T 25	**Funding Opportunities**

Summary: This tool provides guidance on different funding mechanisms for financing environmental sanitation services and infrastructure. It includes formal and informal microfinance for financing low-income household sanitation facilities and municipal loans for higher-level infrastructure financing.

Application Within the Planning Process:
Step 6: Development of an Action Plan

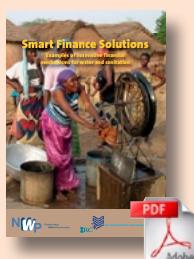**Related Tools:**
T23 Contents of an Action Plan

Purpose There are no simple solutions to financing sanitation in low-income communities (unlike water supply), but with creativity and adapted funding vehicles, problems concerning how to finance sanitation can be solved. The action plan developed in step 6 must include a section on how the proposed interventions will be funded. This tool provides an overview of different funding mechanisms for urban infrastructure that have shown to be successful in the past.

How to use this tool? There are two parts to this tool:
(i) For low-income household sanitation facilities (e.g. improved toilets), different variations of microcredit are presented – from informal rotating savings and credit associations to formalised microfinance schemes working through regional or national microfinance institutions (see Document D25.1).
(ii) For more capital intensive investments in services and infrastructure (e.g. simplified sewers or decentralised treatment plants) municipal loans and external funding opportunities are presented (see D25.2). Many countries today have some form of local authority infrastructure investment fund.

More information on how to structure a CLUES action plan is provided in Tool T23.

Resources

Document D25.1:
Singeling, M. et al. (2009). *Smart Finance Solutions: Examples of Innovative Financial Mechanisms for Water and Sanitation*. KIT Publishers. Amsterdam, Nederlands.
D25.1.pdf

Document D25.2:
Evans, B. et al. (2009). *Public Funding for Sanitation. The Many Faces of Sanitation Subsidies*. WSSCC. Geneva, Switzerland.
D25.2.pdf