



ANNUAL REPORT 2010

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Chairperson's Statement

During 2010, IRC and its staff once again proved their competency and resolve in meeting the challenges of ongoing transformation taking place in the development sector, particularly within the Water, Sanitation, and Hygiene (WASH) sector. While there is increasing international attention on WASH services for the poor, the recent global financial crisis has brought about fundamental changes in overseas development aid, impacting upon the funding mechanism and modality of Dutch development aid.



The generous support and investment of the Dutch government in our work remains key to facilitating the growth of IRC's programmes and projects. Through the Dutch government's support and ongoing interest in maintaining its strategic partnership with us, we have been able to realise our developmental goals, benefitting our partners and the water and sanitation sector as a whole. We are grateful to the Dutch government for its continued confidence in our work and are committed to identifying appropriate funding channels and market opportunities to enable us to maintain our role as an independent and strategic partner in the global WASH sector.

In 2010, we organised and participated in key global WASH events, providing evidence of IRC's continued leadership role in the sector. Most notable of these include IRC's engagement in a high level meeting in Washington D.C. in October 2010, organised by the United States Agency for International Development (USAID) and various US-based charity organisations. By engaging with over 60 funding partners and implementers of water and sanitation infrastructure projects based in the United States, we shared our ongoing research activities on the life-cycle cost approach and the service delivery approach for sustainable water services. In November 2010, we hosted the Vice Minister of the Fondo Hondureño de Inversión Social (FHIS), Mr. Gunther von Wiese, and the Minister of Rural Water Supply and Sanitation of the Government of Andhra Pradesh, Mr. Pinipe Viswarup in our flagship event: the biennial IRC Symposium, Pumps, Pipes and Promises. We convened over 120 participants from 27 countries to engage in discussion and debate on three areas considered instrumental to achieving sustainable WASH services: costs, finances, and accountability.

This year also marked internal changes in the leadership and governance of IRC. In 2010, we welcomed IRC's new Director, Mr. Nico Terra. Appointed in September, he brings a wealth of experience and expertise on complexity management, organisational strengthening and development to IRC. Under his supervision and guidance, IRC has been successful in consolidating its structures and programmes, and in further developing its strategic vision and plans.

On behalf of the Supervisory Board, I wish to acknowledge with great appreciation the contribution made by our Secretary-Treasurer, Mr. Ger Ardon, who resigned from the Board after a period of 20 years. We are eternally grateful for the dedication and hard work that he has put into overseeing the growth and development of IRC. In 2011, we look forward to welcoming our newest member of the Supervisory Board – Dr. Ir. Gerhard van den Top, who is the current CEO of Vitens Evides International – the not-for-profit department of the Vitens Consulting Engineering Group.

Finally, all members of the Supervisory Board extend their deepest appreciation to the IRC staff for their ongoing commitment and dedication, in spite of the financial uncertainties within the development sector. IRC's performance, its growth, and the impacts that have been achieved in 2010 illustrate IRC's ability to respond to various challenges and constraints within the sector, providing inspiration to us all. As we look to the future of IRC with confidence, I wish the IRC staff ongoing success in their pioneering work in responding to the challenges of sustainable delivery and access to water, sanitation and hygiene.



Lodewijk de Waal – Chairperson, IRC Supervisory Board

Message from the Director

A key challenge facing any organisation working in the Water, Sanitation, and Hygiene (WASH) sector today is how to positively shape the future of the sector so that it delivers sustainable services. Although global monitoring illustrates that good progress is being made with increasing coverage, many countries will not meet the water and sanitation Millennium Development Goals for 2015 at the current rate of delivery. People have a basic human right to access WASH services, but the reality is, at least 2.6 billion people have no access to safe sanitation, whilst some 800 million people get their drinking water from an unacceptable and probably unsafe source. Despite decades of sector reform and billions of dollars investment in the sector, these efforts are not sufficient to ensure that improvements in the sector are sustainable.

It is in the context of these challenges that IRC International Water and Sanitation Centre presents its 2010 Annual Report. IRC subscribes to a broad sector vision of a world in which all people are able to enjoy their fundamental human right of access to appropriate and sustainable water and sanitation services that they use and can afford; and where these services are in turn based on the sustainable use of water and environmental resources.

IRC is a Netherlands based organisation, operating internationally in the WASH sector through a network of partner organisations. IRC's roots are in advocacy, lesson learning, knowledge management and capacity building. In recent years, IRC has built a reputation for cutting-edge innovation and action research aimed at supporting the WASH sector to provide equitable and sustainable water, sanitation and hygiene services at scale. IRC uses trends and scenario analyses to shape our contribution to the sector globally and within different countries, as well as across different focus areas.

In this 2010 Annual Report we share our analysis of the most important trends in the WASH sector and IRC's response to these trends. These trends include aid effectiveness and the sector wide approach, financing the sector, sustainability of rural water supply, decentralisation, governance and accountability, urbanisation challenges, information and communication technology (ICT) and social media challenges. The full trends analysis report will be published later in 2011.

Transparency is a core value for IRC and we are actively exploring meaningful ways of applying this principle to our work as an organisation. We have therefore set up a new website www.reporting.irc.nl that provides additional information to support this 2010 Annual Report. The website contains details of our work, such as our annual monitoring report, the findings of our external evaluation, full financial reports and evidence of IRC's overall performance. Readers wanting to access additional information on IRC's accountability are encouraged to explore this site.

2010 was a year of consolidation for IRC. The internal change process was finalised with the introduction of a new organisational model and the strengthening of line management. We are confident that the new organisational structure will facilitate maximum impact through IRC programmes and projects. As 2011 is the last year of the current Business Plan, the development of our new Business Plan for the period 2012-2016 was started in 2010.

IRC's resource base further expanded in 2010. The total revenue for 2010 grew significantly, and we achieved a shift in our funding base towards more private funding. From 2009 to the end of 2010 the number of IRC staff increased significantly from 53 to 64 staff members, in response to the increased demand for our services.



We wish to thank our partners. Without our partners we would not be able to achieve the results and impacts we strive to make in the sector both globally and within our focus regions. These partnerships with national governments, local authorities, international agencies, local NGOs, sector networks and various development partners are fundamental to our work and are highly valued by IRC.

Last but not the least, I would like to thank the IRC staff for their ongoing commitment and work within the sector. Through the hard work of the IRC staff, IRC produced many valuable results and had successfully brought about positive sector impacts in 2010.



Nico Terra – Director

IRC Around the World





Macro Development and WASH Trends

Whilst poverty remains a major challenge for the developing world, many developing countries are also experiencing significant economic and demographic growth – with increasing demands for water and sanitation services. Water scarcity, climate change, degradation of global water supplies and resource constraints pose challenges for scaling up the provision of sustainable services.

Development is fundamentally about people – to create an enabling environment for them to enjoy healthy, productive and creative lives. Critical to development is poverty reduction. Whilst there has been substantial progress in many aspects of human development, the pace of poverty reduction in developing countries has slowed down with the global economic crisis. This crisis has hampered progress across all the Millennium Development Goals (MDGs) including the water and sanitation targets. This adverse impact on all the MDGs is likely to continue until 2015 and beyond.

Before the financial crisis, many developing countries experienced high levels of economic growth, making substantial progress in reducing extreme poverty by 40% since the 1990s. The developing world as a whole was on track in halving income poverty by 2015. Whilst poverty levels are gradually declining, these levels differ across regions. Three quarters of the world's 1.3 billion poor people, live in middle-income countries, such as India, China, Nigeria, Pakistan and Indonesia. Only a quarter of the world's poor live in the remaining 39 low-income countries, mostly found in sub-Saharan Africa (Summer, 2010). Sub-Saharan Africa is unlikely to reach the poverty target. This data illustrates that poverty is increasingly turning from an international to a national equity issue.

An analysis by the 'Economist' in 2011 found that over the past decade, the top ten countries in terms of economic growth were all in Africa and Asia. Although the global economic crisis of 2008-2010 has negatively impacted progress in achieving the MDGs, the developing world has on average, been mildly affected compared to the developed world, and continues to recover well. For example, the International Monetary Fund stated that Sub-Saharan Africa is expected to reach an average economic growth of 5.5% over 2011. Although economic growth is likely to continue, most African countries will remain within the category of least developed countries and among the world's poorest countries well into the next decade.

Progress over the various MDGs has been uneven across indicators and regions. Access to clean water is one of the targets where good progress has been made. However, the water and sanitation targets cannot be addressed in isolation from other MDG targets, particularly those related to basic health care. Unfortunately, progress in other human development related targets such as child mortality, hunger and nutrition and HIV/AIDs have been much slower. Human development is also adversely affected by environmental degradation where the impact is greatest on the poor and disadvantaged.

Challenges in today's world require policy solutions which take into account the specific context, experiences and challenges different countries face. Universal policy prescriptions, generic 'models', and standardised guidelines will not bring about sustainable results. Solutions need to be dynamic and flexible in order to address disparities and to achieve core outcomes of development, such as equity, human rights, empowerment and sustainability.

Macro Developments and WASH Trends

The interdependencies between all the MDG targets need to be proactively strengthened if sustainable outcomes are to be achieved. With less than five years to achieve the 2015 MDGs, the world faces significant challenges to meet MDG targets, in particular the sanitation target.

Many of the general development and poverty issues are also found in the WASH sector. Although there has been a steady increase in access to water supply services and the MDG target for water is on track globally, many people remain without access to services. According to the World Bank's Global Monitoring Report of 2010, 23 developing countries have made no progress in achieving the water target and an additional 5 countries have fallen back.

Poverty can never be completely alleviated without achieving the health and economic benefits from improved sanitation, yet the global target for sanitation will not be met. Globally, over 2.6 billion people are not using improved sanitation. Almost half of the population in developing countries remain without access to improved sanitation.

Moreover, the sustainability of WASH delivery systems remains a major concern. An ongoing trend in the developing world is the high levels of non-functionality of water systems and the lack of sustained use of sanitation facilities. Reasons for this are manifold, and include a tendency to focus on infrastructure rather than on providing sustainable services. Poor maintenance by service providers, ineffective governance at higher institutional levels, weak sector capacity, insufficient investment in the sector, and poor aid targeting are also key factors that contribute to system failure. In addition, the sector faces many challenges linked to rapid urbanisation, increasing water scarcity, climate change and inefficient financial management of scarce funds.

Although many developing countries have defined policies for both urban and rural water supply, the same does not apply for sanitation and thus there are no criteria for funding sanitation for un-served populations. Unclear institutional roles and responsibilities for sanitation have prevented sanitation and hygiene education from being prioritised, with the responsibility for sanitation remaining fragmented across a range of institutions. The low priority afforded to sanitation has also trapped the sector in a vicious cycle, where lack of political will and policy neglect leads to insufficient public financing for sanitation, which in turn leads to insufficient delivery.

IRC advocates for sector reform, in particular policy and institutional reform, increases in domestic revenue and sustainable financing, and greater attention to ongoing services provision. Good governance and building a 'learning sector' are both key to improving performance. Development partners also have a role to play in providing predictable and sustainable financial support and in ensuring compliance with the principles of the aid effectiveness agenda. Whilst there is a need for increased investment in the sector to meet the water and sanitation targets, the efficiency and effectiveness of existing expenditure need to be improved if progress is to be accelerated and sustained. In particular, if services are to continue beyond infrastructure development, investment and expertise need to be targeted towards establishing the necessary support systems that ensure ongoing services provision. Ultimately, a focus on sustainable services is needed in terms of policy, legislation, financing, governance and service provision.

Sustainable service provision is a major focus of IRC's work. This is evidenced in our regional and global programmes, as well as our various projects, including WASHCost, which explores the life-cycle costs of water services, and Sustainable Services at Scale (Triple S), which is piloting service delivery approaches in the sector. This Annual Report examines current trends in the water and sanitation sector and how these trends impact upon sector performance. The trends we examine include: challenges to aid effectiveness; financing water, sanitation, and hygiene (WASH) services; sustainability of rural water supply; the sanitation gap; decentralisation; governance, transparency and accountability; urbanisation; and information and communications technology (ICT) in WASH. We further provide our response to these trends and the contribution we are making towards finding solutions that support sector sustainability, particularly in terms of policy issues, action research, innovation, capacity support, advocacy and sector learning and knowledge sharing.

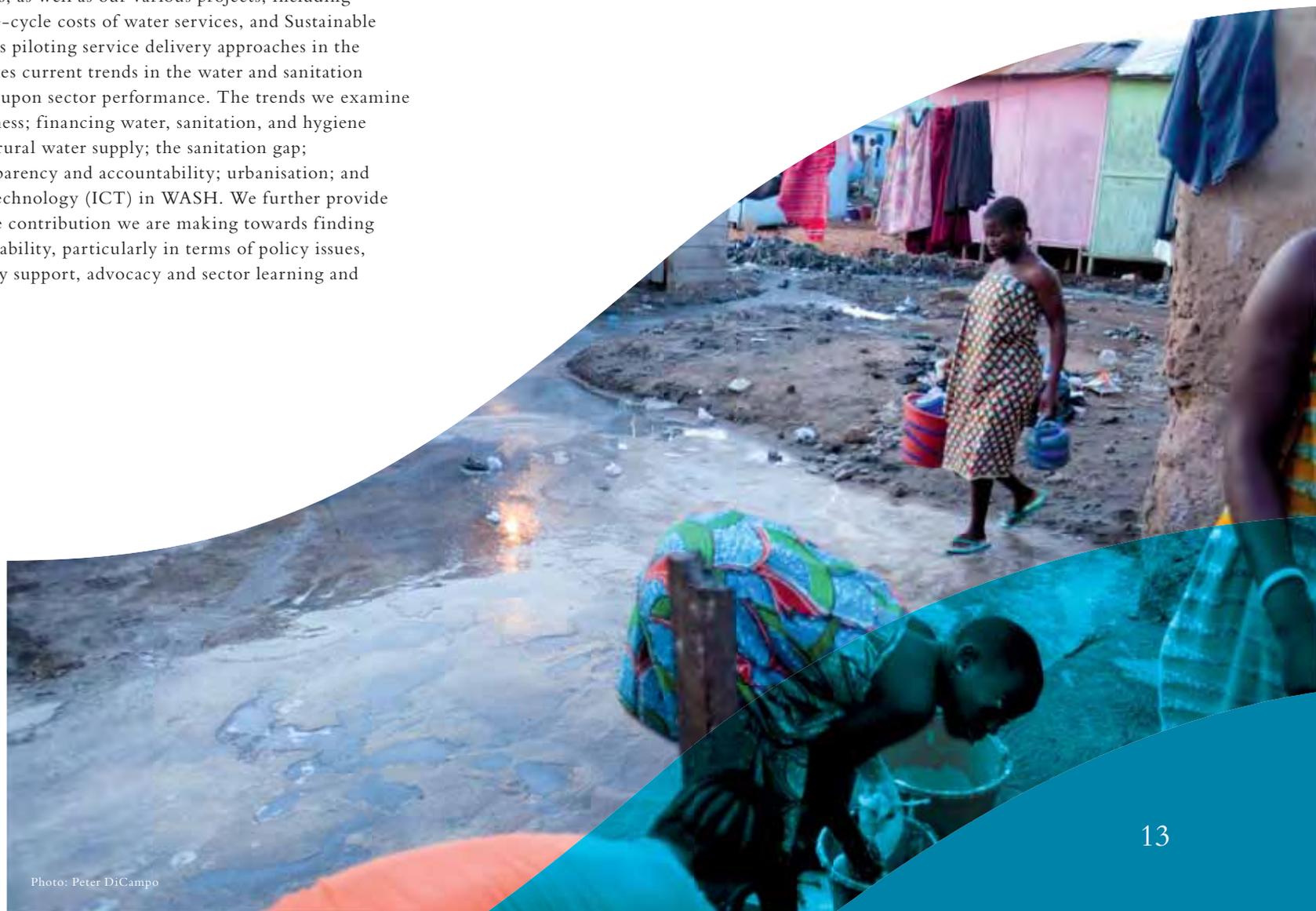


Photo: Peter DiCampo



Aid Effectiveness – Global and Country Challenges

There is a striking disparity between commitments to improve aid effectiveness and actual performance in the water and sanitation sector. Relative to other sectors, the water and sanitation share of development aid has decreased over the period 1998–2008, despite its relevance to the achievement of almost all of the Millennium Development Goals (MDGs).

Over the past ten years, aid effectiveness has become a key issue for the water and sanitation sector, from the side of both donors and recipient countries. Following the Paris Declaration and Accra Agenda for Action, donors are increasing their commitment to harmonisation and alignment. This is particularly important considering the large number of donors within the sector. Parallel to this, recipient countries are also making efforts to facilitate donor coordination, while taking the lead in setting the sector agenda.

Despite these efforts, recent assessments indicate that making aid more effective is far from being achieved. An estimated US\$11 billion is required annually to meet Africa's drinking water supply and sanitation needs. Current financing from national budgets and donor aid is insufficient to close this gap. Aid is also not well targeted, with less than half of total aid going to low income countries (between 2003 and 2008) and only 16% of total aid allocated to basic water and sanitation services. According to the European Union Water Initiative – African Working Group (EUWI-AWG), sanitation remains one of the most neglected MDG sectors where most of the funds allocated to rural sanitation are considered 'off budget'.

Enormous challenges still exist for recipient countries to access and make effective use of aid; for example, taking leadership in sector-wide national planning processes, developing sector investment plans and building capacities for coordinated implementation.

The 2008 and 2010 UN-Water Global Annual Assessment of Sanitation and Drinking Water (GLAAS) reports provide the evidence base necessary to address these challenges by supporting policy dialogues globally and nationally on trends, prioritisation,

targeting and coordination towards accelerating progress on the water and sanitation MDG targets. GLAAS 2010 found that although policy formulation, national sector planning, institutional arrangements, investment planning, annual reviews, and implementation are receiving greater attention, many countries are still without adequate policy, are unable to implement investment plans due to lack of reliable data, and have yet to clarify their water and sanitation institutional arrangements. Country ownership continues to be a challenge for many countries – a challenge the sector as a whole needs to address.

Promising initiatives at the global level exist in addressing these challenges. The Sanitation and Water for All (SWA) global partnership successfully brought developing countries, donors, multi-lateral agencies, civil society and other development partners together to facilitate debate, increase political commitments and improve aid effectiveness at the highest levels in the sector. Issues high on the SWA agenda include: insufficient investment in the sector, particularly domestic investment; poor political prioritisation; lack of effective sector plans; inadequate sector capacity; and poor sector coordination.

The EUWI-AWG is responsible for implementing the EU-Africa Partnership on Water Affairs and Sanitation to make an African-European contribution to the achievement of water and sanitation related MDGs in Sub-Saharan Africa. This initiative aims to ensure a coordinated effort by European donors in supporting the African Ministers' Council on Water (AMCOW) in implementing the Africa Water Vision 2025.

At the national level, the Sector Wide Approach (SWAp) provides a way of working amongst governments, development partners and other key sector stakeholders to broaden government and national ownership over public sector policy and resource allocation decisions. SWAps seek to improve country ownership, facilitate the shift from a focus on projects and infrastructure to a broader focus on policy development, sector reform, good governance and sustainable services.

Amidst these developments, IRC has played a key role in addressing aid effectiveness and promoting SWAps in the water and sanitation sector. We served on the interim core group which conceptualised and established the Sanitation and Water for All global partnership and continue to participate in its various working groups. We also supported the country processes in various countries to facilitate their active participation in the first high level meeting of the SWA that took place in Washington in April 2010. Bringing together Finance and Water Ministers, donors and development partners, this meeting validated the need to develop credible national plans supported by increased investment as a priority in the sector, as was evidenced by the Statement of the African and Asian Water Ministers to the meeting. IRC also played a strategic support role to the EUWI-AWG, including the facilitation of high level donor meetings, country dialogue, donor coordination, and in the implementation of various studies on aid effectiveness.

Aid effectiveness and SWAps are important IRC thematic areas that inform our regional programme strategy. Relatively few countries have developed a water sector SWAp as many developing countries do not satisfy the conditionalities for sector budget support. IRC has advocated that putting the necessary policies, mechanisms and systems in place for a successful SWAp should be part of the support process so that more countries can qualify for sector budget support.

With respect to promoting SWAps and developing country capacity to plan and implement SWAps, we have facilitated various workshops and lesson sharing events drawing on best practices. Currently IRC works with various national governments of aid recipient countries in the development of their national Water, Sanitation, and Hygiene policy and strategy frameworks. A focus on SWAps, harmonisation, alignment and country ownership through support to strengthening national planning capacities will continue to be major areas of work for IRC in supporting aid effectiveness beyond 2011.



Financing WASH Services

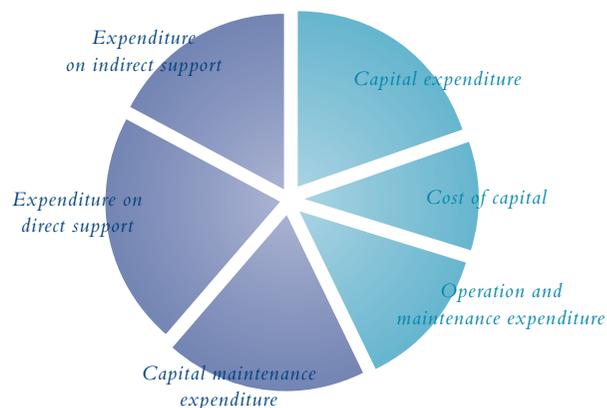
More recent OECD and World Bank research shows that achieving the MDG targets for water and sanitation is likely to require a doubling of investment by donors to a total of US\$72 billion annually. With the rapid growth of infrastructure systems, maintenance and support costs will grow exponentially.

Developing countries require approximately US\$900 billion per year for both maintaining existing infrastructure facilities and augmenting them. The World Health Organization estimates that, of all investments needed for WASH services, 74% should be for recurrent capital maintenance, and only 26% for capital needs for new services.

Most investment in the WASH sector is spent on building new or extending existing infrastructure as donors and governments of developing countries aim to reach the MDGs and their national service level targets. However, due to high breakdown rates in the sector, ensuring appropriate investment in asset management and the ongoing functionality of both new and existing infrastructure is crucial to success.

Typically, donors prefer to take responsibility for capital investment in new infrastructure, while government and communities are made responsible for operations and maintenance. However, major repairs and rehabilitation often go beyond government and community resources. Furthermore, domestic investment to water and sanitation from government taxes is disappointingly low, at 0.48% of GDP, leaving households in both rural and urban low income areas to cover a significant percentage of the costs for water, sanitation, and hygiene.

The GLAAS report 2010 and the WASHCost project are two major initiatives that seek to bridge these gaps by identifying problems related to the lack of financial sustainability within the sector. IRC tackles this challenge from two angles: firstly, in terms of aid effectiveness and domestic financing; and secondly, by promoting the life-cycle cost approach – where all costs to ensuring the sustainable service delivery of water, sanitation and hygiene are taken into account.



Our work contributes to the growing recognition of the importance of disaggregating life-cycle costs and the financial requirements to ensure the provision of services. The Sanitation and Water for All global partnership of developing countries, donors, and multi-lateral agencies, is promoting the development of sector investment plans based on real costs. With an understanding of the different cost components in sector investment plans, efforts to ensure greater financial sustainability can succeed. Our WASHCost and Sustainable Services at Scale (Triple-S) projects are directly addressing this challenge.

The life-cycle costs of WASH services

<p><i>Expenditure on indirect support</i> The cost of planning and policy making at governmental level and capacity building of professionals and technicians.</p>	<p><i>Capital expenditure</i> Initial costs of putting new services into place: “hardware” such as pipes, toilets and pumps and one-off “software” such as training and consultations.</p>
<p><i>Expenditure on direct support</i> Pre and post-construction support costs not directly related to implementation, e.g. training for community or private sector operators, users or user groups.</p>	<p><i>Cost of capital</i> The cost of borrowing money or investing in the service instead of another opportunity. It also includes any profit of the service providers.</p>
<p><i>Capital maintenance expenditure</i> Occasional large maintenance costs for the renewel, replacement, and rehabilitation of a system.</p>	<p><i>Operation and maintenance expenditure</i> Routine maintenance and operation costs crucial to keep services running, e.g. wages, fuel, or any other regular purchases.</p>

“I think this is really exciting to have such detailed cost data and also in a new framework of conceptualisation.”
However, methods also need to move from costing existing (imperfect) services to estimating what would be needed for ‘ideal’ services sustained over time.

Guy Hutton – Senior Economist with the Water and Sanitation Program (WSP) of the World Bank (November 2010, regarding WASHCost)

Financing WASH Services

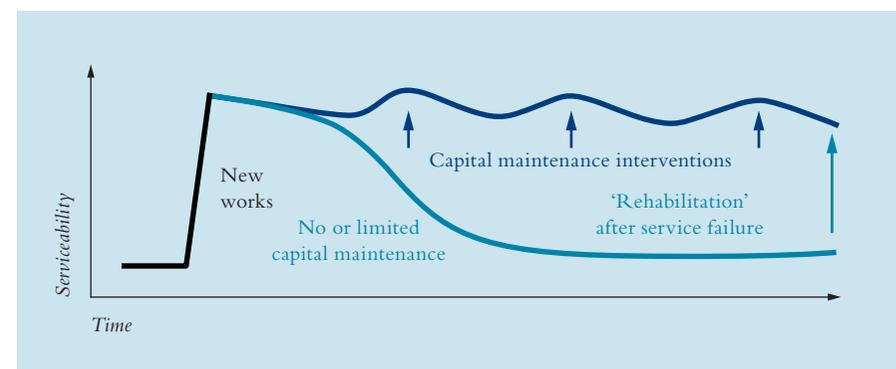
Cost figures have to be related to the cost of sustainable water and sanitation services delivered if they are to make sense for planning by governments, funders, and communities. WASHCost has developed service ladders for water and sanitation which are based on the services delivered, and not just on the technology provided, so that costs can be compared against service levels. Simply counting the number of water points or toilets is not enough – providing safe, accessible, and reliable services is essential.

The water service ladder, May 2011

Service level	Quantity (lpcd)	Quality	Accessibility distance and crowding (mpcd)	Reliability
<i>High</i>	>= 60 Litres per capita per day	Meets or exceeds national norms based on regular testing	Less than 10 min. (Water available in the compound or HH)	Very reliable = works all the time
<i>Intermediate</i>	>= 40 Litres per capita per day	Acceptable user perception and meets/exceeds national norms based on occasional testing	Between 10 and 30 min. (Less than 500m and <= normative population per functioning water point)	Reliable/secure = works most of the time
<i>Basic (normative)</i>	>= 20 Litres per capita per day			
<i>Sub-standard</i>	>= 5 Litres per capita per day	Negative user perception and/or no testing	Between 30 and 60 min. (Between 500m and 1000 meters and/or more than normative population per functioning water point)	Problematic = Suffers significant breakdowns and slow repairs
<i>No service</i>	< 5 Litres per capita per day	Fails to meet national norms	More than 60 min. (More than 1000m)	Unreliable/insecure = completely broken down

The in-country research of our WASHCost project demonstrates that increasing expenditure on major rehabilitation of infrastructure and direct support to providers can decrease total costs. For example, in Ghana, it would be more cost effective to replace each US\$500 handpump every five to ten years than to wait for the pumps to fail and lose all services provided by a US\$10,000 borehole for a (potentially indefinite) period of time.

The capital maintenance approach for maintaining serviceability



The blue line shows that regular capital maintenance sustains serviceability, while (light blue line) service levels fall away over time without capital maintenance, eventually requiring the service to be “rehabilitated” or replaced.

Examples of initiatives already taking advantage of a life-cycle cost approach include:

- Burkina Faso, where PLAN is using the life-cycle cost approach to improve the planning and budgeting process of their WASH project in the Bam district of Ouagadougou.
- The National Water Directorate of Mozambique is applying the life-cycle cost approach to improve their budgeting process for financial transfers to district and provincial government.
- The Ministry of Water Resources, Works, and Housing of Ghana, with support from the European Union Water Facility, is using elements of life-cycle costing methodologies to scan the actual costs for implementing water services in both urban and rural areas for benchmarking through the Water Sector Performance Management Framework project.
- The WASHCost India project is expected to provide significant input towards operationalising the 2010 Rajiv Gandhi National Drinking Water Mission Guidelines.
- The Water and Sanitation Program of the World Bank is using and testing the life-cycle cost approach methodology to collect and analyse costs of their sanitation programmes.
- There is an on-going joint endeavour between WASHCost, the Water and Sanitation Program, and the World Health Organization to develop a public cost database with disaggregated cost data for water and sanitation in developing countries.
- Deloitte & Touche LLP (Deloitte) is developing a set of financial and risk management tools to help operationalise the life-cycle cost approach, serving as a standard, consistent format that stakeholders in the WASH sector can use throughout the service delivery life-cycle.

With an increased understanding of the different cost components of providing water and sanitation services, efforts to ensure greater financial sustainability can succeed.





Sustainability of Rural Water Supply

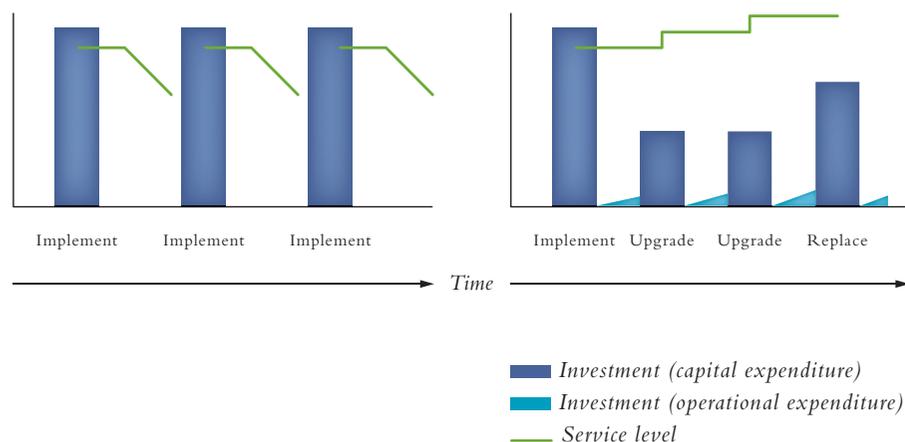
Approximately one out of every three rural water supply systems in developing countries does not function at all or is performing well below its expected level. Failures on this scale represent hundreds of millions of dollars in wasted investment and millions of people having to return to fetching dirty drinking water from distant sources – to the detriment of their health, education, and livelihoods. Sustainability of services in the Water, Sanitation, and Hygiene (WASH) sector remains a key challenge.

While the problem of poor sustainability is recognised, concrete steps for addressing it are considerably less clear. IRC is tackling this issue through Sustainable Services at Scale (Triple-S), an initiative funded by the Bill & Melinda Gates Foundation. We work on the ground with partners in Ghana and Uganda to analyse and address the specific challenges to long-term sustainability of WASH services. Our work feeds into efforts at the international level to encourage a widespread shift in thinking from a focus on implementing projects and building infrastructure to a Service Delivery Approach (SDA). Through partnerships with international organisations (bi-laterals, multi-laterals, and NGOs), we are helping to identify and showcase key components as well as positive examples of delivering sustainable services.

“We need to change the attitude of people expecting free physical services. We want to promote [the need for] ‘soft’ services, like capacity building, which is just as important as providing infrastructure.” The aim is to help people realise that “something that cannot be touched, like improving sector knowledge, can also help the problem.”

Martin Watsisi – *Regional Learning Facilitator, Triple-S Uganda*

The Implementation-Focused Approach vs. The Service Delivery Approach



The diagram on the left shows the current reality for millions of rural people: Following construction of a new system, users have access to a given level of service (green line). However, due to lack of support and proper asset management, service quickly starts to deteriorate until it collapses completely, to be revived at some indeterminate time by the construction of a new system, typically by another agency. The diagram on the right shows the Service Delivery Approach: Here, once a water system has been constructed, the service is maintained indefinitely through a planned process of low intensity administration and management, with occasional capital-intensive projects for upgrading and eventual replacement.

In 2010, we completed a 13-country study that identifies the factors that contribute to, or constrain, the delivery of sustainable rural water services at scale. In this study, we examined trends in rural water supply in Benin, Burkina Faso, Ethiopia, Ghana, Mozambique, South Africa, Uganda, India, Sri Lanka, Thailand, Colombia, Honduras, and the United States. Findings of the study showed that many countries are now moving from a focus on infrastructure to a Service Delivery Approach—one that would support the reliable and continuous delivery of rural water services. However, the study also revealed a number of common weak points. Two that stood out across countries and coverage levels: lack of life-cycle costing, and harmonisation and coordination between different actors. The study produced 13 country reports, two literature reviews, and a synthesis with a detailed analysis of trends in the sector as well as a set of recommendations for action. The synthesis is scheduled for release as a book by Practical Action Publishing in 2011.

Another highlight of 2010 was the WASH Sustainability Forum held in Washington D.C. that IRC organised in partnership with Aguaconsult and Water for People, with the support of USAID and the Bill & Melinda Gates Foundation. This workshop brought together participants from over 50 US-based organisations, including a broad range of donors, implementing agencies (both large NGOs and smaller charity groups), advocacy organisations, and research bodies. According to Anthony Kolb of USAID, his organisation is committing to: “push for better articulation of ‘sustainability’ in water supply and sanitation access grant solicitations at USAID”. USAID is making good on this promise and has now drafted a \$24 million programme for West Africa (WA-WASH) that includes ‘Triple-S sustainable models’, capacity building and learning and improved service delivery mechanisms.

Sustainability of Rural Water Supply

In Uganda, IRC has been working with a consortium of WASH sector actors – the Ministry of Water and Environment/Directorate of Water and Development (MWE/DWD), SNV Uganda, Network of Water and Sanitation-Uganda (NETWAS), and the Uganda Water and Sanitation NGO Network (UWASNET)– to improve coordination and promote sector-wide learning as a means of moving towards sustainable rural water services.

We started profiling two service delivery models in Uganda in 2010: the Community Based Management System and the Water and Sanitation Boards to examine what is working and what is not, and to make recommendations on how to improve their operations. We also support the local governments in the pilot districts of Lira and Kabarole to strengthen their planning processes and advocate for increased funding for human resources, technical support and stakeholder learning. In Lira, we helped the District Water Office, Technical Support Unit 2 and the Water and Sanitation Development Facility-North (WSDF) to establish a database of existing WASH actors – detailing what they do, where they operate and how much they contribute to the district WASH budget. This has enabled the district local government to easily identify the different stakeholders, promote synergies among the actors, and enhance coordination. With partners like SNV Uganda, our Triple-S programme has also helped to establish the Sub County Water and Sanitation Committees.

In Ghana and in partnership with the Community Water and Sanitation Agency (CWSA), we actively support in the nationwide process of moving towards a service delivery approach. With our help, CWSA successfully rallied the support of other sector actors to identify and fill gaps in rural water service delivery in Ghana. Some of the key gaps identified include: indicators for measuring sustainability and service performance, the capacity of district assemblies to act as water service authorities, lack of a common approach to implementing water supply projects, clear responsibilities for different actors (particularly financing Capital Maintenance Expenditures), and government leadership.

“Triple-S has broken an attitudinal inertia about addressing the sustainability challenge. We have been energised to move out of the inertia because the Project concept provides light at the end of the tunnel”.

Emmanuel Gaze – *Director in the Office of the Chief Executive of the Community Water and Sanitation Agency of Ghana*

With CWSA, we addressed one of the key gaps in service delivery by defining indicators for measuring sustainability and service performance, based on its existing norms and standards. Our partnership with CWSA also supported the establishment of regular sector retreats for stakeholders to reflect, take decisions, and assign responsibilities. Two retreats were held in 2010: the first endorsed a roadmap for a Sector Wide Approach; the second addressed the issue of sector performance and monitoring. As a result, the Ministry of Water Resources, Works and Housing has initiated processes to establish a sector information system in collaboration with its development partners. With CWSA, we are now putting to test innovative elements for sustainability in a new \$75 million World Bank-financed water and sanitation project.





The Sanitation Gap

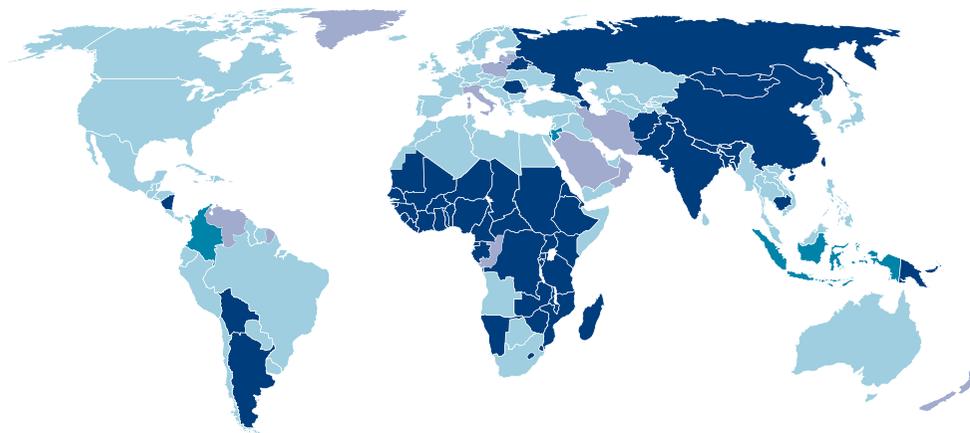
According to the Joint Monitoring Programme 2008 of the World Health Organization and the United Nation's Children's Fund, "The importance of sanitation is indisputable. It is a crucial stepping stone to better health: sanitation offers us the opportunity to save the lives of 1.5 million children a year who would otherwise succumb to diarrhoeal diseases, and to protect the health of many more. It is fundamental to gender equity as it protects women's dignity. And it is key to economic development: investments in sanitation protect investments made in other sectors, such as education and health, and bring measurable economic returns."



Globally, approximately 2.6 billion people are without access to improved sanitation, 92% of whom live in Asia and Sub-Saharan Africa. Unlike water supply, demand in sanitation is less and requires significant advocacy and marketing efforts to increase demand and uptake. Poor uptake is exacerbated by insufficient political priority that is manifested in low public sector investments. Moreover, the Millennium Development Goals' (MDG) target for sanitation excludes provisions for improved hygiene and safe end disposal of excreta (i.e. at the end of the sewage pipes and after toilet pits and tanks are emptied).

Seven out of ten people without access to improved sanitation live in rural areas. Parallel to this, cities struggle to respond to a new set of sanitation-related challenges. This includes the safe and final disposal of human waste in urban areas that have accompanied population growth and demographic changes in cities.

Over the past years various initiatives have been launched to accelerate progress towards meeting the MDG target for sanitation and to increase political commitment to the sector. To some extent this is being reflected in government and donor commitments to sanitation; for example, the commitment in the eThekweni Declaration to establish specific public sector budget allocations for sanitation and hygiene programmes with a minimum allocation of 0.5% of GDP.



Sanitation: most countries in Sub-Saharan Africa and in Asia are not on track to meet the MDG target

- **On track:** >95% or 2008 figure was within 5% of required rate to meet the target;
- **Progress but insufficient:** 2008 figure was between 5% and 10% of the required rate to meet the target;
- **Not on track:** flat or decreasing trend between 1990-2008 or 2008 figure was not within 10% of the required rate to meet the target;
- **No or insufficient data:** includes countries or territories where data were either not available or were not sufficient to estimate trends.

The Sanitation Gap



Although methods of delivering rural sanitation services at scale have started to emerge, there are currently no scalable approaches that provide access to sanitary toilets and ensure the safe and final disposal or re-use of human waste. For both urban and rural sanitation, introducing and promoting hygienic practices – in particular hand washing with soap – are vital for people’s health. Whilst the connection between sanitation and hygiene is generally understood, hygiene receives far less attention than sanitation.

IRC’s approach to sanitation and hygiene combines a wide range of activities linked to research, action learning, knowledge management, support to large-scale implementation programmes, and advocacy. In addition to providing substantial input on sanitation and hygiene to the Sanitation and Water for All’s Global Framework for Action, IRC developed the service ladder for sanitation. This service ladder is a decision making and planning tool which compares sanitation service levels based on four service indicators: accessibility, use, reliability, and environmental protection.

In collaboration with SNV Laos, we played a leading role in revising the Lao PDR Ministry of Health’s national strategy for rural water supply and environmental health which now gives increased importance to sanitation and hygiene and provides clearer, strategic and operational guidance to decision-makers, programme developers and implementers.

Knowledge management activities, which inform and influence the sector, continues to form a significant part of our work. Building upon IRC-organised practitioners’ learning and sharing workshops that were started in 2008, two regional workshops on hygiene took place in Asia. In collaboration with the Water Supply and Sanitation Collaborative Council (WSSCC), we ensured the regular update of online sanitation and hygiene news in IRC’s Source Bulletin and the Sanitation and Hygiene Google group. A wide variety of publications were also produced this year, and numerous papers on financing sanitation and hygiene were presented during the IRC Symposium in 2010.

In regard to developing and testing sustainable sanitation and hygiene approaches, we have been actively involved in a number of collaborative projects for scaling up in both rural and urban areas. These include:

- Developing the school-led total sanitation (SLTS) component of the Empowering self-help sanitation of rural and peri-urban communities and schools in Africa project led by Plan Nederland.
- Reviewing and enhancing the monitoring and evaluation component, and knowledge management capacities of Simavi’s local partners in its Sanitation, Hygiene and Water programme for East Indonesia.
- Contributing to the development of the analytical and methodological framework of the SNV programme (with local partners in Nepal, Bhutan, Laos, Cambodia and Vietnam), Sustainable Sanitation and Hygiene for All.

- Providing technical assistance to the Indonesian Urban Sanitation Development Project (USDP) component that focuses on gender and community empowerment, and hygiene promotion. Implementation of the USDP is expected to benefit 330 cities in the next five years.
- Providing support to the implementation of the BRAC WASH programme, the largest NGO-led sanitation programme in the world, which aims to provide access to safe sanitation services to over 20 million people.

We are now in the process of formulating a new and comprehensive sanitation and hygiene action learning framework that will benefit the entire rural and urban sanitation chain: from conception to design, delivery and acquisition of sanitation products and services, and concluding with the service requirements for final safe disposal or reuse of human waste. This framework will guide IRC's sanitation related activities in the period of 2011-2016.



Photo: Peter DiCampo



Decentralisation

Decentralisation has gained prominence amongst most developing countries since the early 1990s with varying degrees of success. Within the WASH sector, local government is increasingly taking responsibility for the provision of water and sanitation services. However, decentralisation of WASH authority and responsibility is not always accompanied by adequate political and fiscal decentralisation.

In 2008, WaterAid stated that although decentralisation has become a major trend in the sector, there are significant differences in the degree and extent of decentralisation across different countries. In some cases decentralisation includes full executive authority over water and sanitation services, whilst in other cases the responsibility is limited to service provision functions which can include infrastructure development (capital projects).

Decentralisation of water and sanitation services is aimed at improving the quality of services based on the assumption that local authorities are best placed to respond to their constituents, and to determine the most appropriate service delivery levels. However, in many cases local governments lack the necessary resources and management capacity to extend coverage, and to operate and maintain services sustainably. Consequently, the quality of services has not always improved with decentralisation, and in some cases the result has been service delivery failure. This poses a major challenge for the sector since local government is key to the achievement of the water and sanitation MDGs.

In response to this challenge, the United Cities and Local Governments of Africa (UCLGA), the umbrella organisation and representative of local government in Africa, launched local initiatives to promote the attainment of the water and sanitation MDGs project in 2010. This project aims to strengthen local government WASH capacity with a focus on clarifying mandates, strengthening WASH planning, and adopting improved service delivery approaches. IRC has partnered with UCLGA to provide WASH governance support to UCLGA member associations and to strengthen our engagement with the local sphere of government across the African continent. This strategic partnership also aims to influence national policy and legislation to create an enabling environment for WASH governance and service provision at the local level.

Decentralisation and local governance are inherently political issues with multiple stakeholders, different priorities and often competing interests. We support decentralisation and local governance for WASH services through a range of initiatives, including: WASH governance training and capacity support, research into the life-cycle cost, advocating fiscal decentralisation, facilitating sector learning and sharing at district level, and supporting innovation in service delivery approaches. During 2010 some of our activities included:

- Researching and documenting capacity gaps at the decentralised level as part of 13 country studies under the IRC-led, Sustainable Services at Scale (Triple-S) initiative. The results of these studies have been documented into a synthesis report which includes recommendations towards addressing the critical capacity gap at the local level.
- Supporting capacity development at the decentralised level in Zimbabwe. We contributed to the ZIMWASH project in partnership with UNICEF, the Institute of Water and Sanitation Development (IWSD), and Mvura Manzi Trust. This project aims to improve the lives of orphans and vulnerable children in Zimbabwe by improving WASH services that meet people's multiple demands.
- District-based learning and capacity development for improved performance and service delivery in Uganda. In 2010, IRC together with various local partners including NETWAS Uganda, CARITAS Gulu, Community Empowerment for Rural Development (CEFORD), and local governments, facilitated learning and sharing from district to community levels, through the implementation of various projects and initiatives. These initiatives usually comprise of four main elements: multi-stakeholder dialogue sessions, action research, documentation and advocacy, and capacity building (for example on effective communication techniques, and in documenting and sharing of action research experiences). In Uganda the Triple-S project is undertaking research activities in two pilot districts to identify approaches that deliver sustainable rural water services at scale. The Performance Improvement through Learning on Sanitation (PILS) project focuses on improving performance

in rural household and school sanitation and hygiene in three districts of North Uganda. This project supports planning and coordinating platforms at district and sub-county levels, and provides capacity support to various structures from community-based to district-based structures in the area. The Improved WASH Governance in West Nile through Local Dialogue project was implemented in four districts to promote WASH local governance. As a result of this project, multi-stakeholder learning and knowledge management now takes place at district and sub-county levels, and WASH decision-makers and service providers are now held more accountable to local communities and civil society organisations for services provided.

- Strengthening the role of local government in rural water service provision in Ghana. The capacity of District Assemblies to take up their role in rural water sanitation remains a major challenge, which has significantly impacted the local planning, management, and provision of rural water services. Triple-S, together with the Community Water and Sanitation Agency, are piloting the district operation and management concept in three pilot districts. In addition, support is being provided to the development of a district level operations manual which will be rolled out nationwide. In order to strengthen planning and decision making at the district level, we have contributed to the development of sustainability indicators and a monitoring system for WASH services in Ghana. Triple-S is also conducting a review of the performance of existing service delivery models within the country.

Capacity at decentralised levels is critical to good governance and sustainable services. Our projects, programmes, and various thematic areas will continue to focus on local capacity for WASH governance and sustainable services provision beyond 2010. In particular our local governance thematic area is developing capacity support modules for WASH policy, planning, financing, infrastructure development, institutional arrangements, and regulating services provision.



IRC works with a global network of WASH partners at local, national and international levels, which include governmental and non-governmental organisations (NGOs), and public and private sector entities.



Governance, Accountability and Transparency

The crisis of water is a crisis of water governance.

This crisis is manifested in the significant gap between water policy and governance frameworks on the one hand and implementation in practice on the other.

These gaps are caused by poor management, resistance to change, lack of accountability and transparency, and widespread corruption.

Over the past two decades there have been ongoing efforts at the global, regional and country levels to strengthen governance, accountability and transparency in the WASH sector. Much of the literature on governance in the water sector proposes a paradigm shift from government to governance, including various reforms to improve governance through decentralisation, institutional reform, delegation to non-state actors, separation of authority and provision functions, and various mechanisms for stakeholder participation, improved decision making and sector coordination. **Apart from improving sector governance, these reforms are also aimed at improving efficiency, effectiveness, accountability, transparency and sustainability in the sector.**

One of the most severe failures in governance is corruption. In the wider development context, there is a growing recognition of the impacts, costs, and drivers of corruption. At the global level, the United Nations Convention against Corruption is an example of an instrument aimed at tackling corruption within the broader governance environment, but sector action is required at all levels: sectors are where most of the money is spent. Within the WASH sector, there is also growing awareness of the impact of corruption and weak governance where the World Bank estimates that 20% to 40% of water sector finances are lost to dishonest practices. In response, IRC helped to found the Water Integrity Network, which brings together Transparency International and other partners in tackling corruption in the sector.

There is now a strong push to show the impact of investments made in WASH services, giving rise to a demand for new sets of performance indicators, accountability mechanisms, assessment methods, and instruments. Although sector performance monitoring is improving, there are concerns about the reliability of coverage data and whether it says anything meaningful about the quality or sustainability of WASH services. Transparent, timely, and detailed reporting by service providers and other agencies is necessary. The wider availability of Freedom of Information Laws has provided new opportunities to access information and hold providers accountable, as have new communication technologies.

Weaknesses in existing procurement systems and problems associated with competitive tendering also remain as challenges. Innovative practices in procurement include community contracting and integrity pacts, which aim to reduce the chances of corrupt practices during procurement through a binding agreement between the agency and bidders for specific contracts.

Whilst decentralisation creates proximity-related opportunities for direct accountability between WASH service providers and users, the lack of administrative, planning, management and delivery capacity at local government level, underdeveloped checks and balances, and the extent to which participative decision making takes place in practice, all pose significant challenges to realising the benefits of these opportunities.

'Accountability' served as an important thematic pillar during the IRC Symposium in November 2010. During the symposium, it was clear that there is significant interest and growing experience in promoting citizens or consumer voice activities and mechanisms to strengthen the demand for accountability, and to encourage service providers to improve their performance. Examples of efforts to improve demand-side accountability were also presented and reflected upon, including Citizens' Score Cards in Kenya, India, and Uganda, as well as Citizens Watch Groups in Zambia. However whether these initiatives will be implemented at scale remains to be seen.

Mozambique, South Africa, Zambia, and some Latin American countries have also developed regulatory frameworks for urban providers, and are seeking to extend regulation to small town areas and rural providers. This can increase the accountability of rural providers and also serve to improve performance in service provision. One approach to improving accountability is in the separation of policy setting and regulation from the role of providing services. At the decentralised level, this involves separation of service delivery functions (day to day operation and management of water services) from service authority functions (regulatory oversight).

In keeping with public sector reform in Mozambique, the National Directorate of Water (Direcção Nacional de Águas, DNA) engaged IRC to develop a sector anti-corruption strategy. The strategy development process was designed to strengthen the DNA as a WASH sector leader, provide capacity building support, ensure intensive multi-stakeholder engagement, research and diagnose corruption problems, develop early warning indicators and preventative solutions, and share lessons from international and local experiences in order to ensure the professionalism and sustainability of WASH services.

We have worked with the Stockholm International Water Institute (SIWI), Capacity Building for Integrated Water Resources Management (Cap-Net), and the Water Integrity Network (WIN) to finalise the Integrity and Accountability in Water Training Manual. This provides a substantial learning process resource for trainers to facilitate learning from corruption and anti-corruption in the water sector. The training course is designed to increase sector understanding of corruption and anti-corruption in the context of water governance.



Urbanisation

The WASH challenge in towns and cities is inescapable. Half of the world's population already lives in urban areas. By 2030, all developing regions, including Asia and Africa, will have more people living in urban than rural areas. Virtually the whole of the world's population growth over the coming decades will be concentrated in urban areas. The most rapid growth is occurring in smaller cities and towns, particularly in Africa.



Photo: Md. Arifur Rahman

There are successes to celebrate: cities can be places of inclusion, participation, creativity, and capacity. Most of the 1.2 billion connected to water supplies in the last 20 years have been facilitated by piped connections in urban areas. A paper presented by David Hall at IRC's Pumps, Pipes and Promises symposium in November 2010 highlighted this huge achievement. But, cities can also be places of exclusion and marginalisation, with slums receiving poor water and often, no sanitation services. The urban divide, where the poorest and most vulnerable get the worst and most expensive services is an important motivation for our increasing engagement in urban areas.

In 2010, we worked towards concluding our activities within the scope of the five-year Sustainable Water Management Improves Tomorrow's Cities' Health (SWITCH) project, which ended officially in April 2011. With research funding from the European Commission, SWITCH was an experiment that focused on some of the key sustainability challenges in urban water management. In 12 cities around the globe, SWITCH set out to test what was needed for a transition to more sustainable urban water management through a combination of demand-led research, demonstration activities, multi-stakeholder learning and training, and capacity building. The rationale for this non-conventional mix of activities was that it would encourage more relevant research to be undertaken, and facilitate better use of research findings in decision making. Winning the engagement of key stakeholders in each city was considered central to making the shift towards more sustainable and coordinated urban water management. This aspect of the project, built around what we call learning alliances, was led by IRC.

The key concepts or ideas underpinning SWITCH were the need to examine alternatives, to put research into use, to seek integration across issues and solutions, and to think boldly about the city of the future. Alternatives were sought, both technically and in terms of governance, to the established and traditional ways of managing the urban water cycle with its focus on centralisation, reliance on end-of-pipe treatment, and getting water and wastes quickly out of the city. A mixture of more decentralised approaches was explored, including 'closing the loop' by viewing wastes as valuable products and an opportunity for urban and peri-urban agriculture, as well as more natural approaches to drainage, stormwater management, and the restoration of urban rivers based upon eco-hydrological principles.

- In Accra, Ghana, SWITCH played an important role in bringing together information and people across the different municipalities in the city. The project engaged with different national government departments, research institutes, and the utility representatives of peri-urban and slum communities. We also promoted urban water and sanitation issues and solutions with the media. Outcomes that have had significant impacts included a presidential debate in 2008 for candidates to present their visions on water and sanitation; and a strategic planning process where findings were used within other 'official' planning processes such as a World Bank supported project and the Metropolitan Assemblies' development plan. Demonstration activities tested how urban agriculture using wastewater can be made safer.
- In Colombia, the project focused on the highly polluted Rio Bogota River which flows through the capital. The project looked at how to prevent pollution caused by small-scale and informal sector tanneries on the upper part of river. Key players included an association of the tanners, the environmental regulator, local government, an NGO, a University, and the Chamber of Commerce. As a result of the project, almost half of all polluting, informal enterprises now implement cleaner production principles with the regulator now pursuing alternative and more effective approaches such as conflict resolution and dialogue.

Urbanisation

- In Lodz, Poland, the focus was on restoring rivers that have become polluted, degraded, and even buried as the city developed. A successful demonstration project partially revitalised one river corridor providing a more attractive environment for residents and future development, with city institutions taking up responsibility for continuing and scaling up river restoration across the city. The idea of linking up restored river corridors and open green spaces is now recognised as part of the city's planning strategy.

The international conference Sustainable Water Management in Cities: Engaging Stakeholders for Effective Change and Action held in Spain in December 2010, was convened by the SWITCH Consortium together with the UN-Water Decade Programme on Advocacy and Communication, the United Nations Human Settlement Programme (UN-HABITAT) and the Zaragoza City Council, with IRC as one of the lead facilitators. The many positive lessons from the SWITCH project provided inspiration: where pollution was tackled, new habitats created, and where people engaged in finding new solutions to seemingly insurmountable and depressing problems.

Urban sanitation poses very specific challenges, in particular, the need to treat or re-use human waste off-site in high urban densities. In Europe, a strong regulatory framework and large-scale financial support are drivers of improved urban sanitation services and safe disposal. As these drivers are absent in most developing countries, we seek to identify and build on existing informal but commercially viable sanitation service systems. To this end, we developed the sanitation services ladder to highlight different levels of service for different contexts.

Another challenge associated with urban infrastructure investments is that they are prone to corruption, being capital intensive and involving extensive procurement. Corruption leads to biased and misinformed investment decisions, poor sustainability of systems and a lack of services. During 2010, we supported Transparencia por Colombia and the pipe manufacturing industries they support to document and share lessons learned from their initiative to prevent corruption in the pipe business. In a typical urban water or wastewater project, pipes account for 40% of the total cost. In 2011, we will work with the Water Integrity Network to further address urban water and sanitation corruption issues.

Over the coming years, we will continue to prioritise issues in peri-urban and slum areas with a focus on innovative service delivery models that reach unserved populations and the poor. This will include supporting informal sector providers and innovative partnerships, and regulation regimes that start from recognition of how water is supplied now, and enabling, regulating, and supporting utilities, the private sector, and associations to ensure access and sustainability of water services. In sanitation, the focus will be on sustainability and maintenance. We will also support utilities focusing on niche areas where we believe we can be of value, such as in transparency and anti-corruption, and public-public partnerships. At the catchment scale, we will address the role of cities in water resources competition, pollution, and conflicts especially through research, stakeholder engagement and innovation in the areas of wastewater recycling and reuse and peri-urban agriculture. As we continue to extend our activities in urban water management, new partnerships are envisaged.



Photo: Md. Arifur Rahman



Information and Communications Technology in WASH

The WASH sector is slowly integrating open access and new Information and Communications Technology (ICT) tools such as mobile phones, social media, online mapping, and monitoring tools into its operations.

The effective use of these tools will not be sustained, however, without the requisite skills and capacity support to ensure that they contribute to improved services provision.

In 2010 more people gained access to a mobile phone than to a clean toilet. The International Telecommunications Union (ITU) expected that the number of mobile subscriptions in the world would exceed five billion in 2010, surpassing the 4.1 billion with access to improved sanitation. This fact illustrates the spectacular growth in access to information and communications technology.

During 2010, 162 million out of 226 million new Internet users were based in developing countries. In Africa, the growth of mobile internet has been the highest in the world. Most professionals in the WASH sector in the developing world now have access to basic ICT services such as e-mail and mobile phones for professional communication. However, effective use of the Internet continues to lag behind in developing countries.

Many international sector organisations are starting to use social media such as Facebook, Twitter and YouTube as official communication and dissemination channels. This trend reflects a recognition of the important role of collecting, receiving, and responding to stakeholders as well as interest group feedback.

There are numerous mapping and monitoring initiatives that use ICT to improve WASH services delivery by making it easier to identify where the poor live and where breakdowns occur. In combination with social media, these monitoring tools have great potential to increase accountability through citizen participation.



Developing and disseminating knowledge and information about WASH techniques, policies and best practices has been part of our core business since our inception. For years, IRC has been at the forefront of information dissemination and in bridging the knowledge gap in the WASH sector. Key to our work is our involvement in exploring the various information and communications formats, tools, and channels that facilitate the wide dissemination of knowledge and information on WASH.

Besides our own corporate site, IRC hosts a collection of project and partner web sites, which together had 2.7 million page views in 2010. Currently we are working on plans to adapt our web-based services for smart phones.

The growth in ICT access has greatly supported the open access movement, which promotes free, unrestricted access to research and information. In our efforts to stimulate and speed up the uptake of research and innovation, we introduced open access for all our publications in 2005. This resulted in an increase in the number of downloaded IRC publications from 18,300 to 57,700 per year.

The WASH digital library collection (www.washdoc.info) was launched in 2000. Through our library collection, we provide free online access to over 15,000 sector publications, and more recently, designed a new personalised MyLibrary functionality. In the February 2010 issue of the open access journal *Water Alternatives*, we funded and edited the themed section on Local Approaches to IWRM. Despite the growth in ICT access in developing countries, we have observed an ongoing demand for the offline distribution of documents, particularly where Internet connections are limited, costly or unreliable. To this end, we continue to make our publications and sections of the websites available on CD-ROM or USB sticks. Where a demand still exists for certain paper-based products like text books, training manuals, booklets and promotional materials, we have employed a print on demand modality in addressing this need.

Information and Communications Technology in WASH

Social media is now being integrated into our strategic communications as a way for us to better connect with our audiences and partners. The use of social media is complemented by activities such as high-profile events, developing products, and strengthening relationships with various organisations that have similar interests, as well as good media and advocacy capacity and networks.

In 2008, we launched a series of WASH news blogs as part of our E-Source WASH news service (www.source.irc.nl) and Voice from Communities blogs in English, French and Spanish were set up to collect field stories from readers. Currently, we have 32,000 subscribers to E-Source news products and over 4,000 subscribers to the WASH news blogs and E-Source Twitter feeds. With the introduction of MySource in 2011, we will make it possible for users to receive personalised newsfeeds to promote user engagement in the production and dissemination of information and knowledge. To date, WASH events are now submitted by Twitter to selected websites managed by IRC, including the sites for World Water Day and WASH in Schools. MyWASH.org is a social network site initiated by IRC, with over 400 members.

IRC will continue to critically follow ICT applications for WASH service delivery with a view to identify those applications that contribute to efficiency and sustainability within the sector. Currently we are investigating the usefulness of text analysis tools such as Infolution and Sensemaker to determine whether our key messages and concepts are being taken up by the WASH sector and to inform our analysis on the current changes taking place in the sector. In 2010, IRC staff tested a beta-version of the Water Point Mapper in Ethiopia during a training workshop in the RiPPLE programme.

Examples of ICT tools in the WASH sector

Water Point Mapper (www.irc.nl/url/38316): a free tool developed by WaterAid, producing maps showing the status of water supply services at (sub)-district level in Sub-Saharan Africa. It has been designed for use by local governments in situations where there is no Internet connectivity.

h2.0 Monitoring Service to Inform and Empower Initiative (www.irc.nl/url/38317): this service, run by a consortium consisting of Google.org, UN-HABITAT, GIZ, University of Twente and WaterAid, is testing innovations in water and sanitation services monitoring, with special attention to providing public access to visual information through Google Earth.

FLOW, Field Level Operations Watch (www.irc.nl/url/38318): launched by Water for People, uses Android cell phone technology and Google Earth software. It provides anyone on the Internet access to data about water points or sanitation systems.

Municipal Corporation of Delhi (MCD) Facebook page (www.facebook.com/municipalcorporationofdelhi): an integrated SMS service that enables public monitoring of garbage collection sites and public urinals/toilets.





people have access to appropriate and sustainable water and sanitation services that they use and can afford, and where these services are in turn based on sustainable use of water and environmental resources



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*Staff members who left IRC in 2010. **Staff members who joined IRC in 2010. ***Staff members who joined and left IRC in 2010.

IRC Human Resources and Services

The completion of IRC's organisational change process in the first half of 2010 introduced a new internal structure that better supports our activities in Water, Sanitation, and Hygiene (WASH) and Integrated Water Resource Management (IWRM) in order to contribute to the organisation's aspirations of delivering sustainable water and sanitation services to the poor.

The new organisational structure is comprised of regional teams (Africa, Latin America/South Asia, and Global), the Director's Office, and Services. In line with the new structure, a new set up of functional groups with a total of nine functional profiles were developed. This new structure put in place career paths which support the professional development of our staff and management.

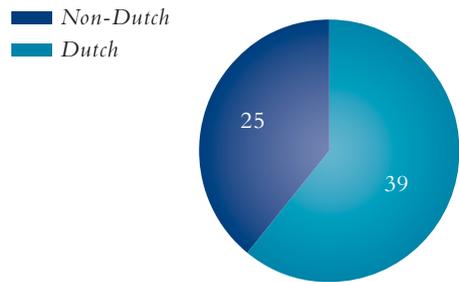
Parallel to this, we have increased our employee base by 14%. From an employee count of 56 in 2009, we concluded the year 2010 with 64 members of staff. IRC recruited 12 new staff members, with four staff members leaving. Eight out of our 12 newly recruited professionals are of non-Dutch nationality. Overall, we have 39 Dutch staff and 25 non-Dutch staff.

In compliance with Dutch health legislation, we have engaged in a Risk Inventory and Evaluation Assessment (RI&E) to map trends in the well-being of our employees. The purpose was to identify potential risks in the office (ergonomics, office climate, office evacuation procedure, etc.) and during work related travel of staff. In response to the findings of the assessment, we drew up a Health Plan; made available a supplementary disability insurance for employees based in the Netherlands; and improved upon our safety policy and response by installing an IRC emergency number that is attended at all times by members of our Management Team (on a rotational basis).

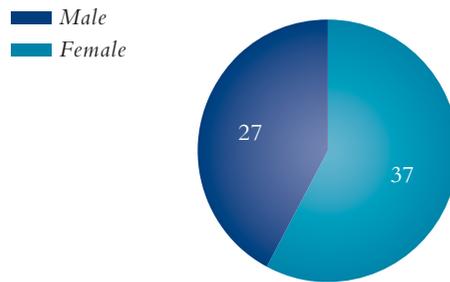
In 2010, we professionalised and institutionalised an internal process of capacity building and joint learning called the IRC-nergy Week. The IRC-nergy Week takes place three times a year and provides a platform for strategic planning, collective learning, and building upon the skill set of IRC employees.

To accommodate the internationalisation of IRC, our Human Resources team (HR) has updated policies, including the working at home policy, working at a distance policy, commuting policy. In 2011, the Human Resources team will continue their efforts in aligning HR policies to international practices.

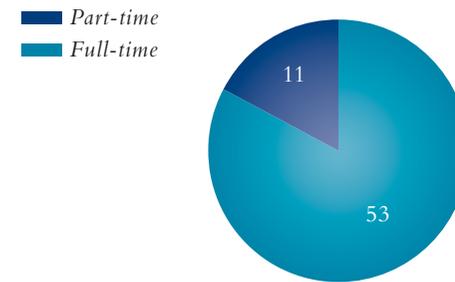
Employee Nationality



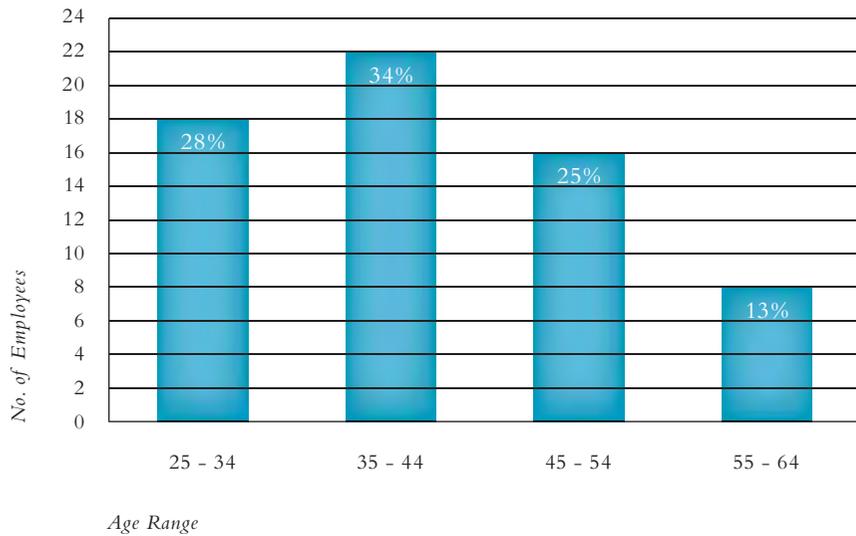
Gender Balance



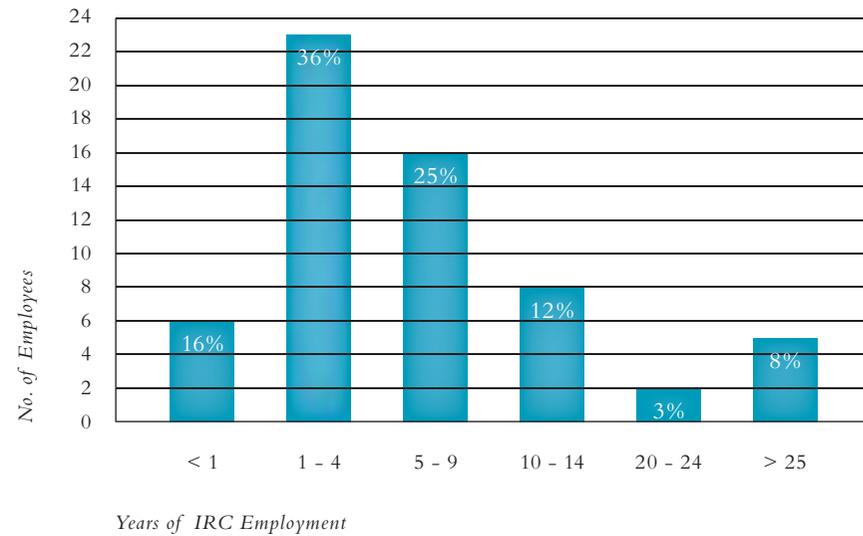
Distribution of Part-time and Full-time Contracts



Employee Age Distribution



Employee Years of Service



Financial Report

Efforts to diversify our funding base also proved successful in 2010, marking a 28% increase in IRC's revenues from 2009 figures. This increase brought our total revenues to €9.9 million, giving IRC more leverage to intensify our investment to country initiatives. We ended the year 2010 positively with a profit of €6,672 – an amount that will be added to the organisation's reserves.

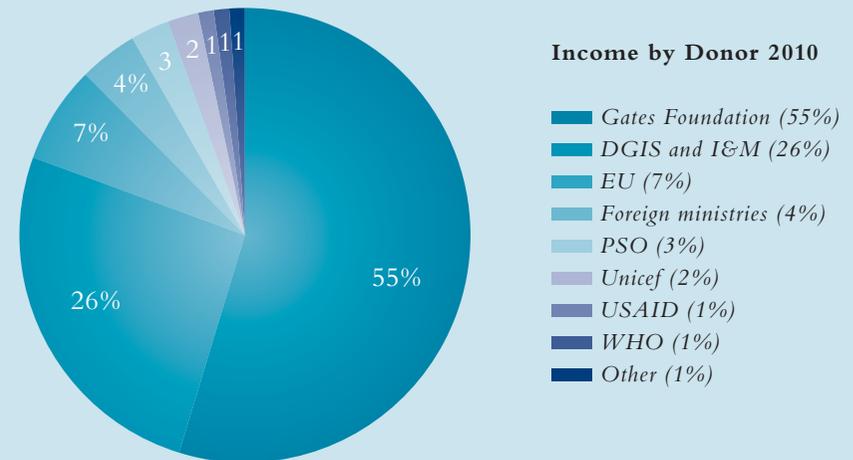
Income

The increase in IRC's revenue resulted in a growth of our total budget for 2010 by €2.2 million. In 2010, IRC received core funding from the Netherlands Ministry of Foreign Affairs - Directorate General for International Cooperation of the Netherlands (DGIS) and the Ministry of Infrastructure and Environment (I&M). This funding accounted for 26% of the total annual IRC revenue.

This year was the second financial year of two of our largest global WASH projects. In 2010, the WASHCost and Sustainable Services at Scale (Triple-S) projects became fully operational with WASHCost entering its data collection phase, and Triple-S

IRC Income 2006-2010 (000's of Euros)

	2006	2007	2008	2009	2010
DGIS and I&M funding	2,498	2,314	2,590	2,456	2,611
External income	1,080	1,613	1,885	2,327	2,662
Third party-derived income	250	748	1,692	2,964	4,642
Total	3,828	4,675	6,167	7,747	9,915

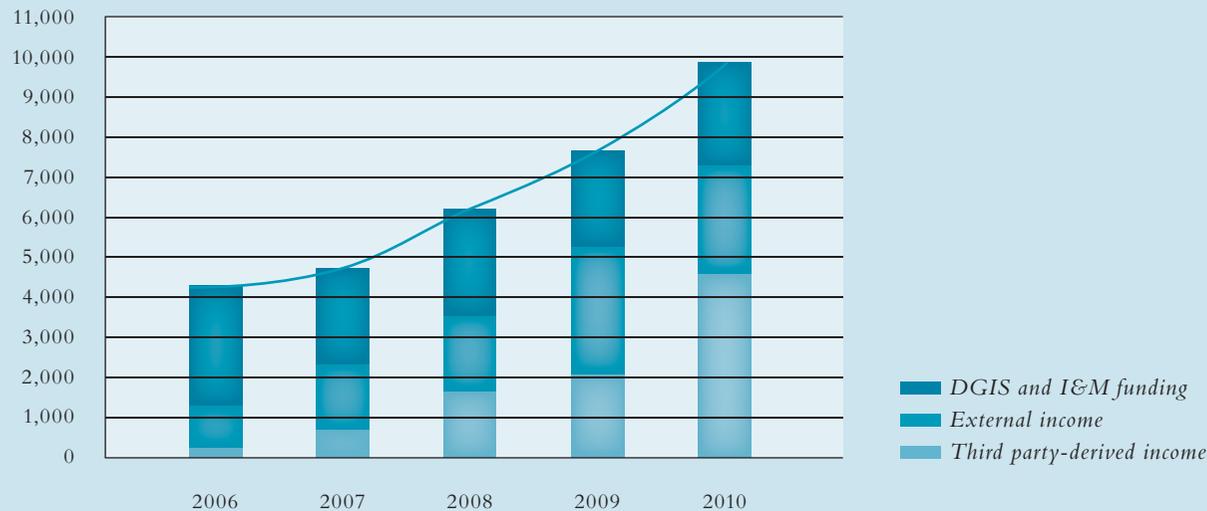


completing its inception phase. Both projects were implemented with the support of the Bill & Melinda Gates Foundation (Gates Foundation) and accounted for 55% of our total revenue for 2010, in comparison to 47% in 2009. Other project-based funding accounted for 19% of IRC's total revenue in 2010. This resulted in an increase in budget availability for our projects and partners in developing countries, and reflects our ongoing vision to expand IRC operations in the developing countries.

In addition to funding from DGIS and the Gates Foundation, we received funding from the European Union (EU) for IRC's SWITCH and EU Water Initiatives projects; various foreign ministries including the UK Department for International

Development (DfID) for the RiPPLE programme; Vereniging voor Personele Samenwerking met Ontwikkelingslanden (PSO) capacity building in developing countries funding for the Young professionals exchange programme; the United Nations Children's Fund (UNICEF) for WASH projects in Sudan, Kenya and Zimbabwe; the United States Agency for International Development (USAID) for water initiatives in West Africa; and the World Health Organization (WHO) for IRC projects on multiple use systems, integrated water resource management and scaling up.

Income 2006-2010 (in 000's Euro)



Financial Report

Expenditure

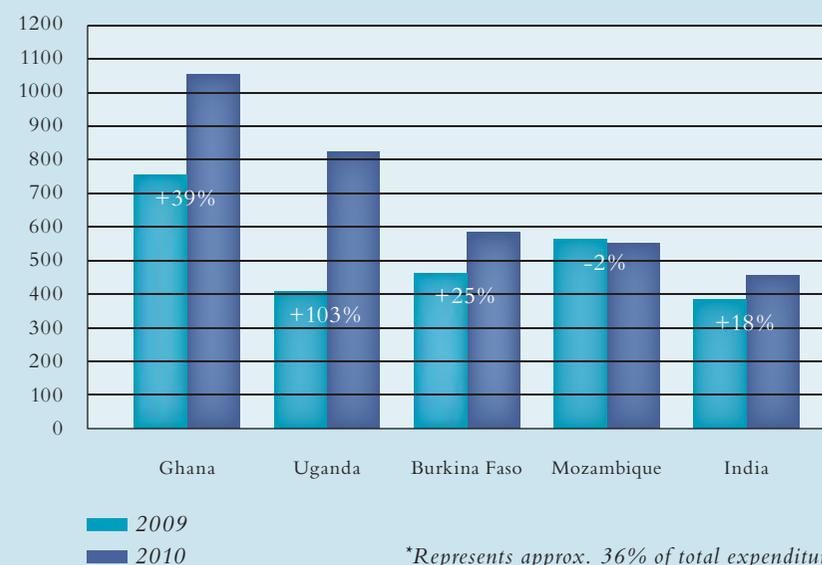
Personnel costs for 2010 were higher than in 2009, mainly due to the increase in IRC employees from 56 in 2009 to 64 by the end of 2010. The increase in our staff numbers was triggered by rising demands for our support and expertise in the global WASH sector, as well as for our competency and skills in various programmatic areas including urban planning and sanitation; integrated marketing and communications; and project and financial management.

In terms of IRC project spending, Africa remained our largest recipient of funding in 2010 with more than €3.2 million spent on activities in Ghana, Uganda, Burkina Faso, Mozambique and Ethiopia. Significant project spending was also made in some parts of India (€0.5 million) and Honduras (€0.2 million). The remaining project funds were directed to other countries in Africa and via our Asia and Latin America regional programmes where our presence and technical support were sought. Overall, funding for our five focus countries in 2010 accounted for 36% of our total expenditure.

IRC Expenditure 2006-2010 (000's of Euros)

	2006	2007	2008	2009	2010
Personnel	2,364	2,562	3,286	3,852	4,285
Third party expenses	920	1,190	2,206	3,465	5,269
General & Administrative expenses	406	892	624	423	354
Total	3,690	4,644	6,116	7,740	9,908

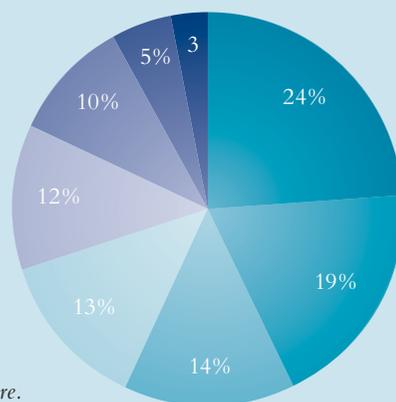
Expenditure in Focus Countries* (000's of Euros)



We are involved in a wide range of activities at international, regional, national and local levels towards supporting the WASH sector. In 2010, a large portion of our expenditure (29%) went to information services, communications, sector learning, and capacity strengthening. In terms of content areas the following received priority: water supply service delivery (24%); sanitation, urbanisation and hygiene (11%); financing and costing for WASH services (14%) and strengthening local governance, transparency and accountability (10%).

Expenditure Across Countries*

- Ghana (24%)
- Uganda (19%)
- Burkina Faso (13%)
- Mozambique (12%)
- India (10%)
- Honduras (5%)
- Ethiopia (3%)
- Other countries** (14%)



*Represents approx. 45% of total expenditure.

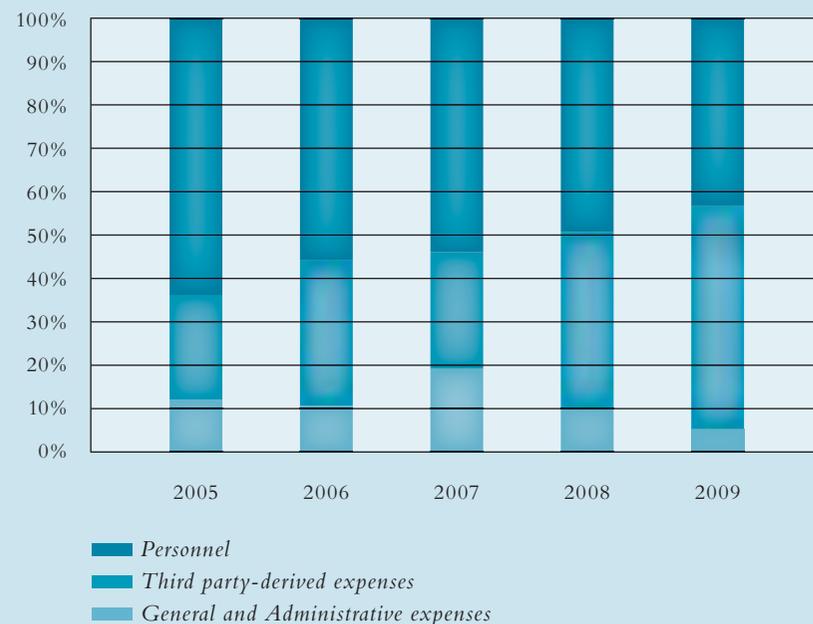
**IRC presence in other countries include: Indonesia, Sudan, Tanzania, Kenya, Nepal, South Africa, Bangladesh, Vietnam and Zimbabwe.

Remuneration

Our new IRC Director, Nico Terra, started in September 2010 and received the total remuneration of € 38,416 (including pension contributions) for the first four months of his service to the organisation. In comparison to the former Director's remuneration and based on a four month calculation (€ 41,949), the salary of our current Director decreased by a total of € 3,533. Members of IRC's Supervisory Board received a remuneration of € 1,600 each, with the Chair of the Board receiving € 4,000 in 2010. One Board member received a remuneration of € 6,666 for his added support and guidance in the implementation of the change process.

IRC's annual accounts for 2010 were audited by Price Waterhouse Coopers.

IRC Expenditure 2006-2010



About IRC

IRC International Water and Sanitation Centre is an independent think-tank and knowledge centre for the international development sector focusing on Water supply, Sanitation, and Hygiene behaviour (WASH) and Integrated Water Resource Management (IWRM). Our staff facilitates a range of innovative research and learning support services with the aim of generating and sharing WASH related knowledge and information and making them more accessible to, and better used by the sector.

Based in The Hague, The Netherlands and with a staff of 64 professionals working around the world, IRC teams up with an international network of partners active in the public, private, and non-governmental (NGO) WASH development arena. We aim to facilitate the achievement of sustainable WASH services in rural and peri-urban areas in developing countries.

Vision

A world in which all people have access to appropriate and sustainable water and sanitation services that they use and can afford, and where these services are in turn based on sustainable use of water and environmental resources.

Mission

To be a leading knowledge broker, catalyst and agent of change within the sector, globally and in selected focus countries and regions, so that services are more attuned to the needs of the poor, more sustainable and better governed.

Having a role as a change agent in the sector means, at country level, engaging in and facilitating processes that lead towards better sector strategies, policies, and actions based on better and more effectively shared and used knowledge; as well as facilitating access to information by actors at decentralised levels, so that they can work more effectively to improve local water governance and service delivery.

At the global level this role implies providing general access to information and knowledge through bulletins, the web, participation in events, publications etc., which are open to a wide audience. It also means stimulating the adoption of key concepts and ideas in WASH policies, approaches and activities by donors, United Nations (UN) bodies, international agencies and like-minded organisations.

Global network of partners

IRC works with a global network of WASH partners at local, national and international levels, which include governmental and non-governmental organisations (NGOs), and public and private sector entities.



IRC Supervisory Board

IRC became an autonomous foundation in October 2006, when the statutory link with the Dutch Ministry of Housing, Spatial Planning and the Environment (VROM) that had been in place since 1979, came to an end. Following the latest concepts of good governance for non-profit organisations, a Supervisory Board was established as the highest governing body.

The Board performs a supervisory role, supporting the full operational and policy responsibility that resides with IRC's Director. 2010 saw a strengthening of links between the Supervisory Board and the organisation, underlining the need for Board members to gain a clear vision about what is happening at the grassroots level. To this end, Board members will, from time to time, visit IRC projects and activities to experience firsthand the results of work that is being carried out in the field by the organisation and its partners.

In 2010, no changes were made to the Statutes of the Foundation, nor in the Board of Directors by-laws or the Supervisory Board by-laws.

The Supervisory Board held four regular meetings, with one extra meeting in 2010 dedicated to finalising the change process and IRC's new organisational model.

Following 20 years of service to IRC, Mr. Ger Ardon stepped down from the Board at the end of the year. In 2011, Mr. Gerhard van den Top, CEO of Vitens Evides International will assume the vacant position created by Mr. Ger Ardon's departure. Details on the additional functions of all Board members can be found on the IRC website at: www.irc.nl.



Lodewijk de Waal – *Chairperson*

Positions held in 2010:

- Director, Humanitas Vereniging (until December 2010)
- Member of the Supervisory Board, ING Group
- Chairman of the Supervisory Board, SNV
- Member of the Advisory Board, Radio Netherlands Training Centre, RNTC
- Member of the Supervisory Board, PGGM NV
- Member of the National Contact Point, OECD



Ger Ardon – *Secretary, Treasurer*

Positions held in 2010:

- Adviser of the Board, Vitens NV
- Member of the Dutch committee, International Water Association



Dick den Haas – *Board Member*

Positions held in 2010:

- Member and Secretary of the Board, El Sistema-Nederland
- Member and Secretary of the Board, Pro Animalia International
- Member of the Advisory Board, Instituto Buena Vista (Curacao)



Regien van der Sijp – *Board Member*

Positions held in 2010:

- Director, Stichting Milieukeur, SMK
- Chairperson, Project Advisory Committee, Oxfam Novib
- Member of the Board, AIDEnvironment Consultancy
- Member of the Supervisory Board, Triodos Doen Fonds



Hans van Dord – *Board Member*

Positions held in 2010:

- Member of the Advisory Board, GOPA Consultants (Germany)
- Vice Chairman, Koninklijke Nederlandse Heidemaatschappij

Concept and Design

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Katwijk, *The Netherlands*

Photographers

IRC Staff
ADCOM Group, *Vietnam*
Aidan Dockery/SNV
Md. Arifur Rahman, *Bangladesh*
Peter DiCampo, *Ghana*

In this report, we used facts and figures from the following sources:

Pages 11-13: Summer 2010; Economist 2011; International Monetary Fund 2011; World Bank 2010

Pages 14-15: EUWI-AWG 2008; WHO/UNICEF 2008 and 2010

Page 16: OECD 2008; World Bank 2008; and WHO 2010

Pages 24-25: WHO/UNICEF 2010

Page 28: WaterAid 2008

Page 32: World Bank 2006

Page 35: Hall 2010

Page 38: International Telecommunications Union 2010

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