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PRO-WASH

Practices, Research and Operations
in Water, Sanitation and Hygiene

**Question and Answer (Q&A) Document
Operation and Maintenance of WASH Infrastructure Webinar Series
Webinar #6 – UPTIME**

Question: Can you elaborate on CapEx and OpEx?

Answer: These terms draw on the WASHCost research that distinguishes capital expenditure from ongoing operations and maintenance costs. <https://www.ircwash.org/washcost>

Question: Where did UPTIME get the money from to fund the non-repayable funds for the O&M in rural areas?

Answer: From a number of foundations and philanthropies in the WASH Funders Group. Support for the working papers has been provided by GIZ. The list of funders is available on the Uptime Catalyst Facility website: <https://www.uptimecatalyst.org/>

Question: What are the Uptime members using the extra funds from the contracts for?

Answer: The funding is unrestricted, since it is paid retroactively for already completed work, and is therefore not directly traced to specific expenses. Most funding appears to be directly used to cover operational costs.

Question: Is the result-based contract made with users or with implementing partner organizations?

Answer: The results-based contract is between the Uptime Catalyst Facility and the Service Provider.

Question: How are local water users paying for water, and how is the volume being taken and payment recorded? Is this with pre-paid systems? Or just manual water delivery with a cashbook maintained by service provider? Or other?

Answer: This differs by infrastructure, location and service provider. Most handpumps are not volumetrically metered whereas most piped infrastructure is. Some of the volumetrically metered services use prepaid revenue collection technologies.

Question: Does the contract model offered by Uptime catalyst provide for any risk finance for Capital Expenditure on infrastructural improvements/investments, or only O&M of existing infrastructure?

Answer: Not currently, although service providers are free to use results-based funding however they see fit so long as it benefits the service. There could be opportunities to link this type of funding model with capital investments to provide assurance that new infrastructure will function as intended.

Question: Can you give more examples of how you are validating the volume of water used in some of the rural environments? What are the data loggers using, is this also being applied for hand pumps?

Answer: Piped systems are more commonly metered than handpumps. Water Mission and UDUMA/Vergnet have developed custom technologies for these purposes. FundiFix and Oxford have also developed a Waterpoint Data Transmitter to measure handpump usage. Whave and Water for Good will shortly begin testing India MK II handpump sensors developed by charity:water.

Question: How are water tariffs being calculated and agreed upon with users?

Answer: This is typically done in consultation with local authorities to set tariffs that are affordable and acceptable for users.

Question: How big are the service providers in those different projects? One of the main challenge we are facing is that there is no "trusted" companies that can actually invest and manage. Was this a challenge as well in the different countries?

Answer: Uptime began by working with a group of known partners that are already delivering these services at scale. Scale up beyond this group requires finding new partners that are already service providers or governments that can shape enabling environments to accelerate service development. Uptime is working with the REACH/RWSN 100 Million study to identify pathways for scale up globally: <https://www.rural-water-supply.net/en/collaborations/details/119>

Question: What would be the advantages for donors to finance such a result-based approach rather than a common development organization?

Answer: Three main advantages:

- 1) Lower transaction costs since donors can fund multiple services and organizations rather than establishing relationships directly.
- 2) Lower risk profile since implementation risks are borne by service providers and pooled over multiple areas. Donors only pay for results once delivered.
- 3) Higher confidence in results by reporting verifiable key performance indicators rather than implementation activities.

Question: Can you provide further information on how this is adapted to ensuring Uptime to a range of rural hand pumps? What is the number of water points/ size of the area they are covering?

Answer: Details on the types of infrastructure and scale are publicly available on the Uptime Global Dashboard: <https://www.uptimewater.com/>

Question: What have been the reactions of dialogue with national government to adopt some of the approaches and ways of working developed by Uptime? How do these align/diverge from existing rural water policy frameworks and what are the lessons in terms of scaling up?

Answer: These conversations are at early stages but it is an area we are actively exploring. Opportunities are emerging from the REACH/RWSN 100m study and some will be outlined in the forthcoming report.

Question: Is there any future plan to cover CapEx given that a large proportion of current OpEx is associated with unreliable infrastructure?

Answer: Not currently but this model can link with CapEx in two important ways:

- 1) Unrestricted funding allows service providers to direct resources as they see fit, including into CapEx.
- 2) Reliable maintenance could provide higher assurance that CapEx will be invested effectively. The results-based maintenance funding model could dovetail with larger investment programs to, for example, enable lower interest rates on CapEx loans.

Question: Where there any analysis on the suitability of the water system to users payment capacity? Any assessment of integrating into the design of the system for income generating activities?

Answer: Services are affordable as a whole since users are typically paying <\$1 per person annually. Key affordability considerations involve the distributions within this: vulnerable areas and individuals within an overall population. Some excellent resources from the REACH initiative involving Uptime colleagues available here: <https://reachwater.org.uk/can-the-rural-poor-pay-for-water-in-a-crisis/>

Question: Are the consortium management costs covered separately - I think you mentioned \$1/user, but does that include the consortium management costs?

Answer: Consortium management costs are borne separately from the results-based funding by backbone support grants from Uptime funding partners. Costs are relatively modest since the Director is the only full-time staff.

Question: Is it a flat payment per person, or does it differ depending on the type of water infrastructure (e.g. a tap stand or a protected source)?

Answer: This depends. To broadly categorize, some services charge an annual subscription fee for preventive maintenance services and other charge per volume consumed.

Question: Revenue collection is often limited by affordability challenges in rural water service delivery. How did you counter this in your model?

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Question: Do any of the service providers use remote sensors to support/validate volumetric revenue models?

Answer: Piped systems are more commonly metered than handpumps. Water Mission and UDUMA/Vergnet have developed custom technologies for these purposes. FundiFix and Oxford have also developed a Waterpoint Data Transmitter to measure handpump usage. Whave and Water for Good will shortly begin testing India MK II handpump sensors developed by charity:water.

Question: Is there a minimum tariff collection that a service provider must raise to be eligible for the program? How is the amount of subsidy calculated?

Answer: The essential criteria is that revenue demonstrates a mechanism for cost-recovery and a tangible expression of users perceiving value in the service. Details on subsidy calculation models are available in the Uptime working papers (#3 to be released late Sep 2021): <https://www.uptimewater.org/working-papers>

Question: Do you have any robust estimates for the service level or maintenance intervals that would need to be achieved for private water service providers to break even commercially without external funding?

Answer: This greatly depends on a number of factors that are expanded upon in the first Uptime working paper (<https://www.uptimewater.org/s/Performance-based-funding-for-reliable-rural-water-services.pdf>). Equally important factors include population demographics, revenue collection models and institutional arrangements.