

Intervention Summary

Title: Programme Partnership Arrangement with WaterAid

What support will the UK provide?

The UK, through the Department for International Development (DFID), will invest in a 3 year Programme Partnership Arrangement with WaterAid in the UK (WA) between 2011 and 2014. An initial investment of £ 4,201,640 for 2011-12 has been agreed. Subsequent disbursements will be performance-based; as assessed through robust monitoring and evaluation mechanisms.

Why is support from DFID required?

Civil society plays a vital role in supporting citizens to improve their lives. Civil Society Organisations are central to delivering services, enabling citizens to be more active in their own development and ensuring that policies benefit ordinary people – especially the poorest.

In order to achieve DFID's priorities, as set out in its Business Plan (Structural Reform Plan), a multi-sectoral approach to delivery is required, one in which CSOs, along with governments and the private sector, play a pivotal role in helping poor people to improve their lives.

The PPA is one of DFID's main support mechanisms to CSOs. In line with a commitment by the Secretary of State to support another round of PPAs and following a robust selection process and implementation of a Resource Allocation Model, partners have been identified for a 3 year PPA to begin in April 2011. WA is one of these.

What are the expected results?

The results that this investment will support are:

In 23 countries in Africa (19) and Asia (4) WA will:

- promote and secure poor people's rights and access to safe water, improved hygiene and sanitation (4.5 million people gaining access to water resources with a further 7.1 million gaining access to improved sanitation).
- support governments and service providers in developing their capacity to deliver safe water, improved hygiene and sanitation (potential to reach a further 100 million people through their influencing work)
- advocate for the essential role of safe water, improved hygiene and sanitation in human development
- further develop as an effective global organisation recognised as a leader in the field of water, Sanitation and Hygiene issues by making improvements in fundraising and development of finance, monitoring and Human Resources systems.

Business Case for: Programme Partnership Arrangement with WA UK

Strategic Case

A. Context and need for DFID intervention

Civil Society Organisations (CSOs) are accepted as an essential part of the global partnership to deliver the MDGs and public goods. Internationally, the role of civil society¹ is widely recognised - the Accra Agenda for Action specifically mentioned the need to '*deepen engagement with civil society organisations*'. In the UK, the Government has stressed the importance of strengthening the 'Big Society' and developed a 'Compact' to shape the relationship between government and civil society. The National Audit Office states that "*Civil society organisations can play a variety of vital roles*" and are "*important partners for DFID*"ⁱⁱ. The Public Accounts Committee praised CSOs for often performing better than developing country governments in providing benefits for the poorestⁱⁱⁱ. Other donors also emphasise the importance of the sector, such as the European Commission, DANIDA and SIDA.

Civil society plays a vital role in supporting citizens to improve their lives. CSOs are central to delivering services, enabling citizens to be more active in their own development and ensuring that policies benefit ordinary people – especially the poorest. CSOs can extend governments' and official donors' reach with hard to reach groups - such as disabled people, vulnerable children, female headed households and people living with HIV AIDS - and in hard to reach areas or where, for example, DFID has no programme^{iv}.

The Review of DFID's Support to Civil Society^v and other recent research provide additional evidence to support the view that Civil Society is an important contributor to poverty reduction and can demonstrate impact towards achieving the MDGs.

DFID objectives for its work with CSOs:

- (i) Deliver goods and services effectively and efficiently;
- (ii) Empower citizens in developing countries to be more effective in holding governments to account and to do things for themselves;
- (iii) Enable civil society to influence national, regional and international institutions including improving aid effectiveness;
- (iv) Build and maintain capacity and space for active civil society;

Benefits of PPA strategic funding

To achieve its objectives, DFID has a broad and flexible range of funding mechanisms for CSOs; both centrally and through country programmes. In contrast to other donors, it does not exclusively favour UK-based CSOs. These mechanisms enable DFID to balance a longer-term commitment to civil society with instruments which allow more opportunistic, flexible and creative approaches^{vi}.

¹ Civil society includes a wide range of non state actors such as non-governmental organisations (NGOs), faith and Diaspora groups, community based organisations and others. Some are large and well established, whilst others are small and informal with limited capacity.

How does DFID support Civil Society^{vii}:

- **Unrestricted grants:** 25% of total portfolio
- **In-Country Funds:** 53% of DFID's total funding to CSOs
- **Central Funds:** 5 centrally run schemes plus humanitarian funds (47%) – including PPAs
- **Indirect funding:** through joint funds such as the Common Ground Initiative (Comic Relief) and Disability Rights Fund (AusAid)
- **Pooled funds:** increasing use especially in fragile countries
- **Via multilaterals:** £160 m through the World Bank, European Commission and UN agencies

The Programme Partnership Arrangement (PPA) is one of DFID's main support mechanisms to CSOs. The PPAs are strategic level agreements based around mutually agreed outcomes and individual performance frameworks against which the organisations report on an annual basis. Critically, PPAs, subject to performance, provide the CSOs with 3-4 year funding which enables them to better plan and deliver programmes, including in more difficult, higher risk environments. PPAs are aimed at CSOs with a global reach and leaders in their field who can add value to DFID's portfolio, support realisation of its objectives, achieve real results in terms of poverty reduction and provide good Value for Money (VfM) as demonstrated through a competitive selection process.

In particular, PPAs contribute to the delivery of the MDGs by playing a vital role in supporting citizens to improve their lives, delivering services to specific groups of poor people, and holding governments, donors and others to account. The PPAs have contributed in practical ways to: improving the lives of women and girls, helping adaptation to and mitigate climate change, and strengthening partnerships with the private sector in development, evidence of which can be found in the PPA Meta-Evaluation^{viii}.

Following NAO recommendations, DFID has strengthened areas such as baseline development and performance frameworks. An independent external evaluation manager is contracted to oversee the development of results frameworks, robust baselines, mid term and final evaluations. In the interest of transparency, DFID will publish all PPA reviews and requires PPA holders to publish too, together with a management response, as a condition of funding.

Current projections for the PPA budget allow a total allocation of £360m for 2011-2014. For the first time, funding is performance based. Following the mid-term review, individual allocations to PPA agencies will increase, decrease or remain the same based on their relative performance

In line with a commitment by the Secretary of State to support another round of PPAs and following a robust selection process and implementation of a Resource Allocation Model, 39 partners have been identified for a 3 year PPA to begin in April 2011, from 430+ initial applications and a shortlist of 109.

WA UK is one of the selected PPA partners, and has been assigned £ 4,201,640 by DFID for the first year 2011-12. Subsequent disbursements will be performance related.

B. Expected Impact and Outcome of the WA UK PPA

Impact: : Sustainable improvement in the lives of poor and vulnerable groups by achieving progress in at least 3 Millennium Development Goals (Mugs) (improving clean water, hygiene and sanitation (MDG 7); increased education (MDG 2) and child health (MDG4)

Outcome: To enhance development impact by implementing programmes which promote improved access to clean water, hygiene and safe sanitation and promoting good practice to governments and development actors in 1) best practice in improving access 2) good governance 3) child health 4)

inclusive practices to the most vulnerable groups (children; women and girls; disabled people, the elderly and those with HIV/AIDS).

- Emphasis will be placed on WA UK's work with governments and service providers in the south, specifically around improving access to clean water, hygiene and safe sanitation. Under the governance theme, WA UK will prioritise initiatives that encourage citizens and civil society organisations to hold their governments to account in the provision of those essential services with an increased focus on the most marginalised people. WA UK will work in 23 countries in Sub-Saharan Africa (19) and Asia (4) selecting countries based on the following criteria:
 1. The potential for WA's work to be effective and have a long term positive impact.
 2. Selected country must lie at the lower end of the United Nations Development Programme Human Development Index and have a significant part of the population in the country lacks access to water and sanitation.
 3. The opportunity for WA's work to be coordinated with, and add value to, that of others.
 4. The potential for WA UK to influence other organisations to improve access to safe water and sanitation.

WA UK will prioritise work in countries where there is a significant part of the population without access to safe water and sanitation and who are at the lower end of the United Nations Development Programme Human Development Index for example Niger, Ethiopia, Mozambique, Madagascar and Bangladesh amongst others.

Appraisal Case

A. Feasible options

There are two options for this intervention:

1. Fund WA UK through a centrally managed PPA
2. Reject WA UK's proposal

B. Appraisal of options

Option 1. Fund WA UK through a centrally managed PPA

Costs: DFID will invest £4,201,640 in the first year (2011-12) of the PPA with WA. Funding represents approximately 10% of WA's total income and can play a key role in shaping how WA uses its non-DFID resources.

Subsequent performance-based allocations are provisionally set as:

- 2012/13 £ 4,201,640 (provisional)
- 2013/14 £ 4,201,640 (provisional)

PPA round 2011-14

The new PPA round, 2011-14 and for which WA UK has been selected, challenged CSOs to show greater effectiveness, results and Value for Money.

2011-14, Key criteria for selection included:

- Niche, expertise, leadership
- Strategic fit with DFID objectives and priorities and complementarity
- Vision and Impact (what will be achieved)
- Transparency & Accountability
- Results delivery (demonstrated impact)
- Value for Money
- Partnership (structure and reach)
- Monitoring, evaluation & learning

In addition the selection process included a **Resource Allocation Model (RAM)**. The 2011-14 RAM ensured that appropriate funding levels were attributed to each selected partner. Annual income, as stated in the CSO's Annual Audited Accounts, was selected as the starting point (base). In addition, the RAM made full use of the PPA offer document which all applicants were asked to complete. Offers were scored against specific criteria. Each criterion was allocated a score, which was used to calculate building blocks. These were added to the base to calculate the appropriate funding level. It was agreed that in order to reduce dependency, PPA funding should be capped at 40% of an organisation's income.

Evidence base for the selected option (PPA with WA UK:

Benefits:

WA is the leading UK NGO focused on water and sanitation working globally in 23 countries across Africa, and Asia region. They have 30 years of grassroots experience of innovating, implementing

and managing water and sanitation service delivery and hygiene promotion projects and have provided safe water and sanitation delivery for over 23 million people since their inception in 1981. WA has conducted multi-country research to identify the technological, management and capacity solutions needed to provide access to these key services in the 23 countries they will work in through this PPA.

WA has a significant evidential basis to influence national and international policy and practice. This enables them to promote the successful approaches and lessons learned from the work of our partners, and to influence national and global decision makers of the priority of increasing sustainable access to the poorest. Their global presence and partnerships also enable WA to promote effective working at national and international levels between civil society, governmental and private sector organisations. For example, WA founded and hosts the Freshwater Action Network of civil society organisations working on water issues and the End Water Poverty Coalition to promote inclusion of water and sanitation in the MDGs. This increased coordination is essential for effective service delivery. WA plans to deliver services to a further 25 million people by 2015 with over 11 million of those people gaining access through this PPA.

WA currently works with around 400 partner organisations – 174 non-governmental organisations, 113 local government organisations, 18 state government organisations, 18 academic and research institutions, 52 fora of water and sanitation providers and over 350 private sector organisations. In 2010 WA committed to increase investment with and through partners to 60%, ensuring that they are adequately supported to be at the forefront of programme delivery.

WA's Concept Note and subsequent Proposal were assessed against rigorous criteria and a Resource Allocation Model (RAM) was utilised to allocate funding levels. WA's proposal demonstrated its strength in reaching out and supporting the poorest people, aiding countries most in need, demonstrating results and providing good VfM. WA was identified as a leader in the water sector transforming lives by improving access to safe water, hygiene and sanitation in the world's poorest communities.

At the highest level of impact, WA's activities will contribute to sustainable improvement in the lives of some of the world's poorest people and progress movement towards the achievement of at least 3 MDGs:

- Environmental sustainability in particular improving access to clean water, hygiene and sanitation (MDG 7)
- increased education by increasing the ability of children to attend school (approximately 400 million school days are lost each year to water-related diseases) (MDG 2)
- increased child health (MDG4)

In particular, the investment of a PPA with WA UK will:

- promote and secure poor people's rights and access to safe water, improved hygiene and sanitation (4,499,371 people gaining access to water resources with a further 7,070,566 gaining access to improved sanitation).
- support governments and service providers in developing their capacity to deliver safe water, improved hygiene and sanitation (potential to reach a further 100 million people through their influencing work)
- advocate for the essential role of safe water, improved hygiene and sanitation in human development

Work will focus on 23 countries in Africa and Asia where WA UK have 17 well established country programmes (CPs): **East Africa:** Ethiopia, Tanzania, Uganda; **Southern Africa:** Madagascar, Malawi, Mozambique, Zambia; **West Africa:** Burkina Faso, Ghana, Mali, Nigeria; **Asia:** Bangladesh, India, Nepal, Pakistan; . WA's focus in sub-Saharan Africa reflects the off-track MDG targets in this

region – for example at current rates of progress, targets for sanitation access will not be met until 2206. Recently WA has expanded into 9 new countries (Rwanda, Kenya, Liberia, Niger, Sierra Leone, Angola, Lesotho, Swaziland and Laos) using existing expertise to support work in new diverse environments including fragile post-conflict environments, weak governance, and desertification. Geographical priorities are selected according to the criteria analysing need, potential for impact and influencing. Investment in a PPA with WA has the potential (directly and indirectly) of reaching a high number of the world's poorest people:

- By 2015, WA's ambition is to enable a further **25 million people** to have access to basic services, and to reach an additional **100 million people** through their influencing work.
- At the **community** level, WA works with local organisations and local governments to support links between communities and service providers, enabling poor and excluded people to demand their rights to WASH services.
- At **regional** and **national** levels, WA highlight inequalities within WASH service provision and support decision makers to adapt policies and practice that addresses this. For example, through the **Local Millennium Development Goal Initiative** (LMDGI) approach, WA builds the capacity of governments and service providers to develop and implement local development plans that focus on improved governance, budget advocacy, data-collection, planning and collaboration and coordination between sector players.
- **Globally**, WA advocates for the essential role of WASH in human development through influencing key organisations involved in poverty eradication.

In addition, benefits of funding through the PPA mechanism also include:

- Reduced administrative burden
- Shared management resources across all PPAs
- Opportunity to achieve economies in scale by supporting interventions best placed to leverage results across the WA family, their established partnerships and beyond
- Enhanced DFID reach and results on shared strategic areas
- Enhanced DFID reach in countries where WA works.

Strengths and capacity of WA to implement a PPA:

Vision: WA has a clear vision and strategic objectives which frame its work. These fit well within DFID's Business Plan related to a) supporting actions to achieve the MDGs; b) improving the lives of girls and women; c) boosting wealth creation and d) combating climate change.

WAs strategic objectives:

- To promote and secure poor people's rights and access to safe water, improved hygiene and sanitation:
- To support governments and service providers in developing their capacity to deliver safe water, improved hygiene and sanitation.
- To advocate for the essential role of safe water, improved hygiene and sanitation in human development
- To further develop as an effective global organisation recognised as a leader in the WASH (water, sanitation and hygiene) field.

Over 4,000 children die every day from preventable disease caused by lack of access to clean water and safe sanitation. 400 million school days are lost every day to preventable disease for the same reason and with women and girls performing most of the unpaid labour associated with water and sanitation, this leaves less time for education and paid employment. WA has adopted equity and inclusion as core principles of their work, intrinsic to a rights-based approach, to ensure that issues of

marginalisation and exclusion are addressed in order to realise their vision of a world where everyone has access to safe water and sanitation.

Governance:

WA UK is part of the global WA international federation, the Members of which includes the USA, Sweden and Australia. Each Member is an independent organisation, with its Board of Trustees and Chief Executive, bound together by a common vision, values and global strategy. WA has an office in London. They are governed by a board of trustees who are responsible for ensuring that the Charity is managed in line with its mission and that it abides by its charitable activities. The Chief Executive, appointed by the trustees and a team of five Directors are based in the London office. This office supports their international programmes, campaigns and policy work along with finance, IT, fundraising, communications and HR functions. A Strategic Planning Manager and Internal Audit Team also report to the WA UK Chief Executive.

WA in the UK has country programme offices in 26 countries in Africa and Asia headed by Country Representatives (or Team Leaders) appointed by, and accountable to, the Director for International Programmes. The total number of staff within WA is 629. The programme departments are staffed by a range of technical staff including water engineers and environmental health scientists, who have the expertise to design, manage and evaluate programme activities and work alongside policy, M&E, finance, HR, fundraising and communications staff. WA also works with up to 2,000 volunteers ranging from support in the offices through to helping at festivals and with the speaker network. They also have 4 small offices in the UK regions which are donated by the Water Utilities and support fundraising activities. The Country Programmes are supported by two support units: Technical Support and Programme Effectiveness. Regional work allows WA to work more effectively by promoting inter and intra regional collaboration, learning and resource management, to maximise programme delivery and influencing.

WA's **Global People Management Framework** demonstrates a commitment to equal opportunities, diversity and child protection. It supports Country Programmes in developing policies and procedures, by providing consistent policy commitments and procedural toolkits. It sets out the minimum standards in a number of key areas including Rewards, Security, and Health and Safety, is adapted at the Country Programme level according to local laws and context.

WAs commitment to equal opportunities and diversity in policies and practice has been recognised by achieving the *Positive About Disability* status and *Investors in People* awards. WA's **Equity and Inclusion Framework** provides guidance on how they implement their new equity and inclusion policy across the organisation not only in external service delivery and capacity development work but also in internal ways of working. WA UK's **child protection policy** aims to reduce risks of child abuse and ensures that WA UK representatives understand issues of child protection. WA continually strives to limit carbon emissions, which ultimately impact on the quality and quantity of fresh water available around the world. As part of their **ethical, environmental and sustainability principles and goals** they published an organisational environment statement detailing our commitment to minimising the environmental impact of their UK activities.

The Global People Management Framework includes a key policy on the **Reporting of Serious Malpractice** ('whistle blowing'). This provides an effective procedure for people to raise their concerns when they believe that abuse, serious malpractice or professional misconduct has taken place, is taking place or is likely to take place.

Results, Monitoring & Evaluation: As a single sector organisation, WA have been able to clearly frame how they will integrate service delivery, capacity building, advocacy and learning in order to achieve results which can be scaled up, sustainable and produce impact. Over the last year WA UK has reached **940,000 people with water** and supported **1.24 million people** with sanitation facilities through its work in 15 countries in Africa and Asia. Since its creation in 1981 WA UK has reached

over **14 million people with safe water.**

WA has developed an **integrated and universal M&E system** based within a Global Programme Planning, Monitoring and Evaluation (PM&E) Framework. This framework clearly identifies the planning and monitoring expectations of each Country Programme (CP). Each CP develops Multi Year Plans and Budgets on a 3 year rolling basis, which are reported against on a quarterly, six-monthly and annual basis, as well as specific programme and project evaluations. After each period of annual planning and reporting, WA conducts a Learning After Review, to help improve future processes.

To support this process, WA UK introduced a **Planning, Monitoring and Evaluation** Guide in 2010, which is designed to maintain the consistency of data by ensuring that information on the global programmes is all held in one, accessible place. This guide is an important reference document to be used by all staff when carrying out planning, monitoring and evaluation work. In parallel with the development of the Framework, fifteen Strategic Performance Indicators (SPIs) were identified in line with the new Global Strategy. These are high-level indicators (both quantitative and qualitative) used to monitor and evaluate WA UK's work on an annual basis and will summarise lower level indicators at the regional, country, programme and project level. This enables WA UK to **demonstrate its contribution** to different kinds of change with evidence from the SPIs being used as a basis to improve many aspects of the way WA UK works. This includes: applying learning from SPIs to the design of programmes; how we spend resources; and strategies for influencing and capacity building. Key water and sanitation access indicators are linked to a Global Accounting System so that numbers of people supported through their work can be recorded and are checked against expenditure monitoring. The indicators have synergy with the UN/JMP definitions and can therefore be used to monitor progress towards the MDG targets for Water and Sanitation.

In addition to annual monitoring, each CP undertakes an in-depth evaluation every 3-4 years. Four CPs a year are assessed on their performance, accountability, lessons learnt and on how the work continues to be relevant and sustainable and in-line with the adopted national approaches. These **evaluations have been used to improve decision making at both strategic and programme level.**

Community Led Total Sanitation (CLTS) is a successful approach that WA UK was instrumental in promoting and is now being adapted and adopted by many CPs due to its success in Bangladesh. WA UK's three country study of CLTS was presented this year at the 34th WEDC conference in Ethiopia has generated key understanding and consequently improvements to approaches have been used to adapt CLTS in Nigeria. Lessons emerging from the field suggest that success will depend on the ability to customise the approach to the community context, taking into account specific social, cultural and economic factors of communities. Similarly, WA in Tanzania has developed the *Mtumba* approach out of the evaluation and lessons learnt from the existing sanitation and hygiene promotion approaches to improve its effectiveness.

A dedicated **Programme Effectiveness Unit** was established in 2008. The *Knowledge Net* supports WA UK's work in **contributing to gender equality and tackling climate change**. Key components include: an **Equity and Inclusion Framework** (which includes examples of good practice to address the institutional, attitudinal and environmental barriers preventing full access to WASH services by women and is intrinsic to a rights-based approach). Given that 72% of the population tasked with water-fetching labour are women and girls, beneficiary numbers are disaggregated by gender to measure progress towards gender equality.

WA's research on water security and integrated water resource management has identified approaches to tackle the **impacts of climate change** on WASH. The poorest are most at risk as they are already least able to respond to seasonal change and extreme weather. However, WASH facilities significantly improve their resilience and their ability to adapt to climate change. WA has piloted and is evaluating interventions such as rain water harvesting and sand dam technology in

Ethiopia, Mali and India, which will improve water availability and act as a buffer in times of drought.

Transparency & Accountability: WA has embedded the following core practices into its everyday working to ensure transparency and accountability principles throughout all elements of their work:

- An **Annual General Meeting** is held during which the Accounts are agreed and then presented to their supporters. It is followed by an **Annual Supporter Meeting**, an opportunity for people to speak directly to employees and ask questions;
- Details of the structure, governance, management structure and comprehensive FAQs on various activities are shared in the Annual Report. WA were awarded first place in *Charities Online Accounts Awards* (for clear accounting);
- WA has a **complaints policy** whereby all complaints made are recorded. This adheres to the **Fundraising Standards Board** and enables them to learn and improve activities;
- A **Trustee code of conduct** is on WA website based on the code issued by the Association of Chief Executives of Voluntary Organisations and the Code for the Voluntary and Community Sector from the National Council for Voluntary Organisations. The Trustees engage in annual performance management feedback sessions and a skills audit was held before the appointment of new trustees to ensure the appropriate balance of expertise on the Board;
- **Internal Audit (IA)** works to the standards described in the Institute of Internal Auditors' Code of Ethics and International Standards and takes a risk based approach to all its activities;
- **WA employed a wide range of tools** in 2009 to demonstrate accountability in project work. This ranged from citizen score cards or community based radio programmes in Uganda, Ghana and Nigeria, Citizen Audit and public hearings in India and Mali or media in Burkina Faso. Community views on WASH services are gathered, focusing mainly on issues of water accessibility, cost, functionality, policy awareness, transparency and accountability and interaction with the service providers. These tools and methods used **played a key role in improving accountability and responsiveness mainly at community and local government levels;**
- Currently 20% of WA's work is supported by restricted income from key institutional donors. This means that they are also subject to contract **compliance frameworks** from the EC and USAID;
- Partners work with WA under a **partnership agreement**. This includes a section on grievance procedures and a code of conduct which partners can rely on in case of disagreement. This means that they effectively and practically have the right to complain and ask for a meeting to resolve any issues;
- WA is an active member of the **Charity's Finance Directors Group, People in Aid** and secured the **Investors in People** award;
- In 2009/2010 WA UK invested in a **governance review** to assess the best ways forward for WA UK's global role leading to the establishment of WA International;
- WA works with the **Water Integrity Network (WIN)**; a global coalition fighting corruption in the water sector in order to identify areas of collaboration;
- WA is currently planning how best to engage with the International Aid Transparency Initiative (IATI). WA is aware of the importance of being transparent and have already placed all of their evaluation summaries and briefing notes on their website http://www.WA.org/uk/what_we_do/how_we_work/how_we_evaluate_our_work/default.asp

Cross cutting issues (Gender, Social Exclusion, Climate Change, Private Sector)

WA have identified that issues of social exclusion are related to access to water, sanitation and hygiene services, and therefore integral to the PPA work areas, in the following ways:

Gender

Without access to sanitation and hygiene, women and girls are increasingly vulnerable to infections and face a higher risk of maternal mortality. Every minute of every day, a woman dies of pregnancy-related complications, totalling more than half a million women each year. Also, issues such as

menstrual hygiene are often shrouded in ignorance, causing girls to drop out of school if there are no suitable toilets. A recent round table held by WA and supported by the Sanitation and Hygiene Applied Research for Equity (SHARE)) programme, agreed that, “ Menstrual hygiene management is fundamental to the dignity of women and girls, and an integral part of basic sanitation and hygiene services to which every woman and girl has a right. MHM needs to be seen within the overall E&I paradigm as a neglected issue. It cuts across other vulnerabilities such as disability, location, poverty, class, caste and religion.”

Disability

Millennium Development Goal 7 Target C is to halve the proportion of the population without access to clean water and basic sanitation by 2015. According to the UN, an estimated 690 million individuals, roughly 10% of the world's population are persons with disabilities. Thus Goal 7 Target C will not be achieved unless persons with disabilities are routinely included in water and sanitation programmes. Such access is a right also guaranteed under the new UN Convention on the Rights of Persons with Disabilities which came into force in May, 2008. Article 9 of the Convention specifically ensures persons with disability equal access to the physical environment and the identification and elimination of all obstacles and barriers to such accessibility; Article 28 recognises the right of persons with disabilities to an adequate standard of living for themselves and their families, including adequate food, clothing and housing, and Article 32 ensures that international cooperation, including international development programmes, are inclusive of and accessible to persons with disabilities. Finally, it is noted with concern that in some places improvements in WASH facilities – new latrines with steps - may in fact make new WASH facilities less, not more, accessible to some people with disabilities.

Children

In the world's poorest communities, children are exposed and vulnerable to water-related diseases such as diarrhoea, worm infection, typhoid, and Hepatitis A. These illnesses can have long-term consequences on physical, mental and educational development, with an estimated 400 million schooldays missed every year worldwide as a result of diarrhoeal diseases. 4,000 children die every day because they do not have access to safe water and sanitation. Countless others are too sick to go to school. Children, especially girls, are also heavily burdened by tasks such as collecting water, which causes them to miss out on education and limits their opportunities for economic and social development. Inadequate water, sanitation and hygiene in schools also acts as a barrier to education as children need plenty of water to help them concentrate and hygienic sanitation to keep them healthy. Many adolescent girls fail to attend school if their menstrual hygiene needs are not met.

HIV/AIDS

Safe water, sanitation and hygiene promotion is essential in protecting and caring for people living with HIV. Approximately 33 million people are living with HIV and AIDS worldwide. HIV causes vulnerability and poverty through sickness, the loss of economic productivity, and the need for care. It also leaves children having to fend for themselves. People living with HIV, as well as their families and carers, often become even more marginalised through stigma and discrimination.

Research shows that improved hygiene can reduce the risk of diarrhoea by 30 per cent or more, improving the quality of life for people who are HIV-positive and for their families. Antiretroviral drugs help prolong life and keep people healthier and therefore economically active. However, adequate food and at least 1.5 litres of safe water per day are crucial for making these drugs effective.

The Elderly

The World Health Organisation estimates that between 40 and 60 per cent of older people in the poorest countries are denied access to clean water, hygiene and sanitation. Because older people are more likely to experience illness or disability, many struggle to dig latrines, travel the long distances required to collect water, or to use standard sanitation facilities without help. Older women and men are particularly susceptible to disease, often caused by unsafe water and sanitation, and poor hygiene exacerbates this.

Ethnic groups

Ethnic, national, religious, linguistic or cultural groups who are smaller in number than the rest of the population are among the most marginalised communities. In many countries they face regular discrimination when it comes to health care, education and employment. They are underrepresented in political processes as well. Those on the edge of mainstream society face discrimination simply because of their physical whereabouts. The segregation can often be so profound that people are simply denied access to water. Those who are displaced often lack access to water and sanitation if their rights had been tied to the land they lived in before. Finally, water and sanitation facilities may be designed without taking into account the needs and practices of minorities and indigenous peoples.

Climate Change

WA focuses on precautionary measures that they can take as an organisation to ensure that their programme work and the practice they advocate to others does not impact negatively on the broader environment. They are encouraging a much greater focus on environmental monitoring within programmes to assess the impacts of external factors on their programme work and water security more generally. Examples of this are given below:

Rural water supply

WA's rural water supply interventions are primarily intended to meet domestic and small scale livelihood needs and therefore do not exert the level of demand on water tables observed when pumping for agricultural production. A manual hand pump installed on a borehole will not exert a greater demand than 0.3 litres per second meaning it would be difficult to achieve drawdown of water tables over large areas, even where pumps are clustered. These manual pumps are essentially self limiting. The broader environmental impacts of these interventions are likely to be minimal.

Urban water supply

WA supports more intensive mechanized abstraction in certain urban and small town settings by encouraging urban planners to seriously consider the limits of water resources when developing groundwater for urban supply. They encourage a full assessment of sustainable abstraction rates before supporting such schemes.

Sanitation

Many of WAs programmes use the Community Led Total Sanitation (CLTS) approach which aims to achieve an end to open defecation thus improving the quality of the surrounding environment and limiting contamination. There is a requirement that sanitation projects involve an impact assessment to ensure that sanitation infrastructure and excreta disposal will not impact negatively on the surrounding environment.

Institutional systems for assessing climate change and environmental impacts

Water quality is monitored in all WA programmes. Some of WA Country Programmes (India, Nepal) carry out ongoing monitoring of groundwater levels, rainfall and demand to establish the drivers of water stress and the impact of programme work on water quality/availability. Drivers of water stress include variable rainfall, rising demand, changing land use, environmental degradation and climate change. The monitoring helps to establish which driver is dominant and informs development of community level responses. This monitoring practice is currently being extended to all West and East Africa programmes.

Private Sector

Private sector engagement is a further element of WA 's partnership strategy; working with private sector organisations to develop innovative, sustainable solutions to water and sanitation issues, for example, developing a partnership with Lilongwe Water Board in **Malawi** and brokering community-based solutions to urban water access in peri urban areas of the city. In the UK, WA engages with

the private sector to raise funds and awareness and to draw on expertise. They work with each of the 23 water utilities in England, Scotland, Wales and N Ireland, their contractors, consultants and suppliers and government agencies such as the Environment Agency, regulator OFWAT and Drinking Water Inspectorate. WA UK works with the CEO Water Mandate, part of the UN Global Compact, and the Institute of Human Rights and Business to consult on issues around shared use of water resources, and small scale technical advisory projects with companies such as Pfizer and ARUP.

Alternative Option 2 (no PPA for WA UK: Reject WA UK's offer

The choice not to provide PPA funding will potentially limit the capacity of WA to expand and strengthen its participation in the advocacy and influencing role it has in the UK and in international forums i.e. UN, World Bank and other key players. It would also lessen our joint goal of eliminating WASH poverty. The rigorous assessment of WA's proposals against the agreed commitment to fund CSOs through PPAs makes a good case for the fit with DFIDs objectives over that of other CSO PPA applicants.

Summary - Value for Money Justification:

For the reasons summarised below, Option 1 offers good value for money and is proposed for approval.

The overall theory of change for the PPA investment with WA, is that by providing strategic support for WA to and refine and scale-up its most promising evidence-based development models, connect this evidence to policy-makers to influence best practices and attract funds from other donors, and support governments and other agencies to adopt innovative approaches where they prove relevant and effective, the PPA will leverage the local-level impact of WA's best initiatives to influence national and international development policy and effect much wider change in the lives of poor people.

More specifically, WA believe that, by adopting equity and inclusion as core principles, intrinsic to a rights-based approach, will ensure that they address issues of marginalisation and exclusion in order to have the biggest impact on at least 3 MDGs. The choice of the areas that they work in for each Country Programme and what the interventions/approach should be is based on an analysis of sector needs and gaps in each country programme. This is based on an assessment of the key development issues in each country, the rural and urban contexts, and the WASH sector and how it is located in the country's development processes, the situation with regards to rights, equity and inclusion, and how WA fits into the sector with the other stakeholders. From this, they will be able to develop interventions that are appropriately targeted to achieve maximum impact by engaging with relevant stakeholders in their respective areas of competence, responsibility and influence i.e. private sector, governments and local NGOs.

WA's choices of specific programmes to support and report on under the PPA reflect its areas of expertise well, and have been carefully assessed by WA as the most promising in relation to scaling up and learning. The benefits outlined earlier, past evaluations of WA's work and its broad reach beyond the scope of programming alone all contribute to a strong case for supporting a PPA with WA and it providing good value for money

Due diligence checks have been carried out on WA. DFID is confident that in addition to yielding results on the ground, WA has strong and efficient mechanisms in place for monitoring and evaluating its work, focusing on results and delivery, and ensuring good value for money and transparency in all decision making. Due diligence checks help to show how each organisation is approaching value for money.

Through performance monitoring, DFID will assess that WA's organisational systems are used to deliver value for money of the PPA investment (see next section). DFID will emphasise the

importance of learning lessons and disseminating these more widely through the partnership to reflect innovative programming aspects of WA's approach. WA's efforts to share learning would benefit from regularly assessing impact on its and partners' work. DFID will encourage this through its learning and management support to PPA partners.

In addition, we are also supporting Bond's Effectiveness Programme which will have a major focus on improving value for money within UK CSOs.

Cost:

- 2011/12 £ 4,201,640
- 2012/13 £ 4,201,640 (provisional)
- 2013/14 £ 4,201,640 (provisional)

D. Measures to be used or developed to assess value for money

Value for Money

The PPA mechanism is efficient, as set out in previous sections (administratively efficient 0.2%, pooled resources on monitoring and evaluations, outreach, scaling up etc).

WA as an institution has its own systems in place to ensure value for money. It does so through best practices in the following areas:

WA's **Value for Money (VFM)** approach focuses on **economy, efficiency and effectiveness**. WA has a **Multi-year Planning and Budgeting process** which monitors all activities and costs. Financial plans are prepared by budget holders and then challenged by peer review and line management up to the Board of Trustees. The new strategy process and the current economic climate heightened the urgency to improve WA's financial efficiency to ensure we protect our CPs and partners work by taking immediate restrictions measures on administrative costs over the past 18 months. All recruitment is analysed and approved by Directors. Travel procedures have been revised to improve financial efficiency and reduce environmental impact. All overseas budgets are now in local currency to avoid disruptions to programme work as a result of exchange rate fluctuation. In pursuing a programmatic approach in order to maximise sustainable impact WA revised their reserves policy to the minimum level considered necessary for effective operations. Following WA's Partnership Agreement Guidelines no funds can be transferred to a partner unless a valid partnership and funding agreement is in place. Funds are not released if the partner is in breach of the agreements. Strengths and gaps are assessed through a skills audit to agree on how best to address any issues at all levels.

All staff must comply with the purchasing procedures outlined in their country's accounting manual and consistent with the Global Accounts Manual. WA's Technical Support Unit (TSU) has created a framework expertise in appropriate low cost technologies which are sustainable² and can be made and maintained locally. WA recently took part in the DFID-lead **New Economics Foundation study** on Social Return On Investment which provided valuable guidance to consider the multifaceted approach of measuring programmatic and policy outcomes.

In the case of WA's direct investments, the average costs per person in delivering **water and sanitation for 2009-10 is £12.59 and £4.63** respectively. At the CP level, they work with local

² Like the rope pump in Burkina Faso or sand dam technology for domestic water supply services in Ethiopia.

partner organisations, leveraging on their knowledge and skills that are relevant for the local context, while also, in the process, supporting them in developing their capacities to deliver programmes effectively. WA considers this investment in the local partners as key to a strong and sustainable WASH sector.

WA's work is **based on strategic choices and priorities** which respond to the need of the poorest in the most effective and efficient way. CPs produce annual plans and reports, working with their local partners and this informs the budget allocation for the next year. WA believe the key to effective programmes is to maintain the appropriate level of support and challenge to CP colleagues; this is monitored at regular intervals, and more formally through the six month reforecasting plans. As external and internal environments change, they are able to provide the appropriate support and capacity building opportunities to ensure maximum impact within the local context and funds may be redistributed to support the local context, for example additional funds were provided from our internal 'emergencies fund' to support work in Pakistan following the recent floods.

Further planned efficiencies during the period include:

- WA's new Global Funding Strategy promotes a greater focus on increasing capacity of in-country staff to raise funds and has initiated analysis work on current Return on Investment of the funding streams. They work consistently to ensure they are not spending more than 25% on fundraising activities; they have taken a robust approach to their funding portfolio approach distributes clear financial targets across the market and they also monitor their **Returns on Investment against the sector**. They continue to invest in high quality systems/staff to maintain fundraising momentum in an increasingly competitive environment. WA believe that this supports the need to maintain a high growth rate each year and the belief in the **value for money** approach from their lifetime value supporters and will continue to monitor and improve on this.
- In 2010 WA implemented a new Global Strategy to take them to 2015. This strategy will see WA continually rationalise and revisit its structures, processes and tools to ensure they are working as smartly as possible. Recent attention on value for money and the focus of the Global Strategy on influencing change means that it will remain important to find methods of measuring the value and effectiveness of success.

Robust financial accountability and value for money practices are linked into WA's 4th organisational aim which is to further develop as an effective global organisation. WA has clear measurable outputs and a clear understanding of costs which work together to provide value for money. As such, WA appears committed to delivering value for money as an integral part of its organisational strategy.

Details on **procurement** can be found in the following section.

At the 18 months point of the PPA with WA an external mid term evaluation will be carried out. It will be reviewed by DFID's external evaluation managers and used as the basis upon which to decide future funding allocation. The Value for Money of the PPA with WA for DFID will be reassessed and performance related funding released accordingly.

Commercial Case

Indirect procurement

Section A. Choice of funding mechanism that demonstrates value for money through procurement

VfM through procurement of a PPA:

- Administratively low for DFID (0.2%)
- Shared programme costs

Assessment of WA VfM through procurement:

As part of the application process for a Programme Partnership Arrangement (PPA) all applicants were asked to provide evidence to show how they ensured value for money in their day to day operations. Using a pre-determined scoring system each applicant was marked between 1 and 4 (with 4 being the strongest scoring) for the response they provided. Each was asked to provide concrete examples to support the narrative provided. This score was then added to scores allocated to other issues such as transparency and accountability and results delivery. These scores were then added together to provide an overall score for the applicant and a decision was taken based on the applicants overall score and the level of funding calculated using the scores. All of the successful applicants for PPA had to be able not only to describe how they achieved value for money but also to say how they would achieve further value for money savings over the lifetime of the PPA funding.

Each PPA applicant was asked to complete a Procurement Questionnaire which posed a wide range of questions aimed at giving a detailed overview of each organisation's procurement practises and policies. This completed questionnaire was forwarded to KPMG who were contracted to undertake a Due Diligence check of all successful PPA applicants.

The reports which KPMG produced focused on each PPA applicant's Internal Governance, their Financial Management and other areas and included a substantial section entitled 'Value for money and procurement capacity and effectiveness'. This section described each PPA applicant's primary measures of value for money and its baseline procurement capacity in relation to its organisation. The section tabled the PPA applicant's Primary Objectives, Key performance indicators, set a baseline for performance for the start of the PPA and set targets for improvements over the lifetime of the PPA.

Each PPA applicant, once finalised, was issued with a Memorandum of Understanding (MOU) which laid out the generic terms and conditions of the PPA support but also included any specific conditions which arose as a result of the Due Diligence checks. All of these conditions were allocated timescales within which agreed improvements had to be made.

Only if we were confident that the PPA applicant either already had the relevant processes, systems, staffing and practices in place to deliver value for money or had agreed to timed conditions relating to improvements in these areas, would we agree to PPA funding.

Section B: Value for money through procurement

The Procurement Questionnaire and the Due Diligence check undertaken by KPMG have shown that WA UK places significant priority in ensuring procurement procedures follow best practice. A PPA is awarded to WA UK based on a competitive process that, as previously mentioned, assessed WA systems to ensure VfM across technical and commercial areas. This was supported by a Procurement Questionnaire to identify WA UK's procurement capacity. WA has demonstrated that it has effective procurement mechanisms/systems in place

WA's value for money objectives and indicators link to their fourth organisational aim which is to further develop as an effective global organisation recognised as a leader in the field and for living the organisation's values. They have measurable outputs and a clear understanding of costs, which work together to provide value for money.

WA also appears committed to delivering value for money as an integral part of its organisational strategy, and sees the responsibility for achieving value for money as lying with all staff and not just those with financial responsibility. However, stronger linkage between outcomes and impacts, and cost, would strengthen the monitoring of value for money.

The nature of WA's work means that it does not undertake large procurement exercises. WA do not therefore have a discrete procurement function or responsible Procurement Officer. Responsibility for procurement is delegated to budget holders. However, while there is not a separate procurement policy, WA's approach to procurement is set out clearly in the UK Accounts Manual and the Global Accounts Manual and there is a robust budget monitoring process in place to mitigate the risk of inappropriate expenditure not being detected.

Financial Case

A. How much will it cost?

The overall PPA budget for the three year period beginning 1 April 2011 has been set at £120m per financial year (April to March). Of this amount £20m has been ring-fenced for applicants requesting support under our Humanitarian and Conflict criteria with the balance of £100m per year available to support Civil Society Organisations (CSOs) active in any other area of the development arena.

Approval for this overall funding allocation was agreed at ministerial level following a submission to Ministers on the future of strategic level unrestricted support to CSOs.

To set appropriate funding levels, the Resource Allocation Model (RAM) took account of the size of the successful CSO (in terms of annual income) as well as the scores allocated to produce a final breakdown of the PPA budget amongst all successful applicants.

In the case of WA the RAM produced a proposed PPA funding level of:

- 2011/2012 £4,201,640
- 2012/2013 £4,201,640
- 2013/2014 £4,201,640

The level of funding for year one is set but the exact funding level for years two and three will be dependant on the outcome of an independent evaluation of the WA PPA after 18 months and agreement on arrangements for performance based funding in future.

B. How it will be funded: capital/programme/admin

All of the funding for the PPAs will be paid from programme funds.

Over the three year period of PPAs £300m will be paid from Civil Society managed programme funds with a further £60m paid from CHASE managed programme funds.

C. How funds will be paid out

All of the PPA holders are CSOs who do not, as a matter of course, hold large reserves of funding. To address this issue DFID has secured Treasury approval to pay CSOs in advance for up to three months. In order to receive this advance payment approval all PPA holders will be required to, when returning their signed Memorandum of Understanding, request that they be paid in advance and explain why an advance payment is necessary.

All PPA holders who provide this request and justification for advance payment will be paid quarterly (in advance) on receipt of a signed request for release of PPA support. Those not requesting advance payment or providing no supportable justification for such a payment will be paid quarterly in arrears.

All payments will be made by the Civil Society Department.

D. How expenditure will be monitored, reported, and accounted for

The funding provided through PPA is unrestricted. This means that when DFID transfers the funds to the PPA holder they are free to use them for any purpose in support of their objectives. As a result DFID does not ask them to say where the funds were actually used nor is DFID able to trace them

through accounting systems.

However, DFID asks that the PPA holder provide a copy of their certified Annual Audited Accounts (AAA) and that they clearly show the PPA funding as a distinct line of income.

DFID holds the right, at any time, to access the PPA holder's financial records through either its own Internal Audit team or the National Audit Office (NAO).

The WA PPA will follow these same arrangements.

Management Case

A. Oversight

Before entering any formal agreement with WA DFID carried out a full due diligence check to ensure that WA has both the systems and process and staffing at an appropriate level to successfully manage the funding being provided.

WA will provide the oversight for the PPA support. The PPA Manager, within DFID's Civil Society Department, retains oversight of all PPA partnerships within DFID.

DFID contracted an external evaluation manager to work with all PPA holders to ensure robust logframes, which have achievable outcomes, realistic and measurable milestones and sensible baselines against which progress can be measured. A logframe has been produced for the WA PPA covering the full 3 year period and can be found with other published documents on DFID's website.

B. Management

Within DFID, Civil Society Department (CSD) will be responsible for the day to day management of this partnership with WA. More specifically it will be the Relationship Managers within the CSD team who will have lead responsibility.

The relationship manager will work closely with WA to ensure that it is given support to achieve the agreed outcomes and to act as a broker to help foster relations between WA and any relevant DFID country offices and policy teams. The relationship manager will be responsible for ensuring the terms and conditions as laid down in the WA PPA Memorandum of Understanding (MOU) are adhered to by both partners.

The MOU is the official signed document which lays down the terms and conditions which govern DFID PPA support to WA. The MOU covers all areas of the partnership including details on payment processes, audit requirements, financial commitments and fraud.

In order to maximise learning and knowledge from the PPA partners, Civil Society Department has allocated one member of staff the role of Learning and Knowledge Adviser for the PPA portfolio. Through this role the Adviser will work closely with all PPA partners in order to ensure that lesson learning is shared widely amongst the PPA portfolio of partners, wider civil society and across DFID.

C. Monitoring and Evaluation

The monitoring strategy for each PPA grantee is individually designed (underway) as a response to their specific logframe requirements for indicator evidence collection.

Monitoring and Evaluation will be integrated into PPA partners' approach to managing the funding they receive through the PPA mechanism. There is a strong onus on each PPA to develop a Results Framework which will allow for a transparent evidence-based assessment of the results and value for money achieved through the grant they receive. An externally contracted Evaluation Manager has been put in place to ensure that the monitoring and evaluation strategies adopted by the organisations are adequate for providing such information and to allow for an overarching fund-level evaluation to take place.

A Results Framework has been designed by WA including a comprehensive logframe, which will be assessed against the theory of change and throughout the evaluation cycle. To date, the evaluation manager has assessed the WA logframe and specific technical advice and guidance has been provided to WA with a view to strengthen the framework in so far as possible.

The WA logframe will provide the core framework for monitoring progress against the planned results

for the grant. A baseline will be collected for each indicator articulated in the logframe (at the latest baseline information will be included 3 months after funding has been agreed, unless otherwise agreed). This will articulate, either qualitatively or quantitatively, the situation at the outset in the areas in which WA proposes to use PPA funding. For advocacy work it is likely that the indicators and baseline information will be qualitative and provide descriptions of current knowledge, awareness, understand, attitudes and behaviours.

Monitoring information will be collected regularly by WA and updated on an Annual basis; it will also be disaggregated by gender where appropriate.

WA will commission independent mid-term and final evaluations of its PPA spend. A template Terms of reference for the mid-term and final evaluations will be developed by the Evaluation Manager for the Fund and agreed by DFID. These independent reviews will form an evidence base for the mid-term and final evaluations of the PPA fund as a whole. The evaluation will use the milestones and proposed outcomes within the agreed WA PPA logframe to measure success.

Indicatively the mid-term and final evaluation focus will be to undertake an overall assessment of WA's progress towards Outputs, Outcomes and Impact (where data is available). They will also seek to make an assessment of the effectiveness and efficiency of delivery, the Value for Money, test the theory of change and identify key lessons learnt and applied.

D. Risk Assessment

- Risks have been preliminarily assessed, and mitigation will be further addressed throughout logframe development. As they stand, risks to the programme appear manageable.

ⁱ Better Aid – Civil Society and Aid Effectiveness (2009) OECD, p 151

ⁱⁱ Committee of Public Accounts – HC 64 – 22 March 2007

ⁱⁱⁱ *ibid.*

^{iv} REVIEW OF DFID SUPPORT FOR CIVIL SOCIETY- Paper to DFID Development Committee, London (March 2010), Andrea Ledward, Roy Trivedy

^v REVIEW OF DFID SUPPORT FOR CIVIL SOCIETY- Paper to DFID Development Committee, London (March 2010), Andrea Ledward, Roy Trivedy

^{vi} REVIEW OF DFID SUPPORT FOR CIVIL SOCIETY- Paper to DFID Development Committee, London (March 2010), Andrea Ledward, Roy Trivedy

^{vii} Supporting results, value for Money and Transparency: DFID's work with Civil Society, Presentation to Funding the Future, London (March 2011) Nick Dyer, Director of Policy DFID

^{viii} PPA Meta-evaluation, London (January 2010), Neil MacDonald