

@2017 The Global Partnership on Output-Based Aid
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ACRONYMS AND ABBREVIATIONS

CoE	Center of Expertise	KMLI	Knowledge Management, Learning and		
CoP	Community of Practice		Innovation		
DAK	Specific Purpose Grants, Indonesia	KfW	Kreditanstalt Für Wiederaufbau The German Financial Cooperation		
DFAT	Department for Foreign Affairs and Trade, Australia	LGDP	Local Government and Decentralization Project		
DFID	Department for International Development, United Kingdom	MFIs	micro finance institutions		
DGIS	DGIS Dutch Directorate-General for International		micro and small enterprises		
	Cooperation	OBA	output-based aid		
ECs	electric cooperatives	PforR	Program for Results, World Bank		
EU	European Union	RBF	results-based financing		
FY	fiscal year	SDGs	Sustainable Development Goals		
GPOBA	Global Partnership on Output-Based Aid	Sida	Swedish International Development		
IB	Impact bond		Cooperation Agency		
IDA	International Development Association	GSURR	Social, Urban, Rural and Resilience Global Practice		
IFC	IFC International Finance Corporation		technical assistance		



Ede Jorge Ijjasz-Vasquez Senior Director, GSURR

MESSAGE

FROM THE SENIOR DIRECTOR

Social, Urban, Rural and Resilience Global Practice World Bank Group



t is my great pleasure to present the Annual Report for the Global Partnership on Output-Based Aid (GPOBA) for the fiscal year 2017 (FY17).

Housed within the Social, Urban, Rural and Resilience (GSURR) Global Practice at the World Bank, GPOBA amplifies GSURR's goals to help countries build sustainable, inclusive, resilient, and productive communities. With its mandate to explore and apply innovative results-based financing solutions for enabling access to basic services, GPOBA is positioned at the forefront of the World Bank's efforts to end extreme poverty and boost prosperity among the poorest 40 percent in low- and middle-income countries. Since 2003, GPOBA has demonstrated real impact by implementing results-based financing (RBF) solutions for delivering basic infrastructure and social services in poor communities. Thinking beyond conventional development finance approaches and providing tailored solutions to address specific development challenges in each context, GPOBA has improved living conditions for almost 10 million people worldwide over the last 14 years.

With a diverse portfolio offering a range of services, including energy, water, health, sanitation, solid waste management, and education, the outcomes of GPOBA's projects contribute to the Sustainable Development Goals (SDGs) that are at core of the World Bank's operational engagement. While targeting their main goals, GPOBA projects also bring various additional benefits, such as contributions to climate change mitigation, improvements in quality of life and social welfare for the poor, positive outcomes for women, and testing the application of sector reforms through project implementation. Importantly, and

particularly within low-income and vulnerable populations, such holistic development impacts contribute to the creation of productive communities, and boost broad-based, inclusive growth, supporting the achievements of the global SDGs.

Within the World Bank Group, GPOBA is seen as a catalyst to facilitate financial flows and mobilize private and commercial financing. The SDGs and targets specified in the 2030 Agenda for Sustainable Development cannot be reached only by conventional development finance approaches and public investments. GPOBA's track record in implementing blended finance solutions by strategically using grants to mobilize private and commercial financing for development projects are best practice examples that can help address this urgent challenge and mobilize finance for development.

GPOBA projects generate valuable knowledge for the development community. Drawing on lessons learned from projects, conducting analytical work and technical assistance, and providing operational on-the-ground support to World Bank teams continuously deepen and sharpen the knowledge base accumulated by GPOBA. This lays the ground for future use of results-based financing in new areas, delivering valuable lessons as the World Bank seeks to mobilize financing for development.

GPOBA is celebrating its 15th anniversary in 2018. While looking back at an impressive record of achievements and accumulated knowledge and experience, GPOBA is well-positioned to respond to the changing development landscape and will undoubtedly continue to deliver strong results and be a valuable source of innovation and expertise in the future.

LETTER

FROM THE PROGRAM MANAGEMENT UNIT







Catherine Commander O' Farrell Head, GPOBA

he Global Partnership on Output-Based Aid (GPOBA) has had an exciting year of growth. As this annual report for 2017 shows, GPOBA has made steady progress reaching over 9.4 million verified beneficiaries, with 2 million more expected to be added through on-going projects. Our portfolio has grown to 48 subsidy projects with total grant funding of \$239 million, with over \$155 million being disbursed against independently verified results.

At the close of the fiscal year, the donors endorsed GPOBA's expansion into three key areas in support of the strategic move from OBA into RBF more generally. These are an increased focus on blended finance and working with projects leveraging private sector debt, supporting the World Bank's Program for Results program, especially in key areas of GPOBA expertise such as verification protocols and pro-poor linkages, and working with a relatively new financial instrument in impact bonds. Knowledge and experience accumulated in the Center of Expertise (COE) over the years will serve as a base to develop and support new results-based financing instruments, and these three pillars are expected to strengthen GPOBA's role as a CoE on RBF.

GPOBA's work is a good example of building partnerships and mobilizing resources from private sector, development partners and governments. Total funding for our 48 subsidy projects is close to \$600 million, showing that every \$1 of GPOBA funds attracts \$1.5 in private, public or consumer co-financing. In addition, our technical assistance and knowledge activities have supported numerous other projects and

clients with identifying and implementing results-based development solutions.

This year, we signed two new grant agreements for \$5.2 million in support of an energy project in the Solomon Islands and a sanitation project in Bangladesh. Four more projects were prepared and considered by GPOBA's Panel of Experts for eligibility and commitment, covering rural water, irrigation, sanitation, and education.

In parallel, GPOBA continued to grow its capacity as a Center of Expertise (CoE) on results-based financing in FY17, sharing best practices and collaborating with partners. Seeking new opportunities, we conducted analytical work on RBF for pro-poor and climate-smart investments in cities, urban transport, and social impact bonds. Notably, GPOBA helped facilitate a five country south-south knowledge exchange workshop held in India in May 2017 to discuss leveraging performance-based financing and accountability for local governments.

Our achievements, sometimes despite challenges caused by post-conflict fragile circumstances, natural disasters, political instability, lack of technical capacity and other factors, were made possible through the commitment and ongoing support of our donors. As GPOBA looks forward to its 15th anniversary in 2018, we are committed to continue improving the livelihoods, health, and quality of life for the poor in the years to come—by enhancing and scaling-up our activities, fostering collaborations, and exploring new frontiers for extending our reach and achieving greater impacts.





round the world, millions of people live without access to basic infrastructure and social services such as electricity, clean water, and education—the very drivers that can help lift them out of poverty. Governments and development partners who are working to support quality service provision face multiple challenges: lack of adequate finance, political and regulatory difficulties, fragile and conflict affected contexts, and limited project implementing capacity among others. Even where these challenges can be addressed, the incentive to serve poor communities is often lacking. In recent years, governments, donors, and development partners have recognized that if the needs of underserved communities are to be met and the SDGs

are to be achieved, innovative solutions are required alongside traditional aid delivery and conventional development finance approaches.

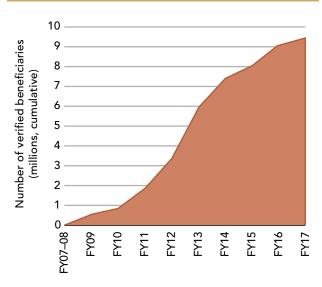
GPOBA was established in 2003 to explore output-based approaches to basic service provision. It is housed within the World Bank's Social, Urban, Rural and Resilience Global Practice (GSURR). Over its 14 years in operation, GPOBA has built a diverse portfolio of 48 subsidy projects in 28 countries and has supported numerous technical assistance and knowledge building activities. It has evolved into a Center of Expertise on output-based aid (OBA) and results-based financing (RBF), accumulating lessons and experiences, which serve as valuable resources for developing countries.



SUPPORT FROM DONORS

GPOBA has a strong and committed donor base supporting its efforts to provide basic services to the poor. Since 2003, donors have provided a total of \$338 million in funding. GPOBA's donors include the United Kingdom's Department for Foreign Development (DFID), the Australian Department of Foreign Affairs and Trade (DFAT), the Dutch Directorate-General for International Cooperation (DGIS), the International Finance Corporation (IFC), and the Swedish International Development Cooperation Agency (Sida). GPOBA also received a one-time contribution from the European Union (EU) through its Water Facility for the African, Caribbean, and Pacific countries.







BA projects work to improve access to basic services for poor and marginalized populations. With OBA, the delivery of a service—such as household connections to the water supply or the electricity grid, the installation of renewable energy systems, or solid waste management—is contracted out to a third party, either a government or private sector entity, which receives a subsidy to complement or replace user fees. The service provider is responsible for pre-financing outputs and services, with the subsidies paid out only upon the delivery and verification of specific outputs; this is a crucial difference between OBA and traditional aid, which disburses money against expenditures or contracts.

By linking the payment of subsidies with measurable results, OBA can help to ensure quality and accountability in service provision. Additionally,

OBA creates financial incentives for providers to extend services to the poor while making access to those services affordable for low-income consumers, thus promoting social inclusion of populations that may otherwise be left out of the development that underpins economic growth and an improved quality of life.

While OBA remains at the core of its project financing activities, GPOBA's work has expanded to include activities within the broader RBF universe. In 2012, GPOBA donors approved \$5 million to support technical assistance activities in RBF more generally, and last year approved the use of RBF for subsidy projects. The RBF funds have supported the World Bank's Program-for-Results instrument and a wide range of analytical work covering climate change, clean cooking, municipal solid waste management, urban infrastructure, and decentralization among others.





POOR PEOPLE in urban, peri-urban, and rural areas lack access to basic services



PUBLIC AND PRIVATE service providers lack incentives to serve the poor



There is a "GAP" between the cost of the service and the user's ability to pay



Lack of accountability for results



By Region



East Asia & Pacific, 12% — Latin America & Caribbean, 7%

By Sector



Education, 1% — Telecom, 1%

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 feed back into GPOBA's own operations and those of other donors, governments, and development partners.

Highlights of the GPOBA portfolio:

- The GPOBA subsidy portfolio consists of 48 subsidy projects for a total grant funding of \$239 million. Total funding for the subsidy projects is close to \$600 million, showing that every \$1 of GPOBA funds attracts \$1.5 in private, public, or consumer co-financing.
- Subsidy projects are in a diverse range of sectors: energy, water, sanitation, health, solid waste management, education and telecoms.
- Total disbursement of subsidy payment against independently verified delivery of services to low-

- income households is \$156 million, of which \$23 million was disbursed in FY17.
- Total number of beneficiaries verified as having accessed basic services as a result of GPOBA-financed subsidy projects has reached 9.4 million, with 400,000 added in FY17.

ADDITIONS TO THE PORTFOLIO

GPOBA added two subsidy projects to its portfolio in FY17. These grants support access to rural sanitation in Bangladesh and electricity in the Solomon Islands. The highlights of these projects are presented in Boxes 1 and 2. Along with two grants signed in June 2016 for energy access in Kenya and the Philippines, these projects will support an additional one million people to gain access to basic services.

Several projects were also considered by GPOBA's Panel of Experts for eligibility and commitment, and are expected to be signed in FY18:

B 0 X

Bangladesh: Providing Access to Hygienic Sanitation Facilities



This project is a part of a larger World Bank initiative in Bangladesh to increase access to hygienic onsite sanitation facilities for low-income households in rural areas. The project supports two wellestablished microfinance institutions, Palli Karma-Sahayak Foundation and the Association for Social Advancement, along with 20 smaller retail micro finance institutions (MFIs), to develop and provide household sanitation loans for hygienic latrines. Other parts of the World Bank operation support consumer awareness on the need for hygienic sanitation and other behavior change activities such as handwashing, and build the capacity of local sanitation construction firms. The project is expected to benefit 850,000 people and leverages a considerable amount of funds from the wholesale MFIs, which will be investing \$22 million of their own funds at risk into the project.

FINANCING:

- \$3 million from GPOBA
- \$22 million MFI loan finance

BOX 2

Solomon Islands: Expanding Access to Reliable Electricity



This project supports increased access to electricity across the Solomon Islands through expansion of the national grid and the development of mini-grids, and is expected to benefit 14,600 people in peri-urban and rural areas. The OBA subsidy buys down part of the capital cost of service connections and household wiring. The project, implemented by Solomon Power, complements an International Development Association (IDA)-funded sustainable energy project, which has been instrumental in improving the operational efficiency, system reliability, and financial sustainability of the utility.

FINANCING:

- \$2.2 million from GPOBA
- \$1.1 million in user contributions and utility discounts

- an additional grant to support the Nairobi water company in Kenya (\$2.6 million) with implementation of the on-going sanitation project in low-income areas, which will expand the project scope and the number of targeted beneficiaries;
- a smallholder irrigation project in Burkina Faso (\$5.85 million) in collaboration with the IFC, which will support cotton farmers with supplementary irrigation and improved land management techniques;
- a solar water pumping project in Tanzania (\$4.8 million) that will support rural communities by replacing/retrofitting existing diesel water pumping systems with eco-friendly solar pumps; and
- an education project for deaf children in **Vietnam** (\$3 million).

LEVERAGING FINANCE AND SCALING-UP

GPOBA, in collaboration with strategic partners, has a strong track record of closing blended finance transactions involving a mix of commercial finance, grants, and guarantees to deliver basic services to the poor, and in securing co-financing for projects supported by GPOBA. An essential part of GPOBA's

mission is to scale-up successful projects, particularly where innovative financing approaches have been tested and adopted by client countries.

GPOBA has demonstrated expertise in designing blended finance approaches through an active portfolio of OBA operations, with the potential to be scaled-up and replicated for greater impact. In Kenya, OBA was used to start a microfinance pilot in 2007, and is now an integral part of \$11 million in commercial bank lending to utilities for investment in water and sanitation for low-income communities, with commercial banks appraising a loan pipeline of \$20 million. These transactions are supported by a 50 percent partial credit guarantee from the United States Agency for International Development. In Bangladesh, OBA subsidies of \$3 million are blended with \$22 million in household loan finance from local MFIs to increase access to hygienic latrines in rural areas. The financing models for these projects—the first showing commercial lending to service providers and the second illustrating lending to households—have the potential to be scaled-up and replicated in other countries and/or sectors.

GPOBA has also been instrumental in securing public co-financing for projects and in supporting the scale-

BOX



How OBA Adds Value in Blended Finance

- Reducing repayment risk: OBA can leverage
 private investment by reducing risk to lenders
 through performance/results-based grants paid to
 project implementers against pre-agreed outputs.
 This reduces the debt burden on the client (utility
 company, household, or other) while reinforcing
 accountability for performance and assurance of
 results
- Mobilizing capital from other sources: OBA harnesses user willingness to pay and service provider/government contributions through mandatory user and project implementing partner contributions.
- Pro-poor, addresses affordability concerns: OBA targets its payments to the poor, ensuring poor communities are not excluded from infrastructure

- services expansion. This is especially the case when using commercial finance, as providers of capital are generally skeptical about financing projects for low-income consumers.
- Complements other de-risking financial instruments: OBA has successfully been used alongside partial credit guarantees, incentivizing the private sector to lend to projects with high development impact.
- Applicable to multiple sectors: GPOBA has
 experience working across multiple sectors (energy,
 water and sanitation, irrigation, health, solid-waste
 management and education), and its projects bring
 together multiple partners, thereby leveraging
 finance and expertise for greater impact across
 sectors.

up of OBA approaches in the energy and health sectors. Electric utilities in sub-Saharan Africa are increasingly adopting the OBA approach to connect low-income households to the electricity grid. In Kenya, GPOBA provided a grant to scale-up slum electrification as part of a \$54 million government and IDA-financed operation for energy access. In Zambia, IDA, the European Union (EU), and the German Financial Cooperation Kreditanstalt Für Wiederaufbau (KfW) are scaling up the electricity access program with over \$100 million in investments, including subsidized connection fees for low-income households. The utilities in both countries use the OBA approach to connect low-income households irrespective of the funding source.

A renewal rural energy project in the Philippines launched in FY17 builds on over 10 years of advisory work with the government, and is co-financed by GPOBA (\$3 million) and the EU (\$13 million). In Bangladesh, a \$15m GPOBA grant is supporting a \$434 million renewable energy scale-up, which blends concessional loans, grants, IDA on-lending and user contributions to increase access to electricity and household energy. In the health sector, a GPOBA grant of \$13.3 million is supporting the scale-up and expansion of Uganda's reproductive health voucher program to include additional districts and regions, with \$4 million in co-financing from the Government of Uganda and the United Nations Population Fund.

PORTFOLIO MONITORING

In FY17, GPOBA continued to play a key role on World Bank project teams, working closely with governments and implementing agencies. Some projects made significant progress because of these interventions, while others continue to require considerable support. The Mali off-grid rural electrification project, working in a fragile post-conflict context, accelerated implementation after a slow start and met 40 percent of its connection targets in FY17 alone. In Zambia, the on-grid electrification project surpassed the target of 22,000 household connections by one-third, installing 33,000 connections.

Some projects faced challenges relating to natural disasters, technical issues and political factors. Implementation of the energy project in Vanuatu slowed down because of devastation caused by cyclone Pam in March 2016. In Ghana, the sanitation project faced constraints with accessing market finance for targeted consumers and with mixed messages from government on sanitation subsidies, and hence struggled to generate demand. The small-scale service providers were also unable to deliver in a timely manner to customers that did pay their share of the cost. In Nairobi, the sanitation project identified costlier but more practical technical solutions for households in densely populated informal settlements that have multiple households in one compound, and which suffer from chronic water shortages. These technical issues resulted in slower than anticipated implementation but also reflect the reality of working in low-income areas and challenging environments.

BO>



Post-Closure Project Report Highlights

Uganda grid-based OBA facility. The project was implemented by the Rural Electrification Agency in cooperation with eight licensed distribution companies. It established an OBA facility funded by the Government of Uganda, the EU, KfW, and GPOBA. The Facility connected 106,600 households, representing about 10% of the electrification rate of the country, of which GPOBA subsidies went to 36,900 connections. The scheme has been instrumental in increasing connection uptake in Uganda, and coupled with public awareness, has contributed to a reduction in illegal connections.

Ghana OBA solar home systems. The project increased access to off-grid electricity services in remote rural areas of Ghana through a blended financing scheme that facilitated loans to consumers. Using a dealer sales/consumer credit model, consumers accessed loans to purchase solar home systems and benefited from OBA subsidies, which made the systems affordable. The project supported the installation of 16,500 solar photovoltaic systems, and substantially increased consumer awareness of solar electricity options.

ANALYTICAL WORK

Analytical studies are a key component of GPOBA's work in testing the applicability of OBA/RBF in new sectors and environments. In FY17, GPOBA completed two scoping studies that examined the viability of using OBA and/ or other RBF approaches as a mechanism for financing projects in urban transport and climate-related solutions for cities (refer to Box 5). Five pieces of significant technical assistance work were completed, which support the development and implementation of subsidy projects and results-based aspects of other IDA financed operations:

- an assessment of gender in the garment sector in Bangladesh
- independent verification mechanisms in Indonesia (refer to Box 6);
- a viability assessment of using OBA for solid waste management in Kabwe, Zambia;
- scoping a bus transport project in Bhutan; and
- implementation support for an urban health voucher program in **Zimbabwe**.

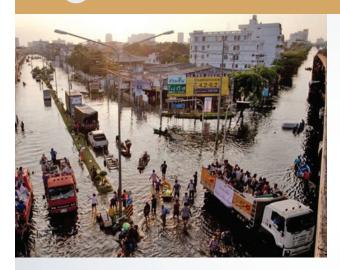
In the areas of **evaluation and assessment**, GPOBA launched an evaluation of the productive use of

electricity in Zambia. The evaluation aims to answer how productively micro and small enterprises (MSEs) are using electricity that they obtained access to through an OBA grant. It will also assess MSE energy consumption, cost, improvements in productivity, profits, and sales, among other things. A portfolio review of DFID-funded OBA subsidies in basic infrastructure was carried out, and examined how OBA supported different modalities of access, such as network-based and onsite services, which fall under SDG6 on water and SDG7 on energy.

DFID has contributed over \$110 million to GPOBA, of which over \$73 million has gone towards access projects enabling five million people to access basic services. Additionally, the projects have achieved tangible results in strengthening institutional capacity and financial markets in client countries. For every dollar of DFID infrastructure grant financing, projects have been cofinanced with an additional \$2.6 from the public and private sectors, and from other development partners. The significant contributions for technical assistance, knowledge, and global studies have all contributed to strengthening the use of RBF mechanisms to improve the lives of the poor and marginalized.

30x **5**

Pro-Poor and Climate-Smart Solutions in Cities



Today, cities account for approximately 80 percent of gross domestic product generated worldwide, while consuming more than 65 percent of the world's energy and creating over 70 percent of global carbon dioxide emissions. Most of this rapid urbanization is taking place in low and middle-income countries that have limited capacity to meet the growing demand for basic services.

The World Bank's Climate Change Group and GPOBA conducted a scoping study on Results-Based Financing for Pro-Poor and Climate-Smart Investments in Cities. The study developed a framework for applying pro-poor and climate-smart RBF solutions, focusing on urban infrastructure, city institutions, and municipal services. The study found that results-based approaches are well suited for targeting climate benefits while developing crucial infrastructure sectors in cities—energy, water, waste, and transport. RBF has the potential to mobilize private capital resources through market-based approaches, and can be directly linked to an urbanization policy framework for planning, connecting, and financing cities.

30X 6

Indonesia: Improving Verification Protocols to Enable Fiscal Transfers



In an effort to make public services more inclusive, increase effectiveness, and cater to local priorities, many governments are pursuing decentralization programs. In Indonesia, the central government's specific purpose grants (*DAK*) program allocates funds for priority investments carried out by local governments. Together with the Government of

Indonesia and the World Bank, GPOBA is supporting the Local Government and Decentralization Project (LGDP), aimed at improving the accountability and reporting of the *DAK* program by helping local governments budget, monitor, and verify the achievements of the program.

The LGDP uses an output-based disbursement approach, whereby local governments are reimbursed upon the achievement and independent verification of pre-agreed outputs. A GPOBA grant of \$780,000 supported training for the National Government Internal Auditor (BPKP), which serves as the independent verification agent, and the development of technical guidelines, a training methodology, and toolkits. Over 350 staff have been trained across 22 offices in Indonesia in areas of infrastructure quality standards, procurement, financial management, and social and environmental safeguards. A south-south knowledge exchange workshop held in India in May 2017 provided the Indonesia team with an opportunity to share their insights and lessons with senior government representatives from Bangladesh, India, Nepal, and Sri Lanka.







KNOWLEDGE

Knowledge management is a key part of GPOBA's role as a Centre of Expertise (CoE) on OBA and RBF. GPOBA uses a Knowledge Management, Learning, and Innovation (KMLI) approach, which gathers lessons learned and experiences from operations and works with content management, collaboration, learning, and innovation to deliver knowledge solutions. Efforts in FY17 include capturing and disseminating lessons, hosting a community of practice (CoP) on OBA/RBF, developing an online platform for RBF in climate change, and face-to-face interaction with partners and clients at knowledge events. Put together, these activities are the foundation of GPOBA's role as a CoE, and give it credibility in the field of RBF, as shown in Figure 4 below.

CAPTURING LESSONS

OBA design and implementation approaches were captured in two *OBApproaches* publications on urban

transport and infrastructure. Experiences and findings from two closed projects, the Uganda grid-based energy access project and the electricity for universal access project in Bolivia, were captured in the Lessons Learned series. Two other papers expanded on the use of RBF for climate and resilience: RBF in Disaster Risk Management and Climate Resilience, and Pro-Poor Financing Lens in the Climate Agenda for Cities and Resilience.

COLLABORATION AND PARTNERSHIPS

GPOBA brought people together through its online Community of Practice (CoP) and face-to-face collaboration. The CoP was expanded to include the RBF for Climate Change platform, which brought knowledge materials and sharing opportunities on climate finance. Three webinars on key RBF topics were delivered, covering social impact bonds, urban transport and climate change. Recordings of these sessions are available online at https://collaboration.worldbank.org/groups/output-based-aid-cop-oba-cop.

GPOBA was involved in a number of key knowledge forums in FY17 and delivered sessions at international events including World Water Week in Stockholm, the Quality Infrastructure Investment Conference in Tokyo, the Innovate for Climate Finance and Markets Week in Barcelona, and the Australasia academic conference in Sydney. GPOBA also facilitated donor exchange and learning workshops for the governments of Australia and Sweden.

EDUCATIONAL OUTREACH

GPOBA built on its educational outreach, prioritizing and aligning learning activities through the World Bank's Open Learning Campus. GPOBA joined the World Bank PPP Knowledge Lab as a collaborative partner, bringing RBF concepts and resources to this global platform, demonstrating how OBA/RBF approaches can add value to large infrastructure investments in PPPs. An RBF component was added to a massive open on-line course on sanitation.



n line with the strategic direction approved by GPOBA's donors in June 2015, GPOBA has identified three key business areas to expand from OBA and into RBF more generally. These three business areas / pillars aim to strategically position GPOBA as a key player in using results-based approaches to help client countries work towards achieving the SDGs.

Blended finance: In support of bridging the infrastructure finance gap, activities under this pillar aim to mobilize more public and private finance at scale for greater impact in improving access to basic services by poor households, in line with the World Bank Group's Cascade approach of "maximizing financing for development". To deliver a blended finance packaged solution to clients, GPOBA aims to provide technical assistance for project identification and development, funding and expertise to structure blended finance transactions, and offer guarantees in collaboration with

potential guarantee partners. In support of its FY18–21 strategic direction, GPOBA will aim to i) identify strategic partnerships and carry out analytical work to develop blended finance concepts; *and* ii) prepare and implement blended finance operations. The key difference between GPOBA and other funders is the continued focus on delivery of pro-poor projects while leveraging resources for investment.

Program for Results (PforR): GPOBA plans to use its operational experience to support key areas of the World Banks PforR instrument: i) bringing a pro-poor focus to PforRs in alignment with the World Bank's twin goals of eliminating extreme poverty by 2030 and boosting shared prosperity; and ii) strengthening PforR on results framework, disbursement linked indicators, verification protocols, and partnerships. Support will be provided through knowledge sharing and learning and as well as through advisory and on-the-ground assistance for PforR operations in the specific areas of GPOBA expertise.

Impact bonds (IBs): Building on its RBF experience and strategic positioning at the WBG, GPOBA will support the development of the impact bond market by using data, technical expertise, monitoring and evaluation tools, and by leveraging strategic partnerships to enhance the effectiveness of IBs as an RBF instrument. In support of its FY18–21 strategic direction, GPOBA will aim to promote IBs as an instrument to deliver social services to vulnerable populations, and to

become a convener and facilitator for the WBG, governments and other development partners.

The three pillars are expected to considerably strengthen GPOBA's role as a CoE on RBF.

Additionally, the day to day operations will also support the CoE through the continued focus on business development, portfolio management, KMLI, and communications.



APPENDIX



FINANCIAL STATEMENT

POBA 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, 2017, GPOBA's donors have pledged a total of \$337.9 million to the program, of which \$337.9 million has been received (see Table A1). In fiscal year 2016, GPOBA received \$2.2 million from donors (see Table A2).

GPOBA disbursements totaled \$28.9 million in fiscal year 2017 (Table A3). Disbursements were made for all activities approved in fiscal year 2017, as well as for activities approved in prior years that are implemented over multiple years.

TABLE A1	Donor Contributions to GPOBA (in \$millions)				
Donor	Pledged	Received			
DFID	112.81	112.81			
IFC	97.80	97.80			
DGIS	28.27	28.27			
DFAT	37.49	37.49			
SIDA	59.73	59.73			
EU	1.80	1.80			
Total	337 90	337 90			

Of the total disbursements for this fiscal year, \$28.4 million (98.6 percent) was related to the annual work program. Most of this amount (\$22.6 million) was disbursement of funding for subsidy projects under implementation, with the rest going to technical assistance, and preparation and supervision of projects.

TABLE A2 Receipt of Donor Contributions by Year (in \$millions)															
	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	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		59.73
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		337.90



GPOBA program management AND the internal and external work program.

At \$397, 207, program management and administration represent 1.4 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

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	\$2,988,807	Solar home systems, minigrids, and solar irrigation pumps.	1,200,000
Kenya	Kenya Electricity Expansion Project- Additional Financing (KEEP-AF)	\$3,000,000	\$3,000,000	Households with electricity connections	216,000
Mali	Rural Electrification Hybrid System	\$5,000,000	\$2,102,735	Households with electricity connections and solar home systems	130,000
Philippines	GPOBA Access to Sustainable Energy Project – PV Mainstreaming	\$3,000,000	\$273,183	Solar home systems	27,500
Solomon I.	Solomon Islands Electricity Access Expansion Project	\$2,225,000	\$12,704	Households with electricity connections and minigrid connections	14,620
Vanuatu	Improved Electricity Access	\$4,850,000	\$758,697	Households with electricity connections	21,440
Zambia*	Electricity Access for low income households in Zambia	\$4,950,000	\$4,075,000	Households with electricity connections	140,000
Health					
Uganda	Uganda Reproductive Health Voucher Program II – Scale Up	\$13,300,000	\$3,397,835	Safe deliveries	132,000
Water and S	anitation				
Bangladesh	OBA Sanitation Microfinance Program	\$3,000,000	\$0	Hygienic latrines	850,000
Ghana	Urban Sanitation Facility for Greater Accra	\$4,850,000	\$724,113	Toilet facilities	132,000
Kenya	Nairobi Sanitation Project	\$4,330,000	\$1,705,520	Water and sanitation connections	80,000
Sri Lanka	Sri Lanka Sanitation	\$5,080,000	\$1,963,080	Sewerage connections and on-site sanitation services	77,035
Kenya	Urban Water and Sanitation OBA Fund for Low Income Areas Project	\$11,835,000	\$2,198,125	Water and sanitation connections	150,000
Solid Waste	Management				
Nepal*	Nepal Solid Waste Management	\$4,288,381	\$1,117,446	Improved SWM services	500,000
West Bank	West Bank Solid Waste Management	\$8,256,623	\$8,256,623	Improved SWM services	840,000
	Totals	\$92,965,004	\$32,573,868		4,510,595

 $[\]ensuremath{^{\star}}$ 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		
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		
Telecomunica	tions						
Indonesia	Extending Telecommunications in Rural Indonesia	\$1,516,534	Internet locations	222	476,000		
Mongolia	Mongolia Univ Access to Tele	\$257,335	1 public access telephone network and 2 wireless networks	3	22,315		

(continued on next page)

35,344

176.720

7,256,755

Vietnam

Vietnam Rural Water (EMW)

Totals

TABLE (B2) Fully Implemented Projects (continued) Disbursed No of Verified No of Output **Beneficiaries** Country **Project Name** Amount Description Outputs Water and Sanitation National OBA Facility for Water \$4,536,847 Households with water and 14,600 87,600 Honduras and Sanitation Services sanitation connections Cameroon Cameroon Water Affermage \$1,816,259 Households with water 25,254 151,524 contract - OBA for coverage connections expansion Ultraviolet water purification India India Naandi Foundation \$834,276 25 77,878 systems providing access to clean water **Expanding Piped Water Supply** Indonesia \$1,084,391 Households with water 13,473 67,815 connections and Master meters to Surabaya's Urban Poor Households with water Expansion of Water Services in 25,210 Indonesia \$1,743,902 5,042 Low income areas of Jakarta connections Kenya Microfinance for Community-\$2,597,119 Households with water 17,500 202,000 connections and Water Kiosks managed Water Projects Morocco Improved Access to Water and \$6,999,766 Households with water and 12,426 62,130 Sanitation Services Project sanitation connections Water Private Sector Contracts Households with water 30,764 163,357 Mozambique \$4,768,183 OBA for coverage expansion in connections Mozambique Households with water Philippines Improved Access to Water \$2,063,573 28,562 171,372 Services in Metro Manila connections Senegal **On-Site Sanitation Project** \$5,099,544 Households benefitting from 11,495 103,455 increased access to new sanitation facilities Uganda OBA in Water Supply in \$2,414,031 Water yard taps and Public 2,416 54,486 Uganda's Small Towns and Rural Water Points. **Growth Centers** Uganda OBA in Kampala - Water \$1,509,455 Water yard taps, public water 7,524 129,900 Connections for the Poor

\$4,499,967

\$122,954,281

Households with water

connections

APPENDIX C GPOBA TEAM

Carmen Nonay Practice Manager

Catherine C. O'Farrell Head

Rajesh Advani Senior Infrastructure Specialist

Inga AfanasievaInfrastructure SpecialistSylvestre BeaInfrastructure SpecialistOxana BrichaSenior 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 PumpuniSenior Infrastructure SpecialistZaruhi TokhmakhyanSenior Infrastructure Specialist

Dilshod B. Yusupov Operations Analyst



OUR IMPLEMENTING PARTNERS



















































































































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