MESSAGE FROM THE MANAGER

I am pleased to present to you the FY12 End-of-Year Report (EYR) of the Water and Sanitation Program (WSP) for FY12. FY12 was WSP’s second year implementing its FY11-15 Business Plan,¹ and this report aims to highlight key activities and results in each of the Program’s six core business areas.

A rapidly changing world economy continues to offer daunting challenges to providing affordable, safe, and sustainable access to water and sanitation services to the poorest segments of society. Resource scarcity has accelerated due to rapid population growth and increased urbanization, rising megacities have deepened the challenge of urban poverty, and people affected by climate-related disasters are increasing at an alarming rate.

The Millennium Development Goal (MDG) for drinking water, which calls for halving the proportion of the population without sustainable access to safe drinking water between 1990 and 2015, was met in 2010, five years ahead of schedule²—a truly heartening achievement. However, it is important to keep in mind that this progress fails to reflect glaring regional disparities,³ and also the fact that if the current demographic and coverage trends continue, 605 million people will still be without an improved drinking water source in 2015.⁴

Improving access to sanitation is on a much slower track, only just ahead of population growth. If current trends continue it is unlikely that the MDGs for sanitation will be met, and 2.4 billion people, a third of the world’s population, will still lack access to improved sanitation by 2015⁵—an unacceptably high number. In this context, WSP’s efforts to support governments in scaling up improved rural water and sanitation services and hygiene programs for the poor continues to be of vital importance and, as FY12 results demonstrate, I am pleased to report that WSP is making steady progress toward achieving its FY11-15 targets. In fact, one of the most notable achievements in FY12 was that 15.6 million⁶ people gained improved access to rural sanitation and stopping open defecation⁷ due to WSP’s interventions in strengthening the enabling environment, both at national and local government levels, allowing governments and the local private sector to provide sustainable sanitation services at scale.

FY12 Program Highlights

The following are some highlights of the Program’s FY12 contributions:

Using Evidence-Based Knowledge in Decision-making. We believe that strong and credible evidence is crucial for improved design and effectiveness of investments in the WSS sector. In

¹ http://www.wsp.org/wsp/content/FY11-15-Business-Plan
³ Only 19 of 50 countries in sub-Saharan Africa are on track to meet the MDG target by 2015. JMP Report 2012, p. 2
⁴ JMP Report, p. 2
⁵ JMP Report, p. 2
⁶ 9.6 million gained access to improved sanitation; 6 million achieved Open Defecation Free (ODF) status
⁷ Most progress in numbers was seen in India, Ethiopia, Indonesia, and Tanzania. For details on programs that contributed in achieving these results please refer to “Scaling Up Rural Sanitation and Hygiene” section, p. 10.
FY12, WSP’s Economics of Sanitation Initiative (ESI) supported deepened sector support for sanitation development in Bangladesh through the World Bank-financed Bangladesh Rural Water Supply and Sanitation project and in Kenya via a UNICEF supported program.

In post-conflict Liberia, the data collected through a FY11 waterpoint mapping project served as the basis of the Government of Liberia developing its first empirically-based, nationally-owned, sector investment plan. The plan responds to the first action on the commitment made under Liberia’s WASH Compact to improve sector financing mechanisms and brings empirical financial and economic analysis and major project recommendations to the sector strategic plan.

In FY12, the first set of WSP’s impact evaluations of large-scale rural sanitation and handwashing programs were completed, with Peru and Vietnam the first in the series of studies that include India, Indonesia and Senegal. The studies in Peru and Vietnam were part of a multi component intervention, which included implementation at scale of messaging on handwashing and soap; creating an enabling environment for sustaining handwashing; and knowledge creation and documentation. These studies highlighted, among other findings, that mass media alone was insufficient to achieve behavior change outcomes, and that intensive activities in community and school settings translated in higher recall of handwashing messages, showed positive effects on handwashing knowledge, and resulted in greater availability of water and soap. However, these improvements in handwashing behavior did not translate into significant impacts on environmental conditions or child health. Together, these findings suggest that behavior change campaigns that intend to reach a mass audience face tradeoffs in terms of intensity and effectiveness.

**Technological Innovation.** WSP is increasingly implementing technology to support at scale interventions. In addition to significantly improving implementation outcomes, technology has also strengthened sector governance: helping governments to create direct linkages with the population. Through this approach governments have succeeded in giving control to beneficiaries themselves, thereby strengthening citizen voice and community participation.

In India, a mobile app was successfully piloted to capture rural sanitation behavior outcomes in 25,000 households, leading to the Government of India partnering with WSP to scale this to a national-level pilot. In Indonesia, an SMS-based system developed by WSP for East Java allowed for decentralized monitoring and reporting on increased access to improved sanitation, and open defecation-free communities. As of now, the Government has taken over the database at national level and five provinces of Indonesia are actively using the system, with baseline data from nearly 9,000 villages entered into the rapidly growing database. In Kenya, an information and communications technology (ICT) platform was established as a conduit between citizens and water providers, enabling water consumers in underserved communities to actively engage with providers and offer feedback on service delivery.

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8 See p. 33
9 See p. 52
10 See p. 16
11 See p. 17
12 See p. 44
In FY12, WSP co-sponsored the first ever Water Hackathon, which convened over 500 technology specialists from around the world, with the aim of creating easily deployable, and sustainable technological tools that responded to specific water, sanitation, and hygiene-related challenges in developing countries. Participants were able to develop more than 60 technological solutions to 113 challenges. The continuing momentum from the initiative is evident in locations where the Water Hackathon took place. For example, in India, the United Kingdom’s Department for International Development (DFID), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), and the World Bank Institute have all expressed interest in taking forward the winning applications. In Nairobi, the winning prototype is to be developed with World Bank funding, and has been endorsed by the national water sector regulator (WASREB). Riding on this success, the Bill and Melinda Gates Foundation, along with WSP, will be supporting the Sanitation Hackathon scheduled for end-2012.

**Leveraging Knowledge.** WSP recognizes the immense potential in bringing together not only government and development partners, but also private service providers to share knowledge on lessons learned and successes achieved in the sector. Facilitating such knowledge-sharing and capacity-building has led to increased accessibility of water and sanitation services to poorer communities:

In **Papua New Guinea**, the water utility for Port Moresby learned how to reduce nonrevenue water use at a WSP-facilitated two-way exchange with water utilities in Manila. In **India**, officials from four states were provided with the opportunity to learn from community-led approaches for collective behavior change and sanitation marketing in Bangladesh, and lessons learned are already reflected in the increased number of ODF communities in the Indian states that participated in the exchange.

WSP also continues to seek out opportunities to leverage knowledge by collaborating with other World Bank operations, as well international development partners. This has especially been the case in the partnerships formed to develop effective and sustainable service delivery models for the provision of water and sanitation services to the urban poor. WSP has provided cross-support to many such World Bank interventions, such as in Ghana, Mozambique, and Haiti.

**Improving WSP through Results Monitoring**

WSP has been better able to track progress such as that mentioned above by focusing on results in our programming, and in FY12 WSP continued to improve our results monitoring system. Through our results monitoring tool we now have a comprehensive mechanism to track progress at national and sub-national levels. In FY12 WSP worked with external

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13 See p. 62
15 See p. 55
16 See p. 19
17 See p. 43
18 See p. 43
19 See p. 55
technical advisors to review the current monitoring mechanism and provide recommendations for further improvement. These recommendations will be implemented in FY13.

As a final note on WSPs operations in FY12, we said farewell to Wambui Gichuri, who continues to be an “ambassador” for water and sanitation in her new position as Sector Manager for Water for the World Bank in the Latin America and Caribbean Region. We welcome Glenn Pearce-Oroz, who so capably takes on duties as the Regional Team Leader for Africa.

The following report highlighting WSP results for FY12 is divided into five sections:

**Update: Managing for Results** demonstrates the Program’s theory of change and details progress made with the Program’s global results framework.

**Program Highlights** details the approach, implementation status, and results of each business area. This section also reviews lessons learned and continued challenges for WSP. As the report illustrates, the six business areas are at various stages of development as WSP approaches evolve because of new challenges, innovative technologies, and an ever-expanding knowledge base.

**Global Communications and Knowledge Management** outlines the strategic global communications and knowledge management efforts during FY12.

**Budget and Expenditures** summarizes the Program’s portfolio, budget, and expenditures.

**Fund-Raising Activities** summarizes funding-partner receipts and pledges, along with disbursements (by region).

The success of WSP’s efforts is dependent on, and is attributable to the support provided by our donor partners. Thank you.

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Jaehyang So
Manager
Water and Sanitation Program

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WSP Donor Council, Helsinki 2012
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I. Update: Managing for Results

In FY12, WSP continued its effort to implement a global results framework and monitoring tool in each of its 24 focus countries for the FY11-15 Business Plan. This included: i) aligning the 24 individual country programs with the six global business areas; ii) refining country strategies to better reflect the specific results WSP wants to achieve; and iii) developing baseline assessments in each country. WSP also improved indicators and developed specific scoring systems at the Intermediate Outcome level to help articulate the different dimensions of progress under each business area.

Throughout, WSP has been cognizant of the major challenge of quantifying the numbers of beneficiaries resulting from WSP’s knowledge activities and technical assistance, given that WSP shares responsibility with government in improving access to, and use of, improved water supply, and increasing hygiene practices. Moreover, because a multitude of activities and partners make up a typical WSS sector, it is especially difficult for agencies providing “upstream” knowledge and/or technical activities, such as WSP, to make a direct link to the numbers of beneficiaries of their activities. Therefore, WSP is further refining its results methodology to bring out such nuances, so its claims to sector outcomes are robust, realistic, and credible to the others.

In FY12, with the assistance of external technical advisors, WSP further refined the framework of quantified causal pathways and relationships to arrive at a methodology that can credibly single out and link WSP’s activities to numbers of beneficiaries. The expert consultant’s preliminary findings confirmed that the methodology “makes a step forward in the difficult and complex process of linking and attributing increased coverage and improved service provision at the beneficiary level, to interventions which focus on changing the enabling environment or other indirect factors. The approach presented goes further than the loose ‘contribution’ models undertaken by other organisations and could form the basis for a methodology which has a greater degree of rigour and robustness than anything else in the sector.”

Based on this work, WSP rolled out its first global results-monitoring exercise in the fourth quarter of FY12 across all 24 countries, reporting up to the Outcome level on two of WSP’s six global business areas, namely, “Scaling up Rural Sanitation and Hygiene” and “Creating Sustainable Services through Domestic Private Sector Participation (DPSP).” The results were presented to the Council in June 2012. Several important lessons have emerged from this experience. First, WSP management and staff observed that the results-monitoring process and the related tools, while not “perfect,” can be a powerful tool for validating and/or revisiting WSP’s theory of change. Specifically for the two above-mentioned business areas, the exercise validated WSP’s theory of change by demonstrating a strong correlation between WSP’s activities and improvements in several enabling environment indicators, as illustrated in Figure 1, with the preliminary results from “Scaling up Rural Sanitation and Hygiene.”
Second, the experience provided valuable lessons for WSP management and staff in terms of revealing critical areas where WSP may need to do more or better to affect large-scale impact. Monitoring performance on a regular basis would also help improve WSP interventions when a particular aspect of the intervention is observed to be underperforming and, equally important, it will generate data from which WSP can learn for future activities.

In the course of the results-monitoring exercise, WSP staff recognized that although current methodology and tools were able to capture results the local level, because of the country-level data collection and monitoring, they did not help capture the impact of WSP’s regional and global activities, which often go beyond WSP’s focus countries in coverage and/or in its learning impact. As a result, WSP staff assess that the coverage gains number due to WSP’s activities were probably greater than what is reported. Other considerations included further refining scoring criteria and mechanisms for changes tracked in the enabling environment, and validating the work through independent mechanisms. Going forward, WSP will also conduct training to familiarize all staff of the results framework and its monitoring tools. Based on these observations, as well as feedback from the Council at the June 2012 meeting, in FY13 WSP will be simultaneously improving several design aspects of its monitoring tool and automating the data reporting and aggregation processes.
II. FY12 Highlights: Results by Core Business Areas

Scaling up Rural Sanitation and Hygiene

Objective: In FY11-15, WSP will work with partners and stakeholders to help 50 million people gain access to improved sanitation, leveraging approximately US$200 million from governments, the private sector, and households over five years.

Context: Of the 2.5 billion people who lack access to improved sanitation, 1.8 billion (70 percent) live in rural areas and, of these, approximately one billion practice open defecation. In many areas there are limited or no sanitation options for the poor and household income and access to financing remain critical factors. However, to realize the full health benefits of improved sanitation, access is not enough. Proper hygienic practices such as handwashing with soap at critical times are also necessary to reduce diarrheal disease and acute respiratory infections, two of the leading causes of child mortality and morbidity.

Theory of Change: Generating demand for improved sanitation, strengthening the supply of sanitation products and services, strengthening the enabling environment for policy and sector reform and a strong and effective learning process that gathers evidence on approaches that work and those that do not, will lead to sustainable, large-scale and effective rural sanitation programs.

FY12 Summary: In FY11, WSP decided to make Scaling Up Rural Sanitation a core business area for the program. At the time, WSP was focused on three countries, but had identified an additional 13 countries to expand programming under this business area. FY12 was a year of transition and progress, and a major step forward for WSP in this business area. The Program refined its list to 13 countries, and developed detailed individual country strategic plans to help governments improve the enabling environment to scale up rural sanitation programs. Additionally, through WSP’s new methodology and country monitoring tools, the Program is

better able to track progress in the enabling environment at the country and global levels. WSP’s technical assistance to improving the enabling environment across most of the 13 countries contributed to more than 9 million people gaining access to improved sanitation, and helped another 6 million stop defecating in the open in FY12.²¹

Some additional highlights from FY12 include playing a key leadership role for the sector by leading the sub-working group to redefine the sanitation indicators for the post-2015 Millenium Development Goal. Additionally, WSP completed a key knowledge product entitled, *What Does It Take to Scale up Rural Sanitation?*, which shares lessons and best practices that were identified to:

- generate demand for sanitation at the household and community level;
- increase the supply of affordable, aspirational sanitation products and services; and
- strengthen local and national governments to lead large-scale sanitation programs.

Meanwhile, the implementation phase of the Global Scaling Up Handwashing project (HWWS) has ended. The emphasis during FY12 was on mainstreaming programs. For example, in Vietnam, WSP has developed integration kits for the Ministry of Health and the Vietnam Women’s Union to facilitate HWWS promotion to be inserted into frontline workers’ routine activities where appropriate. In Senegal, WSP focused on organizing training sessions on HWWS promotion to the National Midwives Association, the City of Dakar, the national Nutrition program and the Global Sanitation Fund platform; all communication materials have been provided and monitoring & evaluation tools adopted by partners who have requested them. Dissemination of overall program results including monitoring data, findings from the impact evaluation studies and enabling environment assessments will be presented to country stakeholders beginning early FY13. As “new” countries developed their Program Implementation Plans for rural sanitation, HWWS objectives were included as appropriate. On a global level, WSP has been developing an online tool kit (similar to the sanitation marketing toolkit) to disseminate project materials and lessons learned. It will be ready for launch by the end of calendar 2012.

Lastly, in an effort to use evidence-based knowledge to learn what is working and what needs to be improved in scaling up sustainable access to sanitation, WSP conducted enabling environment assessments as well as Impact Evaluations (IEs) in Peru, Vietnam, Indonesia, India, Tanzania and Senegal. Results of these IEs will be released in FY13. This approach brings a new rigor and focus to knowledge generation, in a sector traditionally informed by opinions and anecdotal evidence. Furthermore, WSP strongly believes that these impact evaluations, together with activities strengthening the enabling environment, generating demand, and strengthening supply by its country and global teams, add operational value to the inherent academic value of research alone, providing robust evidence-based knowledge to policymakers, sector professionals, technical experts, local community members, and to the global public.

²¹ Outcome figures are based on WSP’s methodology of measuring progress in the enabling environment. This is the first time the methodology is being used to report results, so the baseline assessments for some countries may start prior to FY12.
Some examples of this knowledge captured and shared in FY12 include:

- Developing a Decentralized Performance Monitoring System in Senegal (performance monitoring)
- Introductory Guide to Sanitation Marketing and its companion Online Toolkit (behavior change and sanitation marketing)
- Long Term Sustainability of Improved Sanitation in Rural Bangladesh (strengthening the enabling environments for working at scale)
- Policy and Sector Reform to Accelerate Access to Improved Rural Sanitation (transforming knowledge into policy and action)
- The Power of Primary Schools to Change and Sustain Handwashing with Soap Among Children: The Cases of Vietnam and Peru (expanding reach exposure through innovative programming)

FY12 Highlights: The section below reports results against seven dimensions\(^{22}\) of the enabling environment that WSP believes are critical to improving rural sanitation at scale: policy, leadership, donor coordination, performance review, financing, programmatic approach, and capacity-building.

**Enabling Policy**

In Cambodia, a National Strategy for Rural Water Supply, Sanitation, and Hygiene, developed with support from WSP and other partners, was approved by the Ministry of Rural Development and announced in March 2012. WSPs technical assistance in Peru led to mainstreaming handwashing in school curricula and promoting cross-sector policy dialogue. This laid the groundwork for the integration of the behavioral change methodology developed by the Handwashing Initiative (HWI) in Peru’s national education policy.

\(^{22}\) The dimensions reported on generally reflect the intermediate outcomes listed in WSP’s Results Framework; however, due to FY11 programming, not every intermediate outcome is listed under every business area.
BOX A. Going to National Scale: Realizing WSP’s Theory Of Change

Transitioning from large-scale to national-level programming is WSP’s vision to help governments accelerate increases in access to improved sanitation. FY12 was a key milestone for WSP-Indonesia in that the technical assistance provided by WSP to the Government of Indonesia over the last five years transitioned from a large-scale rural sanitation program in one province (East Java to become the basis for implementation of the Government’s National Community-Led Total Sanitation (STBM) operational guidelines launched in October 2011. STBM targets 20,000 villages across all provinces of Indonesia, with WSP supporting 4 of these provinces in addition to East Java.

As a result, the Ministry of Health established and staffed a secretariat to implement the strategy. WSP is providing support for institutional capacity-building, monitoring and evaluation, communications and knowledge management, and sanitation marketing. The investment activities under its coordination (including government interventions and those of donor agencies such as the World Bank, Asian Development Bank, and UNICEF) are set to provide at least 8 million people with improved sanitation within the next four to five years.

In FY12, a similar transition occurred in Tanzania with technical support from WSP. The Government’s Ministry of Health launched a National Sanitation Campaign based on the learning and model developed over the last several years under the WSP-supported Total Sanitation and Sanitation Marketing project. This transition from large to national scale is realizing WSP’s theory of change to scale up rural sanitation programs.

Enabling Leadership

In Tanzania, WSP assisted the government with leveraging funding, putting in place institutional arrangements, and planning for a National Sanitation Campaign. The campaign was launched in June 2012 by the president of Tanzania, with funding that would enable 7 million Tanzanians to gain access to improved sanitation and handwashing facilities by 2015. The campaign will also carry out improvements to school sanitation and hygiene infrastructure.

In India, the states where WSP was actively engaged in supporting to design and implement a behavior change outcome approach, such as Himachal Pradesh, Haryana and Meghalaya, continued to perform well in the Nirmal Gram Puraskar (Clean Village Prize). Twenty-one out of
the top 25 districts and four of the top five states, in terms of number of Gram Panchayats winning the NGP in the year 2011, were those supported by WSP. The state of Himachal Pradesh has declared itself open-defecation free (ODF), which is currently being verified by third party monitors.

WSP engaged with Government of India in the development of the Nirmal Bharat Abhiyan (or Clean India Campaign), the successor to the Total Sanitation Campaign. While retaining the positive elements of the TSC, the NBA introduced a strategy which focuses on turning entire villages open-defecation free, rather than construction of a few toilets in every village—this ‘saturation’ approach has been adopted based on its successful adoption as a strategy in the above mentioned states and districts.

A cross-cutting theme in WSP India's work program is performance monitoring and benchmarking. Over the past year, WSP successfully developed and tested a mobile application that can be used as a survey tool to track rural sanitation outcomes. This app has been showcased at international events like the Hackathons and there is strong interest from national and state government clients to adopt the app for regular tracking of behavior outcomes in the sector.

The strengthening of monitoring systems for routine project management as well as rewarding communities was part of the advocacy with the national and state governments. Use of ICT for high quality, and timely monitoring of sustainability of sanitation outcomes was pilot tested by WSP in partnership with the national government. The national and selected state government expressed great interest in adopting these approaches for verification to award NGP prizes, periodic assessments and routine monitoring.

The three new lagging states, where WSP has started engaging, have shown early successes in moving towards a sustainable, community-wide sanitation approach. The state of Rajasthan has already adopted a policy and strategy, which promotes sustainable outcomes. These strategies have been accepted by other states like Bihar and Jharkhand, with some of the districts officially adopting these and taking forward their program based on this.

Enabling Donor Coordination

In Tanzania, WSP’s technical assistance—to help strengthen rural sanitation supply chains—facilitated an intervention with the Ministry of Health and Social Welfare and a marketing resource agency to guide 10 local districts in successfully engaging with local hardware dealers.
This resulted in the sale of more than 6,000 sanplats within a period of three months. Of these 6,000, 86 percent were installed in households.

In Ethiopia, WSP supported the formation of a National Hygiene and Sanitation Task Force, drawing its membership from government, donors, NGOs, and other partners, chaired by the Ministry of Health. Previously, Ethiopia had no independent institution for sanitation and hygiene, instead relying on one coordinator housed under the Pastoralist Health Promotion and Disease prevention Directorate. The new task force will have an ongoing role to play in contributing to strengthening donor coordination for sanitation and hygiene. WSP continues to support efforts to further enable the task force to monitor financial and technical inputs to the sector and evaluate impacts.

WSP has been supporting this activity as a follow-up to the “Whole System in the Room” (WSR) meeting held in FY11 in Ethiopia, which is a tool developed to convene all stakeholders including all political leaders, faith based organizations, people with influence, associations (women, youth, teachers) to discuss the sanitation and hygiene challenges and solutions, form common ground, and design a common action plan. A WSR is an advocacy and consensus building event that is carried out wherever WSP starts the at scale program in rural communities in the country to start a sustainable behavior change by involving all people in a district or sub-district. Through the WSR, WSP has helped mobilize 12 districts in FY12 and will use it in 40 districts in FY13. WSR has grown in popularity and is increasingly used by other sectors.

As a follow-on effect, a Hygiene and Sanitation Task force is being established in all WSP-supported regions. In Uganda, WSP’s technical assistance supported the government in spearheading the development of the Integrated Sanitation and Hygiene Strategy, and WSP played a key leadership role in the National Sanitation Working Group. WSP also played a similar role with respect to the Handwashing with Soap (HWWS) Initiative and its National Steering Committee.

In Indonesia, the WSP-led Sanitation Donor Group during FY12 became the Sanitation Partner Group with increased government involvement and leadership, and moved from a forum of sharing information towards jointly developing and implementing research proposals—such as on the sanitation sector capacity gap—at the request of government. In India, WSP led the establishment of a regulation consultation process for sector participants in Bihar, chaired by the principal secretary—a particularly important development given the sharp increase in development partner activity in the state.
BOX B. What Does it Take to Scale Up Rural Sanitation?

**Background:** Over the last 30 years, most rural sanitation interventions have had pockets of success, but were small in scale. Learning how to expand on the successes of these small-scale interventions to increase access at large scale has been an enduring challenge. Project outcomes often fail the sustainability test once external funding ceases, and the benefits, even if sustained, remain limited to project areas. Despite growing political will to do more about rural sanitation, the lack of evidence and examples of effective and sustainable large-scale rural sanitation programs have constrained governments and development partners.

**Content:** For the last five years, WSP has been carrying out a learning initiative based on practical experience, identifying best practices and policies for governments to scale up rural sanitation. WSP’s newest knowledge product pulls together lessons learned during this period in an easy-to-access document. The paper shares lessons and best practices learned, specifically with regard to:

- Generating demand for sanitation at the household and community levels;
- Increasing the supply of affordable, aspirational sanitation products and services; and
- Strengthening local and national governments to lead large-scale sanitation programs.

The paper also introduces various financing strategies that were used to accelerate access to improved sanitation—from offering incentives to communities to achieve open defecation free (ODF) status, to helping local masons access moulds and raw materials, to developing or strengthening business networks to link masons with local hardware stores.

**Influencing Sector Knowledge:** The paper will be converted into an online course through partnership with the Water Engineering and Development Centre (WEDC), one of the world's leading education and research institutes for developing knowledge and capacity in water and sanitation for low- and middle-income countries, for a master’s program in engineering.

**Enabling Performance Review**

In **India**, WSP successfully pilot-tested the “Outcome Tracker” mobile phone application to monitor rural sanitation behavior outcomes in 25,000 households within a three-month span. The results of the tests were shared with the Ministry of Drinking Water and Sanitation, leading to the Government of India partnering with WSP to scale this up to a national-level pilot. The application has also been shared with international audiences via the Water Hackathon and international conferences. A similar innovation for reviewing performance is being undertaken in
**Indonesia**—following the pilot of an SMS-based monitoring system for rural sanitation in several districts in East Java province, as part of WSP's Total Sanitation and Sanitation Marketing project from 2007 to 2010, in late-2011 the Government of Indonesia transferred the system to the national level via the government's newly established secretariat for scaling up rural sanitation (STBM). The system allows for decentralized monitoring and reporting on increased access to improved sanitation, and open defecation-free communities. As of now, five provinces of Indonesia are actively using the system, with baseline data from nearly 9,000 villages entered into the rapidly growing database.

In **Uganda**, WSP provided technical assistance to the government for benchmarking the rural sanitation and hygiene sector, which enabled a shift from monitoring construction of toilets to outcome-focused performance monitoring. This shift resulted in a change of priority in the sector from the construction of latrines to ODF communities, with the best performing district given an award at the annual Joint Sector Review. In **Ethiopia**, the WASH Implementation Framework, finalized in FY12, will act as the guiding document for all WASH implementation. It maps out the need to put in place planning, financial, procurement, implementation, and monitoring mechanisms at different levels. As part of the framework, a national WASH inventory was conducted to act as a baseline for future performance monitoring. Data was collected in furtherance of this, and results will be available in FY13. In FY12 the Government of Tanzania, with WSP assistance, established a results framework for the national sanitation campaign in support of the Second National Growth and Poverty Reduction Strategy (MKUKUTA II) to enable improved sanitation targets and indicators.

**Enabling Financing**

In **Cambodia**, the results of a WSP and USAID-funded Sanitation Marketing Pilot, conducted in two provinces over the past two years by iDE, have led to a second phase of WSP support, which started in July 2011. This, in turn, has enabled the leveraging of US$4.3 million of additional funding from the Bill & Melinda Gates Foundation and the Stone Family Foundation to scale the approach in five additional provinces, the aim being to reach 644,000 people in rural Cambodia by mid-2014. In **Vietnam**, back in 2009 WSP provided technical assistance to generate
knowledge, in partnership with the innovation firm IDEO, on a user-centric design for a handwashing station. In FY12, USAID’s Development Innovation Ventures (DIV) awarded WaterSHED Asia a US$100,000 grant to seed the commercial introduction in Vietnam of a plastic handwashing device supporting behavior change in rural households. The product builds on the initial design and knowledge supported by WSP in 2009. Once launched, the “Happy Tap” will support sustainability of handwashing with soap promotion and behavior in Vietnam.

In Ethiopia, WSP supported the channeling of the World Bank/DFID allocated fund for sanitation and hygiene promotion directly to the health bureaus so districts would have an allocated budget. Separately, WSP also advocated for, and supported, preparation of the proposal that resulted in an allocation of US$5 million from the WSSCC Global Sanitation Fund. The funds are now available in Ethiopia and WSP has been elected co-chair of the committee managing their application in rural sanitation. In Uganda, economic and sector work undertaken jointly with the World Bank estimated the required financing for the Integrated Sanitation and Hygiene Strategy. On the basis of this estimate, and WSP’s influence in the National Sanitation Working Group, a sanitation budget line was established, and continued advocacy led to allocation of funds under the budget line.

Enabling Programmatic Approaches

In Pakistan, WSP introduced Community-Led Total Sanitation (CLTS) combined with outcome-based rewards for achieving ODF status. The Pakistan Poverty Alleviation Fund (PPAF, a national-level government project with the World Bank as its main donor) and the World Bank have agreed to include and test this approach to render 300,000 people in six union councils 100 percent ODF.

In Senegal, WSP developed a transition strategy for the Handwashing with Soap (HWWS) project, targeting interventions and organizations that work on maternal and child health interventions. WSP’s technical assistance supported the integration of HWWS promotion in their work. Also, in Vietnam, WSP technical assistance supported the development of HWWS integration kits for the Vietnam Women’s Union and Ministry of Health to help ensure sustainability in health programs.

In Lao PDR, sanitation technology options and marketing models were identified under a WSP-supported sanitation marketing pilot, with production and sale of newly designed latrines by two local enterprises showing a marked increase directly after the pilot. Also, an interactive guidance note was developed in Indonesia, enabling local governments to select and design sanitation options for challenging environments, and was launched in collaboration with the Ministry of Public Works.

Enabling Capacity Development

A common understanding of sanitation marketing and agreement on key principles and approaches to scale up in Uganda was achieved by a capacity-building workshop on sanitation.
marketing for government officials and development partners. The success of this workshop has led to demand for additional workshops in the next fiscal year. With WSP assistance, the Government of Ethiopia prioritized integrated refresher training, focusing on child health, maternal health, environmental sanitation, and hygiene for more than 30,000 health extension workers. WSP was asked by the government to support training for the sanitation and hygiene components for master trainers at the regional level and implementers at district level. This integration aimed at increasing productivity among these workers, who were previously taken away from their work for trainings by multiple entities.

At the request of the Government of India, WSP is helping to build capacity in “lagging” states facing significant sanitation challenges. WSP facilitated knowledge sharing and capacity development between officials from the Indian states of Rajasthan, Bihar, Meghalaya, and Jharkhand through South-South dialog with officials from Bangladesh in order to learn from community-led approaches for collective behavior change and sanitation marketing in Bangladesh. Lessons learned through this exchange are already reflected in the increased number of ODF communities in the states participating in the exchange.

Lessons and Challenges

**Sequencing of Enabling Environment Interventions.** Experience and evidence from the three-year period between baseline and endline enabling environment assessments from Tanzania, India, and Indonesia indicate a logical sequencing of interventions when introducing the scaling up rural sanitation approach in a country.

- The first phase includes developing country-specific models, including the research required to inform these models, and practical and workable monitoring and evaluation (M&E) systems; building an evidence base and local political commitment that can be used to influence regional and central decision makers to adopt the program approaches more widely; initiating supply chain development; and improving policy, strategy, and direction accordingly.
- A second phase would start once the local models are used to develop the evidence to convince central decision makers and other stakeholders to improve policy, strategy, and direction, and an effective national M&E system is being established. At this point, other dimensions—finance to support the national strategic plan, institutional arrangements to encourage leadership and coordination, capacity development plans to fill gaps and strengthen weaknesses, and supply chain development and support—become important.

**Reaching the Poorest.** There is evidence that the poor are gaining access to improved sanitation through market-based approaches, but there is still a segment of the poorest that is not benefiting. Further research is required to understand the determinants that are prohibiting this segment from moving up the sanitation ladder. One area of exploration that WSP is pursuing is

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23 Based on evaluations of sanitation marketing in Cambodia and Peru
how to incorporate sanitation into safety net and poverty-reduction programs (such as conditional cash transfer programs) in Indonesia, Philippines, Cambodia, Vietnam, and Peru, and develop innovative approaches to apply subsidies in a market or output-based approach to reach the poorest segments of the population.

**Supply Chains.** Supply chains for rural sanitation goods and services are fractured and inefficient, leading to limited supply of affordable and quality goods and services. The nature of this supply chain creates barriers for small businesses to see the value proposition of incorporating sanitation goods and services into their existing businesses. WSP has learned a great deal of what it takes to foster small business development for sanitation in Indonesia, Tanzania, Cambodia, and Peru. Under WSP’s Domestic Private Sector Participation (DPSP) business area, Peru is learning and actively working on multistakeholder platforms that bring together large public-private partnerships, consisting of national or multinational corporations and public sector stakeholders, to strengthen supply chains and develop new business models. WSP in Indonesia has supported the establishment of a business association for sanitation providers in early 2012 to facilitate the exchange of knowledge and resources between business owners. As we move toward developing at-scale business models, this will continue to be an area of learning and emphasis for WSP.

**Impact Evaluations.** As academics, sector experts, and the World Bank’s own independent evaluation group demand more rigor in water and sanitation knowledge, WSP believes that one innovative and strategic way of providing this knowledge is through impact evaluations. The sector is clearly at a point where evidence-based knowledge is vital to successfully scaling up sustainable access to water and sanitation services. Initial findings point to new questions that will need to be answered. For example, what factors into whether the poorest people benefit from broad efforts to scale up access to sanitation to the regional or national level? Are subsidies still needed if barriers to reaching the poorest remain? How affordable are current sanitation marketing tools? Therefore, while the results of these evaluations are still being collected and analyzed, WSP is seeing early signs that the knowledge from the IEIs will be able to guide future WSP interventions, as well as contribute in a larger way to open knowledge sharing with partners and other entities.
Creating Sustainable Services through Domestic Private Sector Participation (SS-DPSP)

Objective: WSP will help client governments scale up the technical and financial capacity of the domestic private sector to help 2.5 million poor people sustain access to improved water supply and sanitation and leverage at least US$80 million in investments by donors, governments, and the private sector—i.e., to leverage three times the WSP investment.

Context: With an estimated US$26 billion needed between 2005 and 2014 to reach the MDGs in water and sanitation, WSP is working to leverage domestic private sector (DPS) expertise and resources to deliver services that benefit the poor. WSP believes that the market incentive of making a return on investment can better promote the delivery of water and sanitation services than the public incentive of receiving political support/approval from citizens. However, the market does not always cater to the poor because of their weaker purchasing power. DPS can significantly help address the needs of the poor given generally lower costs and smaller profit margins.

Theory of Change: To improve access of the poor through DPS participation, the long-term marginal cost of delivering services needs to fall by taking advantage of the economies of scale, efficiency, and innovation, so services become affordable to a larger segment of the poor. This requires interventions that help water and sanitation enterprises address commercial constraints

24 A temporary withdrawal from Rwanda was made at the request of the World Bank Country Manager in response to the Government of Rwanda assigning lead sector support responsibilities to specific development partner agencies. The World Bank was assigned lead roles in energy, agriculture and transport while the African Development Bank was assigned the lead for water. As a result, WSP stopped its program in Rwanda in October 2011. WSP is fully prepared to re-engage with the Government of Rwanda when, and if, the situation changes.

such as low willingness to pay for sanitation services or poor viability of enterprises that cater to the poor. Additionally, restrictive government policies, crowding out of private funding by public sectors, and barriers to competition reduce domestic sector participation, thereby limiting market innovation and efficiency. Thus, programming must also address institutional constraints.

**Theory of Action:** Three clusters of engagement that form this business area are: (i) banking the “unbanked”—increasing access to finance, (ii) developing business models for the poor, and (iii) supporting public-private partnerships (PPPs) in rural, small towns and sanitation focused on the poor.

**FY12 Summary:** FY 12 was a significant year for the SS-DPSP business area in terms of improving its monitoring system, not just of activities, but also of the actual water and sanitation markets, specifically enterprise performance monitoring. A data capture tool was developed for each activity to facilitate better and more accurate tracking of progress and results to help, not only WSP, but also its clients gain a better understanding of the implementation of its strategy and activities. In this second year of SS-DPSP, the initiative is on track, bringing new access to water close to its 200,000-person target for the next two years and new access to sanitation for 50,000 people, already exceeding the 2013 targets by 25 percent in a concentrated set of countries. SS-DPSP theories of change and action are proving to be robust, as demonstrated by local private enterprises continuing to develop assets in water and sanitation. This year, some 70 small and medium enterprises in six countries have accumulated more than US$10 million in assets and are in good financial standing. The full extent of SS-DPSP result is yet to come to bear as country programs such as in Benin, India, Mali, Mozambique, Niger, Senegal, Uganda, and Peru (Water) are able to accelerate their implementation progress. However, it is important to point out that the “how-tos” of engaging the private sector at a local level is helping transform the way the water and sanitation sector advances. The SS-DPSP program will potentially influence the design and implementation of US$70 million in public investment programs through scaling up of tested approaches and improving on past experiences engaging the private sector.

**FY12 Highlights:** Influencing the design and implementation of public investment programs is a critical element of how the business area shapes sector investments and strategies. Shaping such investment programs involves knowledge events, products, and technical assistance.

*Increase in Private Investment*

This indicator measures the rate of growth in investments from both public providers using private financing sources and private providers using any source of finance.

In the last year, the program generated US$857,000 in new capital from the domestic private sector. This strong showing, representing a 10 percent increase in investments over a period of 12 months, is highly concentrated in a few countries: Bangladesh, Burkina Faso, Indonesia, Kenya, and the Philippines. This adds to the US$9 million in stock already invested by some 70 small and medium-sized enterprises in these countries. This figure is likely to be underestimated
as full results could not be tracked for all entrepreneurs in Bangladesh, Cambodia, and Indonesia due to data reporting issues.

Below is a summary of investments made in 2011:

<table>
<thead>
<tr>
<th>Country</th>
<th>Activity Name</th>
<th>Number of Schemes in 2011</th>
<th>Cumulative Investments in US$ (to Dec 2010)*</th>
<th>Additional Investment in US$ (Jan-Dec 2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>Bangladesh Rural Water Supply Project</td>
<td>21</td>
<td>4,450,000</td>
<td>data not available</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>Steps for Sustainable Sanitation Services</td>
<td>7</td>
<td>11,000</td>
<td>52,000</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>ONEA Delegated Management</td>
<td>9</td>
<td>2,430,000</td>
<td>145,000^</td>
</tr>
<tr>
<td>Cambodia</td>
<td>Capacity Development Program for Small-Scale DPSP</td>
<td>9</td>
<td>3,130,000</td>
<td>data not available</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Indonesia Second Generation Community Water Project</td>
<td>3#</td>
<td>150,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Kenya</td>
<td>Leveraging Market-based Finance for the WSS Sector</td>
<td>13</td>
<td>1,000,000+</td>
<td>240,000</td>
</tr>
<tr>
<td>Philippines</td>
<td>Expanded Small Water Utilities Improvement and Financing</td>
<td>5</td>
<td>110,000</td>
<td>390,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>8,950,000</strong></td>
<td><strong>857,000</strong></td>
</tr>
</tbody>
</table>

*Rounded to 10,000s. ^ Staff estimates based on annual average accumulated profit. ^Data for 18 schemes not available. **10 schemes supported at the time. **Data for one utility not available.

The Kenya microfinance facility, established in partnership with K-Rep Bank, continued to support increased investments in rural water systems in the last 12 months, posting 24 percent growth in capital investment. The Philippines posted strong results this period as well. The accreditation of technical assistance providers generated confidence in utility investments, with capital increasing almost three-fold.

Other noteworthy initiatives include Bangladesh sanitation marketing, which introduced working capital financing for micro-entrepreneurs in rural villages. Starting from a modest base, the entrepreneurs have about quadrupled their investments in their businesses.
Growth in Private Sector Market Share

The indicator measures increased market share of DPS expressed either in additional number of water schemes transferred to private operations or the growth in sales by existing sanitation enterprises.

In the last 12 months, no new water schemes were delegated to the private sector with WSP support. Compared to the last reporting period, when 26 schemes were delegated to the private sector and commissioned (21 in Bangladesh and 5 in Burkina Faso), this turn-out reflects the long preparation period necessary to develop a PPP transaction and commission new water systems to be operated by the private sector. Initiatives under preparation have also been affected by changes in client counterparts, affecting the speed with which transactions can come to completion. This is the case for India, Mozambique, and Senegal. WSP teams continue to keep the dialogue active in-country, and at the same time at the global level (see Section V for more information). WSP expects that bringing in the private sector through these transactions will have continuing results beyond the phase in which the SS-DPSP inputs are actively used for transaction development, such as in Burkina Faso.

Based on annual average sales revenues of “sentinel” entrepreneurs, whose financials WSP can track, sanitation sales continue beyond the active period of WSP engagement, which indicates a growing market share. However, the rate of growth in the market share during this reporting period has decreased compared to the last period. Sentinel entrepreneurs could be representing between 30 entrepreneurs in Bangladesh and more than 60 in Cambodia’s two provinces where WSP is actively engaged. This year, average annual turnover of sanitation enterprises in different countries range from US$7,400 to US$82,000, but the rate of growth in market share has decreased compared to last year, when average annual turnover was as high as US$225,000.

Improvements in Business and Operational Performance

Providing additional incentives to improve performance of domestic private water operators is showing potential for delivering large efficiency dividends for the sector. Compared to 2011, the mean non-revenue water (NRW) for operators supported is lower by 2 percent, and the NRW curve has moved to the left between 2010 and 2011, indicating generally lower NRWs across operators.

On the other hand, no significant changes can be observed in the number of water enterprises breaking even—i.e., a change from 93 percent of utilities to 94 percent. This reflects the high number of enterprises that are already covering their operations costs (see Figure 2 and Table 1).
Figure 2. Non-Revenue Water*

* Reports from Bangladesh, Cambodia, Indonesia, Kenya, Philippines and Senegal

Table 1. Operating Ratio (Water Enterprises)**

<table>
<thead>
<tr>
<th>Operating Ratio</th>
<th>Number of Enterprises</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2011</td>
</tr>
<tr>
<td>Equal to or less than 1</td>
<td>52</td>
<td>60</td>
</tr>
<tr>
<td>Greater than 1</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>N</td>
<td>56</td>
<td>64</td>
</tr>
</tbody>
</table>

**“Operating ratio” is the ratio of enterprise expenses over revenues. An operating ratio equal to or less than 1 means an enterprise is breaking even. Reports from Bangladesh, Burkina Faso, Cambodia, Indonesia, Kenya, Philippines, and Senegal.

In **Cambodia**, the pilot support to nine small-scale private water providers was completed, providing the basis for developing a management information software package that links water operations and inventory to accounting systems, and a water business toolkit that provides guidance on procedures for key functions such as water treatment and water loss management. These business support packages will be taken to market in the next phase of assistance. In the **Philippines**, the technical service providers’ accreditation program established in 2011 has already assisted 12 utilities to improve their performance and additional utilities are applying. A revolving fund, established by the national regulator for utilities to finance services of accredited technical assistance providers, reached US$24,000 in less than 12 months. In **Peru**, WSP engaged with five large utilities (the four public utilities in Lima, Arequipa, Piura, Cusco, and the private utility in Tumbes) to develop baselines aimed at improving customer engagement and exposing these utilities to customer-focused strategies in related sectors. In **Benin** and **Niger**, ICT is being used to establish monitoring of privately operated rural and small town systems.
which will form the basis for developing support programs to improve efficiency and drive accountability.

In sanitation, business development continues to focus on enhancing the offers by small entrepreneurs to target the price points of lower-income customers—this includes innovating with cheaper technology, reducing the purchasing process, and providing financing to support purchases. In Nicaragua, innovating on the past “government-endorsed” toilet designs, two new designs were developed, both costing 30 percent less than the original. This represents a huge reform step for the government, which has traditionally focused only on government-delivery approaches. Innovation in design continues among entrepreneurs in Bangladesh, Cambodia, and Peru, where they are using local materials and adding different features to suit customer needs and budgets.

Financial outcomes seem to have fallen among sentinel entrepreneurs in Bangladesh and Cambodia, with a higher percentage of entrepreneurs not able to meet costs. This is largely due to falling revenues amongst entrepreneurs in Cambodia. The lower sales outcomes are reflected in the shift away from using project-supported sales teams.

Table 2. Operating Ratio (Sanitation Enterprises)*

<table>
<thead>
<tr>
<th>Operating Ratio</th>
<th>Number of Enterprises</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2011</td>
</tr>
<tr>
<td>Equal to or less than 1</td>
<td>16</td>
<td>11</td>
</tr>
<tr>
<td>Greater than 1</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>N</td>
<td>19</td>
<td>16</td>
</tr>
</tbody>
</table>

*Reports from Bangladesh and Cambodia
Strengthening Public Institutions to Engage the Private Sector

WSP is in active dialogue with national and local government agencies on broadening private-sector participation: building mechanisms to leverage finance from the private sector, improving overall sector governance and performance, and informing decisions on engaging the private sector to operate services.

In Indonesia, the local Government of Malang facilitated a first-ever business-to-business build-lease-transfer partnership between a private company and two community providers. The Indonesian Ministry of Public Works is facilitating a partnership between the Association of Indonesian Rural Banks and the Association of Community-Based Organizations (CBOs) in the province of East Java. In Kenya, WSP helped the regulator conduct a credit rating exercise of water utilities on which to base the wider sector dialogue about bringing in commercial financing to urban water.

Under the engagement in Peru, the sector authority, regulatory agency, and five participating utilities signed agreements that committed funds from their budgets for implementing demand-management strategies. In the Philippines, the regulator agreed to the broad strategy for implementing an appropriate level of regulation for small utilities and bringing different management models into one accountability/regulatory framework.

In India, the Government of Maharashtra developed a framework for informed decision making on PPPs in municipal solid waste management. The framework includes a toolkit that enables Urban Local Bodies (ULBs) to assess the impact of different PPP options. Two ULBs in the state (both with populations of more than one million) have already used the toolkit to prepare a tender. In Uganda, WSP is assisting a prefeasibility study looking at private-sector participation in fecal sludge management in small towns. In Peru, “Creating Sanitation Markets” began moving to scale in eight regions in Peru, which represent up to 50 percent of the population without access to improved sanitation. Regional multi-stakeholder platforms have been set up to coordinate sanitation marketing activities in the area.

Leveraging Public Investments with Knowledge

WSP’s experience in creating space for private-sector involvement is being shared with other countries looking at similar approaches.

In June 2012, the International Conference on Water PPP, co-organized by the IFC and WSP, was held in Dakar, Senegal, bringing the reform agenda to the attention of ministers and other high-level officials from 40 client countries from Africa and other regions. The conference was successful in renewing commitments from WSP-supported countries to focus on the PPP reform agenda: Benin, Burkina Faso, Niger, Senegal, and Uganda. At the event, the Government of Benin closed negotiations with the IFC for their involvement in the WSP intervention to undertake at least two transactions seeking to cluster 10 schemes each.
Through WSP's knowledge dissemination, the Creating Sanitation Markets initiative is influencing how the public sector is designing their programs. The "Creating Sanitation Markets" approach, which uses microfinance to improve households' ability to pay for sanitation, formed the basis for a request from the Minister of Development and Social Inclusion for WSP to design a pilot activity to integrate sanitation in Peru's Conditional Cash Transfer Program.

In Mozambique, WSP is advising a World Bank-AusAID funded intervention worth US$15 million designed to rehabilitate piped water systems in two large towns on options for private sector participation. In Bangladesh, WSP is currently working with the Government of Bangladesh to introduce market-based systems of CLTS leveraging US$12 million to reach one million people and supporting the design of interventions by four NGOs in the country.

In Burkina Faso, WSP is launching an evaluation of the pilot with Ouagadougou’s partnership between the utility and local private operators. The evaluation results will be used in the implementation of the IDA-funded Urban Sector Water and Sanitation Project, which plans to add support to ONEA for informal settlements service.

Lessons and Challenges

**Increasing private financing.** The successful initiatives under the financing cluster use similar approaches and confirm that the establishment of a facility dedicated to supporting DPS and the provision of advisory services for business and capital planning are effective in fostering continuing growth in investments.

**Effects of activity business cycle.** Sanitation sales outcomes have been affected by activity business cycle trough—that is, when first-phase assistance winds up and a follow up is under preparation. In Cambodia, the noticeable drop in sales reflects a shift in strategy from using staff as sales agents to a strategy, at the time thought to be more long-lasting, of using village officials. This strategy is being revisited in the follow-up activity, which enlists community champions as sales agents.

**Sustaining sales to the poor.** Under the business models for the poor cluster, the following constraints have posed a challenge to sustaining sales growth in sanitation: (i) nascence of sanitation markets for the poor in many countries; (ii) limited geographic reach of entrepreneurs currently serving this market; (iii) lack of ability (in the form of capital, market intelligence, and networks) for entrepreneurs to venture outside their current boundaries; and (iv) lack of incentives for entrepreneurs to reach the poorest segments of their current markets. In the next phase, WSP initiatives are testing mutually reinforcing strategies to sustain market momentum: (i) redoubled sanitation marketing and behavior change campaigns that are better targeted to specific market segments; (ii) improving sales networks, in particular, facilitating new groups of sales agents; (iii) facilitating access to finance for entrepreneurs and their customers; and (iv) developing linkages between supply chain actors in a partnership platform.

The slow pace in completing PPP transactions has to do with intervention readiness (including its financing) and capacity of public institutions to manage the process of engaging stakeholders in a
sensitive dialogue. WSP assistance continues to focus on both sides of these issues—identifying ways to leverage financing and improve intervention viability and supporting public authorities to manage the dialogue between different parties.

BOX C. Lessons From Africa on PPP Programs that Systematically Engage Domestic Private Sector

In general, private sector participation often accompanies political devolution, where the responsibility for water services is decentralized at the local level. The role of local governments as the focal point between state, consumers, and the private sector is critical. Often, however, transfer of authority for water services is not well thought out and incomplete.

Uganda is unique in that it has set up a dedicated and autonomous local body that represents the public sector in water services delivery. In contrast, most West African countries expect the local communes (mayor) to take on the oversight for water services as an additional mandate.

Few countries in the SS-DPSP portfolio have developed mechanisms to empower and hold the local contracting authority accountable for upholding their side of the PPP bargain. Thus, WSP is focusing on a few key ingredients of ensuring a successful and sustainable PPP, namely:

- Establishing dedicated local water institutions through law and signing a performance agreement between national and local government levels;
- Linking national sector financing to performance of local institutions;
- Setting up support structures to strengthen local institutions such as standard contracting and bidding documents and technical assistance agencies; and
- Enabling accountability through monitoring systems and performance audits.
Supporting Poor-Inclusive WSS Sector Reform

Objective: WSP will support poor-inclusive sector reform by working with national and subnational governments to develop pro-poor policies, strategies, and plans to define institutional arrangements, and to design and implement investment programs by providing evidence-based knowledge for reforming outdated approaches. In FY12, WSP is broadly on track in terms of progress for improving enabling policy and regulatory frameworks and enhancing government capacity at national and subnational levels.

Context: Weak policies and institutions lead to weak service standards, especially for the poor. The provision of basic services, including safe water and sanitation, is a cornerstone of a functional state. In many countries, however, there is a lack of clarity in institutional mandates, structures, roles, and capacities to provide improved WSS services.

Providing effective technical assistance on service sustainability must be tied to sector governance and to overarching institutional and accountability frameworks. This focus on supporting policy reform and institutional capacity-building is increasingly important as reforms in aid modalities, as well as economic growth, increase the resources channeled through government systems.

Theory of Change: WSP poor-inclusive sector reform requires support to governments at national and subnational levels both vertically—to address policy, accountability, and technical capacity—and horizontally—to support coordination, learning, and cooperation—so that local governments and communities receive resources and support to implement programs that are aligned with national priorities. Such reforms must be customized to each country, reflecting the particular political, cultural, and economic context. Consequently, support for reforms needs to reflect a sound understanding by WSP of these contexts to develop evidence-based knowledge that is relevant for policymakers and to tailor capacity-building and on-demand technical assistance accordingly. The poor-inclusive emphasis of WSP’s support for reforms requires an effort to tap into and strategically channel citizens’ voices as an important demand-side dimension to improve access and target services, and tap into gender as a pathway to poor-
inclusive reform, emphasizing the role of women as agents of change and seeking to address institutional and market shortcomings that preclude efficient, gender-sensitive outcomes.

**Theory of Action:** WSP activities for supporting poor-inclusive WSS sector reform focus on the chain of events from a concept being determined by policy-makers to water and sanitation services being delivered to the poor. WSP works with governments to identify and clear blockages in this service delivery pathway, often focusing on inefficiencies, which prevent the interaction of markets, and formal and informal institutions from delivering outcomes. WSP activities related to the service delivery assessment, described below, are one broad example of how we help identify and monitor blockages in the vertical channel. Generating evidence to inform policy decisions, such as through the Economics of Sanitation Initiative (see Box D, below) and impact evaluation, is another. WSP also conducts pilot initiatives, such as the Water Security Pilot in India, to inform policy making. Peer-to-peer events, such as international south-south knowledge exchanges, IBNET and the Horizontal Learning Program in Bangladesh, are examples of how WSP aids utilities and communities identify prospective opportunities to improve service delivery at the local level. Many WSP interventions help practitioners address challenges which lie outside their immediate expertise, for example many utilities are aware of the benefits of consumer consultation but do not have the mechanisms for implementation. Similarly, studies show that ensuring a greater role for women will produce better outcomes for all, and WSP helps governments gain awareness on how such reforms can be developed. As a recent development, governments at all levels are becoming aware of the powerful role that ICT, particularly mobile phones, can play in leveraging their resources and empowering consumer voice, especially the most disadvantaged.

**FY12 Summary:** In FY12, WSP continued its efforts to establish an analytical base for poor-inclusive reform. ESI was expanded to Pakistan and Bangladesh. Data collected from this initiative received wide coverage in national and international media. Furthermore, Phase II of the ESI, the economic assessment of sanitation interventions (cost-benefit analysis), which compared a range of sanitation interventions (covering technology options and program designs) in selected rural and urban settings in each country, was completed in six countries in East Asia and the Pacific. Building on the success of the Country Status Overview in Africa, WSP is leading similar efforts in South and East Asia and the Pacific to help identify bottlenecks in the service-delivery mechanisms for sanitation (and water) under the service-delivery assessment (SDA) process.
In addition to this, WSP played a key leadership role in the sector by hosting the Sanitation and Water for All (SWA) high-level meeting (co-hosted by UNICEF) in April 2012, which was used as a platform to influence Ministers of Finance from developing countries to increase their investment in sanitation.

**FY12 Highlights:** WSP interventions to ensure poor inclusiveness in service delivery are reported below under the dimensions of enabling pro-poor policies, enabling institutions, promoting citizen participation and enabling targets and monitoring.

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**BOX D. Economics of Sanitation Initiative**

The Economics of Sanitation Initiative (ESI) was launched in 2007. The ESI initiative was introduced as a response by WSP to address major gaps in evidence among developing countries on the economic impacts of sanitation. The study is the first of its kind to attribute dollar amounts to a country’s losses from poor sanitation, and the public awareness raised by the ESI’s has turned out be an *effective advocacy tool* in spurring Governments to take action. In FY12, WSP continued the initiative with studies in **Bangladesh, Pakistan** and, **18 countries in Africa**.

These results were used by the Governments of Bangladesh and Pakistan in all high-level meetings. A notable achievement in FY12 was the citation of WSP’s **ESI India report** in the US House of Representatives December 2011 during the introduction of the bipartisan Water for the World Act of 2012, which aims strengthen US foreign assistance in water and sanitation.

Studies conducted in **18 African** countries were also launched across Africa in April 2012, in English and French, receiving widespread coverage in the international media.

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*Enabling Policy*

WSP continued with the launch of the groundbreaking series of reports under the Economics of Sanitation Initiative, which was first launched in 2007. WSP introduced the ESI to address major gaps in evidence among developing countries on the economic impacts of sanitation. The study is the first of its kind to attribute dollar amounts to a country’s losses from poor sanitation, and the public awareness raised by the ESIs has been an effective advocacy tool in spurring...
governments to act. In FY12, WSP completed studies for Bangladesh and Pakistan and participated in intensive advocacy activities in the region.

Using the data from this study, WSP successfully worked with the government of Bangladesh to incorporate sanitation into the new Bangladesh Rural Water Supply and Sanitation project funded by the World Bank. Under the intervention safe and sustainable sanitary practices will be promoted in 4,000 villages using the sanitation marketing approach.

Studies conducted in 18 African countries were also launched in April 2012 and data from these were used widely at the Sanitation and Water for All (SWA) meeting held in Washington, D.C. In Kenya, the Government was able to reference the ESI data in making the case for UNICEF to commit more funding for Community Led Total Sanitation and to support health facilities. Furthermore, on the basis of the ESI, the office of the Chief Public Health Officer succeeded in channeling more funds to sanitation activities at the district level. In its 2011 budget, Ghana made provision for only 0.1 percent of GDP to be spent on sanitation. But early this year, Ghana announced that it would commit a specific budget line to sanitation and hygiene. The Government of Ghana was swayed to a large degree by ESI data that demonstrated that Ghana loses GHC420 million annually due to poor sanitation.

The second phase of ESI, which analyzes the costs and benefits of alternative sanitation interventions in a range of typical contexts, was launched in East Asia and the Pacific. The study results will help guide decisions on how to more efficiently spend funds allocated to sanitation. Studies were conducted in Cambodia, Indonesia, the Philippines, Vietnam, and Yunnan Province in China. Two of the six country cost-benefit analyses of sanitation options were launched at events in November and December 2011, the remaining three and an additional for Lao PDR are due in early FY13.

In Peru and Indonesia, WSP, together with other Bank units, produced Policy/Engagement Notes for Water Supply and Sanitation, which identified and prioritized sector reforms as part of the policy recommendations produced by the World Bank for the presidential elections of June 2011 in Peru and for the Government of Indonesia. The policy notes were published and distributed in July in both countries and served as the basis for initial policy dialogue with the (new) government authorities.

In India, national-level workshops were held in September 2011 in Pune and in May 2012 in Bangalore to launch national pilots to demonstrate appropriate strategies to achieve drinking water security in varying geoclimatic zones in India. The Secretary of the Ministry of Drinking Water and Sanitation stated at the workshop that lessons from the pilots would inform scaled-up strategies to achieve the government’s goal of providing water security to at least 85 percent of rural households by 2022. The WSP-led pilot is providing orientation to more than 1,000 officials to develop water security plans for more than two million people.
Enabling Institutions

In Mozambique, WSP assisted the national regulator in developing a structure for regulating peri-urban water supply. This is being rolled out in Maputo in collaboration with the municipal council, and the utility has embarked on a partnership with WSP to establish a pro-poor unit. WSP also conducted studies on standpipe use and is now supporting the development of strategies to serve the poor, as the standpipes are gradually being closed due to competition from household connections.

In Burkina Faso, WSP supported updating the local WSS MDG Action Plan Development Tools in which poor and gender needs are embedded. These tools will be used as a standard country-wide. Local government and WSS Directorate staff have been trained to use these tools and WSP has also supported the National Office of Water and Sanitation (ONEA, Burkina Faso’s public WSS utility) in developing a pro-poor/vulnerable group strategy, which is incorporated into its Strategic Action Plan 2011-2015.

In Vietnam, assessments of institutional, legal, financial, human resources, and technical aspects of sanitation were completed, serving as a background document for the development of a Unified Sanitation Sector Strategy and Action Plan. Furthermore, the Sanitation Development Plan pilot was completed for Can Tho city.

In Mozambique, WSP undertook field studies on improving the sustainability of rural water supply systems. WSP has assisted the drilling industry to establish an association, and in 2012 has been working with the industry to develop a training and certification system for borehole drillers.

In Kenya, a toolkit to mainstream gender was developed for a World Bank-funded Water and Sanitation Service Improvement project and was used to train 24 water utilities. This will result in improved borehole quality and fewer handpump breakdowns. In Kenya, a toolkit to mainstream gender was developed for a World Bank-funded Water and Sanitation Service Improvement project and was used to train 24 water utilities. This will result in improved borehole quality and fewer handpump breakdowns.

Enabling Donor Finances and Improving Allocation Criteria

In Bangladesh, WSP assumed the co-chair of the Local Consultative Group for Water and Sanitation (alongside the Government of Bangladesh), this group coordinates donor activities with Government under the development assistance framework. WSP also coordinated the support of 29 partners for local government institutions through the Horizontal Learning Program so that water and sanitation services for three million people were improved by 303 local governments using US$1.8 million of their own resources. In Bolivia, as a result of WSP’s strategic institutional support delivered, SENASBA received US$2.5 million to participate in a rural infrastructure intervention financed by AECID.
In **Peru**, WSP assisted three subnational governments to strengthen their capacity in planning investments, providing technical assistance to local governments, and supporting WSS service delivery in rural areas under their jurisdiction, with a pro-poor focus. This technical assistance contributed to the Bank’s efforts aimed at strengthening subnational management capacity, specifically aimed at advancing the process of removing systemic constraints in human resources, financial management, and public investment systems.

In **Niger**, a specific plan for water supply and sanitation was adopted by the Ministry of Water Affairs. During FY11 and FY12, WSP supported the formulation of Local Water and Sanitation Plans (LWSP) in 25 communes in Niger by providing technical and financial support.

**Enabling Citizen Participation**

In the **Africa** region, WSP supported more than 60 utilities in sub-Saharan Africa in designing strategies to serve the poor, establish pro-poor units, and develop social connection policies to increase the quality and quantity of services to the poor.

Strengthening citizens’ voice continued to be an important aspect of WSP engagement. In **Benin**, in the pilot in the Alibori region, WSP encouraged mechanisms to support citizen engagement, and a country-wide scaling up is in the pipeline. Improvements have been seen in the transfer of responsibility from central level to local level due to the redefinition of the role of consumer associations in rural areas.

**Enabling Targets and Monitoring**

IBNET, the largest publicly available database of operational and financial performance information on water and sanitation utilities, facilitates the use of benchmarking by providing mechanisms for collecting, analyzing, and comparing performance data on water and wastewater utilities. It successfully continued its operations during FY12. Data was collected from about 1,000 utilities in all Bank regions. The IBNET team provided its expertise to the WHO/UNICEF working group for post-2015 MDG monitoring. WSP also initiated development of the second edition of the IBNET Blue Book that is expected to be developed during FY13.

Furthermore, WSP engaged the consulting company **Castalia Strategic Advisors** to produce a development and marketing strategy for a new phase of IBNET operations. This led to the World Bank Water Sector Board recommending continued support for IBNET in FY13-FY15.
Using broadly the methodology of the Country Status Overview 2 undertaken in Africa, and adapting it to specific country/regional context, WSP initiated similar studies in collaboration with the World Bank, WHO, and UNICEF in South Asia, in the form of service delivery assessments (SDA). Considering the governance structure in some of the countries in South Asia, including India and Pakistan, where water and sanitation are state/provincial subjects, the SDA will focus initially on a few states in India and provinces in Pakistan. The approach has received an extremely positive reception. Particularly in India, where the government invests US$5 billion per annum in water and sanitation, the Ministry of Urban Development is now exploring the use of this approach for its own financing of state-level development activities, and the World Bank is incorporating SDA indicators in its Program for Results (P4R) lending operation in Maharashtra. In Bangladesh, the SDA and the Global Analysis and Assessment of Sanitation and Drinking Water (GLAAS) adopted a common process that is now being adapted into a tool for monitoring the implementation of the sector development plan (SDP).

Furthermore, in India, the Government of Punjab launched the second community-based organization (CBO) Performance Awards through interactive voice response messages (pre-recorded messages sent via mobile phones) to 2,664 managers of rural water supply schemes. WSP supported the institutionalization of performance awards and knowledge exchange among CBOs to ensure sustainability in the rural water sector, which caters to 31 percent of the population (an estimated 20 million people).

In Latin America, Monitoring Country Progress in Water Supply and Sanitation (MAPAS) scorecards contributed to sector reform processes in El Salvador, Honduras, Nicaragua, and Panama. This monitoring process has been effective in generating a dialogue between sector stakeholders and decision makers from outside the sector. MAPAS has generated positive momentum and expectation from other partners as well (IDB, PAHO, SDC, and AECID). In Cambodia, the National Agency for Water & Sanitation adopted a new performance review tool, developed by WSP, which will help the sector identify performance gaps and measure effectiveness of national programs for capacity-building of WSS service providers.

Lessons and Challenges

**Importance of maintaining momentum.** Progress in this area is by its nature slow, and it is not infrequent that WSP-supported initiatives in the reform of sector institutions and policies take five or more years to come to fruition. An important challenge, therefore, is to maintain momentum for reform and adapt the reform process to changing political and economic realities. This goes beyond the purely technical and needs to be combined with a good understanding of the political environment, building coalitions, and delivering timely and relevant knowledge products for decision makers that can move reforms forward.
**Objective:** WSP will support national and subnational governments and public and private service providers by developing pro-poor and poor-inclusive policies, guidelines, and models for improved water supply and sanitation services in dense urban and peri-urban areas and small towns. WSP has demonstrated substantial progress at the country level, but developing and sharing knowledge to address urban challenges with global impact remains a challenge.

**Context:** Fifty-one percent, or 3.3 billion, of the world’s people live in cities or towns. By 2030, this number is expected to grow to almost five billion, severely increasing demand for services. Although urban drinking water coverage has remained at over 90 percent for the past 15 years, UN estimates show that approximately 10 percent of all countries have experienced a 2 percent decline or more in urban water supply since 1990.

Urban inequity is severe—in some African countries, disparities between the richest and poorest quintiles stand at over 80 percent for access to sanitation and 70 percent for access to water supply. An important consequence of this inequity is that the poor are heavily concentrated in unplanned peri-urban settlements where tenure issues may deprive them of the right to basic networked services. Even where that is not the case, utilities may regard them as inferior customers providing little potential for profit. The majority of these communities rely on on-site sanitation, which does not involve public infrastructure, and is often treated as a purely household matter. Therefore, important public health issues such as fecal sludge management are left entirely to the informal sector, with disastrously unhygienic consequences. The numerous tenants of rented accommodation generally have to rely on communal services, where cost recovery can be a major issue, leading to poor service quality.

**Theory of Change:** Poor-inclusive, effective urban service delivery is at the heart of WSP’s assistance to national and urban governments that face accelerating urban growth. Our experience shows that sustainable services are best delivered when accountability is clearly

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assigned and incentives exist to direct investments and capacity in support of effective and inclusive services. Therefore, rather than concentrating purely on infrastructure and technology, WSP urban strategies rest on four pillars:

- **“Working with the grain”—or in other words, taking full account of context-specific political economy drivers** —WSP builds on existing local drivers of change that respond to the diverse realities of different cities. WSP’s country presence enables us to apply global knowledge with pragmatism, rather than advocating “one size fits all” models. This lends relevance to our assistance on urban WSS service delivery reforms in each context.

- **Evidence-based policy and technical advisory support** at global, country and city level adds insight, momentum and credibility as WSP assists WSS sector ministries and subnational counterparts to articulate the case for sector funding and reform, and to implement improvements.

- **Global and local learning** enables clients and partners to scale up as WSP accumulates and shares its own and sector partners’ experience in partnership with World Bank operations and international partners. This facilitates and contributes to analysis, planning, dialogue, and innovation to develop effective and sustainable service-delivery models.

**FY12 Summary:** WSP’s dialogue with global and national partners continues to build and share evidence-based knowledge to enable policy, operational, and monitoring results in urban water and sanitation. This year we have further scaled up the use of utility benchmarking and have been assisting a number of utilities to develop more poor-inclusive approaches and practices. There has also again been cross-support to numerous World Bank interventions,27 and the instruments and processes for such operational support and the global learning have been streamlined and pursued actively. While the urban work includes both water and sanitation, a particular highlight over the past year has been a substantial leap on urban sanitation at the global level. The global urban sanitation scoping study has established a platform for refining a practical theory of change for urban sanitation work, and to develop the evidence base on particular service delivery issues, challenges and emerging opportunities and practices crucial to reaching urban residents at scale, with emphasis on inclusion of the urban poor.

**FY12 Highlights:** Increasingly, urban sanitation is recognized in sector policy reforms, which provides a platform for WSP to work with its clients, building on a global scoping study on urban sanitation, detailed in the next section, in developing and testing new innovative approaches that highlight service priorities and outcomes for poor people in cities and small towns. The growing range of client countries that have been adopting enabling and pro-poor policies and strategies bodes well for the sector reforms that WSP has been supporting in all four regions. From Mozambique to Indonesia, India, and Peru, the value of providing credible

27 A good example of this is the cross-support provided by WSP Africa to three World Bank interventions in this area—the Greater Accra Sanitation and Water Project (Ghana), the Cities and Climate Change Project (Mozambique), and the Water Services and Institutional Support Project (Mozambique)
evidence of options and impacts, and working with the grain of local dynamics, is being demonstrated.

Enabling Policy

A global scoping study on urban sanitation, initiated in 2011, has identified promising approaches, a typology, and tools and resources for poor-inclusive urban sanitation at scale. It provides an outline theory of change for our urban sanitation work and a platform for more detailed economic sector work on inclusive citywide sanitation.

At the country level, in Bolivia, WSP field research, analysis, and policy dialogue led to new regulatory norms for fecal sludge management in cities. In Honduras, a field study about the water and sanitation conditions in small towns conducted by WSP, together with the National Sanitation Plan, is contributing to a pro-poor approach in the water and sanitation sector policy. In India, WSP drafted the septage advisory note for Government of India and is providing technical support to the Government of Kerala for septage management, leveraging Bank credit. In addition, a study tour to Malaysia was organized for senior government officials to learn from good practices in septage management. The tour has generated demand for support, from at least one other state, for the introduction of improved septage management practices.

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28 In 2011, the Urban Global Practice Team identified a need for a new concerted initiative to scale up efforts on urban sanitation. A scoping study in FY11/12 took stock of approaches, experiences, practice, and perceived priorities about the subject, developing a theory of change on WSP’s role in this subsector, and mapping out options and priorities. Peer reviewers have welcomed the report’s emphasis on urban sanitation service delivery rather than infrastructure investment alone, as well as the acknowledgement of accountability and political economy issues in going to scale. The main thrust of WSP’s future agenda will entail using key front-line problems, such as fecal sludge management, sanitation for low-income rental accommodation, etc., as entry points for technical advice, learning, capacity building, and partnerships with World Bank operations and other investment, government, and client partners and stakeholders.
Thanks to a flagship activity of cooperation between units of the Bank (WSP and lending), the main urban utility of Nicaragua adopted condominial sewerage technology for use in urban areas across the country. In Zambia, a pilot intervention on condominial sewer systems and sanitation marketing in Lusaka is expected to lead to improved access to network sewers among the poorest populations by reducing connection costs and providing an evidence base to inform policymakers at the city and central levels of government.

In the Philippines, the government approved the WSP-supported National Sewerage and Septage Management Program in August 2011, outlining the country’s urban sanitation development strategy. The program is expected to be rolled out nationwide in 2012. WSP also assisted the Department of Health in generating lessons for national policy/program development, funded through a scheme of local government small infrastructure grants. This has led to the implementation of intermediate sanitation solutions within a broader framework of six trial sites, with decentralized systems demonstrated in two pilot sites.

In Mozambique, the Council of Ministers endorsed a National Urban Water Supply and Sanitation Strategy, following WSP advisory support on decentralized service provision. WSP is now working with the new National Urban WSS Agency and the sector regulator to establish a national platform for urban sanitation. In Kenya, WSP provided support, as the national government engaged sector institutions and subnational government, to align the sector’s legal and institutional framework to a new decentralized constitution.
Box E. WSP and the Tough Issues of Urban Sanitation

There are two very notable recent cases where WSP analyses, access to international knowledge and process support have assisted national governments to tackle the much-neglected issues of urban sanitation. India and Indonesia provide proof of how incentives for action on sanitation can facilitate poor-inclusive approaches to planning and resource allocation, and demonstrate the value of an evidence-based policy.

WSP support for India’s National Urban Sanitation Policy (NUSP) has been ongoing since 2008, and WSP is currently assisting the Government of India to build a database on the state of sanitation in cities, as it tests out new approaches to planning and intervention development. The introduction of indicators to define and monitor progress toward fully sanitized city status is a work-in-progress, but novel and valuable in encouraging municipalities to focus on service delivery and outcomes rather than infrastructure, with considerable emphasis on improved city planning for strategic outcomes rather than mere administrative compliance.

The WSP-supported Indonesia Sanitation Sector Development Program (ISSDP)—which became the basis of the Government of Indonesia’s Sanitation Development Acceleration Program in 2010—used evidence-based knowledge and technical support to foster government commitment to improving urban sanitation, increasing national and local investment, and city-level sanitation planning. As a result of decentralization, local government has the mandate to deliver sanitation services so central government cannot force municipalities to improve sanitation. Instead, central government created incentives and motivation, such as linking the adoption of city sanitation plans to access to capital funds and using peer pressure and friendly competition to motivate city leaders and officials, to address poor sanitary conditions in their towns.
Enabling Leadership and Sector Coordination in the Public Sector and with Partners

Capacity enhancement and knowledge sharing has helped build leadership, coordination, and awareness of institutional options for improved WSS management. In **Pakistan**, an institutional framework for the Peshawar Water and Sanitation Company was approved by the Chief Minister of Khyber Pakhtunkhwa, following WSP technical support (including facilitating a cross-learning to South Africa) to leverage US$70 million USAID investment for this intervention. In Faisalabad, WSP is supporting the city’s Water and Sanitation Agency to create a citizen liaison cell to take the lead on pro-poor policy and strategy for water and sanitation in slum areas.

In **Kenya**, WSP connected service providers with their counterparts from Jakarta and Manila, sharing experiences on efficient operations, tariff setting, community partnerships, and tackling non-revenue water (NRW). In **India**, WSP advocated and promoted a capacity-building initiative in cities under the National Urban Sanitation Policy. This included developing nine training modules related to urban sanitation issues such as development of CSPs, financing, technology, and institutions. These have been integrated into the ministry’s capacity-building initiatives. A study tour to Malaysia was organized for senior government officials from the national and state levels to learn from good practices in septage management. The tour has generated demand for support from at least one state for the introduction of improved septage management practices.

In **Latin America**, WSP conducted a four-city study (Guatemala City, Tegucigalpa, Managua, and Santa Cruz de la Sierra) to identify the challenges for managing fecal sludge in onsite solutions, explore potential market opportunities for providing this service, and address related policy and regulatory gaps. Following requests from visiting delegations from South Asia, WSP produced a first draft study of different management models for small towns in **Peru**—a concession, a management contract with a firm, and a management contract with a community-based organization—expected to facilitate learning across WSP regions. A small-town water and sanitation system management model based on the association of municipal services (*mancomunidad*) is being adopted in **Honduras** with WSP support.

With WSP support in **Bolivia**, a registry of private-sector providers of hygiene and sanitation goods and services was prepared in order for the regulatory agency (AAPS) to improve regulation. In **Indonesia**, WSP completed a sanitation capacity study at the government’s request, following a 900 percent increase in sanitation funding over six years. The study assessed competences needed and numerical demand for human resources over the
next five to 10 years, alongside the supply from universities, training institutions, and on-the-job training on interventions.

*Enabling Investment Plan*

Innovative work with clients in cross-support to the World Bank has delivered important results in investment planning and enhancement. In Mozambique, WSP has been working in partnership with the Maputo Municipal Council (CMM) WSUP and waste micro-enterprises on pilots in two of the seven municipal districts on monitoring and promotion of sanitation and hygiene, including restructuring CMM’s sanitation department, developing decentralized district-based sanitation services, and mobilizing PPIAF and JSDF funding for micro-enterprises. Further global funding for developing faecal sludge management services and infrastructure has been obtained. Together, these interventions will have a major effect in the most crowded urban slums. WSP also provided cross-support to three World Bank interventions in the Africa region: the Greater Accra Sanitation and Water project (Ghana), the Cities and Climate Change project (Mozambique), and the Water Services and Institutional Support project (Mozambique). In Kenya, WSP has worked closely with the government and the World Bank on the Water and Sanitation Service Improvement project, assisting utilities to sharpen their focus on serving the urban poor in informal settlements and develop strategic guidelines and a framework for improving water and sanitation services in informal settlements.

In Bolivia, WSP assisted the National Agency for Sustainability (SENASBA) to structure and systematize all interventions in a matrix of 67 types of activities in accordance with the stage of each intervention (before, during, or after implementation). This classification allows SENASBA to estimate the costs, while benchmarking developed with WSP support includes comparative assessment of gaps in each utility, thereby enabling SENASBA to target interventions for each utility to make services more sustainable. Also in Bolivia, WSP assisted in the revision and update of current pre-investment norms for the sector, which is anticipated to unlock financing of greater access to water and sanitation. In the Philippines, WSP has helped three cities and six towns develop action plans for investment in semi-central septage treatment facilities, city sewerage, and small decentralized wastewater facilities for poor urban communities in river basins.

*Enabling Performance Review*

After a WSP-organized exchange visit to Brazil, Pakistan is incorporating features of the Brazilian regulatory model. Furthermore, revenue in Karachi suburbs improved by 50 percent as a result of a WSP-supported consumer survey by the Karachi Water and Sewerage Board. In India, more than 1,400 urban local bodies have declared their baseline performance on 28 indicators in line with the national service-level benchmarking (SLB) framework. WSP provided technical support to the National SLB cell (unit) and to the Government of Orissa for the implementation of SLB systems in 90 towns, and assisted with a national-level *Handbook on Service Level Benchmarking*.
In small cities in Honduras (population 5,000 to 30,000) that have been neglected in investments and programs, WSP has been supporting benchmarking of service providers to inform a national strategy and capacity building through peer learning. Working with municipality associations (mancomunidades), WSP supported municipalities in designing and implementing sustainable service provision.

**Box F. Utilities Customer-Oriented Management Approach in Peru: Poor-inclusive?**

Poor-inclusive approaches do not have to be exclusive of others. A well-managed service provider with a customer focus sets a context for mobilizing specific skills, resources, and management to serve the poor. A WSP pilot initiative with five utilities demonstrated this by:

- incorporating a client point of view in the utilities’ management processes, reducing the gap of expectation and perception of the WSS services between utility and clients, mainly the poor;
- supporting the definition of strategies and tools development to improve the relationship of utilities to clients, in order to create a service culture, incorporating communication, education and information corporative strategies, and M&E tools to evaluate change processes;
- supporting the improvement of internal client thinking to create a new culture of customer service; and
- proposing a national policy for all urban utilities, based on the experience in the five utilities.

This approach in Peru also highlights the impact of cross-fertilization between WSP business areas, in this case successfully using DPSP to further Urban Poor business area objectives.

WSP supports service providers in strengthening their capacity to tap into and strategically channel citizens’ voices as an important demand-side dimension to improve access and target services. Through these efforts, WSP aims to raise the voices of the underserved and disenfranchised, increasingly influencing reforms in the sector. In Kenya, WSP piloted a citizen feedback and accountability system through water action groups to give a voice to the underserved. The pilot demonstrated the importance of ICT tools to overcome geographical and time barriers and increase efficiency. WSP is supporting the Kenyan Water Regulatory Board in developing an ICT solution that will help consumers submit complaints and feedback to a central database via SMS text messages. This initiative was among 15 interventions recently selected for financing by the World Bank’s Innovation Fund in FY12. In Tanzania, the regulatory agency developed a similar mechanism for citizen feedback to promote accountability for regulated services.
Lessons and Challenges

WSP has identified targeting the urban poor and improving services in small towns as a priority, given the urbanization challenges to WSS service providers and their policy principals. WSP’s work this year has further developed the evidence base to inform new approaches for service delivery on scale in larger cities, as well as in secondary cities and small towns, which are often least prepared for the challenges.

There are strong arguments for prioritizing the immediate needs of poor neighborhoods. Yet, few governments take this view. Aside from the political sensitivities, multilateral and bilateral project managers often have performance targets that emphasize disbursements, which are not readily achievable in many poor urban areas. Incremental and programmatic approaches are likely to deliver better results than “big bang” interventions and local capacity must be built up to deliver such programs. Slower disbursement must therefore be factored into operational plans for poor-inclusive interventions.

Policies are necessary but not sufficient to ensure results. Government—especially local government—and water sector managers require tools to make policies work through legislative, planning, implementing, management and revenue, and strategic investment to meet targets and sustain systems. This is why WSP’s urban work continues to address institutional rules, relationships, and incentives to align WSS approaches to wider urban growth and development strategies.

Urban sanitation still lags far behind water supply. WSP’s scoping study highlighted deep-rooted issues of inadequate institutional capacity that constrain progress. The scoping study provides pointers for developing suitable and sustainable approaches to the urban sanitation challenge, but further innovation in the field, substantial analytical evidence and policy support are needed to move to at-scale implementation of urban sanitation delivery models and roadmaps. This will be a key priority for WSP’s analytical, exploratory, and advisory work up to 2014.
Mitigating and Adapting Water and Sanitation Service Delivery to Climate Change Impacts

Objective: WSP will concentrate its efforts on helping governments mainstream climate change impacts into ongoing programs by developing and implementing climate change adaptation and disaster risk management approaches for the water and sanitation sector. In the second year of the FY11-15 Business Plan, WSP is on track in the few countries where this business area is being implemented. This is a forward-looking business area in which issues of climate change and the ability of sectors to adapt and mitigate these changes will continue to evolve as initial results help to inform both the practice and WSP’s contribution.

Context: The impacts of climate change are being manifested locally as a consequence of extreme and more frequent weather patterns. These more extreme natural events are disproportionately affecting the poor. The impacts of these natural events on water and sanitation infrastructure, how to best manage their consequences, and how to adapt to their increasing recurrence are of direct concern to client governments. In the water and sanitation sector, these climate challenges, in addition to the challenges of existing fragile WSS systems, must be addressed.

Theory of Change: WSP promotes interventions that can inform sector reforms in regulations and public investment criteria to mainstream climate variability practices and provide uninterrupted access to services. In urban areas, a key element of this strategy is developing roadmaps that help mainstream risk management and climate-smart WSS planning into ongoing programs. This approach is to be supplemented by research, fact-based monitoring and information systems. In rural areas, WSP focuses on developing solutions for flood-prone environments, which are expected to experience greater climate variability, as well as identifying and sharing low-cost climate change adaptation strategies for communities.

FY12 Summary: Progress continues in understanding the gaps in the WSS sector for managing risks for natural phenomena, and the opportunities in the sector for introducing reforms. Implementation in Peru continues to break new ground and serves as a point of reference for addressing urban utilities’ ability to mainstream risk management. In addition, WSP, together with World Bank teams, has begun to engage with seven countries in Central America that have
requested technical assistance to address greater resiliency of urban service delivery facing recurrent natural phenomena (e.g., hurricanes, earthquakes, flooding). Pre-investment norms in Bolivia are also being reviewed to ensure that public investment in urban WSS includes mechanisms to mainstream disaster risk management (DRM) criteria. In rural areas in Vietnam, technical assistance has focused on the impact of more intense and recurrent flooding and its impact on water supply and sanitation.

**FY12 Highlights:** An important element of WSP technical assistance is creating platforms for inter-sector dialogue and synergy, as was successfully demonstrated in Peru. In Central America, a baseline assessment of the sector’s gaps and opportunities for mainstreaming DRM into service provision in urban areas is underway in El Salvador, Guatemala, Honduras, Costa Rica, Nicaragua, Panama, and the Dominican Republic. This baseline will help prioritize technical assistance in a few countries, as well as form a learning platform for the subregion.

**Enabling Policy**

In Bolivia, the first socio-economic study regarding the re-use of wastewater in the Altiplano Region to strengthen treatment of wastewater policy and enable its reuse in agriculture was undertaken with WSP support. This study helps inform policymakers of the target populations and the community and productive linkages involved in existing and potential wastewater re-use schemes. This is particularly relevant for localized areas because of the different environmental and climate contexts of the high plains of Bolivia, as compared with the lowlands or the Amazon basin. The details produced by this study will help specify norms as well as design realistic mechanisms for engaging with small-scale farmers already informally using wastewater.

In Peru, WSP has assisted policymakers and sector leadership to start mainstreaming DRM into WSS policies, regulation and operational planning, budgeting, financial management, and infrastructure rollout. Addressing reforms for mainstreaming DRM into service provision in Peru not only involved line ministries, the regulatory agency, and service providers, but also the Ministry of Finance, whose officials were part of policy discussions and dissemination workshops. This ongoing engagement between sectors, facilitated by WSP, resulted in the identification of a capacity-building mechanism for medium-sized service providers, and the funding of this capacity building through the national budget planning process. Peru’s Ministry of Finance has included, for the first time in its national budget, US$300,000 for capacity building of urban utilities in mainstreaming DRM into service provision.
Urban Utilities Capacities and Practices in DRM

Key knowledge products completed in Peru included a catastrophic probabilistic risk assessment of Lima’s major urban utility SEDAPAL, which was the first of its kind for a metropolitan area in the Latin American region.

SEDAPAL, with more than one million connections, used information from WSP’s risk assessment to negotiate better terms on its insurance policy renewal. Also, based on the results of this assessment, SEDAPAL will strengthen its emergency plan and its emergency response capabilities.

Vulnerability Reduction and Mitigation in Water and Sanitation Investment

In East Asia, vulnerability assessment reports on climate change for water and sanitation facilities in Ben Tre (Vietnam) and Lijiang (Yunnan province of China) were completed and adaptation option reports drafted.

As a result of the catastrophic probabilistic risk assessment of Peru’s major urban utility (SEDAPAL) a clearer picture emerged of the mitigation and vulnerability strategy (cost-benefit analysis) needed to be put in place. This assessment will allow the utility to start implementing specialized vulnerability studies that protect the infrastructure of water and sanitation systems prioritized by the study. The studies will help to secure SEDAPAL’s infrastructure investments.

The revision of pre-investment norms and procedures with WSP support in Bolivia, together with integrated information systems, will help introduce DRM concepts as part of any infrastructure design, ensuring the accomplishment of defined policies and targeting criteria.

Lessons and Challenges

An evolving field an inquiry. Given the evolving nature of sector responses to climate change impacts and climate-smart planning, this is one of the more challenging business areas for WSP. In addition, impacts of climate change on service provision are of targeted interest and demonstrated need to those countries most affected by climate variability, as not all WSP countries will be affected by climate change in the same manner. Those countries in which learning has begun are countries where governments have identified mitigating climate change and natural disasters as a priority for building greater resilience in their WSS systems, and this provides an opportunity for WSP to contribute to knowledge generation in this area.
Opportunities for cross-sector learning. Disaster risk management was identified as an entry point for translating more concretely the effects of unpredictable natural events to WSS service delivery in urban areas. This area of inquiry is also being worked on by other World Bank teams, and therefore opportunities for synergies and cross-sector learning exist.

Infrastructure damaged by floods in Cusco, Peru.
**Delivering WSS Services in Fragile States**

**Objective:** WSP has expanded its work to fragile states and countries in gradual, but still delicate, reform processes. In the first year of the FY11-15 Business Plan, the Program successfully initiated interventions in Liberia, Timor-Leste, and Zimbabwe, and intensified its support to the Democratic Republic of Congo (DRC) and Republic of Congo (RoC). The second year of the Program built on the initial achievements in these countries, and responded proactively with new initiatives in Haiti and Sierra Leone. Furthermore, in FY12 a scoping mission was conducted in Papua New Guinea to identify entry points for support.

**Context:** Fragile and post-conflict states are at greatest risk of not meeting the MDGs. Conflicts, economic crises, and natural disasters not only leave infrastructure damaged but often result in a “capacity conundrum” with government capacity too weak to deliver a peace dividend that meets 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 in delivering emergency relief speedily, when they become entrenched, they can undermine the development of sustainable country-led programs delivered through a country’s core government systems.

**Theory of Change:** Building on previous experience in post-conflict states such as Rwanda and Ethiopia, 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 government systems—planning, budgeting, expenditure management, monitoring, procurement, and human resources management. This enhances the rate, reach, and sustainability of service delivery and links service delivery with the political process enhancing the legitimacy of the state.

**Theory of Action:** WSP facilitates this transition in collaboration with Sanitation and Water for All (SWA) partners, developing countries, implementation agencies, and donors to increase political prioritization of WSS, promote evidence-based decision-making, and support strong national planning processes. The four areas of activity are:
i) Support consultative and sustainable sector planning processes: through institutional and HR capacity analysis, training and placements to build the planning capacity of sector stakeholders.

ii) Facilitate development of clear, actionable, and accountable plans: with analytical products that provide the evidence base for sector planning (e.g. public expenditure data, waterpoint mapping; utility performance assessments such as IBNET, health data etc.).

iii) Strengthen linkages between plans and large scale finance, and facilitate learning around national planning processes: through support to sector investment plans and appraisal mechanisms that ensure that political will is translated into targeted and measurable plans.

iv) Enhance global understanding on developing and implementing locally-driven planning processes in fragile states, that build state’s core functions, service delivery capacity and overall credibility.

**FY12 Summary:** WSP’s strategy of supporting the transition from *ad hoc* emergency interventions in fragile states to longer-term country-led development is exemplified by the Liberia engagement, now in its second year. WSP worked with the government to generate a knowledge base (through waterpoint mapping) and to coordinate and prioritize the activities of non-state providers. These steps are helping reestablish the stewardship function of the state by re-linking the government’s authority to its capacity to deliver services. Completing the transition to a country-led sector program hinges on building up the government of Liberia’s ability to attract finance, manage, contract, and account for service delivery. The next step is developing the sector investment plan, which is currently underway.

WSP supported the broad consultative processes for the development of water and/or sanitation policies in Zimbabwe, Timor-Leste, and the DRC. While the principle purpose of these consultative processes is to develop appropriate sector guidance they also help rebuild national identity and the legitimacy of the state (see Zimbabwe example).

In DRC and Congo Brazzaville, where the World Bank has already committed funding for water supply and sanitation interventions, WSP provides implementation support for the pro-poor components. These are often the most complex components of these interventions, being targeted at informal settlements and addressing the very inequalities that undermine state legitimacy. WSP provides this implementation support for the development of new infrastructure (e.g., safe drinking water for 500,000 people living in the peri-urban areas of Kinshasa, Lubumbashi, and Matadi) and by supporting systems for sustaining water supply (kiosk management to improve collection efficiency, operation and maintenance).

In FY12, WSP facilitated peer-to-peer exchanges between government officials and service providers from fragile states to other countries (some of which were fragile in the past) to help them gain insights both into to the transition trajectories of countries that have successfully established policy-led sector development programs and into current good practice in those countries.
FY12 Highlights: The past fiscal year has seen concrete progress across the fragile states in which WSP is active. Depending on the developmental stage of the respective countries, WSP has worked at different levels of the service-delivery spectrum—from enabling nationally owned sector policies and investment plans, to improving national data collection and monitoring, to strengthening sector institutions and coordination itself.

Reestablishing Country-led Coordination, Policies and Planning

The baseline data collection conducted in Liberia in FY11, in close collaboration with the Ministry of Public Works, seamlessly led to the creation of Liberia’s first nationally owned sector investment plan in FY12-13. Thus, not only was the empirical basis for infrastructure assessments strengthened, but a concrete step toward long-term national sector planning and improved coordination was taken. This has been complemented by a broader reorganization and refocusing in the sector, exemplified by the President’s signing of the WASH compact outlining key government goals and commitments. Funding and implementing the investment plan will require substantial additional efforts, but Liberia is now well on the way toward transforming its WASH sector from a donor-dominated emergency response to a government-led national program.

In Zimbabwe, where national structures have been reestablished and are already better developed than in Liberia, a major highlight was the development of the national WASH policy to which WSP, in partnership with the World Bank and UNICEF, made significant contributions. In particular, WSP led an extensive consultation process on the urban water supply and sanitation subsector. Opinions were solicited from municipal councils (primary responsible for managing water and sanitation services), various ministries involved in regulating services, and the parastatal Zimbabwe National Water Authority (ZINWA), responsible for both water resource management and in some cases water supply. The consultation process set out ten key recurring issues central to restoring, sustaining and advancing urban WSS services in Zimbabwe’s fragile economic recovery. This included an intense debate on the tradeoff between a) keeping existing de facto technical standards (household connections for water supply and sewer) and not serving some people OR b) reducing technical standards (at least temporarily) and achieving universal access. The final outcome of this debate was to temporarily relax technical norms and standards in order to restore universal access to water supply and sanitation services for all urban residents. The endorsement of the draft policy and the final word on this debate is now with cabinet.

In DRC, efforts were made to strengthen sector coordination at national and provincial levels and enhance reforms regarding development of public-private partnerships in urban and peri-urban areas. WSP was part of the national focus group aiming at rapid adoption of the Water Law (Code de l’Eau) and National Water Policy. The two documents are due to be finalized before the end of FY13. WSP also supported the preparation of three provincial sector overviews (PSOs), which aim at raising awareness about major bottlenecks undermining sector development that need to be tackled to make progress in improving access to WSS. The PSOs will progressively lead to sector development and investment plans.
In Timor-Leste WSP-EAP assisted in the urban aspects of developing a national basic sanitation services policy, which was approved by parliament and promulgated by the prime minister in 2012. A new National Directorate of Basic Sanitation Services was also established and staffed in 2012.

In the Republic of Congo, WSP focused on water supply in rural areas and on policy, strategy, and planning in small towns. This is due the fact that RoC has not yet adopted a modern WSS policy and regulatory framework, and that there are severe constraints regarding human and institutional capacity. Efforts were made in the past to improve the institutional and legal framework with the adoption in 2003 of the Water Law; however, implementation has not yet progressed very far.
BOX G. Strengthening Coordinating Mechanisms: The “Ripple” Effect in the WASH Sector

Zimbabwe: Based on the CSO analysis of Zimbabwe, in FY11, WSP supported the revival of the National Action Committee (NAC), an interministerial committee charged with overall coordination of the WASH sector, once the main body for sector development that fell dormant during the political and economic upheaval of the 2000s. The rebranded NAC proved to be a vital forum for the revitalization of the WASH sector in FY12.

- Technical support provided by WSP to strengthen the coordination mechanisms of the NAC led to the drafting of a National Water and Sanitation Policy. WSP, jointly with the World Bank, also led the process of developing the Urban Policy background paper, which formed a significant part of the overall contribution to the WASH policy development process.

- Building on the successful first Joint Sector Review (JSR) in 2011, the past year has seen detailed follow-up planning for each sub-sector (rural, urban, and water resources) resulting in the launch of the NAC 2012 workplan. This will be the basis for measuring progress at the 2012 JSR. Thus, a truly national owned planning and monitoring mechanism has been re-established in Zimbabwe.

- A data harmonization exercise was conducted in FY12, resulting in an agreed definition of terms and what to include when counting WASH services in Zimbabwe, with WSP’s technical support in collaboration with partner agencies including the National Coordination Unit (essentially the secretariat of the NAC) and SNV.

Leveraging Finance and Providing Implementation Support to Address Inequality

In DRC, WSP supported the pro-poor components of two World Bank-financed water interventions, PEMU (Urban Water Project, US$190 million) and PURUS (Emergency Project for Urban and Social Rehabilitation, US$25 million). The main objective of WSP interventions

29 Consists of the Ministries of Water Resources Development and Management; Transport, Communication, and Infrastructural Development; Health and Child Welfare; Local Government, Rural and Urban Development; Agriculture; Women's Affairs, Gender and Community Development; Environment; Education Sport, Arts and Culture and Industry and Commerce.
was to facilitate access to safe drinking water for 500,000 people living in the peri-urban areas of Kinshasa, Lubumbashi, and Matadi, where the collection ratio for water bills is under 60 percent. Most of the peri-urban population lacks a regular income and cannot pay monthly bills, and are served predominantly by standpipes against cash payments. This strategy will contribute to improving cost recovery and promote sustainable operations and management, which will in turn result in improved service delivery for the poor. In total, PEMU and PURUS will provide safe water to 1,400,000 consumers (900,000 by private connection and 500,000 by standpipe).

**In RoC**, WSP supported the implementation of the pro-poor water access component of a large water project in the cities of Brazzaville and Pointe Noire, co-financed by the Congolese government and the World Bank. An important component of this intervention was to support the implementation of the standpipes service delivery model, a method of distribution widely adopted in West Africa for the provision of water for the poorer urban population. Of US$40 million leveraged for the water component of the project, US$23 million was leveraged for infrastructure development, which includes stand pipes. Stand pipes under this intervention are expected to be operational in mid-2013.

**South-South Knowledge Exchanges and Learning**

**In Papua New Guinea**, a two-way exchange was arranged by WSP with small-scale domestic service providers and water utilities in Manila and *Eda Ranu*, the water utility for the capital city of Port Moresby. *Eda Ranu* was seeking a way to reduce nonrevenue water used by illegal settlements and was interested in piloting a water vending system for those areas to achieve a sustainable, legal access for the poor to water. The pilots are now scheduled to proceed.

WSP facilitated the participation of sector officials from fragile states in key regional learning and knowledge exchange events, including the international Water Week, AfricaSan and WSP’s regional planning conference (RAC). In addition, WSP won funding for a south-south exchange trip for officials from **Liberia** and the **DRC** to visit Uganda and learn from its pioneering approach to water supply management in small towns and rural areas, decentralized service delivery, and sector monitoring. In **Haiti**, WSP’s global reach led to the contribution of expertise from Senegal to the World Bank’s Emergency Cholera Response Project by providing lessons learned from coordinated handwashing programs.
BOX H. Mapping for Success: Waterpoint Mapping an Integral Step in WSS Interventions

WSP experience in fragile states has revealed that a consolidated and targeted water and sanitation strategy can be hampered by a constraint as basic as the lack of information on the number, location, and characteristics of water facilities existing within the country. In FY11, as a response to this issue in Liberia, WSP developed a map and conducted an inventory of waterpoints detailing type, functionality, water quality, etc. In FY12, WSP was able to build on the success of this exercise both in Liberia and in other fragile states.

**Liberia:** The mapping of 10,000 rural and urban waterpoints formed the basis for a national water supply and sanitation investment plan and supported the monitoring for the WASH Compact (outlining government and partners’ priorities and strategies for achieving sector goals).

**Sierra Leone:** WSP supported the Ministry of Energy and Water Resources in mapping more than 28,000+ public, protected waterpoints within just five months. The full dataset has been made available to the public on [www.SL-wash.org](http://www.SL-wash.org) and has already become a core tool of sector planning. This is a major advance for monitoring and empirical planning in the sector, and was achieved using local survey staff and sector ministry processes. Going forward, WSP will be supporting the institutionalization of updating this database, as well as its use for nationally owned planning, aiming at a similar reform trajectory as in Liberia.

**Republic of Congo:** WSP responded to a government request to create a comprehensive baseline map of protected waterpoints in small towns and rural areas. The immediate output of the mapping exercise will be a detailed atlas (including optimized access indicators) and the collected data will be made available to stakeholders through a dedicated, user-friendly database. As in Liberia and Sierra Leone, the atlas will function as a stepping stone and basis for an investment plan for rural areas, aligned with PRSP targets.
Lessons and Challenges

Importance of responding quickly and seizing opportunities as they arise. Responding quickly and professionally to emerging needs and opportunities helps build goodwill and influence in the sector. In Timor-Leste, being able to respond quickly to an immediate need on the first mission—i.e., urban inputs to the draft National Sanitation Policy—provided credibility and demonstrated WSP’s willingness to deliver. In both Timor-Leste and Papua New Guinea, despite having no in-country office, WSP-EAP has been able to influence decision makers due to its credibility, regional expertise, and ability to listen. Being present at key sector events and government meetings and so being seen to support them on their terms and times has also been a crucial aspect.

Multi-stakeholder working group carrying out a perceptions exercise on the status of PNG’s WASH service delivery (Nov 2011)

Capacity building of local institutions vital. A key lesson that emerged from WSP’s engagement in fragile states over the past two years is that unlocking the potential of local institutions and increasing their capacity to plan and implement sustainably requires their direct engagement. The most productive action is through practical interventions, institutional reform, and learning in which local institutions take the lead role.

To overcome the “capacity conundrum” one must be willing to support learning by doing—that is, gradually but deliberately shift responsibility to local actors. This may involve more risks than external stand-alone implementation, but is a necessary precondition for building up local capacity in the long term. The key challenge, then, is to find the right balance between putting finance and responsibility into the hands of local stakeholders, and providing enough external support to enable interventions to be implemented successfully and with local accountability. Moreover, it is important that interventions are not carried out as isolated exercises, but are part of a well-thought out, long-term reform process so that capacity building will be gainfully employed.

In Sierra Leone and Liberia, the WSP-supported mapping interventions were led by the local ministries and implemented largely by local staff, with the majority of funding flowing through the national sector ministries. WSP and UNICEF provided complementary technical and financial support. Working through local institutional leadership has had a number of positive results: the resulting monitoring data was owned, accepted, and used by the government from the start; key project staff went on to take important permanent roles in driving sector development (for instance, the assistant project manager in Liberia became the secretary to the national coordination mechanism); implementation by national-sector institutions proved their ability to successfully manage complex interventions, and thus also made them more credible partners in
the eyes of critical national counterparts such as the Ministry of Finance or the Presidency. In Liberia, for instance, the momentum generated by the successful waterpoint mapping played a key role in the President’s formal commitment to the sector in form of the WASH Compact and the sector’s rallying around a new sector investment plan. These are locally owned documents and structures that will endure and can now become the basis for implementing locally driven investment activities.
III. Global Communications and Knowledge Management

**Objective:** WSP employs innovative communications and knowledge management as strategic inputs to enhance and accelerate local impacts, while also contributing relevant, impactful knowledge for use by partners and the global public.

**Context:** Although financial gaps in the water and sanitation sector are prevalent, many of the barriers to access to water and sanitation have to do with gaps in knowledge. Knowledge is at the core of WSP’s business, as evidenced in the examples of knowledge interventions given in previous sections. With long standing partnerships and credibility with government clients and partner organizations on the ground in client countries, and a central hub to coordinate globally, WSP shares and gains knowledge in the short-, medium, and long-term with clients at the local, regional, and global level. Administered by the World Bank, WSP also benefits from and informs the knowledge of World Bank lending operations.30

**Theory of Change:** Generating relevant knowledge through experience and collaboration, and sharing it openly with, and learning from clients, stakeholders, partners, and the global public using both modern and traditional channels as appropriate, will strengthen governments’ capacity to deliver improved water and sanitation services to poor people.

**FY12 Summary:** In FY12, WSP aimed to share knowledge on a larger scale and using the most efficient channels to enhance and accelerate the objectives of the FY11-15 Business Plan. WSP developed a global communications and knowledge management strategy that maintains the vision for WSP as thought leader and valued partner; it also enables innovation, improved efficiency and effectiveness, and wider reach in knowledge generation, sharing, evaluation, and advocacy at the local and global level.

WSP also explored how the knowledge strategy may continue to evolve based on the addition of impact evaluations of large-scale interventions. WSP believes the knowledge agenda needs to be driven by key learning questions for the sector, and not by methods. Understanding the knowledge gaps will help determine the most cost-effective analytical method to use. WSP will continue to refine the knowledge agenda in FY13.

**FY12 Highlights**

**Knowledge Generation**

WSP generates knowledge through collaboration across regions, inside the World Bank, and with clients and partners. This knowledge builds on the expertise and experience of staff in the field and at the global hub.

WSP strongly believes knowledge can be used as an effective tool for guiding country policy in the WSS sector and for informing the work of our partners and the global public. In FY12, WSP

30 The World Bank is the largest multilateral donor for the water sector according to OECD.
generated 127 knowledge products in the form of flagship studies, learning notes, technical papers, working papers, and toolkits.

One significant flagship was the second round of Country Status Overviews (CSOs) on water supply and sanitation in Africa. The African Ministers Council on Water (AMCOW) commissioned the production of a second round of CSOs to shed light on the factors that underpin progress in the sector. The World Bank, Water and Sanitation Program (WSP), and the African Development Bank implemented this task in close partnership with UNICEF, WHO, and the governments of 32 countries in Sub-Saharan Africa. The full synthesis report, *Pathways to Progress: Transitioning to Country-Led Service Delivery Pathways to Meet Africa’s Water Supply and Sanitation Targets* and 32 individual country reports were produced. In response to client demand, donors have expressed interest to support development of CSOs in other world regions, and it is likely that WSP will develop CSOs in at least three countries in Latin America and further explore similar studies in East and South Asia. The African Development Bank will also be expanding the CSO to cover North African countries as an input to developing a region-wide score card and strengthening the foundation for South-South learning.

Other significant products included new reports from the Economics of Sanitation Initiative (see Box D, p. 32) and *What Does It Take to Scale Up Rural Sanitation?* (see Box B, p. 16).

The WSP Cartoon Calendar is recognized around the world for raising awareness and overcoming taboos of sensitive and complex water and sanitation issues. The 2012 calendar, with the theme “Gender in Water and Sanitation,” was an exceptional success. More than 5,500 copies of the wall and desktop calendar were printed and disseminated among clients, partners and other stakeholders around the world. One recipient said “I LOVE the 2012 calendar, what an innovative, smart and cool thing to do, congrats!”

Also, as part of the new WSP communications and knowledge management strategy, WSP standardized knowledge production across regions to ensure more efficient, effective and transparent work flow. For example, activities with components containing knowledge products began to include consultation at early intervention concept stage with task team leader, communications specialist, and regional team leader to shape activities for maximum impact.
The strategy also calls on all staff to collaborate and act as knowledge managers. WSP worked to strengthen internal knowledge sharing through the use of the World Bank’s internal virtual collaboration platform. In a period of just five months, there were **over 200 entries** authored by WSP staff. As a result, “water” was among the most popular tags on the Bank-wide platform. In addition, **nearly 100%** of all previously internal knowledge-sharing sessions (Brown Bag Lunches) were shared via Adobe connect with field staff, allowing for lessons to be shared across regions and/or externally.

The Program also continued with its Global Practice Team (GPT) initiative, which allows staff sharing similar interests to convene around a specific topic to share field-based learning, interact with partners across the globe and study global trends. A GPT that was especially active in FY12, was the Gender GPT. In FY12 the GPT implemented a pilot gender audit of WSP in **India, Bangladesh** and **Pakistan**. The overall objective of this audit was to find out how best to improve gender mainstreaming within the program. Based on information gathered during the audit, a monitoring methodology and a capacity-building plan will be developed.
BOX I. Water Hackathon

With the number of mobile subscriptions exceeding 5 billion, more people today have access to a mobile phone than to a clean toilet. Mobile phone software is already making an impact on development problems. To explore the potential benefits of this massive shift in human behavior for water and sanitation, WSP together with the World Bank, launched the first ever Water Hackathon in October 2011, which convened computer programmers in 10 cities around the world, including Lima, Nairobi, Bangalore and Washington, DC. Their aim was to create easily deployable, scalable, and sustainable technological tools that respond to specific water and sanitation challenges in developing countries, submitted by concerned stakeholders, communities, and sector specialists.

Nearly 1,000 participants, 73% of them under the age of 30, with support from over 40 local civil society partners and private sector sponsors, found mobile technology solutions to over 100 problems identified.

The Nairobi Hackathon awarded its first prize to a team working on a prototype for a mobile-to-web complaint system. The water sector regulator and the Nairobi water utility have already expressed interest in this, and other prototypes developed during the Hackathon event.

One of the six winners in Bangalore was an application that allows individuals to track interventions in the field using SMS, by linking an SMS stream into the ongoing intervention tracking and data analysis. Local government representatives invited developers of the winning applications to further refine their ideas and showcase them at an upcoming major conference.

The winners in London built a location codification system, which allows Tanzanians to report water-related problems through SMS messages.

The Lima Hackathon winners made public for the first time hydrological data from the Ministry of Agriculture on open street map.

Kampala's winners created a tool that crowd sources water-related problems in a community and visualizes them, helping to give communities a voice. The second winner is an android mobile tool to help consumers visualize their water usage over time.

Three applications won in Lagos: one for locating water sources and reporting broken pipes to local water providers; a tool for checking water quality and feeding back to the water corporation; and a website for the water corporation with which it can educate and inform consumers.
Dissemination

In FY12, WSP aimed to share knowledge with audiences on a larger scale, continuing to explore new channels and leveraging multimedia, social media, and traditional media.

As part of WSP’s overall online communications and knowledge management strategy, WSP, along with the World Bank, launched The Water Blog (blogs.worldbank.org/water), which aims to: (i) strengthen the knowledge and advocacy available that supports client governments to deliver better services; (ii) fill a present gap in thought leadership on water in the blogosphere; and (iii) promote innovation and collaboration with new and various external audiences in new ways. In its first year, the blog will target 22,000 monthly pageviews and 12,000 monthly visitors, and by the second year targeting 45,000 pageviews, 24,000 visits, and 24,000 visitors, on par with the top World Bank blog (blogs.worldbank.org/africacan).

Further, in FY12 the WSP website attracted over 13,000 new visitors, an increase of 21% from the previous year. Similarly, the number of webpage views showed an increase of 11 percent, with over 21,000 more views over FY11 and, downloads from the website increased 46 percent over the previous year.

In FY12, WSP continued to leverage social media as a channel for knowledge sharing. WSP’s YouTube channel saw a 32% increase in pageviews and the number of Twitter followers grew by more than 335%. Some examples of key partners engaged via Twitter included the Ford Foundation, the Gates Foundation, Water Programs and Policy unit at the US State Department, Johns Hopkins University, the Finance Initiative of the United Nations Environment Program and the India Water Portal.
WSP utilized Stockholm World Water Week as a strategic opportunity to launch the flagship CSO2, *Pathways to Progress* mentioned above, and the second phase of the *Economics of Sanitation Initiative* cost-benefit analysis among the major sector partners attending the event, and as a platform for a global multimedia launch. To reach a larger scale, WSP targeted the Guardian to carry an opinion piece by WSP Manager Jae So during World Water Week. The Guardian online is the second most popular British newspaper website with 2.8 million unique visitors per day, and 51.3 million per month.

As mentioned, WSP uses multiple channels to reach its audiences. Two of WSP’s strategic global audiences include academia and the news media, since millions can be reached through a given member of these audiences. In FY12, over 80 scholarly articles/reports produced cited WSP knowledge. These include contributions in prestigious journals such as the *International Journal of Justice and Sustainability*, *Global Health Review*, *International Journal of Academic Research*, *Journal of Public Health* and *Journal of Global Health*, as well as reports published by organizations such as WHO, UNICEF and the UN Council for Economic and Social Affairs.

Further, 260 independent news articles/websites mentioning WSP knowledge products were identified. Global news giants such as the *Guardian*, *Wall Street Journal*, *Bloomberg Business Week*, *New York Times* and the *Washington Post* continue to report on WSP activities with interest, along with major regional media such as the *Jakarta Post*, *Xinhua*, *The Hindu* and *La Prensa*. Furthermore, WSP staff have been featured on Voice of America and Radio Australia.

**Knowledge Evaluation**

Another area where WSP explored ways to leverage technology was in assessing the impact of WSP’s knowledge. In FY12 WSP conducted a migration of email contacts to integrated online marketing software with a monitoring mechanism. The objectives of this exercise were two-fold, (i) it allowed for the tracking of external emails and allowed WSP to better gauge interest in the knowledge being shared - in the short time the system was used in FY12, WSP had above average open and click through rates and, (ii) establish a platform to conduct electronic user surveys to gauge the effectiveness of WSP knowledge products.
WSP continued using Google Analytics to track behavior of the WSP knowledge audience. In doing so, WSP monitored time spent on reading the ACCESS newsletter. As the quality of the articles increased, with a greater focus on results, the average ACCESS reading times also increased.\textsuperscript{31}

In FY12, WSP received \textbf{15 awards}, including second place in the United Nations Public Service Award awarded to Kenya’s Ministry of Water and Irrigation for the Water and Sanitation Service Improvement project supported by WSP. WSP also received a number of World Bank awards, such as the Vice Presidency Unit Team Award—Best Overall Project/Activity for the Water Hackathon and first place in the People First Awards for the Bangladesh Local Governance Programs. WSP knowledge was also used in an award-winning film at the TU Delft Urban Water Movie Contest.

Additionally, WSP expertise and knowledge is sought by sector partners and the global public. One indication of the quality of WSP knowledge is the number and quality of speaking invitations. In FY12, WSP staff in headquarters alone received over \textbf{21} invitations to speak at high level and other international events, such as the 6th World Water Forum in Marseille and the Water and Health Conference, UNC Chapel Hill.

\textit{Knowledge Advocacy and Partnerships}

WSP uses knowledge in its advocacy efforts and offers that knowledge for use by partners and the global public. In FY12, WSP continued contributing to advocacy and partnerships at the regional and global level.

In the \textbf{Africa} region, WSP led the coordination of the Third AfricaSan Conference on sanitation and hygiene (AfricaSan), with preparatory engagement in 38 countries and facilitating sanitation action planning in 26 countries. The Third AfricaSan Conference initiated an effort to capture and share lessons on scaling up sanitation. Most of the countries represented at the conference developed or updated sanitation sector action plans. As requested by AMCOW Ministers, a Task Force\textsuperscript{32} reviewed the eThekwini indicators to align them with existing country processes (GLAAS and CSO) and the updated national plans. Sub-regional meetings are planned across Africa in the first quarter of 2013 to discuss progress on sanitation.

\\[31\text{ The Water Blog replaced ACCESS on a pilot basis to provide audience members with more real time access to WSP and World Bank knowledge.}\
\[32\text{ The AfricaSan process is led by a task force under the African Ministers’ Council on Water and Sanitation (AMCOW), within which there is a subcommittee tasked with monitoring the commitments made at AfricaSan 2 (eThekwini) and AfricaSan 3. This subcommittee is currently chaired by WSP.}\

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In FY12, WSP and the World Bank officially joined the Sanitation and Water for All (SWA) partnership to lead analytical work on aid effectiveness and financing modalities and contribute to sector coordination. The biannual high-level meeting for SWA was hosted by UNICEF at the World Bank in April 2012 in Washington, DC. The meeting brought together ministerial delegations from over 40 developing countries alongside major donors, for an intense process of constructive dialogue. The meeting increased funding commitments from governments, provided public recognition to countries that have demonstrated the requisite political will, promoted accountability for prior ministerial commitments, shaped sector dialogue, enhanced donor coordination, and raised global awareness of water and sanitation issues. Participants were each required to present a Statement of Commitments, laying out concrete commitments for the coming two years. The SWA Secretariat will report on the status of implementation of the commitments on an annual basis. The total commitments will provide an additional 60 million people with improved drinking water sources and another 80 million people with access to improved sanitation by the next high-level meeting to be held in 2014.

A coalition of SWA partners, including UNICEF, WHO/WSSCC, WaterAid, and WSP/World Bank collaborated on a communications strategy around the SWA meeting aiming to raise awareness and accountability for commitments made. WSP developed a communications strategy shared by the partners to ensure coordinated outreach and consistent messaging and to maximize the audience reached. To contribute new knowledge as evidence for the high-level meeting, WSP also released the Economics of Sanitation Initiative in Africa reports ahead of the SWA. The individual reports were released to the individual press corps of each of the 17 countries studied to maximize results. In total, 120 related news articles cited ESI Africa. The reports were also a key knowledge product in the high-level meeting participant package.
IV. FY12 Portfolio, Budget, and Expenditure

The FY12 operating budget was US$42.8 million and final disbursement was US$35.1 million. The implementation rate decreased 4 percent from FY11. The difference between FY11 and FY12 operating budgets and final disbursements is due to the closing of significant thematic trust funds in WSP regions as well as planned decrease, taking into consideration the current global financial environment.

Figure 3. WSP FY12 vs. FY11 Budget and Disbursements

V. Fund-Raising Activities

In FY12, WSP received US$51.35 million in contributions. The share of global core as a percentage of total funding is 67 percent (US$34.18 million), the share of regional core is 12 percent (US$5.96 million), the share of programmatic funding is 15 percent (US$7.97 million), and the share of targeted funding is 6 percent (US$3.24 million)—Bangladesh and Pakistan.
Table 3. FY12 Receipts and Pledges (US$ million)

**FY12 Report**

*July 2011 to June 2012*

<table>
<thead>
<tr>
<th>Funding partner</th>
<th>Purpose</th>
<th>FY12 Receipts</th>
<th>FY13 Pledged</th>
<th>FY14 Pledged</th>
<th>FY15 Pledged</th>
<th>FY16 Pledged</th>
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## Annex 1. FY12 Disbursements (US$’000)

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### South Asia

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