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Asia Water Forum 2022

8–11 August 2022 • Online



Focus Area: Universal water and sanitation services

Session Title: 2D: Achieving universal sanitation

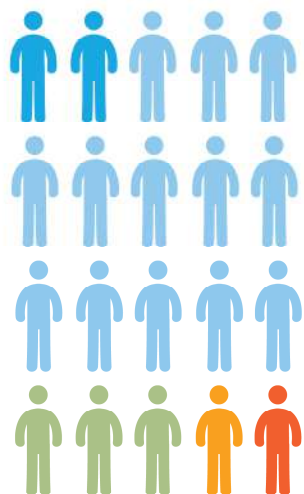
Schedule: 10 August 2022 (Wed), 3:00 p.m. - 4:30 p.m. (GMT+08)

Leveraging Resources for Improved Household Sanitation through Output-Based Aid and Blended Finance: A Proof of Concept



USAID
FROM THE AMERICAN PEOPLE

National Access to Sanitation

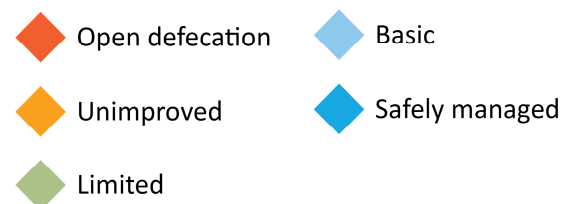


LEGEND



5% of the 100M PH population (rounded off)

% of the population accessing the following sanitation services:



Economic Costs of Inadequate Access



Waterborne diseases particularly acute watery diarrhea consistently ranked as **7th or 8th leading cause of morbidity** in the country (DOH, 2013)

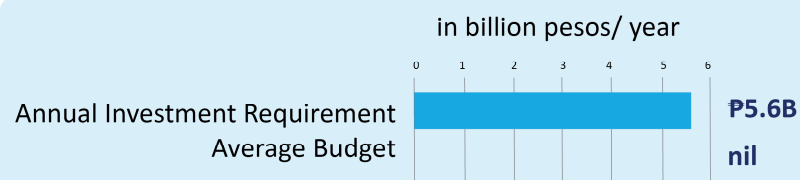


Children in households with inadequate access to sanitary toilets, and environments are **3.5 times more likely to be stunted** (DOST-FNRI 2018)



PHP 78 billion estimated annual economic, health and environmental losses (Word Bank, 2008)

Investment Gap on Sanitation



What is Output-Based Aid and Blended Finance (OBA-BF)?

- ✓ It is a results-based financing scheme that combines:



Public Grants
OBA component



Household equity
that may come from a
microfinance loan

- ✓ **Subsidies** are advanced by the microfinance institution (MFI) for the LGU and will only be disbursed after the services have been provided and independently verified.

Unimproved
sanitation



Improved
sanitation



Unimproved
water supply



Improved
water supply





OBA-BF: A Win-Win Strategy to improve household to sanitation



Increases affordability of household toilet construction through the OBA subsidy



Leverages public funds with private financial resources



OBA-BF minimizes risk of diverting subsidy for other uses



MFIs expand their market with new clients or new loan product



Increases sense of ownership and value of investment to households given their equity contribution



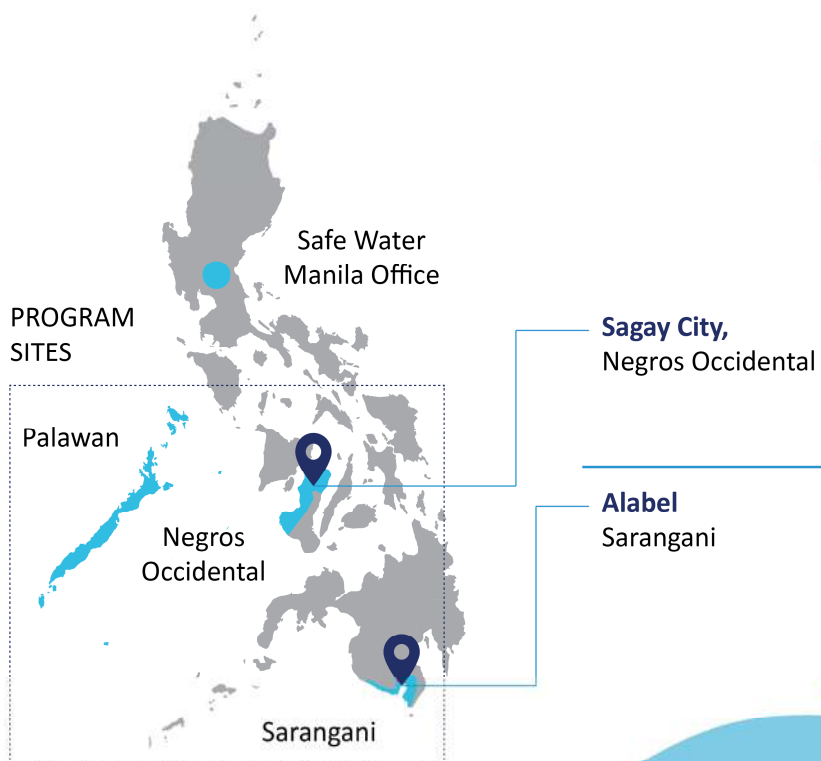
Empowers women to manage their sanitation loans and protect livelihoods and families' health



Fosters human dignity, security, and privacy



OBA-BF Pilot Areas and Minimum Selection Criteria



MINIMUM SELECTION CRITERIA

Poverty Incidence	% population with unimproved access and open defecation	Water-borne disease incidence	LGU willingness and commitment
22.5%	46%	High rate of urban development and in-migration cause lags in access to sanitation	High
44.7%	19%	Had water-borne disease outbreaks; backslides in sanitation program due to in-migration and high population density in poblacion areas	High



OBA-BF Partners

INTERNATIONAL/ NATIONAL PARTNERS



PROGRAM SITES



Sagay City,
Negros Occidental



Alabel
Sarangani



LOCAL PARTNERS

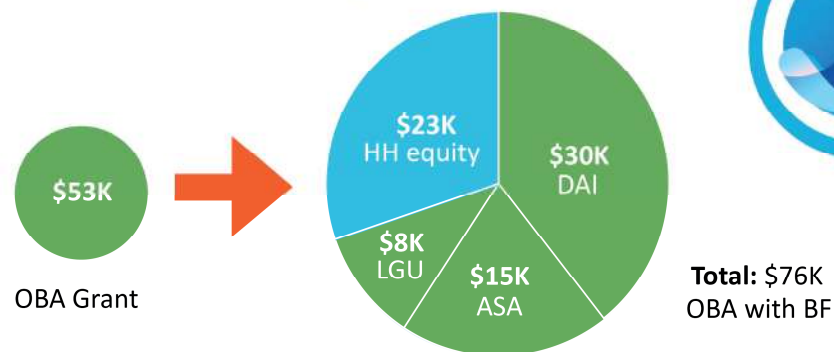




OBA-BF Pilot Outcomes

- ✓ 100 toilets constructed
- ✓ 500 people gained access to improved sanitation
- ✓ Demonstrated **proof-of-concept** to Philippines Government, USAID and private sector, resulting in plans for replication (e.g. in Alabel and Cauayan Municipalities)
- ✓ Leveraged the USD 53,000 grant by **30%** more from household equity

Funds leveraged



Unimproved sanitation




Improved sanitation

ADB

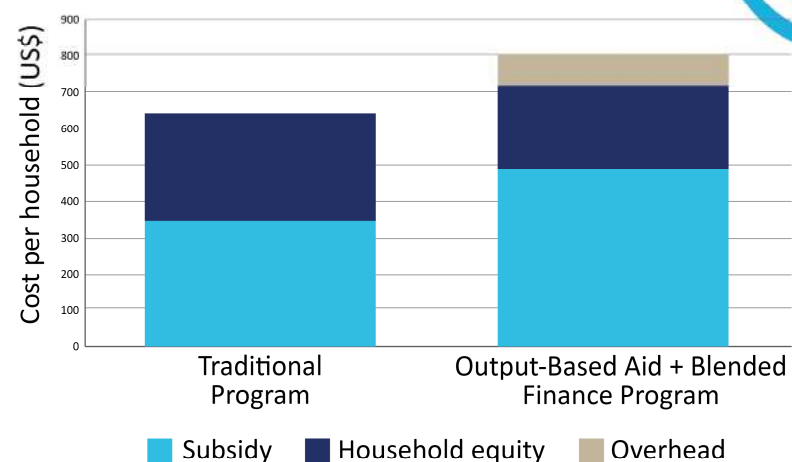


What have we learned?

The **OBA-BF scheme** proved effective in generating demand for and investments in household sanitation facilities.

-  Program resonated more with women who were concerned about health, security, and convenience.
-  Masons trained were provided with livelihood opportunity.
-  Improved affordability enabled households to realize demand for own and better sanitation services.
-  Program achieved 100% efficiency in delivery of sanitation services
-  Ensured compliance to Philippine Sanitation Code
-  Generated environmental and social benefits and potentially economic benefits

Traditional vs. Blended Financing Scheme



Traditional programs have lower subsidy components and overhead but lower success rates in actual toilets being built.



What's next? USAID Safe water will...



Make a case for more funding from national and local governments to enhance sanitation subsidy programs; role of local government units crucial to the replication and success of the scheme



Integrate OBA-BF in the local planning, programming and budgeting process



Conduct IEC and advocacy for OBA-BF adoption and WASH demand generation

- motivate policy and decision-makers to create conducive environments for needed sanitation investments and support services
- promote behavioral changes involving low income communities to make local sanitation programs successful



Leverage grants with private sector and commercial funds



Provide technical assistance and capacity building