GPOBA has become a leader and global advocate for output-based aid (OBA), and its results have helped shape the World Bank’s approach to results-based financing. The partnership is marking its 10th anniversary with a major two-day OBA knowledge and learning event and the launch of an OBA Community of Practice.

Within the World Bank Group, GPOBA – the Global Partnership on Output-Based Aid – can be something of an enigma. Who are they, and what exactly do they do?

As the partnership celebrates its 10th anniversary, the answer is clear: GPOBA is a thriving global program that pioneers creative approaches to aid and has brought basic services to millions of the world’s poorest.

The World Bank and the UK’s Department for International Aid (DFID) created GPOBA in 2003 to explore the potential of output-based aid (OBA) and see if it was a better way to provide aid to developing countries.

“A basic element for our involvement is to support only projects that have a direct impact on the poor.”
-Carmen Nonay, GPOBA Program Manager

Since then, GPOBA has done that and more. It has demonstrated the potential of OBA, an innovative but sometimes misunderstood results-based financing mechanism that links subsidies with performance.

It has committed $161 million in funding for pilot projects, helping more than 5.9 million poor people around the world get access to basic services such as water, electricity, sanitation, health care and education. Once all that funding has been disbursed, the number of beneficiaries is expected to reach nearly 10 million.

While water and energy have been its traditional mainstays, GPOBA has broadened its reach to new sectors – health, information and communication technology (ICT), education and solid waste management.

The lessons learned and best practices developed by GPOBA over the past decade have also played a major role in shaping the World Bank’s results-based financing approach.

"GPOBA has been a leader in Output-based Aid financing in access to infrastructure and social services for the poor since 2003, and GPOBA’s results have also been used by the World Bank to mainstream that approach," noted Zoubida Allaoua, Director for the Urban & Disaster Risk Management Department.

A global advocate for OBA

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Serving as a global voice for OBA is not an easy task. Local authorities and service providers in target areas are often unclear about what OBA is, how it links in with traditional aid, and how both clients and poor communities benefit.
But once they become acquainted with the approach, it is compelling. When GPOBA staff conduct training sessions for World Bank staff and others, they are frequently asked “Why haven’t I heard of this before?”

The short answer is that OBA is still a relatively new field. It complements traditional aid by filling a need that often remains unaddressed: that final step, or “last mile,” of connecting the poor to basic services.

Generally, international development organizations finance critical large-scale infrastructure projects such as water treatment or power plants, hospitals or schools. Once that facility has been built, the challenge is to ensure that the poor can have access to the service. In many cases, providing the final connection to communities is so expensive that service providers simply can’t afford to do it, even though the poor are willing to pay for the service.

GPOBA subsidizes service providers to build the initial connection to the communities, reimbursing them once the project has been completed according to pre-established standards and the beneficiaries have received access to the service (as verified by an independent audit).

It’s a win-win for everyone. The poor get access to much-needed services. The service providers have new paying customers. Aid organizations are able to target their beneficiaries and see immediate, guaranteed results. Donors see exactly where their money is going and can track results.

The nature of OBA also encourages efficiency and innovation, qualities that make it attractive to the private sector. Because providers assume the initial risk for the project and aren’t paid until delivery, they are inclined to complete the project as efficiently as possible. And because GPOBA does not specify any particular service delivery model, providers are encouraged to find new, creative ways to ensure delivery.

For example, a project to provide telecom access in Mongolia featured mobile terminals to receive phone and internet signals that could be moved between summer and winter grazing areas—a huge benefit for Mongolia’s nomadic peoples.

Other examples of GPOBA projects include:

- In Morocco, a $7 million grant allowed service providers to finance 10,500 water connections and 9,500 sanitation connections.
- Education subsidies made it possible for 8,100 Vietnamese students to attend secondary school; 85 percent passed the first term.
- In rural Uganda, more than 34,000 babies were safely delivered through a reproductive health voucher scheme that allowed people to purchase vouchers for affordable medical services.
- GPOBA subsidies in Kenya leveraged private sector financing to extend fresh water services to over 30,000 poor households. The project has since expanded nationally, targeting over 165,000 people in 55 low income communities.
- In Bangladesh, 2.4 million people were able to access solar energy

As the word gets out about OBA, more partners are getting on board. Just this past year, GPOBA signed a landmark grant agreement with the Government of Nepal, its first ever to extend solid waste management services in this sector to five municipalities, benefiting some 800,000 people. In early September, this was followed by a second grant agreement for solid waste management in the southern portion of the West Bank, proving that OBA is being implemented in non-traditional sectors. The program is also exploring the possibility of expanding OBA to fragile and post conflict states, where providing aid can be exceedingly difficult.

A center for knowledge sharing

After 10 successful years, GPOBA is looking ahead to a new goal: scaling up and serving as a Center of Expertise to help mainstream OBA, both within the World Bank Group and worldwide.

It plans to build on its experience designing and implementing OBA projects— as well as that of its donors and partners—to provide a range of advisory and learning services, including training opportunities and best practices.

“GPOBA has a great future because what we do is results-based, cross-sectoral and fits in well with the World Bank’s twin goals of reducing poverty and boosting prosperity,” said Program Manager Carmen Nonay, who has been with the partnership for seven years and was appointed Manager in 2012.

GPOBA’s focus on knowledge sharing is evident in how it has chosen to mark its 10th anniversary. The program is hosting a major two-day learning event on OBA at the World Bank, which includes a smackdown debate on OBA vs traditional aid. For more on GPOBA’s 10th anniversary, please visit www.gpoba.org.