

# Modeling blended financing and output-based aid to build climate-resilient toilets for entrepreneurial poor households

Elmira Bungabong Bacatan

UNICEF

Global South Academic Conclave on WASH and Climate linkages

2<sup>nd</sup> - 4<sup>th</sup> February 2024, Ahmedabad

**CWAS** CENTER  
FOR WATER  
AND SANITATION  
**CRDF** CEPT  
UNIVERSITY

**BILL & MELINDA**  
*GATES foundation*



# Presentation Outline

## Challenge

- Sanitation and climate change
- Decentralization and limited fiscal space

## Opportunity

- Role of private sector
- Policy environment

## Action

- Blended Financing, Output-based Aid to build climate resilient household toilets

## Initial Learnings and Reflections

# CHALLENGE – Sanitation and Climate Change

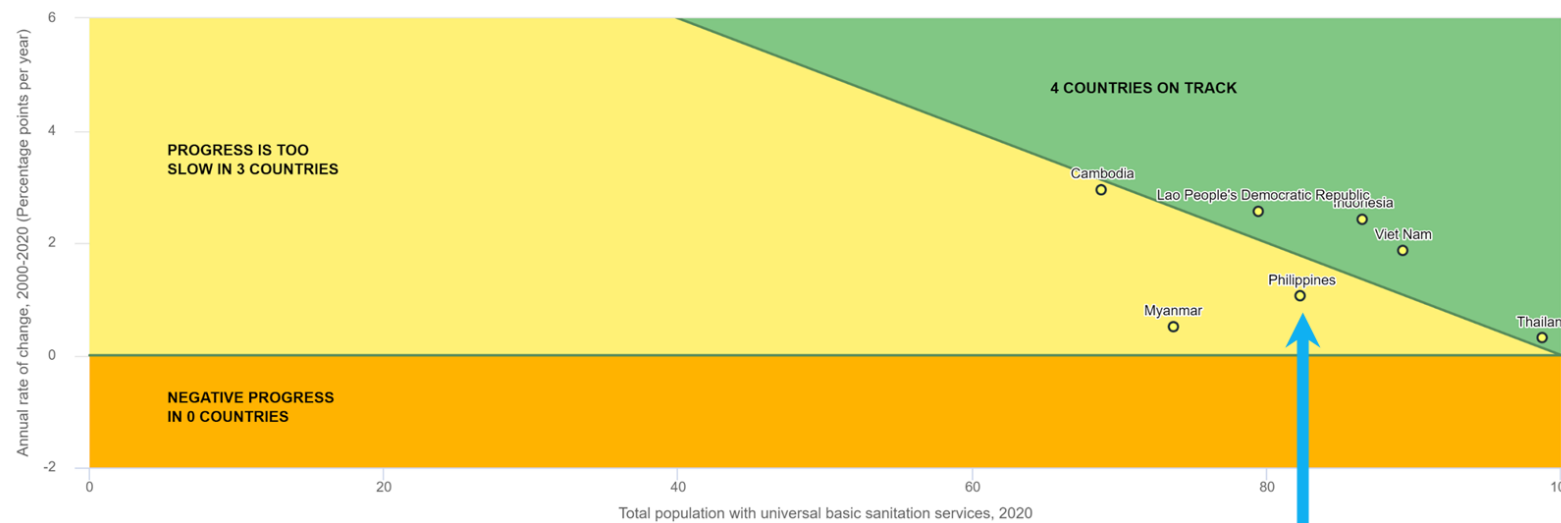
Approximately **1 billion children** (nearly half of the world's children) live in extremely high-risk countries



Source: Children's Climate Risk Index, UNICEF

- Extremely High
- High
- Medium-High
- Low-Medium
- Low
- No data

**Philippines: One of 3 countries in Southeast Asia that is off track to meet universal basic sanitation by 2030**

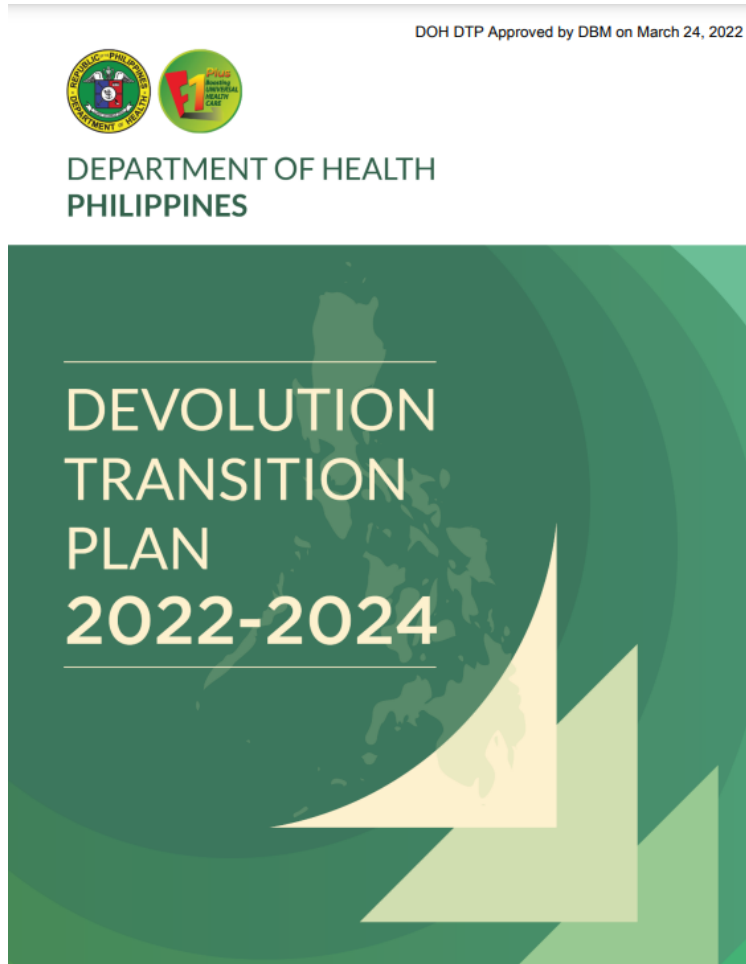


Source: JMP 2020

## PHILIPPINES

**1st** World Risk Index, **4th** Global Climate Risk Index and **31st** in Children's Climate Risk Index (CCRI) and **57th** out of 167 countries that are likely to undergo water stress by 2040

# CHALLENGE: Decentralized, fully devolved health system, limited fiscal space at local government level



DOH DTP Approved by DBM on March 24, 2022

**Table 10. Summary of the Retained and Re-devolved Functions**

Retained with DOH <sup>10</sup>	Partially Devolved	Fully Devolved to LGUs
<ul style="list-style-type: none"> <li>• Environmental &amp; Occupational Health</li> <li>• National Immunization</li> <li>• Tuberculosis Control</li> <li>• Mental Health</li> <li>• Cancer</li> <li>• HIV</li> <li>• Schistosomiasis</li> <li>• Vector Control</li> <li>• Medical Assistance for Indigent Patients</li> </ul>	<ul style="list-style-type: none"> <li>• HRH Deployment</li> <li>• Health Facilities Enhancement Program</li> <li>• Disease Surveillance Officers</li> <li>• Family Health, Nutrition &amp; Responsible Parenting</li> <li>• Oral Health</li> <li>• Food &amp; Water-borne Diseases</li> <li>• Filariasis</li> <li>• Dengue</li> <li>• Emergency &amp; Re-emerging Infectious Diseases</li> <li>• Sexually Transmitted Infections</li> </ul>	<ul style="list-style-type: none"> <li>• Hypertension</li> <li>• Hypercholesterolemia</li> <li>• Diabetes (beginning CY 2023)</li> <li>• Leprosy<sup>11</sup></li> <li>• Integrated Management of Childhood Illness</li> <li>• Soil-Transmitted Helminthiasis</li> <li>• Rabies Control</li> </ul>

*Note: These are some examples of key programs and not an exhaustive list.*

and not an exhaustive list. Furthermore, retention does not mean provision of the entire service; instead, it means provision of financial grants and non-financial assistance in support of program implementation, which still rests with the LGUs. Meanwhile, in

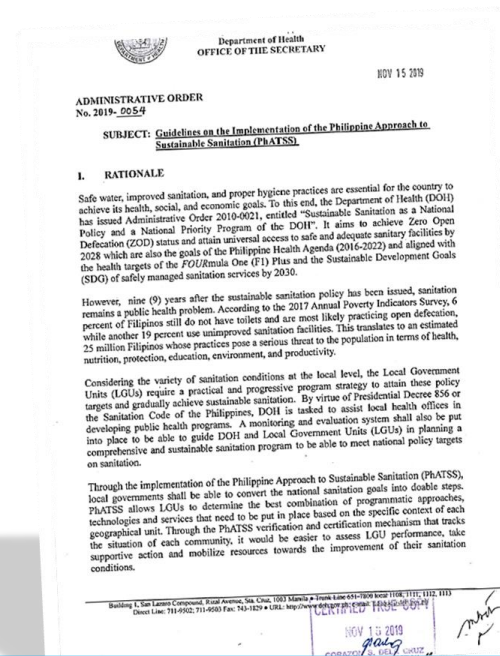
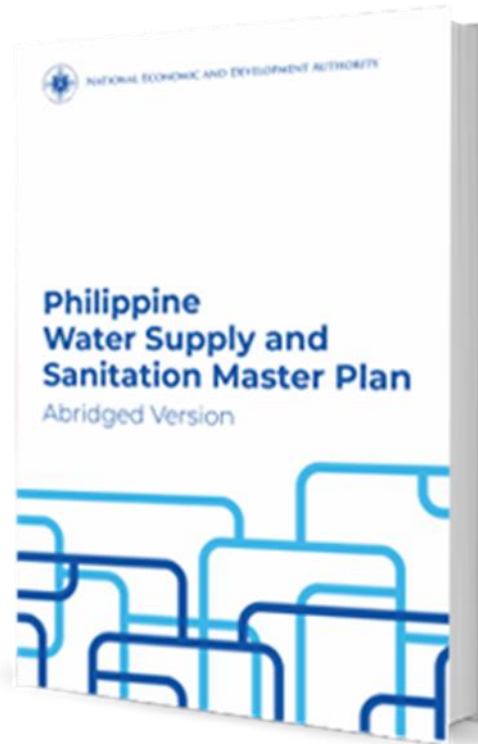
# OPPORTUNITY: Enabling policy environment

Blended financing with  
output-based aid

Part of the Unified Resource Allocation Framework (URAF) of the Philippine Water Supply and Sanitation Master Plan

Increase public investments, rationally allocate grants, and leverage these grants and public investments with market-based financing.

A recommended approach in accelerating attainment of targets for basic sanitation.



DOH AO 2019-054

## Philippine Approach to Sustainable Sanitation (PhATSS)

- Local governments shall be able to convert the national sanitation goals into DOABLE steps.
- Allow LGUs to determine the best combination of approaches, technologies and services for each geographical unit.
- Through the PhATSS, it would be easier to assess LGU performances, take supportive action and mobilize resources towards sanitation improvement.
- Reduction of risks and diseases related to environmental sanitation

# OPPORTUNITY:

## Role of private sector – microfinance institutions (MFIs)

MFIs in the  
Philippines,  
through  
Water.org

29 MFIs,  
2000  
branches

Php 9B  
\$ 180M

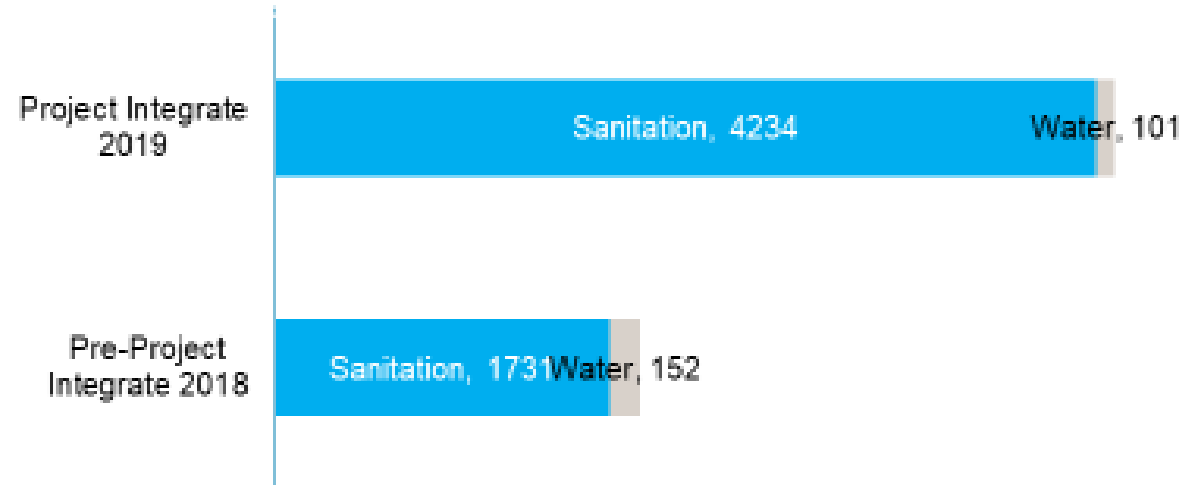
4.5 M  
Filipinos

Repayment rate:  
Pre-COVID: 99.9%  
COVID: 80-85%

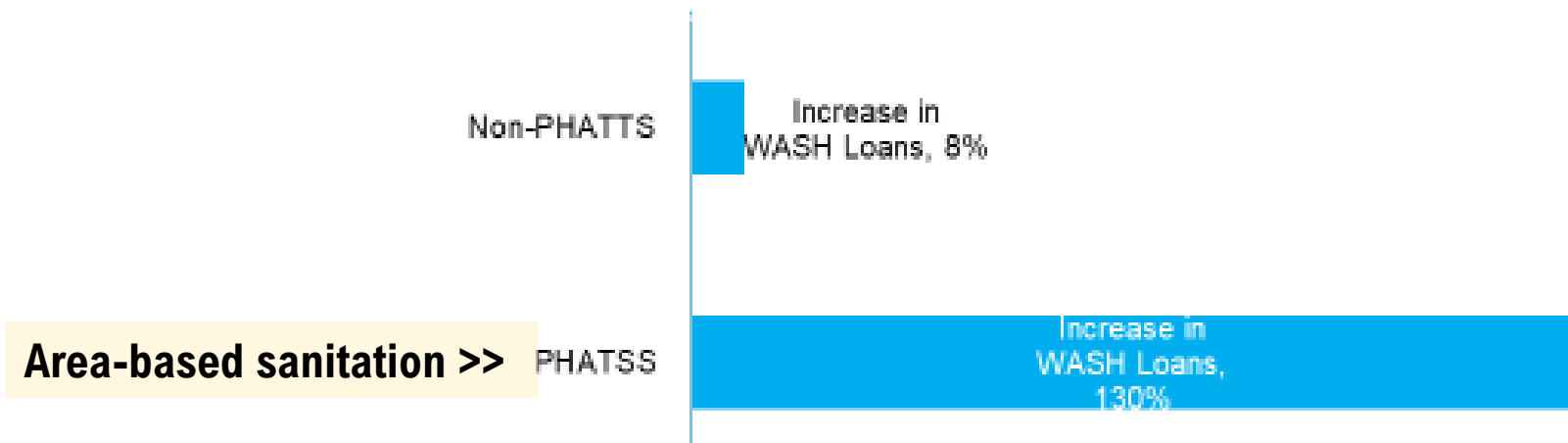
BUT, WASH loans are  
only 5-10% of their total  
loan portfolio

# OPPORTUNITY: Integrating Sanitation Financing & WASH Governance Strengthening & Demand Creation

## WASH Loan Disbursements, pre and during project



## WASH Loan Disbursements, by LGU type

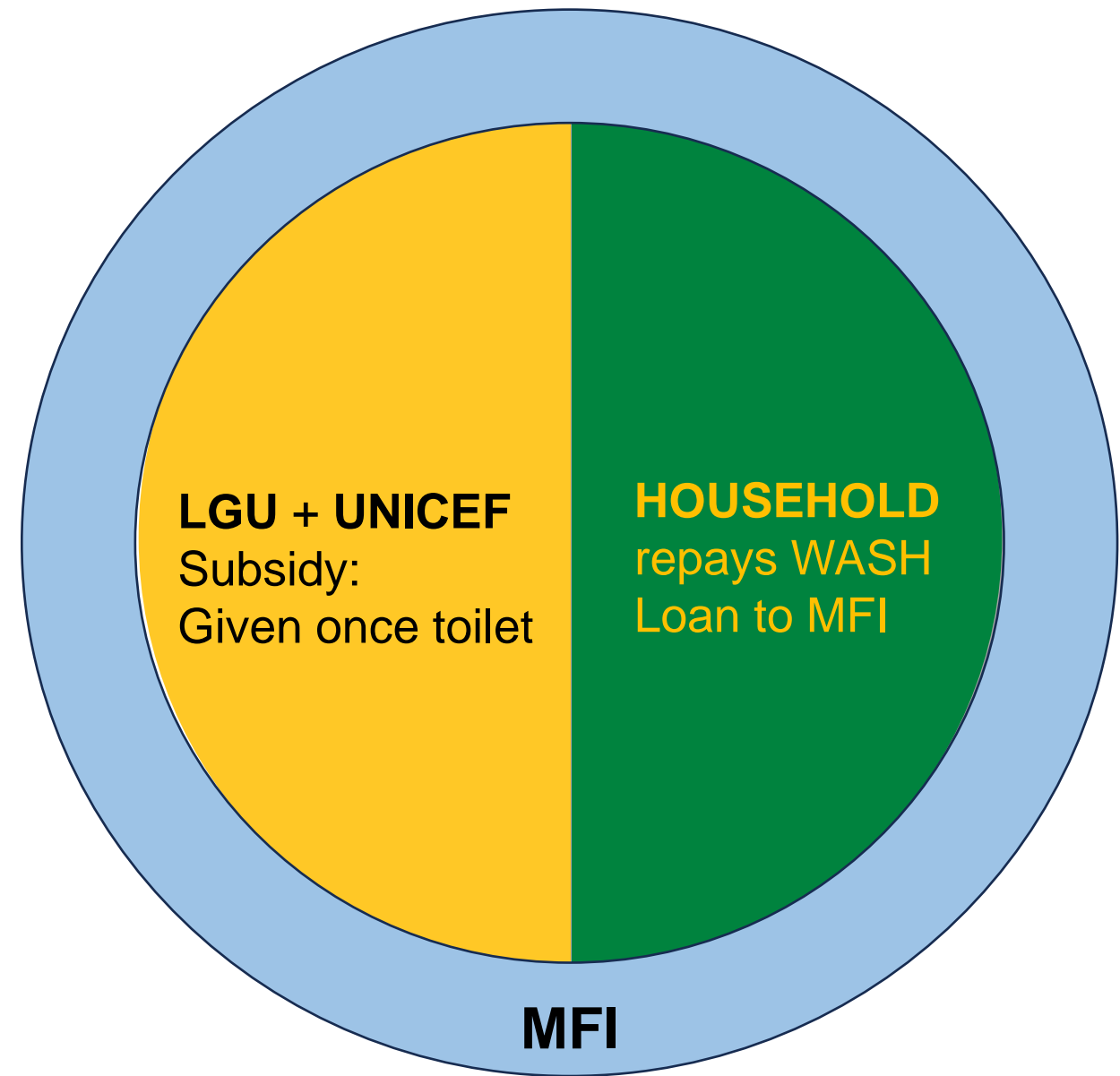




## ACTION:

# BLENDING FINANCING + OUTPUT-BASED AID

- Demonstrate leveraging public funds with market-based financing
- Determine effective financing modalities for local government units
- Set-up government systems, policies and procedures necessary to continue adopting the BF-OBA model for sanitation programming



frontloads full cost of subsidy & loan

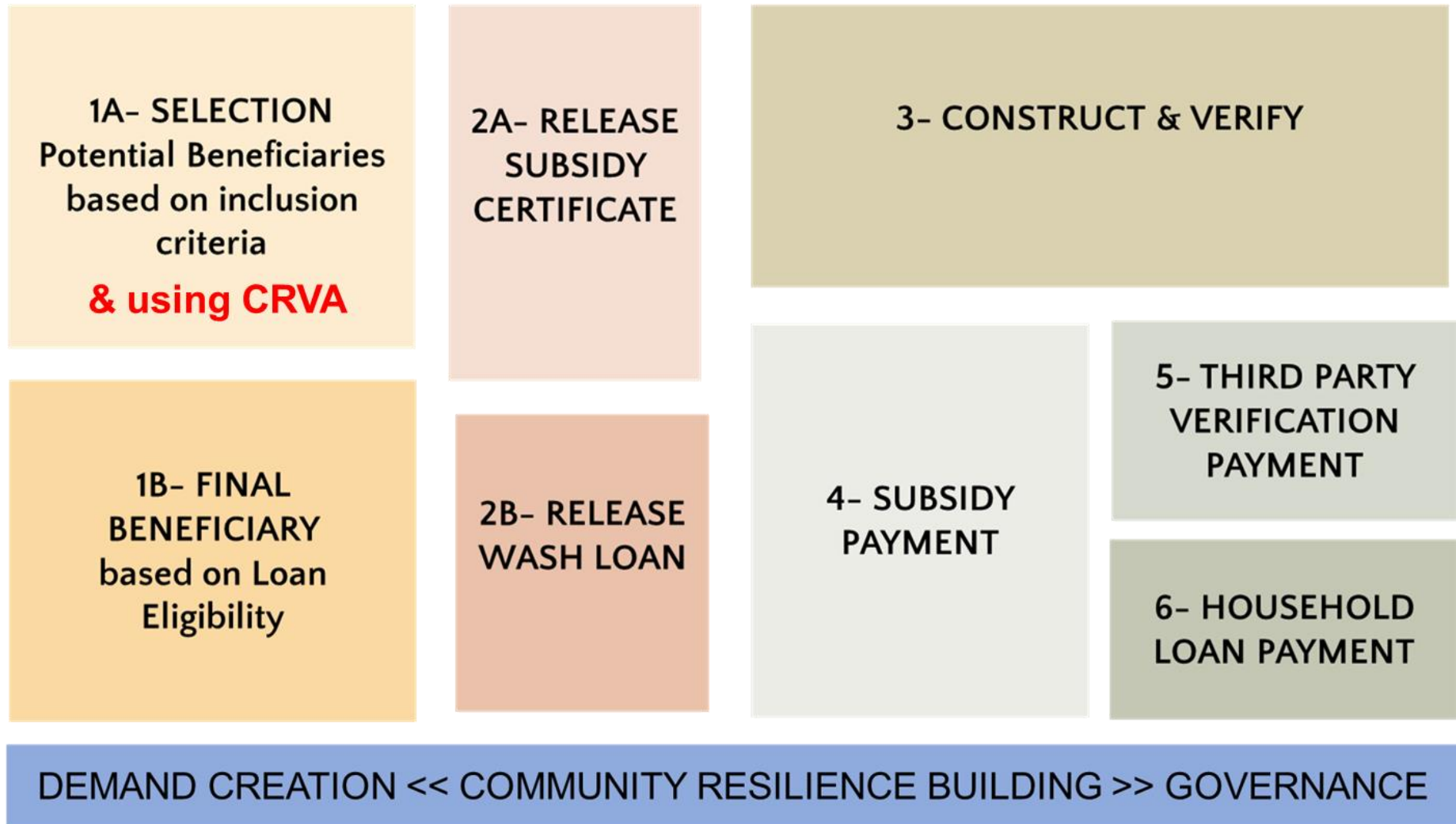


# SAMAR PROVINCE as pilot area for Blended Financing + Output based Aid in Sanitation

- High risk to effects of climate change and disasters
- High epidemiological burden
- Poverty incidence (27% vs 13% natl ave)
- Low basic sanitation coverage (78%)
- UNICEF focus province
- Inclusion in the UHC Integration Sites
- Active and functioning WASH governance mechanisms



# REFLECTIONS: PROCESS FLOW





# REFLECTIONS: INDEPENDENT VERIFICATION

- Beneficiary selection
- Monitoring construction
- Subsidy claim





# REFLECTIONS: ADAPTING TOILET DESIGNS TO CLIMATE



Climate-Resilient Household Toilet



PWD-friendly and Climate-Resilient Household Toilet



© UNICEF / 2024



© UNICEF / 2024



# REFLECTIONS: BUILDING COMMUNITY RESILIENCE



© UNICEF / 2024

**What is the primary material of the exterior walls of your house?**

Barangay	Bamboo/ Sawali/ Cogon/ Nipa/ Asbestos	Concrete/ Brick/ Stone/ Wood	Galvanized Iron/ Aluminum	Half Concrete/ Brick/ Stone and Half Wood	No wall	other	Trapa	Grand Total
Barangay No. 1 (Pop.)	1					1		2
Barangay N								1
Barangay N								10
Barangay N								17
Cantongton								3
Catalina								20
Lulugayan								7
Macabetas								10
Malino								8
San Fernan								7
Tagbayaon								10
Victory								8
<b>Grand Total</b>								
<b>% to Total</b>								

**What is your household's source of water for domestic use (example - bathing, flushing the toilet, laundry, etc.)**

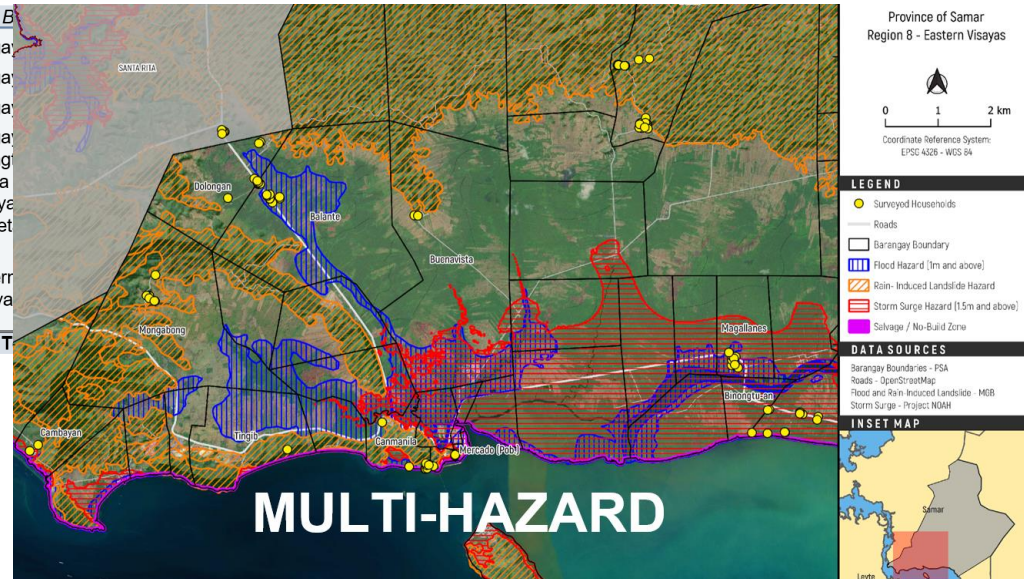
Barangay	Piped connection (group meter)	Piped connection (individual meter)	Public/street faucet	Rainwater	River/ Unprotected dug well or spring	Grand Total
Barangay No. 1 (Pop.)						7
Barangay No. 5 (Pop.)						10
Barangay No. 7 (Pop.)						7
Barangay No. 8 (Pop.)						10
Cantongton						7
Catalina						10
Lulugayan						7
Macabetas						10
Malino						7
San Fernan						10
Tagbayaon						7
Victory						10
<b>Grand Total</b>						
<b>% to Total</b>						

**How many are SOCIAL SECURITY members?**

Barangay	How many are SOCIAL SECURITY members?
Barangay No. 1 (Pop.)	0

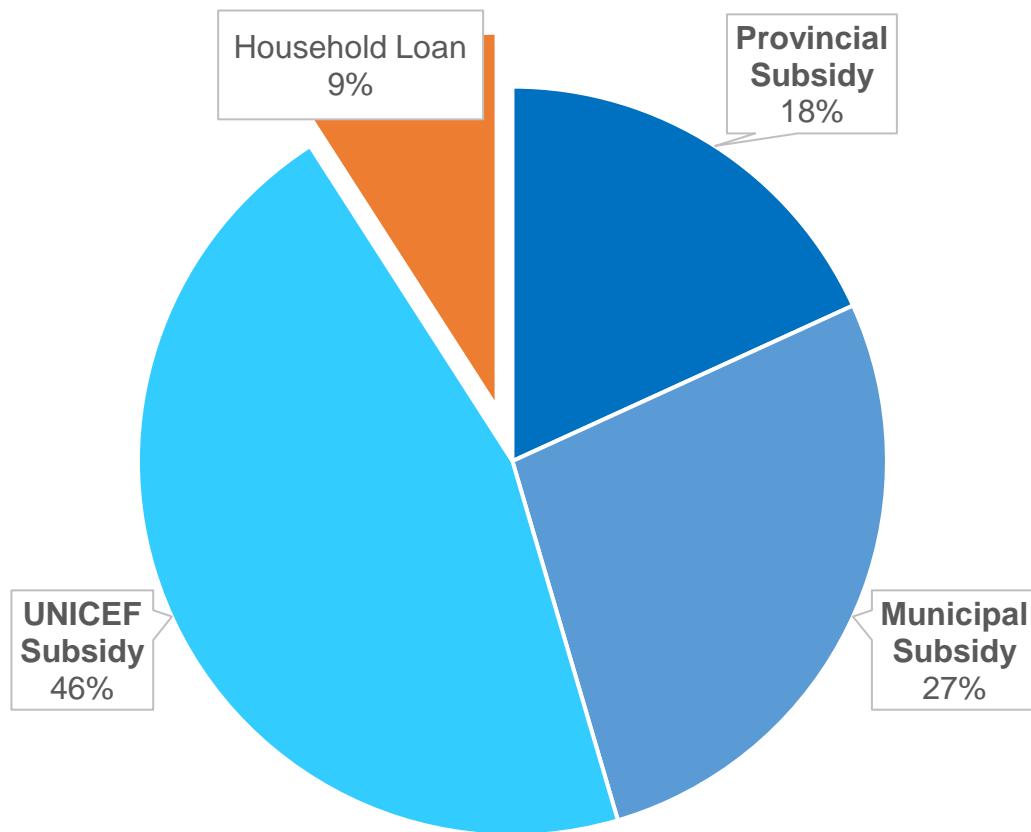
## Flood Exposure

Barangay No. 1 (Pop.)
Barangay No. 5 (Pop.)
Barangay No. 7 (Pop.)
Barangay No. 8 (Pop.)
Cantongton
Catalina
Lulugayan
Macabetas
Malino
San Fernando
Tagbayaon
Victory
<b>Grand Total</b>
<b>% to Total</b>



# REFLECTIONS: FUNDING AND SUPPORT SYSTEMS

150 entrepreneurial poor households  
\$ 1000 cost of a climate resilient toilet



NWTF offers full support in construction from mason hiring to materials purchase

**BASEY Municipality**

Lifebank offers loan restructuring after completion of toilet and subsidy release

**JIABONG**

ASA offers loan interest rebate after full payment of loan

**PARANAS**





# Thank You

**CWAS** CENTER FOR WATER AND SANITATION  
**CRDF** CEPT UNIVERSITY

**BILL & MELINDA GATES** foundation

**FP** FACULTY OF PLANNING

**Global South Academic Conclave on WASH and Climate Linkages**