

How can you support people in living healthy lives? One way is to ensure that they have access to enough clean water. Another is to support them in building proper sanitary facilities. Or to increase awareness of good hygiene practices.

The Dutch WASH Alliance aims to realise and embed these conditions around the world. To ensure that it is done in the most sustainable manner possible, the Dutch WASH Alliance follows a unique strategy called 'FIETS'. This factsheet explains part of the strategy: the focus on financial sustainability.

## The Dutch WASH Alliance

... is active in the fields of Water, Sanitation and Hygiene (WASH) in Africa and Asia. We always work in partnership with local parties: from local community and governments to businesses and civil society organisations. The solutions vary from hygiene awareness campaigns to business support programmes and from training courses for WASH committees to the construction of water systems or sanitary facilities. Our work is always focused on achieving sustainable results. In order to realise these goals, we follow the 'FIETS' strategy. 'FIETS' stands for Financial, Institutional, Environmental, Technological and Social sustainability of WASH interventions.

## Financial sustainability challenges

Financing WASH services poses a serious and growing challenge in developing countries. Governments, civil society and communities are struggling with issues such as decentralisation, adequate fund allocation and cost recovery. Few countries have realistic and operational policies and strategies to enable sustainable financing for increased WASH service coverage. To overcome these challenges:

- Market forces must be recognised and appropriately considered. A functioning WASH market needs to be in place.
- Governments have to prioritise WASH in their own budgets, using tax revenues for investment.



## Three strategies for improvement

The financial approach of the WASH Alliance is built on three strategies to introduce models that create incentives for various stakeholders to contribute to the financing of WASH improvements.

- 1 Local finance first:** we work towards models in which investment costs are covered as much as possible through local funding from customers, public sector or private investors. Examples of interesting funding possibilities are household contributions, recurrent tax revenues, fee systems or loans from local finance institutions. Operations and maintenance costs of WASH systems are always paid through local financing instruments.
- 2 Rights based approach:** through local lobby, advocacy and budget tracking, communities are empowered to express their needs and demands to their local, regional and national authorities for adequate budget allocation and use.
- 3 Investment loans:** small local businesses are enabled to grow by properly addressing water and sanitation in a locally regulated WASH sector. This way, we support private service WASH providers that own and manage WASH services privately as a business.

## Cooperation between stakeholders

From a financial sustainability perspective, supporting the development of a functioning WASH market in which local businesses can flourish is essential. To do so, different stakeholders need to work together:

- The potential sanitation facility end-users (customers)
- Businesses providing the necessary products & services
- Local financial institutions offering competitive funding
- A committed local government that is prepared to invest responsibly
- The Dutch WASH Alliance aims to act as a broker to bring these stakeholders together.

## Financial sustainability at 3 levels

Three levels of WASH service interventions can be distinguished. For each of them a different financial sustainability approach is required.

### Household level WASH services

Household level WASH services are solutions that are owned by a single household or a landlord. Examples are household latrines, soak-away pits or rainwater harvesting systems. For these investments, a social marketing approach is promoted. This approach aims at creating demand for WASH services amongst households through a variety of campaigning methods but also at training local entrepreneurs in

low cost technologies, marketing techniques and innovative finance mechanisms.

### Community level WASH services

Community level WASH investments are solutions that are owned and managed by communal management structures or by businesses. These services are used by all community members. Think of public boreholes, storage tanks with possible distribution systems or taps and community managed public toilet facilities. These include WASH systems for schools and rural clinics.

For hardware investments in such systems, especially in rural areas, local funds are often inadequate. Communities will be empowered to enhance adequate budget allocations and use. Advocacy, local lobby and budget tracking are used for increased fund allocation and better targeting by the government.

### Private service WASH

Under private service WASH we understand a large variety of WASH services for which customers have to pay to use the service. Examples are water kiosks, toilets at markets and bus stations, water trucks, and latrine pit emptying services. They are owned and managed privately as a business. Investment costs for these services need to be recovered from revenues. By means of a business support programme, entrepreneurs are stimulated to combine financial goals (earning revenues) and social goals (increasing access to proper WASH services). Business support includes strengthening and expansion of a network of independent local business developers and local financiers, and the development of financial instruments, training and legal advice.



## Business approach in Malawi

In the city of Mzuzu in Malawi, the Dutch WASH Alliance facilitated a business approach to sanitation. Here, local businessman Harold Chirwa was supported to set up a business that bundles a variety of sanitation services under the umbrella of one business - from the construction of toilets for individual households or schools to the emptying of pits. This way, his company WES management could offer sanitation services in a more cost effective, efficient and qualitative way to many different customers in the region. His customer portfolio includes individual households, market committees, NGOs and also the local government.

The role of the WASH Alliance in this project was to bring together the four stakeholders to make the business approach to sanitation work: customers, businesses, financial institutions and the local government. Based on its success in Mzuzu, WES management has already opened branches in four other cities in Malawi. A great example of how a business approach can bring sanitation to "everyone forever".