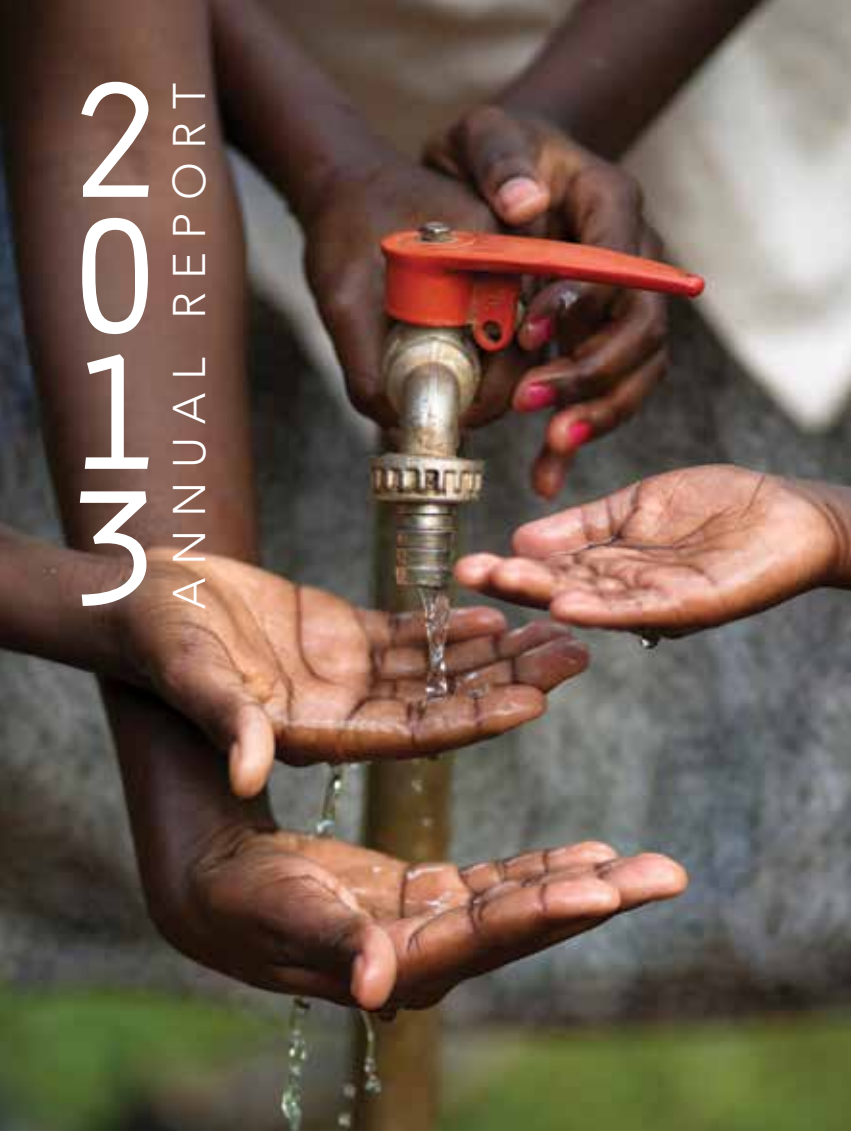


2013
ANNUAL REPORT



SUPPORTING THE DELIVERY OF BASIC SERVICES IN DEVELOPING COUNTRIES

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Note on the data: All monetary amounts are in U.S. dollars unless otherwise specified.

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MESSAGE

FROM THE PROGRAM MANAGER



CARMEN NONAY

It is my pleasure to present the Global Partnership on Output-Based Aid (GPOBA) Annual Report for Fiscal Year 2013 (FY13).

This year marks a milestone for GPOBA, commemorating 10 years since its founding. Over the past decade, through a diverse portfolio of 36 projects, GPOBA is fulfilling its mandate to fund, design, demonstrate, and document output-based aid (OBA) approaches to improve delivery of basic services to the poor in developing countries. To date, GPOBA has provided nearly 5.9 million poor beneficiaries with access to energy, water, sanitation, telecommunications, health, and education. With total funding commitments equaling \$161.3 million, GPOBA's portfolio of projects is expected to reach over 9.7 million people.

This year has been a period of expansion and renewal for GPOBA. Our program strategy is now focused towards piloting the OBA approach in non-traditional and untested sectors such as solid waste, and improving access to basic infrastructure and social services in new frontiers, such as fragile and conflict-affected situations (FCS). As the World Bank Group also moves forward, we are well aligned with its strategic development goals of reducing the percentage of people living on less than \$1.25 a day to 3 percent, and promoting shared prosperity by fostering the income growth of the bottom 40 percent in every country.

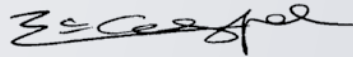
The results of FY13 clearly show progress in two important areas: increasingly incorporating OBA throughout infrastructure and social sectors, and continuing the support and confidence of our Donors. We welcomed additional funding of \$26.8 million from the Swedish International Development Cooperation Agency (Sida) and \$4.1 million from the United Kingdom's Department for International Development (DFID). We disbursed a record \$25 million in subsidy funding, benefitting more than 2.3 million poor people. Additional highlights of this year include a Grant Agreement with the Government of Nepal to support OBA in solid waste management, a new sector for GPOBA; approval to scale up the successful Reproductive Health Voucher Program in Uganda and the Kenya Microfinance for Community-Managed Water Schemes project; and the completion of nine projects. GPOBA was proactive in supporting OBA/results-based financing (RBF) related technical assistance (TA) and knowledge-dissemination activities, including an urban transport project in Colombia, solid waste management in the Comoros, and renewable energy in Nepal. The team also continued dialogue with other development partners (ODPs) to support the objective of mainstreaming the use of OBA/RBF in other development endeavors.

As a result of this excellent performance, GPOBA received World Bank excellence awards for two projects. The Lesotho Hospital Public-Private Partnership (PPP) project was recognized by the Sustainable Development Network Vice Presidency Unit (SDN VPU) for its strength in leveraging partnerships across the World Bank Group. The Lesotho project was also recognized by the South-South Knowledge Exchange for providing a country-led development solution to the challenge of providing high quality, affordable health care services to the poor. The Nepal Biogas Support Program received SDN VPU's "special mention" award for its objective to increase access to clean, affordable energy for cooking and lighting.

Through continuous monitoring and evaluation, GPOBA is increasingly committed to documenting and gathering evidence on the effectiveness of OBA. We completed an Impact Evaluation for the Bangladesh Solar Home Systems (SHS) project, a project that has provided 2.4 million people in rural Bangladesh with access to renewable energy, and finalized four implementation completion reports (ICRs) on closed projects in Morocco, Nepal, Senegal, and Uganda.

Additionally, we strengthened our routine reporting and transparency to donors through the production of Semi-Annual Monitoring Reports (SAMR).

We would like to thank Ms. Zoubida Allaoua, Director of the World Bank's Urban Development and Disaster Risk Management Department, for her continuous commitment and support in guiding GPOBA through this time of renewal. We also want to acknowledge and thank our Donors for their vision and financial support, which enables GPOBA to achieve these successful results. We look forward to another successful and productive year, collaborating closely with our Donors and partners, and continuing to provide basic infrastructure and social services to the poor.



Carmen Nonay
Program Manager



ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank	IDA	International Development Association (World Bank Group)
BA	Beneficiary Assessment	IFC	International Finance Corporation (World Bank Group)
AusAID	Australian Agency for International Development	KM	Knowledge Management
CAS	Country Assistance Strategy	M&E	Monitoring and Evaluation
CoE	Center of Expertise	MCC	Millennium Challenge Corporation
CoP	Community of Practice	OBA	Output-Based Aid
CPS	Country Partnership Strategy	ODPs	Other Development Partners
DFID	Department for International Development (United Kingdom)	PforR	Program for Results
DGIS	Directorate-General for International Cooperation (the Netherlands)	PoE	Panel of Experts
DPWH	Department of Public Works and Highways	PPIAF	Public Private Infrastructure Facility
EMWF	East Meets West Foundation	PPP	Public Private Partnership
ESMAP	Energy Sector Management Assistance Program	RBF	Results-Based Financing
EU	European Union	SAMR	Semi-Annual Monitoring Report
FCS	Fragile and Conflict-Affected Situations	SDN	Sustainable Development Network
FY13	Fiscal Year 2013	SHS	Solar Home Systems
GPOBA	Global Partnership on Output-Based Aid	Sida	Swedish International Development Cooperation Agency
IBRD	International Bank for Reconstruction and Development (World Bank Group)	SWM	Solid Waste Management
ICR	Implementation Completion Report	TA	Technical Assistance
ICT	Information and Communication Technology	WSP	Water and Sanitation Program



OVERVIEW

A

n innovative form of RBF, OBA, is an approach designed to increase access to and delivery of basic services to the poor using performance-based incentives, rewards, or subsidies. OBA links the payment of aid to the delivery of specific services or “outputs.” These can include connection of poor households to electricity grids or water supply systems, installation of SHS, or delivery of basic healthcare services, for example. Under an OBA scheme, service delivery is contracted out to a third party, which receives a subsidy to either complement or replace the user fees. The service provider is responsible for “pre-financing” the project until outputs are delivered. The subsidy is performance- or results-based, meaning that most of the subsidy

is paid only after the services or outputs have been delivered and independently verified. The subsidy is explicitly targeted to benefit the poor, which can be achieved through several means, depending on the context of the project and environment.

OBA approaches have been tested in a variety of geographic areas and applied in energy, water and sanitation, health, information and communication technology (ICT), education, and solid waste management. With a portfolio of 36 projects with over \$161 million in subsidy funding and ongoing TA activities, GPOBA is supporting innovative solutions for development financing, delivering lasting results for the poor ranging from delivering clean drinking water



in informal settlements in the Philippines and India to supporting improved solid waste management in low-income municipalities in Nepal.

THE ROLE OF GPOBA

GPOBA is a World Bank-administered program created in 2003 by the United Kingdom's 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 grant funding in 6 sectors and 24 countries. 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 that 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 CoE, building on the knowledge and experience acquired through the design and implementation of OBA approaches.

To achieve its Vision, GPOBA is working on three fronts:

1. Designing and implementing OBA pilot projects, focusing on sectors in which GPOBA has had little or no experience,¹ as well as in more tested sectors where governments are interested in mainstreaming,
2. Working with governments to scale up successful OBA pilots and mainstream the use of OBA approaches into their own development initiatives, and
3. Strengthening GPOBA's role as a CoE, through reinforcing critical monitoring and evaluation work, supporting the World Bank's PforR, as well as results-based approaches with ODPs.

This Annual Report reviews progress toward these goals in FY13 (July 1, 2012–June 30, 2013). Appendix A presents GPOBA's financial statement for FY13. Appendix B provides a full list of OBA pilot projects in the portfolio. Appendix C presents members of the GPOBA team.

SUPPORT FROM DONORS

Since GPOBA was created, the program's Donors have provided a total of \$323.1 million in funding (contributions and pledges), of which \$313.6 million has been received. This includes a one-time pledge of \$2 million in 2009 from the European Union through its Water Facility for the African, Caribbean, and Pacific countries. Contributions received in FY13 include \$26.8 million from Sida for the scale-up of two projects in Africa, and \$4.1 million from DFID to fund Impact Evaluations of health projects in Africa (see appendix A).

¹ These less-tested sectors include sanitation, solid waste management (SWM), urban transport, irrigation and education.



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), TA, and dissemination activities. This section reviews project results in FY13, 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 CoE.

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 follow.

- As of June 30, 2013, the GPOBA portfolio consists of 36 Grant Agreements in 6 sectors in the amount of \$161.3 million. Nine of these projects closed this year, increasing the number of closed projects with valuable lessons learned to 19 (see table 1).
- The GPOBA portfolio disbursed \$24.8 million this year, for a cumulative total of \$92.5 million, representing 57 percent of the total value of Grant Agreements signed since GPOBA's inception. This amount well exceeds GPOBA's target for the year, and is reflective of growing disbursement trends as the project pipeline matures (see figure 1).
- Altogether, the OBA pilot projects have reached nearly 5.9 million beneficiaries, an increase of nearly 2.6 million (79 percent) compared to the previous year (see figure 2).
- The first Grant Agreement for OBA in SWM was signed this year with the government of Nepal for \$4.3 million. This project is expected to improve access to high quality and financially sustainable SWM services for 800,000 people.
- There were 20 new TA activities launched, totaling \$2.4 million; 4 of these support GPOBA project preparation in Ghana, Kenya, Uganda, and the West Bank, with 16 stand-alone TA activities (see table 3).

FIG 1 GPOBA PORTFOLIO: DISBURSEMENTS FY07 TO FY13 (IN US\$)

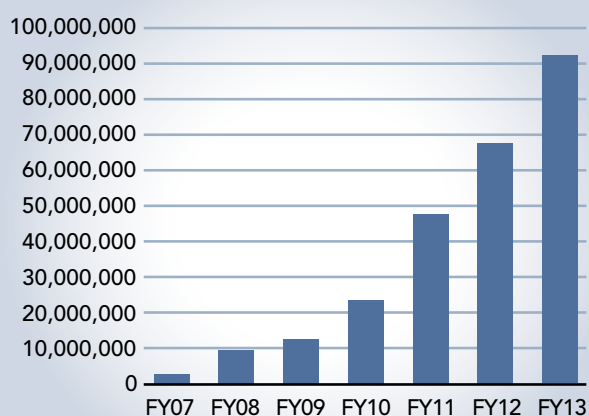
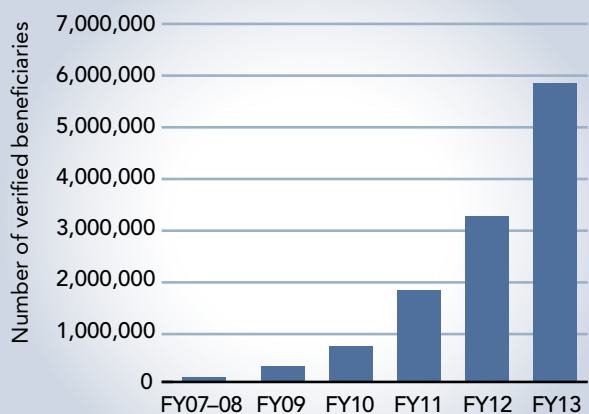


FIG 2 GPOBA PORTFOLIO: BENEFICIARIES REACHED FY07-08 TO FY13



PORTFOLIO COMPOSITION

GPOBA's portfolio of pilot projects focuses on poorer countries, with 86 percent of funding going to IDA or IDA blended countries.² Fourteen of GPOBA's 36 projects are located in the Sub-Saharan Africa region, which has received the highest percentage of funding at 46 percent, followed by South Asia at 20 percent, and East Asia at 13 percent. The energy sector receives the largest share of GPOBA subsidies, with 12 projects and 42 percent of the project portfolio, followed by water and sanitation at 37 percent, and health at 15 percent. Details of the distribution of the overall portfolio are presented in figures 3 and 4. Data on the project subsidy per person are presented in table 2.

TA activities represent another portion of GPOBA's portfolio, supporting knowledge development and dissemination of OBA approaches, grants to develop OBA pilot projects, and more recently, TA for RBF activities, including the World Bank's PforR. This year, GPOBA approved \$3.1 million of new OBA/RBF-related technical assistance and knowledge-dissemination activities, for a cumulative total of 57 technical assistance grants since the Program's inception (see table 3 for details).

² The International Development Association (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, 2013 (IN US\$)^a

Country	Project Name	Grant Amount (dollars)	Cumulative Disbursements (dollars)	Disbursement (percent) ³	Project Status
Closed Projects					
Armenia	Armenia Gas and Heating	3,100,000	3,087,196	100	Closed
Bolivia	Rural Electricity Access with Small-Scale Providers	5,175,000	3,656,967	71	Closed in FY13
Colombia	Access to Natural Gas	5,085,000	4,880,382	96	Closed
Ethiopia	Ethiopia Electricity Access Rural Expansion	8,000,000	451,290	6	Closed in FY13
Honduras	National OBA Facility for Water and Sanitation Services	4,590,000	4,586,060	100	Closed in FY13
India	Improved Rural Community Water in Andhra Pradesh	850,000	834,276	98	Closed
India	Improved Electricity Access to Indian Slum Dwellers in Mumbai	1,650,000	150,000	9	Closed in FY13
Indonesia	Expansion of Water Services in Low-income Areas of Jakarta	2,573,140	1,743,902	68	Closed in FY13
Indonesia	Expanding Piped Water Supply to Surabaya's Urban Poor	2,407,500	1,084,391	45	Closed in FY13
Kenya	Microfinance for Community-managed Water Projects	3,087,630	2,641,273	86	Closed in FY13
Lesotho	Lesotho New Hospital PPP	6,250,000	6,250,000	100	Closed in FY13
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 Programme	5,000,000	4,974,979	99	Closed
Philippines	Improved Access to Water Services in Metro Manila	2,850,000	1,260,683	44	Closed in FY13
Senegal	Access to On-Site Sanitation Services	5,764,000	5,099,544	88	Closed
Uganda	Reproductive Health Vouchers in Western Uganda	4,300,000	4,046,688	94	Closed
Uganda	Small Towns Water Supply and Rural Growth Centers	3,207,000	2,414,031	75	Closed
Vietnam	Targeting Service Expansion through Water Loss Reduction	4,500,000	4,499,967	100	Closed
Projects Under Implementation					
Bangladesh	Rural Electrification and Renewable Energy Development–Solar Home Systems	13,950,000	13,102,077	94	Implementation
Bangladesh	Rural Electrification and Renewable Energy Development–Mini Grids	1,100,000	23,551	2	Implementation
Cameroon	Water Affermage Contract–OBA for Coverage Expansion	5,250,000	1,113,189	21	Implementation
Ghana	Solar PV Systems to Increase Electricity Access	4,350,000	2,889,553	66	Implementation
Indonesia	Extending Telecommunications in Rural Indonesia	1,868,340	1,187,706	64	Implementation
Kenya	Kenya Electricity Expansion	5,150,000	0	0	Implementation
Liberia	Monrovia Improved Electricity Access	10,000,000	2,785,076	28	Implementation
Mozambique	Water Private Sector Contracts–OBA for Coverage Expansion	5,000,000	3,563,460	71	Implementation
Nepal	Municipal Solid Waste Management	4,288,381	0	0	Implementation
Nigeria	Pre-paid Health Scheme	6,015,160	3,238,444	54	Implementation
Philippines	Philippines Reproductive Health	3,650,000	198,138	5	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	674,834	27	Implementation
Uganda	Grid-Based OBA Facility	5,500,000	0	0	Implementation
Vietnam	Upper Secondary Education Enhancement	3,000,000	2,324,516	77	Implementation
Yemen	Safe Motherhood Program	3,912,190	2,432,960	62	Implementation
Yemen	Water for Urban Centers	5,000,000	0	0	Implementation
Total		161,289,841	92,452,237		

a. Actual disbursement amounts for closed projects may be higher. All recipient-executed projects have an additional six months to disburse after the project has closed.

TABLE 2 PROJECT SUBSIDY PER PERSON

Average subsidy per person	\$ 25.00
Vietnam Education	\$400.00
Nigeria Health Project	\$267.00
Nepal SWM	\$5.38
Indonesia Rural Telecommunications	\$2.46

Note: The average pilot project grant amount for the GPOBA portfolio is \$4.49 million. 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.

PORTFOLIO PERFORMANCE

Disbursements for subsidy projects reached a historic high in FY13, with annual disbursements of \$24.8 million, bringing cumulative disbursements since the inception of the subsidy program in 2006 to \$92.5 million. This represents 57 percent of the total value of Grant Agreements signed. A total of nine projects successfully completed their activities in FY13: Bolivia Rural Electricity Access with Small-Scale Providers, Ethiopia Electricity Access Rural Expansion, Honduras

BOX 1 PROJECT HIGHLIGHT: SOLID WASTE MANAGEMENT IN NEPAL



Nepal is one of the poorest countries in the world, with a GDP per capita of less than \$550. The country is concurrently undergoing a political transition and significant demographic changes. Most notably, Nepal's urban population has increased by more than 67 percent over the past decade. This increase has placed considerable pressure on the urban environment and efforts to deliver urban services, including SWM. Where services are available, they tend to be of poor quality due to chronic underfunding and weak institutional capacity, which also leads to a low willingness to pay for urban services.

In FY13, GPOBA signed a Grant Agreement with the government of Nepal to support improved SWM services in five low-income municipalities. This is GPOBA's first grant for the SWM sector. The project provides OBA subsidies to eligible municipalities that improve SWM services, as evidenced by the

achievement of pre-agreed technical standards, such as improved waste collection and cleanliness, and improved financial sustainability, as measured by an increase in user fee collections for SWM services. Examples of service improvements include delivering formal SWM services to targeted users, extending services to zones not currently served, and implementing waste minimization measures.

The subsidy is transitional in nature, and subsidies will be paid to municipalities to "match" revenues collected from SWM services according to an agreed multiplier. The multiplier varies such that subsidies are increasingly phased out over the four years of the project life and are replaced with user fees. The key assumption here is that the increased service quality brought about by the OBA project will increase consumer willingness to pay for better SWM services, and enable municipalities to gradually recover greater proportions of service delivery costs from new consumers and increased user fees.

The project design focuses on the results to be achieved, without prescribing any single service delivery model to achieve those results. Municipalities are provided with the flexibility to deliver services efficiently and as they see fit, provided that service delivery is technically, socially, and environmentally sound; services are financially sustainable; and service provision remains accountable to beneficiaries and to national institutions tasked with overseeing the sector. Provided these conditions are met, delivering SWM services is the business of the municipalities. This approach is expected to lead to increased innovation in service delivery and to foster local ownership.

TABLE 3 NEW TECHNICAL ASSISTANCE ACTIVITIES AND KNOWLEDGE PRODUCTS LAUNCHED IN FY13^a

Country and Activity	Description	Grant Amount
TA support to PforR activities		\$266,000
Brazil – Ceará PforR	This TA supports the transfer of GPOBA experience to the PforR lending. The PforR itself is targeted to improve public sector governance of the northeastern province of Ceará.	\$50,000
Uruguay – Road Rehabilitation PforR	This TA supports the transfer of GPOBA experiences to the PforR lending. The PforR itself is targeted to improve the management of 35 percent of the Uruguay National Road Network.	\$216,000
TA support to RBF activities		\$1,130,052
Colombia – Design of OBA in Urban Transport	This TA supports the transfer of GPOBA experience to the Programmatic Knowledge Service for improving access of the poor to transport, housing, and other urban services.	\$340,000
Comoros – SWM	This TA prepares a baseline assessment, analyzing the value chain in solid waste of Moroni Municipality, scoping for an OBA or RBF project.	\$333,200
Nepal – Household Renewable Energy Access	The World Bank/ IFC plan to support PPP opportunities to scale up household access to off-grid renewable energy. This TA recommends OBA/RBF instruments for scaling up rural electricity access, and outlines the World Bank Group's prospects for support on rural off-grid household renewable energy access for the government of Nepal.	\$225,000
World – RBF in Water and Climate Change	This TA develops a Water Sector User Guide to RBF that will help to identify RBF instruments across all water subsectors.	\$231,852
Other TA (total includes TA for project preparation in Ghana, Kenya, Uganda, and the West Bank)		\$1,048,443
Ethiopia – Irrigation & Drainage	This is a feasibility study for designing an approach to the construction of field channels and land improvements that will facilitate the delivery of irrigation services to farmer beneficiaries in Megech-Seraba and Ribb.	\$190,000
Lesotho – Hospital PPP	This activity documents the experiences and lessons learned from the closed Lesotho Hospital PPP project through an endline study and a case study and multimedia package on best practices and lessons learned.	\$125,000
Morocco – Rural Water OBA	This TA supports testing the first PPP for water distribution in rural areas, helping to determine a future structure of rural water services management.	\$75,000
Nigeria – National Urban Water Sector Reform	This TA supports access to sustainable and safe water and improved sanitation to households in three selected states.	\$70,000
Philippines – Manila Water Supply ICR	This TA supports the preparation of the Implementation Completion Report (ICR) of the Manila Water Project.	\$65,450
Philippines – Manila Water Beneficiary Assessment	This TA supports the preparation of the Beneficiary Assessment of the Manila Water Project.	\$45,000
Philippines – OBA Facility for Solar Energy Development	This TA supports the Department of Energy in assessing an OBA scheme for solar home systems on a large-scale basis, recommending next steps within the government of the Philippines OBA strategy.	\$73,891
Uganda – Reproductive Health ICM	This TA develops an Implementation Completion Memorandum for formal submission for the Reproductive Health Voucher Program in Uganda.	\$28,790
Uganda – Reproductive Health Impact Evaluation	The TA disseminates findings and lessons from the Impact Evaluation for the Reproductive Health Voucher Program in Uganda.	\$17,344
Vietnam – Lessons from OBA in Rural Water	This TA documents the experience and lessons from the Vietnam Rural Water Supply pilot, including a Beneficiary Assessment, policy note on OBA principles on rural water supply, and practitioners' handbook.	\$54,750
OBA Knowledge Products		\$644,072
Western Africa – In-country trainings in Africa	This activity consists of two training events at the World Bank country offices in Cotonou and Dakar. These trainings build awareness and operational knowledge of OBA within the external development community.	\$62,210
World – GPOBA: Independent Evaluation	The purpose of the evaluation is to independently assess the effectiveness of the GPOBA program in building a body of knowledge and expertise toward the achievement of its Vision Statement, and provide recommendations for the future.	\$38,111
World – OBA for Small-Scale Irrigation	This study will investigate issues related to the financing, structuring, and implementation of irrigation schemes in developing countries targeted at low-income farmers, and ascertain ways to apply OBA.	\$300,000

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TABLE 3 NEW TECHNICAL ASSISTANCE ACTIVITIES AND KNOWLEDGE PRODUCTS LAUNCHED IN FY13^a

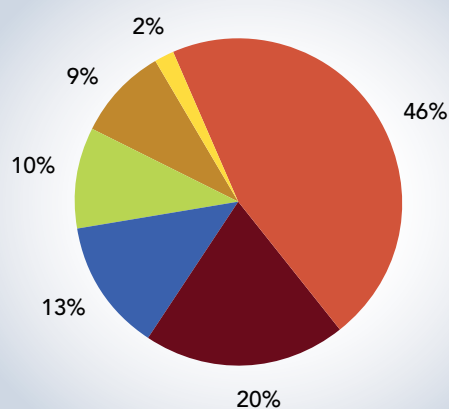
Country and Activity	Description	Grant Amount
World – Scoping OBA in FCS	Phase 1 of this study summarizes the experience of OBA in fragile and conflict-affected situations (FCS) and proposes recommendations for designing OBA programs. Phase 2 proposes expanded applications for OBA in FCS.	\$175,890
World – GPOBA website	This activity consists of a redesign of the current GPOBA website to reflect the renewal of the program as well as changing Internet technology, focusing on functionality and user interactivity.	\$31,061
World – GPOBA Community of Practice	This activity consists of rethinking and redesigning the CoP framework and strategically repositioning it on the GPOBA website. The OBA CoP serves as the knowledge hub for sharing, peer learning, and collaboration with OBA practitioners, both within and outside the World Bank Group.	\$36,800
Total GPOBA TA funding for FY13		\$3,088,567

a. In addition to these activities, GPOBA provided TA to support the preparation of four subsidy projects: OBA Sanitation Fund in Ghana, Kenya Water and Sanitation OBA Fund, Uganda Reproductive Health Voucher Program Scale-Up, and West Bank Solid Waste.

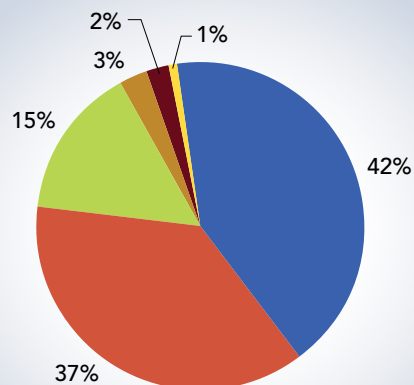
National OBA Facility for Water and Sanitation Services, Improved Electricity Access to Slum Dwellers in Mumbai (India), Expanding Piped Water Supply to Surabaya's Urban Poor (Indonesia), Jakarta Improved Access to Water Services (Indonesia), Kenya Microfinance for Community-managed Water Projects, Lesotho New Hospital PPP, and Improved Access to Water Services in Metro Manila (the Philippines). This brings the total number of closed projects in GPOBA's portfolio to 19, providing access to basic services to 2.8 million people (table 4).

RESULTS FROM FULLY IMPLEMENTED PROJECT

Of the nine projects completed this year, five were in the water and sanitation sector, three in energy, and one in health. Water and sanitation remains the largest sector represented in GPOBA's portfolio of fully implemented projects at 49 percent. Energy represents the second largest sector at 37 percent, followed by health at 14 percent. Sub-Saharan Africa continues to hold the largest share of funding in the closed portfolio at 40 percent, followed by East Asia and the Pacific at 21 percent.

FIG 3 SHARE OF FUNDING BY REGION TOTAL: US\$161.3 (IN MILLIONS)


Sub-Saharan Africa	\$74.4m	Middle East-North Africa	\$15.9m
South Asia	\$31.9m	Latin America-Caribbean	\$14.9m
East Asia-Pacific	\$21.1m	Europe-Central Asia	\$3.1m

FIG 4 SHARE OF FUNDING BY SECTOR TOTAL: US\$161.3 (IN MILLIONS)


Energy	\$68.1m	Solid Waste Management	\$4.3m
Water and sanitation	\$59.7m	Education	\$3.0m
Health	\$24.1m	Telecom	\$2.1m

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. With a focus on optimizing project performance, GPOBA's portfolio team continued to work closely

with World Bank staff and project clients in order to jointly find solutions to challenges hindering project implementation. This was achieved through the participation of GPOBA staff in supervision missions and meetings to enhance project performance and monitoring.

As part of its efforts to enhance the available evidence on the effectiveness of OBA approaches, GPOBA is

TABLE 4 DATA FROM FULLY IMPLEMENTED PROJECTS

Country	Project Name	Output Description	Number of Verified Outputs	Number of Beneficiaries ^a
Armenia	Armenia Gas and Heating	Households with access to heating either through an individual connection or local boiler system.	5,847	23,739
Bolivia	Rural Electricity Access with Small-Scale Providers	Solar Home Systems and Pico-PV systems.	11,755	60,815
Colombia	Access to Natural Gas	Households with gas connections.	34,138	204,828
Ethiopia	Ethiopia Electricity Access Rural Expansion	Household electricity connections, including two compact fluorescent lamps.	60,000	300,000
Honduras	National OBA Facility for Water and Sanitation Services	Households with water and sanitation connections.	14,600	87,600
India	Improved Rural Community Water in Andhra Pradesh	Ultraviolet water purification systems providing access to clean water.	25	77,878
India	Improved Electricity Access to Indian Slum Dwellers in Mumbai	Households with electricity connections.	15	75
Indonesia	Expansion of Water Services in Low-income Areas of Jakarta	Households with water connections.	5,042	25,210
Indonesia	Expanding Piped Water Supply to Surabaya's Urban Poor	Households with water connections.	13,473	67,815
Kenya	Microfinance for Community-managed Water Projects	Households with water connections.	17,500	202,000
Lesotho	Lesotho New Hospital PPP	Inpatient services at the new Queen Mamohato Memorial Hospital and outpatient services at three semi-urban filter clinics.	808,739	808,739
Mongolia	Mongolia Universal Access to Telecommunications	1) Public access to 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 Programme	Biogas plants for rural households.	26,363	184,541
Philippines	Improved Access to Water Services in Metro Manila	Households with water connections.	28,562	171,372
Senegal	Access to On-Site Sanitation Services	Households benefitting from increased access to new sanitation facilities.	11,495	103,455
Uganda	Reproductive Health Vouchers in Western Uganda	Safe deliveries and treatments of sexually transmitted diseases.	97,248	162,838
Uganda	Small Towns Water Supply and Rural Growth Centers	Water yard taps.	2,416	54,486
Vietnam	Targeting Service Expansion through Water Loss Reduction	Households with water connections.	35,344	176,720
TOTAL			1,184,991	2,796,556

a. Final number of beneficiaries may change slightly after the newly completed projects in Ethiopia, Kenya, India, Bolivia and Philippines conduct their respective completion reports.

carrying out two rigorous Impact Evaluations: one for an SHS project in Bangladesh, and the other for a water project in Andhra Pradesh. GPOBA developed four ICRs for closed projects. Findings were shared with the World Bank and Other Development Partners (key lessons from these activities are discussed below). The team delivered two Semi-Annual Reports (SAMRs) to track and analyze the implementation progress of subsidy projects and TA and dissemination activities throughout the year. GPOBA also continued to update the online portal “OBA Data” (www.oba-data.org), a strategic tool to disseminate the results of OBA operations publicly. “OBA Data” enables users to perform detailed analyses of project design features and find data on project performance, such as the number of outputs delivered and beneficiaries reached. The database was accessed by nearly 2,000 users over the course of the fiscal year.

LESSONS LEARNED

IMPLEMENTATION COMPLETION REPORTS

In 2013, in collaboration with the World Bank country units, GPOBA published ICRs on two projects—Uganda Reproductive Health Vouchers and Nepal Biogas Support Program. ICRs assess a project’s achievement of objectives and outputs, prospects for sustainability, World Bank and borrower performance and compliance, and identify lessons learned. These projects were rated as “satisfactory” by the World Bank. ICRs are critical to the CoE function of GPOBA, allowing the team to share results and findings that are objectively assessed and documented. Key findings from Uganda and Nepal are detailed below.

- Uganda Reproductive Health Voucher Program.** The ICR recorded a number of lessons from the implementation of GPOBA’s first health voucher project, which brings maternal and other reproductive health services to rural communities in western Uganda. The GPOBA subsidy made the vouchers affordable to beneficiaries, who used them to purchase these health care services—thereby stimulating demand for reproductive health care among those who could not otherwise afford it. The project successfully reached 90 percent of the target beneficiaries for treatment of sexually transmitted infections, and exceeded

the target for safe deliveries by 21 percent. Key findings demonstrated a net increase in private facility deliveries among women who had used the voucher, which was greater than the reduction in public facility deliveries and home births. The experience in Uganda revealed that voucher redemption rates should be realistically estimated during preparation and periodically assessed and adjusted as necessary during implementation. Additionally, the pilot revealed that using a combination of pro-poor targeting methods, such as geographic and individual household means testing, is more efficient than using a single mechanism.

- Nepal Biogas Project.** This was the first energy project involving biogas plants that GPOBA successfully completed. The project supported the installation of 26,363 biogas plants, of which over 90 percent were operational at the project’s closing. Among the key success factors the ICR highlighted was the fact that the project built on the success of an earlier project that had been implemented by the government; this reduced demand-side risk by making the benefits well known to the stakeholders, in addition to providing an existing institutional support system. Stakeholders undertook significant awareness-raising and promotional efforts, which facilitated sales in remote areas. The project demonstrated that technologically sound products backed by an effective after-sales service network and a strong monitoring system are essential for the adoption of an OBA approach. Finally, carrying out an assessment of the credit needs and availability of credit to beneficiaries helped address the financial constraints to project uptake.

IMPACT EVALUATIONS

In 2013, GPOBA completed the baseline survey for the Bangladesh SHS Impact Evaluation, which presents empirical evidence of the project’s impact on poor households. Part of this survey served to analyze the market characteristics of SHS and the role of OBA in the adoption of new technologies, with a focus on the willingness to pay and welfare of beneficiaries.

BENEFICIARY ASSESSMENTS

In 2013, GPOBA completed the Beneficiary Assessment (BA) for the Andhra Pradesh water project, which aimed

to provide safe drinking water to poor populations in coastal areas. Among the BA's key findings, the purchase of safe water was taking place mainly at the plant's location, and in many cases monthly expenditures were not exceeding \$2 per person. These findings are consistent with the project design and thus considered acceptable. Also, where multiple sources of safe water were available, villagers showed a preference for lower prices. A positive outcome was the reduction in days lost due to illness and an increase in school days attended by children in the project area, although this result cannot be solely attributed to the water project.

DEVELOPING NEW PILOT PROJECTS

GPOBA continues to develop new subsidy schemes, taking a balanced approach to new project development. This includes scaling up and replicating pilots in sectors where GPOBA has significant experience, such as energy and water, and testing OBA approaches in less-tested sectors, such as sanitation and solid waste management. GPOBA also tests the use of OBA approaches in FCS. All new proposals must be vetted by an independent Panel of Experts (PoE) 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.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.

GPOBA's PoE endorsed five new projects for commitment in FY13, totaling \$33.5 million. Four were

in the less-tested sectors of sanitation and solid waste management, and two were in the fragile situations of the Central African Republic and the West Bank.

- **Nepal Municipal SWM project to improve SWM services for 800,000 people.** The government of Nepal signed a Grant Agreement for \$4.3 million in FY13 to improve access to high quality and financially sustainable SWM services in five municipalities in Nepal. The grant will finance service delivery subsidies over a four-year period to cover the gap between the costs of delivering SWM services and the beneficiary revenues collected through fees.
- **West Bank SWM project to improve SWM services for 840,000 poor residents.** This pilot aims to improve the quality of primary solid waste collection services and supports increased usage of a sanitary landfill in the southern West Bank. The OBA subsidies will be disbursed against improved service delivery and financial sustainability of 53 municipalities.
- **Kenya–Nairobi Sanitation project to provide access to improved sanitation and water supply, benefitting 16,000 poor households.** This pilot will target the provision of a sewer connection and associated internal low cost plumbing/toilet facilities and a water connection where none exist for low-income households in Nairobi. The nonsubsidized portion will be funded by household deposits and a five-year loan from Nairobi City Water and Sewerage Company to the eligible households.
- **Central African Republic sanitation project to improve access to water and sanitation services for more than 285,000 people.** The project supports improved access to sustainable sanitation and water services in three districts of Bangui, where OBA subsidies will support the construction of 32,000 improved latrines with hand washing points. The project will also support access to water services through the construction of 50 water kiosks and 1,300 social water connections.
- **Kenya Water and Sanitation OBA Fund to provide water and sanitation services for 30,000 households.** This scale-up project builds on lessons from the recently closed community-managed water project in Kenya implemented by K-Rep Bank. It supports municipal/county water service providers to access \$16 million in loan finance

³ A full list of the eligibility criteria can be found in GPOBA's Operating Principles, available at <http://www.gpoba.org/gpoba/governance>.

from the domestic private sector to finance water and sanitation subprojects. The subprojects will provide household water and sewer connections, public water kiosks, and toilets, with OBA subsidies supporting access to these services in low-income areas.

GPOBA's PoE also approved four new projects for eligibility in FY13: the OBA Sanitation Fund for the Greater Accra Municipal Area in Ghana; the Kenya Water and Sanitation OBA Fund (also cleared for commitment this year); the Rural Electrification Hybrid System project in Mali; a scale-up of the successful Reproductive Health Voucher Program in Uganda; and the Electricity Access for Low-income Households project in Zambia.

To explore new sectors and markets, GPOBA embarked on in-depth studies in FCS and irrigation in FY13. These studies scoped potential projects that could fit strategically with GPOBA's objectives and the World Bank's country partnership strategies.

DEVELOPMENT OF OBA FACILITIES

Building on earlier efforts, GPOBA remains actively engaged with governments in Nepal and the Philippines, which have expressed an interest in mainstreaming output-based aid through government-led OBA facilities. The provision of seed funding for OBA facilities to help leverage government and donor funds remains an important part of GPOBA's mainstreaming agenda.

- **Nepal.** The government has indicated willingness to use the experience gained through the GPOBA-funded biogas pilot, which closed in 2012, to launch

a national fund for all renewable energy programs in the country, including biogas, mini-hydroelectric generation, and solar power. In collaboration with the World Bank, GPOBA developed a TA proposal to analyze a series of renewable energy technologies and made recommendations for funding them under an OBA subsidy arrangement. This could potentially include seed funding from GPOBA and contributions from other donors and the government. The TA will also identify a potential pipeline of OBA projects funded by Nepal's Central Renewable Energy Fund.

- **The Philippines.** GPOBA continued supporting the design of two proposed OBA facilities for both the renewable energy and water and sanitation sectors in the Philippines:
 - **SHS OBA Facility.** The U.S. Department of Energy is looking to establish a facility to provide OBA subsidies for electrifying up to 1 million poor households in rural areas through an innovative "fee-for service" utility solar home systems model. GPOBA is funding TA for the design of the facility, including new regulatory arrangements.
 - **Water and Sanitation OBA Facility.** Based on positive results from a GPOBA-funded water pilot in Manila, the Department of Public Works and Highways (DPWH) has expressed interest in establishing a national OBA facility as part of the Philippines' new financial framework for the water sector. The World Bank supported this effort by carrying out an assessment of the beneficiaries of the water project in Manila in order to demonstrate the benefits of the OBA approach. In parallel, the DPWH is assessing the financing needs in the sector.

BOX

2

PROJECT HIGHLIGHT: VIETNAM UPPER SECONDARY ENHANCEMENT



Vietnam has made significant progress in education in the last 20 years, achieving nearly universal primary and lower secondary education. However, approximately 20 percent of the total population of lower secondary students drops out before high school, and about 45 percent of them had to drop out from lower secondary school. There are still remarkable disparities between advantaged and disadvantaged children, linked closely with factors such as gender, ethnicity, and household income. Drop-out rates among disadvantaged groups are high, generally because of economic hardship or low student performance.

Recognizing the need for improved access to upper secondary education, a grant to support access to education for lower-income students who cannot afford tuition was signed in 2010. The objective is to improve access to good quality education and to strengthen student performance through upper secondary and professional secondary schools.

GPOBA's subsidy covers tuition expenses for students from low-income families admitted to the participating private or semi-public upper secondary schools. The project identifies beneficiaries by targeting poor provinces and by relying on the "certificate of the poor" (an existing state proxy means-testing

mechanism). Priority is given to students certified by the state as poor, those who are disabled, Agent Orange victims and/or orphans, and economically disadvantaged students from ethnic minority groups.

Under this scheme, the East Meets West Foundation (EMWF) serves as the implementing agency and grant recipient. The schools bear the performance risk by fully pre-financing tuition for these students. Schools are reimbursed upon verification of satisfactory delivery of services, which requires selected students remain enrolled and attend at least 80 percent of classes, and students have a passing grade (a GPA of at least 5.0 on a scale of 1 to 10) at the end of each term.

Standard exams are given during each term to assess student performance and the quality of education provided. The

GPOBA subsidy will fund tuition for targeted students, covering 55 to 84 percent of the total cost of all school-related expenses. As with all GPOBA projects, a user contribution is required. The user-contribution from families covers all school-related expenses aside from tuition, including insurance, learning materials, travel, lodging, and uniforms.

EMWF also bears pre-financing risks, and has the incentive to minimize implementation costs—as built into the scheme. The organization pre-finances half of the variable operational cost, and is reimbursed only after agreed output indicators are independently verified. In this case, EMWF will have the incentive to help participating schools perform, as EMWF must invest its own funds.

As of June 2013, around 8,145 students had been enrolled, with 85.5 percent successfully passing the first term. The educational quality has been maintained, with an average of 6.0 GPA per student. Only 2.36 percent of beneficiaries in the program dropped out of school because of economic hardship and poor performance. As GPOBA looks to expand its portfolio of projects in less-tested sectors, including education, this project can highlight successful features and offer lessons for replication.



BUILDING A CENTER OF EXPERTISE

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he objective of the Center of Expertise (CoE) is to provide a range of advisory and knowledge and learning services to support the adoption of OBA approaches by the World Bank Group, governments, and ODPs, as well as to provide training opportunities and facilitate sharing of best practices. In FY2013, GPOBA continued working toward its goal of becoming a CoE on OBA by building on the knowledge and experience acquired through the design and implementation of OBA projects, focusing on four business lines: mainstreaming OBA, knowledge and learning, knowledge management (KM) and communications (see table 5).

MAINSTREAMING OBA

In FY13, GPOBA continued to target three priority audiences with this activity: working with ODPs, governments, and the World Bank Group. This was done through a combination of GPOBA technical support to design and implement OBA and RBF mechanisms, awareness building, and knowledge management. Highlights of activities carried out under each business line of the CoE are described below.

TABLE 5 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
3. Knowledge Management
a. Knowledge Products
b. Knowledge Tools
c. Community of Practice (internal and external)
4. Communications

WORKING WITH ODPS

GPOBA is working with a number of ODPs that have demonstrated a commitment to mainstreaming OBA by allocating development funding to be disbursed in accordance with OBA principles. GPOBA worked to strengthen mutual partnerships with these ODPs, providing continuous advisory and technical support on OBA/RBF concepts and application in operations, in particular through operational partnerships with country offices. GPOBA carried out OBA training workshops at Sida, DFID, the Asian Development Bank (ADB), and the Millennium Cooperation Council (MCC), and collaborated with the World Bank's Water and Sanitation Program (WSP) on project preparations.

GPOBA conducted two missions to ADB headquarters in Manila, and assisted ADB in preparing OBA guidelines, peer-reviewed ADB's first OBA energy project in Vietnam, and assisted project managers in designing and implementing OBA projects focused on water and urban development. GPOBA traveled to New Delhi to provide a two-day training and information exchange workshop for DFID staff, where the teams also discussed joint efforts to implement OBA/RBF approaches. In addition to delivering a two-day training session in Stockholm, GPOBA worked closely with Sida on designing the Reproductive Health Voucher Program scale-up project in Uganda and supporting the appraisal of the Kenya OBA Fund. GPOBA collaborated with WSP in developing two

OBA projects to support sanitation in Nairobi and access to water and sanitation in low-income areas of Kenya. GPOBA advanced discussions with MCC on the exploration of OBA approaches for peri-urban electrification, as well as for electricity expansion in six African countries. GPOBA also worked with AusAID on the preparation of a proposed project designed to increase access to electricity in Vanuatu.

WORKING WITH GOVERNMENTS TO SCALE UP OBA PROJECTS

In addition to engaging with governments related to OBA facilities in Nepal and the Philippines, GPOBA also made efforts to mainstream the use of OBA within government systems for the water and sanitation sector in Kenya and for the health sector in Uganda, securing \$26.8 million of additional funding from Sida to support these scale-ups. The scale-ups are leveraging additional resources and introducing innovative concepts. The Kenya project supports creditworthy water utilities to access market finance to extend services to the poor. The Uganda project, which supported private health care facilities in the pilot, is supporting service improvements in public sector facilities as part of the scale-up.

WORKING WITH THE WORLD BANK GROUP

GPOBA continued to work with various departments of the World Bank Group to provide technical support and integrate the use of OBA and RBF into infrastructure and social development projects.

PforR. The World Bank's new PforR instrument has identified 18 pilot operations after less than a year and a half of operation, in health, education, social protection, social development, public financial management, water and sanitation, public sector governance, transport, and urban sectors. GPOBA is supporting two of these projects: one for a road maintenance and rehabilitation project in Uruguay in conjunction with the government's national road network policy; and efforts to strengthen the institutionalization of results-oriented public sector management programs in the Brazilian state of Ceará.

RBF activities. In collaboration with the Energy Sector Management Assistance Program (ESMAP) and

Public Private Infrastructure Facility (PPIAF), GPOBA sponsored flagship events and projects in the energy sector under three main initiatives: **1. Lighting Africa**, a joint IFC and World Bank program to improve access to lighting in areas not yet connected to the electricity grid, **2. Africa Electrification Initiative**, which aims to build a living body of practical knowledge and a network of Sub-Saharan African practitioners for the design, development, and implementation of on-grid and off-grid electrification programs,⁴ and

3. Africa Clean Cooking Energy Solutions Initiative, an initiative to promote enterprise-based, large-scale dissemination and adoption of clean cooking solutions in Sub-Saharan Africa. The three initial countries of engagement are the Democratic Republic of Congo, Senegal, and Uganda.

GPOBA is also supporting World Bank Group task teams working on the design of urban solid waste management pilot projects in select countries, an RBF initiative pro-poor subsidy scheme for public transportation in Colombia, and the development of an RBF approach to improve delivery of reliable water and sanitation services to poor households in Mexico. Finally, GPOBA increased the visibility of OBA in Country Assistance/Partnership Strategies (CAS/CPS) as an effective means of providing aid to increase access to basic services for the poor, as well as to strengthen integration of the OBA approach in country programs; due to GPOBA's efforts, OBA and/or RBF are now highlighted in the final CAS/CPS documents of these countries.

KNOWLEDGE AND LEARNING PROGRAM

GPOBA continued to share knowledge and build awareness on the use of OBA approaches through its Knowledge and Learning Program. Training activities reached over 1,000 participants during this fiscal year. Training presentations highlighted how PforR projects encompass the core principles of OBA (Ethiopia,

Indonesia, Morocco and Uruguay). GPOBA hosted two training sessions in Benin and Senegal targeting ODPs, the World Bank Group and government ministries. At these sessions, presenters from the World Bank Group, Lighting Africa, and Agence Sénégalaise D'Electrification Rurale incorporated local knowledge on renewable energy as well as water and sanitation. Face-to-face training and knowledge exchange sessions were also held with our partners in DFID, Sida, and ADB in New Delhi, Stockholm, and Manila, respectively, where the teams brainstormed on opportunities to incorporate OBA/RBF instruments in donor country operations.

GPOBA also participated in several international events. Presentations on OBA principles, concepts, and scheme design were given at the European Union (EU) Results-based Management Conference (Maastricht, Netherlands), the United States Agency for International Development (USAID) Annual Infrastructure Workshop on "Adaptation & Innovation" (Washington, DC), and the Agence Française de Développement (Paris). GPOBA also presented a case study on the Lesotho Hospital PPP project at the World Bank Institute South-South Knowledge Exchange (Maseru, Lesotho). During the World Bank's annual Sustainable Development Network (SDN) Forum (Washington, DC), GPOBA co-led and moderated a learning session on RBF and OBA in the sanitation and waste sectors, together with the World Bank Urban unit, and the SDN/WSP-sponsored Behavior Change Community of Practice. The panel presented the use of RBF and OBA to influence behaviors in sanitation in projects and programs.

KNOWLEDGE MANAGEMENT

The KM function continued to extract, analyze, and share lessons learned from the design and implementation of OBA and other RBF initiatives. GPOBA published a working paper on "Lessons from Output-Based Aid for Leveraging Finance for Clean Energy" (Working Paper 12, September 2012) (see box 3). This working paper was prepared as background documentation to support more effective and better targeted clean energy interventions by the World Bank and other multilateral and bilateral institutions in middle- and low-income countries by leveraging the private sector. In addition, GPOBA co-authored a Policy Research Working Paper on "Connection Charges and Electricity

⁴ Included in this program was GPOBA's co-funding two publications: a guidebook, "From the Bottom Up: Using Small Power Producers to Promote Electrification and Renewable Energy in Africa—An Implementation Guide for Regulators and Policymakers"; and a working paper, "Connection Charges and Access to Electricity in Sub-Saharan Africa."

BOX

3

LESSONS FROM OBA FOR LEVERAGING FINANCE FOR CLEAN ENERGY



At present, the private sector plays a small role in financing economically viable clean energy projects in developing countries, where energy access needs are largely unmet. In FY13, GPOBA contributed to a working paper entitled “Lessons from Output-Based Aid for Leveraging Finance for Clean Energy” to highlight a number of efforts being undertaken by the World Bank and other Donors in middle- and low-income countries to address this issue. These efforts link support to clean energy with the need to make such support more effective at leveraging the private sector and more focused on delivering sustainable services to low-income consumers.

While RBF instruments have long been used to deliver large-scale clean energy projects in developed countries, there is less experience in developing countries. Challenges to scaling up investment in developing countries include setting in place credible payment and verification mechanisms; raising equity finance, particularly to finance the early

development stages of a project; raising debt finance, especially for small projects where there is limited access to sophisticated national or regional lending facilities; investors’ liquidity constraints, a result of the current financial climate, which puts a premium on (smaller) projects where capital is committed for relatively short periods; and the credibility of policies and agreements that support project delivery.

Using the flexible design options offered by OBA, the paper analyzes innovative design options to address a number of the critical areas for clean energy projects, including incentivizing private sector involvement by disbursing subsidies in such a way as to reduce risks and maximize project cash flows; developing institutional arrangements, including local financial architecture; and ensuring continuous project evaluation and improvement. The experience with OBA is relevant to a number of institutional aspects that need to be developed in order for RBF to be a success in developing countries.

As one approach, the working paper puts forward the concept of RBF Facilities as a way to apply OBA-type solutions at scale to address a number of the issues for delivering scaled-up investment in clean energy. An RBF facility focusing on clean energy could act as a national umbrella receptacle for international climate finance for a particular country. It would be a national level entity offering targeted subsidies/reimbursement after pre-agreed results have been independently verified. These results could be broader than simply meter readings, and could include other disbursement triggers, such as financial closures for targeted technologies or project commissioning. Subsidies could be used to target projects, project developers, financiers, and household consumers, helping to meet the energy needs of low-income consumers in developing countries.

BOX

4

POWER FROM THE SUN: AN EVALUATION OF INSTITUTIONAL EFFECTIVENESS AND IMPACT OF SOLAR HOME SYSTEMS IN BANGLADESH



In 2002, the World Bank-financed Rural Electrification and Renewable Energy Development project began using an output-based approach to address the issue of insufficient grid capacity in rural Bangladesh through the installation of SHS. GPOBA became involved in 2010, contributing US\$13.95 million to help subsidize the accessibility of the SHS for poor households via a three-year microcredit system. By project close, GPOBA funding supported the installation of over 480,000 SHS, benefitting over 2.4 million people in remote rural areas of Bangladesh.

An impact evaluation study of the project was initiated in early 2012. The objectives of the study are to: identify the various impacts, direct and indirect, on the members of SHS households, including those on women; assess the nature and quality of the program delivery system; identify the market characteristics and determine the potential market size; and assess the effectiveness of the subsidy mechanism.

As part of the study, a household survey was conducted in 128 villages (64 treatment or supplied with SHS, 64 control without such supply) covering 4,000 households (1,600 SHS adopter households in treatment villages, 4,000 non-adopter households in treatment villages, and 2,000 non-adopter households in control villages). Part of this survey served to analyze the market characteristics of SHS and the role of OBA in the adoption of new technologies, with a focus on the willingness to pay and welfare of beneficiaries.

The household survey reveals the high cost of systems (even after the subsidy) had allowed households with relatively better physical and educational endowments to adopt SHS. But over time, the technology innovations allowed introduction of lower capacity and cheaper systems that have boosted demand among lower-income households. Findings of the impact assessment show that children's study time increases with SHS adoption, more so for girls than for boys. Girls' study times in the evening increased by 12.1 minutes per day on average compared to 8.5 minutes for boys. Although there is no significant positive effect of SHS on contraceptive prevalence rates, adoption of SHS is found to have a negative effect on recent fertility. In addition, SHS positively influences women's mobility and general and economic decision-making, including the purchase of household goods. Women with SHS are found to spend more time tutoring children, watching television, socializing and visiting friends and neighbors who have adopted the SHS. Finally, disease prevalence has significantly reduced among SHS households, which may be contributed to an increased awareness developed by greater connectivity to television coupled with a healthier indoor environment (by replacing kerosene lamps).

Because of the enormous success of this project, GPOBA intends to scale up the scheme to further expand access to solar energy in Bangladesh.

Access in Sub-Saharan Africa” (Policy Research Working Paper 6511, June 2013). The paper reviews ways to improve electrification rates in Sub-Saharan Africa by addressing the issue of high connection charges, a major obstacle for poor urban and rural residents.

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 networking. GPOBA coordinated a face-to-face event in December 2012 to launch the fiscal year 2012 Annual Report, providing an opportunity to reconnect members of the OBA CoP and recognize GPOBA’s results during the past fiscal year. The KM team initiated revitalization of the CoP by establishing a revised framework and a member engagement strategy, incorporating feedback from a member survey. A new collaborative online platform is expected to be available to members in by the final quarter of the 2013 calendar year.

COMMUNICATIONS

As part of its overall strategy, GPOBA works to position OBA within the context of RBF and the results agendas of its partners, as well as in broader international discussions on aid effectiveness and innovative finance. By using a range of communication tools, GPOBA aims to generate interest in an engagement around OBA approaches by providing reliable and accessible information to a broad audience of development partners, academics, nongovernmental organizations, and private sector actors, among others. This year, GPOBA reached out to the wider development community through its monthly newsletter, press releases, videos, an Annual Report, and efforts to redesign the GPOBA website.

OBA also received global media attention in various specialized news outlets. GPOBA’s role in financing several successful projects was recognized in the media, including two energy projects in Ghana and Uganda, the Africa Clean Cooking Energy Initiative, an education program in Vietnam, and the Honduras OBA water and sanitation facility.



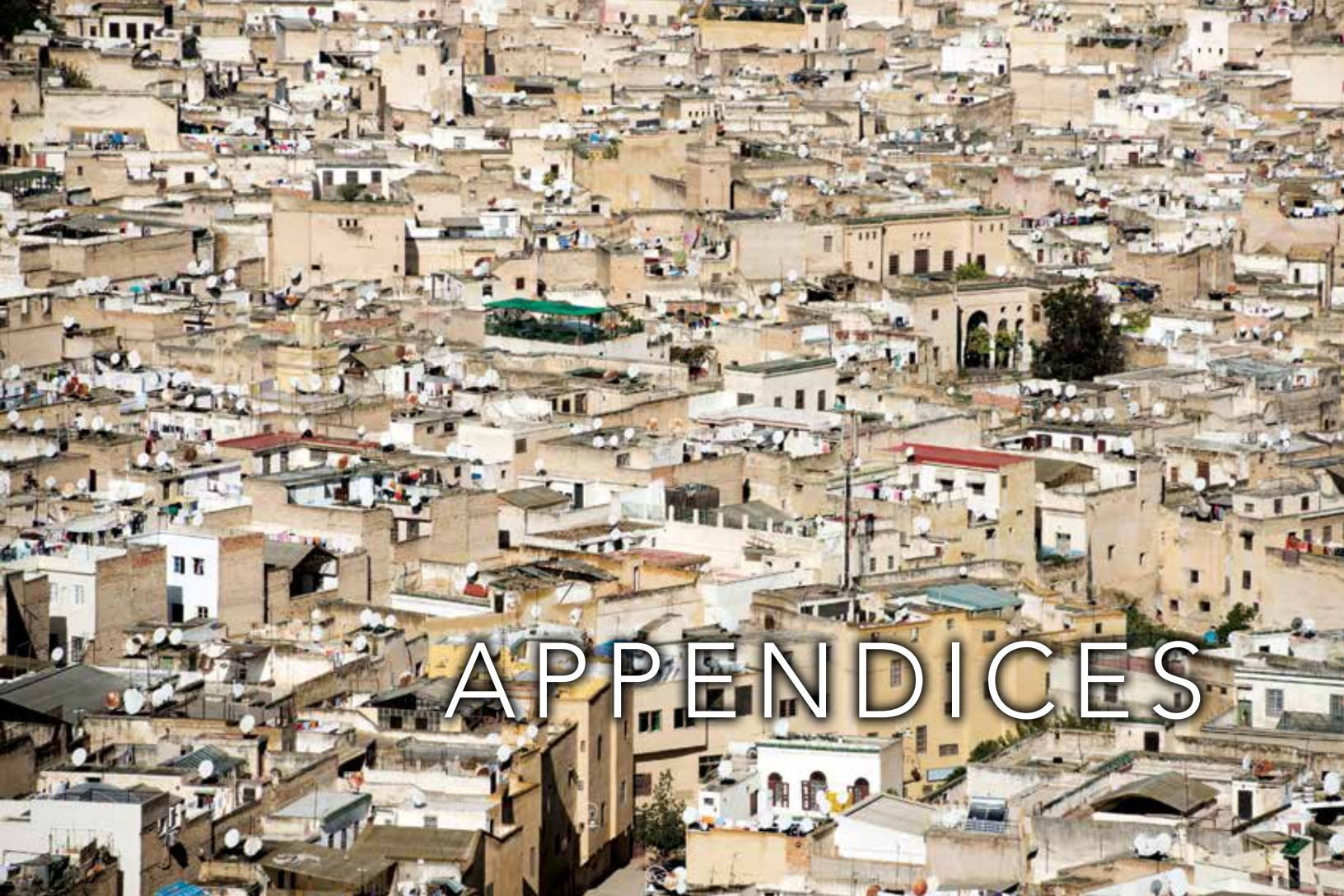
LOOKING TO THE FUTURE

A

t GPOBA's annual Program Council Meeting held in Paris in April 2013, the Donors acknowledged the value of GPOBA's work, noting in particular the efforts toward mainstreaming OBA within the World Bank Group and ODPs, including the training provided to Donors and the interface with donor country programs. GPOBA intends to continue to reinforce its outreach, focusing on less-tested sectors and in new frontiers such as FCS. In addition, GPOBA is carrying out studies to further expand its scope and assess the feasibility of OBA in new sectors, including urban transport, irrigation, and education.

Testing innovative approaches in developing countries is inherently risky and will usually involve obstacles and setbacks. GPOBA recognizes these issues, but also

understands the importance of expanding the use of the OBA approaches to new frontiers. GPOBA is prepared to be a leader, piloting OBA in less-tested sectors and new frontiers, supporting results-based solutions to broader development challenges, and sharing lessons learned and best practices with an ever-widening group of development practitioners and governments. Furthermore, GPOBA looks forward to the results of a renewed Independent Evaluation, which will measure GPOBA's progress towards its vision of becoming a CoE. Through all these efforts, GPOBA will seek to strengthen its own program, and to collaborate with Donors, the World Bank Group, and governments to achieve its mission of supporting the delivery of basic services for the poor in developing countries.



APPENDICES



APPENDIX **A** FINANCIAL STATEMENT

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

CONTRIBUTIONS RECEIVED

As of June 30, 2013, GPOBA's Donors have pledged a total of \$323.1 million to the program, of which 97 percent (\$313.6 million) has been received (appendix table A.1). In FY13, GPOBA received a total of \$28.4 million from three Donors: DFID, Sida and the European Union (appendix table A.2).

DISBURSEMENTS

GPOBA disbursements totaled \$32 million in FY13 (appendix table A.3). Disbursements were made for activities approved in FY13, as well as for activities

	Pledged	Received	To be Received
DFID ^a	112.7	109.5	3.2
IFC	97.8	97.8	–
DGIS	28.3	28.3	–
AusAID	37.4	37.4	–
Sida	44.9	38.8	6.1
EU ^b	2.0	1.8	0.2
Total	323.1	313.6	9.5

a. Contributions for DFID are pledged in GBP and then converted to USD at the time of transfer.

b. Contributions for the European Union are pledged in Euros and then converted to USD at the time of transfer.

approved in prior years that are implemented over multiple years. In accordance with the administration agreements entered into by the World Bank and

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	Total
DFID	2.5	3.4	6.8	21.7	13.3	10.2	19.2	14.4	11.2	6.8	109.5
IFC			35.0		25.5			37.3			97.8
DGIs				11.0	8.0	9.3					28.3
AusAid				0.3	4.2	24.6			8.3		37.4
Sida					6.9		8.9	2.2		20.8	38.8
EU						1.0				0.8	1.8
Total	2.5	3.4	41.8	33.0	57.9	45.1	28.1	53.9	19.5	28.4	313.6

TABLE **A3** GPOBA DISBURSEMENTS IN FY13 (IN US\$)

Program Management	
Program Management	1,304,697
Sub-total	1,304,697
Disbursements related to FY13 Annual Work Program	
Technical Assistance	3,098,104
Portfolio Preparation and Supervision	2,706,431
Subsidy Funding	24,939,871
Sub-total	30,744,407
Total	32,049,104

GPOBA Donors, \$0.5 million was collected as an administration fee.

Of the total disbursements this fiscal year, \$30.7 million (96 percent) was related to the annual work program. Most of this amount (\$24.9 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 \$1.3 million, program management and administration represented 4 percent of total disbursements, which includes CoE activities such as knowledge and learning.

SINGLE AUDIT PROCESS

The World Bank Group 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.

APPENDIX **B** GPOBA PORTFOLIO OF SIGNED GRANT AGREEMENTS AS OF JUNE 30, 2013

Country	Project Name	IDA Eligibility	Grant Amount (\$Millions)	Number of People Benefiting	Average Subsidy per Person (\$)	Description
Armenia	Armenia Gas and Heating	IDA Blend	3.10	23,739	130.59	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	55.00	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	8.86	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	Rural Electricity Access with Small-scale Providers	IDA Blend	5.18	45,000	115.00	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 Affermage Contract- OBA Coverage for Expansion	IDA	5.25	240,000	21.88	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	Access to Natural Gas	IBRD	5.09	210,000	24.21	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	1,142,855	7.00	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	Solar PV Systems to Increase Electricity Access	IDA	4.35	75,000	58.00	The GPOBA grant will provide increased electricity access through renewable energy technology for poor households in remote rural regions of Ghana, benefitting 75,000 people.

Country	Project Name	IDA Eligibility	Grant Amount (\$millions)	Number of People Benefiting	Average Subsidy per Person (\$)	Description
Honduras	National OBA Facility for Water and Sanitation Services	IDA	4.59	75,000	61.20	This project developed an OBA facility to establish an efficient and transparent mechanism for financing infrastructure in water and sanitation projects in Honduras. 87,600 people gained access to water and sanitation services.
India	Improved Rural Community Water in Andhra Pradesh	IDA Blend	0.85	75,000	11.33	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	Improved Electricity Access to Indian Slum Dwellers in Mumbai	IDA Blend	1.65	131,250	12.57	The GPOBA grant will subsidize the cost of electricity connections and wiring for inhabitants of the Shivajinagar slum in Mumbai.
Indonesia	Expanding Piped Water Supply to Surabaya's Urban Poor	IBRD	2.41	77,500	31.06	The objective of this OBA scheme is to extend piped water connections to low-income households in Surabaya. The project has reached a total of 13,474 poor beneficiaries.
Indonesia	Extending Telecommunications in Rural Indonesia	IBRD	1.87	758,210	2.46	This project will facilitate access to the Internet and associated telecommunications and data services through "community access points" in poor areas, benefitting an estimated 758,210 people.
Indonesia	Expansion of Water Services in Low-income Areas of Jakarta	IDA Blend	2.57	58,150	44.25	This project aims to bring water services to communities in low-income areas of Jakarta by funding one-off connection subsidies.
Kenya	Microfinance for Community-managed Water Projects	IDA	3.09	106,267	29.09	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 around 35 community water projects.
Kenya	Kenya Electricity Expansion	IDA	5.15	264,000	19.51	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 use of a small, but targeted, subsidy.
Lesotho	Lesotho New Hospital PPP	IDA	6.25	500,000	12.50	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.
Liberia	Monrovia Improved Electricity Access	IDA	10.00	80,000	125.00	The GPOBA grant will off-set 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.
Mongolia	Mongolia Universal Access to Telecommunications	IDA	0.26	22,315	11.62	This project closed on October 31, 2008, having provided telephone services to around 20,000 members of herder communities, and telephone and internet services to around 22,315 residents of Tariat and Chuluut soum centers.

Continued on next page

Country	Project Name	IDA Eligibility	Grant Amount (\$millions)	Number of People Benefiting	Average Subsidy per Person (\$)	Description
Morocco	Improved Access to Water and Sanitation Services	IBRD	7.00	52,520	133.28	The project closed on December 31, 2012, having provided with access to safe water and improved sanitation for over 11,000 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	10.68	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 Programme	IDA	5.00	184,541	27.09	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.
Nepal	Municipal Solid Waste Management	IDA	4.29	800,000	5.36	The project will support improvement in the quality and financial sustainability of solid waste management services in four participating municipalities targeting 800,000 beneficiaries.
Nigeria	Pre-Paid Health Scheme Project	IDA	6.02	22,500	267.34	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 Metro Manila	IBRD	2.85	123,084	23.15	This project aims to provide affordable piped potable water to poor households in Metro Manila, benefitting over 120,000 people.
Philippines	Philippines Reproductive Health	IBRD	3.65	786,765	4.64	The project aims to increase access to affordable maternal and reproductive health services for around 200,000 low-income families
Senegal	Access to On-site Sanitation Services	IDA	5.76	104,562	55.13	This OBA subsidy scheme helped offset the cost of new sanitation facilities for an estimated 15,000 poor households.
Sri Lanka	Increasing Household Access to Domestic Sanitation in Greater Colombo	IDA Blend	5.08	77,035	65.94	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 household level through rehabilitation of septic tanks and regulated desludging services.
Uganda	Kampala Water Connections for the Poor	IDA	2.53	469,950	5.38	This scheme will provide a one-off connection subsidy to partially fund the cost of new domestic metered connections. The project envisages making about 6,000 new yard tap connections and installing over 1,000 new public water points over a period of three years.
Uganda	Small Towns Water and Rural Growth Centers	IDA	3.21	51,972	61.71	This project increased access to sustainable water supply services for the poor living in selected small towns and rural growth centers, benefitting over 50,000 people.
Uganda	Reproductive Health Vouchers in Western Uganda	IDA	4.30	164,616	26.12	This project improved women’s access to trained medical professionals throughout pregnancy and provided subsidized STD treatment for over 160,000 poor Ugandans.

Country	Project Name	IDA Eligibility	Grant Amount (\$millions)	Number of People Benefiting	Average Subsidy per Person (\$)	Description
Uganda	Grid-Based OBA Facility	IDA	5.50	510,000	10.78	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.
Vietnam	Targeting Service Expansion through Water Loss Reduction	IDA	4.50	176,720	25.46	This project brought safe water services to an estimated 35,000 poor families in rural Vietnam.
Vietnam	Upper Secondary Education Enhancement	IDA	3.00	8,000	375.00	This pilot aims to increase access to secondary education at semi-public and private schools for over 8,000 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	Safe Motherhood Program	IDA	3.91	15,000	260.81	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	23.81	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.
Total			161.29	9,704,551		

APPENDIX GPOBA TEAM

Carmen Nonay	Program Manager
Rajesh Advani	Infrastructure Specialist
Ana Silvia Aguilera	Infrastructure Specialist
Wajiha Ahmed	Portfolio Monitoring
Alireza Azimipour	Information Assistant
Ahmed Amine Berrada	Intern
May Yin Chan	Program Assistant
Daniel Coila	Information Specialist
Mariana Dahan	Infrastructure Specialist
Raluca Golumbeanu	Infrastructure Specialist
Saúl E. González	Communications
Oleh Khalayim	Monitoring and Evaluation Officer
Hywon Cha Kim	Knowledge Management
Esther Loening	Infrastructure Specialist
Jessica Lopez	New Business and Knowledge Management Consultant
Rui Maia	Voice Secondee
Iain Menzies	Senior Infrastructure Specialist
Archana Narasimhan	Resource Management Analyst
Constance Polite	Program Assistant
Juliet Pumpuni	Senior Infrastructure Specialist
Luis Tineo	Senior Operations Officer
Leslie Villegas	Infrastructure Specialist



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