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ANNUAL REPORT



SUPPORTING THE DELIVERY OF BASIC SERVICES IN DEVELOPING COUNTRIES

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Note on the data: All amounts are in US dollars unless otherwise specified.

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MESSAGE

FROM THE PROGRAM MANAGER

I am pleased to present the Global Partnership on Output-Based Aid (GPOBA) Annual Report for fiscal year 2012. Since 2006, GPOBA has been piloting Output-Based Aid (OBA) mainly in mature sectors and creating the building blocks for the Center of Expertise, while supporting select initiatives to scale up successful OBA pilot projects. During 2012, GPOBA began shifting its focus from mature sectors to less tested ones, especially where there is potential for mainstreaming and strengthening GPOBA's role as a Center of Expertise. GPOBA also launched an independent evaluation of the first three years of implementation of its Vision Statement (2008–2011), which focuses on the progress made by the program toward its objective of becoming a Center of Expertise.

Notable results achieved during the year include the signing of five new grant agreements for US\$29 million, supporting access to energy in Africa, health in East Asia and sanitation in South Asia. The maturing portfolio of 35 OBA subsidy schemes continues to deliver impressive results, with US\$19 million in new disbursements bringing cumulative disbursements to US\$67 million, and providing access to basic services to 3.3 million poor beneficiaries. With respect to developments under the Center of Expertise, GPOBA

continued to support the Asian Development Bank and Australian Agency for International Development in developing OBA projects, and has strengthened its relationship with the Water and Sanitation Program. Additionally, GPOBA worked with the governments of Uganda, Kenya, Nepal and the Philippines on national scale-ups and OBA facility opportunities. Within the World Bank, GPOBA contributed to the design of a new results-based instrument, the Program-for-Results, approved in January 2012, and supported the development of new programs financed under this instrument.

Significant progress was additionally made on the knowledge and learning and dissemination fronts, with training activities reaching over 1,700 participants. To disseminate best practices more widely, GPOBA published four new papers in the *OBAproaches* series, introduced a new series on *Lessons Learned*, and jointly published a new working paper on the use of OBA in water projects with the Water and Sanitation Program. This year, GPOBA produced two impact evaluations on health and water projects in Uganda, carried out baseline surveys on energy projects in South Asia, and developed Implementation Completion Reports for three closed projects that were launched in 2007.

The Uganda reproductive health project received a recognition award from the World Bank's Vice President for Africa and from the International Finance Corporation (IFC) for the *Smartlessons* paper prepared by the project team.

While working on these many fronts, GPOBA also went through some important transitions this year. I was appointed Acting Program Manager of GPOBA in February 2012, following the tenure of Adriana de Aguinaga. We also appointed a new Panel of Experts and, for the first time, GPOBA has a three-member panel. In addition, some key OBA experts moved to pursue other career opportunities inside and outside the WBG.

Looking ahead, GPOBA will continue to provide funding for new OBA pilot projects with potential for

scaling up, as well as seed funding for OBA facilities. These activities will help ensure continuous learning and support our vision of becoming a Center of Expertise. The whole GPOBA team would like to thank Zoubida Allaoua, Director of the World Bank's Finance, Economic, and Urban Development Department, for her incredible support throughout these transitions in fiscal year 2012. Last but not least, we also wish to thank our donors, without whose support and guidance we could not have achieved such positive results.



Carmen Nonay
Program Manager
September 2012



ACRONYMS AND ABBREVIATIONS

AEI	Africa Electrification Initiative	IVA	Independent Verification Agent
AusAID	Australian Agency for International Development	KfW	Kreditanstalt für Wiederaufbau
CAR	Central African Republic	M&E	Monitoring and Evaluation
CoE	Center of Expertise	OBA	Output-based Aid
CoP	Community of Practice	ODPs	Other Development Partners
DFID	Department for International Development (UK)	PforR	World Bank's Program for Results
DGIS	Dutch Directorate-General for International Cooperation	PPIAF	Public Private Infrastructure Advisory Facility
ESMAP	Energy Sector Management Assistance Program	PPP	Public Private Partnership
GPOBA	Global Partnership on Output-based Aid	RBF	Results-Based Financing
ICR	Implementation Completion Report	SHS	Solar Home Systems
ICT	Information and Communication Technology	Sida	Swedish International Development Cooperation Agency
IDA	International Development Association	SNV	Netherlands Development Organization
IFC	International Finance Corporation	WaSSIP	Water and Sanitation Services Improvement Project
		WBG	World Bank Group
		WSP	Water and Sanitation Program





OVERVIEW



BA is a form of results-based financing (RBF) that is designed to enhance access to and delivery of infrastructure and social services through the use of performance-based incentives, rewards, or subsidies. OBA in particular links the payment of aid to the delivery of specific services or “outputs.” These can include, for example, connection of poor households to electricity grids or water supply systems, installation of solar heating systems, or delivery of basic healthcare services. Under an OBA scheme, service delivery is contracted out to a third party, which receives a subsidy to complement or replace the user fees. The service provider is responsible for “pre-financing” the project until output delivery. The subsidy is performance-based, meaning that most of it is paid

only after the services or outputs have been delivered and verified by an independent verification agent. The subsidy is explicitly targeted to the poor, for example by focusing on areas in which poor people live.

Sectors in which OBA approaches are being used include education, energy, health, information and communication technology (ICT), transport, and water and sanitation. The experience to date provides evidence that OBA can make aid more accountable, more effective, and more transparent. Through a diverse portfolio of 35 projects with US\$157 million in subsidy funding and ongoing technical assistance activities, GPOBA is demonstrating that OBA can deliver a diverse range of services and lasting results for the





poor, whether the goal is to deliver clean drinking water in Indonesia and Kenya, energy to poor households in Bangladesh, Nepal or Liberia, or basic healthcare in Yemen and Uganda.

ROLE OF GPOBA

The Global Partnership on Output-Based Aid (GPOBA) is a World Bank-administered program created in 2003 by the UK's Department for International Development (DFID) and the World Bank. GPOBA was originally intended to assist in preparing OBA projects and to document and disseminate lessons learned. Through additional donor contributions, GPOBA began funding

subsidy schemes in 2006 and has since built up a portfolio of OBA pilot projects in different countries and sectors. In addition to DFID, GPOBA's donors now include the Australian Agency for International Development (AusAID), the Dutch Directorate-General for International Cooperation (DGIS), the International Finance Corporation (IFC), and the Swedish International Development Cooperation Agency (Sida).

In 2008, GPOBA adopted a Vision Statement for the next five years which set out two main objectives: that OBA, as an approach, become regularly incorporated in the design of infrastructure and social services projects to support the sustainable delivery of basic services to target populations; and that GPOBA become a recognized Center of Expertise, building on the knowledge and experience acquired through the design and implementation of OBA approaches.

To achieve its vision, GPOBA is working on four fronts:

1. Designing and implementing OBA pilot projects,
2. Building a Center of Expertise,
3. Piloting other results-based approaches, and
4. Communicating with the development community.

This annual report reviews progress towards these goals in fiscal year 2012 (July 1, 2011 to June 30, 2012). Annex 1 presents GPOBA's financial statement for fiscal year 2012, Annex 2 provides a full list of OBA pilot projects in the portfolio, and Annex 3 presents members of the GPOBA team.

SUPPORT FROM DONORS

Since the creation of GPOBA, the Program's donors have provided a total of US\$292 million in funding (contributions and pledges), of which US\$285 million has been received. This includes a one-time pledge of US\$2 million in 2009 from the European Union through its Water Facility for the African, Caribbean and Pacific countries. Contributions received in fiscal year 2012 include US\$11.2 million from DFID and US\$8.3 million from AusAID (see Annex 1).



DESIGNING AND IMPLEMENTING OBA PILOT PROJECTS



POBA's grant funding is an essential catalyst for the design and implementation of OBA approaches. This includes funding for OBA pilot projects (subsidy schemes), technical assistance, and dissemination activities. This section reviews project results in fiscal year 2012, funding activities, and projects under development. It also details GPOBA's work in monitoring and evaluating the performance of its portfolio and developments in building a Center of Expertise.

RESULTS ACHIEVED

GPOBA has been developing OBA subsidy schemes since 2006, with the aim of building a robust sample of pilot projects from which to draw lessons and develop best practices in output-based approaches. These schemes are delivering impressive results as the portfolio matures and grows, and as early pilots begin to close. Highlights of the results achieved this year are:



- As of June 30, 2012, the GPOBA portfolio consisted of 35 grant agreements in the amount of US\$157 million. A total of US\$67.6 million has been disbursed to recipients, representing 43 percent of the total value of grant agreements signed since GPOBA's inception and providing access to 3.3 million poor beneficiaries (Table 1 and Figures 1 and 2).
- Total subsidy disbursements for the year amounted to US\$19.3 million. This is reflective of growing disbursement trends as the project pipeline matures.
- The verified outputs delivered this year include 2,018 electricity connections, 26,418 health vouchers, 7,131 tuition packages, and 36,223 water connections.

- Five new grant agreements were signed during the year: Kenya Electricity Expansion for US\$5.15 million; Liberia Improved Electricity Access for US\$10 million; Philippines Public Health for US\$3.65 million; Sri Lanka Access to Sanitation for US\$5.08 million, and; Uganda Grid-based OBA Facility for US\$5.5 million. These projects are expected to provide services to 1.7 million poor beneficiaries.
- Eight new technical assistance activities totaling US\$1.7 million were launched. Four of these will support results-based financing initiatives in the energy, water, and solid waste sectors; three will support the development of new OBA pilots in Africa and South Asia; and one will disseminate findings from impact evaluations of pilot projects.

FIG 1 GPOBA PORTFOLIO: DISBURSEMENTS FY07 TO FY12 (in US\$)

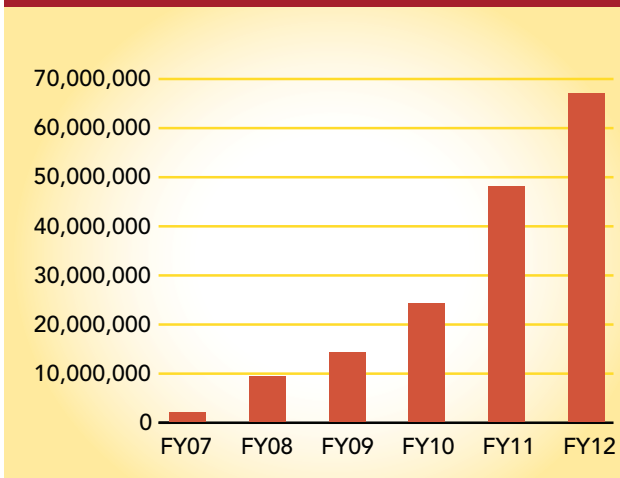
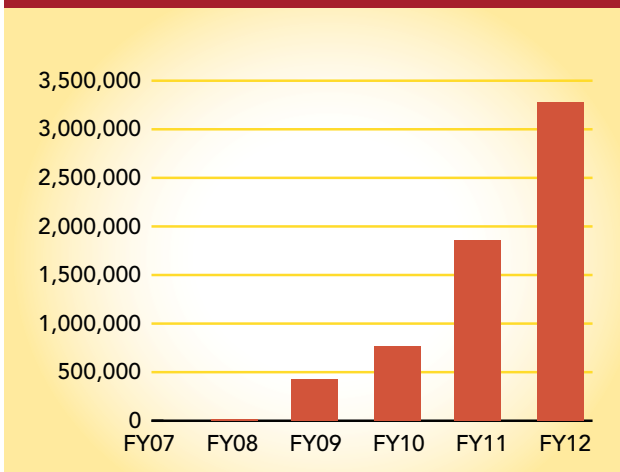


FIG 2 GPOBA PORTFOLIO: BENEFICIARIES REACHED FY07 TO FY12



PORTFOLIO COMPOSITION

This year GPOBA added five new projects to its portfolio, bringing the number of grant agreements signed with clients to 35 for a total amount of US\$157 million. Together, these projects are expected to target 7.1 million poor beneficiaries, providing access to basic services such as energy, water and sanitation, health, education, solid waste management, and telecommunications. Ten projects have been fully implemented and closed and 25 are currently in progress.

GPOBA's portfolio of pilot projects focuses on poorer countries, with 85 percent of funding going to International Development Association (IDA) or IDA-blend countries.² Fourteen of GPOBA's 35 projects are in the Sub-Saharan Africa region, which has received the highest percentage of funding, at 47 percent. Eight projects are located in East Asia and the Pacific, six are in South Asia, three are in the Middle East and North Africa, three are in Latin America and the Caribbean, and one is in Europe and Central Asia. Figure 3 shows the percentage of funding attributed to each region.

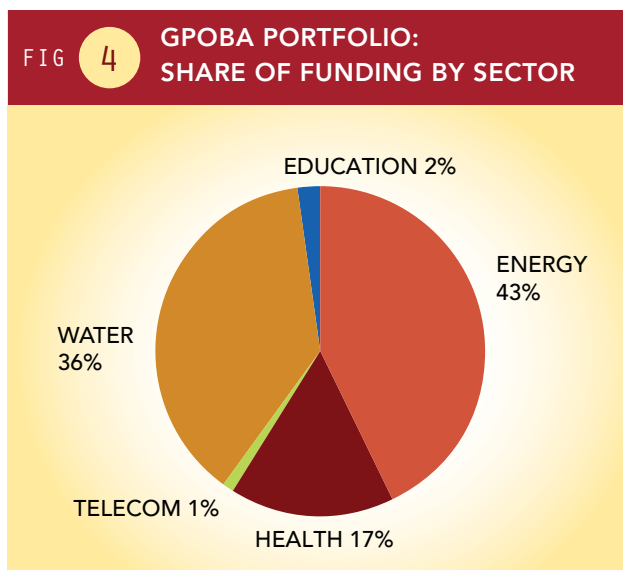
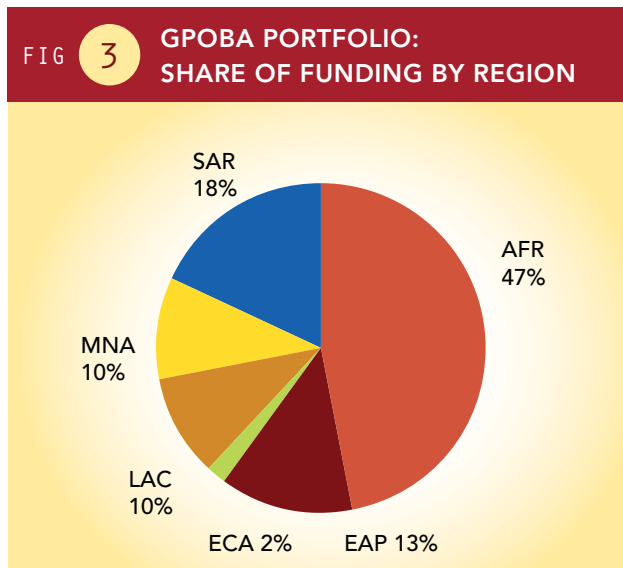
The projects in GPOBA's portfolio fall within one of five sectors. Fifteen projects are in water and sanitation,

¹ IDA is the World Bank's fund for the poorest. Countries that lack the creditworthiness needed to borrow from the International Bank for Reconstruction and Development (IBRD) and those with a Gross National Income per capita below \$1,175 are eligible for IDA support. Countries that are IDA-eligible based on per capita income levels and are also creditworthy for some IBRD borrowings are referred to as "blend" countries.

TABLE 1 DISBURSEMENTS AS OF JUNE 30, 2012 (IN US\$)

Country	Project Name	Grant Amount	Cumulative Disbursements	Disbursement %	Project status
Armenia	Armenia Gas and Heating	\$3,100,000	\$3,087,196	100%	Closed
Colombia	Colombia Access to Natural Gas	\$5,085,000	\$4,880,382	96%	Closed
India	Andhra Pradesh Rural Community Water	\$850,000	\$834,276	98%	Closed
Mongolia	Mongolia Universal Access to Telecommunications	\$259,400	\$257,335	99%	Closed
Morocco	Improved Access to Water and Sanitation Services	\$7,000,000	\$6,999,766	100%	Closed
Nepal	Biogas Support Program	\$5,000,000	\$3,377,960	68%	Closed
Senegal	Access to On-Site Sanitation Services	\$5,764,000	\$5,115,274	89%	Closed
Uganda	Reproductive Health Vouchers in Western Uganda	\$4,300,000	\$4,299,170	100%	Closed
Uganda	Uganda Small Towns Water Supply and Rural Growth Centers	\$3,207,000	\$2,973,434	93%	Closed
Vietnam	Targeted Service Expansion through Water Loss Reduction	\$4,500,000	\$4,430,260	98%	Closed
Bangladesh	Rural Electrification and Renewable Energy Development – Solar Home Systems	\$13,950,000	\$10,133,999	73%	Implementation
Bangladesh	Rural Electrification and Renewable Energy Development – Mini Grids	\$1,100,000	\$23,551	2%	Implementation
Bolivia	Decentralized Electricity for Universal Access	\$5,175,000	\$467,313	9%	Implementation
Cameroon	Water Lease Project	\$5,250,000	\$1,113,189	21%	Implementation
Ethiopia	Ethiopia Electricity Access Rural Expansion	\$8,000,000	\$56,504	1%	Implementation
Ghana	Energy Development and Access	\$4,350,000	\$1,889,553	43%	Implementation
Honduras	National OBA Facility for Water and Sanitation Services	\$4,590,000	\$2,422,777	53%	Implementation
India	Mumbai Improved Electricity Access to Indian Slum Dwellers	\$1,650,000	\$150,000	9%	Implementation
Indonesia	Improved Access to Water Services in Jakarta	\$2,573,140	\$1,743,902	68%	Implementation
Indonesia	Extending Telecommunications in Rural Indonesia	\$1,868,340	\$801,181	43%	Implementation
Indonesia	Expanding Piped Water Supply to Surabaya's Urban Poor	\$2,407,500	\$500,000	21%	Implementation
Kenya	Microfinance for Community Managed Water Projects	\$3,087,630	\$1,955,350	63%	Implementation
Kenya	Kenya Electricity Expansion	\$5,150,000	\$0	0%	Implementation
Lesotho	Lesotho New Hospital PPP	\$6,250,000	\$1,014,532	16%	Implementation
Liberia	Monrovia Improved Electricity Access	\$10,000,000	\$0	0%	Implementation
Mozambique	Water Private Sector Contracts for OBA Expansion	\$5,000,000	\$2,000,565	40%	Implementation
Nigeria	Pre-Paid Health Scheme	\$6,015,160	\$2,666,132	44%	Implementation
Philippines	Improved Access to Water Services in the East Zone of Metro Manila	\$2,850,000	\$1,060,031	37%	Implementation
Philippines	Philippines Reproductive Health	\$3,650,000	\$0	0%	Implementation
Sri Lanka	Increasing Household Access to Domestic Sanitation in Greater Colombo	\$5,080,000	\$0	0%	Implementation
Uganda	Kampala Water Connections for the Poor	\$2,527,100	\$397,540	16%	Implementation
Uganda	Uganda Grid-Based OBA Facility	\$5,500,000	\$0	0%	Implementation
Vietnam	Upper Secondary Education Enhancement	\$3,000,000	\$1,320,099	44%	Implementation
Yemen	Queen of Sheba Safe Motherhood	\$3,912,190	\$1,658,056	42%	Implementation
Yemen	Water for Urban Centers	\$5,000,000	\$0	0%	Implementation
	TOTAL	\$157,001,460	\$67,629,328	43%	

nine projects are in energy, five are in health, two are in ICT, and one is in education (see Figure 4). The projects cover rural, peri-urban, and urban areas, and most provide one-off subsidies in the form of capital grants to buy down the initial cost of access to services. The operational cost of these services is then paid for by the users. Because the emphasis in OBA is on service delivery and not just physical connections, a portion of the subsidy is usually paid after verification of a certain number of months of satisfactory service delivery. GPOBA is also exploring pilot projects in other sectors, such as irrigation, urban transport, and solid waste.



The average grant amount for the GPOBA portfolio is US\$4.49 million. The average subsidy per person is less than US\$25, with wide variations ranging from US\$400 in the Vietnam education project and US\$267 in the Nigeria health project to US\$7 in the Ethiopia rural electrification project, US\$6 in the Uganda Kampala water project, and US\$2.50 in the Indonesia rural telecommunications project (see Annex 2). There are also variations within sectors, as the amount of the subsidy per person depends on the unit cost of the services being subsidized in each specific situation.

GPOBA has an active portfolio of technical assistance activities. As of June 30, 2012, 37 technical assistance grants have been awarded since the Program's inception. These have supported knowledge development and dissemination of OBA approaches, grants to develop OBA pilot projects, and more recently, technical assistance for results-based financing activities.

PORTFOLIO PERFORMANCE

GPOBA exceeded its cumulative disbursement target of US\$65 million for fiscal year 2012. With US\$19.3 million disbursed in 2012, total disbursements reached US\$67.6 million since the inception of the subsidy program in 2006, representing 43 percent of the total value of grant agreements signed and providing access to basic services to 3.3 million poor people. Six projects successfully completed their activities in fiscal year 2012: Morocco Water and Sanitation (see Box 1), Uganda Reproductive Health (see Box 2), Senegal Sanitation, Uganda Small Towns and Rural Growth Centers Water Supply, Nepal Biogas, and Vietnam Rural Water. This brings the total number of closed projects to 10. In total, these projects provided access to over one million people (see Table 2).

RESULTS FROM FULLY IMPLEMENTED PROJECTS

The completion of four water and sanitation projects and the addition of two new energy projects have modified the sector distribution of the active portfolio. For the first time in six years, the energy sector has the largest share of subsidy funding at 43 percent, followed by the water sector at 34 percent. Sub-Saharan Africa continues to have the largest share of funding at 50 percent, followed by South Asia at 19 percent.

BOX

1

UGANDA REPRODUCTIVE HEALTH VOUCHER PROGRAM SAFELY DELIVERS 66,478 BABIES AND PROVIDES TREATMENT FOR SEXUALLY TRANSMITTED INFECTIONS TO 32,000 COUPLES IN UGANDA



A 2006 study found that about 435 women die per 100,000 live births in Uganda because of lack of access to health service facilities and professional health care. Additional key facts about healthcare in Uganda that led to the establishment of the Uganda Reproductive Health Voucher Program are:

- 36 percent of pregnant women give birth at health facilities, with the assistance of skilled medical personnel
- Most women still rely on traditional birth attendants with little or no formal training
- Some expectant mothers have to walk over nine miles to the nearest health facility
- Uganda's decentralized health system has left rural areas poorly resourced

In September 2008, GPOBA launched an OBA voucher scheme in partnership with KfW to bring maternal and other reproductive health services to rural communities in 20 districts of Western Uganda, building upon a KfW pilot initiated in 2006. Marie Stopes International Uganda was contracted as the voucher management agency to supervise overall operational management of the project.

The outputs in this project consisted of a safe delivery package of four prenatal visits, a delivery attended by a trained medical professional, and one post-natal visit, or a screening and treatment of sexually transmitted diseases for couples. Users paid the equivalent of US\$1.30 per voucher for safe delivery package of services costing from US\$24 to US\$78, and \$0.65 per couple for STD related treatment services costing \$11. Service delivery was contracted out to private local clinics that were accredited by Marie Stopes International-Uganda to offer services to patients in exchange for pre-paid vouchers.

Service providers then submitted claims for reimbursement to Marie Stopes International-Uganda, once approved services had been delivered to patients. As in typical OBA schemes,

explicit targeting by income and geography ensured that subsidy payments were made to support poor patients, and independent verification ensured that funds were paid to service providers only after the pre-agreed services or outputs had been delivered. With \$4.3 million in GPOBA funding over four years, the project succeeded in safely delivering 66,478 babies and providing treatment for sexually transmitted infections to 32,000 couples. The safe delivery component is now being scaled up with additional funding of \$9 million from the Government of Uganda and ODPs. The project recently received a recognition award from the World Bank's Vice President for Africa and from the IFC for the *Smartlessons* paper prepared by the project team.

BOX

2

US\$7 MILLION MOROCCO WATER AND SANITATION PROJECT PROVIDES ACCESS TO 12,426 HOUSEHOLDS



In 2007, GPOBA launched a pilot project to connect disadvantaged households in peri-urban and rural neighborhoods of Casablanca, Tangiers and Meknes to municipal water and sewerage networks. Utilities in the first two cities are operated by subsidiaries of financially sound international water companies, while in Meknes the utility is publicly operated by the municipal council. A significant barrier to connection of poor households was the connection fee of US\$577 per household. Additionally, there was little incentive for the utilities to connect these consumers, as the cost of laying out infrastructure to reach the target group ranged from \$800 per connection in rural Meknes to \$3,044 per connection in Tangiers.

The OBA project reduced the connection fee by partially subsidizing the cost of household connections made by the private operators and the public utility. The subsidy ranged from 28% of connection costs in Casablanca to 74% of connection costs in rural Meknes. The operators pre-financed the costs of installing the connections, and the subsidies were paid on independent verification that the connections had been made and were active. The project benefited from significant user contributions. Over four years, the project disbursed \$7 million in subsidies providing access to water and sewerage services to 12,426 poor households reaching 62,130 users, exceeding the original target by ten percent. A noteworthy aspect of the project is that the provision of water and sewerage services supported economic development in the targeted areas of both Meknes and Tangiers, as the areas served by the project were subsequently transformed into bustling neighborhoods.

TABLE

2

OUTPUTS DELIVERED AND VERIFIED AS OF JUNE 30, 2012

Country	Project name	Output description	Number of verified outputs	Number of beneficiaries
Armenia	Armenia Gas and Heating	Households with access to heating either through an individual connection or local boiler system	5,847	23,739
Colombia	Colombia Access to Natural Gas	Households with gas connections	34,138	204,828
India	Andhra Pradesh Rural Community Water	Ultraviolet water purification systems providing public access to clean water	25	77,878
Mongolia	Mongolia Universal Access to Telecommunications	1) Public access telephone network for herder communities 2) Wireless network for Tariat soum center	1 public access telephone network and 2 wireless networks	22,315
Morocco	Improved Access to Water and Sanitation Services	Households with water and sanitation connections	12,426	62,130
Nepal	Biogas Support Program	Biogas plants for rural households	26,363	184,541
Senegal	Access to On-Site Sanitation Services	Households benefiting from increased access to new sanitation facilities	11,495	103,455
Uganda	Uganda Small Towns Water Supply and Rural Growth Centers	Water Yard Taps	1,426	45,114
Uganda	Reproductive Health Vouchers in Western Uganda	Safe deliveries and treatments of sexually transmitted diseases	97,248	162,838
Vietnam	Targeted Service Expansion through Water Loss Reduction	Households with piped water connections	35,344	176,720
TOTAL BENEFICIARIES				1,063,558

MONITORING AND EVALUATION

Monitoring and evaluation (M&E) of OBA projects is an important part of GPOBA's efforts to document and gather evidence on the effectiveness of OBA and to capture the differences in performance between OBA approaches and other subsidy design choices. This year, GPOBA produced two impact evaluations on the Uganda Reproductive Health and Kampala Water projects and carried out two baseline surveys on energy projects in Mumbai and Bangladesh. GPOBA also developed Implementation Completion Reports for three closed projects that were launched in 2007, namely Morocco Urban Water and Sanitation, Nepal Biogas Support Program, and Senegal On-site Sanitation. Findings from these projects were shared with the World Bank and other partners. Key lessons are discussed below.

Implementation progress from GPOBA pilot projects is tracked and updated into the OBA database "OBADATA." In 2012, GPOBA finalized the design of "OBADATA," including the internal and external portals. The website provides details about GPOBA and World Bank-funded OBA projects, including project-by-project information on parameters such as funding, beneficiaries, outputs and disbursements. Since its launch in 2010, the database has been used by over 2,500 people, a noteworthy figure considering the niche target audience for the information.

LESSONS LEARNED

IMPLEMENTATION COMPLETION REPORTS

In 2012, GPOBA, in collaboration with the World Bank country units, published Implementation Completion Reports (ICRs) on two completed projects: Morocco Water and Sanitation and Senegal On-site Sanitation. Both projects were rated "satisfactory" by the World Bank sector and country management. The assessments suggested that, given the piloting nature of GPOBA projects, initial implementation difficulties were to be anticipated but the primary contribution of the pilots to generating important lessons learned on leveraging OBA in their specific country and sector contexts was fully achieved.

The ICR for the Morocco Water and Sanitation project—the first OBA operation in the Middle East

and North Africa region—recorded a number of lessons from the implementation of pilots in three Moroccan cities that can offer an ideal framework for future OBA operations in the sector. Importantly, the project relied on strong institutions (public and private) to implement works and the successful implementation of projects in informal settings was strengthened by utilities with a proven track record of executing similar operations. The experience in Meknes revealed that the public sector can also bear performance risk and that a public utility can successfully adopt the OBA methodology to ensure the provision of basic services to neglected populations. Furthermore, the program anticipated demand-side issues and reduced the number of non-participating households by commissioning surveys to understand the factors preventing households from participating in the programs early on. The pilot also allocated adequate resources for awareness-raising campaigns and engagement with civil society and stakeholders. These efforts assured a sustained awareness of the availability of subsidized water and sanitation connections in the target settlements.

The ICR for the Senegal Sanitation project recorded important lessons for GPOBA's first successfully completed sanitation project. The ICR suggested the following lessons learned that allowed the project to respond quickly to implementation issues: Project intervention areas should be flexible and based on demand, as expressed by target populations; 67 percent of the facilities ultimately built were located in areas not originally included in the project intervention area; the technology choice should not be too firmly determined at the outset, as one-quarter of the facilities ultimately built leveraged technology options not originally proposed; for a project designed to promote demand and behavior change, there was a sustained need for hygiene-related communication and awareness-raising campaigns; and, the project budget for soft inputs, such as surveys and supervision missions, increased by about six percent at project completion, signaling that OBA sanitation projects should not underestimate funds earmarked for soft inputs.

IMPACT EVALUATIONS

In 2012, the first impact evaluations launched by GPOBA began producing results, and lessons were gathered from the initial empirical evidence collected. The first study, "Assessing the Demand for Improved

Electricity in Urban Slums in Mumbai,” presented a baseline analysis of the project Mumbai Improved Electricity Access for Indian Slum Dwellers, funded through a Grant Agreement signed in 2009. It analyzed the effects of the OBA element in the design with respect to promoting the efficient use of public funding and delivering improved and affordable electricity supply to low-income consumers in an urban slum.

The second study, “OBA Water Connections for the Poor in Kampala, Uganda,” undertaken during the period 2008–2011, illustrated the challenges of estimating the nature and magnitude of the effects of an innovative water provision scheme, especially in the context of urban slums, when an array of expected and unexpected shocks occur. Drawing on this pioneer case study, some questions and recommendations are offered to inform future evaluations of OBA pilots and the strategic goals of GPOBA’s future evaluation activities.

DEVELOPING NEW PILOT PROJECTS

While GPOBA has a robust portfolio of pilot projects, there is still a need to develop new schemes that can contribute to best practices and lessons learned. GPOBA pursues a balanced approach to developing new projects, which includes carrying out pilots in mature sectors and testing OBA standards in new sectors, such as sanitation, irrigation and solid waste management. It also tests the use of OBA approaches in difficult operating environments, such as frontier markets and fragile states. All new proposals have to be vetted by an independent Panel of Experts at two stages:

1. **Eligibility:** an initial assessment to ensure that the project meets GPOBA’s eligibility criteria, which include the country and sector, project sustainability, and the number of poor people expected to receive services, among other considerations.³
2. **Commitment:** a review of the project to determine that it is ready for implementation and that, in its final form, it meets the eligibility criteria. Since GPOBA is administered by the World Bank, projects going to commitment undergo fiduciary reviews covering financial management and procurement, along with assessments of environmental impact and social issues, in accordance with World Bank policy.

During the year, the Panel of Experts endorsed five new projects for eligibility. These are: OBA for municipal solid waste management services in Nepal; improving access to networked sewerage in Nairobi’s low-income communities, Kenya; OBA for sanitation and water supply for flood-prone areas in Bangui, Central African Republic; energy access project for off-grid areas of Democratic Republic of Congo through the use of solar lamps; and, Benin health PPP. Five grant agreements totaling US\$29.4 million were signed with clients, the highlights of which are presented below.

Grid-based OBA Fund to provide electricity to 100,000 rural homes in Uganda: A Grant Agreement was signed with the Government of Uganda for US\$5.5 million to establish an OBA Fund that will provide more than half a million people in rural Uganda with access to grid-based electricity services. The project will be managed by the Rural Electrification Agency and implemented over a 4.5-year period, initially by six service providers under private sector and cooperative management and licensed by the Electricity Regulatory Authority. The OBA fund has additional grant funding of US\$4 million from the Government and US\$7 million from Kreditanstalt für Wiederaufbau (KfW).

Philippines health services targets 700,000 low-income families: A Grant Agreement was signed with Population Services Pilipinas Incorporated for US\$3.6 million to increase access to affordable reproductive health services for low-income families living in the provinces of Leyte, Southern Leyte, Samar, Northern Samar and Eastern Samar in the Eastern Visayas region. The project will be implemented over a four-year period, supported by Marie Stopes International Australia, established providers of maternal and reproductive and child health care in the Philippines since 1990. About 145,000 poor families are expected to benefit through subsidized access to services, including birth delivery and pre- and post-natal care.

OBA grant to provide electricity to 260,000 people in Kenya’s urban slums: A Grant Agreement was signed with the Kenya Power & Lighting Company for US\$5.15 million to increase access to electricity services among low-income households in Kenya’s slum communities.

² A full list of the eligibility criteria can be found in GPOBA’s Operating Principles, available at <http://www.gpoba.org/gpoba/governance>.

The International Development Association (IDA) is providing US\$10 million in OBA grant co-financing to the project, which will provide electricity access to more than 65,000 poor households (260,000 beneficiaries) over a three-year period. The project design is intended to reduce theft and tampering and enable poor customers to control their expenses through a number of innovations, such as split pre-paid meters and by using a medium voltage line as the main feeder line across the communities, with small transformers on each pole to step down the voltage to distribution levels for a small number of households.

Colombo sewerage and on-site sanitation project targets 77,000 poor consumers: A Grant Agreement was signed with the Democratic Socialist Republic of Sri Lanka for US\$5.08 million to improve access to sanitation services in low-income households in Greater Colombo. The project will be implemented over a four-year period by the National Water Supply & Drainage Board. It will offer a range of technical solutions covering connections to networked sewers and decentralized treatment facilities, and to on-site services for over 15,000 eligible households. The on-site component is highly innovative, combining the building of new facilities or rehabilitation of existing on-site sanitation system with regular desludging services by a licensed gully bowser company under a performance-based contract.

OBA project to boost electricity access rates in Monrovia: A Grant Agreement was signed with the Liberia Electricity Corporation for US\$10 million to improve electricity access in Monrovia. The grant will partly cover the capital investment required for connecting 16,806 poor households in 21 priority low-income neighborhoods. As a result, the electricity access rate in Monrovia will increase from the current 0.6 percent to 8 percent. The project will be critical in facilitating social integration in the country and in supporting the Government's efforts in the areas of post-conflict reconciliation and reconstruction. It will additionally help ensure broad-based and inclusive access to electricity and significantly improved living conditions among the poor.

New technical assistance and knowledge dissemination activities: GPOBA approved the attribution of US\$1.7 million toward technical assistance

and knowledge-dissemination activities in fiscal year 2012. This funding has targeted three priorities: US\$650,000 will support OBA pilot project design for water and sanitation projects in Kenya and Central African Republic; US\$985,000 is devoted to the design of RBF components for World Bank operations and activities in energy and clean cooking in Africa, urban solid waste management, urban transport in Colombia, and water sub-sectors and climate change investment projects and programs; and US\$106,000 will facilitate the development of various analytical papers, case studies, and impact evaluation activities aimed at disseminating the evidence and lessons learned from impact evaluations of various pilot projects under implementation (see Table 3).

DEVELOPMENT OF OBA FACILITIES

Building on earlier discussions, GPOBA is actively engaged with governments in Nepal and the Philippines that have expressed interest in mainstreaming OBA within their systems. The provision of seed funding for OBA facilities to help leverage government and donor funds remains an important part of the mainstreaming agenda.

Nepal: The Government has indicated its willingness to use the experience gained through the GPOBA-funded biogas pilot to launch a national fund for all renewable energy programs in the country, including biogas, mini-hydroelectric generation and solar power. The World Bank country team submitted a request to GPOBA for technical assistance to support this initiative. This fund would be supported by the Government and several aid agencies.

Philippines: GPOBA remains committed to supporting the Government, including through technical assistance, in its efforts to finalize the operational procedures for the proposed multi-sector national OBA facility. This effort was being led by the Department of Public Works and Highways that is responsible for the water and sanitation sector. However, as the priorities in this sector have been realigned, bringing to the forefront the clean-up of Manila Bay and associated larger drainage and sewage treatment infrastructure projects, GPOBA is now looking to work with the Department of Energy to establish an OBA facility.

TABLE 3 NEW TECHNICAL ASSISTANCE ACTIVITIES LAUNCHED IN FISCAL YEAR 2012

Country/ Region	Activity Name	Description	Grant Amount US\$
Results Based Financing Activities			
Africa	Africa Electrification Initiative (AEI)	Support for OBA/RBF aspects of the Africa Electrification Initiative, which aims to develop and disseminate knowledge on electrification in Sub-Saharan Africa. AEI will create and sustain i) a living body of practical, readily usable knowledge, and ii) a network of practitioners in the areas of design and implementation of rural, peri-urban and urban on-grid and off-grid electrification and lighting programs.	\$200,000
Africa	Clean cooking initiative for Africa	Support for the introduction of OBA/RBF approaches to promote enterprise based large scale dissemination and adoption of clean cooking solutions in Sub-Saharan Africa. The facility is jointly funded by ESMAP, PPIAF, and GPOBA, and will finance i) the initial stock-taking, market research and other upstream activities that would lead to the development of a viable large-scale clean cooking program, and ii) the design of the program in 3-4 pilot countries.	\$200,000
Africa	Lighting Africa market development and quality assurance	Support the introduction of OBA/RBF approaches in the Lighting Africa Program to increase access to modern energy services by the poor in Sub-Saharan Africa. The activity aims to i) design a Lighting Africa region-wide scale-up strategy, building on the successful Kenya and Ghana pilots, and ii) assist eight Governments in integrating off-grid lighting into their national energy access expansion programs.	\$250,000
Global	Improving municipal solid waste management through OBA and RBF	Technical assistance to improve municipal solid waste management in middle-income cities through the use of RBF/OBA approaches. Activities include i) development of a diagnostic framework for RBF/OBA approaches in the sector, ii) design of templates for RBF/OBA projects, and iii) selection of 5-6 pilot cities that will participate in this program and customized project design for each city.	\$335,000
Subtotal			\$985,000
Technical Assistance that Support GPOBA-funded Projects			
Kenya	Improving access to the sewerage and water supply network in Nairobi's low-income communities	Technical assistance to prepare the OBA pilot project which is linked to other World Bank operations, notably the Water and Sanitation Services Improvement Project (WaSSIP). Activities include demand and pricing study for connections to the water and sewerage network, project design including output verification, and cost estimates for project implementation and community mobilization	\$250,000
Central African Republic (CAR)	Water and sanitation for flood prone areas in Bangui	Technical assistance to the Government of CAR on the feasibility and design aspects of the proposed OBA project. Activities include project design, economic analysis, and a baseline survey, including access to hardware and an analysis of the behavioral aspects of sanitation.	\$200,000
Nepal	OBA for municipal solid waste management services in Nepal	Technical assistance to the Ministry of Local Development and 4-6 municipalities to design, prepare and implement the proposed OBA project. Activities include identifying and confirming participation of municipalities, development of procurement and financial arrangements, monitoring and verification procedures and regulatory arrangements necessary for facilitating the OBA pilot.	\$200,000
Subtotal			\$650,000
OBA Knowledge Products			
Global	Dissemination of results from GPOBA's Impact evaluation portfolio	This activity will complement the existing work on impact evaluations with a systematic effort to analyze and widely disseminate the evidence and lessons learned from these in-depth studies on various pilot projects under implementation.	\$106,000
Subtotal			\$106,000
Total GPOBA Technical Assistance Funding for fiscal year 2012			\$1,741,000



BUILDING A CENTER OF EXPERTISE

S

ince 2008, GPOBA has been putting in place the building blocks for becoming a Center of Expertise (CoE) on OBA. The aim is to provide a range of advisory and knowledge and learning services to support the adoption of OBA approaches by the World Bank Group (WBG), governments, and Other Development Partners (ODPs), as well as to provide training opportunities and facilitate sharing of best practices. In 2012, GPOBA continued implementing the building blocks of a Center of Expertise by focusing on three business lines:

mainstreaming OBA, implementing a knowledge and learning program, and knowledge management (see Table 4).

MAINSTREAMING OBA

During 2012, GPOBA continued to target three priority audiences through this activity, namely ODPs, governments and the WBG. Highlights of each of these are presented below.



TABLE 4 COE BUSINESS LINES

1. Mainstreaming OBA
a. Other Development Partners
b. Governments
c. World Bank Group
2. Knowledge & Learning Program
a. Awareness Building
b. Broad Learning
c. Reinforced Learning
d. In-depth Learning
3. Knowledge Management
a. Knowledge Products
b. Knowledge Tools
c. Community of Practice (internal and external)

WORKING WITH ODPS

GPOBA is working with a number of ODPs that have shown a commitment to mainstreaming OBA by allocating tranches of development funding according to OBA principles. Each ODP has been assigned a member of the OBA Experts' Team as a relationship manager and advisor. Discussions were held with the Asian Development Bank on bilateral financing for OBA energy projects in Vietnam, Laos and Cambodia, with AusAID on seed funding to launch OBA facilities in Nepal and the Philippines, and with Sida on funding to scale up OBA pilots in Kenya and Uganda.

GPOBA worked with DFID's Aid Effectiveness Department on the potential to support DFID country offices in the design and implementation of output- or results-based programs in its priority countries, and with KfW on reproductive health and rural energy projects in Uganda. GPOBA also advanced discussions with the United States' Millennium Challenge Corporation (MCC) to take on a technical advisory role in supporting MCC to introduce OBA components into its poverty reduction and economic growth programs. Additionally, UNICEF requested GPOBA support to develop an OBA water and sanitation pilot in Bangladesh. GPOBA also carried out training activities targeting ODPs and participated in workshops and conferences where the OBA agenda was tabled.

WORKING WITH GOVERNMENTS TO SCALE UP OBA PROJECTS

GPOBA continued to support a limited number of governments to develop sectorwide OBA and RBF mechanisms. This includes countries where the interest is not only in expanding services but also in improving operational efficiency. In addition to the work carried out on developing OBA facilities in Nepal and the Philippines, GPOBA worked with governments in Kenya and Uganda to scale up OBA pilots.

- Kenya:** GPOBA, in collaboration with the World Bank's Water and Sanitation Program (WSP), continued its support for government efforts to set up an OBA fund for urban water utilities. The proposed project builds on the successful OBA pilot for community water projects implemented in collaboration with K-Rep Bank, a local microfinance bank. The technical assistance assignment to design the institutional and operational aspects of the fund was completed, and work is underway to secure funding for and to finalize the design of the fund. The fund will support utility access to debt finance for new infrastructure and rehabilitation works to improve access to water supply and sanitation services, with OBA subsidies bringing down the connection cost for poor households.
- Uganda:** GPOBA is working on scaling up the OBA voucher scheme that was successfully implemented in partnership with KfW. The scale-up will expand the Reproductive Health Voucher Program piloted in Western Uganda by providing safe delivery services to poor patients and rural communities in other districts of Uganda, and build national capacity to mainstream voucher management functions. The project will be implemented by the Ministry of Health and will be co-funded by the Government of Uganda and development partners. The scaled-up scheme is consistent with OBA principles of accountability and risk transfer; the service providers will pre-finance the provision of agreed services and will be reimbursed after verification of the delivery of services to clients by the Voucher Management Agency, which will be administered by the Ministry.

WORKING WITH THE WORLD BANK GROUP

GPOBA continued to work with various departments of the World Bank Group to integrate the use of OBA

and RBF into infrastructure and social development projects. The main results include:

- **Contributions to the World Bank's Program for Results:** The approval, in January 2012, of the World Bank's Program for Results (PforR) lending instrument provided an important platform to expand the use of OBA approaches and practices. The World Bank has identified 13 pilot operations for the first year after PforR approval in the health, education, social development, local government, water, public sector management, transportation and rural development sectors. GPOBA has provided support to project teams for the following operations: Vietnam Rural Water Supply and Sanitation, Indonesia Local Government and Decentralization II, Nepal Results-based Bridges Improvement and Maintenance, Morocco National Initiative for Human Development, and Tanzania Urban Local Government Strengthening Program. GPOBA has funded pilots in these countries and sectors, and project teams used OBA design elements from these pilots as points of reference.
- **Further increasing the visibility of OBA in country and sector assistance strategies:** GPOBA continued to work with country teams to program OBA projects within country assistance strategies. In 2012, a rolling list of ten countries was selected based on directions considered strategic for GPOBA and the World Bank's Finance Economics and Urban Department, of which GPOBA is a part, and country management units. The team also provided advisory services and technical assistance support to thematic teams to identify RBF approaches in water and climate change, public transportation, and neighborhood upgrading and home improvement projects in Sub-Saharan Africa. GPOBA also worked with the International Finance Corporation (IFC) to develop OBA projects in the health sector.

KNOWLEDGE AND LEARNING PROGRAM

The knowledge and learning program continued to implement its awareness-building and learning activities as part of a consolidated CoE. A growing number of development practitioners have learned about OBA under the broad learning and reinforced learning pillars of the knowledge and learning program through various online and face-to-face-training

activities. In fiscal year 2012, GPOBA delivered 14 new training activities reaching over 1,700 people from the WBG, ODPs and government representatives, including Public Private Partnership (PPP) units, local donor agencies and service providers.

GPOBA hosted three dedicated client training sessions in Ethiopia, Uganda and Zambia targeting development partners, World Bank staff and representatives of local organizations working on OBA/RBF projects. Another two external trainings were held in Stockholm and Washington for development partners. A workshop held in Uganda in March 2012 brought together stakeholders of the GPOBA-funded Reproductive Health Voucher Program in order to review the fundamentals of the OBA approach as applied in the project. The proposed scale-up of the scheme taking into account lessons learned was discussed in detail with participants from the Ministry of Health, the World Bank, Marie Stopes International Uganda, DFID, IFC, the World Health Organization, the United Nations Population Fund, the U.S. Centers for Disease Control and Prevention, and local healthcare providers.

The role of OBA in financing energy investments was highlighted as part of the World Bank's annual Energy forum, and at the Annual Energy Workshop organized by the Africa Electrification/Lighting Africa initiative in Dakar in November 2011. GPOBA also chaired a session on OBA and PPPs during the PPP Days Conference in Geneva in February 2012, and shared lessons and experiences on OBA with German parliamentarians at an International Expert Workshop to prepare for the Busan high-level forum on aid effectiveness devoted to "Achieving Sustainable Development Results" held in Berlin in September 2011.

KNOWLEDGE MANAGEMENT

The knowledge management function continued to further consolidate the work carried out in previous years and extract lessons learned in OBA project design and implementation. GPOBA published four new papers in its *OBA Approaches* series. Two of these are project-related and discuss the experience with rural water in Vietnam and solar home systems for rural households in Bangladesh. Two thematic papers discuss experiences with independent verification in RBF (see Box 3) and using OBA in urban projects (see Box 4). A Working Paper on financing small piped water systems in rural and peri-urban Kenya was

BOX

3

INDEPENDENT VERIFICATION IN RESULTS-BASED FINANCING



Results-based financing (RBF) proposes radical changes in development financing paradigms, shifting the focus of development work from inputs to outputs or results. In OBA schemes, typically, service delivery is delegated or contracted out by a funding entity—a government or an international development agency—to a service provider. Subsidy payment depends on the achievement of pre-agreed and independently verified results, and verification is conducted by an independent verification agent (IVA). Its function is to ensure that only verified outputs are reimbursed, through a)

agreed standards of service have been achieved, and b) validating the service provider's reimbursement request and recommending the funding entity to honor payment. Figure 5 illustrates the typical verification cycle in OBA operations.

Several lessons have been learned from the experience with independent verification on OBA pilots. When preparing the methodology for carrying out verification assignments, specifying results/outputs, indicators, reporting frequency, and verification system reduces the likelihood of conflicts between service providers and verification agents. Critically, the outputs or results should be achievable, under the control of the service provider, and directly linked to the rewards or incentives. Indicators must be specific, measurable, and verifiable, and attribution and regular measurement should be easy. Since seeking 100 percent verification of each agreed output or result is not feasible, statistical sampling is often considered most economical and effective, with precision (how closely the sample represents the universe) and reliability (confidence level) taking into account factors such as available resources, and credibility of implementing agencies. In GPOBA projects, the average contract value of the IVA averages 2 to 5 percent of the total project funding. Rural projects tend to be more expensive to verify because the outputs are usually more dispersed.

Verification of results can be carried out and by various parties, including government agencies, semi-autonomous entities, statistical or audit entities, and third-party entities such as firms, nongovernmental organizations, and civil society representatives. In determining which of these options is most suitable, the objective is to reduce the inherent risk of capture, primarily by the service provider, who is the main interested party; and protecting the funding entity against the potential manipulation of results. Conflict of interest issues need to be assessed when a government entity is responsible for both overseeing service providers and output verification. The most common institutional solution adopted by GPOBA and, in some cases, the World Bank, has been the use of external firms or consultants, as these can bring capacity and credibility when the independence of government agencies is questionable. However, given the long run objective of working with country systems, it is critical when choosing a government agency to perform verification functions, that they be undertaken by an independent and capable regulatory or audit agency.

Verification is also directly impacted by the reporting capacity and internal control systems of service providers and /or implementing agencies. It may be necessary to strengthen the accountability and transparency of billing systems, financial accounting, and data collection systems in service providers and/or implementing agencies (such as local governments), to demonstrate that services have actually been delivered. Generally, RBF tends to increase the accuracy of reporting of results, and in particular the completeness of reporting. The challenge is to put in place effective mechanisms to promptly trigger payments for results.

BOX

4

USING OUTPUT-BASED AID IN URBAN PROJECTS



With rapid migration from rural to urban areas, many governments have not been able to keep up with the demand for urban infrastructure and social services such as electricity, water and sanitation, transport, solid waste management, education, and health care. The people most affected by the lack of access to basic services in urban areas are the poor. A core component of an OBA scheme design is explicit targeting of low-income households by paying a subsidy to bridge the gap between the actual cost of access and what users are willing and able to pay. Geographic targeting can be effective in cities where poor households tend to be concentrated in slums and informal communities. Where communities are more diverse economically, some OBA schemes use alternative targeting strategies, such as subsidizing only those services that the non-poor are less likely to use.

In OBA schemes, payment on delivery of specific outputs shifts performance risk to the service provider. Service providers can be public, private or nongovernmental organizations (NGOs). Since service providers are not paid the subsidy in full until they deliver outputs, they must have access to sufficient finance for the initial investments. The financing of this initial investment is a significant risk for service providers, and is one of the biggest constraints to developing output- or results-based projects.

Service provision in informal or slum settings presents some unique challenges. Service providers often lack legal or regulatory authority to serve these informal areas, and fear low uptake of services or view these as high risk investments. For example, a slum electrification OBA project in Kenya tackled the issue of illegal connections by introducing design innovations to improve sustainability and decrease the threat of theft and tampering. These include: switching to concrete poles, which cannot be climbed as easily; using a medium voltage line that is difficult to access illegally as the main feeder line across the communities, and using small transformers on each pole to step down the voltage to distribution levels for a small number of households; using split pre-paid meters so most of the equipment is on the pole instead of in the household; and limiting the need for house wiring through the use of ready-boards.

Although OBA is not the solution for all urban service problems, it is a tool that decision-makers can consider to help increase the access of urban poor households to basic services, in particular where the cost of service access is unaffordable, and where service access needs to be built into urban project design. To succeed, however, project design should be tailored to the specific characteristics of urban households and their physical and social environment. Land tenure issues must be addressed early on in the design stage. Active outreach and engagement with community-based organizations, and political and community leaders, has also proved key for successful project design and implementation. OBA approaches and mechanisms can bring multiple stakeholders together, and potentially play an important role in shaping the policy framework for urban development in terms of service provision and service access for the urban poor.

developed in collaboration with WSP to document the implementation experience with the GPOBA-funded Microfinance for Community-managed Water Project.

In 2012, GPOBA introduced a new series on *Lessons Learned*, which captures valuable lessons from implemented projects. Two papers were published in this series on the Uganda Reproductive Health Voucher Scheme and Improved Community Water in Andhra Pradesh. GPOBA also published four editions of its *OBA Connections* e-newsletter and continued to cross-promote its content on partner websites, including IFC Advisory Services, the Public Private Infrastructure Advisory Facility (PPIAF), and WSP, and the World Bank's sustainable development and water portals. Electronic versions of the publications and newsletters are available on GPOBA's website.

The OBA Community of Practice (CoP) sponsored by GPOBA continued to provide opportunities for practitioners to share best practices in OBA through peer-learning, knowledge-sharing, and informal networking. CoP members were invited to several events organized or co-organized by GPOBA, such as the OBA session at the 2012 Water Week, the workshop organized by the Energy Sector Management Assistance Program (ESMAP) on "Paying for Results in the Energy Sector: The Experience with OBA and RBF" in May 2012, and the ESMAP online forum on Energy Access for the Urban Poor. GPOBA joined the new Public Health CoP, which is building a knowledge repository on RBF-Health.

COMMUNICATIONS

GPOBA reached out to the wider development community through a range of communication activities. These supported the OBA mainstreaming agenda and intensified efforts to include messaging, positioning, use of social media and tailoring of content to target audiences. Four press releases were disseminated via the World Bank's distribution channels to highlight new grants signed. The Liberia energy access grant generated high levels of interest from Liberians and media outlets such as *Front Page Africa* and the *Liberian Connection*. It also led to the first ever post in a top-shelf media outlet, the UK *Guardian's* Poverty Matters blog. Articles on OBA were published in *Business Daily Africa*, AllAfrica.com, the *Sunday Leader* and the *Ceylon Daily News* (Sri Lanka), *Solutions for Water*, the *Himalayan Times* (Nepal), and a range of World Bank and other blogs.

GPOBA updated the visual design of its website, which continues to receive good traffic, and also continued to build its online presence on key social media platforms such as Facebook and Twitter. The number of followers increased to nearly 270 on Facebook and over 100 on Twitter. GPOBA produced four feature stories on OBA, two of which incorporated multimedia tools. Topics included the Morocco urban pilot documentary film, the Uganda health project, and the launch of the International Year of Sustainable Energy for All.

LOOKING TO THE FUTURE

At GPOBA's Program Council Meeting held in Kampala, Uganda in June 2012, the donors acknowledged the value of GPOBA's work and noted in particular the efforts towards mainstreaming of OBA in the WBG and with ODPs, including the training provided to donors and the interface with donor country programs. GPOBA will reinforce such outreach with a focus on less tested sectors and fragile and conflict affected states and support bilateral financing of OBA and RBF projects with ODPs. GPOBA will also continue negotiations with donors to secure new financing for OBA facilities and support the scale-up of pilot projects that are to be mainstreamed within government systems.

Testing innovative approaches in developing countries is inherently risky and necessarily involves setbacks and obstacles. GPOBA recognizes these issues and is prepared to be a leader, piloting OBA in untested sectors and countries, supporting results-based solutions to broader development problems, and sharing lessons learned and best practices with an ever-wider group of development partners and governments. In all these efforts, GPOBA will seek to enhance its own effectiveness and efficiency, and to collaborate closely with others to support the delivery of basic services in developing countries.





ANNEXES



ANNEX 1 FINANCIAL STATEMENT

GPOBA derives its resources from donor contributions which are channeled through trust funds administered by the World Bank Group (WBG). The WBG recovers an administrative fee for costs associated with this task. GPOBA's budget and accounting processes are aligned with the WBG fiscal year, which runs from July to June.

CONTRIBUTIONS RECEIVED

As of June 30, 2012, GPOBA's donors have pledged a total of US\$292.4 million to the program, of which US\$285.3 million (97.6 percent) has been received (see Table A1). In fiscal year 2012, GPOBA received a total of US\$19.5 million from two donors: DFID and AusAID (see Table A2).

DISBURSEMENTS

GPOBA disbursements totaled US\$26 million in fiscal year 2012 (Table A3). Disbursements were made for activities approved in fiscal year 2012, as well as for activities approved in prior years that are implemented over multiple years. In accordance with the

	Pledged	Received	To be Received
DFID ¹	108.86	102.70	6.10
IFC	97.80	97.80	0.0
DGIS	28.27	28.27	0.0
AusAID	37.50	37.50	0.0
Sida	18.00	18.00	0.0
EU ²	2.00	1.00	1.00
Total	292.43	285.27	7.10

1 Contributions for DFID are pledged in GBP and then converted to USD at the time of transfer.
2 Contributions for the European Union are pledged in Euros and then converted to USD at the time of transfer.

administration agreements entered into by the World Bank and GPOBA donors, US\$0.5 million was collected as an administration fee.

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	Total
DFID	2.50	3.40	6.80	21.70	13.30	10.20	19.20	14.40	11.20	102.70
IFC			35.00		25.50			37.30		97.80
DGIs				11.00	8.00	9.30				28.30
AusAid				0.30	4.20	24.60			8.30	37.40
Sida					6.90		8.90	2.20		18.00
EU						1.00				1.00
Total	2.50	3.40	41.80	33.00	57.90	45.10	28.10	53.90	19.50	285.20

TABLE **A3** GPOBA DISBURSEMENTS IN FY12 (IN US\$)

Program Management	
Program Management	1,545,951
Center of Expertise	224,265
Sub-total	1,770,216
Disbursements related to FY12 Annual Work Program	
Technical Assistance	1,812,854
Portfolio Preparation and Supervision	5,718,373
Subsidy Funding	16,726,566
Grand Total	24,257,793

Of the total disbursements this fiscal year, US\$24.2 million (93 percent) was related to the annual work program. Most of this amount (US\$16.7 million) was disbursement of subsidy funding by pilot projects

under implementation, with the rest going to technical assistance, and preparation and supervision of projects. At US\$1.8 million, program management and administration represented 7 percent of total disbursements; 12.7 percent of this 7 percent was for center-of-expertise activities, such as knowledge and learning.

SINGLE AUDIT PROCESS

The WBG has instituted an annual “single audit” exercise for all trust funds. As part of this exercise, the GPOBA program manager signs a trust fund representation letter attesting to the correctness and completeness of the financial process for all GPOBA trust funds. The task manager for each approved activity is required to confirm that due diligence has been exercised with respect to the administration, management, and monitoring of the funds awarded for the activity, and has ensured that all expenses and disbursements are made in accordance with World Bank procurement and administrative guidelines.

ANNEX

2

GPOBA PORTFOLIO OF SIGNED GRANT AGREEMENTS AS OF JUNE 30, 2012

Country	Project Name	IDA / IBRD	Grant Amount (US\$m)	Number of people benefiting	Average subsidy per person (US\$)	Description
Armenia	Armenia Gas and Heating	IDA Blend	3.10	23,739	131	This project closed on December 31, 2009, having improved access to gas and heating services for 5,847 poor households in urban multi-apartment buildings, by subsidizing the cost of new service connections.
Bangladesh	Rural Electrification and Renewable Energy Development – Solar Home Systems	IDA	1.10	20,000	55	This project aims to help about 5,000 households, shops, and small and medium enterprises in rural Bangladesh to gain access to electricity by reducing the capital cost of mini-grid systems. The GPOBA grant will mean providers can charge a tariff that is affordable to the connected beneficiaries.
Bangladesh	Rural Electrification and Renewable Energy Development – Mini Grids	IDA	13.95	1,575,000	9	This project aims to increase access to energy services for poor people in rural areas of Bangladesh by addressing the issue of insufficient grid capacity through the installation of solar home systems (SHS). Over 315,000 rural households are expected to benefit.
Bolivia	Decentralized Electricity for Universal Access	IDA Blend	5.18	45,000	115	This project will lead to direct connections and affordable access to electricity for at least 7,000 poor Bolivian households and micro-enterprises in remote rural areas of Bolivia, benefiting some 45,000 people.
Cameroon	Water Lease Project	IDA	5.25	240,000	22	This project will subsidize the cost of new connections to piped water for low- to middle-income households currently without access, and is expected to benefit around 240,000 people.
Colombia	Colombia Access to Natural Gas	IBRD	5.10	210,000	24	This project closed on July 31, 2008, having successfully connected 34,138 families to the natural gas distribution network along the Colombian Caribbean Coast.
Ethiopia	Ethiopia Electricity Access Rural Expansion	IDA	8.00	1,142,857	7	This OBA scheme will help EEPCo, a state-owned national utility, finance the cost of providing access to electricity for poor customers in rural towns and villages with grid access.
Ghana	Energy Development and Access	IDA	4.35	90,000	49	The GPOBA grant will provide increased electricity access through renewable energy technology for poor households in remote rural regions of Ghana, benefiting some 90,000 people.
Honduras	National OBA Facility for Water and Sanitation Services	IDA	4.59	15,000	306	This project aims to develop an OBA facility to establish an efficient and transparent mechanism for financing infrastructure in water and sanitation projects in Honduras. This project is expected to improve access to water and sanitation services for approximately 12,500 households.

Country	Project Name	IDA / IBRD	Grant Amount (US\$m)	Number of people benefiting	Average subsidy per person (US\$)	Description
India	Andhra Pradesh Rural Community Water	IDA Blend	0.85	77,878	11	This project closed on December 31, 2009, having provided access to safe drinking water for 77,878 poor inhabitants of Andhra Pradesh through the development of 25 community water supply schemes.
India	Mumbai Improved Electricity Access to Indian Slum Dwellers	IDA Blend	1.65	104,000	16	The GPOBA grant will subsidize the cost of electricity connections and wiring for inhabitants of the Shivajinagar slum in Mumbai, and is expected to benefit around 104,000 people.
Indonesia	Expanding Piped Water Supply to Surabaya's Urban Poor	IBRD	2.41	77,500	31	The objective of this OBA scheme is to extend piped water connections to around 15,500 low-income households in Surabaya.
Indonesia	Improved Access to Water Services in Jakarta	IDA Blend	2.57	55,824	46	This project aims to bring water services to communities in low-income areas of Jakarta by funding one-off connection subsidies for an estimated 11,630 poor households.
Indonesia	Extending Telecommunications in Rural Indonesia	IBRD	1.87	758,210	2.5	This project will facilitate access to the Internet and associated telecommunications and data services through "community access points" in poor areas, benefiting an estimated 758,210 people.
Kenya	Microfinance for Community Managed Water Projects	IDA	3.09	100,000	31	The objective of this scheme is to increase access to and efficiency in water supply services for the poor in rural and peri-urban areas of Kenya through investments in roughly 21 community water projects.
Lesotho	Lesotho New Hospital PPP	IDA	6.25	500,000	13	The GPOBA grant will provide subsidies for inpatient services at a new 390-bed National Referral Hospital, and outpatient services at three semi-urban filter clinics that have been refurbished.
Mongolia	Monrovia Improved Electricity Access	IDA	0.26	22,315	12	This project closed on October 31, 2008, having provided telephony services to around 20,000 members of herder communities, and telephony and internet services to around 22,315 residents of Tariat and Chuluut soum centers.
Morocco	Improved Access to Water and Sanitation Services	IBRD	7.00	56,000	125	The project closed on December 31, 2012, having provided access to safe water and improved sanitation to roughly 11,147 low-income households in disadvantaged peri-urban and rural neighborhoods of Casablanca, Meknes, and Tangiers.
Mozambique	Water Private Sector Contracts for OBA Expansion	IDA	5.00	468,000	11	This project aims to provide subsidized water connections for domestic consumers in Mozambique through the construction of shared yard taps, expected to benefit up to 468,000 people.
Nepal	Biogas Support Program	IDA	5.00	261,000	19	The aim of this scheme is to subsidize approximately 37,300 biogas plants for rural Nepalese households to increase access to clean and affordable energy for cooking and lighting.
Nigeria	Pre-Paid Health Scheme	IDA	6.02	22,500	267	This OBA scheme aims to provide affordable pre-paid health insurance plans for up to 22,500 beneficiaries (employees and their families) who belong to the Computer and Allied Products Association ("CAPDAN") at the Ikeja IT village in Lagos.
Philippines	Improved Access to Water Services in the East Zone of Metro Manila	IBRD	2.85	105,000	27	This project aims to provide affordable piped potable water to poor households in Metro Manila, benefiting around 105,000 people.

Country	Project Name	IDA / IBRD	Grant Amount (US\$m)	Number of people benefiting	Average subsidy per person (US\$)	Description
Senegal	Access to On-Site Sanitation Services	IDA	5.76	135,900	42	This OBA subsidy scheme aims to help offset the cost of new sanitation facilities for an estimated 15,100 poor households.
Uganda	Kampala Water Connections for the Poor	IDA	2.53	409,000	6	This scheme will provide a one-off connection subsidy to partially fund the cost of new domestic metered connections. The project envisages making about 19,000 new yard tap connections and installing about 800 new public water points over a period of three years.
Uganda	Uganda Small Towns Water Supply and Rural Growth Centers	IDA	3.21	55,511	58	This project seeks to increase access to sustainable water supply services for the poor living in selected small towns and rural growth centers, benefiting around 55,511 people.
Uganda	Reproductive Health Vouchers in Western Uganda	IDA	4.30	135,912	32	This project aims to improve women's access to trained medical professionals throughout pregnancy and provide subsidized STD treatment for up to 135,912 poor Ugandans.
Vietnam	Targeted Service Expansion through Water Loss Reduction	IDA	4.50	150,000	30	This project aims to bring safe water services to an estimated 30,000 poor families in rural Vietnam.
Vietnam	Upper Secondary Education Enhancement	IDA	3.00	7,500	400	This pilot aims to increase access to secondary education at semi-public and private schools for around 7,500 poor students. Subsidy payments to participating schools will be made on condition of pre-agreed indicators that demonstrate both a student's attendance and educational attainment.
Yemen	Queen of Sheba Safe Motherhood	IDA	3.91	30,000	130	The objective of this project is to provide sustainable maternal health services, including up to 15,000 safe child births, to poor women of reproductive age (15–49) in Sana'a, Yemen.
Yemen	Water for Urban Centers	IDA	5.00	210,000	24	This OBA scheme will pilot the provision of water services to low-income households through private operators willing to construct and operate the infrastructure for several years. Around 210,000 poor people are expected to benefit.
Sri Lanka	Increasing Household Access to Domestic Sanitation in Greater Colombo	IDA Blend	5.08	77,035	66	Improving access to sanitation services in Greater Colombo (Sri Lanka) by increasing the number of house connections to existing and new sewerage networks, and improving on-site sanitation services at the household level through rehabilitation of septic tanks and regulated desludging services.
Uganda	Uganda Grid-Based OBA Facility	IDA	5.50	510,000	11	The OBA scheme will provide subsidies to help fill the gap between what the user is willing to pay for connecting to the electricity grid and what it costs the electricity distribution companies to make these connections.
Kenya	Kenya Electricity Expansion	IDA	5.15	265,000	19	This project uses GPOBA funds to scale up the Kenya Power and Lighting Company's model of delivering electricity connections in slums throughout Nairobi. The goal of this project is to scale up a method of connecting the urban poor through the use of a small, but targeted, subsidy.

Country	Project Name	IDA / IBRD	Grant Amount (US\$m)	Number of people benefiting	Average subsidy per person (US\$)	Description
Philippines	Philippines Reproductive Health	IBRD	3.65	786,765	5	The scheme explicitly targets the poor to help address some of the barriers to their access to quality health services, with a three-part approach: 1. Accreditation of 45 service providers in the project area to ensure improved quality of care and the capacity to meet increased demand; 2. Enrolment of about 145,000 families, identified and determined as poor by the National Household Targeting System, to ensure that the project reaches those who need it most; and 3. A subsidized voucher scheme to bridge the gap between co-payments charged by health service providers and the amount that target project beneficiaries can afford to pay for approved services.
Liberia	Monrovia Improved Electricity Access	IDA	10.00	80,000	125	The GPOBA grant will offset part of the capital costs associated with building the transmission and distribution networks for Monrovia. The grant will also subsidize connection costs for individual households.
Total			157.0	7,103,646	22	

ANNEX GPOBA TEAM

Carmen Nonay	Acting Program Manager (<i>February to June 2012</i>)
Adrianna de Aguinaga de Vellutini	Acting Program Manager (<i>until February 2012</i>)
Luis Tineo	Senior Operations Officer
Iain Menzies	Senior Infrastructure Specialist
Mario Suardi	Senior Infrastructure Specialist
Esther Loening	Infrastructure Specialist
Leslie Villegas	Infrastructure Specialist
Rajesh Advani	Infrastructure Specialist
Constance Polite	Administrative Assistant
Daniel Coila	Information Specialist
Inga Murariu	Knowledge and Learning
Jessica Lopez	Knowledge and Learning
Cathy Russell	Communications Officer
Jacqueline Sibanda	Communications
Luisa Mimmi	Monitoring and Evaluation
Mark Njore	Program Assistant
Tafadzwa Dube	Portfolio Information Management
Wajiha Ahmed	Portfolio Monitoring and Quality
May Yin Chan	Portfolio Monitoring
Archana Narasimhan	Resource Management Analyst





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