

A photograph of three children standing in front of a building with corrugated metal walls. The building has a window with a wooden frame. To the left, there are several large basins and a bucket on the ground. The children are looking towards the camera. The child on the left is a girl wearing a pink shirt and purple pants. The child in the middle is a boy wearing blue shorts. The child on the right is a girl wearing a red shirt and a multi-colored skirt. The ground is dirt.

WSUP

Water & Sanitation
for the Urban Poor

Water & Sanitation for the Urban Poor Programme Strategy 2011 to 2016

“Stronger service providers, better services for all”

Executive summary	4
Section I: Delivering Outcomes, Demonstrating Impact	8
Strategic Outcomes	9
Principles of WSUP's approach.....	10
Section II: Achieving the Strategic Outcomes	13
Strategic Outcome 1: Demonstrated models of service delivery to the urban poor	13
1. Towards Universal Water Services.....	13
2. Towards Total Urban Sanitation	15
3. Hygiene promotion	17
▪ Unilever.....	18
▪ BBC World Service Trust.....	18
4. Environment	19
Strategic Outcome 2: Strengthened institutional capacity to sustain the improvement process	22
Strategic Outcome 3: Investment mobilised for scale up of models	24
1. Creating the investment environment.....	24
2. Triggering the release of financing	25
▪ IFI Loan Financing	25
▪ National and local government budget allocations	26
▪ Private sector investment	26
▪ Reinvestment by service providers.....	27
▪ Grant funding.....	28
▪ Microfinance	28
▪ Households.....	29
Strategic Outcome 4: Successful models promoted worldwide	30
1. Research and analysis.....	30
2. Documentation and Dissemination	31
3. Training	32
Section III: Strategic Partnerships	33
Section IV: Budget Summary	36
Budget Forecast: Strategic Outcome totals per annum.....	36
Budget Forecast: Strategic Outcomes across the six countries and thematically	37
Budget Analysis	38
Section V: Illustrative Country Information	39
Mozambique	40
Madagascar	42
Zambia	44

List of Figures

Figure 1: WSUP's catalytic impact

Figure 2: WSUP's results framework

List of Boxes

Box 1 WSUP definition for Local Service Providers

Box 2: Definition of representative scale

Box 3: Supporting contracting arrangements in Maputo

Box 4: Financial viability of sanitation blocks in Antananarivo

Box 5: DSMAP in Dhaka City, Bangladesh

Box 6: BBC World Service Trust in Cambodia

Box 7: Creating investment environment in Antananarivo

Box 8: Creating investment environment in Maputo

Box 9: Contractual arrangements between the service provider, the private sector and asset holder in Naivasha

Box 10: Leveraging LSP budget allocations in Antananarivo

Box 11: African Cities for the Future – a USAID funded programme aimed at leveraging grant funding

Box 12: Sanitation innovation project in partnership with Unilever

Box 13: Working in partnership with VEI in Zambia

Box 14: Working in partnership with WSP: Mozambique and Kenya

Executive summary

Water and Sanitation for the Urban Poor (WSUP) is a tri-sector partnership between the private sector, civil society and academia focused on addressing the increasing global problem of inadequate access to water and sanitation for the urban poor and the attainment of the Millennium Development Goal (MDG) targets, particularly those relating to water and sanitation.

It achieves this through supporting the adoption and replication of effective, sustainable and scalable models of pro-poor urban water and sanitation services by service providers and/or national governments. WSUP empowers service providers to demonstrate effective models in order to mobilise investments for further improvements and promotes successful approaches internationally. WSUP has a strategic portfolio of six countries in Africa and South Asia.

The overall impact of this is the reduction of poverty and the improvement of health and living standards for the urban poor. WSUP believes access to safe, affordable water, improved sanitation and improved hygiene practices underpin poverty reduction through impacts on health, education and livelihoods and improving access to these fundamentals of life are a critical step towards reducing poverty. As such, WSUP's work directly contributes to the attainment of MDG goals 1, 2, 3, 4, 5 and 7. ¹

Dealing with urbanisation has become one of the world's most critical issues. The number of the world's urban population without access to safe and affordable drinking water is expected to increase from 137 million (2006) to 296 million (2015). The number without access to improved sanitation is expected to increase from 661 million (2006) to 898 million (2015). The majority of these people will be living in slums and peri-urban settlements in the developing world which, globally, are growing by over a million a week. This will intensify as economic pressures and the effects of climate change accelerate the migration of people to towns and cities in the developing world.

Conventional approaches are failing to reach sufficient numbers of these people effectively or quickly enough. One of the main reasons for this is a lack of institutional capacity for delivering services to the poor on a sustainable basis. This is coupled with unfavourable investment environments and a lack of appropriate financing mechanisms for pro-poor water and sanitation improvements.

WSUP has been established to address this situation.

As an innovative multisector partnership, WSUP assists local service providers (LSPs) to serve all citizens, including those in low income areas. WSUP empowers service providers to demonstrate effective models in order to mobilise investments for further improvements and promotes successful approaches

Box I: WSUP definition of Local Service Providers (LSPs)

- Water Utilities
- Municipal Service Authorities
- Small Independent Providers (SIPs):
 - Independent private water operators
 - Suppliers of sanitation products and services
 - Community Based Organisations (CBOs)
 - Water Trusts & User Associations

¹ WASH interventions have significant affects on all MDGs. For examples, please see http://www.unesco.org/water/wwap/facts_figures/mdgs.shtml,

internationally. This is WSUP's unique role in the sector.

WSUP harnesses the expertise and sector leading knowledge of the private sector, civil society and academia to work as a professional partner to LSPs in the delivery of service improvement programmes. Integrated programmes have a package of support which is unrivalled in the sector combining the capacity building of all stakeholders and the development of linkages between LSPs and low income communities to deliver sustainable improved services.

Established in 2005, WSUP has emerged in a short period of time as a leading actor in the urban water and sanitation sector demonstrating how multisector partnerships can be operational and have significant impact.

In the period 2005-2010, WSUP developed and delivered programmes in eight countries utilising initial grant investment from the UK Department for International Development (DFID) and subsequent additional grant investment from the Bill & Melinda Gates Foundation, the United States Agency for International Development (USAID) and the Australian Agency for International Development (AusAID).

The establishment of these programmes has led to the development of strong partnerships with LSPs in each country and experience gained to date has enabled the refining and aligning of programmes to a set of core activities centred on a tight thematic focus. In addition, an external evaluation undertaken in 2009 made a key recommendation to deepen WSUP's engagement in a smaller number of countries by reducing from eight to six the target countries while at the same time expanding the number of programme sites in each country.

As a result of this, WSUP is committed to scaling up and expanding its programmes in those six target countries through the delivery of four strategic outcomes at the global, country and programme level. These are: **Kenya, Madagascar, Ghana, Mozambique, Zambia and Bangladesh.**

As a multi-sector partnership, each WSUP member brings a unique range of skills and knowledge to the design and delivery of programmes.

Private sector expertise from WSUP members feeds into the design and implementation of performance based improvement programmes in partnership with communities and LSPs. WSUP's private sector members provide expertise in financial and business planning, in construction design and operations and in sector leading approaches to the challenge of improving the health, hygiene and living standards of the urban poor.

WSUP's **civil society members** provide expertise in the essential link into communities, community mobilisation and participation, stimulating Community Based Organisations (CBOs) and small independent provider performance and monitoring, and in environmental management approaches.

WSUP's **academic member** provides rigour to programme design and implementation and plays a pivotal role in monitoring and evaluation of programmes, injecting new approaches and techniques at the portfolio and programme level.



This Programme Strategy 2011-2016 sets out WSUP's aspirations for the next five year period to take its programme to scale.

WSUP will support the adoption and replication of effective, sustainable and scalable models of pro-poor urban water and sanitation services by service providers and/or national governments in six countries.

To achieve this, WSUP will empower service providers and national governments to demonstrate effective models, mobilise investments for further improvements and promote successful approaches internationally. This will make a significant contribution to addressing the global challenge of delivering basic services to fast growing urban centres in the developing world.

As a multi-sector, independent and not-for-profit company which is responsive, adaptable and cost effective, WSUP has a unique position and role in the sector. It is able to develop and refine models quickly to suit local contexts and to develop strong links between multiple stakeholders to design and deliver innovative programmes.

In the period 2011/12 - 2015/16 WSUP will deliver the following strategic outcomes:

▪ **Strategic Outcome 1: Demonstrated models of service delivery to the urban poor (men, women and children)**

In six countries, WSUP will assist service providers to directly improve access to water for 1 million men, women and children, improve access to sanitation for 250,000 men, women and children and improve hygiene practices of 1.5 million men, women and children. WSUP will support adoption of climate change resilience measures by LSPs and local authorities in six countries.

This will be achieved through partnering with LSPs to deliver service improvements, ensuring that services delivered are sustainable, economically viable and being operated and managed through strong local ownership. This will include service models between utility and SIPs and development of service levels adapted to low income consumers. For sanitation, it will include demand creation, innovative household and community services and faecal sludge management (FSM) systems. Practical evidence generated from the delivery of these services will directly inform the design and implementation of city wide water and sanitation investment programmes. Joint programmes will target the achievement of key performance indicators (KPIs) focused on financial viability, with a view to triggering performance based financing from a range of sources. This is consistent with efforts to harness performance based financing ongoing in the sector. WSUP will support the negotiation of these agreements, the monitoring of KPIs and the triggering of finance.

▪ **Strategic Outcome 2: Strengthened institutional capacity to sustain improvement process**

WSUP will facilitate the embedding of efficiency and effectiveness improvements in service provider operations and work in partnership with LSPs to strengthen the institutional framework in six countries. Through strengthened capacity, the service providers will improve water, sanitation and hygiene services for an estimated 12.5 million low income consumers (men, women and children) who live in the target cities and 30 million men, women and children in the wider target cities and countries.

This will reinforce activities under Strategic Outcome 1 and ensure the sustainability and replication of improved services delivered to all consumers, including the poor. For water, programmes target improving contracting types with SIPs, systems for reducing non revenue water in low income areas and pro-poor unit development. For sanitation, programmes target developing business models, city sanitation planning and systems for monitoring sanitation service provision. Developing SIP capacity is also a core priority. Capacity development will be demand driven and delivered through practical mentoring and supporting the delivery of activities using national and international expertise and experience, backstopped by more traditional approaches such as training. The focus will be on capacity development by doing. The programmes will also work with LSP partners to strengthen the institutional framework within which services are delivered in areas such as developing pro-poor policies and tariffs, supporting connection fee policies and addressing legislative gaps in sanitation and hygiene.

▪ **Strategic Outcome 3: Investment mobilised for scale up of models**

In six countries, WSUP will mobilise \$300 million of financing for pro-poor water and sanitation investments from a range of public and private financing sources.

This will be achieved by supporting the development and adoption of pro-poor policies and strategies by local service providers and authorities to create an investment environment conducive to pro-poor investments in water and sanitation. The delivery of service improvements under Strategic Outcome 1 will provide the necessary evidence base to inform this process by demonstrating the financial viability of serving the poor and highlighting improved ways of working in partnership with low income communities. WSUP will facilitate the use of performance based finance agreements whereby the demonstration of financially and technically viable service improvements trigger investments for scale up.

▪ **Strategic Outcome 4: Successful models promoted to sector worldwide**

WSUP will use practical evidence from programmes in six countries to promote successful models in urban pro-poor water and sanitation service improvement and inform and influence the international water and sanitation sector, targeting LSPs, national governments, donor and funding agencies and sector practitioners.

WSUP is committed to using its programmes to promote pro-poor approaches in investment programmes in other countries and to this end will document and disseminate practical evidence and learning. This will target sector practitioners, national government and LSP staff, donor and funder agencies and the public with a range of targeted information which highlights innovations and is based on WSUP programmes.

To influence the sector leaders of the future, WSUP will work with Cranfield University and other academic institutions to design and deliver training programmes and course modules on urban water and sanitation service delivery and support centres of excellence around the world.

This document sets out WSUP's Programme Strategy for the next five years. Section I outlines WSUP's results framework and the process of monitoring and assessing impact. Section II outlines in more detail the process through which the strategic outcomes will be achieved. Section III highlights WSUP's strategic partnerships. Section IV outlines the budget requirements to deliver this investment policy and Section V provides more detailed country level information for the six focus countries.

Section I: Delivering Outcomes, Demonstrating Impact

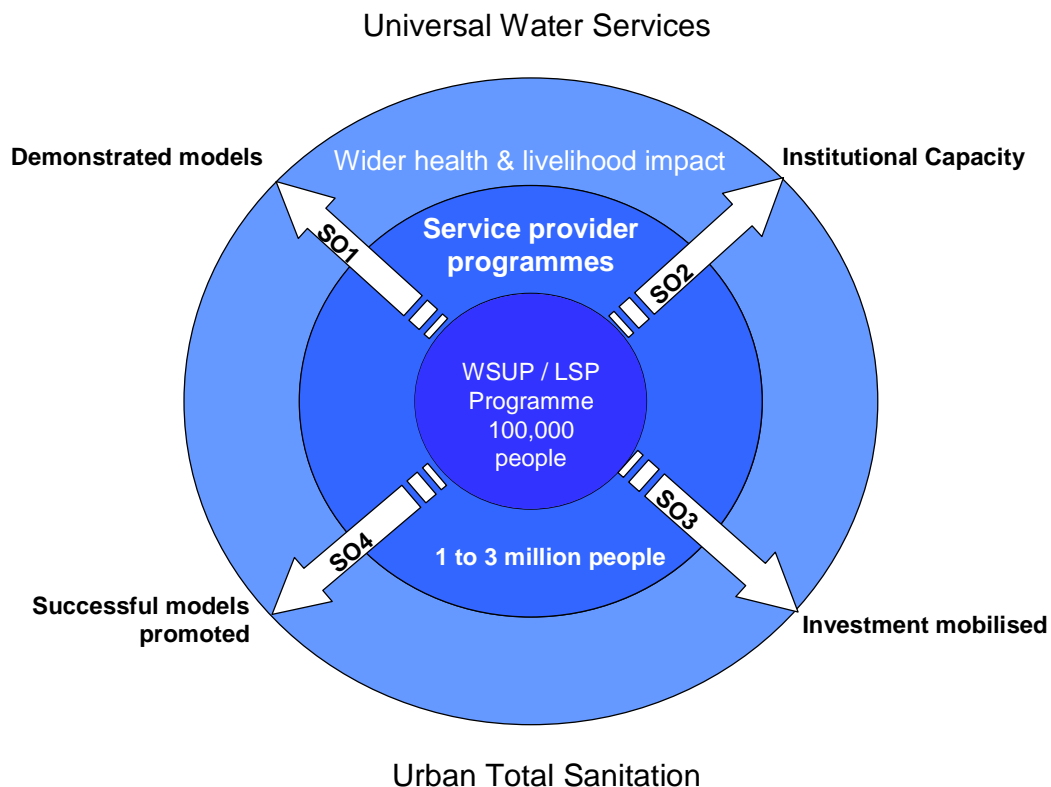
WSUP believes that access to safe, affordable water, improved sanitation and improved hygiene practices underpin poverty reduction through impacts on health, education and livelihoods, and improving access to these fundamentals of life are a critical step towards reducing poverty.

This is supported by the belief that sustainable and viable improvements in water and sanitation for the urban poor can only be achieved by strengthening the technical capacity and financial viability of local service providers (See Definitions of LSPs in Box 1 page 5).

WSUP views direct demonstration of service improvements as central to its approach as it enables the practical application of capacity development initiatives through delivering services and removes a key barrier to a better functioning market for pro-poor service delivery by using grant funding to overcome risk aversion to failure by demonstrating new approaches to service delivery.

By demonstrating financially viable and effective service provision at a representative scale in each city, and by strengthening the capacity of local partners to provide pro-poor services under viable business models, WSUP aims to trigger investments for scaled up programmes at the city level. Promoting these models informs and influences the sector and investment programmes within the target countries and other developing countries. Thus, WSUP works to achieve four Strategic Outcomes (SOs) as illustrated in Figure 1.

Figure 1: WSUP's catalytic impact



Strategic Outcomes

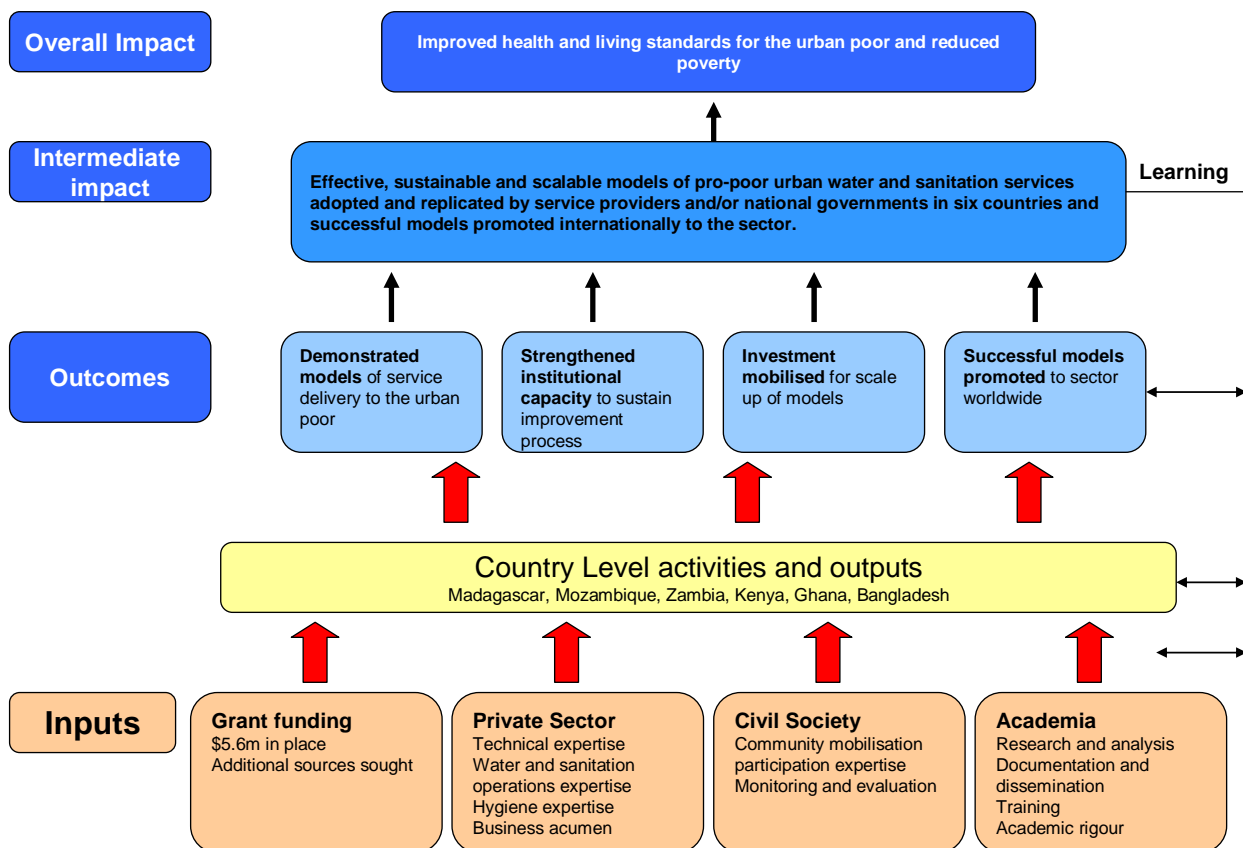
WSUP will deliver the following four strategic outcomes in six countries:

- 1) **Demonstrated models of service delivery to the urban poor**
- 2) **Strengthened institutional capacity to sustain improvement process**
- 3) **Investment mobilised for scale up of models**
- 4) **Successful models promoted to sector worldwide**

These outcomes are highly interlinked with each informing and supporting the delivery of the others. WSUP will deliver these through seven existing programmes in six countries and, over the course of the five year period, initiate a further five programmes in the same countries.

By delivering these outcomes at each programme site and in each country, WSUP will support LSPs and national governments across the developing world to mainstream pro-poor approaches and to become more effective at providing sustainable services to low income urban areas. This will contribute to improving the health and living standards for the urban poor and make a positive contribution to poverty reduction (see Figure 2).

Figure 2: WSUP's results framework



Principles of WSUP's approach

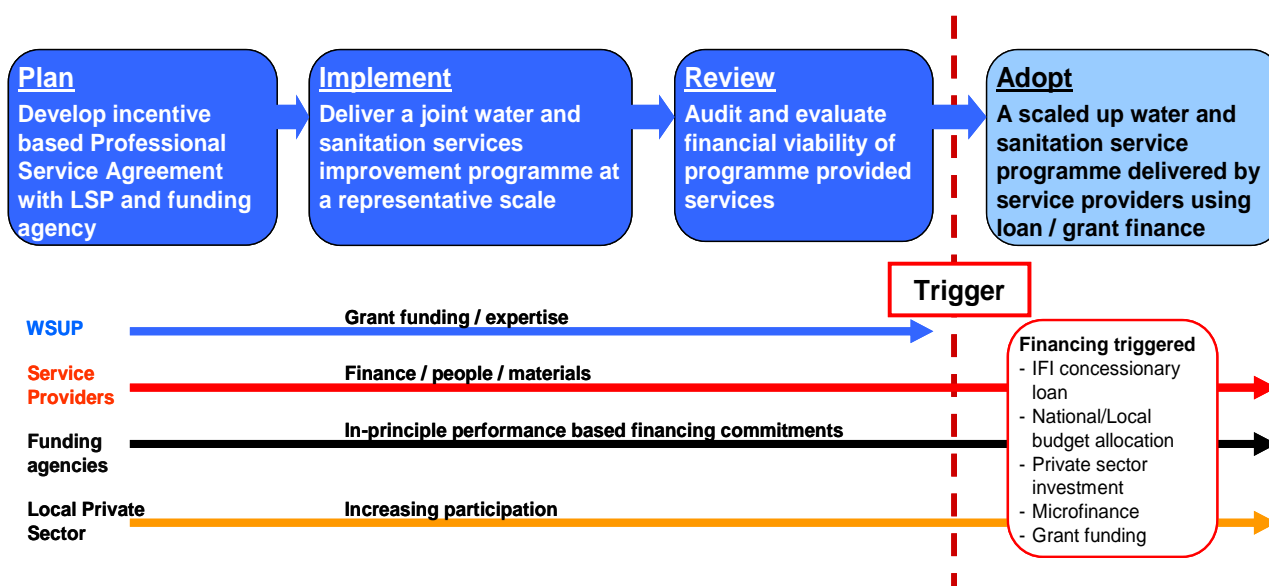
▪ Performance based financing

WSUP is committed to harnessing performance based financing to deliver results and to mainstream and scale up successful approaches into larger investment programmes.

Key to this approach is the demonstration of effective, financially viable and scalable pro-poor models of urban water and sanitation service delivery which can be scaled up and mainstreamed. To support this, incentive based agreements between service providers, funding agencies and WSUP will be negotiated to deliver a programme at a representative scale in partnership with the service provider. This will be financed using grant funding from the funding agencies.

A review of the success of this process and the demonstration of its financial viability and scalability will in turn trigger the release of additional financing to replicate and mainstream these approaches at a city wide level using a mix of financing including additional grant funding from the funding agencies.

The diagram below sets this process out:



This approach will provide the necessary incentives for all stakeholders (LSPs / funding agencies / WSUP) to plan and deliver effective and financially viable service improvement models which target the urban poor (men, women and children).

▪ Mobilising Investment

As part of the Programme Strategy 2011-2016, WSUP is aiming to mobilise \$300 million of financing for investment programmes from a range of funding sources, using grant funding at the programme level to trigger this investment through performance based agreements.

WSUP will target a broad range of financing mechanisms and instruments in recognition that such a range is required to adequately address the needs of the poor. These are set out under Strategic Outcome 3 and WSUP recognises that a specific strategy is required for each.

WSUP is committing to this financing being **in place** with agreements signed by the end of the five year period as opposed to the full \$300 million having been disbursed by Year 5. This is in recognition of the complexities of this type of financing and associated long lead in times with project finance.

- **Direct and indirect beneficiaries**

The WSUP programmes in six countries will have both direct and indirect impacts in relation to improving access to water and sanitation services for the urban poor.

WSUP will assist service providers to directly improve access to water for 1 million men, women and children, improve access to sanitation for 250,000 men, women and children and improve hygiene practices of 1.5 million men, women and children. To achieve this, WSUP will seek grant funding from a range of sources and work in a partnership with LSPs and its members to deliver programmes.

As capacity is strengthened as part of the programme, service providers will be better able to improve water, sanitation and hygiene services for the estimated 12.5 million low income consumers (men, women and children) who live in the target cities and the 30 million people (men, women and children) in the wider target cities and countries. Service providers will adopt and replicate successful approaches through the course of programme delivery. The finance mobilised under Strategic Outcome 3 will support this process.

In monitoring this indirect impact, a pro-poor policy change or outcome which has been mainstreamed or adopted by an LSP, local authority or national government is assumed to have a positive impact on the lives of all of the poor living in that city or town. This process must be driven by WSUP inputs, support or guidance in order to be considered and must be operational and have evidence of being operational. One example would be the adoption of a social connection policy in which a water utility is committing to reinvest a percentage of tariff revenues back into pro-poor investment and evidence of this being implemented in practice.

The adoption of this as a result of WSUP inputs and work will be considered a **direct** impact of capacity development and policy work and its delivery across a city and the potential numbers of people it will affect will be considered an **indirect** impact. Further evidence of the implementation of this would confirm this indirect impact.

- **Gender disaggregation and targeting the most vulnerable**

Gender mainstreaming and ensuring programmes target the most vulnerable members of communities are integral to WSUP's overall approach, programme design and monitoring and evaluation framework.

The importance of incorporating gender sensitivities into all aspects of water and sanitation programming is well documented as women and girls suffer disproportionately from the affects of poor sanitation and low levels of hygiene as well as inadequate access to water. The gender differentiated impacts of inadequate sanitation, hygiene and water manifest themselves in issues of privacy, safety and security when visiting facilities, in facility siting and design and in the need for menstrual hygiene facilities.

To address this, WSUP ensures that gender is reflected in all aspects of programmes. At the community level this includes meaningful participation in programme planning and design, the siting and design of facilities to ensure ease of access and use and, in community management structures. These processes aim to empower women to play an active role in

programmes and to actively participate in decision making. Within service providers, this includes supporting the establishment of pro-poor units within utilities and municipalities which include community development staff with training in gender sensitivity mainstreaming techniques.

Throughout this document, WSUP uses the terms “people” and “urban poor” to describe the end beneficiaries of the programmes planned. These terms include **men, women, girls and boys** and WSUP’s monitoring and evaluation framework enables gender disaggregation in monitoring and evaluation.

▪ **Monitoring and evaluation: constructing the evidence base**

WSUP has developed a Monitoring and Evaluation (M&E) Framework that provides an integrated tool for monitoring progress and demonstrating outcomes across all of WSUP’s countries of intervention. This M&E Framework derives directly from WSUP’s Results Framework, allowing grounded and effective evaluation of how strategies are working, and how they can be improved.

Specifically, this M&E Framework provides an integrated platform for analysis at the differing levels relevant to WSUP’s programmes through:

- community and stakeholder participation and feedback;
- programme-level internal monitoring and evaluation;
- city-level project monitoring and reporting, on quarterly and annual timescales;
- ongoing outcome evaluation in each programme and end of programme evaluations.

The M&E Framework complements and supports WSUP’s strategy for research, dissemination and training outlined under Strategic Outcome 4. The diverse elements of monitoring and evaluation are aimed at checking progress, assessing outcomes and impact as well as generating a solid evidence base to inform the ongoing evolution of WSUP and of the wider sector. This supports WSUP to achieve its wider impact and influencing agenda.

To support the strategic oversight of WSUP’s programmes and to ensure the consistent delivery of programmes through an integrated approach across all programmes, the M&E Framework includes a set of primary indicators identified as key indicators of achievement of each of the four Strategic Outcomes.

A central aim has been to identify indicators which allow the objective measurement of progress, impact and effectiveness in the key spheres of interest to WSUP such as:

- development of local business and institutional capacity,
- involvement of local private sector businesses and enterprises in the water and sanitation sector,
- demonstrated capacity to generate sufficient revenues and tracking of the impact of revenues on SIP and LSP businesses.

Section II: Achieving the Strategic Outcomes

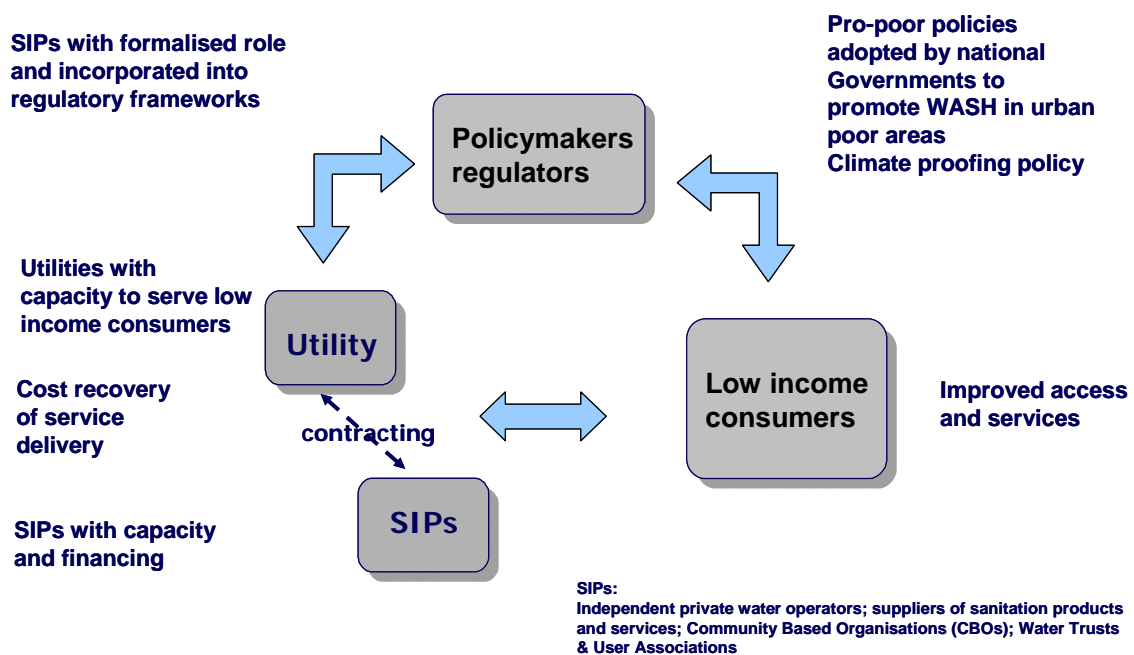
Strategic Outcome 1: Demonstrated models of service delivery to the urban poor

In six countries, WSUP will assist service providers to directly improve access to water for 1 million people

1. Towards Universal Water Services

The characteristics of a pro-poor water service model

WSUP's experience to date has identified the key characteristics of a pro-poor water service model, taking into account that each city and programme area has context specific aspects.



To support countries to reach universal water services in large towns and cities, WSUP will put in place the following three stage process in each programme site.

- **Plan: Develop performance based Professional Service Agreements (PSA) between service providers, WSUP and funding agencies**

The PSA will define a joint water service improvement programme to be delivered in partnership between the main water supply service provider and WSUP. Included in the PSA will be mutually agreed resource commitments by WSUP in the form of grant funding and access to expertise and by the service provider in the form of finances, access to people and materials.

The negotiation of the PSA will also include the identification of funding agency(s) to provide funding for a future investment programme subject to the achievement of agreed key performance indicators (KPIs).

These KPIs will be mutually agreed by the service provider, WSUP and the funding agency(s) in advance and monitored through the delivery of the joint water service improvement programme.

- **Implement: Deliver the joint water service improvement programme at a representative scale**

A joint water service improvement programme will be delivered targeting improving access to water at a representative scale of the city or town’s population and focused on demonstrating successful implementation.

These programmes will focus on demonstrating the financial viability of service models on an OpEx plus replication fund basis and will be driven by demand from within communities which will be assessed and verified before activities commence.

To support the financial viability of services delivered, programmes will include non revenue water (NRW) reduction activities to reduce water losses (both physical leaks and illegal connections) and to increase revenues from the target areas. Programmes will target the inclusion of SIPs as providers of water supply services and support the strengthening of contract arrangements between the utility provider and SIPs.

In addition, programmes will include where appropriate the use of innovative water supply options, such as pre-paid meters, and will explore the use of hybrid financing mechanisms to support SIPs (see definitions of LSPs in Box 1 page 4) and communities to finance infrastructure improvements.

The demonstration of pro-poor and viable services will help to encourage investments in low income areas by the local private sector and municipal authorities by providing practical evidence of successful investment opportunities and overcoming risk aversion to these investments.

Box 2: Representative scale refers to the delivery of service improvements at a scale which is large enough to confirm an approach is effective, viable, and sustainable and can be adopted at city level. It is larger than a traditional NGO project and is context specific based on a range of factors such as population size and density. In a large city this could be 100,000 to 200,000 people, in a secondary town 50,000 to 70,000.

Box 3: Supporting contractual arrangements in Maputo
In Maputo, EMA, a Mozambiqian local private operator (SIP), has been operating under a service contract with the Maputo water lessee AdeM to carry out delegated functions relating to water supply operations in the Liberdade bairro of Maputo Municipality. WSUP has supported EMA in negotiating and upgrading its service contract with AdeM and FIPAG, the parastatal asset holder, to a distribution contract with billing rights. The new management contract sits as a sub contract to AdeM’s lease contract with FIPAG and is valid until 2014. The contract is based on a bulk purchase agreement between EMA and AdeM, with EMA retaining the revenue risk for the mandated area which has a customer base of 25,000 and approximately 6,000 connections.

- **Review: Audit and evaluate financial viability and effectiveness of programme provided services**

To verify the financial viability of water services provided and to demonstrate the achievement of the KPIs defined under the PSA, an independent audit and evaluation of the services provided will verify:

- the value of collected revenues to ensure cash positive collections;
- revenues collected cover OpEx costs of services;
- the sustainability (financial / contractual) of water supply services;
- the impact on service provider revenues and business (both utility and SIPs);
- the achievement of KPIs identified in the PSA.

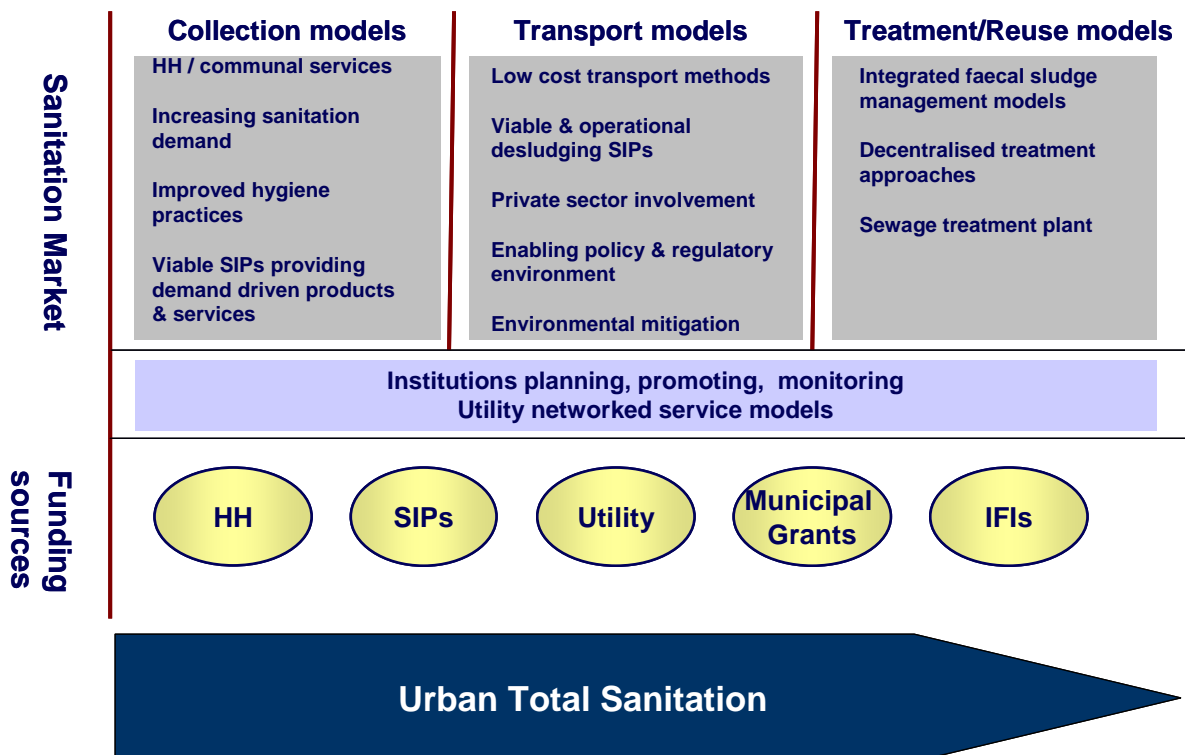
The completion of these three stages will provide the necessary evidence to confirm that the financial viability of service models can be scaled up with the right investment backing. This will trigger the release of the in-principle funding identified in the PSA subject to all criteria being successfully achieved.

2. Towards Total Urban Sanitation

Across six countries, WSUP will assist service providers to improve sanitation services for 250,000 people directly

Targeting a pro-poor sanitation system

The sanitation component of WSUP’s programme is targeting the whole value chain for sanitation and the development of models for improved service delivery in three critical areas – **collection, transport and treatment / reuse**.



Scaled up sanitation service improvements in urban contexts are highly complex and in recognition of this WSUP is targeting less direct beneficiaries than water supply, where both the process and delivery of improved services is relatively less complex.

To achieve service improvements in sanitation, WSUP will put in place the following three stage process in each programme site.

▪ **Plan: Support local authorities to develop a city wide sanitation plan**

This city wide plan will provide the necessary framework for the primary sanitation provider to plan investments in the city. A task force will meet regularly to check progress and coordinate activities. Each plan will include the following:

- Assessment of sanitation value chain in the city;
- Mapping of sanitation zones;
- Customer segmentation including gender and most vulnerable;
- Demand mapping, ability and willingness to pay assessments;
- Development of business models for range of sanitation services;
- Identification of large offsite treatment infrastructure requirements;
- Encouraging the participation of the local private sector;
- Identification of potential funding types and sources.

▪ **Implement: Partner with sanitation service providers to deliver a sanitation improvement programme**

Once a clear picture of the city wide sanitation requirement is developed, WSUP will work in partnership with sanitation providers to deliver improvements at a representative scale in low income and peri-urban areas as identified in the city wide plan.

These programmes will:

- Trigger demand for improved sanitation
- Demonstrate sanitation models (household / shared / community / market place / urine diversion / EcoSan) and business models (latrine components / pit emptying / faecal sludge management (FSM)) at a representative scale;
- Show financial viability on an OpEx plus replication fund basis;
- Be driven by verifiable demand within the communities;
- Ignite the private sector to provide products and services (latrine components / pit emptying / treatment options);
- Link onsite to off site systems of FSM; use innovative financing mechanisms (output based aid, microfinance, loan, development credit) to provide resources for the market.

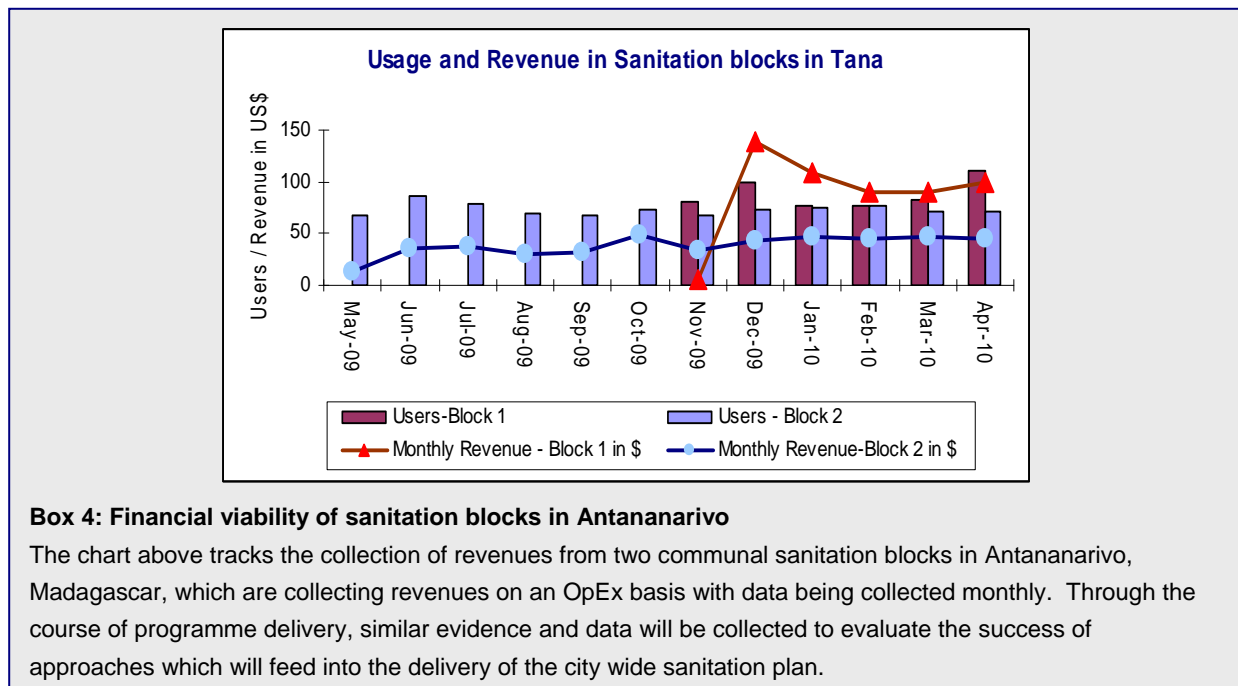
▪ **Review: Identify financing sources for the different elements of the sanitation market identified in the city wide plan.**

The final stage in the process will be to identify a range of funding types to scale up and deliver the city wide sanitation plan, using data and evidence from the joint programme to make the investment case to a variety of donor and funding agencies.

The complexity of urban sanitation necessitates a range of funding instruments to address resource gaps in the market with each instrument targeting a particular component or element.

- Credit for private sector SIPs;
- Loan financing for off-site treatment collection and disposal;
- Microfinance at the community level;
- Grant funding for promotion of on-site sanitation businesses;
- Output based aid subsidies across the value chain;
- National and local government funding allocations for larger scale infrastructure investments.

The completion of these three stages will provide the necessary evidence to confirm the financial viability of services can be scaled up with the right investment backing. This will trigger the release of the financing identified in the city wide sanitation plan and using the performance based financing where possible.



Box 4: Financial viability of sanitation blocks in Antananarivo

The chart above tracks the collection of revenues from two communal sanitation blocks in Antananarivo, Madagascar, which are collecting revenues on an OpEx basis with data being collected monthly. Through the course of programme delivery, similar evidence and data will be collected to evaluate the success of approaches which will feed into the delivery of the city wide sanitation plan.

3. Hygiene promotion

Across six countries, WSUP will improve the hygiene practices of 1.5 million people directly

The critical aspect of hygiene promotion is moving beyond merely exposing people to messages and to delivering programmes that will enact behaviour change and therefore lead to positive impacts on health and livelihoods. In recognition of this challenge, WSUP will roll out two approaches to mass media hygiene promotion to achieve impact at scale.

▪ Unilever

WSUP will roll out in six countries a sector leading behaviour change programme, DSMAP, which has been developed by WSUP member Unilever's Lifebuoy brand.

This is a mass scale activation programme, focusing on the 'Behaviour Change Journey' for children and mothers by promoting hand washing at five critical times a day and is informed by extensive action research and behaviour change analysis undertaken by Unilever.

A key part of programme delivery is the training of health workers, community leaders and school teachers in methods so that these can be replicated and reinforced over time, thereby widening sustainability and impact of the programme.

This programme is a cost effective way of harnessing private sector expertise to achieve significant impact at scale with relatively low levels of investment.

Box 5: DSMAP in Dhaka City, Bangladesh

WSUP and Unilever are currently rolling out the delivery of DSMAP in Dhaka City over the course of a 12 month period with an \$110,000 investment by WSUP with grant funding from AusAID. This will expose 300,000 people directly to the messages, with research estimating behaviour change to be enacted in 20% of those exposed. The replication effect of the programme has the potential to reach 2 million women and children through the approach taken. This represents a cost-effective and sustainable approach to hygiene promotion which is based on research and analysis.

▪ BBC World Service Trust

WSUP will collaborate with the BBC World Service Trust and their local media partners to design, implement and evaluate the impact of media campaigns in at least three WSUP programme locations.

The BBC World Service Trust has delivered measurable improvements across a range of health indicators by working with the media to provide critical information, address the social and cultural barriers to good health and encourage healthy behaviours that can be sustained in the long term. Robust research conducted by the BBC World Service Trust's global Research and Learning Group is embedded and informs all stages from design through to impact evaluation.

These campaigns will engage communities and service providers in solutions to urban water and sanitation problems, promote the uptake and sustained use of affordable water and sanitation services and incentivise healthy hygiene practices. These would identify existing knowledge, attitudes and practices around water and sanitation and the barriers and facilitators to the adoption of or participation in healthy behaviours.

Additional midline and endline surveys will track the impact of the campaigns against key project indicators, whilst feedback mechanisms would be built into project delivery to monitor the response from target audience groups in order to adjust activities accordingly. Extensive evaluation will provide a solid evidence base for future development of initiatives of this kind.

Box 6 – BBC World Service Trust’s work in Cambodia

In Cambodia, a TV and radio campaign developed in partnership with the Royal Government of Cambodia exploited popular and entertaining formats to contribute to improvements in **maternal and child health**, doubling the number of people washing their hands to help protect the health of a baby or a young child as a direct result of exposure to the campaign, and increasing those who said they washed their hands as a means of prevention diarrhoea in their children from 10% at baseline to 25% at end line.

In all activities WSUP will work in partnership with local communities, CBOs, the Ministry of Health and local authorities to deliver hygiene promotion programmes as part of sanitation components and all activities will be focused on three critical messages:

- Handwashing at critical times
- Use of sanitation facilities
- Safe storage of water

WSUP’s linkages with Unilever and BBC World Service Trust will help to generate demand for better water and sanitation services within communities which will potentially generate additional revenues for service providers and aid financial viability and sustainability. This will contribute to the security of private sector investments in improving water and sanitation services as well as increasing demand for hygiene products.

4. Environment

WSUP will support adoption of climate change resilience measures by LSPs and local authorities in six countries

Climate change is increasingly recognised as a major risk to sustainable water and sanitation service delivery, particularly in urban contexts. It will become an increasingly important issue for policy makers and service providers to ensure resilience measures are developed alongside adaptations to infrastructure design, capital investment plans, service provision planning and asset management.

Water utilities and sanitation providers across the developed and developing world are beginning to assess the financial, technical, operational and institutional implications of climate change on their operations and investment planning. Increasingly extreme and unpredictable weather patterns will lead to issues of water security and water resource management, require changes to infrastructure design and management systems and lead to increased flooding in low income areas, which are often built on flood plains.

This has considerable implications for urban water and sanitation service provision, especially in low income communities given the likelihood that these communities will feel the impacts most acutely. Climate change is likely to accelerate migration to cities as fluctuations in agricultural seasons lead to people leaving rural areas in search of more viable employment opportunities and, in the most extreme cases, looking for food and shelter.

However, against ongoing issues such as high non revenue water, poor asset management and poor levels of overall efficiency within water networks as well as inadequate sanitation options and limited FSM, planning for the impact of climate change, and prioritising the investment required, is a challenge for most service providers. Added to this is the complexity of urban water and sanitation service delivery, competing and overlapping mandates for water resource management and a limited coordination between institutions.

To assist local service providers understand the implications and boundaries of climate change to their operations and to provide tangible adaptations for service providers, WSUP will target the delivery of the following activities:

- **The Cranfield/WSUP Climate Proofing Model**

This is a methodology developed to support LSPs to identify short, medium and long-term actions that should be taken to climate proof urban water and sanitation services.

For urban water and sanitation systems, service providers need to understand and interpret current trends in their cities and towns and anticipate the future impact of these on their businesses. LSPs need to build resilience into service delivery systems to mitigate against providing basic services to growing urban populations becoming an even greater challenge.

This methodology provides a framework to assess a range of factors such as access to, and quality of, water resources, flood patterns, predicted temperature and precipitation changes and the likelihood of severe weather events. This information is used to synthesise how climate scenarios could affect water resources and existing vulnerabilities, problems and technologies in the informal and peri-urban areas of the city.

Recommendations are then compiled which identify the main adaptations required in areas affected by flooding or water shortage for the LSP, community and private sector, dividing them between short, medium and long-term adaptations. The Cranfield/WSUP Climate Proofing Model has been applied in Lusaka, Naivasha and Antananarivo and LSPs are in the process of adopting the recommendations.

As part of this strategy, WSUP will apply this model in all of its programme sites and support the implementation of recommendations by service providers.

- **Support further research and piloting of adaptations**

WSUP will support further research and analysis into the impact of climate change on the delivery of water and sanitation services. This will include research and analysis into appropriate technology designs for water supply and sanitation infrastructure in low income areas to ensure facilities are climate change proofed. WSUP will work with its Strategic Partners IWA and WSP to support the development of analysis and research in this critical area and will support the piloting of innovative approaches and adaptations by service provider partners.

- **Link into ongoing initiatives**

WSUP will work to develop linkages to ongoing initiatives for water utilities such as the Water Utility Climate Change in the United States to support the transfer of the latest thinking from across the globe into the six countries in which WSUP works.

- **Apply climate change as a cross cutting theme across programmes**

WSUP will ensure that climate change considerations are included as a cross cutting theme across all components of programmes. This will include the impact on climate change on sanitation planning processes outlined above, continuing to focus on issues such as reducing non revenue water as a method to increase water capacity and use within existing systems and supporting service providers in areas such as adapting asset management approaches to address impacts of reduced or increased water capacity within networks. In addition, environmental impact assessments will be mainstreamed in the process of constructing water and sanitation infrastructure to ensure limited environmental impact and will be included in the management plans and operating procedures of service provider partners.

Strategic partnerships to support the delivery of Strategic Outcome 1:

As well as working with its members, WSUP will work in partnership with external partners to deliver this component of the Programme Strategy:

- Vitens Evides International (VEI)
- The International Water Association (IWA)
- The Water and Sanitation Programme of the World Bank (WSP)
- Building Partnerships for Development (BPD)
- The Overseas Development Institute (ODI)
- World Sanitation Financing Facility (WSFF)

Strategic Outcome 2: Strengthened institutional capacity to sustain the improvement process

WSUP will facilitate the embedding of efficiency and effectiveness improvements in service provider operations and work in partnership with LSPs to strengthen the institutional framework in six countries with an indirect impact on 12.5 million people.

Capacity development in WSUP's programmes is delivered through implementing joint service improvement programmes (as outlined under Strategic Outcome 1) with the emphasis on practical mentoring and learning by doing.

Investors, governments and donors are committed to ensuring service improvements are sustainable in the long term and WSUP believes that this can only be truly achieved through building strong and economically viable service providers. WSUP's focus on "*stronger service providers, better services for all*" is a commitment to foster ownership and enable the replication of service improvements by service providers over time.

Strengthening the capacity of service providers to sustain improvement processes requires a wide range of expertise and WSUP's unique membership model ensures it is well positioned to deliver this. This is achieved through targeting resources from its membership and through strategic partnerships and sub-consultant networks, in both the northern and southern hemisphere, on a demand driven basis.

The capacity development needs of water, sanitation providers and SIPs are different and wide ranging. To reflect this, WSUP will target capacity development support on a demand driven basis to service provider partners in areas which support the demonstration of service models and which provide the service providers with the necessary skills and techniques to embed service improvement processes and sustain them over time.

All capacity development initiatives are designed to support the delivery of the joint programmes and achievement of KPIs under Strategic Outcome 1 and support the scale up of investments.

1. Water service providers

WSUP will focus resources on three critical areas:

- **Contract types and mechanisms**

Develop and strengthen contractual arrangements and mechanisms between utility and SIPs including private sector companies: Design-Build-Operate, Design-Build-Lease, Build-Operate-Transfer, Build-Operate, Invest-Operate, Operate-Maintain.

- **Non Revenue Water (NRW) Reduction**

Assess situation and management practices; test NRW approaches in a number of pilot areas to inform strategy development (metering, flow measuring, zoning); provide training and support to management and staff in principles of NRW; develop a NRW strategy including indicative investment planning and scale up strategy.

- **Building expertise in pro-poor service delivery**

Work with service provider staff to build expertise in pro-poor business models, including areas such as planning, project and financial management, community engagement and development. Where they exist, strengthen pro-poor units / teams in service providers.

2. Sanitation providers

WSUP will focus resources:

- Development of sanitation business models (pit emptying / supply of latrine components / commercial communal blocks)
- Innovative sanitation products and services (appropriate latrine options based on customer segmentation / urine diversion options / low cost alternatives);
- Embedding planning and use of asset management tools into service provider programmes (mapping, using GIS / Google Earth);
- Support in the establishment of a viable FSM system for low income areas;
- Improving monitoring and management of contracts with private sanitation service providers.

3. Small Independent Providers (SIPs)

WSUP will focus resources on developing capacity in:

- Technical and operational functions;
- Strategy development;
- Business planning and contractual arrangements with primary service providers and resource mobilisation;
- Improving the quality and range of product and service improvements

Linking with Other Capacity Development Initiatives to deliver Strategic Outcome 2:

As well as working with its members, WSUP will continue to collaborate with other capacity building initiatives with a presence in the six countries.

- Vitens Evides International (VEI)
- SNV
- GIZ
- The International Water Association (IWA)
- The Water and Sanitation Programme of the World Bank (WSP)
- WSUP will facilitate access for service provider partners to the existing PAWS² mechanism to broaden access for service provider partners to UK water industry expertise in the developing world.

² Partners for Water and Sanitation (PAWS) was a not-for profit partnership that focused on sharing technical expertise to build the capacity of the water and sanitation sector in Africa. PAWS had strong membership from the UK water industry and large engineering companies and while it has ceased trading as an entity, the mechanism for channelling support still exists and WSUP is proposing to make use of this mechanism to broaden its offer to LSPs.

Strategic Outcome 3: Investment mobilised for scale up of models

WSUP will mobilise \$300 million of financing for LSP led city wide investment programmes in six countries

In its 2009 review of the WSUP programme, DFID recommended that: “finance might be unlocked by establishing a mechanism that encourages major donors with programmes in the urban water and sanitation sector to request WSUP’s upstream engagement specifically to facilitate their interventions reaching the poorest” and that WSUP should align itself along side major donor programmes to “demonstrate appropriate interventions to bring sustainable services to low income communities, and build community and LSP confidence and capacity”.

This Programme Strategy aims to put this recommendation into practice. WSUP will achieve this through first facilitating a conducive investment environment and then working with LSPs and donor agencies to mobilise financing for larger investment programmes from a range of sources based on activities outlined under Strategic Objective 1 and supported by Strategic Objective 2.

1. Creating the investment environment

WSUP will leverage its relationship with government and service providers and use the demonstrated results from its programmes to lobby for an investment environment which favours services to low income communities. This will help to overcome unfavourable investment environments so often seen as a critical barrier to pro-poor urban services at a large scale. Where they exist, WSUP will work with regulators in these activities and provide capacity development as required.

While each country will have its own specific policy bottlenecks, WSUP will typically focus on the following areas:

- Ensuring both national governments and IFIs include service improvement to the urban poor as a component of their sector development plans and budgets;
- Adopting realistic cost recovery policies and targeted subsidies, recognising that block tariffs and targeted subsidies are applied effectively in over 35 countries. The urban poor are viable customers but often need bespoke service levels and terms of payment;
- Developing a policy which encourages cost recovery;
- Promoting service contracts which incentivise service delivery to the poor;
- Providing tax incentives for SIPs.

Box 7: Creating the investment environment in Antananarivo

As a result of the joint WSUP-JIRAMA programme of improving water and sanitation services in low income districts of Antananarivo, the peri-urban programme is now written into the National Madagascar Action Plan, investment in service improvement in low income districts is now written into the business plans for the utility, processes for connecting low income communities have been streamlined and the local government is creating a supportive environment for SIPs. This has been triggered through demonstrating a 40% reduction in NRW, a 30% increase in revenues in programme districts and 1 year pay back periods for SIP service infrastructure in low income areas.

- Restructuring charges and payment practices to accommodate the poor:
 - i. Reducing or phasing the connection charge to poor households
 - ii. Introducing frequent collection of water charges
 - iii. Eliminating distorted tariffs for poor households
 - iv. Providing a range of service options for the poor
 - v. Legitimising and providing finance for SIPs
 - vi. Charging water tariffs with costs of sanitation services

- Promoting microfinance to enable connections and establishing a water and sanitation microfinance fund with professional management.

WSUP will continue to collaborate with the Water and Sanitation Programme (WSP) of the World Bank in these areas, acknowledging the additional resources and access WSP has in these fields. WSUP will work in partnership with WSP in five countries to achieve this (the additional WSUP programme country where this will not be possible is Madagascar as there is no WSP presence there).

Box 8: Creating the investment environment in Maputo

As a result of the joint WSUP-AdeM-FIPAG programme to improve water services in low income bairros in Maputo, new mechanisms for paying connection fees to low income households are being assessed for adoption by the authorities. This measure will remove one of the most significant policy barriers to investment in Mozambique. With recent political events in Mozambique there is a clear opportunity to make this policy reform permanent. A new form of contract between the utility and private provider has been established which reaches low income areas with safe and affordable water more effectively. The government is now encouraging this approach, including a phased connection fee to be replicated in other poor urban districts.

2. Triggering the release of financing

WSUP believes that a range of public and private financing will be required to adequately meet the needs of the urban poor both in the six target countries and more broadly in the water and sanitation sector. In recognition of this, in each programme site WSUP will, in partnership with LSPs and other stakeholders, identify the most appropriate type of financing which can be mobilised to achieve scale. WSUP sets out below the range of financing that will be considered and the process through which this can be triggered on a performance basis.

▪ IFI Loan Financing

International funding agencies negotiate urban upgrading programmes which focus primarily on core infrastructure. The impact of these programmes on sustainable service improvement to the urban poor is often limited. As a result of demonstrating financially viable service models, WSUP will help to ensure IFI investment reaches the poor.

As outlined under Strategic Outcome 1, Professional Services Agreements (PSAs) will be drawn up between the government, LSP, WSUP and the funding agency(s) setting out:

- A joint programme to be delivered by service provider and WSUP
- Joint resource commitments by WSUP and service providers;
- Agreed KPIs for service improvements;

- An in-principle agreement for scale-up funding from funding agencies based on agreed KPIs.

The improved services would be externally audited both for financial, technical and sustainability KPIs. Upon verification of achieved KPIs, financing would be released for extending the service improvement programme to new areas of the city. Financial KPIs would likely be:

- For SIPs: Working ratio of total annual operational expenses, excluding depreciation and debt service, to total annual pre-tax collections from billing and subsidies;
- For utilities: incremental cash contribution from investment in service extension.

WSUP acknowledges the inherent challenges included in this approach including the long time frames involved in project finance mechanisms and the risk for funding agencies in making in-principle funding agreements several years in advance of project commencement.

WSUP will work to mitigate this through aligning PSAs alongside ongoing large investment programmes with a view to ensuring they deliver pro-poor services where appropriate. Additionally, funding agencies will play a key role in the definition of KPIs and the obligations enshrined within the PSAs developed, and WSUP will seek the support and guidance of funding agencies in this process.

▪ **National and local government budget allocations**

WSUP aims to influence national budget allocation processes through joint programme delivery with government and municipal authorities, demonstrating impact as a first stage and a secondary stage of targeting the inclusion of pro-poor investment as part of business plans and strategies by the LSP.

Examples of the type of allocations that could be made include municipal funding for sanitation infrastructure and services, budgets for promoting sanitation demand, budgets for promotion of SIPs, state owned utility investment in service extension and investing in bulk water availability. By tying in investments to demonstrated service delivery, the WSUP programme helps governments to ensure they are investing in services, not just assets.

The process to trigger this finance will be similar to the IFI process. A PSA will be drawn up between government, the LSP and WSUP and improved services would be externally audited both for financial, technical and sustainability KPIs.

▪ **Private sector investment**

Private sector finance is an important element of the financing mix for improving urban water and sanitation services. WSUP acknowledges the challenges of the international private sector investing in large scale programmes due to the perceived high risk and low return.

However, the local private sector is playing an increasingly important role and this can be mobilised in the following cases:

- Independent operators developing business models and investing in water supply systems;
- Managers of sanitation and water service points paying for the license to trade and using their own finance for operation and maintenance;
- Private companies implementing sludge removal businesses;
- Transport and treatment entrepreneurs investing in business equipment and working capital;
- Manufacturers of sanitation products such as latrine slabs using their own finance for equipment materials and distribution;
- FMCG³ companies such as Unilever using product development budgets to promote better hygiene practice and sanitation innovation.

To harness this and capitalise on existing efforts, WSUP will support the mobilisation of this finance type through:

- Convening private operators to identify programmes' KPIs and inviting involvement of the private sector in programmes;
- Using programmes to demonstrate financial viability. Data collected from water and sanitation service models will be collected analysed, and presented to business owners and managers in each location.
- Showcasing the demonstrated services to groups of business investors and entrepreneurs.
- Assisting the municipality and water utilities to remove barriers to private sector participation such as authorising access for sludge operators to sewer lines.
- Supporting the development of clear and robust legal contract forms providing the confidence for private investment⁴.

Box 9: Contractual arrangements between the service provider, the private sector and asset holder in Naivasha

WSUP has supported contract negotiations between the service provider, the asset holder and a SIP which sets out the conditions for each party in the operation, management and cost share between the three parties. This has enabled an additional source of water to be brought into the water supply system which is providing water for 8,000 people on a financially viable basis.

▪ **Reinvestment by service providers**

Local service providers and SIPs that provide sustainable services usually generate an operating surplus and with good management this surplus can be used for operations and maintenance and investment for expansion. This investment in growth of services from LSP's own cash flow is an important element in the mix of financing which is needed to achieve scale.

Examples of this include:

³ Fast Moving Consumable Goods

⁴ e.g. establishing a clear bulk supply contract to a private operator to enable proper business planning and profitable operations or negotiating a service contract clarifying ownership, operations and management responsibilities between utility, asset owner and SIP.

- Multi-service centre operators (selling sanitation and water services together) who invest surpluses in rehabilitating other service points or buying equipment to provide sludge removal services;
- A city utility which generates incremental cash positive returns on service extension to informal settlements and decides to reinvest this into covering new low income areas.

To trigger this source of finance, WSUP will share financial and technical performance data with LSPs on a regular basis. Presentations to senior managers and government officials showing benefits to the LSP will be made and field visits organised. Support will be targeted to LSPs to plan for self funded expansion of their business, as has already occurred in some WSUP programmes, most notably in Antananarivo.

Box 10: Leveraging LSP budget allocations in Antananarivo

JIRAMA, the state utility in Madagascar, made a joint resource commitment to the WSUP programme through the provision of \$2.5 million which was mobilised against a grant based investment of \$250,000 from WSUP to increase water capacity in the water supply system in Antananarivo. This guaranteed water supply to the low income areas and ensured that other grant based investments being made by WSUP were maximised as new infrastructure was brought on line quickly.

- **Grant funding**

Grant funding plays a vital role in the finance mix as it enables the demonstration of new approaches using low risk financing and enables LSPs and SIPs to invest in innovative approaches which would otherwise be neglected. If successful, these approaches can be mainstreamed by LSPs and SIPs.

The process to trigger this finance will be similar to the IFI process. A PSA will be drawn up between government, the LSP and WSUP and improved services would be externally audited for financial, technical and sustainability KPIs.

In addition, WSUP will provide support to LSPs to respond to open calls for proposals targeted at LSPs and local authorities, such as the EU Water Facility processes, and provide support to successful LSPs in funding contract management. This will target the capacity development of the LSPs in donor contract management and provide funding to scale up pro-poor investments. This is currently being provided in Lusaka through applications to the EC at the local authority level and also to the EU Water Facility open call for proposals in June 2010.

- **Microfinance**

Microfinance can make an important contribution to service improvements enabling consumers to purchase meters, connections, or toilets, start new businesses or borrow working capital to operate a service point. Linking this to other financing mechanisms such as development credit and local guarantees can provide a rounded financial mechanism at the community level.

To support the leveraging of this finance type, WSUP will:

- Convene microfinance providers to establish the customer and service criteria (service level, credit size, customer profile, rate, collateral etc) required for credit;
- Secure commitments for access to credit from micro-finance providers upon delivery of customer and service criteria;
- Support the achievement of these criteria during joint service improvement programmes (Strategic Outcome 1) through demonstrated viability.

▪ **Households**

Investment by households is a large and sustainable source of finance for community level service improvements as consumers make decisions to purchase goods and services.

WSUP will encourage household investment, in sanitation in particular, through working in partnership with communities through NGO members to facilitate and verify demand for services and ensure programmes meet this demand. This component of promotion is a key part of any WSUP-supported programme as behaviour change is the primary driver to improving service delivery.

This will include working to trigger:

- Responses to sanitation promotion by investing in an improved latrine (see Box 12);
- Contributions to the cost of improved household sanitation;
- Contributions to costs of improved communal/shared sanitation facilities;
- Purchase of sanitation desludging services.

Box 11: African Cities for the Future – a USAID funded programme aimed at leveraging grant funding

WSUP is playing a key role in informing USAID mission led urban programming through demonstrating successful urban water and sanitation approaches and leveraging additional grant financing in programmes.

Late in 2009, WSUP was awarded a \$4.3m grant from USAID to support the delivery of its African Cities for the Future (ACF) Programme, a three year programme of work covering six countries in the WSUP portfolio. The programme aims to increase equitable access to water supply and sanitation for African urban poor by: fostering a conducive enabling environment; building the capacity of local service providers and communities; demonstrating sustainable modes of service delivery improvement, documenting lessons learned; and developing scale up plans for city-wide implementation.

A critical element of this grant is to work collaboratively with USAID missions to demonstrate successful urban water and sanitation approaches and to leverage additional grant funding from mission budgets for water and sanitation, which are increasing in response to the Senator Paul Simon Water for the Poor Act of 2005. USAID missions are increasingly focusing on urban water and sanitation programming following a period of focusing strongly on rural programming. The leveraging is already happening with design underway in Madagascar and Kenya for mission led investment in the programme of \$3m.

Additional support to USAID has included WSUP hosting several USAID staff training programmes to expose mission staff to ongoing programmes. This is also helping WSUP to achieve Strategic Outcome 4 – Promoting successful models to the sector.

Strategic Outcome 4: Successful models promoted worldwide

WSUP will use practical evidence from programmes in six countries to promote successful models in urban pro-poor water and sanitation service improvement and inform and influence the international water and sanitation sector.

In order to make a significant impact on the global urban water and sanitation challenge, WSUP will promote successful models widely at a national, regional and international level using the evidence and learning generated from its programmes. The aim is to catalyse change in standard approaches and investment programming beyond the six target countries.

1. Research and analysis

On the ground implementation provides a rich source of learning as it throws up practical challenges that need to be overcome in moving from theory to practice and provides clear evidence for effective programming. Continuous research and analysis is therefore essential to identify promising approaches and to understand opportunities and challenges in the sector.

To deliver the research and analysis objectives, WSUP will design and deliver:

- At least one innovation project per year, in collaboration with WSUP members (Unilever, Cranfield University) and other partners, focusing on financially viable water and sanitation solutions for the most challenging urban contexts.
- At least one research and analysis piece per year on urban water and sanitation issues (financing, implementation, policy arena, partnerships etc) in partnership with a sector leading institution (such as BPD, ODI, IDS) to be published and inform sector practitioners and donor agencies.

Box 12: Sanitation Innovation Project in partnership with Unilever

WSUP is commencing an innovation project with Unilever to create an affordable household plastic-moulded toilet product linked to a service agreement with local private business operators who will carry out frequent emptying and cleaning services. The rationale for the project is that, with more mobile phones than latrines in the developing world, purchasing power exists if the product and service is affordable and attractive to the users. The hypothesis is that if there is sufficient profit margin, then businesses themselves will scale and replicate the model.

The model is an alternative to the traditional pit latrine and aims to overcome recurring obstacles, such as informal land tenure, inability to pay large upfront capital costs, uncertain futures, and irregular income patterns. The project will also explore maximising revenue streams from waste treatment, using small scale private waste treatments (negotiating subsidy from local authority, sale of soil improver/fertilizer, biogas generation, links to public toilets) or supporting public provision of end-of-chain treatment options, serviced by private sector vacuum tankers.

The pilot is being financed through seed funding from Unilever's Research and Development Department with additional funding sought from the Bill & Melinda Gates Foundation and USAID. The project will be trialled in Ghana with a view to being mass replicated through WSUP's programmes and by Unilever through in-country businesses. The project will harness big business expertise (branding and ability to replicate), with local business start-up venture capitalists (ability to act quickly and adapt) and the pro-poor approach and links into communities of WSUP.

2. Documentation and Dissemination

WSUP will document and disseminate practical evidence, field data and experience of achieving improved service delivery to the poor to a range of target audiences. Each audience has different interests, capacities and motivations and WSUP has developed a differentiated strategy to reach each one.

WSUP's exclusive focus on urban water and sanitation programming, its unique membership structure and its ability to base advocacy messages on practical evidence from its programmes ensures WSUP has key role to play in influencing governments and donors alike.

WSUP will use the following communication and influencing plan in order to catalyse change at scale.

a. Target Audience: Sector Practitioners

- Publish thematic urban "Practice Note" and "Topic Brief" series on components of WSUP programmes and disseminate through WSUP's website, internet based tools and email alerts;
- Convene sessions at key sector fora bringing African and Asian service provider partners to share practical successes and to challenge sector thinking in urban water and sanitation service delivery (Stockholm, World Water Forum, World Bank Water Week);
- Participate in multilateral sector initiatives providing practical evidence and case studies and disseminating learning and research documents developed (Sanitation and Water for All, Global Framework for Action, World Sanitation Financing Facility);
- Work with at least 3 International Water Association Task Forces targeting the NRW reduction, performance based contracting, Sanitation 21 Framework and O&M Task Forces in particular.

WSUP will also expand the scope of its website and explore the use of web based networking tools and crowd sourcing tools to pose questions about urban water and sanitation and harness successful approaches for the sector.

b. Target Audience: Service Providers, National Governments

- Practice "advocacy from the inside" through working in partnership with service providers to change their policies and practices towards the urban poor through capacity development;
- Work in partnership with WSP in at least 5 countries to document successful programme outcomes and informing activities under Strategic Outcome 3;
- Work in partnership with the BBC World Service Trust to develop radio and TV campaigns which promote household investments in improved WASH services as well as more private investment in basic services;
- Develop technically accessible and practical thematic guidelines for service providers to support operations and service delivery in low income areas (guide to setting up Water User Associations; an introductory guide to NRW reduction).

These activities would be supported by annual national and international workshops to convene key stakeholders. WSUP will work with WSP to host an international service provider workshop for decision and policy makers and donors to facilitate knowledge sharing.

c. Target Audience: Donors and Funding Agencies

- Regularly present programme findings and evidence to key individuals within donor agencies to inform policy development (bilateral donors) and investment planning processes (IFIs);
- Develop urban water and sanitation Strategy Papers aimed at donor policy makers and decision makers providing evidence on urban water and sanitation issues, challenges and opportunities;
- Work with WSP centrally and regionally to share information and identify potential project finance opportunities in WSUP target countries;
- Present programme outcomes and learning and share information on potential business opportunities with Private Infrastructure Development Group donors and facilities on a regular basis;
- Use the influencing power of private foundations such as Bill & Melinda Gates Foundation to disseminate successful approaches.

d. Target Audience: The Public

- Work with UK national media outlets such as the Guardian Development pages to communicate WSUP's approach and programme successes
- Work with local media outlets in-country to raise the profile of service provider efforts to address urban water and sanitation challenges

3. Training

WSUP will support the development of the water and sanitation leaders of the future through the design and delivery of training initiatives in the UK and in the six target countries. This will build on the success of the WSUP Professional Fellowship Programme during 2008-2010, which has demonstrated that developing capacity among local LSP staff accelerates the transfer of know-how and influences governments to make investment decisions that are poor inclusive.

WSUP will focus its training strategy on four areas:

- Work with Cranfield University to design a module for an ongoing MSc programme on pro-poor urban water and sanitation service delivery using evidence from programmes.
- Establish a contract with a key learning institution in each target country to incorporate the MSc module into ongoing undergraduate and MSc programmes in-country thereby training the water and sanitation leaders of the future.
- Design and deliver short professional training courses in partnership with Cranfield University and BPD on critical areas of urban water and sanitation service delivery. Work in partnership with WSP to access senior government staff from non-WSUP target countries.
- Make training material available in an on-line distance learning format for other interested service providers, as a means of disseminating successful service models.

Section III: Strategic Partnerships

WSUP will strengthen existing collaboration with sector leading organisations to support the delivery of its Programme Strategy.

WSUP programmes are situated within complex institutional environments. Its role as implementing partner to service providers requires a clear strategy for interacting with other government and sector institutions. WSUP recognises the importance of working within existing institutional frameworks and of coordinating with other government, private sector and development agency initiatives.

To achieve this, WSUP will continue to work in partnership with the following organisations and explore linkages with other like minded organisations.

Vitens Evides International (VEI)

VEI represent the two largest Dutch water operating companies and is expanding its business internationally where local service providers are interested in improving their performance. VEI has access to a wide range of water operations expertise and extensive knowledge of Africa. The partnership with WSUP is complementary as VEI will concentrate on improving core functions in the utilities, whilst WSUP will focus specifically on low income segments of the consumer base. VEI operates as a not-for-profit company, but is accustomed to tendering its involvement in overseas contracts. WSUP has an emerging partnership with VEI which will support the delivery of the Programme Strategy and support resource mobilisation across all six countries.

Box 13: Working in Partnership with VEI in Zambia

In **Zambia**, WSUP has partnered with VEI and three Copperbelt Utilities in the design of a capacity development programme under the EU Water Facility Capacity Development Call for proposals. If successful, WSUP will work with the utilities to develop low income strategies with VEI concentrating on the development of NRW reduction strategies in each utility. WSUP will support NRW efforts in low income areas and strengthen the linkages between low income consumers and the utilities.

This partnership is a precursor in the development of a larger investment programme of \$100 million being planned with potential investment from the European Investment Bank and KfW in which WSUP and VEI could also partner. The low income strategies and the NRW strategy developed would be scaled up in this larger investment programme along with infrastructure investments utilising a mixed financing approach leveraging grant and loan financing.

If both processes are successful, this will demonstrate the approach that WSUP is advocating and provide the financing agencies with a holistic and financially viable programme in which sustainable service delivery will be achieved including services to peri-urban consumers

The Water and Sanitation Programme (WSP) – See box 14

As a professional partner to service providers, WSUP complements WSP's role as a technical assistance agency that is focused on advising governments in scaling up improved water supply and sanitation services and hygiene programmes for poor people.

WSUP and WSP share an important partnership because (a) WSUP is well positioned to put WSP's knowledge on pro-poor services into practice by working not only with communities

but also service providers and (b) WSP is well-positioned to take up lessons from WSUP's implementation work in its discussions with government at the state, national, regional, and global levels. WSUP will target working in partnership in five of the six countries, with Madagascar as the exception as there is no local WSP office.

International Water Association (IWA)

The IWA, the international professional body for water and sanitation experts, provides another channel for dissemination and communication to influence the sector. With a representative on the WSUP Board, IWA tracks programme outcomes and is able to communicate successful approaches through its network. As an example, IWA and WSUP are organising a high profile event in Africa in 2011 to disseminate the learning from planning and implementation of city-wide sanitation strategies in Maputo, Dhaka, Nairobi, Kumasi and Antananarivo. This will involve senior government officials and private sector investors from a range of African countries in WSUP's target countries and beyond. WSUP news will also continue to appear in the IWA magazine Sanitation 21.

National Water & Sewerage Company Uganda (NWSC)

NWSC is a leading African water utility which has developed effective service delivery models that have reached the urban poor across Kampala. NWSC has an External Service Department which contracts out expertise to support programmes across Africa. WSUP has engaged with NWSC in the past and NWSC has an agreement to supply services at not-for-profit rates to the WSUP Programme Strategy 2011-2016.

Building Partnerships for Development (BPD)

Partnership development specialists BPD will continue to assist WSUP in the delivery of sustainable services through supporting the development of utility – SIP contracts, promoting business models, and strengthening the investment environment. BPD will also continue to provide advice on usage of Output Based Aid as one source of finance which can be triggered.

Box 14: Working in Partnership with WSP: Mozambique and Kenya

In **Mozambique**, WSP is working with AdeM and local authorities in developing a more comprehensive strategy to serve the urban poor while WSUP provides practical implementation experience by testing different models in several neighbourhoods. WSUP assists LSPs to implement service improvements in low income urban areas on a representative scale (165,000 people). Specifically, WSUP has brokered the EMA (private operator)-AdeM-FIPAG service contract, has built the capacities of EMA and AdeM, guided implementation of service improvements, facilitated improved community sanitation and demonstrated integrated FSM systems. WSP facilitates high-level access for WSUP with relevant authorities and coordination with other partners working in the same or similar areas. WSP provides guidance and ideas and documents experiences from WSUP and other organizations working in low-income urban areas to inform its policy and strategy advisory work with AdeM, the main utility provider, the Maputo Municipal Council, and CRA, the national regulatory agency.

In **Kenya**, WSUP is implementing water and sanitation service improvements in partnership with utilities in informal settlements at a representative scale (120,000 people), developing utility capacity to serve informal settlements, helping localized providers reach viability including how they can access finance, and demonstrates how improvements in informal settlements best fit with city wide urban upgrading programmes. WSP provides guidance and advice, documents outcomes from the field and uses this to inform and facilitate wider implementation of pro-poor service improvements at city and national level.

Sustainable Water and Sanitation in Africa (SUWASA)

SUWASA is a regional initiative of the US Agency for International Development (USAID), implemented by ARD Inc., with a mission of fostering the transformation of water and sanitation delivery services in Africa. SUWASA supports and promotes reforms that improve access to safe, affordable and reliable water and sanitation services, especially for the poor and disadvantaged, and that are financially sustainable over the long term. This has strong linkages to WSUP's "African Cities of the Future" programme, also funded by USAID, and included in this agreement is a request to look for synergies with the SUWASA programme. In the two overlapping countries of Kenya and Mozambique, WSUP will utilise SUWASA's programme to support the development of micro-credit to low income consumers and work to strengthen contractual arrangements in the sector.

Overseas Development Institute (ODI)

WSUP works with ODI in the development of cutting edge monitoring and evaluation tools such as outcome mapping which are enabling a more systematic assessment of institutional change. ODI has a wide network through which it communicates its research into tools and methodologies. WSUP will utilise this partnership as a further channel to disseminate the outcomes of its programmes and promote wider adoption of successful approaches.

Private Sector Infrastructure Development Group (PIDG)

To help WSUP achieve the delivery of this investment policy, it will work more closely with PIDG and its various facilities to achieve greater leverage of multi-lateral and private sector investment.

Section IV: Budget Summary

Budget Forecast: Strategic Outcome totals per annum

	2011-12 000s	2012-13 000s	2013-14 000s	2014-15 000s	2015-16 000s	Total 000s
SO1 Demonstrated models	\$11,060	\$13,135	\$13,335	\$4,381	\$4,381	\$46,292
SO2 Strengthened capacity	\$2,551	\$3,126	\$2,911	\$2,075	\$2,075	\$12,738
SO3 Investment mobilised	\$5,000	\$25,000	\$75,000	\$95,000	\$100,000	\$300,000
SO4 M&E, Learning, Research	\$960	\$1,500	\$1,775	\$1,020	\$940	\$6,195
				Total Programmes		\$65,225
				Total mobilised investment		\$300,000
Global Programme Management (PM)	2011-12	2012-13	2013-14	2014-15	2015-16	Total
Secretariat	\$950	\$1,045	\$1,150	\$1,264	\$1,391	\$5,800
Documentation and dissemination	\$100	\$105	\$116	\$121	\$127	\$569
Training	\$150	\$158	\$173	\$182	\$191	\$854
	\$1,200	\$1,308	\$1,438	\$1,568	\$1,709	
				Total		\$7,223
Grand Total						\$72,448

Budget Forecast: Strategic Outcomes across the six countries and thematically

		Madagascar 2 cities	Mozambique 2 cities	Zambia 2 cities	Kenya 2 cities	Ghana 2 cities	Bangladesh 2 cities	Total
SO1	Demonstrated models	\$7,345	\$7,435	\$9,360	\$8,410	\$6,830	\$6,912	\$46,292
	Water Supply	\$1,635	\$1,635	\$3,100	\$2,610	\$2,120	\$2,280	
	<i>Infrastructure</i>	\$981	\$981	\$1,860	\$1,566	\$1,272	\$1,368	
	<i>Soft Components</i>	\$654	\$654	\$1,240	\$1,044	\$848	\$912	
	Sanitation	\$3,510	\$3,510	\$4,000	\$3,210	\$2,720	\$2,642	
	<i>Infrastructure</i>	\$1,404	\$1,404	\$1,600	\$1,284	\$1,088	\$1,057	
	<i>Soft Components</i>	\$2,106	\$2,106	\$2,400	\$1,926	\$1,632	\$1,585	
	Hygiene Promotion	\$1,060	\$1,060	\$1,050	\$1,360	\$920	\$920	
	Environment	\$1,140	\$1,230	\$1,210	\$1,230	\$1,070	\$1,070	
SO2	Strengthened capacity	\$2,195	\$2,200	\$2,405	\$1,985	\$2,085	\$1,868	\$12,738
	<i>Capacity Development</i>	\$1,305	\$1,200	\$1,560	\$1,205	\$1,305	\$1,088	
	<i>Extension at country level</i>	\$890	\$1,000	\$845	\$780	\$780	\$780	
SO3	Investment mobilised	\$50,000	\$50,000	\$75,000	\$50,000	\$35,000	\$40,000	\$300,000
SO4	M&E, Learning, Research	\$1,015	\$1,040	\$1,030	\$1,030	\$1,040	\$1,040	\$6,195
<i>All figures in 000s</i>							Total Programmes	\$65,225
							Total mobilised investment	\$300,000

Budget Analysis

Cost Effective Programming	000s	
Total Direct Programme Costs	\$65,225	
Total amount of investment mobilised	\$300,000	
Total Global PM costs	\$7,223	
Programme Management (PM) / Programme rat	11%	
Direct and Indirect beneficiaries		
Total number of direct beneficiaries	1,000,000 men, women &	
Total number of indirect beneficiaries	12,500,000 children	
Cost per beneficiary		
	<i>Prog only</i>	<i>Inc PM</i>
Cost per beneficiary inc indirect	\$5	\$6
Cost per direct beneficiary	\$65	\$72
Mobilising ratio		
	<i>Prog only</i>	<i>Inc PM</i>
Programme cost vs. investment mobilised	4.6	4.1

Section V: Illustrative Country Information

Mozambique

With an urban population of approximately 37%, growing informal and unplanned settlements are putting urban services under increasing pressure. WSUP has been working in Maputo City since 2007 and will expand into a second town/city in the course of this investment policy.

Country Data	CIA Factbook / JMP
Population	21.6m
Urban	37%
Rate of urbanisation	4.1% p.a
JMP Figures	
Urban water - %	71%
Urban sanitation - %	53%
Maputo	
Water	35%
Sanitation	80%
Average cost of water	\$1.35/m ³

Maputo

WSUP partnerships in place

- Águas de Mozambique (AdeM) – operator
- Fundo de Investimento e Património do Abastecimento de Água (FIPAG) – asset holder
- Conselho Municipal da Cidade de Maputo (CMM) - Maputo City Municipal Council
- Empresa Moçambicana de Águas (EMA) – local service provider
- Water services regulator (CRA)
- WSP

WSUP members

CARE, WaterAid, Halcrow

Outputs and outcomes to date in Maputo: 2007 to 2010

Strategic Outcomes	
Demonstrated models of service delivery to the urban poor	<ul style="list-style-type: none"> ▪ Improved water services for 53,000 people and improved sanitation services for 5,000 people living in the bairros. Programme on track to deliver a total of services to 100,000 people in water and 20,000 in sanitation with current funding. ▪ Financial viability of standpost operators increased through stronger management model and the use of pre-paid meters ▪ City sanitation plan developed and being presented to Municipal Council for adoption ▪ Financial performance data collected in low income areas showing sustainable business models in water and sanitation
Strengthened institutional capacity to sustain improvement process	<ul style="list-style-type: none"> ▪ Contracting mechanisms with SIPs tested to improve viability and efficiency ▪ International private operator (AdeM) strengthened in its capacity to deliver on aspects of lease contract, providing a critical link into communities and ensuring pro-poor approach. ▪ Private operator EMA strengthened through development of bulk supply contract with FIPAG in outlying areas of Maputo. EMA operational efficiency improved and revenues increased leading to improved services to urban poor. Approach being replicated by another operator in another Maputo district (Vilankulo).
Investment mobilised for scale up of models	<ul style="list-style-type: none"> ▪ Work on phased household connection fee with AdeM, FIPAG and CRA ▪ WSUP programme supporting delivery of pro-poor elements of investment programme funded by EIB, AFD, DGIS and World Bank through support to AdeM in delivery of lease contract ▪ Supporting ongoing GPOBA programme aimed at subsidies for household connection fee by supporting World Bank in identification of households ▪ Support ongoing to FIPAG in discussions for follow up investment plans ▪ \$150,000 of LSP / national budget leveraged for cost of tertiary network in low income areas.
Successful models promoted to sector worldwide	<ul style="list-style-type: none"> ▪ USAID mission staff hosted for introduction to urban WASH planning and delivery ▪ Showcased pro-poor investments at FIPAG National Water Conference in Maputo 2009

Selected activities and milestones Maputo – 2011/12 to 2015/16

Strategic Outcomes	
Demonstrated models of service delivery to the urban poor	<ul style="list-style-type: none"> ▪ Develop KPIs for triggering scale up finance and get in-principle financing agreement ▪ Complete ongoing service delivery programmes in 7 bairros ▪ Support adoption of city wide sanitation implementation plan by CMCM; scale up joint sanitation programme and trial options ▪ Roll out DSMAP Unilever hygiene programme across the city ▪ Undertake Cranfield/WSUP Climate Change model assessment with AdeM and FIPAG and CMCM <p><u>Milestones</u></p> <ul style="list-style-type: none"> ▪ Water service improvements in Maputo for additional 60,000 people by Year 3 ▪ Sanitation improvements in Maputo for additional 15,000 people by Year 3 ▪ DSMAP Unilever programme rolled out across city by end of Year 2 ▪ Indirect beneficiaries estimated 400,000
Strengthened institutional capacity to sustain improvement process	<ul style="list-style-type: none"> ▪ Support AdeM in community level engagement, establishment of a pro-poor unit in AdeM and NRW programme in low income areas ▪ Support adoption of city wide sanitation plan; support CMCM to map sanitation assets and in development of catalogue of sanitation options. Roll out FSM partnership and engage private sector. ▪ Support EMA to negotiate and deliver management contract now signed with FIPAG <p><u>Milestones</u></p> <ul style="list-style-type: none"> ▪ 30% increase in cash contribution from programme areas to AdeM as a result of increased revenue collection and reduced NRW by end of year 5 ▪ City sanitation plan adopted by CMM with business models and financing strategies for private sector and municipal investment ▪ 10% increase in number of SIPs operating in Maputo with working ratio of <1
Investment mobilised for scale up of models	<ul style="list-style-type: none"> ▪ Partner with WSP and CRA on trialling regulation of yard tap on selling ▪ Support CRA to address regulation of SIPs working in low income areas <p><u>Milestones</u></p> <ul style="list-style-type: none"> ▪ Finance triggered of US\$50 million from all sources including private sector, concessionary loan, grant, reinvestment by LSPs, municipal finance and micro-finance for two investment programmes.
Successful models promoted to sector worldwide	<ul style="list-style-type: none"> ▪ Provide practical evidence for WSUP documentation ▪ Develop partnership with local learning institution and deliver training programme ▪ Support LSP staff to attend international conference to present work with WSUP ▪ Convene national stakeholder meetings; present programme findings to local offices of bilateral and multilateral funding agencies. <p><u>Milestones</u></p> <ul style="list-style-type: none"> ▪ 2 national workshops to disseminate successful approaches ▪ 1 conference presentation by LSP staff ▪ One innovation project delivered and results disseminated

Second programme city / town

- Second city programme initiated in Year 2; implementation Years 3 – 5 with additional 30,000 to 50,000 people directly and 175,000 indirectly

Madagascar

With a population of 1.6 million, it is estimated that almost 1 million people in Antananarivo have inadequate access to water and sanitation services. WSUP has built a strong partnership with the national service provider and the programme in Antananarivo has the potential to deliver significant service improvements and mainstream approaches into national programmes.

Country Data	CIA Factbook / JMP
Population	20.6m
Urban	29%
Rate of urbanisation	3.8% p.a
JMP Figures	
Urban water - %	76%
Urban sanitation - %	18%
Antananarivo	
Water coverage	15%
Sanitation coverage	<5%
[in programme areas]	

Antananarivo

WSUP partnerships in place

- Jiro sy Rano Malagasy – JIRAMA (national service provider for water and electricity)
- CUA - Commune Urbaine d'Antananarivo
- Ministry of Water
- Local Administrations (FIFTAMA)

Active WSUP members

CARE, WaterAid, WWF, Halcrow

Outputs and outcomes to date in Antananarivo: 2006 to 2010

Strategic Outcomes	
Demonstrated models of service delivery to the urban poor	<ul style="list-style-type: none"> ▪ Improved water services for 100,000 people and improved sanitation services for 35,000 people ▪ Trialling of sanitation marketing and stimulating the provision of latrine components by local private sector ▪ Cranfield/WSUP Climate Proofing Model assessment completed
Strengthened institutional capacity to sustain improvement process	<ul style="list-style-type: none"> ▪ NRW pilot completed with water loss saving of 8,000m³ per month and 40% increase in revenues from target area ▪ Inclusion of low income areas in JIRAMA business and strategic planning ▪ City wide sanitation plan draft in place
Investment mobilised for scale up of models	<ul style="list-style-type: none"> ▪ \$2.5m of LS / national budget allocation triggered leveraged against \$250,000 grant funding from WSUP ▪ SIPs reinvesting operating surplus back into service extension in local areas
Successful models promoted to sector worldwide	<ul style="list-style-type: none"> ▪ Joint presentation at Africa Water Association by JIRAMA Managing Director and WSUP on highlighting Antananarivo programme successes to date ▪ In-depth analysis of the social and behavioural determinants of water and sanitation practices in peri-urban Antananarivo published and on website ▪ Cranfield/WSUP Climate Change model assessment document published on website

Selected activities and milestones Antananarivo – 2011/12 to 2015/16

Strategic Outcomes	
Demonstrated models of service delivery to the urban poor	<ul style="list-style-type: none"> ▪ Roll out programme to deliver improved services for an additional 9 Communes ▪ Continue promotion of private sector provision in sanitation products and services through ongoing sanitation marketing ▪ Support adoption of city wide sanitation implementation plan by Commune level administration; scale up joint sanitation programme and trial options ▪ Support adoption of Climate Proofing Model assessment recommendations ▪ Roll out DSMAP Unilever hygiene programme <p><u>Milestones</u></p> <ul style="list-style-type: none"> ▪ Water service improvements in Antananarivo for additional 50,000 people ▪ Sanitation improvements in Antananarivo for additional 15,000 people ▪ DSMAP Unilever programme rolled out across city ▪ Indirect beneficiaries of estimated 450,000
Strengthened institutional capacity to sustain improvement process	<ul style="list-style-type: none"> ▪ Roll out NRW Strategy for network with KPI targets for increased water capacity and revenues collected based on practical evidence to date ▪ Embed service provision in low income areas into JIRAMA business plan and resource; support establishment of pro-poor unit in JIRAMA ▪ Targeted capacity building support for Commune officials in improved environmental planning and mitigation <p><u>Milestones</u></p> <ul style="list-style-type: none"> ▪ 30% increase in cash contribution from low income areas to JIRAMA as a result of increased revenue collection and reduced NRW by end of year 5 ▪ City sanitation plan adopted by Communes with business models and financing strategies for private sector and municipal investment ▪ 10% increase in number of SIPs operating in Antananarivo with working ratio of <1
Investment mobilised for scale up of models	<ul style="list-style-type: none"> ▪ Mobilise resources for delivery of city wide sanitation implementation plan ▪ Target identification and triggering of resources to increase water capacity in Antananarivo <p><u>Milestones</u></p> <ul style="list-style-type: none"> ▪ Finance triggered of US\$50 million from all sources including private sector, concessionary loan, grant, reinvestment by LSPs, municipal finance and micro-finance for two investment programmes
Successful models promoted to sector worldwide	<ul style="list-style-type: none"> ▪ Provide practical evidence for WSUP documentation ▪ Develop partnership with local learning institution and deliver training programme ▪ Support LSP staff to attend international conference to present work with WSUP ▪ Convene national stakeholder meetings; present programme findings to local offices of bilateral and multilateral funding agencies. <p><u>Milestones</u></p> <ul style="list-style-type: none"> ▪ 2 national workshops to disseminate successful approaches ▪ 1 conference presentation by LSP staff ▪ One innovation project delivered and results disseminated

Second programme city / town

- Second city programme initiated in Year 1; implementation Years 2 – 4 with additional 30,000 to 50,000 people and 80,000 to 100,000 indirectly

Zambia

With an urban population of 3 million (35%) and growing and with considerable sector reforms completed, WSUP considers Zambia to be a high priority country within the portfolio with significant potential for impact at scale with the right funding streams in place.

Lusaka

WSUP partnerships in place

- Lusaka Water & Sewerage Company (LWSC)
- Lusaka City Council
- WSP

Active WSUP members

CARE, WaterAid, Halcrow, Cranfield University

Outputs and outcomes to date in Lusaka: 2006 to 2010

Strategic Outcomes	
Demonstrated models of service delivery to the urban poor	<ul style="list-style-type: none"> ▪ 60,000 people with improved access to safe water ▪ Assessment of sanitation options completed and trialling of improved urine diversion latrine underway ▪ Assessment of barriers to sanitation in peri-urban areas completed ▪ Trialling of output based sanitation fund for community ▪ Cranfield/WSUP Climate Proofing Model assessment completed
Strengthened institutional capacity to sustain improvement process	<ul style="list-style-type: none"> ▪ Donor contract management support provided to LWSC ▪ Strengthening of utility – SIP (Water Trusts) contracts and arrangements underway ▪ GIS Mapping and network modelling support underway
Investment mobilised for scale up of models	<ul style="list-style-type: none"> ▪ Critical legislative gap to private sector participation in pit emptying being overcome through drafting of legislative amendment ▪ \$5m grant proposal prepared for EU Water Facility in partnership with LWSC ▪ \$1.5 m in grant funding raised: \$1m from AusAID; \$500,000 from EC
Successful models promoted to sector worldwide	<ul style="list-style-type: none"> ▪ Scoping of capacity development requirements for all Commercial Utilities s in Zambia underway with SNV, GTZ and the Devolution Trust Fund

Selected activities and milestones Lusaka – 2011/12 to 2015/16

Strategic Outcomes	
Demonstrated models of service delivery to the urban poor	<ul style="list-style-type: none"> ▪ Roll out programme to deliver improved services for an additional 4 peri-urban areas ▪ Support the establishment of viable pit emptying service led by CBO / private sector with phased payment scheme ▪ Supporting the delivery of LWSC's Sanitation Marketing and Hygiene Promotion Plan (developed with support from WSP) ▪ Support adoption of Climate Proofing Model assessment recommendations ▪ Roll out DSMAP Unilever hygiene programme and integrate mass media into hygiene promotion programmes of LWSC

Country Data	CIA Factbook / JMP
Population	11.8m
Urban	35%
Rate of urbanisation	2.3% p.a
JMP Figures	
Urban water - %	90%
Urban sanitation - %	55%
Lusaka	
Water	44%
Sanitation	10%
Average cost of water	
Lifeline block tariff - 6m ³	\$2.28
Water kiosk - 20 litres	\$0.25

	<p><u>Milestones</u></p> <ul style="list-style-type: none"> ▪ Water service improvements in Lusaka for additional 65,000 people ▪ Sanitation improvements in Lusaka for additional 25,000 people ▪ DSMAP Unilever programme rolled out across city ▪ Indirect beneficiaries of estimated 350,000
Strengthened institutional capacity to sustain improvement process	<ul style="list-style-type: none"> ▪ Capacity building of the peri-urban department of LWSC in baseline planning, network modelling, community mobilisation, ▪ Strengthen sanitation and hygiene promotion functions of LWSC through delivery of activities ▪ Strengthen new and existing Water Trusts in peri-urban areas in business skills and planning <p><u>Milestones</u></p> <ul style="list-style-type: none"> ▪ 30% increase in cash contribution from peri-urban areas as a result of increased revenue collection and reduced NRW by end of year 5 ▪ City sanitation plan adopted by Communes with business models and financing strategies for private sector and municipal investment ▪ 10% increase in number of SIPs operating in Lusaka with working ratio of <1
Investment mobilised for scale up of models	<ul style="list-style-type: none"> ▪ Support NWASCO in regulation of Water Trusts in peri-urban areas of Lusaka ▪ Resource the Sanitation Marketing and Hygiene Promotion Plan for LWSC <p><u>Milestones</u></p> <ul style="list-style-type: none"> ▪ Finance triggered of US\$25 million from all sources including private sector, concessionary loan, grant, reinvestment by LSPs, municipal finance and micro-finance
Successful models promoted to sector worldwide	<ul style="list-style-type: none"> ▪ Provide practical evidence for WSUP documentation ▪ Develop partnership with local learning institution and deliver training programme ▪ Support LSP staff to attend international conference to present work with WSUP ▪ Convene national stakeholder meetings; present programme findings to local offices of bilateral and multilateral funding agencies. <p><u>Milestones</u></p> <ul style="list-style-type: none"> ▪ 2 national workshops to disseminate successful approaches ▪ 1 conference presentation by LSP staff ▪ One innovation project delivered and results disseminate

Ndola, Kitwe and Chingola

A potential second programme site has been identified and initial discussions have started on the development of a programme of work.

Selected activities and milestones Copperbelt Province – 2011/12 to 2015/16

Strategic Outcomes	
Demonstrated models of service delivery to the urban poor	<ul style="list-style-type: none"> ▪ Develop KPIs for triggering scale up finance and negotiate in-principle financing agreement ▪ Develop low income area strategies for three utilities – Mulonga, Nkana and Kafubu Water & Sewerage Companies ▪ Support the development of town / city wide sanitation implementation plans ▪ Roll out DSMAP Unilever hygiene programme ▪ Undertake Cranfield/WSUP Climate Change model assessment

	<p><u>Milestones</u></p> <ul style="list-style-type: none"> ▪ Water service improvements for additional 160,000 people ▪ Sanitation improvements for additional 50,000 people ▪ DSMAP Unilever programme rolled out across cities ▪ Indirect beneficiaries of estimated 560,000
Strengthened institutional capacity to sustain improvement process	<ul style="list-style-type: none"> ▪ Support VEI and 3 utilities with NRW work in peri-urban areas ▪ Undertake capacity gap analysis in each utility ▪ Work with local SIPs to strengthen institutional capacity and relationship with utilities <p><u>Milestones</u></p> <ul style="list-style-type: none"> ▪ 30% increase in cash contribution from peri-urban areas as a result of increased revenue collection and reduced NRW by end of year 5 ▪ 10% increase in number of SIPs operating with working ratio of <1
Investment mobilised for scale up of models	<ul style="list-style-type: none"> ▪ Work in partnership with EIB and other funding agencies to leverage \$100m of financing for a large scale investment programme <p><u>Milestones</u></p> <ul style="list-style-type: none"> ▪ Finance triggered of US\$100 million from concessionary loan and grant funding from EIB, EU Water Facility and other funding agencies.
Successful models promoted to sector worldwide	<ul style="list-style-type: none"> ▪ Provide practical evidence for WSUP documentation ▪ Develop partnership with local learning institution and deliver training programme ▪ Support LSP staff to attend international conference to present work with WSUP ▪ Convene national stakeholder meetings; present programme findings to local offices of bilateral and multilateral funding agencies. <p><u>Milestones</u></p> <ul style="list-style-type: none"> ▪ 2 national workshops to disseminate successful approaches ▪ 1 conference presentation by LSP staff