

# Guidance on the Costing of Rural Sanitation Approaches

## BRIEFING NOTE



A WaterAid, Plan International and UNICEF joint initiative developed new costing guidance titled: **Guidance on costing rural sanitation approaches**. This briefing note summarises the content of the costing guidance, its potential uses, and key issues to consider in future work. The guidance is available at [washmatters.wateraid.org/Rural-San](https://washmatters.wateraid.org/Rural-San)

### Purpose of the costing guidance

The main aim of the costing guidance is to improve the assessment of the costs of rural sanitation programmes to enable better comparison and analysis of rural sanitation costs across programmes and organisations, and inform future rural sanitation programming by governments, development partners and other local actors. Achievement of this goal will require that cost tracking and reporting are considered and conducted during all stages of rural sanitation programmes, including the planning, implementation and evaluation phases.

This Guidance focuses on assessment of the cost of a rural sanitation programme and does not attempt to provide guidance on national financial flows in the rural sanitation sector. The costing guidance is aimed at governments, donors, implementing agencies, NGOs, and private sector actors that would like to plan and budget better for new programmes, evaluate costs, optimise the use of programme

capacity and resources, and strengthen the tracking of cost and effectiveness. The partners (WaterAid, Plan International and UNICEF) envisage that their staff will use the costing guidance while supporting government partners to plan implement and evaluate programmes, and hope that the content will eventually form the basis of a training course.

### Development process

The programming guidance was built on existing guidance and sector materials wherever possible, with a participatory process used to identify the best guidance and materials. The intention was to bring together current knowledge and recent thinking on how best to achieve the sanitation SDG in a simple format.

Three processes were involved in the development of the costing guidance:

- a) **Desk review** of existing approaches to rural sanitation costing, of available rural sanitation cost and effectiveness data, and of existing cost assessment studies.
- b) **Interviews** with key sector informants on rural sanitation costing.
- c) **Partner review** through workshops, combined with remote partner review and discussion of the costing guidance.

### Content of the costing guidance

The rural sanitation costing guidance includes two main components:

1. **COSTING GUIDANCE**
2. **COSTING FRAMEWORK**

The **costing guidance** details the steps to be taken in planning and implementing a cost assessment, including the cost tracking elements and guidance on how to ensure that the costs are comparable with those of other programmes. The **costing framework** provides a set of cost categories (based on programme activities) that is designed to encourage comprehensive cost tracking and reporting in rural sanitation and hygiene programmes.

### Key principles of the costing approach

The Costing Framework is based on a review of rural sanitation approaches undertaken in the first part of the joint initiative on **Rural Sanitation Approaches and Costing**, which examined the main programme activities undertaken in each approach and grouped them together into activity categories. These activity categories were then further refined into the main “cost categories”, with some additional categories added to allow for programme components that support the scaling up of implementation, the management and sustainability of services, and higher levels of collective sanitation outcome.

The following Cost Categories are included in the Costing Framework:

- A. Planning
- B. Formative Research

- C. Programme Mobilisation
- D. Capacity Development
- E. Programme Management
- F. Community Implementation
- G. Supply Strengthening
- H. Sanitation Service Chain
- I. Sanitation Finance
- J. Monitoring & Evaluation
- K. Sustainability Support
- L. Environmental Sanitation
- M. Enabling Environment
- N. Knowledge Management

The Costing Framework also encourages recognition that **costs relate to particular actors**, who “pay” these costs either through direct finance of activities or through contributions of their time, resources and other assets. Therefore, the Costing Framework aims to examine and report costs by actor, within each cost category.

The **activity-based categorisation of costs** aims to reduce hidden costs through efforts to identify all key programme activities and ensure that the costs of these activities are assessed and attributed to the actors who paid for them. Checks must be made to ensure that costed activities (or expenditures) are only counted once, particularly when activities are financed through contracts paid by the programme agency or where programme finance passes through several entities (e.g. lower levels of government or sub-contractors). The intention is that these categories, sub-categories and activities can be easily expanded and improved over time<sup>1</sup> as the framework is tested and refined by the partner organisations.

The framework encourages thinking from the start of the programme on how to track the costs of each of these components, and recommends that the costs should be separated out and presented by actor, including the following key actors:

- Programme agency (main implementation agency, often government)
- Government indirect support (in addition to programme agency costs)
- External support (direct support by external agencies)
- Local support
- Private sector
- Community
- Household
- Disadvantaged groups (disaggregated costs)

### Main steps in the costing approach

1. Planning: selection of main programme components
2. Planning: choice of institutional arrangements for implementation
3. Planning: Preparation of an outline programme budget

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<sup>1</sup> The Costing Framework spreadsheet includes expandable sections (expanded by clicking on the plus sign at the left of each cost category) to which other sub-categories and activities can be easily added.

4. Planning: Decide whether 'research' or 'routine' costing required
5. Planning: Review monitoring and evaluation of programme effectiveness
6. Planning: Identify and track key programme costs
7. Implementation: track and report costs during programme implementation
8. Evaluation: compile, analyse and report on programme costs

The costing guidance also provides guidance on:

- Examples of data sources for programme agency costs
- Examples of activity cost tracking tools
- How to assess and present time contributions
- Assessment of recurrent households costs
- Use of checklists for tracking activity-based costs
- Analysis of programme costs over time (use of GDP deflators)
- Use of currency exchange rates

### Next steps

The costing guidance will be piloted by the three partner organisations in the planning, implementation and evaluation of the costs of large-scale rural sanitation and hygiene programmes. This step will be followed by further refinement and improvement based on the feedback from this pilot process.

The partners intend that the final costing guidance will be available via an online portal, with support provided to update and improve the guidance as new information and sector guidelines become available. It is also hoped that the guidance can be used as the basis for an online course, which will enable government and other implementation partners to improve their programming skills and experience.

### Key Issues to consider in future work

Cost assessment requires some understanding of basic financial and economic principles, including how to allocate costs to non-financial contributions, how to assess costs over time, and how to ensure that programme costs are comparable with cost data from other programmes. The development of simple and user-friendly guidance has to be balanced against the requirement that users understand the importance of these key costing principles and are able to produce useful and comparable assessments of programme costs.

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*It is based on "Guidance on the Costing of Rural Sanitation Approaches" available at: [washmatters.wateraid.org/Rural-San](http://washmatters.wateraid.org/Rural-San)*

