Chapter 4 Allocating Resources Strategically

4.1 Focusing on objectives

Introduction

In a world of limited resources it is necessary to develop an approach to sanitation and hygiene promotion which yields the maximum possible health benefit. The vision and objectives of the programme need to be matched with financial and human resources. This invariably means setting boundaries and steering resources to specific areas or activities. The following decisions need to be taken:

1. What resources will be made available for sanitation and hygiene promotion?

Allocations of funds and people to sanitation and hygiene promotion are usually made within a wider process of budgeting (for social programmes in general, or from a water supply and sanitation sector budget for example). To secure the needed resources for sanitation and hygiene promotion you will need to:

● work out roughly how much money and how many people are needed to meet the objectives of the programme; and
● be prepared to make, and repeatedly prove, the case for sanitation and hygiene promotion as a significant contribution to the achievement of overall poverty reduction goals.

To strengthen your case it may be useful to be able to explain how resources will be spent when allocated, and also to show what sort of coverage you could achieve with different levels of budgetary allocation.

2. What is the balance of activities to be funded?

Where funds are used to **leverage household investment** (ie where public funds are to support household investments rather than substitute for them) rates of coverage may increase significantly. A smaller proportion of public resources will now be spent on construction of hardware and subsidies for household latrines. Instead public funds may increasingly be used to market sanitation, promote hygienic behaviours and support small-scale independent providers. The disadvantage of this approach, from a political perspective is that the direct link between funds and coverage will become less clear. To ensure that politicians (who control funding de-

cisions) remain comfortable with the approach, household investments in sanitation must be closely monitored, and selected investments in trunk infrastructure and facilities in schools and public places should continue to be made. This will enable politicians to demonstrate that their funding decisions are yielding tangible results.

Resource allocations should also keep pace with institutional capacity. Getting more sanitation facilities in schools is critical for example, but in some cases policies and experience in the Department of Education may constrain progress and mean that investments made today may be wasted as facilities fall into disrepair. In such a case some resources must be allocated to the long-term goal of changing the Department's approach to school sanitation while resource allocations for construction of facilities are progressively increased over time. Similarly, if funds are to be diverted towards hygiene promotion, and if the best vehicle for this is the Department of Health, allocations should only be made in line with the human resources available in the department to go out and deliver hygiene promotion activities. A step-by-step approach may be needed so that increased financial resources can be matched with growing human capacity.

3. Will the program target specific regions and if so which?

Where resources are stretched, it may be appropriate to work, at least in the short term, in selected regions or locations. Greater health benefits may accrue from a more geographically focused programme.

Piloting: Focused programmes may be justified if new approaches need to be tested and demonstrated ahead of wholesale institutional change. This "pilot" approach may help to "shift gears" and increase the speed of progress in the sector but may well conflict with equity concerns in the short term. Identifying areas where the chances of success are high is hard. Allowing the informal sector and civil society to lead the process may work in some contexts along with the use of formal indicators such as:

● existence of community organisations/ past experience of collective interventions etc;

- presence of well-trained outreach workers who can extend their interventions effectively to include hygiene promotion and sanitation marketing;
- pre-existence of sanitation practices and technologies which can be effectively scaled up;
- existence of small scale independent providers; and
- potential for simple small-scale interventions to achieve benefits (such as selecting areas where on-plot latrines are a potential solution rather than addressing areas which require networked solutions).

Equity and Targeting: It is already known that demand for sanitation hardware is low – that is one reason why coverage is so poor. But it is also clear that where demand exists provision may follow rapidly through the efforts of households themselves and the small scale private sector.

For these reasons, while available public subsidy for sanitation could probably be steered towards those areas of highest demand, a much more pressing issue in most countries is probably to work towards *stimulation of demand in areas of greatest need.* This means that both hygiene promotion, sanitation marketing and support for the enabling environment, should be targeted towards those areas.

The real problem then comes in assessing *which* areas fall into this category. A number of approaches can be used including targeting communities/ households with:

- poorest health status as indicated by incidence of epidemic disease such as cholera;
- poorest overall health status as indicated by formal assessments using internationally agreed indicators;
- lowest access as assessed through formal empirical research into numbers and use of latrines, incidence of hygienic behaviours etc;
- highest incidence of poverty (as defined by agreed national norms and assessed nationally or regionally); or
- highest incidence of other proxy indicators of poverty and/or poor access, such as low ownership of capital assets, poor school attendance, or incidence of women- and children-headed households.

Equity may also demand that support is specifically targeted towards those households/communities more affected by a specific health/poverty related situation – such as Acquired Immune Deficiency Syndrome (AIDS). More ideas about assessing needs and demands can be found in **Reference Box 9.**

4. Will the program target specific types of communities and if so which?
Depending on the institutional and demographic shape of the country, it may sometimes be appropriate to programme specifically for rural, small town or urban situations. Better programming may result from different approaches being used for each type of community. On the other hand, it may be that better coverage could be achieved at lower costs if elements at least of the program (some aspects of hygiene promotion and sanitation marketing for example) were developed for use nationally or across an entire region.

Targeting can also be used to reach communities who are persistently excluded. Good information about coverage in rural, small town and urban areas may indicate a need to focus on one of these for example.

5. Will the program target specific segments of society and if so which?
Some countries and regions may take a specific policy decision that public funds should be steered exclusively, or substantially, towards a specific segment of society. It is not uncommon for countries to have a policy of targeting the poorest, indigenous groups or specifically of those without access to a minimum level of service. It is sometimes difficult and costly to identify target communities, in which case proxy indicators (such as targeting sub regions where the incidence of poverty is high) may have to be used. Sometimes the rich and powerful are able to subvert such targeting, so if this approach is to be taken, explicit notice must be taken of how targeting is to be monitored and what incentives might be needed to secure funds for the stated objectives.

4.2   The need for transparent rules

One of the most important mechanisms for establishing and maintaining trust between partners is to ensure that, where money is being allocated, there is a clear and transparent process and a set of known rules. Whatever programming decisions are taken all partners should be confident that (a) decisions about the rules for resource allocation had a sound basis (even if the individuals disagree with the final decision); (b) resources are being allocated on the basis of these rules; and (c) both the initial decision and the ongoing allocation of resources are carried out within an institutional arrangement which precludes collusion and encourages the optimum use of resources in the public interest.

In many cases political reality may dictate the allocation of resources. This may mean that resources have to be shared equally between competing regions, or that more resources must be steered towards areas of greater poverty. In such cases, where the case for resources allocation is not specifically technical, it is important to be as up-front as possible; most organisations and individuals will accept that political processes are an important part of the institutional landscape.

Reference Box 9: Needs and demands

For a discussion of demand in the context of water supply and sanitation projects
See: Katz, T. and Sara, J. (1997) *Making Rural Water Supply Sustainable: recommendations from a Global Study* UNDP-World Bank Water and Sanitation Program
Get this reference at: whelpdesk@worldbank.org

For a discussion of the challenges of assessing and responding to needs and demands
See: Cairncross, S. and Kinnear, J. (1992) *Elasticity of Demand for Water in Khartoum, Sudan,* Social Science and Medicine, 34 (2): pp183-189

Dayal, R., C. van Wijk and N. Mukherjee (2000) *Methodology for Participatory Assessments: Linking Sustainability with Demand, Gender and Poverty* WSP on the web at **www.wsp.org**

Coates, S., Sansom, K.R., Kayaga, S., Chary, S., Narendaer, A., and Njiru, C. (2003) *Serving all Urban Consumers – a Marketing Approach to Water Services in Low and Middle-income countries. Volume 3 PREPP*, WEDC, Loughborough University, UK. on the web at **www.lboro.ac.uk\wedc**

Whittington, D. (1998) *Administering Contingent Valuation Surveys in Developing Countries* World Development 26(1): pp21-30

Whittington, D. (2002) *Improving the Performance of Contoingent Valuation Studies in Ddeveloping Countries* Environmental and Resource Economics 22 (1-2): pp323-367

Willing to Pay but Unwilling to Charge: Do Willingness to Pay Studies Make a Difference? WSP Water and Sanitation Program – South Asia Field Note (1999) on the web at **www.wsp.org**

Wedgewood, A. and K. Samson (2003) *Willingness-to-pay Surveys – A Streamlined Approach: Guidance notes for small town water services* WEDC, Loughborough, UK. on the web at **www.lboro.ac.uk\wedc**

4.3   Applying the Principles

Table 5 sums up the principles as they apply to resource allocation.

Table 5: Applying the Principles to Resource Allocation

Maximising public and private benefits	Achieving Equity	Building on what exists and is in demand	Making use of practical partnerships	Building capacity as part of the process
Use public funds to leverage, rather than substitute household investment Leverage expenditures across a range of social sectors	Consider targeting resources towards excluded populations and specific activities that support the excluded within communities	Invest in information gathering Test ideas first when information base is weak Steer resources to areas where there is institutional capacity to spend	Ensure clear and transparent processes for allocation of funds Establish water-tight processes for tracking expenditures Communicate financing decisions unambiguously	Use resource allocation to signal new approaches and build confidence in them

4.4   Programming Instruments

Once decisions are made on what balance of resources will be steered towards activities, regions, communities and segments of society, what sort of instruments can the programme use to ensure that the programme aims are achieved? Clearly, this depends to some extent on the way in which programmes are to be financed and how organisations are to be structured but some possible instruments would include:

● Setting up targeted regional programmes or projects – setting aside funds specifically to be spent by local jurisdictions or by national agencies for designated regions;

● setting rules for externally funded interventions which encourage funding to specific regions or in support of agreed programming priorities;
● establishing demand-responsive funds which regions/ urban centres or agencies could apply to use, where the rules of the fund reflect specifically the programming allocation priorities;
● creating (financial) incentives for staff of agencies to work in specific regions or communities; and
● setting aside funds to provide financial or other support to non-governmental organisations and the small scale private sector where these organisations seek to build their capacity in agreed programming priority areas