END OF PROGRAM EVALUATION

ACCELERATING ACCESS TO SAFE WATER AND SANITATION TO COMMUNITIES IN BANGLADESH, CAMBODIA, AND INDIA

EVALUATION REPORT

NOVEMBER 2023

AGUA CONSULT

COLOPHON

TITLE	End of Program Evaluation of Accelerating Access to Safe Water and Sanitation to Communities in Bangladesh, Cambodia, and India Evaluation Report, November 10th 2023
CLIENT	Water.org
AGUACONSULT CONTRACT NO.	2315_23_BCI_Water.org
CONTACT AND CORRESPONDENCE	Aguaconsult Ltd., 4 Pearl Walk, Cooks Shipyard Wivenhoe, Essex, CO7 9GS, UK. TEL: +44 (0)1206.823329 FAX: +44 (0)1206.828010 e-mail: info@aguaconsult.co.uk Web: www.aguaconsult.co.uk
AUTHORS	Julia Boulenouar, Elise Jabagi, Eléonore Motte, Joseph Thompson
EVALUATION TEAM	Julia Boulenouar, Elise Jabagi, Eléonore Motte, Joseph Thompson, Akhtaruz Zaman, Muny Min, Jaipal Singh Kaushik, Harold Lockwood
AMENDMENT RECORD	Version: Draft Date: November 10th 2023 Evaluation Report
REFERENCE	Boulenouar, J., Jabagi, E., Motte, E., and Thompson, J (2023) End of Program Evaluation of Accelerating Access to Safe Water and Sanitation to Communities in Bangladesh, Cambodia, and India Evaluation Report.

CONTENTS

LIST OF FIGURES AND TABLES

ACRONYMS AND ABBREVIATIONS

ASA	Association of Social Advancement
CMA	Cambodia Microfinance Association
CWA	Cambodia Water Association
DHAN Foundation	Development of Humane Action Foundation
FI	Financial Institution
FGD	Focus Group Discussion
InM	Institution for Inclusive Finance and Development
JMP	Joint Monitoring Program
KII	Key Informant Interview
KPI	Key Performance Indicator
MFI	Microfinance Institution
PMV	Program Monitoring Visit
PWO	Private Water Operator
WSS	Water Supply and Sanitation

EXECUTIVE SUMMARY

This is the evaluation report of “Accelerating Access to Safe Water and Sanitation to Communities in Bangladesh, Cambodia, and India”. The program was implemented by Water.org between 2020 and 2024 under INDITEX II and aimed at capitalizing over USD165 million to provide more than 600,000 loans to support the development of improved water and sanitation facilities to more than 2.7 million people and advance the sector conversation around WSS financing. The evaluation assesses the effectiveness of the program and interventions implemented by Water.org, analyzing the program performance, partners’ performance, and sector-level and household-level impacts, based on Water.org’s quantitative data and complemented by primary qualitative data collected in September 2023. The report also produces recommendations at country-level, programmatic level and M&E level.

At a program-wide level, targets have been exceeded. The program secured over USD 271 million, providing 767,346 loans and supporting the development of improved water and sanitation facilities for more than 3 million people. In Bangladesh, the program has significantly overachieved its targets in terms of capital mobilized, WSS loans disbursed, people reached. India has also overachieved its targets, especially regarding capital mobilized. However, in Cambodia, the program is still working towards meeting its goals for loan disbursement and reaching the intended number of people.

Partners greatly benefited from Water.org's expertise and support and expressed strong satisfaction about their collaboration. In India, Water.org continued to partner with the Development of Humane Action (DHAN) Foundation, a well-established non-profit development organization that plays an intermediary role between self-reliant community Self-Help Groups (SHGs), and commercial banks. The Foundation confirmed its ability to sustainably scale up WSS lending through its demand-based community-based model, especially in Southern states where it had a long-term presence. In Cambodia, besides continuing its partnership with six microfinance institutions (MFI) and two water utilities, Water.org collaborated with the Cambodia Microfinance Association (CMA), and the Cambodia Water Association (CWA). In Bangladesh, Water.org successfully provided technical support to ten partners, six of which they had collaborated with previously, covering all divisions and 52 of the 64 districts in the country. The USD 200 million ‘BD Rural WASH’ (PKSF) microfinance program supported partners during turbulent times but limited Water.org’s potential reach across the country, as partners were hesitant to offer the WaterCredit and PKSF WSS loan products in the same branches. Eight partners remain active, with one withdrawing due COVID-19 and another graduating from the program.

Although no specific strategy was developed to influence the enabling environment at country level, varying levels of sector-level impact have been recorded in the three countries. In India, the program provided an opportunity for the DHAN Foundation to showcase the sustainability of its model, leverage its pre-existing links with banks and the government and promote WSS credit financing. In Bangladesh, no significant outcome-level results for the sector have been noted, though several landscape studies have been conducted recently and provide a strong basis for articulating an engagement strategy. In Cambodia, Water.org's has expanded its influence by partnering with associations and its success story has influenced other organizational programs.

The program had positive household-level impacts. The program was successful at raising household awareness on WSS benefits and ensuring high utilization rates for constructing or improving WSS facilities. Households consider WSS loans as a worthwhile investment and report positive experiences. In India, hygiene behaviors have improved. Besides, all three countries have experienced direct positive impacts regarding access to water and sanitation and reduction in self-reported open defecation. Finally, households report indirect benefits from their WSS improvements, in terms of improved quality of life, through saved time, increased income due to better time use and productivity and reduced health expenditure. WSS improvements seem to have empowered women, that report experiencing better privacy, safety and menstrual hygiene management.

Improved access to WSS facilities has resulted in better mental and physical health. The extent to which WSS loans and improvements increased people's climate resilience is more difficult to evaluate.

1. INTRODUCTION

1.1 BACKGROUND

This document is the final report for the evaluation of the "Accelerating Access to Safe Water and Sanitation to Communities in Bangladesh, Cambodia, and India" program (referred to as the 'program') implemented by Water.org between 2020 and 2024. The report includes (i) an overview of the program and its objectives, (ii) the methodology that was used to carry out the evaluation, including evaluation questions, data sources, and data analysis, (iii) findings (iv) recommendations.

1.2 PROGRAM CONTEXT

In 2020, Water.org received a USD 6 million grant from the fashion retail group INDITEX, which was used to pursue innovative approaches to secure additional financing for water and sanitation projects in Bangladesh, Cambodia, and India. This initiative capitalized on the achievements and potential of Water.org's successful WaterCredit model. The program, ending in January 2024, aimed to provide safe water and sanitation facilities to more than 2.3 million individuals across these three countries. The grant was built upon the initial phase (INDITEX I) that began in 2015, which involved the introduction of WaterCredit in Cambodia and the expansion of WaterCredit in Bangladesh.

Water.org collaborated with a range of partners and implemented a set of interventions tailored to partners' needs: supporting Microfinance Institutions (MFIs) and commercial banks in Bangladesh; MFIs, Financial Institutions (FIs), and water utilities in Cambodia; and a large foundation in India. The specific objectives for each country and the associated partners are presented in Table 1.

Under this program, Water.org, in collaboration with its partners, aimed to capitalize over USD 165 million to provide more than 600,000 loans to customers to facilitate the development of improved water and sanitation facilities in India, Bangladesh, and Cambodia. The program also sought to advance the global water and sanitation ecosystem, establishing a foundation for future progress. Through local and global convenings, learning resources, and partnerships that enabled scalability, the program aimed to influence the global conversation surrounding financing for Sustainable Development Goal 6, ensuring a sustainable future for all.

Table 1: Country objectives and partners

Country	Objectives	Partners
Bangladesh	• Scale current and new MFI partners' Water Supply and Sanitation (WSS) loan portfolios to reach more people in new geographies and achieve sustainable WSS lending portfolios; • Partner with commercial banks to develop and deploy innovative WSS SME loan products.	**Financial institutions**: RDRS, Sajida Foundation, VERC, WAVE, ASA, Bangladesh, InM, TMSS
Cambodia	• Continue to scale existing current MFI partners' water and sanitation loan portfolios; • Partner with the Cambodia Microfinance Association (CMA) to support multiple MFIs as they adopt WSS lending; and • Launch a collaboration with the Cambodia Water Association (CWA) to provide financial and technical assistance to private water utilities in rural areas.	**Financial institutions:** AMK, Chamrouen, LOLC NH Finance/SAMIC Philip Bank / Kredit **Water utilities**: Kampong Chomlong Water Supply Treang Water Supply **Associations**: Cambodia Microfinance Association (CMA) and Cambodia Water Association (CWA)
India	• Scale water and sanitation lending through the self-help group federation Development of Humane Action (DHAN) Foundation; • Promote effective hygiene and health promotion behaviors among DHAN clients; • Establish a knowledge resource center to help develop and disseminate water and sanitation lending practices and encourage policies that will promote additional WSS financing;	**Non-profit organization:** DHAN Foundation

1.3 OBJECTIVE OF THE EVALUATION

The evaluation aimed to assess the effectiveness of the programs implemented by Water.org and to gather insights into best practices that could guide future programming. To achieve this objective, the evaluation focused on analyzing four key aspects:

1. **Program performance**: the degree to which the program achieved its key targets including increased partnerships, capital mobilized for WSS loans, number of WSS loans provided, and number of people and households that benefited from the program;
2. **Partner performance**: the degree to which partners progressed towards sustainability, by looking at the maturity levels of partnerships established, the progress towards graduation (i.e., self-reliance) of partner organizations, and the sustainability of lending practices, as well as the scale of operations (in terms of size, markets, geographies).
3. **Sector impacts**: exploring the extent to which Water.org's program and the partnerships have influenced the wider WSS and microfinance sector, including in the advocacy efforts, policy, or practice change.
4. **Household-level impact**: exploring the impact of continued access to improved WSS, including health and safety, climatic resilience, women's empowerment, gender equality, and household finances.

It is important to note that although the program was ongoing at the time of the evaluation, its implementation had been delayed by the COVID-19 pandemic. This delay was factored into the assessment of the program's outcomes and impacts.

2. METHODOLOGY

2.1 EVALUATION FRAMEWORK

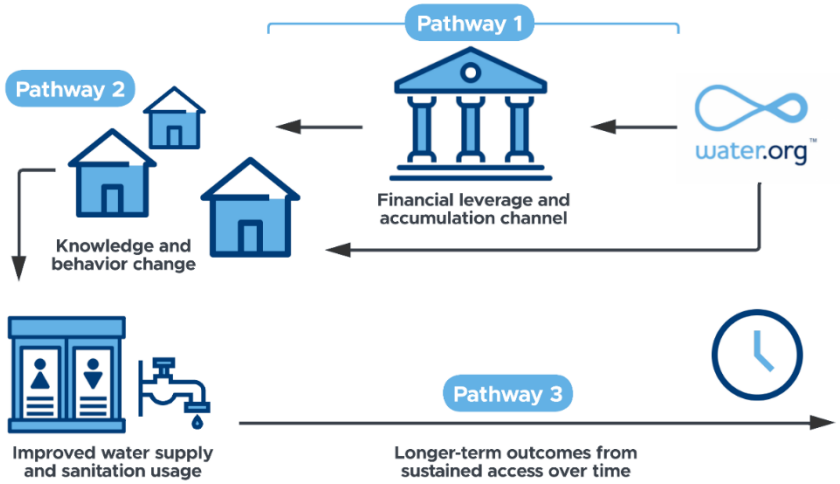
The evaluation focused on yielding useful results and guidance for Water.org staff. It was conducted collaboratively, ensuring that their needs for specific information and timing were met. The evaluation assessed the program's effectiveness by applying the theory of change framework, which outlines the steps needed to achieve the desired outcomes, at both country and global levels. Evidence collected was mapped against this to understand how the work carried out by Water.org and its grantees contributed to the intended outputs, outcomes, and impact.

Furthermore, the evaluation intended to apply outcome harvesting to assess the extent to which Water.org and grantees' work has contributed to potential planned and unplanned outcomes, to understand sector-level impacts. However, this approach involved identifying results ('harvested outcomes') and then working backward to collect evidence of how this change came to be and the extent to which different activities contributed to this change. Since the outcomes harvested per country and shared by Water.org country teams were very limited, the evaluation team used a different approach: activities aimed at influencing the sector were identified in program documents and discussed during KIIs to identify potential sector-level outcomes.

The evaluation was structured around the program's focus pathways, as mapped in Figure 1:

- **Pathway 1 (Interaction),** assessing the financial leverage and the channels through which finances were accumulated.
- **Pathway 2 (Knowledge and Behavior)**, assessing *the program performance at the household level* in terms of knowledge and behaviors.
- **Pathway 3 (Outcomes and Impact**), assessing the program impact on the household, in terms of indirect benefits resulting from the WSS improvement (socio-economic benefits, physical and/or mental health gains, climate resilience, and women's empowerment)

Figure 1: Focus pathways of the evaluation



Source: Author

Based on the objectives of the evaluation and the focus pathways of the program, a detailed evaluation matrix was developed (see Table 2), mapping evaluation questions and sub-evaluation questions for each evaluation level (program performance, partner performance, sector impact, and household-level impact).

Table 2: Evaluation matrix[1]

Pathway	Evaluation level	Evaluation questions	Sub-evaluation questions
Pathway 1: Interaction	**Program performance**	1. To what extent has the Program achieved its overall targets?	1.1 Has the Program reached its partnership targets?
			1.2 Has the Program reached its capital mobilization and lending targets?
			1.3 Has the Program reached its customer targets?
	Partner performance	2. How have partnerships evolved over time and to what extent are partners operational?	2.1 How long have the partnerships been in place for and evolved over time?
			2.2 What level of trust, communication and a shared understanding of the objectives exists between Water.org and its partners?
			2.3 To what extent has the technical assistance provided to partners been relevant (in terms of quality and applicability) and utilized by partners?
			2.4 To what extent have partners mobilized their members to participate in WSS lending activities and partnerships (where applicable)?
		3. To what extent are financial institutions progressing towards self-sustaining WaterCredit portfolios?	3.1 How well capitalized are the lending financial institutions?
			3.2 What is the interest rate charged on loans? And how sustainable is this over the long-term?
			3.3 How have the financial institutions responded to changes in the market or economic conditions?
		4. To what extent have partners achieved scale in their WSS activities across new and existing geographies?	4.1 What is the country-level portfolio size?
			4.2 To what extent have existing/mature financial institutions expanded into new areas/markets?
			4.3 How has COVID-19 impacted scale-up?
			4.4 To what extent have digital/innovative approaches been utilized by financial institutions and how has this affected lending?
			4.5 To what extent has Water.org partnered with different types of organisations to expand consumer reach?
	Sector impact	5. To what extent have Water.org and its partners activities influenced the enabling environment for WSS financing?	5.1 What evidence is there of potential outcomes in the WSS sector, financial services sector, and broader policy and regulatory environments in each Program country?
			5.2 How significant was Water.org and its partners contribution to the realized outcomes?
Pathway 2: Knowledge and Behavior	**Program performance at household level**	6. To what extent has the Program impacted household awareness and behaviours?	6.1 To what extent are customers satisfied with their loan arrangements?
			6.2 To what extent are customers using the loan for constructing improved WSS facilities?
			6.3 How have hygiene behaviours evolved over the course of the Program? (India)
			6.4 To what extent are customers using the improved WSS facilities after construction?
			6.5 To what extent has the Program generated awareness among households on improved WSS and its benefits?
Pathway 3: Outcomes/Impact	**Program impact at household level**	7. To what extent has customer engagement with the Program's WaterCredit initiative impacted lives at the household level?	7.1 What are the impacts of the Program on improved access to sanitation and water?
			7.2 What evidence is there of impacts on customer households' socio-economic conditions?
			7.3 What evidence is there of impacts on customer households' gender practices and women's empowerment?
			7.4 What evidence is there of impacts on customer households' climate resilience?
			7.5 What evidence is there of impacts on customer households' mental and physical health conditions?

[1] The evaluation questions and sub-questions were standardized across countries. However, some questions were adapted or taken out to adjust to the country or program context.

2.2 DATA AND ANALYSIS

For each level of evaluation and sub-evaluation question, the relevant Key Performance Indicators (KPIs) and targets were mapped using existing program documents from water.org. Where KPIs or targets were not available (for qualitative aspects), the evaluation team focused on describing activities, results, and reported impacts.

The evaluation employed a combination of primary and secondary data sources to inform its findings and recommendations:

- Water.org's data portals and program documents contain quantitative data on activities carried out under the INDITEX II program across the three countries, as well as their outcomes and impacts. These secondary data sources served as a basis for the evaluation.
- Key Informant Interviews (KIIs) and Focus Group Discussions (FGDs) were conducted to validate the above data sources and provide complementary qualitative primary data.

Table 3 below summarises the evaluation approach, detailing targets, KPIs, and data sources used.

Table 3: Summary of evaluation approach

Evaluation Pathways	Evaluation level	KPIs	Targets	Secondary Data Utilization	Primary Data Integration
Pathway 1	Program performance	KPIs identified and used	Targets identified and used	High	Complemented and validated via KIIs
	Partner performance	No KPIs, focus on describing the trends, results, and impacts	No targets, focus on describing the trends, results, and impacts	Low to partial	Complemented and validated via KIIs
	Sector impact	No KPIs, focus on describing the trends, results, and impacts	No targets, focus on describing the trends, results, and impacts	Low	Complemented and validated via KIIs
Pathway 2	Program performance	KPIs identified and used	Partial targets identified	Partial to high (depending on indicators)	Complemented and validated via KIIs and FGDs
Pathway 3	Household level impact	KPIs identified and used	No targets, focus on describing the trends, results, and impacts	Partial to high (depending on indicators)	Complemented and validated via KIIs and FGDs

2.2.1. SECONDARY DATA SOURCES

The following secondary data, routinely collected by Water.org, were used in the evaluation:

1. **Household data** collected by Water.org during quarterly Program Monitoring Visits (PMVs), available on the WaterCredit Program Monitoring Partner Dashboard (INDITEX II), a mWater dashboard that presents results from the 1831 household surveys conducted by Water.org during the program duration and across the three countries. The dashboard contains data on loan experience and client satisfaction, improvement

types, household demand and impact, COVID-19 / Health, climate change, education, economic benefits and time savings, and gender benefits, with data collected on average once a year in each country.

2. **Loan and financial data are** available on the Water Portal. This database is managed by Water.org and contains data uploaded by partners at partner, country, and program levels on the following aspects:
    a. Impact to date in terms of people reached, loans disbursed, capital mobilized at the program level and partner level;
    b. Data on partnerships (years of partnership, phase, score);
    c. Profile of borrowers and lending portfolio performance (repayment rate, average loan term, and average interest rate);
    d. Loan details (product types, people reached, total principals);

In theory, this information should be reported monthly by partners, but in practice, the frequency of reporting is variable across partners.

3. **Aggregate objectives, baseline information and progress** available across program documentation at both the global and country levels (Inditex grant proposals, yearly progress reports, theory of change, partners' quarterly reports, etc).

The secondary data available allowed us to answer sub-evaluation questions related to program performance, and household-level impact (related to pathways 2 and 3).

2.2.2. PRIMARY DATA SOURCES AND SAMPLING

Primary data sources, particularly those about partner performance and sector impact, served to validate the secondary data and supplement it for pathway 1. 32 KIIs and 43 FGDs were conducted at the country and global level in September 2023.

KIIs were conducted with partners and Water.org members of staff to understand partnerships' quality, assess partners' strengths and weaknesses, capture the qualitative impact of Water.org's support, and identify sector impacts. In India, interviews with external stakeholders were conducted to understand program sector impacts based on intended sector activities that had been mapped out in the country's theory of change. The country's theories of change can be found in Annex 1 and the Evaluation questions addressed by each type of KII are presented in Annex 2.

KIIs were largely conducted remotely by the core evaluation team and complemented by in-person interviews by the national consultants where these had to be carried out in the local language. The detailed list of organizations interviewed in each country is available in Table 4. The full list of individuals interviewed is available in Annex 2 and the generic KII guide is available in Annex 3.

Table 4: List of organizations interviewed

	Bangladesh	Cambodia[2]	India	Global
Water.org	Bangladesh team	Cambodia team	India team	Global team Regional team
Partners	ASA ESDO InM RDRS RRF Sajida TMSS VERC WAVE YPSA	AMK Chamrouen LOLC Philip Bank / Kredit Kampong Chomlong Water Supply Treang Water Supply Cambodia Microfinance Association (CMA) Cambodia Water Association (CWA)	DHAN Foundation	
Other stakeholders			Canary Bank; Self-help group federation; Gram Panchayat Vadamadurai	

FGDs of 8-13 people were carried out in the three countries to provide qualitative insights on indirect household-level benefits in relation to four themes: i) climate resilience, ii) health and gender, iii) borrower's satisfaction for the loan approval process and payment; iv) socioeconomic benefits realized by WaterCredit households (considered cross-cutting). These themes were chosen to align with all sub-evaluation questions at the household level as shown in Table 5. The generic FGD thematic guides are available in Annex 4.

Table 5: Sub-evaluation questions covered during FGDs

Sub-evaluations covered during FGDs
6.1 To what extent are customers satisfied with their loan arrangements?
6.2 To what extent are customers using the loan for constructing improved WSS facilities?
6.3 How have hygiene behaviors evolved over the course of the Program? (India)
6.4 To what extent are customers using the improved WSS facilities after construction?
6.5 To what extent has the Program generated awareness among households on improved WSS and its benefits?
7.1 What are the impacts of the Program on improved access to sanitation and water?
7.2 What evidence is there of impacts on customer households' socio-economic conditions?
7.3 What evidence is there of impacts on customer households' gender practices and women's empowerment?
7.4 What evidence is there of impacts on customer households' climate resilience?
7.5 What evidence is there of impacts on customer households' mental and physical health conditions?

[2] NH Finance/SAMIC did not participate in the interview process

Table 6: Details of FGDs per country

Country	Region/State/Province	Districts	Partners	Total per country
Bangladesh	Khulna Dhaka	Chuadanga Jessore Jhinaidah Satkhira Munshiganj	WAVE Foundation TMSS InM	17
Cambodia	Kampong Chhang Prey Veng Phnom Penh Kandal Takeo	Toeuk Phos Kampong Leng Pea Reang Peam Ro Leuk Dek Ksach Kandal Treang	LOLC Philip Bank AMK KWS TWS Chamrouen	11
India	Tamil Nadu	Dindigul, Ramanathapuram, Madurai	DHAN Foundation	15

2.2.3. SYNTHESIS

Data synthesis began concurrently with data collection and consisted of streamlining and consolidating data collected to facilitate the analysis. Key tasks within this phase included data cleaning, data transformation, and data aggregation. When available, primary, and secondary data were compiled using a data capture tool, which enabled categorizing and identifying recurring themes, patterns, and insights per sub-evaluation question and country. Validation workshops were facilitated with each country team in late October with varying levels of participation of water.org staff and partner staff.

3. FINDINGS

This section outlines the program's findings for each pathway, structured around the main evaluation question and its related sub-questions, drawing from a combination of secondary and primary data sources. Pathway 1 is broken down into individual country findings, reflecting the diverse strategies, activities, and partnerships inherent to each country. For instance, in Cambodia, the country team collaborates with service providers and FIs, different from India, where the project operates exclusively through a single partner that already has a strong presence in the sector. Bangladesh, on the other hand, works exclusively with FIs (except for one research institute). For Pathways 2 and 3, the findings are consolidated across all three countries, as the emphasis is on analyzing the impact of the program on households, and the indicators are consistent across these countries. Country-specific nuances are included throughout the text where appropriate.

3.1 COUNTRY CONTEXTS

India, Bangladesh, and Cambodia are three lower-middle-income countries, among the fastest-growing economies in the world making remarkable progress in extreme poverty reduction. Since 2010, it is estimated that India and Bangladesh have halved the share of the population living in extreme poverty - below USD 2.15 per person per day (2017 PPP) (World Bank, 2022). Income per capita has doubled since 2010 in each of the three countries.

In 2020, all three countries had high rates of access to at least basic water services. However, access to piped water services remained relatively low across the three countries and was higher in India (see Table 7). Similarly, access to at least basic sanitation was relatively high in 2020 across the three countries. Within 10 years, open defecation was significantly reduced in India and Cambodia, with rates that respectively decreased

from 33% to 16.5% and 39% to 19%. In Bangladesh, open defecation was already low in 2010 (7.3%) and has been eradicated since then (JMP, 2022), as depicted on Figure 2.

Figure 2: Open defecation in the three countries (%) (JMP, 2022)

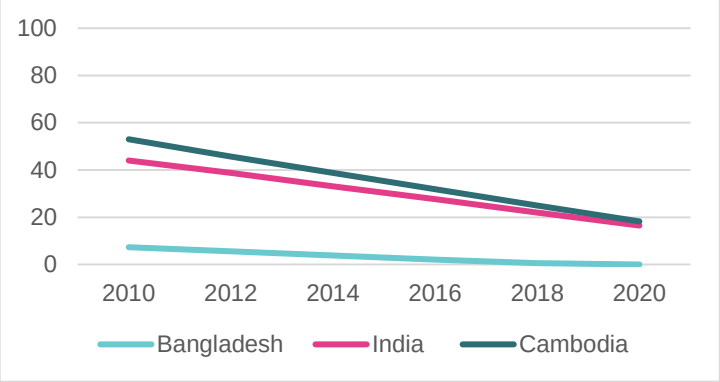


Table 7: Country socio-economic, water, and sanitation profiles for Bangladesh, Cambodia, and India

	Bangladesh	Cambodia	India
Income level	Lower-middle income	Lower-middle income	Lower-middle income
Population in 2020	171.18 million people	16.67 million people	1.42 billion people
GDP per capita (PPP, current international USD) in 2020	5,904	4,515	6,517
Access to at least basic water services in 2020	98%	76%	92%
Access to piped water on premises in 2020	14%	32%	44%
Access to at least basic sanitation services in 2020	59%	70%	56%
Access to safely managed sanitation in 2020	29%	33%	48%
Open defecation rate in 2020	0%	18%	16.5%

Source: JMP (202) and World Bank (2023)

3.2 PATHWAY 1: INTERACTION

In Pathway 1, the evaluation assessed the financial leverage and the channels through which finances were accumulated to increase capital mobilization, loans, and customers reached, as well as the quality and evolution of partnerships per country.

EQ1. TO WHAT EXTENT HAS THE PROGRAM ACHIEVED ITS OVERALL TARGETS?

Sub-evaluation questions:

- 1.1 Has the Program reached its partnership targets?
- 1.2 Has the Program reached its capital mobilization and lending targets?
- 1.3 Has the Program reached its customer targets?

Sources of data: Water.org's loan and financial data portal and KIIs with partners.

The program aimed to scale access to water and sanitation solutions by providing more than 600,000 WaterCredit loans totaling more than USD 165 million in capital across the three countries and included

corresponding targets in terms of capital mobilized, loans, customers and type of partners which vary across countries. Water.org measures its targets' achievements, among others, by distinguishing and counting loans disbursed and WSS improvements across countries as defined in Box 1 below.

Box 1: Water and sanitation products vs. WSS improvements

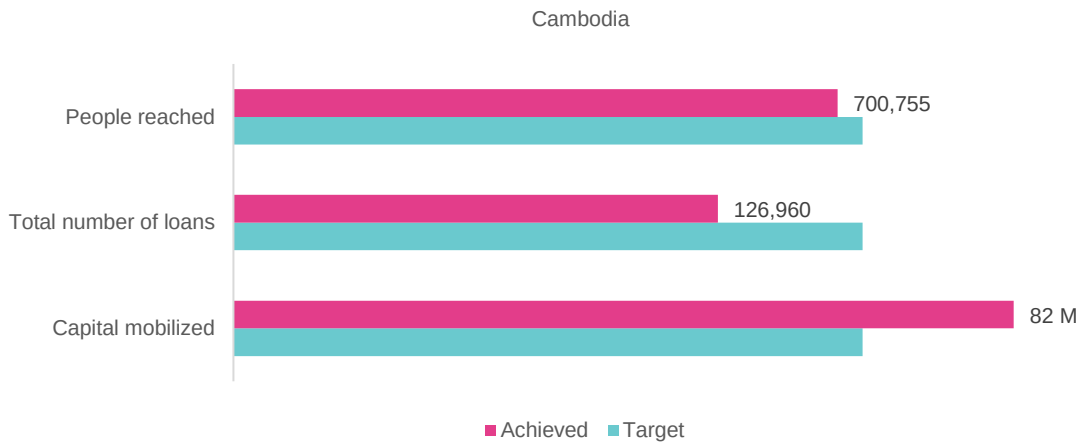
A water supply or sanitation product is defined as an asset that enables access to improved water or sanitation. The product may be an improvement itself, a collection of parts to make a whole improvement, or a modification to an already existing improvement.

Source: Water.org' 's Impact guidelines, 2020

At an initiative-wide level, the program has overachieved its targets. At country-level, targets have been overachieved in India and in Bangladesh and partially achieved its targets in Cambodia. The program in total secured over USD 271 million, providing 767,346 loans and supporting the development of improved water and sanitation facilities for more than 3 million people. Figure 3 displays the extent to which each country achieved its targets (indicated below by the dark blue line) in terms of partnership, capital mobilized, loans disbursed, and customers reached. In Bangladesh, the program has significantly overachieved its targets in terms of capital mobilized, WSS loans disbursed, people reached. India has also overachieved its targets regarding capital mobilized and number of loans disbursed. However, in Cambodia, while the capital target has been surpassed, the program is still working towards meeting its goals for loan disbursement and reaching the intended number of people.

Figure 3: Overall program achievements[3]

[3] As of January 2024



India

In India, the partnership target is different from the two other countries. Water.org continued to partner with the Development of Humane Action (DHAN) Foundation, a non-profit development organization that has been working in community-based development since 1997, now committed to Swachh Bharat Mission and al Jeevan Mission[4] that was already present in 14 states in 2019[5]. DHAN Foundation's microfinance program is known as the Kalanjiam Community Banking Program (KCBP), in which Self-Help Groups (SHGs) are promoted, federated, and formally registered as independent, self-reliant entities. DHAN Foundation through KCBP focuses on bringing SHG members into the formal banking sector through the establishment of bank linkage programs. In other words, the DHAN Foundation plays an intermediary role between financial institutions/commercials banks owned by the Government of India and SHGs to scale up WSS lending. The DHAN Foundation targets banks based on the need and demand for WSS loans.

The program achieved its targets in terms of customers and overachieved its targets in terms of capital mobilized by the DHAN Foundation and disbursed loans by commercial banks (see Table 8). The reasons behind this overachievement are that 31% of households took out second loans once they were eligible after repaying the first loan (after 24 months approximately) and the needed capital per person was higher than the one estimated (USD 80 instead of USD 45). Although not captured in the program targets, this was planned in the program design, where eligible members would be given multiple lending for one or more products.

Table 8: Program achievements in India

Indicator	Target	Achieved	Achievement
Overall capital mobilized	USD 62.1M	USD 90.6M	146%
Total number of loans	300,000	368,686	123%
People targets	1,440,100	1,127,127	78%

The program had no targets regarding specific WSS loan products, as these were dependent on SHG demand. In India, WSS loan products include household tap water connections/piped water, water storage tanks, roof water harvesting for drinking water, bore wells and pumps for fetching water from bore wells, new

[4] In 2014, India launched the Swachh Bharat Mission 2014-2019, to end open defecation by building 100 million toilets in rural India. Phase II Swachh Bharat Mission to reinforce ODF behaviours and focus on providing safely managed sanitation. Universal drinking water supply is the top priority of the Government of India, with al Jeevan Mission, that aims to provide household water supply to every household by 2024.

[5] Tamil Nadu, Andhra Pradesh, Karnataka, Telangana, Pondicherry, Kerala, Maharashtra, Odisha, Madhya Pradesh, Rajasthan, Assam, Jharkhand, Bihar

constructions or rehabilitations of toilets, toilet infrastructures for disabled and elderly people, water filters/ purifiers. As displayed on figures 5 and 6, most households took out loans to build or repair/improve toilets (59.6% of loans, reaching 54% of people) or install a household private water connection (almost 30% of loans, reaching 22% of people). According to Water.org' s household surveys, 86% of respondents[6] took out loans to build a new water or sanitation facility, while the remaining 14% took a loan to repair/improve an existing facility.

100% of people reached are living on less than USD 6.85 per day and as showed on Figure 4, almost two thirds of borrowers in India live on less than USD 2.15, which aligns with the Indian context where 83% of the population lived on less than USD 6.85 per day in 2021 (World Bank, 2023), although the program had no specific target in terms of type of people reached.

Figure 4: Borrowers' daily income in India

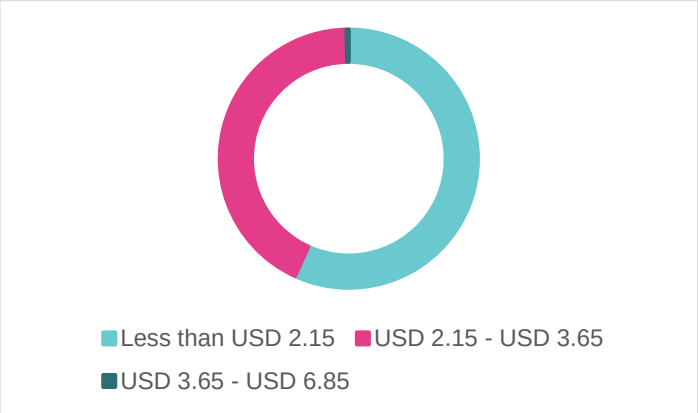


Figure 5: Number of disbursed loans per type in India

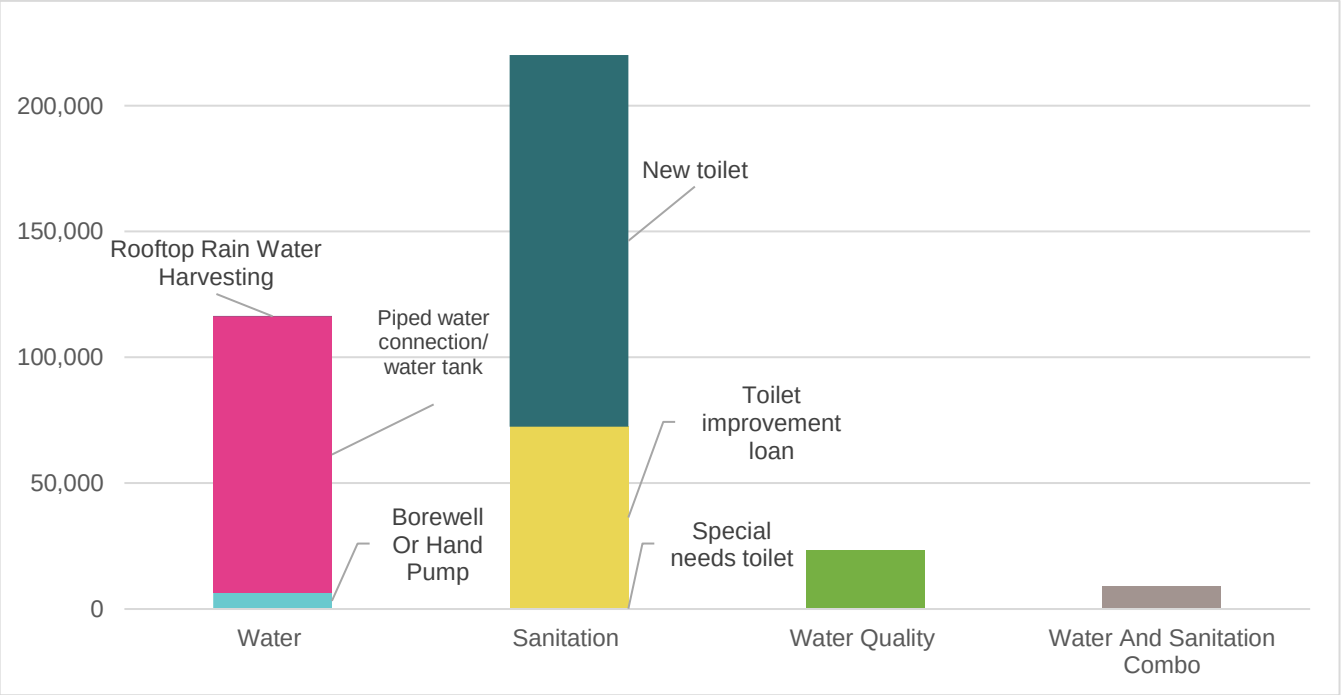
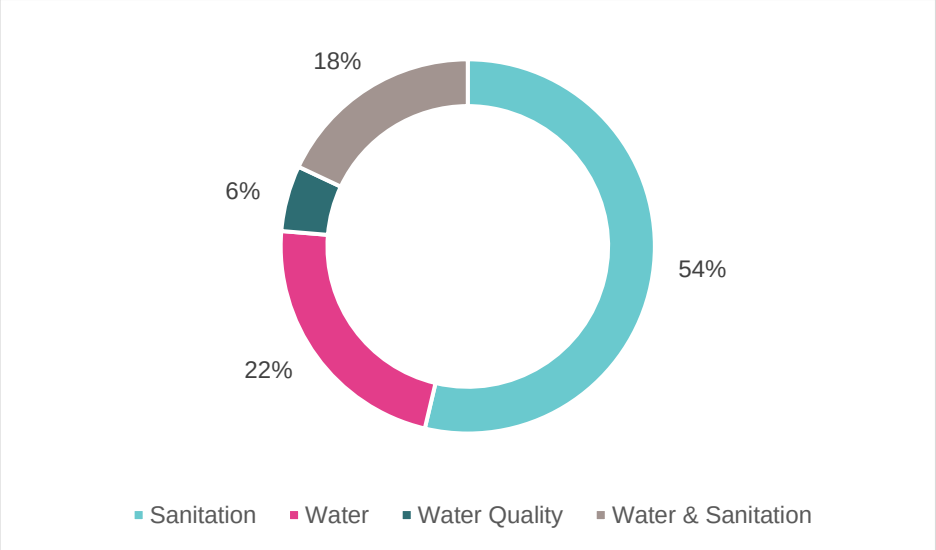


Figure 6: People reached per type of improvement

[6] 388 respondents for this question out of 389 sampled



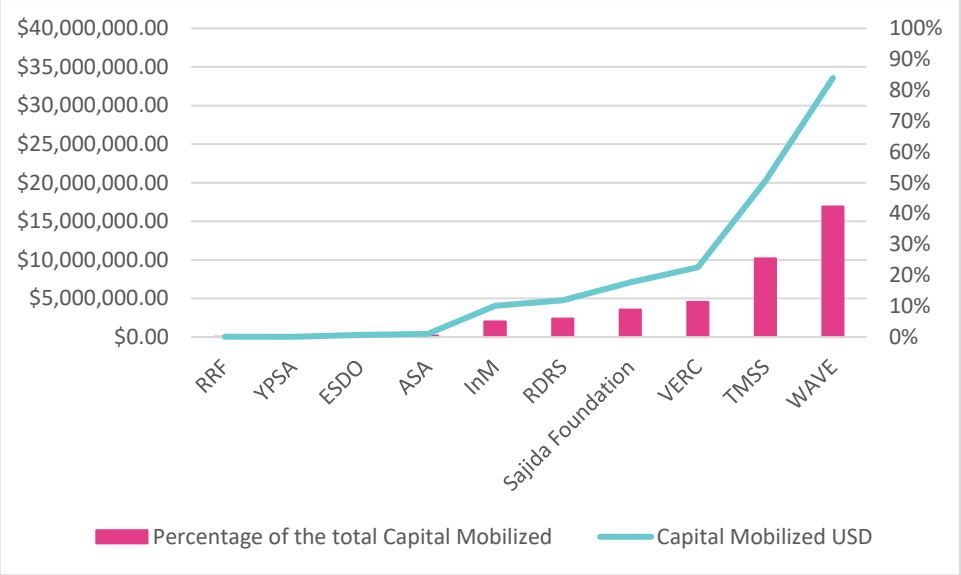
Bangladesh

In Bangladesh, Water.org partnered with nine financial institutions and one research institute (InM) to provide WSS lending to borrowers across the country. All of the FIs engaged in Bangladesh are NGOs, the majority of which have either worked under WaterCredit before or already offer a WSS loan product in their portfolio. The program did not have specific partnership targets but did have targets outlined in the program proposal for capital mobilized, total number of loans, and customers, as seen below in Table 9. The total capital mobilized is disaggregated by partner in Figure 8. These targets were later revised after the COVID-19 lockdown period to be more ambitious due to an increase in demand for WSS and more funds being made available for the work in Bangladesh (almost doubling the budget from USD 871,662 to USD 1,696,662).

Table 9: Program achievements in Bangladesh

Indicator	Targets (original)	Target (revised)	Results*	Target achievement (revised)
Partnerships	N/A	N/A	Total: 10, New: 4, Graduated: 1	N/A
Overall capital mobilized	USD 11.36 million	USD 37 million	USD 98.7 M	266%
Total number of loans	41,000	135,000	271,700	201%
People reached	184,500	609,500	1,200,559	197%

Figure 7: Capital mobilized in Bangladesh per partner



Water.org Bangladesh significantly overachieved its targets for the program indicators four to fivefold. The level of overachievement for overall capital mobilized (266%) is slightly proportionately higher than the total number of loans (201%) and people reached (197%), which implies that the capital per person ratio for Bangladesh is higher ($82) than was assumed when the targets were set ($71). According to the Bangladesh team, the main reason for the significant over-performance is that the organizations they initially partnered with had pre-existing experience of delivering WaterCredit in collaboration with Water.org (e.g., Sajida Foundation and TMSS) and were able to quickly translate their familiarity with into results. These partners also had large borrower bases, strong training divisions, and capacity for piloting innovative approaches, further bolstering their efforts under the program.

Questions were raised about whether the targets were ambitious enough. According to the WaterPortal data, for example, the target for customers reached was achieved as of Q2 in 2021 – less than a third of the way through the program and during a period largely interrupted by lockdown, where partner activities were put on pause. As noted above, the reallocation of program funds nearly doubled the total funds for INDITEX II in Bangladesh, yet the revised targets only saw a 20-40% increase in ambition. That said, even if the program targets had been doubled, the results to date still significantly exceed these, pointing again to a strong performance from the Water.org team and its partners in Bangladesh.

The program in Bangladesh had no targets related to specific WSS loan products. The number of loans used for different technologies[7] is outlined in Figure 8 and the number of people reached per type of improvement in Figure 9Figure 9. As can be seen, most loans taken out by customers in Bangladesh were for sanitation (52%), with water at 40%, and 8% for both water and sanitation. Tube wells/boreholes were the predominant water technology constructed and pit latrines with slabs for main sanitation technology were constructed.

Figure 8: Number of disbursed loans per type in Bangladesh

[7] Technology types are only specified for L1 partners, with L2 partners only reporting on ‘water’, ‘sanitation’, ‘water quality’, and ‘water and sanitation’.

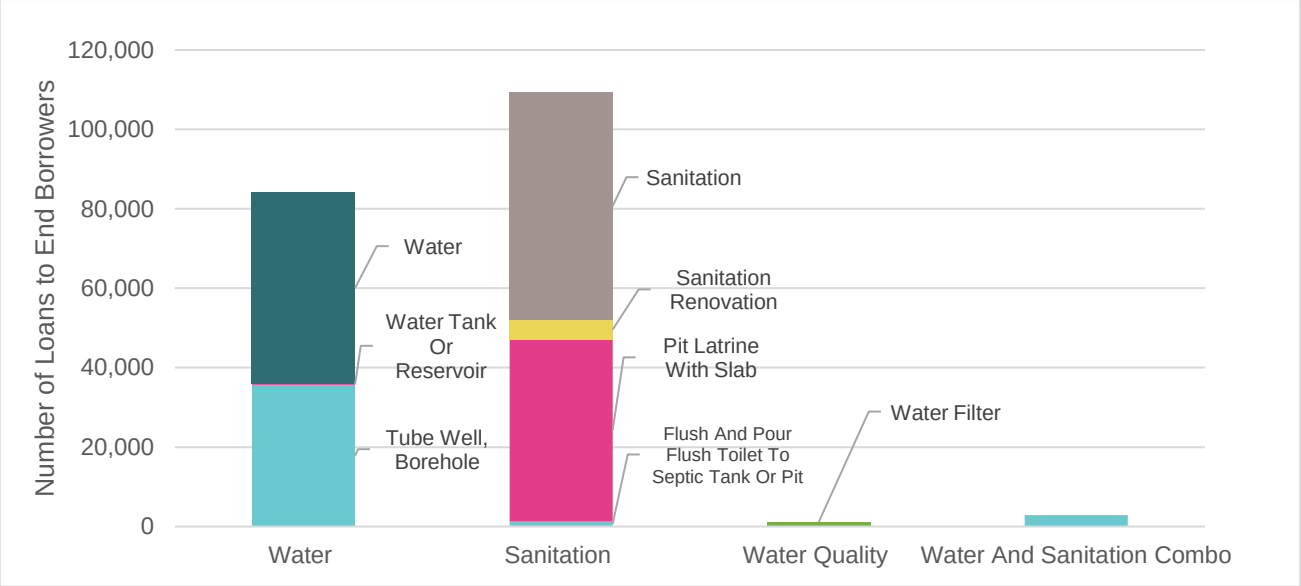
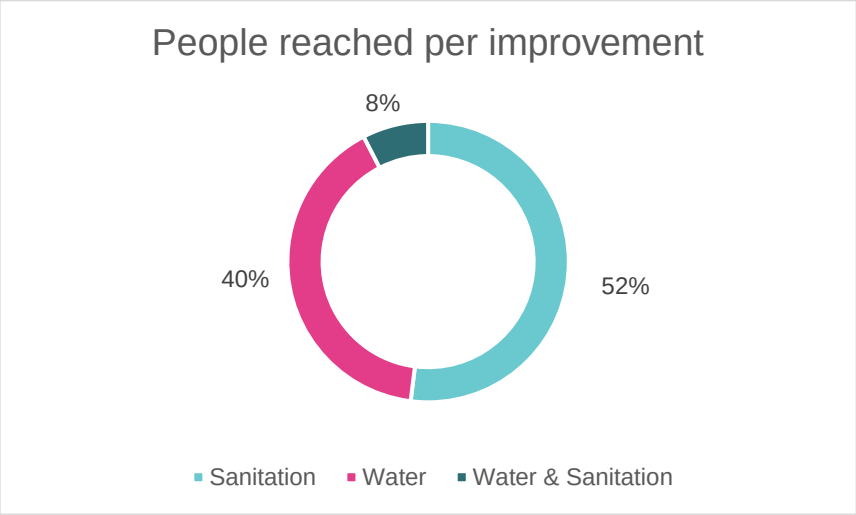
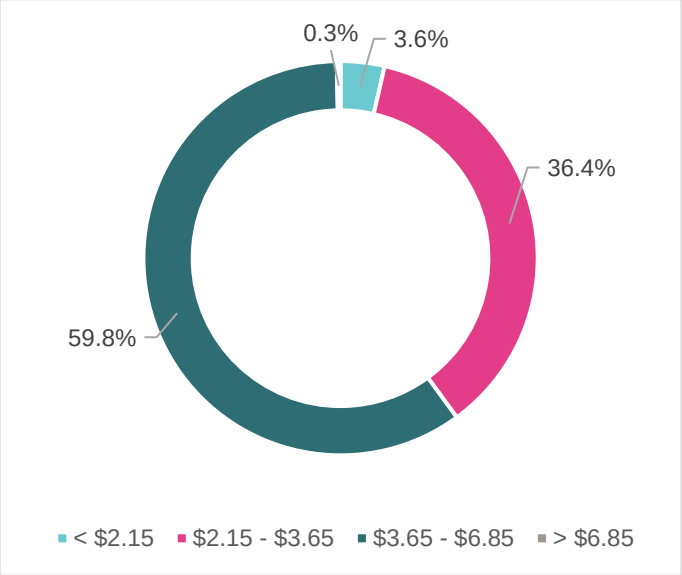


Figure 9: Number of people reached per type of improvement in Bangladesh



Almost all people reached have a household monthly income of below USD 6.85. 99% of people reached are living on less than USD 6.85 per day (see Figure 10, which aligns with the Bangladeshi context where 83% of the population lived on less than USD 6.85 per day in 2021 (World Bank, 2023). Most households (59.8%) earn between USD 3.65 and USD 6.85 per day, with only 3.6% earning less than USD 2.15. This indicates that the poorest households are less inclined to take out a WSS loan – a finding that is supported by the FGD data. The program did not have any specific targets relating to the type of people reached.

Figure 10: Average income per day of households taking out a WSS loan



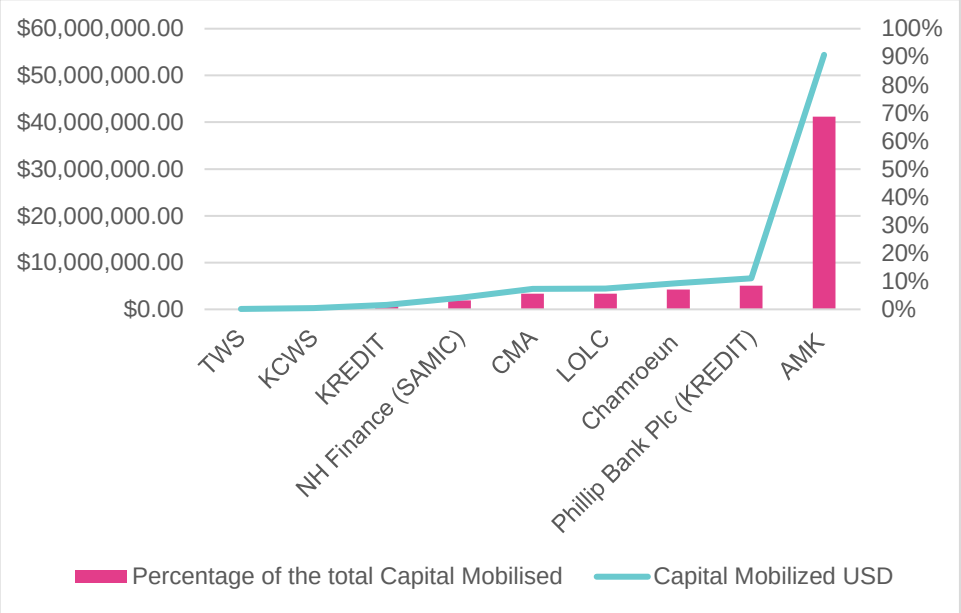
Cambodia

Partnership objectives were met, albeit with some delays. The aim was for the five financial institutions partnered with under INDITEX I —AMK, Philip Bank/Kredit, Chamroeun, LOLC, and NH Finance/SAMIC—to scale and sustain WSS lending portfolios post-partnership. There was also the goal to develop new partnerships with the Cambodia Microfinance Association (CMA) and the Cambodia Water Association (CWA). KIIs indicated that, except for NH Finance/SAMIC[8], who did not participate in the interview process, all partners are actively promoting WSS lending across their branches, with AMK, Philip Bank/Kredit, and Chamroeun, expanding to include lending to water utilities. Moreover, all partners reported ongoing collaboration with Water.org through CMA post-partnership. Beyond these five FIs, Water.org also supported two water utilities, KCWS and TWS. According to the KIIs, both utilities reported post-partnership collaboration with Water.org through CWA. The establishment of new partnerships with CMA and CWA encountered delays, primarily due to the COVID-19 pandemic and procedural delays in water.org country office registration. These issues were resolved by March 2022, leading to the formalization of the partnerships in February 2023. In the interim, a collaboration between CWA and Water.org took place in October 2022, focusing on enhancing financing for private water utilities.

The capital mobilization target was achieved. The original target was USD 66,080,000, and the outcome was USD 82,054,331. Particularly noteworthy is that AMK was a major contributor to this capitalization, accounting for 69% of the total capital mobilized as shown in figure 11 below. Furthermore, Water.org's team in Cambodia is implementing a strategic shift towards "upstream asset origination". This approach is designed to enhance and accelerate capital mobilization, with the goal of strengthening long-term impact on households. A key aspect of this strategy involves securing financing for PWOs. The aim was for 9 PWOs to secure financing, and to date, 3 of them have successfully obtained a substantial loan of USD 1,305,000 loan from a state bank, specifically the SME Bank. This significant financial achievement, however, has not yet been included in the impact reports of the partner portfolio or the number of people reached. These loans will be reported as impact once the projects they fund are realized and have a tangible effect on the communities.

[8]NH Finance/SAMIC is no longer marketing the WSS loan product, shifting its focus to commercial and business loans. Nonetheless, Water.org continues its collaboration with NH Finance/SAMIC via CMA for the PWO loans. These loans are categorized under SME lending, aligning well with their market focus.

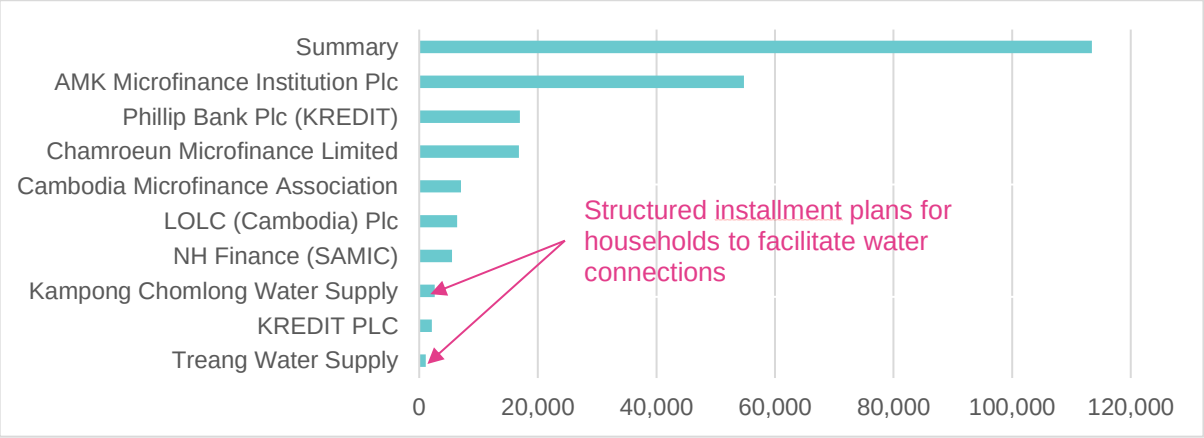
Figure 11: Capital mobilized in Cambodia per partner



The performance in terms of WSS Loans disbursed' was lower than anticipated. The set target for this indicator was 165,500 loans, but only 126,960 loans were disbursed, resulting in an achievement rate of 77%. This shortfall implies that the capital per person ratio for Cambodia is slightly higher ($117) than was assumed when the targets were set ($91). Initially, partners predominantly employed group lending for smaller items, such as water filters. But during this intervention, the focus shifted towards larger loans for sanitation and piped water connections.

It is important to clarify that the term WSS Loans disbursed refers to more than just loans distributed by FIs or those limited to households loans. This category also encompasses structured installment plans offered by water utilities, aimed at facilitating easier access to water connections for households. Additionally, it includes PWO loans. Notably, AMK is the only FI reporting PWO loans. Therefore, while the majority of AMK loans in the figure below are for households, a significant portion, amounting to USD 11,484,957, is allocated for PWO loans (refer to figure 12).

Figure 12: WSS loan disbursed in Cambodia per partner



The program nearly met its target of providing water and sanitation to households and supporting water operators. The goal was to reach 728,200 people with safe water and/or sanitation and establish 20,000 new household connections for water and/or sanitation. The result was lower, with 700,755 people reached and 16,888 new connections established, thus representing 72% and 96% of the set targets, respectively. It is

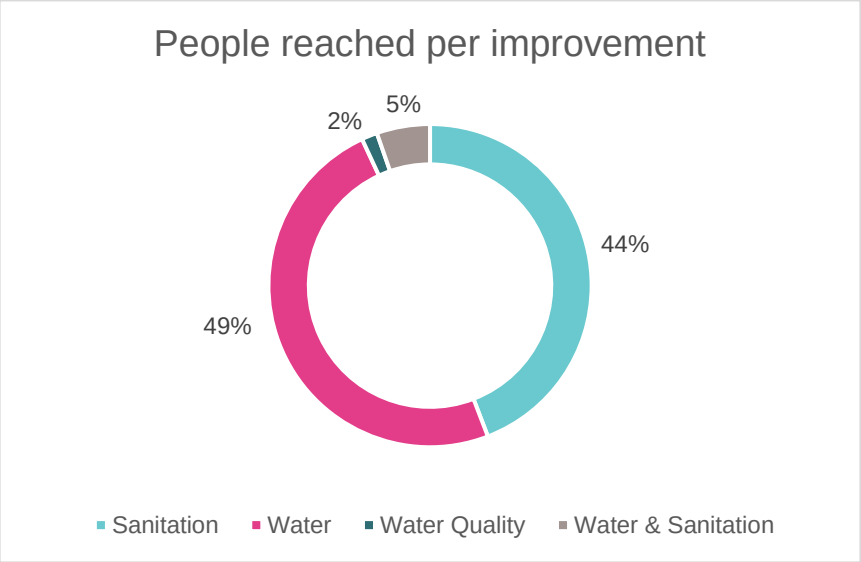
noteworthy that the program is ongoing, and future progress is expected, especially considering the partnership with CMA and CWA began in February 2023.

Another objective was for 30 PWOs to enhance water quality to meet 5 daily parameters. The program surpassed its goal with 11 PWOs equipped to test 5 parameters daily and ready for water quality testing and 22 PWOs receiving subsidies for equipment and training, leading to a 110% achievement rate.

The program successfully reached customers living below the poverty line, although the program had no specific target in terms of the type of people reached. It was found that 100% of Chamrouen's clients, 96% of NH Finance (SAMIC) clients, 86% of LOLC clients, and 55% of Phillip Bank (KREDIT) clients, 76% of . AMK's clients live under the poverty threshold of USD 6.85 per day significant impact on customers living in poverty, particularly notable in Chamrouen and NH Finance (SAMIC), is likely attributable to the FI mission and organizational focus. These institutions demonstrate a strong commitment to social objectives and have shown considerable support for WSS financial products.

As with India and Bangladesh, the Cambodia program had no targets related to specific WSS loan products. The number of people reached per type of improvement is in Figure 13. As can be seen, most loans taken out by customers in Cambodia were for water at 49%, with sanitation at 44%, and 5% for both water and sanitation. Unlike the other two countries, Cambodian partners are all graduated partners and do not provide detailed reporting on the types of technology used, such as Tube wells/boreholes or pit latrines with slabs.

Figure 13: People reached per type of improvement in Cambodia



EQ2. HOW HAVE PARTNERSHIPS EVOLVED OVER TIME AND TO WHAT EXTENT ARE PARTNERS OPERATIONAL?

Sub-evaluation questions:

- 2.1 How long have the partnerships been in place for and evolved?
- 2.2 What level of trust, communication, and a shared understanding of the objectives exists between Water.org and its partners?
- 2.3 To what extent has the technical assistance provided to partners been relevant (in terms of quality and applicability) and utilized by partners?
- 2.4 To what extent have partners mobilized their members to participate in WSS lending activities and partnerships (where applicable)?

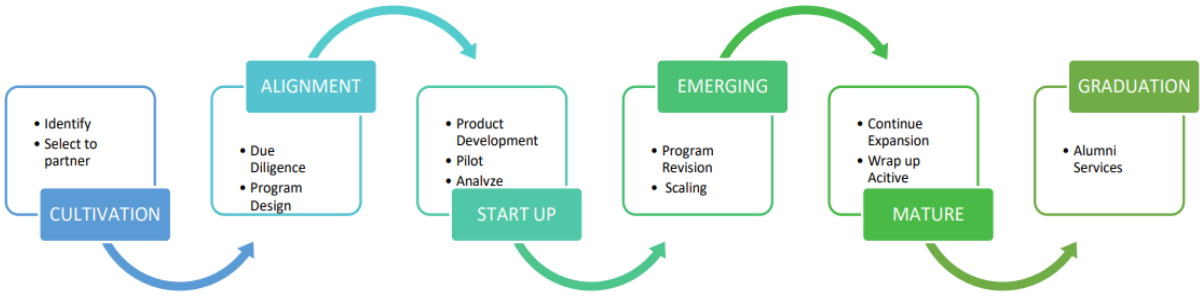
Sources of data: Document review, KIIs with Water.org, and partners.

Under the INDITEX II program, partners greatly benefited from Water.org's expertise and support. In India, collaboration was exclusively with the DHAN Foundation, which Water.org had been partnering with since 2013 and which was already present in 14 states. Activities under INDITEX II focused on improvement of operational capacity and sustainability of the model. In Bangladesh, the strategy involved partnering with ten FIs to address the challenge of generating demand for WSS loans at the household level, where Water.org's technical and financial assistance proved vital. The foundations for INDITEX II were established through partnerships with organizations that Water.org had existing relationships with. Additional partners were later brought on board, including four new organizations that had not previously collaborated with Water.org, including ASA – the largest MFI in Bangladesh. In Cambodia, the focus was on developing and enhancing WSS and PWO loan products, in partnership with now-graduated financial FI partners, a collaboration that began under INDITEX I. This program targeted overcoming operational and financial challenges, with a strong emphasis on supporting water operators in receiving capital. Unique to Cambodia, was the direct support provided to water operators to improve their technical and financial mechanisms and enhance their efficiency. Furthermore, significant progress was made in establishing new partnerships with water and financial associations, thereby broadening Water.org's reach and impact.

Partnerships across the three countries have reached different stages, which are monitored under the WaterCredit Partnership Framework as described in Box 2 below.

Box 2: WaterCredit Partnership Framework

Water.org teams implement the WaterCredit Partnership Framework with any type of financial institution to develop sustainable water and sanitation loan products for their clients, i.e., to permanently integrate the WSS portfolio into the financial institution's operations. The Partnership Framework is designed to ensure that sustainability and graduation are built from the beginning into all WaterCredit partnerships. It is divided into six distinct stages and critical considerations to achieve graduation and sustainability for each stage, as displayed in the figure below:



Source: Water.org's Partnership Framework, 2022

India

Water.org and the DHAN foundation first partnered in April 2013 and progressively built a sound and meaningful partnership focused on the scale, operational capacity, and sustainability of the DHAN Foundation. The partnership is at the mature stage based on the Partnership Framework. Organizations first partnered via a grant with similar objectives (Phase I of Sustainable Credit Access for Livelihood Enhancement of poor through Upgraded sanitation and safe water towards addressing Poverty) between 2013 and 2019, but not through INDITEX I, which was only focused on Cambodia and Bangladesh. Despite positive results from Phase I and the announcement of open defecation-free status by the Government of India, it was concluded that an intervention was needed to sustain behavior change among communities, which was the focus of INDITEX II's activities in India.

Strong collaboration, mutual trust, understanding of objectives, and communication have allowed the program to be successful and to scale-up. Both organizations confirmed the solidity of the partnership,

emphasized being well aligned in terms of goals and beliefs of what could be achieved through community governance. It was highlighted that regular phone communication and feedback (2-3 times a month), coupled with field visits, and in person meetings (2-3 times a year), have been instrumental to the success of the partnership, allowing Water.org to understand ground realities and fully appreciate SHGs work.

The technical assistance provided by Water.org to the DHAN Foundation was needs-based, useful and helped the scale-up of lending activities. At the start of INDITEX II, the DHAN Foundation was a leading development organization with existing relationship with the government and linkages with banks, experience implementing water and sanitation programs in various contexts and handling WSS portfolios. The DHAN Foundation also had a significant member base and therefore a strong ability to achieve impact at scale. Water.org focused its efforts on human resources and strengthening DHAN's staff capacities. Technical trainings were designed based on needs of the DHAN Foundation, targeting DHAN staff members, federation coordinators, field technical staff and covered a wide range of activities[9]. Water.org also provided training on product promotion, marketing, and behavioral change to the DHAN Foundation's communication team, e.g., events to commemorate World Toilet Day and World Water Day. Water.org's support pivoted to virtual meetings and training during COVID-19, which further strengthened the relationship with the DHAN Foundation and enabled the set-up of the knowledge center.

Thanks to the DHAN Foundation's community-based model, the partnership has been very efficient in mobilizing members to participate in WSS lending activities. Community governance is at the heart of DHAN's model. Members are grouped into SHGs, which are grouped into Federations. SHG federation coordinators manage federations, plan, budget, audit, execute, and link with banks, healthcare centers, and government institutions, and spend around 4-5 days on awareness creation.

Bangladesh

Ten organizations have worked in partnership with Water.org under INDITEX II (see Table 10). Of these, four are new organizations to Water.org: ASA, ESDO, RRF, and YPSA. Two partnerships are of note, namely ASA, because of its size – the largest MFI in the country, and YSPA, due to its regional presence in the southeast of Bangladesh and its existing connections with difficult-to-reach communities. Two partnerships have ceased their collaboration with Water.org for different reasons: the Sajida Foundation faced difficulties with national payment restrictions during COVID-19 and had to postpone the partnership following an internal restructuring, whilst VERC graduated from WaterCredit (though remains a strategic partner). InM is another organization of note – a research institute through which the WaterCredit Adoption Model was piloted. Details of this are further explored in EQ4.

Table 10: Partner status in Bangladesh

Partner	Start date with Water.org	Start date on INDITEX II	Organizational level	Status
ASA	**2022 (new)**	2022	L2 – Collaborative	**Start-up**
ESDO	**2023 (new)**	2023	L1 – Direct	**Start-up**
InM	2021	2021	L2 – Collaborative	**Emerging**
RDRS	2018	2022	L1 – Direct	**Emerging**
RRF	**2023 (new)**	2023	L1 – Direct	**Start-up**
Sajida	2019	2020	L1 – Direct	**Discontinued**
TMSS	2015	2023	L1 – Direct	**Mature**
VERC	2016	2020	L1 – Direct	**Graduated**
WAVE	2016	2020	L1 – Direct	**Mature**
YPSA	**2023 (new)**	2023	L1 – Direct	**Start-up**

All partners were unanimous in their praise for Water.org and satisfaction with the partnership. The Water.org Bangladesh team was consistently regarded as having excellent levels of expertise, effective

[9] For instance, training on marketing for and construction of accessible family toilets (AFTs) for people with special needs and reduced mobility; training on program monitoring and management information system; training to support federation coordinators to support geographical expansion in the Northern states.

mentoring, regular communication, and flexible management. Likewise, Water.org did not face any challenges with any of the partnerships and reported positive working relationships.

Water.org has consistently provided high-quality technical assistance. Several partners described how Water.org had helped them address one of the main issues they face under WaterCredit of generating demand for WSS from potential customers. The challenge described centered on the need to both motivate and build the capacity of loan officers in the field, as well as the high turnover of loan officer staff (one partner lost 148 in the previous month alone). Water.org's training of trainers has been effective, and technical support has enabled large volumes of new and existing staff to improve their skills and drive to enlist greater numbers of clients to the WSS loan product.

Cambodia

Nine organizations partnered with Water.org Cambodia for the INDITEX II project. Among these, CMA and CWA are new partners. The five FIs and two water utilities began their partnership during INDITEX I, which has resulted in all partners reaching graduation at different stages. Throughout the partnership, Water.org provided a range of technical and financial support, as detailed in Table 11 below.

Table 11: Partnerships evolution over time

Partner	Partnership start date	Partnership end date	Partnership Status and Evolution		
			Water.org support before graduation	Water.org support under the graduate program	Water.org support after graduation
AMK	January 2016	November 2022	Technical assistance in Market research, developing loan product, IEC materials, training staff, monitoring, MIS improvement, piloting and scaling to eligible branches	Support in Scaling up through Conducting a series of workshops to engage graduate partners under CWA and CMA. Providing capacity-building training for senior management on SME credit analysis, specifically for PWO loans. Facilitating connections between these graduate partners and the CWA, assisting them in registering as CWA members.	Reconnected via CMA and facilitating with water equity
Chamrouen	May 2014	October 2020			
LOLC	June 2014	October 2020			
NH Finance/SAMIC	February 2016	September 2021			Reconnected via CMA
Philip Bank / Kredit	May 2014	September 2022			
CMA	February 2023	January 2024	technical assistance to CMA and their MFI members on WSS loan product design and refinements; IEC materials, training staff, MIS improvement		
CWA	October 2022 (formalisation	January 2024	Support CWA selects the PWOs, provide refresher training,		

	in February 2023)		update data management systems IEC materials, and strengthen the water quality and access to capital.		
Kampong Chomlong Water Supply	May 2019	April 2022	Strategies for marketing and enhancing operational efficiency to increase revenue, bookkeeping, and improved outreach/services.	Scaling up	Reconnected via CWA
Treang Water Supply	September 2018	September 2021			

The feedback from partners regarding Water.org has been overwhelmingly positive. The team at Water.org has been recognized for their outstanding knowledge, which has greatly contributed to their effectiveness in guiding partners. A notable aspect of their approach is the consistent communication including regular coordination meetings and meaningful engagements with senior management. Their proactive, direct approach to engagement has been key in facilitating smooth relationships with partners.

Water.org has provided reliable support for the development and improvement of WSS loan products at FIs and CMA. Initially, the program was positively received by partners who viewed it as consistent with their mission to enhance social commitment and broaden access to water sanitation in Cambodia. These partners have noted a substantial demand for WSS in rural areas and confirmed the sustainability of the products introduced. During the KIIs, all partners acknowledged that Water.org's assistance led to significant improvements. This assistance enabled partners to grow their customer base, opening new business prospects and increasing their WASH portfolio. However, challenges have emerged, particularly for smaller loans. While the operating expenses in absolute terms might be comparable for both small and large loans, these expenses represent a higher percentage of the loan amount in the case of smaller loans. This disproportionate expense ratio impacts the profitability of smaller loans, compelling financial institutions to either levy higher interest rates or shift their focus to larger loans. Additionally, the revenues generated from smaller loans are comparatively lower than those from larger loans. However, the implementation of an interest rate cap by the National Bank has led to a trend towards bundled loans, mitigating some of these challenges,. Additionally, the costs associated with building and enhancing WASH infrastructure have been problematic, with some suppliers raising their prices. In response, Water.org took proactive measures by collaborating with the supply chain to connect families with more cost-effective suppliers.

Water.org has consistently supported the development and enhancement of PWO loan products at FIs and CMA. Partners have expressed high satisfaction with this support, noting improvements such as enhanced financial and technical expertise and better access to capital. However, PWO loans, which are generally larger and have more stringent requirements, face some challenges. PWOs often struggled with limited capital and mandatory collateral requirements, with many lacking the necessary collateral for loans. To address this, Water.org conducted a feasibility study on lending without collateral and shared its findings with partners and associations, thereby providing solutions to these challenges.

Similarly, Water.org's support to utilities and CWA has been well received. Notable enhancements have been reported in several areas: service expansion, infrastructure development, and household connectivity; improved financial management; collaborations with local financiers for capital; better water quality; and increased operational efficiency. However, challenges persist. Specifically, the instalment plans implemented by PWOs aimed at increasing household connections have seen limited effectiveness, leading to a significant number of users discontinuing or suspending their services.

Partnerships with the CMA have prompted member mobilization to engage in WSS lending activities. Although this partnership is in its initial stages, it has already attracted interest. Aiming to deepen this

engagement, a workshop was conducted to inform the participants about the WaterCredit approach. This WaterCredit initiative has been met with considerable success, as evidenced by the fact that most institutions present, specifically 12 out of 15 MFIs, have declared their commitment to joining the WaterCredit initiative. As part of this collaboration, these institutions will benefit from enhanced technical support, further bolstering the partnership's impact.

EQ3. TO WHAT EXTENT ARE FINANCIAL INSTITUTIONS PROGRESSING TOWARDS SELF-SUSTAINING WATERCREDIT PORTFOLIOS?

Sub-evaluation questions:

- 3.1 How well capitalized are the lending financial institutions?
- 3.2 What is the interest rate charged on loans? And how sustainable is this over the long term?
- 3.3 How have financial institutions responded to changes in the market or economic conditions?

Sources of data: Water.org's loan and financial data portal, KIIs with Water.org and partners

Water.org under INDITEX II has partnered with different types of partners across the three countries, warranting a different approach to assessing the evaluation question on partner's WaterCredit portfolios' self-sustainability:

In India, the DHAN Foundation is a non-for-profit development organization which does not provide direct lending and is therefore less prone to respond badly to market and economic changes but manages safe water and sanitation lending portfolios. At the start of INDITEX II, the DHAN Foundation had already integrated WSS into the portfolio of advanced SHG Federations. Self-sustainability of the model is ensured by community volunteers through loan demand generation and close monitoring of household repayment. In Bangladesh, although changing market conditions have put pressure on FIs, these also received additional support from another microfinance project, which has had both positive and negative knock-on consequences for the INDITEX II program. In Cambodia, FI partners provide both WSS and PWO loans, each capped at a maximum interest rate of 18%, with PWO loans featuring a lower interest rate. This rate structure is considered sustainable over the long term, contributing to the stability of these FIs. Additionally, their ability to absorb recent economic shocks showcases their financial strength and adaptability in challenging conditions.

India

As explained in EQ1, the DHAN Foundation model is not a lending micro-finance model but an "Enabling model of Development Finance" to improve access to financial services to households from mainstream institutions. It is a non-for-profit sustainable model, which a portfolio size is about INR 2000 Crores (equivalent to USD 303 million). Lending financial institutions that are mostly commercial banks owned by the Government of India are well-capitalized and are incentivized to lend to SHGs for the reasons described below.

The model is based on household demand generation, through product promotion, product dissemination, and product utilization monitoring. The importance of and benefits from improved sanitation and safe drinking water are disseminated at three levels: the community level, the SHG member level, and the DHAN staff level. Health Committees, comprising SHG representatives, are responsible for ensuring that all members in their group who do not have a toilet at home and are eligible to avail a loan, take a loan, construct and use a toilet. In addition, DHAN's federations require all homes constructed via 'new home' loans to include a toilet.

The model monitors loan utilization and ensures 100% household repayment. SHGs receive funds directly from commercial banks and lend to the members of SHGs. The administrative burden is reduced for banks as most of the documentation process is carried out by the federation staff. Federations monitor sanitation and water loans at their monthly meetings. Cluster leads regularly visit construction sites and are vested with the responsibility of ensuring asset creation and timely repayment of sanitation and water loans. SHG staff also visit the assets created on the meeting days and report the asset construction status to the Cluster Office. In general, toilets are completed within 30 to 60 days of the receipt of a loan. Finally, federations use software (DHANAM)

to monitor bank loan repayment. As per Water.org's loan and financial data portal, 100% of loans are repaid (94% on time).

Finally, it is an economically viable model at the federation level. Interest rates charged on households are 15-18% (which is lower compared to MFIs that charge 26% as cited by the DHAN Foundation), and commercial banks' interest rates reach 11-12%, meaning that the margins are used by the federations to cover operation expenses, allowing to sustain interventions over time. Communities are able to continue the interventions with the contribution of their funds generated through community banking activities, even after the program has ended.

Bangladesh

Changing market conditions have increased financial pressure on partners. COVID-19 was the most significant challenge in this respect and resulted in "*cash flow issues, a moratorium on loan repayments imposed by the Government… and risks to partner staff and the community's safety*" (INDITEX + Water.org Six-Monthly Report, 2020). Operations had to cease during periods of lockdown for all partners under the program, affecting supply chains and slowing progress down considerably. As indicated above, the impact of COVID-19 meant that one partner, the Sajida Foundation, had to discontinue their partnership under INDITEX II. More recently, organizations and borrowers have struggled with inflation, which has in turn "*made lending at affordable rates harder*" (Partner KII). Several FGD participants described how the rising costs of materials and masons has meant the loan principal is not sufficient to cover the costs of WSS improvements. One new measure mentioned by two partners to help navigate this has been to increase potential borrower scrutiny during the assessment phase, to ensure the client has the means to meet repayment requirements and complete their WSS construction, with access to capital from other sources if necessary.

Another important change in the microfinance market has been the launch of the 'BD Rural WASH for Human Capital Development Project'. This USD200 million project was launched in 2020 and is co-funded by the World Bank, Asian Infrastructure Investment Bank, and Government of Bangladesh. It is managed by the Palli Karma-Sahayak Foundation (PKSF), a financial intermediary apex organization established by the Government of Bangladesh to provide funds to financial institutions to support the poor with microcredit. Unlike WaterCredit, the PKSF project is not market-based and provides capital without interest and large subsidies to partner organizations to support their WSS lending. This has provided a significant boost to financial institutions in the sector but also had multiple consequences for the WaterCredit program under INDITEX II, discussed further below. All partners interviewed confirmed their involvement in PKSF.

Loan interest rates are consistent across the active partners at 13% and considered sustainable over the long term (see Table 13). These rates are set by national microfinance policy and were described by one partner as lower than other products offered in their portfolio because WSS investments are not directly income-generating. Loan data for partners is taken from WaterPortal, with some supplementary data provided directly from the Bangladesh Water.org team. As shown in Table 12, the average loan term is 12 months, the loan size is USD 321, and the average repayment rate is 99%. While all partners reported good levels of capitalization and sustainable portfolios in KIIs, it has not been possible to directly access information on capitalization. It is also highly likely that the financial support received via PKSF is strongly influencing the partner organizations' levels of capitalization. As noted earlier, VERC is the only organization to have graduated to a position of a self-sustaining portfolio under the program to date. According to the KII data, other partners are on track to achieve this also, though the majority are still in their 'emerging' status and only two 'mature' (see **Error! Reference source not found.** 10).

Table 12: Average partner loan details

Partner	Average interest rate	Average loan term	Average loan size	Repayment rate
ASA	13%	12 months	$247	N/A
ESDO	12.8%	12 months	$378	N/A
InM	13%	12 months	$265	N/A
RDRS	13.3%	12 months	$264	93%
RRF	13%	12 months	$250	N/A
Sajida	14%	12 months	$423	99%
TMSS	13%	12 months	$352	97%
VERC	12.9%	12 months	$336	100%
WAVE	12.7%	12 months	$378	100%
YPSA	12.7%	12 months	$344	N/A
Overall	**13%**	**12 months**	**$321**	**99%**

Cambodia

The shift in market conditions has increased financial pressures on various partners. Among these challenges, COVID-19 emerged as a significant factor, leading to substantial economic difficulties that notably impacted the microfinance sector in Cambodia. As a result of the pandemic's economic disruptions, many borrowers found it challenging to repay their debts. Consequently, a national decision by the National Bank of Cambodia was made to implement loan restructuring, a process that typically involved extending loan terms, lowering interest rates, or offering temporary relief from payments. Additionally, this restructuring necessitated extra effort and adaptation at the FI level, further underscoring the extent of the pandemic's impact.

In Cambodia, FIs offer WSS and PWO loans at a maximum interest rate of 18% a rate deemed sustainable over the long term. As previously mentioned, PWO loans tend to be larger, feature longer repayment terms, and typically come with lower interest rates. Currently, the National Bank of Cambodia has capped the maximum annual interest rate for microloans at 18% to protect borrowers from excessively high rates, a level considered sustainable over the long term. In the case of WSS loans, all FIs interviewed confirmed that the interest rate was set at 18%, aligning with the national cap and deemed sustainable. However, some borrowers have struggled with debt management, a situation worsened by the pandemic, though the impact varies based on loan terms. Conversely, data from Water.org's financial portal indicates an average interest rate of 23% for WSS loans, exceeding the mandated cap, and shows an impressive 99% repayment rate. This discrepancy in findings necessitates a review of the data posted on the portal by Water.org as it suggests inaccuracies in the partners' calculations. Regarding PWO loans, the interest rates are more variable, generally ranging from 12% to 13%. These rates largely depend on the borrower's capacity, cash flow, and credit score, which also influence the required collateral. During FGDs, PWO borrowers reported being capable of servicing their loans but expressed concerns about the collateral requirements. These issues will be elaborated upon in greater detail in Pathway 2.

FIs in Cambodia are well-capitalized. However, a more in-depth analysis is required, which could pertain to the Capital Adequacy Ratio (CAR), Tier 1 and Tier 2 capital ratios, leverage ratios, and more. During the interview with the FIs, they all confirmed that they are capable of absorbing losses from bad loans or investments without becoming insolvent and can maintain capital levels to withstand financial crises.

EQ4. TO WHAT EXTENT HAVE PARTNERS ACHIEVED SCALE IN THEIR WSS ACTIVITIES ACROSS NEW AND EXISTING GEOGRAPHIES?

Sub-evaluation questions:

- 4.1 What is the country-level portfolio size?
- 4.2 To what extent have existing/mature financial institutions expanded into new areas/markets?
- 4.3 How has COVID-19 impacted scale-up?

- 4.4 To what extent have digital/innovative approaches been utilized by financial institutions and how has this affected lending?
- 4.5 To what extent has Water.org partnered with different types of organizations to expand consumer reach?

Sources of data: KIIs with Water.org and partners, Water.org's loan and financial data portal

In India, Water.org's partnership with the DHAN Foundation, a well-established organization with a strong institutional model and large member base, really allowed for intensive consumer reach and huge scale-up. This is particularly the case in Southern states, where the DHAN Foundation was present even before the start of the program. In Bangladesh, the program covers 52/64 districts and is starting to reach more vulnerable communities through recent partnerships. However, it has not been able to expand geographically, and broader implementation is limited due to complications with the PKSF project in partner branches. A few new digital approaches have been piloted but these have not been rolled out more widely due to various limitations faced across the country. One innovative partnership established has enabled an additional 10 organizations to deliver the WaterCredit WSS loan product in difficult-to-reach areas. In Cambodia, partners cover the entirety of Cambodia, with AMK having the highest percentage of coverage. All long-standing partners have committed to extending WSS services across all their branches. Furthermore, with the recent collaboration with CMA, seven new partners will be offering WSS loans, broadening both consumer reach and geographical coverage. Overall, across the three countries, COVID-19 posed significant financial challenges, leading to cash flow issues and lockdowns that disrupted operations. Some partners had to discontinue their partnership due to the pandemic's impact.

India

Water.org's partnership with the DHAN Foundation, with its strong institutional model focusing on behavioral change and huge member base, really allowed for intensive consumer reach and huge scale-up, especially in Southern states. The very initial DHAN Foundation's interventions were piloted in three to five districts in three states among just 17,000 households. It is now present across 14 states and has reached more than 1.1 million people under this program. At the start of INDITEX II, 85% of borrowers were concentrated in Southern states. During INDITEX II, the DHAN Foundation did not have a specific geographical target, but the goal was to give more focus to the Northern and Central region of the country and saturation and product diversification (specifically safe water products, like water purifiers, water storage, roof water harvesting, household water tap connections) will be emphasized in Southern states. As displayed in figures 14 and 15, 92% of the portfolio is concentrated in three states: 66% in Tamil Nadu, 18% in Karnataka, and 8% in Andhra Pradesh. The model is still more mature, and banks have more trust in Southern states.

Figure 14: DHAN's coverage in India

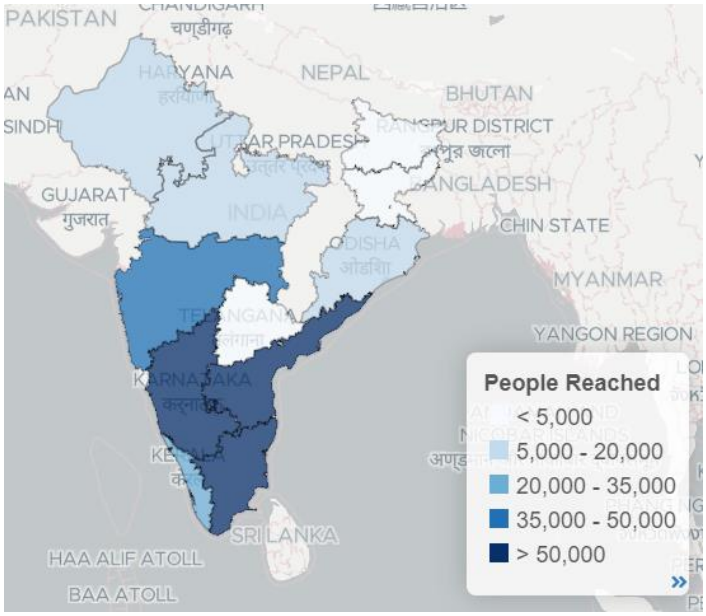
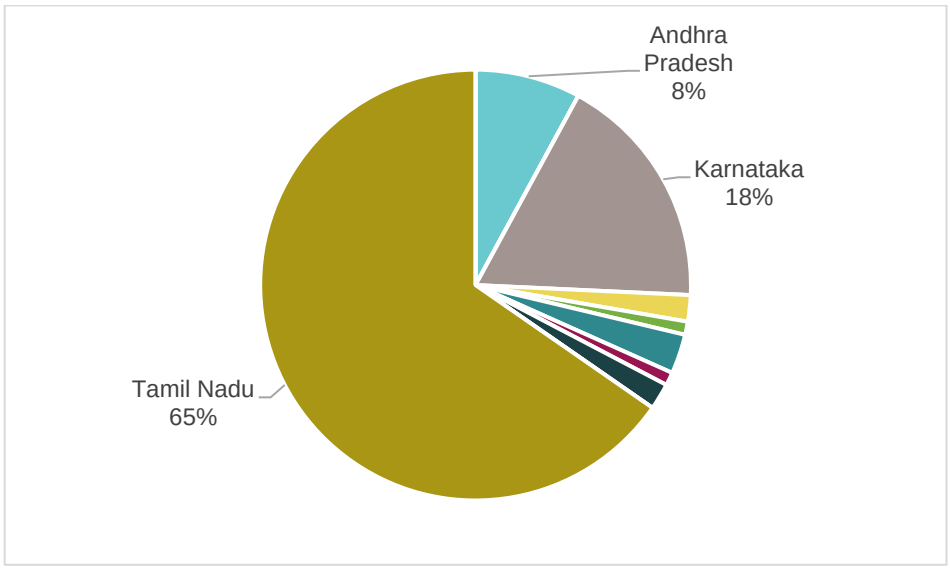


Figure 15: Capital mobilised per state in India by the DHAN Foundation



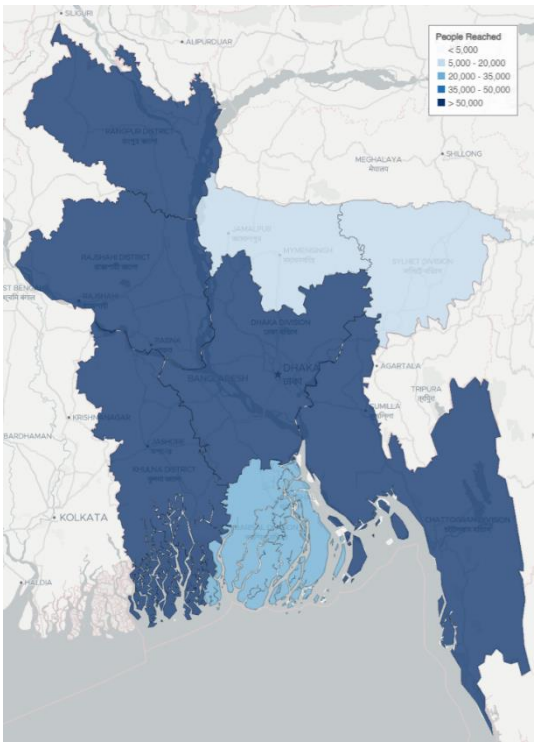
COVID-19 slowed down activities and geographical scale-up for 20 months before activities picked up subsequently. COVID-19 affected the community especially poor families in terms of cash flow, income, ability, and interest to access the finance WSS products, and repayment and directly impacted the livelihoods and life of the community. However, activities and people's interest in WSS loans picked up because they understood the usefulness of toilets after 20 months.

The DHAN Foundation has digitalized all payments and integrated, as planned, WSS in DHANAM, in-house digital software for financial management and loan tracking, that is used at all staff levels. Moreover, GPS technology is also being used to monitor construction of WASH infrastructure and point out their locations. Although this has not impacted scale-up necessarily, Water.org and the DHAN Foundation highlighted that the use of operation systems and mechanisms has not matched the speed of scale-up and it could have been more productive.

Bangladesh

Program partners have near whole country coverage, operating in 52 of Bangladesh's 64 districts under INDITEX II. The number of people reached within these districts is variable though, as outlined in Figure 16. There has not been any expansion into new districts from INDITEX I to INDITEX II yet, though three partners report making efforts to expand loan provisions into hard-to-reach areas and vulnerable communities. One challenge described by the Water.org Bangladesh team is that partner organizations are not implementing WaterCredit in areas where they are implementing WSS loan products under PKSF. This is reportedly done to avoid potential conflicts and challenges with reporting but has inadvertently resulted in the two programs operating in competition with each other. The Water.org team in Bangladesh states that they are looking into ways of mitigating and overcoming this current barrier.

Figure 16: Partner coverage in Bangladesh



Restrictions imposed in response to COVID-19 put a pause on scale-up for 1.5 years. It also limited the amount of capital available to households for repaying potential loans, further impacting the market. According to the partner KIIs, since lockdowns have stopped and other restrictions eased, all partners report upward trajectories in terms of scale-up. According to the WaterPortal data, there was a sharp increase in the number of people reached in 2021, with this rate of increase slowing during 2022 and then picking up again at the start of 2023. It should be noted that the data here is influenced by the addition of new partners joining the program over time, as only a few were active from the outset.

Several examples of digital approaches have been piloted or implemented during INDITEX II, though none have directly influenced lending to date. Various innovations were mentioned during KIIs, including training modules and money collection via apps, and behavioral assessments of potential clients using artificial intelligence. However, as one partner interviewee reflected, several limitations prevent digital financial systems from being fully implemented in Bangladesh. These include network challenges, a lack of access to smart phones, regulatory barriers, and national ID cards not being fully distributed to all citizens.

The partnership with InM has enabled Water.org to expand its reach to new MFIs and harder to reach communities. As mentioned previously, Water.org initiated a WaterCredit Adoption Model with InM, a research institute that operates as an apex organization for microfinance in Bangladesh. The model positions InM as an intermediary organization overseeing small MFIs (initially 10, currently 8), with Water.org providing information to InM on the WSS product, technical assistance, and guidance on capacity building support. InM then shares these with the MFIs so that they can implement the WaterCredit initiative without Water.org needing to provide

direct support to each organization individually. The main benefits of the model are twofold: 1) it is more a more efficient approach that enables Water.org to reach more MFIs, and 2) the MFIs are more regionally focused (than nationally) and have better connections with harder to reach communities. It did require a significant amount of time and resources to get the model established, but the partnership is now in its second year of implementation and the initial results have been promising.

Cambodia

The program partners operate throughout Cambodia, though coverage varies. Kampong Cham and Kandal have the highest numbers of people reached, each reaching 10% of the total number of people targeted.,~~374~~. Conversely, Stung Treng has the lowest reach, with only 27 people. The extent of partner coverage is also variable, with AMK covering 100% of the country and having the highest percentage of coverage, reaching 404,341 people. More details on the geographical coverage of partners and the number of people reached can be found in the table 13 and figure 17 below.

Figure 17: Partners coverage in Cambodia

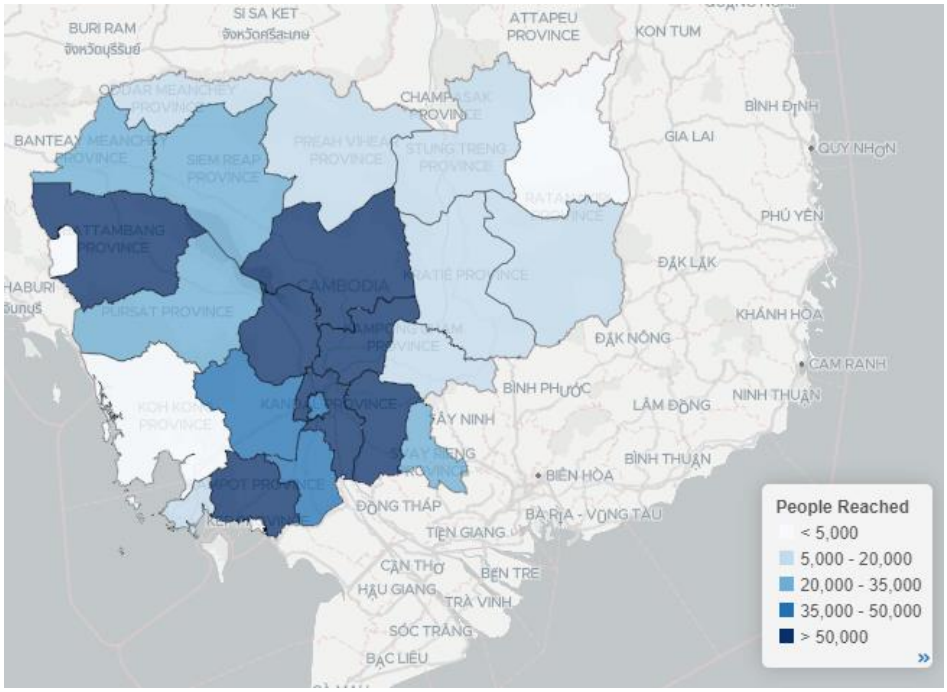


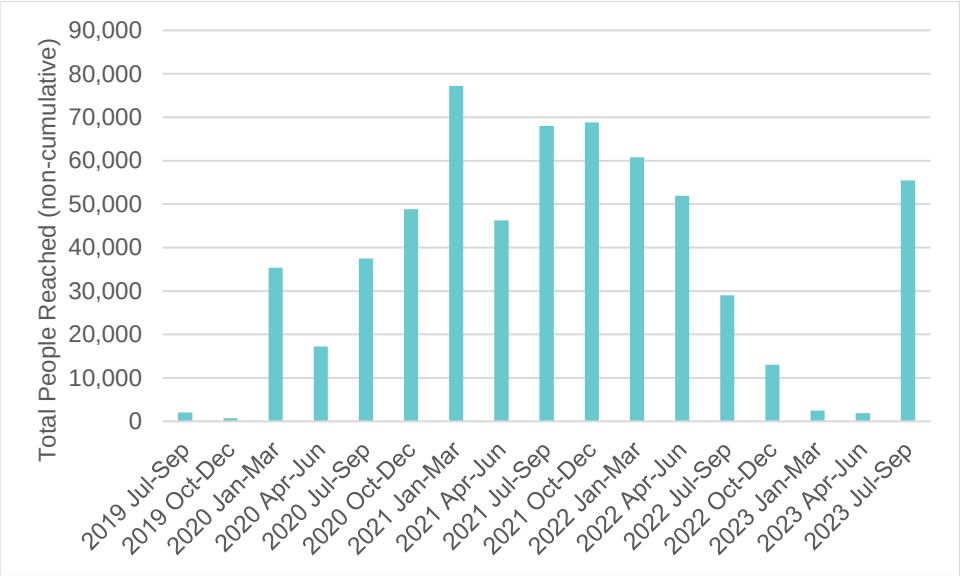
Table 13: Partner coverage in Cambodia

Partner	Geography covered	People reached
AMK	Nationwide (100%)	76%
Chamrouen	15 provinces (60%)	2%
LOLC	Nationwide (100%)	1%
NH Finance/SAMIC	11 provinces (44%)	4%
Philip Bank / Kredit	21 provinces (84%)	17%

All long-standing partners have committed to extending WSS services across all their branches. However, they reported a decrease in loan uptake, particularly during and after the COVID-19 period. This trend

can be observed in the figure below, sourced from the WaterPortal data. The figure 18 also indicates a sharp increase in the number of customers in 2021. This trend occurred while the FI partners were supported by water.org during their graduation program to upscale. The rate slowed down during 2022 but then picked up again at the beginning of 2023. This resurgence could be attributed to the recent collaboration with CMA, through which seven new partners committed to offering WSS loans, thereby broadening both consumer reach and geographical coverage.

Figure 18: People reached in Cambodia over the course of the program



FI partners reported that they have implemented digital approaches, which have had a direct impact on their lending practices. During KIIs, several innovations were mentioned, such as the transition to paperless systems and the use of mobile apps for money collection. All partners confirmed that these digital initiatives have proven beneficial by reducing operational costs and the required on-ground staff.

EQ5. TO WHAT EXTENT HAVE WATER.ORG AND ITS PARTNERS ACTIVITIES INFLUENCED THE ENABLING ENVIRONMENT FOR WSS FINANCING?

Sub-evaluation questions:

- 5.1 What evidence is there of potential outcomes in the WSS sector, financial services sector, and broader policy and regulatory environments in each Program country?
- 5.2 How significant was Water.org and its partner's contribution to the realized outcomes?

Sources of data: document review, KIIs with Water.org, partners, and other stakeholders in India.

One of the objectives of the grant was to advance the global water and sanitation ecosystem work and to influence the global conversation around financing for Sustainable Development Goal 6[10]. Although no specific strategy was developed to influence the enabling environment at country level, varying levels of sector-level impact have been recorded in the three countries. In India, activities conducted at sector level did support a change in the enabling environment, but these were carried out in an opportunistic manner, with the DHAN Foundation that was already active in policy change and that has been given opportunities to showcase its success story in policy meetings and documents, also through its knowledge resource center.

[10] As per the evaluation document developed by Water.org for Aguaconsult

In Bangladesh, two landscape studies have been conducted on micro, small, and medium enterprises (MSMEs) and utilities, and the findings used to inform strategies being explored under different grants. Communication and advocacy efforts with banks have continued, though regulatory challenges prevent further progress for the time being. Cambodia, although the office has faced several challenges that have hindered progress and activities at the enabling environment level, the influence of Water.org in the sector is evident.

India

During the program, thanks to its links with banks and the government, the DHAN Foundation have had opportunities to showcase the sustainable model on SHG Federations at sectoral level and become influential. In doing so, it has influenced policy and supported water and sanitation credit financing. Key activities and achievements are:

- The establishment of the knowledge resource centre allowed to gain visibility in the sector, gain funding, gather and train professionals, bankers, engineers, government officials and improve WSS loan products. For instance, Accessible Family toilets (AFTs) have been showcased for visitors from across the country as a cost-effective model.
- The DHAN Foundation is a member on the national policy platform led by the Ministry of Drinking water and Sanitation and has been a key speaker in policy meetings and workshops. The most tangible policy shift has been to push the Reserve Bank of India to identify water and sanitation as a Priority Sector for Lending (PSL).
- DHAN Foundation's regular meetings with NABARD (National Bank for Agriculture and Rural Development) and the Ministry of Finance has significantly increased the number of SHG- bank linkages programs and the strength of partnerships with banks.
- DHAN Foundation activities continuously improved community governance and empowered level and play an advocate role at the district level. For instance, DHAN Foundation persuaded the local governments to provide 50% of the subsidies in advance to the beneficiaries constructing toilets.

Bangladesh

No outcomes in the enabling environment have been realized yet, though several activities have taken place at this broader sector level. These include:

- Landscape studies on WSS MSMEs and utilities have been conducted. These exercises developed Water.org's understanding of the growing interest for investment in WSS and to generate a database of MSMEs they could invest in. They also "*highlighted the impact of industrial water on low-income emphasized the need for private and public sectors to collaborate in addressing the water crisis exacerbated by climate change. Currently, there is limited private-public sector collaboration in WSS infrastructure opportunities*" (Validation workshop). Consequently, Water.org is exploring partnership with some of the MSMEs identified and designing new interventions with utility organizations, albeit under a different grant.
- A landscape study on government initiative and willing towards WSS. The objectives of the research include identifying ministries and their programs and policies that have a direct connection and influence on the WASH ecosystem, and developing a series of advocacy-based interventions. The research is currently being tendered and is yet to begin.
- Ongoing communication with PKSF, participating in knowledge sharing events organized by both parties. One of Water.org's partners (InM) is a training umbrella of PKSF and provides a connection to the PKSF project. There is no formal partnership with PKSF in place, however.
- Ongoing communication with banks, with future collaboration seen as a longer-term target currently impeded by regulations and a lack of clear guidelines. Lots of "*groundwork*" has been undertaken in this respect, but it is understood that "*banks are not ready to work on the WASH lending sector*" (Water.org KII).

Cambodia

Current activities at the enabling environment level are limited, and no outcome-level results have been identified. This is mainly due to the challenges the Cambodia office faced, including the delay in officially registering the office and establishing partnerships with CWA and CMA. However, their success story has had a significant impact on the sector. CWA, with the support of Water.org, hosts an annual water conference and

exhibition that has attracted nearly 400 participants, including financial institutions, government representatives, and key development partners such as the World Bank and UNICEF. Furthermore, the robust partnership between Water.org and USAID, particularly with the WASH Fin program has been reinforced through their collaborative efforts with the same PWO (KCWS). This collaboration has significantly enhanced Water.org's impact on the WASH Fin program.

Water.org is expanding its influence and impact by partnering with associations. This collaboration extends their network and increases the audience for the WaterCredit initiative. Such partnerships can also enhance their ability to influence sector-wide policies. Moreover, collective action allows for large-scale training, capacity building, and support activities, minimizing repeated efforts. Additionally, aligning with a well-known association can strengthen the credibility of their initiative.

3.3 PATHWAY 2: KNOWLEDGE AND BEHAVIOR

Under pathway 2, the evaluation assessed the extent to which partners (through lending activities and trainings), have impacted household awareness on WSS and changed behaviors. The approach has focused on determining the extent households are satisfied with loan arrangements, are using the loans to construct WSS facilities, have improved hygiene behaviors (especially in India) and are using WSS facilities. Findings are presented in a cross-cutting way across countries, and country specificities are highlighted where relevant.

EQ6. TO WHAT EXTENT HAS THE PROGRAM IMPACTED HOUSEHOLD AWARENESS AND BEHAVIORS?

Sub-evaluation questions:

- 6.1 To what extent are customers satisfied with their loan arrangements?
- 6.2 To what extent are customers using the loan for constructing improved WSS facilities?
- 6.3 How have hygiene behaviors evolved over the course of the Program? (India)
- 6.4 To what extent are customers using the improved WSS facilities after construction?
- 6.5 To what extent has the Program generated awareness among households on improved WSS and its benefits?

Sources of data: Water.org household surveys, complemented with insights from FGDs, KIIs with partners and document review. All graphs and statistical representations are derived from the water.org household survey data, except where specifically indicated.

It is important to highlight the challenges and limitations in interpreting self-reported quantitative data, as follows:

- The data under review is self-reported and as such, emphasizes personal behaviors and emotions, increasing the susceptibility of such data to biases and inaccuracies:
    - Individuals might misrepresent their behavior or feelings, either consciously or unconsciously due to social desirability biases or memory recall errors.
    - Other potential reasons for misrepresentation include misunderstandings of survey questions or reluctance to provide honest answers due to negative connotations.
- The structure of survey questions may sometimes be misleading and often lacks baseline questions for comparison.

These biases and question structuring issues potentially affect all survey responses to some extent. Instances where these factors significantly impact the data are explicitly mentioned in the relevant sections of the analysis.

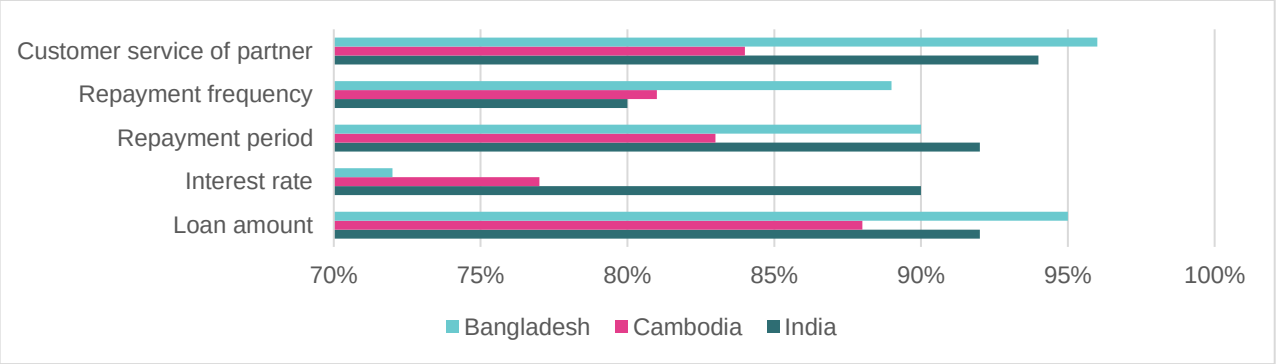
Overall, customers consider WSS loans as a worthwhile investment and are largely satisfied with their WSS loan arrangement and report positive experiences. People surveyed were asked whether they were satisfied, neutral or unsatisfied regarding different aspects of the loan arrangement. Figure 19 shows that each aspect was deemed satisfactory by over 70% of respondents in each country. The aspect that was satisfactory for most of the respondents across all three countries are customer service of partner during the whole process. During the FGDs in all three countries, borrowers consistently reported having easy access to loans, characterized by a quick and straightforward procedure. A key aspect of this positive experience is the strong communication and relationship that exists between the borrowers and the branch officers/SHG federation staff. This relationship is further enhanced by the branch officers' active role in assisting with form completion, continuously supporting the loan process (i.e. application, assessment, agreement and disbursement), and even helping borrowers with purchasing material.

The high levels of satisfaction with the loan amount in Bangladesh (95%) are somewhat surprising as 22% of respondents also report that the loan principal was not sufficient to cover the entire costs of the WSS investment. This point was repeatedly made in the Bangladesh FGDs, where the rising costs of masons and materials were cited as putting more pressure on family finances. Similarly, during the FGDs in Cambodia, there were several remarks about loan amounts being too low. Participants expressed a desire for larger loans, but these were primarily aimed at home improvements and business ventures and only using parts of these loans for toilets and water connections. In FGDs conducted in India, members appeared satisfied with loan arrangements but issues were raised regarding the local government that does not give subsidy in advance, which DHAN Foundation advocates for.

During the FGDs in all three countries, a notable issue raised by several borrowers was the desire for decreasing interest rates on loans. However, it is important to recognize that in Cambodia and Bangladesh, interest rates are predominantly determined by government microfinance policies with minimal influence of local partners. In India however, interest rates setting is more participatory as SHGs set interest rates according to the DHAN Foundation's guidelines. and interestingly, while a high percentage (90%) of household survey respondents indicated satisfaction with the current interest rates, close to a third (28%) expressed a desire for lower rates.

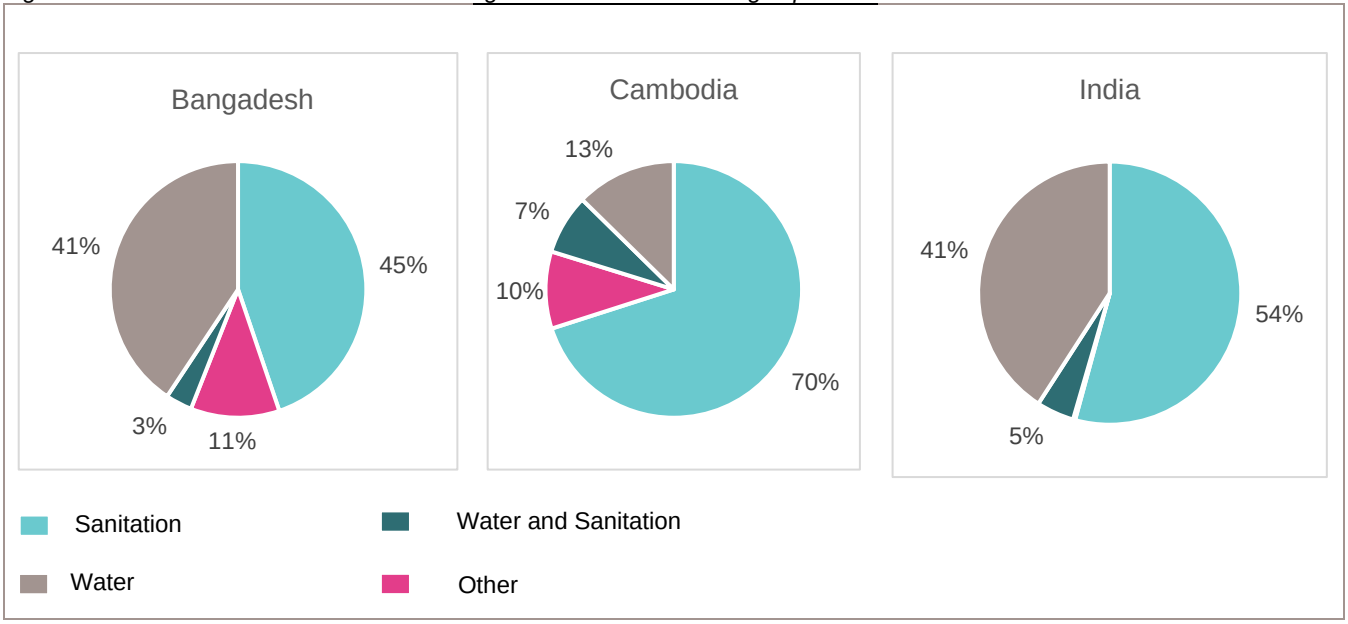
The overall levels of loan satisfaction are supported elsewhere in the data, such as reported improvements in customers' quality of life resulting from their WSS (99% in Bangladesh, 98% in Cambodia, and 92% in India) and several FGD participants describe being on their second WaterCredit loan.

Figure 19: To what extent are customers satisfied with their loan arrangements?



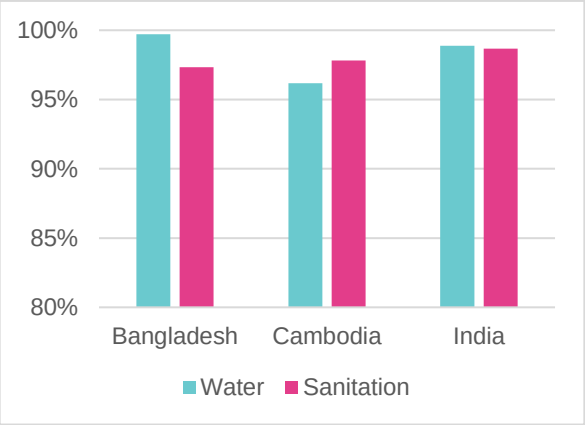
Utilization rates for constructing or improving WSS facilities are above 89% across Bangladesh and Cambodia and 100% in India, as shown on Figure 20 (see 'Other'). The success in India can be attributed to strict monitoring protocols by SHG federations as described in EQ3. KIIs with partner organizations in Bangladesh and Cambodia confirm that established monitoring processes are also followed, though it has not been possible to gain access to their loan utilization data. In Cambodia, FI partners have reported implementing a loan utilization follow-up mechanism, which includes conducting monthly random audits on a selected group of customers. During these KIIs, the FIs confirmed that the vast majority of loans are primarily used for WSS purposes, with a reported misuse rate ranging between 10% and 20%. All FGD participants in Bangladesh, India and Cambodia, had used their WaterCredit loans for WSS.

Figure 20: To what extent are customers using the loan for constructing improved WSS facilities?



Supporting evidence confirms high levels of WSS facility use. In lieu of direct observation, which falls outside of what is feasible of Water.org's data collection remit, proxy indicators can be used to assess WSS usage with some degree of confidence. One such indicator is functionality of facilities that household self-reported when surveyed during PMVs, as seen in Figure 21. The data indicates a very high functionality rate, with over 95% of WSS facilities surveyed found to be functional. Water facilities in Bangladesh have the highest functionality rate of 99.7% and the lowest in Cambodia, and sanitation facility functionality is highest in India at 98.7% and lowest in Bangladesh at 97.3%. Whilst the program is ongoing and all the WSS facilities have been constructed in the past three years, this still strongly suggests that the vast majority of WSS facilities are being used as intended. However, in FGDs conducted in India, issues have been reported around the bad quality of toilets constructed by the local government. It was also raised in a third of the FGDs in India that water facilities were used for cooking, bathing and washing clothes but not for drinking water due to water quality issues.

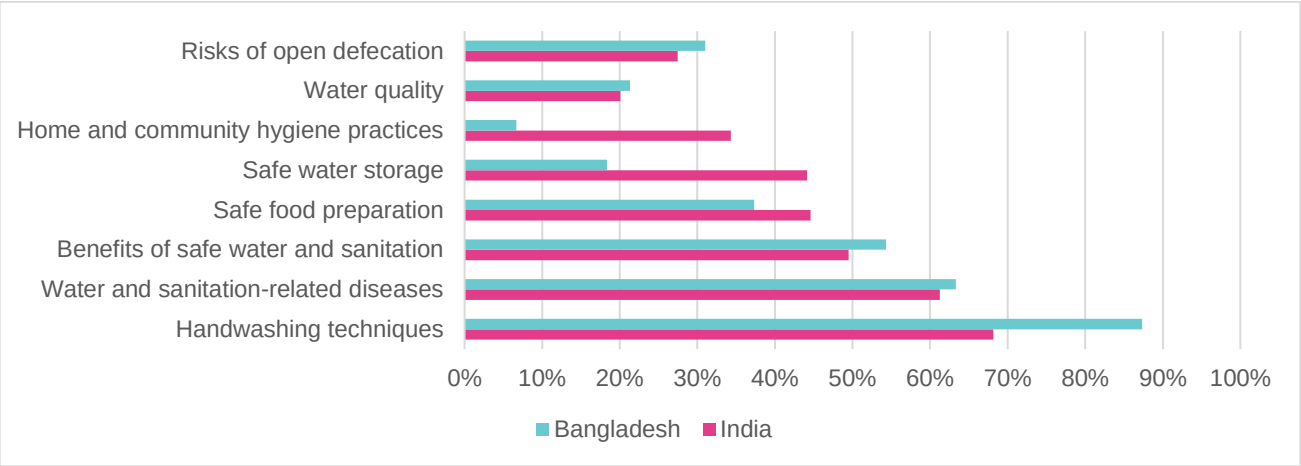
Figure 21: To what extent are customers using the improved WSS facilities after construction?



The data reveals where the emphasis was placed during awareness raising session. Figure 22 provides an overview of the main areas of learning from the WASH/health and hygiene education. Both countries (Bangladesh and India only) follow similar trends for the top three selected, with respectively 87% and 68% of respondents confirmed learning about handwashing techniques, about water and sanitation-related diseases

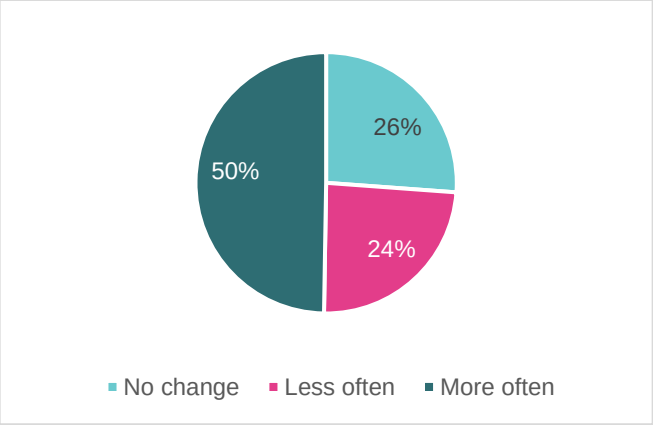
(respectively 63% and 61%), and the benefits of safe water and sanitation (54% and 50%). It seems highly likely that the emphasis on the former two was heavily influenced by the emergence of COVID-19 during the program and the global priority given to hand hygiene as a preventative measure against the spread of the virus. In India, greater emphasis was put hygiene practices and on safe water storage, which was largely confirmed during FGDs. This question was not asked in Cambodia.

Figure 22: What have households learned from WASH/health and hygiene educational activities



The data available captures the extent to which awareness has been generated on improved hygiene only in India. The program appears to have successfully influenced household hygiene behaviours**.** 50% of household survey respondents did report washing their hands more often since they took their WSS loan and received trainings (see figure 23). The FGDs conducted in India revealed that habit change is especially happening for children and adolescents, through more frequent handwashing, bathing and clothes washing all of which were facilitated by trainings done by Health Associates at cluster offices, in SHG meetings.

Figure 23: Self-reported handwashing frequency in India

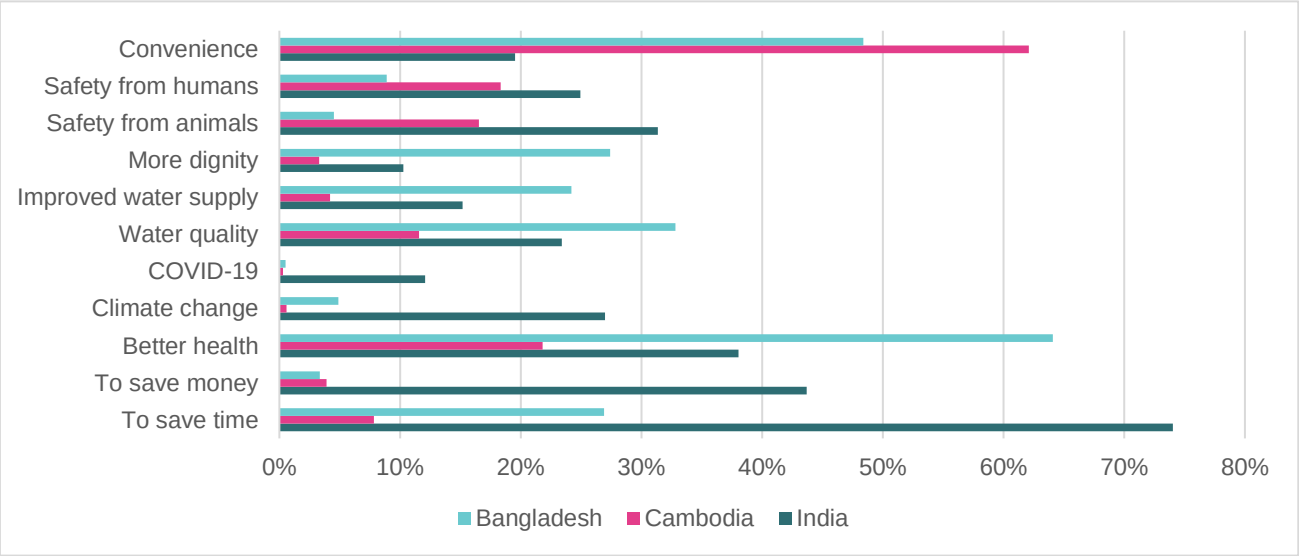


More broadly, quantifying the extent to which awareness regarding WSS and its benefits have been generated is difficult. However, the motivation for investing in WSS[11] can provide insights on whether awareness raising activities were effective. Figure 24 below displays the motivating factors, with varying results across countries. In Bangladesh, better health is the primary reason identified by 64% of respondents, compared to only 22% in Cambodia and 38% in India. For India, time saving is the most selected option (by 74% of respondents), while only 8% selected this option in Cambodia, and 27% in Bangladesh. Cambodia's main motivating factor is convenience, which was also widely selected by Bangladesh at 48% but less than 1 in 5 in

[11] The data does not allow to understand motivations to invest in water facilities and/or sanitation separately but allows to understand motivations to invest in WSS as a whole.

India (19%). For both Bangladesh and Cambodia, COVID-19 and climate change were not significant drivers of WSS investments whereas it was for 27% of respondents in India. Likewise, saving money was not a motivating driver for most in Bangladesh and Cambodia, whilst it was the second most selected option (44%) in India.

Figure 24: Motivation for taking out a WSS loan



3.4 PATHWAY 3: OUTCOMES/IMPACT

Under Pathway 3, the evaluation delved into the program's impact at the household level, which involved investigating the indirect or co-benefits stemming from improvements in WSS. In particular, the evaluation explored if the program, beyond enhancing WSS, has facilitated socio-economic benefits, improvements in physical and mental health, increased climatic resilience, and women's empowerment. Unless noted otherwise, all quantitative data presented are derived from water.org household surveys.

EQ7. TO WHAT EXTENT HAS CUSTOMER ENGAGEMENT WITH THE PROGRAM'S WATERCREDIT INITIATIVE IMPACTED LIVES AT THE HOUSEHOLD LEVEL?

Sub-evaluation questions:

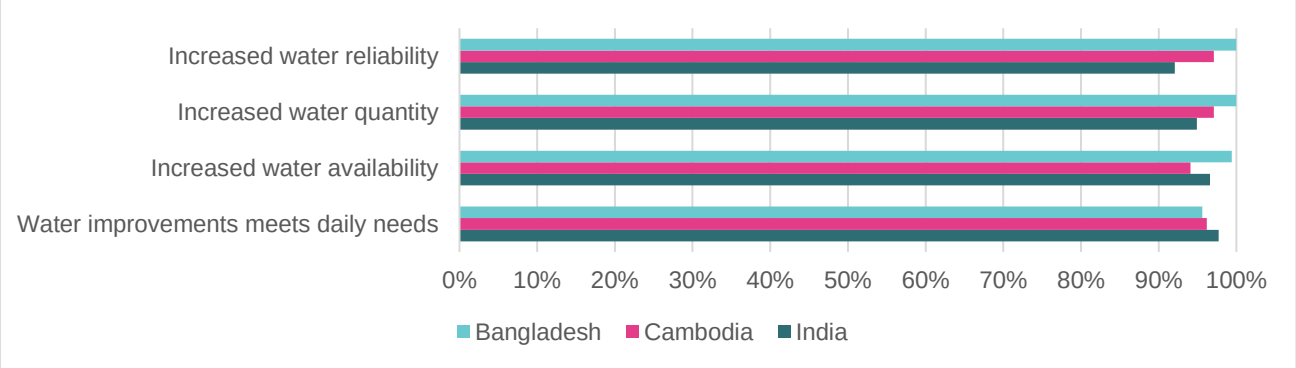
- 7.1 What are the impacts of the Program on improved access to sanitation and water?
- 7.2 What evidence is there of impacts on customer households' socio-economic conditions?
- 7.3 What evidence is there of impacts on customer households' gender practices and women's empowerment?
- 7.4 What evidence is there of impacts on customer households' mental and physical health conditions?
- 7.5 What evidence is there of impacts on customer households' climate resilience?

Sources of data: Water.org household surveys, complemented with insights from FGDs. All graphs and statistical representations are derived from the water.org household survey data, except where indicated.

It is important to highlight the limitations in interpreting self-reported quantitative data- as indicated in the previous section. Biases and question structuring issues potentially affect all survey responses to varying levels. Instances where these factors significantly impact the data will be explicitly mentioned in the relevant sections of the analysis.

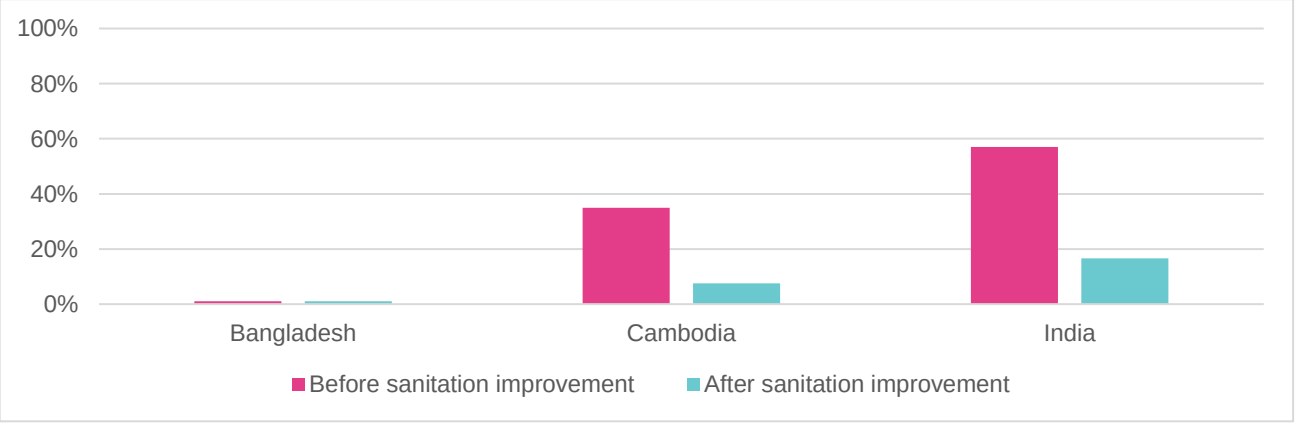
All three countries have experienced positive impacts from improved access to water, in terms of water quantity, reliability, availability, according to the survey data (as seen in figure 25). Minor variations are observed in the data, ranging from the lowest (92.1%) for increased water reliability in India to the highest (100%) for increased water reliability and quantity in Bangladesh. However, given the relatively low number of survey respondents (179 for Bangladesh, 177 for India, and 34 for Cambodia), there is little value in reading into the differences between the country scoring.

Figure 25: Compared to before, what water system benefits have you experienced as a result of your water improvement?



Improvements to sanitation facilities have also led to a significant reduction in self-reported open defecation for households in two countries. According to the survey data (as seen in figure 26), households in India have reduced their rates of open defecation from 57% to 17% after their sanitation improvements, and 35% to 8% in Cambodia. This suggests that the program has been effective in accelerating access to at least basic sanitation services in India and Cambodia. However, it is important to note that, despite these improvements, households have not yet achieved open defecation-free status. In contrast, the evaluation found no evidence of the program's impact on reducing open defecation rates in Bangladesh which can be attributed to the fact that households who obtained a sanitation loan were already not practicing open defecation, as confirmed by the JMP data (JMP,2021) of a 0% open defecation rate in Bangladesh.

Figure 26: After the installation of your sanitation improvement, when at home, does anyone in your household regularly open defecate?



Significant time savings have been realized as a result of improved WSS in Bangladesh and Cambodia, and to a lesser extent, India. The survey data presented in Figures 27 and 28 show the respective reported time savings made from water and sanitation improvements. Following improvements in water infrastructure, a considerable number of respondents in both Bangladesh and Cambodia reported spending less than 5 minutes collecting water, with 95% in Bangladesh and 75% in Cambodia falling into this category. Additionally, there was a marked decrease in the number of respondents who spent 10 minutes or more collecting water in Bangladesh and 30 minutes or more in Cambodia. In India, while the distribution of time spent on water

collection both before and after improvements was more uniform across different durations, there was a noticeable trend toward reduced collection times after the enhancements were implemented.

Following improvement in sanitation infrastructure, in Bangladesh, the majority of respondents (65%) reported spending less than 5 minutes on sanitation activities after improvements, which is a substantial increase compared to before the improvements. There is also a visible reduction in the percentage of respondents who spent longer periods, particularly those spending 10+ minutes. In Cambodia, the data shows improvements across most time intervals, with a significant increase in the percentage of respondents (75%) who spent less than 5 minutes on sanitation activities after the improvements. The most notable reduction appears to be in the 30+ minutes category. The situation in India shows a more moderate shift. While the percentage of respondents who spent less than 5 minutes has increased after the improvements, the distribution of time savings is relatively even across the various time intervals. However, there is still a clear trend showing a decrease in longer durations (20-29 minutes and 30+ minutes) and an increase in shorter durations, suggesting an overall positive impact of the sanitation improvements.

It should be noted that the wording for the sanitation survey questions refers to time savings in relation to previous access to a sanitation facility and does not discern whether the respondent used a sanitation facility prior to the improvement or not (for example, practicing open defecation).

Figure 27: Time spent travelling to collect water before and after the water improvement

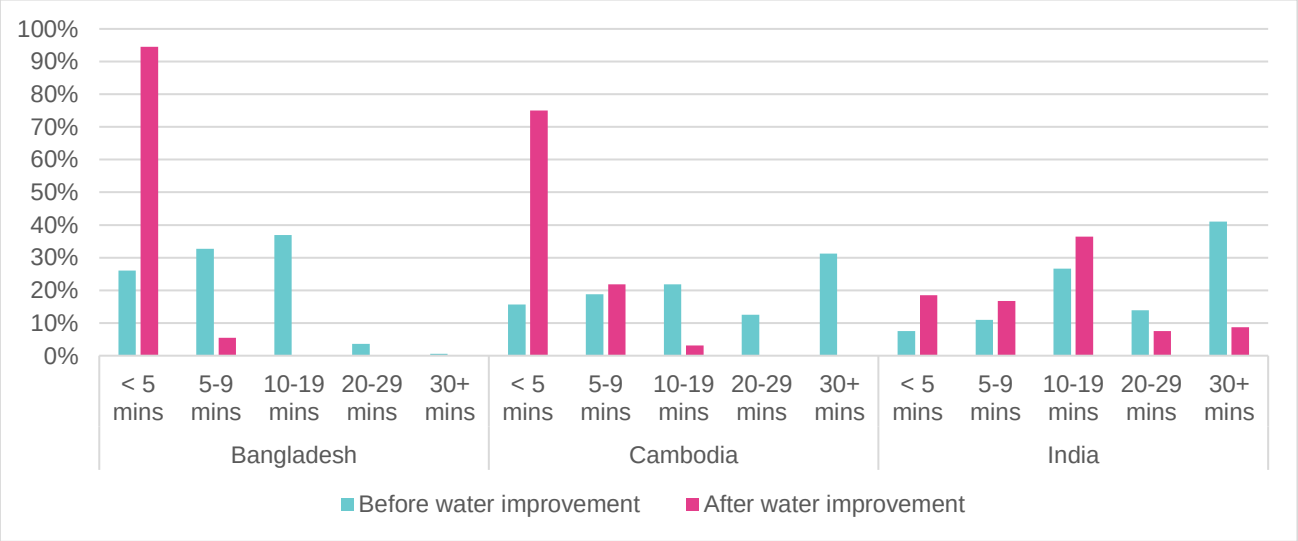
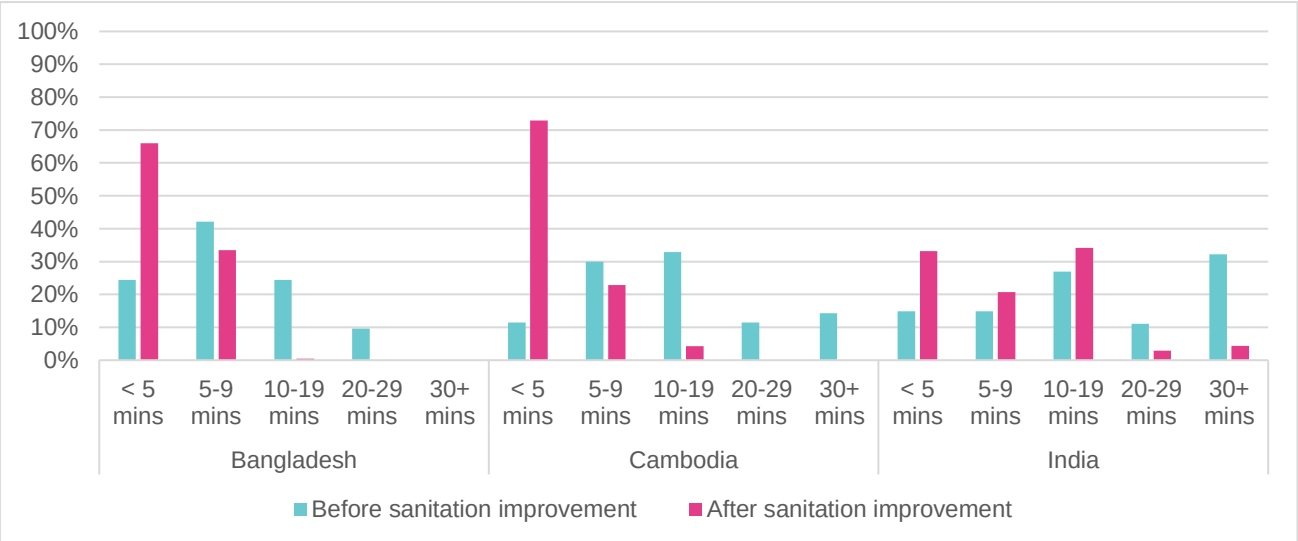


Figure 28: Time spent travelling to sanitation facilities before and after the construction of the sanitation improvement

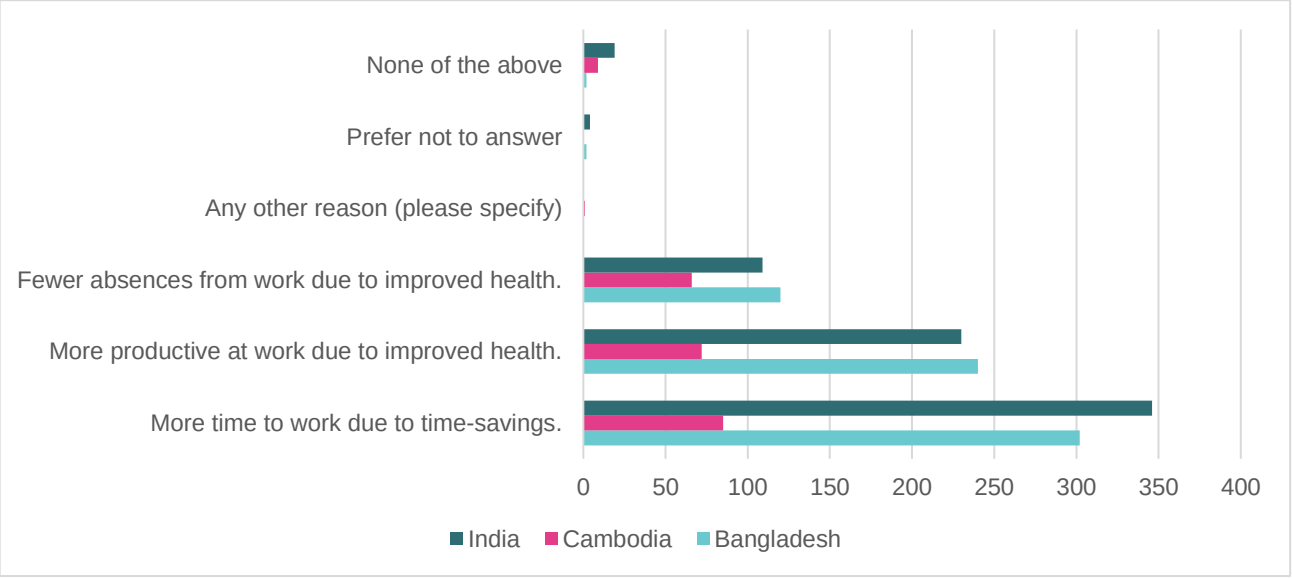


The survey assessing the economic benefits of sanitation and water improvements indicated low and uneven response rates, with inconsistencies in answers, but still highlighted that water improvements can lead to increased income due to better time use and productivity. The survey, aimed at assessing the economic benefits of sanitation and water improvements, presented a series of questions to customers. An analysis of the responses reveals several key points. Initially, it is evident that the overall response rate for these questions was relatively low and varied considerably among the different questions. Notably, the response rate in Cambodia was significantly lower compared to other countries, as detailed in the table below. Additionally, an examination of the responses indicates a lack of logical consistency. For instance, in Bangladesh, only 2 respondents reported using the time saved for paid work, whereas 21 indicated they utilized this time to expand or start a new business, and just 1 reported an increase in income as a result. Despite these inconsistencies, it's important to highlight that the questions receiving the highest number of responses, which were further validated by FGDs, yielded significant insights. The data suggests that improvements in water facility contributed to increased income, attributed primarily to enhanced time availability and productivity. The details of these findings are presented in the table 14 and figure 29 below.

Table 14: Overview of survey questions and respondents

Survey questions	Bangladesh	Cambodia	India
Since your water improvement, how do you or the household members responsible for collecting water, spend the additional time? (possible answer paid work)	100% (n=185/185)	100% (n=27/27)	100% (n=112/112)
Since your sanitation improvement, how do you spend the additional time? (possible answer expand or start new economic activities)	95% (n=487/509)	100% (n=34/34)	100% (n=123/123)
Did the water improvement lead you or your household to either start or expand income generating activities?	92% (n=221/240)	94% (n=32/34)	99.5% (n=176/177)
Did the water improvement increase the amount of money earned from your income-generating activities?	100% (n=37/37)	100% (n=15/15)	n=76
Has your improvement contributed to increased income due to any of the following reasons?	95% (n=487/509)	98% (n=98/100)	99.5% (n=386/388)

Figure 29: Has your improvement contributed to increased income due to any of the following reasons?



The impact of improved WSS on cost savings remains unclear. The survey failed to provide conclusive insights regarding the financial benefits of these improvements. One primary issue was the lack of a baseline to understand the pre-improvement access to water and sanitation, including the costs involved. For instance,

the survey questioned whether tariffs were paid before or after the improvements, but failed to explore what actions were taken when no tariffs were paid, or if the new improvements imposed a tariff. This information is vital for a comprehensive analysis. Furthermore, the response rates were particularly low for questions that could have offered relative insight, as shown in Table 15. Complementing these findings, qualitative FGDs in Cambodia and Bangladesh suggested that most respondents viewed the maintenance costs of WSS as outweighing any potential savings. These WSS improvements were generally perceived as investments in enhancing quality of life rather than as means for income generation or financial savings.

Table 15: Overview of survey questions and respondents

Survey questions	Bangladesh	Cambodia	India
Prior to your water improvement, did your household pay water fees or tariffs?	92% (n=221/240)	94% (n=32/34)	99.5% (n=176/177)
After your water improvement, does your household pay water fees or tariffs now?	92% (n=221/240)	94% (n=32/34)	99.5% (n=176/177)
In thinking about the cost you pay per unit of water now, is that unit of water more expensive, less expensive, or about the same, compared to before your water improvement:	3.7% (n=9/240)	32% (n=11/34)	62% (n=111/177)

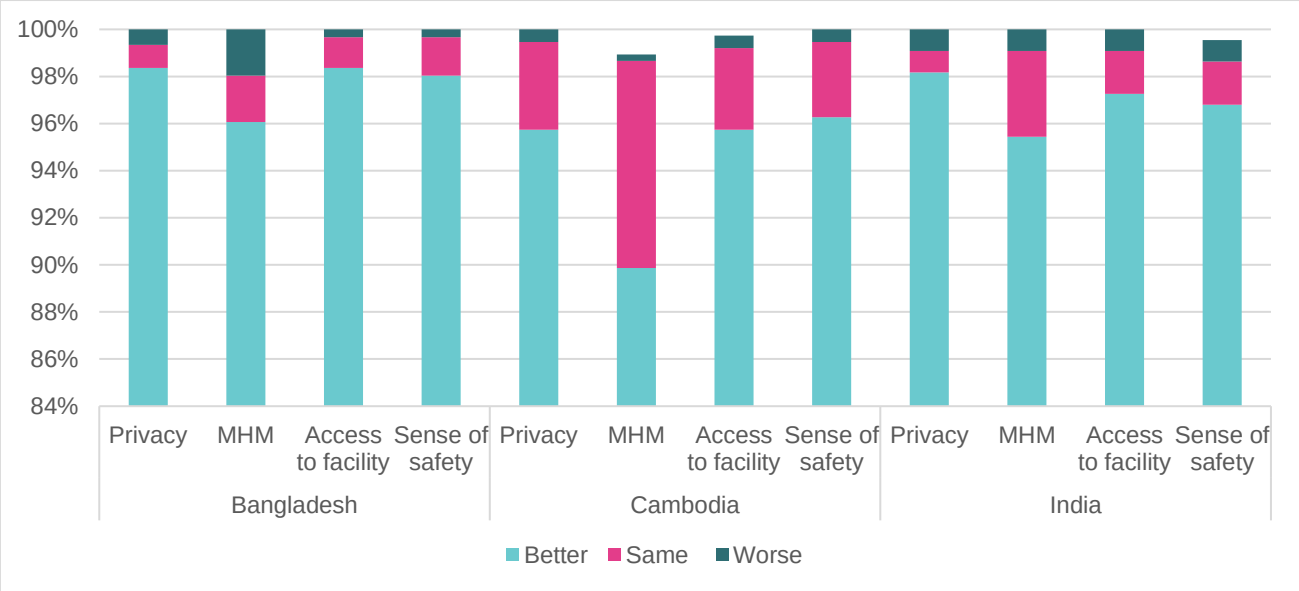
The vast majority of borrowers are female. As noted in Table 16, virtually all customers in Bangladesh and India are female, and four in every five are female in Cambodia. According to the WaterPortal data, 96% of customers under the Program are female and primarily based in rural contexts (89%).

Table 16: Borrower gender by country

Sex	Bangladesh	Cambodia	India
Male	0.3%	20%	0.5%
Female	99.7%	80%	99.5%

Several benefits have been realized from improved sanitation that are particularly relevant for women. As outlined in Figure 30, 95% of customers across all three countries experience better privacy, menstrual hygiene management (MHM) – except in Cambodia -, access to the facilities, and sense of safety as a result of their sanitation improvement. Out of these factors, MHM was the area that scored less consistently 'better', with just under 10% in Cambodia experiencing no change ('same') and a small number (4-5%) in India and Bangladesh selecting 'same' or 'worse'. Possible reasons for this may be that these respondents are not female (and aren't aware of changes) or are female but don't use the sanitation facilities for MHM purposes – this latter point appears particularly likely to be the case in Cambodia. It is noted that MHM practices in Bangladesh and India are often heavily informed by religious and cultural practices, which may influence the results.

Figure 30: Changes in experience following the construction of sanitation improvement



Improved access to WSS facilities has resulted in healthier and more empowering behavior to emerge. Prior to the sanitation improvement, 40-60% of female respondents report asking for permission to use the toilet (Fi). This figure drops to 5-25% after the sanitation construction, implying an increase in independence granted by the improvement. Similarly with water, time savings from reduced water fetching has enabled women to invest more time in other activities, as described earlier. Some FGD participants from Bangladesh, Cambodia and India report changes in their sense of social status because of their new WSS facilities, the cleaner environment, and recognition of their ability to manage the loan. There has also been a reduction in negative behaviors such as avoiding the consumption of water/food to minimize toilet usage, which was a significant consideration for women in Cambodia and remains an issue, despite an 11% drop since the improvement was completed (see figures 31, 32, 33).

Figure 31: Women asking for permission to use toilet before and after sanitation improvement

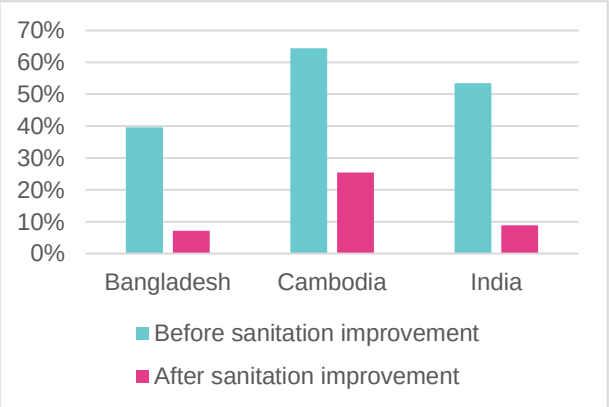


Figure 32: Women eating/drinking less to avoid using the toilet before and after sanitation improvement

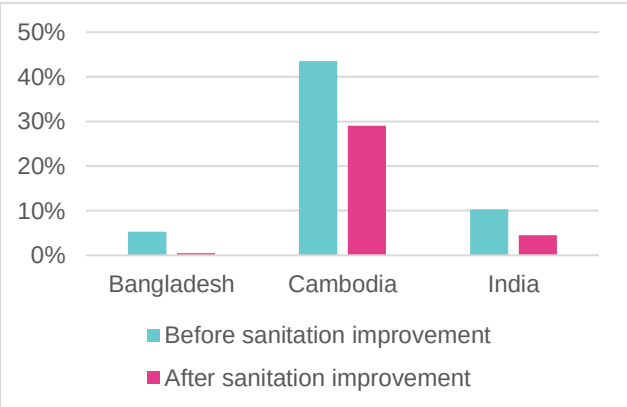
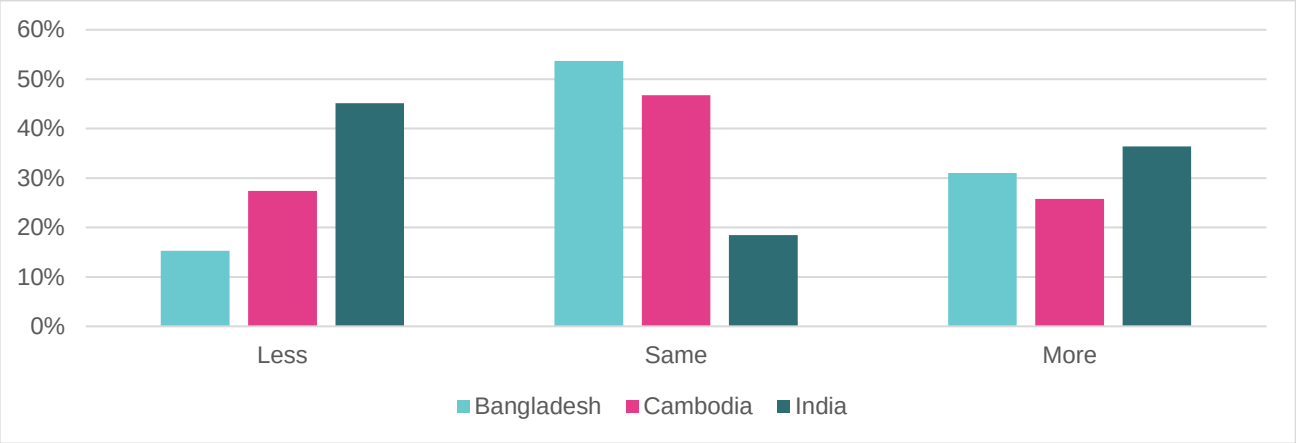
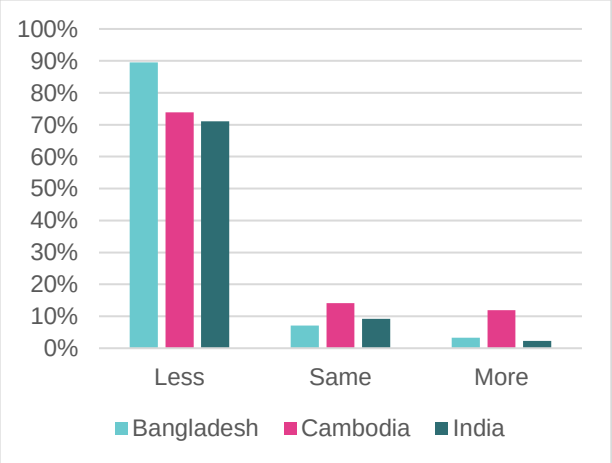


Figure 33: Self-reported toilet usage for women after sanitation improvement constructed[12]



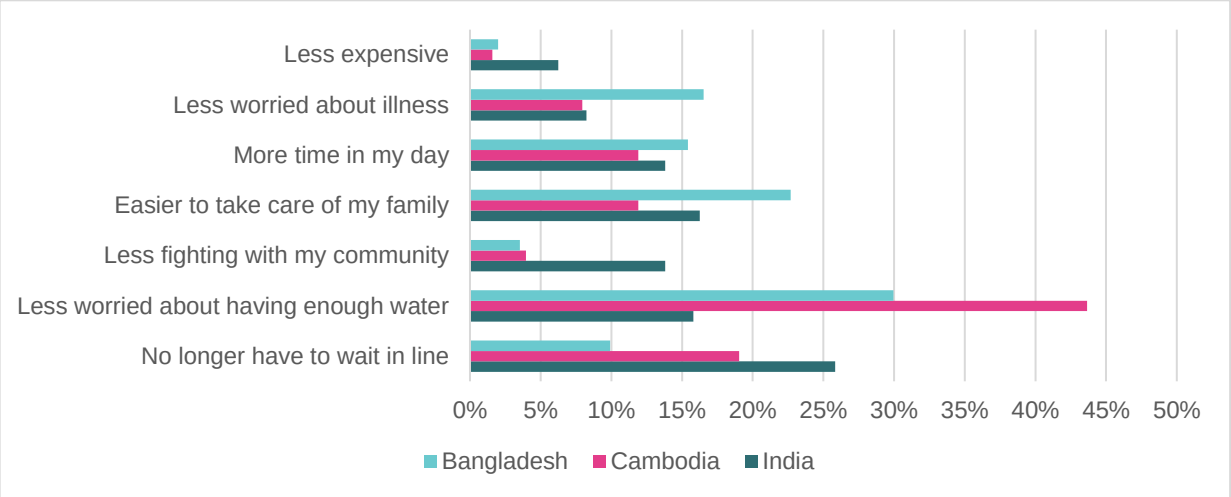
Stress levels have varied for customers throughout their experiences under the program. According to various FGD participants across the three countries, there has been an increase in stress associated with meeting the repayment installments. However, once facilities have been completed, there is evidence from the household survey that there is a consistent reduction in stress regarding the management of household water (in the case of water improvements – Figure 34). Reasons for this are explored in Figure 35, with 'less worried about having enough water' as the most selected option in Cambodia and Bangladesh and 'no longer have to wait in line' in India. Increased convenience ('easier to take care of my family') and better health ('less worried about illness') were also selected by 15-25% of respondents in each country.

Figure 34: Women reporting stress levels regarding managing household water after improvement



[12] Results for India are not consistent. It might be that people did not understand the question properly or answered wrongly. FGDs do suggest that women use toilets more.

Figure 35: Reasons for reduced stress relating to household management of water after water improvement



Respondents widely believe the WSS improvements have led to improvements in their family health and a decrease in health expenditure. As seen in Figure 36, four in five respondents in Cambodia and India and nearly all in Bangladesh reported improvements in family health following their WSS construction. Likewise, there has been a reported decrease in illness-related costs since the improvement of 95% in Bangladesh, 79% in India, and 69% in Cambodia (figure 37). These findings are supported by the FGD data – in Bangladesh, participants describe several benefits, including better skin conditions from bathing in clean water, less exposure to arsenic water, reduced episodes of diarrhea, less stunting, and reduced dehydration. In Cambodia, a notable reduction in diarrhea cases within the community was highlighted. In India, FGD participants reported being less impacted by typhoid, anemia, uterus, and kidney-related issues.

Figure 37: Respondents reporting changes in family health following WSS improvement.

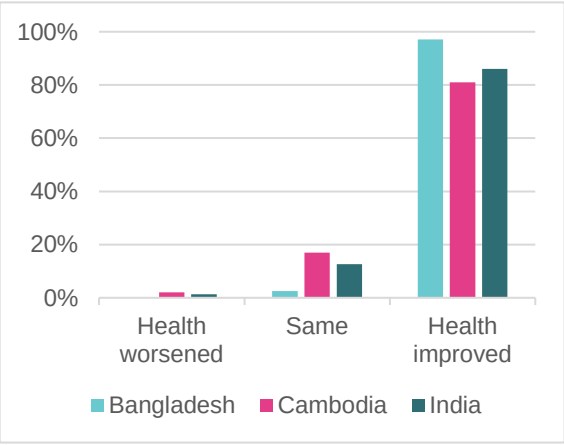
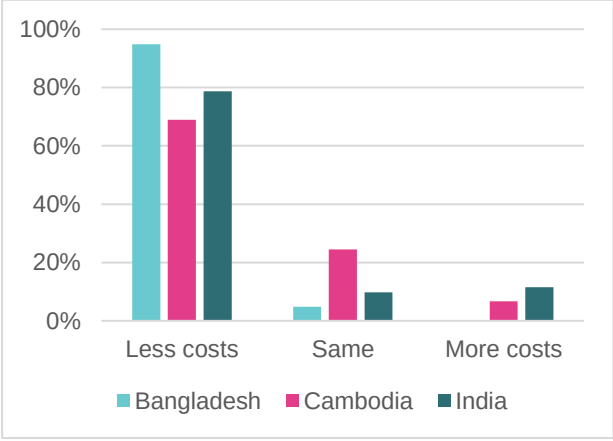


Figure 36: Changes in illness-related costs since improvement

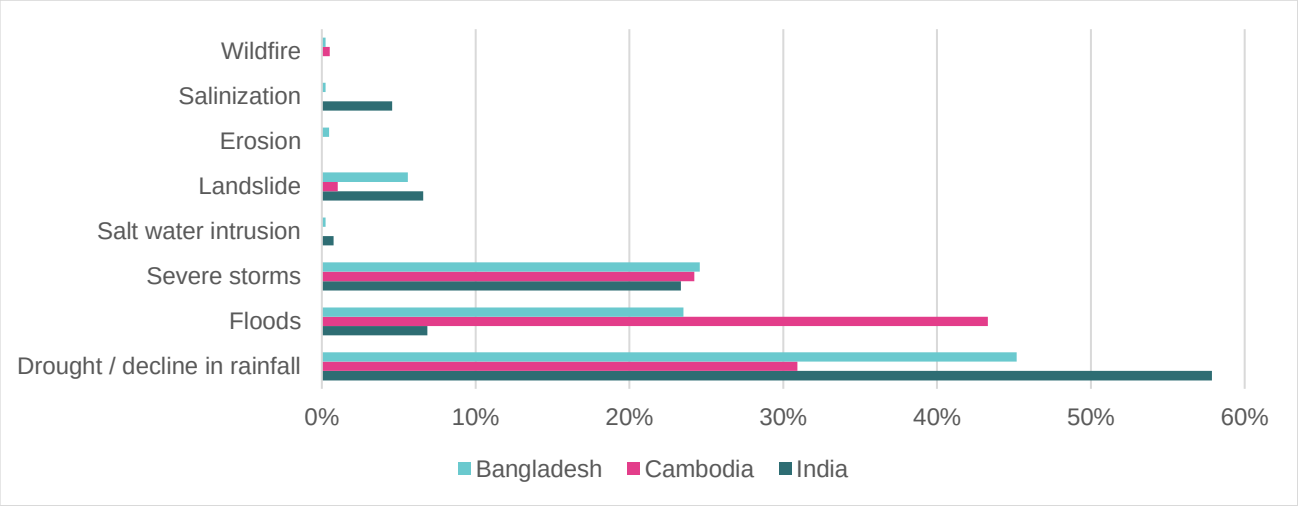


Self-reported health data comes with credibility issues, especially for longer-term health outcomes. As discussed in several studies (Ramakrishnan, 1998; Overbey et al., 2019), health changes reported via surveys are often lacking in accuracy and are generally considered a poor method of measuring health outcomes. This is particularly true for longer-term health outcomes such as stunting, where the impact of the intervention and associated results need to be monitored over a longer time span for several years. The survey data does not disaggregate between different types of illness so it is not possible to distinguish between the health improvements that respondents are reporting. However, improvements in shorter-term health outcomes can be better understood by respondents, such as better hydration, reduced physical exertion from water fetching, and

reduced stress. It should also be noted that evidence from recent studies (such as Wolf et al., 2019) indicates that environmental sanitation needs to be addressed at the broader community level for associated health outcomes to be fully realized. Water.org's household-oriented approach means that this is not systematically addressed, limiting the scope for potential improvements.

The perspectives on climate issues vary among the three countries. In Bangladesh and India, 72% and 70% of respondents, respectively, report experiencing climate-related challenges, compared to only 42% in Cambodia. As indicated in Figure 38, the primary climate issue in both Bangladesh (45%) and India (58%) is drought or a decline in rainfall. Severe storms are the second most frequently cited concern in these countries. In contrast, flooding is the predominant challenge in Cambodia, reported by 43% of respondents, and constitutes a significant issue in Bangladesh, affecting 24% of survey respondents.

Figure 38: Climate issues faced by customers

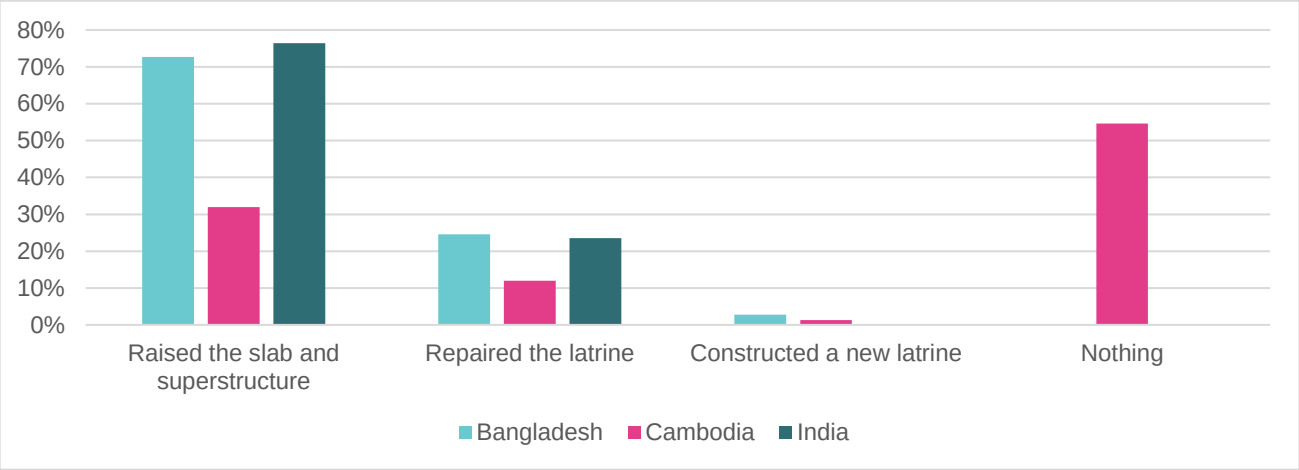


While climate issues pose challenges, they surprisingly does not emerge as a primary motivation for investments in WSS. This observation is evident when comparing the data on climate-related events experienced by customers with their reasons for investing in WSS, as shown in Figure 22, Pathway 2. In India, only 27% of those surveyed consider climate change a motivating factor for their WSS investments. The figures are even lower in Bangladesh and Cambodia, with just 5% of respondents recognizing climate change as a catalyst for WSS investment. This indicates a possible gap in awareness or understanding among customers regarding how enhancing their WSS infrastructure could bolster their resilience against climate-related events.

The survey highlights a significant contrast in climate resilience strategies among respondents in Bangladesh, India, and Cambodia, emphasizing the need for increased awareness and education on protecting WSS facilities against climate hazards. Over 70% of respondents in Bangladesh and India have taken measures to protect their sanitation facilities from flooding, reflecting a notable awareness and implementation of climate resilience strategies. FGDs in Bangladesh also describe rainwater harvesting interventions being implemented to combat the increased salinity of water sources. In contrast, over 54% of respondents in Cambodia believe that WSS facilities are vulnerable to such disasters but are unable to prevent them as depicted in Figure 39. The disparity in these responses underscores a significant need for enhanced awareness and education in Cambodia regarding resilient measures for WSS infrastructure.

Bangladesh and India face more climate hazards than in Cambodia. In Bangladesh, increased salinity (e.g. in Khulna), flooding, and drought are the most commonly faced climate hazards. Tamil Nadu in India is routinely impacted by floods, droughts, and cyclones. The higher incidence of climate hazards in Bangladesh and India may partly account for the greater proactive measures observed in these countries, suggesting a direct correlation between the frequency of climate challenges and the level of preparedness and response.

Figure 39: Actions taken to minimize the effects of floods on toilets



There is a common confusion among many people in distinguishing between climate-related hazards and climate change, a misunderstanding that significantly affects response strategies. Climate-related hazards, such as floods, droughts, and storms, are often tangible, immediate events with direct, observable impacts on communities. On the other hand, climate change is a broader, more gradual process, encompassing long-term alterations in global temperatures and weather patterns. The survey reflects this issue, with 'climate issues' and 'climate change' being used interchangeably in both questions and answers, suggesting a need for clearer explanations for respondents and more precise framing in survey questions.

4. CONCLUSIONS

This evaluation has revealed that, overall, the program implemented by Water.org between 2020 and 2024 under INDITEX II in India, Cambodia, and Bangladesh was successful. The program successfully capitalized over USD 135 million and provided more than 500,000 loans to customers to facilitate the development of improved water and sanitation facilities, despite COVID-19. The program has significantly overachieved its targets in Bangladesh (regarding capital mobilized, WSS loans disbursed, and customers reached), overachieved its targets in India (especially regarding capital mobilized) and underachieved its targets in Cambodia.

All partners report having greatly benefited from Water.org's expertise and technical support and reached different maturity stages. Water.org partnered with different types of partners across the three countries, with support targeted to partners' needs, models, and in-country presence. In Bangladesh, Water.org partnered with 10 well-established FIs – 4 of which were new partners-, covering 52 districts out of 64, to address the challenge of generating demand for WSS loans at the household level and reaching more vulnerable communities. In Cambodia, Water.org partnered with nine organizations covering the entire country, to expand consumer reach: five well-capitalized FIs, two water utilities, one water association (CWA) and one microfinance association (CMW). The program focused on developing and enhancing WSS and PWO loan products of now-graduated financial FI partners; on overcoming operational and financial challenges and on supporting water operators in receiving capital. Unique to Cambodia, was the direct support provided to water operators to improve their technical and financial mechanisms and enhance their efficiency. In India, Water.org partnered with the DHAN Foundation, a non-for-profit development organization already present in 14 states out of 28 with existing WSS products. The partnership focused on increasing scale and strengthening operational capacity and self-sustainability of the DHAN Foundation.

In the absence of a clear strategy for influencing the enabling environment or clear monitoring processes, sector impact was more challenging to evaluate and attribute to the partnerships. However, it's important to note that Water.org, as a foreign entity, has faced regulatory constraints and limitations in these markets, hindering its ability to influence change. In India, sector impact was facilitated by the partner's strong sector presence and its active involvement in the country policy and regulatory environment. In Bangladesh, the onboarding banks remains a longer-term goal for the Water.org team and a study on government initiative and willingness toward WSS microfinance is currently underway. In Cambodia, the partnerships with CWA and CMA are poised to enhance Water.org's capacity to influence sector-wide policies effectively.

The program was efficient at raising household awareness and influencing behaviors through training activities on WSS benefits, especially in India. Customers consider WSS loans as a worthwhile investment and are largely satisfied with their WSS loan arrangement, particularly with the customer service of partner and the loan amount. This is confirmed by WSS facilities' utilization rates that are above 89% across Bangladesh and Cambodia and 100% in India and by improved hygiene practices in India.

In all three countries, households seem to have benefitted from WSS loans in terms of access to water, sanitation and indirectly from socio-economic, gender, and health benefits. In all three countries, household have experienced positive impacts from improved access to water. India and Cambodia have experienced a significant reduction in self-reported open defecation. Indirectly, households have also benefitted from significant time savings because of improved WSS in Bangladesh and Cambodia, and to a lesser extent, India. Women, which constitute most borrowers, have largely benefited from improved sanitation through higher privacy and sense of safety, better MHM and higher access to the facilities. Respondents widely believe the WSS improvements have led to improvements in their family health and a decrease in health expenditure. Finally, while Bangladesh and India face climate hazards (increased salinity in Bangladesh and floods and droughts in both countries), there seems to be a lack of awareness from customers and it surprisingly does not emerge as a primary motivation for investments in WSS. This is likely due to a lack of association between climate hazards and climate change. Increased frequency and intensity of severe storms is leading to more

flooding in all three countries; drought is more common – particularly in Bangladesh and India; and sea level rise is increasing the encroachment of saline water into freshwater bodies, particularly pertinent for Bangladesh.

5. RECOMMENDATIONS

This section first presents country-level recommendations, then programmatic recommendations, before ending with M&E recommendations directed to Water.org global and country teams.

5.1 COUNTRY-LEVEL RECOMMENDATIONS

The country teams' strong performance under INDITEX II is well-noted and efforts should be made to build on this momentum to continue delivering excellent results. The following are key areas within each country that need continued attention from Water.org for achieving more profound impacts in the future:

5.1.1. INDIA

- In India, the partnership has proved the sustainability of the DHAN Foundation's community-based model. However, the DHAN Foundation remains a not-for-profit organization that requires external financial support to continue its community-based activities. Water.org could therefore continue to financially support the DHAN Foundation to enable activities and interventions to continue, to get banks' buy-in and to expand consumer reach, especially in the Northern and Central states.
- Sector impact strategy and specific activities should be refined, especially since the DHAN Foundation is already well-established and present in the policy sector. Extending the support to the knowledge center and continuing to train professionals on WSS lending could increase political and bank sector buy-in, and eventually support the achievement of a higher impact.
- Additional technical support regarding operations and systems should be provided, for example through the strengthening of the DHANAM Software and the introduction of an analysis software. DHANAM software can only currently collect information, streamline, and manage data. Integrating data analysis into DHANAM Software could improve the efficiency of the whole community-based model.
- Climate change has not appeared to be a motivator to take out a WSS loan. Water.org should put a stronger emphasis on awareness raising on climate change and push for the development of green products.

5.1.2. BANGLADESH

- Future program targets could afford to be more ambitious, to reflect higher expectations from the capable Bangladesh team, the effective partnerships in place, and strong enabling environment for microcredit.
- The PKSF project presents both opportunities and challenges to Water.org operations across Bangladesh and a more strategic approach to managing the relationship is warranted:
  - First, partner reluctance to deliver PKSF and Water.org WSS products in the same branches needs to be addressed, with practical solutions developed to make processes straightforward for partners and ease any concerns (for example, around reporting).
  - Second, more formal collaborations could be established to assist each other in respective programming efforts. Whilst knowledge sharing does exist already, a more concerted effort to mutually support each other could lead to a greater impact on the WSS microfinance sector more broadly, given PKSF's respective size and reach. This could include strengthening PKSF's WSS product and the technical assistance they provide to partners (which is reportedly poor). Such

actions are of course contingent on a willingness from PKSF to engage, and the noted differences between WaterCredit, which is market-based, and PKSF's approach will need to be navigated.
    - Finally, strengthening the partnership with PKSF may present opportunities for joint advocacy to address several of the regulatory challenges the WSS microfinance sector faces at the moment, given their close proximity to the Government of Bangladesh.
- Building on the last point, programming efforts would benefit from more engagement with government actors, particularly at a strategic level for advocacy purposes. There has been less resource investment in the enabling environment and sector-level initiatives under INDITEX II and limited results in this domain consequently. The current study on government willingness towards WSS microcredit is a promising step in the right direction and can serve to inform approaches going forward to help cultivate this.
- The technical assistance and capacity building provided to partners was greatly valued and in high demand. The training of trainers approach has helped the relatively small Water.org team reach a wider number of partner staff with their WSS products and guidance, but several partners indicated that more support would be appreciated if possible. The online training module that is currently under development may help meet this demand somewhat, but other methods for providing support should also be explored, depending on the resources available.

5.1.3. CAMBODIA

- Incentivize (and potentially support) financial institutions to monitor adequately the use of loans and to monitor not just the type of services and level of functionality but also the quality of the infrastructure or service being purchased. A common preference among many households is to construct their own facilities. However, this practice can potentially compromise the quality and sustainability of the facilities or services, especially in disaster-prone areas.
- The close relationship of CWA with the Ministry of Industry, Science, Technology & Innovation (MISTI) and the Cambodian government offers opportunities for collaborative advocacy. This partnership can effectively address challenges faced by service providers, for instance to tackle the notable sector issue of low tariffs that do not allow for cost recovery.
- Collaboration between CWA and CMA offers a significant opportunity to align PWOs with the necessary capital and FI while also aiming to lessen their collateral burdens. Water.org should actively promote and support this collaboration.
- Engagement with key sector stakeholders, including organizations like UNICEF, is recommended, especially regarding climate resilience issues. Leveraging existing climate risk assessments and guidelines from these entities can significantly enhance Water.org's training programs. This collaborative strategy prevents duplicative efforts within the sector and promotes a culture of shared knowledge and cooperative engagement.
- There is a clear need to intensify awareness campaigns focused on climate resilience, particularly in areas where the understanding of the link between resilience and WSS is limited.
- Developing a strategy to access hard-to-reach areas and expand the coverage of PWOs to serve these underserved communities effectively was highlighted during the evaluation.
- Shift the strategic focus towards securing sufficient finance for the operation, maintenance, and enhancement of climate resilience in PWOs. Moving away from a primary emphasis on infrastructure development, this approach is essential for creating water systems that are sustainable, resilient, and able to adapt to environmental changes while maintaining long-term operational efficiency.

5.2 PROGRAMMATIC RECOMMENDATIONS

Certain programmatic areas would benefit from improvements to enable Water.org to achieve even more substantial results in the future as follows:

- **Enhance target setting**: Conduct a more comprehensive initial financial product assessment and a risk and opportunities assessment
- **Enhance collective action:** Conduct a stakeholder mapping and explore collaboration opportunities with other organizations working on similar models (such as PKSF in Bangladesh) or similar topics (such as UNICEF on climate resilience)
- **Develop a comprehensive advocacy strategy for sectoral impact:** Formulate a country-specific advocacy strategy to influence sector-level changes, based on a thorough assessment of the micro-credit and banking sector in each country and opportunities for change. Increase engagement with government actors.
- **Advocate for targeted subsidies for the most vulnerable:** Influence key stakeholders to prioritize targeted subsidies for the poorest segments of the population, while encouraging broader participation in initiatives like Water.org's WaterCredit Model.
- **Develop partnerships with the wider sector to attract greater investments:** Actively seek and establish partnerships across governmental, non-governmental, and private sectors to attract investments in WSS and water infrastructure. Target stakeholders like Aqua4all, Sanitation and Water for all (SWA), USAID, Asian Development Bank (ADB), Stone Family foundation, SWA, Ministries of water and sanitation across the three countries
- **Evaluate partnerships with sanitation service providers:** Conduct thorough feasibility studies to explore potential collaborations with sanitation service providers, considering the unique challenges associated with subsidies and scalability in the sanitation sector.
- **Prioritize country-level climate risk analysis and enhance climate awareness:** Support the development of detailed country-specific climate risk assessments and use these to inform the development of resilient WSS. In parallel, increase efforts to disseminate knowledge products and raise awareness about climate risks and climate change promoting to promote more informed approach to tackling climate-related challenges.
- **Promote green loans for sustainable water solutions:** Support financing options for environmentally friendly WSS solutions, such as solar-powered systems. Develop incentive strategies to make these green loans more attractive and accessible to FIs and consumers.
- **Develop a strategy to access hard-to-reach areas** and expand the coverage of PWOs to serve these underserved communities effectively.

5.3 M&E RECOMMENDATIONS

Water.org uses two portals for tracking and monitoring the impact and scope of its programs. During the evaluation, various opportunities for enhancement were identified, leading to the following set of proposed recommendations.

Regarding the collection of financial data and its presentation on the portal:

- It would be beneficial to regularly check and confirm the accuracy of the data reported by the partners, especially in key areas like reported interest rates where some discrepancies have been found.
- As Water.org is expanding its support to include utilities in addition to households, it would be helpful to incorporate detailed information about these utilities on the portal. This should mirror the level of detail provided for household loans, covering aspects such as interest rates, loan terms, and repayment rates.
- Furthermore, as the program progresses, encouraging and possibly assisting financial institutions in accurately monitoring loan use is important. Current reports from some financial partners are based on estimates rather than thorough sampling and verification, which might lead to an overstatement of loan distribution figures.
- A practical improvement could be to keep both the baseline and targets visible on the portal and calculate the percentage achieved to date. This will offer the Water.org team a clearer perspective on the remaining efforts required to achieve their objectives.

Regarding the collection of household data and its presentation on the portal:

- Including baseline data collection would be valuable for assessing the unbiased impact and attribution of projects, providing a clearer picture of the changes resulting from interventions.
- Using question redundancy in the survey, such as asking the same question using different wording, could be effective in identifying inconsistencies or biases in responses.
- Regularly cross-validating through other data sources and conducting FGDs with a random group of respondents to validate the findings.
- Administering the same survey to the same group of people after a period could confirm the reliability of the data collected.
- Clarifying the reasons behind non-respondents and analyzing the characteristics of non-respondents will help understand if their absence could bias the results.
- Improvements in question formulation will facilitate easier and more robust analysis across various themes. These should include:
    - For Climate Change:
        - Clearly distinguish between climate hazards and climate change in the survey, with tailored questions for each area.
        - Introduce questions to evaluate borrowers' understanding of the impact of climate change and the importance of resilient WSS systems.
        - Include questions about incidents occurring post-climate hazards and how the new resilient WSS might have mitigated these impacts.
    - Health:
        - Ask about external factors that may have impacted health following the implementation of WSS improvements.
        - Ask if the health improvements experienced are sustainable in the long term
        - Validate survey results by consulting with the local health department
    - Finance:
        - Ensure consistency in questions related to time savings and the use of saved time for economic activities
        - To better quantify the financial impact, ask respondents to detail their average monthly expenditure on water fees or tariffs before and after water supply improvements. This will provide a clearer picture of the economic benefits of the projects

ANNEX I – COUNTRIES' THEORY OF CHANGE

CAMBODIA

Water.org's work in Cambodia has undertaken three main approaches:[13]

- Continue to scale existing current microfinance institution (MFI) partners' water and sanitation loan portfolios;
- Partner with the Cambodia Microfinance Association to support multiple MFIs at once as they adopt water supply and sanitation (WSS) lending;
- Launch a collaboration with the Cambodia Water Association to provide financial and technical assistance to private water utilities in rural areas.

Long-term (ultimate) Outcome	**Improved access to water and sanitation for Cambodians living in poverty**		
Intermediate Outcomes (*this should be a CHANGE we want to see by the end of the intervention*)	Five financial institution partners scale WSS portfolios and continue lending for WSS post partnership with Water.org. (AMK, LOLC, NH Finance/SAMIC, Philip Bank/ Kredit, Chamroeun)	Cambodia Microfinance Association is equipped to provide technical support to member FIs offering WSS lending (not active)	Partner with Cambodia Water Association to improve utilities' bankability to increase water/sanitation access
Outputs *(Specific products and services resulting from activities / interventions)*	• 95,491 loans disbursed • 381,964 people reached • $39M capital mobilized	• 50,000 loans disbursed • 200,000 people reached • $20M capital mobilized	• 9 PWOs that will take out financing • 20,000 new household connections • $7M capital mobilized for financing
Activities/Inputs (e.g. organizing convenings, developing and providing trainings, designing IEC materials, meeting with key stakeholders, providing technical assistance, etc.)	• Provide TA to designated 5 FIs to scale their WSS portfolios • Provide TA to help the FIs mainstream WSS lending into their operations (e.g. loan product development, trainings with HR and for FI loan officers) • Facilitate capital for the FIs to lend (including WEQ) • Support 2 FIs (AMK and Kredit)	• Develop IEC materials for CMA to share with member MFIs • Train FI and CMA staff in WASH knowledge (use of a third party) • Organize workshop to introduce WC, best practices, lessons learned • Train CMA staff in how to support FIs as they implement WaterCredit.	• Survey private water operator (PWO) financing needs • Create pipeline of PWOs that are interested and eligible for financing • Conduct an orientation workshop on PWOs' working capital needs for lenders • Network PWOs with FIs that offer enterprise level-financing • Partner with Cambodia Water Association to provide financial and technical assistance (TA) to private water utilities

[13] A fourth approach intended to create a model to allow garment factor workers to use remittances to cover the cost of WSS improvements. Ultimately this was folded into the first approach due to 1) similarities in the product with other financial WSS loan products, 2) most workers only rented housing nearby the factories in which they worked, 3) COVID impacts on the partner institution (AMK).

	with product development to lend to private water operators	• Train CMA staff on how to do head office and branch visits and field visits • Train CMA staff on how to monitor FI achievements • Train CMA staff on how to support FIs to access capital	• Support CWA Data Management System (DMS) development • Select, train, & assist 20 PWOs to complete financial statement in E-Water software • Direct/Generate financial statements from DMS and share to lenders for credit assessments • Ensure at least 50% of PWOs trained can complete financial statements by themselves

INDIA

Theory of Change

Water.org pursued the following objectives under the grant:

- Scale water and sanitation lending through the self-help group federation Development of Humane Action (DHAN) Foundation;
- Promote effective hygiene and health promotion behaviors among DHAN clients;
- Establish a knowledge resource center to help develop and disseminate water and sanitation lending practices and encourage policies that will promote additional WSS financing;
- Provide technical assistance to four commercial banks as part of the Global Credit Enhancement Facility (GCEF) to assist the banks in developing and scaling WSS lending portfolios.

Long term (ultimate) Outcome	**Improved access to water and sanitation for people in need in India**			
Intermediate Outcomes (*this should be a CHANGE we want to see at the of the intervention*)	SHG led federation (DHAN) scales WSS lending and continues to lend for WSS post-partnership with Water.org	DHAN establishes a resource center for knowledge sharing with other institutions and Government for practice enhancement and policy influence for WSS lending	Improved hygiene practices among WaterCredit borrowers (handwashing, reduced open defecation, etc.)	Four commercial banks develop and/or scale their WSS portfolios using GCEF capital.
Outputs *(Specific products and services resulting from activities / interventions. Examples include # of loans*	**Loans Disbursed**: T: 250,000 (to India after reallocating GCEF budget to BD) A: 196,696 **People Reached:** T: 1,100,000 A: 651,672 **Capital Mobilized:**	* Organize and train a minimum of 1,000 professionals on technical aspects of WSS. * Train minimum 500 professionals working in WSS sector * Organize roadshows, display WSS miniatures, and conduct field demonstrations	Increases in handwash occurrences Reduced open defecation occurrences	At least four banks prepared to sign agreements to scale WSS using GCEF capital.

disbursed, # of people reached, # of workshops or trainings provided, # of loan officers trained)	T: $50M A: $47.5M ***Note: Achievement numbers are till date (Water Portal, grants dashboard: 5th March)***	for sector players and students *Organize stakeholders seminars and workshops with officials of district rural development agency for complementing SBM. * Organize minimum 50 Field demonstrations of bio-sand filters * Presenting policy papers at national/ regional forums		
Activities/ Inputs (Could be organizing convenings, developing and providing trainings, designing IEC materials, meeting with stakeholders, providing technical assistance, etc.)	Expand WSS lending into new geographies Provide TA to DHAN to diversify WSS products Strengthen monitoring & MIS system Integrate WSS in the existing DHANAM management software	**Research**: Conduct thematic studies on water and sanitation **Pilot projects:** Initiate pilots in water resources, urban mgmt, water quality, and knowledge management. **Networking & Consultancy** Promote networks among the practitioners, policy makers and academicians in addition to playing an active role in various networks. **Capacity Building:** Address the capacity building needs of the communities, development institutions, media and educational institutions. Design and offer short duration training and distance education programs in leadership and development in the areas of sanitation and water resources development, leadership, participatory evaluation and institution building. **Document & Publish:** Document and publish existing knowledge and practice in sanitation and safe water resources management. Conduct specialized studies, publish them in different formats, and disseminate them to a wider audience both through print & online media **Policy Advocacy** Advocate and promote community-led sanitation and water management. Organize policy seminars, workshops to reflect on the policies and practices from the knowledge	Co-design IEC materials to promote WASH awareness for target client base Training of trainers for DHAN staff DHAN staff-led training on Accessible Family Toilet and WASH for community members	Introduce prospective banks on GCEF concept. Determine level of interest in WSS lending under guarantee structure. Identify and short-list banks for further negotiation. Share with guarantors for conditional approval. Negotiate terms and conditions under which banks would lend and enter into guarantees.

		and experience gained from grassroots action.		

BANGLADESH

Theory of Change

Under this grant, Water.org will:

- Scale current MFI partners' water and sanitation loan portfolios to reach more people in new geographies and achieve sustainable WSS lending portfolios;
- Partner with commercial banks to develop and deploy innovative WSS SME loan products.

Long term (ultimate outcome)	**Improved access to water and sanitation for Bangladeshis living in poverty**		
Intermediate Outcomes (*this should be a CHANGE we want to see at the of the intervention*)	Three existing MFI partners (Sajida, WAVE, RDRS) scale existing WSS portfolios	VERC MFI to continue lending for WSS post-partnership with Water.org (achieves graduated partner status)	Develop successful market entry strategy with commercial banks Develop innovative WSS product for SMEs via commercial banks
Outputs *(Specific products and services resulting from activities / interventions. Examples include # of loans disbursed, # of people reached, # of workshops or trainings provided, # of loan officers trained)*	**EXISTING PARTNERSHIPS:** **Sajida :** Targets * Loans: 22,833 * People reached: 102,748 * Capital: $7.3 million *Achievement (March 2023)* ** Loans: 13,945* ** People reached: 61,551* ** Capital: $7.07 million* **WAVE:** Targets: * Loans: 80,000 * People reached: 360,000 * Capital mobilized: $28.11M by January 2024 *Achievement (February 2023)* * 276,552 people reached * 62,205 loans disbursed * $24.33 million capital * Number of branches – 133 * Number of villages/unions -16 * Number of upazillas - 81 **RDRS:** Targets: * Loans: 50,000	**Targets** * Loans: 52,000 * People: 225,000 * Capital: $16 million **Achievements:** * 126,102 people reached * 25,079 loans disbursed * $9 million capital mobilized	Landscape study that details: - Gaps in the market - List of investable SMEs Up to 3 banks/SMEs onboarded and offering WSS product for SMEs Test product developed for SME financing Study has already been completed and we have identified the SMEs. Elected not to proceed with banks as retail lenders. Exploring possibility of wholesale lending from banks to MFIs for WSS SME loan purposes.

	* People reached 225,000 * Capital $17.50 million *Achievement (February 2023)* * 78,467 people reached * 17,769 loans disbursed * $4.7 million capital **NEW PARTNERSHIPS** **ASA** **Target:** WSS disbursement: 100,000 People reached: 450,000 Capital mobilized: $28.3 million (Lending from May 2023) **TMSS** **Target:** * Loans: 80,000 * People: 344,000 * Capital: $28 million (Intervention is expected to start by April 2023) **InM** **Target:** * Loans: 15,000 * People reached:67,500 * Capital mobilized: $2.8M (Lending from April 2023) **ESDO** Agreement: In-progress **Target:** (till Jan'24) * Loans: 5,000 * People reached: 21,500 * Capital mobilized: $1.75M (Lending from Q3 2023) **RRF** Agreement: in process **Target:** * Loans: 5,000 * People reached:22,500 * Capital mobilized: $943,396 (Lending from Q3 2023) **YPSA** Agreement: In progress **Target:** (till Jan 24) * Loans: 3,500 * People reached: 15,050 * Capital mobilized: $1.2 million (Lending from Q3 2023)		
Activities/Inputs (Could be organizing convenings, developing and providing trainings, designing IEC materials, meeting with key stakeholders, providing technical assistance, etc.)	Provide TA to partners to scale existing WSS portfolios - Staff capacity building (upgradation of existing training module) - Mainstreaming WaterCredit through management buy-in - Advocacy with partner's senior staff to mainstream WaterCredit	* Internalize staff capacity building with the mainstream training mechanism * Mainstream WaterCredit with microcredit operational guidelines and procedures	SME landscaping study to create high-level profiles of the top 30 WASH SMEs Assess profitability and business viability in WASH sector

		* Internalize WaterCredit technical staff	Showcase the findings of SME study to the banks to help them in WSS lending via SMES. Kick-off conversation with new partners/ SMEs to be initiated

ANNEX II – LIST OF KEY INFORMANTS

Country/Global	Interviewee organisation	Interviewee name	Interviewee role / position
Cambodia	AMK	Mr. Kea Bora	CEO
Cambodia	AMK	Mr. Pisey Soun	Chief of Retail Business
Cambodia	CMA	Mr. Phal Vandy	Secretary General
Cambodia	CMA	Mr. Pheakyny Vong	
Cambodia	CMA	Mr. Lim Ming	ED
India	Canara Bank	Mr. Shiva Kumar	Branch Manager
India	Canara Bank	Mr. Ballani Ranganath	Assistant General Manager
Cambodia	Chamrouen	Mr. Yanick Milev	CEO
Cambodia	Chamrouen	Mr. Bunrith Ly	COO
India	DHAN Foundation	Rajapandian R	Programme Leader & Project Coordinator, SCALE UP-II Project
India	DHAN Foundation	Ms Valli K	Federation Coordinator
India	DHAN Foundation	Mr. Ayyappan	Regional Coordinator
India	Gram Panchayat Vadamadurai	Mr. A Pandiyan	President
Bangladesh	InM	Dr. Mustafa Kamal Mujeri	Executive Director
Cambodia	Kampong Chomlong Water Supply	Mr. Ham Nguon	Utility Owner
Cambodia	LOLC	Mr. Sok Voeun	CEO
Cambodia	LOLC	Mr. Vanrith Vong	COO
Cambodia	NH Finance/SAMIC	Mr. Pel Chivita	Operation Manager
Cambodia	Philip Bank / Kredit	Mr. Vannara Rom	Head of MSME
Cambodia	Philip Bank / Kredit	Mr. Ouch Vichet	Manager of Micro & MSME Lending Support
Bangladesh	RDRS	Tapan Kumar Karmaker	Executive Director
India	SHG Federation	Ms Dhanalakshmi	Joint Secretary SHG Federation (Women leader)
Bangladesh	TMSS	Shakil Bin Azad	Senior Assistant Director
Cambodia	Treang Water Supply	Mr. Ney Chandoeun	Utility Owner
Bangladesh	VERC	Md. Masud Hassan	Executive Director
Global	Water.org	Rich Thorsten	Chief Insights Officer
Global	Water.org	Claire Lyons	Global Lead of Advocacy and Influence
Southeast Asia	Water.org	Kiki Tazkiyah	Insights Lead, Southeast Asia
South Asia	Water.org	Sabiha Mahboob	Senior Insights Specialist, South Asia
Bangladesh	Water.org	Somashree Chattapadhya	Partnership Accounts Manager
Bangladesh	Water.org	Md. Shazedul Islam	Program Manager
Bangladesh	Water.org	Abu Aslam	Portfolio Lead, Financial Institutions
India	Water.org	Jose Muthunayagam	Senior Program Manager
Cambodia	Water.org	Satya Ay	Senior Program Manager
Cambodia	Water.org	Sokim Mel	Senior Business Manager
Bangladesh	WAVE Foundation	Mohsin Ali	Executive Director

ANNEX III – KII GUIDE

PARTNERS

Water.org Safe WSS Evaluation

Partner KIIs - generic guide

Name	
Organisation	
Role	
Date of Interview	
Interview conducted by	

Introduction and Consent

Background:

- Aguaconsult has been commissioned by Water.org to undertake an evaluation of its safe water supply and sanitation program in Bangladesh, Cambodia, and India.
- The purpose of the evaluation is to investigate the performance of the program and partners, and the impact the program has had at the sector and household levels.
- The information you provide will analysed alongside other data sources, including Water.org monitoring data, other interview transcripts, and focus group discussions with borrowing households.
- The evaluation findings will be finalised later in 2023 and will be shared with Water.org teams, partners, and other relevant stakeholders.
- This discussion will last approximately 45-60 minutes.

Consent:

Everything shared during the interview will be confidential. We may use quotes from the discussion in our reporting, but all quotes will be anonymous unless we specifically ask you for consent. The final report will include a list of all interviewees and their organisations.
Your involvement (or not) in this interview will not have any impact on funding decisions made by Water.org. The findings will, however, feed into their overall organisational learning going forwards.

- You can withdraw your input from the evaluation at any point, even after the interview is completed and we will delete any information related to this interview.
- Do you have any questions about the review or concerns you would like to raise before we start?

Do you consent to us continuing with the discussion on this basis?			
Yes		**No**	

If you have any concerns, you can contact:

- **Julia Boulenouar,** Director at Aguaconsult (j.boulenouar@aguaconsult.co.uk)
- **Katrina Green,** Senior Analyst at Water.org (kgreen@water.org)

Recording consent [only if you choose to record]:

- We would also like to record the interview to facilitate notetaking and ensure we capture all the information. The recording will only be used by the evaluation team and will be deleted at the end of the evaluation process.

Do you consent to recording this discussion			
Yes		**No**	

Introductions

Please can you describe your role and responsibility at [organization] and how long you have been working there?

EQ2. How have partnerships evolved over time and to what extent are partners operational?

- 2.1 How long have the partnerships been in place for and evolved over time?
- 2.2 What level of trust, communication and a shared understanding of the objectives exists between Water.org and its partners?
- 2.3 To what extent has the technical assistance provided to partners been relevant (in terms of quality and applicability) and utilized by partners?
- 2.4 To what extent have partners mobilized their members to participate in WSS lending activities and partnerships (where applicable)?

When did [organization] first partner with Water.org? Please can you describe the background of the partnership and how it has developed over time?
What processes/assessments were undertaken?
Please can you describe the status of [organization]'s WSS portfolio and support needs when the partnership first started?
What interested [organization] to develop a WSS portfolio in the first place?
How does WSS compare to other products in your portfolio?

How would you describe your overall relationship with Water.org with regard to the communication, levels of trust, and shared understanding of the objectives between you?
Communication: Levels of trust: Shared understanding of the objectives:
Can you describe the support [organization] has received from Water.org? Has the support been helpful and relevant in responding to your needs?
What efforts has [organization] made to mobilize its members to participate in WSS lending activities and partnerships (where applicable)?
How is the WSS portfolio performing in relation to total portfolio (good/bad)? Main reasons?

EQ3. To what extent are financial institutions progressing towards self-sustaining WaterCredit portfolios?

- 3.3 How have the financial institutions responded to changes in the market or economic conditions?

[Financial institutions only]. To what extent is your WSS lending portfolio able to self-sustain itself?
Can the MFI continue lending without Water.org technical support? Can the MFI's business revenue, including interest and fee income, cover costs (adjusted to subsidies)? What more needs to happen in order to reach this?
[Financial institutions only]. What changes in the market/economic conditions have occurred and how has [organization] responded?

EQ6. To what extent has the Program impacted household awareness and behaviors?

- 6.1 To what extent are customers satisfied with their loan arrangements?
- 6.2 To what extent are customers using the loan for constructing improved WSS facilities?

Do you monitor customers' satisfaction with the loan arrangement? How satisfied are customers with their loan arrangements?
How were interest rates set? Are they affordable?
Are customers using their loans for constructing WSS facilities? In your opinion, what are the changes at the community level in terms of hygiene/handwashing and sanitation?
How are you monitoring this?

EQ4. To what extent have financial institutions achieved scale in their WSS portfolios across new and existing geographies?

- 4.2 To what extent have existing/mature financial institutions expanded into new areas/markets?
- 4.3 How has COVID-19 impacted scale-up?
- 4.4 To what extent have digital/innovative approaches been utilized by financial institutions and how has this affected lending?
- 4.5 To what extent has Water.org partnered with different types of organisations to expand consumer reach?

[Financial institutions only]. To what extent have you been able to scale-up your WSS portfolio in the geographies you're operating in? Have you expanded into any new areas/markets?
Have you seen a growth in your customer base over time?
[Financial institutions only]. What have helped/hindered the scale-up of your WSS portfolio?
How has COVID-19 impacted scale-up?

[Financial institutions only]. Have you utilized any digital or other innovative approaches under the program? If so, how has this affected lending?

EQ5. To what extent have Water.org and its partners activities influenced the enabling environment for WSS financing?

- 5.1 What evidence is there of potential outcomes in the WSS sector, financial services sector, and broader policy and regulatory environments in each Program country?

Has the program contributed to any significant changes in the broader sector/enabling environment for water supply and sanitation financing? If so, what are these changes and how has the program contributed?
Specifically, the water supply and sanitations sector, financial services sector, and broader policy and regulatory environments?

Closing questions

Do you have any other comments to provide on the topics covered in this discussion? Are there any topics you feel we should have covered but have not?
Do you have any questions about the evaluation?

WATER.ORG

Water.org Safe WSS Evaluation

Water.org staff KIIs - generic guide

Name	
Organisation	
Role	
Date of Interview	
Interview conducted by	

Introduction and Consent

Background:

- Aguaconsult has been commissioned by Water.org to undertake an evaluation of its safe water supply and sanitation program in Bangladesh, Cambodia, and India.
- The purpose of the evaluation is to investigate the performance of the program and partners, and the impact the program has had at the sector and household levels.
- The information you provide will analysed alongside other data sources, including Water.org monitoring data, other interview transcripts, and focus group discussions with borrowing households.
- The evaluation findings will be finalised later in 2023 and will be shared with Water.org teams, partners, and other relevant stakeholders.
- This discussion will last approximately 45-60 minutes.

Consent:

Everything shared during the interview will be confidential. We may use quotes from the discussion in our reporting, but all quotes will be anonymous unless we specifically ask you for consent. The final report will include a list of all interviewees and their organisations.
Your involvement (or not) in this interview will not have any impact on funding decisions made by Water.org. The findings will, however, feed into their overall organisational learning going forwards.

- You can withdraw your input from the evaluation at any point, even after the interview is completed and we will delete any information related to this interview.
- Do you have any questions about the review or concerns you would like to raise before we start?

Do you consent to us continuing with the discussion on this basis?			
Yes		**No**	

If you have any concerns, you can contact:

- **Julia Boulenouar,** Director at Aguaconsult (j.boulenouar@aguaconsult.co.uk)
- **Katrina Green,** Senior Analyst at Water.org (kgreen@water.org)

Recording consent [only if you choose to record]:

- We would also like to record the interview to facilitate notetaking and ensure we capture all the information. The recording will only be used by the evaluation team and will be deleted at the end of the evaluation process.

Do you consent to recording this discussion

Yes		**No**	

Introductions

Please can you describe your role and responsibility at Water.org and how long you have been working there?

EQ1. To what extent has the Program achieved its overall targets?

- 1.1 Has the Program reached its partnership targets?
- 1.2 Has the Program reached its capital mobilization and lending targets?
- 1.3 Has the Program reached its customer targets?

[Briefly outline the key program results areas and targets]. To what extent has the program achieved its targets in [country] to date? Where is it on-track and off-track in terms of achievement?
Has it reached its partnership targets? Capital mobilization and lending targets? Customer targets?
What are the main enablers and barriers to achieving program targets?

EQ2. How have partnerships evolved over time and to what extent are partners operational?

- 2.1 How long have the partnerships been in place for and evolved over time?
- 2.2 What level of trust, communication and a shared understanding of the objectives exists between Water.org and its partners?
- 2.3 To what extent has the technical assistance provided to partners been relevant (in terms of quality and applicability) and utilized by partners?
- 2.4 To what extent have partners mobilized their members to participate in WSS lending activities and partnerships (where applicable)?

Please can you describe the different partnerships you have engaged in under the current Program? Please comment on each operating in your country.
What proportion of partners are new vs. mature/pre-existing?

[Partner 1]: xxx
[Partner 2]: xxx
[Partner 3]: xxx

What was the status of each partner's WSS portfolio and support needs at the start of the program? How many were active during INDITEX I vs. new in INDITEX 2? Please comment on each partner operating in your country.

What processes did you undertake to identify partners? Did you use a set criteria?

[Partner 1]: xxx
[Partner 2]: xxx
[Partner 3]: xxx

How have partnerships evolved over time? Please comment on each operating in your country.

[Partner 1]: xxx
[Partner 2]: xxx
[Partner 3]: xxx

How would you describe your overall relationship with different partners with regard to the communication, levels of trust, and shared understanding of the objectives between you?? Please comment on each partner individually.

[Partner 1]
Communication:
Levels of trust:
Shared understanding of the objectives:

[Partner 2]
Communication:
Levels of trust:
Shared understanding of the objectives:

[Partner 3]
Communication:
Levels of trust:
Shared understanding of the objectives:

What support have you provided to the different partners? To what extent have partners utilized technical assistance provided? Please comment on each operating in your country.

[Partner 1]: xxx
[Partner 2]: xxx
[Partner 3]: xxx

To what extent have partners mobilized their members to participate in WSS lending activities and partnerships (where applicable)?

EQ3. To what extent are financial institutions progressing towards self-sustaining WaterCredit portfolios?

- 3.3 How have the financial institutions responded to changes in the market or economic conditions?

To what extent are partners' WaterCredit portfolios able to self-sustain? What are the enablers and barriers that partners face in this respect? Please comment on each operating in your country.
What more needs to happen in order to reach this?

EQ4. To what extent have financial institutions achieved scale in their WSS portfolios across new and existing geographies?

- 4.2 To what extent have existing/mature financial institutions expanded into new areas/markets?
- 4.3 How has COVID-19 impacted scale-up?
- 4.4 To what extent have digital/innovative approaches been utilized by financial institutions and how has this affected lending?
- 4.5 To what extent has Water.org partnered with different types of organisations to expand consumer reach?

To what extent have partners been able to scale-up their WSS portfolios? Please comment on each operating in your country.
To what extent have mature/pre-existing financial institutions expanded into any new areas/markets?
What are the main factors that have helped/hindered the scale-up of partner WSS portfolio? Please comment on each operating in your country.
How has COVID-19 impacted scale-up?
Have partners utilized any digital or other innovative approaches within their portfolios? If so, how has this affected lending?

Have you partnered with any new or different types of organisation to expand consumer reach during the program?

EQ5. To what extent have Water.org and its partners activities influenced the enabling environment for WSS financing?

- 5.1 What evidence is there of potential outcomes in the WSS sector, financial services sector, and broader policy and regulatory environments in each Program country?

Has the program contributed to any significant changes in the broader sector/enabling environment for water supply and sanitation financing? If so, what are these changes and how has the program contributed?
Specifically, the water supply and sanitations sector, financial services sector, and broader policy and regulatory environments?

Closing questions

Do you have any other comments to provide on the topics covered in this discussion? Are there any topics you feel we should have covered but have not?
Do you have any questions about the evaluation?

STAKEHOLDER INTERVIEWS

Water.org Safe WSS Evaluation

Sector stakeholder KIIs - generic guide

Name	
Organisation	
Role	
Date of Interview	
Interview conducted by	

Introduction and Consent

Background:

- Aguaconsult has been commissioned by Water.org to undertake an evaluation of its safe water supply and sanitation program in Bangladesh, Cambodia, and India.
- The purpose of the evaluation is to investigate the performance of the program and partners, and the impact the program has had at the sector and household levels.
- The information you provide will analysed alongside other data sources, including Water.org monitoring data, other interview transcripts, and focus group discussions with borrowing households.
- The evaluation findings will be finalised later in 2023 and will be shared with Water.org teams, partners, and other relevant stakeholders.
- This discussion will last approximately 30-45 minutes.

Consent:

Everything shared during the interview will be confidential. We may use quotes from the discussion in our reporting, but all quotes will be anonymous unless we specifically ask you for consent. The final report will include a list of all interviewees and their organisations.
Your involvement (or not) in this interview will not have any impact on funding decisions made by Water.org. The findings will, however, feed into their overall organisational learning going forwards.

- You can withdraw your input from the evaluation at any point, even after the interview is completed and we will delete any information related to this interview.
- Do you have any questions about the review or concerns you would like to raise before we start?

Do you consent to us continuing with the discussion on this basis?			
Yes		**No**	

If you have any concerns, you can contact:

- **Julia Boulenouar,** Director at Aguaconsult (j.boulenouar@aguaconsult.co.uk)
- **Katrina Green,** Senior Analyst at Water.org (kgreen@water.org)

Recording consent [only if you choose to record]:

- We would also like to record the interview to facilitate notetaking and ensure we capture all the information. The recording will only be used by the evaluation team and will be deleted at the end of the evaluation process.

Do you consent to recording this discussion

Yes		**No**	

Introductions

Please can you describe your role and responsibility at [organization] and how long you have been working there?
What involvement have you had with Water.org and its partners to date?

EQ5. To what extent have Water.org and its partners activities influenced the enabling environment for WSS financing?

- 5.1 What evidence is there of potential outcomes in the WSS sector, financial services sector, and broader policy and regulatory environments in each Program country?
- 5.2 How significant was Water.org and its partners contribution to the realized outcomes?

[Describe the potential harvested outcome]. How did this change come about and what has your involvement with it been?
How did Water.org and/or its partners contribute to this change (if at all)?
Which specific activities from Water.org/partners contributed?
What other factors contributed to this change occurring? How significant was Water.org and/or its partners' contribution relative to these other factors?

Closing questions

Do you have any other comments to provide on the topics covered in this discussion? Are there any topics you feel we should have covered but have not?
Do you have any questions about the evaluation?
Are there any other actors who would be able to comment on this change and the relative contribution? If so, would you be happy to make an introduction so that we can discuss with them also?

ANNEX IV – FGD GUIDES

LOAN SATISFACTION

WATER.ORG SAFE WSS EVALUATION

Loan satisfaction FGDs - generic guide

Names	
Location	
Lending partner	
Date of FGD	
FGD conducted by	

Introduction and Consent

Background:

- Aguaconsult has been commissioned by Water.org to undertake an evaluation of its safe water supply and sanitation program in Bangladesh, Cambodia, and India.
- The purpose of the evaluation is to investigate the performance of the program and partners, and the impact the program has had at the sector and household levels.
- The information you provide will analysed alongside other data sources, including Water.org monitoring data, other interview transcripts, and focus group discussions with borrowing households.
- The evaluation findings will be finalised later in 2023 and will be shared with Water.org teams, partners, and other relevant stakeholders.
- This discussion will last approximately 60-90 minutes.

Consent:

Everything shared during the FGD will be confidential. We may use quotes from the discussion in our reporting, but all quotes will be anonymous unless we specifically ask you for consent.

- You can withdraw your input from the evaluation at any point, even after the FGD is completed and we will delete any information you provided relating to this FGD.
- Do you have any questions about the review or concerns you would like to raise before we start?

Do you consent to us continuing with the discussion on this basis?			
Yes		**No**	

If you have any concerns, you can contact:

- **Julia Boulenouar,** Director at Aguaconsult (j.boulenouar@aguaconsult.co.uk)
- **Katrina Green,** Senior Analyst at Water.org (kgreen@water.org)

Recording consent [only if you choose to record]:

- We would also like to record the FGD to facilitate notetaking and ensure we capture all the information. The recording will only be used by the evaluation team and will be deleted at the end of the evaluation process.

Do you consent to recording this discussion			
Yes		**No**	

Introductions

[Ask each FGD participant]. What is your name? What water supply and sanitation improvements has your household constructed, and when was construction completed? Who in your family took out the loan? Who decided to take out the loan, what is a joint decision? What are your income sources?

EQ6. To what extent has the Programme impacted household awareness and behaviours?

- 6.4 To what extent are customers using the improved WSS facilities after construction?
- 6.5 To what extent has the Program generated awareness among households on improved WSS and its benefits?

Have you utilised the loan for the right purpose? To what extent are members of your households using the improved WSS facilities?
What benefits are you experiencing or expecting to experience from your improved WSS facilities?

EQ6. To what extent has the Program impacted household awareness and behaviors?

- 6.1 To what extent are customers satisfied with their loan arrangements?

How did you first learn about the WSS loan? What information on WSS was provided before you took on the loan?
What processes did you undergo to access the loan?
How easy was it to access the loan for WSS improvements?

What did the application process entail? Were you accepted the first time you applied? Did you receive any support when making your application?

How satisfied are you with your experience using the WSS loan product and the loan arrangement?
Are the interest rates affordable? *Is the loan tenure realistic?* *Is there any feedback mechanism in place with the lending institution?* *What positive or negative impacts have you experienced from taking out the loan?* *Do you consider the improved WSS facilities a worthwhile investment?*

EQ7. To what extent has customer engagement with the Program's WaterCredit initiative impacted lives at the household level?

- 7.4 What evidence is there of impacts on customer households' socio-economic conditions?

How has the loan and access to improved WSS facilities changed your socio-economic conditions?
Has your household income increased? If so, why and how (time savings from reduced travel for WSS activities, improved health, more time for work, etc? *Has your household expenditure changed? If so, why and how (loan repayment)?* *Has your social standing in your community changed? If so, why and how?*

Closing questions

Do you have any other comments to provide on the topics covered in this discussion? Are there any topics you feel we should have covered but have not?

Do you have any questions about the evaluation?

HEALTH AND GENDER

Water.org Safe WSS Evaluation

Health and gender FGDs - generic guide

Names	
Location	
Lending partner	
Date of FGD	
FGD conducted by	

Introduction and Consent

Background:

- Aguaconsult has been commissioned by Water.org to undertake an evaluation of its safe water supply and sanitation program in Bangladesh, Cambodia, and India.
- The purpose of the evaluation is to investigate the performance of the program and partners, and the impact the program has had at the sector and household levels.
- The information you provide will analysed alongside other data sources, including Water.org monitoring data, other interview transcripts, and focus group discussions with borrowing households.
- The evaluation findings will be finalised later in 2023 and will be shared with Water.org teams, partners, and other relevant stakeholders.
- This discussion will last approximately 60-90 minutes.

Consent:

Everything shared during the FGD will be confidential. We may use quotes from the discussion in our reporting, but all quotes will be anonymous unless we specifically ask you for consent.

- You can withdraw your input from the evaluation at any point, even after the FGD is completed and we will delete any information you provided relating to this FGD.
- Do you have any questions about the review or concerns you would like to raise before we start?

Do you consent to us continuing with the discussion on this basis?			
Yes		**No**	

If you have any concerns, you can contact:

- **Julia Boulenouar,** Director at Aguaconsult (j.boulenouar@aguaconsult.co.uk)
- **Katrina Green,** Senior Analyst at Water.org (kgreen@water.org)

Recording consent [only if you choose to record]:

- We would also like to record the FGD to facilitate notetaking and ensure we capture all the information. The recording will only be used by the evaluation team and will be deleted at the end of the evaluation process.

Do you consent to recording this discussion			
Yes		**No**	

Introductions

[Ask each FGD participant]. What is your name? What water supply and sanitation improvements has your household constructed, and when was construction completed? Who in your family took out the loan?

EQ6. To what extent has the Programme impacted household awareness and behaviours?

- 6.4 To what extent are customers using the improved WSS facilities after construction?
- 6.5 To what extent has the Program generated awareness among households on improved WSS and its benefits?

To what extent are all members of your households using the improved WSS facilities? Are you aware of any particular instances where households are not using their improved WSS facilities?
What benefits are you experiencing or expecting to experience from your improved WSS facilities?

EQ7. To what extent has customer engagement with the Program's WaterCredit initiative impacted lives at the household level?

- 7.5 What evidence is there of impacts on customer households' mental and physical health conditions?
- 7.2 What evidence is there of impacts on customer households' gender practices and women's empowerment?
- 7.4 What evidence is there of impacts on customer households' socio-economic conditions?

How has the loan and access to improved WSS facilities affected your mental and physical health conditions?

Has it affected your stress levels? If so, how and why (increased safety/privacy, less water fetching, loan repayment)? *Has it affected your physical health? If so, how and why (reduced dehydration, diarrhoea, stunting etc.)?*
How has the loan and access to improved WSS facilities affected women and girls in your household?
Have women and girls experienced any positive or negative impacts from the following? - *Access to improved water supply (reduced time fetching water)* - *Access to improved sanitation facilities (increased privacy)* - *Changes to household income (time savings)* - *Changes in agency (managing loan repayment)* - *Changes in household task allocation (for women, girls, men, and boys, and school attendance/study time for children*
How has the loan and access to improved WSS facilities affected your socio-economic conditions?
Has your household income increased? If so, why and how (time savings from reduced travel for WSS activities, improved health? *Has your household expenditure changed? If so, why and how (loan repayment)?* *Has your social standing in your community changed? If so, why and how?*

Closing questions

Do you have any other comments to provide on the topics covered in this discussion? Are there any topics you feel we should have covered but have not?
Do you have any questions about the evaluation?

CLIMATE RESILIENCE

Water.org Safe WSS Evaluation

Climate resilience FGDs - generic guide

Names	
Location	
Lending partner	
Date of FGD	
FGD conducted by	

Introduction and Consent

Background:

- Aguaconsult has been commissioned by Water.org to undertake an evaluation of its safe water supply and sanitation program in Bangladesh, Cambodia, and India.
- The purpose of the evaluation is to investigate the performance of the program and partners, and the impact the program has had at the sector and household levels.
- The information you provide will analysed alongside other data sources, including Water.org monitoring data, other interview transcripts, and focus group discussions with borrowing households.
- The evaluation findings will be finalised later in 2023 and will be shared with Water.org teams, partners, and other relevant stakeholders.
- This discussion will last approximately 60-90 minutes.

Consent:

Everything shared during the FGD will be confidential. We may use quotes from the discussion in our reporting, but all quotes will be anonymous unless we specifically ask you for consent.

- You can withdraw your input from the evaluation at any point, even after the FGD is completed and we will delete any information you provided relating to this FGD.
- Do you have any questions about the review or concerns you would like to raise before we start?

Do you consent to us continuing with the discussion on this basis?			
Yes		**No**	

If you have any concerns, you can contact:

- **Julia Boulenouar,** Director at Aguaconsult (j.boulenouar@aguaconsult.co.uk)
- **Katrina Green,** Senior Analyst at Water.org (kgreen@water.org)

Recording consent [only if you choose to record]:

- We would also like to record the FGD to facilitate notetaking and ensure we capture all the information. The recording will only be used by the evaluation team and will be deleted at the end of the evaluation process.

Do you consent to recording this discussion			
Yes		**No**	

Introductions

[Ask each FGD participant]. What is your name? What water supply and sanitation improvements has your household constructed, and when was construction completed? Who in your family took out the loan?

EQ6. To what extent has the Programme impacted household awareness and behaviours?

- 6.4 To what extent are customers using the improved WSS facilities after construction?
- 6.5 To what extent has the Program generated awareness among households on improved WSS and its benefits?

To what extent are members of your households using the improved WSS facilities?
What benefits are you experiencing or expecting to experience from your improved WSS facilities?

EQ7. To what extent has customer engagement with the Program's WaterCredit initiative impacted lives at the household level?

- 7.3 What evidence is there of impacts on customer households' climate resilience?
- 7.4 What evidence is there of impacts on customer households' socio-economic conditions?

How are climate hazards (drought, floods etc.) affecting your community and access to WSS?

Was climate change a motivator for investing in improved WSS?
Are your WSS facilities resilient to climate hazards (drought, floods etc.)?
What steps have you undertaken to improve the climate resilience of your WSS facilities?
How do your WSS facilities mitigate the impact of climate hazards (drought, floods etc.)?
How does this differ for water supply and sanitation? Are there any adverse effects from your WSS facilities when a climate disaster occurs?
How has the loan and access to improved WSS facilities affected your socio-economic conditions?
Has your household income increased? If so, why and how (time savings from reduced travel for WSS activities, improved health? Has your household expenditure changed? If so, why and how (loan repayment)? Has your social standing in your community changed? If so, why and how?

Closing questions

Do you have any other comments to provide on the topics covered in this discussion? Are there any topics you feel we should have covered but have not?
Do you have any questions about the evaluation?