



Supportive Environments for Healthy Communities

Issue 36 December 16, 2011 | Focus on Financing Examples for WASH and IAP Interventions

This issue of the *WASHplus Weekly* contains case studies and evaluations of financing methods for water, sanitation, and hygiene (WASH) and Indoor Air Pollution (IAP) projects. Included in the WASH sector is an IRC review of sanitation financing models, a GTZ review on financing rural water supply, and case studies from Kenya and Mali. Cookstove or IAP resources include a wiki on financing methods, presentations on innovative financing programs in Nepal and Uganda, and other studies and reviews. Please let WASHplus know if you have additional resources on this topic or suggestions for future issues of the *Weekly*. Please note that *WASHplus Weekly* will be on holiday break for the next two weeks, and will return in early January.

WASH INTERVENTIONS

- **Sanitation Financing Models for the Urban Poor**, 2011. C Sijbesma. IRC. ([Full-text](#))

This report discusses pro-poor financing models that can facilitate the urban poor's access to complete sanitation services. The paper catalogues existing financing models and examines each based on an analytical framework that comprises six criteria. It offers a recommendation for mixing financing mechanisms to meet the urban poor's needs, and recommends developing poor-specific and full-cycle specific plans for sanitation.

- **Attempting the Production of Public Goods through Microfinance: The Case of Water and Sanitation**, 2011. P Mader. Max Planck Institute for the Study of Societies. ([Full-text](#))

This paper evaluates the attempt to create public goods via microfinance loans. As a case study, the production of water and sanitation resources via microfinance loans is examined in India and Vietnam. It finds that microfinance projects for water and sanitation, which are based on individualism and a cost-recovery paradigm, ignore important collective action aspects and underlying distributional problems. Given its questionable effectiveness in other areas, the public goods iteration of microfinance

leads not only to insufficient provision for the poor, but also may alienate these citizens from publicly accountable modes of governance and their human right to water.

- **Bringing Water to Where It Is Needed Most: Innovative Private Sector Participation**, 2011. International Finance Corporation. ([Full-text](#))

This report discusses a range of water and sanitation initiatives from the World Bank Group. The publication not only presents partnerships between the public and private sectors, but also represents the growing depth of the partnership between the World Bank and International Finance Corporation. Despite the fact that the financial services sector in many countries, particularly in sub-Saharan Africa, is still characterized by manifold constraints and limitations, the future potential of local financial markets for financing rural water is significant.
- **Financing Small Piped Water Systems in Rural and Peri-Urban Kenya**, 2011. Water and Sanitation Program. ([Full-text](#))

A program to finance investment in community-managed piped water systems was initiated in central Kenya in 2006. Under the program, investments in a community water project are prefinanced with 20 percent equity from the community and 80 percent debt from K-Rep Bank, a commercial bank specialized in microfinance lending. The loans have a grace period of one year for construction, followed by a five-year loan repayment period, and are priced at market interest rates. A number of valuable lessons learned from the pilot will be useful to other projects using a similar approach to finance small water systems.
- **Identifying the Potential for Results-Based Financing for Sanitation**, 2011. Water and Sanitation Program. ([Full-text](#))

Results-Based Financing offers an alternative to traditional sanitation financing by allocating public funds based on the achievement of specified results. This working paper offers practical ideas for advancing the use of results- and performance-based financing mechanisms in the delivery of sustainable sanitation services.
- **Participation as Citizenship or Payment? A Case Study of Rural Drinking Water Governance in Mali**, *Water Alternatives* 4(1) 2011. S Jones, University of London. ([Full-text](#))

“Participation as payment” as a means of pursuing cost recovery from communities is not working, and also detracts from the possibility of promoting “participation as citizenship” and the associated potential longer term benefits to water access and democratization. The immediate outcome is that access to drinking water is neither sustainable nor equitable
- **Pro-Poor Financial Services for Rural Water: Linking the Water Sector to Rural Finance**, 2010. F Batz, GTZ. ([Full-text](#))

Despite the fact that the financial services sector in many countries, particularly in sub-Saharan Africa, is still characterized by manifold constraints and limitations, the

future potential of local financial markets for financing rural water is significant.

- **Progress-Linked Finance: A Study of the Feasibility and Practicality of a Proposed WASH Financing Approach**, 2011. N Mason, Overseas Development Institute. ([Full-text](#))

This report assesses the feasibility of a financing model, Progress-Linked Finance, designed to incentivize and support WASH service providers to meet the needs of poor urban residents in a financially sustainable manner.

IAP INTERVENTIONS

- **Carbon Finance: A Guide for Sustainable Energy Enterprises and NGOs**, 2010. D Disch, GVEP International. ([Full-text](#))

This guide has been designed to help energy entrepreneurs better understand whether they should consider carbon finance more closely in their business plans and to provide recommendations on the first steps to assess their potential.

- **Financing Methods for Cookstove Dissemination**. ([Link to website](#))

This section of the Energypedia wiki outlines two different financing mechanisms for cookstove dissemination: subsidies and microcredits.

- **Household Cookstoves, Environment, Health, and Climate Change: A New Look at an Old Problem**, 2011. World Bank. ([Full-text](#))

Lessons from financing small-scale energy funds provide a good starting point for cookstove financing. The experience of financing disaggregated renewable-energy projects such as solar home systems can be useful in understanding how to defray high initial costs and use grants and subsidies creatively

- **Igniting Change: A Strategy for Universal Adoption of Clean Cookstoves and Fuels**, 2011. Global Alliance for Clean Cookstoves. ([Link to full-text](#))

Igniting Change is designed as a comprehensive vision for the cookstove sector to achieve universal adoption of clean cookstoves and fuels. The strategy charts three critical pillars of activity—enhancing demand, strengthening supply, and fostering an enabling environment—as key components of a thriving market for clean cookstoves and fuels.

- **Improved Sales for Cookstoves**, 2011. D Levine, University of California, Berkeley. ([Link to presentation](#))

A presentation about an innovative approach to marketing and selling cookstoves in Uganda.

- **Improved Stoves in India: A Study of Sustainable Business Models**, *Energy Policy July 2011*. G Shrimali, Indian School of Business. ([Full-text](#))

Many previous efforts to disseminate improved stoves—primarily by governments and NGOs—have not been successful. Based on interviews with 12 organizations selling

improved biomass stoves, this study assessed the results to date and future prospects of commercial stove operations in India.

- **Microfinance and Energy Poverty**, 2010. D Levai, Energy Links Project. ([Full-text](#))
This report discusses lessons learned in Mali, Tanzania, and Uganda by Energy Links on microfinance for solar lighting and biomass briquettes as an alternative to charcoal.
- **Micro Financing of Smoke Alleviating Technologies in Nepal**, 2011. S Dhakal, Winrock. ([Link to presentation](#))
This presentation discusses various financing methods that include: wholesale lending through banks, the revolving fund approach, franchising model, and credit agent/vendor financing.

Each *WASHplus Weekly* highlights topics such as Urban WASH, Indoor Air Pollution, Innovation, Household Water Treatment and Storage, Hand Washing, Integration, and more. If you would like to feature your organization's materials in upcoming issues, please send them to Dan Campbell, WASHplus knowledge resources specialist, at dacampbell@fhi360.org.



About WASHplus - WASHplus, a five-year project funded through USAID's Bureau for Global Health, creates supportive environments for healthy households and communities by delivering high-impact interventions in water, sanitation, hygiene (WASH) and indoor air pollution (IAP). WASHplus uses proven, at-scale interventions to reduce diarrheal diseases and acute respiratory infections, the two top killers of children under five years of age globally. For information, visit www.washplus.org or email: contact@washplus.org.

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