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NEWS RELEASE

**News Release**

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## **Sri Lanka: 77,000 people in poor households to benefit from increased access to sanitation services**

**Colombo, February 2012** – The World Bank, acting as administrator for the Global Partnership on Output-Based Aid (GPOBA), has approved a grant of US\$5.08 million to increase access to domestic sanitation for low-income households. The grant will subsidize the cost of improved access to sanitation services for households located in areas around Colombo, where the National Water Supply & Drainage Board (NWSDB) manages sanitation services. An estimated 13,100 households or 65,500 people are expected to benefit from new connections to networked sewerage; and another 2,300 households or 11,500 people from improvements to existing on-site sanitation systems.

The GPOBA-funded project will pilot the first Output-Based Aid (OBA) approach in Sri Lanka and enable several important innovations:

- Focus on low-income households by using discounted access fees;
- Make demand from households the determining factor for service expansion;
- Use time-bound subsidies to rapidly increase access to networked sewerage services and to improve the operation of existing on-site systems in project-selected areas.

The main innovation of the OBA approach is to link the payment of pre-agreed unit subsidies to the actual delivery of “outputs” -- in this case access to improved sanitation services. OBA is also pro-poor and uses targeting, typically by income or geography, to ensure that subsidy payments help those who need it most. In this case, the targeting is geographic and a number of low-income areas have been identified in Ja-Ela/Ekala, Ratmalana, Moratuwa, Kolonnawa, and Dehiwela/Mount Lavinia.

*“This innovative output-based scheme will help the effort to respond to high household demand for sanitation services in Greater Colombo,”* said **Diarietou Gaye, World Bank Country Director for Sri Lanka**. *“Improving access to sanitation services for low-income households also supports the Government of Sri Lanka’s work to meet its Millennium Development Goals on water and sanitation.”*

Although Sri Lanka has achieved lower middle income status, there is still a need to increase access to improved sanitation services for some. For poor households living on a monthly income of US\$150, the cost of connection to the sewer network (US\$250 to US\$350 per household) remains a barrier to access. Grant funding from GPOBA will bridge the gap between what users can realistically afford to pay and the actual cost of connection:

- GPOBA will pay a subsidy for new connections to the sewer network, ranging from US\$100 to US\$419 per household depending on the type of connection provided; and an average subsidy of US\$313 for households eligible for improvements to existing on-site sanitation services.
- Households will contribute a reduced access fee of US\$30 for new connections; or US\$1 per month for 15 months (through the water bill) for existing on-site the improvements.

Consistent with the OBA approach NWSDB will pre-finance the necessary investments. It will then receive subsidy payments in two phases after access to improved sanitation has been delivered and verified, on a sample basis, by an Independent Verification Agent. For new connections to networked sewerage, the first 50 percent of the unit subsidy will be paid after a household connection is complete; and the remaining 50 percent after a connected household has received six months of continuous service delivery. For work to improve on-site sanitation systems, NWSDB will be paid on a quarterly basis for every household that qualifies for the subsidy that has had improvements made to existing on-site systems.

*“We are enthusiastic about using the output-based approach to meet the needs of a population that cannot afford to pay for access to essential sanitation services and to support the government’s goal to make access to improved sanitation services a priority,”* said **Eng. K.L.L. Premanath, National Water Supply & Drainage Board General Manager.**

Globally, more than two million people die each year because of water-borne and diarrheal diseases. Children under five years of age, particularly those living in extreme poverty, account for the majority of deaths. Improving sanitation can reduce the number of preventable deaths.

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The Global Partnership on Output-Based Aid (GPOBA) is a global partnership program administered by the World Bank. GPOBA was established in 2003, as a multi-donor trust fund, to develop output-based aid (OBA) approaches across a variety of sectors including infrastructure, health, and education.

**Contacts:**

*In Washington:* Jacqueline Sibanda, tel. (+1) 202 458 2974, [jsibanda@worldbank.org](mailto:jsibanda@worldbank.org)

*In Colombo:* Sandya Salgado, tel. (+94) 11 5561 325, [ssalgado@worldbank.org](mailto:ssalgado@worldbank.org)

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