



USAID
FROM THE AMERICAN PEOPLE



USAID'S WATER, SANITATION AND HYGIENE FINANCE (WASH-FIN), THE PHILIPPINES

Closing financing gaps to achieve universal access to water supply and sanitation services.

The Philippines achieved its Millennium Development Goals (MDG) for water supply and sanitation with 88% of the population accessing safe water supply and 94% basic sanitation services by 2015. The Philippine Development Plan (2017-2022) aims to improve on this and eliminate open defecation by 2022, and achieve universal WASH access by 2030. The current sector Master Plan commissioned by the National Economic Development Authority (NEDA) estimates a total of over one billion Philippine Pesos required to achieve universal access by 2030 which is 22 times the historical annual public investment level. A full 70 percent of this total is needed to achieve the 2022 targets.

Several national and local government institutions are involved in WASH service delivery in a highly fragmented institutional and regulatory framework that lacks an apex body to oversee sector planning, implementation, monitoring and evaluation. Service provision is decentralized through various water service providers (WSPs) namely water districts (WD), local government units (LGU), and community-based private service providers, all of which could benefit from a strong regulatory environment and capacity building. Hence, required investments in the sector are not just for infrastructure facilities but soft components as well, such as, utility reform, capacity building and institutional strengthening.

To meet universal WASH access goals, NEDA developed a new financing policy, dubbed the Unified Financing Framework for Water Supply and Sanitation (UFF). The UFF is anchored on a three-pronged

strategy: 1) strengthening economic regulations; 2) institutional reform; and 3) increasing and rationalizing use of public funds for capacity building and institutional development.

APPROACH

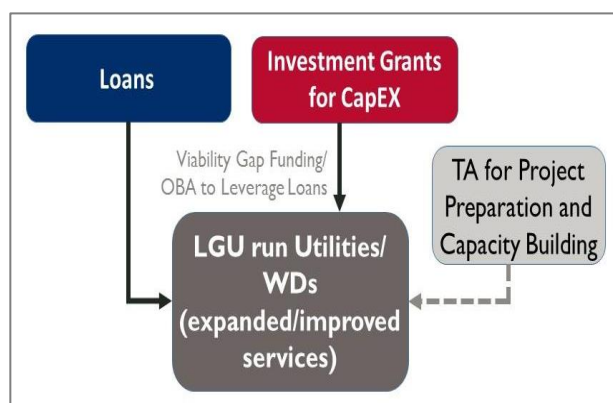
The primary goal of the WASH-FIN Philippines Activity is to assist the government in operationalizing the Unified Financing Framework. The implementation of the UFF will allocate more public resources for sector investments to progressively increase access towards universal coverage. It will rationalize and prioritize allocation of public resources for municipal projects by level of access, poverty incidence and water-borne diseases. Public investments will be used to leverage market-based equity and credit finance. Public funds would also be used to subsidize economically viable but financially unviable projects with viability gap funding, and through performance-based grants to enable equitable access to WASH services for the poorest households. In addition, public resources will be allocated for technical assistance to improve utility governance and efficiency of operations, increase capacity for viable operations, prepare projects, as well as strengthen national and local institutions to effectively enforce resource management, regulations, monitoring and evaluation.

ACTIVITIES

ASSIST WITH UFF OPERATIONALIZATION.

Working closely with NEDA, WASH-FIN will support the requisite steps to implement UFF. These activities include:

- Issuance of an executive fiat mandating the implementation of the UFF;
- Approval of the 2020 UFF investment program and budget allocation for the national government grant assistance; and
- Approval of the interim institutional arrangement and the grant award process and protocols.



WASH-FIN will support through analytical work and review of the interim institutional arrangement, grant program setup and design of capacity support options for providers. WASH-FIN will organize workshops to bring key stakeholders together to help ensure participatory engagement in the lead up to UFF implementation, and provide training around the viability gap funding approach.

SUPPORT TRACKFIN IMPLEMENTATION AND MAINSTREAMING. WASH-FIN will also support the Philippines Joint Monitoring Program (JMP) working group to institutionalize tracking of financial flows in the WASH sector through TrackFin. TrackFin is a World Health Organization tool to monitor WASH expenditure to facilitate improved planning and advocacy for WASH investment. WASH-FIN will look for synergies to capitalize on between TrackFin and the UFF.

PROJECT DETAILS

The one year, US \$1 million WASH-FIN Philippines Activity, is funded by the United States Agency for International Development (USAID) and began in October 2018. Implementation in the Philippines is led by Tetra Tech. For more details, visit <https://www.globalwaters.org/WASH-FIN>.

Contact details: Ella Lazarte mlazarte@usaid.gov or Sam Huston sam.huston@washfin.org