

# Developing WASH Finance Strategies: A Guide

LAUNCH WEBINAR

15 September 2022  
11.00am Central European Time



# Agenda

Welcome and introduction: Dr. Patrick Moriarty, CEO of IRC and Chair of the SWA Steering Committee

Keynote – interview with Ministers

- Honorable Dr. Masuka, Minister of Lands, Agriculture, Fisheries Water and Rural Development, Zimbabwe
- Honorable Chiduwa, Deputy Minister of Finance, Zimbabwe

Presentation of the report by authors/contributors

- Dr. Guy Hutton, UNICEF
- Mr. Roberto Martin Hurtado, consultant
- Dr. Catarina Fonseca, consultant and IRC Associate

Country case studies

- Dr. Max John Wengawenga, Deputy Director of Planning, Ministry of Water and Sanitation, Malawi
- Mr. Roderick M. Planta, Assistant Secretary, National Economic Development Agency, The Philippines

Q&A and invited commentaries from partner agencies, moderated by Dr. Catarina Fonseca

Concluding remarks: Ms. Sareen Malik, African Civil Society Network on Water and Sanitation, and Vice-chair of the SWA Steering Committee



# Welcome and Introduction

**Dr. Patrick Moriarty**

**CEO of IRC**

**Chair of the SWA Steering Committee**

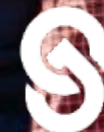


A group of children in a rural setting, with a teal overlay containing text. The children are standing outdoors, some looking towards the camera and others looking down. The background shows a stone wall and some trees. The teal overlay is semi-transparent and contains the title and names of the ministers.

# Interview with Ministers

Honorable Dr. Masuka, Minister of Lands, Agriculture, Fisheries Water and Rural Development, Zimbabwe

Honorable Chiduwa, Deputy Minister of Finance, Zimbabwe



SANITATION  
AND WATER  
FOR ALL

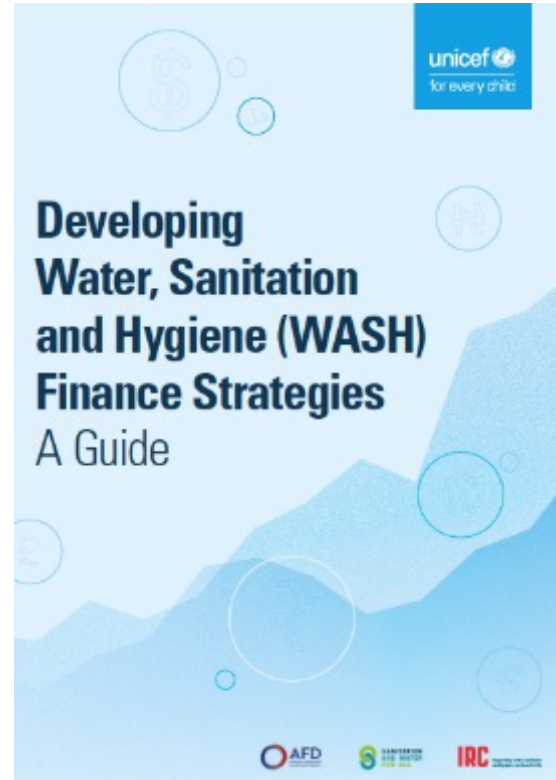
# Developing WASH Finance Strategies: A Guide

Guy Hutton, Roberto Martín  
Hurtado, Catarina Fonseca



# Structure of the Guide

- About this Document
- Part I. The Concept of WASH Finance Strategy
- Part II. The WASH Finance Strategy Process
- Part III. The WASH Finance Strategy Document



# About the Guide – Rationale and Main Users

- Closing the finance gap to achieve national and international WASH targets is a major ask
- WASH finance strategies can accelerate progress in closing the finance gap and achieving WASH targets
- The objective of the Guide is to support governments and WASH sector experts in promoting and facilitating the development of WASH Finance Strategies

**WASH-related ministries**

**Ministry of Finance**

**Regulators**

**Utilities**

**Representatives of civil society organizations**

**Experts from technical and financial partners**

# Part I. The Concept of WASH Finance Strategy

## Element of a strategy

### What is a WASH finance strategy?

- A **strategic document**, developed under government leadership in consultation with relevant stakeholders, that aims to ensure the financial sustainability of the WASH sector.
- The **process** of developing a WASH finance strategy promotes policy dialogue and facilitates consensus building, based on a strong analytical base.



Estimating the finance gap

- Costing sector targets
- Projecting financial flows



Assessing options to close the finance gap

- Managing costs
- Mobilizing additional finance



Recommending a policy package to close the finance gap

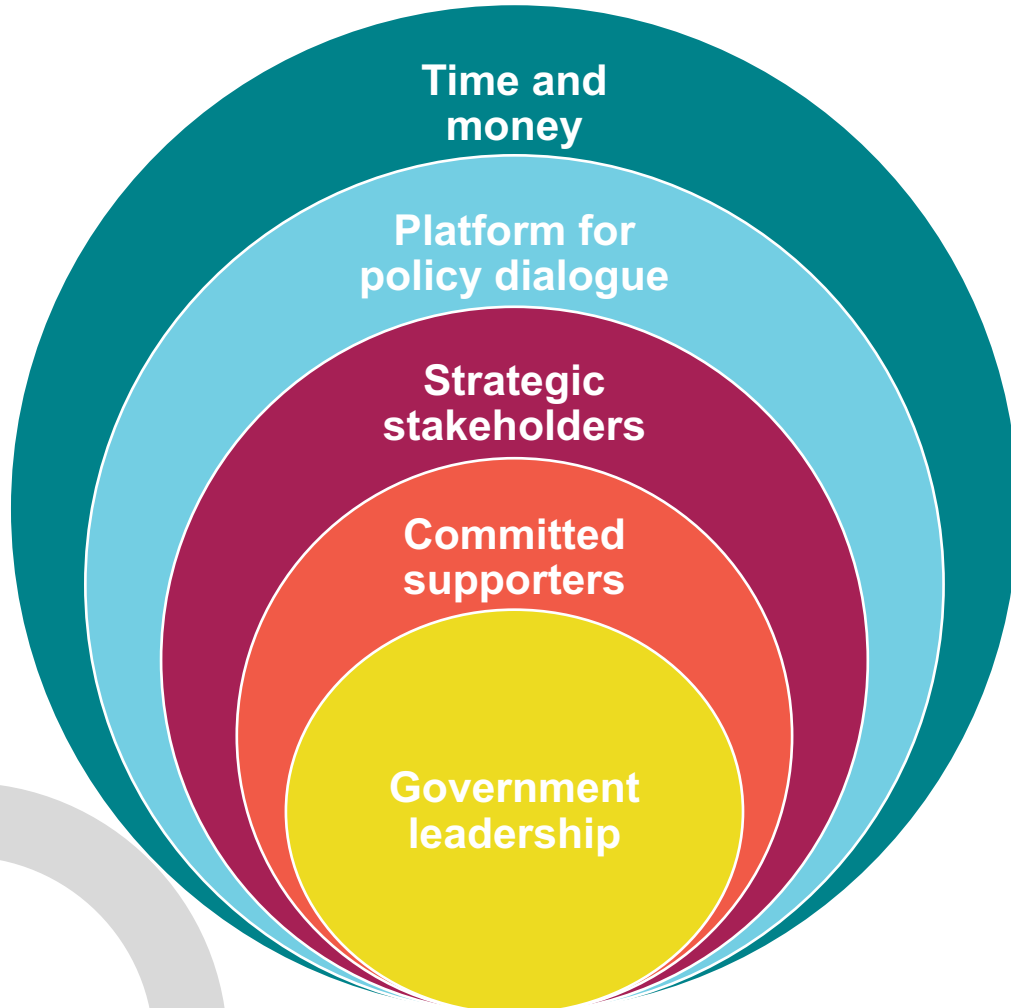
- Revised sector targets
- Policy reforms
- Institutional reforms



# What are the benefits of developing a WASH finance strategy?



# What does it take to develop a WASH finance strategy?



# When to develop a WASH finance strategy?



# Part II. The WASH Finance Strategy Process

## Phase 1. Conceptual and preparatory work

- Step 1. Develop a concept; set up a "Technical Committee" and secure funding
- Step 2. Establish a "Steering Committee"
- Step 3. Develop ToR and engage a team of analysts

[3-6 months]

## Phase 2. Analytical work and policy dialogue

- Step 4. Baseline report and meeting
- Step 5. Options report and meeting
- Step 6. Policy packages report and meeting
- Step 7. WASH Finance Strategy document and endorsement meeting

[6-12 months]

## Phase 3. Supporting implementation of recommendations

- Step 8. Disseminating the WASH Finance Strategy
- Step 9. Setting up a monitoring framework

[1-3 months]

# Part III. The WASH Finance Strategy Document

## Objectives and context

- Rationale, objectives and scope
- WASH governance, policy, and finance context
- Up-to-date review of sector performance

## The WASH finance gap

- Estimating the cost of achieving WASH sector targets
- Projecting WASH sector revenues (under current policies and financing trends)
- Assessing the finance gap

## Closing the finance gap

- Reducing the cost of achieving sector targets
- Increasing financial resources to pay for WASH expenditures

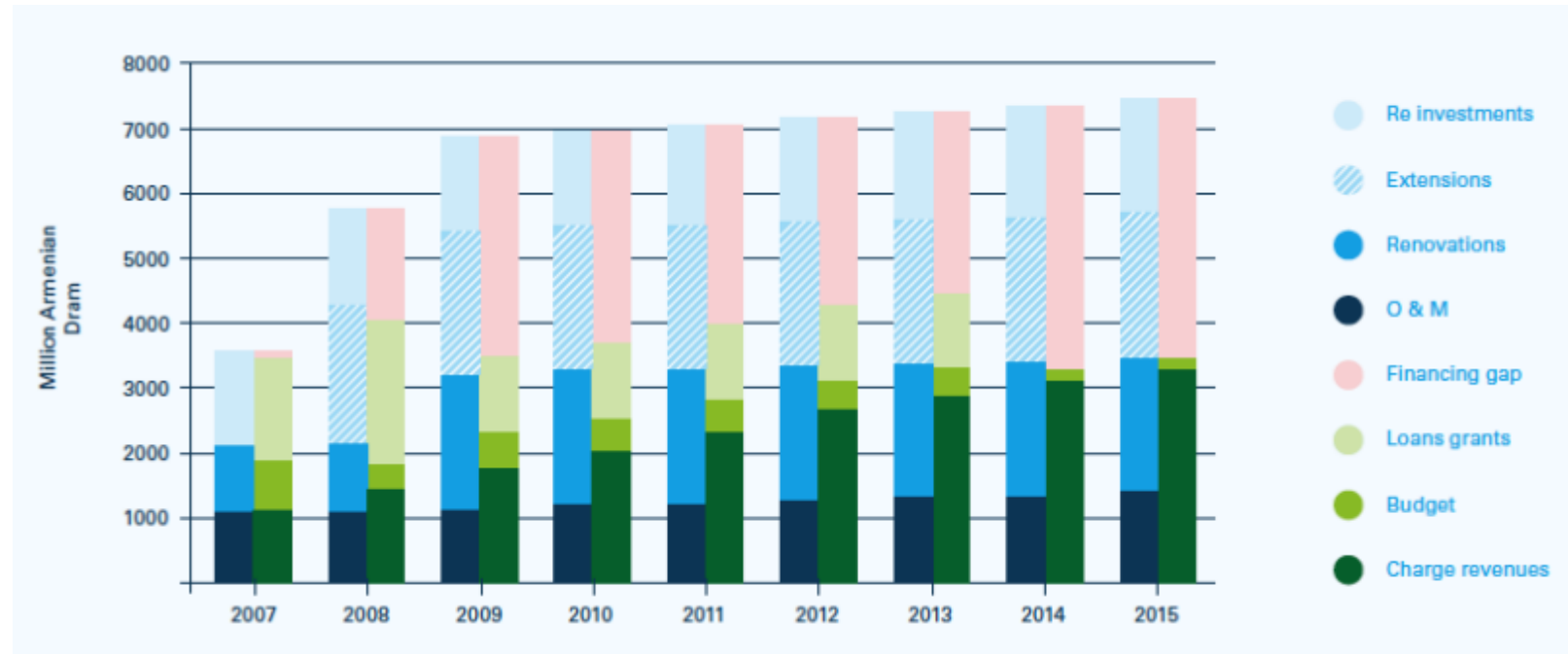
## Way forward

- Recommended policy package
- Implementation roadmap

# Estimating the finance gap

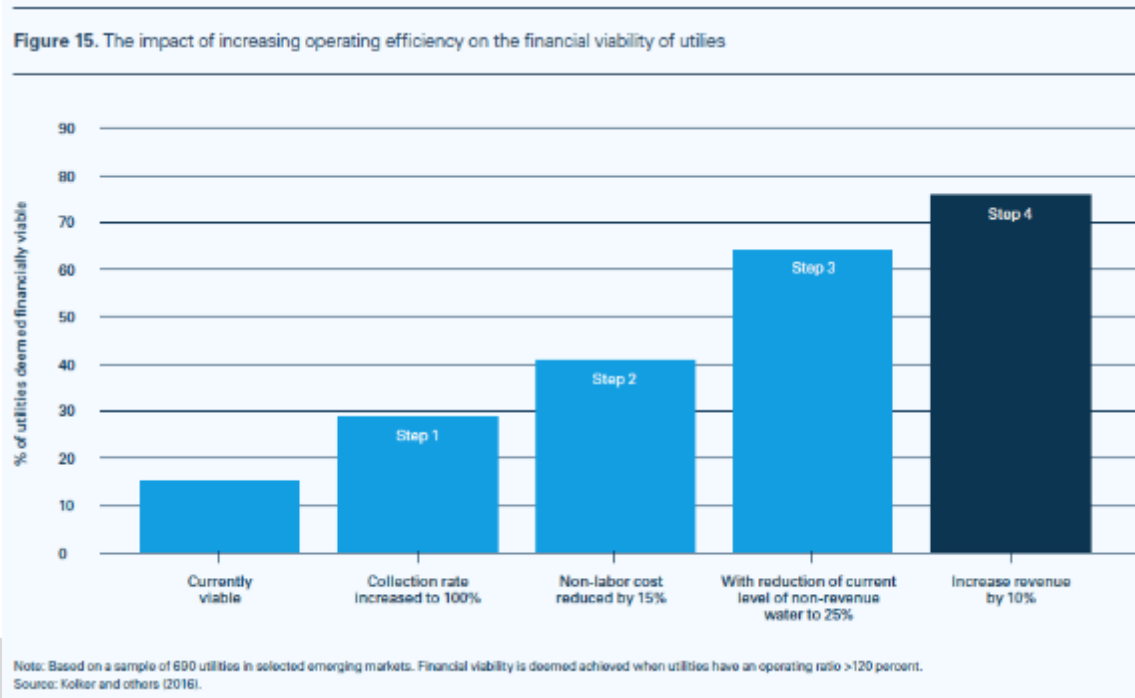
- The finance gap is a “policy concept”, it depends on policy definitions and decisions
- Estimate all required sector expenditures to achieve sector targets
- Project sector revenues, assuming current trends and no policy changes

Estimate of WASH finance gap in Armenia (2007-2015)

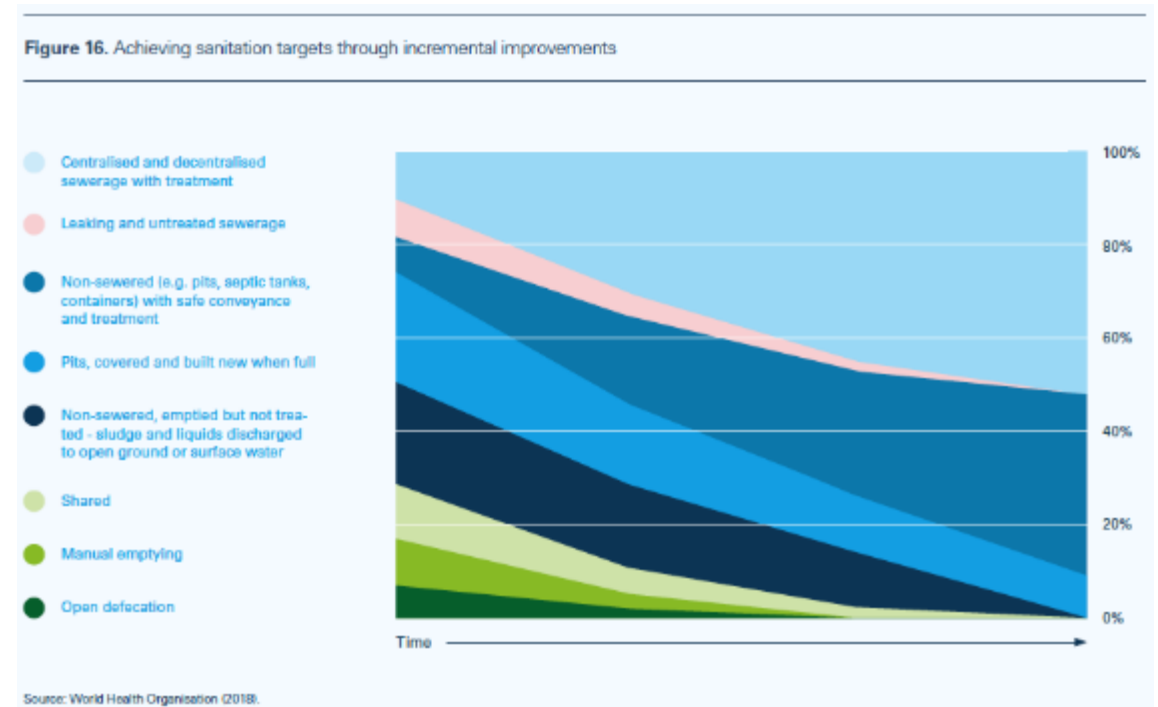


# Options for reducing the cost of achieving WASH sector targets

Improving the (operational and capital) efficiency of WASH expenditures



Reducing the ambition of WASH targets (service levels, timelines)



# Options to increase financial resources to pay for WASH expenditures

## Increasing contributions from users (“tariffs”)

- Reducing commercial losses; improving billing and collection systems
- Reforming tariff systems and adjusting tariff structures
- Reforming subsidies

## Increasing allocation of public budgets (“taxes”)

- Making the case for increased budgetary allocation
- Improving the quality of budget submissions
- Strengthening public financial management in the WASH sector

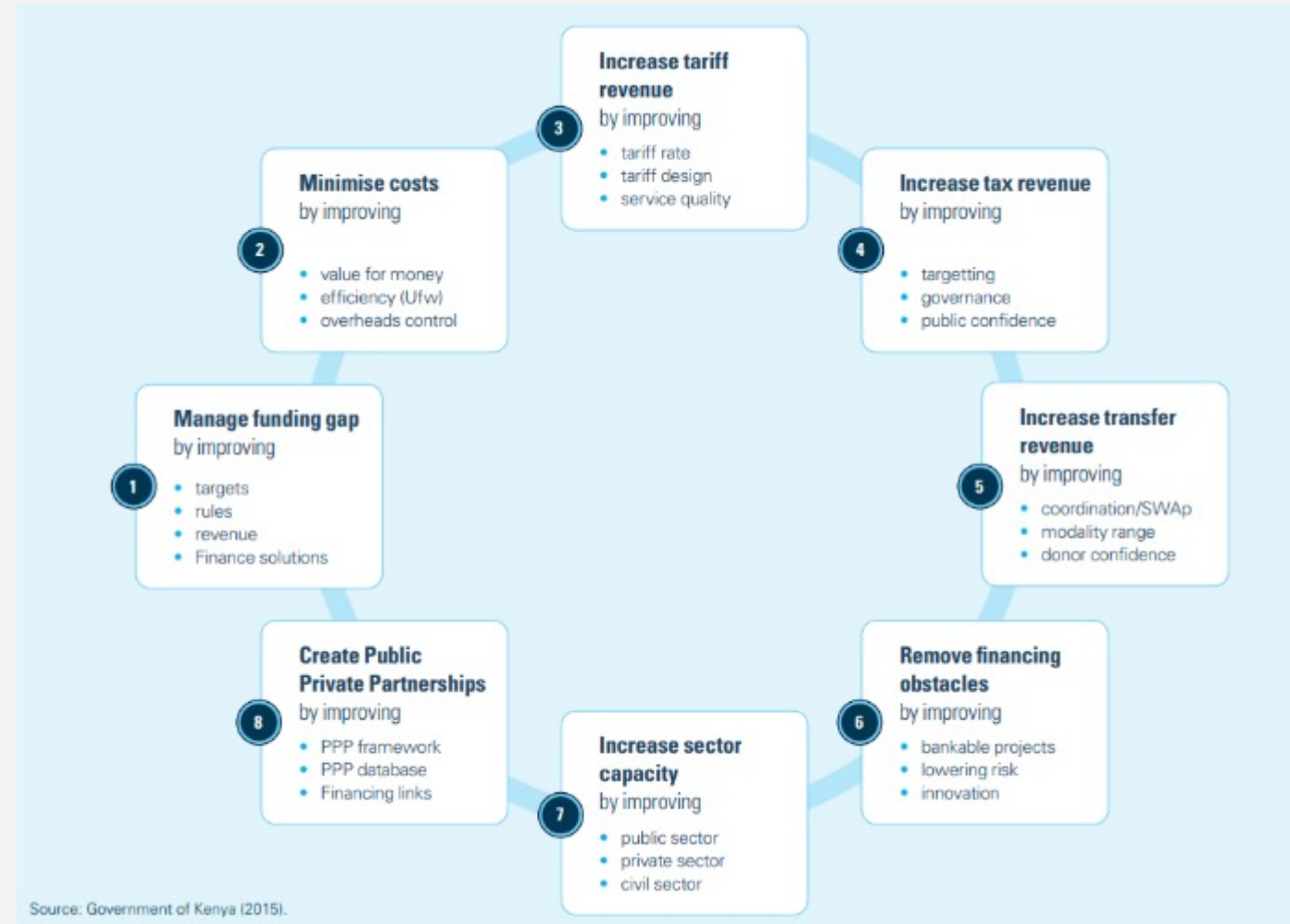
## Increasing grants from development partners and philanthropy (“transfers”)

- Mobilising funds from development partners
- Mobilising funds from vertical funds (e.g. climate)
- Mobilising funds from charities and private companies

## Increasing use of repayable finance (spend now, pay later)

- Increasing understanding of the sector by domestic financial institutions
- Improving the creditworthiness of service providers
- Developing a pipeline of bankable projects

# Eight-point sector finance strategy adopted in Kenya





# Way Forward -- Recommended policy package and implementation arrangements

## *Recommended policy package*

- Combination of policy actions that together as a package aim to ensure the financial sustainability of the WASH sector
- It may vary significantly from country to country

## *Implementation arrangements*

- Implementation roadmap (tasks, responsible agencies, timeline)
- Incentives
- Mechanism to monitor its implementation

The recommended policy package may include proposals for:

- Changes in WASH sector targets
- Implementation roadmap (tasks, responsible agencies, timeline)
- Incentives
- Mechanism to monitor its implementation
- Changes in tariff policies
- Changes in central budget allocations to WASH
- Changes in intra-sectoral allocation of financial resources
- Realignment of development partners' support
- Prioritizing support for certain programmes
- Increasing the use of repayable finance
- Institutional reforms
- Capacity development activities



**MALAWI**

**Dr. Max John Wengawenga,  
Deputy Director of  
Planning, Ministry of Water  
and Sanitation**



**SANITATION  
AND WATER  
FOR ALL**



**The PHILIPPINES**  
**Mr. Roderick M. Planta,**  
**Assistant Secretary,**  
**National Economic**  
**Development Agency**





**Q&A and invited  
commentaries from  
partner agencies**

*Dr. Catarina Fonseca*



# Concluding remarks

**Ms. Sareen Malik**  
**African Civil Society Network**  
**on Water and Sanitation**  
**Vice-chair of the SWA**  
**Steering Committee**