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USAID WATER, SANITATION AND HYGIENE FINANCE (USAID WASH-FIN) SENEGAL

Closing financing gaps to achieve universal access to WASH services through sustainable and creditworthy business models, increased public funding and expanded market finance for infrastructure investment.

Senegal is among the few African countries with a WASH institutional framework that has made considerable progress in expanding WASH services, achieved, in large part, by fully embracing private sector participation. Senegal represents a successful model of water sector reform, particularly in urban areas where one of the few functional public private partnerships (PPP) for WASH exists on the continent. Through this reform effort, responsibility for provision of WASH services has been segmented between urban and rural areas, with distinct service delivery models prevailing in each sub-sector.

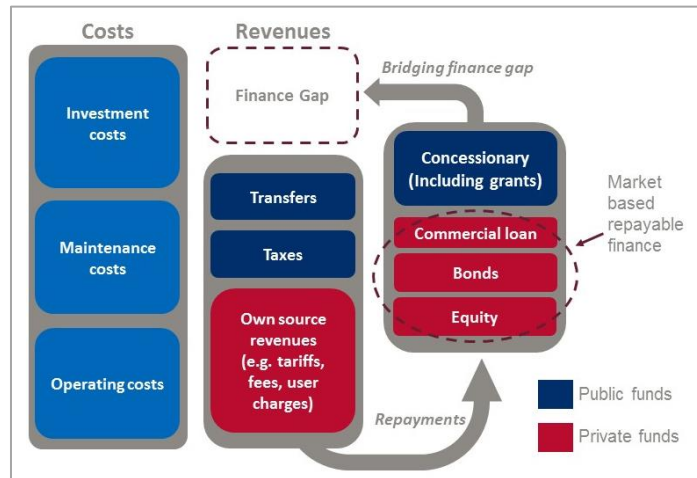
The success of these reforms is shown by the fact that Senegal met its Millennium Development Goal (MDG) for drinking water by 2015. However, the MDG for sanitation was not reached driven partially by the fact that investments in sanitation lagged those in water. Further, over the past decade, there has been a considerable gap between financial need and actual resources; by 2018, it was estimated that the gap was approximately US\$112 million per year. The *Plan Senegal Emergent* Priority Actions Plan 2014-2018 reported an overall government budget funding gap of approximately US\$6.7 billion, with the gap for drinking water and sanitation estimated at approximately US\$427 million.

To close the gap, additional sources – including local commercial finance – must be mobilized. Traditional banks and microfinance institutions have not yet played an active role in the sector at scale and service providers are not prepared to access commercial finance. WASH-FIN Senegal will work in collaboration with government, development partners and local stakeholders to expand sources of capital for sustainable, climate resilient WASH infrastructure investment that contributes to self-reliant local systems.

APPROACH TO CLOSING FINANCING GAPS

WASH-FIN’s approach is based on the premise that citizens should be treated as valued customers and adequately served by WASH service providers operating on sustainable business models that strengthen creditworthiness, within clear regulatory and governance structures. Only then can increased public investment and market finance be effectively leveraged to expand or improve service delivery.

The goal of this three-year activity is to expand access to WASH financing aimed at increasing investment in safe and reliable WASH services. This goal will be achieved through technical assistance and capacity-building support to service providers, national government entities, commercial banks and other private finance institutions in Senegal across the following categories of activities:



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ACTIVITIES

DEFINING SUSTAINABLE WASH FUNDING MECHANISMS. Provision of technical assistance to government of Senegal for establishment of a Blue Fund and knowledge sharing on blended capital instruments through workshops and at least one study tour to another WASH-FIN country.

IMPROVING FINANCIAL MANAGEMENT SYSTEM. Provide capacity building support to ONAS and technical assistance to improve financial and accounting system and financial management.

TRANSACTION ADVISORY SERVICES. Support to two cohort groups of 25 private sanitation service providers (SSP) to improve creditworthiness and identify sources of finance, map the WASH financial landscape, and transaction advisory services to sources of private finance.

PROJECT DETAILS

The 3-year, \$3 million WASH-FIN Senegal activity is funded by the United States Agency for International Development (USAID) and began in August 2017. WASH-FIN implementation is led by Tetra Tech with support from Open Capital Advisors, Segura Consulting and Global Credit Rating. For more details, visit <https://www.globalwaters.org/WASH-FIN>.

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