# Summary of the SWA Webinar "Sustainable financing for sanitation and hygiene" | 25-26 September 2017

In September 2017, the SWA secretariat hosted a webinar on sustainable financing strategies for the SDGs. The webinar brought together participants from governments, private sector, external support agencies, research and learning and civil society.

The webinar reiterated the importance of sound financing strategies for the sector and the place of these strategies within the agreed frameworks of SWA Collaborative Behaviours and Building Blocks. The central place given to finance in the country plans for SDGs was aptly illustrated in the preparatory work done in countries for the HLMs in April 2017: a vast majority that shared their "country overviews" had already identified their investment needs and funding gaps (these gaps vary from 30% to 70% of required investments), often with the help of the SDG costing tool. However, few countries reported on developing financing strategies specifically for the WASH SDGs.

The growth of official development finance over the past decade has been much slower for WASH compared to others social sectors like health and education, and the traditional mode of concessional financing still accounts for only a fraction of what is required in terms of investment. Fortunately, the sector has a high potential to attract investments including from commercial finance such as bonds, commercial bank loans and microfinance. Governments and service providers can benefit greatly from accessing commercial finance. Concessional finance will still be needed, but it can be used in a much more targeted, strategic manner to leverage other sources of finance. This 'blending', or catalytic use of public finance to increase private finance opportunities, is vital and, in some cases, even indispensable.

Examples are emerging of countries applying innovative strategies at different levels of the sector. Albania's time-bound exercise in strategic financial planning, Bangladesh's support of local microfinance for households and small-scale entrepreneurs and Kenya's mobilization of commercial bank finance are but three such innovations. Government representatives from Afghanistan, Haiti and Tanzania also shared their countries' experiences, with strategies like: (i) facilitating private sector involvement in WASH service provision, for instance by creating corporation-type structures, (ii) performance-based programme funding and implementation, (iii) changing social norms to promote household investment in sanitation through CLTS rather than relying on government subsidies, and (iv) mobilizing a wide spectrum of stakeholders to accelerate action towards SDG targets.

Participants also deliberated on some major challenges to sustainable financing for WASH. For instance, many countries lack reliable baseline data, which hinders correct estimation of the investment needs and gaps. Moreover, effective advocacy to – and involvement of – the Finance Ministries is needed to mobilize interest and investment in the sector. Specific questions on absorption capacities, interest rates, gratuity of services, tariff increases and private sector involvement further highlighted the importance of government leadership in designing financing strategies tailored to the needs and resources of the country. Moreover, the development and implementation of financing strategies is necessarily linked to reforms of the sector – the strategies are both a part of the reforms, and informed by the infrastructural deficiencies of the sector.

A package of resources is being compiled for further use by countries, and includes country stories on SDG financing, resources for effective engagement with Ministries of Finance, and a recent World Bank Group paper on the transition to commercial finance for the WASH sector, besides the webinar presentations and recordings.

The next webinar in the series will focus on sustainable financing for the sanitation and hygiene sub-sector. While the SDG ambitions for this sub-sector are the highest, so are its investment gaps.