



Photos: Water.org

WATER.ORG IN BANGLADESH

An evaluation of Water.org's activities in Bangladesh finds that engagement and advocacy for water and sanitation has influenced the government to significantly increase funding and improve oversight of financial flows.

Context

The unique geographical location of Bangladesh on the largest delta in the world means that almost the entire population has access to at least basic drinking water supply. Over half (56%) of Bangladeshis have access to safely managed water. Access to sanitation is another matter, with less than half of the population (48%) with access to at least basic services. However, the national target is to achieve universal access to safe and affordable water supply and sanitation for all by 2030, in line with the Sustainable Development Goals.

Despite the existence of policies and strategies to improve water, sanitation, and hygiene (WASH) in Bangladesh, the historical approach has been to allow households to manage their own water supply. Currently, government support comprises half the funding for WASH, with 20% from development partners and 30% from private actors, mostly households. Grassroots approaches remain central to WASH: community-led total sanitation (CLTS) was pioneered in Bangladesh. This underscores the role of government and community organizations, which are currently focused on promoting hygiene and encouraging household investment in WASH.

Ironically, despite the fact that microfinance was also pioneered in Bangladesh and continues to grow in practice across the country – microfinance institutions have about 25 million clients a year and disbursed \$16 billion in loans in 2019 – it has not yet realized its full potential in the form of repayable finance for WASH.

KEY HIGHLIGHTS

- Water.org's model for repayable WASH finance was adopted by three organizations (WaterAid, iDE, and the World Bank). This was the result of Water.org's documentation and dissemination activities as well as direct engagement and technical advice.
- As a direct result of coordinated advocacy efforts involving Water.org within the Sanitation and Water for All (SWA) partnership, Bangladesh's three main political parties pledged to boost WASH funding, and the government increased the budget allocation for WASH by over a third, to \$1.13 billion for 2019/20.
- Following strong encouragement from the SWA coalition, including Water.org, the Department of Public Health Engineering is running a pilot using the TrackFin tool to improve oversight of WASH finance.
- From 2014 to 2019, Water.org helped reach 1.26 million people with WASH loans valued at \$27.8 million.
- Partnerships and alliances, particularly with other leading microfinance organizations, are key to systems strengthening, but a framework needs to be in place that makes it clear how different activities contribute to different targets.

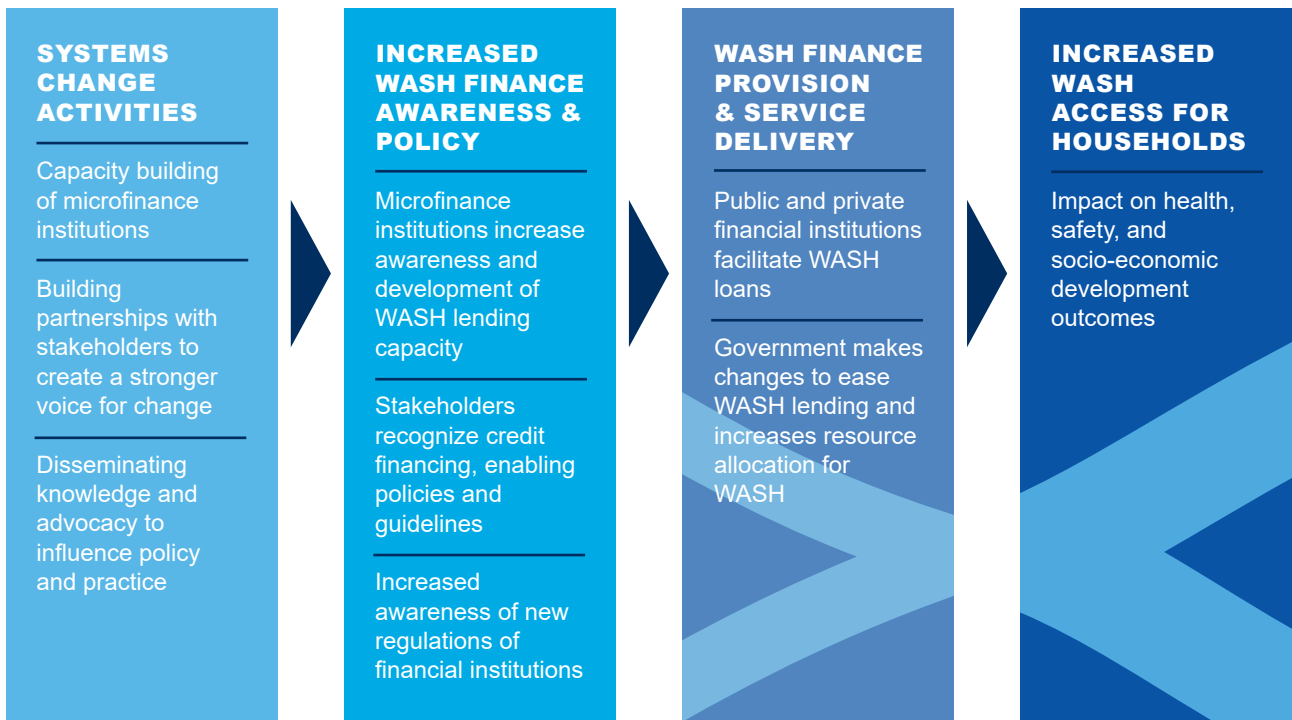


Water.org in Bangladesh

Water.org began operations in Bangladesh in 2014 by engaging microfinance institutions and helping them establish WASH lending portfolios. From 2018 onwards, Water.org also opportunistically worked with other sector stakeholders to change the way in which WASH was financed by promoting policy and practice changes favorable to repayable finance for WASH. However, these system-strengthening activities were not the result of a specific strategy. Several successes have highlighted the potential that more targeted efforts in this field are poised to achieve. Key activities that could be classed as contributing to systems change include:

- Documenting best practices: Between 2015 and 2019, Water.org produced four research papers, two book chapters, and a policy brief.
- Organizing and participating in sector learning platforms: In 2018, Water.org organized the WaterCredit Forum in Dhaka to share experiences about its repayable finance model with sector stakeholders.
- Developing relationships with sector actors and influencing them to incorporate repayable WASH finance: Water.org engaged development leaders including the World Bank, UNICEF, the World Health Organization (WHO), and WaterAid to help them become familiar with and appreciate the add-on value of WASH lending to their work. For example, Water.org encouraged WaterAid to set up a micro-financing WASH project in northern Bangladesh.
- Participating in external programme evaluations and formulation missions: Water.org supported the evaluation of iDE's Sanitation Market Systems in Bangladesh (SanMarkS) project and the development of the World Bank's Output-Based Aid model.
- Encouraging the government to increase its public finance for WASH, while advocating for increased transparency around it: As part of the SWA partnership, Water.org advised the major political parties to include an increase in WASH finance in their election manifestos, as well as in budget planning sessions. It also worked with the Department of Public Health Engineering to run a pilot of TrackFin,

THEORY OF CHANGE FOR WASH SYSTEMS STRENGTHENING



a WHO-developed tool that tracks financial flows in the WASH sector. The tool helps provide a comprehensive understanding how WASH funding is being used – through what providers and funding channels – to enable the government and WASH sector stakeholders to make evidence-based policy decisions and design more accurately targeted interventions.

Evaluating impact

An evaluation of Water.org’s work in Bangladesh focused on how its activities, both directly in the field, and indirectly by engaging with sector partners and the government, led to 1.26 million WASH loans worth \$27.8 million between 2014 and 2019. Water.org also contributed significantly to systemic change in financing for the WASH sector:

- Three organizations – WaterAid, iDE, and the World Bank – adopted Water.org’s model for repayable WASH finance. This is the result of the documentation and dissemination activities carried out by Water.org, including the 2018 WaterCredit Forum, as well as more direct engagement and technical advice provided to these sector partners through evaluation and formulation missions. Each of these partners subsequently worked with one or more

financial institutions. This was part of a larger sector trend toward WASH microfinance that Water.org encouraged at every opportunity.

- As a direct result of SWA’s advisory and advocacy activities, in which Water.org was an active participant, Bangladesh’s three main political parties committed, in their election manifestos, to boost WASH public spending. This was followed by a pre-budget press conference in 2019 at which these parties appealed to the government for more funding. The national government responded by increasing the budget allocation for WASH by over a third, to \$1.13 billion for 2019-20.
- Water.org’s collaboration with the Department of Public Health Engineering on the TrackFin pilot will improve understanding and oversight of financial flows for WASH. This will help build the case for WASH funding, and also ensure that there is better steering of resources meant for people living in poverty. The government has also designated an increase of 10% of civil society organizations in government WASH committees at local levels, which should bolster accountability.

Lessons learned

The evaluation found that clear objectives and strategies are critical to help address the bottlenecks for WASH finance in the existing system and determine how public finance and repayable finance might interact. Key lessons included:

Partnerships and alliances are key to systems strengthening: This is especially relevant for a relatively small organization like Water.org, which can join forces with leading WASH partners that may have more experience in bringing about systems change.



To achieve systems change, there needs to be clarity around how different activities contribute to different targets:

The evaluation found that there was a lack of clarity within Water.org on the difference between direct and indirect activities (including influencing and advocacy), how they relate to each other, and what specific policy changes for WASH finance are being targeted.

Recommendations

Elaborate a more explicit framework for its system strengthening work: A more detailed systems analysis of the WASH sector in Bangladesh would help differentiate between the objectives of the different levels of activities undertaken by Water.org and how they address the challenges and opportunities available for increasing access to finance for the most vulnerable. A monitoring framework should be included.

Increase collaboration with other leading microfinance organizations: Combining efforts with sector actors such as Grameen Bank, facilitated by events such as the WaterCredit Forum, would help to increase the volume of WASH loans. As a thought leader in the sector, Water.org could play a facilitator role and initiate a joint knowledge platform that could evolve into a joint lending platform.

Future work in the WASH sector should be built on an examination of existing challenges and opportunities for repayable finance: Based on the trends identified by the evaluation, Water.org could look into areas such as microfinance for faecal sludge management. It could also assess the potential of engaging with commercial banks, drawing on a systems analysis of the WASH sector in Bangladesh.