can Tho. The sanitation plan includes comprehensive solutions for wastewater and solid waste management, addressing institutional, financial, human resource, technical and communication issues.

**Strengthening Institutional Capacity**

WSP helps governments build the capacity to improve service planning, delivery and sustainability in the water and sanitation sector and to better implement sector policies, plans and strategies.

The Bangladesh Horizontal Learning Program has been a widely successful project that has been replicated throughout the country. The program is a local government led peer-to-peer learning platform initiated by the Government of Bangladesh and supported by WSP and other development partners. It aims to strengthen the capacity and accountability of local governments and influence policy and planning both at national and local levels. Since 2008, local governments have contributed US $7 million to replicate more than 89 good practices in diverse areas such as water and sanitation, governance, climate change, gender, health, education and other services for 10 million people (of which 5.1 million are women and 2.4 million are hard core poor).

In 2013, WSP helped the Government of India in setting up support organizations in 10 states to coordinate a drinking water security pilot in India to prevent exploitation of ground water resources and improve water supply and sanitation services for two million rural people in these states. India is the largest consumer of ground water in the world. Approximately 80% of the total water resources withdrawn in India are used for agriculture, leading to rapidly declining groundwater table in many parts of the country and reducing access to clean drinking water. WSP provided technical support in basic principles of drinking water security, such as water budgeting, source sustainability and the social costs of poor sanitation at local-level workshops which brought together village administrative bodies and Village Water and Sanitation Committees.

**Monitoring Sector Performance**

A sustained system to track the long-term impact of policies and projects is missing in many focus countries. In 2013, the Program supported initiatives to assess and monitor sector performance through a variety of tools including IBNET for global utility benchmarking, national sector information systems and mWater.

In Honduras, all nine government agencies from sectors including water, sanitation and finance are using inputs from MAPAS, a monitoring tool, to improve the sector policy framework. In El Salvador, the technical secretariat in charge of water reform is coordinating with all sector agencies and using MAPAS inputs to
inform new policies under development. In Panama the Ministry of Health is taking steps to reduce inequities in rural areas based on MAPAS coverage analysis.

The Service Delivery Assessments in the East Asia and Pacific region highlight the diversity of WSP focus countries in the area – countries focusing on smaller groups of dispersed, hard-to-reach populations, as well as countries that need poor-inclusive solutions at scale. In Papua New Guinea, which is currently likely to miss its water and sanitation Millennium Development Goal targets, the Government, with WSP support, identified several key priorities, including comprehensive sector policy by 2014, new institutional arrangements and additional rural sector investments.

By contrast, in Vietnam, which will achieve its targets, Service Delivery Assessments recommended streamlining access targets and monitoring systems, expediting adoption of urban sanitation strategy and developing viable maintenance arrangements, especially for rural areas and small towns. WSP is supporting the government in institutionalizing this type of sector assessment in the countries where they were carried out to serve as a form of sector monitoring in the future.

WSP also supports sectoring monitoring with utility performance benchmarking through IBNET. Managed by WSP since 2003, IBNET is the largest publicly available database of operational and financial performance information for more than 3,300 municipal water providers in 115 countries. In 2013, IBNET became a part of World Bank lending operations in Mozambique, in addition to 21 other countries. The IBNET team also helped to establish monitoring systems for the African Ministerial Council on Water. The tool will be used for the post-2015 performance assessment of water utilities in the region. In 2013, IBNET performance assessment tools were used outside of the World Bank by the German Development Agency in Kenya, the Asian Development Bank in Pakistan and South Pacific, and ADERASA in Latin America.

In some of its focus countries, WSP has been assisting the establishment of a national information system to monitor activities in the water and sanitation sector. Since 2007, The Program has been assisting the Government of Mozambique in developing the National Water and Sanitation Information System (SINAS) to strengthen sector oversight and accountability and to provide up-to-date data for sector planning, tracking investment programs and monitoring the sustainability and continuity of services. In the past year, 405 staff were trained in the collection and use of SINAS. As a result of this training, over 2,200 point sources were added to the database in the past year. The mid-term evaluation of the National Rural Water Supply Program highlights the effectiveness of SINAS training at decentralized levels.

In the Africa region, WSP has been using mobile technologies to improve services in Senegal, Mali and Benin. In the last year, WSP has expanded the mWater

![Figure 9: Using Technology to Improve Water Supply Services](image)

The mWater system, which provides a mobile phone front-end for a web-based platform, allows policymakers to effectively monitor rural water systems and quickly aggregate data.
program to Niger and has helped Niger’s Ministry of Hydraulics improve its monitoring system through mobile phones to collect timely indicators for annual planning of water and sanitation investments. mWater, a mobile-to-web platform, has been piloted in 62 piped water programs to monitor services in rural areas in the Tahoua region. The local piped water operator uses the mWater service to provide technical information such as the number of household connections or standpipes and length of network, as well as financial data (See Figure 9).

Lessons and Opportunities

This year, WSP completed a portfolio review of the activities under the poor-inclusive policy reform business area to assess their relevance and effectiveness in a global theory of change on identifying, reaching and measuring the benefits to the poor. The findings from this review will help identify and shape future activities by building on the strengths of WSP’s programs and addressing current challenges. Key lessons from the poor-inclusive policy reform business area include:

Sector reform requires a long time horizon and is a dynamic process. Sector reforms, which can sometimes take 10-15 years to implement, can be divided into the following phases: developing policy and strategy, strengthening institutional capacity and providing sector performance monitoring. Experience shows that this is not a linear process and WSP has intervened in different phases to support sector reforms. For instance, in the Bangladesh Horizontal Learning Program, local governments identify, share and replicate good practices in water and sanitation. In this case, the entry point for WSP support is our work strengthening local governments.

In Bangladesh, sector monitoring is the next step in this process as WSP assists the government in monitoring budget allocation, expenditure and the number of people served by good practices identified in the previous phase. Finally, these good practices are shared with national policy makers and the most-replicated practices are included in a national capacity building manual.

Sector monitoring at the national and local levels is a key element of pro-poor sector reform. Sector monitoring systems remain weak in many countries, thus making it difficult to accurately assess how well the water and sanitation sector is serving the poor. In Mozambique, for instance, more boreholes have long been equated with service delivery to the poor in rural areas, but it is not clear if this is the case. However, with WSP’s support, Mozambique is building a sector monitoring system at the national level. WSP is providing the necessary capacity building at the provincial and local levels to carry out such monitoring to understand what happens to infrastructure investments. Similarly, WSP is helping governments to democratize monitoring and collect data from poor consumers through mobile technology in Niger, Senegal, Benin and Mali. These initiatives will strengthen sector monitoring.

In addition to carefully structuring the sector reform strategy, identifying the poor more consistently will strengthen results. While projects routinely mention that the poor will benefit, the definition of the poor varies across projects. Different definitions make it difficult to compare outcomes for the poor across countries. A more consistent articulation of pro-poor objectives and definitions will strengthen WSP’s work in aggregating its results globally and align it more closely with the World Bank’s twin goals of ending poverty and shared prosperity.

Financing mechanisms that focus on reaching the poorest segments of the population remain a challenge. WSP has helped governments develop pro-poor sector policies, strategies and plans which highlight the importance of financing arrangements for the poor, such as special budget allocations for the poor, partial subsidies, output-based aid and microfinance. In several cases, WSP is already supporting the government and water and sanitation providers’ pilot initiatives that test innovative financing mechanisms to serve the poor. The challenge is to scale these up. Over the coming years, WSP will build on promising existing initiatives and continue to explore innovative mechanisms to serve the poor, particularly the bottom 40%.
In 2013, WSP’s work provided insights and new directions on the critical problem of urban sanitation.
Three billion of the world’s people now live in cities or towns, and the global urban population is projected to reach almost five billion by 2030. Urbanization brings many social and economic benefits. However, realizing these benefits requires careful public management, including a strong focus on improved water and sanitation services. Around the world, slums are expanding by over 20 million people per year. Most of the urban poor in developing countries live in unplanned, informal settlements with minimal access to basic services. As these settlements expand, the demand for access to water and sanitation grows as well. To manage the health and environmental risks that accompany increased urbanization, governments must work to effectively meet this demand for improved services.

These are not simply challenges for large cities. Over half of the global urban population lives in cities of less than 500,000 people, and these small cities are projected to grow faster than any other urban area. Smaller cities are often poorer and lack the capacity and the infrastructure to manage the influx of new residents triggered by urbanization, making effective water and sanitation provision an even bigger challenge in these areas. Significant barriers to providing effective urban water and sanitation services exist, particularly in slum areas where legal and social considerations often prevent services to people without land tenure. There are often no clear policy solutions to balance this concern about the scale of urban growth with the need for extending access to the growing urban populations in these areas.

In developing countries, commercial and high-income residential areas are often served by a public sewerage system and septic tanks, while low-income areas are served by different types and qualities of latrine. Septic tanks and some latrines may be emptied by a mixture of public and privately operated vacuum tankers, while other latrines are either too inaccessible or too poorly constructed to allow this and are emptied using unhygienic manual methods. Comprehensive city-wide approaches to sanitation and addressing the critical challenge of fecal sludge removal are a key part of effective urban sanitation strategies.

**Overview**

WSP believes that a focus on urban areas is critical for scaling up access to water and sanitation. Across our focus countries, the Program has already achieved results working with national and municipal governments to help them better serve urban residents at scale in both large and small cities. In the transition to the next business plan, WSP is capitalizing on this momentum to further expand our work and reemphasize the importance of urban water and sanitation. Our urban programs focus on providing assistance to governments at the national and sub-national levels to ensure that policy, strategy and reform help poor people gain access to improved water and sanitation. This approach addresses capacity, technical and political economy challenges locally, and achieves scale by impacting national policies and international knowledge. Lessons learned during this process are not simply replicated in isolated cases, but rather are built into the policies and strategies that inform investment priorities and operational practices on the ground.

In fiscal year 2013, initiatives in a number of countries have led to improved urban services at scale, while evidence-based reform advice has contributed to the global dialogue on improved services and the emergence of more pro-poor policies and sub-national plans and strategies.

Perhaps the most coherent example of this approach in the past year has been our work in urban sanitation. WSP’s global analytical work on the topic has taken massive strides forward since 2012 by learning from and contributing to a growing portfolio of country-level policy and monitoring support, as well as city and town level technical assistance and investment project design. WSP will capitalize on this progress to achieve greater and accelerated scale up throughout the remainder of the current business plan, and in the post-2015 one.

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A WSP scoping study from fiscal year 2012 on trends, practices and opportunities in urban sanitation found that although there is no simple solution that will deliver improved sanitation to the developing world’s burgeoning cities, much can be achieved by applying what is already known and proven in practice. The study conveyed a strong message that effective delivery of sanitation to all urban dwellers requires the whole chain of services, not just single elements, supported by a combination of domestic, decentralized or fully networked infrastructure through a city-wide inclusive approach.

As a result of the study, WSP is now conducting additional research on the issue of fecal sludge management, which is already generating new ideas for sustainable approaches to address the fecal sludge management challenge faced by many cities. International monitoring data on improved access to improved urban sanitation conceals the fact that in developing countries most people still rely on on-site systems. In Sub-Saharan Africa, for example, more than half of the poorest 20% rely on unimproved sanitation or have no toilet at all. Even in Brazil, a middle-income country, some 28 million people rely on unimproved or shared toilets.

The fecal waste from on-site sanitation facilities rarely reaches a treatment facility for safe reuse or legal disposal, and few cities have the institutional arrangements or infrastructure for fecal sludge management. On-site management of fecal sludge is typically seen as a temporary solution in illegal or informal settlements, yet it should be considered as a long-term option when network sewerage is not feasible.

Due to high population density in many urban areas, there is not enough space to accumulate fecal sludge. It must continuously be removed, requiring a multi-step service chain, starting with household containment and ending in treatment, typically a large public investment. Conventional sewerage addresses this with a publicly operated sewer service, while on-site services require trucks and access to latrines. The Millennium Development Goals focus only on the first step of the sanitation service chain. The downstream steps are not monitored and often function poorly (See Figure 11).

WSP will continue research on this topic in the coming year, helping enhance our ability to provide evidence-based technical assistance and policy dialogue. In 2013 WSP also launched projects and policy initiatives that incorporate fecal sludge management. Scaling up urban water and sanitation services requires strong and accountable policy and institutions, not infrastructure alone; as well as city-wide planning and investment.

**Enabling Policy**

Robust evidence and policy advice provided by WSP has helped several governments map out strategies for improved water and sanitation services. The Program

**Figure 10: Building Effective Urban Sanitation that Reaches the Poor**

A service delivery framework is critical for providing effective services that reach poor communities, but creating and sustaining this framework requires the right drivers and accountability mechanisms.
has also helped governments develop frameworks for prioritizing investments, funding projects and monitoring progress, especially around the previously neglected areas of sanitation and wastewater management.

To strengthen city-wide approaches, the Government of Indonesia incorporated the findings of a WSP-supported review of community-managed decentralized wastewater treatment systems into its guidelines for cities. The study included nearly 400 systems, based on data from 70% of all existing systems in Indonesia. The key recommendations were to move from community management to co-management of these systems with local government and to reduce the use of shared communal sanitation systems in favor of household toilets connected to shallow sewer systems.

Supported by a WSP review, the Government of Vietnam has greatly enhanced its ability to make evidence-based policy and investment choices on urban water and sanitation. A review of strategies for delivering sustainable water and sanitation services in small towns has provided new data now available to the national government for policy purposes. The review revealed that only 58% of residents of small towns have access to clean water, far below the national average. According to the review, 19 wastewater treatment plants are operational or under construction, but are responsible for serving over 700 small towns.

On the basis of this evidence, the review also provided tangible recommendations for the development of a provincial master plan for water and sanitation to ensure investments are evenly distributed and do not result in the gaps in coverage identified in the study. After identifying a lack of institutional accountability that led to low coverage, the review also recommended that the provincial People’s Committees primarily take responsibility for service provision, with operation and maintenance managed by private sector partners.

In India, the urban sanitation agenda has been expanding on several fronts. A second round of the national sanitation rating of cities has been completed, updating a highly influential study from 2010. WSP helped conceptualize the original idea and has worked closely with the Ministry of Urban Development on the revised study which will be released in the coming year.
In 2013, WSP also assisted the government in developing a septage management advisory note distributed by the Ministry of Urban Development and conducted a study tour to Malaysia to expose government officials to an effective approach to septage management.

Pakistan’s first comprehensive water and sanitation sector study was completed this year. The study assessed the policy, institutional, governance, technical, services and capacity aspects of urban and rural water and sanitation services providers in four provinces and three regions of Pakistan. The study provides recommendations for improving the enabling environment and services, and will be followed by a three-year joint technical advisory program to support implementation of the study’s recommendations.

In Bolivia, WSP research, analysis and policy dialogue assisted the government in developing new regulatory norms for fecal sludge management – a critical challenge for the country’s cities. In Santa Cruz, for example, sewerage is available to only 36% of residents, almost exclusively in the central, fully-urbanized area, while peri-urban residents use on-site systems serviced by an unregulated tanker market. The new regulatory norms being implemented will improve the quality of sanitation services for the majority of urban Bolivians dependent on on-site sanitation.

**Assisting Leadership and Sector Coordination**

From wide-ranging devolution reforms in Kenya to specific pro-poor institutional innovations in other countries, WSP has worked with water and sanitation ministries, as well as service providers, to improve governance, accountability, performance and data collection.

In Kenya, ongoing sector reforms are significantly impacting smaller urban areas. Since devolution moved the responsibility for water services to the newly established counties, strong national policy guidance will be critical to ensure the transition does not disrupt services in towns where service providers have changed. Several towns owned and managed their own utilities prior to devolution. These towns are now responsible for providing water and sanitation services throughout their counties, affecting their ability to meet demand for services in urban centers and secure sufficient financing. WSP is working with officials at the national and county levels to verify data and develop approaches that would secure the flow of water to the growing urban populations in cities and towns.

WSP assisted Pakistan in establishing the country’s first pro-poor water and sanitation cell in the Faisalabad Water and Sanitation Agency in Punjab. The cell will prioritize pro-poor improved water and sanitation services. A US $1.6 million project is now underway to bring 82,000 urban poor people into the formal network. WSP supported the institutional design of the cell, as well as GIS mapping and a mobile app-based socio-economic survey in a pilot area. WSP also encouraged south-south learning by introducing the staff of the cell to best practices in the Africa region.

Towns in Honduras identified opportunities for service delivery improvement, including strengthening managerial skills of service providers and increasing small-scale investments in the sector. Due to the WSP study, small towns have now been included in the Water and Sanitation Sector Modernization Project for additional financing.

**Facilitating Investment Planning and Improved Performance Review**

In 2013, WSP worked with client cities and towns to leverage international and country-level resources, supported by improved systems for allocating resources.

In Kenya, WSP technical assistance helped the Nairobi City Water and Sewerage Company develop a policy for social connections for underserved populations, and to mobilize financing from the domestic market and output-based subsidies to make water and sanitation services affordable to more than 9,000 families living in informal settlements.

WSP is managing a US$1.8 million grant facility in Maputo, Mozambique from the Japan Social Development Fund to improve tenant sanitation facilities and pit-emptying services for 140,000 people in 11 informal settlements within the capital city. Emerging lessons show that community-level monitoring is a powerful tool in mobilizing poor households to upgrade and improve the cleanliness of their self-built latrines.

Additional activities to support the creation of city-wide approaches to urban sanitation in India included the preparation of a decision support tool for city sanitation planning, developed by WSP and the Ministry of Urban Development to help cities evaluate their different options for achieving the goals of the National Urban Sanitation Plan.
South-south learning facilitated by WSP between officials from Zambia, Brazil and Peru has led to the construction of a condominial sewer system by Lusaka Water and Sewerage Company which will benefit 2,000 families. The new model offers an innovative approach that has not previously been tried in Sub-Saharan Africa, and it has already raised interest among other utilities in Zambia. The Lusaka Water and Sewerage Company has committed US$1.2 million for secondary sewer lines and water network improvements to connect individual plots to the condominial sewer system.

In Indonesia, 134 cities benefited from technical assistance on septage management models, jointly offered by WSP, USAID and the Ministry of Public Works. As part of this assistance, a study on sludge accumulation rates in Indonesia showed that 95% of on-site systems are open-bottomed leach pits rather than septic tanks and that the rate of sludge accumulation is lower than earlier studies have indicated. These findings bring new perspective to the design of new sludge treatment plants and the rehabilitation of existing ones. Based on the technical assistance program, the government has now adopted a “ladder of septage management improvement” to assess current conditions and next steps, and identify new institutional arrangements and options for private sector involvement.

Several WSP advisory notes in India helped enhance service delivery for both water and sanitation. Based in WSP guidance, the Government of Madhya Pradesh established plans to improve urban sanitation in 20 million households, committing US $45 million towards this goal. The Government of Karnataka is working to bring uninterrupted round-the-clock water supply to two million citizens. WSP support for this activity included an international study tour to Algeria and Spain to learn from their experiences in delivering continuous water supply through poor-inclusive service arrangements.

WSP also supported the Government of India in launching SLB Connect – a mobile phone-based citizen feedback system for water supply and sanitation services. A survey in one city in Maharashtra sampled 5,200 households. The results were made accessible on an online dashboard, and used by the state government to identify system shortfalls and allocate resources more effectively. The system is now being replicated across multiple cities.

WSP is also supporting the consolidation of the benchmarking and performance improvement plan process in Bangladesh through the compilation of an urban water utility data book summarizing the performance of the country’s 31 utilities on key indicators. WSP helped expand the urban water utility network to 35 utilities, and is now preparing to scale up and exit from this process by transferring the benchmarking process to a private firm.

**Lessons and Opportunities**

WSP has achieved urban water and sanitation results for many years, but 2013 has provided new evidence – especially on urban sanitation – that has encouraged an even stronger focus on reaching scale in urban areas.

The lessons from our field work and global studies over the past year, along with broader trends in urbanization, demonstrate the strong need for better water and sanitation services for the urban poor. Key findings from this work resulted in four propositions now being used to further strengthen our theory of change for reaching scale.

First, service delivery to the urban poor has important implications for the entire urban settlement, and makes business sense. The increased population density and the largely unplanned nature of many urban settlements in developing countries mean that problems in service delivery to the poor, such as inadequate disposal and treatment of fecal waste in urban slums and informal settlements, have health, environmental, and economic impacts far beyond the urban poor population. Water service providers benefit from economies of scale by serving the poor as part of citywide service delivery, resulting in more paying customers, more viable operations and improved ability to serve all customers.

Urban water and sanitation therefore require a comprehensive city-wide approach. Fragmented, small-scale policy and operational interventions are unlikely to reach the poor effectively, and leave the larger urban population vulnerable to health and environmental risks.

Secondly, in urban sanitation, WSP research from 2013 provides evidence that it is necessary to address the entire service delivery chain, from collection of human waste through to its reuse or disposal. An effectively managed service delivery chain mitigates the negative health and environmental effects of inadequate sanitation that threaten whole urban communities, not just the poor.
In water supply, poor households benefit from citywide approaches because when they do not have access to water through a city-wide integrated piped network, they typically pay a much higher price than the full cost of the piped network water, and they are often exposed to less safe supplies. Including poor customers in the formal network helps address these problems.

Third, in informal settlements urban planning and management challenges go beyond the water and sanitation sector. They require improvement and expansion of slum areas consistent with the overall urban governance and land management policy. WSP’s social connections work in a number of countries, including Kenya and Uganda has begun to address the pivotal issue of misguided subsidies, and is helping dispel the common notion that poor-inclusive services are not a viable business for utilities.

Finally, small towns require more attention and different approaches. Urban areas in developing countries range from small towns and secondary cities to metropolitan areas and capital cities. Recognizing this diversity helps develop and support analysis, policies, institutions and programs able to respond to urban centers of different sizes and capacities. Analytical and field work from Uganda, Peru, Bangladesh and Vietnam has delivered new data and experiences to inform approaches to these smaller areas.

Urban contexts provide unique opportunities to address policy and institutional obstacles to service delivery. WSP’s cumulative experience over the years has shown that when service providers become more effective and accountable they can more easily leverage significantly more public budget allocations, internal revenue and private capital. The scale of larger urban areas may be a challenging burden for urban service agencies, but it also a larger base of potential customers. In many of our client countries, ostensibly autonomous city-specific or national and mid-level utilities have been established to provide urban water and sanitation services. Some – like L’Office National de l’Eau et de l’Assainissement (ONEA) in Burkina Faso and the National Water and Sewerage Company (NWSC) in Uganda – have been particularly successful in using this potential customer base to develop sustainable businesses and reach poorer customers. These utilities also share characteristics of operational accountability, better information systems and supportive enabling environments that allow them to be effective companies while simultaneously serving the poor. The lessons from these utilities will benefit many other water companies or departments experiencing varying degrees of political interference, ill-targeted subsidies that do not reach the poor and a lack of policy guidance on prioritizing the poor.

As WSP further expands the urban portfolio, the Program is building an even stronger platform for evidence-based dialogue and partnerships. This platform will be used to clarify policy choices, address structural constraints to service delivery in urban areas and scale up results around the world. In the coming years, WSP will leverage the results achieved in 2013 to identify new opportunities to assist our client governments in managing the serious impact of water and sanitation challenges on the urban poor.
In 2013, WSP helped governments in Latin America and Asia respond to climate threats.
Global climate change is accelerating local changes in weather patterns, resulting in more extreme and more frequent natural disasters. This extreme weather has a disproportionately large impact on the poor, who often live in marginal areas more likely to be affected by natural disasters. In addition to higher average temperatures, global climate change is also increasing sea levels, which will greatly impact low-lying poor countries such as Bangladesh. Climate change is a serious risk to water and sanitation infrastructure. To address this risk, the Program is working to identify how climate change impacts the water and sanitation sector and how to manage these threats.

WSP helps governments incorporate the impacts of climate change into ongoing programs by developing and implementing climate change adaptation and disaster risk management approaches for the water and sanitation sector. In urban areas, the Program assists in developing risk management tools and climate change-focused planning for ongoing programs. Work in this area is supported by research and ongoing monitoring. In rural areas, WSP focuses on developing solutions for flood-prone environments, which are expected to experience greater climate variability. The Program is also working with local communities to craft low-cost climate change adaptation strategies.

Overview

Although the business area is currently active in a small subset of focus countries, WSP continues to develop a stronger understanding of the major risks climate change poses to the water and sanitation sector. Through assessments in Latin America and Asia, the Program is helping government clients identify the specific threats posed by climate change, and is assisting them in developing strategies to combat these threats. In Central America, these assessments are being used to help share knowledge on this topic throughout the region. In addition to providing assessments, WSP is helping clients build capacity to respond to climate change.

The Risks of Climate Change and Natural Disasters

In Vietnam, WSP carried out a climate change vulnerability assessment for Ben Tre province, a coastal region in the south of the country (See text box, next page). The assessment found that climate change will likely have serious impacts on the water and sanitation sector in Ben Tre, due primarily to rising sea levels, higher amounts of rainfall and increasing groundwater salinity. Drawing on the assessment, provincial officials developed a climate change adaptation strategy.

In Central America, all seven member countries of the Central American and Dominican Republic Forum on Drinking Water and Sanitation completed baseline assessments of their disaster risk management strategies for the water and sanitation sector. Following the assessments, member countries identified opportunities to improve their strategies. The assessments will be used to prioritize WSP assistance and will provide a platform for member countries to share knowledge on climate change adaptation and disaster risk management. In the coming year, officials from Nicaragua and Honduras plan to conduct a probabilistic risk assessment similar to the one conducted in Peru in fiscal year 2012.

Building Capacity to Respond to Climate Change

In India, at the request of the Ministry of Drinking Water and Sanitation, WSP assisted 10 states in implementing the national drinking water security pilot project and helping their citizens adapt to climate change. The project, which impacts over two million people, helps communities adapt to depleted ground water supplies caused by climate change and over-extraction.

WSP trained officials in the basic principles of drinking water security, including water budgeting, source sustainability and system sustainability. The Program organized four national trainings for 150 state govern-
ment employees on key principles of drinking water security. In addition, 12 village-level trainings were used to demonstrate to trainers how water budgeting should be taught. Community members participated in exposure visits to villages in Andhra Pradesh to learn about water security through discussions with local farmers.

WSP led two national review workshops, which were chaired by the Secretary of the Ministry of Drinking Water and Sanitation. At the workshops, the 10 participating states reported on their progress and set targets for future progress in helping vulnerable households adapt their water use in anticipation of further climate change.

Lessons and Opportunities

Although currently a small portion of the overall WSP portfolio, the climate change business area continues to evolve as knowledge is developed on the links between water and sanitation and climate change. While climate change is a lower priority for some of our government clients, several countries vulnerable to climate change are already working with WSP to better understand the risks they face and how to adapt to them.

Managing the Impacts of Climate Change in Ben Tre Province

At the core of the Mekong Delta, Vietnam’s Ben Tre province is crossed by a dense network of tidal rivers and canals. Low and flat, the province is on average less than 2 meters above sea level. These features make Ben Tre particularly vulnerable to climate change. Understanding how climate change will affect the province, and in particular the impact that climate change will have on the water and sanitation sector there, is a critical question for the government and donors.

To answer this question, WSP developed an assessment model that draws on existing climate projections to estimate how weather and sea level changes will affect water and sanitation infrastructure over the next 20 years. The model is used to develop a risk score based on the potential size and likelihood of the impacts. This score is also influenced by the capacity of local stakeholders and local poverty levels, which indicate how well or poorly the region can effectively manage climate change. After piloting the approach in Ben Tre, the tools developed in the assessment can be broadly applied in other areas vulnerable to climate change.

Following the initial assessment, WSP found that the potential rise in sea level and the increases in short duration rainfall frequency are the key climate risks facing water and sanitation infrastructure in Ben Tre province. Rising sea levels will disrupt infrastructure, and will also result in increasingly saline groundwater, which will cause water and sanitation systems to corrode more rapidly. Higher levels of rainfall will overload storm drainage systems in urban areas, and shifts in rainfall patterns will increase the need for dry season water storage.

Based on these findings, WSP helped develop an adaptation strategy, and recommended that officials in Ben Tre begin to incorporate climate change resilience into the design of new infrastructure, provide training on climate change for utilities staff and conduct more detailed assessments of the structural condition of existing infrastructure.
In 2013, WSP worked with governments and development partners to prioritize water and sanitation during the recovery process.
Delivering Water Supply and Sanitation Services in Fragile and Conflict-Affected States

Fragile and conflict-affected states are at greatest risk of not meeting the Millennium Development Goals by 2015. While global poverty has declined sharply in more stable countries, the number of poor living in fragile states has held steady. Estimates vary widely, but 20-50% of all of the global poor are believed to be in fragile states. This trend is expected to accelerate – by 2025 some anticipate the number of poor households in fragile and conflict-affected states will double.\(^\text{12}\)

Conflict, economic crises and natural disasters not only damage infrastructure but also reduce capacity, leaving governments too weak to meet basic service-delivery standards or donor accountability requirements. As a result, donors either channel funding to humanitarian agencies or set up parallel systems of accountability bolted onto line ministries. Although these strategies help rapidly deliver emergency relief, when entrenched they can undermine the development of sustainable country-led programs delivered through a country’s core administrative systems by skilled government employees.

Overview

WSP has two learning objectives and two finance-related objectives for fragile and conflict-affected states. The learning objectives are to generate the tools and models for delivering water and sanitation services in fragile states and to understand and document the sector’s contribution to peace and state building. The two finance related objectives are to increase the use of country systems for transfers by development partners and to increase domestic investment through taxes and tariffs.

WSP helps utilities and governments set up a range of infrastructure and cost recovery models, and helps them monitor the infrastructure creation process. The Program also tests the feasibility of these cost recovery models in select urban utilities, small towns and large rural piped water programs. By determining the effectiveness of various approaches to cost recovery, WSP helps utilities attract more investment to fund additional expansion.

WSP’s work also addresses the political links between sector development at the country level and cost recovery at the utility level. WSP documents and shares this knowledge beyond our focus countries through our network of sector partnerships.

Technical assistance provides an entry point for collaboration with governments on strengthening their policies, institutions and monitoring capabilities. This work helps shape and improve the effectiveness of investment programs by the World Bank, regional development banks, other development partners and those funded from countries’ own slowly expanding tax base.

Within the World Bank Group WSP has been active in promoting water and sanitation in the World Bank’s reengagement strategy for Somalia, providing background analytical support for the need and opportunities to invest in water and sanitation. WSP and UNICEF jointly conducted a scoping mission at the end of the fiscal year in Myanmar to identify key water and sanitation sector needs. At the request of the Government of Myanmar, the Program will work with the Asian Development Bank, JICA and UNICEF to undertake a comprehensive sector review in 2014.

Theory of Change

WSP focuses on supporting states to transition from ad hoc emergency interventions to longer-term country-led development programs. To enable sustainable, long-term progress, WSP helps countries deliver services through their core country systems – planning, budgeting, expenditure management, monitoring and procurement – by a cadre of government staff. This enhances the rate, reach, and sustainability of service delivery and links service delivery with the political process, enhancing the legitimacy of the state.

In **Zimbabwe**, WSP provided technical assistance to the national water policy which was launched in March 2013. This was followed up with an urban services benchmarking exercise helping quantify the dramatic service decline that has taken place of the past decade of economic crisis. In **Sierra Leone** and **Republic of Congo** WSP supported comprehensive national water point inventories (See **Figure 12**).

The Vice President of **Liberia** launched the 5 year water supply and sanitation Sector Investment Plan in February 2013 to coincide with the Liberia’s second poverty reduction strategy: the Agenda for Transformation. WSP worked closely with water sector donors (including DFID, GIZ and KfW) in **DR Congo** to develop an evaluation framework for investments in autonomous urban and rural piped water systems.

Urban and rural areas in fragile and post-conflict states each face a different set of challenges. WSP is testing approaches in both rural and urban environments, leveraging knowledge in other business areas to overcome these challenges. The next sections present results from WSP’s work in the fragile states business area to illustrate how this learning is put into practice.

**Urban Water Supply and Sanitation**

Over a third of all residents of fragile states live in urban areas – a significantly higher percentage than in politically stable low-income countries. The high levels of urbanization and population density, combined with poor or non-existent water supply and sanitation, makes urban areas in many fragile and post-conflict states more vulnerable to cholera. Less than one out of four people in **Haiti** and **Sierra Leone** have access to improved sanitation – one of the lowest rates in the world. Even in urban areas with higher levels of access, service quality is often extremely poor. WSP research in **Zimbabwe** found that although half of urban residents have access to improved sanitation, 80% of all sewer waste is untreated.

The suspension of urban planning, municipal governance and sector policy development in fragile states has resulted in the formation of large informal settlements and a proliferation of essentially rural solutions – pit latrines and boreholes with hand-pumps – in urban areas. The result is expensive, poor-quality, unregulated services, as well as widespread dumping of solid waste.

**Figure 12: Mapping Water Service Points in Sierra Leone**

With the Government of Sierra Leone, WSP conducted a GIS-mapping exercise of all water service points installed by large NGOs and other organizations (excluding the government, utilities and private firms). This information is being used by the government to reduce overlap and improve coordination of NGO activities.
waste and fecal sludge into the urban environment. Despite these challenges, urban areas are often less of a priority than rural areas for donors. Across Sub-Saharan Africa, only two fragile states receive more urban-focused aid, illustrating the strong rural bias in post-conflict assistance (See Figure 13). By working with donors to build the state of knowledge in the sector, WSP is helping highlight the importance of investing in urban water and sanitation when supporting fragile states.

There is even less support for capacity building in utility management. Under the fragile states business area, WSP is providing recovering utilities with support for customer enumeration, linking this to metering programs and providing objective information on appropriate billing systems. WSP supported the Liberia Water and Sewer Corporation (LWSC) in rebuilding its database of customers and potential customers. Newly installed high-lift pumps at the White Plains treatment plant, financed through the World Bank, have started supplying water to the Paynesville area of Monrovia. The Program helped LWSC map over 15,000 households and small businesses in the area, of which only 700 had an existing LWSC connection. The utility will start a connection and metering program for the 10,000 customers who requested connections during the exercise. To help build their customers’ trust, WSP is advising LWSC on billing and customer service.

Since 2011, the number of poor households in Freetown, Sierra Leone has increased dramatically, even though poverty has declined nationally. Reversing this trend will require substantial investment in the city’s dilapidated urban infrastructure – a significant challenge given the multiple sectors that must be coordinated in tandem. Bringing improved sanitation to Freetown requires addressing storm drainage and solid waste management while simultaneously working with planners on road improvements to avoid damaging existing water and sewer infrastructure. To assist the government in expanding water and sanitation services for the growing population of Freetown, WSP is currently developing a case study to identify options for integrating pro-poor water and sanitation investments into a broader urban services program being designed by the World Bank.

**Figure 13: Development Assistance for Water and Sanitation in Fragile and Conflict-Affected States**

![Graph showing development assistance for water and sanitation in fragile and conflict-affected states](graph.png)

Although water and sanitation have received significant levels of donor support in fragile and conflict-affected states between 2007 and 2011, the majority of that funding has gone to rural areas, even though many of these countries are experiencing rapid migration into urban areas.
In Papua New Guinea, a Service Delivery Assessment conducted this fiscal year found that an unclear division of responsibilities between different institutions is a major barrier to improved rural and peri-urban services. The study also found the lack of a national WASH policy as another key issue preventing the expansion of water and sanitation services. As a result of this study, government officials and donors have now prioritized activities to address these two challenges, with WSP providing policy inputs while the European Union explores options for additional support for the new policy. Additionally, in rural areas, there are still few channels for effective service delivery. WSP’s work has highlighted this urgent issue, encouraging the government to increase domestic funding to speed institutional reforms.

In Zimbabwe, WSP supported service level benchmarking across 32 urban local governments, tracking the decline in service triggered by the past decade of economic crisis. This exercise was carried out in cooperation with the Urban Councils Association of Zimbabwe, Ministry of Local Government and Ministry of Water Resources Development and Management. The results of the exercise have been the subject of a vibrant local government peer review process, and participants have identified and shared solutions on managing non-revenue water, cost recovery and customer care. The process has helped build capacity within urban local governments, and the data are being adopted by the sector partners as a common baseline for prioritizing and monitoring investments.

Less than 27% of households in South Sudan have access to safe drinking water. This is due, in part, to the lack of efficient providers for water supply and distribution in urban areas outside of the capital of Juba. WSP, in partnership with IFC, is providing transaction advice and capacity building to the Republic of South Sudan’s Ministry of Electricity, Dams, Irrigation and Water Resources. Through this activity, WSP and IFC are helping nurture and encourage private sector participation in the market for water supply and distribution. The Program has completed feasibility studies with recommendations and is poised to launch two pilot PPP projects. WSP and World Bank operations will use the findings from these pilot projects to support the government in developing the PPP component of the country’s water policy.

**Rural Water Supply and Sanitation**

Outside of urban areas, access to water and sanitation in fragile and conflict-affected states is often hampered by limited capacity. WSP has helped government clients strengthen the enabling environment for water and sanitation, as shown by the improvements seen in the country status overview indicators. Particularly strong progress has been achieved in Liberia and Zimbabwe. However, despite the existence of an appropriate enabling environment, many countries still struggle to convert policy to action. Indicators related to developing and sustaining infrastructure have held steady or declined in several countries, largely due to limited capacity for implementation.

This weak capacity is often due to the highly fragmented nature of funding and service delivery in fragile states, particularly in rural areas. Many private firms, NGOs and community organizations are available to deliver water and sanitation in rural areas, and many donors prefer to partner with these groups rather than providing funding through country systems. However, this creates a vicious cycle, where donors fund alternatives to public services due to the weak capacity of the government, which further undermines its capacity. As the country stabilizes, governments are encouraged to take ownership of the rural water and sanitation sector, but have little or no control over funding, objectives or monitoring. In Liberia, for example, over 90% of all support for rural water supply is funded through external sources, and none of this is channeled through country systems.

To address this, WSP is working with World Bank colleagues to help shape the interim Poverty Reduction Strategy Paper (PRSP) process in fragile and conflict-affected states, encouraging the partial allocation of debt relief funds to the water and sanitation sector. These funds flow through core systems and are directly managed by government staff, helping build government capacity to carry out policy.
In Somalia, it is estimated that only 7% of rural households have access to improved water supplies – the lowest rate in the world. The World Bank is developing an Interim Strategy Note for Somalia and discussing a series of recovery policy notes with the Federal Government of Somalia. WSP is participating in these discussions and emphasizing the critical need for a strong focus on water and sanitation. The Program’s experience with fragile states is being incorporated into the policy notes, which will be discussed at an EU donors’ conference in fiscal year 2014. The policy notes will also define investments to be funded under the Somalia multi-donor trust fund currently being established by the World Bank, highlighting the importance of efforts to engage early in sector dialogue to prioritize water and sanitation.

A recent survey of water service points in rural Sierra Leone highlights the challenge of maintaining access to water and sanitation in fragile environments. Although many water service points have been built in rural areas, many quickly fall into disrepair. Among water service points built more than 10 years ago, nearly three-quarters are broken or function poorly.

In some fragile states there are few opportunities to build government capacity in the short-term. However, there may be opportunities to expand access quickly by engaging directly with the private sector. DR Congo has some of the lowest levels of access to water and sanitation services in the world. Government financing for water and sanitation is less than 1% of the total annual domestic budget, and even this limited funding is primarily for management salaries. For many years, funding for rural water and sanitation has been channeled through NGOs and development agencies. This has resulted in a large patchwork of small-scale rural water suppliers, typically based around a borehole or spring, with a reservoir and small distribution network serving between 5,000 to 25,000 people. The total number of providers like this is unknown, but there may be over 500 throughout the country. WSP is supporting the government and donors in assessing these suppliers and reviewing various business models they
currently use, with the goal of attracting financing for expanding the outreach of these suppliers.

Poor coordination in rural water and sanitation supply results in uneven coverage and high levels of nonfunctioning systems. A recent water point mapping exercise conducted by WSP in Sierra Leone illustrates the magnitude of this challenge. Over the past three years up to six separate agencies were reported to have installed water points in a single district. Of the 20,284 rural protected water points in Sierra Leone only 65% were in use at the time of the exercise, and only about half of those consistently supplied water throughout the year (See Figure 14).

As a result of the mapping exercise, a number of development partners are now using the findings to improve rural access. Government officials and donors in both Sierra Leone and Liberia are now planning to update the initial water point mapping exercises, and WSP and other development partners are supporting software enhancements that encourage crowdsourcing water point information from domestic and external agencies involved in developing or rehabilitating services.

**Lessons and Opportunities**

Providing water and sanitation in fragile and conflict-affected states is an emerging area of practice with few clear answers. WSP is working within the World Bank Group and with other donors to advance the state of knowledge and practice in the sector and test new approaches to providing critically-needed water and sanitation services in challenging environments.

Negative or threatening state-society interaction is one of the main drivers of fragility, and WSP is seeking to understand how water and sanitation service delivery exacerbates fragility and how it could instead be used to promote stability. To do so, WSP is examining the most intense points of interaction in service delivery: utility-customer relations in urban areas, sanitation and hygiene promotion by health extension workers in rural areas, governance and accountability of piped water supplies in rural areas, as well as rights to access water supplies.

Finally, WSP is discussing opportunities for improving World Bank operations related to water and sanitation service delivery in fragile states. Specific strategies identified to date include engaging water and sanitation experts in the initial World Bank country reengagement and country strategy discussions, adopting a holistic urban approach to ensure that water and sanitation achievements are not undermined by neglecting other related sectors such as storm drainage and solid waste, while also encouraging ministries to collaborate early in the budget process to steer more domestic resources towards water and sanitation.
COMMUNICATIONS AT A GLANCE
FY13 WSP KEY FACTS AND FIGURES

COVERAGE IN TOP MEDIA
△ 167%
Increase in downloads from www.wsp.org

93K
Number of lifetime YouTube views

16.4M
Number of impressions of the #SanHack hashtag

7,500
Number of cartoon calendars distributed

2.5K+
Number of replays of ‘Investing in Sanitation’ Spring Meetings event

131
Number of citations in scholarly journals

NOTABLE TWITTER FOLLOWERS
@AlertNet
@GatesPoverty
@NelsonMandela
@UNDP
@EPA
@TheWilsonCenter
WSP employs innovative communications and knowledge management to enhance and accelerate local impacts, while also contributing relevant, high-impact knowledge for use by partners and the global public. WSP is able to achieve this through our long-standing partnerships and credibility with government clients and local stakeholders, as well as our central hub for coordinating global knowledge sharing.

This year, the World Bank developed a new vision for all water activities, calling for a unified World Bank Water practice that leverages the strengths of various units working in the sector. The vision has helped create a unique opportunity for WSP by further leveraging ties within the World Bank, resulting in increased web traffic to WSP online content and increased visibility of WSP activities.

To maximize these opportunities, WSP collaborated with other World Bank units working in the sector to develop a common identity for the water practice. The practice began a monthly communications update to share new knowledge with water practice staff members. The update covers information on upcoming events, new publications, top publication downloads, awards and recognition, monthly web and Twitter statistics and media citations. The update has received positive feedback from staff.

In the previous fiscal year, the communications and knowledge management section of the results framework identified the need for a learning and knowledge management system to improve the flow of information within the organization.

This year, WSP carried out a communications, knowledge management and learning needs assessment survey of all Water practice staff to begin building this system. The survey has identified the most pressing needs of staff, and will build the foundation for an internal knowledge management and learning system, in addition to further strengthening WSP’s communications activities.

Sharing Our Knowledge

For WSP’s knowledge to have maximum impact, it must reach and influence key audiences using appropriate channels, in both traditional and social media. This year, the Program continued to focus on sharing knowledge on a wider scale using various channels. WSP played a key role in revamping the World Bank Water website, which pulls content on water-related topics generated across the World Bank Group to create a more effective experience for the user. The new site also allows for easier web search ability and leverages the high volumes of World Bank web traffic to raise awareness of WSP content. The WSP website attracted more than 100,000 visitors this fiscal year, an increase of 29% from the previous year. Similarly, the number of downloads from the website increased by 167% over the previous year, with over total 50,000 downloads. The webpage views increased by 9%, to nearly a quarter of a million pageviews in fiscal year 2013.

This year, traffic to the Water Blog increased by 500%. The blog has provided an invaluable platform for promoting key events, such as the Sanitation Hackathon, the launch of key knowledge products on the link between stunting and sanitation and the post-2015 discussion on the economics of water and sanitation.

In 2013, WSP continued to use social media to dialogue with stakeholders and share knowledge. WSP’s YouTube channel has nearly 100,000 lifetime views and the number of Twitter followers grew by more than 120%, reaching 4,000 followers by the end of the fiscal year. WSP updated the Twitter account with new branding to leverage World Bank brand recognition. There was a significant increase in followers the first month this change was implemented due to the increased visibility - a trend that appears to be continuing - with 371 new followers, nearly double the rate of increase from the month before rebranding. New followers in 2013 included the Bill & Melinda Gates Foundation, the Nelson Mandela Foundation, UNDP,
the US Environmental Protection Agency, Microsoft Citizenship and the news site AlertNet.

WSP also reaches more than 11,000 sector specialists, civil society representatives, government officials, journalists, companies and members of the global public through email blast updates with news from WSP, such as new knowledge products and upcoming events. These emails have an above average opening rate of 15%, higher than the World Bank average of 11%, and a click-through rate of 3%, also above the World Bank average.

WSP also continued to focus on outreach to other sectors including education, disaster risk management, health, and transportation. One example of WSP’s cross-sectorial work is the Sanitation Hackathon – where over 1,000 hackers worked to build mobile apps to help address sanitation challenges. WSP staff also reached out to experts in other development sectors by contributing knowledge via blogs from experts working on areas such as impact evaluations, nutrition and economics.

WSP also leveraged the World Bank’s Sustainable Development Forum (SDN), which convenes Bank specialists in sustainable development from across the world, as a platform to reach out to staff from other sectors through knowledge-sharing sessions and an interactive booth to demonstrate how water and sanitation impacts their work.

Targeting the news media remains a strategic priority for WSP. In 2013, WSP continued to receive coverage in top news outlets, including The New York Times, The Guardian, BBC, Forbes, Bloomberg and The Huffington Post. Our water and sanitation messaging is making in-roads into more business-focused media channels, and the WSP Manager was featured in the Bloomberg BusinessWeek Expert Panel on Water. This discussion was carried on Bloomberg BusinessWeek’s Fix This show as well as in the print and online version of the magazine, reaching one million subscribers. This trend continued with an editorial in Bloomberg highlighting WSP’s knowledge work (See Figure 15).


Evaluating Our Knowledge Impact

WSP conducted three surveys this year to evaluate our knowledge work and its impact on the sector. The Media Monitoring Survey confirmed that staff value daily updates on international news related to water and sanitation and find that it better informs their work. A
survey at World Water Week in Stockholm of WSP’s knowledge products showed that these products are typically accessed online, and over half of respondents use WSP publications weekly or monthly. Also according to the survey, our most popular products are case studies and research reports. Finally, in a communications, knowledge management and learning needs assessment survey, WSP built the foundation for an internal knowledge management and learning system to be launched in 2014 and strengthened communications activities (see text box).

In 2013, WSP received eight awards and several recognitions, further highlighting the impact of our knowledge activities. The Choo Bora Sanitation Marketing Campaign, carried out by the Government of Tanzania, with technical support from WSP, was selected for the World Economic Forum’s Creative for Good initiative as an excellent case study on social issue campaigns.

WSP also received a number of World Bank awards, including several medals at the World Bank’s Sustainable Development Network Knowlympics, recognizing excellence in knowledge work. The WSP Communications and Knowledge Management Results Framework and the Sanitation Hackathon also won the only two Knowlympics Public Choice awards.

Additionally, WSP’s expertise and knowledge is sought by sector partners and the global public. One indication of the quality of WSP’s knowledge is the number and quality of speaking invitations. In 2013, WSP staff in headquarters alone received over 31 invitations to speak at high-level international events, such as the World Water Congress in Busan, Korea; the Ditchley Conference in Las Vegas, Nevada; the Deutsche Welle Global Media Forum in Bonn, Germany and the UNC Water and Health Conference in Chapel Hill, North Carolina.

Knowledge Advocacy

In fiscal year 2013, WSP played a critical role in raising the profile of sanitation to the highest levels of the World Bank. For the first time, sanitation issues were mentioned directly by a World Bank president in a public speech. World Bank President Jim Yong Kim opened the first-ever global Sanitation Hackathon by video, welcoming participants and highlighting the impact of poor sanitation. Later, during the spring meetings of the World Bank and IMF, President Kim was cited in a press release, saying that the World Bank’s two goals of ending poverty by 2030 and boosting shared prosperity for the bottom 40% could not be reached if the world does not address sanitation. President Kim also emphasized sanitation as an important factor in health at the World Health Assembly in May 2013.

Through multiple partner events, WSP works closely with all stakeholders in the sector to reach greater impact. This year, WSP collaborated with several local and international partners, including technology companies and governments, to organize the Sanitation Hackathon, following the successful Water Hackathon project in 2011. In this first-ever global competition addressing sanitation, more than 1,000 participants competed to develop software applications to help governments, private sector and households improve sanitation service delivery.

As part of a comprehensive communication strategy, the Sanitation Hackathon Twitter campaign generated more than 16 million impressions, capturing the interest of a broad Twitter audience, including Reuters’ AlertNet, pop music and cinema celebrity Mandy Moore and innovation consultancy IDEO. In addition to raising awareness, 181 new software applications to address sanitation challenges were created during the weekend. In 40 cities around the world more than 1,000 computer programmers and other information professionals participated.

Ensuring that WSP’s activities are built on the best of what we know is key to increasing our impact. This year, WSP began an initiative to improve our effectiveness and efficiency by focusing on internal knowledge management. To identify barriers to knowledge sharing across regions and sectors and areas for improvement in the current knowledge product development process, a needs assessment was conducted. The assessment included an online survey and group discussions during four regional business planning meetings. The needs assessment found that staff are often challenged to find information, and typically rely on their own files and personal networks to carry out their work. The assessment also found that many staff are looking for more guidance on the knowledge development process. These key findings will shape the internal knowledge management program and communications activities for WSP in 2014.
technology specialists participated, and more than 70 teams continued to work after the Hackathon weekend on the Hack@Home challenge. This online challenge engaged mentors from the technology and sanitation sectors to provide feedback. After four rounds of judging, mSchool, SunClean and Taarifa were selected, winning a tour to Silicon Valley.

This year, WSP also partnered with the United Nations, ONE DROP Foundation and the private sector to organize the first ever World Bank-IMF spring meetings event on sanitation, Investing in Sanitation: A Matter of Life. The UN Deputy Secretary-General Jan Eliasson joined UNICEF Executive Director Anthony Lake, World Bank Group Vice President of Sustainable Development Rachel Kyte, and American Standard Vice President Jim McHale in a panel about the economics and politics of sanitation, calling for increased investments from governments. The event was also live streamed through World Bank Live and the video has been replayed more than 2,500 times. Multiple partners including UNICEF, the United Nations and several civil society organizations also joined together to promote the conversation on Twitter.

In Latin America, WSP assisted the government of Panama on the development of the 3rd LATINOSAN conference helped raise the profile of sanitation in poverty reduction. The governments of Latin America and the Caribbean reiterated their commitment to universalize the human right to sanitation service and prioritize access to basic sanitation to achieve universal coverage within the next few years. Over 400 representatives from 21 countries attended the event and more than 64 local and international media outlets covered the event.

WSP and the World Bank also supported the government of Brazil in the organization of the International Workshop on Integrated Urban Water Management (IUWM) in Sao Paulo, Brazil in December 2012. The workshop gathered 90 high-level participants from 14 cities to share lessons learned from their experiences and discuss innovative solutions for basic sanitation, waste and storm water management, water sources protection and urban planning.

World Toilet Day and World Water Day, the two main advocacy events for the water and sanitation sector, are an annual opportunity for WSP to collaborate on knowledge activities with our partners. This year, WSP organized activities to highlight the importance of sanitation to staff working in other sectors through an interactive photobooth and a “wheel of fortune” with questions about water and sanitation. In addition, WSP developed a video about the importance of water and its critical role in ending poverty, which featured partners including Coca Cola, the US State Department, UNICEF and WaterAid. WSP joined our partner organizations to make the #WorldWaterDay hashtag the leading trend on Twitter for the first time.

WSP also led a discussion on water and sanitation and economic development. In this week-long online dialogue, the Program hosted stakeholders to discuss the key global challenges in water, helping inform the post-2015 development framework. Through interactive e-discussions, online surveys, live video feeds and question-and-answer sessions, WSP engaged the global public to address priority issues in the sector, with a special emphasis on inequality and access to water.
In addition to the results achieved across our six business areas, WSP has also made significant progress in strengthening internal operations this fiscal year. The Program has continued to focus on cost effective implementation of our projects, ensuring that our donor partners receive the highest possible impact from their investments. WSP has also begun development on the next business plan, which will define WSP’s key priorities from 2016 to 2020.

Two evaluations conducted in 2013 reemphasized our effectiveness, while also suggesting areas for improvement. Through our Results Framework WSP is refining the approach to tracking and reporting results to better demonstrate breadth of impact, and an external evaluation confirmed the validity of our approach. Additionally, an external mid-term evaluation of WSP’s current business plan for 2011 to 2015 confirmed that the Program is playing a critical role in the sector and is viewed as a global thought leader and key partner.

### Cost-Effective Implementation

WSP is committed to the careful stewardship of the resources provided by our donor partners, and has made significant steps to enhance cost-effectiveness over the last three years. Staffing is the single largest component of WSP costs, and since fiscal year 2011, spending on staff and consultants has been cut by 21%. WSP achieved this dramatic reduction through several cost-saving measures. By minimizing the use of non-project staff and maintaining a lean country office footprint, the Program is able to manage headcount more effectively. Additionally, through cost-sharing arrangements with local World Bank offices WSP is able to outsource administrative functions such as transport and messenger services. Consultant expenses

![Figure 16: Disbursements by Region, Fiscal Years 2011-2013](image)
have been reduced by working with interns from renowned universities and partnering with local research institutions, in addition to combining assignments across countries when feasible.

Given our network of country offices, travel is also another significant expense. In the past three years WSP also reduced travel costs by nearly 10% by combining trips and encouraging staff to book travel as far in advance as possible. Additionally, WSP is continuing to leverage World Bank communications resources such as video conferencing whenever possible to reduce travel for face-to-face meetings.

Developing the 2016-2020 Business Plan

WSP’s next business plan will cover fiscal years 2016 to 2020, and will help shape our focus in a post-Millennium Development Goals world. The new business plan provides an opportunity for WSP to refine efforts to address critical sector priorities, including urban sanitation and targeting the very poor. WSP’s new business plan will also align closely with the new World Bank strategy currently under development, as well as the twin goals of poverty reduction and shared global prosperity.

Results Tracking and Reporting

WSP is committed to tracking the results of our work and sharing this data with our donor partners. This year, WSP continued rolling out the Global Results Framework in the 23 focus countries and strengthened the results monitoring and tracking system. Based on an earlier assessment of results tracking, as well as recommendations from the consulting firm IOD PARC and WSP Council members, WSP refined our results measurement by strengthening the assumptions in our theories of change for two of the six business areas, Scaling Up Rural Sanitation and Hygiene (SURSH) and Domestic Private Sector Participation (DPSP) – as well as the link between sector development and policy reform and successful service delivery on the ground. WSP also redesigned the country monitoring tool used to track country-level results and is currently testing web-based results tracking for these two business areas in the focus countries.

Figure 17: Disbursements by Business Area, Fiscal Year 2013

*Note: Disbursements above exclude program management, internal training and global communications expenses.*
External Evaluation

To assess the interim results achieved by WSP in the implementation of the current business plan during fiscal years 2011 and 2012, the WSP Council commissioned a mid-term evaluation. The findings from this evaluation will also inform preparation for WSP’s next business planning cycle. The evaluation was designed to review implementation progress for the first two years of the business plan, evaluate the major internal and external factors influencing results, and recommend specific ways to help WSP better achieve the intended outcomes of each business area and the overall objectives of the business plan.

Universalia Management Group carried out the evaluation through a combination of document review and in-person and phone interviews with WSP and World Bank staff, Council members, partner organizations and other stakeholders. In total, Universalia interviewed over 300 individuals (including over 160 representatives of government and civil society); in addition to carrying out an online WSP staff survey and visiting 8 of the 24 WSP focus countries.

The evaluation concluded that, at the global and regional levels, WSP’s business plan is aligned with the major challenges facing the water and sanitation sector. At the national level, Universalia determined that stakeholders believe WSP’s business plan to be relevant to their country’s needs, due to the credibility of our staff and their ability to adapt to local challenges. The evaluation also noted that WSP is perceived as having a comparative advantage as a knowledge broker, policy advisor, convener and facilitator in the sector, further emphasizing WSP’s relevance. Universalia found that WSP contributes to improved policies and regulatory frameworks, in addition to helping the build capacity of national and sub-national governments and service providers. Additionally, our mid-point achievements highlight WSP’s ability to efficiently generate results by influencing local and national sector dialogue and building partnerships for long-term change. This increases our leverage and helps make WSP a cost-effective program.

The evaluation recommended that WSP further define a strategy for addressing cross-cutting themes. Issues of gender, environmental sustainability and support for vulnerable groups cut across all business areas. Clearly articulating how these cross-cutting themes fit within the business areas will help strengthen WSP’s overall strategy.

The evaluation also recommended establishing clear definitions of leverage and influence. Much of WSP’s work is conducted in partnership with other organizations. Developing a key performance indicator to define leverage and influence and systematically reporting this to stakeholders will help in further quantifying the impact of WSP’s work.
Finally, the evaluation also recommended that WSP improve knowledge generation, customization and dissemination efforts. Knowledge is a core part of the Program’s work. WSP will continue improving internal processes for creating and sharing knowledge to serve clients and partners more effectively.

Universalia shared a draft report with WSP management and the Council, and WSP management provided a response to the report. The report was discussed at the June WSP Council Meeting, and participants identified possible options for WSP to engage in the areas of climate change and gender, in addition to options for addressing staffing issues in challenging countries. Universalia finalized the report based on feedback from the meeting, and formally submitted to the WSP Council in August 2013.

**Disbursements**

In fiscal year 2013, WSP disbursed US $38.5 million, the highest total amount since the start of the current business plan. (See Figure 16). Overall disbursements have increased by 9% since 2012.

Each region saw increases in disbursements ranging from 6% to 23% over the previous year. These increases are due to several program realignment and restructuring initiatives carried out in 2013, particularly in the Africa and South Asia regions.

The rural sanitation and poor-inclusive policy reform business areas accounted for the largest share of disbursements in fiscal year 2013 – a combined total of 63% (See Figure 17). Disbursements for projects related to DPSP accounted for 17% of all spending, while 13% of business area spending went to urban poor initiatives. Projects related to delivering services in fragile states accounted for 6% of total business area spending, and the remainder of disbursements were for climate change activities.

At the regional level, disbursements for rural sanitation projects were highest in Africa, while disbursements for pro-poor policy reform projects were highest in East Asia. In Latin America and South Asia, policy reform projects accounted for the highest share of disbursements in 2013. Most fragile states disbursements were concentrated in Sub-Saharan Africa. (See Figure 18).

**Donor Contributions**

WSP received US $64.6 million in contributions in fiscal year 2013. Of this amount, 74% was for global core activities, 17% was for regional core activities, 5% was allocated for targeted funding and the remaining 4% was programmatic funding. (See Figure 19). In accordance with our signed administration agreements, WSP anticipates receiving an additional $61.4 million for fiscal years 2014 to 2016.
## Figure 19: Donor Contributions, Fiscal Years 2013 - 2016

<table>
<thead>
<tr>
<th>Funding partner</th>
<th>Purpose</th>
<th>FY13 Receipts</th>
<th>FY14 Pledged</th>
<th>FY15 Pledged</th>
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<th>Total FY13-FY16</th>
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<td>4.62</td>
<td>4.62</td>
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<td><strong>19.01</strong></td>
<td><strong>4.62</strong></td>
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Annex: Fiscal Year 2013 Disbursements by Country
<table>
<thead>
<tr>
<th>Country / Program</th>
<th>Activities</th>
<th>Fiscal Year 2013 Disbursements (US $ 000's)</th>
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<tbody>
<tr>
<td>Benin</td>
<td>Capacity Building for PPP and SS-DPSP</td>
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<td>Burkina Domestic Private Sector in Water</td>
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<td>Burkina Pro-Poor Sector Reforms</td>
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<td></td>
<td>Support to WSS MDG strategy</td>
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<td>Burkina Faso</td>
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<td>Democratic Republic of Congo</td>
<td>Enabling RWSS service delivery in DRC</td>
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<td>WSS services to the urban poor in DRC</td>
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<td>Building Capacity for Sanitation</td>
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<td>Performance Monitoring for Sanitation</td>
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<td>Finance</td>
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<td>Public Finance and Monitoring</td>
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<td>GPOBA W3: Kenya Community Water</td>
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<td>Leveraging Market-based Resources</td>
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<td>Improve Service Standards in Urban Water</td>
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<td>Innovation in Urban Poor Access to WSS</td>
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<td>Urban WSS Capacity Building</td>
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<td>Peri-urban Sanitation and Water</td>
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<td>Sector Information System</td>
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<td>Niger</td>
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<td>Strengthening Enabling Environment Sanitation</td>
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<td>Strengthening the Domestic Private Sector</td>
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<td>Strengthening WSS Planning and Monitoring</td>
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<td>Rural</td>
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<td>Sanitation</td>
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<td>Tanzania</td>
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<td>Scaling Up Sanitation Coverage through Total Sanitation and Sanitation Marketing</td>
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<td>Supporting Achievement of Sanitation MDG/PEAP Targets</td>
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<td></td>
<td>Improving Service Delivery in Small Towns</td>
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### Africa (continued)

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<th>Country / Program</th>
<th>Activities</th>
<th>Fiscal Year 2013 Disbursements (US $ 000's)</th>
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<tr>
<td><strong>Urban</strong></td>
<td>- Improve Service Standards in Urban Water</td>
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<td>- Promoting Accountability</td>
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<td></td>
<td>- Equalizing Access to WSS in Africa</td>
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<tr>
<td></td>
<td>- Assessment of WSS Payment Systems</td>
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<tr>
<td>Zambia</td>
<td>- Support to Utility Reform, Communication and Enhanced Service Delivery to Urban Poor</td>
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<tr>
<td></td>
<td>- Peri-Urban Sanitation Improvement</td>
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<td>Support to Regional Partnerships and MDGs</td>
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<tr>
<td>Africa projects in collaboration with GPOBA</td>
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<tr>
<td>Africa Program Management, Administration/other</td>
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<td>Africa Other miscellaneous costs/(credits) not assigned to projects</td>
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<td><strong>Africa Total</strong></td>
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### East Asia and the Pacific

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<th>Country / Program</th>
<th>Activities</th>
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<td>Cambodia</td>
<td>- Strengthening Domestic Private Sector Participation in Cambodia</td>
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<td></td>
<td>- SMPP Capacity Building – Sanitation Marketing</td>
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<td></td>
<td>- Country Sector Coordination and Advocacy</td>
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<td>Indonesia</td>
<td>- Country Sector Coordination and Advocacy</td>
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<td>- WASPOLA Facility</td>
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<td>- Strengthening the National Water and Sanitation Information Services Center for Improved Planning</td>
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<td></td>
<td>- Support to the Preparation of the Indonesia Water Safety Plan Framework</td>
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<td></td>
<td>- Review of Decentralized Wastewater Treatment Systems (DEWATS)</td>
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<td>- Institutionalization of Rural Sanitation Capacity Building in Indonesia</td>
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<td></td>
<td>- Downstream Economic Impacts of Water Pollution</td>
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<td>- Development of Urban Septage Management Business Models in Indonesia</td>
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<td>- Indonesia Gates Sanitation</td>
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<td></td>
<td>- Scaling Up Rural Sanitation and Hygiene in Indonesia</td>
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<td>- DPSP in Rural Water Services in Indonesia</td>
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<td></td>
<td>- Rural Sanitation Market Expansion of Domestic Private Sector in Indonesia</td>
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<td>- Private Public Partnership (PPP) for Handwashing with Soap Coordination</td>
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<td>Lao PDR</td>
<td>- Support Sanitation Demand Creation through Community-Led Sanitation in Lao PDR</td>
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<td></td>
<td>- Sanitation Marketing in Lao PDR</td>
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<td></td>
<td>- Strengthen Lao Water Supply, Sanitation and Hygiene Sector Coordination in Lao PDR</td>
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<td>Papua New Guinea</td>
<td>- Water and Sanitation Policy Development in Papua New Guinea</td>
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<td>Philippines</td>
<td>- Country Sector Coordination and Advocacy</td>
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<td></td>
<td>- Program for Sustainable Sanitation in East Asia - Philippines Component</td>
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<td>- Expanded Small Water Utilities Improvement and Financing - Phase 2</td>
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<td>- Support to Rural Sanitation Scale Up under the Philippine National Sustainable Sanitation Plan</td>
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<td>- Regional Knowledge Products – Overview and Program development</td>
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<td></td>
<td>- Service Delivery Assessments for EAP</td>
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<td>- SAWAP Program Coordination and Management</td>
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<td>Vietnam</td>
<td>- Support to Development of a Unified Sanitation Strategy (USSAP)</td>
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<td></td>
<td>- Review of Approaches for Delivery of Water Supply and Sanitation Services in Small Towns</td>
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<td></td>
<td>- Vietnam Handwashing Initiative</td>
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<td>- Vietnam Rural Sanitation Demand and Supply</td>
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<td></td>
<td>- Country Sector Coordination and Advocacy</td>
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<td></td>
<td>- Scaling Up Rural Sanitation Vietnam</td>
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<td>- Support to Government for Climate Change Adaptation in the Water Supply and Sanitation Sector</td>
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<td>East Asia Program Management, Administration/other</td>
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<td><strong>East Asia Total</strong></td>
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### Latin America

<table>
<thead>
<tr>
<th>Country / Program</th>
<th>Activities</th>
<th>Fiscal Year 2013 Disbursements (US $ 000’s)</th>
</tr>
</thead>
</table>
| **Bolivia**       | - Wastewater Management in Peri-urban areas and Small Towns  
                    - Updating Methodologies for Public Investment of WSS Projects  
                    - Strengthening WS Sustainable Services | 273 |
| **Haiti**         | - Haiti Rural Water and Sanitation Sector Reform Consolidation Support | 22 |
| **Honduras**      | - Strategy for WSS in Small Towns in Honduras  
                    - Support Basin Based Sanitation Planning in Honduras | 130 |
| **Nicaragua**     | - Strengthening Government Capacity for Rural and Peri-urban WS projects  
                    - Economics of Sanitation Initiative  
                    - Supporting Poor-inclusive WSS Reform | 310 |
| **Peru**          | - Creating Sanitation Markets  
                    - Utilities Demand Management focused in Customer  
                    - Decentralized Rural WSS Strategies  
                    - Climate Change & DRM Urban Utilities Policy and Practice Strengthened  
                    - Probabilistic Risk Assessment of WSS Lima & Ica Urban Utilities  
                    - Scaling Up HW Behavioral Change | 1,497 |
| **Central America** | - Monitoring Country Progress in WSS (MAPAS) in Central America  
                      - Status of DRM in WSS sector in FOCARD-APS member countries  
                      - Support WSS Sector Reform in FOCARD-APS member countries | 352 |
| **Regional**      | - WSP Global and Regional Learning for Latin America | 970 |
| **Latin America Program Management, Administration/other Total** | | 605 |
| **Latin America Other miscellaneous costs/(credits) not assigned to projects** | | (69) |
| **Latin America Total** | | 4,091 |

### South Asia

<table>
<thead>
<tr>
<th>Country / Program</th>
<th>Activities</th>
<th>Fiscal Year 2013 Disbursements (US $ 000’s)</th>
</tr>
</thead>
</table>
| **Bangladesh**    | - WSS Policy and Regulatory Reform  
                    - WSS Policy Reform for Urban Poor  
                    - Capacity Building for Urban WSS Services  
                    - Poor-inclusive LG Reform  
                    - Capacity Building in the Domestic Private Sector  
                    - Domestic Private Sector Regulatory Framework  
                    - Nutrition, Health, Diarrhea and Sanitation | 1,445 |
| **India**         | - Domestic Private Sector Participation in India  
                    - Poor-inclusive National WSS Policy and Strategy in India  
                    - Knowledge Forum  
                    - Support for NUSP  
                    - Tracking Outcomes through ICT  
                    - Strengthening LG Capacity  
                    - Strengthening Sector Policy  
                    - Water Security Planning Pilots  
                    - City Sanitation Plans  
                    - Benchmarking and Performance Improvements  
                    - Service Delivery Assessments  
                    - IT-based Innovation in WSS in India | 3,019 |
| **Pakistan**      | - Scaling up Rural Sanitation and Hygiene  
                    - Strengthening Urban Policy and Institutions  
                    - Strengthening Rural Water and Sanitation  
                    - Poor-inclusive Sector Reforms  
                    - Poor-inclusive Sector Planning  
                    - Capacity Development of Urban Utilities | 1,159 |
| **South Asia project in collaboration with SAFANSI and SEIF** | | 28 |
## South Asia (continued)

<table>
<thead>
<tr>
<th>Country / Program</th>
<th>Activities</th>
<th>Fiscal Year 2013 Disbursements (US $ 000’s)</th>
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<td>South Asia Program Management, Administration/other Total</td>
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## Global

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<tr>
<td>Global Practice Team</td>
<td>- Global Rural Water Supply Global Practice Team</td>
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<td>- Handwashing Global Practice Team</td>
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<td>- Gender Global Practice Team</td>
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<td>- Sanitation Global Practice Team</td>
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<td>- Strategic Communications for Reforms Global Practice Team</td>
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<td></td>
<td>- Water and Sanitation Services for the Urban Poor</td>
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<tr>
<td>Global Program</td>
<td>- Global Study on Domestic Private Sector Participation</td>
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<tr>
<td></td>
<td>- International Benchmarking Network (IBNET)</td>
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<tr>
<td></td>
<td>- Scaling Up Handwashing Behavior</td>
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<td>- Scaling Up Coverage through Total Sanitation and Sanitation Marketing</td>
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<td>- Scoping Study on Urban Sanitation</td>
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<td>- IT-based innovation in WSS</td>
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<td>- Corporate Communications</td>
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<td>- Global Sector Events</td>
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<td>- Monitoring and Evaluation</td>
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<td>- WSP Impact Evaluation Handwashing projects</td>
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<td>Global Program Management, Administration/other Total</td>
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<td>Global Total</td>
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Grand Total FY13 Disbursements 38,526