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UNPACKING IMPACT TO UNLOCK SCALE: PILOT TESTING THE WASH AG INDICATOR FRAMEWORK

e-MFP
ADVANCING FINANCIAL INCLUSION

Aqua for All

LIST OF ABBREVIATIONS

Abbreviation	Expanded form
AG	Action Group
e-MFP	European Microfinance Platform
FSPs	Financial service providers
JMP	Joint Monitoring Programme
MIS	Management information system
MSC	MicroSave Consulting
MFR	MicroFinanza Rating
NWTF	Negros Women for Tomorrow Foundation
PAR	Portfolio at risk
PPI	Progress Out of Poverty Index
SDG	Sustainable Development Goals
SME	Small and medium-sized enterprise
UNICEF	United Nations Children's Fund
USD	United States Dollar
WASH	Water, sanitation and hygiene
WHO	World Health Organization

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1. FOREWORD

In 2021, the Water, Sanitation, and Hygiene Action Group (WASH AG) was launched as a joint initiative of e-MFP and Aqua for All. As its first focus area, the AG decided to spearhead a pilot on impact measurement to address a clear gap that was holding the WASH sector back: While finance was growing, impact measurement was not keeping pace. Too often, actors were forced to rely on inconsistent indicators, differing definitions, and one-off reporting requirements that made comparison difficult and slowed learning. Financial institutions and enterprises were asked to report similar information in different ways, and investors struggled to interpret and aggregate results across portfolios.

Our objective from the inception of this group has been to support better WASH outcomes by making WASH finance more credible, more comparable, and easier to scale. A practical and harmonised indicator framework is a necessary precondition for that. Not because measurement is some ultimate objective in itself – it is not – but because without measurement, it becomes far harder to manage performance, spot trends, allocate capital responsibly, and build confidence among decision makers. If we want WASH to attract more funding and to build an investment case, we need stronger evidence on what is being achieved, for whom, and under what conditions.

This publication, alongside the refined indicator framework, operational manual, and other tools, represents an important milestone in that journey.

A phased approach was needed to get to this stage. Earlier milestones sought to identify the right indicators and get important feedback to ensure their relevance across the financial inclusion ecosystem. This third stage, which we have just completed, moves us more from concept to practice. It asks the question that ultimately matters most: Can investors and their investee FSPs use these iteratively refined impact indicators in the real world without turning impact measurement into an unrealistic burden?

We are delighted to present the results of this pilot testing phase, for which we owe an enormous thanks to our invaluable partner MSC (MicroSave Consulting). MSC has worked alongside participating financial institutions and data platforms to test the indicators through a combination of management information systems and field-based survey tools. The research examined what data already exist, what can be collected reliably, and what require additional effort. It also tested how indicators land in day-to-day operations, from definitions and translation issues to workflow constraints and reporting cycles.

We are also grateful to the colleagues who have made this work possible, especially Fernando Naranjo from e-MFP, the AG's Knowledge Consultant Jack Strosser, and Owais Shafiq and Leonard Obuna from Aqua for All.

We also extend our deep appreciation to the financial service providers and data platforms that participated in this pilot. They contributed their time, staff attention, and data as they buy into the WASH AG's vision and see the value of

what we are working towards. Without their willingness to test the framework in practice, there would be no credible path from theory to implementation.

Crucially, though, this framework is not a finished product, just a step towards what comes next. Achieving meaningful uptake will depend on strong buy-in from a whole range of investors, asset managers, donors, and other ecosystem actors who shape reporting expectations and capital flows.

We need to standardise reporting and measurement, and in doing so, we can integrate the framework into the wider ecosystem and pursue real scale. If the sector converges around a shared approach, we can reduce reporting fatigue for investees while improving transparency and comparability for capital providers. This is the moment where the framework can shift from being an MIS for a few institutions to becoming a common language for the sector.

We believe this framework and its resources represent a meaningful contribution to WASH inclusive finance. We invite all interested stakeholders to use and share it, join our Action Group, and provide constructive feedback on how to use this work to reach our shared goals.

Sam Mendelson, e-MFP & Marcela Perez Pereira, Aqua for All

WASH AG Co-leads

2. EXECUTIVE SUMMARY

This report presents the findings of a study commissioned by the e-MFP and the Aqua for All-led WASH Action Group (AG) and documents results from the pilot testing of the WASH AG impact indicator framework. The work builds on earlier phases that developed and assessed a draft water, sanitation, and hygiene (WASH) impact indicator framework. The indicator framework, developed by financial advisory firm Rebel in the first phase, covered financial, social, climate, quality-of-services, water services, and sanitation indicators relevant to the WASH portfolios of financial service providers (FSPs) and small and medium enterprises (SMEs).

The impact indicator framework was evaluated in the second phase, while the current phase (phase three) has sought to operationalise the framework in real institutional settings by pilot-testing it among select FSPs. The objective was to assess usability, gather implementation feedback, and help develop a scalable and practical approach to impact measurement in the WASH sector.

During the pilot with four FSPs, the study mapped the existing data-capture processes and management information systems (MIS) to understand what data were being collected and at what level of granularity. Based on this assessment, the study identified opportunities to integrate WASH-relevant impact indicators directly at the point where data originated.

The indicators were subsequently tested in live operations, with ongoing support provided to FSP teams to ensure accurate and consistent data capture. Data-collection methodologies were aligned with each FSP's operational workflows, complemented by targeted training and development of standardised templates. The indicators were refined iteratively based on field experience and resulted in a set of practical and real-world-validated WASH indicators that can be scaled and used to harmonise reporting across a larger portfolio.

2.1 Key outcomes

Final WASH impact indicator framework

The indicator framework was refined to improve clarity, measurability, and consistency through systematic pilot testing with FSP partners in real-world institutional and operational contexts. The framework was validated through live implementation, and indicators were retained, refined, merged, or dropped based on observed operational feasibility and analytical relevance. The validation process drew on global WASH measurement standards, including the WHO–UNICEF Joint Monitoring Program, and incorporated findings from multiple rounds of consultations with e-MFP, Aqua for All, and other relevant stakeholders.

Operational indicator manual

An operational manual (see annexure 7.1) was developed as a companion to the refined indicator framework to provide clear, practical guidance on how each indicator should be captured and measured. The manual consists of indicator definitions, breaks indicators into sub-indicators, specifies data sources and reporting frequency, and provides step-by-step

guidance for data collection, aggregation, and disaggregation with illustrative examples.

Data recording tools

Data recording tools, including MIS reporting templates (see here) and structured survey instruments, were developed to support consistent data collection across institutions. Indicators were categorised based on data source requirements to distinguish between MIS-based, survey-based, and combined approaches.

2.2 Key findings

Clear operational guidance is essential for consistent and reliable indicator framework implementation

The operational manual (see annexure 7.1) translated the redefined indicator framework into clear, actionable, and ready-to-use guidance. It addressed ambiguities identified in earlier phases and reduced reliance on ad-hoc interpretation to support more consistent implementation across institutions.

Survey-based indicators are resource-intensive, but essential to capture the impact of WASH

Indicators related to health, service accessibility, climate outcomes, and user characteristics require primary data collection through field surveys. This approach involves moderate to high levels of effort, as it depends on collecting information directly from borrowers and beneficiaries, but it remains essential for measuring dimensions of impact that cannot be captured through transactional or MIS data alone. Survey-based indicators provide critical understanding of real WASH impact. While such data collection has limitations, including recall bias and reliance on self-reported information, these indicators remain indispensable for robust and meaningful impact measurement.

Indicators differ substantially in reporting effort, requiring a phased adoption approach

Pilot testing enabled indicators to be classified by the level of effort required for reporting. Indicators derived directly from MIS were classified as low effort; survey-dependent indicators as moderate effort; and indicators requiring retrospective classification or external criteria, such as climate contribution, as high effort.

This differentiation reflects the fact that varying levels of reporting effort call for a phased approach to adoption, particularly given capacity and resource constraints. At the same time, it provides a practical basis for a phased adoption of the framework. By offering a structured pathway, it allows organisations to engage progressively without facing burdensome reporting requirements from the outset.

Consistent indicator interpretation depends on context-sensitive guidance and training

Field implementation highlighted the influence of language, geography, and local practices on indicator interpretation. While translation into regional languages encouraged respondent engagement, variations in explanation by field staff affected the consistency of responses. These experiences showed the need for targeted training and clear, practical guidance to ensure that indicators are applied consistently while preserving their intended meaning.

Standardised data collection tools improve consistency, but face practical field constraints

The use of standardised MIS templates (see here) and structured digital survey tools (see annexure 7.2) supported consistent data capture across institutions. However, connectivity constraints and field-level logistical challenges in remote areas affected implementation. These included travel to multiple locations, unreliable or limited internet access, and increased time and coordination requirements for data collection. The process also imposed opportunity costs for implementing organisations, requiring staff time and resources that could otherwise support programme delivery, particularly for smaller organisations with limited capacity to absorb such costs. FSPs faced similar constraints due to competing operational priorities and limited systems for standardised reporting, compounded by the need to comply with multiple reporting standards from different investors. This highlights the need for harmonisation, which would improve efficiency and eventually reduce such costs by simplifying implementation and reporting requirements.

2.3 Way forward

Harmonising reporting requirements across asset managers and investors can potentially reduce reporting burdens on investees over time and improve data comparability and analytical insights into investment performance. However, realising these benefits requires an initial period of alignment, system adaptation, and capacity-building, as well as active engagement from investors and asset managers to coordinate expectations, encourage adoption, and support investees through the transition. Where feasible, progressively integrating WASH indicators into existing MIS can support more routine reporting and reduce incremental effort in the longer term, particularly for resource-constrained FSPs and SMEs.

Over time, and with broader uptake across asset managers, investors, and other ecosystem actors, such approaches can also move towards greater standardisation at the ecosystem level. Rollout should be accompanied by targeted capacity-building, including training and training-of-trainers, with an emphasis on consistent indicator interpretation and accommodating the use of regional languages and local contexts during field-level data collection. Periodic impact evaluations and regular framework reviews will help maintain relevance and incorporate lessons from the implementation.

3. WHY MEASURE WASH?

Access to safe water, sanitation and hygiene (WASH) remains a persistent challenge in global development. As per the WHO and UNICEF Joint Monitoring Programme (JMP, 2025), an estimated 2.1 billion people still lack safely managed drinking water services, 3.4 billion people do not have access to safe sanitation, and 1.7 billion people lack basic hygiene services. These gaps disproportionately affect low-income and vulnerable populations and are further intensified by climate change, rapid urbanisation, and increasing pressure on water resources.

Developing countries currently spend approximately USD 165 billion per year on water, equivalent to around 0.5% of their GDP. As per the World Bank Group (2024), the public sector finances about 91% of this expenditure, while private sources contribute less than 2%. Despite growing global attention to climate finance, allocations to the WASH sector remain limited.

Of the USD 1.9 trillion in global climate finance tracked in 2023, only USD 49 billion, or approximately 2.5%, was directed towards water and wastewater-related investments. In this context, mobilising private and climate finance has become critical to closing the WASH financing gap.

The lack of harmonised, credible, and operational impact measurement frameworks continues to constrain private investment in the WASH sector. Investors and asset managers struggle to access consistent, comparable data to link WASH outcomes with financial performance. Meanwhile, reporting practices vary widely, indicator definitions remain inconsistent, and data-collection requirements place a significant burden on FSPs and WASH enterprises. These gaps reduce transparency, weaken investor confidence, and limit the ability to mobilise and scale private capital.

From an investor and data platform perspective, the absence of common indicators limits cross-portfolio and cross-geography comparability, which hinders data aggregation, performance assessment, and pipeline identification. A standardised indicator framework addresses these challenges by standardising reporting requirements, reducing duplication, and increasing the visibility of WASH portfolios to investors, which thereby supports more informed capital allocation.

Such a framework also enables robust analysis and comparability and supports financial performance, sustainability objectives, and compliance with regulatory and investor reporting requirements, all of which are critical to attract and retain capital over the long term.

In response to these challenges, e-MFP, in collaboration with Aqua for All, established the WASH Action Group (WASH AG) in May 2021. The Action Group's goal has been to address key information and knowledge gaps in the WASH sector and develop a WASH indicator framework that can be widely used by stakeholders in the financial inclusion ecosystem, particularly asset managers and investors. This framework is intended to inform investment decisions, strengthen impact measurement, and mobilise capital to reduce the WASH financing gap.

4. RESEARCH BACKGROUND AND CONTEXT

The work of the WASH AG has progressed through three phases with the goal to develop, refine, and validate a practical indicator framework for WASH impact measurement. Initial efforts included the development of the WASH Handbook in 2022, followed by the creation of a draft WASH AG indicator framework in 2023 (Phase 1). In 2024, this framework was assessed with a selected group of financial institutions to evaluate its relevance and applicability in practice (Phase 2).

MSC was engaged in 2024 to support this assessment. We were tasked to conduct a study that documented current impact measurement practices in the WASH sector, assess their alignment with the WASH AG draft indicator framework, and identify key challenges faced by asset managers, financial institutions, and WASH enterprises in data recording and reporting.

The study concluded that while the framework was conceptually robust, **several indicators required refinement through clearer definitions, improved guidance on scope and interpretation, and better alignment with existing data systems**. It also highlighted the importance of pilot-testing the framework in real-world settings, alongside harmonisation of reporting requirements and targeted capacity building, to enable consistent and effective implementation.

Building on these findings, the current phase (Phase 3) focused on refining the framework and piloting the revised indicators in real-world settings to test usability, gather implementation feedback, and co-create a framework that is both analytically sound and operationally feasible.

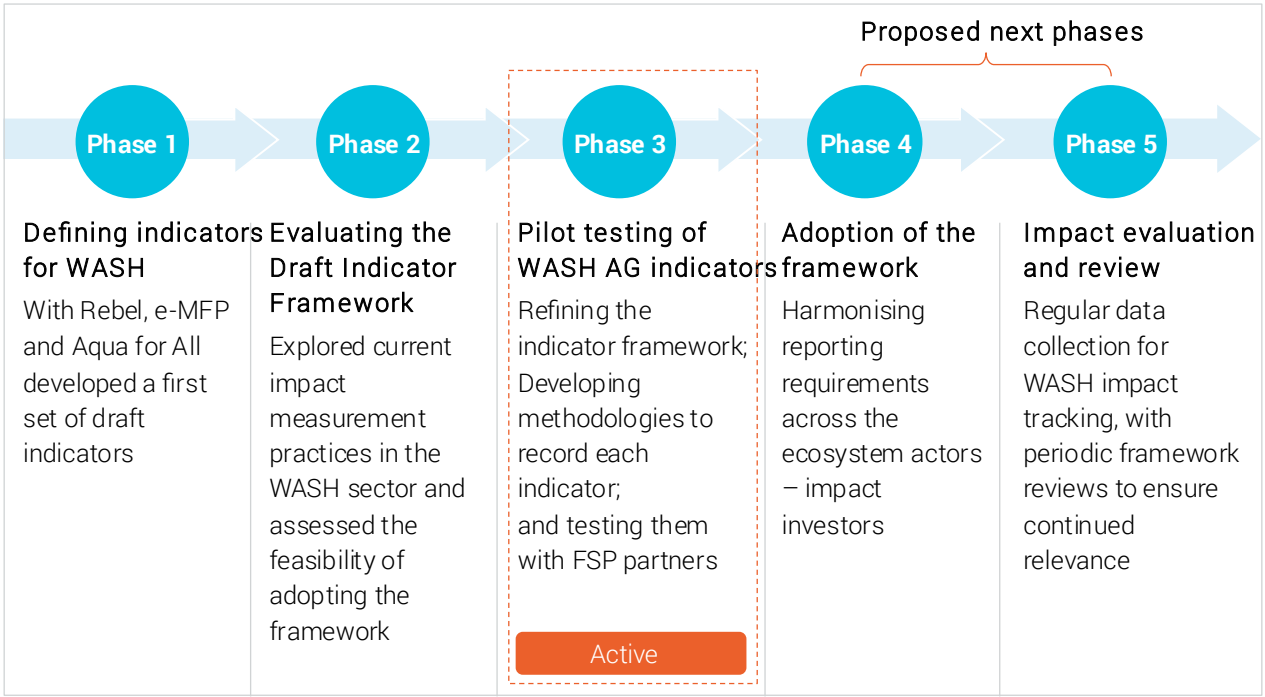

Figure 1: The WASH AG framework journey

4.1 Objectives of the study

This third phase of the overall framework journey, as illustrated in Figure 1, had several objectives:

- To refine and operationalise the WASH AG indicator framework through pilot testing with selected FSPs, based on practical implementation experience;
- To design and test standardised data collection tools and methodologies, including survey instruments (see annexure 7.2) and MIS-based templates (see here) to record WASH-related financial, social, and environmental indicators;
- To assess the feasibility, ease, and reporting burden associated with adopting the WASH AG indicators framework and to identify areas that need refinement or prioritisation; and
- To consolidate insights from the pilot phase and develop practical guidance to strengthen institutional monitoring, reporting, and broader adoption of the WASH AG indicator framework.

4.2 Methodology

A structured and iterative approach was employed to develop the WASH AG operational manual (see annexure 7.1). Its goal was to operationalise the indicator framework and enable FSPs to collect and report data consistently. The approach recognised the need to work with two complementary types of indicators – direct, and outcome or post-facto indicators:

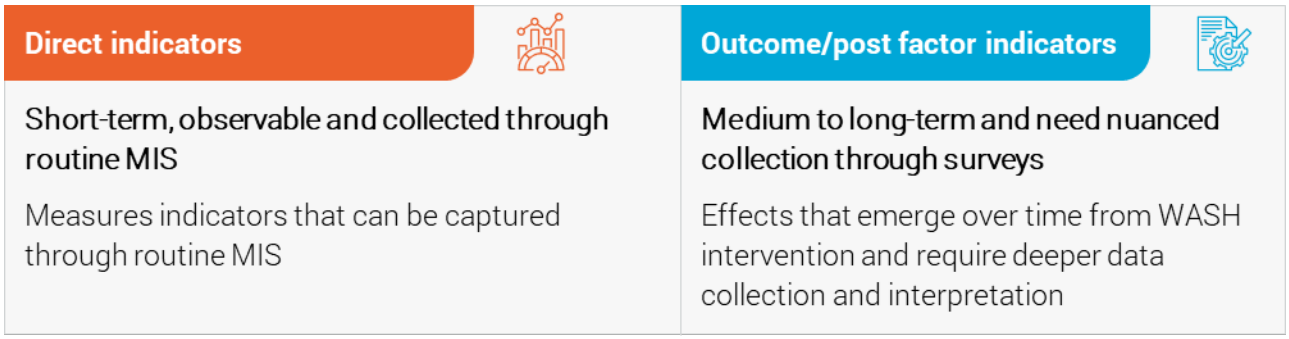

Figure 2: Types of indicators used in the WASH AG methodology

This two-pronged approach involved multiple methodological stages:

1. A review of the existing WASH AG indicator framework and recommendations from the earlier phases to identify indicators requiring refinement. Indicators were assessed for clarity, feasibility, data availability and alignment with institutional systems.
2. Addition of relevant sub-indicators for each indicator to enhance the analytical depth and support disaggregation by loan type (SME/retail), gender and geography. Clear and standardised formulas were defined for each indicator and relevant sub-indicators to ensure consistency in calculation and reporting.
3. Development of detailed methodologies outlining how each indicator should be recorded, tracked and reported.
4. Identification of the primary source of data and defining the scope of application for each indicator.
5. The refined indicators, methodologies, formulas, data sources, and examples were

consolidated into a comprehensive operational manual (see annexure 7.1) intended to serve as a practical reference for institutional monitoring and reporting and to support broader adoption of the WASH AG framework. The development of the manual was undertaken through multiple iterative rounds, including structured consultations with e-MFP and Aqua for All, with feedback incorporated at each stage to refine indicator definitions, methodologies, and guidance.

6. Supplementing the manual[1] with examples and data collection templates, including an MIS (see here) and a toolkit devised on Kobo Toolbox[2] (refer to annexure 7.2) to enhance usability.

4.2.1 Stakeholders consulted

For the study, we consulted four[3] FSPs and two data platforms, as seen in Table 1:

Table 1: List of stakeholders consulted

Stakeholder type	Stakeholder consulted	Country	Brief description
FSPs	Chamroeun	Cambodia	Chamroeun is a Cambodian microfinance institution that provides financial and non-financial services to improve the livelihoods of low-income families.
	Hofokam	Uganda	Hofokam is a non-deposit-taking microfinance institution in Western Uganda. It provides quality microfinance services to help households achieve their socio-economic goals.
	Negros Women for Tomorrow Foundation (NWTF)	The Philippines	NWFT is a Philippine-based microfinance institution that works to empower low-income women through financial services.
	Sidian Bank	Kenya	Sidian Bank is a Kenyan financial institution that offers a wide range of banking services, with an emphasis on small and medium-sized enterprises (SMEs).
Data platforms	Atlas	Italy	ATLAS (hosted by MFR) is a global data platform that provides standardised, comparable data on financial service providers to support analysis by investors, regulators, and researchers. It ensures transparent data quality and confidentiality while enabling users to filter and use data as needed.
	Hedera	Germany	Hedera provides digital tools that help financial institutions collect data, assess client needs, and measure impact using internationally recognised standards for basic services and sustainable development.

[1] A detailed operational manual was developed during the pilot phase to support the implementation of the data collection for the impact framework.

[2] The KoboToolBox is a data collection, management, and visualisation platform.

[3] Pilot testing of the refined indicators and data collection tools was undertaken with three financial service providers: Chamroeun, Hofokam, and the Negros Women for Tomorrow Foundation (NWTF).

Notably, data for the pilot implementation were drawn from a combination of MIS data and primary survey data, depending on institutional readiness and data availability. NWTF provided MIS data and survey responses for approximately 180 retail clients (households). Hofokam provided MIS data and survey responses for approximately 30 clients that covered both retail and SME segments, and Chamroeun provided MIS data that covered both its retail and SME portfolios. Sidian participated in the initial consultations for the pilot with MSC and contributed to early discussions and scoping of the exercise.

5. KEY OUTCOMES OF THE STUDY

5.1 Refinement of the existing framework

A review of the earlier framework highlighted limitations related to data availability, standardisation, and comparability, which constrained consistent application across institutions and contexts. Thus, a practical implementation of the framework required **refinement, merging, or dropping of indicators based on their operational feasibility and analytical relevance**. The goal was to strengthen the framework's usability and preserve the core intent to align it with the longer-term aim for harmonised reporting and impact assessment in the WASH sector.

The research team reviewed key global WASH frameworks to guide the intervention process, including the WHO–UNICEF Joint Monitoring Programme (JMP), the UNICEF Global Framework for Urban Water, Sanitation and Hygiene, and WHO guidance on Water, Sanitation and Hygiene. Moreover, extensive consultations were held with the e-MFP and Aqua for All teams. Their inputs were incorporated to refine indicator definitions, methodologies, and guidance, with particular attention to clarity, standardisation, and equity-focused disaggregation.

In parallel, consultations were conducted with Hedera and ATLAS (MFR) to assess feasibility from an implementation perspective, including data availability, reporting effort, and alignment with existing institutional systems.

Each indicator was assessed against a set of criteria, including operational feasibility, clarity of definition, data availability within existing management information systems, reporting burden, and analytical relevance. Based on this assessment, indicators were categorised as 'retained', 'redefined', 'merged', or 'dropped'.

5.1.1 'Retained' indicators

Indicators that demonstrated clear definitions, well-established measurement approaches, and consistent data availability were retained, with limited modification if required. These indicators primarily captured outputs, such as the number and value of WASH-related loans disbursed. Financial institutions were already tracking these indicators through existing systems, while institutions demonstrated readiness to report on them.

However, in the earlier phases of the framework, measurement and reporting methodologies were not fully specified, and guidance on indicator interpretation, applicability across client segments, and approaches to tracing and validating outcomes was limited. For instance, indicators, such as investments leading to improved health outcomes, required clearer articulation of scope, data sources, and attribution pathways to ensure consistent application.

The indicator to assess service levels within the WASH portfolio was based on the Joint Monitoring Programme (JMP)[4] service ladder,

[4] The WHO/UNICEF Joint Monitoring Programme (JMP) is the global mechanism to monitor progress on drinking water, sanitation, and hygiene (WASH). It provides comparable country, regional, and global estimates since 1990 and serves as the baseline for SDG WASH targets. The JMP service ladder is a tiered framework used by the WHO/UNICEF to measure and track progress in the delivery of basic, limited, and safely managed WASH services in households, schools, and healthcare facilities.

with adaptations made to ensure feasibility within existing reporting systems. The following indicators in Table 2 were retained without modification, based on clarified methodologies and proven readiness of financial service providers (FSPs) for implementation:

Table 2: Indicators retained

Indicator number	Indicator
1.1	Total number of loans provided to WASH sector
1.2	Average level of grant support to SMEs
1.3	Average ticket size of loans provided
1.6	Overall performance of WASH portfolio
2.2	Number of investments leading to improved health in WASH portfolio
2.3	Number of jobs created in WASH portfolio
4.1	Number of loans in WASH portfolio per service level

5.1.2 'Redefined' indicators

The redefinition of selected indicators sought to make them specific and measurable and reflect the structures of financial products, reporting practices, and data systems commonly used by FSPs. For instance, the indicator related to 'supportive enabling environment' was redefined as the 'number of loans supported through blended finance.' The change ensured a clearly defined financial mechanism, reduced ambiguity, and enabled consistent reporting.

Similarly, the indicator on 'affordability of WASH services provided' was redefined as 'accessibility of WASH services provided' to ensure that the indicator reflects realised impact rather than the cost considerations alone. Table 3 shows the redefined indicators.

Table 3: Indicators redefined

Indicator number	Indicator
1.5	Number of loans supported through blended finance
2.1	Number of new users in WASH portfolio
2.4	Accessibility of WASH services provided

5.1.3 'Dropped' indicators

Based on extensive consultations with WASH AG members, e-MFP and Aqua for All, some indicators were dropped from the framework following an assessment of their analytical contribution, objectivity and alignment with the existing measurement approaches. Some indicators that relied on subjective assessments, such as those related to innovative business models, were dropped due

to a lack of objectivity and the absence of a clearly defined criterion that could be consistently applied across institutions. A few indicators were dropped due to operational challenges in verification by the FSPs, as mentioned in Table 4. While these outcomes are important, consistent verification of these indicators at the loan level would require technical assessment and monitoring not typically currently integrated into routine financial reporting systems – and may therefore be feasible only in the future.

Table 4: Indicators dropped

Indicator number	Indicator
1.4	Number of loans leading to improvement in market linkages
4.2	Number of loans in WASH portfolio with good quality of services provided
4.3	Number of loans in WASH portfolio with innovative business model
W.1	Number of loans in WASH portfolio guaranteeing sustainability of source of water
W.2	Increase in water produced or provided in WASH portfolio
S.1	Number of loans that safeguard environmental conditions of sanitation

5.1.4 'Merged' indicators

Two indicators were merged because strict separation would have led to inconsistent classification across institutions. This helped reduce ambiguity, simplify reporting, and improve comparability, while retaining the ability to capture the overall contribution of WASH financing to climate action.

Table 5: Indicators merged

Indicator number	Indicator
3.1	Number of loans in WASH portfolio with contribution to climate mitigation
3.2	Number of loans in WASH portfolio with contribution to climate adaptation

5.1.5 Refinement of the existing framework

Building on learnings from the previous phase (Phase 2), secondary literature review, and insights from primary stakeholder consultations, a more nuanced indicator framework was developed. As a result of this process, five indicators were dropped, three were altered, and two were merged. **The final indicator framework, therefore, comprises 11 indicators supported by 44 sub-indicators and ratios.** The refined consolidated indicator framework is as follows:

Table 6: Phase 2 WASH AG indicators and action taken in phase 3

Category		Phase 2 indicator		Phase 3
Financial	1.1	The total number of loans provided to the WASH sector	1.1	Retained as is
	1.2	level of grant support to SMEs	1.2	Retained as is
	1.3	Average ticket size of loans provided	1.3	Retained as is
	1.4	Number of loans leading to improvement in market linkage	1.4	Dropped[5]
	1.5	Number of loans supported with enabling environment	1.5	Number of loans supported through blended finance
	1.6	Overall performance of WASH portfolio	1.6	Retained as is
Social	2.1	Number of new or improved users in WASH portfolio	2.1	Number of new users in the WASH portfolio
	2.2	Number of investments leading to improved health in WASH portfolio	2.2	Retained as is
	2.3	The number of jobs created in the WASH portfolio	2.3	Retained as is
	2.4	Affordability of WASH services provided	2.4	Accessibility of WASH services provided
Climate	3.1	Number of loans in WASH portfolio with contribution to climate mitigation	3.1	Number of loans in WASH portfolio with contribution to climate action (mitigation/ adaptation)
	3.3	Number of loans in WASH portfolio with contribution to climate adaptation	3.2	
Quality of service	4.1	Number of loans in WASH portfolio per service level	4.1	Retained as is
	4.2	Number of loans in WASH portfolio with good quality of services provided	4.2	Dropped due to operational challenges in verification. In addition, aspects of water quality are already captured through the JMP service ladder indicator.
	4.3	Number of loans in WASH portfolio with innovative business model	4.3	Dropped due to lack of objectivity
	W.1	Number of loans in WASH portfolio	W.1	Dropped due to operational challenges

[5] This indicator has been dropped for now due to its resource-intensive nature. However, owing to its conceptual relevance, it will be operationalised once FSP capacity to implement the remaining indicators is strengthened, presenting opportunities for future research.

Category	Phase 2 indicator		Phase 3
	guaranteeing sustainability of source of water		in verification by FSPs
	W.2 Increase in water produced or provided in WASH portfolio	W.2	Dropped due to operational challenges in verification by FSPs
	S.1 Number of loans that safeguard environmental conditions of sanitation	S.1	Dropped as the intended environmental impacts are already captured under the Service Level indicator through the Sanitation Ladder, which made this indicator redundant.

Dropped | Redefined | Merged

5.2 Development of the operational manual

An operational manual (see annexure 7.1) was developed to translate the refined indicator framework into clear, implementable guidance for financial service providers (FSPs). While the refined indicators established what should be measured, **the operational manual focused on how indicators should be interpreted, measured, and reported in practice**. It addresses the gaps identified in earlier phases, where indicators were conceptually defined but required sufficient methodological detail for consistent implementation.

Translation of refined indicators into operational guidance

The manual (see annexure 7.1) refines and redefines indicators wherever needed to improve clarity and measurability. It clarifies the indicator's scope, standardises terminology, and replaces broad concepts with specific, operational definitions. The manual specifies what to include, defines units of measurement, and outlines calculation methods to enable consistent application across institutions and reduce subjectivity in reporting.

Clarification of indicators through clearly defined sub-indicators

Crucially, the manual breaks down each of the 11 indicators into clearly defined sub-indicators. These sub-indicators specify what to measure and how individual components contribute to the overall indicator. They enable more granular reporting and reduce ambiguity in interpretation across institutions.

Definition of data sources, reporting protocols, and tools

The manual (see annexure 7.1) defines data sources, reporting frequency, and recording processes for each indicator. It provides clear guidance on data capture, aggregation, and calculation to support consistent reporting. The manual includes practical examples to clarify indicator interpretation across different operational contexts and reduce variation across institutions.

In addition, the study developed standardised data recording tools and templates (see annexures 7.2 and here) aligned with the refined indicator framework and designed to integrate with existing reporting systems.

Classification of indicators by data source

To improve usability and readability, the manual (see annexure 7.1) categorises indicators to improve usability and readability. These indicators are based on the primary data source required for reporting – the organisation's MIS, or via survey, or both:

i. MIS-based indicators

MIS-based indicators are reported using data routinely captured within the MIS of FSPs. These indicators primarily cover portfolio-level and financial measures and include loan volumes, values, client segments, and product types. As the data are recorded at loan origination and during routine portfolio monitoring, they can be aggregated and reported with minimal additional effort to support consistency and comparability across institutions.

Within this category, ex-ante (lead) indicators are recorded during loan origination and describe the characteristics and intended WASH-related purpose of the financing before the realisation of outcomes. FSPs tag loans as WASH-related through predefined purpose codes or product classifications, capturing information on the type of WASH solution financed, client segment, intended use of funds, and key loan attributes. While ex-ante indicators do not measure impact directly, they provide a basis to track the portfolio systematically and link financing inputs to outcome indicators reported through portfolio data or field-level surveys, where applicable.

ii. Survey-based indicators

Ex-post indicators require primary data collection at the client or field level, typically through surveys, to capture time-based information on household experiences and the outcomes of WASH loans. These indicators are used to measure outcomes that are not available through MIS, such as health-related outcomes, climate-related outcomes, and user characteristics. Ex-post indicators are applied where MIS data is insufficient to capture the on-ground impact of WASH services.

iii. MIS and survey-based indicators

A subset of indicators requires a combined approach, where clients are first identified and tracked through the MIS of FSPs and are subsequently surveyed at the field level.

Grouping of indicators by thematic dimension

For analytical clarity, indicators were further grouped by thematic dimension to reflect the different aspects of WASH financing and service delivery captured by the framework:

i. Social indicators capture outcomes related to access, inclusion, and social benefits associated with WASH services, such as user reach, health-related outcomes, and employment generation.

ii. Financial indicators capture the scale, composition, and performance of WASH-related financing, including loan volumes, values, and portfolio characteristics.

iii. Climate indicators capture the contribution of WASH financing to climate action, including mitigation and adaptation outcomes linked to water and sanitation services.

iv. **Quality of services** captures service-level aspects related to reliability, safety, and standards of WASH services, aligned with established global frameworks where relevant.

Table 7 shows a breakdown of the indicator framework into these four thematic categories:

Table 7: Indicators by thematic division

Dimension	Indicators
Financial	1.1 Total number of loans provided to the WASH sector
	1.2 Average level of grant support to SMEs
	1.3 Average ticket size of loans provided
	1.5 Number of loans supported through blended finance structures
	1.6 Overall performance of WASH portfolio
	2.1 Number of new users in the WASH portfolio
Social	2.2 Number of investments leading to improved health in WASH portfolio
	2.3 Number of jobs created and sustained in WASH portfolio
	2.4 Accessibility of WASH services provided
	3.1 Number of loans in WASH portfolio with contribution to climate action (mitigation and/or adaptation)
Climate	4.1 Number of loans in WASH portfolio per service level

Development of supporting tools for data collection

A uniform MIS reporting template (see here) was established to capture all MIS-based indicators in a consistent and comparable format across participating FSPs. In parallel, a structured survey instrument[6] (see annexure 7.2) was developed to enable field-level data collection for survey-based indicators, with standardised questions, response categories, recall periods, and data definitions.

Indicator guidance

Each indicator in the manual is presented using a standardised indicator template (figure 3). The template sets out key information such as the indicator definition, thematic dimension, data source, application, and reporting parameters. This standard structure is intended to provide clarity and consistency, helping users understand what each indicator measures and how it is categorised, while allowing the manual to be used progressively based on capacity and reporting readiness.

[6] MSC used KoboToolbox to capture survey-based data

Indicator overview	
Definition	Defines the indicator, its relevance for WASH finance and impact, and how to interpret changes in its value.
Dimension	Indicators are organised by thematic areas: financial, service, and institutional.
Type	Classified into three types: general, priority, and market.
Source	Identifies the source of data (MIS or surveys)
Application	Measures performance across SMEs, retail clients, or both.
Frequency	Standardised periodicity of data collection (e.g. annual, quarterly).
Disaggregation	By loan type, gender, geography, and other relevant categories.
Sub indicator	Each indicator is broken down into sub-indicators for greater granularity and clarity.
Example	Real life examples for greater ease of understanding
Formula	Calculation methods for consistent interpretation
Steps to record data	Data are recorded through a descriptive, step-by-step process outlining how information is collected, documented, and validated, with detailed survey questions provided where primary data collection is required.

Figure 3: Standard template used in the operational manual for each indicator

5.3 Rating indicators on level of effort

After the pilot was implemented and insights were generated from field experience, a key takeaway emerged. Each indicator entails a different level of effort, depending on the availability of data, the extent to which the data can be derived from the MIS versus survey-based collection, and the complexity of contextual interpretation.

The project team classified each indicator as per its level of implementation effort to make these differences explicit and actionable. This enables implementers and fund managers to anticipate resource requirements, plan data-collection strategies, and prioritise indicators accordingly.

Indicators that could be directly generated from existing MIS were classified as requiring low effort, as they involved routine data extraction

with minimal additional processing. Indicators that depended on self-reported information from SMEs or households, or required interpretation at the field level, were classified as requiring moderate effort. Indicators that required retrospective classification, additional tagging, or interpretation against external criteria were classified as high effort due to the additional analytical and operational input required. Table 8 presents the indicator framework categorised by the level of effort alongside the reasons behind this categorisation.

Table 8: Categorisation of impact indicators by level of effort

Indicator no.	Indicator	Level of effort	Rationale
1.1	Total number of loans provided to the WASH sector	Low	MIS-based indicators are relatively easy to collect because the required data are routinely captured within existing MIS and can be calculated directly from portfolio data without primary data collection. While some additional disaggregation may be required, the overall reporting effort remains low. For climate-related indicators, many financial service providers do not currently record this information in their MIS, which leads to a higher one-time effort to update systems using a standardised list of climate-related activities. Once integrated into the MIS, however, the ongoing reporting effort reduces significantly.
1.2	Average level of grant support to SMEs		
1.3	Average ticket size of loans provided		
1.6	Overall performance of the WASH portfolio		
2.1	Number of new users in the WASH portfolio		
2.4	Accessibility of WASH services provided		
3.1	Number of loans in the WASH portfolio with a contribution to climate action (mitigation and/or adaptation)		
1.5	Number of loans supported through blended finance structures	Moderate	This indicator is an objectively verifiable, survey-based indicator with clearly defined response options, often captured as binary (yes/no) answers that are easy for respondents to understand. While the indicator requires primary data collection through surveys, the use of regional languages during field implementation supports accurate comprehension and reliable responses.
2.2	Number of investments leading to improved health in the WASH portfolio	High	These indicators require a high level of effort in data collection due to their reliance on surveys, which involve recall periods and subjective interpretation that can affect accuracy. Additional effort is required to validate responses, particularly where
2.3	Number of jobs created and		

Indicator no.	Indicator	Level of effort	Rationale
	sustained in the WASH portfolio		investees do not systematically track employment data and where MIS data must be supplemented through field-level verification.
4.1	Number of loans in the WASH portfolio per service level		

5.4 Other takeaways from the pilot implementation

The pilot implementation of the operational toolkit provided important insights into the practical application of indicators and data collection tools across different contexts:

Language and interpretation significantly influence data consistency

Survey-based indicators were translated into local languages and dialects to support the understanding and engagement of respondents during field-level data collection. However, the quality of responses depended significantly on how field officers explained the indicators. Variations were observed in how concepts were communicated, particularly for more complex indicators.

In some cases, field officers used substitute terms that respondents were more familiar with, such as 'grants' instead of 'blended finance'. While this aided comprehension, it sometimes narrowed the question's intent and led to responses that reflected specific instruments rather than the broader concept. These observations highlight the importance of strengthening training-of-trainers (ToT), with greater emphasis on regional language use and clear explanation of the indicator's intent to ensure consistent data collection.

Recall limitations constrain the accuracy of certain indicators, particularly relating to health

Challenges were observed in relation to recall periods, particularly for health-related indicators. While respondents could generally recall health events, many struggled to accurately remember or estimate associated household expenditures, especially when referring to multiple family members. This affected the precision of cost-related responses and suggests the need for careful framing of recall-based questions during surveys.

Local context and cultural practices shape variation in indicator responses

Geographical and cultural contexts influenced indicator responses. For example, in parts of the Philippines where piped drinking water is not commonly used, households rely primarily on bottled water. This resulted in largely uniform responses for service-level indicators, which limited variation across households and reduced their ability to differentiate access conditions.

In such contexts, homogeneity in responses reflects widely shared coping practices rather than equivalent levels of service or well-being. This highlights the need for careful interpretation of results and suggests that, where practices are ubiquitous, greater analytical value may lie in examining

household-level consequences, such as affordability, expenditure, or reliability, rather than access alone. While exploring these dimensions in depth was beyond the scope of this pilot, the findings underscore the importance of context-sensitive indicator interpretation and the potential value of adapting survey questions in future applications.

Low-connectivity and low-readiness settings constrain the performance of digital tools

Although the digital toolkit was designed to function offline, field teams reported difficulties when they sought to access and use the tool in areas with very poor network coverage or limited device functionality. These challenges highlight the need to further assess the feasibility and usability of digital tools across remote and low-connectivity settings, including device readiness and offline performance.

Logistical constraints influence the pace and resource intensity of field surveys

Field teams also reported logistical constraints, particularly in terms of the time required to travel to remote client locations. Extended travel times slowed the pace of data collection and increased the operational and financial burden associated with field-level surveys. In several cases, participating FSPs directly bore these additional and unforeseen costs, which placed pressure on staff time and institutional resources.

Such burdens have implications for future participation and buy-in. They may also affect the willingness and capacity of FSPs to respond to investor-driven data reporting requirements more broadly. These operational considerations underscore the importance of realistically accounting for both time and cost implications in future rollouts and, where suitable, incorporating dedicated funding or support mechanisms to enable FSPs to undertake data collection without compromising core operations.

6. KEY CHALLENGES FACED IN IMPACT MEASUREMENT

The pilot testing identified challenges that affected the reliability and comparability of impact measurement across FSPs and WASH portfolios. These challenges cut across systems, institutional capacity, data collection methods, and analytical limitations, and have implications for both the design and implementation of the indicator framework.

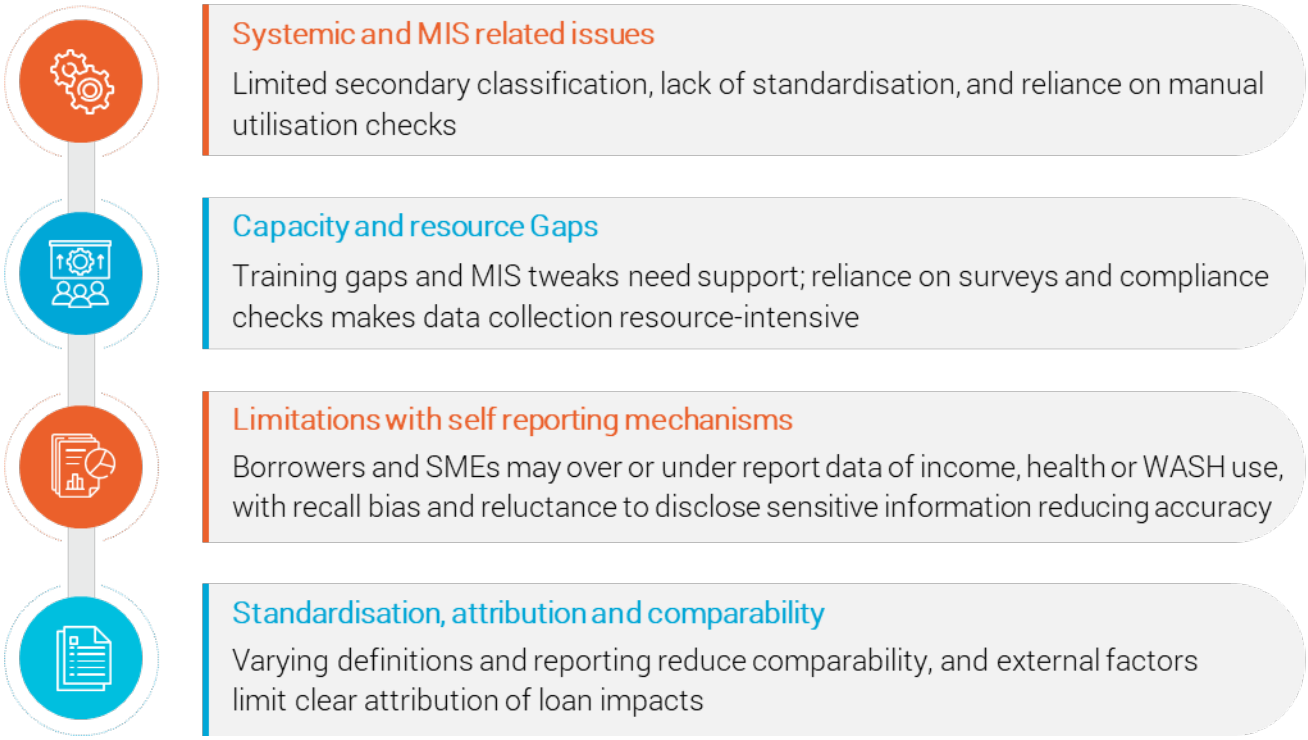

Figure 4: Key challenges faced in impact measurement

Systemic and MIS-related challenges

Limitations within the existing MIS constrain impact measurement. In many cases, secondary classification of WASH-related loans is limited, and indicator definitions are not consistently standardised across institutions. As a result, data extraction often relies on manual checks or ad hoc tagging processes that increase the risk of inconsistency and error. Variations in MIS structures further limit the ability to aggregate and compare data across institutions in a uniform manner.

Capacity and resource constraints

FSPs face capacity and resource gaps when they seek to implement comprehensive impact measurement. These include limited staff time, competing operational priorities, and the need for targeted training to support indicator interpretation and reporting. In addition, adaptations to MIS and reliance on survey-

based data collection increase the resource intensity of data collection, particularly where compliance checks and follow-up verification are required.

Limitations of self-reported data

Several indicators rely on self-reported information from borrowers or SMEs, particularly for outcomes related to income, health, and WASH usage. Such data are subject to recall bias, over- or under-reporting, and reluctance to disclose sensitive information. These limitations can affect data accuracy and reduce confidence in reported outcomes, especially where independent verification is not feasible.

Standardisation, attribution, and comparability

Standardised reporting templates provide a common structure for data collection across FSPs. However, varying definitions and reporting practices reduce comparability, while external factors limit the clear attribution of observed outcomes to WASH financing, particularly for outcome-oriented indicators

7. WHERE TO FROM HERE? USING THE WASH INDICATOR FRAMEWORK FOR SCALE AND IMPACT

Building on the findings from the pilot phase, the proposed way forward focuses on addressing key operational, data and capacity-related gaps. The objective is to support effective and scalable implementation of the framework.

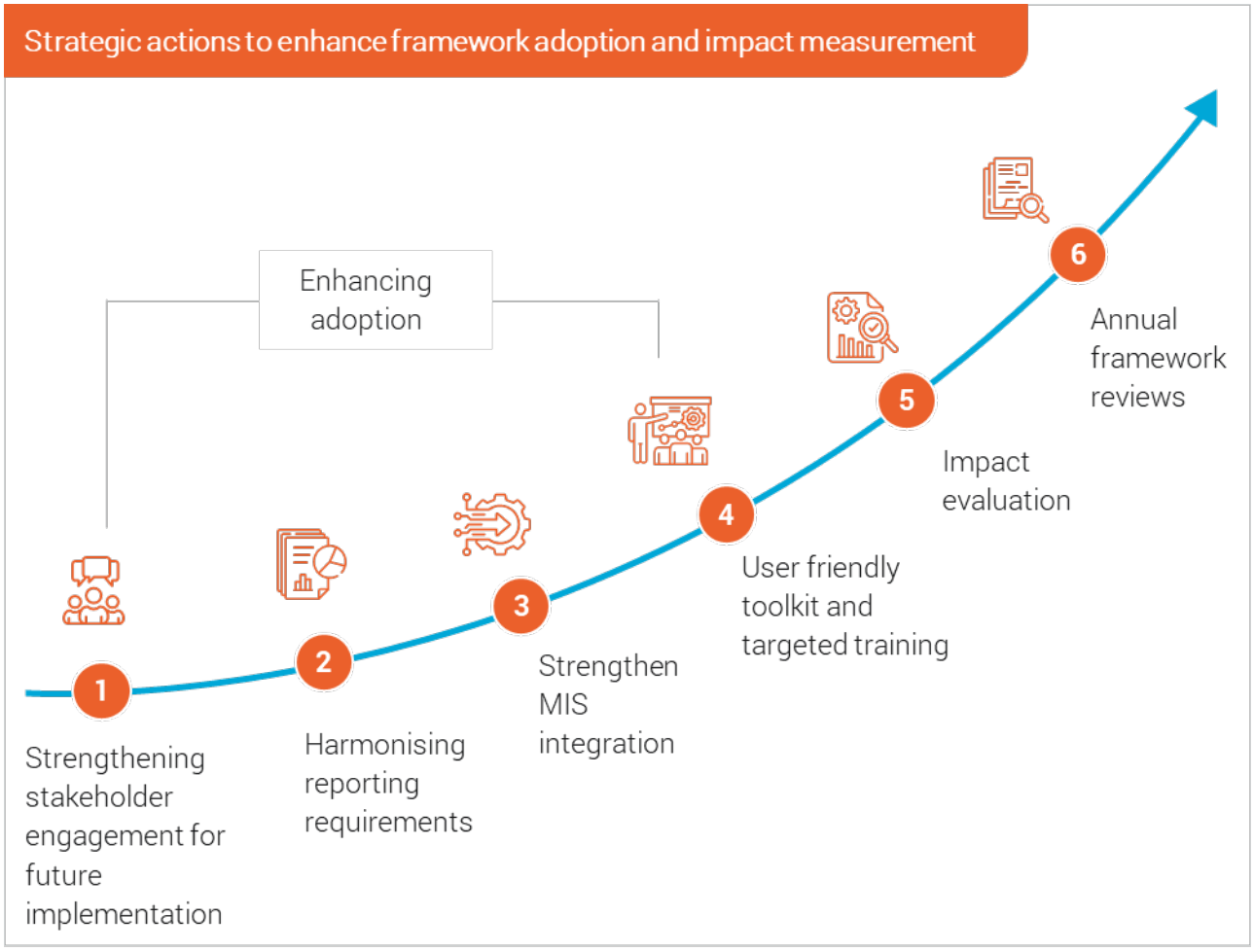

Figure 5: Way forward for the existing framework

Strengthening stakeholder engagement for future implementation

Broad and sustained stakeholder buy-in is critical to the successful adoption and scaling of the framework. Meaningful uptake depends on the technical soundness of indicators as well as the willingness of asset managers, investors, and financial service providers to align their expectations, processes, and reporting practices. Without shared

commitment among these actors, the framework risks remaining fragmented and underutilised, which would limit its ability to generate comparable and credible insights on WASH impact.

Coordinated engagement with a critical mass of asset managers and investors is imperative to achieving stakeholder buy-in. These stakeholders are pivotal as they encourage and support adoption among their investees. As part of this engagement, stakeholders align reporting requirements, clarify expectations, and help integrate indicators into existing systems and workflows.

Over time, broad stakeholder buy-in can help embed the framework into routine investment and reporting practices, which will enable ecosystem-level learning, build trust in impact claims, and generate evidence needed to drive WASH investment and impact at scale.

Harmonising reporting requirements

Indicator definitions and reporting processes should be further harmonised across FSPs and ecosystem actors to support consistency and comparability. While the application of indicators may need to account for differences in geographical, cultural, and service delivery contexts, the core definitions, calculation methods, and reporting formats should remain consistent.

If these core elements are aligned, it will reduce variation in interpretation and minimise the reporting burden yet still allow for contextual relevance. Greater harmonisation will also facilitate data aggregation at portfolio and sector levels to support more robust analysis of WASH financing outcomes across diverse settings.

Strengthen MIS integration

Further integration of the WASH AG indicators within existing MIS is essential to improve data quality and reporting efficiency. This includes upgrading MIS structures to enable accurate tagging of WASH-related loans, consistent classification of loan purposes, and systematic disaggregation by client segment, geography, and financing type. Strengthening MIS integration will reduce reliance on manual processes and support routine reporting with minimal additional effort.

User-friendly toolkit and targeted training

The rollout of a user-friendly toolkit, supported by targeted capacity building and training, is critical to the effective implementation of the framework. This is because WASH remains a non-traditional sector for many financial service providers and investors. Training efforts should therefore seek to build a shared understanding of WASH-specific concepts, indicators, and impact pathways, while also strengthening institutional capacity to apply the framework consistently across portfolios.

A structured ToT approach can help ensure that the intent of indicators is preserved across contexts and that field officers are equipped to explain indicators clearly to respondents. Support from intermediaries, especially data management platforms, can further strengthen data validation and implementation quality.

Impact evaluation

Regular collection and review of indicator data is needed to track WASH outcomes over time. Periodic impact evaluations can help assess trends, identify gaps, and improve understanding of how financing contributes to service access, quality, and resilience. Such evaluations should build on routine MIS data

and, where suitable, be complemented by targeted field-level surveys.

For example, for health-related indicators, conducting surveys within shorter and well-defined recall periods can improve the accuracy of responses, as households are more likely to recall recent health events and their associated impacts. Timely data collection, therefore, is vital to strengthening the reliability of outcome measurement.

Annual framework review

The WASH AG indicator framework should be reviewed annually to maintain relevance and adaptability. These reviews should assess the continued relevance of indicators, data quality, reporting feasibility, and alignment with evolving sector priorities. Periodic review will allow the framework to respond to emerging evidence, incorporate lessons from implementation, and remain fit for purpose over time.

8. ANNEXURE

8.1 Operational manual

WASH indicator definition and reporting manual

A. How to use the document:

This manual is a structured reference guide designed to support consistent and meaningful measurement of outcomes from WASH-related loans. It provides detailed definitions and standardized methods for capturing the impact of financing interventions in the water, sanitation, and hygiene sector.

The framework includes:

- Clear indicator definitions, grounded in internationally recognized WASH and development standards.
- Step-by-step guidance on how to record each indicator, including tools such as surveys, MIS tagging, and aggregation methods.
- Categorization of indicators by their core dimension and application, along with identification of data sources.
- Illustrative examples, clear calculation methods and scoring systems (wherever applicable) to help implement data collection consistently across institutions and geographies.

The document is intended for use by monitoring and evaluation teams, investment officers, and field staff. It ensures alignment across stakeholders, improves data reliability, and enables a clearer understanding of the real-world outcomes of WASH financing—such as improved health, enhanced livelihoods, and increased climate resilience.

B. Survey sampling methodology

Wherever surveys are required, the preferred approach is to survey the entire eligible population (SMEs or retail borrowers) to ensure comprehensive data coverage. However, if this is not feasible due to time or resource constraints, a stratified random sample comprising at least 25% of the eligible population will be used. Stratification will be based on key variables such as borrower type, location, or loan category to ensure representative findings. This approach maintains data reliability while remaining operationally practical.

C. Impact pathways

At the level of Financial Service Providers (FSPs), there are two distinct customer types, which represent different pathways for impact.

SMEs (Small and medium-sized enterprises) are enterprises—ranging from sole proprietors with one member to more structured businesses—that access finance to provide WASH-related products and services. These enterprises, whether formal or informal, are critical supply-side actors in the WASH ecosystem, operating across areas such as water provision, sanitation logistics, hygiene distribution, and WASH technologies. When FSPs lend to SMEs, the development impact is indirect: finance strengthens the enterprise, enabling it to reach more users at the household or community level. However, because the FSP's direct relationship stops at the SME, it is difficult to systematically capture the outcomes for the ultimate users of the SME's services.

Retail clients are individual borrowers who receive loans or financial products directly from the FSP. While these loans are not extended to entire households, they are often used for WASH-related purposes that benefit the household, such as installing toilets, water connections, or hygiene solutions. This represents a direct pathway, where FSPs can more readily measure improvements in access, affordability, and usage of services.

In summary, impact flows through two pathways: an indirect pathway via SMEs, where finance enables enterprises to expand WASH services to households and communities, and a direct pathway via retail clients, where loans are used for WASH purposes that generate household-level benefits.

Indicator 1.1 – Total number of loans provided to the WASH sector

Total number of loans provided to the WASH sector refers to the aggregate count of all loans disbursed by a Financial Service Provider (FSP) to retail clients and SMEs for the purpose of financing water, sanitation, or hygiene-related products or services within a specified reporting period.

Indicator overview	
Dimension	Financial
Type	Priority
Source	MIS
Application	Both SMEs and retail clients
Frequency	Annual
Sub-indicators	1. Total number of loans disbursed to the WASH sector in the previous financial year 2. Amount of loan (value) disbursed to the WASH sector in the previous financial year 3. % of total loans disbursed for WASH in the previous financial year 4. % of business loans provided to SMEs in WASH in the previous financial year 5. % of loans provided to retail clients in WASH in the previous financial year 6. % of women borrowers

Indicator overview	
	7. % of urban clients receiving WASH services 8. % of rural clients receiving WASH services
Example	• A loan provided to an enterprise for manufacturing low-cost sanitary pads qualifies as a WASH sector loan to an SME • A loan provided to a retail client borrower for constructing a toilet in their household qualifies as a WASH loan to a retail client
Formula	1. {Number of loans tagged WASH with a disbursement date in the previous financial year} 2. {Sum of disbursed amounts for loans tagged WASH with a disbursement date in the previous financial year} 3. {Total number of WASH loans disbursed in the previous financial year/Total value of all loans disbursed in the impact financing sector} * 100 4. {Number of WASH loans disbursed to SME/business borrowers in the previous financial year/Total number of WASH loans disbursed in the previous financial year} * 100 5. {Number of WASH loans disbursed to retail/household borrowers in the previous financial year/Total number of WASH loans disbursed in the previous financial year} * 100 6. {Number of WASH loans disbursed to women borrowers* in the previous financial year/Total number of WASH loans disbursed in the previous financial year} * 100 *Retail = female borrower; SME = women-owned/majority-owned flag (if tracked) 7. {Number of WASH loans disbursed to urban clients in the previous financial year/Total number of WASH loans disbursed in the previous financial year} * 100 8. {Number of WASH loans disbursed to rural clients in the previous financial year/Total number of WASH loans disbursed in the previous financial year} * 100

Steps to record the indicator:

1. Define WASH solutions: FSPs to create or adopt a loan classification framework that clearly defines what qualifies as WASH - list of eligible loan types/products (e.g., based on Aqua for All listed projects or international guidelines). Refer to the list of qualifying projects here
2. Tag loans at origination: FSPs should tag loans as "WASH" at the time of origination using loan purpose codes or product types in their MIS
3. Track and report: Aggregate loans tagged as WASH from MIS or core banking systems during the reporting year
4. Disaggregation: Disaggregate WASH loans by type of loan (SME/Retail), gender, and geography (rural/urban)

Indicator 1.2 – Average level of grant support to SMEs

This indicator measures the total volume of grant funding provided to SMEs operating in the WASH sector, either as standalone support or as part of blended financing structures. It reflects the extent of concessional or catalytic capital used to support enterprise growth, innovation, and risk mitigation.

A decrease in the average proportion of grant support to SMEs in the financing institution's WASH portfolio over time signals reduced dependency on grants, suggesting greater financial sustainability and improved creditworthiness of SMEs in the sector.

On the other hand, non-repayable funding lets the enterprises invest in operations and innovation without repayment pressure, supporting healthier cash flows and long-term growth.

Indicator overview	
Dimension	Financial
Type	General
Source	MIS and SME self-report validated during monitoring
Application	SMEs only
Frequency	Annual
Disaggregation	By MSME size micro, small and medium based on nationally defined standards. If that is not available the refer to IFC 2012's definition viz. revenue-based: Micro < USD 100k; Small USD 100k–<3m; Medium USD 3m–<15m)
Sub-indicator	1. Average proportion of grant support across all SMEs in the WASH portfolio in the previous financial year. 2. Average proportion of grant support to **Micro SMEs** (< USD 100k annual revenue) in the previous financial year. 3. Average proportion of grant support to **Small SMEs** (USD 100k – < 3m annual revenue) in the previous financial year. 4. Average proportion of grant support to **Medium SMEs** (USD 3m – < 15m annual revenue) in the previous financial year. 5. % of SMEs in the WASH portfolio with more than **50% of their income financed through grants** in the previous financial year. 6. Average proportion of grant support to SMEs by **sectoral focus** (water, sanitation, hygiene, multiple) in the previous financial year.
Example	A sanitation startup in the FSP's WASH portfolio received a grant from a donor-backed incubator, covering 10% of its annual operating income
Formula	Primarily report: Average level of grant support (%) = Average across SMEs of {Grant received ÷ Annual revenue × 100} This is an unweighted average: each SME counts equally. Secondarily report: The reason for the grant received

Steps to record the indicator:

1. Identify SMEs in the WASH portfolio: Extract a list of all WASH-sector SMEs receiving financing within the reporting period
2. Collect financial data from SMEs: For each SME, collect the following financials (can be self-reported with validation during loan monitoring):
    a. Total annual income/revenue (USD)
    b. Total grant funding received during the same period (USD)
3. Calculate:
    a. Proportion of grant support = (Grant received ÷ Total income) × 100
    b. Then: Average proportion of grant support (across all SMEs) = Sum of grant-to-income ratios ÷ Number of SMEs

Indicator 1.3 –Average ticket size of loans provided

Measures the average and median loan sizes disbursed under the WASH portfolio, tracking annual trends to understand portfolio outreach, balance across borrower segments, and potential risk from loan size distribution.

Indicator overview	
Dimension	Financial
Type	Priority
Source	MIS
Application	Both SMEs and retail clients
Frequency	Annual
Disaggregation	SME and retail clients
Sub-indicator	1. Average value of loans provided to SMEs in WASH in the previous financial year. 2. Average value of loans provided to retail client borrowers in WASH in the previous financial year. 3. Median loan size for SMEs in the previous financial year 4. Median loan size for retail client borrowers in the previous financial year 5. Year-on-year change in average loan size (SMEs and retail)
Example	An FSP disbursed 500 WASH loans totalling US$1 million, resulting in an average loan size of US$2000 per borrower
Formula	{Total Value of Loans Disbursed in WASH Portfolio (for both SMEs and households)/Total Number of Loans Disbursed (for both SMEs and households)} * 100

Steps to record the indicator:

1. **Extract loan disbursement data:** Use the MIS or loan tracking system to generate a report of all loans disbursed under the WASH portfolio during the reporting period in terms of volume and number.
2. **Filter for relevant loans:** Filter only those loans tagged as WASH.
3. **Final indicator calculation:** Average ticket size (formula given in the table above)
4. **Disaggregation**: Disaggregate WASH loans by type of loan (SME/Retail client)

Indicator 1.5 - Number of loans supported through blended finance structures

Number of loans in the WASH portfolio of a local financing institution that were enabled or supported by a favourable investment environment, such as convergence with government WASH schemes, technical assistance, DFI-backed guarantees, or special incentives provided through national or sub-national programs.

UN-Water GLAAS 2022 Report highlights the need to evaluate not just funding volumes, but how finance is aligned with national WASH plans, subsidies, and enabling systems to attract private sector participation

Indicator overview	
Dimension	Financial
Type	Market
Source	Field survey
Application	SMEs and retail clients
Frequency	Annual
Disaggregation	None
Example	Subsidy provided by the government for constructing household toilets which can cover part of the loan availed by beneficiary
Formula	{Number of WASH loans where borrowers reported receiving enabling environment/Total Number of loans disbursed} * 100

Steps to record the indicator:

This indicator requires **follow-up monitoring**, ideally through **post-loan surveys**, and **can be tracked at the borrower level within 6-12 months of loan disbursement.**

Survey questions are given below:

- **Blended finance tagging:** *Was this loan supported by a blended finance instrument (e.g., grant, guarantee, technical assistance, interest subsidy, first-loss capital)?*

- ✓ Yes
- ✓ No

- Type of Blended finance support: If yes, which type of blended finance mechanism supported this loan?
  - ✓ Grant subsidy
  - ✓ Guarantee/Risk-sharing facility
  - ✓ Technical Assistance support
  - ✓ Concessional debt/first-loss capital
  - ✓ Interest rate buy-down
  - ✓ Other (specify)
- Overall, do you think such enabling environmental support was important in helping you utilize this loan effectively?
  - ✓ Very important
  - ✓ Somewhat important
  - ✓ Not important

Final indicator calculation: A count of loans enabled through blended finance structures to be summed divided by the total number of loans

Indicator 1.6 –Overall performance of WASH portfolio

"Overall performance of WASH portfolio" indicator evaluates the financial health and long-term sustainability of water, sanitation, and hygiene (WASH) lending by tracking a set of key portfolio quality metrics. These include repayment rates (the proportion of scheduled loan payments made on time), overdue loans (amounts past their due date), non-performing loans (NPLs, typically loans overdue by 90+ days or written off), and product-level delinquency rates (risk levels by loan product type, such as piped water, sanitation SMEs, or hygiene solutions).

Indicator overview	
Dimension	Financial
Type	Priority
Source	MIS
Application	SMEs and retail clients
Frequency	Annual
Disaggregation	SME and retail clients

Indicator overview	
Sub indicators	1. Number of loans in WASH portfolio that have been fully repaid. 2. Repayment rate (%) of WASH loans. 3. % of NPAs/NPLs in the WASH portfolio. 4. Portfolio at risk >30 days (PAR30) (%). 5. Portfolio at risk >90 days (PAR90) (%). 6. Product-level delinquency rates (%). 7. Write-off ratio (%) of WASH loans. 8. Restructured/Rescheduled loan ratio (%).
Example	Out of USD 10,000 in outstanding WASH loans, USD 800 is overdue by more than 30 days. This means the **PAR30 = 8%.**
Formula	9. Repayment rate (%) = {(Total payments received/Total payments due)} × 100 10. PAR >30 (%) = {(Outstanding principal overdue >30 days/Total outstanding principal)} × 100 11. NPL ratio (%) = (Total outstanding NPL principal/Total outstanding principal) × 100 12. Product level delinquency rate (%) = (Total overdue amount for a specific WASH loan product/Total outstanding loan amount for that product) x 100 (Elaborated further below)

Steps to record the indicator:

This indicator is measured using loan-level and portfolio-level data drawn directly from the FSP's Loan MIS as delineated below:

1. Repayment rate

   Definition: Percentage of total due payments received on time.

   Formula: Repayment rate (%) = {(Total payments received/Total payments due)} × 100

2. Portfolio-at-Risk (PAR >30 days)

   Definition: Percentage of outstanding WASH loan principal overdue by more than 30 days.

   Formula: PAR >30 (%) = {(Outstanding principal overdue >30 days/Total outstanding principal)} × 100

3. Non-performing loans (NPLs)

   Definition: Percentage of WASH loans classified as non-performing (typically 90+ days overdue or written off).

   Formula: NPL ratio (%) = (Total outstanding NPL principal /Total outstanding principal) ×100

4. Product-level delinquency

   Definition: Delinquency rates by specific WASH loan products (e.g., piped water connections, sanitation SMEs).

How to track: Generate delinquency reports from the MIS for each product line to identify which categories pose a higher risk.

5. Disaggregation: Disaggregate WASH loans by type of loan (SME/retail client)

Indicator 2.1 - Number of new users in the WASH portfolio

This indicator measures the number of retail clients, households, or enterprises (SMEs) accessing WASH services through financing for the first time as a result of a loan supported under the WASH portfolio. A "new WASH beneficiary" is defined as:

- Retail clients who, through financing, entered the institution's WASH loan portfolio for the first time in the reporting year — for example, taking a loan to build or upgrade a household toilet, or to install a piped water connection, borehole, or water filter.
- SMEs that entered the institution's WASH loan portfolio for the first time in the reporting year — for example, a newly established sanitation business or a small enterprise taking its first loan to start a water kiosk or expand into WASH-related products and services.

Indicator overview	
Dimension	Social
Type	Priority
Source	MIS
Application	SMEs and retail clients
Frequency	Annual
Disaggregation	SME or retail client
Sub indicators	1. Number of new retail client borrowers in the reporting year 2. Number of new SME borrowers in the reporting year 3. YoY growth (%) of new household borrowers 4. YoY growth (%) of new SME borrowers.
Example	• A household that received a loan to install its first piped water connection is counted as a new user. • A small business that received its first loan to start a water purification kiosk, offering safe drinking water to the community for the first time, is counted as a new WASH SME borrower.
Formula	• YoY Growth of SMEs (%) = {(New WASH enterprises (Current year)-New WASH enterprises (Previous year)/New WASH enterprises (Previous year)} *100 • YoY Growth of retail borrowers (%) = {(New WASH borrowers (Current year)-New WASH borrowers (Previous year)/New WASH borrowers (Previous year)} *100

Steps to record the indicator:

- Case A: This indicator captures retail clients gaining first-time access to improved or safely managed WASH services and is tagged at the loan disbursement as:

1. Is the client receiving loan for the first time for WASH?
   - ✓ Yes/No
2. Type of WASH service accessed:
   - ✓ Water (piped connection, borehole, kiosk, filter)
   - ✓ Sanitation (toilet, septic system, sewer connection)
   - ✓ Hygiene (handwashing facilities, filters, or related upgrades)

- Case B: This indicator captures new SME borrowers that enter the WASH sector for the first time as service providers or that begin offering WASH-related products or services with the loan.

At loan disbursement (tagging in MIS):

1. Is this borrower a new WASH service provider or offering WASH products/services for the first time?
   - ✓ Yes/No
2. Type of WASH service provided:
   - ✓ Water (kiosks, delivery services, treatment plants)
   - ✓ Sanitation (toilets, waste management, faecal sludge treatment)
   - ✓ Hygiene (handwashing stations, soap or filter distribution)

(Refer to the Eligible WASH activities and project for the project list)

- Disaggregation: Disaggregate WASH loans by type of loan (SME/retail client)

Indicator 2.2 Number of investments leading to improved health in WASH portfolio

This indicator tracks the number of WASH-related loans or investments that have contributed to measurable or perceived improvements in the health of the end-users or communities. Improved health may refer to:

1. Reduced incidence of waterborne diseases (e.g., diarrhoea, cholera, typhoid, skin infections)
2. Improved hygiene practices (e.g., handwashing, latrine use, safer water storage)
3. Improved menstrual hygiene and dignity for women
4. Improved water quality at the household or community level
5. Reduced time burden for water collection → less exposure, more rest/nutrition

Indicator overview	
Dimension	Social
Type	General
Source	Field survey
Application	Retail clients
Frequency	Annually
Sub indicator	1. **% of households reporting a decrease in incidence of waterborne diseases** (e.g., diarrhoea, cholera, typhoid, skin infections) after receiving the WASH loan. 2. **% of households reporting fewer days of missed work or school** due to illness after receiving the WASH loan 3. **% of households reporting improved hygiene practices** (e.g., handwashing, latrine use, safe water storage) after receiving the WASH loan. 4. **% of households reporting reduced medical expenses** for common illnesses (e.g., diarrhoea, skin infections) compared to before receiving the WASH loan.
Disaggregation	None
Example	A rural household uses a WASH loan to install a certified water filter and toilet, leading to zero new cases of diarrhoea within six months and adoption of regular handwashing and safe water storage practices.
Formula	{All loans that qualify as ""Improved health outcome""/Total number of WASH loans} * 100

Steps to record the indicator:

This indicator requires **follow-up monitoring**, ideally through **post-loan surveys**, and **can be tracked at the borrower level.** Reliance should not be on medical records since perceived or self-reported improvements are sufficient for proxy measurements in most microfinance settings.

1. Administer a health-impact survey across all retail client borrowers 6 months post loan disbursement. Survey questions are given below: (The survey has its guidelines from Compendium of WHO and other UN guidance on health and environment)
    - In the last one year, how has the incidence of water-borne diseases in your family changed (e.g., diarrhea, cholera, typhoid)?
        - ✓ Increased
        - ✓ Decreased
        - ✓ Same
    - In the past few months, how often have household members missed work or school due to illness?
        - ✓ More often
        - ✓ Less often

- ✓ About the same

- Since receiving the loan, have there been any changes in hygiene-related practices in your household (e.g., handwashing, toilet use)?
  - ✓ Practices have declined
  - ✓ Practices have improved
  - ✓ No significant change
- After receiving the loan, how did your household expenses on medical treatment for common illnesses change?
  - ✓ Increased
  - ✓ Decreased
  - ✓ Stayed the same
  - ✓ Don't know

2. Assign numerical scores to each response

S. No.	Question	Response	Score
1	Incidence of water-borne diseases	Decreased	+1
		Same	0
		Increased	-1
2	Missed work/school due to illness	Less often	+1
		About the same	0
		More often	-1
3	Hygiene-related practices	Improved	+1
		No significant change	0
		Declined	-1
4	Medical expenses	Decreased by 20%	+1
		Stayed the same	0
		Increased by 20%	-1

3. Calculate total score per respondent: Add up the 4 scores for each retail client (range: -4 to +4)

4. Define outcome categories:

Total score	Outcome category
+2 to +4	Improved health outcome
-1 to +1	No significant change
-4 to -2	Worsened health outcome

5. **Aggregate portfolio level results:** Count how many borrowers fall into each outcome category. Calculate % of borrowers showing "improved health outcome."

Indicator 2.3– Number of jobs created and sustained in WASH portfolio

This indicator measures the number of full-time equivalent (FTE) jobs created as a direct result of loans or investments under the WASH portfolio. It captures employment outcomes attributable to financing provided by the FSP and is disaggregated by gender to track inclusive employment.

Indicator overview	
Dimension	Social
Type	Priority
Source	Survey
Application	SME
Frequency	Annual
Disaggregation	Job type, employment nature
Example	YoY growth in the number of full-time employees of the SME

How to record this data:

This indicator requires follow-up monitoring, ideally through post-loan surveys, and can be tracked at the borrower level.

A job-impact survey across all SME WASH borrowers 1 year post loan disbursement.

The survey should capture direct jobs, indirect jobs and induced livelihood created due to the loan.

Direct jobs (SME-level employment)

1. As of the latest reporting month, how many people (including yourself) are employed in your business specifically for WASH-related activities?
2. Reporting month for the above response.
3. Prior to receiving the loan, how many employees were engaged in WASH-related activities?

4. How many employees have been engaged in WASH-related activities for more than one year?

Record number (to calculate net new jobs):

Indirect jobs (Value chain employment):

1. Capture temporary employment data: During monitoring visits or follow-up surveys, ask the borrower or enterprise:
    a. Did you engage any temporary or part-time workers as a result of this loan activity? (Yes/No)
    b. If yes, on average, how many days did each temporary worker work in WASH-related activities? how many days did the workers remain employed with you during the loan period?
2. Aggregate hours worked: Record the total number of hours worked by all temporary staff across the reporting period.
3. Convert to FTE days: Use 40 hours as the standard for one FTE day.

Formula: FTE Days = Total Hours Worked/40

Example: If 400 hours of temporary work were recorded, FTE Days = 400 ÷ 40 = 10 FTE Days

If exact figures are unavailable, apply the 3.68 indirect jobs per direct job benchmark (from U.S. Bureau of Economic Analysis, cited in the UN World Water Day 2016 report).

Indicator 2.4 – Accessibility of WASH services provided

Affordability of services provided refers to the proportion of WASH-related financial transactions (loans) that reach and benefit low-income households (Base of the Pyramid - BoP), indicating that the services enabled through financing are accessible to underserved populations.

This metric helps assess whether WASH finance is inclusive and aligned with pro-poor objectives.

Indicator overview	
Dimension	Social
Type	General
Source	MIS
Application	Retail clients
Frequency	Annual
Disaggregation	None
Sub indicator	1. % of total WASH loans provided to BoP households 2. Number of BoP loans disbursed in the reporting year. 3. Total value of BoP loans disbursed in the reporting year.
Formula	Share of BoP loans (%) = {(Total WASH loan portfolio-Number (or value) of loans tagged as BoP)/(Total WASH loan portfolio)} ×100

How to record this data:

1. Define "low-income household": Use a consistent income threshold based on:
    - National poverty line or
    - A specific income bracket (e.g. households earning below INR X per month)
    - Socioeconomic classification used internally or by regulators

Prescribed definition: Earning less than 8$ PPP per day as described by World Bank and widely used in impact investments.

2. Identify household type at loan origination: During loan application or onboarding:
    - Collect income data or categorize borrowers into income segments
    - Capture it in the MIS (Management Information System)
3. Tag each transaction: Flag each loan or disbursement as: Benefiting a low-income household, or not
4. Final indicator calculation: Affordability Metric (%) = (Total number of WASH transactions -Number of transactions to low-income households) ×100

Example: If 120 out of 300 WASH loans were to low-income borrowers, Affordability = (120 ÷ 300) × 100 = 40%

Indicator 3.1–Number of loans in WASH portfolio with contribution to climate action (mitigation and/or adaptation)

This indicator tracks the number and value of WASH-related loans disbursed by a FSP that directly support interventions contributing to climate action, including both climate change mitigation and climate change adaptation. Climate mitigation refers to actions that reduce or avoid GHG emissions, such as the adoption of low-carbon technologies, energy-efficient practices, or renewable energy solutions in the WASH sector. Climate adaptation refers to actions that enhance resilience to climate risks, such as rainwater harvesting, improved water storage, or resilient sanitation systems. Loans that enable SMEs or retail clients to undertake such activities are considered to have a climate-action impact.

List of eligible activities have been defined here: Mitigation and Adaptation

Indicator overview	
Dimension	Climate
Type	General
Source	MIS
Application	Both SMEs and retail clients

Indicator overview	
Frequency	Annual
Disaggregation	• SMEs and retail clients
Sub-indicator	% of total WASH loans tagged as climate-action loans (mitigation and/or adaptation) Number and value of climate-action loans disbursed in the reporting year
Example of loans qualifying as contributing to climate action	• **SME loan (mitigation):** An SME uses a loan to install a solar-powered water purification unit, reducing reliance on fossil-fuel energy. • **Retail client loan (mitigation):** A retail client uses a loan to become a certified installer for solar-powered water pumps. • **SME loan (adaptation):** An SME installs rainwater harvesting and solar-powered pumping systems, enabling reliable water supply during droughts. • **Retail client loan (adaptation):** A retail client installs a rooftop rainwater collection system and water storage tank, reducing dependence on tanker water during water scarcity.
Formula	Share of climate-action WASH loans (%) = {(Number/or Value) of climate-action loans)/Total WASH loan portfolio)}×100

Steps to record the indicator:

1. Does the client belong to a geography which is climate vulnerable, any of the following climate vulnerable hazards. Which are:
   - Low precipitation
   - High precipitation/flood adaptation
   - Heatwave/temperature rise adaptation
   - Sea level rise/salinity adaptation

   Mitigation loans

   - Renewable-energy systems/low carbon systems
2. Tag loans at origination: Does this loan finance a WASH product or service contributing to climate action (based on the list of eligible WASH services and products):
   - ✓ Yes/No
3. Final indicator calculation: As defined by the formula in the table above
4. Disaggregation: Disaggregate WASH loans by type of loans (SME/retail clients)

4.1 Number of loans in WASH portfolio per service level

This indicator captures how many loans are associated with each **service level** (e.g., basic, limited, safely managed) based on the **JMP (Joint Monitoring Programme)** service ladders for water and sanitation. It helps measure whether WASH financing is improving the quality and accessibility of services for end users.

Service levels (based on JMP framework):

Service level	Water	Sanitation
Safely managed	Drinking water from an improved source that is located on premises, available when needed and free from faecal and priority chemical contamination	• Uses a **sewer connection** or an **improved on-site facility** (like a septic tank or improved pit latrine), • The facility is **not shared** with other households, **and** • Excreta are **safely treated or disposed of** (either treated on-site or emptied and treated off-site).
Basic	Drinking water from an improved source, provided collection time is not more than 30 minutes for a round trip, including queuing	If the sanitation facility is improved and not shared but without evidence of safe treatment/disposal, it is only **Basic sanitation** (not safely managed).
Limited	Drinking water from an improved source, for which collection time exceeds 30 minutes for a round trip, including queuing	Improved sanitation but shared
Unimproved/none	Drinking water from an unprotected dug well or unprotected spring	Pit latrines without slab, open defecation

As water quality and sanitation are governed by different standards, each requires a distinct method of calculation. Accordingly, loans must be disaggregated into water and sanitation categories, with separate methodologies applied for each.

Caveat

Field teams should be oriented and trained on how to perform water quality tests (related to question 5).

If field staff cannot perform testing, FSP should deploy a certified third-party technical service provider.

The following section highlights the approach for drinking water

Indicator overview	
Dimension	Quality of service
Type	General
Source	MIS + Survey
Application	Retail clients and SMEs
Frequency	Annual
Sub indicator	1. % of drinking-water loans classified as **Basic** (improved source, ≤30 minutes collection time, not tested) 2. % of drinking-water loans classified as **Limited** (improved source, >30 minutes collection time). 3. % of drinking-water loans classified as **Unimproved/None** (unprotected source, open water collection).
Example of loans qualifying associated with the service level/	**Safely managed (drinking water):** A home has a piped connection on the premises; water is available when needed and the utility's recent test shows no E. coli/priority chemicals.
Formula	• The number of WASH loans subcategorised as drinking water loan • {Number of loans tagged as **"WASH: Drinking water"** /Total number of loans tagged as **WASH** in the reporting period} × 100 • {Number of drinking-water loans where the household is classified as service level **L**/Total number of drinking-water loans with completed survey} *100 (Where L can be- Safely managed, Basic, Limited, Unimproved)

Steps to record the indicator: (retail clients)

- Tag loans at origination: (for drinking water)
- From MIS, extract all households financed for WASH- tagged as drinking water within the reporting period
- A water service-level end year survey across all retail individuals and their households is to be carried out

Survey questions would include

1. For what purpose was the household's water related loan taken?
    - Individual piped household water connection.
    - Private in-compound tap installation or upgrading from shared connections
    - Household water storage tanks (plastic, ferro-cement, or overhead tanks)
    - Internal distribution piping

- Borewell or tubewell drilling and installation
- Handpump installation (manual or solar-powered)
- Protection and improvement of open wells or springs
- Rainwater harvesting system (roof collection, gutters, first flush, and storage)
- Household-level water filtration unit (RO, UV, sand, or ceramic filter)
- Chlorination or disinfection system (for wells, storage tanks, or household tanks)
- Pump or small motorized distribution system for household/compound supply

2. Is this drinking-water source located on your premises (dwelling, yard, or plot)?
   - Yes
   - No
3. In the past 6 months, was drinking water from this source available whenever you needed it?
   - Always
   - Sometimes
   - Rarely/Not at all
4. If the water source is outside your premises, how long does it usually take to go there, collect water, and return home (including queuing)?
   - Less than 30 minutes
   - More than 30 minutes
   - Not applicable (on premises)
5. Has this drinking-water source been tested in the past 12 months and confirmed free from contamination (faecal or priority chemical)?[7] (A testing kit is required to answer this question) (In the absence of a lab test, the loan officer could suggest for a test to be conducted)
   - Yes, tested and safe
   - Yes, tested and unsafe
   - No test/Don't know

Analysis is to be done in the following way:

- If the collection time is lesser than 30 minutes (Q4) and water is always available (Q3) and quality of water is tested and safe (Q5) the household will be categorised as Basic.

[7] Testing kit is required to be used by a third party trained professional for this exercise. To rely on methodology prescribed by JMP (Integrating Water Quality Testing in Household Surveys, 2020)

- If the collection time is more than 30 minutes (Q4) and water is always available (Q3) and the quality of water is tested and safe (Q5), the household will be categorised as Limited.
- If the collection time is less than 30 minutes (Q4) and water is not always available (Q3) and the quality of water is tested and safe (Q5), the household will be categorised as Limited.
- If the collection time is more than 30 minutes (Q4) and water is not always available (Q3) and the quality of water is tested and safe (Q5), the household will be categorised as Limited.
- If the collection time is less than 30 minutes (Q4) and water is not always available (Q3) and the quality of water is bad or not tested (Q5), the household will be categorised as Unimproved.
- If the collection time is less than 30 minutes (Q4) and water is always available (Q3) and the quality of water is bad or not tested (Q5), the household will be categorised as *Unimproved*.
- If the collection time is more than 30 minutes (Q4) and water is always available (Q3) and the quality of water is bad or not tested (Q5), the household will be categorised as Unimproved.
- If the collection time is more than 30 minutes (Q4) and water is not always available (Q3) and the quality of water is bad or not tested (Q5), the household will be categorised as Unimproved.

Steps to record the indicator: (SMEs)

- Tag loans at origination: (for drinking water)
- From MIS, extract all SMEs financed for WASH- tagged loans
- A water service-level end year survey across all SMEs is to be carried out.

The questions are as below

1. What type of sanitation loan was sanctioned?
    a. Household level *(Guidance: For reporting, assume **2 beneficiaries per household toilet**.)*
    b. Community level

*(Guidance: Apply a **50% discount factor** to the reported beneficiary figure.)*

Survey question for the SMEs

How many people are getting served because of this drinking water facility?

Analysis of the data is to be done in the following manner:

An SME shall be classified under the *Basic* service level benchmark if it reports a functional drinking water facility or service supported by the loan and reports a non-zero number of people served by the facility.

In order to avoid overestimation due to overstatement, 50% of the value is to be discounted.

The following section highlights the approach for sanitation

Indicator overview	
Dimension	Quality of Services
Type	General
Source	MIS + Survey
Application	Retail clients, SMEs
Frequency	Annual
Disaggregation	• % of sanitation loans classified as **safely managed** (improved facility, not shared, faecal sludge safely emptied and treated on-site or off-site). • % of sanitation loans classified as Basic (improved facility that is shared between households but with no evidence of safe treatment/disposal). • % of sanitation loans classified as Limited (improved facility that is not shared but lacks safe treatment or disposal). • % of sanitation loans classified as Unimproved/None (pit latrines without slab, open defecation). • YoY change (%) in the share of safely managed sanitation loans.
Example of loans qualifying associated with the service level/	• **Safely managed (sanitation):** A retail client's household has its own flush toilet connected to a septic tank; the facility is not shared, and faecal sludge is safely emptied and treated off-site.
Formula	• The number of WASH loans subcategorised as a sanitation loan • {Number of loans tagged as **"WASH: Sanitation"**/Total number of loans tagged as **WASH** in the reporting period} × 100 • {Number of sanitation loans where the retail client's household is classified as service level **L**/Total number of drinking-water loans with completed survey} *100 (Where L can be- Safely managed, Basic, Limited, Unimproved)

Steps to record the indicator (Sanitation service levels-retail clients)

- **Tag loans at origination:** 1. From MIS, extract all households financed for WASH—subcategorised as **sanitation improvements**—within the reporting period. **Conduct a sanitation service-level survey:** A water service-level end year survey across all retail individuals and their households is to be carried out.

Survey questions should include:

1. What type of sanitation facility does your household mainly use?
    - Flush/pour-flush toilet connected to piped sewer system
    - Flush/pour-flush toilet connected to septic tank
    - Flush/pour-flush toilet connected to pit latrine

- Ventilated improved pit (VIP) latrine
- Pit latrine with slab
- Composting toilet
- Pit latrine without slab/open pit
- Hanging latrine
- Bucket latrine
- Household toilet connected to sewer or septic tank
- Construction of new toilets for households without any facility
- Installation of handwashing station with tap and soap holder
- Plumbing and drainage improvements for bathroom or toilet area
- Soak pit construction for greywater disposal
- Leach pit or drainage channel improvement
- Small household-level greywater reuse system
- Toilet retrofitting for water conservation (low-flush systems)

2. Is this sanitation facility shared with other households?
   - Yes
   - No
3. How is the waste managed?
   - Emptied and safely treated/disposed
   - Safely contained in-situ (lined pit, composting, septic tank in use)
   - Disposed in the open environment/untreated
   - Don't know
4. When the facility fills up, what action is usually taken?
   - Emptied by formal or informal service provider
   - Covered/abandoned and a new facility built
   - Overflow/discharged into environment
   - Don't know

Analysis is to be done in the following way:

- If the questionnaire shows the household uses an improved sanitation facility (Q1), the facility is not shared (Q2), and excreta are safely treated or disposed (Q3 or Q4), the household can be categorised as Safely Managed. (Affirmative answers for at least 3 questions)

- If the household uses an improved sanitation facility (Q1) and it is not shared (Q2), but there is no evidence of safe treatment or disposal (Q3 or Q4), the household will be categorised as Basic.
- If the household uses an improved sanitation facility (Q1) but it is shared with other households (Q2 = Yes), the household will be categorised as Limited.
- If the household uses a pit latrine without slab, bucket latrine, hanging latrine, or open defecation (Q1), it will be categorised as Unimproved/No Service.

Steps to record the indicator (For sanitation service levels-SMEs)

- Tag loans at origination: 1. From MIS, extract all SMEs financed for WASH, subcategorised as sanitation improvements, within the reporting period.
- Conduct a sanitation service-level survey: A water service-level end year survey across all SMEs is to be conducted.

Survey questions (sanitation facilities at the household-level):

- How many household toilets were constructed under the loan during the last financial year?
- (Optional for validation) How many members are in the household?

Survey questions (community level sanitation):

- On average, how many people use the community toilet facility?

(Apply a 50% discount factor to estimated beneficiary figure)

Analysis is to be done in the following way:

An SME sanitation loan shall be categorised as *Basic* where the loan-supported sanitation facility is operational, as evidenced by either (i) construction of at least one household toilet, or (ii) an operational community sanitation facility serving users (adjusted beneficiaries > 0).

Assumptions and reporting rules:

- Beneficiaries must not be double counted across household and community facilities.
- The same assumptions (2 persons per household toilet and 50% discounting) must be applied consistently across all SMEs.)

Caveat:

Although household surveys are conducted, the WHO/JMP guidance on Safely Managed On-Site Sanitation (SMOSS) notes that comprehensive monitoring ideally also requires additional data from:

- Service providers/local authorities: records on emptying, transport, and treatment of faecal sludge.
- Spot checks: to verify data from households and providers.

Eligible WASH activities and projects

Note: The list below is indicative and not exhaustive. It outlines common eligible activities under water production or provision in the WASH sector. Additional services may also qualify based on contextual relevance and alignment with WASH objectives.

Indicator 1.1	Total number of loans provided to the WASH sector
Category	Eligible product type
Toilet access & sanitation	Household toilet construction (first-time access)
Toilet access & sanitation	Shared/community toilet construction where households lacked access (eg, Public toilets, Dry toilets.)
Toilet access & sanitation	Refurbishment of existing toilets (e.g., adding ventilation, tile flooring), additions, (SATO, twin pits), conversion
Toilet access & sanitation	Septic tank cleaning and desludging
Toilet access & sanitation	Conversion of dry toilets to flush systems
Toilet access & sanitation	Septic tank cleaning and desludging
Toilet access & sanitation	Construction of gender-segregated toilets in public areas
Toilet access & sanitation	Faecal Sludge Management (FSM) operators, bio-toilet manufacturers, composters
Water access	Piped water connection to homes
Water access	Community standpipes (public water points)
Water access	Installation of borewells or handpumps
Water access	Rainwater harvesting structures
Water access	Roof water harvesting tanks for drinking and non-drinking use
Water access	Community water tanks installation
Water access	Top-up loans for water filter systems (RO/UV)
Water access	Installation of household water meters and taps
Water access	Provision of Water Filters to Households
Water access	Solar-powered water pumps for households or SHGs
Water access	Prepaid or smart water access systems (e.g., Water ATMs, smart kiosks)
Water access	Water tanker operators (EV or fuel-efficient logistics)
Hygiene & wastewater	Loans for greywater recycling systems at the household level
Hygiene & wastewater	Handwashing stations with soap near toilets or kitchens
Hygiene & wastewater	Installation of soak pits or drainage systems

Indicator 1.1	Total number of loans provided to the WASH sector
Category	Eligible product type
Hygiene & wastewater	Loans for menstrual hygiene infrastructure (e.g., incinerators in schools)
Hygiene & wastewater	Composting toilets or eco-san systems
Repair & upgrades	Toilet repair loans (e.g., broken doors, clogged lines, water leakage)
Repair & upgrades	Water tank repairs and relining
Repair & upgrades	Replacement of broken handpumps
Repair & upgrades	Loans for re-boring wells
Repair & upgrades	Upgrading toilets for disabled or elderly use (inclusive sanitation)
Repair & upgrades	Community tank upgrades
Household and community-level resilience	Climate-resilient sanitation retrofits (e.g., raised platforms in flood zones)
Household and community-level resilience	Water conservation retrofits (low-flow taps, dual flush)
Household and community-level resilience	Loans for alternative water sources in drought-prone areas
Climate adaptation & resilience	Borewell deepening and flood-resilient water tanks
Climate adaptation & resilience	Valley and watershed drought resilience programs
Climate adaptation & resilience	Nature-based WASH solutions (green infrastructure, urban catchments)
Innovation and digital business models	Smart water meters, leakage detection systems
Innovation and digital business models	AI-based water quality monitoring devices
Innovation and digital business models	Off-grid solar purification/desalination units
Innovation and digital business models	Digital payment-linked water vending
Innovation and digital business models	Drone/robotics for pipeline inspection and monitoring
Innovation and digital business models	Pay-per-use, subscription, and buy-now-pay-later WASH financing models
Innovation and digital business models	Sanitation-as-a-service models and container-based sanitation solutions
Large-scale infrastructure (Production and delivery)	Installation or expansion of urban/rural water networks
Large-scale infrastructure (Production and delivery)	Water kiosks (manual, automated, smart card-enabled)
Large-scale infrastructure (Production and delivery)	Water tankers/mobile delivery vehicles for rural/peri-urban areas
Large-scale infrastructure (Production	Water storage and distribution tanks (above/below ground), reservoirs

Indicator 1.1	Total number of loans provided to the WASH sector
Category	Eligible product type
and delivery)	
Large-scale infrastructure (Production and delivery)	Centralized or decentralized water treatment facilities (UV, RO, mobile plants)
Large-scale infrastructure (Production and delivery)	Small and medium-scale desalination plants
Large-scale infrastructure (Production and delivery)	Gravity-fed water supply systems (spring capture, pipeline networks, tap stands)
Large-scale infrastructure (Production and delivery)	Water quality monitoring services (equipment and digital tools)

Indicator 2.1	Number of new or improved users in WASH portfolio
Category	Eligible product type
Toilet access & sanitation	New household toilet construction (first-time access)
Toilet access & sanitation	Shared/community toilet construction where households lacked access (e.g., Public toilets,Dry toilets.)
Toilet access & sanitation	Addition of sanitation features (e.g., SATO pans, twin leach pits)
Toilet access & sanitation	Conversion of dry toilets to flush systems
Toilet access & sanitation	Septic tank cleaning and desludging
Toilet access & sanitation	Construction of gender-segregated toilets in public areas
Water access	Community standpipes or shared water points.
Water access	Piped water connection to homes
Water access	Installation of borewells or handpumps
Water access	Rainwater harvesting structures
Water access	Roof water harvesting tanks for drinking and non-drinking use
Water access	Community water tanks installation
Water access	Installation of household water meters and taps
Water access	Provision of Water Filters to Households
Water access	Solar-powered water pumps for households or SHGs
Water access	Prepaid or smart water access systems (e.g., Water ATMs, smart kiosks)
Hygiene & wastewater	Loans for greywater recycling systems at the household level

Indicator 2.1	Number of new or improved users in WASH portfolio
Category	Eligible product type
Hygiene & wastewater	Handwashing stations with soap near toilets or kitchens
Hygiene & wastewater	Installation of soak pits or drainage systems
Hygiene & wastewater	Loans for menstrual hygiene infrastructure (e.g., incinerators in schools)
Hygiene & wastewater	Composting toilets or eco-san systems
Household and community-level resilience	Climate-resilient sanitation (e.g., raised platforms in flood zones)- Improved users
Household and community-level resilience	Water conservation (low-flow taps, dual flush)
Household and community-level resilience	Loans for alternative water sources in drought-prone areas
Innovation	Smart water meters
Innovation	Automated leakage detection? Prevention system (household level benefit)
Innovation	Pay- per use or subscription-based water kiosks (direct user access)
Innovation	Off grid solar purification/desalination units (household or village level drinking water)
Innovation	Digital payment linked water vending systems (smart kiosks directly serving users)
Large scale infrastructure (if directly serving users)	Community or institutional rainwater tanks (for direct water supply)
Large scale infrastructure (if directly serving users)	Gravity-fed water supply systems (spring capture, pipeline networks, tap stands)

Indicator 2.2	Investments leading to improved health in WASH portfolio
Category	Diseases
Waterborne and water-related diseases	Diarrhoea (especially among children under 5), Cholera, Typhoid and paratyphoid fevers, Dysentery, Hepatitis A and E, Leptospirosis, Worms
Vector-borne diseases	Malaria, Dengue, Chikungunya, Japanese encephalitis, Zika virus (rare but region-specific)
Others	Improved menstrual hygiene
Others	Reduced skin infections
Others	Reduction in eye infections, safe disposal of child faeces, and increased handwashing after toilet use

Indicator 3.1	Loans contributing to climate mitigation and adaptation
Category	Products
Sanitation enterprises	Faecal sludge management (FSM) operators, Bio-toilet manufacturers, Septic tank cleaners, Composters using fecal sludge, scheduled desludging services, faecal sludge treatment plants with methane capture, low energy wastewater treatment units, waste to energy systems for sanitation.
Water supply enterprises	Solar water pump dealers, Rainwater harvesting system installers, Water filter/RO MSMEs using energy-efficient systems, Water tanker operators (if converted to EV/fuel-efficient logistics), energy efficient piped water supply systems, water reuse units for urban greening, forestry, inventory- based carbon accounting tools for utilities, waterless hygiene product units.
Hygiene product enterprises	Reusable sanitary pad or menstrual cup producers, Soap or detergent MSMEs using eco-friendly ingredients, Greywater recycling units.
WASH infrastructure and services	Drainage and soak pit services, Greywater reuse infrastructure, Digital monitoring solutions for water/waste, scheduled O&M services using GHG-reducing methods, WASH carbon inventory platforms (for GHG reporting)
Water access and resilience enterprises	Rainwater harvesting system installers, Enterprises offering greywater recycling, Enterprises constructing elevated or flood-resilient water tanks, Water quality monitoring service providers, and Borewell deepening or solar pump installers in drought-prone areas. Sponge City and flood management initiatives. Valley and watershed drought resilience programs
Sanitation enterprises for resilient infrastructure	Raised toilet construction firms (for flood-prone areas), Enterprises building twin-pit toilets or composting toilets, FSM operators in coastal/delta regions, Toilet retrofitting enterprises (e.g., adding flood protection, sealing pits), infrastructure risk retrofitting materials (items like sealants to flood-proof toilets),
Hygiene and health enterprises	Enterprises making waterless hygiene products (sanitisers, dry shampoo, etc.), menstrual hygiene enterprises producing reusable kits, mobile hygiene service providers (e.g., mobile toilets, handwashing). Mobile hygiene systems with integrated climate resilience (e.g., HappyTap)
Climate smart infrastructure and risk management	Drainage system cleaners and constructors, Decentralised water storage/retention system providers, GIS/digital risk mapping firms for WASH assets, enterprises providing household flood-proofing around WASH structures. Nature-based solutions for flood-prone areas (green infrastructure, urban catchment). Reuse-oriented wastewater projects, low-carbon WASH solutions
Capacity building and local innovation	Training enterprises for climate-resilient WASH masons or plumbers, BCC firms promoting safe water storage and sanitation during floods/droughts. Young Water Fellowship and accelerator programs. Enterprise support facilities for MSMEs and WASH providers

Indicator 3.1	Loans contributing to climate mitigation and adaptation
Category	Products
Integrated climate water soil systems	Contour bunding services (small embankments on slopes to retain water), soil-moisture retention systems (methods like mulch or cover crops to keep soil wet), small-scale check dams (mini barriers in streams to slow water), and micro-drip irrigation
Community-scale watershed governance	Local water governance facilitation, water budgeting platforms (tools to estimate water available and used water)
Water management in rural river basin	Basin-level water infrastructure upgrades (pipes, tanks, wells for better supply), water quality monitoring kits (test kits to detect water contamination), data collection tools (mobile apps or registers for tracking usage), community training kits (educational materials for water awareness)
Climate-resilient planning and governance tools	WASH asset mapping software (software to track water points and toilets), dashboards for flood forecasting, GIS licenses
Emergency and extreme event preparedness	Emergency water storage tanks (portable tanks for water supply), temporary handwashing units (lightweight sinks for hygiene), portable latrines (moveable toilets for disaster zones) Sensors (devices to detect rising water levels before floods), trailer-based sanitation blocks (toilets and handwashing in a vehicle), collapsible tanks (foldable water storage), flood-proof toilet kits (elevated, sealed toilets for floods), service continuity retrofits (modifications to prevent disruption)
Nature-based ecosystem restoration services	Native vegetation planting services (reforesting rivers/lakes using local plants), de-silting equipment (tools to remove sediment from water bodies), bund/embankment construction services, urban green cover infrastructure (green roofs, parks, etc.), canoe/mapping tools (boats and GPS for wetland work).

Note: The above list is indicative and not exhaustive. It outlines common eligible activities under water production or provision in the WASH sector. Additional services may also qualify based on contextual relevance and alignment with WASH objectives.

8.2 Survey form questions

An annual post-disbursement verification would be conducted to follow up on the indicators given below:

This document provides a standardized set of survey questions to support consistent data collection for WASH indicators and can be integrated into any data collection tool.

A. Surveyor and Respondent Details

1. Surveyor Name
2. Organisation's Name and Branch
3. Respondent's Name
4. Respondent's Contact Number
5. Is the respondent an SME or a Retail client?
    - Retail client
    - SME
6. Location of the respondent

B. SME Finance Support (Context Questions)

Indicator 1.2 – Average Level of Grant Support to SMEs

1. Was this loan supported by any grant?
    - Yes
    - No
    - Not applicable
2. If yes, what was the value of the grant? (USD)
3. What is the total annual income/revenue of your SME? (USD)

Indicator 1.5 – Blended Finance Support

4. Was this loan supported by a blended finance instrument (e.g., grant, guarantee, technical assistance, interest subsidy, first-loss capital)?
    - Yes
    - No
    - Not applicable
5. If yes, which type of blended finance mechanism supported this loan?
    - Grant subsidy
    - Guarantee / risk-sharing facility

- Technical assistance support
- Concessional debt / first-loss capital
- Interest rate buy-down
- Other (specify)

6. Overall, do you think such enabling environmental support was important in helping you utilize this loan effectively?
   - Very important
   - Somewhat important
   - Not important

C. Health Outcomes (Retail Clients)

Indicator 2.2 – Investments Leading to Improved Health

1. In the last one year, how has the incidence of water-borne diseases in your family changed (e.g., diarrhea, cholera, typhoid)?
   - Increased
   - Decreased
   - Same
   - Don't know
2. In the past one year, how often have household members missed work or school due to illness?
   - More often
   - Less often
   - About the same
   - Don't know
3. Since receiving the loan, have there been any changes in hygiene-related practices in your household (e.g., handwashing, toilet use)?
   - Practices have improved
   - Practices have declined
   - No significant change
   - Don't know
4. After receiving the loan, how did your household expenses on medical treatment for common illnesses change?
   - Increased
   - Decreased

- Stayed the same
- Don't know

D. Employment Outcomes (SMEs)

Indicator 2.3 – Jobs Created and Sustained

1. As of the latest reporting month, how many people (including yourself) are employed in your business specifically for WASH-related activities?
2. Reporting month for the above response.
3. Prior to receiving the loan, how many employees were engaged in WASH-related activities?
4. How many employees have been engaged in WASH-related activities for more than one year?
5. Did you engage any temporary or part-time workers in WASH-related activities as a result of this loan?
   - Yes
   - No
   - Don't remember
6. If yes, on average, how many days did each temporary worker work in WASH-related activities?

E. Drinking Water – Service Levels (Retail Clients)

Indicator 4.1 – Drinking Water

1. What is your household's main source of drinking water?
   - Piped water into dwelling/yard/plot
   - Borehole/tubewell
   - Protected well/spring
   - Rainwater collection
   - Packaged/delivered water
   - Unprotected dug well
   - Unprotected spring
   - Surface water
2. Is this drinking-water source located on your premises (dwelling, yard, or plot)?
   - Yes
   - No
3. In the past 6 months, was drinking water from this source available whenever you needed it?
   - Always

- Sometimes
- Rarely / Not at all

4. If the water source is outside your premises, how long does it usually take to go there, collect water, and return home (including queuing)?
   - Less than 30 minutes
   - More than 30 minutes
   - Not applicable (on premises)
5. Has this drinking-water source been tested in the past 12 months and confirmed free from contamination (faecal or priority chemical)?
   - Yes, tested and safe
   - Yes, tested and unsafe
   - No test / Don't know

F. Sanitation – SMEs (Basic Services)

Indicator 4.1 – Sanitation (SMEs)

1. What type of sanitation loan was sanctioned?
   - Household-level
   - Community-level

If household-level sanitation:

2. How many household toilets were constructed under the loan during the last financial year?

*(Guidance: For reporting, assume **2 beneficiaries per household toilet**.)*

If community-level sanitation:

3. On average, how many people use the community toilet facility?

*(Guidance: Apply a **50% discount factor** to the reported beneficiary figure.)*

G. Sanitation – Retail Clients (Service Levels)

Indicator 4.1 – Sanitation (Retail)

1. What type of sanitation facility does your household mainly use?
   - Flush/pour-flush toilet connected to sewer system
   - Flush/pour-flush toilet connected to septic tank
   - Flush/pour-flush toilet connected to pit latrine
   - Ventilated improved pit (VIP) latrine
   - Pit latrine with slab

- Composting toilet
- Pit latrine without slab / open pit
- Hanging latrine
- Bucket latrine
- No facility / open defecation

2. Is this sanitation facility shared with other households?
   - Yes
   - No
3. How is the waste managed?
   - Emptied and safely treated/disposed
   - Safely contained in-situ
   - Disposed in the open environment / untreated
   - Don't know
4. When the facility fills up, what action is usually taken?
   - Emptied by service provider
   - Covered/abandoned and new facility built
   - Overflow/discharged into environment
   - Don't know

GLOSSARY (OPERATIONAL MANUAL)

Development cooperation grants: Financing of development projects and programmes by international organisations, NGOs, national and local governmental agencies and development banks with the purpose of promoting economic cooperation with developing countries (OECD, 2008).

SME- An enterprise is classified as micro, small, or medium if it meets two of the following three criteria: number of employees, total assets, or annual sales. Micro = <10 employees and <$100,000 in sales/assets; Small = 10–49 employees and $100,000–<$3m; Medium = 50–300 employees and $3m–<$15m.

Open defecation refers to the practise of defecating in fields, forests, bushes, bodies of water, or other open spaces. Defecating in the open is an affront to dignity and a risk to children's nutrition and to community health

ABOUT E-MFP

e-MFP is a leading network of European organisations and individuals dedicated to advancing microfinance and financial inclusion in developing countries. By promoting knowledge-sharing, partnership development, and innovation, e-MFP strives to enhance global access to affordable, quality, sustainable, and inclusive financial services for the underserved and unbanked populations. A critical component of e-MFP's initiatives is its Action Groups (AGs), which offer members the chance to collaborate on specific projects or activities within shared areas of interest, creating a cross-sector platform for constructive dialogue and cooperation.

These groups aim to promote knowledge creation and facilitate the exchange of good practices and lessons learned in financial inclusion, thereby enhancing the work of e-MFP members. Initiated and led by e-MFP members, these groups also welcome non-members working on relevant topics, depending on the group's focus and scope. Most activities and resources of e-MFP Action Groups are accessible to all interested parties through the e-MFP website. Some of the active Action Groups include Green Inclusive Finance Water, Sanitation, and Hygiene (WASH) and Gender Lens Investing.

ABOUT AQUA FOR ALL

Aqua for All is an international foundation dedicated to transforming the water and sanitation sector into a sustainable and inclusive economy. Its mission is to mobilise private capital for entrepreneurs to transform the water and sanitation sector in low- and middle-income countries.

The foundation supports local water and sanitation service providers to scale their market-based solutions and to attract private capital. By catalysing private capital for market development and increasing access to finance, it accelerates access to climate-resilient water and sanitation services, especially in Africa and Asia.

Aqua for All believes that market-based solutions, combined with public and private capital are needed to bridge the service and financial gap to achieve SDG 6 – water and sanitation for all.

ABOUT MSC (MICROSAVE CONSULTING)

MSC (MicroSave Consulting) is a boutique consulting firm that has, for more than 27 years, pushed the world towards meaningful financial, social, and economic inclusion. With over 450 staff of different nationalities and varied expertise, it is proud to be working in over 70 developing countries. MSC partners with participants in financial services, WASH, urban development, agriculture and health ecosystems to achieve sustainable performance improvements and unlock enduring value. Its clients include governments, donors, private sector corporations, and local businesses.