

## LEVERAGING FUNDS TO INCREASE INVESTMENT IN WATER, SANITATION & HYGIENE

### Key Facts:

- Challenge Launch Date: 13 July 2021
- Challenge Close Date to Submissions: 14 September 2021
- Challenge Type: Theoretical
- # of Registered Solvers: 253
- # of Submissions: 69

### Abstract: *(Viewable by general public)*

There is a tremendous need for investment in clean water, sanitation, and hygiene (WASH) throughout the world. Lack of access to adequate WASH facilities leads to hundreds of thousands, if not millions, of deaths each year and disproportionately affects rural areas of low and middle-income countries. A recent United Nations report indicates a majority of countries with national WASH plans lack sufficient financing to implement the plans and almost 90% don't have enough for rural drinking water and rural sanitation plans. [World Vision](#), supported by [SeaFreight Labs](#), is interested in exploring opportunities to close the financing gap by leveraging its planned investments into WASH to attract additional funding for the most remote and vulnerable communities. The aim of this Challenge is to gather well-formulated plans to accomplish this and maximize the impact of [World Vision's WASH](#) investments.

This Challenge has a special award structure with awards of **\$20,000**, **\$10,000**, and **\$5,000** for 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> place, respectively, for granting the Seeker a *non-exclusive license* to practice the solutions.

*This Theoretical Challenge requires only a written proposal.*

### Structure/Image/Logo: *(Viewable by general public)*

Banner image



Card image



### Overview: *(Viewable by general public)*

Access to adequate water, sanitation, and hygiene (WASH) services has a major impact on the health and well-being of a population. Unfortunately, many people around the world lack such access with a lack of financing for WASH development a primary reason. The [2019 UN-Water Global Analysis and Assessment of Sanitation and Drinking-Water Report](#) indicates most countries with costed national WASH plans lack sufficient finance to implement.

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Almost 90% do not have sufficient financing for rural drinking water and rural sanitation plans. The financing needed to fill this gap will not be met by a single entity in the sector. Governments, the private sector, nonprofits and civil society all need to influence additional financing for WASH.

Over the next 5 years, World Vision is committed to raising \$1 billion for investment into WASH services for low- and middle-income countries to help close the financing gap. World Vision is interested in exploring opportunities to increase investment in the sector by leveraging its planned investments into WASH to attract additional funding for the most remote and vulnerable communities. World Vision has the opportunity to utilize tens of millions of dollars in creative ways without many of the restrictions faced by government-backed institutions. There are a number of resources detailing the financing gap in WASH and there are already a variety of thoughtful ways to reduce this gap. The aim of this Challenge is to gather thoughtful and appropriate detailed plans to help explore these opportunities and/or develop completely new ideas for increasing investment in WASH.

This is a Theoretical Challenge that requires only a written proposal to be submitted. The Challenge award will be contingent upon theoretical evaluation of the proposal by the Seeker.

To receive an award, the Solvers will not have to transfer their exclusive IP rights to the Seeker. Instead, Solvers will grant to the Seeker a *non-exclusive license* to practice their solutions.

Submissions to this Challenge must be received by 11:59 PM (US Eastern Time) on 14-Sep-2021.

**Late submissions will not be considered.**

### ELIGIBILITY

Employees of World Vision and their immediate families, as well as any individuals involved in the judging of this Challenge and their immediate families, are ineligible to receive an award for this Challenge.



### ABOUT THE SEEKER

[World Vision](#) is a Christian humanitarian organization conducting relief, development, and advocacy activities in its work with children, families, and their communities in nearly 100 countries to help them reach their full potential by tackling the causes of poverty and injustice. World Vision serves all people regardless of religion, race, ethnicity, or gender. For more than 35 years, World Vision has been bringing [water, sanitation, and hygiene services](#) (WASH) to the most vulnerable children around the world. Our 2021-25 Business Plan aims to leverage \$1 billion of investments into over 600 sub-national districts spread across 41 priority countries, bringing transformative WASH services to 15 million people. Our programming includes water supply, sanitation and hygiene, governance and finance and water security and resilience. World Vision WASH has a local staff base of over 1,200 individuals and a long-term presence of 12 – 15 years of working with a network of communities in each sub-national district.

Committed to making a positive and lasting difference in the world, and driven by our desire to serve God, World Vision has become a global leader in improving and transforming the lives of children, their families, and their communities.

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World Vision is supported in this project by SeaFreight Labs ([www.seafreightlabs.com](http://www.seafreightlabs.com)), an open-innovation consultancy using global challenges to cost-effectively deliver breakthrough innovation. Participation in this project is a direct result of the recent SeaFreight Labs decision to join the [Pledge 1%](#) movement.

**Detailed Description and Requirements:** *(Viewable by Solvers who signed user agreement for your Challenge. This and the Project Deliverables section appear on a different webpage from the Abstract and Overview, which is the reason for some duplication of content, for instance, background and award/IP details.)*



### BACKGROUND

Over the next 5 years, World Vision is committed to raising \$1 billion for investment into water, sanitation, and hygiene (WASH) services for low- and middle-income countries (LMIC). Development of adequate WASH services is one of the most impactful improvements that can be made for a community but a lack of funding often stands in the way, particularly in rural areas. The [2019 UN-Water Global Analysis and Assessment of Sanitation and Drinking-Water Report](#) indicates most countries with costed national WASH plans lack sufficient finance to implement. Almost 90% do not have sufficient financing for rural drinking water and rural sanitation plans. Difficulties in acquiring financing are rooted in governmental internal constraints to borrow funds, lack of sufficient governance and effective regulation at the water utility level and other inefficient or ineffective foundational issues ([IRC, 2019](#)). These issues create an unacceptable level of risk that keeps private capital at bay. There is a growing interest around financing for WASH and a strong accumulation of resources that lay out the problem, the obstacles, and theoretical solutions. What's been lacking is evidence of successful models mainly due to constraints in ability to pilot ideas. Where success has been found, is mostly in middle-income or high-income countries.

World Vision, an international NGO, with a strong backing of private donor support has a unique opportunity to utilize tens of millions of dollars to seek new ways of attracting financing into the WASH sector for the rural poor in LMICs. World Vision is committed to the realization of Sustainable Development Goal 6 (SDG6): Ensuring availability and sustainable management of water and sanitation for all. The organization has a long-term commitment (10-15 years) to communities through area program models which help to establish relationships with national and district-level governments, local authorities, and partners. These relationships provide the strong foundation of shared history, respect and credibility, which make it easier to initial new projects and the trust required to work together in partnership. Currently, World Vision is supporting WASH programs across more than 600 sub-national districts in 41 different countries.

This global footprint makes World Vision one the largest NGOs providing support to water services and systems in LMICs. The ability to deliver work at this scale is enabled by the strategic coordination of locally led WASH efforts, guided by national priorities. More than 1,200 dedicated WASH staff members work on the ground in the communities and districts of World Vision's program areas, creating a critical mass of technically skilled professionals, who are also experts in their local context.

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At a macro level, World Vision is able to leverage the size and scale of the WASH portfolio to mobilize resources, facilitate strategic multi-national partnerships, advocate for policy change, and drive high-level changes to the sector at large. No single actor in the sector has the resources to independently achieve SDG6. Better understanding and utilization of standard financing is needed, but also creative financing measures must be explored.

Current examples of alternative or creative financing options include:

- Revolving funds or other concessional financing
- Co-investments/cost-share
- Insurance policies
- Climate finance
- Microfinance
- Performance-based finance
- Commercial Loans
- Bonds
- Global Fund

**Table 2.** Overview of current sources of finance and options to reduce financial gaps

Cost category	Current sources of finance	Options to reduce financial gaps
Capital expenditure	<ul style="list-style-type: none"> <li>• Taxes</li> <li>• Transfers in some countries</li> <li>• Tariffs in the form of investments made directly by households</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing the tax base for allocation to small-scale systems</li> <li>• Creating challenge funds for small-scale systems</li> <li>• Access long-term loans through aggregation and intermunicipal cooperation</li> <li>• Using MDFs</li> <li>• Providing incentives for household investments</li> </ul>
Expenditure on operation and minor maintenance and capital maintenance expenditure	<ul style="list-style-type: none"> <li>• Tariffs to cover expenditure on operation and minor maintenance and (part of) capital maintenance expenditure, ideally</li> <li>• Where insufficient, taxes to fill the gap</li> </ul>	<ul style="list-style-type: none"> <li>• Clarifying tariff policies, legislation and regulation</li> <li>• Increasing revenue from tariffs, within affordability parameters</li> <li>• Providing financial incentives linked to performance indicators</li> <li>• Decreasing costs of capital maintenance by increasing preventive maintenance</li> </ul>
Expenditure on direct support and expenditure on indirect support	<ul style="list-style-type: none"> <li>• Mainly taxes</li> </ul>	<ul style="list-style-type: none"> <li>• Advocating increased public expenditure, based on evidence</li> <li>• Increasing efficiency by collaboration and cooperation</li> <li>• Increasing capacity at the local level</li> </ul>

The table above, taken from the attached report *Costing and financing of small scale water and sanitation services.pdf* from the World Health Organization (WHO) provides an overview of cost categories, existing financing, and several ideas to close the financing gap for WASH services.

### REFERENCES

<https://apps.who.int/iris/bitstream/handle/10665/331843/9789289054973-eng.pdf>

[https://www.globalwaters.org/sites/default/files/usaaid\\_finance\\_water\\_tb\\_9\\_508.pdf](https://www.globalwaters.org/sites/default/files/usaaid_finance_water_tb_9_508.pdf)

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<https://s3.us-east-2.amazonaws.com/wvusstatic.com/2021/landing-pages/our-work/clean-water/Full+business-plan-0221.pdf>

<https://documents1.worldbank.org/curated/en/725521553154723194/pdf/Mobilising-Finance-for-WASH-Getting-the-Foundation-Right.pdf>

[https://www.ircwash.org/sites/default/files/2017-4-19\\_financing\\_wash\\_postion\\_paper\\_final.pdf](https://www.ircwash.org/sites/default/files/2017-4-19_financing_wash_postion_paper_final.pdf)

<https://openknowledge.worldbank.org/bitstream/handle/10986/27948/119048-WP-P159188-PUBLIC.pdf?sequence=5&isAllowed=y>

<https://www.oecd.org/water/Background-Document-OECD-GIZ-Conference-Urban-Institute-GIZ-Innovative-Financing-Mechanisms-final.pdf>

<https://kiffwa.com/>

### THE CHALLENGE

[World Vision](#), supported by [SeaFreight Labs](#), is interested in exploring opportunities to close the WASH financing gap by leveraging its planned investments into WASH to attract additional funding. The aim of this Challenge is to gather well-formulated plans to accomplish this and maximize the impact of [World Vision's WASH](#) investments. Focus countries of this challenge are Ghana, Honduras, or Zambia. World Vision plans to invest between \$50 million and \$80 million over the next seven years (2021-2027) in the WASH sector for each of these three countries.

Any proposed solution should address the following **Solution Requirements**:

1. Propose funding models, programs, and strategies that can leverage World Vision's planned investments into WASH for one (or all) of the focus countries that leads to an increase of funds for the WASH sector.
2. Provide the potential to realize a 4:1 increase in investment in WASH services in respective country for every dollar spent by World Vision
3. Focus on the poorest or most vulnerable populations in respective country; majority of population should be in a rural setting
4. Draws financing from sources that are not individual philanthropic donors, private foundation or corporation grants or bi-lateral grants.
5. Is a sustainable model and not a one-off opportunity; replicable in the country of focus
6. Feasible within one to two years of kick-off for the plan
7. Adheres to all national and local laws for the country in which it is implemented
8. Allow World Vision to maintain a level of control over the funds and not involve gambling, cyber currencies, investment in commodities, or other random return schemes

The solutions would preferably satisfy the additional following criteria (but not essential):

1. Generalizable beyond Ghana, Honduras, or Zambia to other similar countries of interest <https://www.worldvision.org/our-work/clean-water/where-we-work>
2. Be replicable by other NGOs or interested stakeholders

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3. Be proposed in a way that will strengthen local WASH governance systems

### **Evaluation Procedure**

For submissions that meet the **Solution Requirements** above, awards will be determined based on the following criteria:

1. Lowest risk/reward ratio
2. Potential impacted population size, location, and estimated level of vulnerability/economic status
3. Quickest potential implementation
4. Lowest initial starting cost
5. Generalizability to other countries of interest

### **Project Deliverables:** *(Viewable by Solvers who signed user agreement for your Challenge)*

This is a Theoretical Challenge that requires only a written proposal to be submitted. The Challenge award will be contingent upon theoretical evaluation of the proposal by the Seeker. The solution may combine existing components, commercially available components, and/or novel Solver solutions. Ideas leveraged from other industries with similar problems are encouraged.

The submitted proposal should include the following:

1. **Detailed description** of a program that can meet the above **Solution Requirements**. This should include:
  - a. Details of the proposed financial plan and approaches that can produce a minimum of 4:1 return on investment of World Vision's funds
  - b. Description of attribution between World Vision's funding investment and the increase in additional funding going into the sector
  - c. Timeline and initial costs and resources (staffing and capital expenditure) needed for implementation
  - d. Identification of any likely approvals, agreements or permissions
  - e. Risk assessment and exploration of risk-mitigation mechanisms
  - f. Development of any helpful tools
2. Rationale as to why the Solver believes that the proposed system will meet each of the **Solution Requirements** described above.. This rationale should address each of the **Solution Requirements** and should be supported with any relevant examples.
3. **Financial modeling** on a semi-annual or annual basis of the plan in action for a span of 10 years. This should include required inputs, assumptions made for variables (interest rate, etc.), and expected outputs.

The Seeker may wish to partner with the Solver at the conclusion of the Challenge. Solver should describe their expertise and include a statement indicating their interest in this opportunity.

The proposal should not include any personal identifying information (name, username, company, address, phone, email, personal website, resume, etc.) or any information the Solvers may consider as their Intellectual Property they do not want to share.

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The Challenge award will be contingent upon theoretical evaluation of the proposal by the Seeker. If multiple proposals meet all the **Solution Requirements**, the Seeker will utilize the **Evaluation Procedure** listed above to determine 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> place solutions.

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