



Output-Based Aid

Session 3c: Financing approaches to reach the poor

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What was the financing approach?

Output-Based Aid

Performance-based financing disbursed after independent verification of a completed latrine that is in use



Why did we decide on this approach?

Our Original Hypothesis...

- This approach would target and reach the poor
- We could successfully demonstrate how to implement OBA for sanitation at scale
- This approach would demand transparency and accountability
- Change agents are the primary implementers who deliver results that can be verified

Who was targeted? How? Why?

Incentives were designed for each actor:

Poor households:

Low-income families who installed a hygienic latrine received an award in the form of a small cash rebate following verification

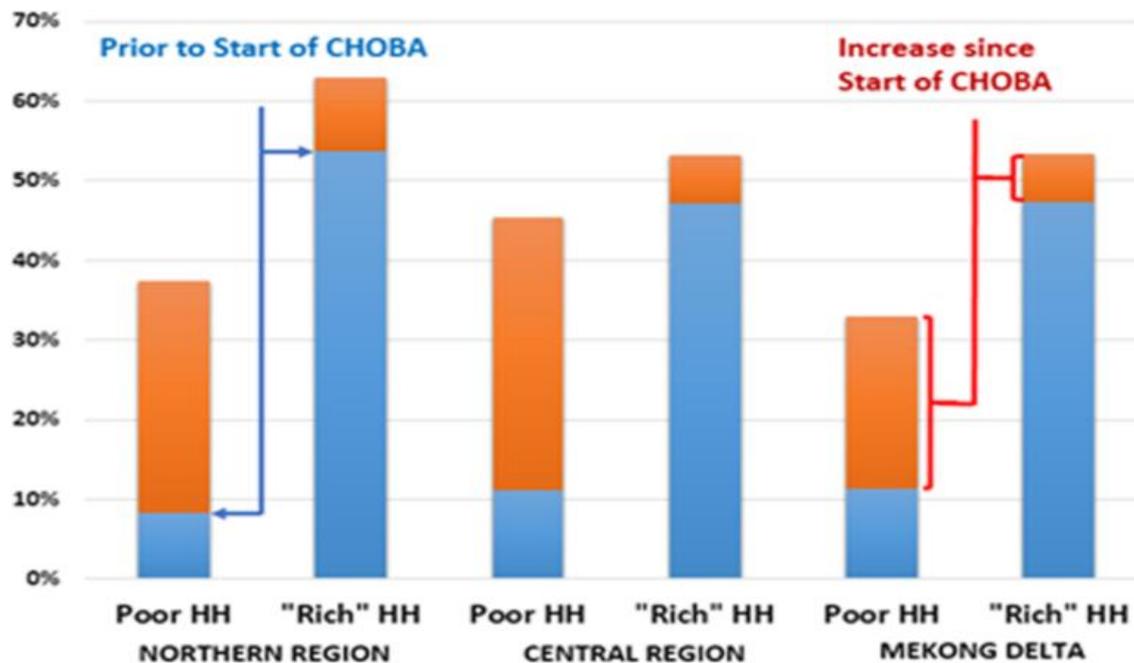
The implementing partners:

A performance-based incentive for each latrine installed and used.

All funds are disbursed only upon verification of the delivery of the output – specifically, the construction and use of a hygienic latrine by a low-income family during the program period.

What worked well?

1. At its peak, the OBA sanitation program was resulting in **5,000-6,000 latrines** constructed by **poor and near poor households per month** in Vietnam and Cambodia
2. Contribution to NTP3 program in Vietnam: 360,000 latrines in total, CHOBA contributed **120,000** to this total (poor only)
3. Uptake rate under WASHOBA is **four times faster** than NTP results - after 30 months implementing WASHOBA 16,000 built while 4,000 in NTP in four provinces



What was challenging in this approach?

- Moving from input-based to output-based approach takes time
- Flexibility based on evidence and lessons learnt
- Government adoption needs phasing-in approach
- Need robust M&E and efficient verification systems
- Institutional factors are important, especially local government ownership