

## Type of Review: Annual Review

**Project Title: WaterAid PPA Annual Report 2011/2012**

**Date started: 1 April 2011 Date review undertaken: 31 May 2012**

### ***Instructions to help complete this template:***

*Before commencing the annual review you should have to hand:*

- *the Business Case or earlier project documentation.*
- *the Logframe*
- *the detailed guidance (How to Note)- Reviewing and Scoring Projects*
- *the most recent annual review (where appropriate) and other related monitoring reports*
- *key data from ARIES, including the risk rating*
- *the separate project scoring calculation sheet (pending access to ARIES)*

*You should assess and rate the individual outputs using the following rating scale and description. ARIES and the separate project scoring calculation sheet will calculate the overall output score taking account of the weightings and individual outputs scores:*

<b>Description</b>	<b>Scale</b>
Outputs substantially exceeded expectation	A++
Outputs moderately exceeded expectation	A+
Outputs met expectation	A
Outputs moderately did not meet expectation	B
Outputs substantially did not meet expectation	C

## **Introduction and Context**

What support is the UK providing?

The UK, through the Department for International Development (DFID), will invest in a 3 year Programme Partnership Arrangement with WaterAid UK 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. This type of strategic investment can leverage much greater impact than traditional project funding by playing a key role in shaping how WaterAid UK uses its non-DFID resources.

## What are the expected results?

The results that this investment will support are:

In 23 countries in Africa (19) and Asia (4) WaterAid 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.

## What is the context in which UK support is provided?

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.

To achieve DFID's priorities, as set out in its Business Plan (Structural Reform Plan), a multi-sectoral and multi-pronged 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. WaterAid UK is one of these.

## Section A: Detailed Output Scoring

**Output 1: Develop and promote equitable and sustainable water, hygiene and sanitation services that are accessible, appropriate and affordable, ensuring these can be replicated and adapted by others.**

Output 1 score and performance description: A

PROGRESS AGAINST INDICATORS		
Indicator	Milestone 1	Actual Achievement
1.1: Number of people who have access to water as a result of direct Investments with and through partner organisations.	1,405,825	1,562,896
1.2: Number of people who have access to sanitation services (improved and unimproved) as a result of direct investments with and through partner organisations.	2,200,061	1,916,031
1.3: Evidence of WaterAid supported work demonstrating inclusive representation and participation of community members in the planning, implementation and use of services.	7	15

Recommendations: The logical framework will be revised in September 2012 to reflect the increased progress made on poor people accessing water and also to reflect the need to incorporate funding delays/political instability into the proposed target figure estimates. WaterAid will undertake a review in October 2012 to ensure that those revisions are on track and will provide an updated report on this on 31 October 2012.

Impact Weighting (%): 40

Revised since last Annual Review? Yes

Risk: Medium

Revised since last Annual Review? No

**Output 2: To ensure and improve the effectiveness and sustainability of our service delivery by scaling up monitoring and review processes.**

Output 2 score and performance description: A

PROGRESS AGAINST INDICATORS		
Indicator	Milestone 1	Actual Achievement
2.1 Number of Country Programmes (CPs) carrying out Post-Implementation (PI) surveys to assess functionality, sustainability and use of water and	8	4: however please see note below.

sanitation facilities and hygiene practices.		
2.2 Number of in-depth joint technical reviews of the effectiveness of the technical aspects of service delivery carried out and followed up in CPs	2	3

Note to Indicator 2.1: evidence from 4 PI surveys enabled WA to complete the pilot stage and develop guidance to roll out to all Country Programmes (CPs) therefore the Year 1 milestone of 8 PI surveys undertaken was not deemed necessary to the success of Indicator 2.1.

Recommendations: As an outcome of the learning's from these pilots, each of the country programmes are now developing action plans in discussion with local partners and government. From these pilots additional guidance was developed and a decision made that each country must carry out one comprehensive survey every four years, and a smaller scale study each year.

Impact Weighting (%): 10

Revised since last Annual Review? No

Risk: Low

Revised since last Annual Review? No

**Output 3: To assist poor communities to demand their rights to water, hygiene and sanitation services and to take responsibility for developing and maintaining them.**

Output 3 score and performance description: A+

PROGRESS AGAINST INDICATORS		
Indicator	Milestone 1	Actual Achievement
3.1 Number of partnerships with networks supported to focus on WASH issues.	41	49

Recommendations: To continue the momentum on this output to continually exceed the milestones for the remaining PPA period.

Impact Weighting (%): 10%

Revised since last Annual Review? No

Risk: Medium

Revised since last Annual Review? No

**Output 4: Support governments and service providers in developing their capacity to deliver safe water, improved hygiene and sanitation.**

Output 4 score and performance description: A

PROGRESS AGAINST INDICATORS		
Indicator	Milestone 1	Actual Achievement
4.1 Number of local / district governments that benefit from WaterAid's capacity building	269	221
4.2 Number of country programmes (CPs) in Africa supporting sector level planning and coordination and performance monitoring.	12	13

Good progress has been made against this output with 221 partners (service providers) receiving capacity building from WaterAid, of which 132 were Local /District government partners. The total number of partners WaterAid works with is 535 and some of those partners will also have been involved in capacity building activities with WaterAid but may not have been defined by WaterAid as "capacity building" partnerships and therefore not reflected in the totals here.

The self-assessed **A+** rating has been amended to **A** to reflect the small underachievement at indicator 2.1. A score of **A** more accurately reflects that the output met expectations.

Recommendations: WaterAid will continue to support governments and service providers to increase their capacity to deliver WASH interventions.

Impact Weighting (%): 20%

Revised since last Annual Review? No

Risk: Medium

Revised since last Annual Review? No

**Output 5: To advocate for the essential role of safe water, improved hygiene and sanitation in human development.**

Output 5 score and performance description: A+

PROGRESS AGAINST INDICATORS		
Indicator	Milestone 1	Actual Achievement
5.1 Number of CPs engaging with development actors working in health policy or programmes	9	9

5.2 WaterAid Flagship Report for WASH produced with participation and contributions from CPs.	1	1
5.3 Number of countries in Africa and Asia with established Sanitation and Water for All compacts as a result of WaterAid's support	2	8

Recommendations: Clear attribution to WaterAid for the success of the Sanitation and Water for All compacts is difficult as there is no systematic means to collect this data. However their involvement and effort suggest significant attribution to WaterAid within the SWA framework. WaterAid do not intend to change the milestones for future years until clearer attribution criteria is developed.

Impact Weighting (%): 20%

Revised since last Annual Review? No

Risk: Low

Revised since last Annual Review? No

## Section B: Results and Value for Money.

### 1. Progress and results

**1.1 Has the logframe been updated since last review?** No but will be to reflect lessons learned and programme adaption and milestone changes. The updated logframe is due by the end of September 2012.

#### 1.2 Overall Output Score and Description:

A – outputs met expectation.

#### 1.3 Direct feedback from beneficiaries

WaterAid's Communication team is rolling out *Voices from the Field*, which is a global communications project aimed at bringing WaterAid's supporters closer to its programme work by focusing on story and case study gathering through interviews, film and photography and sharing the collected materials via an online multimedia library for use across the organisation.

WaterAid country programmes undertake a number of project level evaluations, as well as programme and country level evaluations each year. These require the participation of community members as key stakeholders. Similarly, within WaterAid's internal auditing procedures, there is direct engagement with communities for their feedback on the programme.

Four WaterAid countries have piloted their new Post-Implementation (PI) Survey framework which is built round obtaining direct feedback from beneficiaries. As from 2012/13 all

WaterAid country programmes will carry our annual PI surveys. Output 2 above provides additional detail on the Post-Implementation Surveys and is meeting expectations at this time. Direct feedback from beneficiaries will be supplied in future reporting.

#### **1.4 Summary of overall progress**

WaterAid UK have made good progress towards the milestones for Year 1 of this PPA and have been successful in exceeding the number of people reached with safe water and supporting networks across all their country programmes to focus on WASH issues. They have engaged with development actors in 9 of their country programmes on health policy and programmes to enable those actors, including governments, to focus on health policy from a WASH perspective and to strengthen WaterAid's School Health programmes.

#### **1.5 Key challenges**

Growing populations pose a huge challenge across all the countries WaterAid works due to the fast emerging cities and urban areas in the world. Against this growth, and increasing pressure on urban WASH services, WaterAid increasingly target more people in urban areas and consequently work within a more complex political urban context. They have had to rapidly learn and develop new and innovative urban approaches to address the very specific challenge that each urban slum represents.

Added to increased urbanisation, WaterAid has maintained momentum, as best it can, during some of the most severe drought, floods and Food Insecurity seen in the last 60 years. The key challenge for WaterAid has been maintaining momentum and the prioritisation of access to WASH services amongst both communities and governments against the backdrop of other pressing needs.

##### Political Instability

The most significant challenge is political instability and conflict which has led to internally displaced people in many countries and reports of human rights abuse and water and sanitation crisis in receiving communities. Donors and recipient governments have struggled to continue to operate efficiently in times of political unrest.

Without a stable political environment, WaterAid's interventions can be directly impacted or hindered through Government focus on other concerns. They are continually working to ensure that they maintain momentum when they can.

#### **1.6 Annual Outcome Assessment**

WaterAid has made good progress, despite underachieving on one output, towards the outcome statement and have the mechanisms in place to ensure continued progress and success.

## 2. Costs and timescale

**2.1 Is the project on-track against financial forecasts:** Yes, annual funding through the PPA is disbursed in four equal amounts on a quarterly basis. The full annual allocation for 2011/12 was disbursed as expected. Allocations for year 2 will be allocated in the same way with no variance expected. Funding for year 3 (2013/14) may be adjusted up or down based on performance, however it will be disbursed in the same way.

### 2.2 Key cost drivers

WaterAid's main cost drivers are:

- Staff (in WaterAid and partners) that have capacity to support successful delivery of their strategy,
- Appropriate technology for water and sanitation that's sustainable, accessible and can be sourced and maintained locally
- Campaigning and advocacy outputs that has demonstrable (over period of time) results in helping people gain access to water and sanitation

It is clear that WaterAid are aware that the cost drivers are in part driven by their decision to target the hardest to reach people and they appear to have robust processes in place to rationalise costs and ensure VfM. It was good to see evidence in the report that there has been a lot of work in embedding VfM across the organisation. WaterAid say that the development and roll out of the Full Cost Recovery framework during the year has enabled them to better understand cost drivers and costs and to make informed decisions that improve the effectiveness, efficiency and economy of their work. However we didn't see evidence in the annual report that explained how this framework has enabled them to do this. We expect this to be reported on during the Independent Progress Review (IPR) in October 2012.

- We did not see evidence of how WaterAid systematically track efficiency savings but note that they felt well informed via other framework measures to measure VfM. We did not see any methodology on how they track the success of the measures they have put in place to improve efficiency and have suggested they implement some form of benchmarking in order to track savings annually. They have responded to say they will be working with OXFAM to benchmark costs within similar contexts focusing on effectiveness and efficiencies. Details of this project will be shared in next year's annual report.
- WaterAid have produced a VfM paper and we have requested that this is sent in order for us to review it internally to obtain a clearer picture of how they track VfM and adapt accordingly. This should be sent with the IPR in October 2012.

### 2.3 Is the project on-track against original timescale: Yes

However political instability has led to some underachievement for example where local elections lead to NGO funding channels being temporarily stopped. Measuring sanitation outcomes which can be more challenging due to them being reliant on behavioural change and demand responsiveness and this could affect progress against that output. However

WaterAid will undertake a review of their milestones in October 2012 and make any necessary adjustments based on their mid-term review.

Overall we do not anticipate any change to the programme outcome at the end of the programme in 2014.

### 3. Evidence and Evaluation

#### **3.1 Assess any changes in evidence and implications for the project**

WaterAid are undertaking a Mid-Strategy review of progress against their 2010-15 strategy during 2012/13, which will be an opportunity to make a qualified assessment and potentially identify evidence that could support learning under this programme. At this stage therefore there is no evidence that challenges the programme design or rationale.

#### **3.2 Where an evaluation is planned what progress has been made?**

WaterAid must commission a mid-term and end Independent Progress Review (IPR) as a condition of the PPA. The mid-term IPR is due to be completed by October 2012. DFID has contracted an evaluation manager to review the IPRs submitted by each PPA holder, drawing conclusions on the performance of the individual PPA holders and the fund as a whole.

### 4. Risk

#### **4.1 Output Risk Rating: Medium**

#### **4.2 Assessment of the risk level**

The key risks and mitigating actions are:

- Economic Volatility: The risk that inflation/deflation impacts adversely on spending power and ability to deliver results as planned.
- Disabling or unstable Political Context: Governments becoming more controlling of civil society organisations impacting on WaterAid and their partners' ability to deliver.
- Programme Delivery: The risk of unrealistic and over-ambitious plans and targets raises risk of uncoordinated activities.
- An additional risk is that WaterAid and local partners fail to implement adequate water quality controls.

**Mitigation of risks above:**

These risk areas are being minimised by the implementation of seven commitments which are set out in WaterAid's new Water Security Framework, which was launched in July 2012. The Security Framework will ensure that:

- country programmes will monitor and advise if inflation/deflation is materially different to budget projections. WaterAid's Finance Department reviews the Economist Intelligence Units reports to provide forward analysis so that budget and plans can be revised where necessary;
- WaterAid continue to monitor and ensure compliance with national laws and regulations particularly in relation to advocacy, campaigning and support to civil society. They have identified the need to develop further alliances with other influential allies to ensure WaterAid is not isolated.
- WaterAid's continued use of Multi Year Plans and Budgets (MPBs) under country programme strategies will support coordinated and considered planning, involving critical peer and management reviews. This will be supported with increased focus on the decision making in prioritisation of significant projects.

These risks are judged to be medium given WaterAid's risk management strategies and good working relations locally.

#### **4.3 Risk of funds not being used as intended**

WaterAid underwent pre-grant due diligence checks carried out by KPMG. The pre-grant due diligence assessed capacity to manage the proposed level of DFID support in the following areas:

- Governance
- Financial Capacity
- Operational Capacity
- Value for Money
- Results

Satisfactory completion of the due diligence process was required before any money was disbursed. This helps to reduce the risk of diverted funding while establishing an environment of accountability and transparency.

#### **4.4 Climate and Environment Risk**

The issue of climate change and WASH has been addressed through different approaches across different regions. These include disaster risk management, food security and water resource management.

- There are two primary environmental risks associated with WaterAid's service delivery work:
  - Potential pollution of groundwater as a result of inappropriate deployment of onsite sanitation.

- Potential unsustainable use of groundwater as a result of high intensity motorised pumping.

However their Water Security Framework (due to be rolled out in July 2012 to country programmes) will contain updated water quality policies, developed in line with their Global Water Quality Testing Policy and the results of water quality testing will be included in Annual Reports. Water quality will be reported on within their Global Management Information System. Further reviews will be undertaken and Water Quality guidelines and policy updated towards the end of this financial year.

In Ethiopia, WaterAid has responded to the severe drought in the Southern districts and is seeking to integrate vulnerability and risk reduction strategies into their WASH programming with a stronger focus on water resource management. The learning on integrating food security, vulnerability issues and building community capacity to cope with such shocks will benefit the global organisation especially other country programmes beginning to work in drought prone areas and we hope to learn more on this from next year's annual report.

## 5. Value for Money

### 5.1 Performance on VfM measures

During 2011/12 WaterAid invested significant efforts in ensuring and embedding Value for Money within its day to day work and culture. A few examples of this are noted below:

- WaterAid's Head of Internal Audit produced a Value for Money paper for the Trustees that highlighted key mechanisms for ensuring effectiveness, efficiency and economy.
- They held a Value for Money seminar in December 2011 for the Board of Trustees and senior managers to develop a common understanding of what we mean by VfM within WaterAid and to examine the current measures in place that demonstrate WaterAid's VfM.
- They developed a Full Cost Recovery framework during the year which has enabled them to better understand cost drivers and costs and to make informed decisions that improve the effectiveness, efficiency and economy of their work.
- Country Programmes and UK Departments periodically review staff numbers and structures, and revise these as appropriate to maximise staff value for money. This has resulted in the recent restructure of a number of WaterAid's departments (Regional teams, Finance, Policy and Campaigns and Fundraising). WaterAid conducts periodic pay reviews and staff salary surveys to ensure it is paying appropriate rates of pay to its entire staff.
- WaterAid has expanded its investment in leadership through the implementation of its Leadership Development Programme. Within this they are embedding culture and behavioural change to ensure a cultural responsibility to use funds effectively. WaterAid aims to meet the recognised sector standard of 1:4 returns on fundraising investment.

WaterAid and its Chief Executive and Directors encourage challenging costs to ensure that expenditure is in accordance with achievement of objectives. For example, approved business cases are required for major expenditure items, such as international meetings or

major projects and WaterAid's Global and UK Accounting Manuals have specific sections on VfM. Country Programmes' accounting manuals are reviewed by UK finance to ensure that VfM is adequately considered and embedded and their Code of Conduct includes VfM. WaterAid's Partnership Agreements with all its partners include financial requirements such as procurement policy and they use a risk based approach to monitoring partners and there are procedures in place for the selection and appraisal of new partners to ensure that they can deliver effective and sustainable programme work.

As this funding is strategic, WaterAid say that it has greatly supported many new initiatives that have improved their long term VfM for example, with the implementation of their Leadership Development Programme, embedding of the Global Accounting System and M&E framework, the introduction of Post-Implementation Surveys to enable lesson learning and an investment in communication technology i.e. using Webinars and Lync software for interactive meetings that join up global teams and reduce the amount of travel required for meetings and support.

## **5.2 Commercial Improvement and Value for Money**

The embedding of WaterAid's Global Accounting System has made measureable improvements to effectiveness as information is now much more accessible and timely and support is provided globally (rather than to individual countries operating on a number of systems). This should lead to better internal cost management across the organisation.

They are currently embarking on a joint project with Oxfam on Value for Money focusing on effectiveness and efficiency and this project will benchmark costs within similar contexts and situations. They produce business cases for major projects that are approved at the highest level. They undertake risk based approaches when engaging with partners ensuring procurement policies are adequate and in line with their requirements.

All PPA annual reports were reviewed by a DFID economist to ensure that VfM had been fully considered during the reporting time and we provided feedback to all PPA organisations on VfM. DFID (CSD) facilitated a VfM workshop in July 2012 with all PPA organisations to ensure that our requirements, and organisations' understanding of them, was clear. It allowed the PPA organisations to openly discuss their VfM processes with a DFID economist. CSD's economist has also undertaken telephone calls to some of the PPA organisations to further clarify our requirements. WaterAid however was not one of them.

## **5.3 Role of project partners**

WaterAid engage with 535 partners overseas therefore too many to name here. Those partners are vital in ensuring that the poorest people are reached with WASH interventions and that advocacy and campaigning messages are widely dispersed in each of their target countries. WaterAid appear to have good VfM processes in place to ensure that partners' are able to demonstrate VfM and work towards improving on it.

## **5.4 Does the project still represent Value for Money : Yes**

WaterAid are meeting most of the milestones for this programme (with adequate explanation given for underachievement where applicable) and still represent VfM for us. WaterAid remain a leader within their area of expertise and play a crucial role in bringing safe WASH interventions to poor people whilst also engaging with a diverse group of development actors to bring about

policy/cultural/behavioural change for the benefit of poor and marginalised groups. They are continuing to review their focus to ensure they deliver results and the action taken during the first year has enabled them to better demonstrate the value they drive through their programmes and the value they bring to the PPA portfolio.

#### **5.5 If not, what action will you take?**

Not applicable.

### 6. Conditionality

#### **6.1 Update on specific conditions**

Not applicable.

### 7. Conclusions and actions

This was a good functional annual report which demonstrated WaterAid's success so far in the first year of a three-year PPA. Where milestones have not been reached for Year 1, WaterAid have given reasons for the underachievement which are mainly attributable to political insecurity; delays in new funding and delays caused by the scaling-up of some programmes. We are content that those delays were predominantly outside of WaterAid's control and therefore expect the programme to continue making good progress towards the overall outcome statement over the next two years. Recommendations to WaterAid on the 2011/12 annual report were:

- WaterAid have been asked to submit a revised logframe with amended milestones and noting achievements by October 2012.
- We have also asked that they improve on providing evidence in future reports to further enhance the impact of their work.
- They are requested to send us an update after their mid-year review in October 2012 and inform us of any changes identified to the programme.

### 8. Review Process

WaterAid submitted a self-assessment annual report of their progress and performance against the PPA log frame during the first year of PPA funding. DFID reviewed this annual report and provided feedback to WaterAid on both strengths and weaknesses. The feedback incorporated comments from a range of DFID officials in relevant country and policy teams and also included input from the contracted evaluation specialists who have been commissioned to review the Independent Progress Reviews.

