



The Global Partnership on Output-Based Aid

ANNUAL REPORT -2018-



@2018 The Global Partnership on Output-Based Aid (GPOBA)
The World Bank
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Prepared by the management of GPOBA, this Annual Report covers the period from July 1, 2017 to June 30, 2018.

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ACRONYMS AND ABBREVIATIONS

AFR	Africa Region	LAC	Latin America and Caribbean Region
CoE	Center of Expertise	MENA	Middle East and North Africa Region
CoP	community of practice	MFD	Maximizing Finance for Development
DFAT	Department of Foreign Affairs and Trade (Australia)	MSE	micro and small enterprises
DFID	Department for International Development (United Kingdom)	OBA	output-based aid
DGIS	Directorate-General of Development Cooperation (The Netherlands)	OPCS	Operations Policy and Country Services
DLI	disbursement-linked indicator	PforR	Program-for-Results Financing
EAP	East Asia and the Pacific Region	PoE	Panel of Experts
ECA	Europe and Central Asia Region	RBF	results-based financing
FY	fiscal year	SAR	South Asia Region
GSURR	Global Practice for Social, Urban, Rural and Resilience	SDG	Sustainable Development Goals
IDA	International Development Association	Sida	Swedish International Development Cooperation Agency (Sweden)
IFC	International Finance Corporation	SWM	solid waste management
		TA	technical assistance





Ede Jorge Ijjasz-Vasquez
Senior Director, GSURR

MESSAGE

FROM THE SENIOR DIRECTOR
Social, Urban, Rural and Resilience Global Practice
World Bank Group

I am pleased to present the Annual Report for the Global Partnership on Output-Based Aid (GPOBA) for fiscal year 2018.

Operating within the World Bank's Social, Urban, Rural and Resilience Global Practice, and connecting to the entire World Bank Group, GPOBA supports our work to address development challenges and build inclusive, resilient, and sustainable communities. GPOBA's efforts promote inclusive development by linking payments to results from investments that specifically target low-income communities in developing countries. By offering bundled services in multi-sector projects, GPOBA's investments help those communities access social and infrastructure services while tackling urbanization and rural development challenges, such as affordable housing and solid waste management.

GPOBA's depth of experience with innovative results-based financing approaches is highly valued by clients across the world. The World Bank Group is working to redefine its approach to development finance and addressing the rising aspirations of the poor to reduce poverty and increase shared

prosperity. The approach, Maximizing Finance for Development (MFD), is being systematically applied to optimally leverage limited public and private resources. GPOBA is a major contributor to the MFD agenda by designing and implementing projects that use blended finance in mobilizing additional resources. Some of the World Bank Group's best examples of MFD in practice come from GPOBA's work on basic service delivery in Bangladesh, Ghana, and Kenya, using results-based grants, guarantees, and other innovative financing solutions in water, sanitation, and energy sectors.

These results-based approaches have become an increasingly important part of development finance, especially as governments and development organizations strive to meet the United Nations' Sustainable Development Goals and achieve measurable results under constrained funding. In commemorating its 15-year anniversary, GPOBA has made great achievements in reaching the underserved. With its proven impact, thought leadership, and multi-sector knowledge, GPOBA is well placed to provide viable innovative solutions to today's development challenges for greater impact.

LETTER

FROM THE PROGRAM MANAGEMENT UNIT



Shobha Shetty
Practice Manager, Partnerships and
Resource Mobilization, GSURR

This year marks a new milestone for GPOBA, commemorating 15 years in providing innovative development financing solutions that link funding to the achievement of results. FY18 proved again to be a solid year of growth through a diverse portfolio of 49 subsidy projects, with grant funding totaling close to \$248 million and reaching nearly 10 million beneficiaries. In addition, GPOBA also benefitted from a historic subsidy disbursement of approximately \$28 million this past year.

As noted in this report, GPOBA's current portfolio reflects our increasing focus and emphasis on result-based financing (RBF) approaches. Over the past year, GPOBA has been working on refining three new strategic pillars—blended finance, Program for Results, and impact bonds—supported with analytical technical assistance (TA) and knowledge sharing activities, that in turn, help to identify development opportunities.

In FY18, we signed two grant agreements totaling \$8.45 million to our portfolio: an irrigation project in Burkina Faso; and a scaled-up sanitation project in Kenya. These both serve as examples of how GPOBA utilizes blended finance to unlock additional resources for pro-poor infrastructure development aligning with the World

Bank Group's Maximizing Financing for Development (MFD) agenda. Through these projects, GPOBA serves as a catalyst for maximizing financing as well as leveraging financial resources.

Additionally, two approved projects are awaiting grant agreement signings: a solar irrigation pump project in Tanzania, and a deaf education project in Vietnam. Preparations have also been completed for three new projects in energy and education which are now being considered by GPOBA's Panel of Experts for approval. On the knowledge and learning front, GPOBA continued to grow its capacity as a Center of Expertise (CoE) on RBF through various activities, including organizing a knowledge exchange on renewable energy, offering an online course on RBF key principles and concepts, and publishing a diagnostic tool to design effective RBF strategies.

We accomplished these results over the past year thanks to the strong commitment and support of our donors. As we move forward with new strategic directions using multi-faceted RBF approaches, we hope to make greater impact in the years to come, and foster increased collaboration with our development partners to help low-income communities in developing countries live healthier, better lives.





WHO WE ARE



As millions of people around the world live without access to basic infrastructure and social services such as electricity, clean water, improved sanitation and education, enhancing the effectiveness of development spending is a priority for those seeking to reduce global poverty.

In recent years, governments, donors, and development partners have recognized that meeting the needs of underserved communities as well as achieving the Sustainable Development Goals (SDGs) requires innovative development financing solutions alongside traditional aid delivery and conventional development finance approaches.

GPOBA's experiences over the past 15 years address these development challenges and explore results-based financing (RBF) approaches to provide access to basic services to low-income communities,

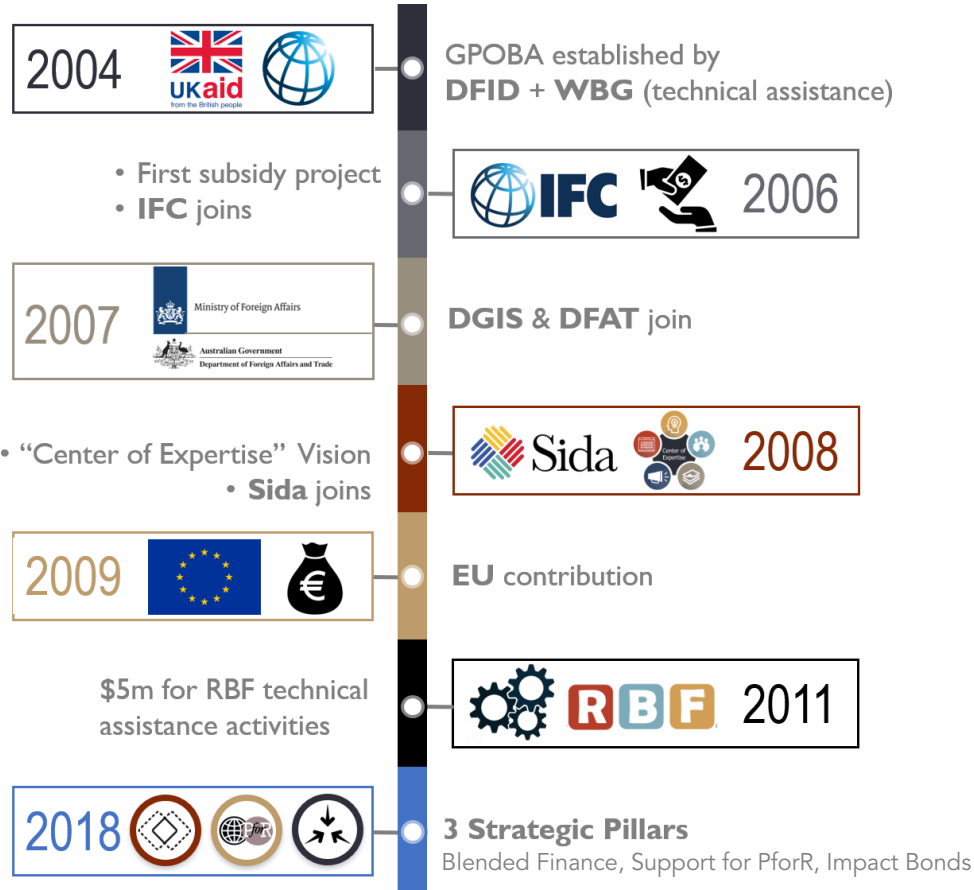
with improved transparency and accountability. Demonstrated by proven impact, new strategic focus and value-added solutions, our work helps drive human and economic development.

15 YEARS OF IMPACT

GPOBA was established in 2003 to explore output-based aid (OBA) approaches to basic service provision. Now housed within the World Bank's Social, Urban, Rural and Resilience Global Practice (GSURR), GPOBA has over the course of 15 years built a diverse portfolio of 49 subsidy projects in 29 countries and one territory, reaching nearly 10 million verified beneficiaries and has supported numerous technical assistance (TA) and knowledge activities. It has evolved into a Center of Expertise (CoE) on OBA and RBF, accumulating lessons learned and experiences from pilot projects, serving as a valuable resource for developing countries. GPOBA projects have also helped leverage additional financing for projects through commercial financing



FIG 1 Evolution of GPOBA by Fiscal Year



such as public-private partnerships and commercial lending for the viability of pro-poor investments.

GPOBA’s role has expanded over the years from providing OBA in TA specifically for infrastructure and social sectors to piloting subsidy projects in fiscal year 2006. At the request of our donors, GPOBA has bolstered its mandate to incorporate more flexible RBF solutions—and in fiscal year 2017, evolved further to include three new strategic pillars: blended finance, support to the World Bank’s “PforR” financing instrument, and impact bonds (see Figure 1 above).

With 15 years of practice in OBA/RBF across multiple sectors, combined with knowledge and insight with on-the-ground experience, GPOBA has amplified development impact by collaborating with donors, private sector, governments and partners to create opportunities for long-term economic security

through better living standards for low-income communities.

STRATEGIC FOCUS

GPOBA’s strategic direction is anchored on three pillars: blended finance, Program-for-Results and impact bonds:

- **Blended Finance** – Results-based financing (RBF) serves as a catalyst for unlocking additional financing for pro-poor infrastructure projects. Most of the projects GPOBA has supported over the last 15 years have helped leverage additional financing from governments, donors and other partners, as well as from the private sector.
- **Program-for-Results** – GPOBA was pivotal in informing the World Bank’s Program-for-Results (PforR) financing instrument which supports

government programs, in which the use of country systems and financing is disbursed upon the verification of results. GPOBA brings a pro-poor focus and relevant, practical experience to strengthen PforR projects and results frameworks, disbursement-linked indicators (DLIs), verification protocols and partnerships.

- **Impact Bonds** – Impact bonds are innovative, results-based, financial contracts between an investor, an outcome funder and a service provider that tackle either social or other development challenges. Impact bonds are a form of public-private partnership that rewards investors for successfully delivering impact.

OUR VALUE

GPOBA has established visibility as a unique and influential pioneer in development financing. GPOBA was one of the early adopters of RBF—a relatively new instrument to development finance upon its founding in 2003. Over the past 15 years, an increased emphasis on aid effectiveness and accountability for results has led to growth in popularity and application of RBF, and in the last decade, about \$25 billion of development spending has been tied to results. GPOBA is considered a leader in this field, having tested RBF (specifically OBA) globally in multiple sectors, and has recently expanded to include more flexible RBF solutions.

GPOBA uses RBF to mobilize private investment in development projects, while also ensuring that

benefits reach the targeted poorest communities. It is noteworthy to point out that through the six GPOBA grant agreements signed between FY17–FY18, for every \$1 of GPOBA funding, \$4.6 was mobilized through contributions from the private sector, project implementers, consumers, governments, and other development partners. In taking risks through piloting new RBF instruments, GPOBA has exercised the flexibility to apply RBF in various contexts.

One of GPOBA's unique attributes is its pro-poor focus. Among the development organizations implementing RBF, GPOBA explicitly targets the poor and marginalized populations to create financial incentives for service providers to extend basic services to low-income communities, along with providing incentives to consumers to access those services. GPOBA also serves hard-to-reach areas, a necessity in achieving the SDGs. While most global RBF projects are in the health and education sectors, GPOBA has unique experience in both social and infrastructure sectors (with the majority of projects supporting access to basic infrastructure services such as water and sanitation as well as energy).

In addition, GPOBA's expertise is enhanced through its knowledge and convening presence. GPOBA builds its capacity as a center of expertise on RBF, supports numerous technical assistance and knowledge and learning activities, and manages an online forum or "community of practice" on RBF. Given its position within the World Bank Group and through its operations,

FIG 2 GPOBA Donors



Ministry of Foreign Affairs



Australian Government

Department of Foreign Affairs and Trade



GPOBA directly channels donor funding to critical development challenges faced by client countries.

SUPPORT FROM DONORS

GPOBA has a strong and committed donor base supporting its efforts to link funding to actual results achieved. GPOBA was established by the UK's

Department for International Development (DFID) and the World Bank in 2003 as a Bank-administered trust fund. Subsequently, four additional donors joined the partnership: the Australian Department of Foreign Affairs and Trade (DFAT), the Dutch Ministry of Foreign Affairs (DGIS), the International Finance Corporation (IFC), and the Swedish International Development Cooperation Agency (Sida).



WHAT WE DO



Results-based financing aims to enhance the delivery of services by tying payments or funds to demonstrated and independently verified results. Unlike traditional international development financing, it switches the emphasis from inputs, which is funding given in advance for expected results—to outputs and outcomes—which is funding conditioned on results. RBF exists in many forms, and can be implemented with participation from the public sector, the private sector, and with civil society organizations in various sectors. RBF has emerged as an important part of the international development community's toolkit as governments' budgets are increasingly stretched to keep up with the demand for infrastructure and social services and to ensure that these services reach low-income populations. These households are often

constrained by the unaffordable connection cost while service providers lack financial incentives to extend access to these communities. Referring to a range of financial instruments inclusive of OBA, RBF rewards the delivery of outputs or outcomes using incentives.

While OBA has remained at the core of its activities over the past 15 years, GPOBA has more recently addressed development challenges using a broader range of RBF through subsidy projects across sectors like water and sanitation, health, education, energy and solid waste management working in several geographic areas (rural, peri-urban, and urban). GPOBA provides flexible and innovative financial RBF solutions that link funding to the achievement of tangible, verified results.



PORTFOLIO

Subsidy projects are at the core of GPOBA's business model and implementation of these projects provides the evidence and lessons from success and failure to document best practices, which then serve as feedback into GPOBA's own operations and those of other donors, governments, and development partners.

ADDITIONS TO THE PORTFOLIO

RBF is a mechanism that can help leverage private sector financing for infrastructure. FY18 includes a strong pipeline of blended finance operations including two newly signed grant agreements on small holder irrigation in Burkina Faso and a sanitation scale-up in Kenya. Both of these new projects blend OBA subsidies with a partial-credit guarantee mechanism to attract domestic commercial financing for infrastructure investments, and demonstrate GPOBA's ability to deliver package-solution approaches that are tailored to each client's needs.



Burkina Faso Small Holder Irrigation (\$5.85 million/IFC)

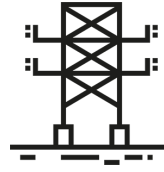
This project, developed in partnership with IFC, aims to increase knowledge of land and water management practices, and to introduce improved water management and irrigation for cotton farmers in selected areas of Burkina Faso. It will leverage financial resources from domestic commercial lenders. Implementation has begun in June 2018. Estimated beneficiaries: 60,000 (see Box 2).



Nairobi OBA Sanitation 2 (\$2.6 million/DGIS)

This project supports the Nairobi City Water and Sewerage Company to partially cover the cost of constructing compound sanitation facilities, including toilets, hand-washing basins, and storage tanks as well as connecting households to the sewer network leveraging financial resources from domestic lenders. Estimated beneficiaries: 12,000.

Several projects were considered by GPOBA's Panel of Experts for eligibility and commitment, and are expected to be signed in FY19:



An additional grant from Sida will fund an energy access scale-up project in **Zambia** (\$8.4 million) to increase electricity connections in targeted rural areas. As part of an International Development Association (IDA) operation (\$26.5 million), the project aims to improve rural energy access in Zambia using a combination of grid and off-grid technologies to connect rural households and micro and small enterprises;



An off-grid solar project in **Myanmar** (\$3 million) in collaboration with the Energy Sector Management Assistance Program (ESMAP) to support the International Finance Corporation (IFC)-led Lighting Myanmar Program, which promotes market development for Lightning Global-certified solar products; and



An education project in **Vietnam** (\$3 million) which aims to increase access to Vietnamese Sign Language for deaf and hard-of-hearing children in primary and lower secondary education, using an RBF mechanism.

PORTFOLIO MONITORING

The GPOBA portfolio of subsidy projects consists of 49 projects in 6 sectors, working in 29 countries and one territory for a total grant funding of \$247.7 million, and cumulative disbursements of \$183.6 million. This fiscal year marked a record high of subsidy disbursement amounting to \$28 million. With the majority of our projects located in Sub-Saharan Africa and South Asia and in energy and water and sanitation (see Figure 5 below), these projects have provided approximately 10 million direct beneficiaries with access to basic services with approximately 300,000 new beneficiaries reached in FY18. Ongoing portfolio monitoring and analysis continues to be an integral part of the GPOBA work program, and provides valuable lessons to inform the design of projects funded by development agencies and client countries. A full list of the subsidy projects can be found in Appendix B.

BOX

1

Results-Based Blended Finance Approaches: Maximizing Finance for Development for the Poor

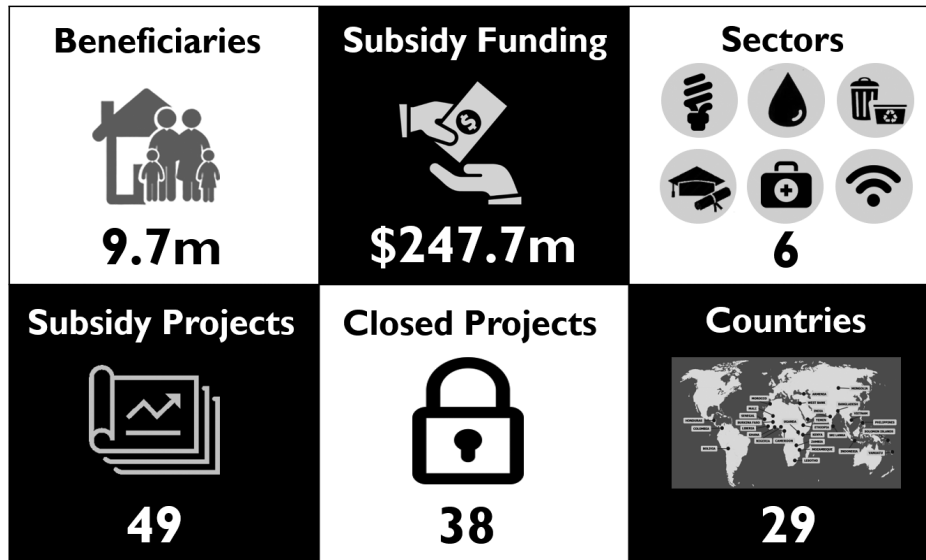


Given the significant financing gap to meet the needs of developing countries and achieve the SDGs, governments, multilaterals and other development partners are increasingly looking to the private sector to help fill this gap. This means applying innovative financing instruments, which address investor risks to help mobilize private capital, optimizing the use of scarce public resources to advance development objectives. However, this leads to another challenge: how do we achieve inclusive development while remaining attractive to the private sector? Results-based Financing (RBF) is a financial tool that can be used to unlock additional resources for development projects while ensuring that the poorest communities benefit from these investments.

Over the past 15 years, GPOBA has been building evidence on the ability of RBF to mobilize additional resources through a diverse portfolio of projects involving a mix of private finance, results-based grants and guarantees to deliver basic services to low-income communities.

In Kenya, for example, RBF is a key part of commercial bank lending to water utilities for investments in water and sanitation for low-income communities, supported by a 50 percent partial credit guarantee from the U.S. Agency for International Development (USAID). In Bangladesh, an RBF grant is blended with household loan finance from local microfinance institutions to increase access to hygienic latrines in low-income rural areas. RBF grants are supporting pro-poor renewable energy projects in rural Bangladesh and Ghana, where World Bank (International Development Association) on-lending to domestic financial institutions helps to facilitate household investments in low-cost solar home systems and other sources of clean energy. An RBF grant is also supporting the sanitation sector in Ghana by stimulating demand for urban household sanitation as well as attracting larger contractors to supply toilets to low-income communities and encouraging financial institutions to enter the market.

FIG 3 GPOBA Milestones



PROJECT COMPLETION REPORTS

Documentation during post-completion (the last milestone of a project) is critical to increase efficiency, and to complete a continuous cycle of knowledge, gathering and transferring lessons to inform future development engagements. In FY18, three completion reports were produced from the following projects:

- *Nepal Solid Waste Management (\$4.3 million)* – The project has partially achieved its development objectives in four municipalities, and has been successful in the following areas: establishing an institutional framework for SWM in municipalities; improving service delivery, with one of the participating municipalities (Dhankhuta) recognized as the cleanest city in Nepal; and strengthening financial sustainability by significantly increasing the revenues from SWM services. 500,000 beneficiaries were reached.
- *Liberia Electrification (\$10 million)* – The project was successful in ensuring broad-based and inclusive access to electricity, and significantly improving living conditions among the poor. At project closing, a total of 17,165 low-income households were connected to electricity in 21 poor areas, exceeding the target of 16,806 households. 80,000 beneficiaries were reached.

- *Zambia Electricity for Low-Income Households (\$4.95 million)* – The project exceeded its target, extending energy access to 32,843 households (about 150 percent of the original target) and 5,117 micro and small enterprises (MSEs), benefiting approximately 200,000 residents in low-income townships (approximately 32,800 beneficiaries).

ANALYTICAL WORK

Analytical studies are a key component of GPOBA's work in testing the applicability of RBF in new sectors and environments. These studies focused on a series of thematic reviews to analyze and communicate the impact of RBF instruments in supporting access to basic services at scale. These activities (amounting to over \$2 million) focus on affordable housing, urban infrastructure, climate, gender targeting, land administration, verification mechanisms, RBF methodologies and case studies. The results of these studies will inform the design and implementation of subsidy projects as well as results-based aspects of other financed operations.

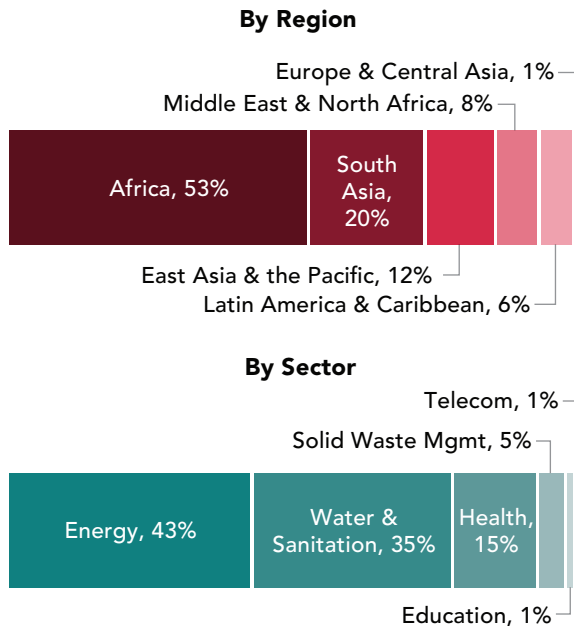
The studies also further examined the development of GPOBA strategic pillars:

- *Blended Finance*: Efforts in FY18 focused on developing analytical work to capture and

FIG 4 Map of GPOBA's Global Reach (Subsidy Projects)



FIG 5 Distribution of Funding of GPOBA Subsidy Projects



disseminate lessons learned, and to build awareness within the World Bank Group to further integrate the OBA/RBF instrument into the MFD agenda with new projects.

- PforR:** In FY18, GPOBA focused on working with the World Bank's Operations Policy and Country Services (OPCS) unit to support PforR projects through operational and advisory support, knowledge exchange, and learning activities. GPOBA and OPCS provided support to five PforR operations at the preparation stage, including hands-on technical support in designing projects.
- Impact Bonds:** In FY18, GPOBA has played an important role in advocating for impact bonds within the World Bank Group, actively participating in the multi-donor working group highlighting the value it could bring to achieving the SDGs. Activities include analytical, knowledge, and technical assistance to identify project opportunities.

BOX

2

Irrigation Systems for Small-Scale Cotton Farmers in Burkina Faso



GPOBA provided a \$5.85 million grant to support small-scale cotton farmers in western Burkina Faso's semi-arid region for better land management and irrigation practices, procurement and installation of irrigation equipment, and credit financing to stem the effects of climate change and stabilize production. This four-year program developed in collaboration with IFC is part of the World Bank's Sahel Irrigation Initiative—is GPOBA's first project in Burkina Faso and in direct support of irrigation. The collaborative World Bank-IFC-GPOBA efforts seek to optimize the use of available resources to mitigate the negative effects of climate change on cotton sector productivity by training about 1,000 small-scale cotton farmers in land and water management, investing in small-scale irrigation systems, and facilitating farmers' access to credit.

This funding will benefit farmers' cooperatives affiliated with SOFITEX (Société Burkinabé des Fibres Textiles), which is responsible for more than three-quarters of the country's cotton production. Burkina Faso is the largest cotton producer in Sub-Saharan Africa, with cotton being the country's second most important export commodity in terms of revenue generation—yet small-scale farmers have been wholly reliant on rainwater for cultivation, leaving harvests'

fate subject to the extremes of either drought or flooding from excess rainfall. This project model has the potential to be replicated throughout the region and in other types of agribusiness through a blend of public and private financing.

Investments will be disbursed using a "results-based" approach, which will pay farmers upon reaching certain project milestones and independent verification of outputs. Part of this funding will help farmers access financing from domestic financial institutions, pre-finance the sub-project investment costs and provide a partial risk facility for early entrants.

As irrigation farming represents both a technological and cultural shift for these small-scale farmers, GPOBA and the IFC's Advisory Services will co-finance farmers' training on best agricultural practices for soil fertility and water management, water evaporation reduction, compost preparation, and erosion control. OBA subsidies will be paid to farmers that successfully implement investments in land management and procure and install irrigation equipment. The OBA subsidies will cover a part of the investment cost and will be paid as a grant on achievement of specified outputs. land management, water storage, pumping equipment, water distribution.

A second project element finances procurement and installation of small-scale irrigation systems. Farmers who successfully implement these capital investments and meet project milestones—upon verification of their functionality, and payment of the first loan installment to their lenders—can be reimbursed up to 80 percent of their investment costs.

The project's third component helps the farmers who apply early to access market finance through a partial risk facility. GPOBA will provide the initial funds for this facility, after which other financial institutions may fill this role. GPOBA's grant will help mitigate some of the risks such as natural disasters, loan payment default, and incomplete project implementation by compensating up to 50 percent of the lenders' losses and commitment to pay up to half of the fees for purchasing market-based risk-mitigation products. The subsidy will also help farmers pay 80 percent of the interest of the first year's loan to the lender.

FIG 6 Center of Expertise



KNOWLEDGE

GPOBA's knowledge program is a fundamental part of its capacity as a Center of Expertise on OBA and RBF. The program gathers knowledge through lessons learned and operational experiences using an approach incorporating content management, collaboration, and technical learning. Put together, these activities are the foundation of the CoE, and lend GPOBA credibility in the field of RBF (see Figure 6 above).

In FY18, GPOBA captured and disseminated a variety of publications, multimedia products and delivered valuable knowledge exchanges. In addition, GPOBA collaborated with other RBF practitioners through the CoP, and provided learning and training opportunities. Disseminating these experiences collectively provides a better understanding of the challenges in our subsidy projects as well as informing the development community on the impact of our work. These activities form the foundation of GPOBA's role as a CoE, building evidence in the field of RBF.

CAPTURING KNOWLEDGE

GPOBA produced a series of case studies "Maximizing Finance for Development for the Poor" (see Box 3 below) to apply innovative financing instruments to analyze and showcase experiences where OBA has been used

to leverage resources through a blended finance approach. Knowledge was captured from three closed projects: electricity projects in Liberia and Zambia and a solid waste management project in Nepal. These findings were published as part of the Lessons Learned series. Three working papers analyzing how OBA can address affordable housing and urban infrastructure services in Kenya, Mumbai and Chennai were also produced.

COLLABORATION AND PARTNERSHIPS

The "RBF Community of Practice" (formerly the "OBA/RBF Community of Practice"), continues to provide opportunities for engagement and collaboration among practitioners through its online platform. In addition to thematic postings, the addition of an "Impact Bonds" sub-platform expanded the breadth of knowledge and discussions on RBF. During the year, the CoP featured three webinars complemented by summary podcasts on three projects: a sanitation project in Bangladesh, solar home systems in Ghana, and solid waste management in Nepal.

Development of partnerships with donors, other partners and governments is also central to GPOBA's role as CoE. Some highlights of this year's collaborative engagements and global knowledge exchanges are detailed below:

Energizing Development (EnDev). Energizing Development (EnDev), an energy access partnership currently financed by six donor countries: the Netherlands, Germany, Norway, United Kingdom, Switzerland and Sweden to promote sustainable access to energy services for the poor. GPOBA's engagement includes collaboration through EnDev's knowledge platform with our community of practice, opportunity to peer review their energy program, and have discussions on design and implementation of energy projects.

World Water Week 2017, Stockholm, August 27-September 1, 2017. GPOBA participated in delivering a showcase session on "The RBF Experience in Improving Systems of Accountability in Water and Sanitation." The presentation described OBA subsidies in Senegal and Sri Lanka as well as an OBA TA in Indonesia. GPOBA's messages were

BOX

3

Bangladesh/Myanmar Knowledge Exchange OBA Adds Value in Blended Finance



Bangladesh/Myanmar Knowledge Exchange, May 5–11, 2018. A delegation from Myanmar that included representatives of the Ministry of Electricity and Energy and the Department of Rural Development, as well as the agencies responsible for the World Bank-funded National Electrification Project (NEP) visited Dhaka, Bangladesh for a knowledge-sharing event on rural electrification and renewable energy. A major focus of the workshop was the role of results-based financing (RBF) in making solar home system technology affordable to low-income households. RBF

approaches, designed to help countries deliver basic service to low-income communities, makes payments to a service provider only after the service has been successfully delivered. This ensures a quality product and proper installation, which is especially critical for highly technical projects such as solar home systems.

Similar to the 2016 GPOBA knowledge event in Bangladesh for donors, participants received firsthand knowledge on project design and implementation experiences through a training workshop delivered by the Infrastructure Development Company Limited (IDCOL), the implementing agency of Bangladesh Rural Electrification and Renewable Energy Project (RERED) and other project sponsors. This knowledge exchange included an important supplemental component of field visits to selected project sites of the RERED project. The participants traveled near Rangpur, Bangladesh to visit installations of solar irrigation pump systems to see, solar home systems, biogas systems, and solar irrigation systems which also demonstrated ancillary uses of derived energy surplus. RERED is one of the most successful programs to apply RBF approaches to support various renewable energy technologies and their application, going beyond solar irrigation pumps and solar home systems to mini-grids, biogas plants, and clean cook stoves—making access to clean energy affordable to low-income populations.

The results of this exchange is helping design a World Bank-sponsored off-grid project in Myanmar currently under preparation.

reinforced by co-presenters from the World Bank, the Government of Indonesia, and the nationally chartered water utility from Sri Lanka. An international event held annually, World Water Week in 2017 hosted 377 organizations, offered 238 sessions, and welcomed 3,256 participants.

Global Off-Grid Solar Forum and Expo, Hong Kong, January 22–26, 2018. GPOBA participated in the Forum which hosted over 670 off-grid solar professionals from 65 countries. GPOBA facilitated a dialogue between Myanmar and the Local Government Unit Guarantee Corporation (LGUGC) of the Philippines on competitive international bidding for solar home systems (SHS).

LGUGC is the implementing agency of Access to Sustainable Energy Programme (ASEP) – photovoltaic (PV) mainstreaming.

Global Water Summit, Paris, April 15–17, 2018. GPOBA participated in the Global Water Summit alongside colleagues from the World Bank Group Water Practice clients from GPOBA-funded water and sanitation projects in Kenya, and delivered a presentation on the role and value added of RBF in blended finance operations. The workshop was organized into three sessions, during which discussions took place on: (i) the concept and importance of blended finance in the water and sanitation services (WSS) sector, and the

foundational issues that need continuous attention in order to scale up blending; (ii) structuring blended finance case studies; and (iii) RBF in the context of serving the poor, as well as various products that the World Bank Group and other development partners can offer to help bring more commercial financing into the WSS sector.

Bangladesh/Myanmar Knowledge Exchange,

Dhaka, May 5–11, 2018. A delegation from Myanmar that included representatives of the Ministry of Electricity and Energy and the Department of Rural Development, as well as the agencies responsible for the World Bank-funded National Electrification Project (NEP) visited Bangladesh for a knowledge-sharing event on rural electrification and renewable energy. The participants exchanged design and implementation project experience with the Infrastructure Development Company Limited (IDCOL), the implementing agency of the Bangladesh Rural Electrification and Renewable Energy Project (RERED), the Sustainable and Renewable Energy Development Agency (SREDA), GiZ, and other project sponsors.

Donor Working Group on Impact Bonds,

Brussels, May 14–18, 2018. A workshop was held in Brussels to finalize reports that will outline a set of recommended strategies for using Impact Bonds and similar instruments efficiently, effectively, and at scale. The meeting convened representatives from 23 organizations, including bilateral cooperation agencies, multilateral development agencies, private foundations, and civil society.

Urban Sanitation Workshop,

Accra, May 29–31, 2018. In collaboration with the World Bank and the government of Ghana, GPOBA supported a workshop in Accra that included discussions of implementation

challenges of results-based urban sanitation interventions in Ghana and across the developing world. The workshop provided an opportunity to reflect on the experiences and lessons learned under the Greater Accra Metropolitan Area (GAMA), project and other GPOBA projects structured around results-based approaches. The three-day workshop involved a mix of presentations, discussions, trainings, and site visits.

Zimbabwe Programmatic Climate Change,

June 12–22, 2018. GPOBA supported the World Bank's team for Zimbabwe's Programmatic Climate Change Technical Assistance Program in scoping project and partnering opportunities for blended finance operations in rural infrastructure services. The Program is funded by the Zimbabwe Reconstruction Fund (ZIMREF), a World Bank-administered multi-donor trust fund, and principal development aid facility for Zimbabwe. The objective of programmatic TA is to strengthen the capacity of the government of Zimbabwe to integrate climate change considerations into the planning, design, and implementation of development projects in priority sectors, while turning knowledge into investment plans that can be financed by diverse climate finance mechanisms.

LEARNING

As part of its educational outreach efforts, GPOBA produced e-learning courses on RBF key concepts and principles (see Box 4 below) as well as on municipal solid waste management. GPOBA also delivered a face-to-face workshop that featured an RBF diagnostic tool, "*A Guide for Effective Results-Based Financing Strategies*" which highlights practical case studies to guide participants in designing effective RBF strategies (see Box 5 below).

BOX

4

E-learning on Results-Based Financing: Key Concepts and Principles



Results-based Financing Approaches: Key Concepts and Principles

Results-based financing includes a range of funding mechanisms that reward the delivery of outputs or outcomes through incentives. This self-paced e-learning course provides an overview of results-based financing (RBF) through case studies, and focuses on the role that results-based approaches can play in the delivery of infrastructure and services. The course introduces the key concepts and principles behind results-based financing approaches. Participants will

gain skills to 1) define RBF approaches and explain their rationale, 2) identify RBF requirements and design variables, 3) diagram project structure of an RBF approach, 4) identify the benefits and considerations of using an RBF approach, and 5) describe some of the most common forms of RBF.

This e-learning course is available through the World Bank’s online Open Learning Campus.

BOX

5

A Guide for Effective Results-Based Financing Strategies



Drawing attention to outcomes



Aligning incentives with beneficiary welfare

This guidebook provides an overview of key RBF instruments through a simplified typology, and illustrates how RBF has been used in various contexts and across different countries and sectors. It presents RBF market trends and provides insights to help inform RBF design decisions. The diagnostic tool component provides a set of structured questions and frameworks to guide development practitioners in their use and design of RBF schemes, and includes in-depth analysis of the specific applications of key instruments to maximize impact in projects. The approach draws on lessons from global experience with RBF focusing on issues of specific relevance to GPOBA and its work providing technical input on OBA and RBF.



Providing flexibility to achieve results



Accountability to beneficiaries



LOOKING AHEAD



As we look forward toward the years ahead with renewed strategic direction, GPOBA will continue to push boundaries by developing and preparing a robust subsidy portfolio using a mix of RBF instruments particularly focusing on the three new pillars. Going forward, GPOBA will also focus on investment operations that leverage donor resources to maximize private sector financing designed to help selected countries achieve the SDGs in service delivery, testing new sectors and bundling services.

The expansion of our focus to RBF is expected to generate more demand for GPOBA products in the

future. In the coming year GPOBA will expand and intensify its strategic engagements with new and current donors to highlight and support our new focus on the RBF agenda. Given the use of a broader range of RBF mechanisms, GPOBA is also planning to unveil a new name (soon to be revealed).

GPOBA's experience and role remain highly relevant in today's results-focused development environment, as exemplified by the development partners and governments adopting RBF approaches, ensuring that investments are socially inclusive and benefit low-income communities.



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 recovers an administrative fee for costs associated with this task. GPOBA's budget and accounting processes are aligned with the World Bank fiscal year, which runs from July to June.

CONTRIBUTIONS RECEIVED

As of June 30, 2018, GPOBA's donors have pledged a total of \$347.9 million to the program, of which \$343.8 million has been received (see Table A1). In fiscal year 2018, GPOBA received \$5.9 million from donors (see Table A2).

GPOBA disbursements totaled \$3.84 million in fiscal year 2018 (Table A3). Disbursements were made for

Donor	Pledged	Received
DFID	112.81	112.81
IFC	97.80	97.80
DGIS	28.27	28.27
DFAT	37.49	37.49
SIDA	69.73	65.63
EU	1.80	1.80
Total	347.90	343.80

all activities approved in fiscal year 2018, as well as for activities approved in prior years that are implemented over multiple years.

TABLE A2 Receipt of Donor Contributions by Year (in \$millions)

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	Total
DFID	2.50	3.40	6.80	21.70	13.30	10.20	19.20	14.50	11.22	6.84	1.63	1.52				112.81
IFC			35.00		25.50			37.30								97.80
DGIS				11.00	8.00	9.27										28.27
DFAT				0.26		28.93			8.31							37.49
SIDA					6.90		8.90	2.20		20.80	3.04	15.68	2.21		5.90	65.63
EU						1.00				0.80						1.80
Total	2.50	3.40	41.80	32.96	53.70	49.40	28.10	54.00	19.53	28.44	4.67	17.20	2.21		5.90	343.80

TABLE **A3** Disbursements

Uses of Funds	FY 2018 Actual expenses as of June 30, 2018				Total
	W1/W2	W3 Prep/Sup	W3 Subsidy	PMU	
PMU Administrative Cost	—	—		\$558,204	\$558,204
Business Development/Portfolio	\$1,260,000	\$1,444,000			\$2,704,000
Knowledge & Repositioning	\$577,000				\$577,000
Total	\$1,837,000	\$1,444,000		\$558,204	\$3,839,204

At \$558,204, program management and administration expenses represent approximately 15 percent of total disbursements.

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 Head 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 PROJECTS

TABLE B1 Ongoing Projects

Country	Project Name	Grant Amount	Amount Disbursed	Output Description	Planned beneficiaries
Energy					
Bangladesh	Scale-Up for Bangladesh Rural Electrification and Renewable Energy Development	\$15,000,000	\$10,697,517	Solar home systems, biogas plants minigrids, and solar irrigation pumps.	1,200,000
Mali	Rural Electrification Hybrid System	\$5,000,000	\$2,973,739	Households with electricity connections and solar home systems	130,000
Philippines	GPOBA Access to Sustainable Energy Project – PV Mainstreaming	\$3,000,000	\$466,382	Solar home systems	27,500
Solomon Islands	Solomon Islands Electricity Access Expansion Project	\$2,225,000	\$297,676	Households with electricity connections and minigrid connections	14,620
Vanuatu	Improved Electricity Access	\$4,850,000	\$1,138,611	Households with electricity connections	21,440
Health					
Uganda	Uganda Reproductive Health Voucher Program II – Scale Up	\$13,300,000	\$6,909,216	Safe deliveries	132,000
Irrigation					
Burkina Faso	Burkina Faso Irrigation	\$5,850,000	\$0	Increased Cotton Production	1,000
Water and Sanitation					
Bangladesh	OBA Sanitation Microfinance Program	\$3,000,000	\$2,117,126	Hygienic latrines	850,000
Ghana	Urban Sanitation Facility for Greater Accra	\$4,850,000	\$4,850,000	Toilet facilities	132,000
Kenya	Nairobi Sanitation Project	\$6,930,000	\$5,361,232	Water and sanitation connections	80,000
Sri Lanka	Increasing Household Access to Domestic Sanitation in Greater Colombo	\$5,080,000	\$2,860,588	Sewerage connections and on-site sanitation services	77,035
Kenya	Urban Water and Sanitation OBA Fund for Low Income Areas Project	\$11,835,000	\$3,562,108	Water and sanitation connections	150,000
Solid Waste Management					
West Bank*	West Bank Solid Waste Management	\$8,256,623	\$8,256,623	Improved SWM services	840,000
Totals		\$89,176,623	\$49,490,868		3,655,595

* Closed projects pending independent verification and disbursement processing.

TABLE B2 Fully Implemented Projects

Country	Project Name	Disbursed Amount	Output description	No of Verified Outputs	No of Beneficiaries
Education					
Vietnam	Vietnam Education Project	\$2,896,389	Tuition Packages	8,145	8,145
Energy					
Armenia	Amenia Access to Heat/Gas	\$3,087,196	Households with access to heating either through an individual connection or local boiler system	5,847	23,739
Bangladesh	Rural Electrification and Renewable Energy Development – SHS Project	\$13,950,000	Solar Home Systems	497,613	2,488,065
Bangladesh	Rural Electrification and Renewable Energy Development – Mini Grid Project	\$1,099,581	Mini grid and solar water pumps	2,184	8,500
Bolivia	Bolivia Rural Electricity Access with Small-Scale Providers	\$5,152,403	Solar Home Systems and Pico-PV systems	11,755	60,815
Colombia	Colombia Natural Gas	\$4,880,382	Households with gas connections	34,138	204,828
Ethiopia	Ethiopia Electricity Access Rural Expansion Project	\$451,290	Household electricity connections, including two compact fluorescent lamps	60,000	300,000
Ghana	Solar PV Systems to Increase Access to Electricity Services in Ghana	\$4,065,021	Solar Home Systems and solar lanterns	16,822	100,932
India	Improved Electricity Access to Indian Slum Dwellers	\$40,901	Households with electricity connections	15	75
Liberia	Liberia Electrification	\$9,983,743	Households with electricity connections	16,739	83,695
Nepal	Biogas Support Programme in Nepal	\$4,974,979	Biogas plants for rural households	26,363	184,541
Uganda	Energy for Rural Transformation Project	\$5,499,179	Households with electricity connections	36,864	184,320
Kenya	Kenya Electricity Expansion Project	\$5,150,000	Households with electricity connections	41,273	165,092
Kenya	Kenya Electricity Expansion Project-Additional Financing (KEEP-AF)	\$3,000,000	Households with electricity connections	54,000	216,000
Zambia	Electricity Access for low income households in Zambia	\$4,950,000	Households with electricity connections	38,000	190,000

(continued on next page)

TABLE B2 Fully Implemented Projects *(continued)*

Country	Project Name	Disbursed Amount	Output description	No of Verified Outputs	No of Beneficiaries
Health					
Lesotho	Lesotho New Hospital PPP	\$6,250,000	Inpatient services at the new Queen Mamohato Memorial Hospital and outpatient services at three semi-urban filter clinics	808,739	808,739
Nigeria	Pre-paid Health Scheme Pilot in Nigeria	\$4,128,973	Medical Services	13,473	13,473
Philippines	Philippines Reproductive Health	\$2,001,146	Enrollments and vouchers for safe deliveries	99,319	453,440
Uganda	Reproductive Health Vouchers in Western Uganda	\$4,046,688	Safe deliveries and treatments of sexually transmitted diseases	97,248	162,838
Yemen	Yemen Safe Motherhood Program	\$3,555,225	Enrollments	16,878	33,756
Telecommunications					
Indonesia	Extending Telecommunications in Rural Indonesia	\$1,516,534	Internet locations	222	476,000
Mongolia	Mongolia Universal Access to Telecommunications	\$257,335	1 public access telephone network and 2 wireless networks	3	22,315
Water and Sanitation					
Honduras	National OBA Facility for Water and Sanitation Services	\$4,536,847	Households with water and sanitation connections	14,600	87,600
Cameroon	Cameroon Water Affirmage contract – OBA for coverage expansion	\$1,816,259	Households with water connections	25,254	151,524
India	India Naandi Foundation	\$834,276	Ultraviolet water purification systems providing access to clean water	25	77,878
Indonesia	Expanding Piped Water Supply to Surabaya's Urban Poor	\$1,084,391	Households with water connections and Master meters	13,473	67,815
Indonesia	Expansion of Water Services in Low income areas of Jakarta	\$1,743,902	Households with water connections	5,042	25,210

(continued on next page)

TABLE **B2** Fully Implemented Projects *(continued)*

Country	Project Name	Disbursed Amount	Output description	No of Verified Outputs	No of Beneficiaries
Kenya	Microfinance for Community-managed Water Projects	\$2,597,119	Households with water connections and Water Kiosks	17,500	202,000
Morocco	Improved Access to Water and Sanitation Services Project	\$6,999,766	Households with water and sanitation connections	12,426	62,130
Mozambique	Water Private Sector Contracts OBA for coverage expansion in Mozambique	\$4,768,183	Households with water connections	30,764	163,357
Philippines	Improved Access to Water Services in Metro Manila	\$2,063,573	Households with water connections	28,562	171,372
Senegal	On-Site Sanitation Project	\$5,099,544	Households benefitting from increased access to new sanitation facilities	11,495	103,455
Uganda	OBA in Water Supply in Uganda's Small Towns and Rural Growth Centers	\$2,414,031	Water yard taps and Public Water Points.	2,416	54,486
Uganda	OBA in Kampala – Water Connections for the Poor	\$1,509,455	Water yard taps, public water points	7,524	129,900
Vietnam	Vietnam Rural Water (EMW)	\$4,499,967	Households with water connections	35,344	176,720
Solid Waste Management					
Nepal	Nepal Solid Waste Management	\$3,364,616	Improved SWM services	500,000	500,000
Totals		\$134,268,894			8,112,755

APPENDIX

C

GPOBA TEAM

Shobha Shetty	Practice Manager/Acting Head
Catherine C. O'Farrell	Head
Rajesh K. Advani	Senior Infrastructure Specialist
Inga Afanasieva	Infrastructure Specialist
Sylvestre Bea	Infrastructure Specialist
Oxana Bricha	Senior Program Assistant
Amsale Bumbaugh	Operations Analyst
Daniel Coila	Operations Analyst
Raluca Golumbeanu	Senior Infrastructure Specialist
Saúl E. González	Senior Knowledge Management Assistant
Oleh P. Khalayim	Monitoring and Evaluation Officer
Hywon Cha Kim	Senior Knowledge Management Officer
Charis Lypiridis	Infrastructure Specialist
Jessica A. Lopez	Operations Officer
Juliet Pumpuni	Senior Infrastructure Specialist
Zaruhi Tokhmakhyan	Senior Infrastructure Specialist
Dilshod B. Yusupov	Operations Analyst



GPOBA Team
Washington, DC
2018



OUR IMPLEMENTING PARTNERS



WHERE WE WORK



Armenia



Bangladesh



Bolivia



Burkina Faso



Cameroon



Colombia



Ethiopia



Ghana



Honduras



India



Indonesia



Kenya



Lesotho



Liberia



Mali



Mongolia



Morocco



Mozambique



Nepal



Nigeria



Philippines



Senegal



Solomon Islands



Sri Lanka



Uganda



Vanuatu



Vietnam



West Bank



Yemen



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