





Innovative Financing Mechanisms for WASH Interventions in Cholera Hotspots

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Innovative financing mechanisms are being used in a variety of ways to support social development

Approach	Description	Financing mechanism
1. Mobilising public revenue 	Develop new revenue streams through public funding initiatives	1. Earmarked taxes and levies (e.g. Solidarity taxes) ----- 2. Lotteries (e.g. Dutch Postcode) ----- 3. Insurance funds (e.g. Africa Risk capacity)
2. Only paying for performance 	Financing projects which focus on delivering results	4. Public-Private Partnerships (PPP) financing ----- 5. Impact bonds (e.g. Kenya Pooled Water Fund)
3. Reducing costs and promoting innovation 	Reduce adoption costs and promote sustainable outcomes	6. Microfinance (e.g. Water.org's Water Credit) ----- 7. Innovation funds (e.g. Erlha Humanitarian Fund) ----- 8. Advance market commitments (e.g. GAVI) ----- 9. Impact investment (e.g. WEF Deforestation Fund)
4. Working with development partners 	Leveraging debt and securing favourable loans	10. Concessional loans ----- 11. Deal-swaps and buy downs












































There are 3 main insights from our study

- 1. Adaptability of innovative financing mechanisms for WASH interventions varies.**
- 2. Several innovative mechanisms are being implemented across various WASH sectors in emerging economies.**
- 3. The local context is critical to determine if the financing mechanism is implementable in the country– even if it has been successful elsewhere.**

Insights based on a stock-take of ~40 cases globally and in-country consultation with stakeholders in Zambia

Insights #1: Adaptability of innovative financing mechanisms to WASH interventions varies

 High
  Medium
  Low

Approach	Innovative Financing Mechanism	Relevance. Appropriate to be used for WASH interventions	Timeliness. Can be implemented by 2030	Scale. Ability to raise significant funds(>\$5m)	Synergy. Aligns with stakeholder	Included for WASH financing ¹ ?
Mobilising public revenue	1. Earmarked tax and levies					Yes
	2. Lotteries					No
	3. Insurance funds					No
Only paying for performance	4. PPP financing					Yes
	5. Impact bonds					Yes
Reducing costs and promoting innovation	6. Microfinance					Yes
	7. Innovation funds					Yes
	8. Advance market commitments					No
	9. Impact investment funds					Yes
Working with development partners	10. Concessional loans					Yes
	11. Deal-swaps and buy-downs					No

¹ See footnote/annex for scoring methodology

Insight #2: Several mechanisms are being implemented across various WASH sectors in emerging economies

NOT EXHAUSTIVE

		Major WASH Sectors ¹		
		Storage and Conveyance	Water Treatment and Distribution	Wastewater Collection and Treatment
Innovative Financing Mechanisms	Earmarked taxes and levies	National Fund for Water Supply (France)	Swachh Bharat Cess (India)	Cross Subsidy Scheme (Zimbabwe)
	PPP Financing	AquaTab by Impact Water (Kenya and Uganda)	BOMBA Maji (Tanzania)	WSUP FSM (Kenya, Zambia and Bangladesh)
	Impact bonds	Social Impact Water Bond (Tajikistan)	Pooled Water Fund (Kenya)	Fecal Sludge Impact Bond (Senegal and Rwanda)
	Microfinance	SMEP Microloan for Water Tanks (Kenya)	Water.org Water Credit Programme (Philippine, India, Indonesia)	WASH loans for CLTS (Cambodia)
	Innovation funds	GFDRR-UK Aid Challenge Fund (Sri Lanka)	Human Development Innovation Fund (Tanzania)	Humanitarian Innovation Fund (Global)
	Impact investment funds	TBD	WaterEquity by WaterAid (Global)	Islamic financing for WASH (Global)
	Concessional loans	Conditional Grant Transfer (South Africa)	District Development Fund (Ghana)	District Development Fund (Ghana)

¹ Some programmes use a mix of financing mechanisms and across several sectors

SOURCE: Desk research

Insight #3: The local context is critical to determine if the financing mechanism is implementable in the country

Zambia-specific analysis

PRELIMINARY High Medium Low



		Effectiveness		Efficiency			
		Fund raising capacity	Sustainable	Relevant	Admin Coord.	Synergy with local partners	Feasible
Innovative Financing Mechanisms	Earmarked Taxes and Levies	High	Medium	High	Medium	High	High
	Impact Investment Funds	High	Medium	Low	Medium	Medium	Low
	PPP Financing	High	Medium	Low	Medium	Low	Medium
	Concessional Loans	High	Low	Low	Medium	Low	High
	Impact Bonds	High	Medium	Low	Low	Medium	Low
	Innovation Funds	Low	Medium	Low	Low	Low	Medium
	Microfinance	Low	Low	Low	Low	Medium	Medium

Additional areas of work and research

- **Adapting to local context.** Countries will require additional technical and administrative support to design fit-for-purpose solutions that remains equitable and sustainable
- **Stakeholder engagement.** It is increasing crucial to engage key stakeholders (government, partners, etc) to get buy-in
- **Scaling-up.** Expanding study to countries beyond Zambia will support new learnings around common barriers to implementation



Questions

