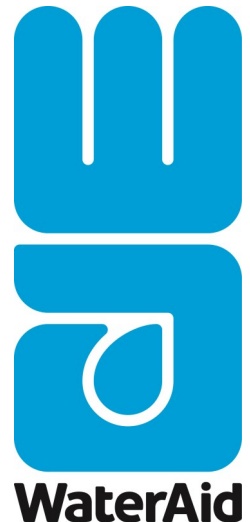


# Rural sanitation: High ambitions, low donor financing



January 2021



## Executive summary

Progress towards providing access to sanitation in rural areas has been slow over the years. In 2017, seven out of ten people without basic sanitation services lived in rural areas. Lack of sanitation has a profound impact on children, women and girls, risking the health, safety and dignity of the world's most vulnerable people. While there is no clarity about how much money is being invested in sanitation globally, it is clearly falling short, given only 7% of countries with costed plans for rural sanitation report to have the necessary funding to implement their plans.

This report considers the existing funding for rural sanitation and the extent to which such funding matches the Sustainable Development Goal (SDG) ambition. Official Development Assistance (ODA) gross expenditure on basic sanitation from the Organisation for Economic Co-operation and Development (OECD) stats is analysed to further understand trends in rural sanitation from 2014–2018. 12 key informant interviews were carried out with donors and sanitation experts. Additionally, 11 projects with sanitation components were analysed to understand the types of indicators used.

While all the donors we interviewed reported the implementation of more sanitation programmes since the SDGs were agreed, it is evident from ODA figures that investment in sanitation has not increased significantly and remains biased towards urban infrastructure. The yearly estimated ODA disbursements in basic sanitation systems is US \$529 million. That represents around half of what is spent on large sanitation systems, and just 10% of the overall water, sanitation, and hygiene (WASH) ODA. 33% of ODA is in the form of loans, which increases the debt burden of developing countries and can put the long-term sustainability of sanitation systems at risk as public resources are tied up in debt servicing. Moreover, ODA is not targeting the countries that need it most; investment in sub-Saharan Africa, which has made the least progress towards ending open defecation, is proportionally low.

Donors' preference for more visible projects, which provide a more immediate return on investment, may be behind the stagnant levels of investment in rural sanitation. There seems to be a shift towards funding sanitation in urban areas compared to rural, and a risk of sanitation losing ground to other sectors.

An increasing share of sanitation is funded through 'integrated' projects in which sanitation is a small component alongside water and hygiene, or alongside other developmental areas such as nutrition and education. These 'integrated' projects can help boost investment and enable holistic developmental interventions but may equally fail to devote the resources and attention needed to address sanitation.

In the five years since the SDGs were launched, there have been missed opportunities in terms of accelerating the investment and progress in rural sanitation. Urgent action is needed to meet the SDG targets by 2030. To realise the right to

sanitation, all governments and development partners must prioritise rural sanitation. Commitments and plans must be backed with effective financing mechanisms, urgently increasing investments, while strengthening the systems required to deliver sustainable and equitable sanitation services.

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## 1.0 Introduction

### 1.1 The global state of rural sanitation

The SDGs aim to provide universal access to safely managed sanitation services, with emphasis on meeting the needs of marginalised groups, such as children, women, girls and those in vulnerable situations. Progress towards achieving the SDGs – especially SDG 6.2 – remains too slow to meet the 2030 target.

Between 2000 to 2017, the global population practising open defecation halved from 1.3 billion (21%) to 673 million (9%). However, the population lacking at least basic sanitation services only decreased from 2.7 billion to 2 billion. Within those 2 billion people, seven out of ten people lived in rural areas.<sup>1</sup> 3.4 billion people globally have access to safely managed services, increasing from 28% in 2000 to 45% in 2017.<sup>1</sup> 43% of rural dwellers had access to safely managed services in 2017. Table 1 shows the global access to rural sanitation services between 2000 and 2017.

Service level	2000	2017
Open defecation	21%	9%
Unimproved	17%	9%
Limited	5%	8%
Basic	28%	29%
Safely managed	28%	45%

Table 1: Access to sanitation services between 2000 and 2017.<sup>1</sup>

The sanitation crisis, which is most acute in rural areas, has a profound impact on children, women and girls and those in vulnerable situations, who risk their health, safety and dignity without basic sanitation services. In developing countries, 80% of the extreme poor and 75% of the moderate poor live in rural areas.<sup>2</sup>

Development actors have highlighted the slow progress of rural sanitation and call for a concerted and urgent effort to increase its priority on the global agenda – and to ensure these dedicated programmes deliver scale, equity and sustainability.<sup>3</sup>

### 1.2 Why look at the funding landscape for sanitation?

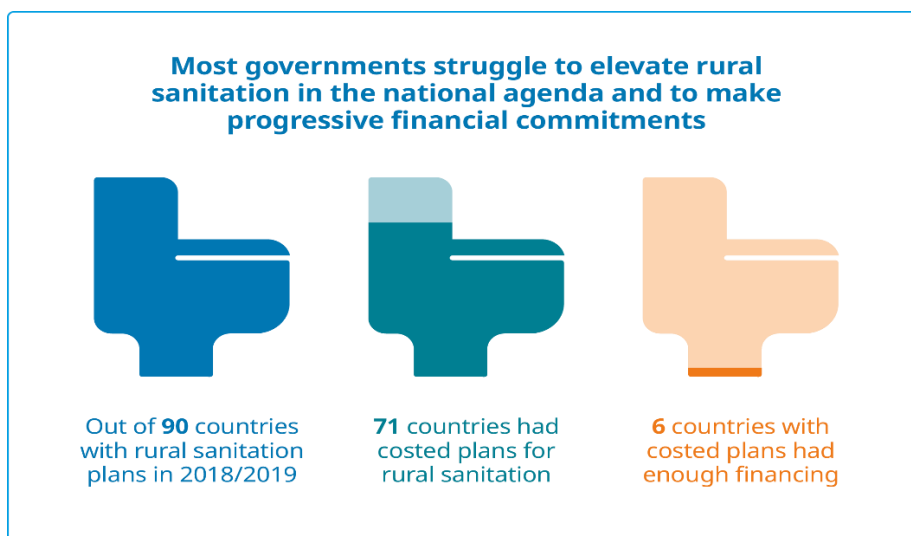
Lack of funding is a significant barrier to achieving SDG 6.2. Just extending basic sanitation services to the unserved will require an investment of US \$36 billion per year from 2017 to 2030. On the other hand, providing access to safely managed sanitation will require an additional US \$69 billion per year.<sup>4</sup> All in all, around \$105 billion will be required to achieve SDG 6.2, of which capital costs accounts for 66%, while the costs of operations and maintenance accounts for 34%.

While we don't have reliable estimates of the current global spending for sanitation, estimates of the funding gap for SDG targets 6.1 and 6.2 combined highlight that a

tripling of capital investments (to US \$114 billion per year) is required. A similar or bigger funding gap can be expected for sanitation. In 2018, 12 countries with disaggregated funding estimates reported a funding gap of 59% to reach rural sanitation targets.<sup>5</sup>

Most funding for sanitation services comes from households through tariffs (including user fees and contributions).<sup>3</sup> Government funding (raised via taxes) is the second biggest source and is critical in ensuring equity, covering non-private dimensions of sanitation (for example, treatment) and in launching large-scale efforts to increase sanitation coverage. ODA is a significant source of non-household sanitation income in low income countries. In 2018/19, while ODA amounted to only 1% of the total investment in sanitation, it contributed to 42% of non-household sanitation expenditure in 11 low income countries that reported sanitation expenditure.<sup>5</sup>

Most governments struggle to elevate rural sanitation in the national agenda and to make progressive financial commitments. Out of 90 countries with rural sanitation plans in 2018/19, only 79% had costed plans for rural sanitation. Only 7% of countries with costed national plans for rural sanitation have enough financing to implement such plans.<sup>3</sup> In addition, the economic turmoil caused by the COVID-19 pandemic creates a risk of reduced investment in the future.



There is a need to better understand the funding landscape for rural sanitation and the extent to which such funding is aligned with the key principles of equity, sustainability and access based on the SDG framework. Disaggregated data on expenditure by households and governments for drinking water, sanitation and hygiene are not readily available for most countries. While over 50 countries in 2018/19 provided aggregate expenditure data for WASH, only one half of those reporting provided data disaggregated by subsector – which suggests that systems for collecting comprehensive financial data in most countries may be lacking.<sup>3</sup> The quality of reporting is set to gradually increase with efforts such as the World Health Organization (WHO)-led tracking finance initiative ‘TrackFin’, which aims to define

and test a globally accepted methodology to track the financing of WASH at a national level.<sup>6</sup> In the context of paucity of data on household and government investments, the OECD database on ODA offers an opportunity to explore these issues.

This study aims to:

1. Examine the trends in donor funding for sanitation globally in the last five years.
2. Examine how current donor funding mechanisms for rural sanitation align with the need to accelerate progress with equity and sustainability.

## 2. The research

The methodology consisted of desk reviews, the analysis of funding data and key informant interviews with selected donors and specialists from WaterAid and other organisations.

The Creditor Reporting System (CRS) of OECD<sup>7</sup> provides information on ODA disaggregated among several purpose codes – which includes aid for basic and large drinking water and sanitation systems. See Annex 1 for the descriptions of the purpose codes. Aid to basic systems can serve as a proxy for aid to rural sanitation.<sup>3</sup> The OECD database does not differentiate between urban and rural sanitation, but basic sanitation is mostly rural sanitation – even if it can also include urban toilets. The ODA gross expenditure on basic sanitation was taken as a proxy to understand trends in rural sanitation.

We interviewed representatives in the list of top donors for basic sanitation, as well as recognised topic specialists. Through snowball sampling, we identified further participants and a total of 17 people were contacted. Twelve interviews were carried out – see the table in the Annex 2 for more details. Five donors who were approached did not grant interviews.

We also analysed 11 projects with sanitation components to understand the types of indicators used for measuring the outcome of rural sanitation programmes. The projects were randomly selected from the d-portal WASH database,<sup>i</sup> which provides information on active, ended and planned WASH projects. The projects selected were implemented by 13 international development organisations. Out of the 11 projects reviewed, four were stand-alone sanitation and hygiene projects, another four were WASH-specific projects, while three were integrated projects combining sanitation and other developmental areas such as nutrition and health. See Annex 3 for more details on these projects.

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<sup>i</sup> d-portal was set up by the International Aid Transparency Initiative (IATI) for government departments, parliamentarians and civil society organisations to access development and humanitarian data. Available at: [d-portal.org/ctrack.html#view=search](http://d-portal.org/ctrack.html#view=search) (accessed 21 Oct 2020).

### 3. Findings

#### 3.1 How has the quantity and type of ODA funding for sanitation evolved over the past five years?

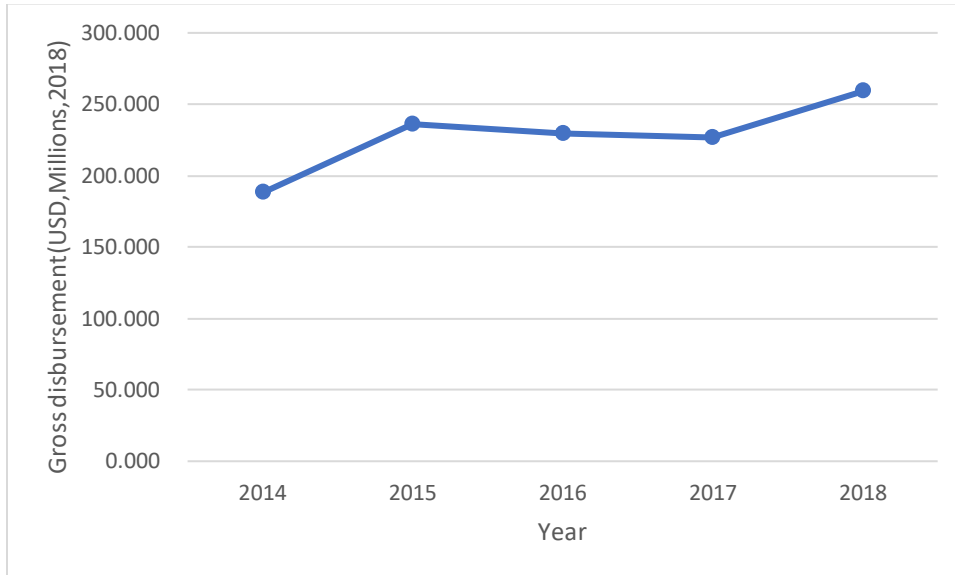


Figure 1: ODA gross expenditure for basic sanitation (14032).

The yearly ODA gross expenditure for basic sanitation (14032) is US \$228 million. We do not see any significant increase since the SDGs were agreed (see Figure 1). Grants make up 67% of ODA, while loans account for 33%. Loans increase the debt burden of developing countries and can put the long-term sustainability of sanitation systems at risk, as more public resources become tied up in debt servicing and are diverted away from sustaining public services, including sanitation systems.<sup>8</sup>

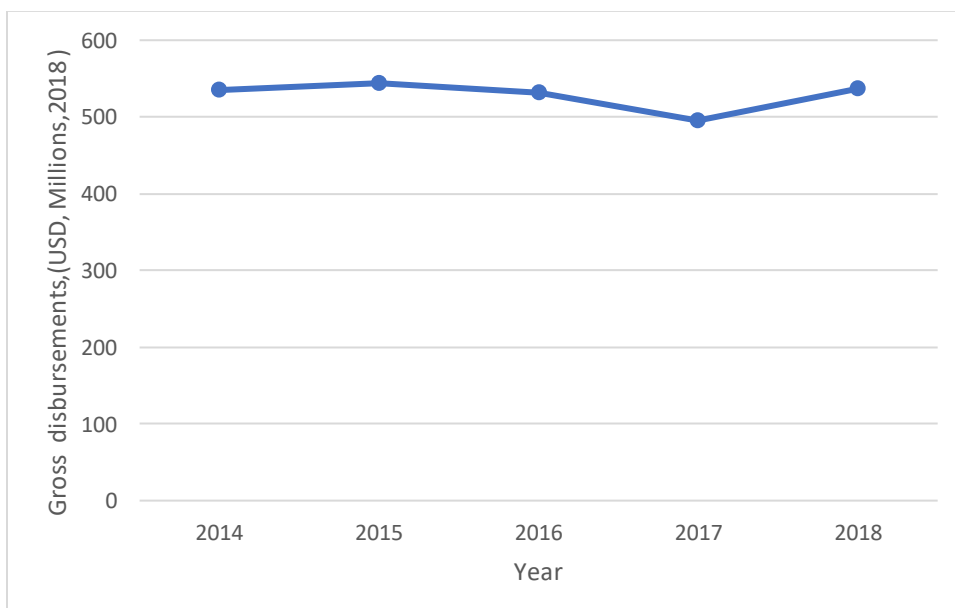
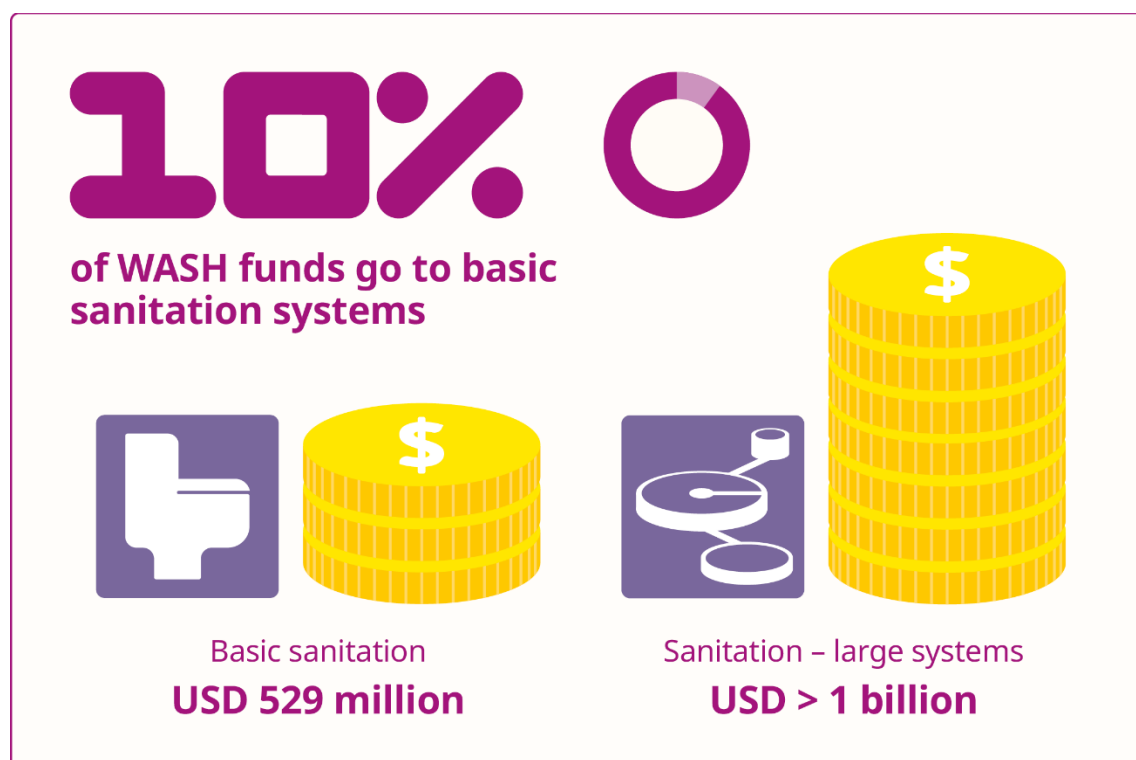


Figure 2: Estimated ODA gross expenditure for basic sanitation (14030 and 14032).



A sizeable investment for basic sanitation is, however, included in the 14030 CRS code, which includes investments that cannot be identified separately as either basic drinking-water supply (14031) or basic sanitation (14032). Based on the proportion of investment in basic sanitation systems (14032) to basic water system (14031), we could roughly estimate that 32% of the investment in the 14030 CRS code goes to basic sanitation systems amounting to US \$301 million yearly. This would mean that the yearly basic sanitation systems investment is US \$529 million during the reporting period. That represents around half of what is spent on large sanitation systems (estimated at over US \$1 billion and mainly going to big urban infrastructure), and just 10% of the overall WASH ODA.



### 3.2 Who are the biggest donors in the last five years?

Taking only ODA gross expenditure for basic sanitation (14032) into account, the United Kingdom, Asian Development Bank and the World Bank are the top three donors for basic sanitation during the reporting period (2014–2018), in terms of gross disbursement (see Table 2).<sup>ii,iii</sup>

<sup>ii</sup> The ranking for top donors and recipients takes only investment reported on the OECD 14032 purpose code into account. It does not include domestic resources.

<sup>iii</sup> Annex 3 shows ranking for top donors based on investment from the OECD 14030 and 14032 purpose codes.

Rank	Donor	ODA for sanitation (14032) Yearly amount (USD, millions, 2018)	Sector share
1	United Kingdom	53	23%
2	Asian Development Bank	35	15%
3	World Bank	25	11%
4	Japan	22	10%
5	Germany	16	7%
6	Netherlands	16	7%
7	EU Institutions	15	7%
8	Canada	14	6%
9	UNICEF	7	3%
10	France	6	3%

Table 2: Ten top donors for basic sanitation (2014–2018).<sup>iv</sup>

The United Kingdom contributed 23% of the total gross disbursement during the reporting period disbursing a yearly amount of about US \$53 million. Figure 3 shows the annual trends in gross disbursement for the five top donors.

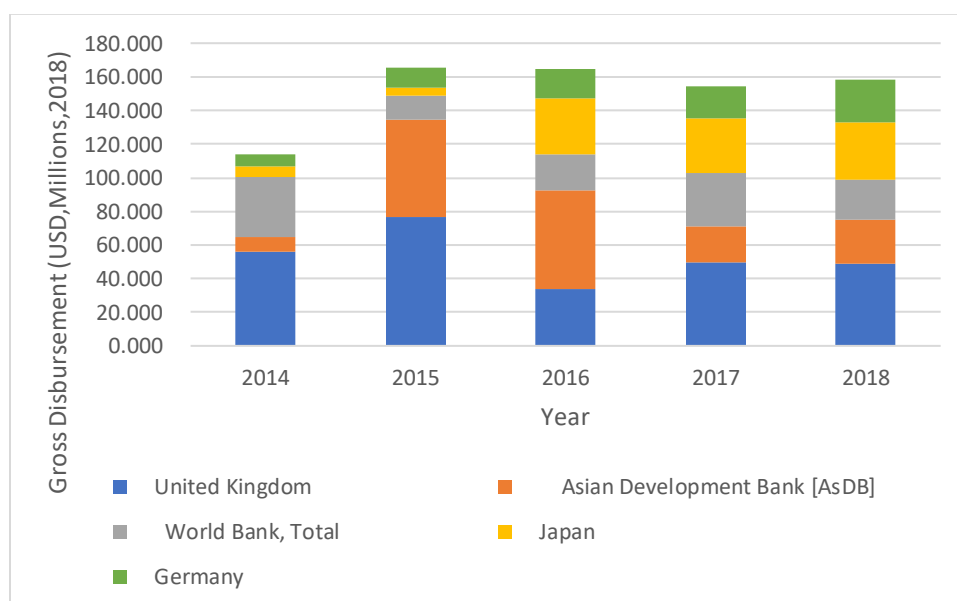


Figure 3: Gross disbursement for basic sanitation for top five donors.

<sup>iv</sup> In the OECD CRS database, the investment from bilateral donors does not include the support they provide to multilateral agencies.

If we add the rough estimate of the sanitation share (32%) included in the drinking-water supply and basic sanitation code (14030), United Kingdom, EU Institutions and Japan are the top three donors for basic sanitation during the reporting period (2014–2018) in terms of gross disbursement<sup>v</sup> (see Table 3).

Rank	Donor	ODA for sanitation (14032) (USD, millions, 2018)	Total estimate ODA for sanitation (14032 and 14030) (USD, millions, 2018)	Sector share
1	United Kingdom	53	72	14%
2	EU Institutions	15	68	13%
3	Japan	22	61	12%
4	Germany	16	58	11%
5	World Bank, Total	25	46	9%
6	Asian Development Bank	35	35	7%
7	Netherlands	16	34	6%
8	United States	2	30	6%
9	Switzerland	6	24	5%
10	Sweden	3	15	3%

Table 3: List of top donors based on 14032 and 14030.

### 3.3 Top recipients for basic sanitation

Taking only ODA gross expenditure for basic sanitation (14032) into account, India received the highest share of gross disbursement for basic sanitation with 9%, or US \$20 million yearly. Ghana was second with 6%, followed by Papua New Guinea – see Table 4 for the top ten recipients. Only 3 countries in the list of top ten recipients are from Sub-Saharan Africa. Due to low basic sanitation coverage and high population, Sub-Saharan Africa accounts for nearly 50% of the annual cost of achieving basic sanitation with a yearly requirement of US \$17.5 billion. The region however received only 33% (US \$75 million yearly) of the ODA for basic sanitation, while Asia received 37% (US \$85 million yearly). Rural areas in Sub-Saharan Africa account for close to 40% of total annual costs of basic sanitation for the region.<sup>4</sup>

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<sup>v</sup> A sizeable investment for basic sanitation is included in the 14030 CRS code, which includes investments that cannot be identified separately as either basic drinking water supply (14031) or basic sanitation (14032). Based on the proportion of investment in basic sanitation systems (14032) to basic water system (14031) for each donor, we roughly extrapolated the investment in the 14030 CRS code that goes to basic sanitation systems for each donor yearly. This was combined with the investment in the 14032 purpose code to arrive at the total investment for each donor. Donors were ranked based on the combined investments.

Rank	Recipient	Yearly amount (USD, millions, 2018)	Sector %
1	India	20	9%
2	Ghana	13	6%
3	Papua New Guinea	13	6%
4	Sri Lanka	13	6%
5	Democratic Republic of Congo	11	5%
6	Uzbekistan	8	3%
7	Burkina Faso	7	3%
8	Georgia	7	3%
9	Bangladesh	6	3%
10	Nepal	6	2%

Table 4: Top 10 recipients for basic sanitation.

Figure 4 shows the trends for the top five recipients for basic sanitation.

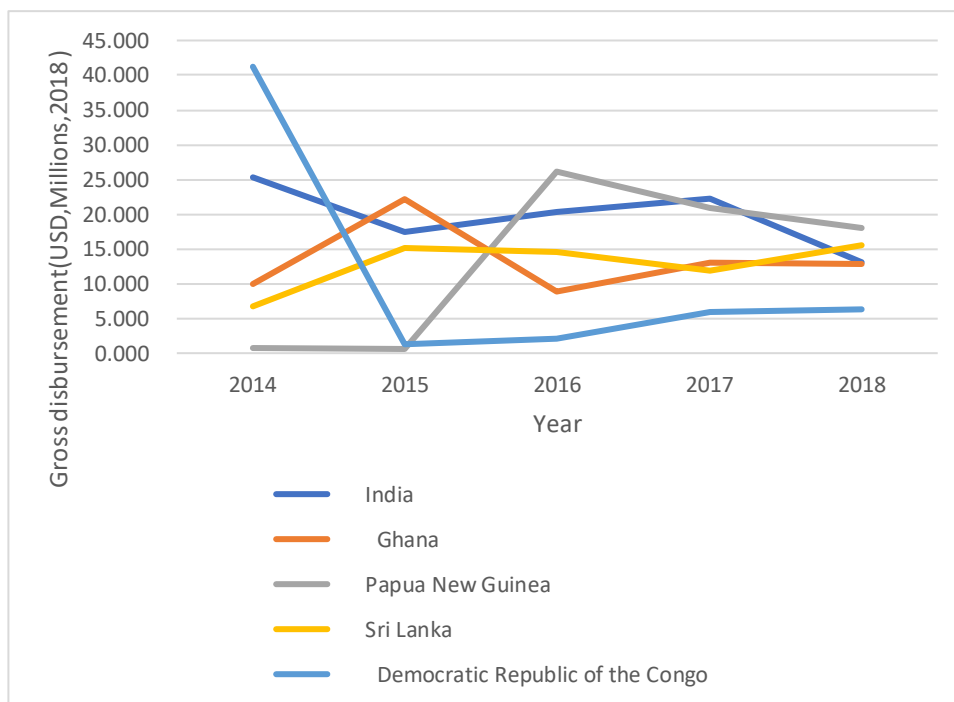


Figure 4: Top five recipients for basic sanitation.

## 4. Perspectives from donors and sanitation specialists

### 4.1 What is the funding trend for rural sanitation?

The donors we interviewed could not provide quantitative data on their organisations' funding for rural sanitation. In most organisations, urban and rural sanitation expenditure is not disaggregated in reporting and is sometimes included as part of the WASH expenditure.

However, most respondents agreed in the perception that rural sanitation has been receiving increased attention over the last decade: they reported implementing more rural sanitation programmes over the past five years compared to previous years. Explaining the increased interest in rural sanitation, a respondent from one development bank stated:

“My general feeling is that it slightly increased amongst international donors and development partners as we approached the end of the Millennium Development Goals (MDG) era, because sanitation was one of two MDG targets that was the most behind and it was very apparent that it needed more funding and so there was a slight increase as we approached 2015 and through 2015. I think there's been a lot of attention over the last ten years on rural sanitation.”

This does not seem to align with the stagnant ODA figures, which might be in part linked to a shift towards smaller projects focused on technical assistance:

“But a lot of that has been led by INGOs such as WaterAid and perhaps organisations like Water and Sanitation for the Urban Poor, but that was only technical assistance and knowledge into implementation.”

Other respondent however thought there is a loss in momentum after the MDG period:

“Now that we have a new SDGs, which have a whole bunch of new targets, which are also very aspirational, I think sanitation (urban and rural) is now falling through the cracks again, so I think funding is going down.”

### 4.2 Have donors deprioritised rural sanitation?

Some donors reported a shift towards funding urban sanitation as compared to rural sanitation. “The trend in urban sanitation is big and growing” said a respondent commenting on their increasing urban sanitation portfolio. Another respondent said:

“I sense there's a lot of energy and interest in doing more [urban] sanitation within the [development bank] in for example sub-Saharan Africa. From the work I am doing, we are getting a lot of demands from our project managers. We feel it is a growing priority of governments.”

Several reasons were advanced by respondents for the shifting momentum towards urban sanitation. First, is the push from city wide inclusive sanitation. A staff of a development bank mentioned:

“I think what has happened in the last three years with this movement on citywide inclusive sanitation is that it has created a lot of energy to look at the whole spectrum of sanitation services in urban areas, one, and two, to think about the whole sanitation service chain – which obviously the SDGs asks us to do.”

A second reason is the assumption that urban sanitation needs are greater than rural sanitation, because of the rapid urbanisation and migration of rural dwellers to urban areas. Urban sanitation also offers bigger investment opportunities. More established urban centres may be better resourced, and therefore able to manage donor finance more effectively than under-resourced rural district authorities. A respondent said:

“If you look at how the funding flows, more is still going to urban, of course the needs in urban are greater, but overall the funding is still so limited... most of the sanitation fund are coming from development banks not donors and the development banks are by far [more] focused on urban.”

A further reason for the growing focus on urban sanitation is the political priorities of governments. For political reasons, donors and governments prefer to fund infrastructural projects that are more visible and tangible. These infrastructural needs are more visible in urban settings as opposed to rural areas, where sanitation programmes are more focused on promoting household toilet ownership. A respondent said:

“Their incentives are to fund things that are very tangible, typically construction and infrastructure based. Infrastructure needs are just so much greater in urban [areas], whereas household facilities are the primary concern in rural sanitation projects.”

A final reason for the lack of interest in funding rural sanitation programmes is the presumption that they will only get poor results based on experiences from previous rural sanitation projects. A respondent said:

“The other contributing factor is the poor success of rural sanitation programmes. Rural sanitation has not demonstrated a lot of tangible results and so people are sceptical of funding the area.”

### **4.3 Do donors prefer to fund other sectors altogether?**

In addition to funding preferences shifting from rural towards urban sanitation, respondents perceive a preference by donors and governments towards the funding of water projects. Governments especially see water projects as meeting immediate

needs and thus providing more visibility. Politicians can inaugurate, and communities can identify with water projects very easily compared to rural sanitation projects, which are sometimes more focused on systems strengthening.

As opposed to traditional grants, a respondent reported an emerging shift by donors towards funding ‘investment projects’ (sustainable funding) or projects that provide a more immediate return on investment. Such loans or grants require a collection system that allows the project to recoup some or all the money invested for sustainability reasons. The respondent said:

“The trend that is very worrying is that most donors are moving towards investment funding rather than ODA grants and that shift will mean for sure, sanitation [urban and rural] projects will be harder to fund because if funding starts to become more investment and less grant, sanitation is just not a return on investment type sector.”

They added:

“So, WASH in general may lose out for sure to sectors like energy and to some extent agriculture because you can see some sort of return on investment on those, whereas even water is very difficult to get return on investment in the short time and sanitation is even harder. I think, we might see more funding in urban settings because potentially that can attract more, but I think there will be a down trend for sure for WASH funding.”

Water is seen to have a better return on investment as compared to sanitation, since tariff and collection systems can be enforced more easily. It is therefore more likely to receive more investment. A respondent, however, sees the foregoing as an opportunity:

“We need to leverage the impact rural water can bring us to tag on rural sanitation to it. We should leverage the interest in rural water supply to add sanitation to it.”

#### **4.4 What are the implications of ‘integrated’ projects on sanitation?**

In recent years, the sanitation sector has witnessed a rise in integrated projects. Under such arrangements, sanitation is a component alongside water and hygiene or other developmental areas like nutrition and education.

The majority of donors and sanitation experts interviewed see ‘integration’ as an opportunity to boost investment in sanitation and allow for a more holistic approach to tackling developmental issues. They stated:

“Integration with other sectors can help boost investment in sanitation if we can convince other sectors [nutrition, health and education] about the need to invest in rural sanitation.”

“With the right advocacy, rural sanitation integration can be an opportunity.”

“If we in the WASH sector can influence nutrition, health and education [to invest in rural sanitation], it can help boost investment.”

Additionally, a donor emphasised the need for urban sanitation programmes to be implemented alongside other infrastructural development investments like housing:

“In urban slums and cities, [it is not possible] sometimes to go in and just do sanitation without looking at drainage, access ways, housing improvement, slum upgrading, solid waste and all these things that interact. Sometimes they need to be handled together.”

While acknowledging the benefits of an integrated approach to rural sanitation programmes, a respondent noted that in implementing integrated projects, sanitation sometimes gets overlooked within many sectors, such as health and education:

“Sometimes rural sanitation suffers from not having a clear home. It gets lost between many places. Education, health and community driven development.”

“Education or health education departments may not be using all the best practices of rural sanitation because they may not be aware of it. There is danger that they may just build toilets.”

Due to this lack of ownership, these integrated projects may end up ‘just building toilets’ and fail to address the sanitation service chain and systems strengthening. Further to that, only a low percentage of the budget may be allocated to sanitation and so not devoting the resources needed for effective rural sanitation programming.

Another donor thinks an integrated approach to implementing sanitation goes beyond ‘just building toilets’. They use the WHO/UNICEF Joint Monitoring Programme (JMP) indicators in designing the sanitation component of all projects, regardless of whether they are implemented as sanitation-only projects or integrated with other developmental areas. Another donor said:

“Systems strengthening, and sector strengthening is raised at the onset of planning a project.”

A review of a few projects, while insufficient to provide an exhaustive picture, revealed some patterns regarding the sanitation-related objectives and output indicators across the sanitation-only projects, WASH projects and integrated projects – as shown in Table 5:



<b>Integrated</b>	<b>WASH</b>	<b>Sanitation-only</b>
No sanitation targets/indicators – just access related: <ul style="list-style-type: none"> <li>• The number of people provided with access to improved sanitation.</li> </ul>	More comprehensive indicators/targets: <ul style="list-style-type: none"> <li>• Sanitation coverage</li> <li>• Sustainability and functionality of built WASH facilities</li> <li>• Adoption of good sanitation and hygiene practises</li> <li>• Increased capacity</li> <li>• Enabling environment</li> </ul>	More specific targets/indicators in addition to system strengthening: <ul style="list-style-type: none"> <li>• Sustainable sanitation</li> <li>• Climate friendly sanitation</li> <li>• Faecal sludge management</li> <li>• Supply chain strengthening</li> </ul>

Table 5: Indicators for selected projects with sanitation components.

Some integrated projects did not have specific targets for sanitation even though they had sanitation components in the project. Other projects that had indicators for sanitation focused mainly on the outcome indicators, such as the number of people provided with access to improved sanitation. These linear targets may drive the construction of toilets, thereby emphasising traditional sanitation objectives and indicators, as opposed to a ‘multiple entry point’ approach which emphasises ‘systems strengthening’.

While all of the projects that were reviewed as part of this analysis had system strengthening components, the components for integrated projects were more focused on strengthening systems around the core thematic area as opposed to strengthening sanitation systems. For example, an integrated project had ‘enhanced capacity of government and civil society for integrated nutrition’ as a major capacity building outcome.

WASH projects had more comprehensive indicators, combining access indicators with sanitation-specific system strengthening components. For example, a WASH project had ‘increased sanitation coverage’ and ‘increased sustainability and functionality of built WASH facilities’ as outcome indicators. Another WASH project outcome indicator included ‘increased adoption of good sanitation and hygiene practices’ and ‘increased capacity of private and government organisations to deliver sanitation programmes’.

Sole sanitation projects were observed to have more specific objectives and indicators, which may allow more effective measurement and allocation of resources. They emphasised ‘sustainable sanitation’, ‘climate friendly sanitation’, ‘faecal sludge management’ and ‘supply chain strengthening’, which were not mentioned in the other WASH and integrated projects.

## 5.0 Conclusions

### 5.1 A gloomy sanitation funding landscape

**Funding is insufficient.** The ambitious SDG targets have not been accompanied by a significant increase in investments. Only 7% of countries with costed plans for rural sanitation report to have funding to implement their plans. While donors report that rural sanitation programmes have increased in the last five years, ODA figures have remained constant at around US \$500 million since the SDGs started. Although ODA estimates are not precise due to the lack of disaggregation in donor reporting, the stagnant ODA trends and the number of countries that report enough funding, highlight that funding for rural sanitation is low. Investments are a far cry from the \$19.5 billion US dollars capital investment required annually to extend just basic services to the unserved by 2030. Some opportunities in the near future to start closing that gap include the creation of the Sanitation and Hygiene Fund,<sup>vi</sup> as well as the prospect of tapping into climate finance for sanitation.

**Donors and governments have not prioritised rural sanitation.** Basic sanitation represents a low proportion of WASH ODA, at just 10%. There seems to be a shift towards urban within sanitation funding, and a shift towards focusing on other sectors altogether. Donors and governments may be privileging more visible infrastructural projects and interventions that provide a more immediate return on investment.

**ODA is poorly targeted and using inadequate modalities.** Sub-Saharan Africa is the region with the lowest coverage rates and has made limited progress towards ending open defecation. However, the proportion of sanitation ODA going to Sub-Saharan Africa, at 33%, is much lower than the proportion of the annual cost of achieving basic sanitation that the region accounts for, at 50%. Regarding modalities, a significant proportion of investment (33%) of basic sanitation ODA is in the form of loans, which increases the debt burden of countries and can impact sustainability of public services such as sanitation.

**Double-edged integration.** An increasing amount of sanitation work is implemented as part of 'integrated projects' in which sanitation is a component alongside wider developmental projects. Such projects can help boost investment in rural sanitation and enable holistic developmental interventions, but often fail to devote the resources and attention needed to address sanitation adequately (service chain and systems strengthening).

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<sup>vi</sup> The fund will invest in country-led programmes to accelerate progress and sustainable impact in sanitation. Available at: [shfund.org/](http://shfund.org/) (accessed 26 Oct 2020).

## 5.2 How should donors fund rural sanitation?

The five years since the SDGs have been a missed opportunity in terms of accelerating the investment and progress in rural sanitation. Urgent action is needed with ten years left to the 2030 goal. To realise the right to sanitation, accelerate progress and deliver scale with equity and sustainability, increased investment is required:

- Governments should prioritise rural sanitation and urgently increase the budget allocations to realise SDG 6.2. Plans and strategies must be backed with effective financing mechanisms.
- Governments need to strengthen the systems that underpin sanitation service delivery and address the bottlenecks that limit the absorption and use of funds.
- Bilateral donors and development banks should equally prioritise rural sanitation and support government plans by increasing their investment in the sector.
- Bilateral donors and development banks should also target resources at the countries that need it most (low coverage), increase the grants versus loans ratio and better disaggregate investment reporting to track progress.
- Development partners and civil society should advocate for increased funding for rural sanitation.
- Stakeholders must give proper consideration and resources to sanitation in 'integrated projects'.
- Development partners must standardise indicators to ensure all aspects of sanitation service chain are monitored.

## Annex 1: The OECD-CRS purpose codes for water and sanitation<sup>9</sup>

Purpose code	Sub-sector	Description
14020	Water supply and sanitation – large systems	Programmes where components according to 14021 and 14022 cannot be identified. When components are known, they should individually be reported under their respective purpose codes: water supply [14021], sanitation [14022], and hygiene [12261].
14021	Water supply – large systems	Potable water treatment plants; intake works; storage; water supply pumping stations; large scale transmission/conveyance and distribution systems.
14022	Sanitation – large systems	Large-scale sewerage including trunk sewers and sewage pumping stations; domestic and industrial waste water treatment plants. Large systems provide water and sanitation to a community through a network to which individual households are connected.
14030	Basic drinking water supply and basic sanitation	Programmes where components according to 14031 and 14032 cannot be identified. When components are known, they should individually be reported under their respective purpose codes: water supply [14031], sanitation [14032], and hygiene [12261].
14031	Basic drinking water supply	Rural water supply schemes using handpumps, spring catchments, gravity-fed systems, rainwater collection, storage tanks, small distribution systems typically with shared connections/points of use and urban schemes using handpumps and local neighbourhood networks, including those with shared connections.
14032	Basic sanitation	Latrines, on-site disposal and alternative sanitation systems, including the promotion of household and community investments in the construction of these facilities. Basic systems are generally shared between several households.
14081	Education and training in water supply and sanitation	Education and training for sector professionals and service providers.

## Annex 2: Interview participants

S/No	Organisation	Number of interviews
1	World Bank	1
2	African Development Bank (AfDB)	1
3	Population Service International	1
4	Global Affairs Canada	1
5	United States Agency for International Development	1
6	WaterAid	6
7	Sanitation Experts	1
<b>TOTAL</b>		<b>12</b>

## Annex 3: Projects with sanitation components analysed

Project	Donor/Implementing partner	Country	Year	Type of project
Rural Sanitation and Hygiene Market Development in Northern Ghana	IDE Canada	Ghana	2015–2019	Sanitation-only
Improving Access to Potable Water and Improved Sanitation to Support Polio Eradication in Uc4, Gaddap Town, Karachi, Qasimabad and Hyderabad	UNICEF	Pakistan	2014–2017	Sanitation-only
Water Supply and Sanitation Development in Small Towns and Rural Growth Centres	European Commission	Uganda	2012–2017	WASH
Community-Led Accelerated Water Sanitation and Hygiene in phase III	Government of Finland	Ethiopia	2016–2018	WASH
Climate friendly Sanitation in peri-urban areas of Lusaka	GIZ	Zambia	2012–2020	Sanitation-only
Sustainable Rural Water and Sanitation Infrastructure for Improved Health and Livelihood Project (SRWSIHL)	AfDB	Malawi	2014–2021	WASH
Emergency Health and Nutrition Project	UNICEF/World Bank/WHO	Yemen	2017–2020	Integrated
Integrated Nutrition, Water, Sanitation, and Hygiene (NOURISH)	USAID/Save the Children/SNV	Cambodia	2014–2020	Integrated
Initiative for Hygiene, Sanitation and Nutrition	USAID/FHI 360	Afghanistan	2016–2021	Integrated
Hygiene and Sanitation with Community Led Total Sanitation	UNICEF/SNV	Benin	2014–present	Sanitation-only
Manzini Region Water Supply and Sanitation Project	AfDB	Eswatini	2019–2023	WASH

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- <sup>1</sup> UNICEF/WHO (2019). *Progress on household drinking water, sanitation and hygiene 2000-2017. Special focus on inequalities*. Available at: [washdata.org/reports](http://washdata.org/reports) (accessed 3 Sep 2019).
- <sup>2</sup> Plan International/UNICEF/WaterAid/World Bank Group/WSSCC (2019). *Delivering Rural Sanitation Programs at Scale, with Equity and Sustainability. A call to action. Rising up to the SDG ambition*. Available at: [washmatters.wateraid.org/publications/](http://washmatters.wateraid.org/publications/) (accessed 5 Oct 2020).
- <sup>3</sup> WHO/UN-Water (2019). *National systems to support drinking-water, sanitation and hygiene: UN-Water Global Analysis and Assessment of Sanitation and Drinking-Water (GLAAS)*. Available at: [who.int/water\\_sanitation\\_health/publications/glaas-report-2019](http://who.int/water_sanitation_health/publications/glaas-report-2019) (accessed 3 Oct 2020).
- <sup>4</sup> Hutton G, Varughese M (2020). *Global and Regional Costs of Achieving Universal Access to Sanitation to Meet SDG Target 6.2*. UNICEF: New York. [In print]. Available at: [unicef.org/media/85111/file/Wash-Reports-CostOfSanitation.pdf](http://unicef.org/media/85111/file/Wash-Reports-CostOfSanitation.pdf) (accessed 23 Oct 2020).
- <sup>5</sup> UNICEF/WHO (2020). *State of the World's Sanitation: An urgent call to transform sanitation for better health, environments, economies and societies*. Available at: [who.int/publications/i/item/9789240014473](http://who.int/publications/i/item/9789240014473) (accessed 1 Dec 2020).
- <sup>6</sup> WHO (2015). *UN-Water GLAAS Trackfin Initiative: Tracking financing to sanitation, hygiene and drinking-water at the national level – Guidance document*. Available at: [who.int/water\\_sanitation\\_health/publications/trackfin\\_guidance\\_document/en/](http://who.int/water_sanitation_health/publications/trackfin_guidance_document/en/) (accessed 14 Oct 2020).
- <sup>7</sup> OECD CRS (2020). *Gross Disbursements from Official Development Assistance. Dataset: Creditor Reporting System*. Available at: [stats.oecd.org/reports](http://stats.oecd.org/reports) (accessed 10 Oct 2020).
- <sup>8</sup> WaterAid (2020). *Raising the high-water mark for WASH. Assessing the performance and potential of Official Development Assistance in accelerating progress towards the global goals for water, sanitation and hygiene*. [In print].
- <sup>9</sup> Cotton G (2011). *Guidance for the use of water supply and sanitation purpose codes. EU water initiative*. Available at: [oecd.org/dac/environment-development/49819385](http://oecd.org/dac/environment-development/49819385) (accessed 25 Oct 2020).



WaterAid/Ernest Randriarimalala

**Front cover:** Adjeratou, 37, stands next to a new family latrine in the commune of Tenkodogo, in the Centre-East region, Burkina Faso, May 2019.

**Back top:** Rebecca, 13, with her young sisters, in front of their newly built toilet block at Antakavana Secondary School, Antakavana Commune, Ankazobe District, Madagascar, January 2018.

**Back bottom:** The old latrines at Kabre Primary school. Ghana, December 2019.



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