

# Challenges in Funding Collaborative WASH Systems: Summary of funder gathering discussion

Stockholm, Sweden  
August 25 2019

## Background

To kick off Stockholm World Water Week, the Millennium Water Alliance and the Agenda for Change invited funders to a conversation with their peers about their biggest challenges in funding collaborative efforts to strengthen water, sanitation, and hygiene (WASH) systems.

Hosts Louis Boorstin (Managing Director, Osprey Foundation) and Jeffrey Goldberg (Director, Office of Water, USAID) led conversations with about 20 people who represented multilaterals, institutional development agencies, private and corporate foundations, and grassroots charitable organizations spanning seven countries.

Participants sent their questions to spark conversations about systems funding in advance of the event. Some common questions were:

- How to support the role of governments as leaders?
- How to fund partnerships, collaborations, and hubs?
- How to measure performance of systems versus hardware-focused interventions?

## Highlights from the discussions

The conversations in the small groups were vibrant and wide-ranging. Below we summarize highlights from the conversations. An overall takeaway is that to change systems, we might need to change our organizations.

### How to support the role of governments as leaders?

In developing countries and in countries providing international aid politicians are looking for attribution and want to count the number of people served or assisted by their governments. Development bankers sometimes justify funding infrastructure-only programs by saying “This is what the government wants us to fund.” But part of their responsibility should be to have a conversation about how to strengthen the system to keep services going. Funders can help government agencies understand or gather data on other aspects of the system and build local or national government capacity for planning. Master plans not only help to guide and coordinate investments, but can make financing more attractive.

**Example of influencing the system:** After one organization built accessible toilets in schools, enrolment of handicapped students increased. This convinced the government to build more inclusive toilets in other schools.

Funders must recognize the need to help governments get better at collecting taxes and service providers get better at collecting tariffs so they can repay loans. One foundation looks at downstream financing for service provision, and tries to partner with those that have received money to help avoid the known errors with financing and tariffs.

How to fund partnerships, collaborations, and hubs?

One answer to this question is that flexible funding is needed. However, to answer this question fully, it is important to understand the incentives for different systems actors to coordinate. These actors include national and local governments, service providers, international funders, NGOs, civil society organizations and others. Once the incentives are well understood, funders can have some influence on coordination.

While the question is often how to get NGOs to collaborate more, it is important that funders also collaborate and align their visions of strong systems. The reason some funders support systems strengthening is that they see it as the only way to “work themselves out of business”. This could be threatening to those whose livelihoods depend on the sector.

**Understanding incentives:** A participant from a development bank explained that loan officers in development banks are incentivized to close transactions, which can lead to an infrastructure focus as opposed to a systems strengthening focus.

Examples of effective incentives to support a systems approach for key actors include:

- Government – help them demonstrate accountability to stakeholders.
- Bilateral aid agencies and other international funders– outcome data that is based on contribution instead of attribution. Rather than focus on quantity, some funders said they would rather work with partners who deliver a good quality service so that what is built will last.
- Businesses – smart subsidies can encourage rather than undermine the private sector.
- Service providers – ensure budgets have a line item that links back to debt repayment.
- NGOs – results-based investing, flexible funding, including funds for collaboration hubs. However, there is a need for more specificity about what it is and proof of value for money.

How to measure performance of systems versus hardware-focused interventions?

Funders recognize that they are part of the system, and have significant influence on what happens on the ground. Funders of large infrastructure projects often assume that someone will be responsible for operations and maintenance. Thus, it is important to think about how to shift or adapt metrics of success beyond just investing in new access for a certain number of people, such as service

**Examples from practice:** Instead of infrastructure, one participant funds cities to provide services for everybody. Another funder considers cost per person per year for services.

delivery (number of uptime days and customer satisfaction); institutional strengthening; governance; adequate and ongoing finances; appropriate policies; and other enabling environment indicators. Indirect and direct benefits should be clearly defined.

Donors can effect significant change in systems implementation by having clearer criteria for systems work that they will fund. One suggestion was to ask a large government funder to invest in systems-based standards that the sector could adopt.

## Way forward

***Participants were challenged to choose one thing to do differently in the months ahead in their sphere of influence.***

According to feedback on the event, participants especially enjoyed the small group discussions in a safe space where they could speak honestly about challenges. They appreciated being able to submit questions in advance and use of the provocative prompting questions for the discussions. Another welcome aspect was getting to hear the perspectives from a variety of funding organizations. However, it was suggested that we create the small groups more purposefully and perhaps put larger institutional funders in one group and private and corporate foundations in another.

Funders would like to hear more practical examples of or even detailed case studies on how their peers are funding systems strengthening. They are eager to hear from “progressive” funders – perhaps from outside the WASH sector – on how to think differently in supporting systems strengthening. They also asked for more active facilitation to keep discussions focused.

We plan to incorporate the feedback and continue these conversations with another funder gathering adjacent to Stockholm World Water Week and perhaps other major events.

Additional topics that funders have expressed interest in discussing:

- How to fund NGO facilitation to enable government leadership?
- How can we crowd in more investment, not just donors who fund WASH?
- How can we more clearly describe the how and why of systems strengthening?
- How to justify the time required for real systems change?
- How to bring a development focus to humanitarian response?

## Related resources

[To Bolster Access to Water and Sanitation, These Funders Are Betting on a Systems Approach](#) (Inside Philanthropy, June 12, 2019)

[Systems leadership can change the world - but what exactly is it?](#) (World Economic Forum, September 24, 2019)

[Editorial: Doing WASH well – a set of principles for implementing agencies and their evaluators](#) (Waterlines, July 1, 2019)