Donor/public sector roles in financing hygiene improvement

World Bank/WSP
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John Wasielewski, Director
USAID Office of Development Credit
jwasielewski@usaid.gov
## WSH is a good Investment

<table>
<thead>
<tr>
<th>Service</th>
<th>Construction cost (US$ per capita)</th>
<th>Lifetime (years)</th>
<th>Amortized annual cost (US$ per capita)</th>
<th>Operation and maintenance (US$ per capita)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic sanitation</td>
<td>60</td>
<td>5</td>
<td>12.0</td>
<td>n.a.</td>
</tr>
<tr>
<td>Water supply (house)</td>
<td>150</td>
<td>20</td>
<td>7.5</td>
<td>10</td>
</tr>
<tr>
<td>Water supply (shared)</td>
<td>40</td>
<td>20</td>
<td>1.0</td>
<td>1</td>
</tr>
<tr>
<td>Hygiene</td>
<td>1.6</td>
<td>5</td>
<td>0.3</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

Source: Disease Control Priorities in Developing Countries, 2nd Edition; Water, Sanitation and Hygiene Chapter; Cairncross and Valdamanis, 2006
Cost-Benefit is high

<table>
<thead>
<tr>
<th>Cost:Benefit ratio of meeting MDG targets</th>
<th>Water</th>
<th>Sanitation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1:4</td>
<td>1:9</td>
</tr>
</tbody>
</table>

Source: Hutton, Bartram & Haller, WHO 2007

Seek ways to invest resources strategically and effectively
Types of financial support

- Grants
- Loans
- Global Development Alliances
- **Development Credit Authority** - allows USAID to utilize the full-faith backing of the United States Government to provide a partial guarantee on loans made by private sector banks or microfinance institutions
Stakeholder mapping

- Level of resources available
- Type of resources (financial, technical assistance)
- Strategic priorities (geography, sectoral)
- Analysis of banking system
  - Loan repayment time
  - Collateral requirements
  - Financial information (quantity and quality)

Where can DCAs help?
Example of Finance Value Chain

Value Chain

Credit Unions
- Identify value chains
- Evaluate value chains
- Participant workshop and determination of business opportunities
- Credit analysis
- Contracts and agreements
- Loan contract
- Loan disbursement
- Monitoring and collection

Credit Union Financing

Input and Service Providers
- Other Actors
- Technical Assistance

Producers
- Producer Associations / Collectors
- Transporters
- Firm that Adds Value
- Final Buyers (Consumers or Industries)

Repayment of loan

Loan repayment note and deposit to savings account
DCA In Action! Kenya

Global Partnership for Output-based Aid

USAID DCA
To reduce risk of loans in a new sector

K-REP Bank
Commercial bank
With pro-poor focus

Community-managed Water Enterprises

WSP
Co-funding and technical assistance for bankability
Another application

NGO promoting point of use water treatment

Microfinance institution
With limited capital

Households wanting to invest in durable point of use water treatment products ($7-40)

USAID DCA
To guarantee affordable financing from a commercial bank
Address ALL aspects of Sustainability

• Financial
• Technological/Behavioral
• Governance
• Environmental

When NOT to use a DCA!
Questions?

Thank you for your time

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