

AusAID

**Water, Sanitation and Hygiene
Global Programs and Cross-Regional Support
Civil Society WASH Fund
Design Document**



Focus Group Discussion – Oromia, Ethiopia

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ACRONYMS AND ABBREVIATIONS

AMPP	Australia Mekong Partnership Program
AACES	Africa – Australia Community Engagement Scheme
ACFID	Australian Council for International Development
ADRA	Australian Development Research Awards
ANCP	AusAID NGO Cooperation Program
ANGO	Australian NGO
AusAID	Australian Agency for International Development
CBO	Community Based Organisation
CLTS	Community Led Total Sanitation
CS	Civil Society
CSO	Civil Society Organisation
DALY	Disability-adjusted life year
IWS	Infrastructure Water and Sanitation Section (AusAID)
JMP	WHO/UNICEF Joint Monitoring Programme
KALM	Knowledge and Learning Manager
MDG	Millennium Development Goals
MERP	Monitoring, Evaluation and Review Panel
MRP	Monitoring and Review Panel
NGO	Non-Government Organisation
NSA	Non State Actor
O&M	Operation and Maintenance
ODF	Open Defecation Free
PAF	Performance Assessment Framework
PHAST	Participatory Hygiene and Sanitation Transformation
PLWD	People Living with Disability
PLWHA	People Living with HIV and AIDS
RWASH	Rural Water, Sanitation and Hygiene
VLOM	Village Level Operation and Maintenance
WASH	Water, Sanitation and Hygiene
WHO	World Health Organisation
WSI	Water and Sanitation Initiative
WSP	World Bank Water and Sanitation Program

EXECUTIVE SUMMARY

1. This document outlines the design of the AusAID Civil Society Water, Sanitation and Hygiene (WASH) Fund (the 'Fund'), a proposed AUD\$97 million fund that will run from July 2012 until June 2016 and support civil society organisations (CSOs) to deliver WASH programs in Africa, Asia and the Pacific. Following on from the Water and Sanitation Initiative (WSI) Civil Society WASH Fund, due to end in March 2012, the new fund forms a part of a suite of activities under the new phase of global and cross-regional programs in WASH managed by the Infrastructure, Water and Sanitation (IWS) thematic section in AusAID. It aligns with the key development objective *improving public health by increasing access to safe water and sanitation*, under the strategic goal of *saving lives*, outlined in the Australian Government aid policy: *An Effective Aid Program for Australia – Making a Real Difference – Delivering Real Results* (Effective Aid). The Fund is designed to draw on the strengths and comparative advantages of CSOs, also recognised in Effective Aid.
2. The WSI Civil Society WASH Fund incorporated a three member Monitoring and Review Panel (MRP) to ensure effective and high quality monitoring and evaluation processes were in place, and to provide technical assistance where necessary. They also undertook performance evaluation and produced a series of learning documents based on their observations of CSO activities during monitoring visits, as well as compiling an Independent Progress Report in February 2011 to inform the design of a future fund. This design document has drawn heavily on lessons and observations, strengths and areas for improvement documented by the MRP, as well as current thinking and best practice in WASH.
3. The Fund aims to raise the bar in terms of program quality and sustainability. CSOs that can demonstrate a sound track record in high quality WASH programming will be encouraged to strive for excellence in all aspects of WASH. The Fund will ensure activities are solidly grounded in best practice through a rigorous selection process, technical support during activity planning, performance evaluation feedback mechanisms and by supporting, documenting and sharing innovative approaches with other stakeholders in the Fund.
4. The goal of the Fund will also be saving lives, and the objective will be to enhance the health and quality of life of the poor and vulnerable by improving sustainable access to safe water, sanitation and hygiene. To achieve this objective there are eight expected outcomes, each of which align with the three pillars of action defined in the Thematic Strategy *Saving Lives: Improving Public Health by Increasing Access to Safe Water and Sanitation*.¹ These are:

Creating Sustainable Services	
Expected Outcome 1	Strengthened capacity in partner countries
Expected Outcome 2	Improved WASH coordination and governance
Expected Outcome 3	Improved gender equality
Expected Outcome 4	Improved WASH evidence and knowledge base
Improved Hygiene Behaviour	
Expected Outcome 5	Improved hygiene behaviour
Facilitate increased access to safe water and basic sanitation	
Expected Outcome 6	Increased demand for basic sanitation facilities
Expected Outcome 7	Increased equitable use of improved sanitation services
Expected Outcome 8	Increased equitable use of improved water supply services

5. The Fund will build on the comparative advantages of CSOs in community engagement and behaviour change, supporting the poor and most vulnerable (including women, disadvantaged groups such as people living with disabilities, children in schools, communities in remote rural areas and the urban poor), innovation and demonstration of new approaches, and informing policy with grounded local-level experience. It will further enhance these by placing additional emphasis on the enabling environment, improved coordination and communication and sustainability.
6. The Fund will take the form of a competitive grants program (the AusAID Civil Society WASH Fund) with up to two funding rounds (to be coordinated by the Infrastructure, Water and Sanitation Section in Canberra). Proposals will be invited from both accredited and non-accredited Australian NGOs, as well as suitably experienced international and national partner CSOs. Proposals will be assessed primarily on program quality and organisational capacity to support Effective Aid's emphasis on effectiveness and efficiency, with value for money considerations also taken into account. Consideration is further given to the need to achieve a balance

of funding across the regions.² Full details of the proposal and selection processes are contained in Annexes A and B.

7. Successful applicants will enter an inception phase during which time they will be required to further define and document their detailed activity designs and implementation plans. During this period the CSOs will be supported to produce a design document that details the objectives and scope of activities and further includes specific plans for monitoring and evaluation (M&E), gender, disability and social inclusion, environment and climate change, institutional and knowledge management and a sustainability and exit strategy. Successful applicants will be resourced to participate in the inception phase with the design products effectively forming the scope of services for an agreement with AusAID. A team of monitoring and evaluation experts will be responsible for producing design document templates and will also provide technical assistance during the inception phase.
8. Activities will be expected to place an emphasis on sanitation and all water and sanitation activities must have a hygiene component. Each CSO will also be expected to contribute to the evidence base on effective practice in WASH. Their contributions will be enhanced by a Knowledge and Learning Component, which will have three parts (see Annex D for full details):
 - i. Innovation and pilot grants of up to AUD\$100K per year for up to two years, available to CSO grantees, in collaboration with research organisations.
 - ii. Two ADRAS research grants of up to AUD \$400K per year for up to 3 years for research organisations with recognised expertise in WASH.
 - iii. Knowledge sharing and learning events such as regional workshops, webinars, an active website and other relevant electronic forums.
9. Management of the Fund will be coordinated by AusAID’s IWS section, and will be comprised of three elements. The IWS will be responsible for Fund oversight, liaison on policy and program issues (including with Posts) and for ensuring quality reporting on outcomes. The Monitoring, Evaluation and Review Panel (MERP) will be responsible for the development and inclusion of robust M&E for all Fund activities, will undertake regular monitoring of and technical support to CSO activities, and will provide real time evaluation feedback to CSO activities to ensure high quality programming. Day to day management of the Fund will be handled by an externally contracted Fund Manager (which will include a Knowledge and Learning Manager) who will be the primary point of contact for the CSOs and will ensure smooth flow of information between all the stakeholders in the fund.
10. Posts will be engaged with the Fund on an ‘opt-in’ basis, allowing for flexibility within Fund management to cater for a range of levels of engagement. The Fund Manager will be responsible for communicating with Posts in accordance with their desired level of engagement, as well as with relevant program/thematic areas.
11. The total Fund budget is proposed at AUD\$97 million, which represents approximately 8% of the estimated agency budget for WASH. The proportion of funding to the various components of the Fund is as follows:

Program Component	AUD \$m
Civil Society WASH Activities	88.4
Program Management and Selection	2.2
Monitoring, Evaluation and Performance Review (including Independent completion report)	1.7
Knowledge and Learning Component	4.7
Total	97

ANALYSIS AND STRATEGIC CONTEXT

THE WASH CHALLENGE

12. In 2003 the United Nations declared the decade from 2005 – 2015 the ‘Water for Life’ International Decade for Action, primarily to promote efforts to fulfil international commitments to meeting the Millennium Development Goal MDG target for water and sanitation: halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation. As of 2010, around 800 million people do not have access to clean water and 2.5 billion do not have access to adequate sanitation and hygiene³. Diseases such as diarrhoea, cholera, typhoid, hepatitis, and dysentery which are spread as a result of contaminated water are still widespread, and more than 1.5 million children around the world die each year as a result of diarrhoea.⁴
13. At the current rate of progress the world will miss the MDG target⁵ for sanitation with 2.4 billion people predicted to still lack access by 2015. At least a billion people or 15 per cent of the world’s population defecate in the open.⁶ This is especially a problem for the poorest people, with recent data demonstrating that the poorest 20 per cent of people in Sub-Saharan Africa are approximately 19 times more likely to practice ‘open defecation’ than the wealthiest 20 per cent in the region.⁷
14. Whilst the world is on track overall to meet the MDG target for water supply by 2015, progress is not uniform, and the level of access varies within countries and regions. Water supply is often intermittent and coverage does not reach the poorest people in communities. Many of the gains made through increasing coverage are at risk due to weak management systems and unmaintained infrastructure.⁸
15. A range of limitations impact on progress in the WASH sector. Governments in developing countries are often constrained by poor capacity in technical and financial management as well as ‘soft skills’ including facilitation, behaviour change and gender analysis (for example recognising the role of women in behaviour change). There is often a lack of engagement with communities in decision-making and weak coordination between stakeholders to ensure that WASH service delivery targets the poor and that programs are based on current evidence of what works on the ground. Development partners often retain an infrastructure focus with limited attention to health, hygiene behaviour change and community engagement or accountability.
16. Significant effort by both research institutions and development practitioners has been put towards identifying the weaknesses in traditional approaches to WASH programming, and identifying innovations that seek to address these, in order to improve effectiveness and impact. For example, community management of WASH infrastructure is increasingly being questioned which is driving a shift in focus to more professional management models⁹, and similarly small business sanitation enterprises are challenging traditional subsidy approaches to sanitation. Substantial work is required to identify, document and share learning on successful innovation where it occurs. Practitioners must then scale up what have been characterised as ‘islands of success in a sea of failure’¹⁰ in order to achieve the targets set in the MDGs and beyond.

WASH IN THE AUSTRALIAN AID PROGRAM

17. Investment in WASH in the Australian Aid Program was boosted in 2008 with the advent of the Water and Sanitation Initiative (WSI), an AUD\$300 million, 3 year program (July 2008 – June 2011) aimed at providing increased access to clean water and effective sanitation, and improved freshwater security in the Asia-Pacific region and Africa¹¹. It came about partly due to the Australian Government’s long term commitment to increase development assistance to 0.5 per cent of GNI by 2015-16, coupled with advocacy from within the Australian WASH sector highlighting the growing WASH crisis within Australia’s sphere of influence¹².
18. Administered by the Infrastructure, Water and Sanitation (IWS) Section within AusAID, the WSI funds were primarily channelled through multilateral agencies and bilateral programs, however AUD\$32 million was provided to civil society organisations (CSOs) through the WSI Civil Society WASH Fund (see below). Disbursement of this fund was delayed until June 2009 which consequently extended the implementation period to December 2011.
19. In 2011 the Australian Government published its aid policy *An Effective Aid Program for Australia*, which amongst other things reaffirmed the role of non- government organisations (NGOs) and CSOs and

acknowledged their ability to deliver assistance directly to the poorest and most vulnerable. The Government's aid policy defines the fundamental purpose of the Australian aid program as helping people overcome poverty. Under the strategic goal of *saving lives*, it identified one of its ten development objectives as *improving public health by increasing access to safe water and sanitation*¹³.

20. Following the release of the aid policy, in November 2011 AusAID released a WASH thematic strategy entitled *Saving Lives: Improving Public Health by Increasing Access to Safe Water and Sanitation* (attached as Annex I), which identified three pillars of action to ensure that AusAID investments in WASH contribute to improved public health outcomes. They are:
 1. increasing access to safe water and basic sanitation,
 2. improving hygiene behaviour and
 3. supporting sustainable service delivery.
21. This has affirmed the importance of WASH in the Australian Aid Program, and consequently the IWS Section has received a specific allocation through the 2011-12 Budget to resource global and cross-regional programs and activities in the WASH sector through to 2015-16. Estimated to total AUD\$265.8 million, the new phase will fund multilateral agencies, bilateral programs, civil society organizations as well as capacity building and research activities. This is set out in the Concept Note: *Water, Sanitation and Hygiene: Global Programs and Cross-Regional Support* which was finalised in February 2012. This document provides "*the rationale for the engagement in cross-regional WASH activities and outlines the overarching objectives to guide the engagement. It further identifies the key partnerships, budget allocations and implementation arrangements for each activity*". A total of AUD\$97 million has been earmarked for the new CSO WASH Fund.

THE WSI CIVIL SOCIETY WASH FUND

22. The WSI Civil Society WASH Fund supported community-based and non-government organisations to improve access to safe water and basic sanitation in Asia, the Pacific region and Sub-Saharan Africa. Selected through a competitive bidding process, 11 CSOs will provide 330,000 people with access to safe water and an additional 560,000 people with access to basic sanitation facilities in Africa, Asia and the Pacific. In addition, 474 schools are expected to benefit from improved water, sanitation or hand-washing facilities.
23. The design of the WSI Civil Society WASH fund was underpinned by the research undertaken in 2008 by the Institute for Sustainable Futures (ISF) and the International Water Centre (IWC) that explored the potential for CSOs to contribute to the WSI. In particular, this research found that NGOs (or CSOs) have assisted widely in facilitating better access to WASH facilities for the poor. They have strong relationships with communities on which they can draw to facilitate this access, are adaptable and can play a range of roles including community mobilisation and facilitation, advocacy and can act as intermediaries between communities and governments or other stakeholders.
24. The design process was lengthy and as a result the fund was limited to an implementation timeframe of 13 months (implementation began in May 2010, with the budget measure expiring in June 2011). This limitation meant that the focus of the program was on CSOs with existing programs that had the potential to be rapidly scaled-up. The timeframe eventually proved too ambitious with all 11 CSOs requesting a no-cost extension through to December 2011.
25. The Civil Society WASH Fund was supported by a panel of monitoring and evaluation advisors who were engaged for the duration of the fund to ensure high quality monitoring and evaluation processes were in place and, where necessary, provide technical support to recipient organisations. In November 2010 the MRP conducted an Independent Progress Report (IPR), the results of which were presented to AusAID in February 2011. The focus of the IPR was primarily to inform the design of a future fund and to this end 15 recommendations were documented.
26. A Learning Fund of AUD\$150,000 was included in the Civil Society WASH Fund in order to improve the effectiveness of CSOs work through peer learning between participating CSOs and their local partners. This component of the fund was managed by an Australian NGO, WaterAid, who facilitated three regional events in Mozambique, Bangladesh and Australia. The Completion Report presented to AusAID in September 2011 reported that all participants in the learning events found them to be positive and useful, and that overall the learning fund had contributed to the growing evidence base for best practice in WASH.

27. Through regular monitoring visits, the MRP were in a good position to be able to observe the strengths and weaknesses of the CSOs operating in the fund. Although not originally envisaged in the role of the MRP, along with the learning fund and the IPR, this has proved to be a valuable mechanism for identifying those aspects of the program that have worked well and those that warrant a change in emphasis or direction for a future fund. Two further documents that have resulted from this work: a learning paper entitled *Innovations and Challenges to Civil Society Organisations Addressing the Enabling Environment for WASH Services for the Poor*, and a summary snapshot note of common strengths and areas for improvement in CSO programs, both presented to AusAID and the CSOs in October 2011.
28. The design for the new CSO WASH Fund has drawn upon the information presented in all of these documents.

STRENGTHS AND WEAKNESSES OF CIVIL SOCIETY ORGANISATION WASH ACTIVITIES

29. As mentioned above, Effective Aid recognises the competitive advantage that CSOs have in the delivery of aid assistance. The 2008 ISF/IWC study of CSOs working in the Asia-Pacific regions, also found that in general they have assisted widely in facilitating better access to water and sanitation services for the poor. They are dynamic and adaptable to local conditions, have the ability to reach even the most remote locations, establish good relationships with communities and take a long term, holistic approach to programming.
30. However, whilst acknowledging the key strengths of CSOs, Effective Aid also notes that CSOs face variability in their management capacity and quality assurance processes. Within the Civil Society WASH Fund, the MRP further identified a number of strengths and weaknesses within CSO programming, articulated in a document entitled *'Snapshot of Common Strengths and Areas for Improvement Based on Monitoring Visits'* provided to AusAID in September 2011. Strengths include a strong focus on capacity building, a focus on the poor and vulnerable and good incorporation of gender into their programming. The main weaknesses identified include poor monitoring and evaluation and low levels of engagement with government and the enabling environment. A full list of the observations are contained in Annex H – Strengths and Weaknesses of Civil Society Organisations.
31. Combining these strengths and areas for improvement with the recommendations of the IPR, and building on the design of the Civil Society WASH Fund, the following elements are considered necessary to improve program quality:
 - A longer timeframe for implementation.
 - A stronger emphasis on the enabling environment, and in particular engagement with local and national level government.
 - An emphasis on capacity building at all levels.
 - An emphasis on taking successful approaches to scale.
 - A stronger emphasis on gender at all levels. Includes gender analysis, policy dialogue, a stronger focus on menstrual and reproductive hygiene as well as women as community facilitators.
 - Recognition of the importance of disability inclusiveness through performance framework indicators and including disability planning into activity designs.
 - The inclusion of strong, appropriately qualified management within the CSOs.
 - Better coordination between CSOs as well as with other stakeholders.
 - Increased emphasis on innovation and learning in order to build the WASH evidence and knowledge base.
 - More emphasis on robust monitoring and evaluation within CSOs.
 - Better communication between the CSOs and AusAID.
32. Incorporating these into the new CSO WASH Fund will enhance the sustainability of program outcomes thereby leading to permanent improvements in the lives of poor people. Whilst these mainly go to program management and generic good practice in development activities, a focus on best practice will also involve incorporating current sector specific thinking into the design of the new fund. The following section outlines some of the issues that are guiding best practice in WASH.

CURRENT THINKING & BEST PRACTICE IN WASH

33. As with all development sectors, WASH programming has evolved over the past two decades as practitioners and researchers have struggled to address programmatic approaches that are clearly not sustainable. From appropriate technology to behaviour change methodologies and management models, the sector has advanced significantly since the international decade for clean drinking water (1981 – 1990). However, despite this, as mentioned above, **the sustainability of many activities remains questionable**. Despite significant efforts in handpump design and innovation in recent decades, figures collated by the Rural Water Supply Network (RWSN) estimate that 36% of handpumps in Sub-Saharan Africa are non-functional. A recent WaterAid study of water points in Tanzania found that nearly half are non-functioning and that 25% fail within 2 years of their installation, resulting in communities returning to their traditional water sources¹⁴. Similarly, in East Timor, surveys of rural water supplies found that between 50% and 70% of systems were not functioning at the times the surveys were conducted, and in two districts, only 30% of systems were functional 12 months after installation¹⁵.
34. These failures point to more than simply a lack of sustainability of the technology. They highlight also **a failure of the management systems** that are put in place for operation and maintenance (O&M); inadequate attention to the support services and supply chains required to underpin O&M; a lack of focus on behaviour change, inadequate consideration of gender issues and so on. On a macro-level, there has not been sufficient attention given to supporting the necessary institutional arrangements and support mechanisms for O&M in the long term, with consideration of the full life-cycle costs of service provision, and who will ultimately bear these costs.
35. Improved health outcomes are invariably the goals and objectives of WASH programs. Extending access to safe water and basic sanitation and improving hygiene practices will lower the incidence of diseases carried by water and improve public health, especially for women and children. According to one estimate by the World Health Organisation (WHO), achieving MDG target 7C could achieve an average global reduction of diarrhoeal episodes of 10%.¹⁶ Investing in WASH has also been **proven to be a cost-effective intervention to improve human health**. Table 1 shows the relative cost-effectiveness of various types of WASH interventions, as measured in dollars spent per disability-adjusted life year (DALY)¹⁷ avoided, and illustrates the relative value of both behaviour change interventions and engagement with the enabling environment.

Table 1 - Cost-Effectiveness of Water Supply, Sanitation and Hygiene Promotion (US\$/DALY).¹⁸

Hand pump or stand-post	94.00
House connection	223.00
Water sector regulation and advocacy	47.00
Construction and promotion of sanitation	270.00
Promotion of sanitation only	11.15
Hygiene promotion	3.35

36. As well as better cost-effectiveness, the evidence also suggests that sanitation and hygiene interventions have a more profound impact on community health than water supply¹⁹. However, water supply has historically been used as the vehicle to gain credibility and build relationships with communities, and is often the development priority voiced by communities themselves. Water supply programs have tended to be infrastructure focussed and capital intensive, dominating budgets and program resources, to the detriment of sanitation and hygiene promotion. This trend is reflected in the MDG statistics which generally indicate greater progress towards water supply targets than sanitation. Whilst water supply must remain a key focus of WASH activities, programs are increasingly **prioritising hygiene and sanitation**, with a particular emphasis on behaviour change. Programs that focus on water supply without also incorporating sanitation and behaviour change components would not be considered best practice.
37. Increasing the knowledge and understanding of communities of the link between improved hygiene and sanitation practices and better health does not necessarily in itself lead to the sustainable change in behaviour required. Hygiene education programs, whilst important, are not sufficient in themselves to bring about the desired changes in hygiene practices²⁰. For improved hygiene practices to become lasting and widespread, there needs to be a **change in the social norms** that relate to the hygiene behaviour practices. Merely understanding the link between the existing practice and health may be a sufficient motivation for some people, however others may require imperatives such as social status to drive permanent behaviour change.

38. Understanding and utilising these imperatives, therefore, is key to implementing successful **behaviour change** programs. For example, traditional subsidy approaches to sanitation have a tendency to mask whether or not there has been a true shift in the social norms that are necessary to bring about sustainable change, which is partly seen as the reason why MDGs are lagging in many parts of the world. On the other hand, programs that seek to trigger a sudden shift in social norms, and that use innovative methods and motivators such as social status, disgust or pride are experiencing significant levels of success in many regions²¹.
39. This is doubly so where there has been effective gender analysis and **targeting of both women and men** in behaviour change campaigns and general WASH programming. Innovative approaches to ensuring the full participation of women in all aspects of WASH has been shown to significantly enhance the sustainability of WASH interventions²². For example, partnering with (non-WASH) local women's organisations (eg the Women's Union in Vietnam) to facilitate community consultation and mobilisation processes can greatly enhance women's participation levels in what has traditionally been a male-dominated sector.
40. **Triggering demand for sanitation** is a crucial starting point for the process of achieving open defecation free (ODF) communities that have generally adopted improved sanitary behavioural practices. A clear indicator of increased demand is households defining and/or investing in their own sanitation infrastructure. However this can be problematic from a monitoring point of view, for example, when households build latrines that do not meet international standards. Whilst a distinction can be made between basic and improved latrines²³, it is also important to recognise that poor households cannot always afford to build improved latrines within the desired timeframes, and that basic pit latrines are a legitimate step on a sanitation ladder.
41. Whilst achieving ODF status and adopting basic sanitation is an essential first step on the path to sustainable improved community wide sanitation, it is important to recognise that ODF status is a milestone and not an end point. For example, as indicated above, basic pit latrines do not meet agreed Joint Monitoring Program standards²⁴ (JMP) for improved sanitation and so do not count towards the MDGs for sanitation, primarily as they do not necessarily separate humans from contact with waste. In addition, basic sanitation infrastructure may not meet the needs of marginalised groups (for example people living with disabilities) or may present other problems that impact on sustainability. Indications are that when program interventions cease following community wide ODF status, there is a risk that after some time has elapsed communities (or some members of communities) revert back to their old behaviour patterns²⁵. It is therefore important that the changes initiated by **increasing demand for sanitation** be capitalised upon so that the momentum is not lost and program outcomes remain sustainable.
42. Sustainability of water supply technology, particularly in remote rural communities, is an area that has received a lot of attention but still presents significant problems to the sector as a whole. An engineering focus, whilst delivering to the sector innovative village level operation and maintenance (VLOM) appropriate technology solutions such as the rope pump, have failed to ensure sustainability²⁶. Community management models are increasingly being questioned²⁷ in recognition that communities are not and cannot be isolated entities and so are unable to maintain technical facilities without some level of support and connection to the wider world. Governments are often best placed to ensure water supply service provision, however in many countries they are unable or unwilling to do so, which is why CSOs have stepped into this space. Whilst this is a legitimate stop gap measure for ensuring the provision of water supply services, it is not a viable long term solution and so it is important that **organisations have a clear exit strategy from direct service provision** that goes beyond a simple transfer of responsibilities to communities without reference to other actors such as local government and the private sector.
43. Across the whole sector is the issue of **going to scale with successful approaches**. There has been a tendency throughout the sector of practitioners grasping at success stories whilst sweeping the failures to one side (hence the 'islands of success in a sea of failures' mentioned previously). Widespread advancement within the sector can only be achieved when there is a significant up-scaling of successful innovations and approaches. This has been seen in recent years with the Community Led Total Sanitation (CLTS) approach, a demand driven approach to motivating communities to change their sanitation behaviours,²⁸ as well as the significant increase in private sector involvement in the manufacture and support for the rope pump in several countries in Africa²⁹.
44. Finally, the issue of environmental considerations and, in particular, the effects of climate change are increasingly having a bearing on sustainability of WASH programs. Particularly in low lying coastal areas and small island nations, salt water contamination of ground water supplies, inundation and other similar problems

can severely restrict options in both water supply and sanitation. Incorporating **climate change adaptation** and mitigation into program designs is, in many places, crucial to the success and sustainability of the intervention.

45. Whilst the points made above do not by any means cover all of the issues of sustainability in WASH programming, they do provide a snapshot and some examples of areas within the sector which have been scrutinized in recent times and been the focus of innovative approaches. It is important that practitioners in the sector take heed of the lessons from this scrutiny, seek to innovate where possible and strive to ensure programs do not replicate practices and approaches that are proven to be unsustainable.

ALIGNMENT WITH CURRENT AUSAID PROGRAMS

46. The role of CSOs in the Australian aid program has been re-affirmed by Effective Aid and AusAID is continually developing its approach to working in partnership with CSOs. While the AusAID NGO Cooperation Program (ANCP) continues to be the major source of core funding for accredited Australian NGOs, AusAID is increasingly looking to CSOs to make significant contributions to the achievement of core outcomes and further extend the geographic coverage of the aid program. The existing WSI CSO WASH Fund aligned well with this strategy and the new CS WASH Fund will continue this momentum. Other relevant programs include the Australia – Africa Community Engagement Scheme (AACES), which has been designed around the AusAID Strategy for Africa, including a contribution to MDG 7, “*increasing sustainable access to safe drinking water and basic sanitation*”, and the Australia Mekong Partnership Program (AMPP), currently being designed.
47. Potential for further alignment with and value adding to existing WASH programs also exists through the knowledge sharing activities and learning events proposed in this design, for example by creating opportunities to participate for CSOs working in WASH through other AusAID programs. Furthermore, by emphasizing evidence-based WASH practice and learning, the Fund can support the development of effective CSO approaches that are resourced either through this program, AACES, AMPP or even ANCP, particularly in those cases where one CSO is receiving grants from both the CSO WASH Fund and for example the ANCP. In doing so, this fund has the potential to improve the quality of other AusAID funded WASH activities implemented by CSOs.
48. This design has drawn on a number of AACES features, such as a selection process based on a capacity statement and concept design, followed by a longer, cooperative, supported process for the development of detailed activity designs. It is intended that there will also be collaboration between this program, AACES and AMPP around the development of reporting formats, timing of reporting and so on. Both AACES and AMPP have picked up the successful innovation of the MRP from the original WSI CSO WASH Fund and have incorporated a contracted technical advisory function into their management systems. The principles of AusAID partnership with CSOs that are clearly articulated by the AACES and AMPP are also reflected in the partnership approach that the WSI CSO WASH Fund MRP took in their relationship building with the CSO grantees. Another area of synergy between this Fund and AMPP and AACES will be the creation of space for AusAID – CSO- partner government policy dialogue, as a result of closer alignment with the AusAID country and delivery strategies.
49. Effective Aid emphasises the centrality of the country program in negotiating agreements with the partner government defining the priority sectors for AusAID bilateral engagement. Where these have resulted in delivery strategies that include WASH³⁰, the country program will be invited to play a key role in coordinating policy level dialogue and knowledge sharing with the Fund grantees. Where WASH is not a priority, the country program has the choice to view this Global Fund as a means by which they can report on AusAID assistance in addressing a development need that is often the priority of poor communities, or remove the country from the list of countries to benefit from the Fund. Country programs have been consulted about the level of engagement that they wish to have with the Fund and this consultation is reflected in the list of eligible countries contained in Annex A – Fund Guidelines.
50. Alignment and complementarity will also be sought with the bilateral and multilateral AusAID WASH programs. All CSO activities will utilise a common Performance Assessment framework (PAF) that is aligned with the overall PAF for all AusAID WASH sectoral programs, based on the global MDG indicators and JMP monitoring data. The outcomes, performance questions and indicators for all CS WASH Fund activities will directly link to those of the country program and agency as a whole.
51. To further support coordination with existing AusAID programs and also ensure an appropriate geographic balance, guidance is provided to the AusAID Civil Society WASH Fund Selection Panel (refer Annex B). This is

intended to assist with determination of activities for funding, is based on the research undertaken to date, and considers current AusAID programs and strategies, levels of access to water and sanitation in different countries and the specific contributions and role of CSOs in each country.

STAKEHOLDER CONSULTATION

52. The members of the MRP were consulted early in the design period to elaborate on the ideas captured in the IPR or to respond to other queries relating to their role in monitoring the performance of the CSOs. The CSOs resourced through the current fund were not however directly consulted in order to avoid inadvertently providing those CSOs with a competitive advantage in advance of the new fund's tendering process. This design document has however drawn on the recommendations of the IPR, which in turn was drafted through consultation with CSOs resourced through the Fund. The design team has also considered the final report on the Learning Fund from the WSI CSO Fund (prepared by the managing contractor, WaterAid) and a research agenda submitted by the Australia-based WASH Reference Group.
53. Within AusAID, consultations were undertaken with relevant country and regional program areas (including staff at Post) and thematic areas. A schedule of consultations is provided in Annex J – List of Persons Consulted. Combined with the recommendations in the documents described above, these consultations influenced the following features of the proposed program, including:
- The need to align with country delivery strategies and cross cutting thematic areas;
 - The importance of building good partnerships between AusAID and civil society organisations;
 - Reaffirming that the program will be one central, competitive funding mechanism for Australian, international and partner country CSOs to ensure a transparent and robust process for determining which CSOs should receive funding;
 - Re-emphasizing the need for a centralised Program Manager to oversee implementation, provide technical support, promote collaboration across activities and coordinate program level monitoring and evaluation. This will allow Posts to choose a level of management engagement suitable for their capacity and situation, with some Posts seeking to remain informed, and others taking a more hands-on management role (e.g. in Vietnam);
 - Mechanisms for ensuring coordination with related AusAID activities including communication with Posts;
 - Retaining an appropriate balance in the overall program, including geographical (region and country-level), urban/rural, hygiene/sanitation/water focus, with an emphasis on best practice, scaling-up and innovation;
 - A performance framework of the program for simple and coordinated monitoring and evaluation; and
 - The inclusion of a significantly enhanced Learning and Knowledge Component within the program to share learning within and between CSOs, support innovative approaches and contribute to the WASH knowledge and evidence base.

PROGRAM DESCRIPTION

SCOPE OF THE PROGRAM

54. Effective Aid has reaffirmed that the primary focus of Australian development assistance will be to our nearest neighbours in South East Asia and the Pacific, and in particular Indonesia, East Timor and PNG. However it further recognised that in order to tackle poverty, Australia must also engage with South Asia and Africa. Access to safe water and sanitation remains a huge challenge across these regions and so the global and cross regional programs and activities, of which the CSO WASH Fund is a part, also focuses on these regions.
55. Several AusAID country and regional strategies within these regions recognise and reflect WASH as a development priority, including Malawi, Mozambique, Zambia and Zimbabwe in Africa, East Timor, Indonesia and Vietnam in East Asia and the Solomon Islands in the Pacific. Others, such as PNG, whilst not directly focussing on WASH, understand its importance, particularly where it supports the other development priorities in the country strategies. The reach of AusAID's development assistance in WASH is greatly enhanced through its support to multilateral programs such as the World Bank's Water and Sanitation Program (WSP), as well through the work of CSOs under ANCP and AACES.
56. The CSO WASH Fund will contribute to this work by encouraging CSOs funded under the program to align with AusAID WASH delivery strategies where they exist and leverage off the linkages and connections that AusAID has with governments and multilateral organisations. Whilst activities funded through the CS WASH Fund will only be considered in countries that fall within AusAID's sphere of influence (refer to the list of countries in Annex A – Fund Guidelines), through the CSO's own regional and global networks and linkages, it is expected that the impact of the program will extend well beyond these boundaries.
57. The new fund will focus strongly on best practice and sustainability, and will only support those organisations that have a very good track record in WASH. It is expected that by setting the bar at a very high level other CSO WASH programs (both AusAID supported and those funded from elsewhere) will benefit by association. This will be further enhanced by an increased requirement for grantees to coordinate and communicate within the sector, as well as from information flowing to the sector from the enhanced Knowledge and Learning component (which could include participants from other AusAID CSO/NGO programs for relevant events).
58. The program will target the poor and vulnerable in rural and urban areas. Most activities will be in rural locations, as generally the indicators are comparatively worse in country than urban areas. However an increasing focus on slums in townships and peri-urban areas, particularly in Southern Africa and South Asia will attract activities to these areas as well. Planning and implementation will involve both men and women and must also incorporate the needs of marginalised groups such as people living with disabilities and people living with HIV and AIDS. It is expected that the wide variation in the particular interests and foci of each CSO will enhance the scope of the program and ensure that the program achieves the maximum benefit for the available resources.

PROGRAM GOAL AND OBJECTIVES

59. The design of the CS WASH Fund has been guided by the AusAID November 2011 WASH Thematic Strategy which, under the core strategic goal of *saving lives*, defines *improving public health by increasing access to safe water and sanitation* as one of the key development objectives. The CS WASH Fund will align with this and build on it by utilising the competitive advantages CSOs bring to WASH programming.
60. To this end, the goal of the CS WASH Fund will also be 'saving lives', and the objective of the fund will be:
To enhance the health and quality of life of the poor and vulnerable by improving sustainable access to safe water, sanitation and hygiene.

EXPECTED OUTCOMES

61. There are eight expected outcomes of the CS WASH Fund which align with the three pillars outlined in the thematic strategy (see Annex I), as illustrated in Figure 1 below. In this framework the three pillars have been arranged to reflect clearly the program focus on sustainability as an overarching theme cutting across all investments in water supply, sanitation and/or hygiene promotion.

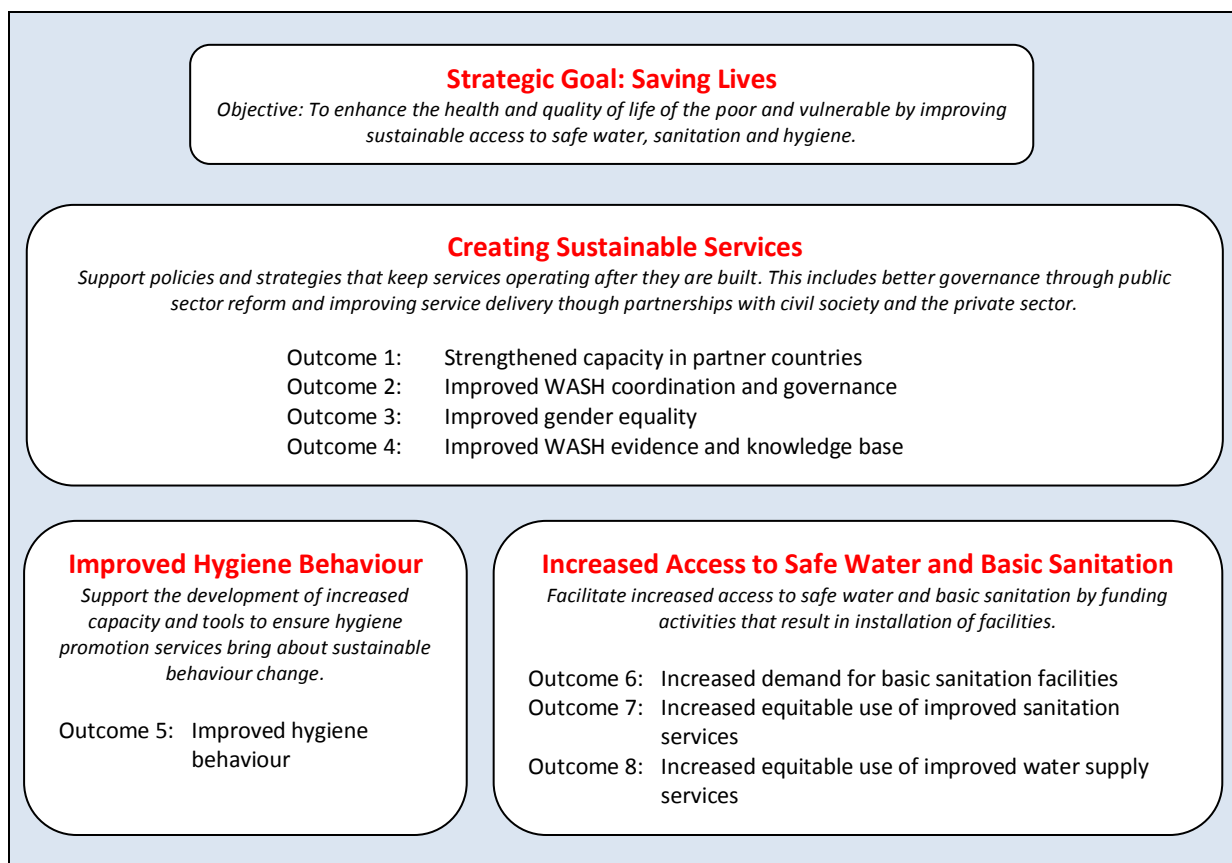


Figure 1 - Expected outcomes

62. The four expected outcomes under the Pillar *Creating Sustainable Services* are key to ensuring that the results of the other activities are sustainable. To this end all funded activities will be expected to show progress in each of these areas. A brief explanation of the four expected outcomes under this pillar is given below.

Creating Sustainable Services

Expected Outcome 1: Strengthened capacity in partner countries

63. Capacity building is at the heart of good programming and sustainability of WASH activities. Capacity building activities can be directed at several levels – individuals, organisations and systems - as illustrated in Figure 2. Activities supported through the fund will therefore provide:

- Training and mentoring to *individuals* such as community members, partner organisation staff, government counterparts, private sector etc to develop their knowledge, skills and practices so that they are better able to do their jobs or fulfil their duties.
- Organizational development support and training to *organisations* (including local and national level governments, communities, service providers, CSOs, the private sector and other key actors) so that they can more effectively operate in the WASH sector.
- Targeted support to regulatory structures so that the *systems* through which WASH actors interact with each other will be enhanced.

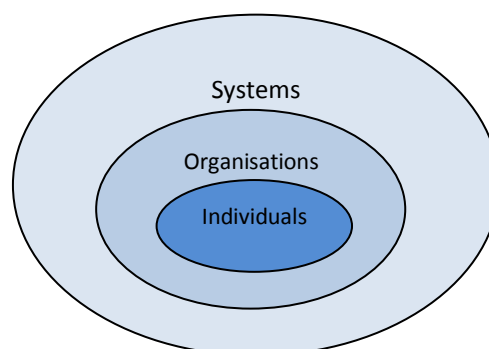


Figure 2 - Levels of Capacity Building

Expected Outcome 2: Improved WASH coordination and governance

64. Governance structures, coordination and communication within the sector are critical elements that can either enhance sustainability or conversely, if not present, undermine the efforts of actors in the sector. The focus of this outcome will not be so much on the internal governance structures of the funded CSOs, and how well they interact and operate within the sector themselves, but how they influence and work with others to improve coordination and governance more broadly within their sphere of influence. Activities supported by the fund will achieve this by:
- Ensuring effective and meaningful communication and coordination between local and national level governments, communities, service providers, CSOs, the private sector and other key actors.
 - Encouraging involvement of key actors in sector wide forums and national level campaigns.
 - Supporting development and implementation of WASH policy, strategies and implementation approaches.
 - Promoting social and financial accountability and transparency within the sector.
 - Supporting communities to advocate and negotiate for their rights to water and sanitation service provision.
 - Encouraging the regulation and independent monitoring of WASH services and service providers.
 - Advocating for and supporting social inclusion (e.g. ensuring the inclusion of people living with disabilities) in WASH decision-making processes for greater effectiveness (including where possible in design, implementation and monitoring).

Expected Outcome 3: Improved gender equality

65. The evidence shows that the active participation of women in all aspects of WASH programming, from design and planning, to operation and maintenance as well as hygiene and sanitation behaviour change, greatly enhances the sustainability of the activities³¹. Consideration of gender will be in all aspects of activities supported by the fund, and overall activities will improve gender equality by:
- Promoting (adult and adolescent) women's participation in the design and implementation of activities, including involving women in technical WASH areas and in decision-making.
 - Capacity development and community education for gender-sensitive WASH services (for example separate toilets for women and girls); and ensuring partner organisations take gender issues into account.

Expected Outcome 4: Improved WASH evidence and knowledge base

66. There will be a Knowledge and Learning Component within the overall program (with its own funding stream) that will provide both direct support to CSOs that wish to pilot innovative approaches and to research institutions that will seek to define and clarify some of the big uncertainties within the sector. By linking CSOs with research institutions, organisations funded under the program will be able to actively contribute to the WASH evidence and knowledge base through a rigorous approach to innovation and documentation.
67. Within their programs, CSOs will be encouraged to improve and enhance the WASH evidence and knowledge base by critically examining the way their WASH activities are implemented and incorporate real time learning into program cycles. Moving away from a static 'business-as-usual' mentality towards a more rigorous and investigative approach to programming, based on testing hypotheses, will be encouraged.
68. Coupled with the establishment of an on-line community of practise through improved coordination and communication under the Learning and Knowledge Component, CSO activities will add to the WASH evidence and knowledge base by:
- Documenting and sharing critical success factors and risks in innovative, effective WASH approaches and technologies.
 - Undertaking action research in parallel with program activities
 - Building on successful approaches
 - Working with research organisations to explore critical aspects of WASH in line with program wide initiatives
 - Promoting best practice throughout the sector.
 - Developing the capacity of CSOs to share approaches and lessons.

Improved Hygiene Behaviour

Expected Outcome 5: Improved hygiene behaviour

69. As discussed previously, of the three components of WASH (water, sanitation and hygiene) hygiene behaviour has been shown to have the biggest impact on community health³². Figure 3 below also shows the cost-effectiveness of hygiene promotion relative to other health interventions that aim to reduce child mortality, which further supports the figures in Table 1. The data collectively shows that an investment in hygiene can save up to 333 DALYs per \$1000 spent at a cost of \$3.35 per DALY. CSOs funded through the program will ensure that health and hygiene promotion activities are included in all activities and will run alongside and underpin any water and sanitation components.

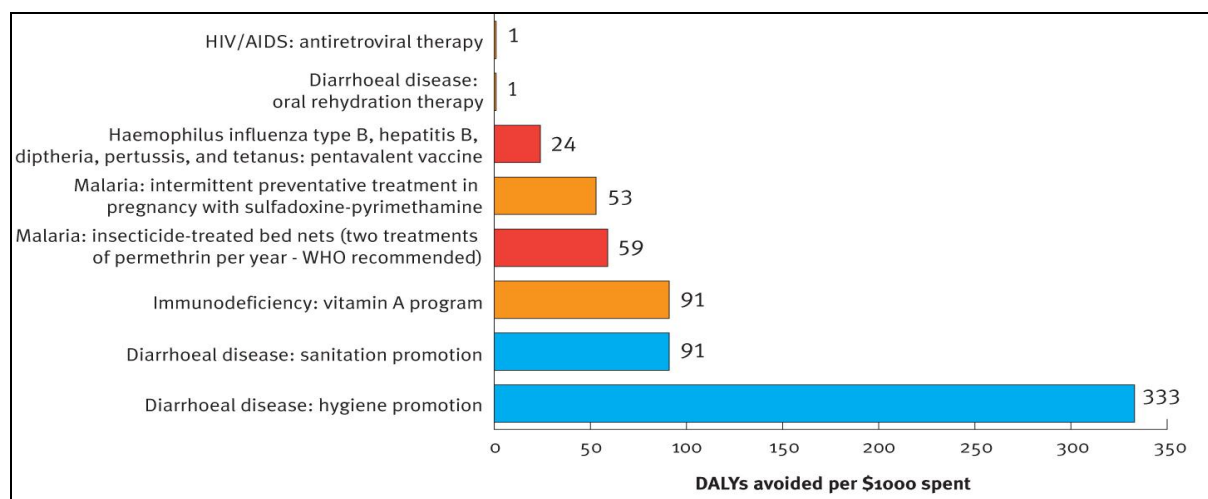


Figure 3 - The relative cost effectiveness of a variety of health interventions on U5 mortality³³

70. The fund will support activities that are innovative in their methodologies and seek to identify and use appropriate factors to drive behaviour change. They will achieve this by using a combination of:
- Supporting communities to change their hygiene practices based on an increased knowledge and understanding of the link between hygiene and health outcomes.
 - Promoting community behaviour change using techniques based on an understanding of relevant cultural and social norms.
 - Supporting local and national level government to roll out hygiene and health promotion programs and campaigns.
 - Providing technical support for improved hygiene practices.

Facilitate Increased Access to Safe Water and Basic Sanitation

71. It is recognised that the most appropriate approach to water and sanitation programming will vary between countries and regions, and that adopting a one-size-fits-all attitude is not helpful. However it is also clear that working in isolation without regard to current thinking and methodologies will not lead to good outcomes either. The CSO WASH Fund will therefore support those activities that are founded in a solid evidence base of best practice (locally and internationally) and can demonstrate that they lead to sustainable services.
72. The following outlines the expected outcomes that will contribute to the pillar *Increased Access to Safe Water and Basic Sanitation*.

Expected Outcome 6: Increased demand for basic sanitation facilities

73. In recognition of the importance of getting communities that still practice open defecation to take the first step on the sanitation ladder, but also that for this to happen sustainably there needs to be a shift in social norms, the CSO WASH Fund will support activities that increase demand for basic sanitation facilities by:
- Mobilising communities to trigger demand for basic sanitation³⁴.
 - Working with local and national governments to ensure sanitation policies reflect the growing trend for communities to define their own sanitation solutions.
 - Supporting communities to develop action plans to work towards ODF status.
 - Supporting community level networks and linkages, as well as publicity campaigns, to scale up the demand for basic sanitation.

Expected Outcome 7: Increased use of improved and equitable sanitation services

74. Latrines built by households as a result of triggering approaches such as CLTS may not fit the definition of improved latrines under the JMP, and may not lead to the improved health outcomes as articulated in the Fund objective. As noted previously, whilst becoming ODF is an important first step, it is equally vital to maintain the momentum of change by encouraging households to continue to invest in improved sanitation. This may require other techniques and methodologies than those used to trigger the initial demand.
75. It should also be recognised that the provision of sanitation facilities in schools and clinics may require a different approach than that taken to promote household level sanitation, but that services in these public locations are inextricably linked to overall community health. In recognition of these factors, the CSO WASH Fund will ensure the increased use of improved and equitable sanitation services by:
- Supporting behaviour change communication to promote a continued demand for improved sanitation facilities.
 - Ensuring the private sector is encouraged and supported to provide sanitation products and services at the local level in order to meet the demand.
 - Supporting campaigns to encourage demand for improved sanitation services.
 - Supporting innovation and creativity within the private sector to define and develop products for a relevant sanitation ladder.
 - Providing technical support for sanitation service delivery.
 - Facilitating the provision of appropriate sanitation technology, especially in schools and un-served rural and urban areas.
 - Consulting on and analysing social acceptability, cultural issues, environmental and resource management aspects of sanitation.
 - Ensuring facilities are inclusive (eg meet the needs of the disabled).

Expected Outcome 8: Increased use of improved and equitable water supply services

76. Whilst a focus on water supply infrastructure in isolation is no longer considered an acceptable approach to WASH programming, provision of water supply services will still be central to many of the activities funded. Generating demand, ensuring appropriate designs as well as adequate levels of support for ongoing management will all form essential elements of activities. Programs that seek innovative ways to improve equitable water supply service delivery will also be well regarded.
77. To this end, the CSO WASH Fund will ensure the increased use of improved and equitable water supply services by:
- Providing technical support for water supply service delivery.
 - Supporting initiatives – including within the policy environment - for the professionalised operation and management of water supply systems.
 - Focussing on household level water supply service provision where appropriate.

- Facilitating the provision of appropriate technology, especially in schools and un-served rural and urban areas.
- Consulting on and analysing social acceptability, cultural issues, environmental and resource management aspects of water supply.
- Mobilising communities to trigger demand for safe water supply.
- Supporting small-scale local private enterprise.
- Ensuring facilities are inclusive (eg meet the needs of the disabled).

Fund Targets & Indicative Outcomes

78. The CS WASH Fund will support activities across the same five regions that were included in the WSI CS WASH Fund, that is Southern Africa, East Africa, South Asia, South-East Asia and the Pacific. Table 2 below sets out the expected targets and indicative outcomes for the CS WASH Fund, across the five regions. The figures presented are indicative only as the selection of country level activities will be competitive and so the actual outcomes cannot be determined until this process is complete. The numbers of beneficiaries has been calculated using the experience and outcomes from the current WSI CS Fund, and so there are a number of assumptions in these figures as noted below.
79. A broader range of performance indicators and questions are presented in Annex C - Performance Assessment Framework. This is based on the framework that was developed by the MRP collaboratively with the participating CSOs during the implementation phase of the WSI CS WASH Fund, with some modifications to reflect the slight change of focus for this design. It is expected that further refinement of the expected number of beneficiaries will be carried out once the selection process is complete and the full range of funded activities known.
80. The beneficiary figures in the table below are based on data captured by the PAF developed in the WSI CS WASH Program which disaggregated numbers of beneficiaries and expenditure by (amongst other things) water, sanitation and hygiene. The unit costs for each of these components were determined for each of the 5 regions which allowed projected numbers of beneficiaries to be calculated.
81. A number of assumptions were made in this process. Firstly, the calculations do not distinguish between WASH infrastructure that does or does not meet JMP definitions. The reason for this is that the fund recognises that investments in basic sanitation are a necessary first step on the road to improved sanitation and so is a valid output. For determining the beneficiary numbers for hygiene promotion and behaviour change, it was assumed that all water supply and sanitation activities included a hygiene education or promotion element.
82. Similar assumptions were made when calculating the expected number of beneficiaries in the new fund. For example it is assumed again that all activities will include hygiene promotion, and it is also assumed that all water supply activities will include a sanitation component. The total beneficiaries for water supply are therefore a subset of those for sanitation, and both are a subset of hygiene promotion.
83. It is recognised that these calculations are simplistic and do not reflect the complexity and varied nature of WASH programming, and so they should be used as a guide only. Once the selection process is complete and the PAF finalised, it is expected that more reliable and accurate data will be generated.

Table 2 - Expected Fund Targets and Indicative Outcomes

CS WASH Fund Program - Objectives and Outcomes				
Pillars of the WASH Thematic Strategy	Creating Sustainable Services (Pillar 3 of the Thematic Strategy)		Improved Hygiene Behaviour (Pillar 2 of the Thematic Strategy)	Increased access to safe water and basic sanitation (Pillar 1 of the Thematic Strategy)
CS WASH Fund Program Outcomes	Strengthened capacity in partner countries Improved WASH Coordination and governance Improved gender equality	Improved WASH evidence and knowledge base	Improved hygiene behaviour	Increased demand for basic sanitation Increased equitable use of improved sanitation services Increased equitable use of improved water supply services
Indicative expected outcomes				
East Africa	<ul style="list-style-type: none"> 100% of activities involve capacity building or training activities with partner government agency, private sector and/or civil society organisations, resulting in skills transfer and knowledge sharing Increased WASH capacity for 30-100 local service providers in 5 regions³⁵ At least 50% of funded activities implemented in coordination with a partner government agency, particularly local government Activities directly inform national policy in at least 1 country in each region by documenting and communicating effective WASH approaches All activities support relevant national strategies for water and/or sanitation and/or preventive health and harmonise with other international, regional and donor work Activities increase the priority of WASH at the national level in 1 or 2 countries 	<ul style="list-style-type: none"> Country level WASH evidence base is enhanced through 15 – 20 innovation pilot projects WASH Sector Knowledge base enhanced through 6 – 10 multiyear WASH research projects Lessons on what works, what doesn't, costs and effective approaches are shared through the Fund's <i>Knowledge and Learning Component</i> (in which staff from all funded activities participate) and communicated to AusAID and the wider WASH community of practice to inform future design Increased capacity of Australian CSOs to conduct effective WASH activities Improved evidence base related to the effectiveness of WASH activities through program wide analysis of outcomes as measured in robust monitoring and evaluation frameworks 	<ul style="list-style-type: none"> Approximately 1.8 million people receive some level of hygiene education and behaviour change activities within integrated WASH programs³⁷ 100% of schools that receive water and sanitation facilities have child-friendly hand washing facilities installed. 	<ul style="list-style-type: none"> Approximately 400,000 people have access to and are using improved water supply and/or basic and improved sanitation services Approximately 270,000 people have access to and are using improved water supply and/or basic and improved sanitation services Approximately 690,000 people have access to and are using improved water supply and/or basic and improved sanitation services Approximately 330,000 people have access to and are using improved water supply and/or basic and improved sanitation services Approximately 100,000 people have access to and are using improved water supply and/or basic and improved sanitation services
Southern Africa				
South Asia				
South-East Asia				
Pacific				

<p>All Regions</p>	<ul style="list-style-type: none"> • Increased effectiveness of AusAID and CSOs partnership arrangements • 90% of funded activities have an explicit gender focus, promote active involvement of women in decision-making and seek gender equality outcomes in and through WASH work • Increased dignity and improved quality of life for 450,000 women who gain access to water and sanitation³⁶ • 90% of funded activities consider water resource and nutrient cycle implications of their work and integrate environmental aspects through all stages of a program 			<ul style="list-style-type: none"> • 80% of communities where CSOs are working achieve collective sanitation outcomes (e.g. ODF status) • All activities identify people with disability or other socially excluded people and follow approaches to respond to their needs. • 90% of schools in communities covered will be provided with water and sanitation facilities
<p>Total</p>		<ul style="list-style-type: none"> • Around 1.8 million additional people have access to and are using improved water supply and/or basic and improved sanitation services³⁸ • Approximately 1.6 million beneficiaries actively involved in deciding and implementing water and sanitation services. • Voiced demand for sanitation and water has increased in 90% of communities in which NGOs are working 		

FORM OF AID PROPOSED

85. As with the WSI CS WASH Fund, the new fund will take the form of a competitive funding round, coordinated by the IWS Section in Canberra. Other mechanisms for funding CSO WASH activities were considered in detail during the design phase of the WSI CS WASH Fund³⁹, and the options briefly revisited again during the design of the new fund. However, as noted in the IPR, overall the processes established for the administration of the WSI CS WASH Fund are considered to have worked well and there were no compelling reasons to change, particularly in light of the need to establish the new fund relatively quickly to reduce the resourcing gap between the Funds to assist with continuity for effective projects⁴⁰. Whilst some Posts expressed the desire to directly manage the funds and activities within their countries (eg Vietnam), the level of interest between Posts was highly variable and so it is considered too complex to put in place a variety of management mechanisms across the fund. Instead of direct management, Posts will be able to contribute to both the selection process and monitoring of activities on an 'opt-in' basis. An explanation of how Post engagement with the Fund will occur is described in the Implementation Arrangements section which follows.
86. Unlike the WSI CS WASH Fund, which, due to the short implementation timeframe, focussed on scaling up existing activities, the CS WASH Fund will support a mix of both existing and new activities. However the fund is not intended to be a vehicle for CSOs to gain a foothold in a new country or region, nor to move into the WASH sector, and so activities will be assessed to a large degree on a demonstrated understanding of country contexts, particularly related to the WASH sector in the country concerned. The exception to this will be where CSOs propose activities in countries and regions that are currently greatly underserved by civil society in the WASH sector (eg Kirabati and some other Pacific island nations).
87. As shown in Table 4 below, amortised across the funding period the level of funding on an annual basis is approximately the same as the WSI CS WASH Fund. It is also anticipated that a similar number of organisations and activities will be supported; that is 10 to 15 CSOs across the five regions, with 25 – 35 country level activities. It is anticipated that the majority of the funds will go to accredited Australian NGOs, however the Fund is not limited to this group. Non-accredited Australian NGOs, International CSOs and national partners are also encouraged to apply if they meet the eligibility criteria. Despite the desire by AusAID to ensure a smooth and relatively quick transition from the first fund to the second, there is no expectation that activities supported under the WSI CS WASH Fund will automatically receive funding under the new Fund, and each proposal will be assessed on its' merits and against clearly defined criteria (see Annex B – Selection Panel Guidelines).
88. Proposals for four year programs will therefore be invited from:
- **Australian not-for-profit organisations:** (i) accredited by AusAID; and/or (ii) signatory to the Australian Council for International Development (ACFID) Code of Conduct;⁴¹ and/or (iii) signatory to the AusAID Statement of Development Practice Principles (when finalised).
 - **Other Australian not-for-profit organisations** if they are involved in a consortium led by an AusAID-accredited or ACFID Code of Conduct signatory organisation.
 - **Non-Australian civil society and not-for-profit organisations** engaged in the WASH sector (including international and partner country organisations) where they have a proven capacity to deliver sustainable outcomes and if they are able to demonstrate sound governance structures.

Knowledge and Learning Component

89. As well as the main component supporting CSO WASH Programs, there will be a significantly larger Knowledge and Learning component, which will contribute to an enhanced WASH evidence base both within countries, within regions and globally. There will be three parts to the Knowledge and Learning component:
- Small grants of up to AUD\$100K per year for up to two years will be made available to support the piloting of grass roots innovations by individual CSOs (consortiums are also eligible), including the scaling up of successful interventions, in collaboration with recognised research organisations (organisations with a track record of WASH related research).
 - Larger grants of up to AUD\$400K per year for up to 3 years will be made available through the Australian Development Research Award Scheme (ADRAS) for research organisations with a recognised expertise in WASH so that key research questions can be explored.

- Knowledge sharing and learning will be supported and encouraged through learning events including regional workshops, webinars, an active website and other relevant electronic forums.

90. Refer to Annex D – Knowledge and Learning Component for full details of this component.

Regional Allocations

91. The primary focus of the assessment will be on program quality and organisational competency, to support best practice and ensure sustainability, but also keeping in mind the need to achieve a reasonable balance of funding across the five regions. Whilst the IPR recommended that regional allocations be determined by the participating CSOs' regional and global strategies, this alone may not meet AusAID needs to ensure this balance and so the selection panel will be guided by regional allocations.
92. The regional allocations shown in Table 3 below are based on a combination of need, as determined by progress towards the MDGs for water and sanitation (based on JMP data) and AusAID's strategic regional focus as defined by the Australian Government's aid policy, Effective Aid, and the spread of WASH funding allocations across country and regional programs. The lower and upper limits have been defined in order to both ensure a minimum level of funding in each region, as well as an indicative maximum to achieve the required spread of funding. If sufficient numbers of proposals that achieve minimum quality and competency scores are not received to reach the lower limit in any region, a second application round will be held 12 months later to allow organisations the chance to improve their applications, or to attract other organisations to the region. A full description of the selection process is given in Annexes A and B.

Table 3 - Indicative Regional Allocations

Region/country	Allocation, rationale and priority countries	Indicative Allocation	Lower limit	Upper limit
			\$m	\$m
East Africa	High level funding band based on scale of need and AusAID strategic re-engagement with Sub-Saharan Africa.	28%	18	28
Southern Africa	Very high level funding band based on scale of need and AusAID strategic re-engagement with Sub-Saharan Africa. In line with Africa Strategic Plan, priority countries are Mozambique, Malawi, Zambia and Zimbabwe (the last due to high need and subject to increased political stability)	21%	14	21
South Asia	Mid-level funding based on scale of need and AusAID strategic re-engagement with South Asia.	17%	12	18
South-East Asia	Mid-level funding based on low access figures in urban and rural contexts, significance of partnership with AusAID and scale of existing initiatives to build upon. Countries with explicit WASH strategies include Vietnam, Indonesia and East Timor.	20%	13	20
Pacific	Mid-level funding due to scale of need and significance of partnership with AusAID. Priority country: PNG due to extremely low access figures and size of country. Solomon Islands has an explicit WASH strategy.	14%	10	15
Total			67	102

PROGRAM BUDGET AND TIMING

93. The total available budget for the CS WASH Fund Program is proposed at AUD\$97 million. This is 35 per cent of the total AUD\$265.8 million that has been made available to the IWS section. The allocation across the funding period is shown in Table 4 below.

Table 4 - CS WASH Fund spread across funding period

Year	Total Allocation	% of Total Allocation
2012/13	\$15 million	15%
2013/14	\$22 million	23%
2014/15	\$30 million	31%
2015/16	\$30 million	31%
Total	\$97 million	100%

94. Table 5 below shows the proportion of total funding to the various components of the program. Program management is estimated to be only 1% of the total funding, whilst AUD\$88 million, or more than 90%, will be available for CSO programs.

Table 5 - CS WASH Fund component costs

Program Component	AUD \$m
Civil Society WASH Fund	88.4
Program Management and Selection	2.2
Monitoring, Evaluation and Performance Review (including Independent completion report)	1.7
Knowledge and Learning Component	4.7

95. It is expected that calls for proposals will begin immediately following peer review, and organisations will be given eight weeks to prepare their proposals. An AusAID CS WASH Fund Selection Panel will be convened to consider proposals and the Panel's recommendations will be forwarded to the AusAID Delegate for approval. A quorum of four Panel members may make recommendations to the Delegate. On receipt of the Delegate's endorsement all applicants will be advised and funding arrangements will be negotiated.
96. It is anticipated that the selection process will be completed by July 2012, and the initial tranches for successful proposals will be made available in August 2012. These tranches will cover a 3 – 6 month inception phase, during which time grantees will be required to produce several design documents or products⁴², on which subsequent tranches will be contingent. Further details of the inception phase are given in the Implementation Arrangement section which follows, as well as in Annexes E and F.
97. If necessary a second call for proposals in regions that do not achieve the lower regional allocation level will occur in February 2013.
98. Funding for the Evidence and Knowledge Component will be disbursed at various times throughout the implementation period. The WASH Research Grants will be managed through ADRA and so the timing of calls for proposals and funds disbursement will align with that program. Proposals for the Innovation and Impact Grants will be accepted at any time between February 2013 and December 2014, with the proviso that they are submitted 3 months prior to the scheduled start date. Full details of the timing of these grants are available in Annex D—Knowledge and Learning Component.
99. The timeframe for the selection and design process is summarised in Table 6 below.

Table 6 – Selection and Design Process Timeframe

Event	Date
Call for proposals	2 May 2012
Briefing for potential applicant CSOs	16 May 2012
Final date for submission enquiries	25 June 2012
Proposal deadline	9 July 2012
AusAID conformance check	Mid July 2012
Selection Panel assessment of proposals	Late July 2012
Inform CSOs of result	Early August 2012
Signing of interim agreements	Mid August 2012
Design workshop for successful applicants	Early September
CSO design process	September 2012– January 2013
Sign project agreement	January – February 2013
Activity completed and final report due	June 2016

100. The phasing of implementation is demonstrated in Figure 4 below.

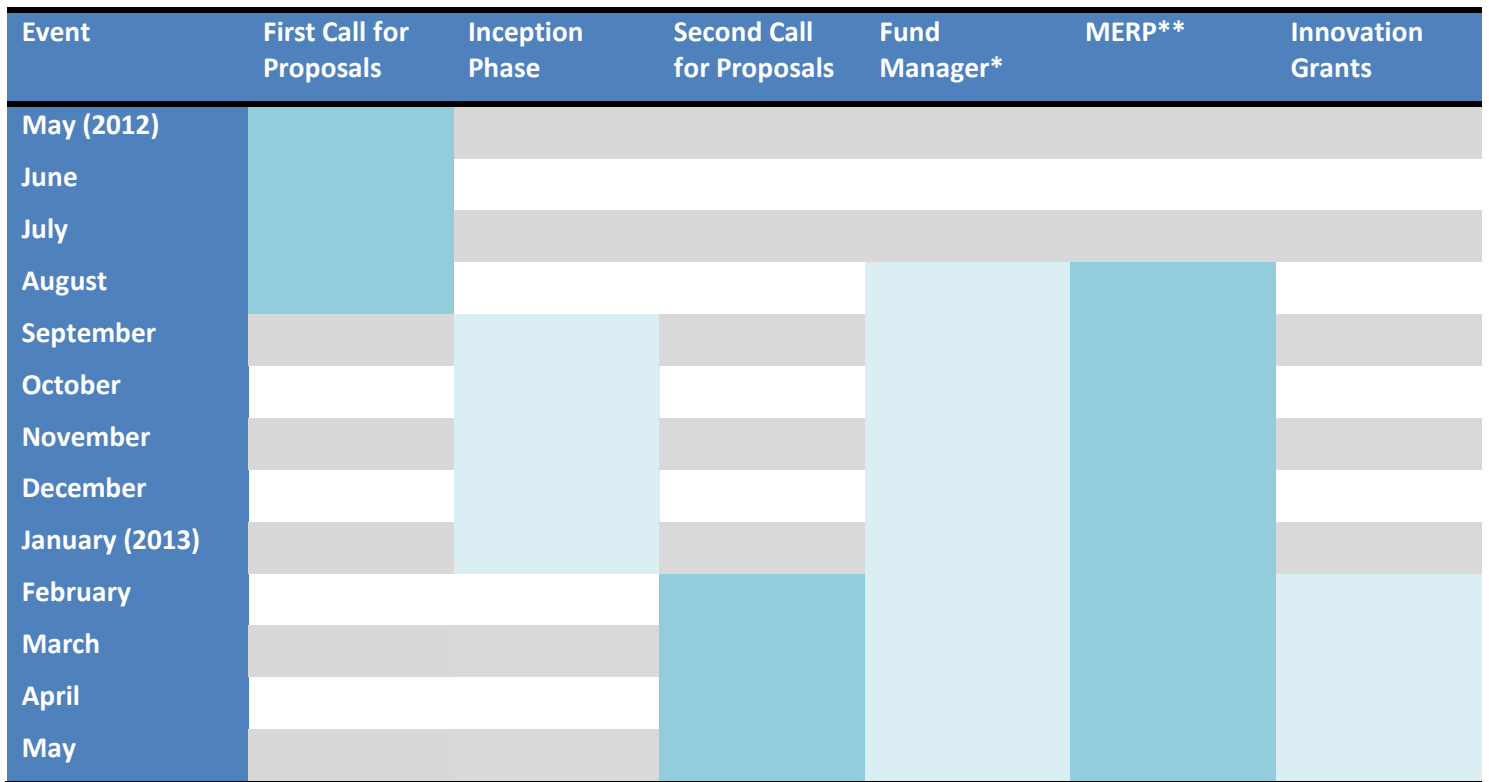


Figure 4 – Phasing of implementation for core program components

* This includes the Fund Manager and Knowledge and Learning Manager positions. These positions will be brought on board prior to the inception phase as part of the hand over of program management functions.

** The MERP will be responsible for preparing the templates for the inception phase activity design documents and to further provide technical support during the inception phase.

IMPLEMENTATION ARRANGEMENTS

LESSONS FROM THE WSI CS WASH FUND

101. Lessons from the WSI CS WASH Fund⁴³, together with the experience of other AusAID NGO programs are reflected in the implementation arrangements for this Fund. These are outlined below:
- AusAID's IWS Section will lead the development, management and performance arrangements, seeking discretionary input from country and regional programs on sub-sectoral priorities and to establish linkages to bilateral and multilateral programs.
 - A dedicated Fund Manager with administrative, coordination and communication responsibilities will be contracted by the IWS.
 - The Fund will strengthen the developmental evaluation approach that was taken by the MRP during the WSI CS Fund. The oversight, support and analysis provided by the MRP was considered highly successful by both the CSOs and AusAID IWS Section.
 - A strengthened learning component with dedicated resources for generating knowledge, sharing information, performance information analysis, and strong communication mechanisms to feed into policy. Through the Knowledge and Learning Component, the Fund will provide research grants through the ADRA mechanism and establish an Innovation and Impact Fund to encourage CSOs to partner with each other and research organizations to generate sound evidence-based knowledge. As well as face-to-face regional learning events, the Fund will make greater use of e-communication to share evidence generated from formal research findings and documentation of innovative approaches.⁴⁴ A dedicated Knowledge and Learning Manager will be employed by the Fund Manager to manage these activities.
 - A clearly articulated selection process (criteria, scoring and ranking, funding allocations). This will be described in the Fund Guidelines as well as notes for the selection panel and will ensure that CSOs understand the rationale for all funding decisions.
 - AusAID will invite applications from non-accredited and non-Australian CSOs with strong WASH expertise in addition to accredited Australian agencies.
 - CSOs will be required to employ a dedicated and technically qualified WASH program manager to provide program advice and direction for individual activities.
 - Modified proposal, selection and mobilisation process to include competitive selection based on organizational capacity and activity concept design, with an inception phase that will enable CSOs to work collaboratively with their partners, each other, AusAID and other sectoral actors to produce detailed planning and design documentation as a first milestone.

MANAGEMENT AND GOVERNANCE ARRANGEMENTS

102. AusAID's IWS Section will oversee the program, liaise on policy and program issues with the Water and Sanitation Reference Group, other relevant AusAID sections and ensure quality reporting on outcomes. So as to allow the IWS Section to fully engage with policy level issues that arise through activity implementation, two forms of program management support will be contracted. The first will be for the overall management of the Fund and Knowledge and Learning component. The second will be for the Monitoring, Evaluation and Review Panel (MERP).
103. The Fund Manager will be the focal point for all fund management functions. They will be the main point of liaison between CSOs and AusAID's IWS Section on all contractual matters and will ensure that Fund activities are properly and adequately linked to AusAID Country programs and strategies. The Fund Manager will work closely with the MERP to ensure coordinated and coherent communication with CSOs. One of the Fund Manager's first tasks will be to develop a detailed communication plan for the Fund. During the inception phase, the Fund Manager will work with the MERP to support the activity design and planning processes with the successful applicants. The Fund Manager will receive CSO Progress reports, review financial acquittals, facilitate MERP technical review of CSO Progress reports, enter performance information into the Fund information system, and prepare required performance management and financial reports to AusAID, as well

as country level summaries for the AusAID post and the Fund website. The Fund Manager will prepare all documentation for invoice payments and contract variations for approval and processing by the IWS section. An authorisation structure will be established to define decisions that the Fund Manager is authorised to make, and those that need to be referred to IWS Section.

104. The Fund Manager will be procured through an open tender process (tendered as a package including both the Fund Manager and Knowledge and Learning Manager roles), with a dedicated Fund Manager to be employed from July 2012 to December 2016 (See Annex E for details).
105. The MERP will be comprised of three members who will be responsible for developing and implementing the Fund evaluation systems to ensure quality monitoring and evaluation processes are in place for all activities. All members of the MERP will have M&E expertise and at least two will have strong WASH sector expertise. The MERP will develop the templates for the design products that the CSOs will be required to produce during the inception phase and, with the support of the Knowledge and Learning Manager (KALM), will facilitate a workshop (face to face in Australia and simulcast by webinar) to brief CSOs on the design requirements and how to fulfil them. Where necessary they will provide technical support to recipient organisations during the detailed design phase and assess the quality of the design products to ensure they are sufficiently well-developed to proceed to implementation. The MERP will manage the evaluative processes for the Fund and facilitate the CSOs to apply evaluative findings into their annual activity work plans. In doing so, they will monitor activity implementation, review CSO reporting and provide analysis of performance information to meet the learning and accountability needs of the CSOs, AusAID and the wider sector.
106. The MERP will be procured through the AusAID Standing Offers. The MERP will be contracted from July 2012 – June 2016.⁴⁵ The expected number of days for the MERP team, based on the experience of the WSI CSO WASH Fund MRP, is shown in Table 7 below:

Table 7 - Expected input for the MERP (days)

Position	2012-13	2013-14	2014-15	2015-16	Total
Team Leader	130	100	100	100	430
M&E / WASH	105	80	80	80	345
M&E / WASH	105	80	80	80	345
Annual Total	340	260	260	260	1120

107. The Fund Manager will employ a KALM who will be responsible for the management of knowledge generation and learning activities described in Annex D. Within the first three months, the KALM will develop an overall strategy and plan for the implementation of knowledge and learning component, scheduling major learning events over the four years of the program, and a detailed work plan for the first year. The KALM will maintain close communication with the Fund Manager, MERP, and the CSOs and support the MERP in facilitating CSO learning from the Fund’s evaluative processes and products. The KALM will also facilitate linkages between the ADRA WASH research projects and the participating CSO’s and directly manage the Innovation and Impact Fund. The KALM will coordinate the regional learning events and oversee active e-discussion groups, webinars and regular updating of the Fund website. The KALM will also manage any contracts associated with specialist input for the component (website development and hosting, webinar platforms, event management, specialist facilitators) and will be responsible for reporting to AusAID on the outcomes of the component.
108. The Knowledge and Learning Manager will have relevant experience and expertise in facilitating knowledge generation and learning for major development programs. It will be a full-time position from July 2012 until June 2016. The qualifications and experience of the KALM will be one of the key selection criteria when evaluating bids for the Fund Manager contract. The full Scope of Services for the KALM is provided in Annex E.

IMPLEMENTING AGENCIES

AusAID Infrastructure, Water and Sanitation (IWS) Section

109. As described above, the Fund will be centrally managed by the AusAID IWS Section who will oversee the program, liaise on policy and program issues with relevant AusAID sections and ensure quality reporting on outcomes. The IWS Section will be supported by the Fund Manager and the MERP as previously described.

AusAID country and regional programs

110. There is considerable variation in the priority given to WASH in the AusAID Country Programs, and consequently the human resources available at Post to engage with the Fund. Engagement of Posts with the Fund is considered important and so the Fund will seek engagement of Posts in program implementation wherever possible. These reasons are:

- AusAID linkages with the broader sector coordination and donor-government platforms can support CSOs to influence national level policy. Conversely, the CSO activities can give a 'grassroots' perspective to AusAID input to national policy discussion.
- In all countries where the Fund operates, it is essential that the Posts are aware of, and can report to, government on the range of AusAID-funded activities. Where WASH is not an AusAID priority, Fund activities will enable AusAID to show that the agency is addressing an issue that is often a priority of partner governments and communities.

111. The level of engagement of Posts with the Fund will be on the basis of the country/regional program deciding to 'opt-in', depending on the priority of WASH in their country and delivery strategies, as well as available human resources. Whilst overall contract management responsibility will be held by the IWS Section, Posts will be able to determine the level at which they engage with the Fund in areas such as, CSO activity designs, reporting, in-country coordination and so on. From discussions with various country programs, there are three broad levels of interest and desired engagement from Posts in the Fund. They are:

- **Strong engagement** where WASH is a priority and Post has the human resources available to be an active partner in activity selection and partner management. It is recommended that Post should have a significant role to play during the inception phase. For example, Post could be facilitating in-country input to the detailed design and planning of activities to ensure that they are aligned with sectoral programs. During implementation, Post could receive and review CSO reports, participate in activity monitoring and facilitate regular coordination meetings of CSO grantees (examples of such engagement include Vietnam, and Africa – Mozambique, Malawi, Zimbabwe and Zambia)
- **Mid-level engagement** where WASH is a priority but Post has limited human resource capacity to engage. Post will receive extracts of proposals and reports for review, receive up to date information about who is doing what and how activities are progressing. Where desired, Post could participate in activity monitoring and coordination meetings and broker direct relationships with CSO staff and other AusAID programs to ensure sectoral alignment (for example, Indonesia, Timor-Leste and Kiribati).
- **Low level engagement** where WASH is not a priority activity but its importance is still recognised. In these countries/regions, the Post will be informed of fund activities and receive summary reports of CSO activities. If the Post desires, the MERP will meet with them during activity monitoring visits, but no commitment of resources will be necessary (eg PNG, Tanzania and Vanuatu).

112. There will be regular communication between the IWS Section, the Fund Manager and Posts to ensure that Posts are given the opportunity to 'opt in' or 'opt out' at critical points during implementation.

CSO Partners

113. This Fund enables AusAID to work with CSOs that are implementing evidence-based WASH programs seeking to attain sustainable improvements to water and sanitation services and hygienic practises. CSOs are well-placed to test innovative approaches, replicate these and, based on the evidence and knowledge produced, advocate for changes to national level policy. In order to influence national policy and implementation approaches, it is important that CSOs are key actors in national coordination and policy forums. To this end, a track record of this type of activity is a key selection criterion.

114. Under the WSI CSO WASH Fund non-accredited CSOs were strong performers with a clear commitment to good practice and use of innovative approaches to achieve sustainable outcomes and share their learning. Both AusAID and the accredited Australian agencies recognise their contribution to the achievements of that fund. As such, applications for this new Fund will be invited from non-accredited Australian as well as non-Australian CSOs who have strong WASH experience.
115. The Fund aims to foster collaborative rather than competitive relationships between CSOs and encourage closer communication and coordination at both national and regional levels. CSOs that are selected and contracted after an open tender process will be funded for an initial three to six month inception phase, during which time they will develop detailed activity designs and plans (see above) with their partners. CSOs will be encouraged to share approaches, particularly at a country and regional level. Depending on their level of involvement, the AusAID Post and/or MERP on their monitoring visits will facilitate country level CSO meetings where learning can be shared both between the Fund grantees and with the national WASH sector actors. The Innovation and Impact grants will also encourage joint knowledge generation and sharing projects (see Annex D).
116. CSO management arrangements for the WSI CSO Fund programs varied considerably. The arrangement that appeared to work well and add value to the individual activities was when agencies appointed a centralised program manager with WASH experience who provided guidance and support to field offices. This Fund will require that CSOs employ a technically qualified WASH program manager or adviser within the organisation to provide program advice, direction and quality control for individual Fund activities. They will be the main point of contact for the IWS, Fund Manager, MERP and KALM. The qualifications and experience of this person will be one of the selection criteria against which the organisational capacity will be assessed.

SELECTION PROCESS

117. The main selection process will be held at the beginning of the four-year fund, and CSOs will be required to submit a capacity statement and basic concept design for each country level activity as well as a brief overview of organisational capacity and approach to WASH programming.
118. Applications will be invited from accredited and non-accredited Australian as well as non-Australian CSOs who have strong WASH experience. Funding will only be available for CS WASH activities in countries within AusAID's sphere of influence (see list of countries in Annex A – Fund Guidelines). Those CSOs proposing activities in countries where AusAID has an active WASH program will be encouraged to design activities that align and compliment the AusAID WASH program. The IWS section will seek to create opportunities for CSOs to work with country and program areas during the inception phase.
119. The Selection Panel, comprising two AusAID representatives and two technical experts, will assess each proposal against the selection criteria using the assessment guidelines provided in Annex B. Where they desire, the relevant AusAID post may assess and score activity proposals for their country and this assessment will be given equal weighting to those of the selection panel.
120. Proposals must achieve a score of at least 60% against the defined selection criteria to be considered for funding. If there are not sufficient proposals that achieve this score to utilise at least the minimum funding allocation for each region, a second funding round may be held in February 2013. This funding round would only be open for proposals in these under-allocated regions.
121. The full details of the selection process and notes for the selection panel are provided in Annexes A and B.

MONITORING, EVALUATION AND REPORTING

122. One of the success stories of the WSI CS WASH Fund was the introduction of the MRP to the NGO sector. Evaluations in NGO programs have traditionally focussed on external summative evaluation for the main purpose of accountability to donors. As such there is considerable angst and nervousness about engagement with external evaluators, particularly those who have been contracted by the donor. Given this experience of evaluation, the CSO grantees were at first wary of the MRP members' visits – however the MRP took a participatory and developmental approach to their task, with a focus on building relationships and learning, and quickly proved their value both to the CSO grantees and the IWS Section.

123. Building on the WSI CS WASH Fund experience, this Fund provides a unique opportunity to establish an evaluation process for interventions across a complex mix of countries and regions. For example, the design of the fund emphasises engaging with the enabling environment, however how this can be effectively achieved by CSOs across different country contexts is an ongoing challenge. As such, short learning cycles and ongoing adaptation and development of activities and approaches, through real-time self-monitoring, and iterative ongoing enquiry will form the basis of the M&E approach. The MERP are tasked with designing the evaluation framework and process that will link the performance management system and the knowledge and learning activities to create a culture of learning and continuous improvement within the Fund itself.
124. As such, the MERP will take a ‘developmental evaluation’ approach. This approach requires long-term partnering relationships with the CSOs who are, themselves, engaged in ongoing program development.⁴⁶ In effect, the evaluator becomes part of the team, helping to:
- describe and understand the context (baseline),
 - define the theories of change and of action,
 - monitor what is happening, both processes and outcomes,
 - set up feedback mechanisms to analyse the evaluative information that is produced, and
 - make decisions so that the implications of the results inform the next stage of activity development.
125. In this case, the MERP will develop the formats and processes, and work with the CSO WASH Program Managers and M&E specialists to implement the M&E processes at the activity level. The MERP will provide technical assistance to individual activities during monitoring visits and associated country level meetings. The MERP members will work in partnership with CSO staff, while maintaining their professional integrity to ensure the validity of the evaluative processes and information generated.
126. The MERP will develop the overall fund evaluation plan during the inception phase, using a developmental evaluation framework for complex systems. Through the planning and monitoring processes with stakeholders, the MERP will identify the key areas of enquiry, and provide evaluative analysis and feedback into the CSO learning and planning processes so that the Fund activities are developing with the emerging evidence. This will be an ongoing, iterative process throughout the Fund implementation with the support of the KALM.
127. Whilst CSO activities will be based on their own theories of change and action, they will all support a common Fund PAF (See Annex C) that has been developed with indicative result areas, performance indicators and questions in relation to the eight expected outcomes described previously.
128. The PAF may require some further refinement as a result of and in conjunction with the activity designs and monitoring and evaluation systems developed during the inception phase. The refinement and application of the PAF will be overseen by the MERP and informed by the document *Guidance for AusAID Program Managers on M&E for Civil Society Programs*.⁴⁷ As specified in this document it will be important that performance information ensures that poor and vulnerable people, including women, participate in collecting, analysing and providing feedback on activity performance. In addition, a balance will be sought between prescriptive indicators to enable easy aggregation of results from across the diverse Fund, and leaving room for CSOs to modify monitoring and evaluation methods and results to particular contexts and provide space for flexibility and capture of emergent change.
129. In general, CSO M&E systems were identified as a weakness by the MRP during the WSI CS WASH Fund. To address this issue, during the inception phase, the CSOs will have time to collaboratively prepare the detailed design documentation for the planning, monitoring and evaluation of their programs. CSOs will be required to produce an M&E Plan that includes deliverables targets, end-of-program outcomes, progress indicators, monitoring and evaluation methods, risk monitoring arrangement, responsibilities, required resources and schedules.
130. Activity level M&E is addressed in the Funding Guidelines and proposal template (refer to Annex A) specifying that proposals need to include an explanation of how monitoring and evaluation will be conducted.
131. The MERP together with the Fund Manager will establish a six-monthly reporting mechanism through Funding Orders and funding agreements with successful CSOs to provide both financial and program delivery reporting as outlined in Table 8 below:

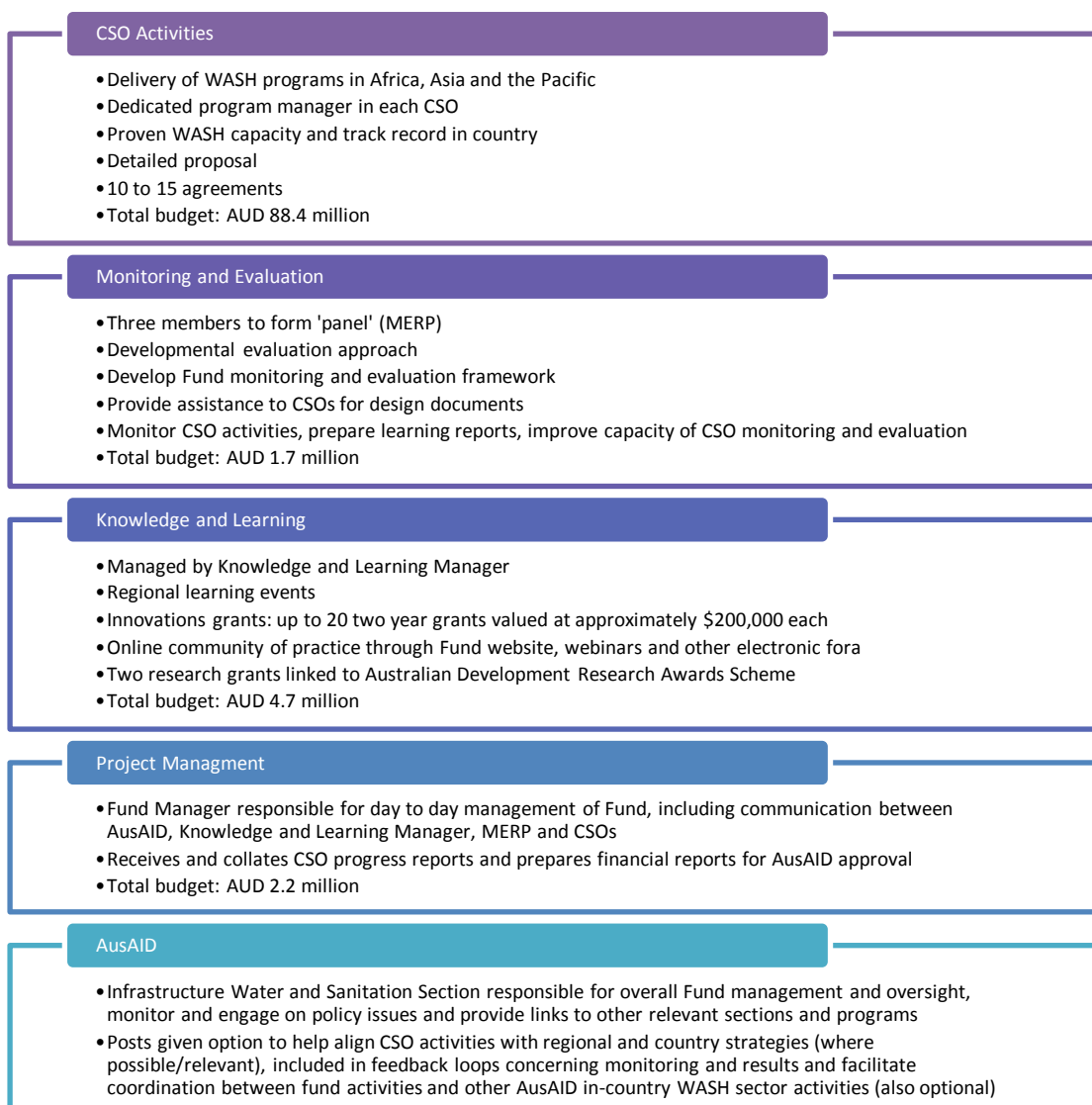
Table 8 - Reporting Schedule

	Report Due	Payment	% of FY Payment
Start September 2012		Sept 2012	30%
Milestone 1 – design documents, annual work plan	Late Jan 2013	Feb 2013	70%
2012 QAI due Jan 2013			
Milestone 2 – First six monthly report	July 2013	August 2013	50%
Milestone 3 – First annual report and second annual work plan	Feb 2014	March 2014	50%
2013 QAI due Jan 2014			
Milestone 4 – Second year six monthly report	July 2014	August 2014	50%
Mid-Term Review	Sept 2014		
Milestone 5 – Second annual report and third annual work plan	Feb 2015	March 2015	50%
2014 QAI due Jan 2015			
Milestone 6 – Third year six monthly report	July 2015	August 2015	50%
Milestone 7 – Third annual report and fourth annual work plan	Feb 2016	March 2016	50%
2015 QAI due Jan 2016			
Milestone 8 – Fourth year six monthly report	August 2016	N/A	
Milestone 9 – Fourth annual report and Activity Completion Report	Feb 2017	N/A	
2016 QAI due Jan 2017			
Completion Report	Jan 2017		

132. The Fund Manager will receive the six-monthly CSO Progress reports, review financial acquittals, facilitate MERP technical review of CSO Progress reports, enter performance information into the Fund information system, and generate the required performance management and financial reports to AusAID.

SUMMARY OF PROGRAM STRUCTURE

133. The diagram below summarises the various components of the CSO WASH Program, including the key elements in each component, and illustrates how they fit together.



SUSTAINABILITY

134. As discussed previously, sustainability issues are paramount in WASH and represent one of the areas of poorest performance in the sector. The selection panel will explicitly take sustainability considerations into account when assessing proposals. Multiple criteria addressing sustainability of outcomes beyond program completion have been included within the Fund Guidelines as sustainability is a major focus of the Fund's objective and approaches. To promote sustainability of outcomes, proposed activities should address the following considerations:

- Promote and advocate for national and/or local ownership, improve coordinated responses, align with national and/or local priorities and harmonise with other international, regional and donor work.
- Work with local and national level Governments, and sector actors, to move towards developing a service delivery approach that is focussed on ensuring institutional arrangements and support mechanisms for operation and maintenance over the long term, and with consideration to the full life-cycle costs of service provision (including who will bear these).

- Be implemented in a coherent, coordinated manner, supporting national water and/or sanitation and/or preventive health strategies where they exist.
 - Encourage partnerships between the public sector, civil society organisations, research organisations, the private sector and communities in programs and activities that strengthen and build on local/regional experiences, expertise and linkages.
 - Aim to strengthen counterpart organisations (government, CSO, private sector and CBOs) in developing countries to enable them to sustain WASH activities after Australian assistance has ceased. Activities should, where possible, aim to strengthen institutional reporting and financial management capacity.
 - Use the strengths of existing community structures, be implemented by local actors acceptable to national or local authorities and where appropriate be consistent with national development policies.
 - Ensure target beneficiaries understand and actively participate in decisions about programming and implementation.
 - Ensure that the specific needs of women, men, children, people with disability and people living with HIV/AIDS are addressed. Significant opportunity must be made for women to participate as decision makers in determining approaches taken to improving gender equality, and/or potentially being involved or trained in technical areas of WASH implementation, operations and maintenance. Opportunity must also be made for people with disability to participate in program activities in order to ensure accessibility.
 - Ensure that programs ensure environmental sustainability, and, where relevant, address climate change adaptation or mitigation
 - Identify opportunities to build partnerships in the WASH sector through which Australia can strengthen effective leadership.
 - Ensure a rigorous approach to monitoring and evaluation, including capturing a broad range of outcomes and including mechanisms for continuous reflection, learning and adjustment.
135. The PAF explicitly addresses sustainability through the outcomes related to capacity development, improved governance, promoting gender equality and disability access, and the building of an evidence base around successful WASH approaches. Development impact in these areas will ensure partner organisations in recipient countries are well equipped to sustain activity outcomes beyond the life of a given activity. During the inception period, CSOs will be required to develop a Sustainability and Exit Strategy that elaborates processes to foster sustainability, particularly detailing the approach taken to engagement with local civil society, local government private sector and other institutions, as well as criteria and mechanisms for exit.
136. The strengthened Knowledge and Learning Component is also designed to promote sustainability by both generating evidence-based knowledge about ‘best practise’ approaches to WASH and providing the mechanisms to ensure that the knowledge is shared both within the Fund and with other sectoral actors. This will increase capacity of CSOs and their partners to undertake effective and sustainable WASH work, and to collectively share and debate the relative merits of different approaches and their success in cost-effectively obtaining sustainable outcomes. The KALM will coordinate the regional learning events as well as facilitate electronic platforms for knowledge sharing and learning. As part of selection process, CSOs will be assessed on their capacity and experience in this area. During the inception phase, they will be required to develop an Institutional Learning and Knowledge Management Plan that outlines strategies to capture and assimilate lessons of wider value within the organisation, between partners in the Fund and with a wider audience within and beyond the local policy context. CSOs will be required to report on their progress in implementing this plan in their six monthly reports to AusAID.

OVERARCHING POLICY ISSUES

137. The Fund will help CSOs work closely with communities to build their capacity to demand improved water **governance** and reduced **corruption** in the water sector by bringing civil society into dialogue with partner governments. Poor people are vulnerable to water sector corruption and control of water by elites can constrain access for poor communities. Civil society participation is essential to promote transparency and capacity development is critical for fighting corruption. The Fund will support CSO activities that recognise corruption as an inescapable reality in the water sector that affects the poor and vulnerable most profoundly.

In order to receive AusAID funding, CSOs will need to demonstrate commitment to dealing with corruption as a systemic issue by understanding the governance context in which they work, engaging with partner governments, promoting policy dialogue and building capacity within partner organisations. Organisations supported under the Fund will also need to demonstrate good corporate governance processes and transparent management.

138. **Environmental** considerations are critical in the WASH sector with most if not all WASH promotion activities having implications for the water and nutrient cycles in connected areas. Considerations include water allocation (including environmental allocations), pollution of surface and groundwater, climate change adaptation and issues associated with environment and health (e.g. the influence of water management on the incidence of vector borne diseases). In line with AusAID's strategic direction in environmental management and with a view to minimising adverse environmental impacts associated with WASH activities, the Fund will require that partner CSOs integrate environmental considerations in all project phases from design through to monitoring and evaluation. In integrating environmental considerations, the Fund aims not only to minimise environmental risks associated with WASH activities but also to maximise environmental and community benefits from positive environmental outcomes. In addition to consideration of environmental implications of WASH activities, applicant organisations will be required to indicate that proposed activities comply with the Environment Protection and Biodiversity Conservation Act. During the inception period, CSOs will prepare an Environmental and Climate Change Plan determining the key environmental and climate change risks and opportunities in each context and appropriate mechanisms to mitigate risks and build on opportunities. CSOs will be required to report on their progress in implementing this plan in their six monthly reports to AusAID.
139. Women have a primary role and interest in water supply, sanitation and hygiene because it is women who bear the largest burden of fetching water, who care for children sickened by water-related diseases and who, together with disabled people, can suffer from lack of dignity if sanitation facilities are not available. In recognition of the critical role of **gender** in WASH promotion and in recognition of AusAID's policy to advance gender equality, the Fund will support CSO activities that demonstrate gender sensitivity and integration of gender considerations and strategies to advance gender equality, not only in consultations, but at all activity stages from design through to evaluation to ensure that women are integral in decision-making. An expected outcome of improved gender equality is included in the PAF which includes direct outcomes from involving women in WASH initiatives and the changes that result in their lives as an outcome of improved water, sanitation and health and of their involvement in a development activity that explicitly supports gender equality outcomes.
140. The majority of people with **disability** in developing countries are living below the poverty line and in many cases lack of accessible sanitation facilities means reliance on family members and loss of human dignity. WASH activities targeting poor and vulnerable communities will need to facilitate accessibility, promote an inclusive approach, and involve people living with disability from planning through to evaluation of activities in line with AusAID's Development for All strategy. The Fund Guidelines require that proposals demonstrate that they have addressed issues of social inclusion and equity for people with disabilities. The PAF includes performance questions related to social inclusion in improving governance and decision-making around WASH.
141. During the inception period, CSOs will be required to develop a Gender, Disability and Social Inclusion Plan that articulates nuanced analysis of specific gender inclusion and social equity issues in the local contexts, and practical strategies to tackle these issues and how they are integrated in the overall design. CSOs will be required to report on their progress in implementing this plan in their six monthly reports to AusAID.
142. As staff of CSOs supported by the Fund will in many instances be working with children at the community level and through schools in promoting access to water and sanitation, compliance with AusAID's **child protection** policy will be a condition of support. As outlined in the Fund Guidelines, applicant organisations will be required to demonstrate compliance with AusAID's Child Protection Compliance Standards for Contractors and NGOs. The CSO will be required to attach a compliant child protection policy to the proposal.

CRITICAL RISKS AND RISK MANAGEMENT

143. One key risk to the Fund concerns poor coordination. Lessons from similar AusAID programs indicate that agencies tend to work as single entities rather than in partnerships.⁴⁸ This raises both a need to ensure organisations cooperate and coordinate with other sector actors and with other civil society organisations and to further ensure recognition is provided where this occurs. This risk will be mitigated by:

- a. embedding the concept of coordination and sharing learning in the selection criteria;
 - b. use of the Knowledge and Learning component (ie the learning events and a dedicated website to provide opportunities to network, share ideas and report on lessons learned); and
 - c. monitoring of this aspect by the Fund Manager, Knowledge and Learning Manager and the MERP.
144. A further risk is that there are not sufficient proposals of at least an “adequate” standard for even the minimum regional allocations to be achieved. This risk primarily arises from a significant raising of the bar for what will be considered a quality proposal. Mitigating for this risk, the allocation for each region has been made on the basis of need, AusAID priority and absorptive capacity of the CSOs as indicated by the experience of the WSI CSO WASH Fund. However should this eventuate for a region (eg: Pacific), it will be addressed by the selection process with the difference between the funds allocated and the minimum regional allocation quarantined for a second round in February 2013. The MERP and Fund Manager will work with the AusAID post, country sectoral actors and the CSOs active in the countries to develop activities that address the needs of the communities, the sector and are of acceptable quality.
145. AusAID will also need to manage a potential conflict of interest between the role of those Australian not-for-profit organisations comprising the WASH Reference Group in providing strategic technical advice to the Australian Government, as well as being key partners in implementing the Program. The appointment of a Fund Manager to coordinate and provide oversight of the Fund will mitigate this risk. While AusAID’s IWS Section will act as the key point of contact for the Reference Group within AusAID on WASH policy and program issues in general, queries related to the implementation of Fund activities will be referred by IWS to the Fund Manager, who will ensure that no confidential information is released.
146. Technical issues related to WASH activities include the risk that applicant CSOs may not have the capacity, appropriate partnerships and commitment to coordinate with relevant actors required to implement successful and sustainable programs. In terms of capacity, CSOs may be overly optimistic in their applications about the available technical and social development skills available to them at the country level. While commitment to coordination with other actors will need to be articulated in proposals, in practice it is possible that CSOs will focus more strongly on their own actual activities and in doing so lose sight of the required strategies, time and resources required for appropriate coordination and for involvement and advocacy at the policy level. These risks will be proactively managed through a primary emphasis of building on existing successful programs and approaches, specification of detailed selection criteria in the Fund Guidelines, inclusion of coordination and communication as an explicit part of one of the budget lines and will be included as key considerations in the progress reporting in order for inadequacies to be revealed and remedied as early as possible. The MERP will also play a role in monitoring the work of CSOs and, in partnership with the Fund Manager (and AusAID if appropriate), work with CSOs to improve performance.

ENDNOTES

- ¹ The thematic strategy can be accessed at: <http://www.aid.gov.au/keyaid/pdf/thematic-strategies/wash-strategy.pdf>
- ² A second funding round after 12 months may be added in regions that do not reach a minimum allocation level in the primary funding round.
- ³ WHO/UNICEF Joint Monitoring Program for Water Supply and Sanitation, 2012, Progress on Sanitation and Drinking Water: 2012 Update, Geneva. p2
- ⁴ WHO/UNICEF, 2009, Diarrhoea: Why children are still dying and what can be done, Geneva
- ⁵ Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation.
- ⁶ WHO/UNICEF Joint Monitoring Program for Water Supply and Sanitation, 2012, Progress on Sanitation and Drinking Water: 2012 Update, p15
- ⁷ Ibid, p29.
- ⁸ UNICEF presentation by Clarissa Brocklehurst at WASH Conference 2011, Brisbane, Australia, <http://www.watercentre.org/wash2011/wash-2011-keynotes> (accessed on 3rd October 2011)
- ⁹ Ibid
- ¹⁰ Schouten, T, Moriarty, P. & Postma, L., 2003: Scaling up Community Management, presented at the 29th WEDC International Conference.
- ¹¹ AusAID, 2008. Scope of Initiative, Access to Clean Water and Sanitation
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- ¹⁷ Disability-adjusted life year (DALY) is a measure of the overall disease burden, expressed in years lost due to ill-health, disability or death (definition from Wikipedia).
- ¹⁸ Cairncross, S and Valdmanis, V, Disease Control Priorities in Developing Countries, Chapter 41: Water Supply, Sanitation and Hygiene Promotion.
- ¹⁹ Fewtrell, L, Kaufmann, R, Kay, D, Enanoria, W, Haller, L & Colford Jr, J. Water, sanitation and hygiene interventions to reduce diarrhea in less developed countries: a systematic review and meta-analysis. www.thelancet.com Vol 5, January 2005.
- ²⁰ Val Curtis, Keynote presentation, WASH Conference, Brisbane 2011
- ²¹ Mehta, L., 2009. Community Led Total Sanitation across the seas: Experiences from Africa with a special emphasis on Ethiopia. DFID Working Paper 12
- ²² *For Her, It's a Big Issue: Putting women at the centre of water supply, sanitation and hygiene*. Evidence Report produced by the Water Supply and Sanitation Collaborative Council (WSSCC) and WEDC, 2006.

²³ Refer JMP definition of improved latrines: <http://www.wssinfo.org/definitions-methods/watsan-categories>. Accessed 4/11/11.

²⁴ The Joing Monitoring Program is a shared initiative between UNICEF and the World Health Organisation. The JMP produces biennial reports summarising progress on MDG target 7(c): halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation. Reporting is based on a set of defined standards on what constitutes an improved pit latrine or a piped water source etc. See the 2012 report *Progress on Drinking Water and Sanitation*: <http://www.unicef.org/media/files/JMPReport2012.pdf>

²⁵ Snehalatha, M., Reddy, R., Jayakumar, N. 2010. Assessing sanitation costs and services in Andhra Pradesh, India. IRC Symposium: Pumps, Pipes and Promises.

²⁶ Refer paragraph 34.

²⁷ Ibid

²⁸ Chambers, R., 2009. Going to Scale with Community Led Total Sanitation: Reflections on Experience, Issues and Ways Forward. IDS Practice Paper, Volume 2009, Number 1.

²⁹ WSP, 2001. The Rope Pump: Private Sector Technology Transfer from Nicaragua to Ghana. Accessed at <http://www.watersanitationhygiene.org> 4/11/11.

³⁰ Includes Africa (Mozambique, Malawi, Zambia and Zimbabwe), Vietnam, Indonesia, East Timor and the Solomon Islands.

³¹ *For Her, It's a Big Issue: Putting women at the centre of water supply, sanitation and hygiene*. Evidence Report produced by the Water Supply and Sanitation Collaborative Council (WSSCC) and WEDC, 2006.

³² Ibid

³³ Source: World Bank

³⁴ This would include community level triggering as well as behaviour change communication (formative research, mass media, community events and household visits). Ref: Eduardo Pirez, Senior Sanitation Specialist, WSP, WEDC Webinar, 7th Oct 2011

³⁵ Assume 30 activities, each with between one and four civil society partner organisations

³⁶ Assume this outcome for 25% of total beneficiaries.

³⁷ Integrated WASH programs are programs that have two or more components of water, sanitation, hygiene and water resource management

³⁸ It is expected that additional benefits will include employment of local labour in delivering access to water and sanitation. Estimated figures have not been included in Table 2 as this benefit was considered too difficult to predict.

³⁹ For example, funding CSOs through existing cooperation agreements or ANCP strategic partnerships, small grant schemes, or through co-financing other development partners in the WASH sector. See WSI Civil Society Program Framework, 2009, p11, paragraphs 30-31.

⁴⁰ Water, Sanitation and Hygiene: Global Programs and Cross Regional Support Concept Note.

⁴¹ AusAID-accredited NGOs have undergone a rigorous assessment process and can be funded through grant agreements without the need for an additional tendering process. While not as robust as accreditation, the ACFID Code of Conduct is similar to an industry standard that gives confidence that activities are implemented with integrity and accountability.

⁴² The documentation to be prepared during the inception phase will be based on that recommended in the IPR, which recommended that CSOs be required to produce an M&E Plan, a Gender and Social Inclusion Plan,

an Environmental and Climate Change Plan, an Institutional Learning and Knowledge Plan, a Sustainability and Exit Strategy, and a First Year Operational Plan.

⁴³ Juliet Willetts, Paul Crawford, Bruce Bailey, Independent Progress Report, February 2011

⁴⁴ Water Aid Australia, Learning Fund Report, September 2011

⁴⁵ Short term contracts may be required to bridge the gap between the expiration of the period offer system and the establishment of the standing offer system.

⁴⁶ Michael Quinn Patton, Developmental Evaluation, in *Evaluation Practice*, Vol 15, No. 3, 1994, pp.311-319.

⁴⁷ AusAID Demand for Better Governance Unit, *Guidance on M&E for Civil Society Programs*, Prepared for AusAID Program managers by Linda Kelly, Rosalind David and Chris Roche, December 2008,

⁴⁸ For example, lessons from the AusAID Regional HIV/AIDS capacity building program 2007-2011 indicate that agencies are tending to work as single entities, rather than in the joint partnership that was originally envisaged.