



WATER, SANITATION, AND HYGIENE FINANCE (WASH-FIN)

WASH-FIN Year 5 Annual Report

October 2012–September 2021



October 2021

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Cover photo: Mbombela Municipality water treatment facility.
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ACRONYMS AND ABBREVIATIONS

AAAS	Association of Sanitation Actors (<i>Association des Acteurs de l'Assainissement au Sénégal, Senegal</i>)
AFD	French Development Agency (<i>Agence Française de Développement</i>)
AIAS	Water and Sanitation Infrastructure Administration (<i>Administração de Infraestruturas de Água e Saneamento, Mozambique</i>)
AIP	Alien Invasive Plant
AMCOW	African Ministers Council on Water
AURA	Water Supply and Sanitation Regulatory Authority (<i>Autoridade Reguladora de Águas, Mozambique</i>)
BCWS	Bek Chan Water Supply (Cambodia)
BDK	<i>Banque de Dakar</i>
BMGF	Bill and Melinda Gates Foundation
CDD	Consortium for DEWATS Dissemination
CECM	County Executive Committee Member
CFPAS	<i>Centro de Formação Profissional de Água e Saneamento (Mozambique)</i>
CIG-Zambia	Cities and Infrastructure for Growth Zambia
CLSG	Conditional Liquidity Support Grant (Kenya)
CMP	Concession Management Plan
COP	Chief of Party
COR	Contracting Officer's Representative
COVID-19	Coronavirus Disease 2019
CS-TAP	Customer Service Turnaround Project
CTL	Country Team Leader
CU	Commercial Utility (Zambia)
CWA	Cambodian Water Supply Association
DCOP	Deputy Chief of Party
DER	<i>Delegation Generale a l'Entreprenariat Rapide des Femmes et des Jeunes (Senegal)</i>
DFC	Development Finance Corporation
DFCD	Dutch Fund for Climate and Development
DHV	Royal Haskoning DHV (Mozambique)
DIS	Development Information Solution
DMF	Delegated Management Framework
DNAAS	National Directorate of Water Supply and Sanitation (<i>Direcção Nacional de Abastecimento de Água e Saneamento, Mozambique</i>)
DWSSM	Department of Water Supply and Sewerage Management (Nepal)
ENPHO	Environment and Public Health Organization
EPA	Environmental Protection Agency
EWSC	Eastern Water and Sanitation Company (Zambia)
FIPAG	Fund for Investment Ownership and Water Supply Assets (<i>Fundo de Investimento e Património do Abastecimento de Água, Mozambique</i>)
FLI	Fresh Life Initiative
FONSIF	Senegalese Sovereign Wealth Fund (<i>Fonds Souverain d'Investissements Stratégiques</i>)
FPA	Private Water Provider (<i>Fornecedor Privado de Água, Mozambique</i>)
FRP	Financial Recovery Plan
FSM	Fecal Sludge Management
FSTP	Fecal Sludge Treatment Plant
GIS	Geographic Information System

I&P	<i>Investisseurs & Partenaires Sénégal (Senegal)</i>
IFA	Infrastructure Finance Advisor
IMDF	INCA Municipal Development Fund
ISA	Infrastructure South Africa
IWM	Integrated Waste Management
J-OP	Janicki Omni Processor
KM	Knowledge Management
KPI	Key Performance Indicator
LKPAWS	Leng Kheav Prek Ambel Water Supply (Cambodia)
LOP	Life of Project
LWSC	Lusaka Water and Sanitation Company (Zambia)
LWWSP	Lusaka West Water Supply Project (Zambia)
M&E	Monitoring and Evaluation
MACHWASCO	Machakos Water and Sanitation Company
MAWASCO	Mathira Water and Sanitation Company (Kenya)
MEL	Monitoring, Evaluation, and Learning
MFI	Microfinance Institution
MISTI	Ministry of Industry, Science, Technology, and Innovations (Cambodia)
MOU	Memorandum of Understanding
MoWS	Ministry of Water Supply (Nepal)
MoWS&I	Ministry of Water, Sanitation, and Irrigation (Kenya)
MWDSEP	Ministry of Water Development, Sanitation, and Environmental Protection (Zambia)
NAIVAWASCO	Naivasha Water and Sanitation Company (Kenya)
NCDD	National Committee for Democratic Development (Cambodia)
NGO	Nongovernmental Organization
NRW	Non-Revenue Water
NWASCO	National Water Supply and Sanitation Council (Zambia)
O&M	Operations and Maintenance
OCA	Open Capital Advisors
ODF	Open Defecation Free
ONAS	National Sanitation Agency of Senegal (<i>Office National de l'Assainissement du Sénégal</i>)
PARC	Support Project for the Renewal of Sanitation Trucks (<i>Projet d'Appui au Renouvellement des Camions de Vidange, Senegal</i>)
PEA	Political Economy Analysis
PIDG	Private Infrastructure Development Group
PMT	Project Management Team
PPP	Public-Private Partnership
PRONASAR	National Rural Water and Sanitation Program (<i>Programa Nacional de Abastecimento de Água e Saneamento Rural, Mozambique</i>)
PWO	Private Water Operator
REOI	Request for Expressions of Interest
RFP	Request for Proposal
SA5	Supplementary Agreement #5 (South Africa)
SDP	Sector Development Plan (Nepal)
SECO	State Secretariat for Economic Affairs (South Africa)
SLA	Service Level Agreement
SNA	Sub National Administration
SOP	Standard Operating Procedure

SOW	Scope of Work
SPEED+	Supporting the Policy Environment for Economic Development Project
SSP	Sanitation Service Provider (Senegal)
STTA	Short-Term Technical Assistance
SVWSUO	Surkhet Valley Water Supply User's Organization (Nepal)
SWA	Sanitation and Water for All
SWOP	Sanitation-Focused Water Operators' Partnerships
THIWASCO	Thika Water and Sanitation Company (
TNC	The Nature Conservancy
TO	Task Order
ToR	Terms of Reference
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
USAID KEA	USAID Kenya and East Africa
USD	United States Dollar
WASH	Water, Sanitation, and Hygiene
WASH-FIN	Water, Sanitation, and Hygiene Finance
WASREB	Water Services Regulatory Board (Kenya)
WATIH	USAID West Africa Trade and Investment Hub
WDTF	Water Development Trust Fund
WHO	World Health Organization
WRC	Water Research Commission (South Africa)
WSC	Water and Sanitation Company (Zambia)
WSP	Water Service Provider (Kenya)
WSS	Water Supply and Sanitation
WSTF	Water Sector Trust Fund (Kenya)
WWF	World Water Forum
ZAWAFE	Zambia Water Forum and Exhibition
ZEMA	Zambia Environmental Management Agency

1.0 EXECUTIVE SUMMARY

The United States Agency for International Development's (USAID) Water, Sanitation, and Hygiene Finance (WASH-FIN) Program is a six-year task order (TO) under the Making Cities Work Indefinite Delivery Indefinite Quantity contract that began in October 2016. Tetra Tech leads WASH-FIN implementation with support from its original subcontractor partners Open Capital Advisors (OCA) and SEGURA Consulting across its portfolio. The USAID Center for Water Security, Sanitation, and Hygiene (formerly the Water Office) under the Bureau for Resilience and Food Security manages the project.

WASH-FIN seeks to close financing gaps to achieve universal access to water and sanitation services through the promotion of sustainable and creditworthy business models, increased public investment, and expanded market finance for infrastructure investment that enable targeted countries to become self-reliant by accessing reliable sources of capital for sustainable, climate resilient water and sanitation infrastructure. WASH-FIN works in collaboration with national governments, development partners, financial institutions, service providers, and local stakeholders to close financing gaps and improve governance structures. In doing so, WASH-FIN supports self-reliance in targeted countries by accessing reliable sources of capital for sustainable, climate-resilient water, and sanitation infrastructure. The nature of WASH-FIN's global contract design presents significant opportunity to demonstrate technical successes across a wide variety of sector structures and maturities—thereby increasing the likelihood of replication and scale as these successes are solidified and disseminated to other global sector actors.

In response to the Coronavirus Disease 2019 (COVID-19) pandemic, WASH-FIN has adapted its implementation approach while maintaining progress toward stated objectives and upholding the safety of staff, partners, and beneficiaries. WASH-FIN has worked with USAID to ensure it remains responsive to high-priority COVID-related requests and activities. Due to the nature of the COVID-19 pandemic and the critical importance of water and sanitation services for responding to this public health crisis and the associated economic shocks, many COVID-related activities fall clearly within the original WASH-FIN Scope of Work and general areas of focus as established in the TO. On October 30, 2020, USAID issued Modification No. 12 to the WASH-FIN TO, increasing the contract ceiling by USD 10 million to provide surge funding to support continuity of WASH services in areas impacted by COVID-19. The period of performance was also extended to September 22, 2022.

In Year 5, WASH-FIN continued to provide technical and capacity building assistance to water and sanitation service providers (SSPs), produce knowledge management (KM) products, and engage in global thought leadership and on-demand work. WASH-FIN has adapted several activities to respond to local needs brought on by the COVID-19 global pandemic, as discussed in greater detail under country activity updates.

Country Activity Updates: WASH-FIN closed its Southern Africa country activity in Q1 and its **Nepal** country activity in Q2 (with KM activities concluded by Q4). WASH-FIN additionally implemented country activities in **Cambodia, Kenya, Mozambique, Senegal, South Africa, and Zambia**, where programming will extend into the next fiscal year. WASH-FIN also conducted on-demand activities supporting the **Southern Africa Regional Mission**, the **Dominican Republic**, and **El Salvador**. The following is a summary of key achievements made across WASH-FIN's country activities.

Cambodia: In Year 5, WASH-FIN and its partner, the Cambodian Water Supply Association (CWA), continued to support private water operators (PWOs) and promote access to piped water services through PWO creditworthiness enhancement, capital investment loan facilitation, and promotion and advocacy of piped water supply. WASH-FIN Cambodia produced technical assessment reports for seven

PWOs in four provinces. WASH-FIN additionally developed and/or revised business plans for four PWOs and assisted three water operators to close on loan transactions for a total value of over USD 1 million. WASH-FIN also developed basic PWO accounting skills training materials tailored to eleven PWOs operating in Kampong Thom Province. These materials were submitted to USAID's Sustainable Water Partnership (SWP) project for use in online trainings SWP held for five PWOs.

To promote access to, and advocacy for, PWOs' piped water service delivery, WASH-FIN and CWA organized and facilitated six in-person local water tours and twelve PWO-Sub National Administration (SNA) meetings at the commune and district levels. Additionally, to strengthen PWO technical skills on water supply operations and management, WASH-FIN and CWA Water Engineers conducted a two-day technical training for five PWOs from Battambang, Pursat, and Siem Reap Provinces in January 2021.

WASH-FIN assisted CWA with a technical orientation on the operation of the USAID-provided water quality testing kits that WASH-FIN procured for 10 PWOs. WASH-FIN and CWA produced two tutorial videos on the use of the kits and their benefits and distributed the videos widely to CWA members nationally via social media. Lastly, WASH-FIN expanded data collection and analysis efforts for the Utility Financial Stress Testing activity to include seven PWOs from four provinces. The Financial Stress Testing effort is designed to capture the on-going impacts of the COVID-19 pandemic on the Cambodian WASH sector.

Kenya: WASH-FIN continued to work with the Water Services Regulatory Board (WASREB) in their review of applications to the World Bank-funded Conditional Liquidity Support Grant (CLSG) program for water services providers (WSPs). WASH-FIN reviewed 45 WSP submissions from the first call and 75 WSP submissions from the second call. To date, 37 WSPs have received USD 11.3 million. To enhance WSPs' performance during the second round of selections for funding, WASH-FIN, in collaboration with WASREB and the Water Sector Trust Fund (WSTF), facilitated a virtual training on the CLSG requirements for 88 WSPs in Kenya. WASH-FIN also supported WASREB in reviewing and ranking the proposed interventions by WSPs in preparation for anticipated World Bank funding.

WASH-FIN also provided technical support to WASREB to develop a Financial Recovery Planning (FRP) Tool for WSPs to use in the preparation of proposals for funding. The FRP tool enables WSPs to assess the impact of the COVID-19 pandemic on operations and finances and guides them in developing interventions that target cost reduction and revenue improvement. In collaboration with WASREB, WASH-FIN facilitated two workshops for 36 WSPs on the self-diagnosis and financial recovery plan tool to enable WSPs to leverage additional financing beyond the CLSG program for COVID-19 recovery and other similar shocks. Workshop attendees also prepared proposals for potential funding from the World Bank and other sources.

Despite the struggles faced by WSPs during the pandemic, WASH-FIN nonetheless commenced technical support to Machakos Water and Sanitation Company (MACHWASCO) and Thika Water and Sanitation Company (THIWASCO) to assist them in their pursuit of commercial and non-commercial loans through the development of technical and financial proposals. WASH-FIN's focus on promoting the funding of novel sanitation technologies continued in Year 5 through support to the WSP Sanivation. WASH-FIN assisted Sanivation to update its operational dashboards and financial models to enhance its outreach efforts to potential investors. The dashboards also track the company's key performance indicators, ongoing projects, and expansion plans concerning fecal sludge treatment plants. WASH-FIN support ultimately enabled Sanivation to expand innovative urban sanitation services in Kenya through the leverage of grants and convertible debt totaling ██████████ in Year 5.

Project development preparatory work for the Nanyuki Bulk Water Public-Private Partnership (PPP) project continued in Year 5. WASH-FIN issued a request for proposal (RFP) for the engineering studies and preparation of a feasibility design. Six firms responded to the RFP and were evaluated by a team comprising Laikipia County and WASH-FIN staff. WASH-FIN completed bid evaluations for engineering

services to develop a feasibility design for the Nanyuki Bulk Water PPP project. After this stage, however, the activity was put on hold, due to a similar procurement process being initiated by the Central Rift Water Works Development Agency (CRWWDA). WASH-FIN is awaiting resolution of the issue by the government to determine whether the support will proceed in Year 6.

WASH-FIN continued to engage with WSTF on their proposed Revolving Credit Facility that is intended to be a blended finance debt facility for WSPs in Kenya. WASH-FIN supported the WSTF in developing key messaging and engagement of stakeholder groups on the proposed revolving credit facility for the WASH sector, bolstering their efforts to hold stakeholder engagement forums with County Governments, WSPs, Water Sector Institutions, development partners, civil society organizations and financial institutions (local commercial banks). Feedback and insights from these engagements will inform a more detailed feasibility study to be conducted by WASH-FIN in Year 6.

WASH-FIN lastly finalized WASH Accounts III (TrackFin III) study which tracks national-level investment in WASH and provided critical data for planning for the sector. The draft report was validated by the technical committee and submitted to the Ministry of Water, Sanitation, and Irrigation (MoWS&I) for further input and concurrence prior to dissemination. WASH-FIN submitted the final WASH Expenditure Report that covered the fiscal years 2014 to 2020 to MoWS&I for concurrence prior to dissemination by the Ministry. Beyond the life of WASH-FIN, the Ministry will continue tracking WASH expenditures with support from other partners that will be engaged by MoWS&I.

Mozambique: During Year 5, WASH-FIN Mozambique supported the Water and Sanitation Infrastructure Administration (*Administração de Infraestruturas de Água e Saneamento*, Mozambique; AIAS) in drafting and negotiating a concession contract for eight piped water systems with its private partner, Operation Water, which has now been signed. WASH-FIN additionally supported AIAS in preparations of an annex to a concession contract with the sector regulator, the Water Supply and Sanitation Regulatory Authority (*Autoridade Reguladora de Águas*, Mozambique; AURA), that governs tariffs, tariff increases and operational performance indicators. WASH-FIN also finalized a revised lease contract and supporting lease manual for AIAS systems. WASH-FIN completed the preparation of the Performance Management Strategy and accompanying tools for the National Rural Water and Sanitation Program (*Programa Nacional de Abastecimento de Água e Saneamento Rural*; PRONASAR) Piped Systems to enable governments at all levels to monitor performance of private operators in rural areas piped systems.

WASH-FIN finalized the TrackFin report of the water sector financial flows, which tracks sector expenditures from 2016 to 2018 and made advancements on the Conceptual Design Report of solar energy systems for small, piped water systems to technically support the adoption of solar energy by private water providers (*Fornecedores Privados de Água*; FPAs) as part of the strategy to reduce their operational costs. WASH-FIN began supporting six FPAs to apply directly for small-sized bank loans (approximately ██████████) to finance the acquisition and installation of solar panel systems. Additionally, WASH-FIN engaged a subcontractor for the preparation of a feasibility study for the small towns water infrastructures fund, which is designed to support the development of an innovative and blended finance fund mechanism to catalyze finance for the WASH sector.

Additionally, WASH-FIN continued capacity building support to 18 private water providers in business development skills to boost service efficiency and allow for investment in expansion or in new ventures. WASH-FIN engaged a training institution to strengthen technical and financial management capacity for 60 FPA systems and engaged a subcontractor to prepare a detailed assessment and investment plan to reduce non-revenue water in the priority areas of the Maputo Metropolitan Area Water Supply System within the Fund for Investment Ownership and Water Supply Assets (*Fundo de Investimento e Património do Abastecimento de Água*, Mozambique; FIPAG). WASH-FIN engaged an expert to provide technical assistance to FIPAG Northern Region Water Utility in support of its corporatization, which will commence next quarter. Lastly, at the end of Year 5, WASH-FIN was finalizing an assessment of the

financial impact of COVID-19 on a sample of ten water service providers, designed to inform potential liquidity support from the government and donors to avoid services collapse and improve preparedness for similar future crises.

Nepal: The WASH-FIN Nepal Activity wrapped up operations in Year 5. While many activities concluded during the second quarter, the Nepal Activity saw a limited extension through the end of the fiscal year to allow for completion of administrative closeout and technical activities that experienced delays due to disruptions from the upsurge in COVID-19 cases in Nepal and subsequent lockdown. In Year 5 WASH-FIN Nepal finalized several technical products for the Gulariya Municipality including the Standard Operating Procedure (SOP) Guide and the Operation and Maintenance (O&M) Manual for the Gulariya FSTP, and a Service-Level Agreement (SLA) for Integrated Waste Management (IWM) of Gulariya Municipality. WASH-FIN Nepal supported the Gulariya Municipality to prepare and release bid documents for a private operator to run IWM services and to move forward on outsourcing of IWM services to a private operator. WASH-FIN also organized a learning trip for Gulariya Municipality to better understand the IWM practices in Palpa and Pokhara cities in Gandaki Province.

WASH-FIN and its subcontracted partners developed and implemented a Fecal Sludge Management (FSM)/Fecal Sludge Treatment Plant (FSTP) Training Curriculum in Year 5 for the Department of Water Supply and Sewerage Management's (DWSSM) National Water Supply and Sanitation Training Centre (NWSSTC). This included the production of FSM training modules, reading materials, workbooks, trainers' manuals, and lesson plans and a virtual training for 20 public sector engineers. Additionally, WASH-FIN Nepal completed an analysis for citywide water supply coverage in Nepalgunj Sub-Metropolitan City (NSMC) and wrote an assessment report on Viable Options for Citywide Water Supply Coverage. WASH-FIN also finalized the FSM Service Delivery Landscape Report in Year 5.

For Nepal activity closeout, WASH-FIN organized a local-level meeting with the Surkhet Valley Water Supply User's Organization (SVWSUO) and a provincial closeout workshop with Gulariya Municipality and NSMC. WASH-FIN also organized and hosted a national-level virtual project closeout workshop with representatives from the Ministry of Water Supply (MoWS), the DWSSM, USAID/Nepal, and WASH sector donor/partners and handed over knowledge products at a smaller in-person workshop. WASH-FIN Nepal additionally finalized the COVID-19 impact assessment report and shared it with USAID for posting on GlobalWaters.org. The activity also drafted a Nepal Country Brief, which will be finalized in Year 6.

Senegal: In Year 5, WASH-FIN Senegal accomplished several key achievements including closing on multiple transactions totaling USD 7.6 million—three times greater than the activity target. While larger Cohort I SSPs DELTA, DELVIC, and VICAS received this transaction advisory support, WASH-FIN provided more preliminary advisory support to 50 smaller SSPs. WASH-FIN assisted DELTA in their negotiations with *Investisseurs & Partenaires Sénégal* (I&P), an impact investment group dedicated to funding small and medium enterprises, to secure an investment to complement a solicited grant from USAID's West Africa Trade and Investment Hub (WATIH). Both sources of finance were closed in Year 5, with an equity investment from I&P nearing [REDACTED] dollars and a grant from WATIH for close to [REDACTED]. WASH-FIN also provided support to DELVIC in the finalization of its financial model and additional investor materials. Finally, WASH-FIN supported VICAS with its loan renewal application with *Banque de Dakar* (BDK) for [REDACTED].

WASH-FIN prepared 11 financial assessments for Cohort 2 Tier 1 SSPs to enable these small sanitation providers to accurately assess the strengths and weaknesses of their business operations. WASH-FIN also provided individualized business management coaching, including support on finance, accounting, and technical management best practices, to nine SSPs Tier 1. WASH-FIN also conducted a marketing training to help these SSPs better package their financial documents for local financial institutions, resulting in "teaser" briefs that SSPs could use in their introductory meetings with banks. WASH-FIN

started providing support to 20 Tier 2 SSPs. This included support to Fossclean, a sanitation business start-up owned by a young female entrepreneur who uses tricycles to provide sanitation removal in hard-to-reach, underserved areas of Dakar. Under WASH-FIN technical assistance Fossclean secured a loan for ██████████ to cover immediate financing needs during the COVID-19 pandemic.

One of the key highlights of this year was the launch of the sanitation truck fleet renewal program (*Projet d'Appui au Renouvellement des Camions de Vidange; [PARC]*), a major undertaking that required several years of coordination and planning with government stakeholders. This sanitation truck fleet renewal program will provide USD 3.7 million in initial available financing to enable SSPs to purchase up to 40 trucks. The launch ceremony was attended by the US Ambassador, the Minister of WASH, the WASH Representative of the Bill and Melinda Gates Foundation (BMGF), and the Delegate of *Délegation Générale à l'Entreprenariat Rapide des Femmes et des Jeunes (DER)*, on February 18, 2021.

WASH-FIN facilitated discussions between USAID and the World Water Forum (WWF) committee in support of the 9th WWF, expected to be held in Dakar in March 2022. During Year 5 WASH-FIN Senegal facilitated several meetings between the WWF committee and USAID to define the terms of their partnership in preparation for and execution of the forum. WASH-FIN additionally supported USAID implementing partners in their submission of project ideas to the WWF. Lastly, WASH-FIN co-hosted a webinar on local private sector engagement in collaboration with the WWF committee and Speak Up Africa. WASH-FIN produced additional communications products including a “Financing the Sanitation Sector” manual, a Senegal Country Brief, and organized a panel discussion for World Toilet Day which was broadcasted on national television.

Southern Africa: WASH-FIN closed its Southern Africa activity in the first quarter of Year 6. Since then, support to the Southern Africa Regional Mission transitioned to an On-Demand activity. During Q1 WASH-FIN presented the findings of the study on innovative financing mechanisms for the South African water and sanitation sector to the National Treasury, Department of Water and Sanitation, and USAID Southern Africa Regional. WASH-FIN also facilitated the transition of our technical assistance to the City of Cape Town’s Department of Water and Sanitation to a new multi-year program funded by the French Development Agency (*Agence Française de Développement; AFD*), which will carry on the innovative municipal finance reforms initiated by WASH-FIN. The complicated negotiation process for the amendment of the City of Mbombela water services concession were restarted at the end of the first quarter and continued under the On-Demand activity. Contract management capacity building support provided to the City of Mbombela also continued to improve the City’s ability to manage their water services concession.

Zambia: During Year 5, WASH-FIN Zambia completed or made significant progress on several studies designed to assess the current WASH sector financial situation and improve governance and operational efficiencies. Specifically, WASH-FIN completed the Financial Landscape Report for the WASH sector, financial stress test analyses for Mulonga, Lusaka, Nkana, and Eastern Water and Sewerage Companies (WSCs), and prepared the National Non-Revenue Water (NRW) Management Strategy for the Ministry of Water Development, Sanitation and Environmental Protection (MWDSEP). WASH-FIN Zambia also reviewed and provided comments on the MWDSEP concept note on setting up a sector financing framework.

WASH-FIN Zambia additionally drafted NRW reduction strategies, NRW policies, capacity development plans, and metering policies for three commercial utilities (CU)—Mulonga, Nkana, and Eastern WSC. This technical assistance will provide the framework for the national government and the three CUs to address their NRW situation, which over time is expected to result in the increased availability of water resources, improved efficiencies, and increased revenues. These reports will be submitted to USAID in the first quarter of Year 6. Additionally, WASH-FIN Zambia provided support to Eastern WSC (EWSC)

for the development of its most recent strategic plan for the period 2021–2025 and an Annual Business Plan for 2021.

Direct transaction support activities were largely focused on Lusaka WSC (LWSC) during Year 5. For LWSC, WASH-FIN Zambia provided commercial project structuring support to the Lusaka West Water Supply (LWWSP) Project, which is developed as a PPP. WASH-FIN also managed to bring in the Private Investment Development Group (PIDG) to support finalization of the pre-feasibility study initiated by Cities and Infrastructure for Growth Zambia (CIG-Zambia). WASH-FIN Zambia additionally supported LWSC in examining towards obtaining new meter financing options, including vendor financing, for the purchase and installation of meters. This support to LWSC also includes the preparation of a draft Request for Expressions of Interest (REOI) that was issued during the last quarter of Year 5 by LWSC. Responses to the REOI are anticipated to be received during the first quarter of Year 6. LWSC expects to enter into a contract to supply 10,000 customer meters, estimated at USD 1.2 million, by the first quarter of FY22. This, however, will depend on the responses to the REOI and the planned tender. Additionally, LWSC also issued a tender for the supply of 3,250 postpaid meters, which is being funded from LWSC's internal resources.

Lastly, WASH-FIN Zambia began the preparation of a tender in the amount of [REDACTED] for the supply and installation of solar pumping systems for Lusaka WSC and Eastern WSC. The solar panel activity, which is funded using USAID WASH-FIN funds, is expected to improve service delivery and result in energy cost savings for the two CUs beyond the life of USAID's WASH-FIN's activity. The tender for this subcontract will be issued in the first quarter of Year 6.

On-Demand Activities: On-Demand activities undertaken in Year 5 consisted of support via the Southern Africa Regional Mission on concession management and launching a debt fund, continuing to prepare a Feasibility Assessment for the Blended Revolving Fund in the Dominican Republic, and technical assessment of the Las Pavas water treatment plant which serves San Salvador, El Salvador.

Support to the USAID Southern Africa Regional Mission. WASH-FIN supported capacity building of the City of Mbombela's Concession Monitoring Unit (CMU) to manage the concession. Support included completion of a Concession Management Plan, Standard Operating Procedures, and implementation training for the CMU, as well as recommendations for reorganizing the unit. WASH-FIN also provided support to the city in carrying out the concessionaire quarterly performance reviews, which revealed significantly improved CMU capacity to hold the concessionaire accountable for key performance indicators and strategically focusing on promoting outcomes for improved water services. WASH-FIN continued to engage with the key stakeholders in the INCA Municipal Debt Fund (IMDF), including the AFD and Switzerland's State Secretariat for Economic Affairs (SECO) which approved their commitment to provide a "first-loss" facility and technical assistance. In May 2021, INCA announced the finalization and launch of the IMDF. The fund blends local and international funding from development finance institutions including the French Development Agency (AFD) and the Swiss State Secretariat for Economic Affairs (SECO) to provide an additional infrastructure financing option to municipalities and local investors alike. WASH-FIN participated in a virtual launch event in July 2021, where USAID's contribution to the development of the fund was acknowledged by INCA.

Blended Revolving Fund Feasibility Assessment – Dominican Republic. WASH-FIN commenced the Feasibility Assessment activity to document the potential viability of a repayable Blended Revolving Fund (BRF) to effectively mobilize additional capital for resilient and efficient WASH services in the Dominican Republic. Activities in Year 5 included delivering reports on the first three phases and receiving feedback from USAID in anticipation of completion the final assessment report in Phase 4 in Q1 FY22. The completed reports highlight the potential for such a facility to overcome some of the sector finance challenges, including those exacerbated by climate change and, potentially, COVID-19. The reports feed

into the final Phase 4 report which is expected to help all parties to better assess the opportunity for a repayable blended finance facility in the Dominican Republic and the potential roles each could play.

Assessment of the Las Pavas Water Treatment Plant – El Salvador. WASH-FIN received a request from USAID to conduct an assessment of the Las Pavas water treatment plant's ability to manage recurrent algal blooms. The facility is a key asset of the El Salvadoran national water utility *Administración Nacional de Acueductos y Alcantarrillados (ANDA)* and serves San Salvador. WASH-FIN held calls with USAID/El Salvador and ANDA, reviewed available documentation, and mobilized a water treatment process engineer from Tetra Tech (Fernando Roman, PE) to El Salvador during the week of September 6, 2021 to meet with officials from ANDA and USAID/El Salvador, observe the existing facilities and operations at Las Pavas, and interview plant operators and supervisors. The findings and recommendations from the visit will be presented in Q1 FY22 to help ANDA prioritize and justify investments in operations and maintenance and capacity building to mitigate the impact of future algal blooms and improve reliability of the water service. While the initial focus is on the treatment plant impacted by the algal bloom, the scope may evolve to include assessments of the utility's general operational and financial performance. WASH-FIN's support complements and is being coordinated with a parallel effort by USAID's Sustainable Water Partnership (SWP) which is supporting ANDA with an assessment of upstream watershed management challenges and the sources of pollution contributing to the recurring algal blooms.

Knowledge Management: In Year 5 WASH-FIN led, participated in, and supported USAID's engagement in several conferences.

- WASH-FIN participated in the virtual FSM6 conference, held May 31–June 4, 2021, where USAID gave the keynote address highlighting the importance of FSM, especially in developing countries struggling to finance sanitation systems. WASH-FIN gave a presentation on expanding financing and public private linkages for FSM, sharing its lessons from Kenya and Senegal and highlighting the potential for greater public and private sector engagement and lessons emerging from countries experimenting with different aspects of the FSM value chain.
- WASH-FIN's Chief of Party (COP) and USAID Contracting Officer's Representative (COR) participated in a webinar organized by the Safe Water Network on the topic of unlocking innovative finance for access to safe water. The webinar discussed the role of concessional loans in increasing access to capital for small water enterprises.
- WASH-FIN Senior Governance Advisor and WASH-FIN COR participated in a webinar organized by Sanitation and Water for All (SWA) and the World Health Organization on the rationale for tracking WASH expenditures through WASH accounts. WASH-FIN's COR participated as a panelist and shared the experience of WASH-FIN in supporting TrackFin in Kenya and Mozambique, with a focus on the need for government ownership of the process.
- WASH-FIN COP moderated an all-female session at the Stockholm International Water Institute's (SIWI) World Water Week conference, on applying WASH lessons from COVID-19 to future resilience challenges for the sector, which was opened by Maura Barry Boyle, Interim USAID Global Water Coordinator.
- At the 42nd WEDC Conference, WASH-FIN cohosted an agency event with Eastern and Southern Africa Water Regulators Association, AMCOW, and water regulators from WASREB (Kenya), NWASCO (Zambia), and AURA (Mozambique). The session aimed to highlight the impact of COVID-19 on urban water service providers and the critical role of water regulators in enhancing long-term financial sustainability of water utilities.

Knowledge products completed in Year 5 include Country Briefs for Kenya, Philippines, Senegal, and South Africa, which were approved by USAID and published on the GlobalWaters.org microsite. WASH-FIN also submitted to USAID for review the first draft of a technical note on market creation

challenges around sanitation treatment technologies, highlighting WASH-FIN's experience supporting emerging sanitation market technologies in Senegal, Kenya, and India.

Highlighting WASH-FIN's communications efforts in Year 5, WASH-FIN marked World Water Day in Year 5 by publishing a blog on how to help water utilities become resilient and financially sustainable. WASH-FIN also published its second feature story on Medium on scaling up financing for urban sanitation in Senegal for World Toilet Day.

Resource Mobilization: WASH-FIN mobilized USD 61,667,165 towards its top-line indicator *HL8.4-1 Value of new funding mobilized to the water and sanitation sectors as a result of USG assistance*. USD 3,186,999 of this was attributed to climate change adaptation.

Monitoring and Evaluation: In Year 5, despite delays caused by the COVID-19 pandemic, WASH-FIN made good progress in achieving defined targets. WASH-FIN strengthened 15 WASH sector institutions to manage water resources or improve water supply and sanitation services. A total of 225,445 people have benefited from improved water service quality and 447,131 people have received improved sanitation service quality from existing limited or basic service through WASH-FIN's project to date.

Management: In Y5, WASH-FIN submitted a series of Surge Activity proposals under the Essential Services Program (ESP), which were subsequently approved, in response to USAID requests to address key COVID-19 relief measures in Cambodia, Kenya, Mozambique, Senegal, and Zambia in addition to On-Demand efforts and KM work. The Management section of this report contains an overview of management arrangements including an organizational chart and discussion of the project's client communication and reporting plan as well as its adaptive management approach during the COVID-19 global pandemic.

2.0 COUNTRY ACTIVITY UPDATES

This section provides details on WASH-FIN implementation in its seven countries of operation in Year 5 (WASH-FIN Philippines closed in Year 4). The format for each country activity update is:

1. **Country Activity Snapshot:** This table summary presents the country activity location, objectives, key dates, and budget.
2. **Country Context and Overview of Year 5 Activities:** This section provides details on WASH opportunities and challenges and highlights details of WASH-FIN activities designed to address them.
3. **Project Implementation Update:** This section discusses progress made during Year 5, including knowledge management (KM) activities at the country activity level.
4. **Delivery Progress Summary:** This table summary presents project activities, expected results, and an update on their achievement during the Year 5.
5. **Performance Indicator Targets and Results:** This section contains a table summary and narrative description of achievements in Year 5 against life-of-program targets as defined in WASH-FIN's Year 5 Monitoring and Evaluation Plan (MEP).

2.1 CAMBODIA

TABLE I. CAMBODIA ACTIVITY SNAPSHOT

Activity Title	Expanding Access to Commercial Finance for WASH Investment in Cambodia
Location	Locations with creditworthy private water operators (PWOs), with priority given to locations that overlap with USAID/Cambodia's Country Development Cooperation Strategy geographic priorities.
Goal	To expand the market for commercial lending into the WASH sector, complete loan agreements for PWOs with the use of credit enhancements (where needed) and promote expanded opportunities for commercial finance aimed at sustainable WASH infrastructure and service delivery.
Objectives	<ol style="list-style-type: none"> 1. Creditworthiness and Market Assessment: Expand the market for commercial lending for WASH investments. 2. Access to Local Commercial Market Financing for WASH: Ensure completion of local bank loans to PWOs. 3. Capacity Building of Civil Society through the Cambodian Water Supply Association (CWA) and PWOs: Advocate to the Ministry of Industry, Science, Technology, and Innovations (MISTI; formally the Ministry of Industry and Handicraft) and the National Committee for Democratic Development (NCDD) for greater regulation of water supply management. 4. KM: Share and promote opportunities and approaches for mobilizing local commercial finance in the WASH sector.
Start Date	September 1, 2017
Expected End Date	March 31, 2022
Total Budget	USD 3,000,000

2.1.1 COUNTRY CONTEXT AND OVERVIEW OF YEAR 5 ACTIVITIES

The goal of the WASH-FIN Cambodia activity is to increase commercial lending for PWOs in support of the Government of Cambodia's promise to achieve universal WASH coverage by 2025. In line with this goal, WASH-FIN Cambodia has been implementing a series of coordinated activities including PWO

business plan development, assistance with technically sound project investment proposals, and development of transparent accounting records and financial forecasting. WASH-FIN seeks to improve PWO business and financial planning and supports PWO loan application submissions to lending institutions. When WASH-FIN began working in Cambodia, it determined that much of its technical assistance would focus on supporting PWOs through the CWA. CWA's mission is to coordinate, support, and advocate for their members (approximately 180 PWOs operating across the country). CWA also serves as a knowledge hub and coordinates with all development partners working in the water sector. In addition to selecting CWA as a subcontractor, WASH-FIN undertook a PWO selection process to determine which PWOs would receive technical assistance. A total of 41 from a pool of 86 eligible PWOs in ten provinces applied to receive support.

At the very beginning of Year 5, the COVID-19 situation in Cambodia showed a positive trend towards containment, which eased WASH-FIN's ability to conduct certain program activities. After the February 20th pandemic outbreak, however, most field activities were prohibited again, including conducting any meetings with more than 15 people. WASH-FIN continued most of its activities through the use of phone calls, social media, and other communication tools. Approximately five months later when the restrictions were gradually lifted, field activities resumed with the team taking sanitary precautions.

2.1.2 PROJECT IMPLEMENTATION UPDATE

Category 1: Creditworthiness and Market Assessment

In Year 5, WASH-FIN continued to strengthen the capacity of PWOs to enhance their creditworthiness and to collaborate with local lending institutions, both to share knowledge on the attractiveness of water sector investments and to encourage local banks to offer PWOs more affordable loan conditions.

Activity 1.1: Conduct Financial Review of PWO Business Plans

Data collection, analysis, and reporting on COVID-19 impact on PWO's financial situation

WASH-FIN commenced a COVID-19 Utility Financial Stress Testing exercise this year and has collected data from seven PWOs, listed below. WASH-FIN extended the timeline of the study through August 2021 to monitor the impact of the "February Incident." In Q4, additional questionnaires were developed and sent to all seven PWOs. Once data collection is complete, a draft of the COVID-19 Financial Stress Test report will be produced in early FY22.

1. Srok Bovet Water Supply, Battambang Province
2. Teuk Hout Water Supply, Kampong Chhnang Province
3. Kamchay Mear Water Supply, Prey Veng Province.
4. Teuk Saart Khaor Bunheat Water Supply (TSKBWS), Battambang Province
5. Kampong Chamlong Water Supply (KWS), Kandal Province
6. Bek Chan Water Supply (BCWS), Kandal Province
7. Leng Kheav Prek Ambel Water Supply (LKPAWS), Kandal Province

The financial data collected was also used for the purpose of supporting four PWOs on Business Plan development. Business plan work included the following PWOs: Teuk Saart Khaor Bunheat Water Supply (TSKBWS), LKPAWS and Kampong Chamlong Water Supply (KWS), and BCWS. The business plan review and development required re-collecting of market demand information, sometimes technical assessment report revisions and finance and accounting data updates.

Activity 1.2: Conduct Creditworthiness Assessments

Capacity assessments, training, and coaching

With COVID-19 travel restrictions, some field activities for technical data collection were forced to be postponed this year. Day trips were possible before February 2021 and again in the last quarter of FY21. In January 2021, WASH-FIN and CWA Water Engineers conducted a 2-day technical training for PWOs from Battambang, Pursat, and Siem Reap Provinces to strengthen PWO technical skills on water supply operations and management. Six PWOs were invited but only representatives from five were able to attend. However, for the periods where travel was not possible, WASH-FIN and CWA could only provide support to a limited number of PWOs facing technical issues concerning their water production and distribution systems. Throughout Year 5 WASH-FIN and CWA produced technical water supply system assessment reports for seven PWOs in four provinces. Assessment reports were produced for the following PWOs:

1. Trapaeng Neal Water Supply, Takeo Province
2. Svay Reussey Srok Water Supply, Kampong Cham Province
3. BCWS, Kandal Province
4. Phnom Del Water Supply, Kampong Cham Province
5. Samao Khnei Water Supply, Takeo Province.
6. Kraing Chek Water Supply, Kampong Speu Province
7. Chamkar Leu Water Supply, Kampong Cham Province

In addition to the above, WASH-FIN and CWA Engineers continue to work with Kaoh Soutin Water Supply, Kampong Cham Province on their technical assessment data analysis, and a technical assessment report for them is expected in October 2021.

WASH-FIN has prioritized water quality to improve people's health and consumer confidence in PWO services and promote compliance with MISTI's quality standard policy. To this end, WASH-FIN procured 10 sets of water quality testing (Photometer MD-600 and SD 80TDS) kits for 10 selected PWOs receiving WASH-FIN support, and assisted CWA with a technical orientation on the operation of the kits. Before distributing, WASH-FIN and CWA produced two video scripts explaining how to operate the equipment and report results in a format required by MISTI. The videos are now posted for all CWA members for learning and compliance.

Since the distribution, WASH-FIN and CWA have monitored the 10 PWOs, examined their equipment usage, obtained weekly quality testing results, and provided coaching for PWOs to regularly undertake water quality testing.

Category 2: Access to Local Commercial Market Financing for WASH

WASH-FIN Cambodia seeks to close financing gaps to achieve universal access to water supply through expansion of PWO access to finance. WASH-FIN technical assistance with business planning efforts continued in Year 5, with WASH-FIN making significant progress on increasing access to commercial financing through the closure of four loans.

Activity 2.1: Develop Financial Proposals for WASH Infrastructure

Development of business plans, financial and accounting records, and projections for the future

In Year 5, WASH-FIN and CWA worked with four PWOs for Business Plan development and review: Teuk Saart Khoar Bunheat Water Supply (TSKBWS), LKPAWS and Kampong Chamlong Water Supply (KWS), and BCWS. The business plan review and development process required WASH-FIN to re-collect market demand information, revise certain technical assessment reports, and update finance and accounting data to include capital investment needs in response to new market demand and to project the next 5-year revenues with financial and accounting reports for the first three companies listed above. WASH-FIN discuss accounting and financial records with the PWOs, and this effort helped enhance PWOs' capacity in keeping track of important business information such as water connection

numbers, water production and consumption volumes, operational expenditures, and revenues in their accounting system. WASH-FIN's support to BCWS commenced in Year 5 with new data collection efforts and completed its business plan with financial and accounting reports and technical assessment reports.

Activity 2.2: Provide Transaction Facilitation and Advisory Support

Building connections between PWOs and financial institutions

In Year 5, WASH-FIN facilitated connections between PWOs and financial institutions via online platforms. WASH-FIN Cambodia focused its efforts throughout the year on three PWOs to help them finalize loan applications and close transactions. Table 2 below is a summary of the transactions facilitated this year. All include own-equity contributions.

TABLE 2. SUMMARY OF FOUR CLOSED TRANSACTIONS ACROSS THREE PWOS

No	Name of PWO	Investment Amount (USD)	Source (Name of Lender/ Own Equity)	Transaction Status	Start Date and Loan Duration
1	Kampong Chamlong Water Supply (KWS)	██████	Phillip Bank	Closed	Loan offer signed in December 2020 with disbursements through May 2021
2	Kampong Chamlong Water Supply (KWS)	██████	Phillip Bank	Closed	Loan disbursement in September 2021
3	LKPAWS	██████	AMK Microfinance Institution (MFI)	Closed	December 2020
4	Teuk Saart Khoar Bunheat Water Supply (TSKBWS)	██████	Canadia Bank	Closed	October 2020
TOTAL		USD 1,163,314 closed in FY21			

Category 3: Capacity Building of Civil Society Through CWA and PWOS

Addressing development coordination issues while enhancing CWA's capacity to advocate for the role of PWOs

This activity category began in Year 3 as a response to increased demand to address challenges in the water sector related to the Government of Cambodia's policies on water supply as well as the re-assignment of functional district administrations. This support involved helping CWA to highlight challenges faced by PWOs following these reforms and providing inputs into the functional re-assignment policy development process. In terms of water service delivery, apart from a frequent lack of management skills and technical capacity, many PWOs face challenges that relate to water source pollution, shortage of water during the dry season, conflicts when laying pipes on private property, pipe network damage caused by road development, and cashflow constraints caused by frequent late customer payments. To strengthen PWO operations and resolve some of these problems, WASH-FIN has supported CWA to facilitate various meetings between PWOs and sub-national administration officials and helped them learn how to advocate for protection and promotion of their members' business enabling environment in the water sector.

In response to fluctuations in the COVID-19 situation throughout Year 5, the government of Cambodia has issued periodic ordinances on lockdowns, travel restrictions, and limits on in-person gatherings. Before the “February Incident,” lockdowns, travel and social gathering restrictions were more sporadic. During the first five months of FY21 (October 2020–February 2021), WASH-FIN was able to organize and facilitate six in-person local water tours, 12 PWO-Sub National Administration (SNA) meetings at the commune and district levels, and two PWO-SNA meetings at provincial level. On September 27, 2021 WASH-FIN and CWA organized a third PWO-SNA provincial meeting for Prey Veng online. This day-long meeting was the first one to held entirely online and is described under Activity 3.1 below.

Activity 3.1: Identify Roles and Responsibilities for Government and Professional Associations to Manage the Water Sector

As part of its capacity building efforts designed to help CWA advocate for better governance in water supply delivery, WASH-FIN engaged representatives of the Secretariat of the National Committee for Democratic Development (NCDD) and the Provincial Department of Industry, Science, Technology & Innovation (MISTI) to attend local meetings held with governmental actors and PWO staff as well as water facility tours that invited the participation of the general public. The following is a summary of the provincial, district, and commune meetings conducted by WASH-FIN as well as in-person water tours.

Provincial Meetings

PWO-SNA provincial consultative meetings were conducted in (i) Takeo Province with 54 participants (eight women) on January 25, 2021; (ii) Battambang Province with 77 participants (13 women) on February 19, 2021; and (iii) Prey Veng Province with 65 participants (15 women) on September 27, 2021. The latter was conducted virtually with high turnouts of development partners (USAID Phnom Penh and UNICEF) and nongovernmental organization (NGO) partners (six NGOs with eight participants). The meetings were also attended by national government officials of NCDD/Ministry of Interior (MoI); MISTI; Provincial Governor and Provincial Vice Governor; provincial staff; technical line departments; District Governor and District Vice Governor; NGOs working in the area; PWOs; WASH-FIN; and CWA.

Provincial meetings bring together all PWOs operating in the province to meet their government counterparts (all technical line departments including government water utility authorities) concerned with water management and supply. The meetings provide an opportunity to present challenges and problems faced by PWOs and SNAs to a panel of provincial leadership, MISTI and NCDD who then try to provide responses and take actions to problems during the meetings, unresolved matters, and/or clarify overlapping/unclear mandates that can then be proposed for further action and/or discussion at the national level.

District Meetings

WASH-FIN organized five in-person district meetings in Kiri Vong District of Takeo province, Kroach Chmar district of Tbong Khmum province, Peam Ro District, Prey Veng Province, and Bannan and Bavel Districts, Battambang Province. A total of 147 participants (25 females) participated in these five meetings. High-level attendees in this meeting include the NCDD representative, PDISTI, District Governor, District Deputy Governor, district staff, Commune Chief, Commune Councilors, Village Chiefs and Deputy Chiefs, school representatives, health representatives, Police Post officials, PWO staff, WASH-FIN staff, and CWA facilitators.

In Cambodia, the district is the second tier of local government/administrations that governs some technical line offices. Many PWOs do provide water service in more than one commune in a district, and in some cases, two PWOs share service delivery responsibilities in the same commune. In this regard, PWO-district meetings help PWOs solve problems that could not be resolved at the commune

and village level, including inter-commune issues, and help with coordination amongst different technical line offices (e.g., competition for water usage during dry season and water pollution). These meetings help district administrations to learn and prepare for re-assignment of water supply functions presently under discussion between NCDD and MISTI.

Commune Meetings

WASH-FIN organized and facilitated seven commune-level PWO in-person meetings in (1) Tang Kraing Commune of Batheay District in Kampong Cham Province; (2) Prek Ksay Khor Commune of Peam Ro District in Prey Veng Province; (3) Phnum Sampov Commune of Banan District; (4) Prek Ampork Commune of Kiri Vong District in Takeo Province; (5) Kroach Chmar Commune of Kroach Chmar District in Tbong khmum Province; (6) Kraing Chek Commune of Udong District in Kampong Speu Province; and (7) Prek Rumdeng Commune of Srey Santhou District in Kampong Cham province with a total of 253 participants (50 female). High-level attendees in this meeting were a NCDDS representative PDIST, District Deputy Governor, Director of Provincial Department of Industry, Science, Technology & Innovation, Chief of Commune, Commune Councilors, village heads, deputy heads, village representatives, commune health post centers, police officials, school representatives, Commune Health Center representative, PWOs, CWA, and WASH-FIN facilitators.

PWO-commune meetings help PWOs build strong relationships with the first tier of local government (the commune is recognized by the constitution as the lowest tier of state's administration). For the majority of PWOs, this meeting is the first formal face-to-face encounter with authority. WASH-FIN and the CWA team help PWOs to prepare presentations focusing on their current situation of number of households connections, business plans, financial situation (past investment and budget plan), challenges, and requests to resolve problems. Commune councils and village representatives are encouraged and able to learn about PWO businesses and their challenges (for the first time for most of them) and to share their own views on water service provision. At the end of the meeting, both sides agree on solutions (in the form of future actions and distribution of labor/roles among commune officials, Village Chiefs, and PWOs). National government representatives (NCDDS mainly) and PDISTI as MISTI's representative also take notes and can use the inputs from the discussions to help guide in identifying prospective role and responsibility divisions related to decentralization of services as well as to provide inputs into policy development and improvement of the sustainable water use and management.

Water Tours

WASH-FIN organized six local water tours for: (i) Cheang Choun PWO at Prey Ampork Commune of Kiri Vong District in Takeo province; (ii) Kroach Chmar PWO at Kroach Chmar Commune of Kroach Chmar District in Tbong khmum province; (iii) Kraing Chek PWO at Kraing Chek Commune of Udong District in Kampong Speu province; (iv) Neak Loeung PWO at Prek Ksay Khor Commune of Peam Ro District in Prey Veng Province; (v) Bavel PWO at Bavel Commune of Bavel District in Battambang Province; and (vi) Prek Rumdeng PWO at Prey Rumdeng Commune of Srey Santhor District in Kampong Cham Province, with a total of 250 participants (51 female). Participants include representatives of the District Deputy Governor, Director of Provincial Department of Industry, Science, Technology, and Innovation, Chief of Commune, Commune Councilors, village heads, deputy heads, village representatives, commune health post centers, police officials, school representatives, PWOs, CWA, and WASH-FIN facilitators. These water tours are important because they bring together different members of the community in a more informal way (as compared to the meetings)

and help to showcase both the severity of local water challenges and the need to work together towards sustainable solutions.



Photo 1. WASH-FIN organized a community water tour of the Svay Romeit water company facility

Activity 3.2: Support Water Supply Management Function Assignment Regulation Development

Results from PWO-SNA meetings are vital for NCDD and MISTI to consider for their policy development and re-assignment of water supply management functions to district/municipal level administration. Cambodia has been implementing decentralization and de-concentration programs since 2002 at the commune level and 2009 at the district/municipal and provincial levels. The reform program aims to

promote democratic and local development by allowing decisions to be made as close as possible to the people. This is why function re-assignment from the national level to SNA, particularly to the district/municipal administration, is particularly important. This was the rationale for WASH-FIN support for NCDDs and MISTI officials' participation at these sub-national levels.

Due to constraints and restrictions due to the "February Incident," WASH-FIN started to work closely with CWA on the development of a White Paper on piped water service delivery by PWOs. This paper contains practical issues and challenges encountered by PWOs and their peer SNAs, experiences on local solutions gathered during PWO-SNA meetings at commune, district and provincial meetings, suggestions on prospective functions of SNA and some possible interventions of national government institutions on the PWO business enabling environment.

The first part of the paper will focus on issues and challenges encountered by PWOs and their peer SNAs, while the second half will analyze these experiences and propose local solutions. These topics are discussed at PWO-SNA meetings and will be shared with NCDDs and MISTI in the Year 6. WASH-FIN will prepare CWA to continue advocacy using the paper to local partners and government to engender buy-in with the NCDDs and MISTI after the close of the WASH-FIN Cambodia activity.

Category 4: Knowledge Management

Unfortunately, some of the workshops planned throughout Year 5 were canceled due to COVID-19. For those that were held, WASH-FIN avoided big gatherings and convened individual meeting with key stakeholders instead, in compliance with COVID-19 guidance. In addition, knowledge product efforts were refined and better targeted for long-term impact. WASH-FIN also worked closely with partners, including CWA and USAID Sustainable Water Partnership (SWP) and attended various partner meetings.

Activity 4.1: Develop Knowledge Products

The WASH-FIN Cambodia Country Brief will be completed next quarter for submission to USAID. The Country Brief will describe achievements and lessons learned from the WASH-FIN Cambodia Activity implementation up through September 2021. Once approved, a Khmer translation of this Brief will be prepared and shared with the government (NCDDS, MISTI), PWOs, and other partners. Originally, WASH-FIN Cambodia planned to produce a series of three case studies, but that deliverable was replaced by the Country Brief, and a more recent effort with CWA to include results of WASH-FIN Activity in CWA's quarterly newsletter as an on-going means of communication to PWOs and governmental partners.

Experiences from the WASH-FIN Cambodia Activity have been captured in a book entitled "Expanding Access to Commercial Finance for WASH Investment in Cambodia" by Pawan Kumar Sachdeva, commissioned by CWA under their WASH-FIN subcontract. Prior to the COVID-19 pandemic WASH-FIN was able to host and organize two workshops per year: 1) a workshop on lessons learned in financing PWOs conducted with PWOs stakeholders; and 2) a workshop with lending institutions to promote greater financial access for PWOs. However, during FY21, these workshops were canceled. The financial institution event was changed to meetings with individual lending institutions, namely the Government SME Bank, Phillip Bank, ABA Bank and Canadia Bank.

WASH-FIN coordinated with partners locally on several other fronts this year. This included a series of meetings with USAID's SWP project to review and finalize the process to provide overall PWO accounting and financial training to eleven PWOs operating in Kampong Thom Province. WASH-FIN developed basic PWO accounting skills training materials tailored for use by the PWOs. The materials were submitted to USAID's SWP in July 2021 and were further modified and used for online trainings held with five PWOs in the last quarter of FY21. WASH-FIN and CWA also supported SWP to formulate a PWO working group to facilitate smooth communication with CWA and as a forum to share and discuss basic accounting training materials developed by the WASH-FIN Finance and Banking Expert.

The WASH-FIN Cambodia Team also attended meetings with other partners (ANSA, WSSCC, WaterAid and LICADO), a three-day Cambodia-Australia Online Urban Water Policy Forum and a few technical meetings between WASH-FIN WaterAid. WaterAid is a new CWA partner and is interested in WASH-FIN's support for PWO-SNA meetings. WASH-FIN, WaterAid, and CWA had planned to organize a provincial consultation meeting with co-facilitation between WASH-FIN and WaterAid, but the meeting was been canceled due to the COVID-19 pandemic.

In addition, WASH-FIN joined the CWA Annual General Assembly on January 27, 2021, where CWA's annual achievements, with WASH-FIN contributions, were shared with stakeholders and partners. Lastly, WASH-FIN participated in other stakeholder meetings organized by Cambodia CSO Network on Sanitation, Hygiene & Water for All Accountability among CSOs (CON- Sanitation and Water for All [SWA]) and the 21st Water Corner Events, organized and facilitated by the Center for Sustainable Water (CSW) on the topic of Water Resources Management.

Activity 4.2: Conduct Close-Out Event

Close out of the WASH-FIN Cambodia activity is planned to take place in February or March 2022. A workshop will be held to discuss WASH-FIN Cambodia project achievements and lessons learned. Opportunities to build on the WASH-FIN effort with CWA and development partners will be discussed. Further details will be provided in future reports as planning efforts commence.

2.1.3 DELIVERY PROGRESS SUMMARY

The table below provides a summary of the WASH-FIN Cambodia activity annual progress update on delivery of expected results against timelines and outputs established in the Year 5 work plan. Where results are yet to be fully achieved, a timeline for their expected delivery is provided.

TABLE 3. CAMBODIA DELIVERY PROGRESS SUMMARY

Cambodia Activities	Expected Timing	Expected Results	Year 5 Update
Activity 1.1: Conduct Financial Review of Private Operator Business Plans	<ul style="list-style-type: none"> • May 2021 • June 2021 • June 2021 	<ul style="list-style-type: none"> • Self-selection and revalidation process for remaining PWOs; 10 new PWOs selected for technical assessments. • 5 PWO business plans drafted. • 1 PWO business plan reviewed. 	<ul style="list-style-type: none"> • 7 PWOs with complete technical assessment reports; 1 additional assessment ongoing. • 1 new business plan drafted (BCWS—to be finalized in later reporting periods). • 3 business plans updated.
Activity 1.2: Conduct Creditworthiness Assessments	<ul style="list-style-type: none"> • June 2021 	<ul style="list-style-type: none"> • Comprehensive business plan developed, reviewed with financial models for 5 PWOs. • Brief report describing results of PWO COVID-19 stress testing based on World Bank tool. 	<ul style="list-style-type: none"> • See above. • 7 PWO surveyed for utility financial stress tests, to be published in Q1FY22.
Activity 2.1: Develop Financial Proposals for WASH Infrastructure	<ul style="list-style-type: none"> • July 2021 	<ul style="list-style-type: none"> • Technical and financial proposals for expansion of 5 PWO businesses submitted to lending institutions. • Loan term sheets collected for 5 PWOs. 	<ul style="list-style-type: none"> • 5 loan applications submitted to lending institutions (2 for KWS, 1 for LKPAWS, 1 for TSKBWS and 1 for BCWS). • Term sheets collected for 4 PWOs.
Activity 2.2: Provide Transaction Facilitation and Advisory Support	<ul style="list-style-type: none"> • July 2021 	<ul style="list-style-type: none"> • At least 6 loan transactions closed. 	<ul style="list-style-type: none"> • 4 loans closed for three PWOs.
Activity 3.1: Identify roles and responsibilities for Government and Professional Associations to Manage the Water Sector	<ul style="list-style-type: none"> • May 2021 • June 2021 	<ul style="list-style-type: none"> • At least 24 PWO/Commune Council Meetings at which village and district representatives participate. • 6 provincial meetings on piped water service 	<ul style="list-style-type: none"> • 12 PWO-SNA meetings at commune and district level, with additional six local water tours. • 3 meetings held. Reduced from target of 6 due to COVID-19 Meeting Restrictions.

	<ul style="list-style-type: none"> July 2021 	<ul style="list-style-type: none"> delivery roles and responsibilities. Draft prospective functions and sub-functions on water supply management for different stakeholders. 	<ul style="list-style-type: none"> Ongoing.
Activity 3.2: Support Water Supply Management Function Assignment Regulation Development	<ul style="list-style-type: none"> July 2021 	<ul style="list-style-type: none"> Sub-decree on water supply management function assignment drafted with inputs from PWOs and CWA. 	<ul style="list-style-type: none"> Ongoing.
Activity 4.1: Develop Knowledge Products	<ul style="list-style-type: none"> June 2021 Mar 2021 July 2021 	<ul style="list-style-type: none"> 3 case studies produced. 1 workshop on lessons learned in financing PWOs conducted with PWOs stakeholders. 1 workshop with lending institutions conducted. 	<ul style="list-style-type: none"> Cancelled and replaced by Country Brief and White Paper, both of which are scheduled to be delivered in Year 6. Delayed due to COVID-19, to be incorporated within final close-out workshops. Cancelled and replaced by on-going online and individual bank meetings.
Activity 4.2: Conduct Closeout Event	<ul style="list-style-type: none"> March 2022 	<ul style="list-style-type: none"> 1 workshop conducted on achievements and lessons learned with NGOs, development partners, government institutions, and private sector. 	<ul style="list-style-type: none"> Scheduled for March 2022.

2.1.4 PERFORMANCE INDICATOR TARGETS AND RESULTS

The table below reports on WASH-FIN Cambodia's Year 5 results and cumulative achievement to date against targets established in WASH-FIN's Year 5 Monitoring & Evaluation (M&E) Plan.

TABLE 4. CAMBODIA PERFORMANCE INDICATOR TARGETS AND RESULTS

WASH FIN Indicators	Life of Project (LOP) Targets	Previous Results (Years 1-4)	Year 5 Results	Cumulative Results to date
HL.8.4-1 Value of new funding mobilized to the water and sanitation sectors as a result of USG assistance	USD 5M	USD 2,618,325	USD 1,163,314	USD 3,781,639
HL.8.3-3 Number of water and sanitation sector institutions strengthened to manage water	1	1	-	1

WASH FIN Indicators	Life of Project (LOP) Targets	Previous Results (Years 1-4)	Year 5 Results	Cumulative Results to date
resources or improve water supply and sanitation services as a result of USG assistance (Indicator Definition Customized)				
EG.11-4 Amount of investment mobilized (in USD\$) for climate change adaptation as supported by USG assistance	USD 1M	USD 410,175	USD 290,828	USD 701,003
HL.8.1-3 Number of people receiving improved service quality from an existing basic or safely managed drinking water service as a result of USG assistance	100,000	50,845	79,695 ¹	130,540

HL.8.4-1: Three PWOs closed loan transactions totaling USD 1,163,314.00. They included the following: a) Teuk Saart Khaor Bunheat Water Supply (TSKBWS) obtained an additional [REDACTED] from Canadia Bank in October 2020; b) LKPAWS obtained an additional [REDACTED] from AMK MFI in December 2020; and c) Kampong Chamlong Water Supply (KWS) obtained additional [REDACTED] in May 2021 and USD 200,000 in September 2021

HL.8.3-3: Target achieved in prior reporting years. In Year 5 WASH-FIN continued to build the capacity of its subcontract partner CWA through joint activities as described in this report.

EG.11-4: According to WASH-FIN's procedures for calculating contributions toward the climate change indicator, the amount of contributions toward the climate change indicator is 25% of the total annual loans mobilized. Therefore, for this FY21, the amount is [REDACTED] or 25% of the total annual loans explained under HL.8.4-1 ([REDACTED]).

HL.8.1-3: The number of beneficiaries (79,695) is calculated from annual increased household connections of PWOs supported by WASH-FIN (assuming 5 people per household connection). The overall number of connections increased is higher than the original target.

¹ Population indicator disaggregations are provided for all country activities in an annex to this report.

2.2 KENYA

TABLE 5. KENYA ACTIVITY SNAPSHOT

Activity Title	Expanding Access to Finance for Water, Sanitation, and Hygiene
Location	Urban areas in Kenya with creditworthy or efficiently managed WSPs
Goal	To expand financing for viable utility companies aimed at increasing investment in expanded access to improve service quality of safe and reliable water and improved sanitation.
Objectives	<ol style="list-style-type: none"> 1. Financial Flow Tracking: Collect, analyze, and disseminate information about financial flows in the WASH sector. 2. Creditworthiness and Investment Planning: Support targeted WSPs and government regulator to develop long-term capital investment programs, demonstrate creditworthiness, and develop bankable financing proposals for commercially viable projects. 3. Transaction Facilitation: Facilitate transactions for resilient WASH investments by advising utilities and financial intermediaries including guarantors, brokers, and originators. 4. Support of Water Sector Governance: Work closely with the national and county government to address existing governance challenges in the water sector, which have a direct bearing on growth and accessing of commercial financing in the sector.
Commencement Date	April 1, 2017
Expected End Date	July 31, 2022
Total Budget	USD 8,327,096

2.2.1 COUNTRY CONTEXT AND OVERVIEW OF YEAR 5 ACTIVITIES

The goal of the multi-year WASH-FIN Kenya activity is to expand financing for viable water and sanitation service provision and to increase investment in the expanded access to, or improved service quality of, safe and reliable water and adequate sanitation. To achieve this goal, WASH-FIN provides technical assistance and capacity building support to public and private WASH service providers and partners including national and county governments, development partners, local financial institutions, and others to support access to additional sources of capital. By exploring new funding sources, WASH-FIN Kenya aims to complement and leverage funding from traditional sources such as transfers, taxes, and tariffs, and support Kenya on its journey to self-reliance.

In Year 5, the financial stress on WSPs brought about by the COVID-19 pandemic necessitated a shift in the focus of the WASH-FIN Kenya activity from targeting purely non-traditional financing to other sources, especially those that could provide relief to the struggling WSPs. WASH-FIN worked collaboratively in providing technical support to Water Services Regulatory Board (WASREB) in the implementation of the Conditional Liquidity Support Grant (CLSG) program funded by the World Bank and disbursed and managed by the Water Sector Trust Fund (WSTF). WASH-FIN also provided technical support to WASREB to develop a Financial Recovery Planning (FRP) Tool for WSPs to use in the preparation of proposals for funding. The FRP tool enables WSPs to assess the impact of the COVID-19 pandemic on operations and finances and guides them in developing interventions that target cost reduction and revenue improvement. Greater detail on these interventions as well as other work conducted by WASH-FIN Kenya in Year 5 may be found below.

2.2.2 PROJECT IMPLEMENTATION UPDATE

Category 1: Financial Flow Tracking

The main objective of tracking WASH expenditures is to prepare national WASH accounts that show expenditures at the country level, thus contributing to a greater understanding of expenditure patterns in the WASH sector. Comprehensive information on sources of WASH financing, distribution of financing within the WASH sector and its uses, and the main financing agents or units are required to enable sound, evidence-based planning, and budgeting decisions.

Activity 1.1: Support Improved WASH Expenditure Tracking with TrackFin

In Year 5, WASH-FIN Kenya facilitated two TrackFin technical committee meetings with the Ministry of Water, Sanitation, and Irrigation (MoWS&I) and the World Health Organization (WHO) to discuss and validate the TrackFin I, II and III reports. The reports cover the 2014/15, 2015/2016, 2016/17, 2017/2018, 2018/2019 and 2019/2020 financial years. WASH-FIN support for this activity ends in Year 5. To ensure continuity of tracking WASH finance, MoWS&I plans to engage the African Population and Health Research Center (APHRC) to support the process. The Ministry sees the TrackFin process as complementary to other annual reporting processes to generate critical data necessary for planning investments in the WASH sector.

Category 2: Creditworthiness and Investment Planning Support

Creditworthiness is key to accessing repayable financing for water utilities. From its inception in Kenya, WASH-FIN has carried out creditworthiness assessments for over 20 WSPs as well as a detailed diagnostic review of key drivers of low creditworthiness. These reviews are key to understanding the status and specific needs of WSPs being supported in their path to taking on commercial finance.

Activity 2.1: Support Dialogue on Establishment of a Comprehensive Sector Financing Framework

In Year 5, WASH-FIN Kenya supported WSTF in developing messaging and undertaking stakeholder engagement on the potential for establishing a revolving credit facility to finance the WASH sector in Kenya. The proposed revolving credit facility is intended to be a blended financing facility that aims to provide short to long term loans to various actors in the sector across the 47 counties in Kenya at reasonable interest rates. With support from WASH-FIN, WSTF held stakeholder engagement forums with county executive committee members (CECMs) in charge of water and sanitation in their respective counties, national water sector institutions, Water Services Providers Association (WASPA), WSPs, development partners, financial institutions, civil society, the sector regulator, and the Council of Governors. These forums provided feedback on the revolving fund concept, laying the foundation for more detailed feasibility studies. Successful establishment of the credit facility would support WSTF to better manage its funds for onward lending to WSPs and other actors, thereby assisting with expansion of WASH services to unserved areas and building resilience against pandemics and other shocks. WASH-FIN will also continue to use its support to WSTF to engage in other existing processes addressing sector financing and collaboratively facilitate dialogue on this subject. This will eventually culminate with an anticipated high-level WASH financing dialogue with government and key partners in Year 6.

Activity 2.2 Support Naivasha Water and Sanitation Company (NAIVAWASCO) to Develop a Sanitation Surcharge

Prior to the onset of the COVID-19 pandemic, WASREB had commenced a project exploring ways to increase the fiscal space from local resources through taxation, to enable WSPs to expand sanitation coverage and access in low-income areas. With support from the Water and Sanitation for the Urban

Poor (WSUP), WASREB has been working with Nakuru County to define a sanitation surcharge to be used as a model across the sector. Based on this work and a willingness to pay study, WASH-FIN has worked with 20 WSPs to undertake debt capacity assessments, legacy debt restructuring proposals, and to develop proposals for potential financing.

Category 3: Transaction Facilitation

Since its inception, WASH-FIN has worked with 20 WSPs to undertake debt capacity assessments, legacy debt restructuring proposals, and to develop proposals for potential financing.

Activity 3.1: Support WSPs to Leverage Liquidity/Recovery Support from the COVID-19 Pandemic

The COVID-19 pandemic negatively impacted costs and revenues for WSPs in Kenya. The World Bank-funded CLSG program, managed by WSTF, aims to ensure that WSPs continue to provide essential WASH services during the COVID-19 pandemic while remaining viable and progressively advance towards recovery. As such, this performance-based program was modeled around two phases, an emergency response phase, covering the period from May to August 2020, and a recovery phase, covering the period from September to December 2020. WASH-FIN supported WASREB in its review of grant applications from WSPs during both phases. WASH-FIN reviewed 45 WSP submissions from the first call, 75 WSP submissions from the second call, and subsequently determined eligible grant amounts in accordance with the CLSG grants manual. So far, funding has only been disbursed for the first call, in which 37 WSPs have received USD 11.3 million. This work is critical in assisting the WSPs to receive grants to address the liquidity challenges resulting from the impacts of the COVID-19 pandemic (see Box 3 below). To enhance WSP performance, WASH-FIN, in collaboration with WASREB and WSTF, also facilitated a virtual training on the CLSG submission and accounting requirements for 88 WSPs.

Box 1. Technical Assistance Coordination for WSP Grants in Kenya

To assist Kenyan WSPs bridge the revenue gap caused by the financial fallout from the COVID 19 pandemic, the World Bank responded to a request from the Government of Kenya to restructure the Water and Sanitation Development Project (WSDP) to include a CLSG to Water Service Providers (WSP) nationally. The CLSG provides short term liquidity to finance operation and maintenance costs (electricity, chemicals, staff costs, and statutory obligations) as well as “quick start quick finish” emergency works, including provision of water tanker services and installation of public water points, especially in low income areas. To facilitate quick disbursement of this funding, USAID’s WASH FIN Kenya activity partnered with the World Bank to support the Water Services Regulatory Board (WASREB) to ensure effective implementation of the grant in line with WASREB and World Bank requirements. WASH FIN reviewed grant applications and computed qualifying grant amounts to be disbursed to each qualifying WSP. By September 2021, 38 grant applications totaling USD 11.3 million had been awarded to the WSPs under the first phase. 75 grant applications under the second phase, totaling to USD 35M have been reviewed and recommended for funding WSTF, which is the government agency tasked to disburse the funds to the WSPs.

As a follow on to the liquidity support, WASH FIN Kenya supported WASREB to develop and roll out a COVID 19 Financial Impact Diagnosis Tool and Financial Recovery Planning Tool for WSPs in Kenya. These tools, which are self administered, aim to assist WSPs identify and implement actions that can reduce costs and/or improve revenues, thereby enabling financial recovery.

This WASH FIN collaboration with the World Bank has contributed not only to speeding up the turnaround time for CLSG applications, but most importantly, saved the Government of Kenya on

additional consultancy costs, the savings from which are now being applied to the liquidity support program. This collaboration is a great example of how technical assistance programs can be maximized for greater efficiency and results.

WASH-FIN additionally completed the development of self-diagnosis and FRP tools and commenced their implementation with WASREB and 36 WSPs. This support was in response to the Government of Kenya's request to the World Bank to restructure the Water and Sanitation Development Project by broadening the scope of the project to include interventions that strengthen the financial performance of WSPs. The COVID-19 Financial Impact Diagnosis and Financial Recovery Planning Tool developed by WASH-FIN, is expected to enhance the internal capacity of WSPs to better understand and respond to opportunities to access required funding to provide safe and reliable water services during and after the COVID-19 pandemic and future shocks. In collaboration with WASREB, WASH-FIN trained 36 WSPs in the use of the tools and in this quarter, conducted two in-person backstopping workshops to support WSPs on their adoption. Thirty-six WSPs completed their FRPs, and WASH-FIN is supporting WASREB to review and rank proposed interventions for possible financing by the World Bank.

Activity 3.2: Provide Transaction Advisory Services to Private SSPs

Sub-Activity 3.2.1: Sanivation

Since FY18, WASH-FIN has been supporting Sanivation – a private sanitation company processing fecal sludge and other waste into 'super-logs' and briquettes as an alternative to charcoal and industrial fuel. This support has so far helped Sanivation successfully cumulatively raise over USD 3 million by the close of 2021 (See Box 2 at the end of this section). These funds are being used to scale up production at their Naivasha Waste Processing Plant in Nakuru County and for expansion to other Kenyan principal towns. In Year 5, WASH-FIN continued to support Sanivation to make improvements on its operational dashboards and update financial models to enhance outreach with investors. WASH-FIN trained Sanivation staff on the development and troubleshooting of these dashboards. This included evaluating functional area KPI targets and actuals for comparison to companywide KPIs, as well as specific dashboards for each Sanivation project. WASH-FIN finalized the support on dashboards by making improvements to project specific dashboards as well as to dashboards used to track FSTP expansion works.

Sub-Activity 3.2.2: Fresh Life Initiative – Sanergy

In Year 4, WASH-FIN began supporting Fresh Life Initiative (Sanergy), a private enterprise providing sanitation services in informal settlements of Nairobi County. This support was geared towards exploring and defining a possible funding and financing framework, such as Results-Based Financing (RBF) approaches, that could facilitate the scaling up of non-sewered sanitation services. In the first quarter of Year 5, WASH-FIN provided technical support to Sanergy to carry out an assessment on the viability of an RBF model. While the work was expected to continue, unforeseen procurement hurdles to secure the services of an international RBF specialist delayed the process and subsequently, Sanergy got support from other sources. As a result, this activity was removed from WASH-FIN's work plan.

Supplemental Sub-Activity 3.2.3: MACHWASCO and THIWASCO

Despite the struggles faced by WSPs during the pandemic, WASH-FIN nonetheless commenced technical support to Machakos Water and Sanitation Company (MACHWASCO) and Thika Water and Sanitation Company (THIWASCO) to assist in their pursuit of commercial and other loans through the development of technical and financial proposals for accessing financing for infrastructure and efficiency improvements. It is expected that the WSPs will be closing in on the financing during Year 6 of the program.

Activity 3.3: Provide Support for Nanyuki Bulk Water Project

The County Government of Laikipia, which is one of the USAID's Prosper Africa Counties, requested USAID KEA Mission in Year 4, to consider providing transaction advisory services for the proposed Nanyuki Bulk Water PPP project. WASH-FIN fielded a rapid assessment mission which established that the project required additional upfront technical work before it could move to the transaction stage. The County obtained a "no objection" from the Kenya Forest Service to proceed with the Environmental and Social Impact Assessment (ESIA) and confirmed that they would pay for the ESIA. In June 2020, USAID/KEA indicated willingness to support the project. In Year 5, WASH-FIN supported Laikipia County in the procurement of local subcontractors to carry out key engineering studies and prepare a feasibility design of the Nanyuki Bulk Water PPP Project. Eight engineering and three geotechnical firms were pre-selected in the first stage, and an RFP was issued to the eight preselected firms whose bid evaluations were completed jointly with Laikipia County. WASH-FIN also began the process of onboarding local dam and water supply consultants to provide technical support to the WASH-FIN Kenya team and the steering and technical project committees during implementation of the studies.

A learning exchange component drawing from the successful and similar Kigali Bulk Water project was inbuilt into the support as additional complementary support geared toward advancing Laikipia County's capacity to understand and manage the PPP process. WASH-FIN organized and executed an exchange learning session on WASH PPPs for the Laikipia County senior policy level officials including the Governor, Deputy Governor several CECMs, Nanyuki Water and Sanitation Company (NAWASCO) management and other senior staff from Laikipia, and a representative from the National Treasury PPP Unit. Learning exchange sessions targeting Laikipia County technical staff did not take off due to government restrictions on in-person gatherings, which was the preferred option by Laikipia County. WASH-FIN also continued to coordinate stakeholder engagement to enhance local ownership and support for the project.

During the last quarter of the year, WASH-FIN's support for the PPP project was put on hold when it emerged that the Central Rift Water Works Development Agency had commenced procurement for feasibility and detailed design of Kahurura Dam, which is in the same area as the Nanyuki PPP project. WASH-FIN has engaged the Laikipia County government and the national government to clarify next steps on potential collaboration. Continued WASH-FIN support to the project in Year 6 is contingent on the outcome of these talks.

Category 4: Governance in The WASH Sector

Cognizant of the impact of direct and indirect WASH governance challenges related to accessing requisite financial resources for investment, WASH-FIN has supported key players in the sector to address the issues through greater understanding including conducting a political economy analysis (PEA) of the sector and facilitating further sector dialogue.

Activity 4.1: Support Government to Address Governance Issues in the WASH Sector

Political Economy Assessment (PEA) Study

WASH-FIN Kenya undertook a PEA of the WASH sector in Year 4 with the aim of providing an understanding of WASH governance in the context of devolution by identifying the barriers and enablers related to WASH governance. In Year 5, WASH-FIN presented the report findings to the USAID/KEA Mission and have continued refining the report. Through a steering committee comprising MoWS&I, WASREB, Council of Governors (CoG), and other partners, WASH-FIN in Year 6 will disseminate the study findings and use them as a basis for further national dialogue on WASH sector governance. Key activities will include facilitating meetings between different stakeholders, working with the CoG to

support peer-to-peer learning between counties, and facilitating peer-to-peer learning between Kenya and other countries with relevant experience. WASH-FIN will also continue to support the CoG with implementation of a coordinated WASH response to COVID-19, including through consolidation of WASH data, fostering WASH knowledge sharing through the WASH Community of Practice, and facilitating dialogue forums on pertinent issues affecting the sector.

Legacy Debt Study

Under the Water Act 2002, WASH assets were constructed by the then Water Services Boards (WSBs), currently the Water Works Development Agencies (WWDAs). The WSBs would lease the assets to WSPs for operation and maintenance and collect lease fees for their administration and loan repayments. However, the devolution process has led to uncertainty as to which institutions should be responsible for legacy debts incurred for investment under the previous institutional set up. Uncertainty about liabilities can foster a perception of risk from financial institutions. To understand this challenge to resource mobilization, WASH-FIN issued an RFP to local private universities to undertake a review of the legacy debt situation in the WASH Sector in Kenya and provide insights on the short- and long-term impact on the sector. The procurement was, however, canceled after further evaluation considering activities of the National Task Force on legacy debt and the WASH sector financing strategy set up by the national government in September 2021. The MoWS&I has since requested WASH-FIN to provide two short term consultants to support the work of the National Task Force on WASH- Financing.

Review the Progress, Opportunities, and Challenges of the Kenya Pooled Water Fund

WASH-FIN Kenya completed the report on the assessment of the Kenya Pooled Water Fund (KPWF), presented the findings to the Dutch Embassy and submitted a final revised report to the USAID KEA Mission. This report highlighted the key challenges faced by the Fund and provided recommendations for future engagement of USAID in similar activities. WASH-FIN has also started drafting an executive summary of the report for potential wider dissemination.

2.2.3 DELIVERY PROGRESS SUMMARY

The table below provides a summary of the WASH-FIN Kenya activity annual progress update on delivery of expected results against timelines and outputs established in the Year 5 work plan. Where results are yet to be fully achieved, a timeline for their expected delivery is provided.

TABLE 6. KENYA DELIVERY PROGRESS SUMMARY

Kenya Activities	Expected Timing	Expected Results	Year 5 Update
Activity 1.1: Support Improved WASH Expenditure Tracking with TrackFin	• October–December 2020	• Decision made to proceed with WASH Accounts III and report drafted.	• WASH Accounts III Study completed and report drafted.
	• January 2021	• WASH Accounts III Report validated.	• WASH Accounts III Report validated.
	• March 2021	• WASH Accounts III report completed and disseminated. • Workshop on Institutionalization of WASH Accounts conducted.	• WASH Accounts III Report completed but dissemination is pending due to delay in Government approval.

Kenya Activities	Expected Timing	Expected Results	Year 5 Update
			<ul style="list-style-type: none"> Workshop on institutionalization has not been conducted due to government delays in dissemination and identifying the institution to take over TrackFin.
Activity 2.1: Support Dialogue on Comprehensive Sector Financing Framework	<ul style="list-style-type: none"> October 2020–January 2021 	<ul style="list-style-type: none"> Preconditions agreed to and prefeasibility consultations on proposed revolving fund conducted. 	<ul style="list-style-type: none"> WSTF granted formal approval from National Treasury and the MoWS&I to set up a revolving credit facility. WASH-FIN commenced support to WSTF on stakeholder engagement. Stakeholder engagement carried out in Q3 and Q4FY21
	<ul style="list-style-type: none"> January 2021–June 2021 	<ul style="list-style-type: none"> Feasibility report of the revolving fund drafted. 	<ul style="list-style-type: none"> Feasibility study planned for Year 6 but discussion ongoing on most appropriate WASH-FIN support.
	<ul style="list-style-type: none"> June–August 2021 	<ul style="list-style-type: none"> National Dialogue Forum on Sector Financing held. 	<ul style="list-style-type: none"> Planned for Year 6
	<ul style="list-style-type: none"> September 2021 	<ul style="list-style-type: none"> Comprehensive framework on sector financing proposed. 	<ul style="list-style-type: none"> Planned for Year 6
Activity 2.2: Support NAIVAWASCO to Develop a Sanitation Surcharge	<ul style="list-style-type: none"> January–April 2021 	<ul style="list-style-type: none"> Sanitation surcharge study report drafted. 	<ul style="list-style-type: none"> Planned for Year 6. Study is expected to commence in Q1FY22 pending the completion of validation and public participation of sanitation surcharge guidelines.
	<ul style="list-style-type: none"> May–July 2021 	<ul style="list-style-type: none"> Financial model and surcharge structure developed. 	<ul style="list-style-type: none"> Delayed due to the need to have sanitation levy guidelines adopted. Planned for Q2FY22 pending the commencement of study following the validation of the guidelines.
	<ul style="list-style-type: none"> September 2021 	<ul style="list-style-type: none"> Surcharge structure submitted to NAIVAWASCO. 	<ul style="list-style-type: none"> Delayed due to the need to have sanitation levy guidelines adopted. Planned for Q2FY22 pending the commencement of study following the validation of the guidelines.

Kenya Activities	Expected Timing	Expected Results	Year 5 Update
<p>Activity 3.1: Support WSPs to Leverage Liquidity/Recovery Support from the COVID-19 Pandemic</p>	<ul style="list-style-type: none"> October 2020–January 2021 January–September 2021 	<ul style="list-style-type: none"> 3–4 WSPs supported on receivable management activities. At least 3–4 public WSPs supported in efforts to access liquidity grants from CLSG relief funding. 3 WSPs supported to prepare bankable proposals for financing under the performance-based financing window. 	<ul style="list-style-type: none"> 36 FRPs finalized and submitted to WASREB. Achieved target in Q2FY21; continued reviewing submissions and calculating grant eligibility from 45 WSPs in the first call and 75 WSPs for the second call of CLSG. Activities shifted to supporting development of Financial Recovery Plans in response to COVID-19. Support of two WSPs (THIWASCO & MACHWASCO) to close commercial financing commenced in Q4FY21. Activity will conclude in Q1FY22 and support will include creditworthiness reports for THIWASCO & MACHWASCO; technical and financial proposals and financial teasers for THIWASCO; and technical proposal and debt capacity Assessment for MACHWASCO.
<p>Activity 3.2: Provide Transaction Advisory Services to Private SSPs</p>	<ul style="list-style-type: none"> January–May 2021 	<ul style="list-style-type: none"> Sanitation supported to access financing for scale up of activities. 	<ul style="list-style-type: none"> See 3.2.1 and 3.2.2 below.
<p><i>Sub-Activity 3.2.1: Sanitation</i></p>	<ul style="list-style-type: none"> June–September 2021 	<ul style="list-style-type: none"> Support including due diligence and term sheets developed. Key lessons learned in supporting sanitation enterprises documented. 	<ul style="list-style-type: none"> Activity replaced by preparation of investor outreach tools (Dashboards) for comparing functional area KPI (targets and actuals) with companywide KPIs as well as project specific dashboards. Key lessons learned in supporting sanitation enterprises will be drafted in Year 6.

Kenya Activities	Expected Timing	Expected Results	Year 5 Update
Sub-Activity 3.2.2: FLI – Sanergy	<ul style="list-style-type: none"> Q1FY21 January–September 2021 	<ul style="list-style-type: none"> Financing strategy developed for FLI. Government outreach strategy prepared. Investor outreach materials developed. 	<ul style="list-style-type: none"> Support for this sub-activity removed from WASH-FIN program as FLI-Sanergy secured other support.
Activity 3.3: Provide Support for Nanyuki Dam PPP Project	<ul style="list-style-type: none"> January–March 2021 	<ul style="list-style-type: none"> Geophysical survey completed. Geotechnical investigation and report completed. 	<ul style="list-style-type: none"> Results dependent on resolution of impasse over a parallel process by CRWWDA. Activities Planned for Q1Y6 under a subcontractor
	<ul style="list-style-type: none"> March–September 2021 	<ul style="list-style-type: none"> Topographical survey completed. Hydrological survey completed. Conceptual design and updated capital cost estimate completed (or extended to a Year 6 [FY22] if possible). 	<ul style="list-style-type: none"> Results dependent on resolution of impasse over a parallel process by CRWWDA. Activities Planned for Q1Y6 under a subcontractor
Activity 4.1: Support Government to Address Governance Issues in the WASH Sector	<ul style="list-style-type: none"> October–December 2020 	<ul style="list-style-type: none"> PEA report completed and presented to stakeholders. 	<ul style="list-style-type: none"> PEA report being updated based on feedback from USAID/KEA. Collection of data delayed due to pandemic. Report will be shared with USAID in Q1FY22.
	<ul style="list-style-type: none"> January–September 2021 	<ul style="list-style-type: none"> National Dialogue Forum on Sector Financing held. Peer-to-peer exchange visits conducted at county level and between Kenya and other countries. Dialogue sessions on WASH sector governance held. WASH Community of Practice webinars coordinated. 	<ul style="list-style-type: none"> All activities delayed due to delay in Activity 4.1. Appropriateness of these activities to be re-assessed, given proximity of national elections.

2.2.4 PERFORMANCE INDICATOR TARGETS AND RESULTS

The table below reports on WASH-FIN Kenya's Year 5 results and cumulative achievement to date against targets established in WASH-FIN's Year 5 Monitoring & Evaluation (M&E) Plan.

TABLE 7. KENYA PERFORMANCE INDICATOR TARGETS AND RESULTS

WASH FIN Indicators	Life of Project (LOP) Targets	Previous Results	Year 5 Results	Cumulative Results to date
HL.8.4-1 Value of new funding mobilized to the water and sanitation sectors as a result of USG assistance	USD 12M	USD 4,386,036	USD 12,185,422	USD 16,571,458
HL.8.3-3 Number of water and sanitation sector institutions strengthened to manage water resources or improve water supply and sanitation services as a result of USG assistance (Indicator Definition Customized)	1	1	-	1
EG.11-4 Amount of investment mobilized (in US\$) for climate change adaptation as supported by USG assistance	USD 6M	USD 1,546,600	USD 439,386	USD 1,985,996
HL.8.1-3 Number of people receiving improved service quality from an existing basic or safely managed drinking water service as a result of USG assistance	2,000	6,900	927	7,827
HL.8.2-7 Number of people receiving improved sanitation service quality from an existing “limited” or “basic” service as a result of USG assistance	5,000	22,290	1,662	23,952

HL.8.4-1: In Year 5 WASH-FIN mobilized a total of USD 12,185,422 million USD 11,330,330 million was mobilized through CLSGs to 37 Water Service Providers (WSPs). Conditional Liquidity Support Grants are designed to provide relief to WSPs from the impacts of COVID-19 pandemic and to ensure continued provision of water and sanitation services. ██████████ was mobilized through Sanivation (a private sanitation company working with NAIWASCO). WASH-FIN provided support to Sanivation to develop investor outreach materials to leverage convertible debt from investors. Additionally, WASH-FIN continued to support Water Services Providers including Machakos Water and Sanitation Company (MACHWASCO) and Thika Water and Sanitation Company (THIWASCO) and Sanivation to prepare project pipelines to mobilize additional financing through commercial loans and other blended finance mechanisms in Year 6.

HL.8.3-3: In Year 5, WASH-FIN continued providing support to WASREB to develop FRPs for 36 WSPs and further collaborated with WASREB to host two in-person backstopping workshops for the WSPs to enable them use FRP tool to propose projects that will help them recover from the impacts of COVID-19. The proposed projects will be prioritized and ranked for financing through the World Bank and other financing mechanisms. (In Year 4, WASH-FIN provided support to WASREB to revise Business Planning Guideline for WSPs, thus achieving the indicator target.)

EG.11-4: In Year 5 USD 439,396 of funds mobilized were attributed to climate change adaptations from funds mobilized by Sanivation based on the calculation that 50 percent of the funds mobilized would be attributed to climate change mitigation as they are dedicated to tree preservation initiatives.

HL.8.1-3: During Year 5, 927 people (459 male, 468 female) from Mathira Water and Sanitation Company benefited from improved water services as a result of WASH-FIN support. As the COVID-19 situation improves, the utility is likely to achieve its target in the coming year.

HL.8.2-7: During Year 5, WASH-FIN made good progress in the sanitation indicator. WASH-FIN provided support to Sanivation Company to develop operational dashboards and carried out capacity building for the staff. This enabled the company to mobilize additional financing to expand sanitation services to non-sewered areas in Naivasha town and reach additional people. In Year 5, 1,662 people (823 male, 839 female) from Nyeri Water and Sanitation Company (NYEWASCO) benefited from improved sanitation service quality from the World Bank supported Output Based Aid (OBA) project.

Box 2. Scaling Local Sanitation Solutions in Kenya's Secondary Towns

Since 2018, WASH FIN has been supporting Sanivation to enhance the company's capital raising strategies with the aim of expanding sanitation services in the city of Naivasha, 60 miles northwest of Nairobi, and other urban areas in Kenya. To date, WASH FIN's technical assistance has helped Sanivation raise over USD 3 million in convertible debt and grants from new investors.

Sanivation is a private sanitation company applying novel technologies in processing fecal sludge and other waste into "super logs" and briquettes as an alternative to charcoal and industrial fuel. While Sanivation has successfully set up a treatment plant in Naivasha and Kakuma Refugee Camp in Northern Kenya, the company aims to scale up its operations to address the sanitation problem in more secondary towns nationwide. WASH FIN works with Sanivation to build its internal capacity to enable it to attract joint venture agreements and partnerships with utilities and county governments needed to realize its ambitious goal.

Part of the strategic support that WASH FIN provided Sanivation in the initial stages of engagement included market segmentation on potential areas of expansion, preparation of partnership frameworks with utilities and county governments, and a road map for engagement with key WASH actors. As a result, Sanivation has been able to respond effectively to investors' concerns and questions on the potential risks of working with county governments and utilities. The company has also grown its profile as an innovative WASH solutions partner for utilities and county governments, leading to new partnerships with Wajir County and Malindi Water and Sanitation Company.

The second level of support provided by WASH FIN included the development of pilot and full scale waste factory financial models. In addition to the financial models, WASH FIN prepared complementary investor facing materials and developed enhanced operational dashboards. The dashboard is a tool used to manage Sanivation's business information from a single point of access. They help the company to keep track of Key Performance Indicators (KPIs) of interest to WASH investors. As a result of this support, Sanivation has built their internal capacity to iterate its financial models and create investor facing materials for engagement with prospective investors. This WASH FIN support has provided Sanivation's management team with timely and objective data critical to key decision making for funding their growth strategy and engaging with potential new clients and financial partners.

2.3 MOZAMBIQUE

TABLE 8. MOZAMBIQUE ACTIVITY SNAPSHOT

Activity Title	Access to Finance for WASH
Location	Urban areas and rural growth centers in Mozambique with private WSPs and water operators.
Goal	Expand financing for viable WSPs to enable them to invest in improving their service quality and/or increase client access to safe water and adequate sanitation.
Objectives	<ol style="list-style-type: none"> 1. Build the direct and indirect capacity of private water providers (<i>Fornecedor Privado de Água</i>, Mozambique; FPAs) operating in peri-urban areas, and private operators within the National Rural Water and Sanitation Program (<i>Programa Nacional de Abastecimento de Água e Saneamento Rural</i>, Mozambique; PRONASAR) to improve and expand operations under existing service models. 2. Improve legal framework and models that enable existing and new private actors to assume a larger role within the sector, including investment in construction of water treatment infrastructure, scaled piped systems, and sanitation services. 3. Foster innovative financing mechanisms that crowd in both donor funding and private sector financing to create newly commercially viable opportunities for private and public actors to deliver financially sustainable services at scale. 4. Engage the Government of Mozambique to institutionalize sector investment monitoring through TrackFin to inform and improve sector planning.
Start Date	November 1, 2018
Expected End Date	September 1, 2021
Total Budget	USD 5,982,104

2.3.1 COUNTRY CONTEXT AND OVERVIEW OF YEAR 5 ACTIVITIES

The WASH sector in Mozambique consists of multiple actors, most of whom are still building their capacity to fulfill their respective mandates. Rural water supply and sanitation (RWSS) is under the responsibility of the National Directorate for Water Supply and Sanitation (*Direcção Nacional de Abastecimento de Água e Saneamento*; DNAAS); water supply in small towns and sanitation in both small towns and large urban centers are under the responsibility of the Water and Sanitation Infrastructure Administration (*Administração de Infraestruturas de Água e Saneamento*, Mozambique; AIAS); and water supply in large urban centers is entrusted to the Fund for Investment Ownership and Water Supply Assets (*Fundo de Investimento e Património do Abastecimento de Água*; FIPAG). DNAAS, through the national RWSS program (PRONASAR), and AIAS deliver piped water schemes in small towns and villages, respectively, and engage private operators through lease contracts to operate and manage these systems. In addition, FPAs have entered the market in areas with inadequate service delivery and low coverage levels are investing their own financial resources to provide piped water services, particularly in peri-urban areas and now expanding to small towns and rural areas.

Specific challenges faced by FPAs include the lack of basic technical, business, and financial management skills and high energy costs. Moreover, the larger public systems (e.g., FIPAG) have high NRW levels. Public sector institutions within the central government (e.g., DNAAS), as well as at the provincial, and local levels also lack the tools to monitor and evaluate the operational performance of piped water services provided by FPAs and PRONASAR systems. Private operators under PRONASAR are projected to cover 24 percent of Mozambique's population with piped water supply systems by 2024.

This includes piped systems in rural growth centers, which are delivered by the public sector and operated by the private sector. Under this country context the WASH-FIN Mozambique activity has operated since November 2018 to provide strategic and targeted support to key public and private WASH actors in Mozambique through the development of the tools necessary for private sector participation, increasing the capacity of sector institutions, and direct transaction support to expand water supply services coverage in urban, peri-urban, small town, and rural growth centers. This support includes efforts to expand the participation of the private sector through the improvement of existing lease and concession contracts, the development of funding mechanism for AIAS system and technical assistance support for PFA and PRONASAR systems.

2.3.2 PROJECT IMPLEMENTATION UPDATE

Category I: Capacity Building for Wash Private Sector Actors

WASH-FIN continues to provide capacity building support for the multiple public institutions in the WASH sector in Mozambique, most of whom lack sufficient capacity to fulfill their respective mandates. Rural water supply and sanitation (RWSS) is under the responsibility of DNAAS; water supply in small towns and sanitation in both small towns and large urban centers are under the responsibility of AIAS; and water supply in large urban centers is entrusted to the Water Supply Assets Manager and Investment Fund (FIPAG). DNAAS, through the national RWSS program (PRONASAR), and AIAS deliver piped water schemes in small towns and villages, respectively, and engage private operators through lease contracts to operate and manage these systems.

WASH-FIN works with FPAs to build their capacity in several areas including technical and financial management, business development, and energy efficiency. This category was designed to complement an effort initiated by the USAID-funded Supporting the Policy Environment for Economic Development Project (SPEED+), which identified the weaknesses of FPAs in the basic technical aspects of water supply and financial management. It was agreed with USAID that WASH-FIN would inherit technical and financial management manuals under preparation by SPEED+ to conduct this activity. Additionally, as a pilot exercise, WASH-FIN will also provide tailored business development technical assistance to a limited number of FPAs to improve their commercial and financial management, operational efficiencies, cost reduction and in service expansion planning.

Activity 1.1: FPA and PRONASAR Operators' Capacity Building

Sub-Activity 1.1.1: Technical and Financial Management Capacity Building for FPAs

During Year 5, WASH-FIN engaged a local professional training institution, *Centro de Formação Profissional de Água e Saneamento (CFPAS)* to prepare and execute capacity building trainings for FPAs. CFPAS developed technical and financial management training modules and is expected to conduct training workshops during Q1FY22 for 60 participating FPAs.

Sub-Activity 1.1.2: Business Development Capacity Building

During Year 5, WASH-FIN commenced the capacity building of 19 FPAs, seven of which are located within the Maputo Metropolitan Area and Maputo province, four in Gaza Province, five in Inhambane Province and three in Beira corridor. The capacity building activities are being implemented by two WASH Junior Consultants and one Financial Management Junior Consultant, all of whom are supported by two Senior Consultants (one WASH and one Financial Management). By the end of Year 5, the first stages of both technical and financial management capacity building activities were completed. WASH-FIN expects to complete the second component of the technical and financial management, and the entire business expansion component, of the capacity building program in Q2FY22.

Sub-Activity 1.1.3: Energy Efficiency Improvements for FPA and PRONASAR Systems

In Year 5, WASH-FIN's International Solar Energy Expert, engaged on a short-term technical assistance basis, prepared a Conceptual Design Report for the acquisition and installation of solar energy systems for small-piped water systems, including a supporting financial model. In parallel, WASH-FIN's local Energy Consultant prepared a report that profiled the solar energy providers operating in Mozambique and identified available sources of financing for solar energy adoption. The two reports were disseminated to sector stakeholders through a presentation made to the local water and sanitation sector knowledge sharing platform, the Water and Sanitation Group (*Grupo de Água e Saneamento, GAS*). WASH-FIN also supported the preparation of two separate applications on the behalf of nine FPAs for the acquisition and installation of solar panel equipment through grant facilities administered by United Nations Industrial Development Organization (UNIDO) and the Portuguese electricity company, *Energias de Portugal* (EDP). Due to the highly competitive nature of both grant programs, both applications were unfortunately unsuccessful. However, WASH-FIN is currently supporting six FPAs in the preparation of loan applications for the Towards Sustainable Energy for all Mozambique (TSE4ALLM)/Crédito Super loan facility sponsored by UNIDO, Global Environment Fund (GEF), BCI (a local commercial bank), and the *Fundo de Energia* (FUNAE)², all to be submitted during the first quarter of next year.

Sub-Activity 1.1.4: Technical Assistance to PRONASAR Private Operators

In Year 5, WASH-FIN finalized the PRONASAR Piped Systems Performance Monitoring Strategy and Tools study. Due to the COVID-19 pandemic, this report was remotely presented via webinar to the PRONASAR stakeholders, including USAID and the provincial government entities responsible for implementation. An estimated 24 participants attended the webinar. The work products from this activity have been completed and WASH-FIN will deliver the final outputs to DNAAS. WASH-FIN may be requested to support initial implementation on ad-hoc basis depending on requests from DNAAS, such as explaining to other development partners on how to use the tools developed.

Sub-Activity 1.1.5: Market Segmentation Study for PRONASAR Donor Investments

In Year 5, WASH-FIN finalized its review of existing PRONASAR investments and provided recommendations on the following: (i) contracting and contracts management strategies for private operators; (ii) human resources at provincial and district governments for program implementation, contracting, management of operator contracts, and human resources at the water service operators; and (iii) the ongoing decentralization process for PRONASAR investments, including an assessment of potential impacts on the contracting and management of operators. WASH-FIN also prepared contracts management tools for both provincial and district governments. These recommendations and tools will be delivered to DNAAS next quarter along with the final report on the PRONASAR Piped Systems Performance Monitoring Strategy and Tools study.

Activity 1.2: Strengthening FPA Licensing Framework

Sub-Activity 1.2.1: Technical Assistance for Licensing

As part of its capacity building activities, WASH-FIN provided support to licensing authorities at the district and municipal levels during Year 5. Through the Water Project Implementation Specialist, engaged by WASH-FIN during Year 4 on a short-term technical assistance basis, support was provided to local authorities in the southern provinces to revise their FPA capacity building work plan to be in line with the decentralization measures in Decree 51/2015. The Specialist transitioned to a long-term

² FUNAE, which was established to promote and finance the development of off-grid electricity systems, biomass energy plants, and mini hydropower facilities, was established under Decree 24/94, enacted on July 22, 2002.

position and remained seconded to DNAAS as Small Piped Water Systems Specialist in Year 5, where he worked to resolve questions arising between the public sector and FPAs, and among FPAs as well to support the Government's Technical Commission of Conflict Management (CTGC)³ in addressing service area conflicts between FPAs and the public sector in the Maputo Metropolitan Area. Additional support was provided to DNAAS in the third quarter of this year to update its database of licensed FPAs to include new licenses issued following a long period of remote work due to COVID-19 restrictions.

Sub-Activity 1.2.2: Development of a Geo-Referenced Platform to Support FPA Licensing Management

WASH-FIN had envisioned supporting the development of an online platform that overlays the coverage areas of different service providers to enable local authorities to make more informed decisions concerning the granting of FPA licenses and to prevent potential overlaps in coverage areas between service providers. This sub-activity was removed from the budget, as it was determined that the level of complexity to properly conduct this analysis would result in increased preparation time and costs. During Year 5, a draft concept note was prepared which provides an outline of the FPA mapping component needed to avoid service area overlaps and promote efficient licensing and service performance reporting. This concept note could be used by the Government of Mozambique to further develop and refine the geographic information system (GIS) tool in a future engagement with USAID and/or other development partners.

Activity 1.3: Support to Specific PPP Engagements

Sub-Activity 1.3.1: Feasibility Study for Vilankulo Small Piped System

WASH-FIN is also providing support to AIAS through the preparation of a feasibility study for the construction of a full-scale small piped system in Vilankulo, Inhambane Province. This feasibility study came about as a result of an unsolicited proposal by AQUASWISS, a water treatment technology provider, to expand services as well as cover current and future demand of Vilankulo and Mapinhane village over 20 years at an estimated capital cost of USD 13 million. In Year 5, WASH-FIN subcontractor, DHV Haskoning, finalized a socio-economic study which includes a willingness and ability to pay component, completed a technical assessment report, and provided initial drafts of the supporting financial model. The financial model component of the study is expected to be finalized in Q1 FY22. The findings of the study will be used by AIAS to inform a potential competitive tender for the project.

Sub-Activity 1.3.2: Development of Performance-based PPP Structuring with FIPAG

To address high levels of NRW, WASH-FIN selected DHV Haskoning through a competitive tender in Year 5 to review and update the Maputo water supply NRW reduction strategy,⁴ develop a multi-year investment plan, and evaluate the potential feasibility of a performance-based contract. The performance-based contract element of the study is an optional activity that would be initiated as desired by FIPAG and should there remain sufficient time to complete the analysis during Year 6. DHV started this assignment and finalized the Inception Report during the last quarter of Year 5. WASH-FIN expects to complete this study in Q2, Year 6.

³ Comissão Técnica de Gestão de Conflitos

⁴ With NRW estimated at 39 percent in the Maputo/Matola/Boane water supply system in 2018, FIPAG, the Maputo Regional Water Company (Águas da Região de Maputo, AdeM) within FIPAG, and WASH-FIN target NRW reduction as a fundamental precursor to the potential introduction of any private finance for FIPAG.

Sub-Activity 1.3.3: Support to FIPAG Second Phase of Delegated Management

FIPAG is currently implementing the second phase of the Delegated Management Framework (DMF), which envisions creating four separate standalone regional utilities—Maputo, Northern, Central, and Southern—with sufficient governance, operational, and financial capacity to eventually attract private investment. Under this approach, FIPAG would retain asset ownership, while the regional utilities would be responsible for the operations for their respective systems. Following the initial formation of the four regional water utilities in Q2FY21, FIPAG requested WASH-FIN to support the preparation of Terms of Reference (ToR) for technical assistance to the Northern Region Water Utility. The ToR identified the key capacity building elements which would enable the Northern utility to begin to operate as a standalone entity. The ToR was written in general terms so that FIPAG, along with its other development partners, could use this draft to support capacity building programs for the other three regional utilities. WASH-FIN engaged an International Financial Expert on a short-term basis to support this effort. In Year 5, WASH-FIN drafted the ToR and submitted it to FIPAG, who has shared this draft with the World Bank, who is providing institutional support to all four regional operating utilities (ROCs) through an International Development Association (IDA) grant.

Category 2: Improvement of Legal Framework for Private Sector Participation

Private sector participation in Mozambique water supply services delivery started in 1998 following the approval by the government of the DMF for large urban areas through the creation and establishment of FIPAG and the sector regulator, the Water Supply and Sanitation Regulatory Authority (*Autoridade Reguladora de Águas*, Mozambique; AURA, formerly CRA). In 2009, the Government expanded the DMF to include water supply systems in small towns and sanitation in both small towns and large urban areas. The Government created AIAS to manage investments as well as expanded the regulatory mandate to cover Water Supply and Sanitation (WSS) services in both small towns and large urban centers. In 2019, the Government expanded AURA's mandate to cover all WSS services in these areas. However, the current legal framework remains incomplete. Although private operators have been providing piped water services in rural growth centers and FPAs in peri-urban areas, there are: (i) no regulatory mechanisms to govern services provided by these entities; (ii) no or few incentives for private operators to invest in service expansion; and (iii) no tools for monitoring performance. Since commencing work in Mozambique, WASH-FIN has been working with AIAS and AURA to enable them to address these challenges.

Activity 2.1: AIAS Advisory Services

Sub-Activity 2.1.1: Transactional Advisory Services

WASH-FIN has been providing legal advisory services, (through subcontractor HRA Advogados) and transaction advisory services (through subcontractor Castalia) in support of AIAS to develop the necessary contractual tools to attract private investment to the secondary towns and villages under its mandate. The development, and successful implementation, of these contractual tools has potential to leverage up to USD 55 million in investment, with an initial USD 23 million for the first eight piped systems through a private partner.⁵ In the first quarter of Year 5, WASH-FIN continued to support AIAS in its preparation of the concession contract for nine piped water systems, which lead to the Government of Mozambique approval of AIAS to enter into direct negotiations with Operation Water for eight piped water systems (one water system was dropped by the Council of Ministers (CoM) in Q1. Following CoM approval, WASH-FIN supported AIAS to negotiate the concession contract between the

⁵ In April 2021 the Government of Mozambique and Operation Water signed a contract for USD 23 million. Under the terms of the contract, Operation Water is solely responsible for providing all financing with no direct financial commitments or guarantees from the Government of Mozambique. During Year 5, Operation Water approached the U.S. Development Finance Corporation (DFC) for financing; however, DFC did not place the Operation Water concession in its project pipeline.

Government of Mozambique and Operation Water with contract signature took place in April 2021. After contract signing, WASH-FIN has continued to support AIAS in resolving the outstanding issues for contract effectiveness, including the preparation of the Regulatory Annex on tariffs and operational performance metrics, the preparation of a Diploma to rationalize potentially conflicting legal statutes, and general support to AIAS while Operation Water attempts to mobilize financing. With respect to the Regulatory Annex, this has been developed in close collaboration with AURA and will be shared with AIAS once the draft of the annex has been finalized, which is expected to take place during Q1, Year 6. WASH-FIN will continue its support into Year 6, as requested by AIAS, to help ensure that Operation Water can secure the financing for the concession.

The negotiated and signed concession contract, including potential amendments and annexes, is intended to serve as a template for AIAS and other sector institutions to use when establishing future concession projects. For projects with no or extremely limited amounts of private investment, WASH-FIN has prepared and submitted to AIAS a revised lease contract as well as a supporting lease implementation manual which outline the criteria and process for project eligibility and selection, competitive and transparent tender processes, contract award models, and monitoring and enforcement mechanisms. A key objective of these activities was to improve the second generation of lease contracts, which were first entered into by AIAS in 2012.

Activity 2.2: Development of Legal and Regulatory Framework to Enable New and Scaled Private Engagement

Sub-Activity 2.2.1: Technical Assistance to AURA

In response to a request from AURA to assist in the development of a regulatory framework and tools for FPAs and piped water services in rural growth centers (PRONASAR systems), and to provide greater certainty on the operating environment of these private actors, WASH-FIN hired an Institutional Advisor to help guide AURA's strategy. During Year 5, the consultant finalized and presented to AURA a concept note regarding the recommended activities for AURA to improve the regulation of PRONASAR and FPA systems, such as improving the process of granting licenses and renewals, monitoring, and reducing service area conflicts. This concept note has been shared with USAID. Potential next steps to support the implementation of this framework will be determined through discussions with AURA, USAID, and other relevant development partners in Year 6.

One major challenge being faced by AURA is its ability to clearly and effectively communicate with FPAs and the general public, particularly during the COVID-19 pandemic. To this end, AURA requested WASH-FIN to hire a Communication and Public Relations Specialist, to be seconded within AURA. A locally based consultant was hired in Year 5 to assist AURA in implementing its communications strategy, strengthening its brand, prepare articles and press releases, and monitor external communication. Unfortunately, this Specialist took on another longer-term opportunity and left WASH-FIN. Drawing from the pool of previous candidates, a replacement consultant was hired in the last quarter of Year 5

Sub-Activity 2.2.2: Small Towns Feasibility Study

Upon request from USAID, WASH-FIN has been working to build upon UNICEF's initial work for the establishment of a blended finance fund for water systems in smaller communities (e.g., less than 10,000 total population).⁶ In Year 5, WASH-FIN issued, selected, and awarded a subcontract to evaluate potential alternative fund concepts and institutional structure with the greatest potential viability. The

⁶ In prior years UNICEF had led the initial development of a concept note for a blended finance fund to mobilize financing for the development of new water supply systems in small towns under the purview of AIAS. UNICEF had commissioned a subcontractor to propose a fund concept and to conduct a technical engineering feasibility study for up to 35 selected secondary water systems. This study was delayed due to funding and implementation challenges.

selected subcontractor, Castalia, began this assignment in Q2 with a kick-off meeting with AIAS followed by a donor roundtable. Additionally, the subcontractor has completed the “Sector Overview Paper” which reviewed the institutional framework, relevant legislation, and services coverage needs, finalized the “Capital Expenditure Needs, Financing Gap, and Private Finance Feasibility Memo” that estimated investment needs, available public funding, and financing gap. Castalia additionally prepared a preliminary options analysis based on national and international best practices and held a consultation meeting with AIAS on initial fund options. In the first quarter of Year 6, WASH-FIN will hold consultation meetings with USAID and other development partners as well as will draft a technical memo summarizing the two main options under consideration by AIAS. WASH-FIN expects to finalize the feasibility study, including an assessment and recommendation of potential institutional arrangements, in Q3 of Year 6.

Activity 2.3: Sector Financial Information Tracking

Sub-Activity 2.3.1: Sector Investment Assessment – TrackFin

WASH-FIN is supporting the first phase of TrackFin implementation for the WASH sector in Mozambique, which will better track expenditures and financial flows in order to support the Government of Mozambique’s planning and investment decision-making. In Year 5, WASH-FIN finalized the TrackFin Report for 2016–2018 and presented this report to sector stakeholders for validation through the Water and Sanitation Group (*Grupo de Água e Saneamento, GAS*). The TrackFin Report was endorsed by DNAAS and the National Directorate for the Management of Water Resources, (*Direcção Nacional de Gestão de Recursos Hídricos, DNGRH*). WASH-FIN translated the report into English and will prepare professionally printed copies as part of dissemination to stakeholders during the next reporting period.

Sub-Activity 2.3.2: Dissemination of TrackFin Findings Workshop

WASH-FIN is in discussions with relevant government institutions to take the advantage of existing forums for disseminating the findings of the TrackFin report. WASH-FIN is planning to present these findings to sector stakeholders and the public during the Joint Review Meeting between the Government of Mozambique and its development partners, which is currently scheduled for November 2021.

Category 3: COVID-19 Related Activities

In response to challenges faced by the WASH sector arising from the outbreak of the COVID-19 pandemic, WASH-FIN started in Year 4 to prepare tools to support service continuity under this restricted operating environment. In Year 5 this work continued, with a focus on conducting financial stress test assessments.

Activity 3.1: Water Services Providers Financial Stress Assessment

The outbreak of COVID-19 pandemic brought unforeseen challenges to WSS services in Mozambique. Since the provision of WSS is crucial to maintaining safe hygiene practices by the general public, the Government of Mozambique issued a directive for a no-shut off policy during the pandemic, regardless of the level of arrears by consumers. This directive combined with potential reduced revenues due to the shutdown of economic activities. In Year 5, WASH-FIN completed the first financial stress assessment of five service providers (one PRONASAR Piped System and four FPAs). The report was shared with UNICEF to inform USAID’s ongoing liquidity support to service providers program managed by UNICEF, and it was presented to the sector stakeholders through the Water and Sanitation Group (*GAS*). The report was well received and USAID along with other development partners recommended WASH-FIN to expand the sample size. In Q4 of Year 5, WASH-FIN completed the second assessment of 10 service providers covering a one-year post-COVID-19 outbreak period. The results of the updated stress test analysis found that eight of the ten systems analyzed were negatively

affected in terms of overall cash flows and eight of 10 experienced reduced revenues collected. The results along with the final report will be shared with sectors stakeholders in the first quarter of Year 6.

Category 4: Knowledge Management

In addition to the activity Final Report and Country Brief, WASH-FIN plans to deliver two thematic knowledge products, namely a Mozambique Private Water Profile and a Mozambique Experience on First PPP Structuring in Water Sector brief. These knowledge products will reflect the significant support provided by WASH-FIN to these specific areas over the life of the activity.

Activity 4.1: Develop Knowledge Products

Sub-Activity 4.1.1: Mozambique Private Operator/FPA Profiles

In Year 5, WASH-FIN started drafting a knowledge product aimed at sharing Mozambique’s experience with small FPAs who are investing their own resources to deliver small-piped water infrastructures to supply areas uncovered by the public sector in peri-urban and rural areas. This Mozambique Private Water Provider Profile is intended to be data-driven and will include key operational metrics and demand characteristics for a limited sample of 19 FPAs. This report will help to inform future support by USAID and other development partners with respect to identify areas for improving efficiency, estimating investment needs for service expansion, and developing technical assistance activities to improve governance and support the potential mobilization of private finance.

2.3.3 DELIVERY PROGRESS SUMMARY

The table below provides a summary of the WASH-FIN Mozambique activity annual progress update on delivery of expected results against timelines and outputs established in the Year 5 work plan. Where results are yet to be fully achieved, a timeline for their expected delivery is provided.

TABLE 9. MOZAMBIQUE DELIVERY PROGRESS SUMMARY

Mozambique Activities	Expected Timing	Expected Results	Year 5 Update
Activity 1.1: FPA and PRONASAR Operators Capacity Building; Sub-Activity 1.1.1: Technical and Financial Management Capacity Building for FPAs	<ul style="list-style-type: none"> November 2020 August 2021 August 2021 August 2021 	<ul style="list-style-type: none"> Subcontractor (training institution) onboarded. First capacity building module (technical) developed and presented to for 40 FPAs. Second capacity building module (financial) implemented developed and presented for 20 FPAs. Package of printed and audiovisual training material for online and/or self-learning. 	<ul style="list-style-type: none"> Subcontractor, CFPAS, was contracted during Year 5. CFPAS has completed the technical management training modules and is expected to conduct the training through workshops during Q1FY22. CFPAS has completed the financial management training modules and is expected to conduct the training through workshops during Q1FY22. To start in Q1FY22.
Sub-Activity 1.1.2: Business Development Capacity Building	<ul style="list-style-type: none"> December 2020 	<ul style="list-style-type: none"> FPA assessments completed. 	<ul style="list-style-type: none"> FPAs assessment completed.

Mozambique Activities	Expected Timing	Expected Results	Year 5 Update
	<ul style="list-style-type: none"> February 2021 June 2021 September 2021 September 2021 	<ul style="list-style-type: none"> Component 1 (technical management) implemented. Component 2 (financial management) implemented. Component 3 (business planning) implemented. Package of printed and audiovisual training material for online and/or self-learning. 	<ul style="list-style-type: none"> First component of the technical modules completed. First component of financial management modules completed. Business planning component to start in Q1 of FY6. To completed once all the training materials have been finalized.
<i>Sub-Activity 1.1.3: Energy Efficiency Improvements for FPA and PRONASAR Systems</i>	<ul style="list-style-type: none"> October 2020 December 2020 January 2021 	<ul style="list-style-type: none"> Demand analysis report prepared. Financial model prepared. Final report delivered. 	<ul style="list-style-type: none"> Demand Report delivered. Financial model delivered. Conceptual Design final report delivered.
<i>Sub-Activity 1.1.4: Technical Assistance to PRONASAR Private Operators</i>	<ul style="list-style-type: none"> October 2020 November 2020 	<ul style="list-style-type: none"> Proposed technical monitoring strategy and tools delivered, as clearly defined within the engagement's final report. Presentation to PRONASAR sustainability workshop made. 	<ul style="list-style-type: none"> Final Report Delivered Reports presented to PRONASAR stakeholder.
<i>Sub-Activity 1.1.5: Market Segmentation Study for PRONASAR Donor Investments</i>	<ul style="list-style-type: none"> November 2020 April 2021 	<ul style="list-style-type: none"> Presentation to PRONASAR sustainability workshop made. Market segmentation report completed. 	<ul style="list-style-type: none"> Outputs presented to PRONASAR stakeholders. The following outputs which form the study were delivered: <ul style="list-style-type: none"> - Review of PRONASAR operators contracting process, - Review of available human resources, and - Review of the decentralization process impact on PRONASAR implementation.
Activity 1.2: Strengthening FPA Licensing Framework; <i>Sub-Activity 1.2.1: Technical Assistance for Licensing</i>	<ul style="list-style-type: none"> September 2021 	<ul style="list-style-type: none"> FPA licensing report outlining lessons learned and recommendations for the future completed. 	<ul style="list-style-type: none"> This report is expected to be delivered in Q2FY22.

Mozambique Activities	Expected Timing	Expected Results	Year 5 Update
<i>Sub-Activity 1.2.2: Development of a Geo-Referenced Platform to Support FPA Licensing Management</i>	<ul style="list-style-type: none"> December 2020 February 2021 August 2021 	<ul style="list-style-type: none"> Conceptual design completed. Subcontractor onboarded/tool development commenced. Geo-referencing tool developed. 	<ul style="list-style-type: none"> Concept Note prepared, under review and to be delivered to DNAAS and USAID for future consideration in Q1FY22. This sub-activity was removed from the work plan, as it was determined that the level of complexity to properly conduct this analysis would result in increased preparation time and costs.
Activity 1.3: Support to Specific PPP Engagements; <i>Sub-Activity 1.3.1: Feasibility Study for Vilanculos Small Piped System</i>	<ul style="list-style-type: none"> November 2020 November 2020 	<ul style="list-style-type: none"> Feasibility study delivered. Financial model delivered. 	<ul style="list-style-type: none"> Technical Report delivered Vilankulo feasibility study delivered. Draft financial report prepared. Subcontractor incorporating WASH-FIN comments
<i>Sub-Activity 1.3.2: Development of Performance-based PPP Structuring with FIPAG</i>	<ul style="list-style-type: none"> November 2020 September 2021 	<ul style="list-style-type: none"> Subcontractor onboarded/ study commenced. Study completed (if not possible to extend to Year 6). 	<ul style="list-style-type: none"> Subcontractor commenced work in July 2021. Inception report delivered. Study to be completed by March 2022.
Activity 2.1.1: AIAS Advisory Services	<ul style="list-style-type: none"> October 2020 October 2020 December 2020 Ongoing and as needed throughout engagement Ongoing and as needed throughout 	<ul style="list-style-type: none"> Presentation of improved lease contracts made. Revised lease contract documents delivered. Revised lease contract implementation manual delivered. Drafts and revisions of contractual and other supporting documentation required for the successful negotiation of the Operation Water PPP process developed. Guidance and other advisory documents summarizing reviews of financial 	<ul style="list-style-type: none"> Presentations made to AIAS on improved lease contracts and lease manual to AIAS. Revised lease contracting documents delivered to AIAS. Revised lease contract implementation manual delivered to AIAS. Ongoing support provided. Contract signing took place in April 2021. Diploma prepared during Year 5. WASH-FIN developing key annex and may be requested by

Mozambique Activities	Expected Timing	Expected Results	Year 5 Update
	<ul style="list-style-type: none"> engagement November 2021 	<ul style="list-style-type: none"> documentation required for the successful negotiation of the Operation Water PPP process provided. Knowledge product designed to serve as legacy document. 	<ul style="list-style-type: none"> AIAS to support drafting of contract amendment. Knowledge product under preparation.
<p>Activity 2.2: Development of Legal and Regulatory Framework to Enable New and Scaled Private Engagement</p> <p><i>Sub-Activity 2.2.1: Technical Assistance to AURA</i></p>	<ul style="list-style-type: none"> November 2020 March 2021 August 2021 June 2021 	<ul style="list-style-type: none"> Communications, Marketing, and Public Relations Specialist onboarded. Study tour conducted. Advisory for regulatory tools for FPAs and PRONASAR systems engagement delivered by Institutional Advisor. Communications strategy completed. 	<ul style="list-style-type: none"> Communication Specialist contracted in Q1. Due to the consultant's early departure, a replacement was hired in Q4. Study tour canceled due to COVID restrictions. Concept notes prepared. To be completed in Year 6.
<p><i>Sub-Activity 2.2.2: Small Towns Feasibility Study</i></p>	<ul style="list-style-type: none"> October 2020 September 2021 	<ul style="list-style-type: none"> Subcontractor onboarded/ study commenced. Feasibility study completed. 	<ul style="list-style-type: none"> Subcontractor onboarded. Feasibility study ongoing. Key deliverables on fund structure to presented to AIAS and donors. Institutional structure-related deliverables to be finalized by Q2, FY22.
<p>Activity 2.3: Sector Financial Information Tracking; <i>Sub-Activity 2.3.1: Sector Investment Assessment – TrackFin</i></p>	<ul style="list-style-type: none"> November 2020 	<ul style="list-style-type: none"> Final report delivered. 	<ul style="list-style-type: none"> Final report completed.
<p><i>Sub-Activity 2.3.2: Dissemination of TrackFin Findings Workshop</i></p>	<ul style="list-style-type: none"> November 2020 	<ul style="list-style-type: none"> Dissemination workshop held. 	<ul style="list-style-type: none"> Dissemination scheduled for November 2021.

Activity 3.1: Water Services Providers Financial Stress Assessment	<ul style="list-style-type: none"> December 2020 	<ul style="list-style-type: none"> Final report delivered. 	<ul style="list-style-type: none"> Final report delivered.
Activity 4.1: Develop Knowledge Products: <i>Sub- Activity 4.1.1: Mozambique Private Operator/FPA Profiles</i>	<ul style="list-style-type: none"> February 2021 September 2021 	<ul style="list-style-type: none"> Mozambique private operator/FPA profile completed. Anonymized FPA Financial Model. 	<ul style="list-style-type: none"> Preparation of knowledge products ongoing.

2.3.4 PERFORMANCE INDICATOR TARGETS AND RESULTS

The table below reports on WASH-FIN Mozambique's Year 5 results and cumulative achievement to date against targets established in WASH-FIN's Year 5 Monitoring & Evaluation (M&E) Plan.

TABLE 10. MOZAMBIQUE PERFORMANCE INDICATOR TARGETS AND RESULTS

WASH FIN Indicators	Life of Project (LOP) Targets	Previous Results	Year 5 Results	Cumulative Results to date
HL.8.4-1 Value of new funding mobilized to the water and sanitation sectors as a result of USG assistance	USD 10M	0	0	0
HL.8.3-3 Number of water and sanitation sector institutions strengthened to manage water resources or improve water supply and sanitation services as a result of USG assistance (Indicator Definition Customized)	2	0	3	3
EG.11-4 Amount of investment mobilized (in US\$) for climate change adaptation as supported by USG assistance	USD 5M	0	0	0
HL.8.1-3 Number of people receiving improved service quality from an existing basic or safely managed drinking water service as a result of USG assistance	10K	0	0	0

HL.8.4-1: Although no new funding or finance has been mobilized this year, extensive support has been provided to AIAS to prepare and negotiate a concession contract for eight piped water systems with a

private partner, Operation Water, under a 20-year concession contract. In April 2021, the Government of Mozambique and Operation Water signed a contract for USD 23 million. During Year 6, Operation Water will continue its discussions with the Development Finance Corporation (DFC) and other target financiers for financing and enter into negotiations with AIAS on a contract amendment. WASH-FIN has been supporting this process through the preparation of annex to the concession contract that regulates tariffs and operational performance, which is currently under review by AURA and AIAS. WASH-FIN will continue to support AIAS in the review, drafting, and negotiations of the amendment to the concession agreement.

HL.8.3-3: In Year 5, WASH-FIN helped guide AURA's strategy for developing a regulatory framework through delivery of a concept note. WASH-FIN also supported AIAS by refining the lease contract and developing supporting lease manual to assist in project preparation and tendering. Additional support was provided to AIAS in the preparation and negotiation of the concession contract described under HL 8.4-1. Lastly, WASH-FIN assisted DNAAS with the delivery of the PRONASAR Piped Systems Performance Monitoring Strategy and Tools, which will enable it to improve operators' performance monitoring process from District level to central level. DNAAS support was not included as an indicator targets in the Year 5 M&E Plan and is therefore supplemental support.

EG.11-4: Once any resources are mobilized in HL.8.4-1 above, a determination will be made as to if they meet the criteria for this indicator. A new activity initiated during the Q4 FY21 that could potentially mobilize a limited amount financing to FPAs involves WASH-FIN's support to up to six FPA to develop applications to a UNIDO/GEF loan facility to finance the acquisition and installation of solar panel systems. These loans applications will be submitted to the UNIDO/GEF loan facility Q1FY22.

HL.8.1-3: The initial target was not achieved during Year 5; however, capacity building support to improve operational efficiency and service delivery for 19 FPAs commenced in Year 5 and is expected to produce measurable results in Year 6. For instance, WASH-FIN supported FPAs to develop applications to the GEF/UNIDO loan facility for solar panel equipment. If approved, this will mobilize financing that will reduce costs and improve service reliability.

2.4 NEPAL

TABLE I I. NEPAL ACTIVITY SNAPSHOT

Activity Title	Access to Repayable Blended WASH Financing for Local Bodies
Location	Water user groups/water supply boards (WSBs) and municipalities/local bodies in mid-western and far-western Nepal (Provinces No. 5 and No. 6)
Goal	To develop and institutionalize a municipal WASH services model, based on viable commercial approaches to customer-centered service delivery, using cost-reflective tariffs and clear business plans that facilitate access to blended repayable finance from the Town Development Fund or other forms from other sources.
Objectives	<ol style="list-style-type: none"> 1. Assistance to Establish a Viable Water Supply Model: Support institutional framework for sustainable service delivery. 2. Creditworthiness Enhancement: Introduce commercial approaches, cost-reflective tariffs, business planning, and access to blended repayable or commercial finance. 3. Fecal Sludge Management (FSM) Institutional and Financing Model: Support institutional framework for sustainable service delivery. 4. KM: Ensure learning, sharing, replication, and uptake.
Start Date	August 1, 2017
Expected End Date	May 31, 2021
Total Budget	USD 2,600,000

2.4.1 COUNTRY CONTEXT AND OVERVIEW OF YEAR 5 ACTIVITIES

The Nepal activity concluded during FY21 with a limited extension during the final quarter to allow for completion of administrative closeout and technical activities that experienced delays due to disruptions from the upsurge in COVID-19 in Nepal and subsequent lockdown. Prior to WASH-FIN, Nepal made significant progress on providing access to safe drinking water and sanitation for its population. According to the Government of Nepal, DW Ministry of Water Supply (MoWS) 2016–2030 WASH Sector Development Plan (SDP), water supply coverage is 86 percent and sanitation 82 percent. The sanitation situation in Nepal has improved over time, and in September 2019 the Federal Democratic Republic of Nepal declared the country Open Defecation Free (ODF)—a first for South Asian countries. With this declaration, the country entered a new sanitation phase with the dual challenges of maintaining the ODF status and ensuring the safe management of fecal waste collected in toilets and latrines.

Although effective, sustainable, and quality service delivery is the expectation of the people., the WASH sector continued to face significant regional disparities in terms of coverage and quality, as well as water security and resilience challenges. Access to water and sanitation facilities is recognized as a fundamental right of the people in Nepal’s 2015 constitution which mandates a federal structure with local governments being responsible for WASH service provision, and water users and sanitation committees and water boards providing municipal water services. The government set ambitious targets for universal access to water and sanitation by 2030, requiring an unprecedented mobilization of funding. The draft SDP estimates an average budget gap of approximately USD 120 million per year for the next decade and emphasizes mobilization of additional sources of finance to fill the gap. As the WASH-FIN activity approached its conclusion, the team was proud of the accomplishments achieved but, more importantly, heartened to observe the emergence of a more intense and collaborative effort between government, service providers, development partners and practitioners, and local stakeholders to overcome the sector’s challenges in a concerted effort to deliver on the country’s goals and objectives.

During FY21, WASH-FIN work focused on finalizing the Standard Operating Procedure (SOP) Guide and the Operation and Maintenance (O&M) Manual for Gulariya and providing support on the Integrated Waste Management (IWM) outsourcing effort. In addition, WASH-FIN worked on the FSM/FSTP Training Curriculum and the FSM Service Delivery Landscape Report. WASH-FIN also drafted the WASH-FIN Nepal Activity Country Brief, which will be finalized in FY22. WASH-FIN Nepal continued its coordination and collaboration with government institutions virtually during FY21 due to continued challenges brought by the COVID-19 pandemic, which saw a spike in cases in Nepal in Q3FY21 and a strict and extended lockdown that hampered the effort.

2.4.2 PROJECT IMPLEMENTATION UPDATE

Category I: Establish Viable Wash Delivery Models

From its inception, the WASH-FIN Nepal activity design envisioned Category I activities to inform the development of viable service delivery models in the context of ongoing decentralization and devolution practices and restructuring in Nepal's WASH sector. It was understood this would be an iterative and evolving process and, therefore, a review of the prevailing institutional set-up as well as the emerging changes in sector laws, policies, and regulations being formulated was required. The Category I activities consisted of efforts to review and analyze the current institutional set-up and service delivery models vis-à-vis the new constitution as a foundation for developing enhanced water supply service delivery models. Outputs of these efforts were incorporated into other completed workstreams and disseminated over activity implementation.

Activity 1.1: Review Institutional Framework for WASH Services

Governance and incentives within the institutional framework have a direct impact on the enabling environment for viable service delivery and financial models. The institutional set-up has been evolving under federalism, and throughout the Nepal activity, WASH-FIN regularly monitored developments in the institutional framework that would impact models and approaches to viable service delivery. In FY21 as in prior years, the insights gained contributed to and informed implementation of all activities. Nevertheless, this institutional uncertainty presented an ongoing challenge for WASH-FIN implementation as the transformation of foundational elements of the sector was incomplete. WASH-FIN observed that consolidating its ongoing review of this dynamic institutional context and reflecting on the various changes as a means to better understand the institutional mandates and interpret the anticipated roles of the three tiers of government under an evolving federal system would be worthwhile. In FY21, this consolidation was envisioned to be captured in a report to document the set-up before and after federalism, and the implications of the draft laws and policies; it was hoped that the laws and policy would be finalized for a conclusive analysis, but this was not the case. Despite complications in holding stakeholder meetings and set-backs due to COVID-19, as well as constraints due to activity close, progress was made on a draft report in FY21. However, the absence of a final set of laws and policy meant that the findings and analysis were lacking in specificity, and a clear path to a coherent and compelling knowledge product did not emerge. Further, government stakeholders expressed a keen interest in understanding financially viable service delivery models, and less so in analyzing the yet to be resolved institutional and governance aspects they were quite familiar with. As a result, it was decided to not continue with the full report as envisioned. WASH-FIN had already leveraged the reviews and analysis into development of WASH service delivery models, the various landscapes, and the draft Country Brief. The more salient findings and analysis from the team's review and monitoring effort were also shared with stakeholders as part of the activity close out in Q2 and will also be incorporated into the Nepal section of the global WASH-FIN Activity Final Report in Year 6.

Activity 1.2: Service Delivery Options Analysis – Water Supply

WASH-FIN continued to assess water supply service delivery models in Nepal as input into ongoing technical and KM activities. The three main operating models were reviewed: 1) Nepal Water Supply Corporation (NWSC); 2) Water Supply Management Boards (WSMBs); and 3) Water Users and Sanitation Committees (WUSCs). The information from the operating model assessment helped inform the analysis of institutional options for city-wide coverage being carried out by WASH-FIN for Nepalgunj Sub-Metropolitan City. WASH-FIN completed a desk review of relevant material, including a copy of the Draft Detailed Project Report of Nepalgunj for city-wide coverage prepared by NWSC Nepalgunj branch. The team traveled to Nepalgunj and met with the mayor and ward chairpersons to advance the assessment and obtain information needed for the analysis. The team also participated in a meeting with WASH stakeholders working in the municipality to understand their perspectives and efforts contributing to city-wide water supply coverage in Nepalgunj.

Following completion of the analysis of institutional options for city-wide coverage, the team participated in a workshop organized with the Mayor, Ward chairpersons, Branch Chief, and other NWSC Nepalgunj branch officials, the Division Chief of Water Supply and Sanitation Division Office (WSSDO) Banke District, and engineers. The key findings of the draft assessment report were presented considering viability of various water supply service delivery options in the context of decentralization. An agreement was reached with Nepalgunj Sub-Metropolitan City (NSMC), NWSC, and WSSDO that the most viable near-term option was to continue with the current NWSC service delivery arrangement, as several large projects were underway by NWSC and at the province level that had potential to significantly improve service delivery and coverage in the city. It was also agreed to formalize the arrangement between NWSC and NSMC as more of a collaborative one where NSMC could more closely monitor progress on projects in development and potentially provide support to ensure they do not get delayed.

The final assessment report incorporating this stakeholder feedback was well received by NSMC and other stakeholders at the provincial level WASH-FIN closeout event. This effort with NSMC was instrumental in facilitating cooperation and communications between three levels of government and was a constructive way to work toward a viable path for achieving universal coverage in NSMC. The assessment report outlined an action plan through which all parties will benefit in the future through coordination and formalization of roles and responsibilities. In the long term, the parties can build on this effort to ensure expansion and improvement of service delivery for the benefit of all residents of the city, and new goals such as continuous water supply can be achieved. Other cities can consider similar coordination initiatives.

Activity 1.3: Promote Institutionalization of WASH Service Delivery Models

Under this activity, along with the review and analysis of different WASH delivery model options, WASH-FIN Nepal engaged, coordinated, and supported local, provincial, and federal government actors to deepen their understanding and institutionalize the viable institutional models. In addition to the effort in NSMC (described above), the team also carried out considerable work this quarter to consolidate and conclude the support to Gulariya Municipality for the outsourced service delivery model for FSM and IWM. The Nepal team was able to complete this support, and the Gulariya Municipality successfully awarded a contract to a private operator for IWM services based on the WASH-FIN Service-Level Agreement (SLA) and business model guidance. WASH-FIN disseminated information on

the activity's trajectory and results at both provincial- and national-level closeout events and elements are being considered for replication by government, USAID, and development partners.

It is envisioned that the final knowledge products, in particular the FSM Service Delivery Landscape and the Institutional Framework Review, will continue to promote the models documented therein.

Category 2: Creditworthiness Enhancement

Creditworthiness is a measure of an entity's ability to access finance from different available sources. Enhancement includes but is not limited to improvements in cost-reflective tariffs, customer-oriented business planning, efficiency improvements, and governance. Improvements in these areas enhance creditworthiness, resulting in greater ability to access funding from a variety of sources, including blended, repayable, or commercial finance at optimal terms. WASH-FIN Nepal worked to introduce commercial approaches, cost-reflective tariffs, business and financial planning, and access to blended repayable or commercial finance. WASH-FIN Nepal concluded working with the Surkhet Valley Water Supply User's Organization (SVWSUO) in this area in Year 4 (FY20) and wrapped up work with Gulariya Municipality on support for their outsourced service delivery model during the preceding quarter.

Activity 2.1: Business Plan and Business Model Development

With the completion of the engagement with Surkhet Valley Water Supply User's Association last year, and the finalization of the IWM model—which includes a business model (see Category 3 below) WASH-FIN has largely concluded its applied technical assistance in this category. Gulariya Municipality awarded a contract to a private sector operator for IWM services including FSM and FSTP operation. WASH-FIN supported the Municipality in developing the proforma financial projections for the model and the related SLA guidelines that underpinned the municipal tender and award (see Category 3 below). The WASH-FIN team also reflected on its experience for inclusion in various knowledge products disseminated and shared with concerned stakeholders during provincial and national closeout workshops.

Category 3: FSM Institutional and Financing Model

FSM is a massive development challenge in Nepal, one that was identified as a focal point for WASH-FIN during the activity design stage. Although FSM is at a nascent stage in Nepal, it is receiving growing attention from government and development partners. The importance of FSM for local and national governments was the impetus for not only WASH-FIN support to the Gulariya Municipality to improve FSM services and support its fledgling FSTP but also support to the Department of Water Supply and Sewerage Management (DWSSM) in preparing a training curriculum for government engineers designing FSM and FSTP systems. The FSM work concluded with the Gulariya Municipality onboarding of a private operator, stemming from WASH-FIN support to the business model and SLA, and delivery of a virtual training for select engineers and officials.

Activity 3.1: FSM Service Delivery Landscape Analysis

WASH-FIN Nepal finalized a comprehensive landscape assessment of current and planned FSM systems in Nepal. The landscape assessment, called the FSM Service Delivery Landscape Report, evaluates practices and service delivery models, areas for improvement, business models, and the need for and potential sources of finance for sustainable service delivery, including integration of FSM and solid waste management. The FSM landscape looks at the country perspective on FSM to provide insights and tangible actions to improve planning, programming, management, and operations to deliver sustainable sanitation services in line with the SDGs. The report highlights FSM's nascent stage in Nepal, the constraints to its expansion and improvement and identifies key intervention areas and potential opportunities. It considers the enabling environment for sanitation and the extent to which FSM has

been incorporated visibly into federal plans, policies, and budgets and assesses the status of the service chain elements. The focus is on urban FSM and case studies from three municipalities that have implemented FSM. The assessment relied on extensive secondary literature review, limited virtual stakeholder consultations and expert interviews with those supporting implementation on the ground.

Activity 3.2: FSM Standards, Institutional and Financing Model

In Gulariya, WASH-FIN concluded several workstreams related to FSM standards and the institutional and financing model and shared the outputs with partners. This includes a service-level agreement (SLA) guidance document for the municipality to contract with a private operator, the O&M Manual for FSTP, and the English version of the SOP Guide that the team had prepared to complement the O&M Manual in a more simplified form for FSM workers. The SOP Guide includes detailed visuals for each step that operators will engage. The municipality subsequently requested a Nepali translation of both documents, which were also completed. In addition to serving as a reference for the municipality and the FSTP operator in Gulariya, these documents are expected to serve as a reference for government, development partners, and other stakeholders in the sector.

Activity 3.3: Support to Gulariya Municipality to Finalize the SLA and Procure a Private Operator for IWM Facility

During the first quarter of the year WASH-FIN Nepal completed the independent legal review of the draft SLA, which will govern the arrangement between the municipality and a private operator. The municipality had endorsed this outsourced service delivery model in Year 4. WASH-FIN also engaged with the municipality on outstanding questions around performance indicators. The SLA was updated with the indicator information and finalized the SLA later in the year.

WASH-FIN supported the Municipality for the preparation and finalization of the bid documents, and the Municipality published the tender for a private operator to run the service which was considered a key achievement. WASH-FIN also provided support to complete the procurement and on-boarding of the selected private operator to run the IWM services. In parallel, a three-day study tour was organized for Gulariya Municipality to better understand IWM practices locally through visits to Palpa and Pokhara in Gandaki Province. The trip included site visits and meetings with stakeholders, including city officials and waste management operators. Gulariya municipality officials visited the waste management centers/waste resource and recovery centers in Pokhara metropolitan city. It was anticipated that this learning visit would enhance the understanding of the Municipality on prospects and potential areas which could be replicated in their respective locations.

By the close of the third quarter, the private operator had started their work with Gulariya Municipality for IWM.

Activity 3.4: Conduct FSM Service Delivery Model Dissemination Workshop

WASH-FIN Nepal developed a new activity in Year 4 in response to a request from the DWSSM to enhance knowledge and build capacity in design of FSTP infrastructure and FSM service delivery in Nepal. The activity was to develop an FSTP/FSM training curriculum to be used by the DWSSM's National Water Supply and Sanitation Training Centre (NWSSTC).

It was anticipated that the curriculum and materials will serve as training resources for the NWSSTC, which will take the training forward. The curriculum and training are discussed in more detail below in Section 4.1. Two sub-contractors—Environment and Public Health Organization (ENPHO) Nepal and Consortium for DEWATS Dissemination (CDD) Society India—were brought on in Year 4 to develop the training curriculum. They developed the training material and implemented a virtual training during Q2FY21.

In Q2FY21, WASH-FIN Nepal conducted a knowledge dissemination workshop with partners in the field to share insights on the project's activities in FSM service delivery. This included the various deliverables and outputs of the Gulariya activity and a high-level overview of the findings in the FSM Service Delivery Landscape. The team engaged in discussions on the project's experience, approaches, and opportunities in this space with government, development partners and other stakeholders. An abbreviated dissemination of these activities was also included as part of the National level workshop (see Activity 4.3 below).

Category 4: Knowledge Management

WASH-FIN Nepal integrated KM into its activity since its inception to capture experiences in Nepal and share lessons learned with local, provincial, and national government partners and sector stakeholders. While the onset of the COVID-19 pandemic reduced in-person meetings, the activity was able to build on its KM initiatives locally and through remote sharing and knowledge product development through closeout in Q2.

Activity 4.1: Hold FSM/FSTP Design Training

As part of Activity 3.4 above, a virtual stakeholder consultation workshop was held during Q1FY21 with government partners, stakeholders, private operators, representatives from NGOs/INGOs to ascertain sector readiness for programmatic investments in FSM and FSTPs, as well as to identify critical foundational gaps in planning and design of infrastructure and services for sustainable FSM/FSTP operations and maintenance. The findings from this workshop were incorporated into the training modules and the FSM Service Delivery Landscape Report detailed in Activity 3.1.

WASH-FIN Nepal completed development of the FSTP/FSM training curriculum on behalf of the DWSSM's National Water Supply and Sanitation Training Center (NWSSTC) and partially implemented the course virtually. The team developed the curriculum and resource materials through a rigorous and steady process of inception and planning, curriculum development and content review, feedback, and revisions of the curriculum and materials. The curriculum consists of a suite of education materials for public sector engineers responsible for the planning, design, implementation, and O&M of FSTP systems infrastructure and services. WASH-FIN conducted the FSM/FSTP training for 20 public sector engineers in collaboration with NWSSTC from February 8–21, 2021. Considering safety measures for COVID-19, the training was organized virtually through Zoom.

Based on the feedback and recommendations provided from the participants during the review and feedback workshop, subcontractors ENPHO and CDD Society India further revised and subsequently finalized the curriculum and training materials. An internal final review of the material was completed in Q2, and following a COVID-19 lock down, the full curriculum materials were handed over to government in Q3. The curriculum and materials developed were well received and will serve as a training resource for the NWSSTC, which will continue to deliver the curriculum to government engineers. It is anticipated that ongoing delivery and refinement of the curriculum will not only help bridge the prevailing capacity gaps in the sector, but also help ensure that future FSTPs will be designed to be viable in the Nepal context. In addition to engineers, the curriculum will have value for other sector professionals including government decision makers, and the private sector and DWSSM was provided with an overview of which modules would be most appropriate for these different audiences.

Activity 4.2: Conduct COVID-19 Impact Assessment Report

WASH-FIN produced the Nepal COVID-19 Impact Assessment Report in Q1FY21. The report may be found on the Globalwaters.org microsite [accessed here](#).

Activity 4.3: WASH-FIN Nepal Closeout

In Q2, FY21, WASH-FIN Nepal organized to final closeout and knowledge dissemination workshops, with project partners. One was in-person at the local/provincial level in Nepalgunj to share experience and provide an overview of knowledge products prepared for Gulariya and Nepalgunj, and another in Kathmandu was hybrid (in-person and virtual) for national level participants to share WASH-FIN experience more broadly.

Participants included government partners (MoWS, DWSSM), USAID/Nepal, private operators, NGO/INGO representatives, and WASH sector donor, partners, and other stakeholders. WASH-FIN shared findings and approaches and provided a high-level overview of WASH-FIN Nepal's objectives, workstreams, knowledge products, results, and lessons learned and recommendations. WASH-FIN handed over finalized knowledge products to the MoWS, DWSSM, and USAID/Nepal. During the closeout workshop WASH-FIN was commended by local



Photo 2. WASH-FIN Country Team Lead Ganga Datta Nepal presents the Gulariya Municipality FSTP Service Level Agreement report to stakeholders.

partners for achievement of results in the strength of their project approach to institutional strengthening. Government institutions committed to using the knowledge products and regarded them as assets that can serve as reference documents for the sector.

Additional Activity 4.4: Communications and Knowledge Management

WASH-FIN's technical reports provide in-depth analysis of WASH financing challenges and opportunities. Knowledge Products completed in Year 5 included the SVWSUO Water Tariff and Cost Review Update in Q1 FY21. The tariff review was based on SVWSUO's five-year business plan, which includes new capital investment projects to improve service delivery. WASH-FIN supported SVWSUO in preparing the business plan, and it provided a basis to evaluate SVWSUO's costs and revenue streams since an earlier preliminary review and to update the tariff model accordingly.⁷ This technical report includes the updated cost and tariff review and considers SVWSUO's business plan for capital improvement projects. WASH-FIN's report concludes with the recommendation of a tariff adjustment to ensure that revenue will cover all costs, including debt service costs on a blended finance agreement from the Town Development Fund. The SVWSUO Water Tariff and Cost Review Update additionally provided guidance to SVWSUO for future cost and tariff adjustments to maintain cost-reflective tariffs.

⁷ In 2018, WASH-FIN supported SVWSUO in conducting a preliminary review of the utility's technical, commercial and financial indicators. The review also included an analysis of national water utility cost data and performance benchmarks, which was used to evaluate the tariff structure in terms of cost recovery, financial viability, efficiency and social equity, and SVWSUO made an adjustment.

WASH-FIN believes this report will serve as a reference model that may be utilized by other water utilities or across sectors in Nepal. The report may be [accessed here](#).

Other important knowledge products produced and disseminated this year are described in the technical activities sections above, including FSM Service Delivery Landscape Report, FSM Service Delivery Model consisting of SLA for IWM, SOP Guideline, and O&M Manual for the FSTP for Gulariya Municipality. The FSM training curriculum development was a major KM undertaking, including development of modules, accompanying lesson plans, and related material and packaging and presenting this material in a virtual training for 20 public sector engineers.

2.4.3 DELIVERY PROGRESS SUMMARY

The table below provides a summary of the WASH-FIN Nepal activity annual progress update on delivery of expected results against timelines and outputs established in the Year 5 work plan. Where results are yet to be fully achieved, a timeline for their expected delivery is provided.

TABLE 12. NEPAL DELIVERY PROGRESS SUMMARY

Nepal Activities	Expected Timing	Expected Results	Year 5 Update
Activity 1.1: Review Institutional Framework for WASH Services	<ul style="list-style-type: none"> December 2020 	<ul style="list-style-type: none"> Sectoral policy report disseminated (under Activity 4.3). 	<ul style="list-style-type: none"> Report was not completed due to delays and setbacks stemming from COVID-19 and lack of a clear and compelling product; knowledge generated included in other reports, and disseminated in Activity 4.3.
Activity 1.2: Service Delivery Options Analysis – Water Supply	<ul style="list-style-type: none"> January 2021 February 2021 	<ul style="list-style-type: none"> Landscape assessment of service delivery models conducted. Analytical support to Nepalgunj Sub-Metropolitan City to identify institutional options for city-wide water supply provided. 	<ul style="list-style-type: none"> Completed, Q2FY21 Completed, Q2FY21
	<ul style="list-style-type: none"> January 2021 February 2021 	<ul style="list-style-type: none"> Options analysis report and workshop developed. Landscape report on water supply models developed. 	<ul style="list-style-type: none"> Completed, Q2FY21 Completed, Q2FY21
Activity 1.3: Promote Institutionalization of Viable WASH Service Delivery Models	<ul style="list-style-type: none"> February 2021 	<ul style="list-style-type: none"> Regular coordination and technical support with local, provincial, and federal government actors provided to promote and deepen understanding and institutionalize viable models. Models incorporated into relevant dissemination and closeout workshops. 	<ul style="list-style-type: none"> Completed, Q3FY21 Completed, Q2FY21

Nepal Activities	Expected Timing	Expected Results	Year 5 Update
Activity 2.1: Business Plan and Business Model Development	<ul style="list-style-type: none"> • February 2021 • February 2021 	<ul style="list-style-type: none"> • Assistance provided in the development of IWM Business Model – Gulariya Municipality. • Refined business model prepared and incorporated into SLA and private operator procurement. 	<ul style="list-style-type: none"> • Completed, Q2FY21 • Completed, Q2FY21
Activity 3.1: FSM Service Delivery Landscape Analysis	<ul style="list-style-type: none"> • November 2020 • December 2020 	<ul style="list-style-type: none"> • Landscape analysis conducted on FSTPs/IWM in Nepal, including review of operational models and institutional and financial framework options. • Landscape assessment report completed. 	<ul style="list-style-type: none"> • Completed, Q2FY21 • Completed, Q4FY21
Activity 3.2: FSM Standards, Institutional and Financing Model	<ul style="list-style-type: none"> • October 2020 • December 2020 	<ul style="list-style-type: none"> • Monitoring framework for IWM services of Gulariya prepared. • IWM financial projection prepared (Activity 2.1). 	<ul style="list-style-type: none"> • Completed, Q2FY21 • Completed, Q2FY21
Activity 3.3: Support to Gulariya Municipality to Finalize the SLA and Procure a Private Operator for IWM Facility	<ul style="list-style-type: none"> • October 2020 • November 2020 • December 2020 • December 2020 	<ul style="list-style-type: none"> • A generic SLA for IWM private operator finalized for adoption by Gulariya Municipality. • Gulariya Municipality assisted in expression of interest and bidding process. • SLA implemented. • Exposure visit conducted for Gulariya Municipality team to FSTPs/IWM within Nepal. 	<ul style="list-style-type: none"> • Completed, Q2FY21 • Completed, Q2FY21 • Completed, Q2FY21 • Completed, Q2FY21
Activity 3.4: Conduct FSM Service Delivery Model Dissemination Workshop	<ul style="list-style-type: none"> • December 2020 • February 2021 	<ul style="list-style-type: none"> • Provincial-level dissemination workshop conducted. • National-level dissemination workshop conducted through MoWS/DWSSM. 	<ul style="list-style-type: none"> • Completed, Q2FY21 • Completed, Q2FY21
Activity 4.1: Hold FSM/FSTP Design Training	<ul style="list-style-type: none"> • October 2020 	<ul style="list-style-type: none"> • Stakeholder meetings for capacity needs assessment on sector readiness for the investment in FSM conducted; foundational gaps identified; 	<ul style="list-style-type: none"> • Completed, Q1FY21

Nepal Activities	Expected Timing	Expected Results	Year 5 Update
	<ul style="list-style-type: none"> • November 2020 • January 2021 • January 2021 	<p>training format developed in consultation with training centers.</p> <ul style="list-style-type: none"> • Capacity assessment report on target training participants and in-country trainers developed. • FSM/FSTP training curriculum implemented; DWSSM (federal) and provincial engineers trained on FSM/FSTP design. • Materials to National Water Supply and Sanitation Training Center/DWSSM reviewed and handed over; training workshop report submitted. 	<ul style="list-style-type: none"> • Completed, Q1FY21 • Completed, Q2FY21 • Completed, Q3FY21
Activity 4.2: Conduct COVID-19 Impact Assessment	<ul style="list-style-type: none"> • September 2020 • September 2020 	<ul style="list-style-type: none"> • Impact assessment report submitted. • Report findings considered in revised SVWSUO Tariff Study Update (Activity 2.2) and in all final year activities. 	<ul style="list-style-type: none"> • Completed, Q1FY21 • Completed, Q1FY21
Activity 4.3: WASH-FIN Nepal Closeout	<ul style="list-style-type: none"> • February 2021 • March 2021 • March 2021 	<ul style="list-style-type: none"> • Local-level exit workshop conducted for project partners. • National-level exit workshop conducted and WASH-FIN knowledge products handed over to Government of Nepal and USAID/Nepal. • Operational closeout activities conducted in disposition of equipment, vehicles, assets, etc. 	<ul style="list-style-type: none"> • Completed, Q2FY21 • Completed, Q2FY21 • Completed, Q4FY21

Additional Activity 4.4: Communications and KM	<ul style="list-style-type: none"> August 2021 	<ul style="list-style-type: none"> Final Nepal Activity Report Country Brief 	<ul style="list-style-type: none"> Decision taken in Q4FY21 with USAID to focus efforts on the more accessible Country Brief and highlight Nepal in global activity Final Report. Draft completed August 2021. Anticipated finalization in Q1FY22.
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2.4.4 PERFORMANCE INDICATOR TARGETS AND RESULTS

The table below reports on WASH-FIN Nepal's Year 5 results and cumulative achievement to date against targets established in WASH-FIN's Year 5 Monitoring & Evaluation (M&E) Plan.

TABLE 13. NEPAL PERFORMANCE INDICATOR TARGETS AND RESULTS

WASH FIN Indicators	Life of Project (LOP) Targets	Previous Results	Year 5 Results	Cumulative Results to date
HL.8.4-1 Value of new funding mobilized to the water and sanitation sectors as a result of USG assistance	USD 0M	USD 10,257	0	USD 10,257
HL.8.3-3 Number of water and sanitation sector institutions strengthened to manage water resources or improve water supply and sanitation services as a result of USG assistance (Indicator Definition Customized)	2	1	1	2
HL.8.1-3 Number of people receiving improved service quality from an existing basic or safely managed drinking water service as a result of USG assistance	25K	87,078	2,185	87,078
HL.8.2-7 Number of people receiving improved sanitation service quality from an existing "limited" or "basic" service as a result of USG assistance	5K	71,644	0	71,644

HL.8.4-1: WASH-FIN mobilized USD 10,257 in Year 5, which is the activity's life of project total. These funds were achieved in Q1FY20, as a result of collection efficiency improvements for SVWSUO.

HL.8.3-3: WASH-FIN concluded support to the Gulariya Municipality in Year 5 to develop an improved, outsourced Service Delivery Model for FSM as part of IWM. The municipality leveraged WASH-FIN

support to issue a tender and award a private operator for IWM in the city. In Year 5, WASH-FIN also provided support to SVWSUO to generate water supply service improvements in the organization's coverage areas. Based on SVWSUO's records, the total population served this quarter with improved service quality was determined to be 2,185 people (1,060 male, 1,125 female) in the Surkhet valley.

HL.8.1-3: Support provided to SVWSUO contributed to water supply service improvements in the utility's coverage area. As a result of WASH-FIN's support, 87,078 people (42,230 male, 44,848 female) received improved service quality from an existing basic or safely managed drinking water service. This was a tremendous achievement given that the target was 25,000 people. Support provided by WASH-FIN to SVWSUO has contributed over time to water supply service improvements in the organisation's member utilities' coverage areas. While WASH-FIN wrapped up direct technical support (efficiency work, asset management, and business plan development) to SVWSUO in FY20, the benefits of this technical assistance continue as utility companies serve local populations with improved water provision. Based on SVWSUO's records, the total population served during FY21 with improved service quality was determined to be 2,185 people, in the Surkhet valley.

HL.8.2-7: WASH-FIN provided support to the Gulariya Municipality to develop an improved, outsourced FSM Service Delivery Model. As a result, in Year 4, 71,644 people (34,745 male, 36,899 female) received improved sanitation service quality from an existing "limited" or "basic" service against a target of 5,000 people.

2.5 SENEGAL

TABLE 14. SENEGAL ACTIVITY SNAPSHOT

Activity Title	Expanding Access to Finance for WASH
Location	Dakar, Mbour, Diourbel, Saint Louis, and other locations within Senegal with SSPs demonstrating creditworthiness and efficient operations interested in accessing market finance.
Goal	To expand access to WASH financing by providing transaction facilitation for SSPs aimed at increasing investment in safe and reliable WASH services and providing support to the Government of Senegal’s National Office of Sanitation (<i>Office National de l’Assainissement du Sénégal</i> ; ONAS)
Objectives	1. Provide support to ONAS to improve financial performance 2. Provide capacity building and transaction advisory services to SSPs
Commencement Date	August 1, 2017
Expected End Date	May 31, 2022
Total Budget	USD 4,600,000

2.5.1 COUNTRY CONTEXT AND OVERVIEW OF YEAR 5 ACTIVITIES

In Senegal, WASH-FIN aims to expand access to WASH financing by providing business development support and transaction facilitation to established (Cohort 1) SSPs as well as to smaller (Cohort 2) SSPs. WASH-FIN additionally advocates for increased WASH financing, including through the development of a WASH on-lending product and the creation of a blended financing mechanism for the WASH sector called the Blue Fund, developed by the Ministry of Water and Sanitation’s Board of Project Planning, Coordination, and Monitoring (*Cellule de Planification, de Coordination et de Suivi des Programmes* [CPCSP]). Lastly, WASH-FIN also works closely with ONAS to assist them with their privatization efforts under the nascent National Sustainable Sanitation Development Program.

2.5.2 PROJECT IMPLEMENTATION UPDATE

Category 1: Support the Senegalese Sovereign Wealth Fund (*Fonds Souverain d’Investissements Stratégiques*; FONSIS) and the MOWs in the Blue Fund Capitalization and Investment Process

Activity 1.1: Support FONSIS in the Preparation of the Blue Fund Management Mandate

Activity on hold pending discussions with Senegalese government. Activity expected to resume in Q1FY22.

Activity 1.2: Support FONSIS in the Blue Fund Capitalization Process to Identify and Gauge Interest of Potential Donors and Lenders

Activity on hold pending discussions with Senegalese government. Activity expected to resume in Q1FY22.

Activity 1.3: Assist FONSIS with the Development of Project Selection Criteria and Selection of Projects to be Presented at the World Water Forum in 2021

Activity on hold pending discussions with Senegalese government. Activity expected to resume in Q1FY22.

Additional activities from Year 4 Work Plan Category 1: Provide Support to ONAS to Improve Financial Performance

All activities undertaken by WASH-FIN in support of SSPs are indirectly in support of ONAS, the National Sanitation Agency of Senegal, which develops and manages all sewer networks and wastewater treatment facilities and is responsible for the provision and management of onsite sanitation facilities. ONAS has developed a fecal sludge market re-structuring strategy in which the private sector plays a key role, the National Sustainable Sanitation Development Program (PNDDAA) to increase private sector participation in the sanitation sector. Under the PNDDAA ONAS contracts service delivery out to SSPs. ONAS determined that system inefficiencies and challenges were affecting its ability to effectively manage wastewater treatment services across the country and requested assistance from WASH-FIN to assess and improve these functions within the agency, including through the efficient use of its financial accounting system, TomPro. WASH-FIN developed activities under its Year 4 work plan to address these needs. However, due to significant delays brought about by the COVID-19 pandemic, activities were not finalized until Q1FY21 and are thus included as additional activities in this Year 5 Annual Report.

Additional Activity 1.4: Provide Technical Assistance to Improve Financial and Accounting System

WASH-FIN hired a Cost Accounting Consultant to audit and analyze ONAS' existing accounting software system and practices and then draft an action plan for improvement. This support resulted in the design of a business improvement and staff training plan as well as a specific work plan with proposed recommendations to improve ONAS' use of TomPro and their methods for cost accounting. ONAS accepted these recommendations and asked WASH-FIN to support their implementation.

To implement the action plan, WASH-FIN hired on a short-term technical basis an Analytical Accounting Consultant and a TomPro Specialist to support ONAS. These consultants completed database analyses, integration of the new accounting plan within ONAS, data updates, reviews of personnel and cost analyses of potential ONAS structural changes. During Q1FY21, WASH-FIN consultants also completed three training sessions for ONAS, including a four-day training for 17 ONAS staff on TomPro and two two-day trainings by the Cost Analytical Consultant. WASH-FIN additionally provided ONAS with a clear action plan and a cost accounting manual to increase the ability of ONAS to make efficient use of their financial accounting system independently. As a result of WASH-FIN's activities, ONAS will be better able to track its financial flows and to manage and invest resources more efficiently.

Additional Activity 1.5: Provide Capacity Building Support to ONAS and SSPs in Financial Management

In Year 4, ONAS, in order to better implement the PNDDAA, requested WASH-FIN's technical assistance to train SSPs and ONAS staff on key sanitation sector business management and technical skills. Two training themes for SSPs were identified: 1) technical standards related to health, safety, quality, and environmental concern; and 2) business management, including business formalization, financial operations, and marketing. In Q1FY21, WASH-FIN conducted these trainings for 27 SSPs from nine regions and seven ONAS staff members from nine regions. Following the trainings, WASH-FIN performed post-training follow-up activities with 13 SSPs to help them further professionalize and prepare to apply for financing.

The following progress was recorded based on WASH-FIN's technical assistance:

- All SSPs that were not previously formalized have since obtained businesses licenses.
- 78% of SSPs that did not have an employee wage policy in place have now developed one.
- 75% of SSPs that did not have a service contract with their staff have provided them with contracts.
- 71% of SSPs that did not have accounting tools (e.g., a formalized system for accounts payable) had developed and started using one.

Additionally, upon the request of ONAS, WASH-FIN submitted revisions to a technical study for the FSM Structuring Program (*Programme de Structuration du Marché des Boues de Vidange*) for 2021–2025, which is featured on the ONAS website [here](#).

Certification Decree Process for the SSPs

A priority for ONAS during the COVID-19 pandemic was to finalize the certification process for SSPs. WASH-FIN, in partnership with Speak Up Africa, advocated for the Ministry of WASH to resume the process. As a result of this advocacy, the Ministry of WASH held a workshop to gather stakeholder feedback. WASH-FIN was appointed to represent partner organizations to gather feedback around the certification process. At the end of this process a certification decree document was formally submitted to the Ministry and is under review by the Ministry Council for final approval.

Study to Design a Fiscal Incentive Strategy for the FSM Value Chain

One of the main requests from the SSPs that WASH-FIN partners with has been to obtain a VAT exemption for the purchase of new trucks. WASH-FIN participated in the design of a fiscal incentive strategy initiated by the Global Green Growth Institute and ONAS. The basis for that study was the “fiscal sheet,” which is recommendation from the transportation component of WASH-FIN’s FSM value chain study conducted in prior years. Based on the suggestion of the Tax Department, a tax break request will be submitted to the Ministry of Finance. If accepted, this fiscal policy will reduce the cost of the trucks by USD 25,000.

Category 2: Provide Capacity Building and Transaction Advisory Services to SSPs

WASH-FIN provides technical assistance to two cohorts of SSPs in Senegal, the first comprising the four largest companies (DELVIC, DELTA, DELGAS, and VICAS) and the second composed of approximately 31 small SSPs. WASH-FIN provided significant technical assistance to Cohort 1 SSPs during previous reporting years. In Q1FY21 WASH-FIN started working with Cohort 2 SSPs, divided into two tiers based on their readiness for capital investment. Tier 1 SSPs are identified as having a potential to attract commercial finance, whereas Tier 2 SSPs are not yet creditworthy but could benefit from pre-financing capacity building support. WASH-FIN’s support to both SSP cohorts is described in greater detail below.

Activity 2.1: Provide Additional Technical Assistance to Cohort 1 SSPs (DELVIC, DELTA, and VICAS)

DELTA: WASH-FIN provided integral support in the preparation of DELTA’s grant application to the USAID West Africa Trade and Investment Hub (WATIH) and in helping DELTA secure a complementary equity investment from local impact investor *Investisseurs et Partenaires* (I&P). I&P finalized a [REDACTED] equity investment agreement with DELTA in July 2021 and in September 2021, WATIH, and thereafter USAID, approved DELTA’s application for a [REDACTED] grant. WASH-FIN therefore supported DELTA in its receipt of a total of [REDACTED] from multiple sources, showcasing for other companies in the WASH sector an innovative blended finance approach where the availability of purely commercial funds is still a challenge. These grant funds represent WATIH’s first WASH investment in sub-Saharan Africa.

This partnership with WATIH and I&P will allow DELTA to not only improve its financial management and reach another level of efficiency and business maturity but will also support DELTA’s investment in assets and resources to extend and improve sewage network for up to 1,187,799 individuals (148,475 households) by April 2024. This expanded network is projected to generate additional revenue of USD 3.4 million in the next three years, enabling DELTA to sustain profitable operations and create and sustain a total of 319 jobs (120 direct and 199 indirect, with 56 out of the 120 direct jobs dedicated to women and youth). In accordance with the terms of the funding, Delta is also adopting new gender inclusion and sexual harassment policies.

DELVIC: DELVIC established a profit-sharing partnership agreement with ONAS to operate the commercial-scale Janicki Omni Processor (J-OP). DELVIC pursued this capital structure because financial projections showed that the cost of equity and debt financing to acquire the J-OP would be higher than the J-OP revenue streams could sustain. WASH-FIN provided technical assistance to advise DELVIC on the expected financial and operational outcomes of this proposed partnership. WASH-FIN updated DELVIC's financial model, developed by WASH-FIN in previous years, to include the terms of the new partnership structure and refined the financial dashboard to estimate key financial and social performance indicators of the J-OP. WASH-FIN worked closely with DELVIC's management team to ensure that the financial model adequately reflected the new structure. WASH-FIN also prepared a PowerPoint presentation on the operational and environmental considerations of the J-OP's operations for discussion with key stakeholders, including ONAS and Bill and Melinda Gates Foundation (BMGF). WASH-FIN officially handed over the investor materials to the DELVIC management team at the beginning of Q3. After the handover, WASH-FIN provided ad-hoc guidance and responses to questions arising from the DELVIC team as they utilized the investor materials (financial model and dashboard).

WASH-FIN also drafted a report on key learnings from the support to DELVIC since 2017 that could be leveraged by development partner programs, investors, and SSPs looking to venture into FSM solutions and other sanitation services. The report, entitled "Scaling Sanitation Treatment Technologies: Lessons Learnt from Supporting Delvic Sanitation Initiatives SA" report includes critical reflections and learnings from the experience of supporting Delvic. Key lessons in the report are 1) the type of capital is dependent on the stage the business is in from early to growth, 2) commercial investment into new technologies have greater real and perceived risks, requiring additional due diligence, 3) businesses venturing into new markets, technologies, or projects often require technical assistance; this support has value even if capital isn't immediately raised. The report will be completed in FY22, Q1.

VICAS: In 2019, WASH-FIN supported VICAS to obtain a line of credit from with *Banque de Dakar* (BDK), without a property collateral requirement – a unique and significant achievement in the sector. The financing maturity expired in September 2020. When the line of credit was due to be renewed, WASH-FIN had VICAS take the lead and the SSP demonstrated its strength and ability to negotiate directly with financial institutions. In March 2021, for the second time, BDK granted VICAS a [REDACTED] line of credit, without property collateral, to finance its working capital for the execution of ONAS and AGEROUTE contracts and to improve its daily operations.

As WASH-FIN approaches its final year, the team requested Cohort 1 SSPs to prepare financial documents based on templates provided by WASH-FIN to test the SSPs' learning and ability to develop future investment and business documents independently. The results were quite compelling and showed the readiness of Cohort 1 to scale up and utilize the tools provided by WASH-FIN to date with all three SSPs able to prepare investor materials based on WASH-FIN's training and support.

Activity 2.2: Provide Technical Assistance and Capacity Building Support to Cohort 2 SSPs

WASH-FIN's Business Development Specialist Consultant (BDS) was hired in November 2020 and worked closely with 11 Cohort 2 Tier 1 SSPs and 20 Tier 2 SSPs. The technical assistance provided to Cohort 2 SSPs is detailed here.

Sub-Activity 2.2.1: Provide Tailored Capacity Building and Technical Assistance to Cohort 2, Tier 1 SSPs

The BDS, under the supervision of the WASH-FIN technical team, conducted individual assessments for 11 Cohort 2 Tier 1 SSPs, measuring the businesses' weaknesses and opportunities for improvement. WASH-FIN held individual and group working meetings using tailored training materials to coach the SSPs on strategy, business management, and financial management. Small group meetings of up to five people proved useful to increase learning between SSPs and foster brainstorming on methods for improving business activities. Since several SSPs lacked electronic versions of financial documents

WASH-FIN's BDS transcribed their documents into Excel files, which will allow the SSPs to analyze their financial data over time.

Sub-Activity 2.2.2: Provide Technical Assistance to Develop Financial Documentation for Cohort 2, Tier 1 SSPs

After completion of the trainings, WASH-FIN supported 10 Cohort 2 Tier 1 SSPs in the preparation of financial documents that could be used in future loan applications. These bank facing documents included 10 teasers, 10 financial models, 10 technical memos, and 10 concept notes for expansion plans to help support the business case for investment.

Sub-Activity 2.2.3: Provide Transaction Advisory Support for Cohort 2, Tier 1 SSPs

WASH-FIN conducted an initial exploratory meeting with five financial institutions, (commercial banks, investment funds, and MFIs), and then met with 11 Cohort 2 Tier 1 SSPs to share the outcomes and facilitate an exchange on WASH-FIN's technical assistance to date. WASH-FIN then facilitated meetings between 10 Tier 1 SSPs and five financial institutions. The financial institutions showed some interest in WASH sector investment and discussions are ongoing with one commercial bank as well as a Swiss-based investment fund, I-Gravity. The financial institution meetings are estimated to result in a total future financing of close to USD 2.7 million for Tier 1 SSPs. By the end of Year 5, WASH-FIN had assisted Tier 1 SSPs to submit seven loan requests to commercial banks and one application to I-Gravity.

Sub-Activity 2.2.4: Provide Post-Transaction Support to Ensure Loan Repayment for Cohort 2, Tier 1 SSPs

Due to delays in the manufacturing of the sanitation truck prototype developed under the Support Project for the Renewal of Sanitation Trucks (*Projet d'Appui au Renouvellement des Camions de Vidange [PARC]*), this sub-activity is on hold and will resume once further progress is made on the PARC Program.

Sub-Activity 2.2.5: Provide Tailored Capacity Building and Technical Assistance to Cohort 2, Tier 2 SSPs

WASH-FIN identified 20 Tier 2 SSPs for support and has begun to conduct initial individual assessments with this group during this last quarter of Year 5. WASH-FIN's BDS will work to identify weaknesses to better target future technical assistance. The DBS' Tier 2 assessment memos are expected during the first quarter of Year 6. WASH-FIN will review and approve an action plan for engaging the Tier 2 SSPs.

Additional Sub-Activity 2.2.6: Support to Fossclean

Fossclean is a sanitation start-up managed by a young woman who provides fecal sludge removal services to hard-to-reach, underserved areas of Dakar using tricycles. WASH-FIN supported Fossclean with technical assistance to update her business plan and determine optimal daily pit emptying pricing that would correspond to the company's low-income household customers' ability to pay. WASH-FIN then facilitated discussions between Fossclean and DER and supported the owner' application for a [REDACTED]

[REDACTED] loan package which was granted in Q3FY2021.



Photo 3. Fossclean's owner in front of her innovative fecal sludge transportation tricycles

Activity 2.3: Pilot Innovative Financial Products and Strategies for the WASH Sector

Based on WASH-FIN's 2018 review of the FSM sector,⁸ SSPs spend 91% of their operations expenses on fuel and truck repairs (41% for fuel and 50% on repairs) due to the age and degraded conditions of many trucks used for emptying septic tanks. To alleviate these costs and reduce the impact that fuel-inefficient vehicles have on climate change, WASH-FIN, with its partners, conceptualized and launched a sanitation truck fleet renewal program, or PARC, in February 2021. The PARC pilot program will provide ██████████ from stakeholders including the BMGF, DER, and BNDE to SSPs. Senbus is producing a prototype of a hydro-cleaning sanitation truck to empty septic tanks, which is scheduled for delivery in Dakar in October 2021. Following a three-month testing and approval period, WASH-FIN's partners have committed to placing an order for 40 hydro cleaning trucks that local SSPs can acquire through a lease-to-own contract with favorable, pre-agreed terms.

To further alleviate trucks cost, WASH-FIN, ONAS, and DER requested custom fees and value-added tax exemptions from the Minister of Finance. During the following quarter, a working group comprised of ONAS, DER, the Association of Sanitation Actors (*Association des Acteurs de l'Assainissement au Sénégal*; AAAS), WASH-FIN, USAID, and BNDE will select the first cohort of SSP beneficiaries and then WASH-FIN will assist the SSPs to prepare and submit approximately 40 loan applications to finance the truck purchases.

Box 3. Technical Assistance to Finance Sanitation Trucks in Senegal

The Support Project for the Renewal of Sanitation Trucks (*Projet d'Appui au Renouvellement des Camions de Vidange* [PARC]) is a new Senegalese multi stakeholder initiative that was launched under the leadership of the Senegal WASH FIN team in February 2021. The goal of the PARC Program is to offer a standard procurement and financing arrangement to enable small scale sanitation companies (SSPs) to obtain new trucks for the purpose of fecal sludge removal and transport to treatment facilities. Following a WASH FIN led research study that identified a need to replace aging and inefficient sanitation trucks, WASH FIN led discussions over the course of two years with a range of key stakeholders to develop a financial product that could address this issue.

The PARC program will provide USD 3.7 million from stakeholders including the Bill and Melinda Gates Foundation, *Délégation Générale à l'Entrepreneuriat Rapide des Femmes et des Jeunes* (DER), and *Banque Nationale pour le Développement Économique* (BNDE) to capitalize a pilot of the program. At this stage, the truck manufacturer Senbus will produce a prototype with the intention of supplying up to 40 trucks to individual sanitation operators under lease to own contracts. The prototype is expected to arrive by October 2021. AAAS, ONAS, and the *Programme de Structuration du Marché des Boues de Vidange* (PSMBV) have played significant roles in advising and approving the terms of these arrangements, with the ultimate goal to supply new trucks to SSPs.

This innovative program will have a significant impact on Senegal's sanitation sector by helping private sector sanitation companies replace aging and inefficient vehicles under competitive financing terms with new trucks that are both more efficient and better for the environment through reduced carbon emissions. The PARC Program will expand access to sanitation services for local populations by reducing the cost of operations for sanitation operators. After a slight delay caused by COVID 19, the pilot program is on track to deliver and test the truck prototype by October 2021, with purchases of trucks from Senbus preceding from November 2021 through January 2022. WASH FIN will present the results of the Program at the World Water Forum, scheduled for March 2022 in Dakar. Pending

⁸ Senegal Study on the Management of Fecal Sludge, WASH-FIN Senegal, 2018.

successful implementation of the pilot PARC Program, the Government of Senegal has shown interest in providing access to several hundred new trucks for SSPs across different geographic regions.

Additional Activity 2.4. Provide Support to USAID and DFC to identify Suitable Financial Institutions and Activities to be Funded through a Special Purpose Vehicle

Based on its knowledge and experience within the WASH sector and its close relationship with financial institutions, WASH-FIN supported USAID and DFC to engage in preliminary brainstorming on the design of a Special Purpose Vehicle for the WASH sector. WASH-FIN supported USAID and DFC to identify potential eligible financial institutions and assisted in the selection of activities to be funded through this initiative. WASH-FIN prepared a technical note, which includes the targeted financial institutions and activities with a clear explanation on the rationale behind both selections. DFC is reviewing the concept note as well as the supporting documents prior to making any decision.

Category 3: Knowledge Management

Activity 3.1: Develop Knowledge Products

During Year 5, WASH-FIN produced several knowledges products and public communications products including a “Financing the Sanitation Sector” manual based on the experience of working with both large and small SSPs. This manual, submitted to the local mission and development partners, is designed to provide guidance to SSPs by describing practical steps they can take to secure commercial financing and contribute to enhanced sanitation coverage in Senegal. WASH-FIN also prepared a Country Brief and organized a panel discussion for World Toilet Day broadcasted on national television. As part of the PARC pilot launch event, WASH-FIN also developed communications materials including social media posts, articles, and videos. WASH-FIN also collaborated with Speak Up Africa for the development of a 23-minute documentary film entitled “*Onsite Sanitation, the New Gold Mine: Sharing Experiences of the Various Stakeholders Involved in Sanitation.*” The video, directed by Financial Afrik, highlights the importance of supporting sanitation actors and the development of commercially viable fecal sludge by-products. The film may be viewed on Financial Afrik’s YouTube page⁹.

In support of USAID’s celebration of 60 years in Senegal in November 2021, WASH-FIN will contribute knowledge pieces and communications materials focused on two themes of the celebration that are the most relevant to its work with SSPs: 1) entrepreneurship and economic growth and 2) partnership and innovation. WASH-FIN has begun updating existing knowledge and communications materials, and has developed new ones, to showcase the impact and results of its technical assistance program under the selected themes. WASH-FIN will highlight its work through social media posts, articles, and videos.

As WASH-FIN is gearing up for its final year, a Communications Specialist and a Videographer will be hired to compile all WASH-FIN communications materials to tell the most compelling story about the five-year WASH-FIN Senegal activity. Materials will include success stories from stakeholders, video testimonies from beneficiaries, and other innovative KM and communications tools, to be rolled out during close-down events.

Additional Activity 3.2: Promote knowledge sharing through partnerships

World Water Forum (WWF):

The 9th WWF is expected to be held in Dakar in March 2022, following a year-long delay from its original scheduled date of March 2021. WASH-FIN Senegal facilitated several meetings between the

⁹ <https://m.youtube.com/watch?v=vFHOejk05WQ&feature=share>

WWF committee and USAID to define the terms of their partnership in preparation for and execution of the forum. WASH-FIN additionally supported USAID implementing partners in their submittal of projects for certification by the WWF. Lastly, WASH-FIN supported WWF in the planning of a webinar on private sector engagement co-hosted by the WWF Executive Committee, Speak Up Africa and WASH-FIN. Forty-six participants attended the webinar including USAID representatives and leaders from the main private sector organizations. During the next quarter WASH-FIN will plan a regional webinar to engage the private sector at a regional level and plan sectorial meetings with the different local private sectors organizations.

WASHPaLS:

WASHPaLS is conducting a Sanitation Market Assessment commissioned by USAID. Based on WASH-FIN experience and knowledge of the sector, WASH-FIN is supporting WASHPaLS to better understand the Sanitation environment. WASH-FIN introduced WASHPaLS to the sector’s key stakeholders and provided feedback on their preliminary findings and the sanitation circular economy. WASH-FIN is continuing to support WASHPaLS in the next steps of the study, more specifically in the selection of the SSPs to be analyzed and areas to be assessed, as well as in the logistics related to their trip. The WASHPaLS study could cross-reference and feed into WASH-FIN’s FSM Value Chain Study.

Speak Up Africa:

WASH-FIN co-organized a webinar for World Toilet Day with Speak Up Africa focused on promoting sustainability in the sanitation sector through innovative financing mechanisms. WASH-FIN assembled a panel with participants from ONAS, DELVIC, AAAS, the Association of Toilet Normalization, and SBG (a private sanitation operator supported by USAID ACCESS). The panel discussion was broadcasted on Senegalese TV and shared widely on social media.



Photo 4. World Toilet Day televised panel

2.5.3 DELIVERY PROGRESS SUMMARY

The table below provides a summary of the WASH-FIN Senegal activity annual progress update on delivery of expected results against timelines and outputs established in the Year 5 work plan. Where results are yet to be fully achieved, a timeline for their expected delivery is provided.

TABLE 15. SENEGAL DELIVERY PROGRESS SUMMARY

Senegal Activities	Expected Timing	Expected Results	Year 5 Update
Activity 1.1: Support FONSI in the Preparation of the Blue Fund Management Mandate	• December 2020	• Management mandate adopted and Blue Fund set up by FONSI with WASH-FIN support (conditional on signing of a memorandum of understanding [MOU]).	• On hold pending discussions with Government of Senegal. Activity expected to resume in Q1FY22 in line with WWF preparations.
Activity 1.2: Support FONSI in the Blue Fund	• January 2021	• Resource mobilization plan developed and implemented,	• See Activity 1.1

Senegal Activities	Expected Timing	Expected Results	Year 5 Update
Capitalization Process		<p>resulting in a target raise of USD 10M.</p> <ul style="list-style-type: none"> Talking points, briefers for different audience prepared. 	
Activity 1.3: Assist FONSI with the Development of Project Selection Criteria and Selection of Projects to be Presented at the World Water Forum	<ul style="list-style-type: none"> March 2021 September 2021 	<ul style="list-style-type: none"> Two Blue Fund projects showcased at WWF (conditional on forum scheduling). At least two projects approved for a Blue Fund investment. 	<ul style="list-style-type: none"> See Activity 1.1
<i>Additional Activity 1.4: Provide Technical Assistance to Improve Financial and Accounting System</i>	<ul style="list-style-type: none"> March 2021 	<ul style="list-style-type: none"> ONAS accounting system improved 	<ul style="list-style-type: none"> TomPro software designed and set up within ONAS. Analytical Accounting set up within ONAS. 17 members of ONAS staff trained in TomPro software and cost analytical accounting. Accounting system Manual finalized and submitted to ONAS.
<i>Additional Activity 1.5 Provide Capacity Building Support to ONAS and SSPs in Financial Management</i>	<ul style="list-style-type: none"> December 2020 	<ul style="list-style-type: none"> SSPs and ONAS staff have better understanding of financial processes 	<ul style="list-style-type: none"> Technical and business formalization trainings completed for 27 SSPs and 7 ONAS technical staff trained. post-training follow-up activities with 13 SSPs conducted.
Activity 2.1: Provide Additional Technical Assistance to Cohort 1 SSPs	<ul style="list-style-type: none"> Contingent on the arrival of J-OP in Dakar 	<ul style="list-style-type: none"> DELVIC: USD 1.8M to purchase and operate the J-OP in Dakar made available (DELVIC is no longer expected to purchase the J-OP due to a decision made by the Gates Foundation). 	<p>DELVIC:</p> <ul style="list-style-type: none"> Investor materials to test the financial and operational outcomes of the proposed partnership. Updated financial model to include the partnership structure assumptions Refined dashboard to show the estimated financial and social KPIs of the J-OP operations under the partnership.

Senegal Activities	Expected Timing	Expected Results	Year 5 Update
	<ul style="list-style-type: none"> December 2020 December 2020 	<ul style="list-style-type: none"> DELTA: USD 3.6M investment made from WATIH and I&P investments. VICAS: USD 1M financing from the BDK renewed for operating cost. 	<ul style="list-style-type: none"> DELTA: mobilized [REDACTED] from I&P and Trade Hub VICAS: [REDACTED] mobilized and disbursed.
Activity 2.2 Provide Technical Assistance and Capacity Building Support to Cohort 2 SSPs	<ul style="list-style-type: none"> June 2021 	<ul style="list-style-type: none"> One or two consortiums created for Cohort 2 SSPs. 	<ul style="list-style-type: none"> Expected to be achieved once Cohort 2 Tier 2 support nears completion in Year 6.
<i>Sub-Activity 2.2.1: Provide Tailored Capacity Building and Technical Assistance to Cohort 2 Tier 1 SSPs (approx. 6–8 SSPs)</i>	<ul style="list-style-type: none"> January 2020 	<ul style="list-style-type: none"> Cohort 2 Tier 1 SSPs provided individual technical assistance. 	<ul style="list-style-type: none"> 10 Cohort 2 Tier 1 SSPs trained on marketing strategy 10 Cohort 1 Tier 1 SSPs trained on business development 10 Cohort 2 Tier 2 received individualized technical assistance.
<i>Sub-Activity 2.2.2: Provide Technical Assistance to Develop Financial Documentation for Cohort 2 Tier 1 SSPs</i>	<ul style="list-style-type: none"> January 2021 	<ul style="list-style-type: none"> Cohort 2 Tier 1 SSPs training completed on investor-facing documents such as financial models, business plans, and teasers. 	<ul style="list-style-type: none"> 10 teasers developed 10 technical memos developed 10 financial models 10 conceptual notes on the SSP expansion plans for the next years developed.
<i>Sub-Activity 2.2.3: Provide Transaction Advisory Support for Cohort 2 Tier 1 SSPs</i>	<ul style="list-style-type: none"> July 2021 	<ul style="list-style-type: none"> At least 6–8 Cohort 2, Tier 1 SSPs with newly attained capacity to successfully solicit funds from local commercial banks and new loans closed, contributing to USD 500,000 in closed loan transactions across all Cohort 2 SSPs. 	<ul style="list-style-type: none"> Meetings with 5 banks and MFIs to gauge their interest in funding Cohort 2 SSPs 7 loan requests submitted to commercial banks and 1 application submitted to I-Gravity
<i>Sub-Activity 2.2.4: Post-Transaction Support to Ensure Loan Repayment for Cohort 2 Tier 1 SSPs</i>	<ul style="list-style-type: none"> March 2021 	<ul style="list-style-type: none"> A loan repayment dashboard designed for Cohort 2 Tier 1 SSPs to help them minimize risk of default and maintain equipment purchased using the loans that were provided. 	<ul style="list-style-type: none"> Expected to be achieved once Cohort 2 Tier 2 support nears completion in Year 6.
<i>Sub-Activity 2.2.5: Provide Tailored Capacity Building and Technical</i>	<ul style="list-style-type: none"> April 2021 	<ul style="list-style-type: none"> Approximately 10–12 Cohort 2 Tier 2 SSPs have made significant strides in understanding critical business 	<ul style="list-style-type: none"> Expected to be achieved once Cohort 2 Tier 2 support nears completion in Year 6.

Senegal Activities	Expected Timing	Expected Results	Year 5 Update
Assistance to Cohort 2, Tier 2 SSPs (approx. 10–12 SSPs)	<ul style="list-style-type: none"> • June 2021 	<p>constraints and concrete steps that can be taken to improve operational capacity.</p> <ul style="list-style-type: none"> • New loans closed with Cohort 2 Tier 2 SSPs, contributing to USD 500,000 in closed loan transactions across all Cohort 2 SSPs. 	
Activity 2.3: Pilot Innovative Financial Products and Strategies for the WASH Sector	<ul style="list-style-type: none"> • December 2020 • April 2021 • June 2021 	<ul style="list-style-type: none"> • Financial product developed for WASH service providers and housed within a financial institution. • Up to 10 SSPs applied for financing individually or through a consortium loan if appropriate. • USD 500,000 mobilized for the WASH on-lending product. 	<ul style="list-style-type: none"> • The PARC program launched in February 2021 • In Q1-2FY22, the working group will select the first cohort of 10–20 SSP beneficiaries and prepare and submit SSP loan applications to finance the trucks • A total of USD 3,758,168 million was mobilized to finance the pilot phase, which represents more than 7 times the expected results • Truck prototype to be shipped to Senegal in October 2021 • Application process for custom fees and value-added tax underway
Activity 3.1: Develop Knowledge Products	<ul style="list-style-type: none"> • June 2021 • June 2021 • Every quarter until September 2021 	<ul style="list-style-type: none"> • Financing the Sanitation Sector Manual updated. • Sanitation sector lending product designed and a blog post describing its development and adaptation developed. • USAID WASH-FIN “Xibaar” newsletter produced quarterly. 	<ul style="list-style-type: none"> • Manual finalized and shared with all key stakeholders • Sanitation sector lending product designed and is being implemented. • No newsletters produced for publication. WASH-FIN engaged a new Communications STTA to produce a final newsletter in Year 6.

2.5.4 PERFORMANCE INDICATOR TARGETS AND RESULTS

The table below reports on WASH-FIN Senegal's Year 5 results and cumulative achievement to date against targets established in WASH-FIN's Year 5 Monitoring & Evaluation (M&E) Plan.

TABLE 16. SENEGAL PERFORMANCE INDICATOR TARGETS AND RESULTS

WASH FIN Indicators	Life of Project (LOP) Targets	Previous Results	Year 5 Results	Cumulative Results to date
HL.8.4-1 Value of new funding mobilized to the water and sanitation sectors as a result of USG assistance	USD 2.5M	USD 1,000,000	USD 7,641,511	USD 8,641,511
HL.8.3-3 Number of water and sanitation sector institutions strengthened to manage water resources or improve water supply and sanitation services as a result of USG assistance (Indicator Definition Customized)	5	1	2	3
EG.11-4 Amount of investment mobilized (in US\$) for climate change adaptation as supported by USG assistance	USD 1M	0	0	0

HL.8.4-1: This year, WASH-FIN Senegal closed transactions using a variety of financial mechanisms for a total amount of USD 7,641,511, which is three times its expected life of project target. WASH-FIN provided transaction advisory services to DELTA in their negotiations with I&P to secure an investment commitment to complement a solicited grant from USAID's West Africa Trade and Investment Hub (WATIH), which led to a respective transaction closing of ██████████ equity investment from I&P and ██████████ grant from WATIH for a total of USD 2, 987,343. WASH-FIN also supported VICAS with its loan renewal with BDK for an amount of USD 895,000. Furthermore, Fossclean mobilized ██████████. Finally, WASH-FIN advocated for increased WASH sector financing through the development and capitalization of a WASH on-lending product (the fleet renewal program, PARC), which resulted in funds mobilization totaling USD 3.7 million.

HL.8.3-3: This year, WASH-FIN provided support to the Association of Young Professionals of Water and Sanitation of Senegal (AJPEAS) and the Pan African Association of Actors for non-Sewer Sanitation (PASA). WASH-FIN provided AJPEAS support in the preparation of a business plan. For PASA, WASH-FIN provided support to the organization in convening its first General Assembly meeting in Abidjan, Cote d'Ivoire. WASH-FIN also continued providing support to ONAS to improve its accounting system with a detailed action plan to achieve improvements in ONAS' financial accounting system as well as by conducting technical and business trainings for small-scale SSPs on behalf of ONAS. (Since WASH-FIN reported on its assistance to ONAS in the Year 4 performance indicator table, Year 5 results do not include ONAS.)

EG.11-4: None of the funds mobilized under Indicator HL.8.4-1 have qualified as in support of climate change adaptation.

2.6 SOUTHERN AFRICA

TABLE 17: SOUTHERN AFRICA ACTIVITY SNAPSHOT

Activity Title	Expanding Access to Finance for WASH
Location	<ul style="list-style-type: none"> Nationwide support to South Africa’s National Treasury and Department of Water and Sanitation Targeted technical support to the City of Cape Town (CoCT) Municipality and Mbombela Municipality Regionally focused KM activities
Goal	To expand financing for viable municipalities aimed at increasing investment in expanded access to or improved service quality of safe and reliable water and adequate sanitation.
Objectives	<p>WASH-FIN works with South African national agencies, provincial governments, municipalities, and private sector technology providers to support greater leveraging of repayable finance to fund urgently needed capital investment in the sector. Specific objectives of WASH-FIN technical assistance include:</p> <ul style="list-style-type: none"> Municipal Creditworthiness: Assist municipalities with improving their creditworthiness to access financing from commercial lenders and capital markets. Promote understanding of municipal creditworthiness and the credit rating process through workshops for South African municipalities and other stakeholders. Municipal Financial Planning: Assist municipalities in developing and refining long-term financial models to understand the costs and revenues from investment in WASH infrastructure. More accurate financial planning can help municipalities better understand the availability of their own revenues to fund further infrastructure investment. Project Preparation: Ensure a sustainable pipeline of capital investment projects, provide technical assistance to municipalities in preparation of bankable feasibility studies for WASH infrastructure projects. Transaction Advisory Services: where municipalities or private service providers demonstrate creditworthiness, sustainable financial planning, and bankable project feasibility, provide technical assistance in identifying, structuring, assessing, and securing financial transactions. KM: provide targeted capacity building using participatory and peer-learning approaches to disseminate and replicate knowledge. Organize workshops for municipalities and other government partners on creditworthiness, capital investment planning, water scarcity, and effluent reuse. Actively engage and share knowledge with the financial community about compelling investment opportunities in WASH sector.
Start Date	June 1, 2017
Expected End Date	November 30, 2020
Total Budget	USD 2,300,000

2.6.1 COUNTRY CONTEXT AND OVERVIEW OF YEAR 5 ACTIVITIES

In Southern Africa, WASH-FIN provided technical assistance as a transaction facilitator and independent advisor, helping national government, local government, and private sector service providers to assess all available forms of finance. It achieved its goals by playing an active role in project preparation, offering engineering and financial advisory services in the early stages of infrastructure development to ensure technical, economic, and environmental sustainability, and through identification and advice in the

negotiation of financial transactions. WASH-FIN Southern Africa facilitated relationships between financial institutions interested in lending for WASH investments and government or private sector borrowers. WASH-FIN closed its Southern Africa country activity in Q1FY21. Since then, at the request of USAID, support to the Southern Africa transitioned to an On-Demand activity to follow-up on WASH-FIN's efforts and new requests from USAID. The remainder of this section details results achieved during Q1FY21 for activities established in the WASH-FIN Year 4 Annual Work Plan as Southern Africa was not included in Year 5 work planning. Some activities included in the Year 4 Work Plan were completed prior to the Year 5 reporting period and have thus been omitted from this section. Activities undertaken following Q1FY21 as part of the subsequent On-Demand work are detailed in Section 4.0.

2.6.2 PROJECT IMPLEMENTATION UPDATE

Category 1: Municipal Creditworthiness

A significant barrier for investment in South African cities is lack of creditworthiness, especially amongst secondary cities. The South African Integrated Urban Development Framework notes that many of these secondary cities are “uncompetitive, have weak leadership and strategic planning, and struggle to attract human capital.”¹⁰ WASH-FIN set out to address this challenge through the promotion of municipal creditworthiness and knowledge sharing workshops on the credit rating process, credit assessments and ratings, and helping municipalities to improve creditworthiness. On behalf of the Department of Cooperative Government and Traditional Affairs, WASH-FIN provided support to help targeted secondary cities address issues such as creditworthiness and long-term capital investment planning. In 2019, WASH-FIN commissioned Global Credit Ratings to perform credit assessments of 20 cities to support development of the INCA Municipal Debt Fund (IMDF), a financing facility focused on secondary cities and smaller metropolitan areas.

Activity 1.1: Financial Management Technical Support to Targeted Municipalities to Improve Creditworthiness and Ability to Access Repayable Finance

Master participation and first loss facility agreements were signed by French Development Agency (*Agence Française de Développement*; AFD), the State Secretariat for Economic Affairs (SECO), and INCA in Q3. INCA also finalised the agreement with SECO for the recapitalisation of the INCA Capacity Building Fund. Finalization of these foundational agreements represented a key milestone and ensured that SECO could disburse their funds prior to their deadline. WASH-FIN's Technical Advisor continued to work with INCA and the lenders in an On-Demand capacity to help launch the fund and promote uptake (see Section 4.0 for details).

Category 2: Municipal Financial Planning

Since the 2018 drought crisis, WASH-Fin has supported the City of Cape Town (CoCT) on an ambitious 20-year strategy to become a “water-sensitive city” that optimizes and integrates the management of water resources to improve resilience, competitiveness, and livability for the prosperity of the people of Cape Town. Municipal financial health is critical for service delivery, long-term planning, and ability to leverage finance to achieve the objectives of the water strategy. More accurate financial assessment and planning can help municipalities better understand the availability of their own revenues to fund further infrastructure investment and identify problems and opportunities that need to be addressed to increase cash flow and improve sustainability, thereby strengthening resilience.

WASH-FIN provided technical assistance to the CoCT's water and sanitation department through the provision of a municipal finance specialist consultant who supported several municipal finance reform

¹⁰ Development Bank of Southern Africa (DBSA), 2018

activities, including: 1) development of a simplified financial revenue model to help the city make informed policy and investment decisions; 2) reform of the city’s customer service operations to improve revenue collection, reduce inefficiencies, and build customer trust; and 3) improvement of financial planning for capital investments, including establishing a new operating unit focused on planning, budgeting, and monitoring the department’s capital projects program. In Year 5, WASH-FIN was focused on the following activities.

Activity 2.1: Transition Leadership of Customer Service Turnaround Project (CS-TAP) to City Responsibility

Following delays due to the COVID-19 pandemic and related economic challenges, WASH-FIN re-engaged in activities related to CoCT financial management, which were critical to maintaining revenues and ensuring funding was available to support investment in water and sanitation. Concurrently, the city worked with AFD to design and fund longer term support for sustainable financial management of water and sanitation services. To provide a seamless transition to this new bi-lateral assistance program, WASH-FIN extended its consultant contract with Paul Bender who was slated to lead the AFD support effort which started in Q2. WASH-FIN’s Technical Advisor continued to work with the City of Cape Town through February 2021 to ensure the sustainability of this intervention as detailed Section 4.0.

Category 3: Project Preparation

All activities under “Category 3: Project Preparation” were completed prior to Year 5.

Category 4: Transaction Advisory Services

South Africa’s water and sanitation sector faces a funding shortfall of approximately USD 2.4 billion per annum.¹¹ Municipalities are largely reliant on grant funding for water and sanitation services with approximately 70 percent of budgeted funding provided by transfers from the national fiscus. Meanwhile, municipalities borrow less than 15 percent of their capital expenditures. The low rate of municipal borrowing suggests that improving access to financing could help bridge the funding gap for water and sanitation.

Since 2018, WASH-FIN has assisted with financial structuring of WASH investments such that the use of all available grant funds is maximized to leverage available commercial resources through blended finance structures and alternative financing mechanisms that expand the financing envelope. Particularly, WASH-FIN has worked with the National Treasury to explore a range of financing mechanisms that could be utilized in South Africa. WASH-FIN has also worked to improve the performance of South Africa’s oldest water services PPP in Mbombela Municipality. WASH-FIN has sought to increase liquidity in the municipal infrastructure lending market in cooperation with AFD and SECO through support to INCA. Finally, WASH-FIN has worked with social impact investors to promote investment in emerging fecal sludge treatment technologies.

Activity 4.1: Facilitate Negotiation of Supplementary Agreement for City of Mbombela Water Services PPP Concession Agreement

In Year 5, WASH-FIN continued to assist the City of Mbombela with renegotiation of the 5th Supplementary Agreement (SA5) for its existing 20-year-old PPP Concession Agreement for water and sanitation services. The negotiations are expected to result in a five-fold increase in capital investment and expansion of water services to an additional 120,000 people over five years. In the first quarter, the discussions began anew having been stalled due to issues such as the tariff structure and share of

¹¹ National Water and Sanitation Master Plan, South Africa Department of Water and Sanitation (2018)

national grant transfers provided by the City to the Concessionaire to subsidize service provision to the poor.

In Q1, the Country Team Leader (CTL) and WASH-FIN Transaction Legal Advisor met in Nelspruit with the City of Mbombela Deputy Municipal Manager and Technical Staff. The meeting was originally planned with the Concessionaire; however, a letter from the Concessionaire was received by the City right before the meeting reneging on the Concessionaire's previous commitments from the negotiation process. The CTL and Advisor advised the City on the impacts of the Concessionaire's proposed amendments to service delivery in the City and provided detailed advice on a way forward. The Municipal Manager and Deputy Municipal Manager re-entered discussions with the Concessionaire in mid-December to try to advance negotiations; however, this was not completed within the reporting period. WASH-FIN's Technical Advisor continued to provide advisory support to the City of Mbombela to finalize the negotiation process as detailed in the On-Demand section.

Activity 4.2: Capacity Building for PPP Concession Management Unit in Mbombela

In Q1, sub-contractor PDG presented a draft Concession Management Plan (CMP) to guide the City's management of the existing PPP. The CMP focus on achieving value for money, adequate risk sharing, and improved water service provision. WASH-FIN's Technical Advisor and PDG continued to provide technical advisory support to the CMU, including participation in quarterly concession performance reviews, as detailed in Section 4.0. A summary of WASH-FIN's efforts to improve the management of the Mbombela water services concession is provided in Box 4.

Box 4. Improving Capacity of the City of Mbombela, South Africa, to Manage Water Services Concession

Since 2019, WASH FIN provided support to the City of Mbombela to improve internal capacity to manage an existing water services concession with the objective of improving water and sanitation services. Specifically, WASH FIN assisted the city's Concession Management Unit (CMU) to improve performance monitoring, enforce contractual corrective actions, and resolve blockages to service delivery.

To support the CMU, WASH FIN contracted PDG, a local public sector consulting firm, to deliver a diagnostic study. PDG concluded that the CMU was underperforming due to a lack of a clear mandate, ineffective monitoring procedures, and under resourcing. To address these issues, PDG developed a Concession Management Plan for the unit, provided remote training on the procedures detailed in the plan, and assisted the unit with **three** quarterly reviews of the concessionaire's performance. In addition, PDG hosted trainings for six key personnel from the city focused on the management and monitoring of PPPs.

In addition to the activities completed by PDG, another WASH FIN subcontractor, the NEPAD Business Foundation (NBF), delivered a week long internationally accredited Certified PPP Professional (CP3P) training and certification course to the City of Mbombela's CMU staff. The training provided a solid foundation for the team to better administer the PPP concession and will have long term impacts as Mbombela will need to replace the concession within the next five years. The staff trained on PPP fundamentals by WASH FIN and NBF will likely play key roles in these future discussions.

As a result of WASH FIN's support, the City of Mbombela has improved its ability to manage the water services concession. In particular, the head of the CMU has improved clarity on the role and responsibilities of the unit. A significant remaining weakness is the lack of staff for the unit to carry

out its daily managerial functions. As a bridging measure, PDG recommended that the city procure external resources to provide technical and financial capacity until the CMU can be fully staffed.

Activity 4.3: Study on Applying Financial Mechanisms to Fund South Africa's Planned Water and Sanitation Investments

In Year 5, Q1, the findings and recommendations of the Study on Innovative and Alternative Financing Mechanisms for Water and Sanitation were presented to the Study Reference Group, which includes representatives from Treasury Department, Department of Water and Sanitation, and USAID Southern Africa. The presentation generated robust discussion and acknowledged the quality of the study and recognized the support of USAID. During the remainder of Year 5, WASH-FIN's Technical Advisor engaged with Treasury to promote adoption of financing reforms recommended in the study.

Activity 4.5: Provide Transaction Support for INCA Municipal Financing Mechanism I 2

In Year 5, Q1, the INCA facility continued to finalize the contractual process with AFD and SECO for creation of the INCA Municipal Debt Fund. The funds from SECO for the first loss facility and the capacity development fund were transferred to INCA in Q1.

Additional Activity 4.6: Transaction Support for Deployment of LaDePa FSM Technology

The LaDePa FSM activity was delayed through the end of Q1 due to procurement and funding challenges at eThekweni Municipality. Refer to the On Demand section for discussion of accomplishments achieved later in Year 5.

Category 5: Knowledge Management

Activity 5.1: Host Water Resilient Cities Workshop

This activity was completed in Year 4.

Activity 5.2 Knowledge Materials on South Africa Water and Sanitation Financing

The CTL moderated an online lecture series hosted by ROCKBlue targeted at municipal water services providers and utilities throughout southern Africa and globally. The webinar topic during Q1 was on Citywide Inclusive Sanitation. The CTL also continued planning for a virtual learning session on Water Reuse for eThekweni Municipality featuring representatives of the Orange County Water District's Groundwater Replenishment System and other US-based water reuse specialists.

During Q1, the WASH-FIN South Africa Country Brief was produced and finalized in Q2. In addition, the case study and companion brief on the Mbombela Water Services PPP was advanced to the draft stage and will be finalized in Year 6 Q1.

Activity 5.3: Host a WASH-FIN Southern Africa Closeout Workshop

The WASH-FIN Southern Africa activity officially ended on November 30, 2020. During the reporting period, efforts focused on an orderly closeout of the activity including drafting of final reporting, termination of the office lease and disposition of all assets. Due to the COVID-19 pandemic, the South Africa activity did not have a formal closeout workshop. At the request of the USAID Southern Africa Mission, WASH-FIN has retained the former Country Team Leader as a Technical Advisor on a part time basis through the end of FY2021 to continue to provide On-Demand technical advisory support in

¹² Activity 4.4: "Implement Water Finance Strategy for National Treasury Activity," was cancelled due to delays to Activity 4.3.

Southern Africa. In FY2022, the Technical Advisor will join WASH-FIN full time and continue to support completion of On-Demand activities and completing any remaining activity close-out.

2.6.3 DELIVERY PROGRESS SUMMARY

The table below provides a summary of the WASH-FIN Southern Africa activity annual progress update on delivery of expected results against timelines and outputs established in the Year 5 work plan. Where results are yet to be fully achieved, a timeline for their expected delivery is provided.

TABLE 18. SOUTHERN AFRICA DELIVERY PROGRESS SUMMARY

Southern Africa Activities	Expected Timing	Expected Results	Year 5 Update
Activity 1.1: Financial Management Technical Support to Targeted Municipalities to Improve Creditworthiness and Ability to Access Repayable Finance	<ul style="list-style-type: none"> Q2FY20 	<ul style="list-style-type: none"> Measurable improvement in creditworthiness in at least one municipality. 	<ul style="list-style-type: none"> Delay in the INCA Municipal Fund transaction close. The planned workshop was not able to take place.
Activity 2.1: Transition Leadership of CS-TAP to City Responsibility	<ul style="list-style-type: none"> Q1FY20 	<ul style="list-style-type: none"> CoCT has adequate resources and a plan in place to embed reforms to customer service operations. 	<ul style="list-style-type: none"> Completed in Q2FY20.
Activity 4.1: Facilitate Negotiation of Supplementary Agreement for City of Mbombela Water Services PPP Concession Agreement	<ul style="list-style-type: none"> Q3FY20 	<ul style="list-style-type: none"> Supplementary Agreement for PPP Concession Agreement, resulting in commitments to five-fold increase in capital investment in water and sanitation. 	<ul style="list-style-type: none"> PPP training completed June 2020. Negotiations completed July 2021.
Activity 4.2: Capacity-Building for PPP Concession Management Unit in Mbombela	<ul style="list-style-type: none"> Q4FY20 	<ul style="list-style-type: none"> Improved capacity of city to effectively manage Concessionaire to ensure investment of R100 million per annum resulting in provision of improved water services to 20,000 poor households (120,000 people); improved sanitation services to 25,000 households (150,000 people); and significantly reduce NRW losses. 	<ul style="list-style-type: none"> Trainings administered and Concession Management Plan developed.
Activity 4.3: Study on Applying Innovative Financial Mechanisms to Fund South Africa's Planned Water and Sanitation Investments	<ul style="list-style-type: none"> Q3FY20 	<ul style="list-style-type: none"> Treasury provided with enough basis to implement policy reform. 	<ul style="list-style-type: none"> Study completed December 2020.
Activity 4.5: Provide Transaction Support for	<ul style="list-style-type: none"> Q4FY20 	<ul style="list-style-type: none"> Capitalization of fund valued at up to ZAR 500M (USD 30M). 	<ul style="list-style-type: none"> Completed May 2021.

INCA Municipal Financing Mechanism			
Additional Activity 4.6: Transaction Support for Deployment of LaDePa FSM Technology	<ul style="list-style-type: none"> • Q4FY20 	<ul style="list-style-type: none"> • Transaction closed for USD 250,000 social impact financing for FSM treatment in eThekweni. 	<ul style="list-style-type: none"> • Activity completed August 2020. Transaction did not close, but it was approved by financier, and is awaiting the City procurement.
Activity 5.1: Host Water Resilient Cities Workshop	<ul style="list-style-type: none"> • November 2019 	<ul style="list-style-type: none"> • Workshop delivered. 	<ul style="list-style-type: none"> • Completed November 2019.
Activity 5.2: Knowledge Materials on South Africa Water and sanitation financing	<ul style="list-style-type: none"> • Q3FY20 	<ul style="list-style-type: none"> • Publish knowledge piece on Cape Town CS-TAP. • Publish knowledge piece on Mbombela PPP. 	<ul style="list-style-type: none"> • CS-Tap document completed March 2020. Mbombela draft in progress.
Activity 5.3: Host a WASH-FIN Southern Africa Closeout Workshop	<ul style="list-style-type: none"> • Q4FY20 	<ul style="list-style-type: none"> • Workshop delivered. 	<ul style="list-style-type: none"> • Not delivered due to COVID-19.

2.6.4 PERFORMANCE INDICATOR TARGETS AND RESULTS

The table below reports on WASH-FIN Southern Africa's Year 5 results and cumulative achievement to date against targets established in WASH-FIN's Year 5 Monitoring & Evaluation (M&E) Plan.

TABLE 19. SOUTHERN AFRICA PERFORMANCE INDICATOR TARGETS AND RESULTS

WASH FIN Indicators	Life of Project (LOP) Targets	Previous Results	Year 5 Results	Cumulative Results to date
HL.8.4-1 Value of new funding mobilized to the water and sanitation sectors as a result of USG assistance	USD 50M	USD 12.4M	USD 19,261,300	USD 31,661,300
HL.8.3-3 Number of water and sanitation sector institutions strengthened to manage water resources or improve water supply and sanitation services as a result of USG assistance (Indicator Definition Customized)	2	2	0	2
EG.11-4 Amount of investment mobilized (in US\$) for climate change adaptation as supported by USG assistance	USD 20M	0	0	0

HL.8.1-3 Number of people receiving improved service quality from an existing basic or safely managed drinking water service as a result of USG assistance	50K	0	0	0
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HL.8.4-1: In Year 5, WASH-FIN mobilized an additional USD 19,261,300 resulting in a cumulative total of USD 31,661,300 mobilized to date in South Africa. In Q3 of Year 5, WASH-FIN mobilized USD 12,321,300 through the INCA Municipal Debt Fund (IMDF) and USD 6,940,000 as revenue enhancement through the City of Cape Town Customer Service Turn-Around Project (CS-TAP).

2.7 ZAMBIA

TABLE 20. ZAMBIA ACTIVITY SNAPSHOT

Activity Title	Expanding Access to Finance for WASH
Location	Urban areas in Zambia with creditworthy WSPs
Goal	To expand financing for viable water and SSPs aimed at increasing investment in expanded access to or improved service quality of safe water and adequate sanitation.
Objectives	<ol style="list-style-type: none"> 1. Technical Assistance to Target Commercial Utilities in Internal Efficiency Gains and Transaction Support 2. Facilitate Establishment of the Water Sector Financing Mechanism
Commencement Date	July 15, 2019
Expected End Date	June 20, 2022
Total Budget	USD 2,000,000

2.7.1 COUNTRY CONTEXT AND OVERVIEW OF YEAR 5 ACTIVITIES

Zambia’s long-term vision for the water and sanitation sector is the attainment of access to clean and safe water and sanitation for all by 2030. At the end of 2018, service coverage for water and sanitation services were estimated at 86 percent and 63 percent, respectively. Despite funding for the sector from development partners, the WASH sector in Zambia continues to face a significant financing gap. It is estimated that Zambia requires an average of USD 204 million for water and USD 190 million for sanitation per year through 2030 to meet the Government of Zambia’s coverage goals. The current budget provision is, however, only approximately USD 50 million, or 25 percent of the annual requirement for water supply. To bridge this financing gap, it is critical for the sector to leverage private financing for large-scale and long-term capital investments.

The goal of WASH-FIN Zambia is to provide strategic, targeted support to key public WASH actors, primarily commercial utilities (CUs), to enable the Zambian WASH sector to optimize the potential contributions of non-traditional sources of finance to provide improved services to populations in urban and peri-urban areas and small towns. To that end, WASH-FIN has established and built working relationships with four commercial utilities (CUs) as well as the Ministry of Water Development, Sanitation, and Environmental Protection (MWDSEP) and made significant progress in achieving project objectives despite the global COVID-19 pandemic.

2.7.2 PROJECT IMPLEMENTATION UPDATE

Category 1: Technical Assistance to Target Commercial Utilities in Internal Efficiency Improvements and Transaction Support

Activity 1.1: Implement Priority Efficiency Improvements

In Year 3 WASH-FIN selected four CUs—Lusaka Water Service Company (WSC), Nkana WSC, Eastern WSC, and Mulonga WSC—to receive technical assistance based on an assessment of institutional risk, existing capacity, and general availability to water resources. Following the assessment of creditworthiness for the four CUs, WASH-FIN identified the priority areas of support tailored to address the specific needs of each CU to improve governance and support their respective financing strategies. However, the COVID-19 pandemic (as highlighted by the stress test in Sub-Activity 1.1.2) severely impacted the ability of the CUs to pursue commercial financing. The CUs’ ability to obtain commercial financing was further negatively impacted by the default of the national government. As a result of these external factors, WASH-FIN has placed greater emphasis on helping its partner CUs increase their resilience to physical and macroeconomic shocks. To that end, WASH-FIN’s technical

assistance activities under Category I focused on improving the four participating CUs' cost structures through the implementation of efficiency improvements and revenue collection, which in turn will improve the CUs' financial performance and enhance their respective ability to obtain financing in the future. WASH-FIN's efforts to implement efficiency improvement activities related to NRW reduction had largely concluded by the end of Year 5 with the development of the National NRW Management Strategy as well as NRW management strategies and policies that were finalized and tailored to each CU. However, the MWDSEP has requested WASH-FIN to continue to support the institutionalization of NRW management at the CU level through NRW management capacity building support for CU Board members and senior management teams. This continued support will be carried out by WASH-FIN during Year 6. Additionally, WASH-FIN continued in Year 5 to support Lusaka Water in its efforts to obtain private financing for the Lusaka West Water Supply Project (LWWSP) and vendor financing for meters.

Activity 1.1: Implement Priority Efficiency Improvements

Sub-Activity 1.1.1: NRW Reduction Study for Mulonga, Nkana, and Eastern WSCs

During the reporting period, WASH-FIN, with support from its subcontractor JP Consult, provided NRW management technical assistance to the MWDSEP and three partnering CUs— Nkana WSC, Eastern WSC, and Mulonga WSC. In Year 5 WASH-FIN finalized the National NRW Management Strategy for the MWDSEP. This long-term strategy, which covers the period 2021 to 2030, sets the foundation for the progressive implementation of NRW management in Zambia by key stakeholders that include MWDSEP, National Water Supply and Sanitation Council (NWASCO), and the CUs. The strategy identifies the specific strategic outputs for the key stakeholders that need to be achieved during the implementation period. It is envisaged that key stakeholders will create action plans that are closely aligned with the National NRW Management Strategy and aimed at achieving the identified NRW management outcomes. The National NRW Management Strategy seeks to promote a culture of NRW Management within institutions in the water sector, support water service providers in implementing NRW management plans and strategies to ensure water utilities operate in an efficient and sustainable way, and to develop a consumer culture of paying for water services and supporting water service providers in minimizing water losses. Furthermore, the NRW management strategy seeks to encourage water service providers to adopt and implement Strategic Asset Management approaches and to build capacity in the water sector to improve NRW management. It is envisaged that once fully implemented, the NRW management strategy will lead to reduced NRW levels over time. To help MWDSEP actualize the Management Strategy, WASH-FIN supported Eastern WSC, Mulonga WSC, and Nkana WSC to prepare NRW management documents which included: NRW management policies, metering policies, NRW management strategies and plans, capacity building plans, and guidelines for updating customer databases using GIS within each CU. These documents provide a specific framework for addressing institutional, informational, and metering issues that impacted NRW as well as key strategic actions to achieve NWASCO's sector benchmark of 25 percent NRW losses. Furthermore, WASH-FIN provided in situ capacity building support to the CUs with respect to improving the management of NRW as well as in the use of GIS as part of the customer database clean-up activity. A Project Completion Report (PCR) outlining key observations, lessons learned, and recommendations was presented to the MWDSEP together with all NRW management documents. As a follow-on activity, WASH-FIN plans to provide support to the three CUs for implementation of their NRW reduction strategies through NRW management orientation workshops for board members and senior management as well as regular monitoring of CU implementation of planned NRW management strategies. MWDSEP specifically requested that WASH-FIN conduct a single NRW management orientation workshop for eleven CUs operating in Zambia to support the institutionalization of NRW practices and policies nationally and at the CU level. This workshop will be conducted during Year 6.

Sub-Activity 1.1.2: CU Financial Stress Test Assessments

WASH-FIN recognizes that CUs in Zambia have been facing extreme financial pressures due to increased expenses and decreased cashflow from reduced revenue collection rates due to the COVID-19 pandemic. The Government of Zambia issued directives in 2020 that were designed to ensure continued water supply for all during the pandemic. These pronouncements, along with the subsequent economic conditions in the country, adversely impacted revenue and cashflow for water utilities to varying degrees. WASH-FIN undertook a financial analysis of Mulonga, Lusaka, Nkana, and Eastern WSCs to better quantify the financial stress CUs are facing during this period.



Photo 5. CU NRW Management Capacity Building Workshop

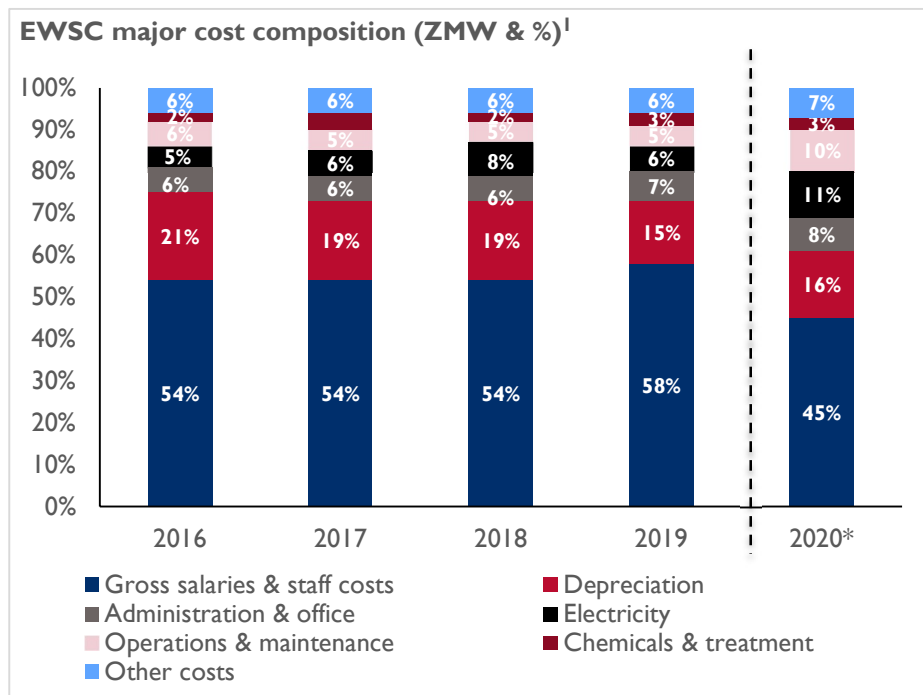
The results obtained from this analysis showed that the sampled CUs struggled to collect on customer bills nearly across the board. A key takeaway from WASH-FIN’s stress test analysis is that COVID-19 served as a wake-up call to water service providers that were not operating as efficiently as they could have been prior to the pandemic. However, efforts to support liquidity were aided by an unprecedented move by the Government of Zambia to pay CUs for longstanding overdue electricity bills, estimated at USD 5.4 million, which had accumulated prior to the COVID-19 pandemic. This injection of cash resulted in a net

improvement in collection efficiency for all four CUs, even while most customers were paying their bills at much lower rates than before the pandemic. WASH-FIN’s analysis also found that the ability to recover from the pandemic was largely contingent on institutional capacity, revenue collection efficiency, and a strong balance sheet.

Sub-Activity 1.1.3: Organizational Audit Support to Nkana and Eastern WSC

WASH-FIN conducted a cost analysis in Year 4 and presented it to EWSC

FIGURE 1. EWSC’S MAJOR COST CATEGORIES, 2016-2020



Source: EWSC Cost Reduction and Implementation Plan (2020)

during Q1FY21. This analysis identified EWSC's main cost categories—salaries (58 percent of total costs), depreciation (15 percent), administration and office expenses (7 percent), electricity (6 percent), O&M (5 percent), chemicals and treatment (3 percent), and other (6 percent) in 2019. Because staffing comprises a significant percentage of total costs, ESWC was looking at potential approaches to reducing costs while also improving and developing staff skills.

Similarly, staffing cost as a percentage of Nkana WSC's total cost structure was also found to be relatively high. To address this issue, organizational audits were planned to be carried out by a subcontractor. However, the audits were dropped from Year 5 work plan implementation due to budget and time constraints. In particular, the time needed to procure and complete this study likely exceeded the life of WASH-FIN Zambia activity.

Sub-Activity 1.1.4: Support to Nkana WSC

During Q4, Year 5, WASH-FIN submitted a draft of a customer sensitization study to Nkana WSC (NWSC), which examined the primary concerns of customers and community representatives within its service area, and ultimately to design a customer sensitization program to effectively address these concerns. The main findings from this report will be presented to Nkana WSC in Q1FY22.

Sub-Activity 1.1.5: Strategic Planning Support to Eastern WSC

WASH-FIN's Strategic Planning Consultant supported EWSC to develop its multi-year strategic plan covering 2021–2025 and its 2021 business plan. EWSC aims to implement the strategic plan through a series of annual business plans beginning with the annual business plan developed for 2021. The annual business plan spells out priority actions and activities necessary for achievement of ESWC's key strategic objectives, associated budgets, and assigns responsibility for implementation. EWSC has budgeted to spend ZMW 78 million to implement this plan and intends to raise 30 percent from internal resources and 70 percent from external sources.

Sub-Activity 1.1.6: Support to Mulonga WSC

WASH-FIN had planned to support Mulonga WSC to explore optimal arrangements for the management of its services to peri-urban communities to improve the quality of the service and its commercial return. Specifically, an analysis was to have been undertaken by a competitively selected subcontractor to evaluate the potential impact of community-based models and a performance-based contract in relation to base case condition. However, this sub-activity required significant data collection and outreach efforts that were significantly hampered by the COVID-19 pandemic, which was to have been used to inform the ToR under preparation. There were also concerns related to the ability to tender and implement this activity during the remaining life and budget of WASH-FIN Zambia. As a result, WASH-FIN dropped this activity from their Year 5 and 6 work plans.

Activity 1.2: Project Preparation Support for CUs

Sub-Activity 1.2.1: Support to LWSC

LWWSP aims to increase the quantity and quality of water available in the Lusaka West region by abstracting more groundwater in a sustainable way as well as upgrading water treatment, transmission, and distribution infrastructure to deliver safe water to businesses and households. As LWSC does not have the capacity to directly finance the development of this project, its development is being explored under different PPP structures. However, the LWWSP activity suffered a major setback during Year 5 due to an abrupt discontinuation of the pre-feasibility study support by Cities and Infrastructure for Growth Zambia (CIG-Zambia), a Foreign Commonwealth and Development Office-funded project, as a result of the United Kingdom government's decision to abruptly cut its international aid programming.

CIG-Zambia has since shared all the draft reports and high-level financial models that were developed by its subcontractor, GOPA.

In Year 5, WASH-FIN reviewed these draft documents and high-level cost estimates. Although the cost estimates from these analyses were incomplete, WASH-FIN determined these pre-feasibility studies will help to inform the continued detailed assessment of potential PPP structuring options as well as efforts to attract public funding and private financing for LWWSP. Building on recent discussions with LWSC, WASH-FIN prepared a memo that summarizes potential PPP structures (e.g., full-service concession vs. bulk water supply) and their respective likelihood of attracting private financing.

During Year 6, WASH-FIN will carry out additional dialogue with LWSC, NWASCO, and the Government of Zambia to help LWSC determine the most appropriate PPP structure to pursue. These discussions will be used to develop a business case for LWWSP that will be used to design the selected PPP structure, test its parameters with the market, and advance the project. However, it is worth noting that given the impact of COVID-19 on LWSC, CIG-Zambia's departure, and the amount of time it takes to develop and procure a PPP transaction, the chances of completing this transaction before WASH-FIN programming concludes are relatively low. Cognizant of this fact and in the interest of ensuring sustainability of the process beyond the life of WASH-FIN, WASH-FIN initiated discussions between LWSC and the Private Infrastructure Development Group (PIDG) for potential support to finalize the pre-feasibility study and further development of the project. From PIDG have been positive and it is envisaged that a formal engagement between LWSC and PIDG will be concluded early in FY22. PIDG has already directly hired the staff members who worked on the previous study to complete the pre-feasibility analysis, which should facilitate completion of the study.

Activity 1.3: Transaction Facilitation for CUs

WASH-FIN Zambia CU transaction facilitation support has focused on examining the feasibility of potential initiatives to increase private participation in the WASH sector, conducting options analysis, and laying the groundwork for a future transaction.

Sub-Activity 1.3.1: LWSC Meter Financing PPP

This activity was originally intended to fast track the implementation of LWSC's metering strategy developed in March 2020 as metering is an integral part of LWSC's comprehensive NRW program. The LWSC metering strategy calls for LWSC to procure and install about 48,000 meters of different sizes, both prepaid and postpaid, to get the utility to 100 percent metering benchmark set by the sector regulator. In Year 5, WASH-FIN and LWSC worked in partnership to develop analyses to determine viable options to maximize external financing to enable the implementation of this metering strategy. WASH-FIN prepared a Water Metering PPP Options Analysis and LWSC prepared a Business Case for Sustainable Financing and Procurement of Consumer Water Meters. The metering program is designed as an integral part of LWSC's comprehensive NRW program and consistent with the National NRW strategy that was completed during Year 5. Initially, WASH-FIN supported LWSC with preparation of a Performance Based NRW Reduction Project Concept Note that was used to solicit support for project preparation funds from African Development Bank and World Bank. However, support from these two institutions did not materialize, leading to continued consideration of alternative sources of funding. WASH-FIN also supported LWSC with a "Stage Zero" application in the amount of EURO 252,500 to Dutch Fund for Climate and Development (DFCD). The funds are meant to support project preparation for the Performance based NRW reduction project. LWSC is still awaiting information from DFCD as to whether this grant application was successful.

As part of continued efforts to find alternative financing for metering, WASH-FIN supported LWSC with consideration of the vendor financing option and supported preparation of a Request for Expressions of Interest (REOI) for the supply of 10,000 customer meters, estimated at USD 1.2 million. The REOI was

issued on September 9, 2021 and responses are expected back by October 22, 2021. It is envisaged that once the EOIs are reviewed, potential suppliers will be identified and requested to submit proposals from which the appropriate metering technology and financing will be identified by the first quarter of 2022. Alongside the REOI, LWSC also issued a tender for the supply of 3,250 postpaid meters, intended to be paid for from its own resources. This action is indicative of the company's commitment to addressing the NRW issue and thereby increasing its ability to serve more people whilst also improving its revenues. See Box 5 at the end of this section for more discussion on this engagement.

Category 2: Facilitate Development of Water Sector Financing Framework

WASH-FIN supports the Government of Zambia to advance the development of a comprehensive financing framework for the water and sanitation sector, building upon previous sector efforts summarized in the Final Water Sector Sustainable Financing Mechanism report delivered in 2017.

Activity 2.1: Facilitate Policy Dialogue and Stakeholder Consultation

During Year 5, MWDEP prepared and shared with WASH-FIN a brief concept note for the establishment of the Water Development Trust Fund (WDTF) in line with the Water Resources Management Act No. 21 of 2011. This legislation provides for the establishment of the WDTF to manage resources for the development, conservation, and management of water resources in the country. The concept note outlined the following potential levies that can be assessed within the sector to fund the WDTF:

- Two percent levy on water bills payable by consumers and to be collected by CUs;¹³
- Five percent levy on license fees collected by WARMA; and
- Five percent levy on license fees collected by the Zambia Environmental Management Agency (ZEMA).

WASH-FIN's comments to the concept note centered around the potential institutional structure of the WDTF, use of funds proposals, and project eligibility. To move the process of setting up the fund further WASH-FIN has offered to support the MWDSEP with facilitation of stakeholder engagements to enhance buy-in. WASH-FIN hopes to assist the MWDSEP in developing a realistic roadmap towards the formulation of a sustainable sector financing framework in Year 6 (see Sub-Activity 2.1.1 below).

Sub-Activity 2.1.1: Public Sector Stakeholder Outreach Workshop

This sub-activity did not proceed during the year, as it is pending finalization of the WDTF concept note by MWDSEP. WASH-FIN will support the MWDSEP to undertake stakeholder engagement activities aimed at eliciting buy-in from key stakeholders such as cooperating partners, CUs, NWASCO, ZEMA, and the Water Resources Management Authority (WARMA). During Year 5, WASH-FIN disseminated its Financial Landscape Study, which prompted discussions with key WASH stakeholders on the development of the WDTF. Through the dissemination of the findings of the Study, WASH-FIN established relationships with a number of WASH sector actors who indicated interest in working with WASH-FIN including UNICEF and World Wide Fund for Nature. MWDSEP held various consultative sessions with CUs, NWASCO, WARMA, as well as NGOs and cooperating partners active in the WASH sector at the end of Quarter 4. Discussions focused on the potential viability and social impact of the levies (listed in 2.1 above) under consideration by MWDSEP in the WDTF.

¹³ This is comparable to what NWASCO is charging at the moment and could form a good basis for estimating flow of funds for this mechanism.

Sub-Activity 2.1.2: Private Sector Stakeholder Outreach Workshop

The Financial Landscape Study identified several private sector players that showed interest in providing finance to the sector, some of which have been initially consulted by MWDSEP. (sub-activity 2.1.1) WASH-FIN will hold an outreach workshop for select private sector financiers identified in the Study by the end of Q2FY22.

Sub-Activity 2.1.3: Development of a Road Map for Establishment of Sector Financing Mechanism

This activity has not yet commenced and is dependent on the outcome of Sub-Activities 2.1.1 and 2.1.2.

Category 3: Knowledge Management

Activity 3.1: Develop Knowledge Products

During Year 5, WASH-FIN prepared and disseminated two knowledge products: 1) the Financial Stress Tests Report; and 2) the Financial Landscape Study. WASH-FIN additionally participated in the Zambia Water Forum and Exhibition (ZAWAFE) with two presentations. One summarized the findings of the CU Financial Stress Test study in a presentation titled “Government Response to the Financial Impact of COVID-19 on Water Utilities: Emerging Lessons from Zambia.” The other presentation, “Engaging the Private Sector to Increase Financing for Universal Access to WASH,” focused on the lessons learned for attracting private capital based on WASH-FIN experience in Zambia, Senegal, Mozambique, and Kenya. Both presentations elicited interest from participants especially on enhancing the role of the private sector. A key outcome has been an ongoing conversation with the European Union (EU) on potential future collaboration. The EU is preparing a seven-year Energy Efficiency Program aimed at supporting Zambia’s eleven commercial water utilities to install solar systems to create savings related to electricity bills, (which are a significant portion of production costs for water utilities). WASH-FIN Zambia is exploring a similar pilot activity for Year 6 and will continue to engage collaboratively with other development partners solar energy efficiency activities.

During the next year, WASH-FIN will complete the following knowledge products:

- WASH-FIN Zambia Country Brief;
- WASH-FIN Zambia Final Report; and
- WASH-FIN Zambia Close-Out Event.

2.7.3 DELIVERY PROGRESS SUMMARY

The table below provides a summary of the WASH-FIN Zambia activity annual progress update on delivery of expected results against timelines and outputs established in the Year 5 work plan. Where results are yet to be fully achieved, a timeline for their expected delivery is provided.

TABLE 21. ZAMBIA DELIVERY PROGRESS SUMMARY

Zambia Activities	Expected Timing	Expected Results	Year 5 Update
<i>Sub-Activity 1.1.1: NRW Reduction Study for Mulonga, Nkana, and Eastern WSCs</i>	• March 2021	• Strategies for reducing NRW developed for 3 targeted CUs.	• Sub-activity was completed in September 2021.

Zambia Activities	Expected Timing	Expected Results	Year 5 Update
<i>Sub-Activity 1.1.2: CU Financial Stress Test Assessments</i>	<ul style="list-style-type: none"> November 2020 August 2021 	<ul style="list-style-type: none"> CU financial stress test assessments completed. Organizational audits for 2 target CUs completed. 	<ul style="list-style-type: none"> Financial Stress Test Report finalized and submitted to USAID on May 8.
<i>Sub-Activity 1.1.3: Organizational Audit Support to Nkana and Eastern WSC</i>	<ul style="list-style-type: none"> April 2020 April 2020 	<ul style="list-style-type: none"> Organizational audit for Nkana WSC completed. Organizational audit for Eastern WSC completed. 	<ul style="list-style-type: none"> Sub-activity has been dropped.
<i>Sub-Activity 1.1.4: Support to Nkana WSC</i>	<ul style="list-style-type: none"> November 2020 	<ul style="list-style-type: none"> Customer sensitization Phase 2 for Nkana WSC implemented. 	<ul style="list-style-type: none"> The diagnostic report was finalized in Q3FY21. presented to Nkana WSC for implementation in Q4FY21.
<i>Sub-Activity 1.1.5: Strategic Planning Support to Eastern WSC</i>	<ul style="list-style-type: none"> November 2020 	<ul style="list-style-type: none"> Review and comments to strategic plan completed. 	<ul style="list-style-type: none"> Sub-activity was completed in August 2021.
<i>Sub-Activity 1.1.6: Support to Mulonga WSC</i>	<ul style="list-style-type: none"> September 2021 	<ul style="list-style-type: none"> Sustainable service delivery available in peri-urban areas. Energy efficiency audit conducted. 	<ul style="list-style-type: none"> Sub-activity has been dropped.
<i>Sub-Activity 1.2.1: Support to LWSC</i>	<ul style="list-style-type: none"> March 2021 	<ul style="list-style-type: none"> Business case for the LWWSP completed. 	<ul style="list-style-type: none"> Sub-activity is ongoing but suffered a setback due to non-completion of pre-feasibility study occasioned by the abrupt withdrawal of UK support to CIG-Zambia. WASH-FIN now anticipates that the preparation of the initial draft business case will take place sometime in Q2FY22.
<i>Sub-Activity 1.3.1: LWSC Meter Financing PPP</i>	<ul style="list-style-type: none"> January 2021 	<ul style="list-style-type: none"> Business case for the LWSC Metering PPP completed. 	<ul style="list-style-type: none"> Sub-activity is ongoing. LWSC is considering vendor financing of meters. WASH-FIN supported REOI development for vendor financing issued by LWSC in September 2021. WASH-FIN also supported a Stage Zero application for DFCD to facilitate project preparation for a comprehensive NRW reduction program.

Zambia Activities	Expected Timing	Expected Results	Year 5 Update
<i>Sub-Activity 2.1.1: Public Sector Stakeholder Outreach Workshop</i>	<ul style="list-style-type: none"> November 2020 	<ul style="list-style-type: none"> Public stakeholder workshop undertaken. 	<ul style="list-style-type: none"> Sub-activity is yet to begin (pending finalization of the WDTF concept note by MWDSEP); However, WASH-FIN participated in a meeting of cooperating partners that reviewed the WDTF concept note.
<i>Sub-Activity 2.1.2: Private Sector Stakeholder Outreach Workshop</i>	<ul style="list-style-type: none"> February 2021 	<ul style="list-style-type: none"> Private stakeholder workshop undertaken. 	<ul style="list-style-type: none"> Sub-activity yet to begin (pending implementation of Sub-Activity 2.1.1).
<i>Sub-Activity 2.1.3: Development of a Road Map for Establishment of Sector Financing Mechanism</i>	<ul style="list-style-type: none"> May 2021 	<ul style="list-style-type: none"> Road map developed. 	<ul style="list-style-type: none"> Sub-activity is pending finalization of the WDTF concept note by MWDSEP; reserved for implementation in Year 6.
Activity 2.2: Facilitate Definition of Sector Financing Framework	<ul style="list-style-type: none"> February 2021 September 2021 	<ul style="list-style-type: none"> Consultant/subcontractor procurement completed. WASH financing framework study completed. 	<ul style="list-style-type: none"> Progress on this Sub-activity is linked to MWSDEP's finalization of the WDTF concept note, which was drafted in Year 5. Subcontractor will no longer need to be tendered as MWSDEP will evaluate fund options and structure WASH-FIN hopes to assist the MWDSEP in develop a realistic roadmap during Year 6.
Activity 3.1: Develop Knowledge Products	<ul style="list-style-type: none"> December 2020 March 2021 August 2021 	<ul style="list-style-type: none"> Stress test briefing note completed. NRW technical briefing complete. Country case study completed. 	<ul style="list-style-type: none"> The CU Financial Stress Testing Report completed; report outcomes disseminated at the ZAWAFE conference in Q3FY21. The Project Completion Report of the NRW management engagement serves as this briefing. This activity is yet to begin.

2.7.4 PERFORMANCE INDICATOR TARGETS AND RESULTS

The table below reports on WASH-FIN Zambia's Year 5 results and cumulative achievement to date against targets established in WASH-FIN's Year 5 Monitoring & Evaluation (M&E) Plan.

TABLE 22. ZAMBIA PERFORMANCE INDICATOR TARGETS AND RESULTS

WASH FIN Indicators	Life of Project (LOP) Targets	Previous Results	Year 5 Results	Cumulative Results to date
HL.8.4-1 Value of new funding mobilized to the water and sanitation sectors as a result of USG assistance	USD 5M	0	0	0
HL.8.3-3 Number of water and sanitation sector institutions strengthened to manage water resources or improve water supply and sanitation services as a result of USG assistance (Indicator Definition Customized)	3	0	3	3
EG.11-4 Amount of investment mobilized (in US\$) for climate change adaptation as supported by USG assistance	USD 2M	0	0	0
HL.8.1-3 Number of people receiving improved service quality from an existing basic or safely managed drinking water service as a result of USG assistance	10K	0	0	0

HL.8.4-1: WASH-FIN continued to work toward the potential mobilization of funds in the sector. Efforts were targeted to assist Lusaka WSC with project preparation for LWWSP and transaction advisory services for meter financing. These activities will continue into Year 6. The LWWSP suffered a major setback due to discontinuation of the pre-feasibility study work by CIG-Zambia, leading to incomplete details on the project cost estimates and delayed completion of the business case for the PPP model. Through WASH-FIN's coordination efforts, this study has been restarted by PIDGWASH-FIN anticipates completion of the business case in the next quarter. On the meter financing activity, WASH-FIN assisted LWSC to prepare a REOI for vendor financing for procurement of about 10,000 consumer water meters and potentially provision of other related services such as installation, guarantees, warranties, maintenance and repair programs, availability of spares, etc. The REOI was put out on September 9th and closes on October 22nd. It is envisaged that potential vendors/financiers will be identified and an RFP sent out by December 2021. Under the approved Year 6 work plan, WASH-FIN Zambia will be directly acquiring and installing solar panel systems on the behalf of Lusaka WSC and Eastern WSC. The potential electricity cost savings will result in additional financial resources that could be applied to further service improvements. However, this data may not be available to count progress against this indicator before the close of the WASH-FIN Zambia activity.

HL.8.3-3: WASH-FIN worked closely with Mulonga, Nkana and Eastern Water and Sanitation Companies in Year 5 to develop NRW reduction strategies, capacity development plans, and metering policies. WASH-FIN additionally included these WSCs along with Lusaka WSC in its financial stress test study. WASH-FIN additionally assisted Eastern WSC to develop a strategic plan for the period 2021–2025 and an Annual Business Plan for 2021. Lastly, WASH-FIN provided commercial project structuring support to Lusaka WSC for the LWWSP and for the metering sub-activity.

EG.11-4: As highlighted above, WASH-FIN continue to work towards mobilization of funds for the LWWSP and the metering PPP project.

HL8.1-3: WASH-FIN will support Lusaka and Eastern WSCs with installation of approximately USD 200,000 worth of Hybrid Solar Water pumping systems at key satellite water supply systems in low-income areas in Year 6. It is expected that installation of the solar energy systems will help the CUs improve service reliability and attain cost savings.

Box 5. Innovative Financing to Reduce Non Revenue Water in Zambia

Lusaka Water Supply and Sanitation Company (LWSC), like other utilities in Zambia, struggles with water loss rates up to 48 percent within its distribution network. The high level of non revenue water denies the company much needed revenue to reinvest, expand services, and achieve financial sustainability. LWSC has identified low metering of customers as one of the main contributors to high non revenue water. Their current metering rate of 65 percent is far below the benchmark of 100 percent set by the sector regulator. To address this challenge, the company developed a metering strategy and business case for sustainable financing and procurement of consumer water meters with the aim of achieving 100 percent metering ratio by 2022. To implement this strategy, LWSC requires USD 15.18 million to purchase and install 48,000 meters. However, the company's revenue streams do not provide sufficient room to cover these costs.

In 2020, WASH FIN Zambia received a request for support from LWSC to assist the company in identifying optimal financing solutions to fund its comprehensive metering strategy. WASH FIN commenced the work by carrying out a technical and financial assessment of LWSC to determine the suitability of various options of financing. The assessment confirmed that the utility could not currently borrow from commercial sources because LWSC had insufficient creditworthiness. WASH FIN's next step was to establish the costs and benefits of implementing LWSC's metering strategy. Substantial evidence was found in project documents of a Millennium Challenge Corporation (MCC) funded project that had installed 8,656 household meters for LWSC successfully increasing LWSC's revenue by as much as USD 38,836 each month. Further analysis showed that using a postpaid meter, LWSC would be able to recoup the costs of metering a household only one year after installation.

Having determined that the proposed metering program was financially viable, WASH FIN worked with LWSC to review different financing options, including performance based contracting and conventional public private partnership (PPP) contracts. Both methods of financing would present challenges due to the low level of creditworthiness of the utility, however, and typical PPP arrangements would take a long time. WASH FIN therefore supported LWSC to undertake a preliminary market sounding on vendor financing, inviting four vendors to make presentations on their technical package and financing arrangements. The presentations confirmed that vendor financing could be the more suitable option, as the four vendors expressed their willingness and ability to enter into some form of vendor financing agreement with LWSC.

At this stage, WASH FIN supported LWSC in the drafting of a Request for Expression of Interest (REOI) for Vendor Financing to expand the pool of potential vendors with suitable metering technology. LWSC issued the REOI in September 2021 and it is envisaged that the appropriate metering technology and financing arrangement will be identified by LWSC, with WASH FIN's technical assistance, in the first quarter of 2022.

In tandem with WASH FIN's support, LWSC issued a tender for the supply and installation of 3,250 meters to be paid for from their own internal resources. This is demonstrative of the company's commitment to addressing the non revenue water (NRW) challenge. If the vendor financing is successful, it will be the first ever such financing arrangement for water metering in Zambia. Most importantly, it will not only bring in private sector financing but will also provide an example for how other utilities in the

country can determine their optimal strategy when deciding to pursue either public private or private sources of financing for effective non revenue water management.



3.0 ON-DEMAND ACTIVITIES

USAID utilizes the on-demand category of activities to solicit WASH-FIN technical assistance in response to requests for support from USAID’s Center for Water Security, Sanitation, and Hygiene and Missions in countries where WASH-FIN does not have a physical presence.

Category I: Country-Level On-Demand Activities

Activity 1.1: Assessment of the Las Pavas Water Treatment Plant – El Salvador

In Q3 FY21, WASH-FIN received a request from USAID to assess the Las Pavas water treatment plant, which is a key asset of the El Salvadoran national water utility *Administración Nacional de Acueductos y Alcantarrillados* (ANDA). The driver for the request is a recurring algal bloom impacting the Las Pavas treatment plant that serves San Salvador and surrounding regions. The US Environmental Protection Agency (EPA) conducted a preliminary assessment of the situation in early 2020 and recommended that USAID continue to support the utility. WASH-FIN held calls with USAID staff and began reviewing available documentation and developing a detailed scope of work (SOW) including a site visit in Q4. A water treatment process engineer from Tetra Tech (Fernando Roman, PE) visited El Salvador during the week of September 6, 2021 to meet with officials from ANDA and USAID/El Salvador, observe the existing facilities and operations at Las Pavas, and interview plant operators and supervisors. The findings and recommendations from the visit will be presented in Q1 FY22 to help ANDA prioritize and justify investments in operations and maintenance and capacity building to mitigate the impact of future algal blooms and improve reliability of the water service. While the initial focus is on the treatment plant impacted by the algal bloom, the scope may evolve to include assessments of the utility’s general operational and financial performance. WASH-FIN’s support complements and is being coordinated with a parallel effort by USAID’s Sustainable Water Partnership (SWP) which is supporting ANDA with an assessment of upstream watershed management challenges and the sources of pollution contributing to the recurring algal blooms.

Activity 1.2 Blended Revolving Fund – Dominican Republic

The concept of a Blended Revolving Fund (BRF) for the Dominican Republic was brought to WASH-FIN’s attention in FY20 and a hybrid scoping mission was completed with consultants from small business subcontractor SEGURA Consulting. In Q1 FY21, WASH-FIN submitted a report of the scoping assessment. The feedback and questions from USAID Dominican Republic around viability of the revolving fund structure as contemplated indicated that additional information was required to better document the potential viability of a repayable Blended Revolving Fund to effectively mobilize additional capital for resilient and efficient WASH services in the Dominican Republic. WASH-FIN agreed that a feasibility assessment would be an appropriate means to accomplish this. A SOW was submitted to USAID in Q1, and subsequently approved. Implementation commenced in Q2, and Phase 1 and Phase 2 reports were submitted in Q2, and the Phase three report in Q3, and received feedback from USAID. Phase 4 was expected to be completed in Q4 in order to hold stakeholder consultations, but these final phases were delayed, and the assessment and stakeholder consultations are expected to be completed in Q1 FY22. The study aims to highlight the ways in which such a facility might overcome some of the sector resilience challenges, including those exacerbated by climate change and, potentially, COVID-19. In light of changes in the sector, as well as a new government in the Dominican Republic, this will help all parties to better assess the opportunity for a repayable blended finance facility and required resources.

Activity 1.3: Support to the USAID Southern Africa Regional Mission

As previously reported, following closeout of the WASH-FIN Southern Africa activity in Q1 FY21, the CTL was retained as a part-time Technical Advisor from Q2 through the end of Q4 to provide

continued technical advisory support at the request of the USAID Southern Africa Regional Mission. The Technical Advisor undertook the following on-demand activities in Year 5:

1. Advised the mission and mission-funded activities on lessons learned and emerging trends in water and sanitation sector.

The Technical Advisor met regularly with the USAID Mission Activity Manager to provide inputs on the mission's engagement in the WASH sector. At the request of the Activity Manager WASH-FIN prepared a briefing paper on the current state of the South Africa water and sanitation sector, including an overview of key challenges and potential future interventions. The briefing paper and other inputs provided by the Technical Adviser informed Mission program planning. The Technical Advisor also engaged with the USAID Resilient Waters project on several occasions, including participation in multiple workshops on FSM strategies for South Africa. The WASH-FIN DCOP and South Africa Technical Advisor met with a consultant for the USAID Resilient Waters project conducting a desktop review of FSM financing in South Africa, sharing lessons learned from WASH-FIN global activities and South Africa experience.

2. Provided ongoing support to the City of Mbombela Water Services Concession.

As reported in Section 2.6.2 above, negotiations between the City and the Concessionaire for the 5th Supplementary Agreement to the Concession had resumed as of the end of December 2020. In support of the renewed negotiations, the Technical Advisor facilitated two high-level engagements in Q2 between city officials and concessionaire management to resolve outstanding issues, culminating in an agreement-in-principle between the parties in mid-June 2021.

To finalize the contract for SA5, WASH-FIN recruited a legal transaction advisor to assist the city with finalization of negotiations, drafting the contract, and preparing briefing materials for the City Council. The Council approved the contract in July 2021, and the Municipal Manager signed it in September 2021.

The contract was then submitted by the city to the Concessionaire for countersignature. Although the Concessionaire had agreed to the terms of the contract, it refused to sign until the city resolves outstanding debts owed to the Concessionaire. The city is currently assessing the complex debt claims dating back as far as 2010 with assistance from the national and provincial treasuries. The Concessionaire will be expected to sign SA5 following resolution of the outstanding debt claims.

In parallel, during Q2 and concluding in Q3, WASH-FIN supported capacity building of the city's Concession Monitoring Unit (CMU) to manage the concession. Support included completion of a Concession Management Plan, Standard Operating Procedures, and implementation training for the CMU, as well as recommendations for reorganizing the unit. WASH-FIN also provided support to the city in carrying out the concessionaire quarterly performance reviews, which revealed significantly improved CMU capacity to hold the concessionaire accountable for KPIs and strategically focusing on promoting outcomes for improved water services.

3. Provided ongoing support to the City of Cape Town Water and Sanitation Department Financial Sustainability and Water Resilience.

Although WASH-FIN activities related to City of Cape Town financial management were originally scheduled to conclude in early 2020, the COVID-19 pandemic and related economic challenges caused the city to request an extension of the support, which was critical to maintaining revenues and ensuring funding was available to support investment in water and sanitation. Concurrently, the city worked with AFD to design and fund longer term support for sustainable financial management of water and sanitation services. A consulting contract for this additional support was subsequently awarded by AFD to a team led by WASH-FIN consultant Paul Bender which began in February 2021 for a period of three years. To provide a seamless transition to the AFD project, WASH-FIN extended the contract with Paul

Bender through January 2021 to coincide with the start-up of the new program. Through the transition period, WASH-FIN's Technical Advisor continued to work with the City of Cape Town to ensure the sustainability of this intervention.

The City of Cape Town has confirmed to WASH-FIN that the CS-TAP efforts resulted in the collection of nearly USD 7 million in additional revenue in the 2019/2020 South African municipal fiscal year, despite significant impacts from the COVID-19 crisis and related economic challenges. Indeed, the city only saw a small dip in revenue collection efficiency during the pandemic compared to the previous year, despite a five-month moratorium on water disconnections implemented during the first outbreak. Even with the year-on-year dip, the city's collection efficiency still represented a significant improvement over the baseline year (prior to implementation of CS-TAP).

In Q1, the city reached agreement with The Nature Conservancy (TNC) for the Cape Town Water Fund that, an initiative started in 2016 that had been stalled as of late 2019. To help unblock the process, in FY20, WASH-FIN helped the city convene stakeholders, identify obstacles, and develop a road map for establishing the fund. The fund is expected to see a combined investment of USD 8 million over three years to clear AIPs that consume a large amount of water in catchment areas that feed city water supply dams. Studies have shown that over 55 billion liters of water (about two months' supply for Cape Town) is lost every year to AIPs.

Also in FY21, WASH-FIN's Technical Advisor was a key stakeholder for an Organisation for Economic Co-operation and Development (OECD) study on water governance in the City of Cape Town, prepared as part of the OECD Programme on Water Security for Sustainable Development in Africa. The report was published by the OECD on March 24, 2021.¹⁴ Lessons learned through the OECD policy dialogue are expected to be presented at the 9th World Water Forum planned for March 2022 in Dakar, Senegal.

4. Encouraged investment in adequate sanitation for all.

In Q3, the Technical Advisor presented at the virtual 6th FSM International Conference on "Impact Investing for Scaling of Fecal Sludge Treatment Technology in eThekweni, South Africa," based on lessons learned from WASH-FIN's efforts to support the LaDePa FSM technology. The Technical Advisor also moderated the FSM6 Track 2 Discussion Forum on "Service Delivery for Low-Income Communities" attended by nearly 100 participants.

The Technical Advisor also engaged regularly with the eThekweni Municipality, PSS LaDePa Pty Ltd, the Water Research Commission (WRC), WaterUnite, and Wellers Impact to facilitate the city's planned procurement of additional LaDePa FSM treatment units. An MOU was signed between the city and WRC wherein the city will co-fund the purchase of an additional LaDePa unit with the WRC in support of their research on a circular economy approach to FSM. Unfortunately, the City's 2021 funding was diverted toward COVID-19 response which delayed the purchase. In late September 2021, the City advised that the funding had been acquired and that they planned to proceed with the purchase before the end of 2021. In anticipation of the purchase order, PSS LaDePa has reengaged with Wellers Impact to potentially provide financing for manufacture and installation of the unit. WASH-FIN continues to participate in discussions between all involved parties to help facilitate the transaction.

5. Participated in Steering Committee for the National FSM Strategy.

In Q2, WASH-FIN's Technical Advisor served on the Steering Committee for the National FSM Strategy led by the Department of Water and Sanitation with support from the USAID Resilient Waters project. Activities included participating in the kick-off meeting and providing input on the conceptual framework

¹⁴ Report may be accessed here: https://www.oecd-ilibrary.org/environment/water-governance-in-cape-town-south-africa_a804bd7b-ene

for the strategy. This complemented the separate engagement with stakeholders to unlock investment in the LaDePa fecal sludge treatment technology in the City of eThekweni.

6. Supported the newly created Infrastructure South Africa (ISA) Agency.

Since early 2021, WASH-FIN engaged with the National Treasury's review of the Municipal PPP Framework and Guidelines. In Q2, the Technical Advisor was invited to participate in a stakeholder validation workshop for a review of the Municipal PPP Framework and Guidelines undertaken by the National Treasury and sponsored by the World Bank. The National Treasury requested that WASH-FIN provide a copy of the City of Mbombela's CMP and SOPs, prepared by WASH-FIN as discussed in Section 2.6.2 above, for consideration for inclusion in their Municipal PPP Manual. WASH-FIN is currently preparing a case study on the Mbombela Water Services Concession, which is expected to be published in Year 6. The lessons learned from the case study will be shared with treasury and other stakeholders in the ISA to inform on the challenges and opportunities for municipal PPPs in water and sanitation infrastructure investment. This will support the treasury as it promotes opportunities to engage the private sector in infrastructure investment, including water and sanitation.

7. Promoted uptake of the INCA Municipal Infrastructure Fund (see Box 6).

In FY21, the Technical Advisor continued to engage with the key stakeholders in the INCA Municipal Debt Fund (IMDF), including the AFD and Switzerland's SECO which approved their commitment to provide a "first-loss" facility and technical assistance. To further expand opportunities for financing municipal infrastructure, WASH-FIN also facilitated an introduction between the Western Cape's Sustainable Infrastructure Development and Finance Facility (SIDAFF) program and SECO. AFD is supporting INCA and SIDAFF and there are natural synergies between the two initiatives in terms of increasing investment in municipal water and sanitation infrastructure.

In May 2021, INCA announced the finalization and launch of the IMDF. The fund blends local and international funding from development finance institutions including AFD and SECO to provide an additional infrastructure financing option to municipalities and local investors alike. WASH-FIN participated in a virtual launch event in July 2021 where USAID's contribution to the development of the fund was acknowledged by INCA.

Box 6. INCA Municipal Debt Fund (IMDF) Launch

WASH FIN's engagement with IMDF started in 2017 with discussions around fund structures, funding sources, potential recipients, and municipal creditworthiness. In 2018, INCA requested WASH FIN support to carry out a series of credit assessments on a select group of 21 municipalities initially identified for potential lending. The assessments showed relatively high levels of creditworthiness (investment grade at the local scale) for 17 of the 21 municipalities. According to Carl Bernadac, Deputy Regional Director for the *Agence Française de Développement* (AFD), one of the principal funders for the initial capitalization of INCA, "WASH FIN's support was timely and critical. We were skeptical about the ability of smaller cities to be able to honor long term debt and were pleasantly surprised to see that nearly all were viewed to be investment grade, higher than some of the country's larger cities. Without WASH FIN's provision of the credit assessments, the AFD would not have been able to proceed with its investment."

On May 29, 2021, AFD, INCA Portfolio Managers, and SECO signed a financial agreement formalizing support for the IMDF. The IMDF will target support to secondary municipalities to access to financing for investment needs and provide support on strategic long term investment plan development. AFD committed a loan of R500 million (approximately US\$36.25 million) to the IMDF Special Purpose Vehicle (SPV), and the manager of the IMDF will aim to raise approximately R1500 million in the first funding period. SECO will provide a guarantee on first losses, covering 5% of the amounts committed, providing additional reassurance to investors.

Based on analysis of a final list of 18 targeted municipalities' capital expenditure cost data over the past five years and forward looking budget, it is anticipated that water and sanitation will constitute over 30% of investments that are funded through the IMDF.

Category 2: Other/Global On-Demand Activities

WASH-FIN continues to provide on-demand support to USAID's Center for Water Security, Sanitation, and Hygiene and Mission strategies and initiatives where opportunities arise. The following activities were included in the Year 5 work plan and additional activities will be considered as they emerge:

Activity 2.1: COVID-19 Pandemic Response

In addition to COVID-19 response discussed above in country sections, WASH-FIN also provided on-demand COVID-19 related strategic support and technical assistance to USAID. In FY20, this included organizing a webinar to inform on WASH-FIN experience partnering with the World Bank to utilize its Financial Assessment Tool with WSPs. In Q1, FY21, WASH-FIN received a contract modification to extend the contracting period by one year to allow for WASH-FIN to continue this technical support. The modification also provides for an Essential Service Program (ESP) to procure supplies, services, and equipment that may be needed beyond technical assistance to help ensure service providers can continue to provide essential water and sanitation services.

Activity 2.2: Collaboration with the U.S. Development Finance Corporation

WASH-FIN seeks to mobilize finance from diverse sources for its stakeholder partners and leverage scarce public funds to the extent possible, including local currency and private capital from commercial banks and capital markets. Commercial sources often require credit enhancements such as the Development Credit Authority partial credit guarantee of the U.S. DFC. The DFC also has a range of financial instruments, including local currency debt, and a strategic interest in the WASH space. In Year 5 WASH-FIN worked with USAID to explore areas for collaboration and possible investment opportunities. Two potential opportunities that emerged this year were investment opportunities the DFC was pursuing in Senegal, and the Operation Water concession under development in Mozambique (see country sections for details).

Activity 2.3: Support to Franchised Service Delivery Model

In Year 4, WASH-FIN was made aware of a compelling concept prepared by NPWSP.org for delivering improved water supply services through a franchise model. The proposed model builds on performance-based contract approaches but adds in the benefits of a franchise in terms of efficiencies and economies of scale and scope, as well as network benefits related to sharing technical and operational capabilities and quality. WASH-FIN shared a concept note on the franchise model prepared by NPWSP with USAID in Q1FY21. This activity will be reevaluated as part of the WASH-FIN Year 6 work plan.

Activity 2.4: Collaboration with the EPA

Starting in FY20, USAID's WASH-FIN and the EPA engaged in discussions about water financing and blended finance to share and explore different approaches. WASH-FIN and the EPA held two update and coordination calls this year to look for synergies and learning in three areas: 1) sharing of WASH-FIN's experience in the program's eight-country portfolio; 2) investigation of the EPA's potential interest in encouraging the uptake of models such as the U.S. water revolving funds in developing countries; and 3) facilitating USAID and EPA contributions to sustainable WASH programming in line with the 2017 U.S. Global Water Strategy. This activity will be reevaluated as part of the WASH-FIN Year 6 work plan.

4.0 KNOWLEDGE MANAGEMENT

WASH-FIN has fully integrated KM objectives into country activities to strengthen the capacity of WASH authorities, service providers, local financial institutions, and sector stakeholders. WASH-FIN undertakes country-level and global KM efforts to foster the replication of best practices in WASH financing and to advance program partners on their journey to self-reliance.

Category I: Global Knowledge Products

Activity I.1: Global Knowledge Products

Global KM products developed in Year 5 include the following:

Country Briefs

WASH-FIN is developing a suite of Country Briefs for each of its eight country activities that provide updates to the fact sheets developed in the first few years of the WASH-FIN program and focus on the lessons WASH-FIN has gathered throughout activity implementation. In Year 5, WASH-FIN finalized Country Briefs for Kenya, Philippines, Senegal, and South Africa. These were approved by USAID and posted to the GlobalWaters.org [microsite](#). WASH-FIN has also worked to refine initial drafts of the Cambodia and Nepal Country Briefs and expects to submit those to USAID for review in Year 6.

Technical Note

In Q2FY21, WASH-FIN submitted the first draft of a technical note entitled *Assessing Market Creation Challenges for Sanitation Treatment Technologies* that highlights WASH-FIN experience supporting emerging sanitation market technologies in Senegal, Kenya, and India to USAID for review. USAID also shared the document for review by BMGF. Upon reviewing both sets of comments and discussion with the Contracting Officer's Representative (COR), in Q4 WASH-FIN began to revise the document in response to feedback received and to clarify and/or elaborate specific points. WASH-FIN expects to submit the revised draft towards the end of the next quarter.

White Paper

In Q2FY21, WASH-FIN received feedback on a white paper it had submitted to USAID entitled *Catalyzing Private Investment in Water and Sanitation: Competitive Allocation of Upfront Capital Grants*. This paper questions why capital grants are rarely used in blended finance efforts, despite indications that capital grant programs can successfully leverage private investment while mitigating risks that traditionally have been associated with this kind of assistance. In its conclusion the paper argues that the time has come for an extensive feasibility assessment of using capital grants as a form of blended finance targeting the WASH sectors of the poorest countries globally. WASH-FIN is revising the paper based on the feedback and expects to submit a revised version by the end of the next quarter.

Blog

In celebration of World Water Day on March 22, 2021, WASH-FIN produced a blog entitled *Safeguarding Water for the Future: Helping Water Utilities Become Resilient and Financially Sustainable*. Drawing on the theme of this year's World Water Day—Valuing Water—the blog highlights the critical role of the WASH sector in helping fight the global COVID-19 pandemic. The blog discusses how USAID, through its WASH-FIN program, is helping expand access to finance for WSPs in Kenya through business planning to boost WSPs' creditworthiness. In South Africa, WASH-FIN is working with local municipal authorities that are responsible for the provision of water and sanitation to improve their creditworthiness. The South African experience has shown how a lack of creditworthiness among

municipalities hampers their ability to obtain financing. The [blog is accessible](#) on the GlobalWaters.org microsite.

Activity 1.2: Website Content and Social Media

Medium Story – Scaling Up Financing for Urban Sanitation in Senegal

In response to discussions with USAID in Year 4, WASH-FIN has diversified its web content offerings to include feature stories for the Global Waters Medium platform in efforts to disseminate its website content more broadly. WASH-FIN published its second feature story on Medium entitled *Scaling Up*

Financing for Urban Sanitation in Senegal for World Toilet Day, on November 19, 2020. The feature story discusses WASH-FIN's engagement with small SSPs, the regulator ONAS, and the local commercial banking sector to close the sanitation



financing gap in Senegal. WASH-FIN is building on a strong foundation of government leadership, development partner support, learning, and vision that has positioned the country at the forefront of affordable SSP with private sector participation globally. By expanding local financing options, government budgets will be more efficient in leveraging domestic private capital. Most importantly, Senegalese citizens will receive improved and appropriately priced services, and their health and the environment will improve. The feature story may be accessed [here](#).

USAID Nepal Mission Social Media Promotion for World Toilet Day.

WASH-FIN Nepal provided suggested social media messaging to the USAID Nepal Mission for their Facebook Page. The Facebook post highlighted the role of USAID and WASH-FIN in helping Nepal achieve Total Sanitation. WASH-FIN is partnering with the Gulariya municipality to develop a model for sustainable treatment of fecal sludge, and also with the Department of Water Supply and Sewerage Management to develop a fecal sludge treatment curriculum and train public sector engineers. The post may be viewed [here](#).

USAID Nepal Mission Social Media Promotion.

WASH-FIN Nepal provided suggested social media messaging to the USAID Nepal Mission for their Facebook page in promotion of World Water Day. The Facebook post noted the importance of WASH in providing the first line of defense against the COVID-19 pandemic and highlighted the role of USAID's WASH-FIN Nepal program in helping to ensure uninterrupted provision of services and access to water for all during the pandemic. The post, copied here, may also be viewed [here](#).

USAID KEA Social Media Toolkit for World Water Day.

In response to a request by the Mission’s Development, Outreach and Communication team, WASH-FIN Kenya prepared and submitted a social media toolkit for World Water Day 2021. WASH-FIN focused on its work with Mathira Water and Sanitation Company and the value of water to the beneficiaries of the project.

Category 2: Support USAID Strategies and Initiatives

Activity 2.1: WASH-FIN Senegal – Joint Webinar for World Toilet Day

In Q1FY21, WASH-FIN, in collaboration with USAID ACCES and Speak Up Africa, organized a webinar for World Toilet Day focused on the sustainability of sanitation through innovative financing mechanisms. Participants included the regulator (ONAS), a large utility company DELVIC, AAAS, the Association of Toilet Normalization, and SBG, a private operator supported by USAID ACCES. The panel was broadcasted on Senegalese TV and shared on social media platforms.

Activity 2.2: FSM6 Conference on “Scaling Inclusive Public and Private Enterprises in Fecal Sludge Management: A Global Perspective”

WASH-FIN and USAID participated in the virtual [FSM6 conference](#), held May 31–June 4, 2021, and shared lessons on WASH-FIN’s FSM experience in Kenya and Senegal. USAID gave the keynote address highlighting the importance of FSM especially in developing countries struggling to finance sanitation systems. WASH-FIN gave a presentation on “Expanding Financing and Public Private Linkages for FSM in Kenya and Senegal,” highlighting the potential for greater public and private sector engagement and lessons emerging from countries experimenting with different aspects of the FSM value chain. The session, which also featured examples from Bangladesh, India, Uganda, and Zambia, was well attended and provided important insights on the role that USAID and other development partners are playing in the FSM space, especially around facilitating access to finance and improving operational capacities of private sector service providers.

Category 3: Provide Thought leadership at Learning Events

Activity 3.1: Safe Water Network Webinar

Unlocking Innovative Finance for Access to Safe Water

In Q1FY21, WASH-FIN’s Chief of Party (COP) and USAID COR participated in a webinar entitled *Unlocking Innovative Finance for Access to Safe Water* organized by the Safe Water Network. Held on December 9, 2020, the webinar had over 170 participants from 29 countries and 84 organizations. The



Photo 7. USAID Nepal Mission Social Media Promotion

webinar discussed the role of concessional loans in increasing access to capital for small water enterprises. The webinar featured a discussion on concessional loans, before moving to case studies on applying concessional loans in Ghana and Cambodia. This was followed by an interactive panel discussion with UBS Bank, USAID, and Water.org, moderated by the World Bank, on what actions are needed to strengthen the viability of the concessional loan market. WASH-FIN concluded the session with a call for Safe Water Network to convene a finance advisory committee that will advance the dialogue around innovative finance. The webinar recording may be [accessed here](#).

Activity 3.2: Convergence and Swedish International Development Cooperation Agency (Sida) Online Launch Event

Blended Finance for Water Infrastructure Maintenance and FSM

WASH-FIN's Deputy Chief of Party (DCOP) participated in an online study launch event organized by Convergence and Sida entitled *Blended Finance for Water Infrastructure Maintenance and Fecal Sludge Management*. Held on January 14, 2021, the event discussed the report produced by Convergence and Sida's working group which makes recommendations for using blended finance to mobilize additional funding and financing for rural water maintenance and FSM. In October 2020, Convergence and Sida established a working group on Blended Finance for Water Infrastructure Maintenance and FSM with over 50 representatives including USAID and WASH-FIN. The online event highlighted perspectives from the working group coordinators and guest panelists. In addition to WASH-FIN's DCOP, speakers were invited from the Center for Water and Sanitation in India, Aqua for All, Convergence, Osprey Foundation, Inter-American Development Bank, UDUMA, and Social Finance.

In its report, the working group notes that blended finance is still a nascent approach for water infrastructure maintenance and FSM. Presently, there is greater demand for (and thus a greater prevalence of) design and preparation-stage grants, technical assistance, and results-based financing. As business models mature and the enabling environment for water and sanitation services improves, more solutions that make use of guarantees and concessional debt or equity within a blended capital stack will emerge. The working group makes the following recommendations for FSM:

- Use portfolio approaches that bundle a variety of investment opportunities.
- Apply multi-sectoral approaches, where water or sanitation infrastructure projects are bundled together with other services such as energy and transportation.
- Work with crowdfunding marketplaces to mobilize private capital for early-stage FSM and infrastructure maintenance businesses.

The full report of the working group may be accessed [here](#).

Activity 3.3: African Ministers Council on Water (AMCOW) WASH Finance Advocacy Brief Workshop

WASH-FIN Senior WASH Governance Advisor Barbara Kazimbaya-Senkwe participated in the AMCOW Stakeholder Consultation Workshop on the African Ministers' WASH Finance Brief, held on April 21, 2021. The aim of the workshop was for participants to provide feedback and input for finalization of the WASH Finance Brief, which is intended to be used as an advocacy tool by African ministers and senior WASH decision makers in the continent to help increase financing for WASH.

Activity 3.4: 9th Zambia Water Forum and Exhibition (ZAWAFE)

Sharing Experiences from Zambia, Senegal, Mozambique, and Kenya on Increasing Financing for Universal Access to WASH

In Q3FY21, WASH-FIN Senior WASH Governance Advisor Barbara Senkwe participated virtually in the 9th ZAWAFE, held June 7–June 8, 2021. She gave a presentation on “Engaging the Private Sector to Increase Financing for Universal Access to WASH,” drawing upon WASH-FIN’s experience in Zambia, Senegal, Mozambique, and Kenya. She also gave the keynote address on promoting women as professionals and leaders in WASH in the opening plenary. Zambia Country Team Lead, George Ndongwe, additionally made a presentation entitled “Government Response to the Financial Impact of COVID-19 on Water Utilities: Emerging Lessons from Zambia,” informed by WASH-FIN’S COVID-19 stress test analyses performed with its four partner CUs. The WASH-FIN team also participated in a session and identified potential engagement with the Continental Africa Water Investment Program (AIP). AIP is an African Union program with the goal of mobilizing USD 30 billion for climate-resilient water investments by 2030 and creating five million jobs. AIP’s presentation focused on introducing the program in Zambia and encouraging the government to work towards accessing funds for developing climate resilient water infrastructure.

Activity 3.5: SWA Financing Webinar Series on WASH Accounts

SWA and the World Health Organization co-organized a webinar, [“Why track WASH expenditures through WASH accounts? Learning from country experiences and an overview of new materials and tools.”](#) held on June 15, 2021. WASH-FIN Senior Governance Advisor Barbara Kazimbaya-Senkwe participated along with WASH-FIN COR. The webinar shared the experiences of early-adopting countries, including the perspective of donors, on the benefits and challenges of developing, maintaining, and using WASH accounts to influence policy and decision-making. WASH-FIN’s COR participated as a panelist and shared the experience of WASH-FIN in supporting TrackFin in Kenya and Mozambique, with a focus on the need for government ownership of the process.

Activity 3.6 Stockholm International Water Institute (SIWI) World Water Week Conference

The WASH-FIN COP moderated an all-female session at the Stockholm International Water Institute’s (SIWI) World Water Week conference on August 24, 2021, entitled “Applying WASH Lessons from COVID-19 to Future Resilience Challenges: Part 1”, which was opened by Maura Barry Boyle, Interim USAID Global Water Coordinator, followed by a presentation by Vanessa Guenther of USAID’s WASHPaLS project, and then followed by a panel discussion including Dr. Monica Porto of SABESP, Nishta Mehta of The World Bank, and Diana Makwaba of Nkana Water Supply and Sanitation Company in Zambia—a WASH-FIN supported service provider. The session was attended by over 70 participants and received positive audience feedback. This all-female session brought together service providers and their partners around the world to explore how lessons from responding to pandemic-related shocks could help build future resilience. In the two part session, participants learned about the strategies and investments needed to better prepare for, respond to, and recover from climate and other future shocks from the perspective of both service providers and policymakers. In her closing remarks as moderator, the WASH-FIN COP noted that now is the time to prepare for the next shock to the WASH sector. Supporting investments in climate resilience now—before the next crisis strikes—is foundational in making sure that service providers can continue to provide the essential services we rely on them for, no matter what the future holds.

Activity 3.7: Water Engineering and Development (WEDC) Conference

WASH-FIN cohosted an agency event at the 42nd annual Water Engineering and Development (WEDC) Conference with Eastern and Southern Africa Water Regulators Association, AMCOW, and water regulators from WASREB (Kenya), NWASCO (Zambia), and AURA (Mozambique) from September 13th to 15th, 2021. The session, titled “The Role of Regulation in Enhancing Urban WASH Resilience,” aimed to highlight the impact of COVID-19 on urban water service providers and the critical role of water regulators in enhancing long-term financial sustainability of water utilities, which is inexorably linked to maintaining and extending WASH services and moving toward improved contingency planning and

resiliency. WASH-FIN DCOP Steve Sena and Senior WASH Governance Advisor Barbara Senkwe participated in the event. WASH-FIN's DCOP presented an overview on the impact of COVID-19 on water utilities and drew on WASH-FIN utility stress testing experience in Kenya, Mozambique, and Zambia. Stress testing investigates the financial performance of WASH utilities and projects the effect of COVID-19 on their performance over the course of 2020 with the intent of understanding their ability to continue operations and quantify needed support. WASH-FIN's DCOP noted in his presentation that COVID-19 has had the following impacts on utilities: reduced revenue, increased costs, lower staff productivity, and other pressures in the form of population migration and disruption of local/global supply chains.

The WASH-FIN DCOP noted that many utilities need fiscal support to weather the financial impact of the COVID-19 pandemic. He also noted the importance of regulators. He recommended that regulators: advocate for immediate liquidity support and appropriate resilience, disaster, and climate change funding that leverages existing sources; and redouble current efforts around performance monitoring and improvement, cost recovery, and full funding; and utilize service provider financial stress testing as a basis for establishing reserves, liquidity support, and revenue adjustments.

The WASREB (Kenya) regulator Engineer Peter Njaggah noted that the WASH sector in Kenya faces the following challenges, including inadequate investment and financial planning; inadequate cost recovery; inherent operational inefficiencies; and non-commercially viable utilities. Engineer Njaggah prescribed the following duties for regulators: streamline service provision—delegate service provision to regulated utilities; improve on financial sustainability of the sector and utility creditworthiness to leverage commercial financing; among others.

The NWASCO (Zambia) regulator Kelvin Chitumbo noted that in response to COVID-19, the Ministry responsible for water undertook the following measures in Zambia: collaborated with the Ministry of Energy to remove and/or suspend installation of prepaid meters on critical water installations in order to prevent supply interruption; collaborated with the Ministry of Energy to suspend 40 percent recovery of debt in order to cushion liquidity of WSPs; and paid up over 70 percent government debt to the WSPs to enhance liquidity. Mr. Chitumbo prescribes the following roles for regulators in light of the above consequences: lobby government to lift non disconnection directive; challenge WSPs to find innovative ways of encouraging customers to pay their bills; support mechanisms to ensure operations (i.e., meter reading, new connections, bill distribution, etc.) are not affected; and complement WSPs efforts of promoting cashless payment methods to settle bills using bulk messaging systems.

The AURA (Mozambique) regulator Ms. Suzana Saranga Loforte noted that AURA uses 12 key performance indicators (KPIs) to evaluate utility performance. Fragilities that affect performance can be identified by performance evaluation. Fragilities identified through KPIs trigger regulatory actions such as recommendations, audit visits, instructions, sanctions, and the development or improve of standards and regulations. Ms. Loforte noted that regulators must have close relations with policymakers, politicians, and the government, since they play an important role in introducing appropriate legislation for those situations that are out of the operator's control such as pandemics, cyclones, or droughts.

The session also featured perspectives from AMCOW and ESAWAS on the need for governments to rethink their WASH service delivery models to enable more effective, efficient, and sustainable operations, especially to low-income unplanned areas.

Planning for Upcoming Events

During Q4, WASH-FIN planned and prepared for several events to take place in Year 6, two of which are described below. The first has now taken place in parallel with the drafting of this report in early Year 6.

4th Global Water Operators Congress, October 25, 2021. WASH-FIN and UNICEF cohosted a session on “Utilities making inclusive and safe sanitation a reality.” Moderated by WASH-FIN Senior Governance Advisor Barbara Kazimbaya-Senkwe, the session highlighted the role of public water and sanitation operators in making inclusive and safe sanitation a reality. While the challenges that utilities are facing to make inclusive and safe sanitation a reality are numerous and multi-faceted, operators are taking actions and showing commitment to address and solve them. These include considering a range of social and environmental aspects, identifying technical solutions that work in a given context, building and retaining capacity, financing safe and sustainable sanitation, and working with the given policy frame. One emerging approach to support utilities in this endeavor is Citywide Inclusive Sanitation (CWIS), which promotes a public service approach to extend and sustain inclusive sanitation services across urbanized areas. The session showcased utilities along the sanitation chain—drawing on existing available and appropriate technologies, including onsite and sewers, centralized, or decentralized. The adoption by public utilities of new sanitation technologies, effective resource recovery and re-use models in partnership with private entrepreneurs was also discussed. Stories of sanitation-focused Water Operators’ Partnerships (SWOPs) examples were presented to inspire and stimulate commitments from utilities to scaling up the SWOP practice to meet the sanitation challenge.

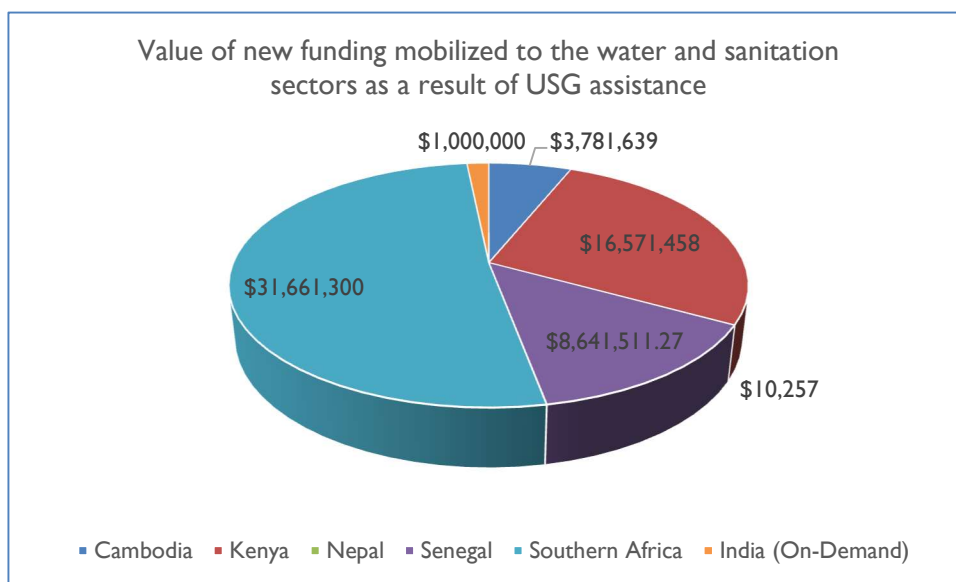
FSMA Member Webinar: The Role of Technical Assistance in Financing and Scaling up Innovative Sanitation Technologies, November 16, 2021. Several African countries, including Senegal and Kenya, are among those where the application of new technologies that shift fecal matter from waste to a resource is slowly taking root. Raising finance to expand and bring these technologies to scale is difficult and requires technical assistance that can facilitate linkages amongst several actors from the public and private sector. Drawing upon WASH-FIN experience in Kenya and Senegal, WASH-FIN Senior Governance Advisor Barbara Kazimbaya-Senkwe will share the experience of providing such technical assistance, highlighting the opportunities and challenges, and recommending ways in which such technical assistance could play an even bigger role.

5.0 RESOURCE MOBILIZATION

WASH-FIN has continued to make progress on the top-level indicator of funds mobilized in the water and sanitation sectors. In Year 5, WASH-FIN mobilized USD 40,251,547 in Cambodia, Kenya, Senegal, and Southern Africa. To date WASH-FIN has mobilized over USD 61 million against the life of project target of USD 94.5 million.¹⁵

The following is a summary of resources mobilized per country activity in Year 5:

FIGURE 2. RESOURCES MOBILIZED (USD 61,667,165) TO DATE PER COUNTRY ACTIVITY



1. Cambodia

Since the beginning of the Cambodia Activity, WASH-FIN has mobilized a total of USD 3,781,639, of which USD 1,163,314 was mobilized during Year 5. These funds include loans to private water operators (PWOs) used to increase network connections, build water storage tanks, increase energy efficiency, and rehabilitate equipment. One PWO, Leng Kheav Prek Ambel Water Supply, accepted a six-year loan at 12%, (compared to 9% charged by most banks), as the PWO was offered other favorable terms such as a lack of collateral requirements. Overall, given that substantial resources were mobilized at the height of the COVID-19 pandemic, this demonstrates the breadth of interest in WASH sector investments and the value of the support that WASH-FIN is providing to partner PWOs in Cambodia.

2. Kenya

WASH-FIN Kenya has mobilized project to date a total of USD 16,571,458, of which USD 12,185,422 was mobilized during Year 5. These funds include conditional liquidity support grants (CLSG) in the amount of USD 11,330,330 provided to 37 Water Service Providers (WSPs). The CLSG program is

¹⁵ The 5 countries include: Cambodia, Kenya, Nepal, Senegal and, Southern Africa.

designed to strengthen WSPs in their ability to operate during the COVID-19 pandemic. In Year 5, WASH-FIN also mobilized USD 855,092 as loans and grants through Sanivation, a private company working with NAIVAWASCO to expand to expand innovative urban sanitation services in Kenya.

3. Senegal

WASH-FIN Senegal has mobilized project to date a total of USD 8,641,511, of which USD 7,641,511 was mobilized during Year 5. A large part of the funds mobilized, USD 3,758,168, were attributed to the sanitation fleet renewal project [PARC] in the form of loans and custom fees and value-added tax exemptions. The PARC program has received pledges from stakeholders including the Bill and Melinda Gates Foundation, *Délégation Générale à l'Entrepreneuriat Rapide des Femmes et des Jeunes* (DER), and *Banque Nationale pour le Développement Économique* (BNDE) to capitalize a pilot of the program through grants in the amount of USD 3.7 million. In Year 5, WASH-FIN also helped Delta mobilize [REDACTED] from WATIH and [REDACTED] from I&P. Additionally, VICAS received [REDACTED] to finance its working capital and improve its daily operations and local SSP Fossclean received a loan in the amount of USD 1,000.

4. Southern Africa

WASH-FIN's Southern Africa activity has mobilized project to date a total of USD 31,661,300, of which USD 19,261,300 was mobilized during Year 5. USD 12,321,300 was mobilized through the INCA Municipal Debt Fund (IMDF) in Q3FY21. The fund blends local and international funding from development finance institutions including AFD and SECO to provide an additional infrastructure financing option to municipalities and local investors alike. USD 6,940,000 was mobilized as revenue enhancements (i.e. billing, collections, metering, etc.) through the City of Cape Town Customer Service Turn-Around Project (CS-TAP).

5.1 BREAKDOWN OF RESOURCES MOBILIZED

TABLE 23. TOTAL RESOURCES MOBILIZED (USD) BY INSTRUMENT

Financing Instrument	Mobilized in Year 5	Cumulative
Debt		
Concessional, International	N/A	\$740,000
Domestic	\$20,990,247	\$25,502,952
International	N/A	\$3,225,000
Equity		
Own Equity Contributions from Private Sector Utilities	N/A	\$328,325
Grants		
Private/Foundations	N/A	\$199,331
Public/Municipal	\$12,321,000	\$15,521,300
Other		
Efficiency Gain/Own-Source	\$6,940,000	\$16,150,257
TOTAL	\$40,251,547	\$61,667,165

Climate Change Indicator EG.11-4

All results reported under climate change adaptation, (EG.11-4 Amount of investment mobilized (in US\$) for climate change adaptation as supported by USG assistance), are a subset of overall funding mobilized in the WASH sector and are therefore not additional funds mobilized through WASH-FIN technical assistance. Table 24 below explains WASH-FIN's rationale for establishing its methodology for

estimating the portion of resources mobilized towards its top-line indicator HL.8.4-I that can be attributed towards climate change adaptation.

TABLE 24. CLIMATE CHANGE MOBILIZATION ATTRIBUTION RATIONALE

Criteria for resources mobilized to be included under indicator EG.II 4	Percent of resources mobilized under indicator HL.8.4 I	Rationale for counting toward climate change
Climate Finance (e.g., GCF funding)	100%	Resources mobilized directly support projects related to climate change adaptation.
Physical Non-Revenue Water Project or Water Loss Efficiency	50%	Climate change exacerbates water scarcity. Investments in reducing physical NRW or water losses saves water and energy. As this attribution to climate change adaptation is indirect, WASH-FIN will count 50% of the resources mobilized towards the climate change indicator.
Funding or financing agreement in which WASH engineering design considers climate change, resilience or water security/availability	100%	Resources mobilized directly support projects related to climate change adaptation.
Energy efficiency/renewable energy improvements or sanitation waste-to-energy technology	50%	In many USAID priority countries, electrical grids are unable to meet demand and reliability requirements. Climate and water constraints further threaten electric infrastructure. Energy efficiency improvements and technology that converts waste to energy help to alleviate resource constraints and may replace other forms of dirty energy, and reduce water used in energy production. Use of renewable energy also reduces greenhouse gas emissions and help avoid investing in stranded energy-assets. As this attribution to climate change adaptation is indirect WASH-FIN will count 50% of the resources mobilized in this area towards the climate change indicator.
Funding or financing agreement for bulk water storage, wastewater reuse treatment plants or ground water recharge	100%	Resources mobilized will directly support projects related to climate change adaptation and water security. Bulk water storage sustains availability thereby increasing climate resilience. Water reuse leads to water saving and a better way of managing scarce water resources, which is also an effective climate change adaptation strategy.

Criteria for resources mobilized to be included under indicator EG.II 4	Percent of resources mobilized under indicator HL.8.4 I	Rationale for counting toward climate change
Increased connections for water or sanitation services	25%	Household connections from a professionally managed utility with higher resilience and adaptive capacity are preferable to vulnerable community-managed or informal systems. Viable (creditworthy) utilities invest in assets and systems to respond to opportunities and threats. Increasing household utility connections improves adaptation resiliency and efficiency. As this attribution to climate change adaptation is indirect, WASH-FIN will count 25% of the resources mobilized in this category towards the climate change indicator.

6.0 MONITORING AND EVALUATION

WASH-FIN's Year 5 Annual Report monitoring and evaluation reporting is in accordance with its Year 5 Monitoring and Evaluation Plan (MEP). The MEP provides the overall framework for program monitoring, reporting, evaluation, and learning and details WASH-FIN's approach to performance data collection, management, and analysis. This Year 5 Annual Report details project performance indicator targets and results achieved during the reporting period at a global and country activity level.

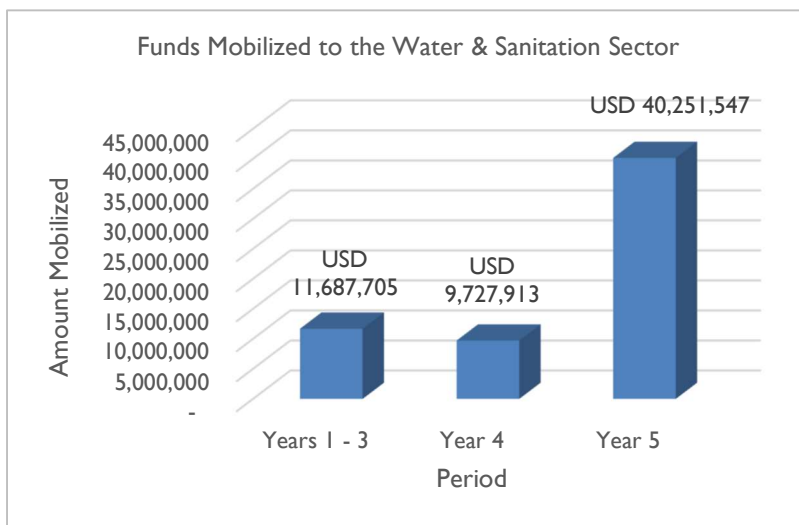
6.1 GLOBAL PERFORMANCE RESULTS

WASH-FIN continues working in collaboration with national governments, development partners, commercial banks, private finance institutions, and WSPs to close financing gaps and improve governance structures that enable targeted countries to achieve targets on access to water and sanitation services as defined by host governments. In Year 5, despite some activity work plan modifications made to adapt to the COVID-19 pandemic, WASH-FIN made good progress in achieving defined targets, as discussed below.

6.1.1 MOBILIZING FUNDS TO THE WATER AND SANITATION SECTORS (INDICATOR HL.8.4-1)

WASH-FIN continued to make steady progress towards achieving its target for the topline indicator *HL.8.4-1: Value of new funding mobilized to the water and sanitation sectors as a result of USG assistance*. In Year 5, WASH-FIN mobilized USD 40,251,547.27. This was great progress compared to the amount mobilized in all prior years combined, just over USD 21 million, that demonstrates the fruitfulness of the early groundwork and project preparations that WASH-FIN has laid from the start and are starting to bear results. To date, WASH-FIN has achieved a cumulative total of USD 61,667,165.27 against the Life of Project (LOP) target of USD 94.5 million. This achievement demonstrates WASH-FIN's impact on developing sustainability in the WASH financing sector, especially valuable during the COVID-19 pandemic and recovery thereafter as water and sanitation companies rebuild and expand.

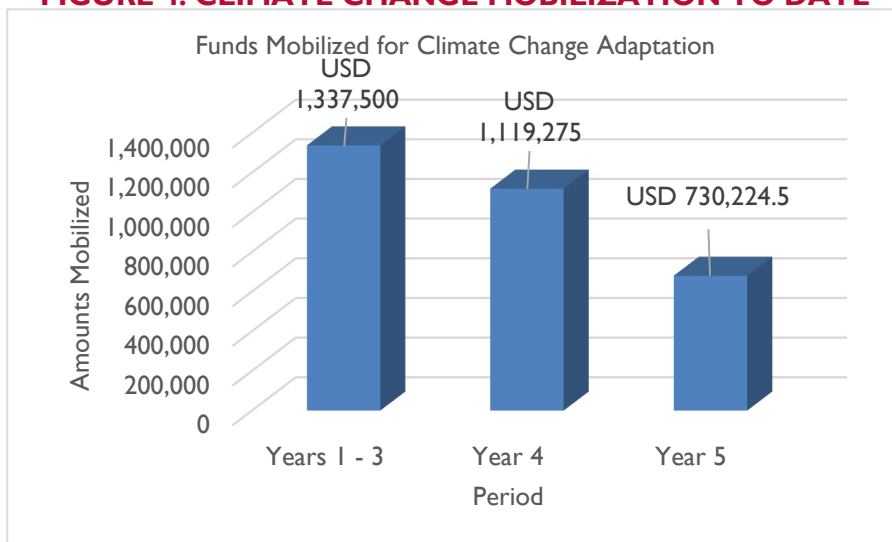
FIGURE 3. FUNDS MOBILIZED TO DATE



6.1.2 MOBILIZING INVESTMENT FOR CLIMATE CHANGE ADAPTATION (INDICATOR EG.11-4)

In Year 5, WASH-FIN attributed USD 730,224.50 towards climate change adaptation from the funds mobilized under Indicator HL.8.4-1 above.¹⁶ In Cambodia, USD 290,828 was attributed for the activity's work on resources mobilized for water network expansion. In Kenya, ██████ was mobilized through Sanivation, a private company working with NAIVAWASCO to address issues of waste management using innovative technology.

FIGURE 4. CLIMATE CHANGE MOBILIZATION TO DATE



6.1.3 STRENGTHENING INSTITUTIONS TO IMPROVE WATER SUPPLY AND SANITATION SERVICES (INDICATOR HL.8.3-3)

In Year 5, WASH-FIN made continued steady progress towards strengthening institutions to improve water and sanitation services. A total of 9 new institutions were strengthened in Year 5 compared to 7 in previous years combined (for a total of 15 institutions over the life of the project). In Senegal, WASH-FIN supported the Association of Young Professionals of Water and Sanitation of Senegal (AJPEAS) and the Pan African Association of Actors for Non-Sewer Sanitation (PASA). WASH-FIN provided AJPEAS support in the preparation of a business plan. For PASA, WASH-FIN provided support to the organization in convening its first General Assembly meeting in Abidjan, Cote d'Ivoire. In Zambia, WASH-FIN worked closely with Mulonga, Nkana and Eastern Water and Sanitation Companies in Year 5 to develop NRW reduction strategies, capacity development plans, and metering policies. WASH-FIN additionally included these WSCs along with Lusaka WSC in its financial stress test study. WASH-FIN additionally assisted Eastern WSC to develop a strategic plan for the period 2021–2025 and an Annual Business Plan for 2021. Lastly, WASH-FIN provided commercial project structuring support to Lusaka WSC for the LWWSP and for the metering sub-activity. In Mozambique, WASH-FIN strengthened the capacity of AURA, the national water sector regulator and AIAS, the Water and Sanitation Infrastructures Administration. WASH-FIN helped guide AURA's strategy for developing a

Box 7. Building the Capacity of PWOs to Ensure Water Quality

In Year 5, WASH FIN Cambodia distributed photometers and Jar Test kits to 10 PWOs in order to build their capacity to ensure water quality standards as set by the Ministry of Industry, Science, Technology, and Innovations (MISTI). WASH FIN worked closely with Cambodia Water Association (CWA) engineers to train select PWOs on the use of the kits. WASH FIN and CWA additionally prepared tutorial videos for use by PWOs nationally, who can access the trainings via CWA's Facebook page. WASH FIN and CWA have provided mentorship to the 10 PWOs on a weekly basis to provide on going technical assistance in the use of these water quality testing kits. Supervisory monitoring is periodically undertaken by MISTI and CWA as well, contributing to the sustainability of this effort.

¹⁶ Results reported under climate change adaptation are a subset of overall funding mobilized in the WASH sector and are therefore not new additional funds mobilized through WASH-FIN technical assistance. WASH-FIN's methodology for allocating resources to this indicator as a sub-set of its top-line indicator are discussed in the Resource Mobilization section above.

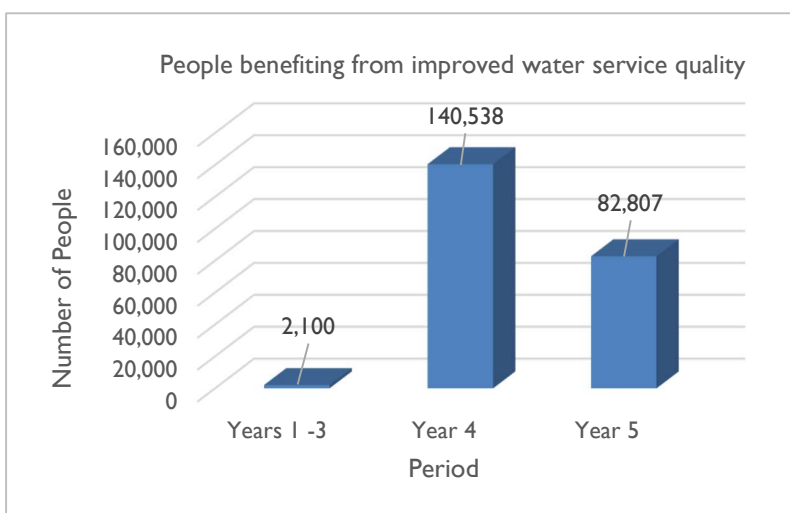
regulatory framework through delivery of a concept note. WASH-FIN also supported AIAS by refining the lease contract and developing supporting lease manual to assist in project preparation and tendering. In Nepal, WASH-FIN concluded support to the Gulariya Municipality to develop an improved outsourced service delivery model for fecal sludge management as part of its integrated waste management strategy. Among the notable achievements in Year 5, (although not reflected in WASH-FIN's Year 5 results since WASH-FIN's work with Cambodia Water Association was already noted in previous annual reporting), was the strengthening of PWOs to ensure greater access to improved water quality services (see Box 7 above).

6.1.4 IMPROVED WATER SERVICE QUALITY (INDICATOR HL.8.1-3)

In Year 5, 82,807 people (40,197 male & 42,610 female) in Cambodia, Kenya, and Nepal received improved service quality from an existing basic or safely managed drinking water service as a result of USG assistance. This brings the project to date result for this indicator to 225,445 people (109,461 male & 115,984 female), exceeding the life of project target of 215,000. In Nepal, WASH-FIN provided support to the Surkhet Valley Water Supply Users Organization (SWVSUO) for improved customer outreach and tariff reviews, which combined with

cost recovery measures helped SWVSUO reach additional customers. In Cambodia, WASH-FIN supported PWOs to access repayable finance which enabled them to make more customer piped water connections. In Kenya, service improvement consisted of new household water connections and reconnection of old customers served by Mathira Water and Sanitation Company (MAWASCO).

FIGURE 5. WATER SERVICE IMPROVEMENTS



6.1.5 IMPROVED SANITATION SERVICE QUALITY (INDICATOR HL.8.2-7)

In Year 5, WASH-FIN recorded good progress towards achieving results for Indicator *HL.8.2-7 Number of people receiving improved sanitation service quality from an existing “limited” or “basic” service as a result of USG assistance*. This year, 1,662 people (823 male and 839 female) serviced by the Nyeri Water and Sanitation Company (NYEWASCO) in Kenya received improved sanitation service quality. To date, a total of 447,131 people (218,153 male and 228,978 female) have received improved sanitation service quality from existing limited or basic service as a result of USG assistance. In Year 4, WASH-FIN stopped reporting Senegal Activity's results on this indicator after the indicator was dropped from the WASH-FIN Senegal AMEP. However, before the indicator was dropped, a total of 351,535 people (171,547 male & 179,988 female) had received improved sanitation service quality.

Table 25 below presents WASH-FIN's performance indicator targets for the life of the project. Monetary amounts are represented in USD.

TABLE 25. GLOBAL PERFORMANCE INDICATOR TARGETS AND RESULTS

WASH FIN Indicators	LOP Targets (YR 5 MEP)	Previous Years Achievements	Year 5 Achievement	Cumulative Achievement to date
HL.8.4-1 Value of new funding mobilized to the water and sanitation sectors as a result of USG assistance	USD 94.5 M	USD 21,415,618	USD 40,251,547.27	USD 61,667,165.27
HL.8.3-3 Number of water and sanitation sector institutions strengthened to manage water resources or improve water supply and sanitation services as a result of USG assistance (Indicator Definition Customized)	17	7	8	15
EG.11-4 Amount of investment mobilized (in US\$) for climate change adaptation as supported by USG assistance	USD 40 M	USD 2,456,775	USD 730,224.5	USD 3,186,999.5
HL.8.1-3 Number of people receiving improved service quality from an existing basic or safely managed drinking water service as a result of USG assistance	215,000	142,638	82,807	225,445
HL.8.2-7 Number of people receiving improved sanitation service quality from an existing “limited” or “basic” service as a result of USG assistance	20,000	445,469	1,662	447,131

6.2 MONITORING AND REPORTING

6.2.1 DATA QUALITY ASSESSMENTS

USAID conducted an external Data Quality Assessment (DQA) in Q2FY21. USAID’s topline conclusion from its DQA was the following: “The DQA team has a high level of confidence in the data being reported. The indicators reported by WASH-FIN do not include voluminous datasets or complex methodologies but instead reflect the high-level achievements from WASH-FIN’s interventions (primarily technical assistance). Data points are clearly documented and appear to be well understood by team members. There are multiple levels of verification and, in most cases, this seems to have caught any errors before they are reported to USAID.”

The WASH-FIN team responded to the DQA team’s recommendations that the performance data disaggregation will be reported in quarterly and annual reports with the addition of Appendix D: Indicator Target Disaggregation in this year’s report.

6.2.2 SUBMISSION OF RESULTS TO DEVELOPMENT INFORMATION SOLUTION PORTAL

In Senegal WASH-FIN has begun submitting results data via the USAID Development Information Solution (DIS) portal. In Q3FY21 the WASH-FIN Senegal team and WASH-FIN Global Monitoring, Evaluation and Learning Specialist attended USAID’s training on the DIS portal and began successfully submitting data from Q1-Q3 to the DIS portal. The DIS replaces the Performance Indicator Tracking

Table (PITT) that WASH-FIN has been previously submitting with quarterly and annual reports to USAID/Senegal.

6.2.3 YEAR 6 MEP

In early FY22, WASH-FIN will submit its Year 6 MEP to USAID. There are no major planned revisions to the MEP apart from numerous edits and clarifications e.g., fixing minor editorial errors and updating the Performance Indicator Reference Sheets (PIRS) showing specific actions to take to address the limitations identified during WASH-FIN's two internal Data Quality Assessments (DQA) conducted in Year 4 and the external USAID DQA conducted in Year 5.

7.0 MANAGEMENT

7.1 ORGANIZATION AND STAFFING

WASH-FIN's management approach was designed to ensure that adequate levels of technical and operational support are provided to Country Team Leads (CTLs) and country activity teams composed of staff and short-term consultants. The project is supported by Tetra Tech home office staff as well as project-level technical and operational backstopping teams. An updated organizational chart detailing division of responsibilities and lines of direct reporting is included as Figure 6. WASH-FIN's Chief of Party (COP) oversees all aspects of project implementation, and under modification 13 to the Task Order, signed on March 30, 2021, Alyssa Boyer replaced Sam Huston as Chief of Party (COP). As the former Project Manager for WASH-FIN, Ms. Boyer's detailed knowledge of the project has enabled a smooth handover of duties and continuity of project implementation.

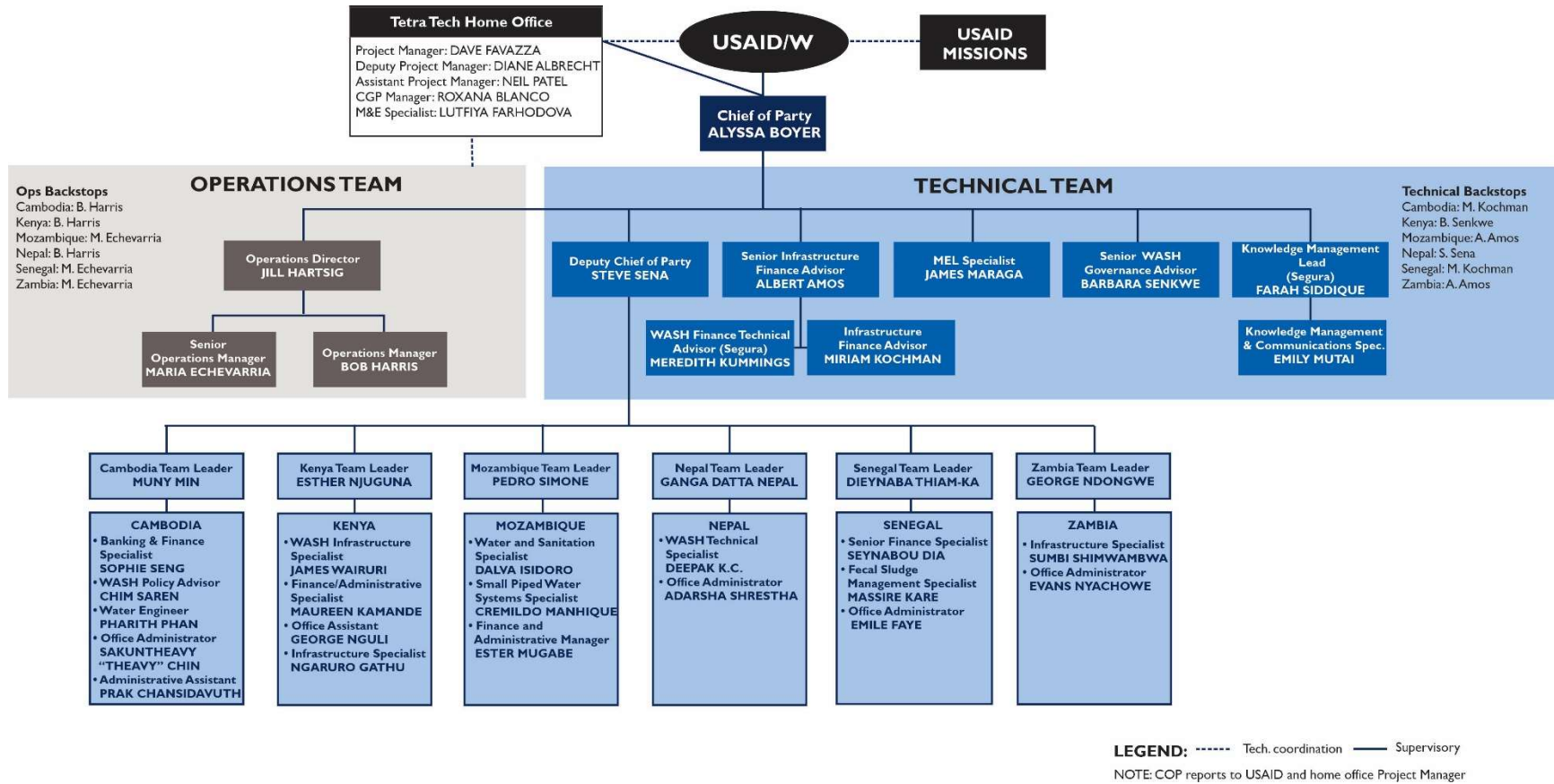
WASH-FIN's DCOP assists the COP in coordinating and managing the portfolio of country-level, on-demand, and KM activities developed under the project. The Project Management Team (PMT) includes a Project Manager, Deputy Project Manager, and Assistant Project Manager. On March 30, 2021, Mr. David Favazza was approved by USAID as WASH-FIN's new Project Manager. The Tetra Tech PMT executes a variety of functions for the efficient implementation of the project, including financial monitoring and reporting on contractual deliverables to ensure that project implementation is in line with the terms of Tetra Tech's contract and approved budget.

In addition to the COP and DCOP, WASH-FIN technical Core Team staff includes a Senior Infrastructure Finance Advisor (IFA) who oversees technical project delivery by CTLs and provides technical backstopping to country activities. The Senior IFA supervises the IFA and the WASH Finance Technical Advisor. The Senior WASH Governance Advisor provides support on governance-related workstreams globally and reports to the COP. Each country activity is assigned a technical backstop from the Core Team to support the country team.

WASH-FIN's KM Lead, who lends the project full-time support from SEGURA Consulting, provides global KM support and coordinates the work of country activity-level KM activities. The KM and Communications Specialist supports the KM Lead in these efforts. The Monitoring, Evaluation, and Learning (MEL) Specialist works closely with CTLs on M&E efforts to track project results. The MEL Specialist assists in the production of contractual deliverables by Tetra Tech's home office M&E Specialist and is a member of the WASH-FIN Resource Mobilization Committee. The committee also includes the COP, DCOP, and Senior IFA and meets regularly to evaluate resources mobilized against definitions and targets in accordance with Indicator HL.8.4-1 and Indicator EG.11-4.

WASH-FIN's Operations Director reports to the COP and leads the Operations Team, comprised of a Senior Operations Manager and an Operations Manager. The Operations Team provides operational backstopping to support their counterparts in country to ensure compliance with USAID rules and regulations and WASH-FIN policy and procedures. The Operations Director consults frequently with Tetra Tech's Contracts, Grants, and Procurement Manager on contractual and compliance-related issues.

FIGURE 6. ORGANIZATIONAL CHART



7.2 COMMUNICATION AND REPORTING

WASH-FIN's regular communications with USAID include the following:

Weekly Emails: WASH-FIN provides updates to its broader USAID client via distribution of a weekly email that provides details on activities accomplished in each country in the portfolio, global knowledge products and events, and on-demand activities.

Regular Meetings with USAID Washington: Since the onset of the COVID-19 pandemic, WASH-FIN has held weekly meetings with its COR and other interested USAID staff to update on progress, discuss any challenges in implementation that may arise, and seek client feedback. These meetings are attended by the COP, DCOP, and other key staff as necessary. Additionally, WASH-FIN continued participation in the quarterly central mechanism coordination meeting organized by USAID for global/regional WASH projects. These meetings have been held remotely since COVID-19-related work from home orders started in March 2020.

Country-Level Communications: Communication efforts with local missions are regular, with country-level meetings held weekly or bi-weekly. WASH-FIN's COR is copied on all email correspondence with mission staff, and meeting minutes are kept on file. After COVID-19 reached global pandemic status in March 2020, WASH-FIN maintained close communications with USAID missions, responding to requests for information and attending COVID-19-related remote briefings hosted by USAID/Washington, local missions, and implementing partners. In Kenya and Senegal, the WASH-FIN teams closely coordinate with local missions to provide increased support to communication efforts per the WASH sector response to the pandemic.

7.3 PROJECT MANAGEMENT RESPONSE TO COVID-19

Tetra Tech prioritizes the safety of its staff, partners, and beneficiaries based on specific guidelines provided by its Safety and Security Unit. Decisions to open offices, attend in-person meetings, and hold in-person events are made by field-based project staff in consultation with WASH-FIN's COP, DCOP, Operations Director, and PMT. Standards for hygienic practices are maintained by staff during in-person activities, and either broad access to vaccination for team members or a sustained downward trend in new COVID-19 infections must be maintained before WASH-FIN will re-open its offices or allow international travel by its staff or subcontract partners. Currently Tetra Tech is only authorizing "business essential" international travel for its home office and Core Team staff.

APPENDIX A: SUMMARY OF RESOURCES MOBILIZED

#	Country	Borrower	Borrowing Need	Transaction Size (\$) HL.8.4 I	Approximate Date of Transactions, Funding Commitments or Term Sheets Received	Resources Mobilized for Climate Change EG.II 4	WASH FIN Role
1	Cambodia	Ham Ngoun	Construction of new water treatment plant, new clean water storage construction, and pipe purchase	██████████	Oct. 31, 2018	See below	TA support on business plan development (market, technical/ engineering, and financial analysis) and small role in transaction agreement
2	Cambodia	Ham Ngoun 2	Same project as above	██████████	Oct. 31, 2019	██████████ across all Ham Ngoun loans (all same business plan)	TA support on business plan development (market, technical/ engineering, and financial analysis) and small role in transaction agreement
3	Cambodia	Ham Ngoun 3 (Own Equity Contribution)	Same project as above – increased/improved water treatment within same licensing area	\$ ██████████	Letter signed in Dec. 2019	See above	TA support on business plan development, examination of investment needs and strategy
4	Cambodia	Ham Ngoun/ Kampong Cham	Construction of a water treatment plant with an output of 400m ³ of water per hour, construction of a water storage tank with capacity of 4000m ³ , expansion of piped networks, and refinance of \$500K in prior loans	██████████	April 20, 2020 May 22, 2020	See above	TA support on business plan development (market, technical/ engineering, and financial analysis) and small role in transaction agreement
5	Cambodia	Khor Bunheat	(1) Renovation work to improve existing water treatment plant performance and capacity; (2) Additional main HDPE pipe installation; and	██████████	March 31, 2020 April 15, 2020	██████████ across all Khor Bunheat loans (same business plan)	TA support on business plan development (market, technical/ engineering, and financial analysis) and small role in transaction agreement

#	Country	Borrower	Borrowing Need	Transaction Size (\$) HL.8.4 I	Approximate Date of Transactions, Funding Commitments or Term Sheets Received	Resources Mobilized for Climate Change EG.II 4	WASH FIN Role
6	Cambodia	Khor Bunheat I (Own Equity Contribution)	Same project as above Investment for solar panel energy-saving project	██████	Letter signed in Jun. 2020	See above	TA support on business plan development, examination of investment needs and strategy
7	Cambodia	Leng Kheav Prek Ambel Water Supply	Renovation of water treatment plant, installation of pipe distribution network for 10km (main=160mm and distribution 110mm)	██████	Jan 1, 2019	██████ Leng Khav loans (same business plan)	TA support on business plan development (market, technical/ engineering, and financial analysis) and small role in transaction agreement
8	Cambodia	Leng Kheav Prek Ambel Water Supply (Own Equity Contribution)	Same project as above	██████	Letter signed in Dec. 2019	See above	TA support on business plan development, examination of investment needs and strategy
9	Cambodia	Bovel	(1) Renovation work to improve existing water treatment plant performance and capacity; (2) Additional main HDPE pipe installation and expansion	██████	Dec. 31, 2019	██████ across all Bovel loans (same business plan)	TA support on business plan development (market, technical/ engineering, and financial analysis) and small role in transaction agreement
10	Cambodia	Chi Kreng	Renovation of a water treatment plant and installation of piped network	██████	Feb. 18, 2020	██████ across all Chi Kreng loans	TA support on business plan development (market, technical/ engineering, and financial analysis) and small role in transaction agreement
11	Cambodia	Chi Kreng (Own Equity Contribution)	Same project as above	██████	Letter signed in Jun. 2020	See above	TA support on business plan development, examination of investment needs and strategy
12	Cambodia	Mao Hong in Bovel District	Piped network extension	██████	July 20, 2020	See Bovel loan above; same business plan	TA support on business plan development, examination of investment needs and strategy

#	Country	Borrower	Borrowing Need	Transaction Size (\$) HL.8.4 I	Approximate Date of Transactions, Funding Commitments or Term Sheets Received	Resources Mobilized for Climate Change EG.II 4	WASH FIN Role
13	Cambodia	Banon (Khor Bunheat, Chheu Teal Water Supply)	Piped network extension, and refinance of the previous loan with ISC	██████████	Signed Oct 9, 2020.	Count ██████████, or 25% of the total, since the loan is being used for network extension.	TA support on business plan development, examination of investment needs and strategy
14	Cambodia	Leng Kheav Prek Ambel Water Supply	Piped network extension	██████████	Signed - May, 2021	25% of USD ██████████ of the total loan since the loan is used for network expansion.	TA support on business plan development, examination of investment needs and strategy
15	Cambodia	Kampong Chamlong Water Service (KWS)	Piped network extension	██████████	Signed May, 2021	25% of USD ██████████ of the total loan since the loan is used for network expansion.	TA support on business plan development, examination of investment needs and strategy
16	Cambodia	Kampong Chamlong Water Service (KWS)	Piped network extension	██████████	Signed September 01, 2021	25% of USD ██████████ of the total loan since the loan is used for network expansion	TA support on business plan development, examination of investment needs and strategy
17	India (On-Demand/ Toilet	Biomass Controls	Support for manufacturing of ██████████	██████████	Aug. 2019	██████████	TA support on financial model, corporate and product briefs, and introductions to investors

#	Country	Borrower	Borrowing Need	Transaction Size (\$) HL.8.4 I	Approximate Date of Transactions, Funding Commitments or Term Sheets Received	Resources Mobilized for Climate Change EG.II 4	WASH FIN Role
		Board Coalition)	to-energy technology expansion in India				
18	Kenya	Nyeri (Nyeri Water and Sanitation Company)	Customer sewer extension projects in four lots	██████	May 20, 2019	██████	Creditworthiness review, debt capacity analysis, review of technical proposals
19	Kenya	Mathira (MAWASCO)	Rehabilitation work of treatment plant, distribution mains and water tanks	██████	Aug. 22, 2018	██████ (Mathira loans)	Creditworthiness review, technical support, financial modeling, transaction advisory
20	Kenya	Mathira (MAWASCO)	Customer sewer extension related to World Bank OBA subsidy	██████	Feb. 20, 2020	See above	Creditworthiness review, technical support, financial modeling
21	Kenya	Sanivation	Growth and expansion of factories (converting fecal sludge into by-products)	██████	Apr. 15, 2019	██████	TA support on financial modeling, documentation, pitching to investors
22	Kenya	Sanivation	Growth and expansion of factories (converting fecal sludge into by-products)	██████	Apr. 15, 2019	██████	TA support on financial modeling, documentation, pitching to investors
23	Kenya	Sanivation	Growth and expansion of factories (converting fecal sludge into by-products)	██████	Apr. 15, 2019	██████	TA support on financial modeling, documentation, pitching to investors
24	Kenya	Sanivation	Growth and expansion of factories (converting fecal sludge into by-products)	██████	Apr. 15, 2019	██████	TA support on financial modeling, documentation, pitching to investors
25	Kenya	Sanivation	Growth and expansion of factories (converting fecal sludge into by-products)	██████	Apr. 15, 2019	██████	TA support on financial modeling, documentation, pitching to investors

#	Country	Borrower	Borrowing Need	Transaction Size (\$) HL.8.4 I	Approximate Date of Transactions, Funding Commitments or Term Sheets Received	Resources Mobilized for Climate Change EG.II 4	WASH FIN Role
26	Kenya	Sanivation	Growth and expansion of factories (converting fecal sludge into by-products)	██████	Apr. 15, 2019	██████	TA support on financial modeling, documentation, pitching to investors
27	Kenya	Sanivation	Growth and expansion of factories (converting fecal sludge into by-products)	██████	Aug. 14, 2019	██████	TA support on financial modeling, documentation, pitching to investors
28	Kenya	Sanivation	Growth and expansion of factories (converting fecal sludge into by-products)	██████	Aug. 14, 2019	██████	TA support on financial modeling, documentation, pitching to investors
29	Kenya	Sanivation	Growth and expansion of factories (converting fecal sludge into by-products)	██████	June 2020	██████	TA support on financial modeling, documentation, pitching to investors
30	Kenya	Sanivation	Growth and expansion of factories (converting fecal sludge into by-products)	██████	June 2020	\$██████	TA support on financial modeling, documentation, pitching to investors
31	Kenya	Sanivation	Growth and expansion of factories (converting fecal sludge into by-products)	██████	June 2020	██████	TA support on financial modeling, documentation, pitching to investors
32	Kenya	Sanivation	Growth and expansion of factories (converting fecal sludge into by-products)	██████	June 2020	██████	TA support on financial modeling, documentation, pitching to investors
33	Kenya	Sanivation	Growth and expansion of factories (converting fecal sludge into by-products)	██████	June 2020	██████	TA support on financial modeling, documentation, pitching to investors

#	Country	Borrower	Borrowing Need	Transaction Size (\$) HL.8.4 I	Approximate Date of Transactions, Funding Commitments or Term Sheets Received	Resources Mobilized for Climate Change EG.II 4	WASH FIN Role
34	Kenya	Sanivation	Growth and expansion of factories (converting fecal sludge into bi-products)	██████	Signed Feb 15, 2021	██████	TA support on financial modeling, documentation, pitching to investors
35	Kenya	8 Water Service Providers (WSPs)	Grants to support financial liquidity during COVID-19 pandemic	██████	Disbursed May/June 2021	N/A	Provided support to WASREB to assess amount due to the WSPs as per the requirements of the World Bank Grant
36	Kenya	29 Water Service Providers (WSPs)	Grants to support financial liquidity during COVID-19 pandemic	██████	Disbursed in August 2021	N/A	Provided support to WASREB to assess amount due to the WSPs as per the requirements of the World Bank Grant
37	Kenya	Sanivation	Expand the waste-to-energy activities	██████	Signed in May 2020 but date of reference is 20-07.2021.	██████	TA support on financial modeling, documentation, pitching to investors
38	Kenya	Sanivation	Expand the waste-to-energy activities	██████	Offer letter dispatched to Sanivation on 25 June 2021.	██████	TA support on financial modeling, documentation, pitching to investors
39	Kenya	Sanivation	Expand the waste-to-energy activities	██████	Grant approval date - 26/07/2021.	██████	TA support on financial modeling, documentation, pitching to investors
40	Kenya	Sanivation	Expand the waste-to-energy activities	██████	Signed August 25, 2021.	██████	TA support on financial modeling, documentation, pitching to investors
41	Kenya	Sanivation	Expand the waste-to-energy activities	██████	Signed September 6, 2021.	██████	TA support on financial modeling, documentation, pitching to investors
42	Kenya	Sanivation	Expand the waste-to-energy activities	██████	Signed June 2021.	██████	TA support on financial modeling, documentation, pitching to investors
43	Nepal	Surkhet Valley Water Supply Users Organization	Collections efficiency improvement	██████	Dec. 1, 2019	N/A	Analysis of billing and collections that identified arrears in payments

#	Country	Borrower	Borrowing Need	Transaction Size (\$) HL.8.4 I	Approximate Date of Transactions, Funding Commitments or Term Sheets Received	Resources Mobilized for Climate Change EG.II 4	WASH FIN Role
44	Senegal	Delgas	Purchase equipment and machinery; fund day-to-day operations	██████ ¹⁷	Term sheet received Sept. 2018 but process on hold	N/A	Financial modeling, transaction advisory
45	Senegal	VICAS	Other technology (truck acquisition, activities extension, and working capital financing)	██████	May 2019	N/A	Financial modeling, transaction advisory
46	Senegal	DER (Senegalese entrepreneurship organization), but money to be managed by BNDE (Senegalese bank)	PARC - Sanitation truck fleet renewal program to help small sanitation operators replace aging trucks	██████	Please see notes in resource mobilization folder documenting this funding to be used for lease-to-own truck contracts for individual SSPs. (Currently in prototype testing phase so individual contracts have not yet been awarded.	N/A	Financial modeling, transaction advisory
47	Senegal	Fossclean (Aminata Diop)	Operations on sanitation service provision.	██████	May 2021	N/A	Financial modeling, transaction advisory
48	Senegal	Delta	To improve existing sanitation facilities and increase access to improved sanitation services in alignment with the Senegal National Office of Cleansing and Drainage (ONAS) plan to achieve universal access by 2030 in Senegal.	██████	The effective date of the grant is September 23, 2021 and the end date is April 30, 2024 upon submission of the final milestone.	N/A	Financial modeling, transaction advisory

¹⁷ Excluded from WASH-FIN's resources mobilized total – transaction not yet closed.

#	Country	Borrower	Borrowing Need	Transaction Size (\$) HL.8.4 I	Approximate Date of Transactions, Funding Commitments or Term Sheets Received	Resources Mobilized for Climate Change EG.II 4	WASH FIN Role
49	Senegal	Delta	To improve existing sanitation facilities and increase access to improved sanitation services in alignment with the Senegal National Office of Cleansing and Drainage (ONAS) plan to achieve universal access by 2030 in Senegal.		July 2021	N/A	Financial modeling, transaction advisory
50	South Africa	City of Cape Town	Support to the city water department's CS-TAP		2019 Q3	N/A	STTA with City of Cape Town focused on improving management systems
51	South Africa	City of Cape Town	Temporary water reuse plant		2019 Q3	N/A	STTA with City of Cape Town to assist with water reuse planning
52	South Africa	City of Cape Town	Support to the city water department's customer service turnaround project (CS-TAP)		As of June 2021, WASH-FIN received certification letter from Cape Town indicating revenue increases of approximately USD 6.94 million from 2019/20.	N/A	STTA with City of Cape Town to assist with water reuse planning
53	South Africa	Selected South Africa Municipalities	To help in financing the investment needs of South Africa's local authorities.		April – June 2021	N/A	WASH-FIN engaged Global Credit Ratings (GCR) to produce credit ratings for selected Municipalities with the aim of establishing a measure of the Municipalities' ability to honor their financial obligations.

Transaction Closures vs. Offers of Financing

The resources listed in Appendix A include several items considered to be at the “term sheet stage.” In those cases, a potential borrower has received a financing offer but either decided not to pursue it or was unable to do so for a variety of reasons. Nevertheless, these items are

included in the list below to highlight that an offer of financing was received. As these transactions have not been brought to full completion, they are omitted from WASH-FIN's overall reported amount of resources mobilized on top-line indicator *HL.8.4-1: Value of new funding mobilized to the water and sanitation sectors as a result of USG assistance*.

APPENDIX B: ANNUAL FINANCIAL SUMMARY

TABLE B.1. WASH-FIN FY21 ANNUAL EXPENSES

PERIOD REPORTED: October 2020 - September 2021

	A	B	C	D	E	F	G	H
Ceiling Price	Total							

TABLE B.2. WASH-FIN 4TH QUARTER FY21 EXPENSES

PERIOD REPORTED: July - September 2021

	A					
Ceiling Price						

APPENDIX C: COUNTRY BRIEFS

WASH-FIN developed Country Briefs for Kenya, Philippines, Senegal, and South Africa in Year 5. The following are summaries of the key takeaways from each country brief.

Box C I. Expanding Finance for WSPs in Kenya

The WASH FIN Kenya program operates in urban areas with creditworthy and/or efficiently managed water service providers (WSPs) that have responsibility for both water supply and sanitation. By partnering with national and county governments, development partners, and local financial institutions WASH FIN supports public and private water and WSPs in accessing additional capital for sustainable, climate resilient water and sanitation infrastructure. By exploring new sources of finance, the program complements and leverages funding from traditional sources such as taxes, transfers, and tariffs, and supports the WASH sector in Kenya on its journey to self reliance.



Key Takeaways

- Overcoming fundamental governance challenges can unlock commercial financing;
- Government leadership and development partner coordination is crucial to maximize sector investment;
- Commercial financing is hampered by lack of bankable projects, weak creditworthiness, and limited supply of affordable financing;
- Project preparation and transaction support can build stronger demand and link access to financing; and
- Commercial financing will play a small but important role in sector financing.

The Kenya country brief may be [accessed here](#).

Box C 2. A Financing Framework for Water Supply and Sanitation in the Philippines

According to estimates in the recent Philippine Water Supply and Sanitation Master Plan (PWSSMP), achieving universal WSS coverage by 2030 and eliminating open defecation by 2022 in the Philippines will require an investment of about 1.3 trillion Philippine pesos (approximately US\$ 27.3 billion). The public sector faces multiple fundamental challenges in the development, rehabilitation, and management of the infrastructure required to deliver sustainable WASH services. This brief discusses the efforts of WASH FIN Philippines to help streamline and expand the amount of WASH financing for improved provision and quality of WSS in the Philippines. It reflects on lessons learned and their applicability in each country as well as for USAID and the broader water and sanitation sector.



Key Takeaways

- Institutional buy in is critical to move policy frameworks forward;
- Policy reforms are often based on available opportunities and therefore not always linear;
- Segmentation of borrowers based on performance criteria can optimize scarce financial resources;
- Sector institutions should consider transitioning to more market oriented lending practices; and
- Partner forums are effective mechanisms for donor coordination and cooperation.

The Philippines country brief may be [accessed here](#).

Box C 3. Scaling Up Finance to Expand Urban Sanitation Access in Senegal

WASH FIN Senegal aims to close the WASH financing gap by expanding access to finance for private sanitation service providers (SSPs). To this end, the program mobilizes local commercial finance by providing transaction facilitation for private SSPs and by engaging commercial financiers to invest in the sector. WASH FIN also strengthens the government of Senegal's pursuit of a national marketplace for urban sanitation by supporting the design of a nascent centralized financing facility.



Key Takeaways

- Government commitment and public procurements for sanitation services drives market creation;
- Government created markets are important but do not address financial shortfalls;
- Corporate governance and financial management are common barriers for SSPs to access finance;
- Bringing capital intensive infrastructure innovations to market requires significant and sustained support; and
- Designing new government led funds requires ongoing expertise in utility operations and management, financial input from external actors, and government political will.

The Senegal country brief may be [accessed here](#).

Box C 4. Creditworthy Municipalities Invest in WASH to Meet Growing Demand in South Africa

The WASH FIN Southern Africa program aims to mobilize financing for creditworthy municipalities in order to increase investments to expanded access to WASH service or to improve service quality and reliability. WASH FIN works with South African national agencies, municipalities, and private sector technology providers to leverage repayable finance to fund urgently needed capital investment in the sector.

Key Takeaways

- Creating an enabling environment for financing is a necessary prerequisite to focusing on the preparation of specific financing transactions for investment in water and sanitation projects;
- Customer service reform can increase revenue collection leading to additional own funds for investment and improved customer trust;
- Public sector contract management capacity is vital throughout PPP implementation, not only during preparation and tendering phases;
- National scale credit assessments and ratings help domestic investors differentiate the relative creditworthiness of municipalities and utilities;
- Social impact funds are increasingly an option to help fund investment in FSM and non-sewered sanitation; and
- External support for reform should align with enabling conditions and be responsive to stakeholders under a long term commitment.



The South Africa country brief may be [accessed here](#).

APPENDIX D: INDICATOR TARGET DISAGGREGATION YR 5

Indicator #1: HL.8.4-1 Value of new funding mobilized to the water and sanitation sectors as a result of USG assistance

Country	Recipient	Loan /Grant/Revenue Enhancement	Funding Source: Domestic/International	Funding Type: Public/Donor/Private	Sector: Water, Water & Sanitation, Sanitation, Water Resources Management	Amount (USD)
Cambodia	TeukSaart Bunheat WS	Loan – Canadia Bank	Domestic	Private	Water	██████████
Cambodia	Leng Kheav Prek Ambel Water Supply	Loan – AMK Microfinance	Domestic	Private	Water	██████████
Cambodia	Kampong Chamlong	Loan – Phillip Bank	Domestic	Private	Water	██████████
Cambodia	Kampong Chamlong	Loan – Phillip Bank	Domestic	Private	Water	██████████
Cambodia Year 5						██████████
Cambodia Cumulative						██████████
Kenya	8 WSPs	Grant – The World Bank	International	Donor	Water & Sanitation	██████████
Kenya	29 WSPs	Grant – The World Bank	International	Donor	Water & Sanitation	██████████
Kenya	Sanivation	Loan - Wellers General	International	Private	Sanitation	██████████
Kenya	Sanivation	Convertible Debt – Bridge – Robert Todd Hagemeyer	International	Private	Sanitation	██████████
Kenya	Sanivation	Convertible Debt – Bridge – Carl Tremblay	International	Private	Sanitation	██████████

Country	Recipient	Loan /Grant/Revenue Enhancement	Funding Source: Domestic/International	Funding Type: Public/Donor/Private	Sector: Water, Water & Sanitation, Sanitation, Water Resources Management	Amount (USD)
Kenya	Sanivation	Convertible Debt – Bridge – Patrick Darsey	International	Private	Sanitation	██████████
Kenya	Sanivation	Grant – Aqua for All	International	Private	Sanitation	██████████
Kenya	Sanivation	Grant – Vitol Foundation	International	Private	Sanitation	██████████
Kenya	Sanivation	Grant – UNICEF /Duke Acceleration	International	Private	Sanitation	██████████
Kenya Year 5						██████████
Kenya Cumulative						██████████
Senegal	PARC	Combination of Grants - Bill and Melinda Gates Foundation, DER & BNDE	Domestic	Private	Sanitation	██████████
Senegal	VICAS	Loan - BDK	Domestic	Private	Sanitation	██████████
Senegal	Foss Clean	Grant - COFINA EXPRESS SCAT URB	Domestic	Private	Sanitation	██████████
Senegal	Delta	Grant - West Africa Trade and Investment Hub (WATIH)	Domestic	Private	Sanitation	██████████
Senegal	Delta	Grant - Equity Investment – I&P	Domestic	Private	Sanitation	██████████
Senegal Year 5						██████████
Senegal Cumulative						██████████
Southern Africa	Local Authorities	Loan - IMDF	Domestic	Private	Water & Sanitation	██████████

Country	Recipient	Loan /Grant/Revenue Enhancement	Funding Source: Domestic/International	Funding Type: Public/Donor/Private	Sector: Water, Water & Sanitation, Sanitation, Water Resources Management	Amount (USD)
Southern Africa	City of Cape Town	Revenue enhancement/ Own source revenue collection efficiency	Domestic	Public	Water	

Indicator #2: HL.8.3-3 Number of water and sanitation sector institutions strengthened to manage water resources or improve water supply and sanitation services as a result of USG assistance (Indicator Definition Customized) [Standard, Outcome]

Country	Institution Strengthened	National	Regional	Local	Deliverable	Number of Institutions
Mozambique	AURA	National	-	-	Regulatory Framework	1
Mozambique	AIAS	National	-	-	PPP Framework	1
Mozambique Year 5						2
Mozambique Cumulative						2
Nepal	Gulariya Municipality	-	-	Local	Outsourced Service Delivery Model for FSM as part of IWM	1
Nepal Year 5						1
Nepal Cumulative						2

Country	Institution Strengthened	National	Regional	Local	Deliverable	Number of Institutions
Senegal	ONAS	National	-	-	Blue Fund Policy Note; MOU Draft;	1
Senegal	AJPEAS	National	-	-	AJPEAS Youth Challenge Report	1
Senegal	PASA	-	Regional		PASA Assembly Report	1
Zambia	Nkana Water Supply and Sanitation Company	-	-	Local	Revenue Collection Improvement Plan	1
Zambia	Eastern Water Supply and Sanitation Company	-	-	Local	Operating Cost Reduction Plan	1
Zambia	Mulonga Water Supply and Sanitation Company	-	-	Local	Non-Revenue Water Reduction Policy and Plan	1

Indicator #3: EG.11-4 Amount of investment mobilized (in USD) for climate change adaptation as supported by USG assistance)
[Standard, Outcome]

Country	Recipient	Loan/Grant	Funding Source: Domestic/International	Funding Type: Public/Donor/Private	Sector: Water, Water & Sanitation, Sanitation, Water Resources Management	Amount (USD)
Cambodia YR5	PWOs	Loan	Domestic	Private	Water	USD 290,828
Cambodia Cumulative						USD 701,003
Kenya YR5	Sanivation	Convertible Debt/Grants	International	Private	Sanitation	USD 439,396

Country	Recipient	Loan/Grant	Funding Source: Domestic/International	Funding Type: Public/Donor/Private	Sector: Water, Water & Sanitation, Sanitation, Water Resources Management	Amount (USD)
Kenya Cumulative						USD 1,985,996
WASH- FIN Year 5						USD 730,224
Previous Years						USD 2,456,775
WASH- FIN Cumulative						USD 3,186,999

Indicator #4: HL.8.1-3 Number of people receiving improved service quality from an existing basic or safely managed drinking water service as a result of USG assistance [Standard, Outcome]

Country	Residence	Sex		Total
		Male	Female	
Cambodia	Rural	38,678	41,017	79,695
Cambodia Year 5				79,695
Cambodia Cumulative				130,540
Kenya	Urban	459	468	927
Kenya Year 5				927
Kenya Cumulative				7,827
Nepal	Rural	1,060	1,125	2,185
Nepal Year 5				2,185
Nepal Cumulative				87,078
WASH-FIN Year 5	Rural/Urban	40,197	42,610	82,807
Previous Years	Rural/Urban	69,264	73,374	142,638
WASH-FIN Cumulative	Rural/Urban	109,461	115,984	225,445

Indicator #5: HL.8.2-7 Number of people receiving improved sanitation service quality from an existing "limited" or "basic" service as a result of USG assistance) [Standard, Outcome]

Country	Residence	Sex		Total
		Male	Female	
Kenya	Urban	823	839	1,662
Kenya Year 5				1,662
Kenya Cumulative				23,952
WASH-FIN Year 5	Rural/Urban	839	823	1,662
Previous Years	Rural/Urban	217,330	228,139	445,469
WASH-FIN Cumulative		218,153	228,978	447,131

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