



UK Department for International Development

Water & Sanitation for the Urban Poor

Six Month Report, July 2015

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Glossary

AdeM	Águas de Moçambique
AfDB	African Development Bank
AfWA	African Water Association
AIAS	National Water and Sanitation Board, Mozambique
AWW	African Water Week
BMGF	Bill & Melinda Gates Foundation
CBO	Community Based Organisation
CLTS	Community Led Total Sanitation
CMM	Maputo Municipal Council
CRA	Conselho de Regulação de Águas
DEWATTS	Decentralized Wastewater Treatment Systems
DFAT	Australian Department for Foreign Affairs and Trade
DWASA	Dhaka Water & Sewerage Authority
LIC	Low income consumer
EIAs	Environmental Impact Assessments
EIB	European Investment Bank
FIPAG	Fundo de Investimento e Património de Abastecimento de Água (Asset owner, Mozambique)
FSM	Faecal sludge management
GAMA	Greater Accra Metropolitan Area (GAMA) Sanitation and Water Project for Ghana
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GoG	Government of Ghana
GPOBA	Global Partnership for Output Based Aid
GWCL	Ghana Water Company Limited
ICDDR-B	International Centre for Diarrhoeal Disease Research, Bangladesh
IRC	Dutch water policy and research institute
JIRAMA	Jiro sy rano Malagasy (Water utility, Madagascar)
JPAL	The Abdul Latif Jameel Poverty Action Lab
JSDF	Japanese Social Development Fund
KMA	Kumasi Metropolitan Assembly
KPI	Key performance indicator
KWT	Kanyama Water Trust
LCC	Lusaka City Council
LIAs	Low Income Areas
LICs	Low Income Consumers
LSHTM	London School of Hygiene & Tropical Medicine
LWSC	Lusaka Water & Sewerage Company
MAs	Metropolitan Assemblies / Authorities
MCA-Z	Millennium Challenge Account – Zambia
MCC	Millennium Challenge Corporation
MFI	Multilateral Finance Institutions
MoU	Memorandum of Understanding
MOWASCO	Mombasa Water & Sanitation Company
MSc	Masters Module
NCWSC	Nairobi City Water & Sewerage Company
NRW	Non-revenue Water
NWASCO	The National Water Supply and Sanitation Council, Zambia
PASS	Dutch funded PPP project in Accra – WSUP led
PHAST	Participatory Hygiene and Sanitation Transformation
PSAs	Professional Service Agreements
PSD	Private Sector Department
PSI	Population Services International
RED	Research & Evidence Division

RF2	Rafitra Fikojana ny Rano sy ny Fahadiovana – a CBO approach in Madagascar
TCCAF	The Coca Cola Africa Foundation
UCL	University College London
UNC	University of North Carolina
USAID	United States Agency for Development
USD	United States Dollar
VEI	Vitens Evides International
WASH	Water, sanitation and hygiene
WASREB	Water Services Regulatory Board, Kenya
WB	World Bank
WEDC	Water, Engineering and Development Centre, Loughborough University
WSP	Water & Sanitation Program, World Bank

1. PROGRAMME DESCRIPTION

<p>Programme name: Water & Sanitation for the Urban Poor (WSUP) Countries: Bangladesh, Ghana, Kenya, Madagascar, Mozambique, Zambia Grant amount: £14.9m Start date: 7th December 2012 End date: 31st March 2016 Total number of people benefiting: 3.9 million direct; 12.5 million indirect Target number of people for 2014/15: 1,340,600 million people direct Average subsidy per person: £8.10 per person direct; £2.60 per indirect Spend to Date: £2.80 million in the last six months; £11.56 million from inception</p>
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Rapid urbanisation in Africa and Asia means that since 1990 an estimated 171 million more people are living in slum conditions in the developing world. This is a growing problem with, for example, Africa's urban population predicted to triple to 1.23 billion people by 2050. Governments and utilities are proving unable to expand their water and sanitation systems fast enough to respond to this increasing consumer need. This is due to a complex web of constraints such as limited finances, lack of property rights and outdated laws. Without new models for the water and sanitation sector that can deliver at scale, an unacceptably large number of people living in slums will continue to remain without access to the most basic services.

This programme targets the adoption and replication of effective urban water, sanitation and hygiene (WASH) models (developed by WSUP under this programme) by international finance institutions and WASH service providers, as well as the implementation of a comprehensive programme of research, publications and communications aimed at informing and influencing the international water and sanitation sector.

The programme aims to mobilise additional finance and to influence the design and delivery of large scale investment programmes, increasing the probability that large scale investments being made by Multilateral Financial Institutions (MFIs) and development banks are more effective at addressing the needs of low income consumers, thereby maximising bilateral development partners' investment in these organisations.

The programme has four core outcomes:

- (1)** Models of urban WASH service delivery for the urban poor delivering improved services at scale;
- (2)** Service provider capacity and institutional frameworks to sustain improvement processes strengthened;
- (3)** City wide investment mobilised and/or better targeted to deliver sustainable services for people living in low income communities;
- (4)** Learning, research, evidence and analysis documented and disseminated to the international WASH sector, informing the design and delivery of large scale investment programmes.

The Programme will improve access to water, sanitation and hygiene services for 16.5 million people – 3.9 million people directly through WSUP interventions and an estimated 12.5 million people indirectly through improved capacity and institutional frameworks as a result of the WSUP Programme.

WSUP is a not-for-profit partnership between the private companies Unilever, Thames Water, Vitens Evides International (VEI) and Borealis & Borouge; the NGOs WaterAid and Care, and; the research institution Cranfield University.

2. OVERVIEW OF THE REPORTING PERIOD

i. Progress and achievements

Progress to date in Year 3 has been strong in many areas as the programme continues to deliver improved water and sanitation to low income consumers living in towns and cities in six African and Asian countries. The achievement of these results through direct implementation has been complemented by extensive capability and capacity development of WSUP service provider partners (water utilities, municipalities and the private sector) which is yielding institutional change and improved responsiveness from these main public sector organisations.

WSUP's extensive learning and research work continues to grow and have increasing reach and impact. The launch of the Public Finance for WASH initiative with IRC WASH and Tremolet Consulting marks a stronger focus on understanding and mobilising domestic resources for WASH and development more widely. A brief research dissemination plan is provided under Section 3 which sets out plans for the dissemination of research findings from five research projects. Linked to this has been an increased focus on rolling out a tailored MSc module to train a cadre of young professionals trained in pro-poor WASH approaches in the six target countries, with training provided in Ghana in this reporting period.

WSUP has also undertaken a considerable review and repositioning of its Theory of Change and linked to this a strengthening of its monitoring and evaluation framework as part of a new business planning cycle. This has included engagement with PwC and others on appropriate monitoring frameworks and impact assessment tools to pilot as part of the programme.

The Clean Team business in Ghana continues to expand customer numbers with month on month growth in the customer base over the reporting period combining with the business understanding its cost base and revenue structure better. The profit per customer is moving closer to optimization as a result of a more customer focused business model, greater operational cost control and enhanced sales strategy – this overall trend is moving the business toward (and closer to) eventual breakeven point.

The overall programme continues to face a number of challenges in relation to assessing capacity development and institutional influencing as well as delivering against the mobilising finance targets in the programme – more detail is provided in Section 3 along with a projection for final achievements.

The intended outcome of WSUP's work is the adoption and replication of effective, sustainable and scalable models of pro-poor urban water and sanitation services by a range of actors in the WASH sector. This replication and adoption is a vital part of WSUP's theory of change and a key route to impact – WSUP is a relatively small organisation and the challenge of urban WASH continues to grow at an alarming pace. After two and a half years of intensive implementation, backed by eight years of partnerships, WSUP is seeing this process of adoption and replication occurring at all levels in the sector; notably with partner water utilities and municipalities as well as other leading actors in the water and sanitation sector.

ii. Challenges and disappointments

- Challenges identified in previous reporting periods related to securing land and land tenure, slow response times from service provider partners and the impact of large scale investment projects on water utility capacity and capabilities, as well as a lack of coordination between development agencies continue to impact delivery of the work on the ground. Each case has a different context and the response by the programme has to be tailored to reflect this reality.
- The overall pace of progress in Ghana continues to be slower than expected due to complex political and institutional arrangements in water supply, the limited pace of reform and rampant inflation. This is related to the Ghanaian Cedi depreciating significantly against the British Pound – in February 2014 £1 = 3.99 Cedis; by the end of June 2015 this was £1 = 6 Cedis – a depreciation of 150%. This is being compounded by energy shortages – an issue that is affecting Zambia as well.

- Overall, the programme has not performed as expected against the logical framework targets relating to mobilising finance in the last two reporting periods and WSUP has been working to forecast expected final achievements against the planned targets. The programme expects to mobilise a total of **\$182.35M** of finance by the end of implementation – c.**80%** of the logical framework target.

iii. Context

The main contextual factor influencing the programme is the political environment, which impacted implementation in some programme countries in previous reporting periods. In contrast the most recent period has been one characterized by relative calm and stability in the various countries where operate. The continued instability in Kenya, in particular Mombasa (a WSUP programme city) and Nairobi, has been a cause for concern and is monitored regularly to assess potential impact on staff security and programme implementation. As outlined above, the currency depreciation and rampant local inflation in Ghana is affecting the programme.

There are no major additions to relevant literature or data which would impact on WSUP's theory of change.

3. LOGFRAME OUTPUTS

Output 1. Demonstrated models of urban WASH service delivery for the urban poor. Programmes delivering service improvements to a representative population of urban poor in each town/city, demonstrating strong local ownership and informing city wide water and sanitation strategy.

Progress against plans under Strategic Objective 1 has continued to be strong over the course of the first six months of the final year of implementation. WSUP believes it is on-track to deliver on overall targets for the business case. As with previous periods, there is growing evidence that service delivery models are being adopted and replicated by service provider partners; in addition they are increasingly being included in the investment plans of the MFIs following WSUP's recommendations. Key areas of adoption are **low income consumer water supply models, non-revenue water (NRW) reduction, positive community engagement, delegated management of services and the delivery of LIC focused faecal sludge management (FSM) services.**

A detailed re-forecast of expected beneficiaries to date has been completed and WSUP expects to achieve, and in many cases exceed, the targets set out under Output 1 by March 2016.

a) Improved water services

The programmes delivered improved water services to LICs with an additional **296,922 people reached** in the last reporting period, equivalent to **50%** of the annual logical framework milestone for Year 3.

This is a factor of people with improved access or new access as a result of infrastructure / facilities / connections as well as improvements in the quantity, quality and price of water being delivered to low income consumers.

This can be broken down to:

- **100,333** women, girls, men and boys with new access to facilities
- **196,589** women, girls, men and boys with improved service quality

This brings the total achievement to date to **1,181,995 people** reached or **84.4%** of the overall programme target of 1.4M people reached with improved water services.

After two and half years of intensive programme activity in all countries, strong results are being seen as the impact of improved capacity and institutional frameworks create the conditions in which service providers can deliver sustainable services to consumers.

The focal point for WSUP's engagement is specialist low income service provision units¹ in the utilities. Support, resources and technical assistance is targeted at these units with the aim of improving access and service levels for people living in low income areas. Where these units have not existed, WSUP has worked with the utility to assess and analyse the opportunity to establish a unit, develop a pro-poor strategy and operational plans and access the resources to extend services. Units are now in place in all of WSUP's focus countries. These strategies and plans are also an opportunity to work with the utility to understand and respond to the challenge of on-site sanitation, including FSM operations, something that WSUP has successfully achieved in Zambia, Bangladesh and Kenya.

WSUP's approach is then to work with the units and communities to identify the most appropriate water service delivery option (water kiosk, shared connections, pre-paid dispensers, household connections)

¹ These go by a range of across the countries but the principle is the same: Informal Settlements Department (Kenya); Low Income Consumer Unit (Bangladesh); Peri-Urban Department (Zambia)

including the most effective operation and management option and, where appropriate, financial modelling to understand the financial sustainability of the services provided.

The programmes then use the strong partnerships in place to develop contracts with the utilities to deliver a range of approaches and service options, often in the same geographic area, with implementation being led by the staff of the utility where possible. This is a method that builds the capabilities and capacity of the utility and dovetails with specific targeted capacity development delivered under strategic objective 2.

A critical learning for WSUP over the last eight years of implementation has been to understand the key business drivers for the utilities and to demonstrate to the service provider that extending services to low income areas can have a cash positive impact on their business bottom lines and be a critical and valuable part of the customer base. Where this has been achieved (Madagascar, Kenya and Zambia are notable examples), WSUP has seen the engagement of the utility improve – but this is a gradual process of change and this is achieved through direct implementation and demonstrating that services can be delivered at scale across a town or city.

A critical challenge that WSUP has experienced throughout the course of the programme to date has been to ensure that senior management in the utility do not see the low income unit as the ‘end’ in itself – i.e. that having a unit with some staff and some resources is sufficient to address the issue. This is a common issue WSUP has seen across the portfolio of programmes with units at times poorly staffed in terms of numbers and capabilities of the staff and with very little budget. In this instance, making the business case to senior management that investment in low income areas is a viable commercial option becomes more critical; this also strengthens the case for the units to be appropriately staffed. WSUP has used the annual Masterclass event (see Strategic Objective 4 below for a write up of this year’s Masterclass) to raise this issue with service provider partners, with a key reflection that utilities over time need to consider how to mainstream low income service provision across all business units and embed approaches into core business activities. WSUP has produced a publication on this entitled - [Stand-alone unit or mainstreamed responsibility?](#)

Some examples of activities and results delivered in the last reporting period include:

Bangladesh

- The partnership with Dhaka WASA continues to deliver improved services for low income consumer with community water points being constructed and rehabilitated, funds being mobilised from communities for new investments, payment of bill arrears (negotiated with DWASA and phased over time) and testing and improvement of water quality.
- WSUP’s initiative to establish the LIC unit in Dhaka WASA and to support it under this programme is now having a wider impact as other stakeholders are channelling support through the unit. UNICEF has now committed an additional £90,000 for further service improvements and additional support is being channelled by other development partners. As a result, a total of 312 community water points have been constructed or rehabilitated in the last quarter of the reporting period alone, serving an estimated 20,000 people.
- In addition, a programme of pipe laying work in five slums has been completed facilitating access for improved water services for 42,500 people from new service lines. Dhaka WASA has now requested support with the development of a management system of all facilities under operation by CBOs and NGOs, and WSUP is working to develop these.

Madagascar

- Large scale, city wide implementation of the water supply component continues in Antananarivo, with the partnership with JIRAMA and commune administrations delivering scale and impact across the city.
- The programme has expanded the range of service delivery options from an initial focus on water kiosks to promoting household connections in the communities. A total of 260 water kiosks have been completed to date with a further 80 awaiting connection and a pipeline of 138 households ready for the next round of implementation.

- A total of 128 water facilities are complete, with some awaiting connection to the water supply and final water quality testing. The programme has established Water User Associations (WUAs) – SME type structures that operate under contract from the Communes and JIRAMA to provide services.
- The programme has also expanded to a secondary city – Mahajanga – with initial piloting of water kiosks and non-revenue water reduction work being undertaken with a view to expansion of activities in this secondary two planned under the new WSUP Madagascar Business Plan for 2016 – 2020.

b) Improved sanitation services:

Progress in implementing improvements in sanitation (new / improved access, improved access to FSM services and improved FSM capacity) continued to make good progress with an additional **169,798 people reached** in the last reporting period – **43.5%** of the annual logical framework milestone for Year 3.

This can be disaggregated to **153,260 people** with new / improved access to a sanitation facility and **16,538 people** with access to an improved FSM service - a measurement of actual provider capacity to deliver a service based on usage data.

This brings the total achievement to date to **590,820 people** reached or **84.4%** of the overall programme target of 700,000 people reached with improved sanitation services.

As outlined in previous reports, WSUP’s work in sanitation is focused on developing **pragmatic and step-wise responses** to the political, economic and institutional realities found in the towns and cities. This is based on a belief that in most urban areas – particularly in informal settlements – the socio-economic, population density and water supply context today does not allow for most citizens to connect to traditional, and much aspired to (often by national government), waterborne sewerage. Instead, on-site and / or alternative off-site sanitation (e.g. simplified sewers) services and infrastructure are necessary immediate investments to serve current needs.

However, when pitched as “final solutions”, these meet significant resistance by local service providers and politicians. Instead, these should be designed and implemented in a way that would allow for potential upgrading to the aspirational sewerage systems seen in “developed” cities if and when conditions are right. WSUP sees urban sanitation services through the lens of a complex and at times non-linear “Excreta Management Ladder” which allows cities to appropriately serve current needs while aspiring to become modern cities of the future.

The focus of WSUP’s work in sanitation across the programmes is targeted at addressing barriers across the whole sanitation value chain, with each programme identifying key barriers relevant to their context and working with both the public and private sectors to develop appropriate responses.

The delivery of the sanitation component of the programme has faced many of the same challenges the wider sector faces when designing and delivering approaches that will improve access and usage of sanitation facilities and services. Key issues the programmes are working to address include demand creation for sanitation products and services, how to build sustainable market based solutions and SME responses to the sanitation challenge and how to ensure the services providers and institutions with the mandate to provide services have the right incentives, capabilities and capacities to provide for all citizens.

WSUP’s programming in response to these challenges is to focus on city wide scale and replicability and to develop joint scopes of work with mandated service providers to build their capacity to deliver approaches. As a result, the programmes deliver a range of sanitation options including household, shared and communal sanitation services. These are complemented by a strong focus on developing sustainable faecal sludge management services which operate on a financially viable basis where possible.

Critically, providing effective FSM services includes developing private operators and SMEs to deliver these services, utilising private sector expertise in branding and marketing to build stronger value propositions, as well as working with public sector to understand the role the private sector can play. The key link is often

ensuring the right incentives exist for SME participation as well as the right contracts and an appropriate level of regulation is in place. All of WSUP programmes are doing pioneering work in the area of FSM with activities in all of the countries underway and delivering results and with learning providing rich information and evidence for the wider sector to learn from.

The programmes in Zambia and Kenya have developed new latrine designs and promote these in conjunction with FSM services to address the fact that the majority of existing latrines (and latrine designs currently promoted) have poor accessibility for FSM services. As a result, latrines have to be partially broken to extract waste – an environmental issue but also a process that slows productivity of an FSM service being delivered, something that ultimately effects the financial viability of the service. Linked to this has been the focus on seeking to develop commercially viable businesses (like Clean Team) that *could*, if the business model can be developed and refined and the cost base and underlying business drivers understood, be a viable business option that could be replicated and scaled in towns and cities across Africa and Asia.

A detailed explanation of achievements from Bangladesh and Ghana are provided below (further detailed information from the other four countries is available upon request but is too extensive to set out here):

Bangladesh

- The WSUP programme has successfully engaged Dhaka WASA on the issue of FSM resulting in Dhaka WASA accepting responsibility and taking action on providing services in low income areas. Dhaka WASA and Dhaka City Corporation have been locked in discussions for over 10 years on where the responsibility for FSM sits within the mandates and operations and WSUP's programme has created an opportunity and precedent to help unlock these discussions and move service delivery forward in just over two years.
- The programme started by developing a detailed financial analysis and plan for two wards in Mirpur which considered a mix of services to be delivered – both on-site and offsite sanitation. The plan engaged Dhaka WASA and WSUP worked with them to present a range of contract modalities that could be used to contract FSM services to the private sector and facilitate market entry.
- A lease model has been selected with medium scale entrepreneurs leasing equipment from Dhaka WASA to provide FSM services and the programme supported two operators to agree and sign contracts with Dhaka WASA following a tendering and procurement process. Operations have now been underway for around 4 months and the programme has developed a monitoring framework, fitted GPS trackers and is supporting the promotion of the service by Dhaka WASA and the operators. The programme has supported the development of the "SWEEP" brand for the Dhaka WASA, a brand under which the private operator provides services.
- Dhaka WASA is now in discussions with other funding partners (World Bank; UNICEF) to access more equipment to roll out the service on a wider scale under the "SWEEP" brand. Furthermore, the World Bank is in discussion with WSUP and model contracts have been shared with the Bank as they consider how to roll out this model in other cities in Bangladesh and Colombo, Sri Lanka.
- This is a good example of how WSUP has facilitated pragmatic and solution focused responses to complex challenges faced in cities, working with a range of intuitions to clarify mandates and agree practical ways to provide people with services. WSUP's ability to harness skills and expertise from a range of sectors as well as its valued partnerships with Dhaka WASA and other institutions has ensured a positive outcome and opportunities to replicate this model in the wider sector.
- Linked to this, WSUP has been fostering the local private sector to promote enterprise development in the supply chain of sanitation products and services. The goal of this work is to commercialise sanitation products being offered by suppliers – one in Bangladesh, one in Thailand, one in Ghana and one in the US - by way of a distribution-focused social enterprise focused on the low-income residential market in urban Bangladesh. This proposed new business would come in between the technology, customers and potentially financing partners, to increase awareness, understanding and uptake of new FSM technologies and practices in slums.

- A recent stakeholder engagement process led to the realisation that PRAN-RFL, one of the largest plastics manufacturers in Bangladesh, has introduced a prefab plastic septic tank at less than 40% of the cost of the existing septic tank the programme has considered.
- The initial product offered by the social enterprise would be a prefabricated septic tank, which is advantageous to residents compared to septic tanks built by informal masons for three reasons: 1.) It's cheaper upfront because of mass manufacturing, 2.) It is cheaper over time, because they are actually designed to facilitate waste reduction/digestion and therefore prolong emptying cycles and the resultant costs incurred and 3.) They could potentially be provided on an instalment basis, either through a third-party MFI, or directly by the manufacturer, or through WSUP itself.
- Next steps will be a technical pilot of products to evaluate them against manufacturers' claims as well as how Bangladeshi low-income urban users interact with them and to identify the most appropriate technology to prioritize in a commercial pilot to be run later in the year.

Ghana

Below is an infographic representing WSUP's focus on compound sanitation in Kumasi and Accra which addresses demand and supply components of delivering sanitation services as well as the regulatory and policy context in which those services can be delivered. Progress over the last reporting period has been of a start-up nature but these activities are expected to begin to have an impact in the remaining programme period.

A TOILET IN EVERY COMPOUND



Better enforcement by local government

Better trained, motivated & respected sanitation officers supporting landlords & tenants through an empathetic enforcement management model & stronger mandate leading to increased demand for toilets

Advocacy by traditional leaders

Placing traditional community & natural leaders, & community organizations (with emphasis on women's organisations) in the prime position of advocating for toilets in communities

Monitoring-learning-adapting

Evidence-based decision-making process adopted through a strong process of monitoring-learning-adapting, allowing for regularly evaluating the success & failure of innovative approaches

Support local governments in providing technical & business training & certification to local businesses to increase the quality of toilets provided & strengthen interested businesses

Trained & certified businesses

Women, children, the disabled & elderly bare the brunt of the lack of sanitation at home, risking anywhere from discomfort to risk of physical attack; all activities will ensure the desires & needs of the vulnerable are better heard & addressed



Giving the vulnerable a voice

Better investment environment created by innovative & better financed local governments

In line with financing of SDGs, collection of internally generated funds (e.g. property tax) strengthened to support increased local government investment in activities necessary for mobilising household finance for compound sanitation



Better product offerings & reach through private sector support



Targeted marketing

Training businesses, community-based male/female toilet sales agents on better marketing & targeting of customers through such activities as community 'dunbars', fliers, radio spots, etc.

Appropriate imported products

Supporting local importers/ distributors & international manufacturers to introduce new, affordable & low-flush products into the market through such activities as exhibiting new products in national exhibitions

Improved distribution

Working with local manufacturers of appropriate toilets (e.g. Duraplast, Biofil, Enviroloo) to improve their distribution networks within the target communities

Customer-focused products

Working with private-sector stakeholders to introduce desirable, affordable & safe water-based toilets that require minimal amounts of water for flushing

Financing toilets

Offering different types of finance by working with the private sector (e.g. banks, MFIs, & construction businesses), & with local government to create revolving funds accessible to the private sector

c) Improved hygiene knowledge

All programmes have delivered results in the last six months as several large hygiene programmes continue, many in partnership with Unilever. A total **646,878 people participated in hygiene promotion campaigns** – 161% of the annual logical framework milestone for Year 3. It is estimated that **452,814 (70%)** of those contacted by the campaigns retains knowledge of hygiene messaging.

This brings the total achievement to date to **4.7M people** reached or **over four times** the overall programme target of 1.1M people reached with improved sanitation services.

As outlined in previous reports, this is mainly the result of city and national scale implementation of hygiene awareness campaigns through the continuation of partnering with Unilever in School of Five campaigns in Ghana, Bangladesh and Kenya (though not all results above are linked to the Unilever Partnership), as well as working with the Ministry of Health in Zambia. The partnership with Unilever is proving to be an effective channel through which to deliver significant reach in terms of numbers and scale as it is relatively low cost per contact (often £0.30p per person) and is based on a robust methodology and approach. As a result, campaigns tend to be significant in scale and reach.

The achievement of these numbers does skew the analysis of WSUP's progress against overall Outcome Indicator 1 as the current position suggests that WSUP has over achieved its Year 2 Logical Framework milestone target by over 2 million people – the same number as has been reached by the hygiene programme across the six countries. One key learning for WSUP in future planning is deeper assessment and analysis of rates of sustained behaviour change, as well as the recognition that programming should be focused on multiple and sustained implementation over a period of time to achieve this.

An example of the WSUP programmes working with public health institutions to deliver hygiene messaging in Madagascar is set out below (further detailed information from the other four countries is available upon request but is too extensive to set out here):

Madagascar

- The Central Urban Commune (CUA) has been undertaking an extensive campaign of sensitising all households in the city to the newly developed Hygiene Code – the main public health code that governs environmental health and hygiene. This is being achieved through undertaking household visits, the development and delivery of information setting out compliance issues and associated penalties for businesses, landlords and householders. Activities are being delivered in partnership with the Department of Public Health (DSP), the BMH (Department of Water & Sanitation in the CUA) and the President of the Union of Cooperatives of Urban Transport (UCTU). The programme has been working with Commune administrators to translate the Hygiene Code, with the CUA and three other Communes developing specific codes for ratification at the municipal council level.
- The programme has tried to use alternative and innovative dissemination channels including working with 70 transport cooperatives (operating 1,500 public transport vehicles that transport about 400 passengers each per day) to provide stickers and posters to promote the Hygiene Code.
- Posters on the three key WASH messages were also used in 300 schools identified by the municipalities (CUA and peripheral municipalities) to educate students and encourage them to educate their peers. Following the CUA initiative, Anosizato Commune has established their Hygiene Code that was validated by their Municipal Council.
- Anecdotal evidence of the outcome of these activities in the communities have been: clean family latrines and surroundings; solid waste not disposed into drainage canals; use of drinking water and clean containers by children; participation in collective cleaning operations; hand washing with soap practice by students; use of clean containers to carry water; use of clean utensils at small local shops and restaurants. These outcomes will be confirmed through more formal surveys and evaluation processes at the end of the programme.

d) Environmental sanitation

The delivery of improved environmental sanitation has continued to see strong results with **158,784 people reached** in the year – **60%** of the of the annual logical framework milestone for Year 2.

This brings the total achievement to date to **1.18M people** reached or **148%** the overall programme target of 795,000 people reached with improved sanitation services.

As set out in the previous reports, a significant portion of these results have been achieved from the successful water and sanitation cross-subsidy model in Madagascar (RF2) which has now reached city-wide scale. This model, which improves environmental sanitation by using water revenues for canal cleaning, was made a government policy via the official gazette “ARRETE MUNICIPAL N°300-CUA/DS/CAB.14” in 2014, partly due to WSUP’s work in scaling up the initiative across the city.

This has subsequently been strengthened through a new decree (No. 002-AUC / DS / CAB 15) which confirms the role of the RF2 and the need for local government administrations to cooperate closely with the RF2 associations and coordinate activities. These decrees strengthen the RF2 legal framework and confirm the aim of the city government to cover all 192 districts of the city and to establish one RF2 structure in each; this outcome represents a significant result for the WSUP programme.

The delivery of the RF2 model continues to expand to reach city wide scale with a further 21 RF2s obtaining their formal registration in the last reporting period. Other programmes (Nakuru, Kenya; Maputo, Mozambique) have delivered improved local drainage within communities, improving the local environmental sanitation.

Cross cutting theme: Gender

Gender inclusivity is a core cross cutting theme for all WSUP programming as women and girls suffer disproportionately from inadequate water and sanitation services. This is a growing area of focus for WSUP and below is an example of the type of programming being delivered (further detailed information from the other countries is available upon request but is too extensive to set out here):

Linking latrine construction with Menstrual Hygiene Management (MHM)

WSUP has worked in Naivasha, Kenya, for over 8 years, and through its work has continually encouraged landlords to invest in better sanitation for tenants. The programme in Naivasha has worked in Kasarani and Karagita where it has collaborated with partners to design and develop an innovative solution to Menstrual Hygiene Management in the communities.

A latrine upgrading programme has utilised a consumer-focussed sanitation marketing approach (based upon different options and cost models), which has led landlords to invest over £116,000 since 2013 in latrine upgrading to provide a higher standard. In this way landlords retain their renters and tenants and over 14,000 low income consumers have received improved sanitation services. The approach has helped develop linkages between service providers, Government institutions and consumers, and supported advocacy efforts for continued, broad-based investment in sanitation improvements for low income communities.

Amongst the improvements introduced in Kasarani were menstrual waste incinerators (see below), which have been piloted and are being used in a number of compounds in this residential area. The menstrual waste incinerators are an innovate alternative to providing menstrual waste bins in toilets, and help counteract a number of the health and environmental concerns associated with used and open menstrual napkins.

The incinerators connect to the space inside the toilet, next to the latrine. When a woman wants to change or dispose of her menstrual product she can place the product into the metal tunnel which takes it to the incinerator barrel outside for burning. WSUP supported the design of the incinerators, and they were subsequently purchased by landlords and installed alongside latrine upgrading initiatives as part of the

programme. The incinerators provide a sanitary way to dispose of menstrual waste, enable women to retain dignity and privacy around the MHM process, and counteract against other health and sanitation problems connected with poor MHM services.



For example, without a menstrual product disposal unit more solid waste gets thrown into latrines, affecting the process of FSM as it impacts the type of tool that can be used to extract the waste (solid waste clogs manual pumps like the gulper) as well as increasing the time it takes to exhaust each pit – which effects the efficiency of the service and therefore the financial viability of the business model.

The toilets in Kasarani are primarily pit latrines, which are not connected to a sewer system and utilise pits to collect human waste. It is vital that the pits are emptied regularly in order to prevent over-flow and maintain a sanitary environment for the community. Solid waste products create blockages in the system, and the pit emptier has to physically remove the solid waste products before the collected sludge can be treated. It is both time-consuming and dangerous for the pit emptier to be handling the waste so directly, and the high maintenance costs often involved in fixing blockages can have a detrimental effect upon the sustainability of pit latrines and create a cost burden for landlords and tenants. The introduction of the incinerators supports the aim to reduce the amount of solid waste that is disposed of in pit latrines, creating and maintaining a better, more efficient, sustainable and sanitary system for all members of the community.

This initiative has facilitated the development of the added MHM component. It is a vital step in recognising and improving the MHM services for women and girls in the areas where WSUP operates, and has enabled the programme to share its learnings and consider the inclusion of MHM in other projects. It also positively shows how behaviour is changing at a local level, with landlords engaging in the work done by WSUP and its partners in Naivasha and taking steps towards improving sanitation and hygiene services for low income consumers.

Output 2. Service provider capacity and institutional framework to sustain improvement process.
Demonstrable efficiency and effectiveness improvements embedded in service provider operations and institutional capacity strengthened, ensuring the improvements continue.

The long term, trusted, non-competitive partnerships that WSUP has developed with water utilities, municipalities, regulators and private operators in the six countries continues to deliver strong improvements in their capacity and capabilities to respond to the challenges they face. WSUP continues to be invited by government partners and regulators to provide technical assistance and long term support with policy and regulation barriers to improving services for low income consumers.

Capacity development initiatives supported by WSUP are being embedded into organisation structures through the creation of specific units as outlined above (Low Income Consumers; Non Revenue Water) and dedicated budgets are being allocated to expand operations (Madagascar; Mozambique). Increased capacity and improved institutional frameworks are aiding service provider negotiations with MFIs, negotiations WSUP is being invited into as is the case in Zambia, Kenya, Mozambique and Madagascar.

An example of the capacity development and institutional change work delivered in the reporting period is set out below (further detailed information is available upon request but is too extensive to set out here):

Kenya: Institutional change in Mombasa Water & Sewerage Company (MOWASCO)

- WSUP has been working in a Water Operators Partnership with Vitens Evides International (VEI) to strengthen MOWASCO's ability to deliver improved service to all citizens living in Mombasa. WSUP has supported the establishment of a low income consumer unit (LICS) in the company (something the World Bank and WSP had attempted to achieve for a number of years without success but which WSUP was able to deliver in a relatively short period of time), and the development of a pro-poor investment strategy and action plan for the unit.
- The process of pro-poor institutional change and the embedding of pro-poor approaches into the company's standard operations are taking place, with the management of MOWASCO and area teams increasingly recognising the role played by the LICS department. This was exhibited by appointment of the department to lead interventions in low income areas across all business unit areas. Recognition of the LICS department and the fact that other Divisions and departments of the utility closely involve and consult them on matters appertaining LIA projects and activities. The other divisions and departments now recognise the value added by the department and there is an increased willingness by staff to serve LICS better. This general positive change in staff attitude in pro-poor service provision is leading to a cohesive working relationship and projects ownership by respective area teams. The company has also incorporated three low income objectives in the development of MOWASCO's Corporate Strategy – a first for the company.
- WSUP has also supported the mobilising of finance for MOWASCO's pro-poor strategy through brokering partnership discussions between MOWASCO and UN Habitat. The MOWASCO MD, LICS manager and County Director for Water attended a meeting in Nairobi where MOWASCO outlined its plans for Mombasa residents especially in low income areas. Areas of joint partnership between both organisations were discussed with a more focused UN Habitat mission to Mombasa to confirm the desire for partnership and select projects for the pilot phase planned for the next quarter. In addition, mapping of low income areas to enable accurate data collection of LICs by utilities is being undertaken by WASREB, the Regulator, as part of implementing the new Pro-Poor Indicator which was developed with support from WSUP. The full implementation of pro-poor service performance monitoring by utilities is expected to take about three years.

Zambia: Capacity development

- Lusaka Water & Sewerage Company requested support with strategic groundwater planning to improve the standard and successes of groundwater extraction – something the company has been struggling with for a number of years. Intensive classroom and on-the-job training was carried out by international and Zambian hydrogeologists. An inventory of groundwater resources in 26 peri-urban areas has been developed to support LWSC decision making for borehole location siting and follow up activities include

developing a remote monitoring tool to continue support as well as a comprehensive database for LWSC staff to use going forward.

- The WSUP programme has also been working with LWSC to understand the level of NRW within delegated management areas so as to understand the role that delegated management could play in reducing and managing NRW. Studies commissioned by WSUP in Water Trust (WT) delegated management run areas, as well as non-WT areas, in Lusaka have indicated physical and commercial losses as low as 10% in one well managed WT serving 150,000 customers. This compares with an estimated current 50% NRW city wide and hoped for target reduction to 25% NRW in recent IFI funded projects. WSUP believes that this low NRW figure is related to the design, approach and materials used in these areas as well as the closer connection to the assets and customer base that the delegated management model enables.

Bangladesh: Capacity development and institutional influence

- WSUP has been supporting the World Health Organisation in the development of a Water Safety Plan for Rajshahi, a city of 1,000,000 people, the third city of Bangladesh. The plan has been developed and shared with the city authorities and the WHO for implementation – with early activities completed. A strong relationship has been developed with Rajshahi WASA, something the programme will look to build on in the new Business Plan.
- WSUP has also been working with VEI to support Dhaka WASA to reduce NRW. A plan of developing Standard Operating Procedures (SOPs) at three stages has been prepared jointly by WSUP and VEI and work started on the development of SOP's for service connection, operation of valves, leak detection and system operations. During the reporting period written scripts and videos for standard operating procedures have been developed and training will be followed during the next mission.
- WSUP has been appointed to a steering committee by the Bangladeshi Ministry for Local Government and Dhaka WASA to oversee the development of a strategy to bring water legally into LICs, building on the work that the programme has completed in this critical area.

Madagascar: Capacity development and institutional influence

- The programme has continued to support the development of the newly formed LIC Unit in JIRAMA, the water utility. Ten staff have been recruited and are in post, greatly improving the speed of the connection process for community infrastructure and individual services.
- In addition, JIRAMA has established a separate technical department for water the Direction Technique Eau Antananarivo, splitting this out from technical support to electricity (JIRAMA is a dual utility). This is a substantial step forward and it is hoped that it will make the water department more responsive to design needs and even more responsive to the needs of low income consumers.

Mozambique: Institutional influence

- WSUP influence on institutional players in Maputo specifically and Mozambique widely has been growing over the course of programme implementation and a proxy indicator for this is the number of events which WSUP is being invited to participate in and to share experience of successful pro-poor urban WASH programming.
- In this reporting period, WSUP attended a convening for the Maputo Metropolitan Master Plan for Sanitation and Drainage where solutions for low income consumers were presented for the cities of Maputo, Matola, Boane and Marracuene. As part of this meeting, WSUP supported the municipal council for Maputo to comment on the plan and organised a visit to low income areas to share examples of possible on-site urban sanitation solutions for inclusion in the plan for the four cities.
- WSUP also participated in a special consultative council in Nhlamankulu district, where the city Mayor and Mozambican President were present. At the end of the event the Mozambican President mentioned the WSUP programme and the work being carried out, requesting that all other districts across the country search for similar partnerships in their districts to address the challenge of urban WASH.

An update on tracking and monitoring of capacity development

As outlined in the Annual Report in January 2015, WSUP tracks capacity development at the city level using a series of five capacity-rating scales which cover key aspects that are needed to deliver and sustain improved water and sanitation services and which are reflected in the indicators for Output 2 in the logical framework and ultimately Outcome indicator 2. Each scale comprises five sub-scales: for example the Water Utility Capacity (WUC) Scale comprises subscales around a) non-revenue water levels, b) collection ratio, c) operating cost coverage ratio, d) average daily hours of supply, and e) water connection charges. These are assessed on an annual basis and a final assessment will be completed as part of the end of the programme. As a result, no assessment has been made for this reporting period. The position in relation to programme delivery put forward by WSUP in the Annual Report has not changed and is provided again here for reference.

The impact of projections of city-level change on the indirect beneficiary numbers (outcome indicator 2) undertaken as part of the Annual report process is that WSUP believes it will not achieve the targets set out in the logical framework for outcome indicator 2. Based on the projections set out above, WSUP expects a total of **5.1 million people** to benefit indirectly from the programme overall by the end of Year 3, **41% of the original target**.

WSUP believes this lower than expected achievement is due to a number of factors. The initial baseline assessment carried out in mid-2012 was not as robust a process as the one being followed now and so WSUP believes some of the initial assessments of existing capacity and the rates of change anticipated within public service providers have not been reflected in the reality as implementation has happened over the last two years.

The process being implemented is now more robust, with three interviewees including a service provider contact, and the baseline figures used to develop the target for the logical framework have now been excluded in this analysis. The slower rate of change experienced is also the result of competing national and local government processes, national elections, political unrest and multiple, often competing demands, from multiple stakeholders puts additional strain on poorly capacitated organisations.

In addition, the lack of sufficient progress in Dhaka – though encouraging progress has been made – impacts the final assessment significantly, as the estimated low income consumer population of Dhaka used in the analysis represents 40% of the logical framework target.

Beyond 2015

Developing and analysing this process has been a useful learning exercise and has driven forward WSUP's thinking, and the sectors, in how to measure and understand the impact of capacity development work. As a result, WSUP has completed an extensive exercise of reviewing its Theory of Change and linked to this a stronger and more robust monitoring system to forecast and track this.

These are challenging questions to which there is no easy answer: tracking the outcomes of soft activities is by nature challenging, and many organisations across the spectrum of development face similar challenges. However, there are diverse ways in which WSUP can strengthen the approach moving forward, and indeed share those approaches with other actors in the sector.

An update of the process has been provided to DFID and inputs sought from the WASH Team Statistician which has been very useful. This consultation will continue to feed into the development of the new WSUP Business Plan.

Output 3. Scale - City wide investment triggered. Pro-poor policies and institutional processes adopted by local service providers and authorities and supported by financially viable service improvements, triggering investment from a range of funding sources for the expansion of service delivery.

In the reporting period, a total of **\$5.0M** USD of finance for investment in low income service delivery improvements has been mobilised or better targeted as a result of the WSUP programme – **4.3%** of the annual logical framework milestone for Year 3. This is achieved through a) designing the “low income consumer (LIC)” component of investment projects to better target the investment and b) including WSUP service models or c) mobilising more finance for low income areas from households, public and private sectors.

This brings the total achievement to date to **\$135.4M** of finance mobilised or better targeted as a result of the WSUP programme or **59%** the overall programme target of \$228M of finance mobilised or better targeted.

Overall, the programme has not performed as expected against the logical framework targets in the last two reporting periods and WSUP has been working to forecast expected final achievements against the planned targets. These are set out below:

Overall target

The programme expects to mobilise a total of **\$182.35M** of finance by the end of implementation – c.**80%** of the logical framework target.

3.1 Household Finance

The programme expects to mobilise a total of **\$5.4M** of household finance by the end of implementation – **50.6%** of the of the logical framework target.

3.2 Public Finance

The programme expects to mobilise a total of **\$21.35M** of public finance by the end of implementation – **50.5%** of the of the logical framework target.

3.3 Private Finance

The programme expects to mobilise a total of **\$5.4M** of private finance by the end of implementation – **129%** of the of the logical framework target.

3.4 Non-national concessionary Finance (Multilateral Finance Institutions)

The programme expects to mobilise a total of **\$150M** of non-national concessionary finance by the end of implementation – **90%** of the of the logical framework target.

Achievements in the reporting period

A review of the output targets achieved in the reporting period is provided below, with specific examples from Kenya and Zambia across all four finance areas included:

3.1 Household Finance

\$1.23M USD of household finance was triggered through householders investing in new infrastructure, on-going services and the cost of new connections – 23% of the annual logical framework milestone for Year 3.

Examples of household and landlord investment mobilised include in **Kenya** where landlords are allocating finances for construction and rehabilitation of toilet facilities in Nairobi and demand for latrine upgrading services being provided by the local private sector is strong. This indicates a willingness and ability to invest in labour costs and hard materials for sanitation improvements in the LIAs. More latrine units have been put up since WSUP stopped cost-sharing activities for sanitation improvements and removing the subsidy. In **Zambia**, household financing for water supply and FSM services was c. \$35,000 for one quarter, indicating a willingness and ability to pay for services exists.

3.2 Public Finance

\$1.15M USD of public finance was triggered through joint investing and programming with water utility and municipal partners – **5%** of the annual logical framework milestone for Year 3.

Examples of public sector investment mobilised include in **Kenya** where MOWASCO has begun allocating budgets and resources from their core operational budgets to finance LIA infrastructure needs including committing (and delivering) 1.3 kilometres of piping and materials to support pipeline extensions for one district and making commitments to do the same for five other pipelines in Likoni. MOWASCO will also cater for all the labour requirements to rehabilitate the lines, demonstrating a clear indication that the company has seen the need for LIA interventions and will also finance projects targeting LIAs in subsequent years.

3.3 Private Finance

\$76,000 USD of local and international private sector finance was triggered through joint investing and programming with SMEs as well as on-going work with Unilever on sanitation and hygiene models – **4.3%** of the annual logical framework milestone for Year 3.

3.4 Non-national concessionary Finance (Multilateral Finance Institutions)

\$2.5M of non-national concessionary finance was mobilised from Multilateral Finance Institutions through the negotiation of scale up finance to replicate WSUP supported models and better target MFI investment – **3%** of the annual logical framework milestone for Year 3.

Examples of Non-national concessionary investment mobilised include in **Kenya** where the programme has been influencing the World Bank supported Kenya Informal Settlement Improvement Program (KISIP) which is currently undertaking water access improvement in three LIAs in Naivasha sub-county.

The programme is collaborating with NAIVAWASS (the utility) on behalf of the county government of Nakuru to provide both technical and logistical support towards realising the improved access for water in Karagita, Kasarani and Kamere. The scope of these activities varies from each location:

1. **Karagita:** Construction of storage tank (250 m³) and water shops have been proposed and works are ongoing. It is expected that once completed the tank will receive water from fluoride free sources to allow blending with WSUP/NAIVAWASS supported supply line. Therefore, the activities will be complementing WSUP initiatives in water and sanitation access with more HHs connections being made.
2. **Kamere:** the existing storage tank (250m³) has been rehabilitated (water proofing) to reduce reported cases of water loss through leakage. The water kiosks are also planned for repairs and replacement of fluoride filter material. More HH connections have been planned.
3. **Kasarani:** Construction of storage tank (250m³) and 4 no. water kiosks are being constructed to increase access to water. Defluoridation units will be included to increase quality of water supplied.

In **Zambia**, the programme continues to influence the large scale investment (Lusaka Water Supply, Sanitation and Drainage Project – LWSSD Project) being made by the Millennium Challenge Corporation (MCC) in upgrading the water and sewerage network in Lusaka. WSUP has developed an IEC strategy to identify and deliver messaging and materials to create demand for connections to the upgraded network by landlords and households. MCC had not factored the need for demand creation or alternative messaging into plans and so WSUP's work is working towards ensuring low income householders will benefit from the MCC investment.

Data analysis for the formative research for the IEC strategy was completed during the reporting period and a zero draft formative research report was sent to MCA-Z (the local implementing agency for MCC) for their review and comments. The report has also been circulated to LWSC and Lusaka City Council, who are implementing partners on the LWSSD Project. Results of the formative research will feed into development

of the IEC strategy and action plan for the project. A local agency, Media 365, has been engaged for development of the IEC strategy and creative concepts for the project, as well as development of the implementation plan for the strategy. In addition, WSUP is in discussions with MCC to support the development and delivery of Sanitation Connection Action Plan, and WSUP is also a member of the decision making committee for a \$10 Million USD fund included in the MCC investment designed to promote innovations from the public, private and civil society sectors for urban WASH, which can be used to facilitate connections and pro-poor service delivery.

Output 4. Influence: Sector influence worldwide. Learning and analysis documented and disseminated using a range of media, challenging the sector on urban water and sanitation service delivery and informing the design and delivery of large scale investment programmes.

Activity 4.1 Research

WSUP's research agenda 2013–2015 continues to progress in line with targets and WSUP is confident that all five projects will be completed to schedule and to good or excellent quality. To support this and ensure research and learning is utilised, a strategy for dissemination and research-into-use has been developed.

A detailed explanation of progress in each research is set out below; for background information on each project, please see the 2014 Annual Report:

- 1) IMPACT: How can we achieve maximum impact in urban sanitation programming? - TRAction study in Maputo (due for completion in 2016).** Current milestone-progress of this research is *good* and likely value-of-findings is *excellent* (though findings are due in 2017).

Following baseline data collection as a basis for site characterisation and research planning, full data collection for the “before” stage of this BACC (before-after concurrent-control) study is now underway, with the research teams collecting health metrics and other data from identified latrine sites shortly before those latrines come into use. As noted previously, it is expected that this research will provide useful results for the sector, including an assessment of the health impacts of communal sanitation (of great interest in view of debates around inclusion of communal sanitation within JMP metrics).

- 2) BEHAVIOUR: How can we encourage behaviour and attitude changes that lead to improved sanitation? - Stanford communal toilets study.** Current milestone-progress of this research is *excellent* and likely value-of-findings is *excellent*.

This work is now midway through the final RCT evaluation component, on schedule to finish in September 2015. This is a model of the type of research structure that WSUP would like to take forward: led by top-level international academics providing intellectual lead and research project management skills, working closely with a highly talented and committed in-country academic team with wide local consultation links. The benefit of this approach is research of high quality and closely linked to the wider programme and with the wider stakeholder mapping in Bangladesh. This is expected to result in excellent academic outputs at the international level and strong relevance and extensive uptake of findings in the local context.

- 3) SCALE: How can in-country institutions and donors reach city wide scale in urban WASH? - Urban Institute municipal finance study.** Current milestone-progress of this research is *adequate* and likely value-of-findings is *good*.

As previously reported, this research has faced challenges around implementation and overall management: in particular, there has been a risk that insufficient advocacy work will be rolled out in 2015 to provide a solid basis for evaluation, and the relationship between research leads and in-country partners has not been so effectively developed as in Dhaka. Effort has been put into resolving this, and there is greater confidence that the work will meet initial expectations.

- 4) **ENVIRONMENT: If low income urban communities are provided with better water services, how does this impact on city level water use? - University of Leeds slum water supply study.** Current milestone-progress of this research is *poor* (for reasons outside of our control and indeed outside of the researcher’s control) but likely value-of-findings is *good*.

As noted in the 2014 Annual Report, this work was completed in 2014, but final reporting has been delayed for over a year now because the principal researcher has suffered serious health issues. However, the researcher is now back at work and fully committed to finalising reporting before end November 2015. This has been a relatively small introductory exploration of this area but WUP believes this broad area of research, on economic and well-being consequences of slum water supply improvement and NRW, is a very likely area for future WSUP-supported research.

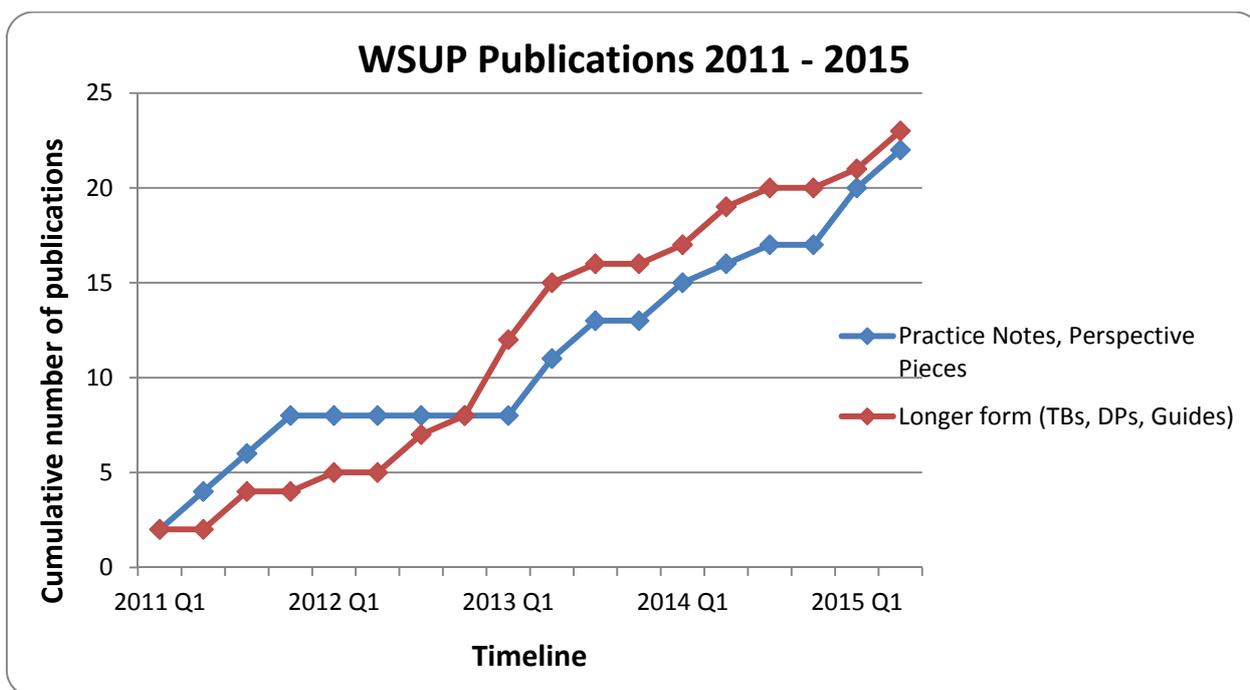
- 5) **TECHNOLOGY: What are appropriate technological solutions for treatment of faecal sludge from latrines, septic tanks and container toilets? - Cranfield/Clean Team sludge treatment technology study.** Current milestone-progress of this research is *adequate* and likely value-of-findings is *good*.

Fieldwork is now fully underway, with data collection finalised and results reported by end November 2015. It is possible that the two relatively low-cost technologies tested may prove to have poor efficacy for sludge treatment, but if so this would still be a valid and useful result. The research highlights a challenge going forward: tying research to the short-term information requirements of WSUP programmes may appear to have advantages in terms of practical usefulness of results, but may also risk producing information that is too specifically related to specific WSUP operational problems. In future research planning, WSUP will aim to separate wider research aiming to answer questions with general answers, from closely programme-associated operational research and consultancy.

Activity 4.2 Publications and dissemination

Publications

Publications output accelerated in the first half of 2015 with the release of 8 publications. The graph below shows cumulative number of publications produced since 2011.



Cumulative number of WSUP publications from start 2011 to present

Publications targets are 5 short-form and 2 long-form per year: as a conservative estimate we anticipate the release of a further 4 publications by end-2015, with the very real possibility that we will double the publications target for this calendar year.

In addition to our established Practice Note format, WSUP plans to produce more Perspective Pieces in the coming months. These are two-page publications which aim to set out WSUP's position on a given subject of relevance to the wider sector, and/or to present interesting research findings, rather than being explicitly tied to programme activities.

Publications released during the last 6 months are detailed below: All can be downloaded here:

<http://www.wsup.com/programme/resources/>

- **Discussion Paper** "*Municipal finance for sanitation in three African cities*"; the paper is closely tied to the research project being led by Urban Institute (See updated in Section 4.1 above).
- **Perspective Piece** "*Entrepreneurial ecosystems: strengthening the WASH sector in Kenya*"
- **Perspective Piece** "*Entrepreneurial ecosystems: the Importance of success stories*";
- **Practice Note** "*How can we influence municipal governments to allocate more money to sanitation?*"
- **Practice Note** "*Setting up an LIC unit: DWASA's approach to serving low-income communities in Dhaka*"
- **Practice Note** "*Menstrual Hygiene: A behaviour change campaign*"
- **Discussion Paper** "*Stand-alone unit or mainstreamed responsibility: how can water utilities serve low-income communities?*"

Conferences

With the aim of disseminating learning from the programmes and research projects, WSUP has had an active presence at sector conferences throughout 2015. Below are conferences attended in the reporting period:

FSM3, Hanoi, January 18th – 21st 2015: WSUP played a leading role in the session "FSM as a business". This included a presentation by Habibur Rahman, sanitation specialist within WSUP's Bangladesh programme, titled "Supporting scale-up FSM enterprises in Dhaka". Rahman outlined the start-up support provided by WSUP to five new FSM enterprises in Dhaka, arguing that the intervention offers a model that might be replicated elsewhere for establishing partnerships between institutions and the private sector, achieved in this case through a lease contract for the use of vacutugs between the utility (DWASA) and the entrepreneurs.

USAID Scaling for Impact Summit, Bangkok, March 9th-10th 2015: WSUP was invited to form part of a panel on behaviour change for the 2-day summit convened by USAID's Regional Development Mission for Asia. WSUP's presentation included reference to both institutional and consumer behaviour change and drew upon case studies of the sanitation tariff in Maputo; Clean Team and the compound sanitation strategy in Kumasi; the behaviour change research project now being conducted in Dhaka; and DWASA's low-income consumer unit. The presentation argued that while technological innovation and consumer behaviour change are essential, service provision at scale only happens when there are strong and committed local institutions.

SUWASA Knowledge Forum, Kampala, May 11th-13th 2015: WSUP was invited to present and facilitate a workshop on market-based sanitation solutions as part of an extended session on urban sanitation. WSUP's presentation aimed to provide a rapid overview of the different ways in which private sector actors have contributed to WSUP programme activities, including plans to promote the private management of public toilets in Kumasi; Clean Team; and DWASA's partnership with FSM entrepreneurs in Dhaka.

AfricaSan4, Dakar, May 25th-27th 2015: WSUP was an active member of the conference's International Taskforce and co-convened the "*Finance & Monitoring*" track with IRC. Within this track WSUP coordinated

and moderated two sessions on a) national government budget allocations to sanitation, featuring presentations from the Ministries of Health in Benin and Uganda; and b) local government finance of sanitation, including notable presentations from the Mayor of Juba, South Sudan, and from NAWASCO, the Zambian regulator.

The content of these sessions was closely aligned with WSUP's on-going efforts to mobilise public finance under the Public Finance for WASH initiative. Following each session recommendations were submitted for consideration by the Ministers present at the conference: in line with the recommendation submitted under session a), the ministers reinforced their commitment by promising to increase annually the sanitation and budget lines "to reach a minimum of 0.5% GDP by 2020".

(4) SADC Water Week in Madagascar: WSUP participated in the SADC water week in Antananarivo (Southern African Development Community) from the 3rd to the 5th of June, to discuss the Madagascar inputs to the SADC Regional Strategy Action Plan IV. Exhibitions were also organized during the event, during which the project presented various hygiene communication tools and project related documents (including the TCCAF RAIN and DFID programmes).

Blog Series – “Beyond CSR”

WSUP ran a week long blog series in conjunction with Business Fights Poverty and five leading international companies making sector leading efforts to understand how WASH impacts their core business and how they can best respond to the challenges. The blog series was entitled 'Creating business value and development impact in the WASH sector' and can be found here: <http://www.wsup.com/programme/blog/>

WSUP focused on this issue and topic because for a number of years the concept of Corporate Social Responsibility – or CSR – has been growing in significance. It is now widely recognised that companies have a responsibility not only to their shareholders, but to the environment and to society as a whole. Many companies have responded by setting up dedicated CSR departments, often with a philanthropic function.

While these ventures remain worthwhile, in recent years a band of companies have shifted the goalposts towards something more ambitious: the possibility of mainstreaming CSR as part of a company's core business, or going 'beyond CSR'. In essence, this means that a company's business and social aims become complementary: business benefit aligns to social impact. In these cases the company's social agenda is not handled separately by a specific department, but becomes integrated within the core business model.

A leading example is Unilever, who initiated the business-led [Toilet Board Coalition](#) in 2012, and recently made a global commitment to help 25 million people gain improved access to a toilet by 2020. Unilever's Domestos toilet academy programme aims to stimulate demand for Unilever products, including the toilet cleaner Domestos, by helping entrepreneurs to set up new toilet businesses: Unilever's rationale is that building the toilet market is good for people's lives *and* good for sales. In fact, Unilever now believe that their sustainability brands are outselling other brands and growing their market share at a faster rate.

WSUP strongly believes that the WASH sector affords opportunities for companies to create business value and to generate lasting social impact at the same time. The series showcased a broad spectrum of WASH-related initiatives:

- Unilever's work in sanitation and their focus on sustainable business models
- Coca-Cola's investment in water resources management through the Water Funds Partnership;
- IBM's development of an innovative mobile app that helps citizens to report water leaks;
- Diageo's work to engage employees to deliver on water and other sustainability goals, through the company-wide GREENiQ scheme; and
- Marks & Spencer promoting the wellbeing of the local workforce, by providing better water and sanitation in the communities surrounding their factories.

The positive social impacts of these initiatives are obvious and each company recognises that they stand to benefit, through increased sales of WASH-related products and services, better workforce productivity, reduced cost and greater resilience in their operations and supply chains, strong relationships with governments and other key stakeholders.

The series also coincided with the release of a [Discussion Paper](#) which can be found here.

Activity 4.3 Professional training

The core aim in this area is to develop a Masters (MSc or equivalent) module in urban WASH, first in Mozambique and then over the 3-year programme in all six countries. Following first delivery in Mozambique (Universidade Eduardo Mondlane, UEM, within a civil engineering MSc programme), the module materials have been substantially revised.

The programme has now successfully supported delivery of the module in Mozambique (UEM) and Ghana (KNUST), and expects to deliver in at least 3 of the remaining countries before the end November 2015. Final preparations are underway to make the module available online (both in English and in French), as an off-the-shelf course which other stakeholders internationally can use, or alternatively as a reference resource which other stakeholders can use as inspiration or guidance for their own course development.

All of this work is being done in close collaboration with WEDC (Loughborough University), and is helping to build longer-term relationships with key universities in the South. WSUP fully intends to carry forward and expand this support for urban WASH training at postgraduate and professional level in our 2016-2020 Business Plan.

4. UPDATE ON CLEAN TEAM PROJECT

The Clean Team business has used the period from January 2015 to June 2015 to continue implementing improvements to the business and removing barriers to scale-up, focusing hard on the underlying business model, cost base and sales strategy. This concentration on these core elements of the business was the basis for the recommended budget and project realignment recently agreed with DFID.

One continuing challenge faced by the business has been the on-going devaluation of the Ghanaian Cedi, inflation and the general deterioration of the Ghanaian business environment.

WSUP believes the targets and milestones set out in the logical framework are achievable given the extended timetable and assuming the Ghanaian business environment does not deteriorate any further.

Outcome results in reporting period:

- **1,652 additional men, women and children** have improved sanitation services as a result of the Clean Team business in the reporting period. (These numbers are captured in the overall sanitation result reported under section 3).
- Attracting additional finance from both grant sources and investment for the Clean Team business as not been a priority in the last reporting period.

Output 1: Replicable Clean Team business model refined and serving 2,500 customers in Kumasi, Ghana on a profitable basis

1.1 Number of research and development projects delivered (target – 13)

A total of five of the 13 planned research and development (R&D) projects are now complete, with one additional project completed in the reporting period:

- **Transportation optimisation:** This project provided Clean Team with a logistical strategy to allow the business to expand. With the assistance of the Sequoia Group (UK based logistics consultants). The

selected model utilises 3 wheeled cartridge delivery motorcycles to service larger trailers acting as mobile transfer stations, with these feeding the central processing site. This logistical structure, coupled with the central site at Dompouse and intelligence gained through waste processing automation (see below), provides the business with the analysis and information to develop the business to service the whole city of Kumasi.

Projects completed and reported in the Annual Report, January 2015

- Completion of the Dompouse treatment site
- The development of an HR Framework
- Cost optimisation
- The Clean Team business model

In addition the five completed projects, additional R&D projects are on-going and examples include:

- **Waste treatment processing automation:** PA Consulting, a UK consulting firm, has provided an assessment of the automation process and access to this leading private sector expertise was made possible through links made by Unilever – PA Consulting have advised Unilever’s factories and suppliers on similar processes. This is an example of the benefit of the WSUP membership and the ability to draw upon leading private sector expertise for development outcomes. Their assistance has provided Clean Team with a credible plan on how to process up to greater than 5,000 cartridges per day (servicing 10,000 toilets or 70,000 customers).
- **Low income consumer sales strategy:** Clean Team has successfully accessed leading international sales support to work with the management of Clean Team to deliver a revised Sales strategy targeted to the low income market. This is based on the reflection that once a business is operational there is a need to focus on how to sell into new markets and to a different customer base – something that requires a different and tailored response. The company, Witten & Roy, has seconded an employee to Clean Team for an initial 6 month period which is currently ongoing. This has helped Clean Team create a sales team which is focussed and methodological and has seen a significant increase in the number of customers for the business.
- **Compound or shared option:** In an effort to reach a more diverse type of customer who may not have room for, or be able to afford the Clean Team toilet as it is currently offered, Clean Team is exploring offering a Service for Poorer Households. A value proposition is being created which will allow groups of customers (either households or communities such as Mosques) to utilise a toilet and spread the cost and this in linking with the work being done by WSUP Ghana supporting the Kumasi Municipal Authority to develop and deliver a compound sanitation strategy, with Clean Team one of the supply side latrine options for landlords and tenants.
- **Chemical composition:** To address the issue of chemical cost which is a major cost driver and barrier to scale of Clean Team, the Company has been trialling of an alternative chemical additive. Promising initial results have been found from a US supplier which is able to meet the Cost Targets assuming the Ghanaian currency stabilises. A larger order has been made and a second phase trial over all customers will commence once it is cleared through customs. If the second trial is a success, Clean Team will be in a position to have this as a product offering.
- **A Dry Toilet product:** the trialling of a “dry toilet” product to assess its viability as an alternative offering to the customer base has been successful and further expansion of the product is now planned. Two trial phases were undertaken to initiate the work – these use the same toilet design but have a paper lining with perfumed saw dust in the cartridge as opposed to the liquid chemical used in most of the toilets – a Dry Additive.

The goal of the trials was to gauge customer feedback and acceptance and to understand the price point for the service, with the expectation that it could be cheaper and therefore enable expansion of

the business down the income segments (though the Clean Team is considerably more affordable per month than using public latrine blocks which 40% of Kumasi's residents use²).

Phase 1 of the trial (1% of customers) yielded positive results with regard to customer satisfaction, cost targets and additive performance. Phase 2 trial (12% of customers) and this yielded 86% of customer satisfaction and a cost per cartridge of 0.52 Ghc (for one use cycle) which was below the cost target of 0.76 Ghc. This trial necessitated the construction of a separate, small treatment facility as the main treatment process is liquid based.

Given the success of the initial two trials, the decision has been to begin offering the Dry Additive as an alternative product offering alongside the Chemical Additive. A roll-out plan is currently being developed which will spread market the Dry Alternative on a targeted basis one additional area at a time. This should allow Clean Team to manage any teething pains with minimal interruption to current operations. Offering the Dry Additive alongside the Chemical Additive has 3 major benefits:

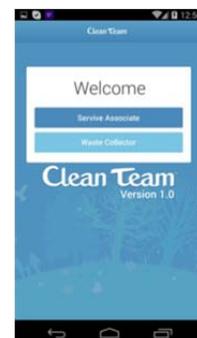
1. It will allow Clean Team to differentiate on price to achieve break even faster
2. It will provide a needed redundancy in the Clean Team's supply chain
3. It will provide customers with more choice and therefore strengthen the value proposition to the customer and greater value to the customer.

▪ **Trialling of two alternative waste treatments**

Trialling decentralised waste treatment options has been reduced to two (from three) due to procurement issues with the third system. This has been linked to the Clean Team business to support the development of a business that is not always dependent on centralised waste treatment options. Two MSc students from Cranfield University have been onsite in Kumasi to analyse the waste treatment systems and their outputs. It is currently still too early for any conclusive results.

▪ **Strengthening the business systems and linking these to business KPIs and cost optimisation**

The business has developed an integrated customer relationship management system which uses readily available smart phones (*see right*) to capture real time data on collections (both monetary and cartridges) from customers and feed this into the business' finance systems. The system flows through to the Company's accounting software giving management and finance team real-time, customer specific information. Integrated route optimisation software will be included which will assist Waste Collectors to be more efficient and have fewer missed pickups.



A beta system has now been completed and reviewed by an independent technical consultant who is assisting Clean Team communicate with the application developer. A deployable version of the CRM system is expected to be operational by mid-September 2015.

WSUP believes that this system could revolutionise how collections are managed in the developing world for businesses of this nature as it represents a cost effective way to manage collections and logistics in a manner suitable to the local populous that requires very little capital outlay as it requires only downloading an application onto a phone. Further to this point, interest has already been gauged by a similar company operating out of Kenya.

1.2 Number of Clean Team Ghana customers in Kumasi

The business currently has **1,015 customers (toilets)**, an additional **286 customers (toilets)** in the reporting period.

² The key difference is that people using public latrines see this as a daily cost and payment like this matches their household cash flow; saving for a monthly service is more challenging and can be perceived to be a higher cost.

A key aspect of the Sales Strategy and business optimisation work has been a decision to shift all customers to a unified payment plan. This took place in the reporting period, with all customers being shifted to three collections a week service for 35 Ghana cedi per month. A shift like this in the unit price had the potential to lead to customer drop off but 91% of customers continued with the service, an indication that the customer base was able and willing to pay more for the service as the new unified service is over 30% more than the twice weekly collection service. This change in service level has improved customer experience as the toilet cartridge will be replaced 33% more often, whilst allowing Clean Team to simplify its scheduling operationally.

As the management and Board continue to focus on refining the business model to reach commercial viability, the business has been exploring options to achieve operational breakeven point at a faster pace. Concepts being discussed have been informed by current sale, operations and the R&D projects and include:

- **Mobile money:** shifting to a mobile payment based system via mobile money instead of door to door collections; this would reduce the considerable costs of visiting each customer multiple times per month and allow Account Managers to focus on business development and customer service visits.
- **Increase installation fees:** Another idea which Clean Team will implement is to increase installation fees as this will help offset the price of initial installation, and will also act as an early filter for any customers who are unlikely to pay and are not entirely sure at the time of sale.
- **Offer associated products at the door:** the high touch customer service model is an opportunity to develop a sales channel for associated household cleaning products and this option has been explored with Unilever as a core business opportunity. This will add value to customers as Clean Team can use its current logistical network to supply any goods sold while at the same time contributing revenues to the business.

Output 2: Successful early expansion of Clean Team business model demonstrating potential for scale up to new locations

As per the newly realigned plan and budget, the focus on additional geographic locations for scale up has been reduced as the business is not sufficiently developed to begin scale up into other locations.

- 2.1 An additional location in Ghana: an interested party based in of Tamale has approached Clean Team to discuss a possible expansion and while the business is exploring this as a possible long term solution, it is very early in the process and no resources will be expended in this regard.
- 2.2 An additional location in another African country: Initial scoping has been carried out in Kenya (Kisumu) for a related service offering and a market assessment can be shared. A small pilot for a related service based sanitation market based solution will be initiated with funding from the Bill & Melinda Gates Foundation and details can be shared in due course.

Output 3: A strong business and investment case developed for a range of potential investors and backed by business operations data

- 3.1 The Clean Team Senior Management Team meet regularly and management reports are developed for these meetings which include a range key performance indicators for the business included consumer satisfaction, profitability and R&D progress. These meetings convene weekly and allow the business to communicate effectively across departments.
- 3.2 No further investor discussions have been had in this reporting period and this has been de-prioritised given the focus on strengthening the commercial model.

Output 4: Appropriate governance structure for expansion as a global social enterprise established and policy assessments for each country complete

- 4.1 Work on defining an appropriate international governance structure to aid the process of potential global expansion has been de-prioritised to focus on the development of the commercially viable business model. As discussed and agreed, a re-positioned scale up strategy will now be a key deliverable as will an overall assessment of market based solutions in the sanitation sector.
- 4.2 No further FSM policy context analyses were completed in the reporting period. This will be planned and implemented later in 2015 in conjunction with activities under 4.1.
- 4.3 Four meetings have been convened with a view to securing political commitment from local government and the KMA to promote equitable sanitation services with the target communities. These meetings are critical as they enable the business to operate and respond to the political context. Further meetings will be undertaken at regular intervals in 2015.

5. OUTPUTS: ADDITIONAL INFORMATION

There are no additional outputs over and above what is reported above and below. A summary output review will be provided in the Annual Report.

6. UPTAKE / ENGAGEMENT WITH BENEFICIARIES

A key goal of WSUP's work is the adoption and replication of effective, sustainable and scalable models of pro-poor urban water and sanitation services by service providers and/or national governments as well as other sector practitioners. This is increasingly important as urban WASH becomes more relevant to many organisation's work and as they prepare to respond more adequately to the challenge of urbanisation.

A key activity initiated before the start of this Business Case but expanded and strengthened over the course of this programme has been the Urban WASH Masterclass – a week long initiative which brings together senior staff from WSUP's water utility, municipality, regulatory and government partners to share experiences and learning on pro-poor service delivery and work together to develop plans for their respective institutions to deliver over the coming year. These plans will then be reviewed at next year's Masterclass and an awards made (The Pinnacle Award) for the most progress made.

This year's **Urban WASH Masterclass** was held in Lusaka, February, where WSUP co-hosted the event in partnership with one Africa's leading utilities, Lusaka Water and Sewerage Company (LWSC). Over 40 participants attended, drawn primarily from WSUP programme partner institutions, including water and sanitation utilities, municipalities, asset holders and regulatory authorities.

Participants spent most of the week in topic streams discussing one of three key issues:

- a) How can water utilities structure their organisation to extend and maintain services to low-income communities?
- b) How can city authorities build effective city-wide Faecal Sludge Management (FSM) systems; and
- c) How can cities develop sanitation surcharge models to finance sanitation improvements in low-income communities?

In addition to the topic streams, WSUP Country Programme Manager Kariuki Mugo led a plenary session on advocacy, with expert consultancy support provided throughout by Richard Franceys.

An important feature of the week was the field trip to witness the new FSM service in the peri-urban area of Kanyama, set up with WSUP support and managed by Kanyama Water Trust under a delegated management arrangement with LWSC. Participants were given the opportunity to pose questions to the Water Trust Manager, and to see the pit emptiers servicing a customer by emptying the pit and disposing of sludge for partial treatment at the nearby transfer station.

Feedback from the week was overwhelmingly positive. Participants often cited that opportunities to learn from the experiences of other institutions in the sector are extremely rare; such opportunities provide welcome inspiration and a chance to reflect on what might be possible in their own city. Following on from the success of the first Masterclass in Kampala in December 2013, WSUP believes the event provides a valuable forum for knowledge exchange among WSUP partner institutions.

As outlined above, the comprehensive programme of research that has been undertaken as part of the programme is drawing to a conclusion with the individual projects completing research activities and the detailed analysis being completed ready for publication and dissemination. The dissemination of the research findings through a range of events will be a key activity for WSUP in the period to end of March 2016 and will be a channel through which WSUP will seek to engage with stakeholders, partners and beneficiaries.

A brief plan for dissemination per research project is provided below – more details can be shared about specific events and plans and this information will be shared and discussed with the RED Team.

Key dissemination events	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
UNC side event: Research for urban sanitation: where									
WSUP-led dissemination event in London									
World Toilet Day: 19 November									
SACOSAN-VI, Dhaka, 2016									

Behaviour change research, Stanford/ICDDR,B	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
COMPLETED: Poster presentation at UNC 2014									
Finalisation of full-scale roll-out of main intervention package									
Short video of the intervention including interviews with ICDDR,B									
Two presentations to UNC Water and Health Conference									
Submission of final report									
Dissemination seminar in Dhaka									
Presentation to SACOSAN-VI, Dhaka									
Final report submitted to peer reviewed journal for publication									
Publication of WSUP Topic Brief and Perspective Piece									
RIU: Dissemination of intervention package to NGOs and institutions in Dhaka and WSUP programme countries									

Slum water supply research, University of Leeds	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Submission of final tool									
Submission of final report									
Submission to peer-reviewed journal for publication									
Publication of WSUP Topic Brief and Perspective Piece									
1-pager for trade journal - African Water Utilities Association									
RIU: Engage partner utilities with the tool; promote use of the tool through WSUP Advisory									

Municipal finance research, Urban Institute	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
COMPLETED: Literature review: advocacy - published on UI website									
COMPLETED: Literature review: political economy - published on UI website									
COMPLETED: Practice Note: How can we influence municipal governments to allocate more money to sanitation?									
COMPLETED: Session on local government finance, AfricaSan4									
COMPLETED: PF4WASH finance brief									
COMPLETED: WSUP Discussion Paper									
Publication of city briefs with attached Urban Service Delivery Profile									
Short video featuring interviews with the research team including advocacy specialists									
Presentation to UNC Water and Health Conference									
Submission of final report									
Final report submitted to peer reviewed journal for publication									
Publication of 3 WSUP practice notes									
RIU: WSUP-led in-country workshops on challenges with in-country advocacy									

Treatment technologies, Cranfield University	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
MSc student final submission									
Submission to peer-reviewed journal for publication									

7. OUTCOMES AND IMPACTS

Two external evaluations of WSUP's outcomes and impact have been completed in the reporting period:

1. A Partner Performance Assessment (PPA) for DFAT (formerly AusAID) of the WSUP programme in Maputo which DFAT has funded for four years.
2. An external independent evaluation of WSUP's programme in Zambia which has a strong component of FSM service development.

Both reports are annexed to this report for DFID's review as agreed with the two funding agencies that commissioned them. Excerpts are provided below:

A Partner Performance Assessment (PPA) for DFAT

The investment achieved its outcomes, despite significant financial setbacks (i.e. DFAT not being able to fund the second phase of the program). WSUP pioneered a city-wide approach to WASH, implementing an extensive set of water supply, sanitation and hygiene promotion activities whilst aiming for the adoption and replication of pro-poor WASH service delivery models by local service providers and the government.

WSUP implemented a robust and comprehensive monitoring and evaluation (M&E) system that was responsive to DFAT reporting requirements. Data consisted of both quantitative data on the program indicators and qualitative monitoring data, which underwent a thorough checking process by the Evaluation, Research and Learning (ERL) Team in WSUP's HQ Secretariat. This data was in turn used by the senior managers of the program to review progress and feedback into the planning and direction of the program. The M&E activities were also delivering useful information for ongoing learning and for accountability.

WSUP had a substantial emphasis on capacity building to support the institutional sustainability of service improvements. The sustainability of the models that are being implemented is supported by the thorough consultation process and full involvement of the stakeholders, which ensures that the approaches become

embedded. WSUP is building capacity through long-term partnerships and a learning-by-doing approach (as opposed to merely one-off trainings).

An external independent evaluation of WSUP's programme in Zambia

On sanitation, the project set up the basis for a major achievement unprecedented in Zambian low-income PUAs: the demonstration of scalable, sustainable commercial services capable of safely removing, treating and reusing faecal matter. By following an approach emphasising the value chain of sanitation services and embracing principle characteristics of sanitation as a business, the project ensured that the domestic good, the public good (public health, environmental protection), and the private interest are all simultaneously addressed.

The approach adopted by the project to address the yet unsolved sanitation puzzle affecting the health of a booming urban population in Zambia is exemplary. Its comprehensiveness and pragmatism reflect a very solid understanding of the numerous challenges at play in relation to sanitation in Lusaka PUAs.

WSUP's 'advocacy from the inside' work (combining demonstration work on the ground and targeted capacity building) is directly influencing the mind-set of LWSC, WTs and other players in the sector. The achievements of the project in terms of mainstreaming inclusiveness represent a source of inspiration for the sector nationally, except perhaps with regard to hygiene promotion where much scope for progress remains.

WSUP's theory of change implies deeply embedding its activities 'in the system' and partnering closely with mandated local players at all levels. By putting LWSC and WTs in leading positions, WSUP fosters local ownership very effectively with a clear view towards scaling up. The downside is a deliberate relinquishing of some control on projects. As part of reasonable risk mitigation strategy the project partly addresses risks associated with this partnership style (and with the capacities of its contractors). Challenges arose that were hardly predictable, or beyond the reach of WSUP, which resulted in significant delays on most activities.

By influencing the National Urban Sanitation Strategy, the project is likely to have an impact on sector practices. Three months after project completion, 43% of the customer base for the first FSM system operational in Kanyama (25,000 people) were served, exceeding by 13% the target defined for the system.

By framing environmental sustainability at a level embracing the whole chain of services, and seeking the best trade-offs to ensure service performance, economic viability and scalability, the project has manifested a pragmatism much needed in projects of this type.

8. COSTS, VALUE FOR MONEY AND MANAGEMENT

At the end of June 2015 inception to date expenditure totalled £11.56m (77% of the £14.9m total funding), with WSUP reporting expenditure of £2.80m in the last six months against a forecast of £3.04m (92% of the estimate) – a small underspend of £0.2m or 8%. This represents an improvement on the previous quarters' budget accuracy and is, as a result, an encouraging trend.

At the country level, costs and expenditure have broadly been as forecast although there has been some over forecasting in some countries, notably Ghana where the economic situation, with the continued depreciation of the Cedi and high inflation, has made budgeting more challenging. The continued strength of UK sterling has impacted some forecasts, in particular where funds are dispersed in Euros and Dollars.

WSUP continues to enhance and strengthen its financial systems in line with plans to ensure that the upgrade is finalized for the introduction of the new business plan after April 2016. We have appointed a new permanent Director of Finance & Resources and a new Financial Controller. The two individuals worked successfully together as a team in a previous professional environment, so have very rapidly formed a well-functioning leadership team for the finance function. We have initiated comprehensive staff training to better utilize our existing systems and have established an internal working group to examine how best to improve and augment the functionality of our systems, either through system redesign or through improved technical capacity to ensure that the existing systems respond more rapidly

or more appropriately. WSUP continues with its plans to devolve greater financial management to the country programmes and operations with concomitant controls and internal audit being introduced.

There have been no changes to the procurement processes or policy and all procurement with a value of over £5,000 requires the application of the policy. DFID is making a 40% contribution to the WSUP Business Plan.

Please also update on value for money (VfM):

As outlined in previous reports, WSUP has a planning, monitoring and evaluation framework which is used to support the development of country level plans. This guides implementation, and contributes to ensuring value for money and economy of inputs, the efficiency of delivery and the effectiveness of the outcomes. Over the past six months WSUP has held a number of useful discussions with DFID regarding the improvement and strengthening of WSUP monitoring and evaluation framework, and the associated 'Theory of Change'.

One proxy indicator of the efficiency of the programme is the overall cost per beneficiary. Over the last six months this equates to £3.95 per direct beneficiary (total programme cost divided by total number of direct beneficiaries). This is firmly within the range of costs reported in the DFID WASH portfolio review (between £0.91 and £18.8).

Finally, please update here on organisational and management matters not covered above, including:
How effectively is the programme governance structure working and what suggestions do you have for improving it?

WSUP has a robust and established governance structure which is working effectively. This includes overall oversight and accountability lying with a Board of Directors with an independent Chair. The plans to set up a charitable subsidiary continue apace with the Richard Aylard, External Affairs and Sustainability Director at Thames Water agreeing to be the Chair of the charity. The main WSUP institution will continue to with its legal personality remaining a company limited by guarantee.

WSUP has completed the registration of WSUP Advisory as a Community Interest Company, and is also in the process of registering a subsidiary company in India to facilitate the delivery of WSUP –Advisory contract with USAID and the Government of India. Both the registering of a charitable subsidiary and the CIC will enable WSUP to strengthen its institutional structure and contribute to the long term sustainability of the organisation. WSUP's communication of its niche and role in the sector has been enhanced by the recruitment of a new Communications Manager, who will manage the portfolio and the Communications Officer.

How effectively are the programme's key partnerships operating, including partnerships within and outside the programme, and what measures may be needed to strengthen these?

One set of key partnerships for the organisation are with the member organisations. **Mott McDonald** has joined as a full member of WSUP in April, following which two representatives from Mott Macdonald visited the WSUP offices to discuss with WSUP secretariat staff possibilities for greater engagement between Motts & WSUP. **CARE** has provided significant support to the WSUP team to the relocation to a new and larger central London office near Blackfrairs and very close to **Unilever's** global HQ. WSUP is coordinating closely with **Unilever** on the implementation of the major new USAID contract to provide technical and managerial support for the delivery of the Swachh Barat (Clean India) Mission, particularly given the presence of several major Unilever brands in India. WSUP also contributed to the Unilever stakeholder mapping exercise to assist in creating a framework for prioritization for issues for the company to address in coming year. **WaterAid** and WSUP recently hosted the UK Ambassador on a trip to WSUP programme activity in Madagascar, when he commented on how impressed he was by the strong and positive partnership between the stakeholders. **Borealis & Borouge** has supported the WSUP operations in Korogocho in Nairobi, through the provision of pellet raw materials for manufacture of PE100 pipelines for

approximately 4km of pipeline which has been laid. Richard Aylard, External Affairs & Sustainability Director, **Thames Water** and one of the individuals who was originally involved in building, promoting and developing the concept of WSUP, has recently agreed to serve as the Chairman of the WSUP charitable subsidiary. **Cranfield University's** fieldwork to assist WSUP at the Clean Team waste treatment site is now fully underway, with data collection expected to be finalised and results reported by the end of November; the research will provide analysis of the efficacy of sludge treatment for two relatively low-cost technologies.

Comment on the adequacy of the programme staffing structure, staffing allocations, and any changes to key positions (specialisms or personnel) which have happened or are pending.

The new Senior Management Team (SMT) which was established at the end of 2014, following Neil Jeffery's appointment as CEO in June of that year, is now embedded and functioning well, with meetings held every month and key messages coming out of each meeting shared across the organization. The permanent members of SMT are Director of Programmes, Director of Partnerships & Development, Director of Finance & Resources, Head of Evaluation, Learning & Research, and the Managing Director of WSUP –Advisory, with meetings chaired by the CEO. WSUP has a new full time HR Manager who is leading on embedding best practice in talent and HR management across the organization; the HR Manager provides regular updates to SMT.

WSUP-Advisory will play a critical role going forward to extend the impact of WSUP beyond its six core countries, through disseminating knowledge and experience arising from the long term operations in these locations. Robert Martin has been appointed as the new full time Managing Director of WSUP Advisory. Robert joins WSUP with more than 35 years' experience in the water and sanitation sector, having previously worked for GDF Suez, Global Sanitation Fund, WBCSD , EIB and multiple other actors in the sector.

9. WORK PLAN & TIMETABLE

The programme is broadly on track to deliver against its milestones but there are activities where progress has not been as expected. This is particularly the case in the mobilisation of finance where progress in Year 3 continues to be slower than expected – see Section 3 for an assessment of final projections against targets.

Throughout implementation the programme has faced a number of challenges which reflect the complex environment in which WSUP operates as interlinking political, social and economic pressures impact service provider ability to respond. As can be seen from the underspending and the underlying issues that have caused this, working with public utilities and regulators in Africa and Asia can be a challenging and slow process. This is often compounded by those stakeholders having many different partners to respond to and a lack of coordination by sectors and by funding agencies.

A no cost extension to the Business Case has been agreed with DFID to extend the implementation period to 31st March 2016. This is primarily to ensure the completion of Clean Team component of the Business Case and a realignment of this component has also been proposed and agreed with DFID.

10. RISK

A risk assessment was included in the Business Case and the mitigations identified are appropriately addressing these. Specific issues and events related to the initial risk assessment are set out briefly below. No new risks have been identified at this stage.

Political

Political instability has decreased in most of the countries where WSUP is operational, though the situations in Kenya and Bangladesh are monitored closely. Political commitment to WASH appears to be growing and processes such as Sanitation & Water for All and the High Level meetings are driving forward commitments.

Financial

A financial risk identified in the Business Case was insufficient funds to deliver the overall programme. Since the development of the Business Case, WSUP has signed funding partnerships with: the Bill & Melinda Gates Foundation (x2); the Skoll Foundation; the Government of the Netherlands; United States Agency for International Development (as a subcontractor); The Coca Cola Africa Foundation (x 6); Comic Relief; The OPEC Fund for International Development; the French Development Agency; UNICEF and; the Japanese Social Development Fund. Existing partnerships with the United States Agency for International Development and the Australian Department for Foreign Affairs and Trade were also extended. In addition, WSUP has signed partnership agreements with its strategic partner Vitens Evides International which channels Dutch Government and European Commission funding to the WSUP programme in several countries.

A total of £13.40m of funding has been secured against the Business Case in the last 24 months (£11.25m if additional funding from DFID is excluded). Inflation and currency depreciation is affecting Ghana as outlined above.

Ensure you cover corruption and fraud risks here; identify what existing and/or additional controls are required to ensure funds are being used as intended.

WSUP has explicitly set out a zero tolerance policy statement on bribery and corruption. This is communicated publicly on its website alongside the revised organizational Business Ethics Policy. This incorporates clear statements of its zero tolerance approach to bribery and corruption and these have been signed off by the WSUP Board of Directors. This is already UK Bribery Act compliant. In relation to due diligence of implementing partners WSUP has a robust procurement process which includes a standard contract requiring WSUP's sub-contractors to adhere to WSUP's Business Ethics Policy. WSUP uses suppliers who have a good track record and who are viable.

What is your current assessment of the overall risk level for the programme (low, medium or high)?

This programme was judged to be low / medium risk in the Business Case and nothing major has changed over the reporting period to significantly alter this assessment. The risks identified are a mix of external and internal risks. WSUP maintains a detailed risk register (updated in June 2014), including country specific assessments. WSUP has robust policies and procedures to manage these risks and which reflect recent changes to UK law which relate to Overseas Aid such as the UK Bribery Act.

If appropriate, summarise the impact on the climate/environment and any mitigating actions.

WSUP conducts Environmental Mitigation Planning as part of the construction process in all six countries and these continue to be used to ensure facilities constructed do not adversely affect the environment and that sanitation makes a positive impact on the environment.

11. MONITORING AND EVALUATION

Key monitoring and evaluation updates over the last 6 months include:

- a) An audit and improvement of WSUP's outcomes data database, resolving current issues and providing a solid basis for deeper system improvement going forward;
- b) A continuation of the Annual Progress Reviews process (annual internal reviews of each country's progress and challenges) which have been completed a three countries;
- c) A piloting an improved household and infrastructure survey process, with revised tools, in Madagascar and Zambia, providing a strong basis for final end-of-programme surveys in the 6 countries, and for

WSUP's longer-term aspiration to develop citywide survey processes as a key element of WSUP's M&E strategy;

- d) A strategic review of WSUP's M&E processes, now completed, generating revised Theory of Change and new M&E Framework (already presented to DFID) that will structure our M&E processes going forward.
- e) Initial discussions with PwC on a pilot to test the Total Impact Measurement Model for assessing impact of programme investments. This will be carried out in Madagascar over the next six months and results analysed to assess the efficacy of the approach to WSUP's work and to water and sanitation.

12. FURTHER INFORMATION

i. Theory of Change

The WSUP Theory of Change remains valid and representative of the current WSUP programme.

The Business Plan process for the WSUP Business Plan 2016-2020 has advanced significantly over reporting period with further detailed planning and engagement with external stakeholders and members.

The development of the core components of the new plan continues has included receiving submissions from country teams and business units and the further refining of the Strategic Objectives (SOs) underpinning the plan. The SOs developed as a result of the business planning meeting held in Ghana in December 2015 were discussed in detail at the WSUP Board meeting and Strategy Day held on 26th February which provided important input into the development of the overall concepts. The latest versions include some of this feedback as well as significant other comments and suggestions from funders and other external stakeholders.

Detailed engagement has taken place with partners in the United States and UK, with considerable and useful feedback already been received. In addition to securing a meaningful percentage of the business plan funding for 2016-2020 (c. 15%), the organisation has also been successful in securing bridge funding to support the process of preparation for the start of the plan in April 2016. This contribution will assist in strengthening internal systems to ensure they are fit for purpose, ahead of the start of the plan next financial year.

ii. Research methods

See above for detailed explanation of current research methods and approaches

iii. Challenges and lessons learnt

Nothing further to add at this stage

iv. Other or supplementary information

ANNEXES

i. Logframe

Current version attached.

ii. Independent evaluations of WSUP's work

- a. A Partner Performance Assessment (PPA) for DFAT (formerly AusAID) of the WSUP programme in Maputo which DFAT has funded for four years.
- b. An external independent evaluation of WSUP's programme in Zambia which has a strong component of FSM service development.