



IRC

June 2018

Monitoring Report 2017

As submitted by IRC to the Directorate-General for International
Cooperation of The Netherlands *Ministry of Foreign Affairs*

Supporting water sanitation
and hygiene services for life

We have a once-in-a-lifetime opportunity to make access to safe water and sanitation available for everyone, for good. The UN has set a target to achieve this by 2030 – known as ‘Sustainable Development Goal 6’ (SDG 6).

Resilient systems: the only way

We know that the only way to achieve this goal is through resilient water, sanitation and hygiene (WASH) systems that transform lives. We know how to build and strengthen these systems - but we need to do it now.

It will take everyone, in all parts of the system, changing the way they think and work.

Everyone, together

Each part of a country’s WASH system must work effectively: from people using pumps, to monitoring tools, to finance systems. This can only be achieved if everyone in the system knows and plays their part.

Achieving universal access calls for collective action by a broad movement of government, civil society, private sector service providers, financiers, academia and others.

Our unique position

As a change hub, we are in a unique position to unite people to drive and champion change from the ground up. We need to convince district, country and global decision makers of what it will take to achieve SDG 6.

Now is the time

We need to act now. We are halfway through but not halfway there. We need everyone to commit to massive-scale change – and as you are reading this, that also means you.

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Abbreviations

A4C	Agenda for Change
CAO	Collective Labour Agreement
CRS	Catholic Relief Services
CSO	Civil Society Organisation
CWSA	Community Water and Sanitation Agency
DGIS	Directorate-General for International Cooperation
DWSPs	District Water and Sanitation Plans
HEWASA	Health through Water and Sanitation
HPMA	Hand Pump Mechanics Association
HR	Human Resources
IATI	International Aid Transparency Initiative
IWRM	Integrated Water Resource Management
JMP	Joint WHO/UNICEF Monitoring Programme
LCCA	Life-Cycle Cost Approach
MDGs	Millennium Development Goals
MMDAs	Metropolitan, Municipal and District Assemblies
MUS	Multiple Use water Services
NGO	Non-Governmental Organisation
NRDI	Natural Resource Defence Initiative
NSA	National Sanitation Authority
O&M	Operations and Management
ODF	Open Defecation Free
OWNP	One WASH National Program
PPPs	Public-Private Partnerships
PTSP	Para Todos, Por Siempre (Everyone, Forever)
QIS	Qualitative Information System
RWSN	Rural Water Supply Network
SDGs	Sustainable Development Goals
SNNPR	Southern Nations, Nationalities and People's Region (Ethiopia)
SWA	Sanitation and Water for All
SWSSB	Subcounty Water Supply and Sanitation Board
ToC	Theory of Change
UWASNET	Uganda Water and Sanitation Network
WASH	Water, Sanitation and Hygiene
WHO	World Health Organization
WSSCC	Water Supply and Sanitation Collaborative Council
WSUP	Water and Sanitation for the Urban Poor
WWW	World Water Week
YEP	Young Expert Programme

Executive summary

During 2017, IRC adopted a new 14 year (2017-2030) strategy and theory of change that maps out our intended contribution to achieving the Sustainable Development Goals (SDGs). This ambitious new programme has at its heart a commitment to supporting partner districts in our focus countries to achieve universal access with (at least) basic water, sanitation and hygiene services. Success at district level will be used to provide the necessary proof of concept for adoption and replication of lessons learned at national and global level.

IRC's theory of change is based on the understanding that providing universal and sustainable access to WASH services requires strong national and local WASH systems. It is equally based on the understanding that building strong WASH systems requires collective action by all those involved in the systems. IRC's priority actions are, therefore, designed to support partnerships for collective action for WASH systems strengthening, whilst also contributing directly to systems strengthening where IRC has specific technical competencies.

To measure progress against IRC's theory of change an ambitious new results framework and monitoring system are under development, and will be finalised in 2018. In 2017, a baseline was started in partner districts and at national level in most countries. The results framework aims to assess progress along IRC's entire theory of change and uses a mix of quantitative and semi-quantitative methods to measure: level of WASH service provided, strength of WASH systems, and the behaviour of stakeholders within the system. The aim of the monitoring system is to be able to clearly identify IRC's contribution to systems change: locally, nationally and globally. With the results framework and monitoring system still under development, findings for 2017 are partial and primarily relate to the establishment of district and national baselines.

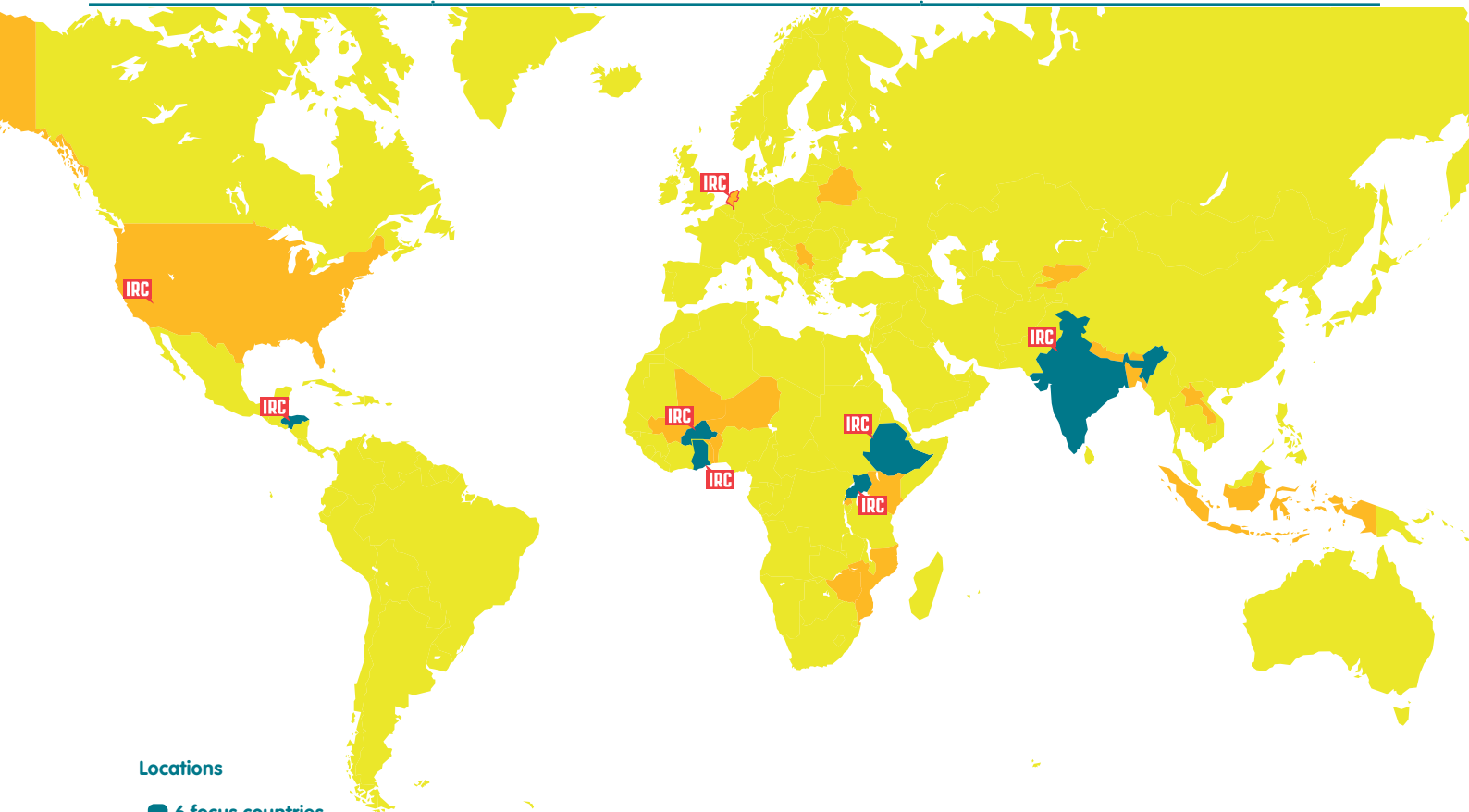
Most importantly, both globally and in focus countries, we find openness to the concept of systems strengthening, a critical first step if strong partnerships dedicated to achieving it are to be created. In all countries, with the partial exception of India that is in the very early stages of identifying a partner district, good progress was also made in identifying district and national partnerships of like-minded organisations and, at district level, in starting to develop shared master plans for delivering SDG 6.

Baseline work across all of IRC's focus countries identified relative strength in national level WASH system building blocks for institutions and legislation, and greatest weakness in the finance building block (and the political support necessary to enable sufficient finance). What is more, sanitation is generally behind water. The other finding of note is that there is a considerable gap between national theory and district level practice, with all WASH systems building blocks tending to be weaker at district than at national level. These findings are not particularly surprising; that the WASH sector as a whole is critically underfunded and difficult to finance is something that has been extensively documented and commented on. At the same time, carrying out the baseline analysis with national and local partners allows a common framework of understanding and prioritisation to be developed.

In terms of the monitoring system itself, early indications are that it is a useful tool capable of providing a means for identifying priority areas for systems strengthening as well as measuring progress. While useful for IRC to be able to track the progress of its work, its true potential lies in providing a framework for systems actors at district and national level to look at the WASH system as a whole and to identify priority areas for action. As the framework is fully implemented over the next few years, and linked to the master plans under development in partner districts, we are convinced that the true potential of enabling and supporting a system-wide understanding of WASH services will prove itself as an effective tool for spurring systems change.

1. IRC at a glance

WHO'S INVOLVED?	WHAT DID WE PRODUCE?	HOW MANY PEOPLE DID WE REACH?
<p>6 focus country programmes and 1 international programme</p> <p>8 offices around the world</p> <p>86 active programmes and projects</p> <p>29 staff in the Netherlands</p> <p>37 country office staff</p> <p>22 associates</p> <p>5 interns</p> <p>200+ partners</p> <p>€ 12 million invested from 36 donors and with 60 clients</p>	<p>49 research outputs</p> <p>3 co-published books</p> <p>64 IRC resources published on our website</p> <p>2 networking events in the Netherlands</p> <p>63 presentations and papers presented by our staff at international events</p> <p>131 capacity building sessions world-wide co-organised by us with 3,977 participants</p> <p>592 IRC Consult advisory days over 17 assignments in 15 countries</p> <p>114 news items published on our website</p> <p>68 blogs produced by our staff</p> <p>8 newsletters (1 E-Source, 7 issues of Amplify)</p> <p>11 WASH Talk podcasts produced</p> <p>26 IRC tools documented</p> <p>28 videos uploaded</p> <p>29 working groups and learning platforms supported</p>	<p>19 references to our work by the global media</p> <p>354 Google Scholar citations of our think pieces</p> <p>35,590 unique downloads</p> <p>23,361 returning visitors to our ircwash.org website</p> <p>17,663 social media engagements</p> <p>1,156,800 the population of the partner districts we work with directly</p>



Locations

- **6 focus countries**
 The largest part of our work happens in Burkina Faso, Ethiopia, Ghana, Honduras, India and Uganda.
- **19 additional countries**
 Through numerous consultancy assignments and partnerships, in 2017 we also worked in Bangladesh, Belarus, Benin, Bhutan, Indonesia, Kenya, Kyrgyzstan, Lao PDR, Mali, Mozambique, Nepal, the Netherlands, Niger, Rwanda, Serbia, Timor-Leste, Togo, the United States and Zimbabwe.
- **8 offices around the world**
 We have IRC offices in Burkina Faso, Ethiopia, Ghana, Honduras, India, the Netherlands (HQ), Uganda and the United States.

2. Introduction

In 2017, IRC developed a new strategy and theory of change to guide the realisation of its vision over the years to 2030 [[IRC strategic framework 2017-30](#)]. Both clearly define IRC's desired vision and mission in the delivery of the water related SDGs (particularly SDG 6). The detailed theory of change is included as Annex 1 to this report, and shows how IRC will achieve its mission by working at district, national and global level over the next 12 years.

An important shift in emphasis between previous and current strategies is the explicit identification of partner districts in IRC's focus countries, where IRC is committed to supporting broadly based partnerships led by local government to deliver universal basic access to water, sanitation and hygiene.

IRC's theory of change identifies five principal WASH outcomes¹ for our partner districts, five outcomes for the national WASH sector in our focus countries and three for the global level. The theory of change is at the same time a visualisation of how IRC believes the WASH sector needs to change to deliver sustainable WASH services for all and how IRC's programmes will contribute to this achievement.

IRC's entire theory of change is underpinned by the understanding that building strong WASH systems requires collective action by all the key actors within the system. As such, building and supporting (being a hub for) strong, government-led, partnerships dedicated to change is at the heart of the theory of change.

IRC theory of change



Alongside the new strategy and theory of change, in 2017 IRC began to develop an innovative results framework with which to measure progress towards the SDG 6 targets. The work on the results framework and alignment of programmes to the theory of change is complex and demanding and will continue into 2018. The simplified high-level theory of change above sets out the main logic underpinning IRC's approach. Most importantly, that our role lies in developing the strong national systems that will deliver sustainable services to all. In this results framework we assume as a given that WASH service for everyone will affect health, livelihood and development in many ways² and is therefore, in itself, not a focus of IRC's results framework.

At the country and district level, IRC's activities can be divided into five main groups which, together, both drive and support systems strengthening: advocating for political commitment and leadership; being a hub for partnerships for change; carrying out action research on service delivery models; building capacity; information sharing. In addition, at district level, IRC actively supports the implementation of a systems strengthening roadmap (developed with other Agenda for Change partners).

The focus of the IRC International Programme is on advocating and building partnerships for a systems approach for improving WASH services.

The structure of this report presents an overview of IRC's programmes in 2017. Chapter 3 provides a short explanation of how we are measuring WASH sector change and progress (contribution to change) by IRC programmes. Chapter 4 then presents the outcome level achievements in 2017, followed in Chapter 5 gives an overview of key outputs and activities of the programmes. Chapter 6 provides an overview of the inputs that make IRC's programmes possible.

1 In the IRC theory of change results framework we have named these outcomes technically the intermediate outcomes where outcomes are at the level of WASH services

2 [UNICEF 2016: the impact of water, sanitation and hygiene - review of evidence](#)

3. Measuring WASH sector change and IRC programme progress

IRC's theory of change describes IRC's vision and guides its actions on the roadmap to achieving the SDG 6 targets and WASH systems that provide sustainable WASH services for everyone. It maps out both the developments (outcomes) that we think are most critical for the sector to deliver WASH services, and IRC's proposed contribution to those outcomes. IRC's results framework is, therefore, designed to measure both the development of the WASH system at district and national level, and IRC's contribution to this development. Given the understanding that sector strengthening requires collective action by multiple WASH actors, and IRC's desire to play a role in supporting the partnerships that will deliver this collective action, much of IRC's impact will be in the form of contribution to shared outcomes. By corollary, direct attribution of outcome level change to IRC activities is difficult, and often counter-productive, to obtain.

2017 was the first year of the new strategy and theory of change, and the results framework remains under development. As such, this report presents partial results and baseline measurements for the WASH system and sector. The main reporting on IRC's work is in the form of activities and outputs, and reflect the focus of the programmes while not being formulated as contributions to change.

For IRC's programmes in our focus countries, the results framework aims to measure at outcome level the WASH service levels (at district and national level) and five intermediate outcomes (at district and national levels) including the strength of the WASH system (at district/national level). The International Programme uses eight indicators to measure progress towards three global outcomes.

The work on the results framework and alignment of programmes to the theory of change has been ongoing in parallel and is continuing in 2018. This means in practice that the results presented by some country programmes in Annex 2 are based on an earlier version of the scoring templates than ones used by other programmes. All the baseline results will be aligned in 2018, using the final version of the results framework.

WASH Service delivery monitoring: our highest outcome level that measures the quality of services delivered.

For monitoring WASH service delivery, the IRC programme follows the SDG 6 indicators with the more detailed definitions and ladders of the JMP³. Ideally, national and local actors through country-led monitoring do the data collection and monitoring of the quality of service delivery. But in practice, the country monitoring systems don't collect (yet) data using JMP indicators. For the national level, the available national surveys are translated by the JMP. In our partner districts, the same translation methodology cannot be used because often only facility-based data exists and no household-level surveys. In 2018, IRC in collaboration with the local authorities will make a start with the translation of locally available data into values for the JMP indicators, including small sample household surveys for validation. In Annex 2, the WASH service level data is presented in the tables "d" of the focus country programmes.

Monitoring Intermediate Outcomes: progress on the pathway to change/monitoring the theory of change

Crucial for achieving the (intermediate) outcomes of the theory of change is that the actors are able and willing to perform the required activities in all building blocks of the WASH system. For both the district and the national level, IRC's theory of change identifies four key intermediate outcomes, which together contribute to the fifth intermediate outcome: building strong systems needed to deliver services (see next section). These four intermediate outcomes are: political and financial commitment; partnerships for change; existence of Service Delivery Models; and, capacity of the key actors. Each of these intermediate outcomes has associated groups of activities related to them. A crucial set of activities and one where IRC believes it has a unique set of skills relates to being a hub for sector change – that is, an organisation that supports others in change focussed partnerships.

The four intermediate outcomes of the pathways of change are measured using QIS⁴ ladders and are scored separately for each WASH sub-sector for the national level. For the partner district level, the scoring is done for the WASH sector as a whole, because at this level it is mostly the same group of actors that are collaboratively responsible for the different WASH sub-sectors.

More details as well as an example of scoring are discussed in Annex 2, section 1.

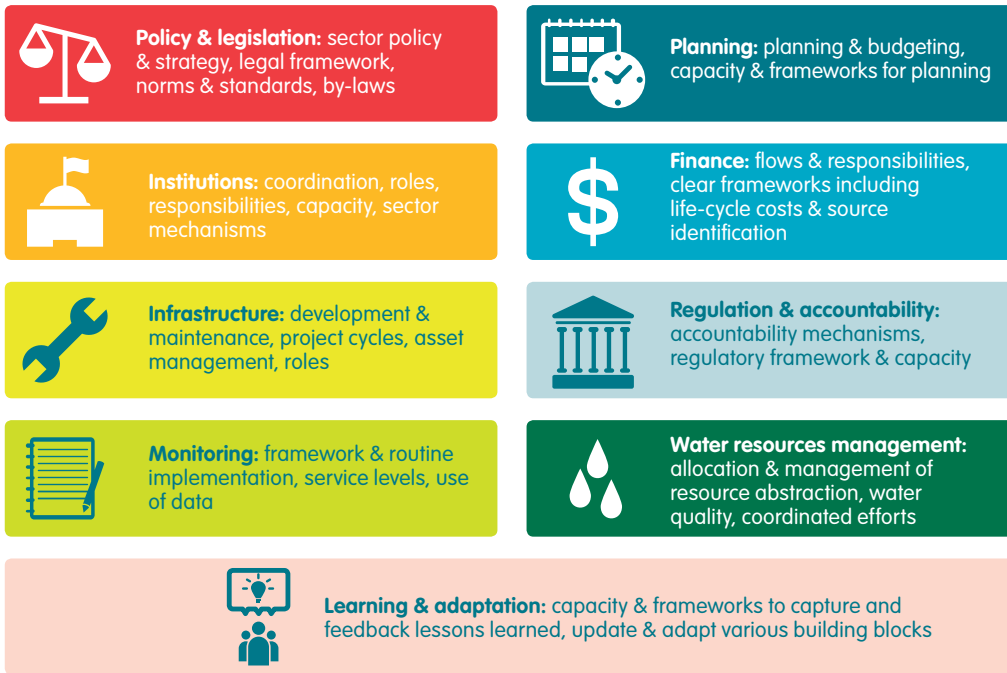
Monitoring the strength of WASH building blocks: the measurement of the WASH system building blocks, which IRC has defined as the foundational elements of a functional WASH system.

The fifth outcome of the IRC theory of change is the strength of the WASH system. The building blocks are a way of breaking the complexity of the entire WASH systems down into more manageable chunks that make intuitive sense to sector practitioners. Within each building block the WASH actors have to interact with other actors and work together to become a strong building block or element of the WASH system. IRC has defined a set of building blocks based on its experience with local and national WASH systems.

3 <https://washdata.org/>

4 For an explanation of the QIS methodology see for example: https://www.ircwash.org/sites/default/files/sijbesma_and_ahmed_brac_wash.pdf

WASH System



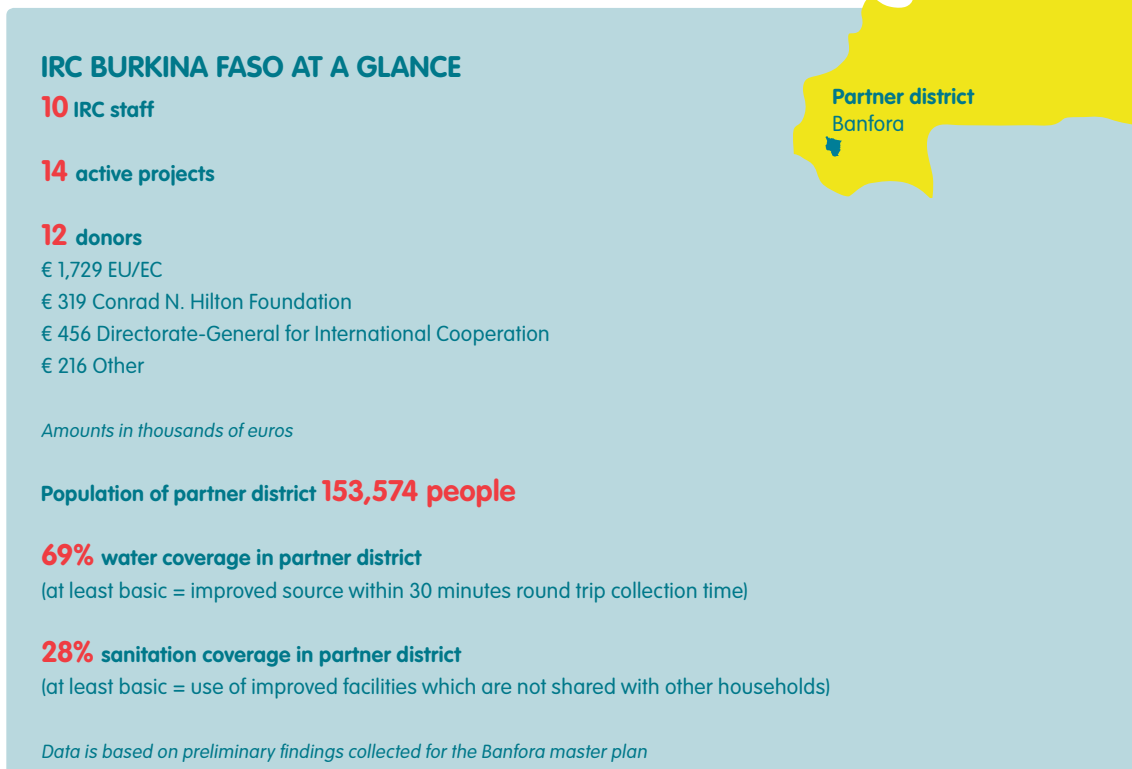
For the water and sanitation WASH sub-sectors, each building block is evaluated and scored separately at the district and the national level. For the WASH sub-sectors hygiene and extra-household settings, the scoring is done at system level only, without separating the analysis for each building block.

For the scoring, four to six scoring statements for each building block have been defined (water and sanitation), or six to eight statements for the WASH sub-systems “hygiene and “extra-household settings”. (See Annex 2, section 1).

4. Progress against outcomes in 2017

Because 2017 has been the first year of IRC's new strategic framework 2017-30, in the countries emphasis has been on establishing the baselines and on developing the programme level theories of change for the coming five years. A crucial new element in the strategic framework is that each country programme will have at least one partner district where IRC is committed to achieve the SDG 6 targets by fully rolling out the systems strengthening approach. A second focus in the focus countries has therefore been the building of partnerships in these partner districts. Much of what the programmes describe below is an assessment of the present status of the sector in the country. The summaries will highlight some of the changes in the key outcome areas of IRC's theory of change and where possible integrate some of the key contributions and related activities of IRC.

4.1 Burkina Faso



Burkina Faso faces a big challenge in providing WASH services. Only 54% of the population in the country has basic water services, and only 28% has basic sanitation services. In our partner commune of Banfora the situation is a bit better than the national average. Still 31% of the population has no basic water and 72% has no basic sanitation services.

In Burkina Faso, IRC is working on partnerships with municipalities, WaterAid, local service providers, local experts, regional authorities, national authorities, national experts and other stakeholders in three communes Banfora, Bérégaougou and Niangoloko. In Banfora, our partner municipality for achieving SDG 6, the main focus for now is on the municipality- led collaborative design of local strategic plans. The vision is clear and shared: achieving SDG 6 in each target municipality. Once the plans have been agreed on, partners will start reflecting on specific roles and inputs for its implementation. Within this process, local authorities are clearly taking the lead by mobilising the local stakeholders and providing significant inputs. IRC was able to introduce significant changes in the methodology for municipal-level planning. The other notable success is the joint identification, with national and local decision makers, of national and local experts to be involved in the strategic planning process. This is a major achievement as the programme enables building and improving the capacities of these local experts to replicate the newly developed methodology in the future as all municipalities are expected to prepare similar strategic plans for SDG 6.

At national level, there has been very strong political commitment to WASH. On several occasions, the head of state, the prime minister and the minister in charge repeated their commitment for water in both rural and urban areas and have been actively communicating about their achievements. Also, the first lady has been strongly supporting the national campaign for sanitation by mobilising middle class people to support their parents living in rural areas. This commitment translates into strong programmes. The Ministry of Water and Sanitation has designed national programmes for SDG 6 that clearly define service delivery models as well as roles and responsibilities of key players and linkages with neighbouring sectors: water resource management, health and education. These programmes have been disseminated and are used as reference by all sector players. However, most of the sector plans developed are not really implemented and many public activities still relate

to those of the MDG period. Sector capacity remains a challenge. The Minister of Water and Sanitation is mainly focussed on new infrastructure rather than addressing structural reforms planned in the strategy documents.

The Ministry of Water and Sanitation did an assessment of the sector capacity as part of the national sector governance programme. A detailed sector audit was scheduled for 2016 but will start only in 2018. In the end, in spite of the high political commitment, this is not followed by sector reform to establish the foundations for strong systems, nor the setting up of adequate institutional arrangements or developing requested capacities and relevant service delivery models. Furthermore, there is a huge lack of funds for achieving SDG 6: the sector budget should be tripled according to the trends in the last MDG period, but unfortunately the sector budget is being reduced.

The situation of the WASH sector is not exceptional as the country's whole development agenda is stuck due to a lack of competence and courage at the high political level. On top of that the country is facing an important security crisis with recurrent terrorist attacks that are becoming a top priority for all decision makers.

Not only are master plans being developed in Banfora, Bérégaougou and Niangoloko in Burkina Faso, but also in Torodi and Makalondi in Niger. In addition, learning and policy influencing activities were developed through two seminars on service delivery models for both rural water and rural sanitation.

Finally, the country programme has started with the implementation of the CSO advocacy strategy with the Fas'eau initiative as well as the national sanitation campaign (Fasotoilettes) led by the first lady. In 2017, Fas'eau did a baseline study on applying the Human Rights-Based Approach in the WASH sector in Burkina Faso.

4.2 Ethiopia



In 2017, IRC Ethiopia shifted focus, increasingly decentralising activities to support the district (woreda) and regional level, while continuing to play an influential hub role at the national level. New partnerships were established with local governments and other stakeholders in South Ari (SNNPR) and Mile (Afar) woredas, working with the USAID Sustainable WASH Systems Learning Partnership and USAID Lowland WASH Activity. Looking across the building blocks that are identified as being critical components of a strong system for delivering WASH services, the local systems for delivering rural water services in South Ari and Mile are weak. There are gaps identified with respect to all of the building blocks and particularly financing, infrastructure development and management, monitoring, regulation, learning and adaptation, and integrated water resource management. In each woreda, official structures and capacities with respect to institutions, legislation, and planning are in place to some degree, which provides a basis for systems strengthening, but capacities are low.

Finance is a major constraint in both woredas with huge financing gaps identified for investment in new services to reach the unserved, maintenance, rehabilitation and wider direct and indirect support to service providers. With respect to sustainability, a critical problem is that the local (and national) systems are largely geared towards delivering new water supplies for the remaining unserved and not to raising service levels or sustaining services. While coverage is low (between 13-23% basic water access) existing investments made in water supply infrastructure are not being well managed. In both South Ari and Mile, there is some (increased) focus on rehabilitation but there is almost no preventative or minor maintenance. This is an important

factor in high failure rates for both the more simple handpump based water supplies and more complex motorised schemes involving generators, motors and submersible pumps.

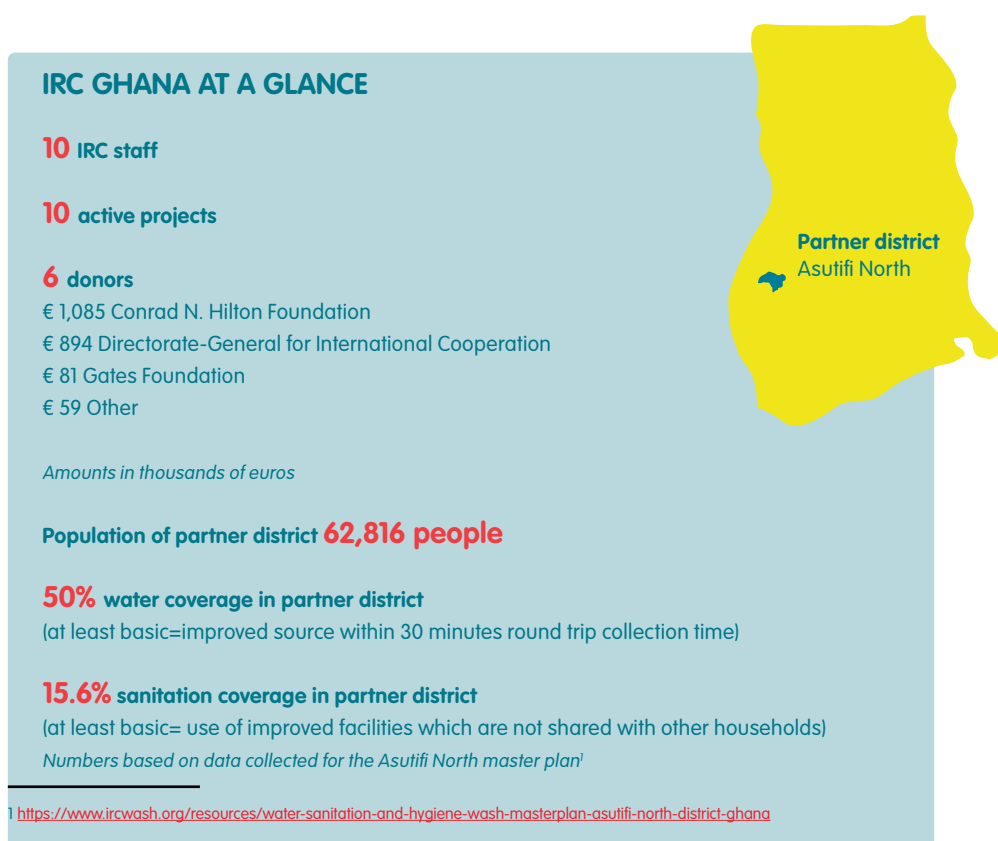
IRC has been working on addressing these challenges building on baseline studies undertaken in 2017 to develop new partnerships with local actors focussed on strengthening service delivery systems. These groups have agreed visions and are already engaged in strengthening aspects of the systems. Both woredas participated in a learning visit to Uganda in search of new thinking to address the sustainability challenge and plans have been developed for pilots and experiments that will start next year.

At national level, the National WASH Coordination Office is improving coordination and the One WASH National Program (OWNP) is being revised to address challenges faced in the sector. Major policy changes are expected, and in 2017 a new focus on climate resilient WASH services was already rolled out including more focus on multi-village piped schemes and establishment of rural water utilities. It is against this background that it also must be noted that rural Ethiopia has just 30% coverage with at least a basic level of service.

IRC contributed to these outcomes by supporting and aligning with some of the partnerships. In 2017, this included authoring a national government report documenting OWP achievements and taking over the secretariat role for the national Sanitation Marketing Multi-Stakeholder Platform to facilitate learning on approaches to improve sanitation. Through the Transform WASH project we are also strengthening the private sector supply chain for improved sanitation products in four regions (SNNPR, Oromia, BSG and Amhara) with a focus on promoting learning about what works and what does not.

IRC has supported the strengthening of some of the buildings blocks at regional level, especially in monitoring. A highlight was supporting Somali region with UNICEF to develop an inventory of all the motorised schemes in Somali region and to help the coordinated drought response. The cutting edge monitoring system developed now provides the basis for ongoing planning and management of assets by the region and has served as basis for developing a similar monitoring system in Afar region. Furthermore, we contributed to strengthening the institutional coordination for WASH at public schools in Addis Ababa through our partnership with the NGO Splash and the Addis Ababa Education Bureau.

4.3 Ghana



In 2017, 3 outcome areas have been prioritised in the Ghana Programme:

- WASH services are being delivered sustainably through partnerships towards achieving universal coverage at the local government level.
- Key sector stakeholders are engaging proactively to learn collectively, generate evidence and drive advocacy for WASH services delivery.
- Government prioritises and leads in the creation and implementation of mechanisms for funding, monitoring

and coordination for effective WASH service delivery.

With the finalisation of the IRC strategy in 2017, IRC Ghana has re-aligned the outcomes for both national and district levels to IRC's theory of change. The progress towards achieving these outcomes in 2017 are as follows:

Political and financial commitment - At the national level the new government created a dedicated Ministry of Sanitation and Water Resources to provide a vision and strategic direction, which is aligned to the SDGs and other national commitments for the next 5 years. The budget allocation to the ministry was around US\$ 48.635,04 (GHC 2.3 million) of which about 38% was for CapEx and the remaining for goods and services.⁵ At the district level, the IRC programme selected the partner district, Asutifi North, and a district WASH master plan has been developed for the period 2017-2030. This has been incorporated into the district medium-term development plan. In the non-partner districts, 17 MMDAs participating in the Sanitation Challenge for Ghana have committed dedicated budgets for providing liquid waste management services.

Strong partnership - As part of developing a shared vision for the sector, the Ministry of Sanitation and Water Resources has engaged key sector stakeholders in a series of consultations to develop the sector strategic plan and to forge partnerships for delivery of WASH services. In Asutifi North District, the development of the WASH master plan was done through a participatory planning process, giving space to all key stakeholders at the local level and strategic partners (government institutions, private sector, traditional authority, and NGOs) to participate in the development of a shared vision of full coverage for Asutifi North District. In the non-partner districts, the 13 districts participating in the Strengthening Local Government project, through district learning alliance platforms, have engendered sharing and partnerships for service delivery within the districts. For the 17 MMDAs in the Sanitation Challenge for Ghana initiative, a private sector component has been recently launched to incentivise the private sector to foster strategic partnerships with the government to invest in public toilets and liquid waste treatment and reuse plants through public-private partnerships (PPPs) and other arrangements.

Models for service delivery - At the national level, processes are underway to review the existing structures and where necessary, review and reform institutions to enhance delivery. The ministry plans to create a National Sanitation Authority (NSA) to prioritise and accelerate the provision of sanitation, while within the rural sub-sector, an organisational assessment of the Community Water and Sanitation Agency (CWSA) has provided multiple scenarios to guide its decision for the future changes in the operating environment. In 13 non-partner districts under the Strengthening Local Government Capacity for Delivery of Water Services project, service delivery models and tools have been applied in the development of 13 district water and sanitation plans, budgets and asset registers.

Capacity - As part of the development of the strategic plan for the Ministry of Sanitation and Water Resources, discussions are underway to access and provide the necessary skills for the ministry to function optimally. In 2017, there was a mass campaign and advocacy led by CSOs and the media on illegal mining and its effect on water resources and WASH. 13 non-partner districts received capacity support to develop District Water and Sanitation Plans (DWSPs) to respond to reaching the SDG 6 targets. The DWSPs have been shared with the districts and received approval to feed into the medium-term plans.

These interventions will be the anchor point for IRC Ghana's future programming in Ghana. In the coming years, IRC Ghana will continue to support the government to establish effective mechanisms and country systems to drive the means of implementation to meet set targets.

The contribution of IRC to the above outcomes, which received most of our attention/focus:

- IRC Ghana has provided technical support to the Ministry of Sanitation and Water Resources to engage with the sector and to develop a sector strategic plan.
- An organisational assessment of CWSA was carried out with support from IRC Ghana. Based on the assessment of the current CWSA and the operating environment, a number of different scenarios for the future role and function and how the Agency may evolve its partnerships with the key sector and non-sector actors have been proposed to inform reforms in the rural water sub-sector.
- IRC Ghana has worked with other stakeholders to strengthen the capacity of 13 districts in 5 regions on WASH planning by the districts, research activities and dissemination of the results at the district, regional and national level learning platforms.
- The district-based initiative for SDG 6 activities in the Asutifi North District have included developing a WASH Master Planning process together with the project partners.

The top three highlights of IRC activities and/or outputs:

- Supporting the districts to develop a shared vision for WASH to achieve SDG 6 targets:
 - * A WASH Master Plan that has been prepared collectively with the district, traditional authorities, civil society organisations (CSOs) and other Hilton grantee partners to advance the realisation of the vision of universal WASH services to all citizens of Asutifi North District by 2030;

* 13 Districts have completed their District Water and Sanitation Plan (including asset registers and management plans).

- The WASH sector is undergoing a period of policy design and strategic realignment and IRC Ghana has been supporting the process at the national level - development of a sector strategic plan and conducting an organisational assessment of CWSA.
- The programme also continued to establish its footprint in sanitation service delivery through the Sanitation Challenge for Ghana. IRC Ghana continued to facilitate implementation of the project through the learning and practice convening for the participating MMDAs and the private sector.

A key challenge has been institutional review and realignment. With the creation of the new ministry, expectations are high from multiple stakeholders. In response, IRC Ghana in collaboration with other stakeholders supported the planning and institutional assessment process for sector reforms. The processes have been good for building consensus and capacity strengthening. However, the delivery of clear outputs has been slow.

4.4 Honduras



In Honduras, IRC works through a partnership called Para Todos, Por Siempre (PTPS; Everyone, Forever), a collaboration between national government, NGOs and some 26 associated municipalities. Though in theory all associated municipalities are committed to the vision of universal coverage, their levels of political commitment differ. Some have articulated that commitment into municipal policies and plans, and have committed mayors and councils behind it. In other municipalities, it is merely a paper commitment. This is in part related to the strength of the partnership at municipal level, which also varies due to the amount of effort PTPS members are putting into it. This in turn affects the strength of the WASH system in the municipalities. Five out of the fifteen municipalities score 'good' on that aspect, with the remaining ten scoring moderately. It is observed that the bigger and more concentrated ones score better, probably because they have more economies of scale in the various authority functions they carry out.

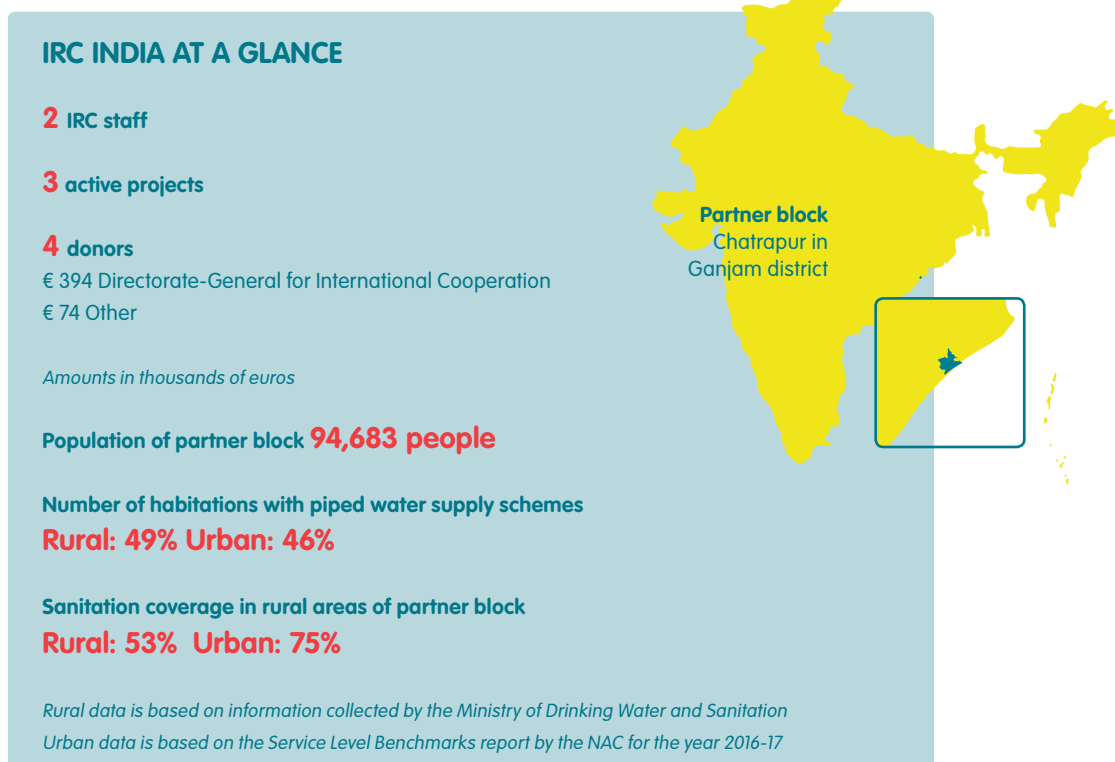
One of the 2017 highlights for IRC has been supporting partners to take steps forward in the roadmap by developing the authority functions in PTPS-associated municipalities. Specifically, seven (7) municipalities were supported in developing WASH policies and six (6) in developing municipal WASH plans. In eight (8) municipalities, IRC led the exercise of analysing the financial needs and current expenses on WASH services.

At national level, the level of political commitment to WASH is moderate. Within the sector, the technical government departments have fully embraced the SDG targets and worked to understand their implications. But, from the end of 2017, the water SDG was not a priority in the overall SDG plans of the government. Budgets for the sectoral line departments have been minimal. At the same time, there is a strong partnership through PTPS between these technical departments of government and NGOs. The WASH system can be characterised by being largely focussed on infrastructure development. Though some of the frameworks for service delivery are in place (e.g. on monitoring or regulation), these are not applied systematically across the country. This is due both to the projectised approach the national government takes to roll out these systems, and the large degree of autonomy of municipalities, meaning there are no nationally determined WASH-related targets or earmarks that the municipalities have to comply with. It is thus left largely to the municipalities whether and how they prioritise WASH. Finally, these systems do not adequately take into account the needs of specific segments of the population. The dispersed rural areas are, in particular, inadequately covered. This is a big gap, as actually that is the segment of the population where access to WASH services is lowest, and they are the most difficult to reach through the existing approaches.

In 2017, IRC has contributed to strengthening the WASH commitment by working with the national government on a package of guidelines around the various authority functions of the municipal level (institutions strengthening, planning and policy making). This allows the government to strengthen these functions in a systematic manner. Another highlight of IRC's work has been research into current service delivery models for the dispersed rural areas in eight (8) municipalities, and the subsequent, drafting of a proposed intervention model for this segment.

One of the key challenges remains the systematic application of the Agenda for Change district strengthening roadmap. Even though NGO and government members of PTPS are aware of the need to strengthen authority functions in an integrated and sequential manner, the reality of programmes means that often just one or two steps of the roadmap are followed in a particular municipality. The voluntary nature of the PTPS partnership also means it remains difficult to hold partners to account for their performance on the roadmap.

4.5 India



Presently, under the national Swachh Bharat (clean India) initiative, there have been significant efforts towards making communities Open Defecation Free (ODF), both in urban and rural areas. Due to the political pressures behind this goal, the whole bureaucratic system is working to meet the toilet targets at their respective levels. This, consequently, has resulted in limited attention of officials to take up anything else in the WASH space as they are highly pressured to perform to the toilet targets. It is expected that once these targets are met, the enabling environment will be comparatively more favourable to talk about the remaining sanitation service chain and sustainability aspects. With our work at the Gram Panchayat/district level, and in the urban space, we focus towards showing evidence on why the remaining service chain needs to be considered.

The partner district in India is Ganjam District of Odisha state. Keeping in mind the scale, we have further filtered our focus at Chatrapur block of this district. The India Country Programme is working on the Watershed project in this same district, and it was a decision to leverage efforts of the project in the partner district. Our priorities are to closely work with the Gram Panchayats, block and district on planning, finance (budgets and costs) and asset management with the vision of achieving universal access in the block – and thus providing a model for the entire district.

Given that IRC's district selection is fairly new, the initial relationships with partners (government and non-government) are being formed. IRC, not being a registered entity in India, works essentially through its partners, providing them handholding support and building capacities in specific areas through other partners.

Drinking water and sanitation are state subjects/mandate as per the Indian constitution. The investments in this sector are made by the state and union government, with little to no tariffs collected from communities/households in this district. For rural areas, it is Odisha's line department (Rural Water Supply and Sanitation) under the Panchayati Raj department that is responsible for providing support to the local government (Gram Panchayats) for water supply and sanitation. For water supply, this is mostly through handpumps, it was earlier the line department who implemented/installed and managed these systems, but with the devolution of powers and finances, this responsibility has moved to the local government (Gram Panchayats). As capacities of the local government are limited, the line department still provides close support, especially where new infrastructure is involved. Interestingly, Odisha has an Odisha Public Services Delivery Act-2012, which covers services for repair of handpumps, however, there is little awareness about this.

For sanitation, there is an incentive provided by the government for toilets (covering capture and containment). All sanitation facilities in rural areas are onsite. Since these are mostly newer structures, the issues around emptying tanks has not come up yet. For urban areas, water supply is provided through piped water systems by a parastatal body (Public Health Engineering Department). Sanitation in urban areas in this district is still onsite, without proper mechanisms, capacities and resources for safe disposal by the urban local body. There are certain NGO models of (piped) water supply and sanitation in rural areas in the district, where community management is in place, tariffs are collected and a corpus fund is maintained for maintenance. These are closely supported by NGOs.

IRC's engagements at the national level are limited to water and sanitation related civil society networks. The India Country Programme will use its experience in Bihar and Odisha to share/influence at the state and national level on specific building blocks for systems strengthening. The India Country Programme will be engaging with national and state level civil society networks for SGD 6 in the coming year. The India Country Programme has been an active core member for organising learning and sharing platforms around sanitation through the Insights series at the national and regional level. In the last year, the Insight series has been bringing up issues with respect to capacities in the sanitation sub-sector at the national level and in different states (Uttar Pradesh and Rajasthan).

In terms of the building blocks, the country fares well for institution and legislation building blocks for water and sanitation as compared to the other building blocks. The required policies, legislations, staffing requirements are formulated at the national level with mentioned linkages to water security, etc. Broadly speaking, the water and sanitation sectors at the national level have addressed the building blocks in varying degrees. However, the scores of the building blocks progressively decrease as the assessment is done for the state and district level, which reflects the status of the water and sanitation services at the community level. There are issues around slippage of water services, usage of toilets and overall sustainability, and the maintenance/management of assets that need to be strengthened.

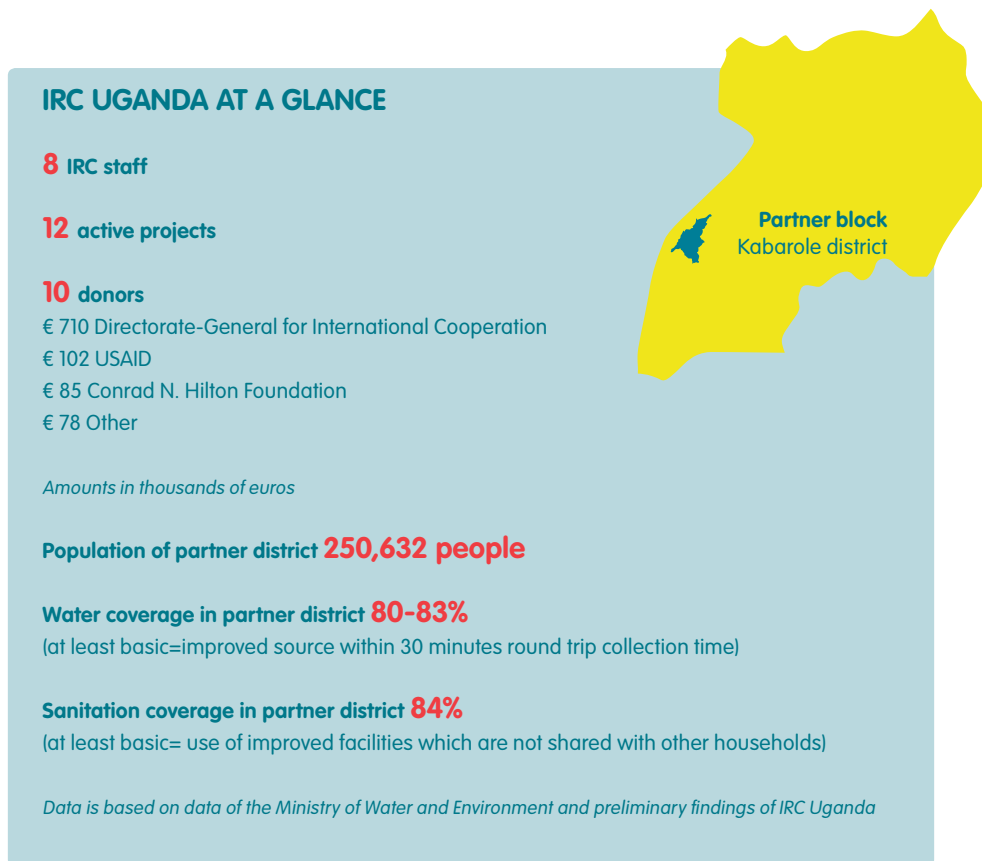
The understanding of the systems around water is more evolved compared to sanitation. For sanitation, legislation, regulation, planning and budgeting based on life-cycle costs of sanitation services, and the linkages with water resource management are areas that need further work and attention.

Presently, the IRC programme puts priority on the gaps identified by the baseline exercise, in the areas of Institutions, Finance and Monitoring, with possibly Asset Management in our work at district and state level. The work on Institutions and Finance was initiated with a working paper by IRC with support from the Centre of Budget and Governance Accountability, a national level Non-Government Organisation (NGO).

For the district level capacity, the focus is on water and sanitation finance (budget tracking) in (Samastipur) Bihar and (Ganjam) Odisha to strengthen local government planning capacity. Further, partner NGOs and local government capacities have been built on understanding sustainable WASH and what/how/who to engage (institutions) in this process. They have taken on board what needs to be considered at the community level (beyond infrastructure) to understand the actual water and sanitation situation of the community. They are now aware of the key government (central and state) programmes, and have an initial understanding of budgets of these programmes. The IRC team conducted rapid assessments of service delivery and the enabling environment focussing on sanitation in three cities.

This engagement highlighted the need for us to focus on capacities of local government (urban and rural) to plan, implement and manage water and sanitation services.

4.6 Uganda



The Water and Environment sector in Uganda registered a 3% improvement in access to safe water from 67% in 2015/16 to 70% in 2016/17; while sanitation increased from 79% to 80% over the same period. However functionality of water supply facilities dropped from 88% to 85%. WASH financing efforts were scaled up in partnership with TrackFin through an IRC study aimed at evidencing methods of financing drinking water, sanitation and hygiene at the national, district and local levels. In summary, the key challenges that the WASH systems are facing are:

- Limited coordination to deliver institutional WASH in schools and health facilities at both national and district level.
- Limited budget allocation with the water and environment sector budget ranging between 2.8% and 3% of the total national budget currently standing at US\$ 6 billion (UGX24 trillion).
- WASH access is further affected by an inadequate operation and maintenance budget with only 15% of the development grant going to this.
- Inconsistent use of data/ statistics to improve operational performance coupled with inadequate capacity at the district for long term planning.

The political and financial commitment of our district partners was demonstrated through the coordination and participation of the, by IRC facilitated, District WASH Task Team in visioning and planning meetings, that led to the development of a District Investment Plan and detailed WASH master plan. The process involved a series of consultative meetings with local government staff and NGOs implementing WASH services in the district. The plan shows that the district needs at least US\$ 11 million to reach the entire population by 2030. With reference to the updated Kabarole District Investment Plan (DIP), a total investment of approximately US\$ 14,851,603 will be required to get 100% Access to Sustainable WASH services. Current annual funding to Kabarole District - 2017 is 592,422,000 UGX (Approx US\$. 156,312) with the Central and Local government contributing 24% of this funding and 76% is funded by NGOS and donor agencies like UNICEF.

Partnership advocating for universal access; six (6) organisations actively promoted Agenda for Change (A4C) engagements with three (3) making financial contributions. Overall, 309,441 people directly benefited from the A4C collaboration while 1,100,000 were reached with partner efforts across the country

IRC Uganda's efforts in the enhancement of WASH Service Delivery models was demonstrated through rehabilitation of 15 deep wells, training of hand pump mechanics and community sensitisation on the pay-as-you-fetch model as one that would deliver sustained safe water supplies. The pay-as-you-fetch model is a pilot for 15 hand pumps to improve the community water source management model that was implemented in Midwestern Uganda. This model is intended to ensure collection of fees for operation and maintenance and thus sustainability of water sources in Kabarole district. To ensure effective adoption and implementation of the model a checklist was developed and a series of capacity building sessions conducted for Water and Sanitation Committees, and the committees opened up bank accounts to manage the water user fees as a best financial practice. The annual regional learning forum under the theme of Community Financing was convened by Technical Support

Unit 6 (TSU6) in Kamwenge district. Lessons and challenges on best practices were shared and used to inform discussions on how to improve WASH financing in the Rwenzori region. Additionally, the learning visit by a delegation from Ethiopia enabled sharing on O&M and preventative maintenance to improve functionality of water sources and capacity of the Kabarole Hand Pump Mechanics Association (HPMA).

In terms of capacity enhancement for WASH service delivery, a series of learning and training activities were conducted by IRC for different WASH stakeholder categories to improve functionality and safe water access in Kabarole district. The capacity of 15 WASH experts drawn from TSU6, the Albertine Water Management Zone, Department of Water; as well as district partners (JESE, HEWASA and Natural Resource Defence Initiative –NRDI) was enhanced in integrated water resource management and WASH service delivery. Monitoring and data collection capacity of WASH data officers in use of Akvo Flow was strengthened. Additionally, 28 hand pump mechanics' capacity to manage rehabilitation of deep water points and run the pay-as-you-fetch water points was enhanced through regional learning forums.

Highlights of IRC Uganda WASH engagements are:

- 11 out of 42 National Sector Performance Monitoring indicators were adopted from IRC.
- The 15 pay-as-you-fetch water points are all accessible and functional hence communities have access to safe water services; and surrounding communities (Mugusu) are adapting the pay-as-you-fetch model.
- With the District WASH Team engagement in learning forums, there is evidence of data use to inform WASH discussions.
- IRC had continuous engagement with political leaders at district level to enhance government leadership in driving the national agenda for sustainable WASH service delivery; and, facilitated the documentation of the untold stories (un-served communities) of WASH and published them in the mainstream media for national debates on WASH systems and service delivery to underserved communities.

4.7 International

Global political and financial commitment

Our flagship collaborative initiative, the Agenda for Change (A4C), continues to be a driving force for promoting a systems strengthening approach for achieving SDG 6. The number of actors that have joined A4C globally increased from six to nine. A much larger number of organisations is member of A4C collaborations at country level. During the year, we have also trained face to face and online, more than 1,000 water sector professionals from several organisations and governments on systems strengthening components.

Another area where IRC, jointly with Simavi, Wetlands International and Akvo plus several local CSOs had a large influence in 2017 was on the role of civil society in holding governments accountable to SDG 6. Through the Watershed initiative, capacity strengthening activities reached more than 1,000 people from about 100 CSOs across six countries (Bangladesh, Ghana, Kenya, India, Mali and Uganda), and internationally. The number of times that CSOs succeed in getting their points on the agenda, influencing the debate and/or creating space to engage, is a measure of their success in engaging government in their advocacy issues.

Global models

IRC proceeded in articulating a roadmap, or guideline on how to pursue the systems strengthening approach at district level. This was published under the Agenda for Change collaborative effort.

We continued to strengthen our networking, research and advocacy efforts on public finance by:

Collaborating with Water.org and the Ministry of Foreign Affairs of the Netherlands to change the financing discourse in the sector and enable experimentation with sustainable financial mechanisms for rural and small town service providers. We have introduced a [parallel paper](#) at the Sanitation and Water for All Finance Ministers Meeting which is now being used in the official UN Global Report on SDG 6.

- Co-leading the [Public Finance for WASH Initiative](#) with Water and Sanitation for the Urban Poor (WSUP) where we keep publishing best practices related to financing the sector.
- Supporting several organisations using the life-cycle costing methodology for planning, costing and financing for achieving SDG 6.

Global capacity

According to the baseline interviews with sector stakeholders, IRC is already seen as a primary source of knowledge and skills for the sector actors that want to adapt the systems strengthening approach. However, internally, there are relatively few

staff members who have the capacity to support others in the use of the approach. This represents a significant potential bottleneck for rapid replication and upscaling. In 2017 we have published most of the tools used, in 2018 the plan is to turn the tools into structured training materials, which will then be transformed into online training modules first for IRC staff and later for the sector.

Relevant think pieces for the year related to the outcomes above include:

- The use of the systems strengthening approach and district building blocks in the Sustainable WASH Systems Initiative, a 5 year action-research programme to support USAID WASH programmes ([Tillet, W. & Smits, S., 2017](#)).
- Financing WASH: how to increase funds for the sector while reducing inequalities: position paper for the Sanitation and Water for All Finance Ministers Meeting ([Fonseca, C., Pories, L., 2017](#)).
- WASH and water security: integration and the role of civil society: Working Paper Watershed Programme. Wetlands International. ([F. van Weert, 2017](#)).
- An assessment of the sustainability of rural water supply in 16 countries ([World Bank Water Practice, Smets, S., Lockwood, H. Mansour, G., Smits, S., 2017](#)).

5. Activities and outputs

Annex 3 provides details on progress with key activities and outputs of the IRC programmes in 2017 in Excel format. Programmes report on (1) planned activities; (2) planned outputs; and, (3) unplanned outputs and activities. With the new theory of change 2017-2030 and results framework we are changing what (and how) we want to count in terms of products and people who we reach. Overall, the numbers (see IRC At a glance) are similar to those of previous years. The International Programme has a relatively high share in communication and research products compared to the country programmes. The country programmes have strengthened, above all, their engagement with decentralised areas where the responsibility for direct service delivery is anchored. We will highlight three areas which got a stronger focus in 2017 than the previous years.

5.1 Focus of programmatic activity in 2017

District WASH master plans

A key step in the WASH systems strengthening approach is the development of WASH district master plans that are owned by all stakeholders. These plans serve to set out a shared vision of what it will take the district to achieve universal access (as defined by themselves) by 2030 and is based on shared analysis of current coverage, gaps and challenges. Burkina Faso started this process in three communes: Banfora, Arbinda, Gorgadji. Ethiopia started learning alliances in three new woredas, aiming at long-term engagement and will start master planning work in 2018. Ghana started the master plan process in Asutifi North and Uganda in Kabarole. Honduras has already a longer-term engagement with the “Para Todos Para Siempre” partnership in 15 small municipalities and the development of WASH plans in about half of them is progressing well. India has selected the Chatrapur block as partner district and has started developing the required partnerships, and will move on to developing a master plan.

Policy influencing

In particular in the area of lobbying for more sector finance, IRC has been active: in Burkina Faso a lobby started with CSOs and media to hold authorities to account for realising and protecting human rights to water and sanitation with specific focus on budget allocation. But also a national campaign was implemented for promoting local solidarity in financing household sanitation in rural areas. In Ethiopia, IRC provides evidence-based advocacy to put in place new funding and commitments for WASH in all schools in Addis Ababa. In Ghana and Uganda, building the capacity of CSOs to develop evidence on water quality and budget expenditures for WASH has started under the Watershed partnership. The International Programme has been documenting evidence on public finance for WASH in Honduras, India and Burkina Faso and has also continued to flag the importance of public financing at international platforms, like the Stockholm World Water Week and Sanitation and Water for All.

Strengthening partnerships

Strong partnership is a cornerstone of IRC's approach to achieve WASH systems change. We therefore want to highlight some of the progress and efforts in this area.

Country programmes

The four focus country programmes on the African continent have all been expanding their partnerships and resource base during 2017. In Burkina Faso, in particular the collaboration with international agencies (UNICEF and WHO) and international NGOs (WaterAid, CRS, World Vision) has been strengthened especially the areas of finance and monitoring. In addition, the programme has started discussions on new partnerships for developing service delivery models for WASH in schools. In Ethiopia, WASH in schools efforts have also been expanded. A more significant step of the Ethiopia programme, however, is the expansion into more partner districts. The Ethiopia programme is engaging more with the Integrated Water Resources Management (IWRM) sector (Vitens, REACH). In Ghana, next to the continuation of the partnerships for developing local government capacity and for sanitation, the programme started a new partnership (GADEF, Newmont Gold Ghana Ltd, GIZ, World Vision Ghana, Safe Water Network and other Hilton Foundation grantees) to work on the district-wide approach in the new partner district Asutifi North. In Uganda, a similar partnership for the partner district Kabarole has started with a grant from the Hilton Foundation, while at national level the WASH Agenda for Change programme jointly led by IRC, Water for People and WaterAid continues to attract new members.

The Honduras programme has continued their successful partnership “Para Todos Para Siempre”, which allows the relative small programme to achieve outcomes at the municipality level without being directly present on the ground. In India, the partnerships are relative young and in particular, the partnerships where government agencies are involved will need a long process of trust building.

International programme

Partnership development has progressed well on the core targets: Influencing stakeholders (government officials, members of parliament and other NGOs) in the Netherlands, Watershed consortium, public finance and Agenda for Change. New donors have come on board and our work on support to systems strengthening has expanded. The partnership relation with the WASH Alliance International, however, has become weaker in 2017. Some examples of good cooperation on systems strengthening are:

- The World Bank has asked IRC to provide assistance for scoping their new WASH programme in Lao PDR using the WASH systems concept.
- DGIS commissioned a scoping study on the enabling environment for urban service providers in which we explicitly use a systems analysis methodology.
- IRC is bringing lessons learned from the Agenda for Change into the Sustainable WASH Systems Initiative that is supported by USAID.
- IRC developed a new Theory of Change and Results Monitoring Framework for WSSCC/GSF. Focus has moved beyond creating ODF communities to area wide progress towards achieving SDG 6.2 which now includes capacity and system building activities (and outcomes) at national and subnational level.

In the area of sector finance, IRC has been developing global partnerships with Water.org and Dutch based organisations to change the financing discourse in the sector and enable experimentation with financial mechanisms for rural and small town service providers. A second area where the International Programme had a large influence was on the discussions on global accountability and the role of civil society in holding governments accountable to SDG 6. A study was coordinated by IRC and led by Civil Society Organisations in 27 countries under the umbrella of End Water Poverty, Watershed consortium, Coalition Eau and WSSCC.

6. Inputs

6.1 Staff and offices

An important part of IRC's strategy is a physical presence in its focus countries. IRC is legally registered, and operates country offices, in Ghana, Burkina Faso, Uganda and Ethiopia. In India and Honduras, IRC works with consultants who are on long-term contracts. When the project portfolio increases, legal registration of IRC offices in these two countries will be set in motion. It is IRC's ambition to have ten focus countries by 2021, including legal registration and operational offices. In addition to the country presence, IRC also has offices in Washington and The Hague.

By the end of 2017, IRC employed 66 staff of which 37 staff were based in our country offices: Ghana (10), Burkina Faso (10), Uganda (8), Ethiopia (5), India (2) and Honduras (2). In addition to these staff members, IRC worked with some 22 associates and had 5 interns enrolled in its Internship Programme.

The net turnover of staff during 2017 was zero; eight staff members left IRC, while another eight joined the organisation. This stability in staff size is a continuation of the trend of 2016, which followed a significant downsize of staff in the Netherlands during 2015. With a growing project portfolio (including the recently acquired funding from the Conrad N. Hilton Foundation), it is anticipated that the total staff size will increase to 80-85 during 2018 – with new staff recruited particularly in Ethiopia, Uganda and Burkina Faso.

6.2 Organisational development

2017 saw us take a strong first step in implementing our new Strategy Framework 2017-2030. As part of the organisational development, we are gauging progress in strengthening the WASH systems in countries (part of our long-term theory of change) using a robust and innovative monitoring framework. This also measures changes in the behaviour of the key players as a result of our change hub activities. In addition in 2017, we have included in the IRC planning cycle, the development of rolling strategic plans with a time horizon of five years.

By 2021, IRC aims to have a unified, decentralised organisation with up to ten country offices, district programmes, strong brand values and motivated staff working efficiently and professionally to deliver measurable results. To be successful, it will be essential that the enabling (office) environment and operating practices for dealing with financial and human resources are fit-for-purpose and directly supportive to IRC's mission and decentralised organisational structure.

Significant measures have taken place in recent years in regards to IRC's Business Model, staff reduction in the Netherlands, the organisational structure and governance, and more recently the implementation of a Collective Labour Agreement (CAO). Under the latter, which came into force on January 1st 2017, staff agreed to give up three weeks of flexible leave and move to new salary scales, both with minimal compensation. This has allowed IRC to stabilise its fee structure at a competitive level whilst also creating more space for unfunded activities such as fundraising.

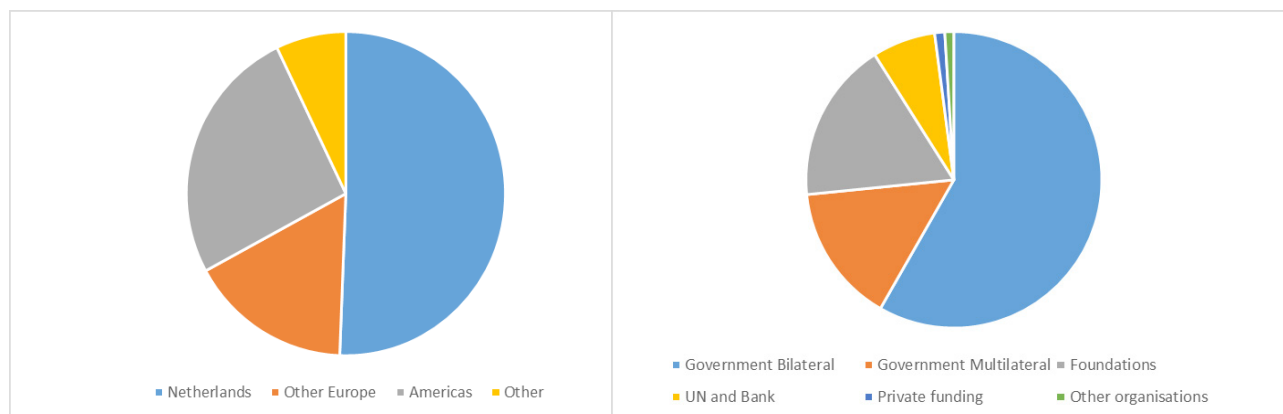
Following the new CAO, a start was made with the revision of a number of related HR policies, which emphasises further decentralisation and flexibility in working conditions. At the same time, HR policies and regulations in the IRC country offices were reviewed and are being implemented. These include an exploration on how best to ensure that every country office has a staff representation body, in addition to the existing Works Council in the Netherlands.

The strengthening of IRC's decentralisation, including district programmes, will have to be supported by systems that facilitate efficient and safe (data) collaboration. To do so, IRC hopes to further adjust its financial system and gradually implement Office 365 during 2018.

6.3 Partners and funders

By providing 50% of the total income, DGIS remained IRC's main donor (was 49% during 2016). The EU and the Conrad N. Hilton Foundation follow with 15% and 14% respectively. The portfolio of projects funded by USAID (7%) and UNICEF (4%) is growing, providing a challenge to IRC in regards to its indirect costs recovery due to limitations on using full cost tariffs on those projects. Other donors in the top 10 are the Osprey Foundation, World Bank, Bill & Melinda Gates Foundation, WHO and a private donor from the US.

More than half of IRC's funding originates from the Netherlands and an additional quarter comes from the US. Most donor funding is governmental, but the share of philanthropic foundations is growing (18%).



During 2017, IRC acquired new (multi-annual) project funding worth €10.3 million. At the beginning of 2017, IRC was awaiting confirmation of a new grant from DGIS for programmatic support for the period 2017-2021. This grant, confirmed in July was a welcome confirmation of the continuing strong partnership with DGIS. At the end of 2017, IRC was in the process of finalising a new grant request to the Conrad N. Hilton Foundation, building on existing planning grants awarded in 2016. This proposal totals US\$ 7.5 million for approximately four years and will start in April 2018. At present, the main scenarios outlined in 2015 for IRC's financial stability as a think-and-do tank are largely being met until 2020. However, IRC's mission-driven approaches require a substantial portion of its funding to be unearmarked or more 'flexible'. With the current contracted funding, this level of flexible funding is slowly decreasing during the coming years.

6.4 Expenditure and financial balance

IRC's gross revenue increased from €9.26 million in 2016 to €11.99 in 2017, well above the €11.23 budgeted for in the Annual Plan 2017. It should be noted that the total business volume in 2016 includes a total of some €600,000 from 2016, related to two projects in Ghana. These were reported late, hence their mentioning in the 2017 financial report. Despite this, the financial results for both years are not affected by the late reporting and remain as presented in the financial statements.

IRC closed the year 2017 with a positive Annual Result of €58,480 and with an encouraging gross operating result of €137,393. The Annual Result is affected by the significant negative exchange rate results deriving from the US dollar contracts. Half of the Annual Result is charged to the general reserves, the other half has gone to the earmarked reserves. These reserves are earmarked for unemployment benefits and exchange rate risks, investments in ICT and financial systems, and a potential office move in 2019. IRC's total reserves on December 31st 2017 were €1,063,412 – including €142,095 in the earmarked reserves.

The table below provides the actual 2017 expenses per programme, against budget and ambition, including the DGIS Programmatic Funding used.

Business unit/ programme	Total ambition	Total budget	Total expenditure	DGIS Programmatic funding (in parenthesis as % of total expenditure)
Burkina Faso programme	€1,250,000	€2,438,735	€2,720,624	€114,041 (4%)
Ethiopia programme	€1,000,000	€1,035,567	€844,813	€84,514 (10%)
Ghana programme	€1,250,000	€1,520,346	€2,119,643	€94,638 (4%)
Honduras programme	€250,000	€95,301	€187,698	€54,042 (29%)
India programme	€500,000	€474,100	€467,688	€71,669 (15%)
Uganda programme	€1,000,000	€1,111,723	€976,321	€105,441 (11%)
International programme	€3,500,000	€3,170,964	€3,469,674	€583,516 (17%)
IRCConsult	€750,000	€1,020,646	€620,591	€83,220 (13%)
Management & Support (HQ)	€500,000	€362,250	€585,030	€210,470 (36%)
TOTAL IRC	€10,000,000	€11,229,632	€11,972,772	€1,401,551 (12%)

To achieve its mission and ambition, IRC works with partner organisations and associates / consultants. From the total gross revenue in 2017, 35% went to partner organisations and 9% to consultants. An additional 21% was spent on other project costs like travel, meeting venues and equipment. In total, almost 68% of the gross revenue of €11.99 million went to third parties and was not available for IRC's indirect cost recovery.

7. Conclusions

During 2017, IRC began work on an ambitious new strategy and theory of change that put at its centre the need to build strong WASH systems to deliver sustainable WASH services. In parallel we started work on a new monitoring framework to guide our work, as well as carrying out baselines in our partner districts and countries. This very ambitious programme of work was only partially completed at the end of 2017 and as such the results and data in this report are also partial.

The outlines of a monitoring framework were developed and at the end of the year were continuing to be tested and refined. Much baseline data had been collected. At the same time, challenges related to the breadth of data to be collected and the costs in terms of time and resources surfaced. While there is reasonable availability of data at national level, in districts there is far less. This is not surprising, lack of monitoring data for service delivery is a known challenge, particularly in the rural sub-sector and particularly in sanitation and hygiene. What is more, the building block methodology that IRC is developing for analysing systems strengthening is new and only starting to be tested.

This said, interesting and useful findings are starting to emerge and we are confident that by the end of the exercise (in mid-2018) we will have succeeded in establishing both a useful tool for IRC and the broader sector, and a solid baseline for further work.

Of particular note in the early data is the gap between policy and practice, and between progress at national and district levels. To generalise, the sector – particularly in water – tends to have reasonably well developed policy frameworks at national level, however, practice is challenged by widespread failure to adopt and implement policies at district level, by lack of district capacity and by largely inadequate finances. As noted in Honduras, for example, political support to WASH at district level is also highly variable.

As the 2017 JMP report made clear, the sector has not really started to get to grips with the full implications of the SDGs – in particular the difference (for water and sanitation) between “basic” and “safe/safely managed” levels of service. These are huge and it is very difficult to see any of our partner districts or countries fully achieving safe water and safely managed sanitation by 2030. This said, there is little reason why basic is not entirely achievable. An important area of activity in 2018, therefore, will be to help start national and district level discussions about turning the SDGs into realistic and achievable national and district goals.

In terms of our work on systems strengthening more generally, while again very early days, the rapid adoption of systems thinking and language at both global and in some countries (e.g. Uganda) national level is heartening. This builds on the earlier adoption of thinking related to sustainability and service delivery (e.g. life-cycle costing). However, much more work remains necessary both on raising awareness of the need to view WASH services through a systems lens (e.g. by thinking in terms of building blocks) and moving away from a fixation on delivering new hardware; and on beginning to share and publicise the findings of our baseline systems analysis.

Although rolling out of the new monitoring system is delayed. Overall it gives ground for guarded optimism. Universal access to safe water and safely managed sanitation is not going to be achieved by 2030. At the same time, in most of our partner districts and countries there is no reason why access to basic water and sanitation should not be achievable. Burkina Faso and Ethiopia are likely to find this the biggest challenge, but there is very strong political support to at least get to universal basic access in Ethiopia.

Globally, political support and finance for the sector continues to be dominant issues and a major focus for IRC. Of all the building blocks, at district, national and global level, sector finance seems the farthest off course. On the positive side, there is increasing awareness of and interest in this issue, with sector bodies such as SWA providing an important platform to address it. IRC’s online course on life-cycle costing remains very popular with 320 participants starting it in 2017. However, there is also a pervasive lack of reality or willingness to engage with the need for radically increased amounts of funding (from all sources) and a continued tendency to hide from it by focussing on individual projects or programmes of new infrastructure provision, or untested assumptions about the ability to pull private finance into the sector.

8. ANNEXES

Annexes 1, 2 and 3 can be found:

Annex 1: [IRC Theory of Change Diagram \(PDF\)](#)

Annex 2: [Programme Scoring \(PDF\)](#)

Annex 3: [Outputs and Activities IRC 2017 \(EXCEL\)](#)