

## European Microfinance Platform

### WASH Action Group

#### Terms of Reference

### STUDY ON WASH AND FINANCIAL INCLUSION

#### Background

The European Microfinance Platform (e-MFP) is the leading network of European organisations and individuals active in the microfinance/financial inclusion sector in developing countries. e-MFP fosters activities which increase global access to affordable, quality, sustainable and inclusive financial services for the un(der)banked by driving knowledge-sharing, partnership development and innovation. Through its Action Groups (AGs) which are an important driver of the network's activities, e-MFP provides opportunity for members to join forces on specific projects or activities on common areas of interest.

In order to meet SDG 6 by 2030, the water and sanitation economy faces significant challenges that must be addressed urgently. In total, 2.2 billion people still lack access to safe drinking water; 4.2 billion people are without sanitation amenities and about 3 billion people lack basic handwashing facilities. Moreover, SDG 6 requires an estimated US \$114 billion per year in the run-up to 2030 which currently is not available.

According to OECD data, only 1.36% (\$2.14 billion) of the total private finance mobilised from 2012-17 (\$157.2 billion) has been mobilised in the water and sanitation sector. This presents an opportunity for (impact) investors and financiers to engage and understand the role their capital can play in bridging this financing gap, while securing social and financial returns on SDG 6 related investments.

Many investors working in developing countries find it difficult to grow its Water and Sanitation (W&S) portfolio, because they lack clarity about the sector, how it works, and what they can get out of it. Information/data about the sector is limited and this, in many cases, is the main reason that holds back investors.

The e-MFP WASH (Water, Sanitation and Hygiene) Action Group aims to tackle key information/knowledge gaps in the water and sanitation sector, and to map and define water and sanitation indicators that can be widely used by different stakeholders in the financial inclusion sector, particularly by the investors in their decisions.

## **The project**

The AG project has, thus, as strategic objective to generate information, insights and activities that reduce uncertainty and/or tackle challenges faced by its members in the Water and Sanitation (W&S) sector, especially impact investors, in order to catalyse new investments in this sector in the short and medium term.

To achieve this objective, the following activities are planned for the period 2021 – 2022:

- **Activity 1 - Study on WASH and Financial Inclusion:** review relevant literature, interviews with key stakeholders, and data collection aiming to:
  - a. Build a shared understanding of water and sanitation value chains, terminology and best practices
  - b. Segment different types of WASH SME's, identifying which business models work and which instruments are needed to finance them
  - c. Challenge investors' pre-conceived ways of thinking about WASH projects identifying pre-conceptions and barriers around water investments and the counter-arguments to tackle them
- **Activity 2 - WASH individual transaction indicators:** map and define indicators for SME's and MFI's investments across the following categories:
  - a. Financial and/or operational
  - b. Social and environmental (in line with specific SDGs)
  - c. Water sector specific (ie: water usage, water quality, technology risk, etc)
- **Activity 3 - WASH portfolio indicators:** map and define market indicators (market size, business linkages, # active water companies, etc).

The present **call for a consultant focuses on Activity 1** with deliverables and timeline described below. Activities 2 and 3 are planned to be implemented in 2022 and they can be attributed to the same consultant if there is interest from both parties.

## **Role of consultant**

The consultant will perform desk research and interviews with key stakeholders, including AG members, to map and gather available information on the WASH sector and WASH investments in order to structurally address the action points of activity 1 described above. As part of the research, the consultant will also collect, when available, information on indicators currently being used both for WASH individual transactions and portfolio. This initial inventory of available indicators will be used in the mapping exercise planned in Activities 2 and 3.

The consultant will report progress to the AG Head and will interact with AG members receiving and integrating their inputs into the research report and other project deliverables. The work will be conducted off-site and will not require travel.

## **Deliverables**

- 1) Final research report on WASH and Financial Inclusion, including a description of the Water and Sanitation value chains, the sector's terminology and 'best' practices, and a market segment analysis. This report will be the basis for an AG publication.
- 2) Final draft for brief publication on challenges and myths associated with the sector and the business case for W&S.

- 3) PPT short presentation summarising the research results.
- 4) List of WASH indicators for individual transactions and portfolio.

All written outputs are to be presented in English.

The findings of the study will be disseminated through the two publications mentioned above as well as a session organised by the AG during the European Microfinance Week in November 2021.

### **Property rights**

All intellectual property rights including title, copyright and patent rights resulting from the work shall be vested in the European Microfinance Platform including, without any limitation, the rights to use, reproduce, adapt, publish and distribute any item or part thereof.

### **Duration of assignment**

The work will be conducted between 20 August 2021 and 10 December 2021. The consultant is expected to work between 18 and 22 days during this period.

### **Payment**

The consultant will be paid on satisfactory completion of the deliverables.

A first invoice of 30% of the contract total amount will be scheduled for 30<sup>th</sup> September 2021 upon delivery of the structure/initial draft of the research report and initial list of WASH indicators.

The final payment of the remaining amount will be scheduled for 30<sup>th</sup> November 2021 upon completion of the final research report, final draft of the brief publication, PPT presentation and the final list of WASH indicators.

### **Profile of candidate**

- Advanced university degree in development economics, economics, microfinance and related fields
- Strong knowledge of the financial inclusion sector and its stakeholders
- Knowledge on Water, Sanitation and Hygiene is a strong plus
- Excellent communication skills and writing skills in English
- Experience researching, collecting and analysing data (quantitative and qualitative) and developing frameworks
- Capacity to work independently, to be resourceful, and to manage stakeholders expectations
- Fluency in English (required)

### **Contact and deadline**

If you are interested, please send **your CV, references (name, contact), and required daily rate** together with a **1-page expression of interest** presenting how you see yourself contributing to this project.

Contact: Joana Afonso – [jafonso@e-mfp.eu](mailto:jafonso@e-mfp.eu)

Deadline: 18<sup>th</sup> July 2021