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African Ministers' Council on Water

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Financing Sanitation and Hygiene in Africa

A Synthesis Paper

Every drop counts
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Count every drop
AFRICAN MINISTERS' COUNCIL ON WATER

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Transforming Sanitation in Africa Series comprise sets of knowledge products to share learnings from the AfricaSan5 process, under the overarching theme: "Accelerating progress towards the Ngor Commitments to achieve the SDGs".

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A knowledge product commissioned by AMCOW to share lessons and emerging experience from the Fifth Africa Conference on Sanitation and Hygiene, Cape Town, South Africa, 2019

Preface

The 5th Africa Conference on Sanitation and Hygiene (AfricaSan5) was held in Cape Town, South Africa in February 2019 under the overarching theme: "Transforming Sanitation in Africa: Accelerating progress towards the Ngor Commitments to achieve the SDGs".
AfricaSan5 partnered with the 5th International Faecal Sludge Management (FSM) Conference to provide a platform for linking practice to policy, and to deliver a uniquely rich blend of stakeholder dialogues and knowledge exchanges.

This synthesis paper on Policies, Institutions and Regulation of Sanitation and Hygiene Services in Africa is among a series of knowledge products commissioned by AMCOW to share emerging experience and latest thinking on topics addressed at the AfricaSan Conference.

This synthesis paper shares country experiences in incorporating SDG targets and Ngor Vision and Commitments into national planning processes, policies and strategies, and setting their own targets, taking into account local circumstances. The focus is on critical areas of the enabling framework that countries need to pay attention to strengthen sustainable and effective WASH service delivery.

Other synthesis papers under Transforming Sanitation in Africa Series are:

- Financing Sanitation and Hygiene in Africa
- Policies, Institutions and Regulation of Sanitation and Hygiene Services in Africa
- Monitoring and Using Evidence to Improve Hygiene and Sanitation in Africa
- Building Sanitation Capacity in Africa

The synthesis papers can be accessed on the AMCOW
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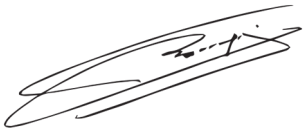

Dr Canisius Kanangire
AMCOW Executive Secretary

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The Ngor Vision and Commitments on Financing Sanitation in Africa

Achieving the SDG6 and the Ngor Vision and commitments—to accelerate access to adequate and equitable sanitation and hygiene for all and end open defecation in Africa by 2030—requires a system-wide approach that tackles several dimensions simultaneously, including policy, financing, institutions and other key functions of the enabling environment. Effective financing for sanitation and hygiene is a key enabler for sanitation and hygiene programming, and essential to improve delivery and sustain sanitation services.

The **Ngor Declaration outlines commitments** for African governments to address the challenge of financing sanitation in Africa, specifically to:

- mobilize support and resources at the highest political level for sanitation and hygiene to disproportionately prioritize sanitation and hygiene in national development plans;
- establish and track sanitation and hygiene budget lines that consistently increase annually to reach a minimum of 0.5% GDP by 2020;
- develop and fund strategies to bridge the sanitation and hygiene human resource capacity gap at all levels; and
- enable and engage the private sector in developing innovative sanitation and hygiene products and services especially for the marginalized and unserved.

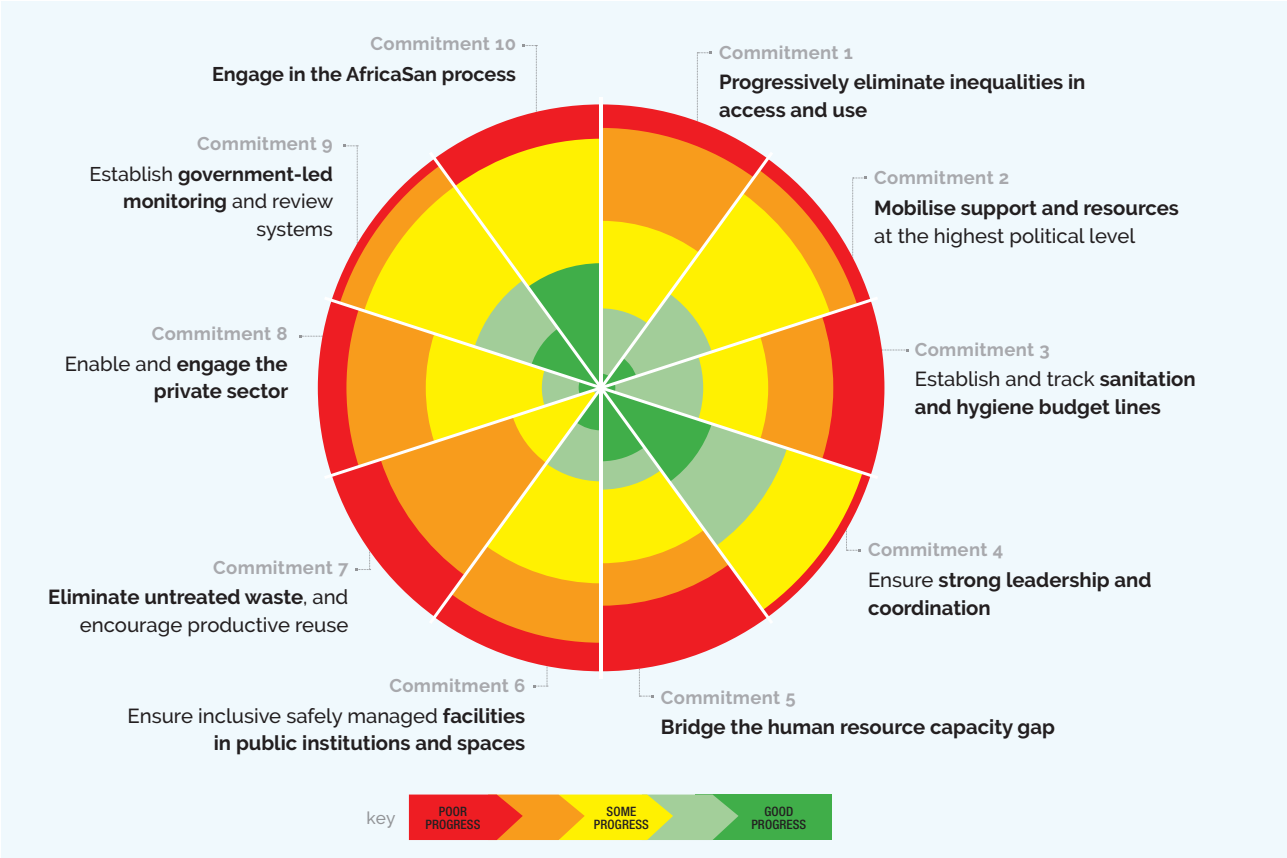
The Ngor Declaration further emphasizes the critical role of stakeholders to mobilize and redirect significant additional resources if services are to reach poorer, harder to reach populations. African governments are called upon to prioritize and facilitate adequate resourcing for sanitation and hygiene by mobilizing dedicated, substantive new sources of financing.
The Ngor Declaration invites the private sector to increase engagement in the entire sanitation and hygiene value chain to improve innovation and efficiency. Development banks, donors and partners are urged to increase support to government-led efforts for universal access to sanitation and hygiene and to match this financial support with responsible and accountable engagement.

Monitoring Ngor Commitments on Financing Sanitation and Hygiene

African Ministers at the AfricaSan4 conference (Dakar, Senegal, 2015) mandated AMCOW to monitor and report on progress against the Ngor Vision and Commitments on sanitation and hygiene. The **Ngor Commitment Monitoring report** produced by AMCOW for the 2019 AfricaSan5 conference provides a baseline overview of the sanitation and hygiene sector, with insights into where progress has been stronger and where urgent action is required to address the sanitation crisis.
The report highlights the 10 Ngor Commitments on Sanitation and Hygiene addressing the areas of the enabling environment that—as a whole—need to be in place to drive sanitation and hygiene progress. Figure 1 demonstrates that it is only when progress is achieved across all the Ngor Commitments that

the enabling environment will support accelerated access.
Countries' performance against the Ngor commitments provide guidance to governments and development agencies on where to focus their efforts, working towards a common vision. The Ngor monitoring report reveals that the enabling environment for accelerating progress towards Ngor commitments across Africa is currently uneven. While progress is being made on the commitments of leadership and coordination, establishing specific budget lines for sanitation and hygiene remains a critical challenge that threatens to undermine progress across Africa (Figure 2).

Figure 1: Summary of the Ngor Commitments on Sanitation and Hygiene Baseline[1]

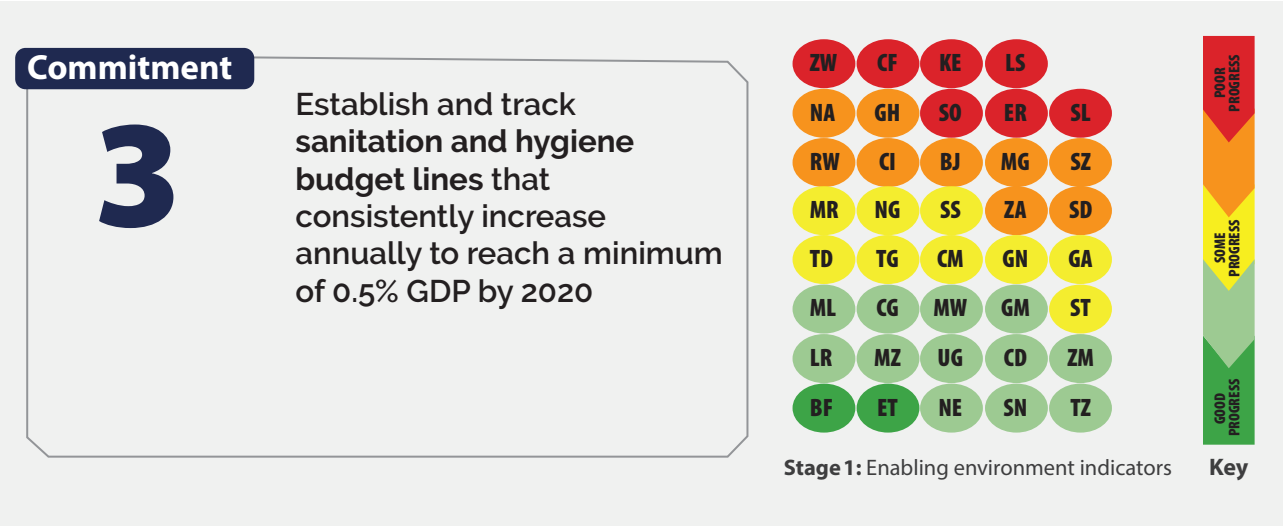


Ngor monitoring analysis of regional and country trends on financing sanitation further shows that Africa is at different progress points. The West Africa region, for example, has seen some progress in countries establishing specific budget lines for sanitation and hygiene and could potentially be lessons for other countries, while the Southern Africa region lags behind with little progress registered.

There is limited progress on investment planning. Only six countries have investment plans for sanitation and hygiene which define the budget required to meet country goals defined for both SDG 1.4 (basic sanitation) and SDG 6.2 (safely managed sanitation). In addition, three countries have investment plans which address only SDG 1.4, and two other countries have plans which address only SDG 6.2. There is also limited progress on effective and comprehensive budget tracking. Out of 27 countries that

have established budget-tracking mechanisms for sanitation and hygiene, only 8 fully capture expenditure across the entire sector. Out of 30 countries, 16 have sanitation allocations of less than 0.1 percent of GDP, while 14 have sanitation allocations of between 0.1-0.5 percent of GDP.

Figure 2: Establishing Specific Budget Lines for Sanitation and Hygiene Remains a Challenge



On the country targets, only nine countries are able to report on implementation progress for Commitment 3. Of these, only one country reports having a budget which is increasing and has reached at least 0.5% of GDP. Four countries report that the sanitation and hygiene budget is not increasing at all. The AfricaSan5 conference observed that some countries already have budgets in place for sanitation and hygiene, but often do not receive adequate funding allocations. Country delegates recommended support on costing and finance.

Although, budgets and financing are among the poorest performing of the Ngor Commitments, countries participating in AfricaSan5 had lessons to share on how they had used techniques such as micro-planning to develop detailed, costed plans, or had improved budget tracking mechanisms from the local government. For example, in Ghana, changes made to financial planning guidelines for local government have made it easier to disaggregate spending on sanitation.

Country Story: Investment Planning from the Bottom up in Ethiopia

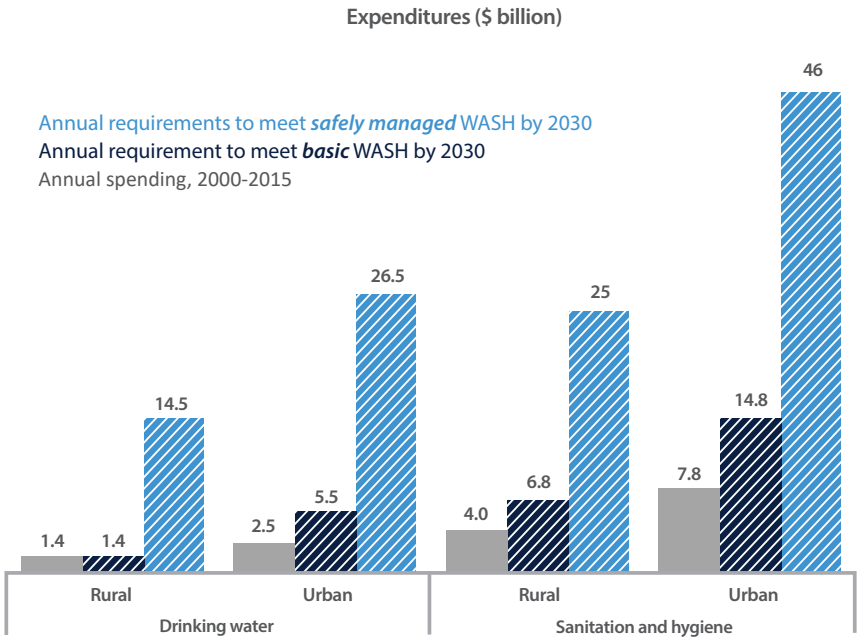
Having achieved the largest reduction in open defecation globally during the MDG Period (from 92% to 29%), the sanitation sector in Ethiopia is now focusing on moving the population from unimproved sanitation to safely managed sanitation. To achieve this the Ministry of Health and the OneWASH National Programme with support from UNICEF has undertaken a comprehensive micro planning exercise.

Microplanning begins at the village level—the "lowest level of action"—to establish sanitation status, requirements to reach safely managed sanitation, and the human resources available. This information is then applied to region specific and validated unit costs. Village costs are aggregated upwards to kebele, woreda, zone, and region and the unit costs are further validated and harmonized at national level to provide a full analysis of the financial resources required to achieve national and SDG targets for sanitation and hygiene. The same process is applied to estimate budget requirements to meet sanitation and hygiene targets for schools and health facilities. The detailed investment plans will provide the basis for leveraging resources, and targeting and prioritizing investments in Ethiopia.

Financing Architecture to Meet Africa's Sanitation Targets

Globally, the current levels of funds flowing to WASH services are in line only with the capital costs of meeting basic WASH services. The costs of achieving safely managed WASH, on the other hand, are a multiple of the costs of achieving basic WASH, in both urban and rural areas. Figure 3 shows the additional resources for 2015-2030 needed to meet SDG targets for basic and safely managed WASH.

Figure 3: Estimating the SDG Financing Gap



Source: Based on Hutton and Varghese 2016.

The World Bank estimates that $114 billion per year in overall investment is needed between now and 2030 to meet SDG targets 6.1 and 6.2.[2] This neither include other SDG 6 targets, nor does it include operation and maintenance, monitoring, institutional support, sector strengthening and human resources. Global capital investments required to achieve SDGs targets 6.1 and 6.2 alone are estimated to be about three times the current investment levels.

In Africa, the financial requirement for delivering the Africa Water Vision 2025, including capital and operation and maintenance (O&M) costs, is estimated to be USD$50 billion per annum from a previous USD$20 billion.[3] Furthermore, the cost of delivering national water infrastructure plans is likely to exceed the sums potentially available. [4] And to achieve SDG6 by 2030, sub-Saharan Africa will need to invest an estimated USD$16 billion every year.

[1] https://programme.worldwaterweek.org/Content/ProposalResources/PDF/2019/pdf-2019-8668-2-Final%20final%20Ngor%20report.pdf

The evidence for economic losses as a result of poor sanitation and inadequate water supply is mounting. Inaction carries its own costs because access to sanitation and hygiene brings proven and significant development benefits. The World Bank estimates that 18 African countries are losing a combined total of at least USD$5.5 billion annually due to poor sanitation. At the national level, these economic losses are equivalent to between 1—2.5% of GDP. However, deeper insights are needed to show the financial benefits linked to improved health outcomes resulting from sanitation interventions.

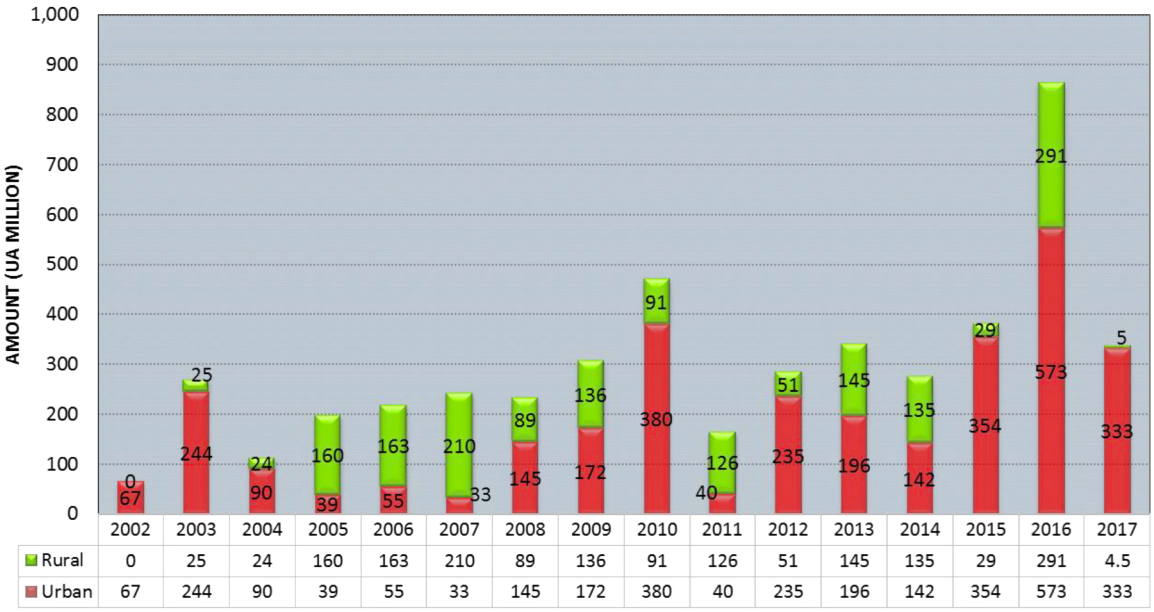
Sanitation Financing Trends in Africa

The financing needed to meet the global SDG WASH targets greatly outweighs available funding from traditional sources. The bulk of WASH investment in Africa has traditionally been concessional and governments—who are responsible for repaying concessional debt—typically chose to borrow from multilaterals for project-focused interventions or infrastructure (95 per cent of total water funding) rather than for financing major sector reforms.

GLAAS observes that external aid comprised a majority of non-household-provided WASH financing in 18 out of 75 responding countries. Furthermore, 10 countries indicated that more than 20 percent of WASH financing is received from external sources. Interestingly, in some cases where ODA (almost US$18 billion a year, globally) is available, borrowing countries are also struggling to absorb it.[5]

Historically, the sanitation and hygiene sub-sector has attracted smaller amounts of ODA relative to water. In Africa, however, the African Development Bank has over the past 15 years been increasing its investments in large-scale sanitation projects across Africa (See Figure 4). In whole, public finance and ODA commitments into the WASH sector across Africa are still heavily focused on infrastructure investment or discrete projects—mostly one-off investments or short-term solutions. They do not fully

Figure 4: Increasing Trends for Financing Investments in Africa



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Rural	0	25	24	160	163	210	89	136	91	126	51	145	135	29	291	4.5
Urban	67	244	90	39	55	33	145	172	380	40	235	196	142	354	573	333

address underlying foundational challenges facing the WASH sector, including focus on sector reforms, strengthening of the enabling environment and removal of bottlenecks in the flow of financial resources. All these are critical and need to be fixed if affordable commercial domestic finance is to be scaled and sustained. Much of the available public and ODA financing will also be needed for leveraging additional resources, as well as extending access to unserved and poorer population in marginalized and remote areas, and specifically in improving access to sanitation.

Grant-funded technical assistance which has typically been funded by bi-lateral donors, philanthropic organizations or multilateral organizations through Trust Funds rather than concessional finance has with some exceptions typically been issue-based support, rather than strategic, longer-term engagement to solve foundational bottlenecks.

Case Study: Africa Urban Sanitation Investment Fund (AUSIF)

The African Development Bank (AfDB) launched the five-year(2018-2022) Africa Sanitation Investment Programme to significantly mobilize financial resources and to develop a pipeline of investment projects that will support the African countries to meet the SDG targets in urban sanitation.
The program seeks to promote the adaptation and much wider application of tested approaches as well as support fine-tuning developed business innovations leading to robust, affordable, financially and environmentally sustainable sanitation services for urban inhabitants in sub-Saharan Africa, with a focus on the urban poor. It directly targets two million urban dwellers and indirectly another six million people through the implementation of the prepared sub-projects. The project has four main components aligned with the AWF 2017 – 2022 Strategy: establish the Africa Urban Sanitation Investment Fund (AUSIF); develop a pipeline of Investment Projects; Promote Catalytic Investments that can attract additional funding from Private sector and other Partners and Governments; and Promoting Investment to mobilize more funding for the sector.

Case Study: Tools to Understand Countries' Financial Gaps and Financial Flows

While it is clear that significant capital spending for WASH is needed to close the financing gap in Sub-Saharan Africa, there are substantial gaps in understanding and tracking of financing to the WASH sector. Financial reporting is often insufficient to make sound and evidence-based planning and budgeting decisions. In particular, resources need to be shifted to basic sanitation and hygiene in countries where the service gap is greatest.

AfricaSan5 highlighted the need for countries to understand the relationship between investment needs to meet national targets and standards, the financing available, the financing gap and ways to bridge the financing gap. There are different costing and budgeting tools

[2] World Bank, 2016
[3] An AMCOW Regional Position Paper (2016) prepared by AfDB.
[4] AfDB policy brief on "Financing water security for economic growth in Africa"
[5] UN-Global Analysis and Assessment of Sanitation and Drinking Water (GLAAS) Report 2018

and portals available online that can be used to enable a better understanding of countries' financial gaps and financial flows, and to generate country and sub-national level estimations that are needed as part of a comprehensive sanitation financing strategy. These tools, which can be adapted to different government levels and country contexts, include:

- **TrackFin** (Tracking Financing to WASH) addresses the fragmentation of financial data; the methodology is applied to identify and track financing to the WASH sector at the national or sub-national level in a consistent and comparable manner.

  - **TrackFin focuses on four main questions:**
    1. What is the total expenditure in the WASH sector?
    2. How are funds distributed between different WASH services and types of expenditure?
    3. Who pays for WASH services and how much do they pay?
    4. Which entities are the main funding channels for the WASH sector?

  - It produces WASH accounts which can be used for national benchmarking, cross-country comparisons and to provide an evidence base to better plan, finance, manage and monitor WASH services and systems. In Africa, TrackFin has enabled more than 10 countries to improve the quality and availability of WASH data, and thus strengthen the evidence base for WASH financing decisions.

- **The OECD Environmental Financing Strategies Feasible Computer Model** comparison of revenue streams (tariffs, taxes and transfers) with spending needs at all levels of a country's WASH sector and identifies repayable financing as a key way of closing the gap. In addition, it emphasizes the enabling environment for financing needs—such as policies, regulations and institutions—to raise funding and make the WASH sector more efficient.

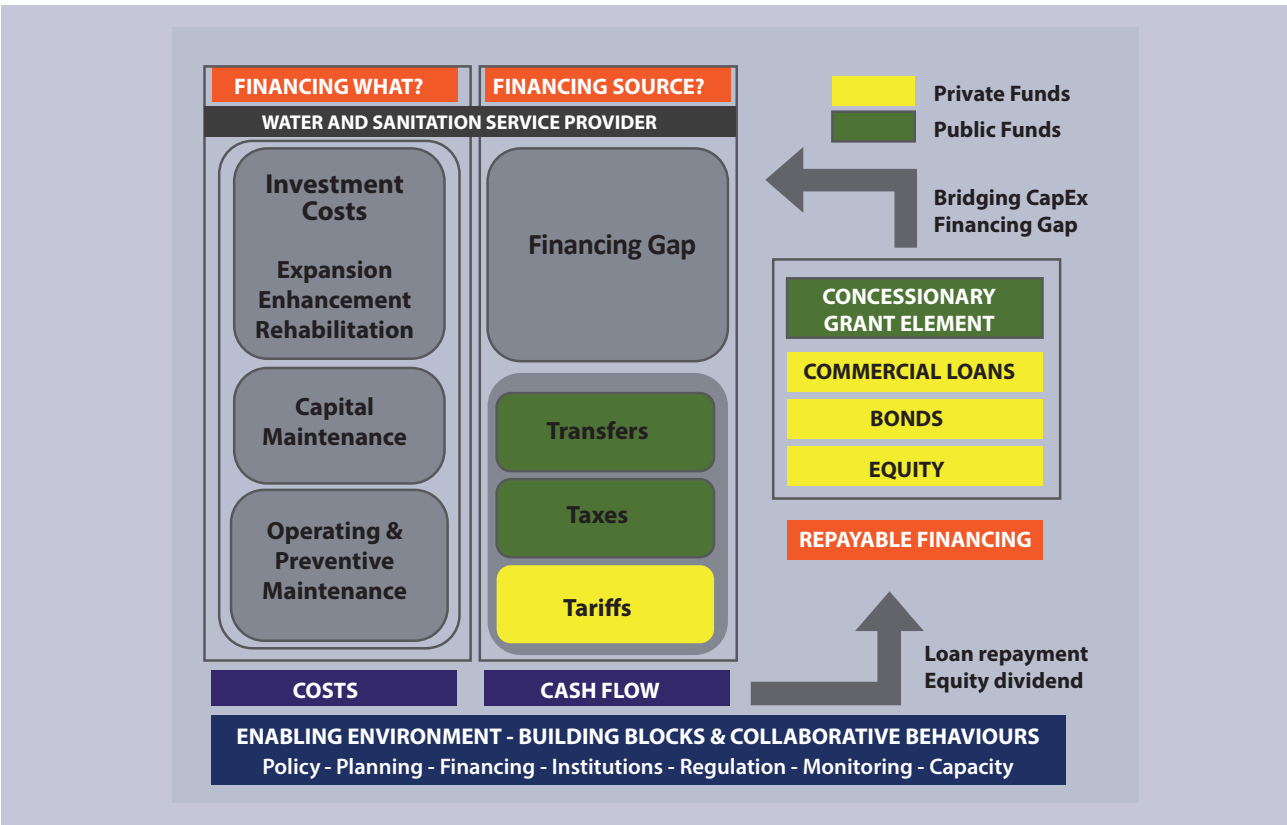
- **The Sanitation and Water for All (SWA) SDG costing tool** is a resource for countries to analyze their financing gap and it has been used by over 40 countries since 2017.

- **IRC WASH Costing and Budgeting Tools:** This set of 4 WASH costing and budgeting tools aims to help analyze costs and create a financial overview at the district level.

Mobilizing Resources to Close the Sanitation Finance Gap

As government and donor funds cannot meet the funding needs alone, there is a need to accelerate and mobilize new and innovative investments for sanitation and hygiene, such as commercial and blended finance, including the private sector. Some sanitation financing options available for Africa include green and climate funds, private sector and non-concessional finance (loans, de-risking, partial risk guarantees and equity (Figure 3).

Figure 3: OECD Framework (Adopted by UNICEF) to Identify How to Close the WASH Financing Gap



However, attracting commercial finance into the WASH sector has proven to be a hard sell. The sanitation sector is perceived as a high-risk sector despite the reality that the provision of improved sanitation and hygiene services actually has the components of a lower-risk investment if the correct foundations were in place.

Across Africa, domestic lenders have limited experience of lending to WASH service providers. Lenders typically deny credit to local WASH initiatives because the projects and/or service providers are unable to generate sufficient revenues to cover the costs of borrowing. When they offer finance, it is often on

[6] UN-Water Global Analysis and Assessment of Sanitation and Drinking-Water (GLAAS)

terms that are incompatible with service provider realities: short term loans at high interest rates requiring extensive collateral. Moreover, transaction costs are high and not affordable to the majority of the borrowers, due to complex transactions associated with lenders' risk mitigation.

Shortcomings that undermine the sector's ability to attract finance include underdeveloped national financial sectors; lack of vision by governments to seek alternative sources of finance; ineffective regulation; low cost recovery; weak governance; mismatch of supply and demand of finance; low service provision and operational efficiency of urban and rural WASH service providers; and lack of anti-corruption measures.[7]
Also, an enabling environment is needed that considers the specialties of sanitation investments (e.g. large upfront capital needs, long terms or associated risk management).

Case Study: Sanitation and the Blue Economy

Senegal is among five African countries—including Kenya, South Africa, Nigeria and Mozambique—partnering with USAID to close financing gaps by tracking public expenditures and leveraging private sector funding to the WASH sector. The USAID project, known as WASHFIN, seeks to increase investments in safe and reliable water, hygiene and sanitation services through technical assistance and capacity building for water and sanitation service providers, government agencies, commercial banks and other private financial institutions.

WASHFIN in Senegal is focusing on providing capacity building for the sanitation service providers and commercial banks to have suitable financial products and services. The project has a target of leveraging 2.6 billion CFA (USD$5 million) over two years for private sanitation service providers. WASHFIN will also strengthen the capacity of government entities and the private sector to fill funding gaps by using both repayable and grant financing. It seeks to explore opportunities to leverage additional commercial financing, such as bank guarantees and innovation ventures, to diversify the range of possibilities for mobilizing investment within the sector. The Senegalese government is further working with **WASHFIN** to establish a "Blue Fund" financing mechanism to be launched at the World Water Forum to be hosted in Dakar in 2021.

[7] https://www.findevgateway.org/sites/default/files/publication_files/mobilising_finance_for_wash_web.pdf

Making Sanitation Attractive to Commercial Finance

To make the sanitation sector more attractive to commercial finance, stakeholders within the WASH community have been developing mechanisms that blend commercial finance with grants or guarantee debt service payments, allowing for lower interest rates and longer tenors. Blended finance is basically about leveraging traditional financing to bring in private sector investment to where others would not go into those investments or sectors. They are designed to pool public and donor funds to catalyze private investment in developing countries by de-risking individual projects and schemes.

Globally, it is estimated that about USD$100 billion has been mobilized through blended finance since 2005, and its growth has doubled since 2017. Also, blended finance offers an average leverage factor of USD$1 in development funding to USD$7 in private capital and growth in blended finance has doubled since 2017.

There is a lot of interest and questions about the role that blended finance may play in the sanitation sector. Emerging blended finance mechanisms serve to bring additional private capital to the table in pursuit of development outcomes. Blended finance is also gaining traction as a way to de-risk private sector investment in development sectors like sanitation.
However, existing blended finance mechanisms do not align with the needs of early-stage and growth-stage sanitation enterprises. Existing blended finance mechanisms typically originate from development finance institutions (24% of deals) and multilateral development banks (23% of deals), with a median deal size of USD$56 million.

An examination of all blended finance deals reveals that those committed to addressing SDG6 goals for water and sanitation represent less than 10 per cent of the total deals. When examined further, water sector investments contribute a larger share of those deals. And when the deals go through, they typically target large-scale infrastructure projects and/or mature enterprises operating beyond break-even point, as compared with small-sized and medium-sized enterprises actively validating new products and preparing for market entry. For example, in Kenya, successful blended finance deals target well-established microfinance institutions and "creditworthy" service providers operating beyond the break-even point. Moreover, blended finance deals tend to be complex and time intensive.

What is emerging is that existing funds targeting large-scale infrastructure projects and/or providing financial support to mature enterprises operating at scale fail to bridge the financing Pioneer Gap facing sani-tech entrepreneurs. Entirely new forms of blended and pooled finance and partnership structures, likely will be needed to address the unique needs of early-stage and growth-stage sanitation technology enterprises and the entrepreneurs that lead them.

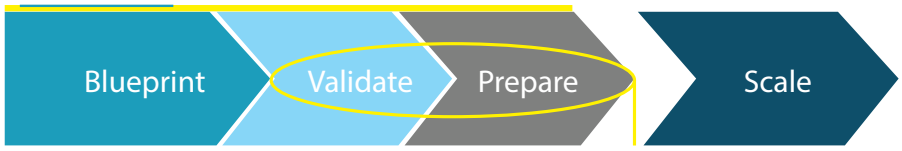
The experiences with blended finance in the water sector to date, supported by international donors, have not been replicated at scale. Moving to scale further requires greater focus on the broader foundational issues facing the sector that feed the commercial sector's reluctance to invest.
There is a lot of experimentation going on with blended finance, and a lot more needs to be explored about its potential, which offers room for creativity and leadership to address the financing of the 'Pioneer Gap' (See Box 4) for sanitation technology entrepreneurs via blended finance.

Case Study: The' Pioneer Gap' in Financing Sanitation Technology[8]

Sanitation technology (sani-tech) entrepreneurs[9] hold unique potential to drive innovation and impact in the sanitation sector—to open new markets; to deliver cutting edge products and services; to serve new customer segments; and to create jobs and increase incomes. But sani-tech entrepreneurs face particular challenges in accessing funding. Being technology-based, sani-tech enterprises are often asset-intensive ventures that require large capital outlays. Also, some of their boundary pushing innovations have longer term horizons for return-on investments, which can outstrip the appetite of private sector investors. The strong government role/mandate in the sector adds complexity to the operating environment and can increase investment risk such as expropriation or nonpayment—making it difficult for early-stage and growth-stage enterprises to gain traction. Moreover, sanitation is often viewed as a "basic right" that should be provided by the government and not by the private sector.

Two specific challenges stand out as barriers to investment. Firstly, the lack of scalable business models for sanitation means that impact investors actively investing in the sanitation sector tend to focus on well-managed enterprises with proven business models operating close to or at scale. Secondly, some funders and impact investors take risks on enterprises and business models, but not on technologies. Funders and impact investors actively investing in technology-based enterprises typically focus on software-based digital technology platforms and/or companies with stable hardware/physical products with a proven track record in the market. As a result, sani-tech entrepreneurs face an incredibly high bar to show evidence of market traction and demand for their products and services to convince the investment community to back them.

Generally, in emerging markets, there tend to be 'plenty of later-stage capital available' for proven solutions.[10] Within the sanitation sector specifically, solutions operating at scale benefit from financing via federal government and municipal procurement regimes, development finance institutions, commercial lenders, and increasingly, innovative combinations of philanthropic and impact investment capital. However, resources to validate and prepare markets for new sanitation technologies and business models—which are prerequisites for achieving sustainable, scaled solutions—tend to be scarce. Consequently, a problematic 'Pioneer Gap'[11] exists for entrepreneurs and enterprises in identifying capital for technology/business model validation and market preparation activities.
The funding challenges facing sani-tech entrepreneurs means that the journey from blueprint to scale—from proof of concept, to validating solutions, preparing for market entry, and scale—is full of uncertainties. Two transition points on the Blueprint-to-Scale journey are especially challenging for sani-tech entrepreneurs.



Critical Stages of the Pioneer Firm's Journey

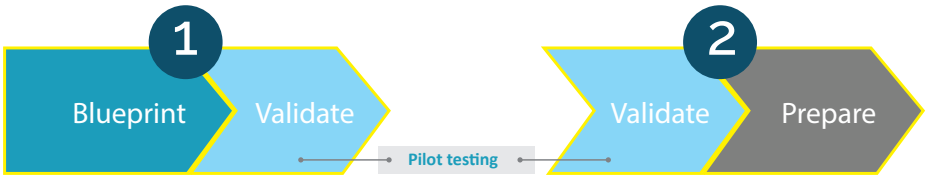
The first stage is from blueprint to validation, when sani-tech entrepreneurs are getting out in the world with products and service offerings and are trying to develop value propositions and business models. At this point, they have exhausted their seed capital and lack new capital to move forward. The second stage is when entrepreneurs are moving from validating their technologies, products and services in

real world markets and actually preparing for market entry, such as setting up supply chains, demonstrating revenue potential, etc. The capital needs start to range; they become quite wide. At this point it is critical to conduct pilot testing in real world environments. However, while pilot testing is a most crucial step to enable sani-tech entrepreneurs to move from blueprint to scale, this is often an unmet need that goes unrecognized in the funding landscape. See Figure 4.2.

A central conundrum emerges that perpetuates the funding 'Pioneer Gap' for sani-tech entrepreneurs. At the onset, impact and other late-state investors require evidence of market traction and scalable business models. But the resources for pilot testing technologies and validating business models in real-world environments—exactly the experimentation needed to build this evidence—prove to be some of the most challenging resources to find. Consequently, pilots occur in a one-off, boot-strapped fashion, and the evidence base remains limited and examples of success remain isolated. Thus, impact and other investors stay reticent to invest; and a wait-and-see mentality continues. Therein lies the challenge: limited resources to pilot test novel technologies and business models end up constraining later-stage investment potential.[12]

Two potential funding opportunities can be designed specifically to address the financing Pioneer Gap challenges faced by technology entrepreneurs:

- Pilot a proof of concept fund that makes US$50,000 to US$500,000 investments in blueprint-to-validate stage enterprises requiring capital to build, test, and refine their products. Instruments such as junior equity, subordinated debt, and catalytic grants could be used.
- Launch a working capital fund to finance day-to-day operations, equipment costs, etc., as enterprises prepare for market entry, keeping in mind the high burn rate these entities may face.



Pilot Testing: An unmet need in sani-techs' financing journey

Case Study: Tapping Enterprise Philanthropy and Blended Finance to Bridge the Sanitation Finance Gap

Bridging the 'Pioneer Gap' requires risk-tolerant capital aimed at addressing a variety of needs over the long haul. For example, in India, a new invention-based enterprise may require as much as USD$25 million in capital over seven to ten years before turning consistent profits at a substantial scale. Aside from national governments—who are often looked to as the 'Pioneer Gap' funders of first resort, especially for research and development grants—and external support agencies, two financing opportunities hold particular promise for sani-tech entrepreneurs: Enterprise Philanthropy and Blended Finance.

Opportunities for enterprise philanthropy are growing globally, especially via pooled funds for "development innovation" financing. However, sanitation-sector investments remain low as a share of

funding across all development sectors. Even so, enterprise philanthropy is well positioned to take on early-stage, pre-commercial risk to tee up later-stage impact and/or commercial investment. It is a great place to start for sani-tech entrepreneurs who are looking for resources. Some illustrative examples of Enterprise philanthropy that are ripe within the sanitation sector include: Global Innovation Fund, Humanitarian Innovation Fund, Stone Family Foundation, VentureWell, Demo Environment Programme, among others.

Despite the risks, impact investors are optimistic about the significant impact opportunity available in the sanitation sector. Also, there is a lot of experimentation underway, and investors have expressed sincere appetite for learning and collaboration. Increasingly now, creative enterprise-inclusive blended finance mechanisms are emerging, with investment managers such as **WaterEquity** and **Development World Markets** leading the way.

Three blended finance tools exhibit promise and merit further exploration to bridge the 'Pioneer Gap'.

- **Catalytic first-loss capital:** Structure financing mechanisms in which the development funder such as philanthropy and aid agency absorbs the first losses experienced, which protects impact investors' downside risk. This capital can be provided via equity, grants, guarantees, and/or subordinated debt. In many ways, catalytic first-loss capital represents the marriage of enterprise philanthropy and impact investing.

- **Venture debt:** Entrepreneurs in emerging markets often face limited options for accessing affordable debt because of limited collateral and/or track record and high interest rates. Venture debt, which ties loans to cash flow instead of collateral, seeks to address this challenge and is specifically gaining traction in India. There is an opportunity to provide additional guarantees and/or concessional debt arrangements to grow access to venture debt in emerging markets. However, the use of venture debt remains limited in emerging markets, despite its potential to support early-stage, asset-heavy enterprises. Guarantees and concessions aimed at shoring up venture debt funds serve as a potential opportunity for further experimentation.

- **Quasi-equity:** Entrepreneurs often prefer equity as a first source of capital. However, accurate valuation of these businesses can be difficult to achieve at this stage. Additionally, impact investors may seek quick, easy exits and exponential returns, which has proven to be out of sync with the realities of the sanitation sector. There is an opportunity to bolster quasi-equity as a more readily available form of capital to support early-stage and growth-stage enterprises.

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[8] Based on a presentation titled: Exploring the Sanitation Technology Funder Landscape - Exploring potential resources to validate and prepare markets for novel sanitation solutions, by Amanda Rose, Market Readiness Lead at the Sanitation Technology Platform (STeP).
[9] Individuals or enterprises involved in developing and entering markets with breakthrough products and services designed to meet the sanitation needs of the global poor.
[10] Bannick, et al, N.D.
[11] Only 6 of 84 funds investing in Africa or across regions offer truly early stage capital.
[12] For additional information, refer to the Sanitation Technology Funder Landscape Report - https://stepsforsanitation.org/2018/10/sanitation-technology-funder-landscape-report-now-available-for-download/

Addressing Foundational Issues on the Enabling Environment

WASH service providers have few incentives to improve service quality or expand to less commercially viable areas or to become efficient. A holistic systems approach is required to reform the sector by addressing foundational issues, which are largely under three categories: the governance, institutional policy, tariff and regulatory arrangements to ensure transparency, consistency and sustainability; the technical and financial efficiency of service providers to sustain creditworthiness; and issues related to the supply of finance.

While new finance vehicles should help draw in more commercial finance by hedging some risks and inherent constraints associated with lending to WASH providers, the sustainability and potential for scaling these financial solutions will require complementary investment in addressing basic foundational issues in the enabling environment. Without addressing foundational issues in the sector, any finance mechanism; whether public, private or blended, will be a short-term, band-aid solution and the sector will continue the cycle of dependency on external assistance rather than fixing the root causes and building self-sufficiency.

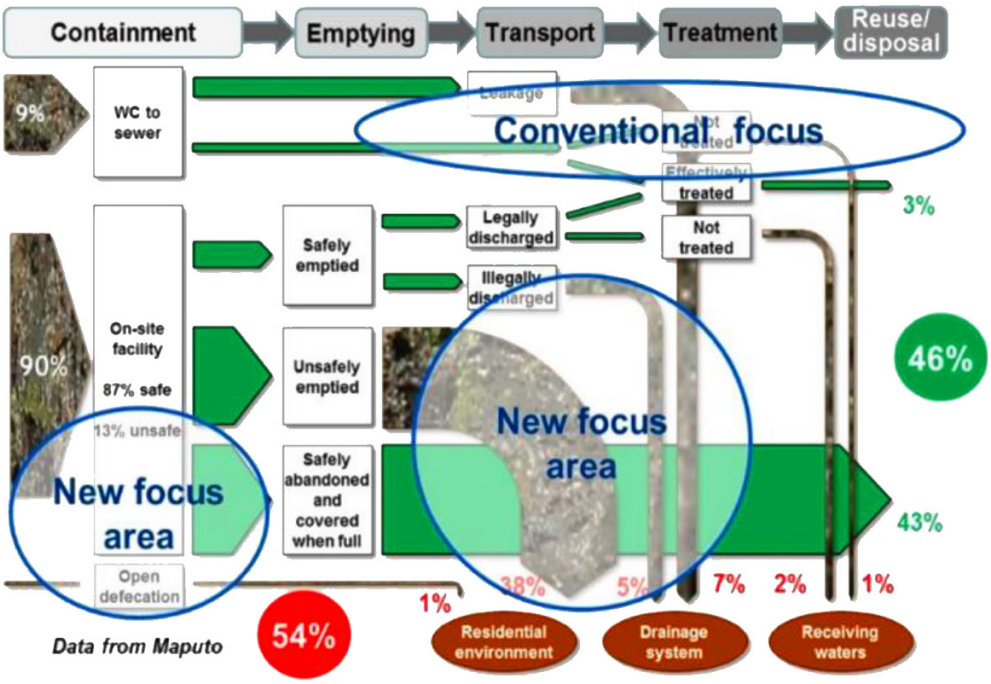
Maximizing Efficiency and Effectiveness of Existing Financial Sources

Bridging the sanitation finance gap also necessitates improving the efficiency of existing financial resources. Strategies to maximize use and effective sanitation financing sources, through efficiency gains, need to be differentiated by subsector.

For most African countries, urban sanitation is likely to be the largest share of necessary investment to achieve the Ngor Vision. Significant efficiency gains can be achieved by making incremental improvements to management of faecal sludge, rather than city-wide adoption of large-scale investments in sewerage. Cities that already have large sewer networks managed by utilities can benefit by improving the performance of the utility. Cities and large urban centers with limited sewer networks will do better to focus on incremental improvements to faecal sludge management, as sewerage and wastewater treatment benefits only the small percentage of the population connected to a sewer.

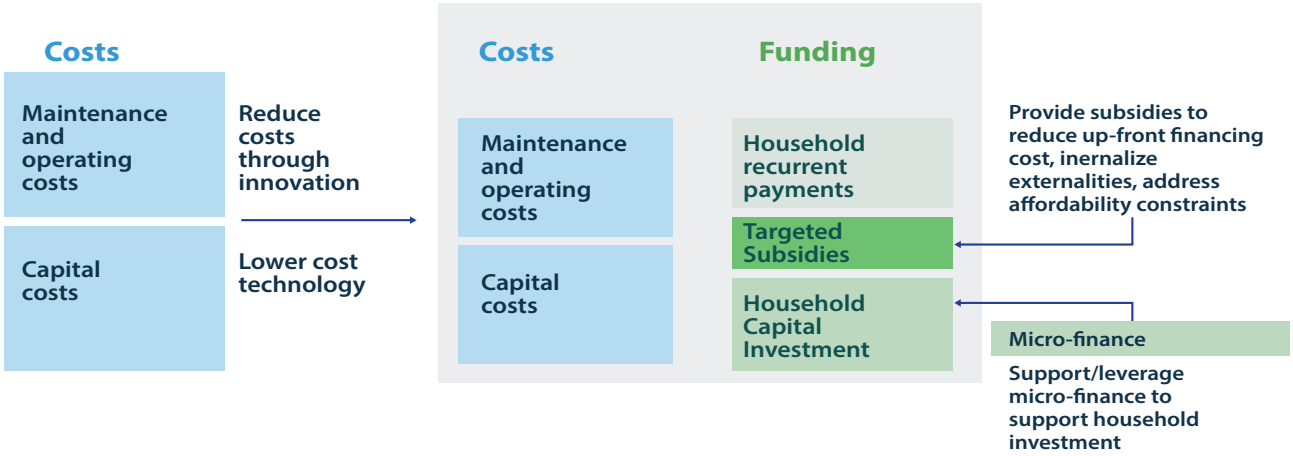
Shit Flow Diagrams offer a new way of visualizing excreta management in cities and towns, and can help to identify what percentage of faecal sludge is safely collected and disposed of against the flows that are unsafely treated. The example of Maputo (see Figure 4) shows that improving on-site sanitation should be a key focus area as this is the type of sanitation services that generates the most challenges in most of urban African. Substantial investment will be required, particularly in rapidly growing urban areas, although solutions will vary depending on the relative importance of sewerage networks and on-site sanitation systems.

Figure 4: Shit Flow Diagram for Maputo City, Mozambique



Targeted and strategic public sector investments in developing the faecal sludge management chain can help to stimulate, rationalize, and professionalize the subsector. Public investments in this model are targeted at catalytic investments such as professionalizing private sector emptying services, providing transfer stations or scaling treatment solutions. Where the urban sanitation service is built around on-site sanitation and faecal sludge management, services would continue to be financed mainly by households, but with opportunities for leveraging microfinance (see Figure 5). Household investments can be mobilized and combined with facilitated access to finance.

Figure 5: Tapping Household Investments for Urban Sanitation



Given that rural sanitation services are mostly self-provided, households look to reduce the costs of their investment in sanitation solutions. Public investment in developing innovative solutions and achieving economies of scale in distribution can reduce household costs. In Kenya, for example, the development of cheaper latrine solutions boosted sales as compared to traditional latrines.

Large efficiency gains in rural sanitation have been achieved by using public sector resources to create demand for sanitation products and services, rather than for direct subsidies for household latrines. Sanitation is one of the best investments a government can make, with cost-benefit analyses showing global rate of return of $5.5 for every $1 spent, ranging from $2.8 to $8.0 between developing regions. The negative impacts of poor rural sanitation, even when practiced by only a few households, are borne by an entire community and these negative impacts on health and well-being accumulate over time and across generations. The question then, is not whether the government should invest in scaling rural sanitation, but how.

Globally, households have directly funded most of the existing sanitation facilities in rural areas, but this investment has not been sufficient to drive progress toward the SDGs. Rural households are both constrained for cash and faced with competing demands for resources; many lack the motivation to channel their investment toward sanitation facilities.

Government attempts at scaling up rural sanitation through direct subsidies to latrines have had limited success for several reasons, including that unless demand for sanitation is systematically developed, households are unlikely to use the subsidized facilities and maintain or upgrade those facilities. Direct subsidies can also stifle innovation and local markets. Most importantly, the number of people gaining access to sanitation is limited by the total available funding envelope for subsidies.

Case Study: Learning from Market-Based Sanitation at Scale

Market-based sanitation (MBS) is increasingly viewed as a promising approach for scaling the delivery of on-site sanitation through the private sector. Yet globally, few market-based sanitation programs have reached significant scale.
PSI has conducted extensive research to understand the markets for sanitation products and services, including the opportunity, ability and motivations of households to buy toilets and of businesses to produce and sell toilets. PSI's approach is to increase both demand and supply of toilets to create a self-sustaining market for sanitation products and services, ensuring a long-term solution.

Successful implementation of a market-based approach to sanitation also depends heavily on the identification, training and support of local entrepreneurs. It is not enough to develop an affordable toilet; the toilet must be designed to meet the consumer's needs and preferences. PSI sanitation interventions are about building markets and engaging and supporting local entrepreneurs. PSI observes that the supply chains for sanitation products are frequently fragmented; input materials are dispersed among various suppliers and masons often do not know how to build quality toilets. Households find it difficult to build an affordable quality toilet at home because they may need to visit various private sector actors to purchase necessary materials.

In rural areas, PSI's interventions focus on designing toilets that are affordable and meet consumer needs. Sanitation entrepreneurs are trained to produce these toilets and to set up businesses that facilitate the consumer purchase process, so people can easily find everything they need to acquire a quality toilet at a price they can afford. PSI also helps households navigate the existing sanitation marketplace by coordinating their purchase with existing government subsidy providers as well as by leveraging the demand creation activities being conducted by other organizations. It further works with local microfinance institutions to assist households with making a toilet purchase and facilitates entrepreneurs to expand their businesses and meet the growing demand.

In urban settings, pay-for-use public toilets are often the only option for poor communities since public toilets are often poorly managed, maintained and expensive, lack of space and land rights issues are major barriers to building household facilities. PSI advocates for a commercially viable pay-for-use community model that can be managed sustainably is aligned with the needs of the urban poor and meets the space constraints of slums. The focus is on applying social franchising to support local entrepreneurs to: build a market for standardized pay-for-use facilities; enhance consumer demand for quality facilities; and link promising entrepreneurs to financing options.

A desk review from USAID's WASH Partnerships for Learning and Sustainability (WASHPaLS) project investigates the current state of knowledge in market-based sanitation and establishes a framework to analyze, design and improve MBS interventions. The review is based on a survey of approximately 600 documents on MBS in-depth research into 13 MBS intervention case studies across the global south and interviews with sector experts and program personnel. It identified only 18 single country market-based sanitation programs that had increased sales by at least 10,000 toilets.

WASHPaLS draws upon and contributes to existing evidence across the three crucial challenges to scaling MBS—appropriate product and business model choices, viability of sanitation enterprises and difficulty of unlocking public and private financing for sanitation. It also helps funders and implementers design, analyze and improve MBS interventions and offers guidance for stakeholders and governments interested in using sanitation markets to expand sanitation coverage and reduce open defecation.

[13] World Bank, 2016

Community-Driven Participatory Rural Appraisal

Over the past decade, many governments discovered that a more effective investment than direct "hardware" subsidies is to provide support for the "software." This "software" includes investments in community-led total sanitation (CLTS), where raising community awareness is used to reach a collective decision to stop open defecation, build basic latrine facilities and reach open defecation free (ODF) status. The public investment is in mobilizing this awareness through trained CLTS facilitators, often community extension workers from the ministry of health and in building the markets to make sanitation and hygiene products and services available. This public investment aims to change behavior and leverages household investment in the latrine.

Reaching universal rural access to basic services will require increasing both household and public expenditure. The core policy decision to be taken is on how to use tax revenues strategically to complement and leverage households' purchasing power and thereby expand rural sanitation markets. This balance of household and public investment will vary from context to context and needs to be calibrated through regular monitoring.

Recurrent public sector resources are still needed to sustain open defecation free status in communities to prevent households from reverting to open defecation and to drive investment in facilities that advance households up the sanitation ladder toward safe management and treatment of waste. Only by moving to safely managed sanitation services and improved hygiene behaviors will the full health and economic benefits be felt.

A case can still be made for providing targeted subsidies that enable poorer households that cannot afford to take on a loan, but still want to build improved facilities. Providing this subsidy through methods that ensure that they are used for latrine facilities, such as through vouchers or rebates, are among the most effective ways of channeling subsidies to the sector. These efforts can be complemented by rewards for communities as they reach ODF status.

New Business Approaches to Sanitation Via the Sanitation Economy

The business opportunity presented by sanitation is a powerful incentive for greater private sector engagement. However, while there is general agreement amongst governments on the need to engage with the private sector, the intentions and aspirations of the public sector remain vague. The Sanitation Economy (See Box 6) is the business response to a global crisis and resulting market and societal failures. It presents vast potential for global economic growth and has the ability to transform future cities, communities and businesses. This new economy is a robust marketplace of products and services, renewable resource flows, data and information that could help transform future cities, communities and businesses.

A Sanitation Economy can be smart, sustainable, innovative, cost saving and revenue generating. In India alone, the Sanitation Economy is today estimated to be a US$32 billion a year market growing to a US$62 billion market annually by 2021, which can create many new jobs (even in the most rural areas of the country), improve health and environmental conditions and create savings for households.[14] It could turn trillions of liters of human waste into valuable biological resources each year and could hold a vast reservoir of information about human health. This approach also provides opportunities to tackle related sectoral challenges – such as increasingly global water scarcity, food, security and energy production.

Sanitation systems can also be a solution provider for these challenges. New circular economy approaches and the use of new digital technologies provide new pathways to sustainable and resilient systems for the future via the Sanitation Economy. There is a new role for business to bring cost recovering, resource recovering and revenue generating solutions to build a new sanitation market.
The Sanitation Economy presents vast potential for economic growth by bringing business solutions for the toilet-water-energy-food nexus. New business models for toilet provision, products and services; reusable water and nutrients; data and information provide new benefits across the economy and society. In India, the achievements of the Swachh Bharat Mission provide impressive and inspiring evidence of how transformation can happen with speed and impact, improving the lives of millions of people. The Government of India adopted disruptive approaches to scale up sanitation activities; by engaging young people, media outlets and key influencers, by embracing new ideas to make sanitation everyone's business and by setting a five year 'sunset clause' deadline in which to achieve the desired scale up.

There is now a growing pipeline of businesses globally, with significant growth across Africa, creating innovative products for the Sanitation Economy and becoming service providers in rural communities and cities from: public toilet models; household toilet products and services; on-site circular economy waste management models generating water, energy, fertilizers mini grids to feminine care and san-

[14] Toilet Board Coalition, 2017

itation health sensors generating new data and insights about human health and behavior including infectious disease monitoring.
The transition to the Sanitation Economy presents a transformational opportunity to ensure a sustainable future for sanitation systems that can provide alternatives to the high cost of systems of today, leading towards cost recovery and commercial investment opportunities that not only renders SDG6 achievable but also ensures the resilience of sanitation systems for the future.

A unicorn is a startup that has a market worth of at least US$1 billion. So, is sanitation rip for a unicorn or sani-corn? There is mounting evidence championed by leading businesses on the multi-billion-dollar business opportunity present in the Sanitation Economy. As well as contributing to financing, the private sector can be an implementer of these solutions, bringing its technology and its experience of maximizing efficiency and competing in markets. This requires the right enablers such as regulation and incentives such as taxes and subsidies. Government and other subsidies should be used to incentivize businesses rather than paying for inefficiencies or covering up market failures. More learning is needed on the range of new technologies (now available) and innovative financing mechanisms.

In South Africa, the Toilet Board Coalition (TBC)[15] identifies the opportunity for transformation of the economics of sanitation— from unaffordable public costs to sustainable business opportunities via the Sanitation Economy. TBC estimates that lower capital and operating costs, together with revenues from toilet services and resource recovery, can reduce the cost of sanitation per person per head to around US$6, compared with traditional norms of US$100-200. This should be seen as a trajectory towards profitable models, sufficient to fund capital and generate a return for commercial investment.

Case Study: Understanding the Sanitation Economy

The Sanitation Economy is made up of three distinct sub-economies.

The Toilet Economy

The Toilet Economy encompasses toilet product and service innovation that provides toilets fit for purpose for all environments and incomes. Providing basic access to a toilet and the sanitation systems that safely manage human waste is a serious issue. The Government of India is leading the way with its 'Swachh Bharat Mission – Clean India Campaign', which aims to provide universal access to all Indians in just five years (2014-2019), become open defecation-free and build more than 100 million toilets. China is now following in its footsteps. It is not just national governments rising up. Citizen movements are also encouraging behavior change through cultural activities to help educate people about the importance of sanitation and drive behavior change alongside the creation of toilets.

The Circular Sanitation Economy

The Circular Sanitation Economy means toilet resources (commonly known as human waste) feed into a circular economic system that replaces traditional waste management.

The circular economy – the mining of waste and available resources to save costs and generate new revenue – is trendy among global businesses. If what goes into our toilets has value, those interested in extracting that value will invest in ensuring that the resource is properly managed. Approximately 7.6 billion people globally create excreta every day, to the tune of 3.8 trillion liters of resources – an amount that is growing with our population growth. These resources, when captured and mined, present very interesting biological resource use cases. For instance, entrepreneurs and businesses are starting to monetize these resources and are creating valuable products such as nutrient-rich organic fertilizers, electricity, biofuel, water and proteins. All of these products were previously and in many cases, are still flushed down the toilet. From manufacturing operations to municipalities, there is growing demand for these new, renewable resources and organic or biological products. They help fill food, fiber, agriculture, animal feed, consumer goods and healthcare needs.

The Smart Sanitation Economy

The Smart Sanitation Economy involves digitized sanitation systems that optimize data for operating efficiencies, maintenance, plus consumer use and health information insights. There is a key opportunity now to apply new technologies and digitization to sanitation, to creating new business opportunities as future sanitation systems are developed. While the Smart Sanitation Economy is the least developed area of the Sanitation Economy to date, it could be a game changer for how sanitation and toilets are viewed into the future. It can provide valuable data and insights on health and for sanitation system operating efficiencies.

[15] TBC is a private sector platform focused on business solutions for sanitation.

Targeting the Unserved

Having the right business case and budget plans, joint efforts and partnerships, effective monitoring of financing and budget allocations are all necessary but not enough for achieving universal access to sanitation and hygiene by 2030. Leaving no one behind while achieving this aim is necessary if change wants to be equitable, inclusive and sustainable over time. But, how can sanitation and hygiene financing reach the most vulnerable, the poorest of the poor, people with special needs, those living in hard to reach areas and the most marginalized and excluded ones?
Firstly, the financing sector should adapt its language making messages accessible at the grassroots level, as not everyone understands finance and specific financial terminologies. Finance should continuously adapt to the context, to the people and to their needs.

Country Story: Willingness of Kenyan water utility customers to pay a pro-poor sanitation surcharge

An estimated total of KES500 billion (US$5 billion) is needed to provide adequate urban sanitation in Kenya over the period 2013–2030, which translates to about $280 million annually. However, the currently identified financial allocation is only about 6% of this total, according to the Water Services Regulatory Board (WASREB).

One potential approach for part-filling this financing gap is the sanitation surcharge model: a redistributive cross-subsidy raised as an additional charge on water bills. The most long-standing example is from Zambia, where the water bill includes a water services charge and a sewerage services charge, plus a nominal additional amount to support sanitation services in low-income communities.
WASREB, in collaboration with WSUP, undertook a study to assess willingness to pay (WTP) for a surcharge of this type among Kenyan utility customers. The research also explored factors affecting willingness to pay among customers of the Nakuru Water and Sewerage Company (NAWASSCO) and the Ruiru-Juja Water and Sewerage Company (RUJWASCO).

This research demonstrates that there is clear willingness among Kenyan water utility customers to pay a pro-poor sanitation surcharge. Although the findings were based on two cities, they could have policy relevance across most Kenyan towns and cities. Interestingly, customers without a sewerage connection had a WTP comparable to customers with sewerage. The proposed sanitation investment type (sewerage vs. on-site) did not influence WTP.

The findings were discussed with major urban utilities and counties and there was wide interest in taking this idea forward, though there was also strong consensus that a sanitation surcharge can only make a partial contribution. There also remains a requirement for substantially increased financial allocation to urban sanitation from national and municipal general budgets.

Secondly, greater focus is needed to make sure that financial innovations and equity-based financing approaches for sanitation reach the poorest and most vulnerable populations and that issues around affordability are addressed. For example, countries like Zambia are paying attention to the most vulnerable populations while financing the sector. The country is leveraging the tariff of the water and sanitation service delivery by embedding subsidies among the different customer categories through cross-subsidies and subsidizing those who consume less.

Thirdly, financing frameworks also tend to be much more focused on service providers rather than on households. But what about finance for the communities and especially for the rural ones which tend to be the ones that spend their own resources to have access to sanitation and hygiene? In Mozambique, a study from UNICEF revealed that government expenditures in rural communities were much higher on behavior change than on infrastructure, whereas in urban areas most was disbursed in high-income areas. This certainly highlights the need to raise and answer questions about affordability, equity and access before moving to the financing sphere.

Country Story: Advocacy for a Sanitation Tariff in Maputo, Mozambique

The sanitation sector in Maputo is characterised by a profusion of actors and stakeholders, with few clear and widely agreed-upon roles and broadly overlapping mandates. The Water and Sanitation Department (DAS) of the municipality is formally responsible for stormwater drainage and wastewater management and has recently taken over the management of both of Maputo's sewerage systems. The city's main water utility is AdeM, which serves over two-thirds of the population through a piped network. Other key players include CRA, the independent national water and sanitation regulator; FIPAG, the national water asset holder; and AIAS, a semi-autonomous asset owner responsible for capital investment in urban water supply in small and medium-sized cities not covered by FIPAG and for capital investment in sanitation in all major towns and cities. There is a strong movement underway to clarify sanitation mandates and a strong sector stakeholder community is well-situated to conduct effective advocacy for clearer lines of responsibility.

Municipal budget information for Maputo is available in aggregate form on the Municipality website; detailed budgets on planned water and sanitation investments are held by the municipality but not publicly available. No sanitation-specific revenues are collected, other than small fees for use of the municipally-owned exhauster truck and a tipping fee taken at the treatment plant (recent reports suggest this is no longer being collected). Sources indicate that in 2015 about US$350,000 was earmarked for general capital investments in roads and drainage by the Municipal Directorate of Infrastructure. The sources of this funding are not defined, as all allocations come from the municipal general budget.

The advocacy process involved engaging the media with ongoing efforts to promote implementation of a sanitation tariff raised via water bills. Development of the advocacy strategy began with an understanding of the financial and political landscape of the city's sanitation sector. The communication methods and tools used by Maputo WASH stakeholders to advocate for increased spending on pro-poor sanitation were assessed, alongside budget analysis of any available information on municipal spending on sanitation and any related revenue. Together with established barriers – such as insufficient technical and financial

capacity of the Municipality – interviews revealed lack of transparency and information sharing as an important barrier to implementing increased municipal spending for pro-poor sanitation. This was partly due to a widespread reluctance among NGOs and civil society to engage with high-level actors such as municipal administrators and politicians, for fear of jeopardising their 'apolitical' reputation in what can be a difficult municipality to navigate politically.

The WSUP Maputo team worked with researchers to design and implement an advocacy strategy and action plan that responded to the above insights, supported by sample work plans for a one-year advocacy campaign and implementation toolkit. A specific goal was to promote the implementation of a sanitation tariff to be raised via water bills, the development of which WSUP has been supporting for a number of years. The strategy was deliberately depersonalised: for example, the strategy sought to avoid entanglement in the high-level arguments over who should control the revenue collected from the proposed sanitation tariff (the municipality or the national regulator), focusing instead on engaging the media to ensure external scrutiny of how the new revenue would be spent. To further this aim WSUP convened a day-long dialogue for a group of WASH stakeholders, moderated by the President of the High Council of Social Communication. Actions on the ground were fairly organic, reacting to opportunities to influence stakeholders and the media as they arose.

Consultations around one of the specific advocacy goals – enacting the new sanitation tariff – have advanced significantly, but continue to be impacted by a high-level debate about the respective jurisdictions of local government and nationally managed authorities including the water and sanitation services regulator. In 2015, the Municipal Directorate of Infrastructure published their annual budget, which indicated that the allocation for sanitation was due to greatly increase, although it is unclear to what extent (if at all) this was due to increased advocacy efforts.

An advocacy strategy was proposedly focused on linking sanitation with wider municipal concerns, such as health outcomes and tourism: such a strategy would be sufficiently apolitical to avoid entanglement in intra-governmental debates while still promoting the importance of increased municipal spend on sanitation.

AfricaSan5 Call to Action

Closing the financing gap for sanitation and hygiene will enable African governments to move faster and sustainably towards the Ngor Vision and SDG6 targets. To move to scale, effective financing for sanitation in Africa must also address core foundational issues in the sanitation and hygiene sector. Unlocking new and promising financing streams from the private sector will require governments and the private sector to work more closely together to create the necessary enabling environments for private sector solutions at scale. Stakeholders at AfricaSan5 committed to a wide range of roles and actions for different stakeholders to work collaboratively in support of government efforts to achieve the Ngor Vision and Commitments and SDG targets.

- **National Governments and Ministers in Charge of Sanitation and Hygiene can:**
  - facilitate mobilization of domestic finance by developing policies and incentives that improve efficiency and governance of service providers to make them more creditworthy; improving the financial enabling environment, including price regulation; and incentivizing leveraging of public funds with commercial finance.
  - mobilize additional volumes of public and concessional funds into the sector and target those funds to the most productive uses.
  - improve budget and investment planning processes and establish budget tracking mechanisms for sanitation and hygiene which fully capture rural and urban sector expenditure.
  - develop strategies to more effectively harness the power and resources of the private sector for the benefit of the poorest.
  - encourage greater capital efficiency in the sector.

- **Local Authorities and Sub-National Governments can:**
  - take a greater role in providing leadership and governance for sanitation and hygiene;
  - prioritize funding and implementation of sanitation and hygiene activities in sub-national development plans.

- **Development Partners and other Enabling Environment Stakeholders can:**
  - mobilize resources for the sanitation and hygiene sector at all levels.
  - orientate support towards improving efficiency and creditworthiness and mobilizing domestic finance.
  - increase use of guarantees and other instruments to crowd commercial finance into the sector.

- **Civil Society can:**

  - Work collaboratively to hold local and national governments to account for ensuring policies, practices and plans target the poorest and that national and local strategies emphasize equity and sustainability.
  - foster collaboration through engaging in multi-stakeholder coordination platforms at all levels across sectors.

- **Private Sector (Including Service Providers) can:**

  - engage with the government to shape the enabling environment to facilitate private sector prioritization of sanitation and hygiene products and services and especially focusing on the marginalized and unserved.
  - coordinate through a private sector network for sanitation in the continent.
  - partner with the public sector towards improving capital and operating efficiency.
  - reach out to the public sector to explore potential financing relationships and transactions.

NOTES

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