Business Plan
2016–2020
**Company name**  
Water & Sanitation for the Urban Poor  

**Business Plan period**  
1 April 2016 – 31 March 2020  

**WSUP focus countries**  
Bangladesh | Ghana | Kenya | Madagascar | Mozambique | Zambia  
Possible expansion into one or two further countries during this Business Plan  

**WSUP Advisory**  
WSUP Advisory is a for-profit subsidiary of WSUP, working internationally.  

**Beneficiaries to date (since 2006)**  

<table>
<thead>
<tr>
<th>Category</th>
<th>Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water</td>
<td>2,224,655 people</td>
</tr>
<tr>
<td>Sanitation</td>
<td>1,048,363 people</td>
</tr>
<tr>
<td>Hygiene education</td>
<td>5,899,000 people</td>
</tr>
<tr>
<td>Cleaner local environment</td>
<td>1,325,991 people</td>
</tr>
</tbody>
</table>

**Projected new beneficiaries 2016-2020**  

<table>
<thead>
<tr>
<th>Type</th>
<th>Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>5 million people</td>
</tr>
<tr>
<td>Indirect</td>
<td>12 million people</td>
</tr>
</tbody>
</table>

**Projected finance mobilised 2016-2020**  

- US $600 million (household, private, public & concessional finance mobilised)  
- £65 million (= US $98 million)  
  i.e. approximately £16.25 million (= US $24.5 million) per annum  

**Financial resource required**  

£65 million (£98 million)  

*Beneficiary and finance-mobilised numbers are important but sustainable change requires market innovation, capacity development and policy change; all harder to track but critical.*
EXECUTIVE SUMMARY

WSUP's driving vision – in line with the SDGs – is of a world in which all urban dwellers, including the poorest, enjoy affordable, high-quality water and sanitation services. This will generate massive gains in human well-being, in national economic growth and in global environmental sustainability.

Of course, the challenges to achieving this vision are immense: the financing requirements are huge; the political and social challenges are daunting; and, not least, urban WASH service providers need to be able to improve significantly their ability to deliver services at scale.

WSUP does not underestimate the enormity of these challenges, and of course we don’t believe that we can achieve this change alone. But it’s not a utopian dream: if everybody pulls together, it’s an absolutely attainable outcome.

WSUP’s 2016-2020 Business Plan is based on our analysis of how we can most effectively contribute to achieve this outcome. Drawing on our wide-ranging experience of urban WASH, WSUP’s way forward 2016-2020 is grounded in two core principles. Firstly, we are passionate believers in the transformative power of markets and innovation: enormous strides can be made by bringing the local and international private sector into the urban WASH space, by driving business thinking in public service provision, and by viewing low-income people as consumers who make choices. But the dynamising power of markets can only partially resolve the problem: deep political commitment and institutional change are equally critical. Sustainable at-scale progress in urban WASH will only be achieved if political leaders prioritise government investment and policy change, and if WASH service providers are assisted to radically enhance their capacity to deliver effectively on that investment. In short, market thinking and institutional change are often viewed as alternative solutions. But they’re not: they’re two sides of the same coin. WSUP drives change in both spheres. This Business Plan explains how.
GLOSSARY

AdeM Águas da Região de Maputo (water utility)
APR Annual Programme Review
BoP Base of Pyramid
CBO Community-Based Organisation
CEO Chief Executive Officer
CMM Conselho Municipal de Maputo (Maputo Municipal Council)
CPM Country Programme Manager
CRA Water regulator, Mozambique
DFID Department for International Development
EMA Private water operator, Maputo
FSM Faecal sludge management
FTE Full-time equivalent
GDP Gross domestic product
GLAAS UN-Water Global Analysis & Assessment of Sanitation & Drinking Water
HR Human Resources
ICDDR,B International Centre for Diarrhoeal Diseases Research, Bangladesh
IFI International financial institution
INGO International non-governmental organisation
ISD Informal Settlements Department, Nairobi
ISR Informal Settlements Region, Nairobi
JIRAMA Jiro sy rano Malagasy (water utility, Madagascar)
KPI Key performance indicator
Lic Low-income community
LSP Local service provider
LWSC Lusaka Water & Sewerage Company
M&E Monitoring & evaluation
MDGs Millennium Development Goals
MSc Master of Science
NCWSC Nairobi City Water & Sewerage Company
NGO Non-governmental organisation
NPV Net present value
NRW Non-revenue water
OD Open defecation
ODA Official development assistance (i.e. aid)
PSA Professional Services Agreement
PwC PricewaterhouseCoopers
RED Research & Evidence Division (DFID)
ROI Return on investment
SDGs Sustainable Development Goals
SMEs Small and medium enterprises
TIMM Total Impact Measurement and Management
UGSM Local solid waste management business, Maputo
UN United Nations
USAID United States Agency for International Development
VFM Value for money
WASH Water, sanitation & hygiene
WSP Water & Sanitation Program of the World Bank
WSUP Water & Sanitation for the Urban Poor
1. THE SCALE OF THE CHALLENGE

1.1 Three billion people worldwide lack safe water and sanitation

At the end of the Millennium Development Goals (MDGs) period (2000–2015), we see that transformational change has been achieved in some countries over the past 15 years. But there remain huge numbers of people, women, men, and children, urban and rural, without access to essential services.

663 million people lack safe drinking water

Increased access to a safe water supply is often cited as an MDG success story. To an extent this is true: 2.6 billion people have gained access to improved drinking water since 1990. However, an estimated 663 million people remain dependent on unimproved water sources such as unprotected wells and contaminated groundwater. As the figure to the right shows, over 75% live in sub-Saharan Africa and Southern Asia.

2.4 billion people lack safe sanitation

Sanitation is immensely challenging, as reflected in the MDG results. The global target of 77% with access to improved sanitation was missed by 9%, amounting to almost 700 million people. In total, a staggering 2.4 billion people still do not use an improved sanitation facility: around a third of the world’s population. Over the past 25 years a number of countries in Southern Asia have shown that rapid progress is possible, with the region as a whole increasing coverage by 25% since 1990. By contrast, the need in sub-Saharan Africa remains extremely high, with the region achieving only a 6% increase in coverage over the same period.

The elimination of open defecation (OD) was stated as a key aim of the MDGs, and is a major priority for many governments. In Southern Asia, the number of people practicing OD declined only modestly, from 771 million in 1990 to 610 million in 2015. The number of people practicing OD in sub-Saharan Africa has actually increased in recent years. Though often a rural issue, OD is also a major problem in some urban contexts.

Handwashing with soap continues to be neglected

GLAAS 2014 data show that handwashing promotion continues to be neglected despite its proven benefits. Only 11 of 91 countries were able to separate hygiene promotion expenditures from general WASH and health budgets. Hundreds of millions of people still lack access to soap and water to wash their hands, preventing a basic practice that would empower them to reduce the spread of disease. This area must receive greater attention in the future to consolidate the gains being made elsewhere: improved water and sanitation services are of limited value if consumers fail to practice the behaviours needed to achieve improved health outcomes.

Behind the numbers

It’s easy to read ‘billions’ and struggle to grasp that this is about real people, real human experience. Young children are dying of diseases related to poor WASH. Older children fail to reach their educational potential because of chronic infections. Women are shamed by a lack of provision for their menstrual hygiene needs and are scared to use toilets at night because of the risk of rape. Children, women, men: all must deal with filthy toilets, a shaming and dehumanising experience every day of their lives. Poor WASH has appalling impacts on peoples’ lives, on the growth of national economies and on global environmental sustainability.
1.2 An unprecedented urban explosion

As we have noted, billions of people worldwide still lack safe WASH. Some of these live in rural areas, some in urban, with very different challenges in each context. WSUP focuses on urban and peri-urban contexts, responding to projections of massive urban population growth over the coming decades. Rapid urban growth has been seen in most developing countries over the last two decades, as increasing numbers of people migrate from rural areas to urban centres to improve their economic prospects. Statistical projections indicate this trend will continue at an alarming rate.

**Africa: between 2010 and 2050, urban population will increase from 400 million to 1.26 billion**

By 2035, 50% of Africa’s total population is expected to be living in urban areas. In 2010, 11% of the world’s urban dwellers were in Africa; by 2050, it will be 20%.

**Asia: between 2010 and 2020, 411 million people will have migrated from rural to urban areas**

Asia has been at the centre of global urban population growth: by 2020 the region will account for over 50% of the world’s total urban population, with this figure set to continue rising. The graphic below shows the continued and dramatic growth in urban areas projected for both Asia and Africa to 2050.

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**An estimated 863 million people worldwide are now living in slums**

Many of the people migrating to urban centres have no choice but to move into low-income settlements. Since 1990, the number of people living in slum settlements worldwide has increased from 650 million to 863 million. Access to safe water and improved sanitation is failing to keep pace with this explosive growth, and urban WASH service providers are – understandably – struggling to keep up. Faced with massive population growth, it is difficult for service providers to maintain percentage coverage levels, let alone increase them. We see this in the MDG figures for sanitation: of the 2.1 billion people gaining access to improved sanitation since 1990, 70% live in urban areas, but high levels of population growth mean this translates into an improvement of just 3% in percentage coverage. In fact, percentage WASH coverage in urban areas has declined since 1990 in 14 of the 46 countries in sub-Saharan Africa.
The cost of inaction

Millions of urban dwellers lack basic water and sanitation services, and meanwhile urban migration is happening at breakneck pace. The challenge is immense. What is the cost of not dealing with this challenge?

Inadequate WASH has devastating impacts on health

The health impacts of inadequate water, sanitation and hygiene are dramatic. Diarrhoea kills more young people per year than HIV/AIDS, malaria and measles combined. A total of 842,000 deaths are estimated to have been caused by inadequate WASH in low- and middle-income countries in 2012. In children under five years of age, 361,000 deaths could have been prevented by better WASH: 6% of all deaths in that age group.

Impact on individual wellbeing, impact on national economic growth

Inadequate WASH doesn’t just cause disease: it has multiple other negative impacts. Just one example: attendance at work is often reduced by illness, by caring for sick family members, and by time spent queuing for water and toilets. Impacts of this type have huge knock-on impacts on national economic productivity and growth. Economic losses due to inadequate sanitation alone are estimated to be US $5.5 billion per year across 18 African countries, equivalent to between 1% and 2.5% of national GDP.

Women, girls and vulnerable groups suffer the most

Inadequate WASH has a particular impact on women and girls. Lack of safe night-time access to a toilet is a security issue for all household members, but especially women: women often collect water at the expense of generating income, and girls at the expense of their schooling. Things like this mean that inadequate WASH is a major barrier to gender equality in developing countries. People with disabilities and other vulnerable groups, including people suffering from HIV/AIDS, also suffer disproportionately.
1.3 The Sustainable Development Goals (SDGs)

Water and sanitation as a universal right

There is now a broad consensus in the international community that universal access to water and sanitation must be a priority. The push for universal access is grounded in the UN Secretary-General's 2013 report, ‘A Life of Dignity for All’, which states that one of the prerequisites for the post-2015 Sustainable Development Agenda is a “vision of the future firmly anchored in human rights and universally accepted values and principles, including those encapsulated in the Charter, the Universal Declaration of Human Rights and the Millennium Declaration.”

All people have the intrinsic right to basic services, including water and sanitation: not necessarily for free, but certainly at affordable prices.

SDGs: recommendations and targets

As the MDG period moved towards a close, WASH stakeholders (including WSUP) were involved in an extensive consultation to identify priorities to be included in the post-2015 SDGs. The aim was to address the unfinished business of the MDGs by acting upon the shortcomings of the project targets. Key aspects of the SDGs include:

- Achievement of progressive improvements in the quality of services based on the normative criteria of access to water and sanitation: accessibility, acceptability, availability, quality and affordability;
- Use of official development assistance (ODA) to leverage domestic resources, to enhance the impact of the SDGs;
- Strengthening of local institutions and sustainability of service provision;
- Positioning of WASH at the centre-stage of education and health improvements by directly relating it to higher girl-child school retention and reduction of childhood mortality and stunting;
- Recognition of the impact of climate change as central to the SDGs;
- Reduction and elimination of inequalities in access between population sub-groups;
- Inclusion of hygiene as a priority in all settings, with specific reference made to both handwashing with soap and menstrual hygiene management;
- A focus beyond the household to include other priority settings, with particular emphasis on WASH in schools and health care facilities.

The targets for 2030 relating to WASH are rightly ambitious. They include eliminating open defecation and achieving universal access to basic water, sanitation and hygiene for households, schools and health facilities. Achieving these targets will require coordinated action and innovative approaches to address continuing systemic barriers. The key recommendations will be central for defining the approach of WSUP and other sector actors going forward.
2. THE BARRIERS TO BE OVERCOME

Progress in urban WASH over the MDG period has been slow, reflecting systemic barriers within countries. Analysis of how to accelerate progress in urban WASH must start with consideration of these barriers and how to overcome them. Over the last 10 years, WSUP has been at the forefront of developing responses and is continuing proactively to shape the way the sector evolves.

Traditional WASH service delivery models are not built for scale

Traditional projects aimed at providing water and sanitation to low-income urban areas have often: 1) adopted a project-based, disjointed approach rather than focusing on developing cohesive service delivery models that can be applied at scale; 2) focused either on targeting low-income consumers through pro-poor approaches or on commercially viable cost-recovery models, when a combination of both is required; 3) failed to work with local service providers (LSPs) to change how services are conceptualised, planned and delivered; and 4) demonstrated an unwillingness to innovate, test new technologies and develop new business models.

Institutional capacity is limited at the national level...

Aspirations to improve service provision are often constrained by a lack of institutional capacity and an unwillingness to innovate, leading to an inability to formulate plans and deliver on targets in a way that justifies government investment. GLAAS data reveals that only one third of countries have human resource (HR) strategies in water, sanitation and hygiene for urban and rural areas, with many countries citing a lack of financial resources to cover staff costs and a lack of skilled graduates with specialist knowledge of water and sanitation. Similarly, less than one quarter of 94 countries surveyed had access targets for sanitation, and fewer than one third had targets for drinking-water. Less than one quarter of countries have national plans for sanitation that are being fully implemented, funded and regularly reviewed. The situation is exacerbated by lack of good governance in political processes and institutional developments.

...and at the city level

The performance of many water and sanitation utilities is very weak: for example, staff efficiency may be very poor, or non-revenue water (NRW) may be high. NRW is water in the utility’s network for which no revenue is obtained, either because of physical losses (leaks) or commercial losses (e.g. incorrect billing or failure to bill). Weak performance can be corrected with targeted support: but if unchecked, it can create a vicious cycle of poor services, lagging revenue collection, weak finances, deteriorating assets and low coverage. Service providers often lack adequately trained staff and have difficulty retaining staff (especially staff with experience in service provision for low-income consumers). Some utilities now have dedicated Low-Income Consumer units, but these are typically under-resourced.

Urban WASH is seen as a high-risk low-return investment

Urban WASH is perceived by providers of market-based repayable finance as a high-risk low-return investment, characterised by commercial, contractual, foreign exchange and sub-sovereign risks, and by political interference. Investments in low-income areas are considered to be particularly high-risk, because of often mistaken perceptions of low collection rates. This situation is exacerbated by increasing lack of access to suitable land for proposed investments. Collateral is a key issue in water sector lending, as is utilities’ lack of a sufficient credit rating and history. Central governments are usually reluctant to let municipalities borrow, as their revenue-generating structures are typically inadequate and inefficient, and meanwhile Ministries of Finance often view utilities simply as a ‘cash cow’ revenue stream for national government, whilst capital investment is supported largely by donor funding. In reality investments have often produced poor ROI.

Mandated service providers lack the necessary fiscal and tariff-setting autonomy

We commonly see decentralisation of responsibilities for WASH, without associated decentralisation of fiscal and tariff-setting autonomy. Meanwhile, about 70% of countries report that tariffs do not cover the costs of operation and maintenance. Municipal governments typically receive inadequate revenue from central government, and/or have restricted capacity to raise and spend local taxes, as required to achieve their mandated responsibilities. Similarly, water and sanitation utilities are often forced to maintain artificially low tariff levels by central governments without receiving any compensation related to revenue loss. This artificially low price structure further inhibits business interest and investment in service provision.
Institutional frameworks are unsupportive and/or poorly defined

The poor performance of service providers is partly attributable to inappropriate institutional frameworks, weak regulatory mechanisms and lack of incentives to serve low-income consumers. Mandates for formal service provision are often unclear and not conducive to effective service provision for low-income consumers. In many cities, on-site sanitation in particular falls between the mandate of different authorities, with fudged lines of accountability. Small-scale independent providers are typically important for service provision in low-income areas (see figure below), but lack access to finance and tend to operate with limited regulation and without connections to formal systems.

Strategic planning is poorly implemented

In many cases, national policies and strategies do exist, setting out the challenges of improving WASH in low-income areas and identifying solutions. GLAAS data reveals that over 75% of low- and middle-income countries have specific measures in their national plans to target low-income populations. However, less than half of these countries monitor progress in extending service provision to low-income consumers. Only 17% of countries (for sanitation) and 23% of countries (for drinking water) consistently apply financial measures to reduce disparities in access. Limited implementation of national policies is linked to the lack of clearly defined responsibilities and a lack of budget transparency, as sanitation and other sector expenditure is often combined.

Governments simply aren't investing enough money

National governments still invest only small amounts of money in WASH, with sanitation investment being particularly weak. Governments often focus more on curative health solutions than on preventive aspects of health provision. Despite the AfricaSan 2012 commitment to a government budget allocation of 0.5% of GDP to sanitation, nearly all countries continue to invest less than 0.1%. A common analysis is that the WASH sector lacks the capacity to absorb and effectively invest money from central government: the capacity of the sector needs to be built so that Ministers of Finance see WASH as a good place to invest their tax revenues.

IFI investments are poorly targeted

Large-scale investments in urban WASH led by international financial institutions (IFIs) typically target large-scale capital works, with limited priority given to service extension into low-income areas. As a result, large-scale IFI finance often fails to achieve pro-poor outcomes and is sometimes inefficiently implemented. Meanwhile, NGO investments are not of sufficient scale to bridge the gap and are often made on a project-by-project, short-term basis, without sufficient connection to existing service providers as is required to make those investments sustainable.

Research and learning are poorly focused

WASH sector actors tend to adopt a narrow focus on short-term programme targets, without taking time critically to reflect on the effectiveness of the approaches being implemented, or on how research and learning can influence wider policy. For example, research into technological solutions has often failed to examine potential business models (or business+subsidy models) that might ensure sustainable financing of these technologies. A shift in thinking is required away from target-driven approaches towards a more entrepreneurial mindset prepared to accept failure and reward success. At the same time, we need a more systems-oriented approach that thinks about how to build sector capacity.
3. WSUP 2016-2020: VISION AND STRATEGY

Previous sections have detailed the challenges of achieving pro-poor urban WASH. Now we move to the core of this document: what is WSUP’s vision, and how will we work towards this vision over the period 2016-2020?

WSUP’s driving vision – in line with the SDGs – is of a world in which all urban dwellers, including the poorest, enjoy affordable, high-quality water and sanitation services. This will generate massive gains in human well-being, in national economic growth and in global environmental sustainability.

3.1 WSUP’s unique approach

As detailed in preceding sections, the challenges to achieving WSUP’s vision are immense: the financing requirements are huge; the political and social challenges are daunting; and, not least, urban WASH service providers need to be able significantly to improve their ability to deliver services at scale. We do not under-estimate the enormity of these challenges, and of course we don’t believe that we can achieve this change alone. But it’s not a utopian dream: if everybody pulls together, it’s an absolutely attainable outcome. This Business Plan is based on our analysis of how WSUP can most effectively contribute to this outcome.

WSUP is the only specialist player focused specifically on the urban WASH challenge, and we are uniquely positioned to understand the political, social and economic dynamics associated with low-income urban WASH and the pragmatic responses required to deliver services effectively. Drawing on our wide-ranging practical expertise in urban WASH, WSUP’s strategic direction in 2016-2020 is grounded in two overarching core principles. Firstly, we are passionate believers in the transformative power of markets and innovation: enormous strides can be made by bringing the private sector into the urban WASH space and by driving business thinking in public service provision. However, the dynamising power of the market can only partially resolve the problem: deep political commitment and institutional change are equally critical. Sustainable at-scale progress in urban WASH will only be achieved if political leaders prioritise government investment and policy change, and if WASH service providers are assisted to radically enhance their capacity to deliver effectively on that investment. In short, market thinking and institutional change are often viewed as alternative solutions. But they’re not: they’re two sides of the same coin. WSUP drives change in both spheres.

WSUP’s rounded view of the urban WASH challenge is mirrored in our flexibility and inter-disciplinary approach. WSUP brings together specialists from the private sector, public sector, NGOs and academia to promote coordinated responses that address the challenge from multiple perspectives. All of our Members have a commitment to working collaboratively to help address the needs of low-income urban consumers in the developing world. They bring powerful expertise to provide governance, oversight and strategic direction to WSUP operations.
3.1 WSUP’s Theory of Change

We have outlined WSUP’s vision and our broad approach for achieving this: how then does that translate to a Theory of Change, i.e. a causal model underpinning our work? Over the last year we have worked to improve our existing Theory of Change, creating a revised version (shown below) which sets the conceptual framework for our strategic planning over the period 2016-2020 and beyond, to the end of the SDG period in 2030.

High-level objectives are to achieve a functional sector and sustainable system change in each country, leading to the top-level objective of sustained universal coverage in urban areas of WSUP programme countries and globally. This reflects our view that sustainable change is not about ‘taps and toilets’, but about functional systems for WASH service delivery involving both private and public sectors. [Arrows represent contribution, not 100% attribution: WSUP makes major contributions to sector functionality, but of course other actors play critical roles too.]

WSUP’s Theory of Change

The Theory of Change diagram summarises how work under each of WSUP’s Strategic Areas 1 to 5 will contribute to the top-line objective of sustained universal coverage in WSUP programme countries and globally.
Translating the Theory of Change into reality: a paradigm shift

Over the period 2016-2020, WSUP will seek to promote a paradigm shift in the way that the global sector responds to the provision of WASH services for low-income consumers in urban environments. WSUP’s work over this period will reflect the five Strategic Areas outlined below, bringing them together in a holistic and integrated response to the complex challenges of improving service delivery in urban WASH.

As detailed below, WSUP’s global response identifies the importance of: i) supporting both private sector and public sector service provision; ii) applying our expertise in supply-side improvements while understanding the important role played by demand-side action; iii) promoting appropriate and sustainable service delivery to all customer segments particularly women and girls. WSUP’s integrated approach of stimulating both public and private sector service delivery options – and the organisational functionality to support this approach – can be conceptualised as follows:

As noted, this global response will be delivered in five Strategic Areas, detailed as follows.

**Strategic Area 1: Delivering services and testing models**

WSUP will build on its successful track record of working in partnership with urban WASH service providers (including utilities, municipal authorities and private operators) to deliver improved water and sanitation services for urban low-income consumers. Through programme interventions, WSUP aims to continue pioneering the development of replicable models for urban WASH service delivery in low-income areas. This often contributes directly to improved coverage (the blue arrow in our Theory of Change) and at the same time creates both a ‘laboratory’ for identifying solutions that work and a ‘showcase’ for demonstrating these solutions. Replicable models may be of very diverse types: for example, a new toilet technology; a conventional water kiosk technology with context-optimised design; a management model for a pit-emptying enterprise; a standard contract between a utility and private contractors; a low-income unit for a water utility; or a hygiene education toolkit for use by municipal public health officers.
Strategic Area 2: Developing capacity in the public and private sectors

WSUP will develop the technical, business and operational capabilities and capacity of urban WASH service providers (including utilities, municipal authorities and private operators) to continue to deliver improved services for low-income consumers. By developing critical aspects of service provider capacity in our six programme countries, WSUP will seek to ensure these providers are positioned to sustain and scale up service improvements for low-income consumers in the long-term. WSUP's support will typically include technical assistance in asset management, NRW strategy, financial and asset planning, access to finance, marketing, tariff structure, regulation, and contract design. Expertise will be drawn from the local and international private sector. WSUP will build on long-term, trusted partnerships with water service providers, utilities, municipalities, regulators and private operators in the six countries to continue helping to equip them with the necessary capacity to respond to the challenges inherent to their particular context.

Strategic Area 3: Influencing and providing technical assistance

WSUP will influence and substantially strengthen the enabling environment for urban WASH, working with governments and regulators to improve policy and practice in order to overcome barriers and enhance incentives for improved water and sanitation services for urban low-income consumers. WSUP recognises that progress towards high-quality, pro-poor service delivery requires strong commitment from national and local governments, and construction of institutional frameworks that set clear responsibilities and provide resourcing to deliver. Carefully designed regulation and government subsidies are critical to ensure a sustainable balance between commercial viability for service providers and service affordability for low-income consumers. WSUP will seek to strengthen system incentives (e.g., enhancing access to finance, promoting greater enforcement of existing directives, developing new regulation to encourage service extension, improving municipal-wide policy frameworks) and to trigger institutional reforms to overcome existing barriers.

Strategic Area 4: Mobilising resources for the WASH sector

WSUP will mobilise public and private investment in urban WASH and improve the targeting and effectiveness of large-scale investment by bilateral and multilateral financial institutions. WSUP will use the demonstration of scalable models to promote domestic and international resource mobilisation and to improve the pro-poor targeting of large-scale infrastructure investments. Specific strategies will be used to mobilise the four key sources of scale-up finance: household, public sector, private sector and concessional finance. Household finance will be mobilised through marketing and promotion of improved services at affordable prices, with flexible payment models and reduced bureaucracy. Public finance will be sought to de-risk investment opportunities to promote greater engagement by private sector investment and to demonstrate government commitment to WASH service provision. Private sector finance will be mobilised through assisting domestic companies to develop viable business models into which they or other commercial partners can invest. In negotiations with IFIs, inclusive service models will be built in either during project preparation or as a pre-agreement that proven models will be financed at the city-wide level.

Strategic Area 5: Carrying out research and produce evidence

WSUP will become a global thought-leader in innovative and effective solutions to the urban WASH challenge through analysis and dissemination of experience and through cutting-edge operational research. WSUP will seek to evaluate, document and disseminate successful models through: a targeted research portfolio; rigorous monitoring and evaluation processes; and a publications programme targeting key audiences. WSUP will continue to develop new analysis and thinking and to strengthen existing models through a detailed programme of research and innovation. We will also seek to disseminate best practice and successful models through our consultancy arm, WSUP Advisory (see Section 4.1.4). Our experience in six core country programmes will continue to be utilised to stimulate development in the sector globally through effective research-into-use and diverse training modules designed to influence current and future urban WASH professionals and decision makers.
4. WSUP 2016-2020: IMPLEMENTATION

WSUP’s Business Plan 2016-2020 is rooted in our Theory of Change and structured around our five Strategic Areas, outlined in the previous section. This section maps out that plan, explaining the broad approaches we will adopt over this scale-up phase of our evolution and detailing key activities under each of our Strategic Areas.

4.1 An organisation structured to achieve scale

Over the last two years of our current Business Plan, WSUP’s internal structure and competencies have evolved very significantly to prepare us for this scale-up phase 2016-2020. Under new leadership, we have invested significant financial and human resources in strengthening our internal systems (including finance, IT, HR and senior management structure) to prepare us for this next phase in our evolution. At the same time, we have consulted extensively with our Board, Members, staff and key stakeholders, and have carried out a strategic review to determine the most appropriate way forward for the period 2016-2020. Following this review, we conceive of WSUP as an organisation with long-term core country programme operations remaining as the nucleus of our work, acting as the ‘learning space’ for service delivery to low-income consumers; underpinning this is an organisation-wide ethos of innovation, research and learning, with a strong commitment to market-based solutions within a context of government commitment. Alongside WSUP’s core country programme operations, the for-profit arm WSUP Advisory will disseminate best practice and learning internationally. We believe this structure will provide the necessary foundation for WSUP to enter the scale-up phase of its operations. [See Section 5 for further details of how WSUP is building internal capacity.

- **Core countries**
  WSUP’s core country programmes will continue to provide the learning space and testing ground to develop at-scale solutions, through long-term engagement with public and private sector service providers. In parallel, we will continue to strive to strengthen the policy environment and regulatory frameworks in these countries, essential for at-scale change. Over the period 2016-2020, we will remain committed to our current six countries and we may possibly move into a further one or two countries.

- **Innovation**
  WSUP will further strengthen its internal expertise around designing and developing innovative market-based solutions. This expertise will be open to all parts of the organisation and will support the continued development of activities in core country programmes and globally. This will be underpinned by WSUP’s strong ability to evaluate and learn from the impact of its actions.

- **Research and learning**
  Drawing on experience arising from our core country programmes and innovation initiatives, and from commissioned operational research closely tied to practical realities, WSUP will continue to be a global centre of knowledge and expertise for urban WASH.

- **WSUP Advisory**
  WSUP’s consultancy arm will provide a key mechanism to channel learning and best practice into new countries. WSUP Advisory will promote innovative solutions on an earned-income model, with its profits generating an additional revenue stream for the organisation.

### Global Impact

- **National-scale sector impact in six core countries**
- **Contribution to universal coverage at national and global levels**
- **Expansion of thought leadership in the sector**
- **Dissemination into new markets through WSUP Advisory function**
4.1.1 Core country programmes

WSUP has chosen to build long-term relationships with service providers from across the public and private sectors in six core country programmes in Bangladesh, Kenya, Ghana, Madagascar, Mozambique and Zambia. WSUP country teams are well-positioned to develop long-term, in-depth understanding of the local context and action required to support increased functionality of the urban WASH sector. WSUP sees the concept of ‘going deep’ in each of these countries as vital.

Working alongside public and private sector providers to improve their commercial offering

Over the period 2016-2020, WSUP’s programme countries will continue to work through multiple and complementary mechanisms to promote the growth of private and public sector service provision. These activities will centre on long-term relationships with utilities, regulators, asset holders, community-based organisations (CBOs), and small-scale market-based initiatives. The strengthening of the core business operations of institutions mandated to provide urban WASH services will continue to be fundamental to WSUP’s approach. WSUP has observed that in many cases the long-term process of building service provider capacity requires fairly radical change in the business model of the companies that we partner with, such that they come to view low-income consumers as valuable customers rather than as a loss-making social obligation. Working to integrate and align the private sector and the public sector will remain absolutely core to our approach.

The state of play in WSUP’s six programme countries

WSUP seeks to expand urban WASH services in our six core countries more rapidly than would be expected given their levels of GDP and governance. Service providers are shifting towards low-income sectors of the market, with the buy-in of both public and private sectors; in short, a fledgling functional sector is emerging. However, this is a long game and much remains to be done.
New programme countries?

In the medium term, WSUP will primarily seek to disseminate learning into new countries through our research and learning activities, and through the vehicle of WSUP Advisory (see Section 4.1.4). However, over the course of this Business Plan, we may seek to expand operations into one or two new countries: these would be countries in Asia, Africa or Latin America where WSUP sees that we could add value in terms of at-scale service provision. Our existing programme countries are medium-sized (except Bangladesh, which is the seventh largest country in the world in terms of population) and mostly characterised by centralised government; WSUP now sees the potential to operate in country environments of larger scale and complexity. It is envisaged that operating in these new contexts on a long-term basis could provide valuable learning for the wider sector.

4.1.2 Innovation: building viable businesses

WSUP’s experience in market-based design and innovation has been a key differentiator, winning WSUP a world-renowned Skoll Award and attracting global interest and investment. Initiatives such as Clean Team in Ghana, Sweep in Bangladesh and the faecal sludge management (FSM) service managed by Lusaka Water and Sewerage Company (LWSC) have resulted in numerous technical and operational innovations that have driven forward thinking on new models for urban WASH service delivery. As part of WSUP’s organisational realignment, we are establishing a global team to drive forward innovation across the organisation, following a three-phase approach.

![Diagram of innovation phases]

Each stage (Innovation, Incubation, Scale-Up) will be supported by staff with appropriate (and different) skill sets. At the Innovation stage, country programmes will be supported to identify and develop new initiatives. New initiatives will be incubated and tested within WSUP’s programmes, providing a ‘familiar space’ to grow (the Incubation stage). Finally, the Scale-Up stage will provide targeted support to viable businesses as they move from the incubation phase into the fully commercial space. Each initiative will be continuously monitored and a clear go/no-go decision process will be applied at the end of each phase.

4.1.3 Research & learning: creating the evidence base

WSUP will continue and expand research, learning and dissemination activities designed to consolidate our position as a global thought-leader on urban WASH solutions. Over the previous Business Plan period, WSUP has rolled out a major programme of commissioned research in partnership with key researchers at institutions including Stanford University, the Urban Institute, Johns Hopkins University, the International Centre for Diarrhoeal Diseases Research in Bangladesh (ICDDR,B), the University of Leeds, London School of Hygiene & Tropical Medicine and our Member organisation Cranfield University. This work has brought the insight and rigour of professional researchers to bear within the real-world contexts in which WSUP works, generating results of significant international interest. We will continue to do research over 2016-2020, this time aiming to work more closely with in-country research institutions, and applying a key criterion for research strategy: all research will be designed to bring about significant change in institutional policy and/or business practice, within this Business Plan period.
Alongside this research work, WSUP will continue to document and disseminate learning about urban WASH solutions that work, building upon our already strong reputation as a global nexus of knowledge on urban WASH. Documentation and dissemination means reader-friendly publications designed for specific international or in-country audiences, alongside diverse other channels including sector conferences, video and social media.

Finally, WSUP is deeply aware that there is a new generation of technical specialists and decision-makers currently being trained in Africa and Asia, and long-term thinking requires us to pay special attention to this group of people, who will be absolutely critical to urban WASH development over the SDG period. Over the 2012-2015 Business Plan we developed a Masters-level module on urban WASH that has been rolled out in five universities in our programme countries. Further development of urban WASH training materials for university and professional training use will continue during the period 2016-2020 to meet the growing needs of the sector in our core countries and beyond.

4.1.4 WSUP Advisory

Recognising that WSUP has core operations in a relatively small number of countries and that the challenge of urban WASH is global, WSUP has developed a consultancy arm, WSUP Advisory. As a for-profit enterprise, WSUP Advisory will provide a revenue stream for WSUP and at the same time provide a vehicle allowing us to influence the urban WASH sector globally, through the practical application of evidence-based learning and proven service delivery models.

The target client base is wide and includes the global development banks; bilateral and multilateral development agencies; global and local engineering consultancies; INGOs and CBOs operating in the field; national and municipal governments; and utilities and regulators. WSUP Advisory will draw upon the learning of the programme countries as the core marketable skill and key differentiator for its service offering, whilst continually feeding back learning into the broader WSUP organisation to create further value. In addition to permanent staff, WSUP Advisory will rely on a database of over 200 expert consultants for specific contracts.

Building on a strong foundation

WSUP Advisory was incorporated as a Community Interest Company in February 2015 and in November 2015 took a major step forward by establishing operations in India to support the implementation of the Swachh Bharat (Clean India) Mission in urban communities throughout India, through the USAID-funded programme ‘Technical Support to USAID / Government of India Knowledge Partnership’. WSUP Advisory work will also help to shape and influence national policy; for example, work in Ethiopia to develop the National Sanitation Strategy and Action Plan.

WSUP Advisory will improve its impact through careful selection of projects and effective communication of its work, and by developing and nurturing relationships with large consulting firms that possess strong track records, complementary skills and resources. Most importantly, WSUP Advisory is being approached to negotiate directly with clients based upon their recognition of the unique skills that WSUP has developed and utilised in our core country programmes.

While remaining alert to new opportunities, WSUP Advisory will pursue its development on a dual track of institutional and geographical focus. Establishing long-term relationships with key clients such as USAID, the World Bank and UNICEF will provide a solid basis for reaching out to other influential institutional actors in the sector.

A pathway to global influence

The work of WSUP Advisory will pave the way for strong contributions to WSUP’s wider global influence and will allow strategic-level work (building on WSUPs work in its core countries and on our experience in Ethiopia and India) to shape national policy, frameworks and implementation without long-term WSUP presence in those countries. The ability to achieve global scale and impact whilst remaining small and nimble will be extremely beneficial in allowing WSUP to respond to the emerging need for development organisations to fill niche requirements as local and national authorities develop increasing capacity.
4.2 WSUP’s Core Approaches 2016-2020

This section describes the core approaches that will be adopted by WSUP over the period 2016-2020. In Section 4.3, we describe the main components of our 2016-2020 programme under our five Strategic Areas.

Core Approach 1: Support public service providers to develop their capacity for service delivery

A defining aspect of WSUP’s approach at the city level will be the development of close partnerships with mandated service providers, typically public or quasi-public. Around 95% of global water and sanitation provision is undertaken by such providers. In many cities in developing contexts, the utility is mandated to supply water to all urban consumers and to operate sewerage systems, while the municipality may have an equivalent mandate for non-sewered sanitation. Public service providers will remain core to urban WASH, and WSUP will continue to partner with water companies and local government to directly implement service solutions, build capabilities and capacity, strengthen good governance, advance organisational culture, enhance the regulatory environment and mobilise financing for city-wide scale-up.

Core Approach 2: Support local enterprise to deliver market-based solutions

Within the contexts in which WSUP operates, private-sector engagement typically means support to local small businesses. Profitable small water and sanitation businesses are rare and, when successful, often led by entrepreneurs who have overcome significant barriers including limited physical infrastructure, lack of accessible finance, under-developed supply chains and local and national government policies which constrain business development. However, WSUP believes that the local private sector can play a much greater role in providing high-quality services to low-income households. This means understanding profit, risk and investment: ‘thinking like a business’. WSUP will continue to develop sanitation marketing strategies and innovative sanitation business models which combine understanding of consumer aspirations and willingness to pay, while using private sector experience to provide business and financial support to enable entrepreneurs to enter and prosper in markets.

Core Approach 3: Promote innovation and learning in service delivery models

WSUP will focus major efforts on developing technically and commercially innovative solutions for WASH service delivery to low-income consumers and continue to demonstrate that poor people can be reliable paying customers if provided with a quality service. WSUP’s focus on innovation will ensure the strategic use of design skills, immersive learning and business expertise to address current and emerging challenges. We will focus on long-term transformative change with the potential to provide ‘breakthrough’ business models, at the same time promoting a context-sensitive approach that boosts local capacity for sustainable service development. The innovation approach has three key steps, supported by broader processes of selection, planning and implementation, to be delivered within or alongside our core country programmes.

Core Approach 4: Focus on supply-side improvements while supporting demand creation

WSUP has developed strong expertise in enhancing supply-side dynamics, while at the same time working to promote demand. Over the period 2016-2020, WSUP will continue to support such processes, including stimulating local markets, strengthening of supply chains and better enforcement of regulations to trigger and sustain long-term changes in demand for sanitation improvements. WSUP’s approach has evolved based on matching service provision to the needs and demands for better services by target consumers; as a result, consumer aspirations become the driver for the development of new models and processes. WSUP’s activities in this area will include supporting local sanitation businesses to introduce new products directly to households; developing easy-to-understand marketing and informational products; training and supporting sales people; conducting targeted market research to inform product development and pricing; and supporting businesses to overcome supply-chain constraints.

Core Approach 5: Engagement of the national and international private sector

WSUP believes that the private sector, including multinational corporations, has a critical role to play in the delivery of improved urban WASH. Low-income groups often currently pay disproportionately more for a given service than higher-income groups, creating opportunities for large companies with economies of scale and efficient supply chains to increase market share and improve social impact by offering higher-quality goods at lower prices; all this can be achieved while maintaining attractive profit margins. WSUP will continue to use its innovation, design and business acumen to define service-based responses for Base of Pyramid (BoP) consumers and develop national and international private sector contributions to and supply chains for water and sanitation.
Core Approach 6: Strategically orient all activities towards whole-sector functionality

WSUP’s approach combines support to large public service providers and to small and medium enterprises (SMEs). Central to this binary approach is a deep commitment to overall sector functionality, as expressed by our Theory of Change. The urban WASH sector in any given country is a complex machine: any private-sector service provider must operate within an institutional framework and link appropriately to mandated service providers, regulators and other government agencies. Recognising, developing and improving this link between public and private sector responses will be critical to the impact and success of WSUP’s work.

Core Approach 7: Improve the targeting of investment by international finance institutions

About US $5 billion is committed annually by the major development banks for urban water and sanitation projects across the world. The majority of this financing aims to improve access for all citizens of towns and cities. But the reality is that the poorest consumers often don’t benefit: in 2012 only 21% of water and sanitation Official Development Assistance (ODA) was spent on basic systems, with more recent figures showing a mere 7% is spent on basic sanitation. WSUP will work alongside the World Bank and other major funders to demonstrate ways in which such investments can be designed and delivered which are both commercially viable and pro-poor.

Core Approach 8: Support and drive domestic resource mobilisation

Aid alone will not be sufficient to achieve urban WASH sector functionality: major government investments will be necessary over the SDG period. At the national level, WSUP will work alongside other business and non-profit partners to continue to argue for the benefits of increased tax revenue generation and enhanced allocation to urban WASH: additionally, we will contribute to the evidence base regarding how investment can most effectively be utilised. WSUP will also provide technical support to key actors (utilities, municipal governments, regulators) to develop sustainable revenue streams for urban WASH, particularly pro-poor sanitation. Often we will be looking at innovative approaches: for example, public investment or grant funding may be directed at reducing risk for private-sector investors.

Core Approach 9: Ensure gender mainstreaming in all our activities

During the 2012-2016 Business Plan, WSUP successfully transitioned away from gender-specific activities towards a ‘gender mainstreaming’ approach. This means that the needs and preferences of women and girls are addressed as a standard component of all service planning and implementation. WSUP will continue to focus on the development of services that are appropriate for women and men, built on principles of consultation, participation and inclusion. In the area of communal sanitation, for example, addressing the needs of women, girls and boys strengthens the offering, builds the business case, and promotes continued demand for the service.

Core Approach 10: Address water security, climate change, and urban environment

Climate change constitutes a major risk for both low-income urban communities and urban WASH service providers. Over the period 2016-2020 WSUP will address climate change resilience through diverse actions including: i) supporting water utilities to improve water resource protection and management; ii) developing climate-change resilient water and sanitation infrastructure in vulnerable locations, with particular attention to flood control, flood-resilience and holistic urban development; and iii) building and contributing to the evidence base regarding WASH climate change resilience through research activities with key specialist partners.

Core Approach 11: Research, evaluate, learn, share

WSUP’s activities over the period 2016-2020 will constitute a powerful ‘laboratory of ideas’, both through our operational work and through the research activities running alongside. We have already built a strong reputation for research and learning: we will develop a comprehensive research programme over the period 2016-2020. A core principle will be that all research activities will contribute to increased system functionality within this Business Plan period by influencing and/or informing the urban WASH sector. Related to this, we will build our training and knowledge management activities, commenced under the 2012-2015 Business Plan, aiming to develop training resources for urban WASH sector professionals, and – most importantly – for the young professionals who will build the future.
4.3 What WSUP will deliver

This section describes the main components of our 2016-2020 plan under our five Strategic Areas (see Theory of Change, see Section 3.2).

4.3.1 Strategic Area 1: Delivering services and testing models

Objective: to reach five million beneficiaries directly through WSUP-supported service improvements, plus 12 million beneficiaries indirectly as a result of capacity development, policy influence and other ‘multiplier’ effects

Direct implementation of services will continue to be a key focus of WSUP activities 2016-2020: this is a part of what makes WSUP unique, and why we have a ‘place at the table’ in the development of urban WASH service provision. However, over the life of this Plan, greater emphasis will be placed on longer term development of the capacity of service providers, regulators and other key players, coupled with the development of an improved enabling environment and increased mobilisation of finance. This reflects WSUP’s over-arching objective of developing sustainable sector functionality, as expressed by our Theory of Change.

Water

WSUP’s support to water utilities is founded on a basic premise: people living in low-income communities (LICs) are potential customers, and in most cases they can afford to pay for a utility-managed water supply. Most of these consumers already pay high prices for poor-quality water to an unregulated informal supplier; they often pay more than wealthier people with a piped utility supply. Utilities often suffer significant physical and commercial losses in low-income areas due to vandalism and illegal connections. WSUP will continue to work closely with public and private service providers to make the case that supply-side reforms in LICs are a ‘win-win’: low-income consumers benefit from a cheaper, more reliable utility supply; the utility generates significant additional revenue from new customers; and this additional revenue can help to improve services across the entire city.

The technical nature of service provision to low-income areas often differs from that required in the wealthier parts of the city. WSUP will continue to develop and demonstrate a range of commercially viable service delivery options, with a continuing focus on the following main categories:

- **In-house**: The consumer can access water without leaving their house or private yard, via individual household connections or household delivery.

- **Compound**: The consumer accesses water without leaving a compound via shared yard connections (or via meter cluster, flexible pipe from a meter cluster or in-compound household resale).

- **Communal**: The consumer collects water from a regulated public location via a standpost or staffed kiosk; also group connections via metered standposts or tankers; pre-paid metered standposts; or standposts attached to communal sanitation facilities.

**Case study: Promoting affordable household connections for low-income consumers**

In late 2013, in partnership with the Madagascan water utility JIRAMA, WSUP initiated a pilot programme to promote individual household connections in five peri-urban communes of Antananarivo. Participating households were selected through criteria including ability to pay for the connection and the administrative status of the land and house. Households pay approximately US $120 to connect to the network. An important aspect of the pilot is the framing of the connection as a private asset, with the result that maintenance becomes the household’s responsibility. Affordability is promoted by giving households the option to pay the cost of the connection over 12 monthly instalments. The pilot has been a success so far, with 110 households already committed to a new connection: the next phase will target an additional 300 households, a figure that is likely to rise as the programme continues to extend across the city.

**Case study: WSUP’s experience in supporting delegated management arrangements**

WSUP often supports the development of delegated management arrangements between utilities and smaller-scale service providers. The utility Águas da Região de Maputo (AdeM) is mandated to provide water supply to the millions of low-income residents in Maputo, Mozambique’s capital city. Recognising both the need to expand services into these areas and the flexibility offered by small-scale operators, AdeM decided to trial a delegated management arrangement with a local private water operator, EMA. Under the agreement EMA buys water in bulk from the utility, and takes responsibility for distribution, meter reading and billing in the low-income neighbourhood of Liberdade. WSUP provided financial, technical and business management support to EMA, helping them to validate their customer database and to improve their systems for billing and revenue monitoring; a set of KPIs were also agreed through which EMA’s monthly performance was assessed. The success of the pilot, which has produced a 100% increase in revenue receipts within three years, has persuaded AdeM to replicate the arrangement with another private operator in the low-income neighbourhood of Boane.
Sanitation

As noted in Section 1.1, sanitation will be the major challenge over the SDG period, and accordingly WSUP will dedicate increasing attention to sanitation over the period 2016-2020. Many cities in low-income countries lack public investment in the transport, treatment and disposal/reuse of faecal sludge. Access to piped sewerage is very limited and is typically concentrated in the business and high-income districts; low-income residents generally depend on on-site sanitation and often have to meet the costs of latrine construction themselves. Despite this, large-scale international funding is often focused towards sewerage infrastructure. The investment gap in low-income areas can sometimes be filled by NGOs and local CBOs, but these are generally too small in scale to make a significant impact and are rarely coordinated at the city level. Where sewered systems can cost-effectively be extended into LICs, WSUP will work with utilities and other actors to ensure that low-income consumers are reached, through composite service solutions where appropriate. However, where this will not be the case for many years, if at all, it will be important to ensure that these communities are served with non-sewered sanitation services.

Supporting services across the Faecal Sludge Management (FSM) chain

WSUP works closely with LSPs to assess the existing sanitation situation in the city, identify priority areas for investment, and propose sanitation solutions appropriate to the local context. In view of the widespread acceptance that sewerage is not a feasible solution in many developing contexts, there is an increasing focus on FSM systems as a viable and realistic alternative. This is reflected in the new Global Integrated Monitoring Initiative being developed to monitor elements of sustainable water and sanitation management (including the management of faecal waste) that were not previously covered under MDG monitoring. Reliable data is scarce, but it is estimated that, globally, the majority of faecal waste is discharged unsafely into the environment as a result of unhygienic emptying, ineffective transport and inadequate treatment, highlighting the need for effective FSM systems.

Reflecting these trends, WSUP will continue to focus primarily on supporting institutions in providing services along the entire FSM chain (see below) from containment to disposal/reuse. WSUP will aim to work with both public and private-sector providers to ensure that:

- Each part of the chain has adequate technology and infrastructure so that waste is hygienically contained in pits and tanks, safely collected and transported and properly treated and disposed of;
- Households, private operators, civil society organisations and public institutions work together to ensure a safe and effective sanitation chain;
- SMEs have the capacity and favourable environment to develop and operate viable FSM services;
- FSM is considered to be an integral part of city sanitation planning by policy makers, planners and the city-level political leadership, improving the investment climate for FSM services;
- Appropriate regulations are in place (and enforced) to ensure that households empty their pits and tanks as required, consumer tariffs are affordable but at the same time sufficient for commercial viability, and that public and private operators dealing with emptying, transport and treatment/disposal/reuse of waste follow acceptable practices;
- Public finance inputs are sufficient to create infrastructure (e.g. treatment sites) and systems (e.g. regulatory enforcement systems), such that private operators can then run commercially viable businesses.

Case study: WSUP’s experience in supporting the development of complete FSM services

WSUP has worked closely with Lusaka Water & Sewerage Company (LWSC) in Zambia to launch a new FSM service in the peri-urban areas of Kanyama and Chazanga, overseen by the local Water Trusts under existing delegated management structures. Pit-emptiers are hired by the Trusts on a commission basis, with responsibility for service delivery and infrastructure operation. The Water Trusts then take responsibility for overall management of the service including finance, promotion and infrastructure maintenance. Consumers pay a fixed tariff to have a specified volume of sludge emptied from their pit. The sludge is temporarily stored and partially treated at a neighbourhood transfer station before being transported to drying beds for final treatment. Once established, the service will be one of the first complete FSM services available to low-income consumers in Africa. The model will be included in Zambia’s National Urban Sanitation Strategy and replicated through large-scale investment by the Millennium Challenge Corporation in Zambia.
Hygiene behaviour change

Although physical infrastructure is a necessary step to raising living standards for the residents of LICs, alone it is not enough: an integrated service delivery approach requires the adapting of certain behaviours to ensure effective utilisation of services and sustainable improvement for the consumer. This includes promoting basic hygienic behaviours and linking with messages and services that are essential to improved health. Over the Business Plan period, WSUP will seek to leverage the experience it has already acquired with key partners in rolling out large-scale hygiene promotion interventions and will work to ensure that hygiene education translates to sustainable behaviour change.

Case study: WSUP’s experience in supporting large-scale handwashing promotion campaigns

In Nairobi, WSUP supported a branded handwashing promotion campaign to target children in primary schools, 50% of whom were in informal settlements. The campaign employed the Unilever School of 5 methodology using trained hygiene promoters and teachers to carry out promotion activities. The School of 5 method features memorable cartoon characters starring in comic books (distributed to the children) and on posters and other dissemination materials. The characters encourage children to wash their hands thoroughly with soap at least five times a day: three times before meals, during bathing and after using the toilet. In addition, enrolment cards are used to help children make a ‘pledge’ to adopt these practices. As part of the WSUP intervention, handwashing stations were installed and a local theatre group was used to spread the message in an engaging way. It is estimated that a total of 33,276 people were reached by the campaign. A large-scale School of 5 Handwashing Campaign was then launched in June 2012, featuring a famous Kenyan pop star as ambassador. The campaign covered 210 schools in the region and reached an estimated 150,000 pupils.

While hygiene promotion will therefore form a core part of WSUP’s activities over the coming period, behaviour change is a cross-cutting theme that impacts at a fundamental level on the success of a wide range of WASH-related activities, notably relating to uptake of sanitation services among low-income consumers. For this reason sanitation-related behaviour change formed a key part of WSUP’s 2012-2015 research programme. One key behaviour is of course the purchase of an improved product or service and WSUP will continue to support demand creation in innovative ways that support business development. Also of interest is a research study led by Stanford University, the International Centre for Diarrhoeal Disease Research, Bangladesh (ICCDR,B) and Johns Hopkins University, exploring effective behaviour change strategies for encouraging the users of communal toilets to maintain those toilets more effectively. The intervention trialled the introduction of hardware (for example, bins for the disposal of menstrual waste) coupled with pictorial signage reminding users not to dispose of solid waste in latrines and to flush after each use. WSUP plans to build on this work with further behaviour change research through the coming period, with the results feeding directly into operations. As a result of the recent research project, WSUP is now considering incorporating signage as a standard component of WSUP-supported sanitation facilities. In the period 2016-2020 WSUP will also continue to build on an increasing body that includes promoting menstrual hygiene in LICs.

Case study: WSUP’s experience in promoting menstrual hygiene

WSUP recently implemented a menstrual hygiene behaviour change campaign in Dhaka aiming to break down local taboos and help adolescent girls learn how to manage menstruation safely. The intervention was rolled out in the densely populated settlements of Duaripara, Rupnagar, Bauniabandth, Kalshi and Kurmitola. Information, education and communication (IEC) materials were first designed to convey key messages. The materials consisted of 1) an illustrative pocket book; and 2) poster-size flash cards with the same illustrations, to be used in group sessions. The campaign strategy then involved creating 13 adolescent girls’ groups across the five settlements, each with 15 participants. These girls discussed the messages in three educational sessions over a three-month period; in return they were responsible for engaging at least five friends and family members to share information and tackle misconceptions. Girls participating in the sessions have reported multiple benefits including a greater willingness to discuss the topic among friends and family members, the lifting of dietary restrictions imposed by their family during menstruation, and direct health impacts resulting from drying their clothes in direct sunlight.
4.3.2 Strategic Area 2: Developing capacity in public and private sectors

Objective: to develop the technical, business and operational capacity and capabilities of urban WASH service providers (including utilities, municipal authorities and private operators) in WSUP programme countries

Over the SDG period, we expect to see a decline in the relative importance of international organisations in urban WASH service delivery, aligning to an increase in the roles and responsibilities of national institutions. However, it will be critical to ensure that utilities and other actors within national urban WASH sectors have the capacity to take on this increased responsibility: in other words, to absorb domestic government and ODA investment, and to translate this investment into equitable and sustainable WASH coverage. WSUP has been ahead of this trend and since its inception has placed an emphasis on building the capacity of LSPs. Below we outline some of the key approaches we will use to strengthen institutions over the Business Plan 2016-2020 period through sustained, day-to-day interaction between WSUP staff and service providers.

Support to utilities in establishing low-income consumer units

The capabilities required to serve LICs are unique, but are skills which can be transferred. Establishing a pro-poor unit enables utilities to address the constraints impeding the provision of adequate services to areas which lie beyond the reach of existing infrastructure. These challenges are multiple and include: lack of investment finance to extend services; insufficient or uncertain water resources; complex and unfamiliar social and political conditions; the rapidly expanding and transient nature of low-income settlements; and a lack of delivery models (managerial and institutional) that can operate effectively and efficiently in different contexts. WSUP will continue to promote the establishment of a dedicated team within utilities – a low-income consumer unit – and the need to equip it with the resources to improve access for low-income residents and then to maintain that improved level of service provision. This will include appropriately trained staff, technical equipment, adequate finance and a clear institutional mandate to provide the service; on occasion, support to utilities will involve building the capacity of low-income consumers to engage more effectively with such units. As utilities grow in confidence and expertise in this area, WSUP will, where appropriate, support the mainstreaming of low-income consumer support across each operational department of the utility to further embed specific knowledge and skills.

Case study: WSUP’s experience in supporting low-income consumer units

Nairobi City Water and Sewerage Company (NCWSC) formed an Informal Settlements Department (ISD) in 2007. The ISD focuses on improving water and sanitation services for the many people in Nairobi who live in low-income areas or informal settlements. Typically, ISD programmes involve building water kiosks and sanitation blocks and letting contracts with water vendors and CBOs to manage these facilities. However, the ISD has no commercial mandate and must defer to NCWSC’s Regional Units to perform water or sewerage connections. WSUP has been supporting the ISD to become more commercially oriented through a process of business and strategic review. This has involved close liaison with the ISD Manager, obtaining the approval of the NCWSC Managing Director and identifying a Kenyan consultancy firm to oversee the process of change management. The utility has already increased the annual ISD budget from US $200,000 to US $1 million. The strategy now aims to ensure that a fixed percentage of the total revenue collected by the utility should come from LICs, encouraging the utility to extend and sustain services to these areas. The latest news in this respect is that NCWSC has decided to elevate the ISD to become a full Region within its operational structure, with responsibility for service provision to informal settlements across the city. In line with the changes proposed by WSUP in the strategic review, the new Informal Settlements Region (ISR) will have over 200 employees (compared to the old ISD with 25 employees), with skills in areas including billing, customer care, engineering and finance; the ISR already has commercial KPIs against which its performance will be measured.
Support to utilities in reducing Non-Revenue Water

NRW is water produced by the utility from which the utility derives no income. It comprises both physical losses (due to leaks and theft) and commercial losses (due both to unpaid bills and water that is unbilled or incorrectly billed because of poor metering or poor customer records). In many cities, levels of NRW can be very high – over 50% in some cases – leading to massive inefficiencies. Reducing that figure can result in utilities having access to substantial additional revenue and water, both of which can be channelled into low-income areas. Over the Business Plan period, WSUP will continue to support the operational capacity and commercial viability of partner utilities through sustained NRW reduction programmes.

Case study: WSUP’s experience in supporting NRW reduction

Maputo, Mozambique: NRW was reduced from 55% to 48% over a two-year period in the project area and average continuity of supply increased from 8 to 16 hours per day. An increased focus on NRW resulted in the establishment of a dedicated Leakage/Losses Department within the utility.

Antananarivo, Madagascar: The WSUP programme significantly improved the quality of water services, particularly with regard to water pressure and continuity of supply (which increased from just three or four hours per day to 24 hours per day). The programme also raised the priority of NRW within JIRAMA, the water utility, leading to the development of an urban NRW reduction strategy at the national level and establishment of a dedicated Leakage Reduction Unit for Antananarivo. JIRAMA has recently extended their NRW programme to the coastal cities of Mahajanga and Fort Dauphin as stepping stones toward a nationwide urban NRW programme.

Nairobi, Kenya: As a result of WSUP’s collaboration with (NCWSC), NRW was reduced from 95% to 75% over a period of six months in the project area. Network improvements increased the quantity and quality of water available for approximately 5,000 consumers and the initiative contributed to the establishment of a NRW Department and a city-wide NRW programme.

Professional Services Agreements (PSAs)

Over the Business Plan period, WSUP will continue to negotiate formal agreements with service providers to ensure that investments reach low-income consumers. Such partnership arrangements are typically set out in a PSA between WSUP and an LSP, which defines:

- A joint programme to be delivered in partnership between the LSP and WSUP in an agreed target area at reasonable scale;
- Mutually agreed resource commitments: from WSUP in the form of technical assistance and grant funding and from the LSP in the form of finance, human resources, materials and of course leadership;
- Agreed key performance indicators (KPIs) for specific service improvements in the target area (addressing financial, technical and sustainability criteria);
- PSAs can be strengthened further where there is financing available from an IFI like the World Bank: the service provider can then access scale-up finance for those service models that are shown to work. In these cases, WSUP’s approach is to secure ‘in-principle’ agreements from the IFI to provide the scale-up finance based on achievement of agreed KPIs. The improved services will then be externally audited and, if KPI targets have been met, further financing will be released to extend the programme to new areas of the city;
- PSAs can involve more than two parties when joint programmes are created with common objectives and outcomes (for example, an IFI-funded project with an LSP and WSUP participating specifically in the LIC component of that project.

Case study: WSUP’s experience in supporting small-scale sanitation service providers

An estimated 56% of Maputo’s population depends on on-site sanitation (usually pit latrines). Yet until recently, no safe emptying and transport services for faecal sludge were available to these residents: latrines stayed unemptied even when full, posing a high risk of overflow to the local environment. In response to this problem WSUP initiated a pilot project to help an established local solid waste management business (UGSM) expand into household pit-emptying. Underpinned by a PSA between the two parties, WSUP provided a no-interest loan to UGSM for equipment, provided training for a junior manager to help with UGSM’s accounting and brokered relationships between the enterprise and the Municipal Council. As a result, UGSM has successfully diversified its business to provide pit-emptying services directly to low-income consumers. WSUP has provided similar capacity-building support to a number of small-scale FSM businesses in Maputo under subsequent programmes, including Kuthunga, led by a charismatic local woman entrepreneur.
4.3.3 Strategic Area 3: Influencing and providing technical advisory

Objective: to strengthen the enabling environment for urban WASH

Over the period 2016-2020 WSUP will work to reduce barriers and enhance incentives for service providers – both public and private sector – to deliver better, more effective and more appropriate urban WASH services. This will be achieved by influencing key stakeholders through evidence-based arguments, and by presenting analysis in a format that is relevant, meaningful and tailored to the target audience; our emphasis will be to work alongside business, government and non-profit partners to influence and encourage them to take the measures required to promote a successful enabling environment.

One key issue in encouraging sustainable at-scale progress in urban WASH will be the prioritisation of government investment, policy reform and enhanced good governance. Progress will require effective institutional frameworks, with clear allocations of responsibility, as well as well-designed regulatory structures that drive universality in service delivery, but at the same time create environments conducive for business development. The development of capacity to encourage national and local governments how best to structure and raise taxation revenues is vital, as is strengthening their ability to access loan finance effectively.

Within the complex political economies of the countries in which WSUP works, influencing these structural areas is deeply challenging and we do not under-estimate the difficulty of achieving real change on short timescales. Nevertheless, WSUP is in an influential position to make substantial contributions over the coming years, building on its existing reputation and skills and based on its ability to work alongside key business, government and non-profit partners with similar goals, including the World Bank and WSP, large business and NGOs and service providers and regulators themselves.

There are diverse ways to influence policy, ranging from ‘quiet’ one-to-one influencing centred around technical advisory inputs to ‘loud’ public campaigning in alliance with citizens’ voice organisations. WSUP’s natural role is to provide ‘insider’ technical support and most of our influencing work will take this route. However, some policy reform goals may require us to become involved in public influencing, typically within a wider platform of stakeholders.

Key influencing objectives will include the following:

- **Strengthening the regulatory environment**: the development and enforcement of regulations and policies that promote affordable and safe water and sanitation services;
- **De-risking the investment environment**: the use of public finance to improve or enhance the investment characteristics of a particular market or project, either through direct financing or risk guarantees;
- **Operational cost relief**: to attract and engage the private sector e.g. through reduction in fees for the disposal of faecal waste, tax exemptions, and business loans or grants at favourable rates;
- **Increased low-income consumer purchasing power**: structured subsidy programmes and access to microfinance which responds to social drivers, particularly for sanitation products and services;
- **Reduced bureaucracy**: streamlined public processes to facilitate regulatory compliance, the operation of private sector markets and the emergence and/or improved operation of service providers;
- **Strengthened public sector organisational infrastructure**: to provide the institutional mechanisms through which sustained and improved WASH service provision is possible;
- **Increased national and municipal budget allocation to sanitation**: currently governments allocate only a very small proportion of budget to sanitation. This needs to increase, as does budget transparency;
- **Strengthening the channels between consumers and service providers**: enabling service providers to recognise LICs as just another consumer segment is critical for sustainable WASH services to develop at scale.

Case studies: WSUP’s experience in influencing the regulatory environment and tax revenue generation

**Ghana**: In Kumasi and Ga West, WSUP is supporting the local municipality to implement a five-year compound sanitation strategy that seeks to improve services to low-income consumers. At the heart of the strategy is the improved enforcement and mediation of an existing bylaw requiring all compound landlords to invest in a toilet for their tenants. In Ga West, WSUP is supporting the municipality to increase property tax collection, with allocation of a proportion of the increased revenue to sanitation improvements.

**Kenya**: In a highly significant development for water services to low-income consumers in Kenya, a new pro-poor KPI is expected to be introduced by the regulator WASREB in 2016. This will require water utilities to report levels of coverage among low-income consumers in their mandated area. WSUP has established a close working relationship with WASREB and has advocated for the introduction of the pro-poor KPI over a number of years.
4.3.4 Strategic Area 4: Mobilising resources for the WASH sector

Objective: to improve the targeting and effectiveness of US $450 million of investment by international financial institutions and mobilise US $150 million of public and private investment in urban WASH

WSUP’s approach has unlocked US $5 for every US $1 spent and believes this can be driven upwards

WSUP has already demonstrated that it is possible to significantly leverage its funding. Between 2012 and 2015, WSUP estimates that it unlocked US $5 for every US $1 spent, through increased investment by national governments, municipalities and water utilities in extending services to low-income areas and through better targeting and pro-poor design of investments by IFIs. WSUP’s role in each investment takes different forms and WSUP’s expertise in implementing complex integrated water, sanitation and hygiene programmes in six different contexts ensures that it has a wide range of relevant experience. With IFIs, our primary model to date has been to use grant funding to work alongside IFI investments (rather than charge for our services) and this model has proved highly effective for influencing IFIs, and in particular for supporting IFI investments to more effectively bridge the conceptual gap between large-scale infrastructure investment and the on-the-ground structures required to ensure that these investments actually impact in LICs.

WSUP’s three-pronged approach for influencing IFI investment outcomes

1. **Development:** WSUP will develop in-principle agreements with service providers and their line ministries as they plan IFI-financed water and sanitation infrastructure investments. The agreements will set out commitments from both WSUP and the service providers to address service improvements in low-income areas, with WSUP as a self-funded development partner and the service provider financed by the IFI.

2. **Design:** WSUP will support the detailed design of investment programmes through the provision of expertise in low-income service delivery. Typically this expertise will consist of pro-poor water and sanitation delivery options, small-scale infrastructure design, NRW reduction, institutional reform, marketing and promotional messaging and action research, as well as community engagement and mobilisation.

3. **Delivery:** WSUP will support the delivery of investments, both through demonstrating effective approaches and building service provider capacity and by performing monitoring and quality assurance roles. The exact role will depend on the investment, local needs and partners involved.

Mobilising household, private and public finance

In addition to IFI finance, WSUP will continue to support the mobilisation of finance from three other major sources: households, private-sector investors and government. Such finance may cover capital investment, recurrent expenses of operations and maintenance and the cost of capital (i.e. interest payments on loans and dividend returns to equity providers).

**Household finance:** Low-income households have, by definition, relatively low ability to pay for products and services. However, if offered a product or service that is of high quality and affordable, low-income households will certainly be prepared to pay significant amounts, which may represent the full true cost or part of the true cost. Far from being ‘anti-poor’, efforts to increase household investment build self-sustaining consumer-supplier relations and create feelings of ownership (and thus better maintenance) of WASH products and services. Of course, low-income households may not be able to afford the full cost of improved water and sanitation, which is why well-targeted government investment is also generally necessary. Examples of household finance include fees for connection to a water or sewerage network; water charges; commercial payments for improved toilets; and payments for latrine or septic tank emptying services. WSUP will continue to promote a service-based economy approach through which products or services are supplied in exchange for regular fees or ‘little & often’ repayments (as opposed to upfront financial outlay).
Private finance: WSUP will provide technical support to private service providers in business development, technology, contracting, staff development, marketing, and billing and revenue collection systems. This leads to service providers investing their own funds and accessing local finance to grow their businesses and improve infrastructure, equipment, marketing, staff capacity and systems. Private sector finance initiatives may also involve public-private partnerships which include co-funding through sustainable partnership agreements.

Public finance: Public service providers and municipalities will be committed to providing funding, staff and equipment as their contribution to PSAs with WSUP. Once service models have been demonstrated and capacity has been developed, these institutions will be committed to invest their own infrastructure budgets in expanding the models into new low-income areas. Government co-funding provided to IFI-supported programmes and projects is a priority area to develop in some locations to encourage greater public sector investment in service delivery.

An increased focus on domestic resource mobilisation

The potential for mobilising domestic finance as a means of stimulating markets in the WASH sector is gaining increasing recognition. Reflecting the need for targeted action in this area, WSUP activities over the period 2016-2020 will adopt a stronger focus on stimulating and promoting mechanisms to increase domestic resource mobilisation, including tax revenues and other local and national government revenues, revenues generated from national and city level service provision, and domestic business investment. Where possible WSUP will work with service providers to reduce the existing barriers to disbursement and effective expenditure of finance, including complex bureaucracy in administrative/funding release procedures, procurement delays, poor project preparation and insufficient public or private sector capacity to respond to proposals and implement projects.

Support in establishing affordable and financially viable services

Over 70% of 91 countries surveyed by GLAAS indicated a tariff shortfall in relation to the recovery of recurrent costs of water and sanitation, with government subsidies the fall-back mechanism most often used to cover the gap. WSUP has no concern about the application of well-designed and targeted subsidies, which will often be necessary to achieve improved services at a price affordable to the poor; but badly designed subsidies which impede commercial cost recovery are a serious issue. To address this issue, WSUP will support service providers in three key areas:

1. Conducting tariff reviews and making adjustments accordingly. Outdated or insufficient tariffs can be addressed through review and updating processes which retain affordability as a key criterion;
2. Influencing greater decentralisation of decision-making authority. Meaningful decentralisation of utility management requires a transfer of powers to enable service providers to set adequate tariffs and manage their operations with greater efficiency;
3. Reducing NRW. As outlined above, introducing NRW reduction measures can help to increase utility efficiency and allow more funds to be made available for capital maintenance and further investment, as well as reduce the strain on scarce water resources.

Case study: WSUP’s experience in influencing tariff systems

In Maputo, WSUP successfully advocated for a change to the water tariff structure, proposing the introduction of an Increasing Block Tariff and a separate tariff for those using privately operated standposts: these changes were adopted following lengthy negotiations with the regulator, the asset owner and the utility.

In a more recent initiative that also relates to influencing regulatory frameworks, WSUP has been supporting the regulator CRA in developing detailed plans for the introduction of a citywide sanitation tariff. WSUP’s support has three main features: a) detailed financial analysis to help CRA set the tariff at a level that is equitable, politically acceptable and high enough to generate sufficient revenues for CMM (the executing agency) to implement large-scale service improvements; b) support in developing the regulatory framework, including the definition of eligible services; and c) support to CRA in developing the KPIs which CMM will report against.
4.3.5 Strategic Area 5: Carrying out research and producing evidence

**Objective: to be a global thought-leader in innovative and effective solutions to the urban WASH challenge**

WSUP’s aim over the Business Plan 2016-2020 is to become a principal actor in the creation and dissemination of learning and analysis with respect to urban WASH solutions that work. This will be achieved through evidence-based analysis of intervention successes and failures; delivery of research to inform and influence the wider sector; support for in-country training in urban WASH; and stimulation of critical debate within the sector.

**Different strategies for different audiences**

WSUP will disseminate research and other learning to a range of target audiences, each with different interests, capacities and motivations:

**Sector Practitioners and Researchers**
- Convene sessions at key sector forums, bringing African and Asian service provider partners together to share practical successes and challenge sector thinking in urban water and sanitation service delivery (Stockholm, World Water Forum, World Water Week etc.);
- 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 etc.);
- Open-access publication of research and learning in peer-reviewed journals and as grey literature.

**Service Providers and National Governments**
- Work in partnership with entities such as the World Bank to document successful programme outcomes and influence their priorities and activities;
- Develop technically accessible and practical thematic guidelines for service providers to support operations and service delivery in low-income areas (e.g. guide to setting up Water User Associations).

**Donors and Funding Agencies**
- Regularly present service provision findings and evidence to key individuals within donor agencies to inform policy development (bilateral donors) and investment planning processes (IFIs);
- 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 to disseminate successful approaches.

**The Public**
- Work with national and international media to communicate WSUP’s approach and programme successes, and raise the profile of service provider initiatives to address urban water and sanitation service provision to low-income consumers.

**Research:** WSUP will deliver an enhanced programme of research to consolidate the organisation’s growing reputation as a sector leader in this area, both building the evidence base for what works in urban WASH and in reflecting on and testing innovative approaches. See overleaf for further details.

**Publications:** WSUP has developed a strong reputation as a lead player in provision of learning on urban WASH. We will build on this strength, continuing to produce intelligent, reader-friendly publications designed to achieve maximum possible impact, including more graphical short-form pieces and longer analytical pieces where useful.

**Global Masters Programme:** Over the period 2012-2015, WSUP developed an innovative Masters module on urban WASH. We will build on this experience to create a Global Masters Programme, establishing partnerships with learning institutions globally, incorporating the modules into undergraduate and MSc programmes in target countries and making the materials available in online distance-learning format for sector professionals.
Research and learning: building the urban WASH evidence base

Over the 2012-2015 Business Plan, WSUP developed a significant and innovative urban WASH research programme, centrally funded by DFID’s Research & Evidence Division (RED), though with major additional components enabled by other funders. This work is generating very useful results at all levels: in local contexts, as learning for the WASH sector and in peer-reviewed scientific literature. WSUP is fast developing a reputation as a major player in urban WASH research.

Over the period 2016-2020, WSUP will develop an ambitious and structured research programme focusing centrally on urban sanitation, partnering with key academic and research institutions who bring specific expertise in areas including impact evaluation, technology development, financing analysis and policy research. WSUP will build defined framework agreements with lead research centres in our core programme countries. Research strategy and design will be governed by the following criteria:

- Research within each country will aim to drive system change (stronger markets, stronger institutions, greater investment) within the research project lifespan.
- In line with this, achieving sector influence will be considered core to project design.
- Research programmes in each country will be coordinated and supported from the outset by key institutions, such that WSUP-led research is providing information that governments, regulators and utilities need.
- Research will be programmatic within each country but modular with annual deliverable timeframes to enable real-time influence and responsive planning.

As part of this major urban sanitation research initiative, WSUP will consider the creation of an international Urban Sanitation conference. We believe that this type of regular conference will be a powerful tool for increasing international knowledge and understanding of urban WASH.
5. BUILDING A STRONG ORGANISATION

5.1 Internal strategic change

WSUP has undergone significant growth over the last two years through the implementation of the current Business Plan. In line with wider organisational growth, institutional income has risen from approximately £3 million in FY 11/12 to £9.2 million in FY 14/15, and £11.8 million projected for FY 15/16; the six core country programmes have grown in scale, complexity and impact over the same period. This growth has prompted a reassessment of the need to develop internal systems, capabilities and processes to ensure the organisation remains capable of delivering strategic outputs. The inclusion of an Internal Strategic Area – to complement the five WSUP Strategic Areas – is designed to prepare the organisation to achieve these objectives outlined in the 2016-2020 Business Plan.

Over this Business Plan, WSUP will continue to build its internal capacity to ensure that it remains competitive, ambitious and relevant and effectively delivers on its Strategic Areas. Key processes to achieve this will include:

- Clearly articulating an organisational culture that strengthens WSUP’s identity, embodies our values and captures our uniqueness. We will communicate this both internally and externally through a vibrant, coherent brand;
- Further embedding collaboration, shared learning and knowledge management to ensure WSUP remains a truly global, accountable and respected actor in the WASH sector;
- Finding, retaining and developing talented and committed people throughout our operations and creating an environment that empowers them to perform and deliver;
- Developing a coherent framework of policies, systems and ways of working across WSUP that is appropriately robust, efficient and effective, while retaining agility and space for creativity and innovation;
- Delivering and resourcing a sustainable and appropriate funding model that responds directly to WSUP’s needs, strengthens existing partnerships and enables expansion into new markets.

5.2 Operational requirements

Over the past four years, WSUP operations have grown in scale and impact, and have seen a concomitant increase in complexity. These developments have taken place in the context of enhanced external accountability and improved delegation of authority to functional teams.

The following sections describe the operational structure, systems, competencies and financial resources required to ensure that the organisation is sufficiently prepared and resilient enough effectively to develop the capabilities and capacities needed to deliver the Business Plan.

5.2.1 Operational structure

Structure

WSUP needs an efficient, effective and agile organisational structure that allows it to achieve impact, deliver on the Business Plan targets and provide value to multiple and varied WASH service providers.

WSUP’s operational structure is an interlinked triad of: i) the Secretariat (providing leadership, strategic management and coordination), ii) six core countries (driving universal service delivery in urban environments through ‘long term and deep’ impact) and iii) WSUP Advisory (expanding impact and influencing the WASH sector by spreading implementation geographically though applying the models from the core countries).

Secretariat

The function of the Secretariat is to support the core country teams and WSUP Advisory while providing strategic leadership and oversight of operational, financial management, resource mobilisation, research, monitoring & evaluation and communication issues across WSUP. Global leadership functions will continue to be developed:

Programme direction: Supporting and monitoring core country teams to ensure effective project and programme delivery, guide implementation and operate systems and tools that underpin delivery management within time, cost and quality constraints; developing enhanced programme delivery policies, procedures and contract templates, alongside an expanded contracts and procurement capability; ensuring effective team management; alignment with strategic objectives and development of KPIs aimed at continuous improvement in programme delivery.
**Financial Management:** Managing our financial resources including procurement, treasury management, cash flow forecasting processes and ensuring compliance (both statutory and funder) while promoting value for money and development of an internal audit function. Continued and greater delegation of authority to functional teams and business units, alongside more automated and efficient financial systems, will be required to achieve these aims.

**Human Resources:** Building a strong staff culture through improved systems and practice in recruitment, learning, health, safety and security, while embracing diversity, improving internal communications and strengthening legal and regulatory compliance.

**Internal and External Communications:** Ensuring a robust and sophisticated WSUP brand, visual identity, key messaging through a comprehensive and integrated communications strategy and increased use and variety of different media to deliver messages to various stakeholder audiences.

Over the period 2016-2020, WSUP aims to be more strategic in terms of its communication positioning and implementation for effective delivery of our Theory of Change. Key to this will be the development and delivery of a targeted, organisation-wide, integrated communications strategy. Focus will be given to:

- developing a robust and sophisticated WSUP brand, visual identity and key messaging;
- building WSUP’s online and print outputs with an increased variety of mixed media (video, audio etc.);
- delivering WSUP’s communications through a multi-layered approach to meet the needs of diverse audiences;
- building the capacity within country to deliver successful integrated communications;
- developing strong internal communications to meet the demands of a growing international workforce.

WSUP will establish an integrated communications strategy which will enhance WSUP’s brand by engaging diverse audiences through multi-layered, multi-messaged communications. This integrated approach will facilitate engagement with increasing numbers of prospective partner organisations and supporters. At the same time, internal communications will link WSUP’s global staff, while investment in systems will create increasingly robust structures for use in fundraising and development initiatives in the Secretariat and country offices.

**Core country programmes**

The function of the six core country programmes is to provide a conducive environment for long-term delivery of WSUP programmes to time and cost, creating learning regarding the provision of WASH services in urban environments and feeding that learning back to the rest of the organisation.

Each core country has a dedicated Country Programme Manager (CPM) who acts as the WSUP representative in-country and is the guardian and custodian of relationships in that particular market. CPMs coordinate resources and member and partner inputs and manage partnerships with the service providers and consumers; they are accountable to the Secretariat.

WSUP will continue to invest strategically in the development of core country team capacities and skills, and realize opportunities for learning across and between core country teams.

**WSUP Advisory**

The function of WSUP Advisory is to channel learning and best practice into new markets, promoting innovative solutions in partnership with public and private sector service providers, governments and other organisations, while at the same time earning revenue for WSUP.

WSUP Advisory is expected to be a fully commercially viable business in the early stages of the Business Plan period, and as a result will not require further investment from WSUP, but rather will contribute to WSUP’s reserves and funding. All support services provided by WSUP to WSUP Advisory will be charged at cost thus enabling transparency of its financial success.
Growth and allocation of resource

The following table sets out our view of the parameters and indicative levels of growth to be achieved during the Business Plan period.

<table>
<thead>
<tr>
<th></th>
<th>Pre-Plan (2015)</th>
<th>Relative Growth</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Turnover</strong></td>
<td>£11.8M Operational budget</td>
<td>Steady</td>
<td>See Section 5.3</td>
</tr>
<tr>
<td><strong>Core Country Operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Bangladesh, Ghana, Kenya, Madagascar, Mozambique, Zambia</td>
<td>Slow</td>
<td>Possible expansion into one or two further countries during this Business Plan</td>
</tr>
<tr>
<td><strong>Staffing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secretariat</td>
<td>27</td>
<td>Moderate</td>
<td>Additional initial capacity required in Partnerships &amp; Development, Innovation, ERL and general support; thereafter growth will be relatively slow.</td>
</tr>
<tr>
<td>Advisory</td>
<td>4</td>
<td>Fast</td>
<td>Business development and delivery</td>
</tr>
<tr>
<td>Core Country Operations</td>
<td>86</td>
<td>Steady</td>
<td></td>
</tr>
<tr>
<td>Commercial scale-up</td>
<td>59</td>
<td>Fast</td>
<td>Pipeline of initiatives established to produce multiple potential possibilities for commercial scale-up.</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>176</td>
<td>Steady</td>
<td></td>
</tr>
</tbody>
</table>
5.2.2 Systems and infrastructure

**IT Infrastructure**

WSUP will grow over the Business Plan 2016-2020. To support this expansion, WSUP will continue to invest in robust IT infrastructure to support greater connectivity between the various functional teams and business units. WSUP will continue to develop more effective archiving or data backup systems and will refine and develop its business continuity and disaster recovery plans as a critical contribution to mitigation of organisational risk.

**Operational Systems**

As a contribution to the development and expansion of the organisation, the following six areas have been identified as priorities for systems development over the course of the Business Plan:

- Finance;
- Knowledge management and sharing;
- Programme delivery and management of time, cost and quality;
- Contact management;
- HR management;
- Donor management.

Investment in the infrastructure and systems described above will be prioritised over the period of the Business Plan and funded through the new cost recovery policy.

5.2.3 Human resources and competencies

The appointment of a new CEO for WSUP in June 2014 acted as a catalyst for renewed assessment of internal resources, with a particular focus on talent management and staff development. As a result WSUP has systematically progressed from a start-up phase, characterised by the innovation and dedication of its staff, to greater consolidation of its operations by introducing enhanced formality, policies and procedures to ensure equity and competitiveness.

**Objectives for the new Business Plan**

Over the period of the Business Plan, and with a dedicated in-house HR skill set, WSUP will apply a more robust and consistent approach in developing and supporting HR and talent management across the organisation, building its capacity in country and ensuring that staff are consistently supported to achieve work targets. This will help to ensure that the organisation has the necessary structure, staff capacities and skill sets, internal systems and organisational capabilities and plans to deliver the 2016-2020 business targets.

WSUP will continue to develop HR strategies that will attract, develop, retain and reward talent in alignment with its core values and mission. Shaping and developing the culture of WSUP across all its countries of operation will continue to be a priority, enabling the organisation to build a strong global employer brand which unifies diverse teams. The HR development objectives for the Business Plan period are:

- Reviewing and developing the global culture and values to build a strong employer brand as a tool for recruitment, engagement and retention of staff;
- Ensuring the recruitment, induction, development, management, reward, recognition and retention of global talent who have the qualifications, skills, experience and behaviours to deliver WSUP’s objectives;
- Developing a staff learning and development culture globally, fostering the practice of evaluation and learning, capacity-building, knowledge-capture and sharing;
- Strengthening people management skills and experience so that all staff continue to be well managed;
- Enhancing our health, safety and security policies and practices globally;
- Embracing diversity globally;
- Improving internal communications with our staff globally and providing mechanisms for employee voice;
- Influencing behaviours to ensure legal and regulatory compliance.
5.3 Financial resource required

Headline information

Delivery of the business plan will require an estimated £65 million resourcing over four-year plan April 2016 to March 2020. 60% of this will be invested directly through the six core country programmes.

Indicative budget 2016 to 2020
5.4 Funding model

As WSUP pursues its programmatic and global goals, the organisation will simultaneously develop strategic partnerships supporting the increased organisational budget to match its impact and operations. This will increase its global budget to over £18 million by FY 2019/20.

WSUP's funding model has been developed to deliver sustainable resourcing that responds directly to WSUP's needs, nurtures existing partnerships and enables expansion into new markets. With this model, WSUP will prioritise current donors and partnerships while seeking to diversify sources of funding and strategic engagements and to promote opportunities within the WASH and broader international development sectors.

WSUP’s 2016–2020 Funding Model will:

• Develop strategic and structured partnerships to deliver innovative funding which aligns with organisational goals and advance global operations;
• Maintain and develop existing mutually beneficial relationships with donors, partners and constituencies to fund and cultivate capital to facilitate and maximise the organisation's impact;
• Continue with an integrated approach to core country programme resourcing, in which funding streams align to a global holistic strategy;
• Diversify funding from unrestricted sources for effective functioning and stability of the organisation, with a focus upon the shared values WSUP holds with corporate partners and major donors;
• Continue with a blended model for research financing, using core resources but also participating in academic-led research funding bids that can contribute effectively to our strategic aims;
• Grow a funding base through WSUP Advisory and other subsidiary businesses utilising an increasingly sustainable earned-income model;
• Integrate strategic communications to secure WSUP's position and raise profile among key stakeholders as well as current and emerging audiences;
• Continue to enhance systems and processes to support fundraising, broader development initiatives and ensure resourcing at Secretariat and country levels.

Consolidation of Position

WSUP is supported by diverse government, multilateral, corporate and philanthropic institutions, and over the Business Plan 2016-2020 WSUP will sustain and deepen engagements with its current donors and partners. In doing so, WSUP will seek to maintain and improve the sustainability of its funding position throughout the Business Plan period and will leverage this support to strengthen its impact and capitalise on trends in the sector.

Diversification of funding

A diversified funding stream, through corporates, major donors and trusts, is a critical element of WSUP's long term stability and achievement of its organisational vision. This, alongside increasing access to unrestricted funding, will protect and promote WSUP's long-term organisational strength, and will enable management of the risks of adopting an innovative, entrepreneurial approach to current and emerging challenges.

Innovative funding

As donors across the funding landscape seek to maximise efficiencies, expand scale and disseminate best practices, WSUP has established impactful co-funded WASH service delivery models supported by an extended and enhanced innovation function, including strengthened service and product design capacities. The expansion and deepening of this work, alongside WSUP’s cutting-edge operational research, will position WSUP to cultivate further innovative strategic partnerships with donors.
Members

As a not-for-profit partnership, WSUP hosts a diverse constituency of members who continue to contribute invaluable expertise and financing to WSUP’s operations. WSUP’s membership structure presents a unique opportunity for members to work beyond the usual boundaries and engage in a space for exploration of business opportunities and social impact in emerging markets. WSUP acts as an intermediary for businesses, NGOs and local and national institutions to facilitate engagement and resource advances in WASH service provision.

Earned-income models

By drawing upon its technical expertise, innovative solutions and proven best practices, WSUP has developed its technical assistance consultancy arm WSUP Advisory, and has also established several wholly-owned subsidiary businesses through innovative business models. WSUP Advisory will become a profit-generating source of funding for the organisation as a whole, with the subsidiary businesses presenting similar potential when fully realised.

Cost recovery model

WSUP is developing better processes to ensure that costs are fairly shared between operations, in order to promote sustainability and ensure competitiveness to donors. A new cost recovery system is being introduced to allow WSUP to price its staff time consistently to donors by charging staff at rates inclusive of valid indirect costs. The new system will support the investments in operational structure, HR development and other systems outlined above. The system will also:

- Allow a comprehensive and consistent approach across all programmes;
- Promote sustainability by including organisational and staff development costs in recovered costs;
- Achieve fair and competitive pricing;
- Facilitate reporting to donors to meet their requirements.

Embedding a Value-for-Money (VFM) approach in WSUP’s operations

Since its inception, WSUP has worked to achieve maximum value from operational funds, and has implemented procurement and authorisation processes aiming to ensure maximum value is achieved while safeguarding funds. Going forward, WSUP will ensure that VFM maximisation is implemented organisation-wide and can be evidenced to maintain donor confidence in WSUP. During this business period, VFM will be reinforced as follows:

- Investments in operational structure, HR development and systems, resourced through the cost recovery policy, will be made in the context of maintaining a competitive pricing of staff time;
- Cost benchmarking (both between offices and within country) to ensure that investment is reasonable and consistent across the organisation;
- KPIs for operational processes to strengthen internal accountability;
- Internal audit function will check policy application and inform improvements, especially in operations, procurement and budget management.

<table>
<thead>
<tr>
<th></th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct beneficiaries</td>
<td>1,015,000</td>
<td>1,335,000</td>
<td>1,645,000</td>
<td>3,995,000</td>
</tr>
<tr>
<td>Cost per beneficiary (direct)</td>
<td>US $14.29</td>
<td>US $13.01</td>
<td>US $10.35</td>
<td>US $12.36</td>
</tr>
<tr>
<td>Indirect beneficiaries</td>
<td>0</td>
<td>3,975,000</td>
<td>8,585,000</td>
<td>12,560,000</td>
</tr>
<tr>
<td>Cost per beneficiary (direct + indirect)</td>
<td>US $14.29</td>
<td>US $3.27</td>
<td>US $1.66</td>
<td>US $2.98</td>
</tr>
<tr>
<td>Finance mobilised</td>
<td>US $32m (£21m)</td>
<td>US $77m (£50m)</td>
<td>US $111m (£72m)</td>
<td>US $220m (£142m)</td>
</tr>
<tr>
<td>$ mobilised per WSUP $ invested</td>
<td>US $2.21</td>
<td>US $4.43</td>
<td>US $6.52</td>
<td>US $4.46</td>
</tr>
</tbody>
</table>

*Estimated cost per direct and indirect beneficiary, WSUP programmes 2012 – 2015. We stress that these are crude estimates, highly contingent upon difficult decisions around how exactly to define and count direct and indirect beneficiaries. See also emerging impact assessment model in Section 5.4.*
5.5 Impact monitoring & evaluation

Over the Business Plan period, WSUP will implement a comprehensive monitoring and evaluation (M&E) framework to assess and explore intervention effectiveness and sustainability. Through this framework WSUP will evaluate the effectiveness of WSUP-supported service delivery models, the impacts of capacity building and policy strengthening activities on urban WASH system functionality and ultimate impacts on peoples’ lives including health benefits and environmental impacts. WSUP’s M&E findings will feed continuously into programme implementation and planning.

A structured M&E framework focusing on sector functionality

In 2015, WSUP developed a comprehensive M&E framework, grounded in our revised Theory of Change, for tracking outcomes and impacts at the following levels:

A. Outputs (e.g. toilets constructed, capacity training delivered);
B. Attributable Outcomes (e.g. number of people using toilets, increased capacity, finance mobilised);
C. Contribution Outcome level 1: urban WASH sector functionality at the city and national level;
D. Contribution Outcome level 2: WASH services in cities in which WSUP works;
E. End Impact.

Improved tracking of capacity development and policy influence

Effectively tracking ‘soft’ interventions is perenially challenging: it is much harder to assess improved capacity than to count the number of people using a toilet. WSUP is developing more sophisticated tools for tracking impacts of this type. Notably, country teams will be allowed greater freedom to define locally relevant metrics for any given capacity development or policy influence intervention: for example, if a water utility is already working to metrics defined by the national regulator, it will often make sense for WSUP to set intervention targets in those terms. These processes for tracking our directly attributable impacts on specific capacity domains will tie to wider assessments of sector functionality (level C above), structured around the existing WSP/UNICEF Country Status Overview framework.

Core M&E component 1: Quarterly reporting

WSUP’s routine monitoring will continue to centre on quarterly reports produced by in-country programme teams, comprising a spreadsheet report for tracking progress against numerical metrics, and a narrative report in which teams describe progress in major areas and respond to a number of key questions (for example, “Can you report any significant progress over the last quarter towards triggering donor-independent finance for WASH improvements?”). A number of improvements have been made to the quarterly reporting including: an improved and more informative indicator set; a more user-friendly data entry interface; automated and manual error-trapping processes; more comprehensive information on data sources; and a structured database for data collation, viewable by anyone in the organisation through a data visualisation interface.

Core M&E component 2: Annual Programme Reviews (APRs)

APRs, which are annual internal evaluations of each country programme’s progress, will continue, based on stakeholder interviews and rapid household surveys. The reviews result in a set of recommendations to programme management and facilitate real-time adjustments to programme planning and delivery.

Core M&E component 3: End-of-project evaluations

For major programmes, we will continue to commission independent end-of-project evaluations to assess progress against specific targets and WSUP’s wider programme aims. These evaluations provide a rigorous basis for assessing the impact of WSUP’s work in economic, social and environmental terms and contribute both to WSUP’s ongoing programme planning and to wider sector learning. In addition to these consultant-led programme evaluations, WSUP will continue a policy of transparent collaboration in academic impact evaluations: impact evaluations of this type provide extremely useful information for the sector in-country and internationally.
Core M&E component 4: Household surveys

Household surveys (including baseline and endline surveys, as well as parallel infrastructure surveys and focus group evaluations) will remain critical to WSUP’s impact tracking, providing rigorous data on actual usage of improved facilities and services, on equity and gender-equity of usage and on the types and magnitudes of improvements in people’s wellbeing. We will continue efforts to integrate project-specific survey requirements into an integrated programme-level survey process. This has powerful advantages in terms of: a) reducing respondent fatigue and irritation; b) generating regular data that is useful to city authorities and other stakeholders for tracking city-wide progress; and c) enabling ongoing tracking of intervention sustainability. WSUP will further develop the concept of city-wide sustainability surveys to be rolled out annually or biannually in the six core countries.

A holistic approach to measuring WSUP’s global impacts

In line with WSUP’s Theory of Change, many of our impacts may not be direct impacts of support for service delivery, but rather indirect impacts of market dynamisation and institutional strengthening. For example, if WSUP is successful in supporting and influencing a national regulator to introduce a sanitation tariff system, then we can expect major and wide-ranging impacts in terms of human wellbeing and institutional reform.

To enable this type of analysis, WSUP is currently piloting an impact estimation model. The model is being developed by PriceWaterhouseCoopers (PwC) using their Total Impact Measurement Management (TIMM) approach, and is being piloted in Madagascar, considering a representative set of impact pathways. The schematic below shows the ‘impact wheel’ developed by WSUP and PwC indicating the key areas of impact that WSUP is expecting in-country and internationally:

Within each area, the approach will generate a monetised estimate of net benefit (US $ per WSUP US $ invested). The impact pathways leading from each type of WSUP intervention to each type of benefit are clearly complex and many pathways will require big assumptions around magnitude of effect. Nonetheless, we believe this approach provides a powerful way forward for generating an approximate assessment of WSUP’s global impact.

Tying it all together

Useful M&E is complex and multi-functional: it needs to track outcomes and impacts of very different types at very different scales; to simultaneously meet the information requirements of on-the-ground programme management, strategic management, knowledge management and investors; and to work with standardised numerical metrics but at the same time to collect rich qualitative information which can capture issues that might otherwise be missed. Critical to achieving this are multidisciplinary skills sets present in WSUP’s teams.
5.6 Risk management

WSUP manages risk across its operations to minimise the likelihood and mitigate the impact of downside risk; it also seeks to utilise effectively opportunities presented by upside risk. WSUP maintains and develops risk management systems at various levels across the organisation to ensure that these objectives are achieved as effectively as possible. A detailed risk register is maintained and updated by the institution’s executive and regularly assessed and discussed with the Risk Committee, which is part of the organisation’s governance structure and a formal sub-committee of the Board.

The risk register defines the priorities and parameters for risk mitigation action across the organisation at strategic and operational levels and feeds into the establishment and development policies and procedures to manage risk. Compliance with UK law, including the UK Bribery Act, and other national laws is mandatory. WSUP has a zero tolerance policy for bribery and corruption and seeks to emulate international best practice in this regard, including requiring WSUP suppliers to adhere to standards defined in WSUP’s Business Ethics Policy.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Mitigation strategies</th>
</tr>
</thead>
</table>
| **Business Plan**                  |  • Business Plan does not achieve buy-in from more conservative actors who are not willing to engage;  
  • Failure to manage expectations of stakeholders arising from the Business Plan.       |
|                                   |  • Co-creation with key international partners;  
  • Keep close to local partners to optimise the potential for buy-in;  
  • Seek out like-minded organisations to work with.                                   |
| **Private Sector**                 |  • Private sector fails to engage due to perception of relatively weak investment returns;  
  • Insufficient social entrepreneurs engage in WASH;  
  • Limited access to credit for WASH investors.                                       |
|                                   |  • Early identification of potential private sector actors locally;  
  • Work with selected private sector actors and assist them to develop business plans;  
  • Help build capacity of selected private sector actors;  
  • Support and encourage public/private sector partnerships;  
  • Help develop credit options through IFIs, government and micro-finance institutions;  
  • Support development of key components of the enabling environment;  
  • Develop contingency plans.                                                       |
| **Regulatory & Enabling Environment** |  • Enabling environment – e.g. delegation of authority to utilities, tax regime or financing mechanism – does not change quickly enough to support delivery of the Business Plan;  
  • Decreasing national and regulatory commitment to water and sanitation.            |
|                                   |  • Focus effectively on advocacy at various levels of government;  
  • Build relationships and support like-minded organisations to develop constructive momentum;  
  • Support cross-learning from successful regulatory environments;  
  • Develop and widely publicise examples of success;  
  • Build and share the database of evidence.                                           |
| **Competitive Environment**        |  • External factors change more quickly than anticipated and leave the Business Plan out of date;  
  • Competition from other actors influences WSUP’s USP and impacts on WSUP’s ability to attract funding. |
|                                   |  • Retain flexibility in the Business Plan and do not make it too prescriptive;  
  • Welcome competition and work alongside it to remain ahead of the game;  
  • Work with key funding partners to respond appropriately to changes in their thinking. |
| **Governmental**                   |  • WASH is deprioritised in ODA due to emerging global issues such as migration or conflict;  
  • Donors agencies derail the strategy by imposing their own agendas.                 |
|                                   |  • Build and share the database of evidence on why investment in WASH is so crucial to long-term development;  
  • Advocate for improved living conditions in home countries to help mitigate pressures on migration;  
  • Stay close to funding partners and work with them to co-create mutually beneficial strategies and approaches. |
| **Political, Financial & Environmental** |  • Political or economic instability derails operations in core countries;  
  • Financial fraud, corruption or misappropriate of funds;  
  • Poor economic performance and/or high inflation in core countries.                 |
|                                   |  • Keep close to local partners to enable early decision making and flexibility;  
  • Maintain and implement contingency plans;  
  • Rigid adherence to business policies and procedures, including zero tolerance of corrupt practices. |
REFERENCES

iv. UN Habitat (2013) Streets as Public Spaces and Drivers of Urban Prosperity, p.84
vi. ibid
xii. UN-Water and WHO (2014), p.10
xiii. UN-Water and WHO (2014), p.6
xviii. ibid
xxii. UN-Water and WHO (2014), p.x
xxv. UN-Water and WHO (2014), p.9
xxvi. UN-Water and WHO (2010)
xxvii. UN-Water and WHO (2010), p.43
xxix. UN-Water and WHO (2014), p.49
xxxi. WHO and Unicef (2015), p.44
xxxiii. UN-Water and WHO (2014), p.38
APPENDIX: WSUP 2005-2015 - The first ten years

WSUP was established in 2005 as a not-for-profit company focused specifically on addressing the urban WASH challenge. We have been working since then to support urban WASH and now work through six core country programmes: Bangladesh, Ghana, Kenya, Madagascar, Mozambique and Zambia. Our approach has been, and continues to be, that we can achieve most impact by maintaining a long-term presence in a small group of countries, supporting urban WASH improvements locally and at the same time generating learning that can inform the sector internationally. In what follows, we focus on impacts achieved in our most recent Business Plan period, 2012-2015.*

1.1 WSUP’s impact 2012–2015

Beneficiaries to date

In December 2015 (three months before completion of 2012-2015 Business Plan), WSUP’s activities had impacted the following beneficiaries. Note that these beneficiary numbers are not always exclusive; some individuals may benefit from more than one of the intervention types.

- **2,224,655** New or improved water facility or service
- **1,048,363** New or improved sanitation facility/service
- **5,899,000** Exposure to hygiene education
- **1,325,991** Improved environmental sanitation

People with access to a new or improved facility as a direct result of a WSUP intervention. Also includes people with a new and significantly higher standard of service, for example with reduced collection time, increased service hours or better water quality.

People with access to a new or improved toilet facility (meeting JMP ‘improved’ definition) as a direct result of a WSUP intervention. Also includes people with a new or significantly improved emptying service supporting their facility.

Hygiene education messages are delivered in various ways including school campaigns, media campaigns, community events and festive events such as Global Handwashing Day.

People with a better standard of environmental sanitation due to a WSUP intervention. Examples include projects that prevent faecal sludge from entering the local environment or have reduced open defecation following a behaviour change initiative.

*Note that WSUP’s DFID grant 2012-2015, which mapped closely to our previous Business Plan and provided around 30% of its funding, has been given a no-cost extension to March 2016.
WSUP’s impact is not just about ‘numbers of beneficiaries’

Direct beneficiaries are important, but over the period 2012-2015 WSUP has worked intensively in the six core country programmes to improve the capacity of service providers, to support creation of an enabling environment for service delivery and to mobilise investment in water and sanitation.

**Total finance mobilised to date**

US $172,000,000

WSUP works to trigger investment by households, private sector businesses and by the government and public sector, and to influence major development bank WASH projects so that such projects target the poor more effectively. Over the period 2012-2015, we have mobilised a total of US $172m of investment. In terms of absolute amounts, the bulk of this is concessional funding influenced; but in terms of real impact on sustainable sector development, the smaller amounts mobilised in the other areas are equally significant. Mobilisation of finance remains core to WSUP’s approach, allowing us to significantly ‘multiply’ our impact.

We have likewise achieved major successes in terms of service provider capacity and enabling environment. The map on the right highlights just a few of these.

Independent evaluations have consistently supported WSUP’s approach

A 2015 evaluation of WSUP’s support to Lusaka Water & Sanitation Company in establishing a new FSM service for low-income consumers gave the project a highly positive assessment. The project received specific praise for displaying a strong understanding of the conditions needed to pave the way for the scale-up of innovative FSM services and for successfully utilising WSUP’s “advocacy from the inside” approach to influence key stakeholders. A 2014 evaluation of a project in peri-urban communities around Naivasha, Kenya, was similarly positive: here the evaluator noted that the responsive and context-sensitive approach adopted by WSUP had allowed project activities to adapt to a challenging operating environment. The positive outcomes that emerged were cited as “a testament to the value of this approach and the integrity with which it had been implemented.” During a 2013 mid-term DFAT review, WSUP’s programme ‘Sustaining and Scaling Pro-Poor Urban Water and Sanitation Services in Maputo’ received grades of ‘good quality’ or ‘very high quality’ for each of the five evaluation criteria (relevance, effectiveness, efficiency, sustainability and gender and disability inclusiveness). The WSUP team received particular praise for “effective mainstreaming of gender and disability inclusiveness throughout the programme.”
1.2 Where does WSUP stand in 2015?

WSUP has been working in its six core countries for between five and ten years and our work over this time has passed through distinct phases:

**Phases 1 and 2**
From its inception, the intended outcome of WSUP’s work has always been the adoption and replication of effective, sustainable and scalable models for pro-poor urban water and sanitation service delivery. Initial analysis focused on the role WSUP could play in shaping low-income urban WASH and conceptualising how private-public partnerships could make a positive contribution. There followed a period of testing and refinement of WSUP approaches, with a growing emphasis on the role of public service providers in meeting the needs of low-income consumers, and on the capacity development necessary to achieve this. This focus was sharpened by selecting programme countries and key models, explicitly acknowledging the potential for the private sector to contribute to the development of low-income WASH services in a financially sustainable manner.

**Phase 3**
Phase 3, which is nearing completion, marks the period in which continuing progress in meeting the objectives of WSUP has resulted in demonstrable and measurable success. Achievements in delivering improved WASH services to low-income consumers have been complemented by extensive capacity development of WSUP’s service provider partners (water utilities, municipalities and private sector actors). Other key steps forward during this time include: i) WSUP using its enhanced profile in the sector to partner with IFIs, taken by agreements in Zambia, Madagascar, Ghana and Kenya with the World Bank, European Investment Bank and Millennium Challenge Corporation; ii) WSUP’s six programme countries providing a unique space for partners to develop innovative market-based opportunities for low-income consumers in emerging markets; and iii) the wide-scale replication of successful service delivery models demonstrated by WSUP, water utilities and other leading actors in the sector.

**The state of progress in WSUP’s six core countries**
One fundamental piece of learning from the last decade has been the realisation that WSUP’s interventions in any given country follow a trajectory. Some of our programmes (e.g. Ghana) are at relatively early stages of intervention, whereas others have progressed much further along the track towards replication and scale-up. At more advanced stages in the trajectory (as seen in Madagascar and Mozambique), WSUP is increasingly less involved in direct service delivery and exploration of service delivery models, and is more focused on supporting, mentoring and guiding institutions to help them implement the expansion of services. This context-specific analysis has been a key consideration in developing the strategies contained in the present Business Plan.