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WATER, SANITATION AND HYGIENE FINANCE (WASH-FIN)

Closing financing gaps to achieve universal access to water and sanitation services through sustainable and creditworthy business models, increased public funding and expanded market finance for infrastructure investment.

Globally, 663 million people do not have access to safe drinking water and 2.4 billion people lack access to improved sanitation. Governments have set ambitious targets for universal access to water and sanitation by the year 2030, but an unprecedented mobilization of funding will be required to meet this goal. A 2016 analysis by the World Bank estimates that \$114 billion per year of capital investments will be required to meet universal access to safely managed water and sanitation services by 2030, or about three times the current investment levels. USAID's WASH-FIN project will work in collaboration with national governments, development partners, private capital market institutions and local stakeholders in at least eight countries to close financing gaps and improve governance structures that enable targeted countries to access reliable sources of capital for sustainable, climate resilient water and sanitation infrastructure.

WASH-FIN APPROACH TO CLOSING FINANCING GAPS

WASH-FIN's approach to closing financing gaps is based on the premise that citizens should be treated as valued customers and adequately served by water, sanitation and hygiene (WASH) service providers operating on sustainable business models that strengthen creditworthiness, within clear regulatory and governance structures. Only then can increased public investment and market finance be effectively

leveraged to expand or improve service delivery. To move the sector toward this end, WASH-FIN activities will focus on the following strategic lines of action:

PROMOTING SUSTAINABLE BUSINESS MODELS AND PROVEN COMMERCIAL APPROACHES. WASH-FIN will ensure reliable, climate resilient water and sanitation services by developing the financial viability of service providers and establishing a solid financial foundation for increased public investment and access to private sector financing from local banks, municipal bonds or blended funding mechanisms. WASH-FIN will achieve this through stakeholder engagement, targeted technical assistance, and focused capacity building in targeted countries using participatory and peer-learning approaches for uptake and replication of viable and creditworthy business models.

ADVOCATING FOR AND TRACKING INCREASED

PUBLIC INVESTMENT. Public resources available to achieve the ambitious SDG universal WASH access targets are limited. National and local governments must lead the way with WASH investments to ensure national leadership and ownership of WASH sector performance. Activities will focus on tracking and advocating for public WASH expenditure. WASH-FIN will work in collaboration with targeted governments, development partners and civil society to foster a culture of transparency and accountability, while building local capacity and advancing consensus for increased public investment.

MOBILIZING PRIVATE CAPITAL AND MARKET FINANCE. To close financing gaps, WASH-FIN will aim to increase the flow of private finance into the sector through diverse mechanisms, including blended financing facilities, Public Private Partnerships, local debt financing, development funds, and other viable models of finance that can be replicated and scaled in target countries. WASH-FIN will also seek to develop pipelines of investment-worthy water and sanitation projects through robust engagement with local government, civil society, and other WASH sector stakeholders – including customers. In addition, the project will seek to tap domestic capital markets and leverage host government funds, foundation grants, multilateral development bank investments, and private sector participation in equity or debt financing to mobilize investment expertise and access to market capital.

REPLICATING SUCCESS THROUGH KNOWLEDGE SHARING. WASH-FIN will ensure that knowledge and learning efforts are fully integrated into project activities and broadly disseminated to strengthen the capacity of WASH authorities, service providers, and local financial institutions through a collaborating, learning, and adapting process for knowledge capture, dissemination and uptake.

WASH-FIN PROJECT DETAILS

The five year, \$40 million WASH-FIN project, is funded by the United States Agency for International Development (USAID) and began in October 2016. WASH-FIN implementation is led by Tetra Tech with support from Open Capital Advisors, Segura Consulting and Global Credit Rating.

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