

Annual Report 2009



The Global Partnership on Output-Based Aid

Supporting the Delivery of Basic Services in Developing Countries



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Message from the Program Manager

This has been an active year for the Global Partnership on Output-Based Aid (GPOBA) as we began our transition into a Center of Expertise in line with the Vision Statement we adopted in 2008. The main sign of this has been a broadening of our activities to include *inter alia* a new knowledge and learning program on output-based aid (OBA), targeted efforts to mainstream OBA in World Bank country programs, and increased dissemination of best practices among OBA practitioners.

Output-based aid is being used to help improve delivery of basic infrastructure and social services to the poor. It is an approach that is “maturing” and proving to have a meaningful role both in the World Bank Group (WBG) and the wider development community. Research that we conducted jointly with the WBG’s IDA/IFC Secretariat has identified about 131 OBA projects in the WBG, compared to about 32 projects identified for the period 2002–2003. Another 66 projects have been identified outside the WBG. This is impressive progress and an indication that OBA has found its place in the spectrum of results-based instruments available to donors and governments.

GPOBA has continued to develop its portfolio of subsidy funding, which now includes 28 projects for a total of US\$109.3 million, expected to benefit nearly 6 million poor people. This year we signed nine new grant agreements aimed at increasing access to essential services. A project in Ghana will use solar energy technology to increase electricity access for around 15,000 poor households in remote rural regions. Other projects will help provide healthcare for low-income families in Lesotho, electricity for slum-dwellers in India, communications services for poor households in Cambodia, and clean water for disadvantaged families in Indonesia.

OBA pilot projects are yielding results: of GPOBA’s 28 signed projects, 16 are now delivering outputs and 11 have disbursed against verified outputs for a total of US\$12.4 million, benefiting over 491,000 people. A project in Colombia closed in fiscal year 2009, having connected 35,000 poor households to natural gas supply. The switch to natural gas for cooking purposes will enable these families to save money, and is expected to significantly improve their health, due to a reduction in indoor air pollution.

At one of our training workshops on OBA, in April 2009, we were fortunate to have the participation of two officials from Promigas, the grant recipient in the Colombia natural gas project. Listening to their account of lessons learned, I was struck by the wealth of experience which all those involved in OBA approaches—service providers, staff of donor agencies, NGOs, and governments—now have to share. Our goal at GPOBA is to make this experience available to the broader development community and to continue to gather new lessons to help improve delivery of basic services to low-income households.

GPOBA would not be able to fulfill its mandate without the support of our donors. Sincere thanks to all of them, and especially to the World Bank’s Finance, Economics, and Urban Development Department which hosts GPOBA’s Program Management Unit.

The views expressed in this report represent those of the GPOBA Program Management Unit and should not be attributed to any one of the GPOBA partners.



Patricia Veevers-Carter
Program Manager
January 2010

Overview

While the global economy is showing tentative signs of recovery, many developing countries are still suffering the consequences of the global recession. The World Bank estimates that as a result of the crisis 89 million more people will be living in extreme poverty, on less than \$1.25 a day, by the end of 2010. The global recession has also put at risk \$11.6 billion of core spending in areas such as education, health, infrastructure, and social protection in the most vulnerable countries.

In this challenging environment, results-based financing mechanisms such as output-based aid (OBA) have become especially relevant. OBA is used in cases where poor people are being excluded from basic services because they cannot afford to pay the full cost of user fees such as connection charges. Through the use of performance-based subsidies, payable on results, OBA can make investment opportunities more attractive to the private sector, while reaching low-income households in an affordable way. OBA also contributes to aid effectiveness as it is clear who will provide the subsidy, what it is for, and how many people benefit (see box 1).

Within this context, the Global Partnership on Output-Based Aid (GPOBA) is working to fund, design, demonstrate, and document OBA approaches to improve delivery of basic infrastructure and social services to the poor. Now in its sixth year of activity, GPOBA has a portfolio of active OBA pilot projects totaling \$109.3 million in the water and sanitation, energy, health, and telecommunications sectors in 22 countries. This report presents GPOBA's activities in fiscal 2009 (July 1, 2008 to June 30, 2009) and GPOBA's financial statement for fiscal 2009 (annex 1).

Translating the vision into action

In 2008, GPOBA adopted a Vision Statement to guide its activities over the next five years. The vision is that by fiscal year 2012–2013:

- OBA will be a well-tested results-based instrument regularly incorporated in project design to support the sustainable delivery of basic services to target populations. (This is commonly referred to as “**Mainstreaming OBA**”.)

BOX 1: WHAT IS OBA?

Output-based aid (OBA) is a results-based financing mechanism that is being used to improve delivery of basic services to the poor in developing countries. Basic services include energy, water and sanitation, transportation, information and communications technologies (ICT), healthcare, and education.

Unlike traditional approaches, OBA links the payment of aid to the delivery of specific services or “outputs.” These can include, for example, connection of poor households to electricity grids or water supply systems, installation of solar heating systems, or delivery of basic healthcare services.

Under an OBA scheme, service delivery is contracted out to a third party, usually a private firm, which receives a subsidy to complement or replace the user fees. The service provider is responsible for “pre-financing” the project until output delivery. The subsidy is performance-based, meaning that most of it is paid only after the services or outputs have been delivered and verified by an independent agent. The subsidy is explicitly targeted to the poor, for example by focusing on areas in which poor people live.

There are six core concepts associated with OBA:

1. **Increasing transparency through the explicit targeting of subsidies**, tying these subsidies to defined outputs
2. **Increasing accountability by shifting performance risk to service providers** by paying them only after they have delivered an agreed output
3. **Increasing engagement of private sector capital and expertise** by encouraging the private sector to serve customers (usually the poor) they might otherwise disregard
4. **Encouraging innovation and efficiency** by leaving the service “solutions” partly up to the service provider
5. **Increasing sustainability of public funding** through the use of one-off subsidies and by linking ongoing subsidies to sustainable service
6. **Enhancing monitoring of results** since payments are made against agreed outputs

- GPOBA will be a recognized **Center of Expertise on OBA**, providing funding for technical assistance and dissemination. Subsidy funding will be phased out by fiscal year 2013.

Fiscal year 2009 has been a year of transition for GPOBA as the program started to implement this vision. The move toward becoming a **Center of Expertise on OBA** led to changes in the composition and role of the GPOBA team. Under the leadership of Patricia Veevers-Carter, who has been program manager of GPOBA since 2005, the unit expanded to include 12 full-time staff. A notable addition was a procurement specialist whose brief is to help World Bank Group (WBG) staff navigate the complexities of the institution's fiduciary requirements as they relate to OBA. Another four staff in the World Bank's Finance, Economics, and Urban Development Department (FEU) and one in the Middle East and North Africa Region, all of whom are experts on OBA, work regularly with GPOBA and are considered as part of the core team (see annex 2). Together, these staff members have contributed to the development and implementation of GPOBA's new knowledge and learning program, and to stepped-up dissemination of best practices in OBA, including the creation of an OBA Community of Practice.

Mainstreaming OBA has been an underlying goal of all GPOBA's activities this year. Within the **World Bank Group**, GPOBA has worked to consolidate the place of OBA as an innovative, results-based financing mechanism that responds to specific country and sector needs. GPOBA conducted a major new review of OBA, jointly with the World Bank's IDA/IFC Secretariat,¹ that provides a snapshot of the OBA universe and presents lessons learned and best practices in six sectors. GPOBA and the IDA/IFC Secretariat plan to use the findings

of this report as the basis for more systematic engagement with the World Bank regions on how to incorporate OBA in their regional programs. It is also scheduled to be published as a book in 2010. The Review of OBA section below gives more details.

Earlier this year, GPOBA staff conducted a review of OBA in World Bank country assistance strategies (CASs) and poverty reduction strategy papers (PRSPs), to see if GPOBA activities were aligned with these documents. The review found that OBA was mentioned in only 29 percent of the CASs for countries with GPOBA projects (active, closed, or in the pipeline) and in only two PRSPs. GPOBA subsequently initiated a more proactive dialogue with the relevant country and sector teams, and began reviewing relevant CASs in a more systematic manner. GPOBA also contributed to a paper setting out how OBA can be used as a tool for mitigating the impact of the financial crisis on the urban poor as part of slum upgrading programs under the World Bank's INFRA platform.²

A key challenge in scaling up OBA operations in the World Bank is to reconcile the institution's traditional approach of input-based financing based on expenditures with an output-based approach where the focus is on results that are independently verified before Bank funding is disbursed. The World Bank is currently undertaking a reform of its investment lending that foresees the creation of a new lending instrument that will be both programmatic and results-based. Under this instrument, the Bank will finance outputs and outcomes within sound fiduciary and safeguard frameworks, but without the need for direct accounting linkages between disbursements of its own resources and expenditures by the client. This is a very positive development for the mainstreaming of OBA in World Bank operations.

¹ The IDA/IFC Secretariat was established in February 2008 to help improve and increase collaboration between the World Bank and IFC in IDA countries.

² The Infrastructure Recovery and Assets (INFRA) Platform, officially launched during the WB/IMF 2009 Spring Meetings, supports counter-cyclical spending on infrastructure and protects existing assets and priority projects. The intention is to provide the foundation for rapid recovery and job creation and to promote long-term growth.

To encourage the adoption of OBA approaches by **developing country governments**, GPOBA's priority this year has been to identify pilots for potential scaling-up at the regional or national level. To this end, GPOBA team members have engaged in substantive dialogue with a number of governments, for instance, Morocco and the Philippines, two countries in which GPOBA is funding OBA pilots in the water sector. The experience of the GPOBA-supported OBA facility for the water sector in Honduras (which so far due to the political situation in the country has not been able to disburse subsidies) is already yielding some initial lessons on setting up OBA facilities.

To encourage adoption of OBA approaches by **other development partners**, GPOBA focused its efforts in fiscal 2009 on offering more knowledge and learning activities, and disseminating best practices. The aim is to provide donor agencies, regional development banks, and other actors in development with the knowledge and tools they need to develop their own OBA projects. The Knowledge and Learning section below provides more details.

Support from donors

GPOBA is one of four global partnership programs administered by the World Bank's Finance, Economics, and Urban Development Department.³ The program was set up in 2003 by the UK's Department for International Development (DFID), initially as a World Bank-administered multi-donor trust fund. GPOBA now counts four additional donors: the Australian Agency for International Development (AusAID), the Dutch Ministry of Foreign Affairs (DGIS), the International Finance Corporation (IFC), and the Swedish International Development Cooperation Agency (Sida). The European Union (EU) also



Beneficiary of a community water project in Kenya

made a one-time pledge to GPOBA in fiscal 2009 through its Water Facility for the African, Caribbean and Pacific countries.

GPOBA benefited enormously this year both from having access to World Bank networks and experience and from the guidance provided by its donors on the transition into a Center of Expertise. The program was also able to attract additional donor funding and as of June 30, 2009, total funding including contributions and pledges reached \$238.7 million, up from \$179.3 million a year earlier (see annex 1). Donor contributions paid in this year totaled \$45.2 million. Of this, \$24.6 million came from AusAID, which has now honored its full pledge. DFID pledged an additional GBP 37 million (approximately \$61.3 million), part of which GPOBA will use to scale up existing pilots and part to test OBA approaches in sectors where they have not yet been well developed, such as public transport, irrigation, and solid waste. The focus will be on low-income countries, especially in Sub-Saharan Africa and South Asia. The EU's one-time pledge of approximately \$2.2 million will help scale up the Kenya micro-finance for small water schemes project from 21 to 55 communities.

³ The others are Cities Alliance, the Global Facility for Disaster Reduction and Recovery, and the Public-Private Infrastructure Advisory Facility.

Operational activities

GPOBA supported two types of operational activity in fiscal 2009: grants for OBA subsidy funding and technical assistance. This section reviews the status and initial results of

A slum electrification project in Mumbai, India is tackling problems such as illegal wiring



these activities, and looks at how GPOBA is collaborating with other development partners to implement them.

Grant agreements signed

GPOBA has been providing grant financing for OBA subsidies since 2006, with the aim of building a robust sample of pilot projects from which to draw lessons and develop best practice in output-based approaches. In fiscal 2009, GPOBA continued to add new pilots to its portfolio, while at the same time devoting more time and resources to supervising and monitoring schemes that are already underway. As of June 30, 2009, GPOBA has signed 28 grant agreements for subsidy funding totaling \$109.3 million and expected to benefit nearly 6 million people. A table giving details of these projects can be found in annex 3.

GPOBA signed nine new grant agreements in fiscal 2009 for a total of \$37.3 million, expected to benefit around 3 million poor people (see table 1). GPOBA continues to direct most of its funding to the poorer countries and seven of the nine new projects are in IDA or IDA blend countries; the other two are in Indonesia which graduated from IDA in fiscal 2008 (see figure 1). Four projects are in Sub-Saharan Africa,

TABLE 1: GRANT AGREEMENTS SIGNED IN FY09

Country	Project Name	Grant Amount (US\$m)	# of people benefiting	Average subsidy per person (US\$m)
Cambodia	Increased Access to Telecommunications Services for Rural Poor in Cambodia	2.50	261,000	9.58
Ethiopia	Ethiopia Electrification Access Rural Expansion Project	8.00	1,142,857	7.00
Ghana	Solar PV Systems to Increase Access to Electricity	4.35	90,000	48.33
India	Mumbai Improved Electricity Access to Indian Slum Dwellers Project	1.65	104,000	15.87
Indonesia	Expanding Piped Water Supply to Surabaya's Urban Poor Project	2.41	77,500	31.06
Indonesia	Extending Telecommunications in Rural Indonesia	1.87	758,210	2.46
Lesotho	Lesotho Health PPP Project	6.25	500,000	12.50
Nigeria	Nigeria Pre-Paid Health Scheme Project	6.02	22,500	267.34
Vietnam	Targeted Service Expansion Through Water Loss Reduction Project	4.27	123,076	34.69
Total		37.31	3,079,143	12.12

which will receive 66 percent of the funding, up from 57 percent in fiscal 2008; four projects are in East Asia (30 percent of funding) and one is in South Asia (4 percent) (see figure 2).

GPOBA's new subsidy schemes concern four sectors: three projects are in energy (with 38 percent of funding), two are in health, two are in water and sanitation, and two are in telecommunications (see figure 3). This is a more even spread than in fiscal 2008, when water and sanitation received two-thirds of new funding. The energy projects include schemes to improve electricity access for slum-dwellers in Mumbai, India, and for rural populations in Ethiopia and Ghana, including through solar home systems. A grant agreement for \$6.02 million will help low-income households in Nigeria access pre-paid health insurance. In Indonesia, two new projects will expand water supply for the urban poor in Surabaya and extend phone and Internet access to rural areas.

As shown in table 1, the average subsidy amount for the grant agreements signed in fiscal 2009 is \$4.15 million and the average subsidy per beneficiary is \$12.12. This compares to an average subsidy per beneficiary of \$19.92 in fiscal 2008; the difference is due mainly to a lower average subsidy per beneficiary in the energy projects and the low subsidies per capita in the telecommunications projects. The average subsidy per beneficiary is \$33.30 for the water and sanitation projects, \$23.48 for the two health projects, \$10.47 for the energy projects, and \$4.29 for the telecommunications projects.

Project results

Fifteen GPOBA-funded OBA projects are disbursing based on verified outputs as of June 30, 2009, up from ten projects a year earlier (see table 2). Two of the first GPOBA schemes have completed their activities:

- A pilot project in Mongolia provided access to modern information and communication technology (ICT) services to over 22,300 people in remote rural areas, reducing their communication costs, strengthening family ties, and improving security and coordination associated with migration and response to harsh weather;

FIGURE 1:
GRANT AGREEMENTS SIGNED IN FY09:
SHARE OF FUNDING BY IDA, IDA BLEND
OR IBRD COUNTRY

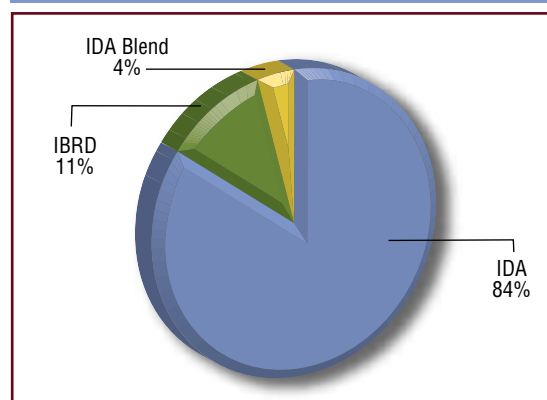


FIGURE 2:
GRANT AGREEMENTS SIGNED IN FY09:
SHARE OF FUNDING BY REGION

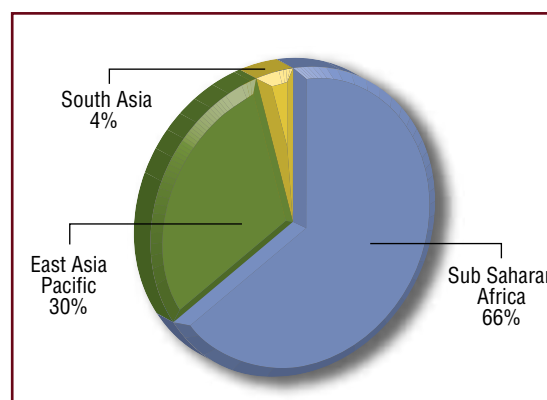
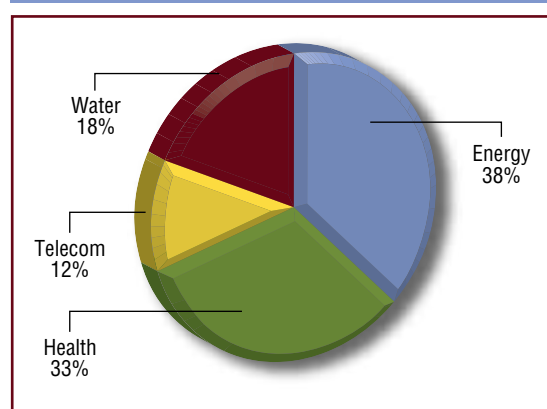


FIGURE 3:
GRANT AGREEMENTS SIGNED IN FY09:
SHARE OF FUNDING BY SECTOR



Natural gas project
in Colombia
(households with
and without a
connection)



- An OBA scheme in Colombia connected 35,000 low-income households to the natural gas network, enabling them to make significant savings in household expenses and making their living environment safer and healthier.

In total, GPOBA projects have disbursed \$11.3 million based on independently verified outputs, benefiting more than 423,000 people as of June 30, 2009. Advances have been provided to seven projects, amounting to \$2.86 million, which will be disbursed by the fiduciary

TABLE 2: DISBURSEMENTS AS OF JUNE 30, 2009 (IN US\$)

Country	Project Name	Advances	Disbursements against verified outputs	Total disbursements
Armenia	Access to Gas & Heat Supply for Poor Urban Households in Armenia		2,322,940	2,322,940
Bolivia	Decentralized Electricity for Universal Access	50,000		50,000
Colombia	Natural Gas Distribution for Low Income Families in the Caribbean Coast		4,880,380	4,880,380
Honduras	Extension of Water and Sanitation Services in Low Income Areas of Honduras	426,690		426,690
India	Improved Rural Community Water in Andhra Pradesh		403,410	403,410
Kenya	Micro-finance for Small Water Schemes	234,237	65,763	300,000
Mongolia	Mongolia OBA Pilot Project of Universal Access Strategy		257,335	257,335
Morocco	Morocco Urban Water and Sanitation		1,797,060	1,797,060
Nepal	Biogas Support Programme		588,530	588,530
Philippines	Improved Access to Water Services in the East Zone of Metro Manila Project		160,682	160,682
Senegal	Senegal On-Site Sanitation Project	411,956	146,244	558,200
Uganda	OBA in Water Supply in Uganda's Small Towns and Rural Growth Centers	650,130		650,130
Uganda	Reproductive Health Vouchers in Western Uganda	1,039,450		1,039,450
Vietnam	Vietnam Rural Water (EMW)		681,510	681,510
Yemen	Yemen Safe Motherhood Program	49,440		49,440
Total		2,861,903	11,303,855	14,165,757

TABLE 3: OUTPUTS DELIVERED AND VERIFIED AS OF JUNE 30, 2009

Country	Project Name	Output Description	Verified Output	Number of beneficiaries
Armenia	Access to Gas & Heat Supply for Poor Urban Households in Armenia	Households with access to heating either through individual connection or through local boiler systems	2,825	11,441
Colombia	Natural Gas Distribution for Low Income Families in the Caribbean Coast	Households with gas connection	34,138	204,828
India	Improved Rural Community Water in Andhra Pradesh	UV water purification system providing public access to clean water	15	45,000
Kenya	Micro-finance for Small Water Schemes	Households benefiting from increased access to water supply services	1,436	6,893
Mongolia	Mongolia OBA Pilot Project of Universal Access Strategy	1) Public access telephone network for herder community 2) Wireless network for soum	1 public access telephone network 2 wireless networks	22,315
Morocco	Morocco Urban Water and Sanitation	Households with water and sanitation connection	3,426	17,130
Nepal	Biogas Support Programme	Biogas plants for rural Nepalese households	4,772	33,655
Philippines	Improved Access to Water Services in the East Zone of Metro Manila Project	Individual water service connection, after-the-meter piping and 2 faucets, & water closet	1,567	7,365
Senegal	Senegal On-Site Sanitation	Households benefiting from increased access to new sanitation facilities	431	3,879
Uganda	Uganda NWSC	Public Water Points and Water Yard Taps	1,723	31,785
Uganda	Uganda Small Towns	Water Yard Taps	302	5,436
Vietnam	Vietnam Rural Water (EMW)	Households with piped water connections	6,670	33,350
				423,077

agent based on verified outputs, or for the hiring of consultants such as the independent verification agent (tables 2 and 3). The overall progress is encouraging, with an increase of 50 percent in total disbursements and 72 percent in the number of beneficiaries since fiscal 2008.

These figures can translate into life-changing results for individual families in developing countries. For instance, in February 2009, Jeninah Komugisha became the first woman to give birth safely, with attention from trained medical professionals, under the Reproductive Health Vouchers in Western Uganda project. This pilot, which builds on an earlier scheme funded by the German development bank KfW, is expected to benefit a total of 50,500 mothers and their children, as well as 35,000 patients suffering from sexually transmitted diseases. Thanks to the voucher system, people

will be able to seek care from service providers of their choice. Funds will therefore follow the patient and, through this change in the flow of finances, it is expected that the service providers will improve quality of their services to be able to attract and retain patients.

Technical assistance

GPOBA has provided technical assistance since its inception in 2003, mainly to support the design, implementation, and evaluation of individual OBA projects. In fiscal 2009, GPOBA approved seven technical assistance activities to support pilot projects for a total of \$503,000 (table 4). The largest amount (\$165,000) supported the preparation of a project to expand provision of safe drinking water supply and sanitation services to urban and peri-urban households in Yemen. The related subsidy

TABLE 4: TECHNICAL ASSISTANCE AND DISSEMINATION ACTIVITIES APPROVED IN FY09

Country	Project	Amount (US\$)
Technical Assistance		
Nigeria	Nigeria Prepaid Health Scheme Pilot	6,000
St. Lucia	St. Lucia Water and Sanitation Project	25,000
Uganda	Establishing a baseline and doing a follow-up evaluation for an OBA project in the water sector in Uganda	74,000
Uganda	Initiating an OBA fund in Uganda's water sector	73,000
Vietnam	Vietnam EMWF Rural Water Supply Development Project (Technical Training)	20,000
Vietnam	Vietnam Education	140,000
Yemen	Yemen Al Qabel Village Water Supply	165,000
Sub-total		503,000
Dissemination		
Global	Compilation and development of draft terms of reference (TOR) for designing OBA schemes	20,000
Global	Guidance Publication on Development of OBA Facilities	39,500
Global	OBA Supplemental Review IDA/IFC	155,000
Vietnam	Vietnam EMWF Rural Water Supply Development Project (Dissemination)	30,000
Sub-total		244,500
Total		747,500

scheme has been approved as eligible for subsidy funding from GPOBA.

GPOBA aims to use technical assistance increasingly to help developing countries set up OBA facilities from which they will be able to fund various projects in a particular sector (in most cases, water and sanitation). Although no new funding for technical assistance to set up OBA facilities was approved in fiscal 2009, GPOBA made good progress on this activity, engaging in substantive discussions with several countries including Brazil, Morocco, and the Philippines. The actual implementation of the facilities is expected to take place in the next two years. OBA facilities take time to set up as governments need to identify specific funding and implementation mechanisms, and may need to adjust project design to ensure that it is sufficiently targeted to the poor.

Collaboration with development partners

GPOBA's collaboration with development partners expanded in fiscal 2009 to include more dissemination and training activities as well as operational work. GPOBA continued to work closely with the International

Development Association (IDA), the branch of the WBG that lends to the poorest countries. Some examples include:

- **Ethiopia rural electrification.** This scheme was originally designed as part of the Second Electricity Rural Expansion Project (EAREP II) which benefits from a \$130 million loan from IDA. Subsidies are now being made available in all of EEPCo's grid-electrified area, not only in the EAREP II project area. The OBA scheme is accelerating the pace of connections in electrified areas and fostering energy efficiency (see box 2).
- **Ghana solar PV systems.** This project is part of a larger Ghana Energy Development and Access Project which involves \$90 million in IDA funding, as well as \$5.5 million in funding from the Global Environment Facility.

Other examples of partnership include the Nigeria pre-paid health scheme project, in which GPOBA is partnering with the Health Insurance Fund, a Dutch NGO, and the Lesotho hospital PPP project which is part of

BOX 2: ETHIOPIA: DEALING WITH THE “LAST MILE” PARADOX IN RURAL ELECTRIFICATION

Ethiopia’s rural electrification sector suffers from what is known as the “last mile” paradox. Ethiopia has a competent public utility, with a mandate to increase the number of rural towns and villages with electricity access; and government and donor support for the rural electrification program, including through IDA. However, even in towns and villages that have been electrified, the program does not always go the “last mile” to ensure that households are actually connected to the grid. In the meantime, many poor households pay more for alternative fuels, such as kerosene, than they would for metered grid-based electricity.

For poor families, the barrier to access is the cost of connection, which at an average of \$75 can represent up to 15 percent of their annual income. For the utility, the Ethiopian Electric Power Corporation (EEPCo), the connection cost represents only 3 percent of its upstream investment. But EEPCo cannot finance this cost because, according to the regulatory compact, its responsibility stops at the meter.

A few years ago, EEPCo tried to help poor households pay the connection cost by providing them with microcredit, and the pace of electrification accelerated. However, the concession of these loans consumed considerable amounts of the utility’s working capital, which needed to be channeled to the backbone of the rural electrification program.

In October 2008, GPOBA signed a grant agreement with EEPCo for a scheme to deal with the last mile paradox and to make the connection cost affordable for poor rural households. The GPOBA project was



originally designed as part of the World Bank’s Second Electricity Access Rural Expansion Project (EAREP II), which benefits from a \$130 million IDA loan. Within this framework, GPOBA is providing a \$8 million grant, which will enable EEPCo to connect and provide loans to 229,000 households, representing a population of 1.1 million people.

GPOBA pays a subsidy to EEPCo only after independent verification of pre-agreed “outputs”: a working metered connection to a household, a five-year loan from EEPCo to help repay the connection cost, and two energy-efficient compact fluorescent lamps (CFLs).

The GPOBA grant offered EEPCo a different business model through which the utility would be properly compensated for providing the loans. The energy efficiency component of the project also helps the customers, as using CFLs can lower their electricity bill by 55 percent. The project became effective in May 2009. It has potential for scaling up, for instance by using future IDA funds to top up the GPOBA resources.

a larger public-private partnership financed by IFC. IFC provided both funding (through GPOBA) and staff expertise for the Lesotho OBA scheme, which will subsidize inpatient services at a new 390-bed National Referral Hospital and outpatient services at three semi-urban filter clinics that are being refurbished.

In the Vietnam rural water project, GPOBA is collaborating with the East Meets West Foundation (EMWF), an NGO, to provide safe drinking water to about 30,000 poor families in the central part of the country. The project,

which will develop about 75 village-based piped water schemes, has installed piped water connections for 6,670 households as of June 30, 2009, benefiting a total of 26,680 people. EMWF and GPOBA have also worked together to provide technical training for local water managers and to disseminate lessons from the project through workshops with partners in Danang and Hanoi. The aim is to demonstrate how the output-based approach could be applied to other regions of Vietnam and eventually to other countries in Southeast Asia.

Center of Expertise activities

As part of its transition into a Center of Expertise on OBA, GPOBA has developed a range of activities to gather, document, and share information and knowledge on OBA projects. The cornerstone of GPOBA’s Center of Expertise program this year has been creating synergies—between people and teams working on OBA, and between OBA-related activities and products. This section reviews the results of these activities in fiscal 2009.

Telecommunications project in Cambodia



Review of OBA

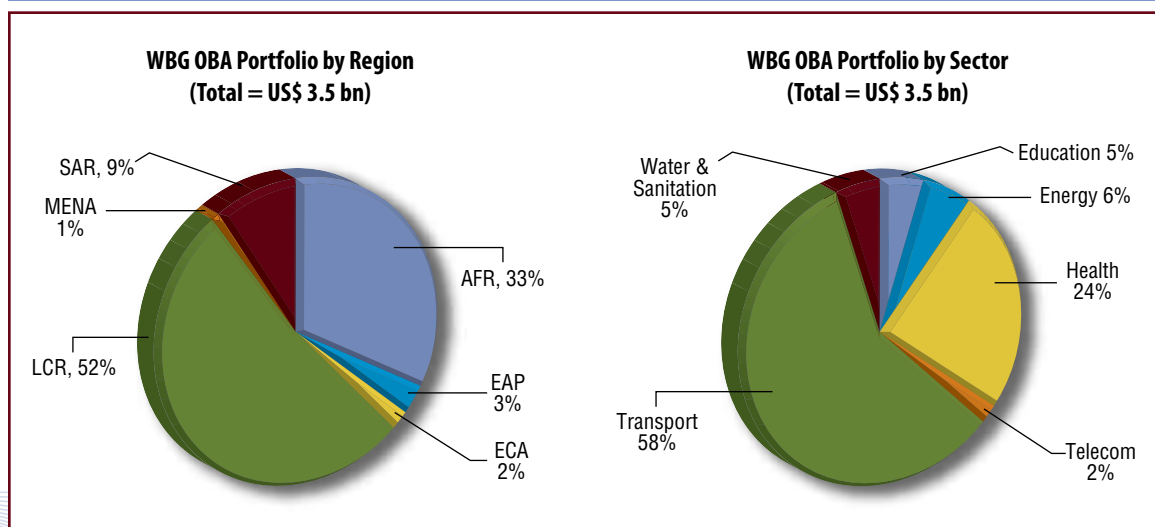
GPOBA completed a major review of lessons learned and best practices in OBA this year, jointly with the WBG’s IDA/IFC Secretariat. The

review built on GPOBA’s ongoing monitoring both of its own-funded projects and of OBA projects financed by the WBG and other development partners.

The review covers OBA schemes in six sectors: education, energy, health, ICT, transportation, and water and sanitation. It identified 131 OBA projects in the WBG, with a total subsidy value of around \$3.5 billion, up from approximately 32 OBA projects (value around \$1.5 billion) in the period 2002–2003. These projects are expected to benefit at least 61 million people. Over half the subsidy funding has gone to the Latin America and the Caribbean Region and to the transportation sector (figure 4). In addition to the WBG funding, private financing for the 131 OBA projects identified in the WBG amounts to \$323 million. Some WBG projects have also received complementary subsidy funding from recipient governments for a total of \$2.8 billion.

Another 66 OBA schemes have been identified outside the WBG, mostly in the ICT, transport (mainly roads), and energy sectors. Funding for some of these schemes comes from other donors, such as KfW in the health and renewable energy sectors or DGIS through

FIGURE 4: VOLUME OF OBA SUBSIDY BY SECTOR AND REGION IN THE WBG



the Energizing Development program. More than US\$6 billion have been made available for ICT universal access funds, mainly through surcharges and levies on operators. More generally, in developing countries OBA schemes that do not involve donor support are mainly found in middle-income countries that are able to fund subsidy schemes from cross-subsidies or tax revenue.

The review finds considerable evidence of the purported advantages of OBA over traditional input-based approaches. For example:

- **Shifting project risk to service providers:** OBA shifts performance risk to service providers by virtue of the fact that payments are made after delivery of verifiable outputs. For instance, in the Rural Community Water Project in Andhra Pradesh, India, the subsidy is paid to the Naandi Foundation in installments after independent verification of three pre-agreed outputs which Naandi pre-finances through commercial borrowing. A significant part of the subsidy is payable only after each community water scheme proves it has provided reliable water services for at least three months after becoming operational.
- **Efficiency gains:** Output-based payments lead to improvements in operational efficiency and delivery of innovative access-to-service solutions. The competitive bidding process in the Water Supply in Uganda's Small Towns project resulted in an average efficiency gain in ten towns of about 20 percent. Due to competitive bidding, at least three towns did not need subsidies at all.
- **Private sector capital and expertise:** OBA leverages private funding and expertise to serve customers the private sector might otherwise not serve. In Guatemala's telecommunication projects, for instance, each \$1 of subsidy leveraged between \$2 and \$4 of private investment, while in Peru, an average of \$2 of private capital was raised for each \$1 subsidy.

The review also identifies some cross-cutting challenges in implementing OBA approaches. For instance, as mentioned above, OBA shifts performance risk to service providers by paying them only after delivery of services. But in some OBA schemes, the service providers—especially if they are small local companies—find it difficult to access the finance they need to “pre-finance” the agreed outputs. Other financial instruments such as guarantees can be used to mitigate this constraint. More broadly, as governments and donors move towards scaling up OBA approaches, it is important to recognize that any OBA scheme is only as sustainable as the environment within which it operates. A pilot, by definition, may seem to some extent to be isolated from broader sector reform issues in the short term, but for greater impact with scaling-up and mainstreaming, a supportive enabling environment is critical.

Monitoring and evaluation

Monitoring and evaluation (M&E) continued to be central to GPOBA's efforts to define and verify OBA standards in fiscal 2009. In addition to conducting the OBA Review, GPOBA delivered semi-annual monitoring reports on all its own-funded projects to the donors. The principal lessons drawn from these reports are summarized in the section below on Lessons Learned from GPOBA Projects.

GPOBA also pursued its efforts to evaluate the development impacts of OBA projects. Baseline surveys were conducted for the impact evaluations for two GPOBA projects in Uganda: Kampala Water Connections for the Poor and Reproductive Health Vouchers in Western Uganda. These impact evaluations will compare the OBA approaches used with existing input-based projects. GPOBA obtained commitment for co-funding of the evaluation of the Kampala Water project from the Spanish Impact Evaluation Trust Fund.

Dissemination of best practices

GPOBA's dissemination program builds on the M&E function to share lessons learned and best practices in OBA with the development community. This year World Bank staff working on OBA approaches came together to form a

Community of Practice on OBA. Launched in February 2009, this informal network provides a forum for staff to share best practices in OBA through peer learning and knowledge sharing, with a focus on practical issues such as procurement and financial management in OBA projects. To support knowledge-sharing across agencies, GPOBA also developed an “online resources” section on its website that provides access to relevant toolkits, guidance notes, and other documents to the wider community of OBA practitioners.

Recognizing that staff exchanges can also be a good way to share knowledge, GPOBA hosted its first secondee, Martin Schmid of KfW, from April to June 2009. The secondment aimed to enhance cooperation between GPOBA and KfW, and to encourage the use of OBA in KfW project design. This experience led among other things to a meeting between KfW, GPOBA, and the Gates Foundation on the use of OBA in the health sector.

GPOBA also stepped up dissemination of best practices through its OBApproaches series this year, with eight new papers published

and disseminated in print and electronic form. Among these, two papers presented the experiences of the GPOBA projects in Ethiopia rural electrification and India community water (boxes 2 and 3). Two other papers published in English and French presented the design and initial results of Morocco’s OBA pilots in the water sector (box 4). Another paper looked at the cross-cutting issue of how OBA subsidies can be used to target services to the poor.

GPOBA funds dissemination activities through its own Center of Expertise budget and through grants for specific activities, such as publications (other than OBApproaches), workshops, and peer learning events. Four new grants for dissemination activities were approved this year, totaling \$244,500 (table 4). The most important was a \$155,000 grant to support the joint GPOBA-IDA/IFC Secretariat review of OBA. A \$30,000 grant supported dissemination of experiences and lessons learned in the Vietnam rural community water project through two advocacy workshops in Danang and Hanoi (see Collaboration with Development Partners section above).

BOX 3: INDIA: COMMUNITY WATER PROJECT IN ANDHRA PRADESH

Safe drinking water is a key development issue in India, where only 18 percent of rural households have access to clean water. The state of Andhra Pradesh has increased the proportion of its population with access to water from 3 percent to 65 percent in the last two decades. Nevertheless, estimates suggest that up to 17 million of Andhra Pradesh’s 80 million inhabitants experience bacteriological contamination of water. Those most affected are rural households in the coastal districts. Barriers to improving access to water services in these areas include the lack of a sustainable tariff structure, poor operation and maintenance of existing systems, scarcity of public funds, and social factors such as illiteracy.

In 2006, Naandi Foundation, an Indian non-governmental organization, and Water Health International (WHI), a disinfection technology provider, approached GPOBA to request funding for a pilot project in three coastal districts of Andhra Pradesh: Guntur, Krishna, and West Godavari. The pilot would combine water purification technology with a community-driven and performance-based approach. The proposal was accepted by GPOBA which provided a \$850,000 grant in May 2007.

The project aims to create Community Safe Water Schemes (CSWS) in 25 villages that lack access to clean drinking water,

benefiting around 12,500 poor households in total. Each CSWS will have a water treatment plant connected to a water distribution point from which users will purchase water in jerry cans. Although this project does not envisage domestic connections, it is a first step in providing safe and affordable drinking water in areas where typically the existing water source is of poor quality.

The GPOBA scheme provides a performance-based subsidy linked to the delivery of pre-agreed outputs which include three months of billed water services. The output-based approach requires that tariffs paid by users for consumption cover the costs of operation and maintenance, user-fee collection, and education and communication activities with key stakeholders and vulnerable groups such as young mothers, infants, and families living below the poverty line. Tariffs also cover loan repayment, thus helping to ensure the long-term sustainability of the services.

As of June 30, 2009, the project has installed safe water schemes in 15 villages, benefiting around 45,000 people. The project has potential for replication in other villages in Andhra Pradesh and ultimately in other parts of India.

BOX 4: MOROCCO: EXTENDING WATER SERVICE TO THE POOR IN URBAN AND RURAL AREAS



Two OBA pilots are being carried out in Morocco's water sector, one in urban and one in rural areas.

Extending Water Services to the Poor in Urban Areas

Morocco is a middle-income country with good water infrastructure that provides access to safe drinking water and sanitation to the majority of the urban population. In 2005, Morocco made it a priority to extend service to poor peri-urban settlements, and encouraged operators and local governments to reduce connection fees for their inhabitants. These connection fees had been priced at marginal cost.

The government and the operators of water utilities in Casablanca, Meknès, and Tangiers subsequently requested a grant from GPOBA to pilot the introduction of performance-based subsidies. The aim was to encourage service expansion, using an OBA approach. GPOBA provided a \$7 million grant for the pilot, which is expected to bring improved access to water and sanitation services to around 11,300 households.

Initial results show that this approach is helping to refocus service provision on the households, which has increased accountability, strengthened partnerships between local authorities and operators, and made monitoring of service delivery a priority. The World Bank is now working with the government to plan a scale-up program.

Expanding Water Supply Service in Rural Areas

Since the mid-1990s, Morocco has made big strides in developing access to potable water in rural areas. The National Water Supply Company, ONEP, has developed an important network of standpipes in rural communities and over 87 percent of the rural population has access to a source of drinking water. Many households are now asking for domestic connections, but ONEP's fixed costs make service provision to smaller communities through the development of domestic connections a loss-making business.

To serve these populations better, ONEP is piloting Morocco's first public-private partnership to subcontract water service provision and management in rural areas, using an affermage-type contract. GPOBA provided a \$465,000 technical assistance grant for the design of the pilot.

During the first years of the ten-year contract, the private operator will receive performance-based subsidies from ONEP under an OBA approach. This will allow the operator to break even early enough to develop a profitable business within the existing tariff structure. If successful, this model for rural water supply could be scaled up in other small towns and surrounding rural areas, thus presenting business opportunities for the Moroccan private sector while enhancing access to piped water services for the poor.

Training workshop
on OBA in Uganda ▼

Knowledge and learning

This year saw the launch of GPOBA's new knowledge and learning (K&L) program which aims to build awareness of OBA approaches among development partners through training events, tailored presentations, and e-learning. GPOBA began by designing a standard two-day workshop on the design and implementation of OBA which includes case studies on real OBA schemes. This workshop was successfully piloted with staff of AusAID and the US Millennium Challenge Corporation (MCC) in the fall of 2008, and a one-day workshop was also organized for staff of the Asian Development Bank in Manila. Training sessions were subsequently offered to WBG staff both at headquarters and in the South Asia and Africa regions.



Gas and heat supply
project in Armenia



The OBA training events have been well attended and involved various partners. For instance, a workshop in Uganda for World Bank country office staff included representatives of three local donors: the European Union, the African Development Bank, and the Dutch Ministry of Foreign Affairs. The course is now offered on a quarterly basis to WBG staff and on demand to other development partners. GPOBA has received invaluable help in designing and launching its K&L program both from its donors and from the World Bank's Learning Board.

In addition to organizing training events, GPOBA continued to participate in meetings and conferences in order to raise awareness of OBA approaches among the wider development community. For instance, GPOBA team members discussed OBA in education with the Center for Global Development and the Education for All Fast Track Initiative (FTI) Secretariat. They also presented OBA approaches at international conferences such as the Africa Energy Forum and World Water Week. Within the WBG, task team leaders of OBA projects presented their experiences

and lessons learned at events such as the Sustainable Development Network's Water and Energy Weeks.

GPOBA also began the design of its e-learning course on OBA this year. The course will be open to OBA practitioners around the world and is expected to be available in summer of 2010.

Communication

In addition to the specific training and dissemination activities outlined above, GPOBA continued to reach out to the wider development community through a range of communication activities in fiscal 2009. A highlight of the year was the production of GPOBA's first documentary film, on the Colombia natural gas project, which was hosted on the World Bank's YouTube channel. The film, in Spanish and English, explains how the Colombia natural gas project works and shows its impact on the health and well-being of poor households through in situ interviews with project partners and beneficiaries. The video format has proved to be an effective communications tool and GPOBA staff are using the film widely in training and awareness-raising activities.

Many of GPOBA's communications products underwent a "spring cleaning" this year, with the adoption of a new visual identity for the program, the move to a more dynamic and interactive platform for the website, and the revamping of GPOBA's quarterly newsletter, renamed "OBA Connections." The aim of these efforts was to make data and information on OBA approaches more accessible and attractive to OBA practitioners and policymakers. GPOBA published several feature stories on its website, including an analysis of the gender impacts of OBA schemes and a photo slideshow of the India rural community water project (see box 3). GPOBA also adopted new tools to monitor its web and electronic outreach in a more systematic way.

GPOBA continued to benefit from the support of its partners this year in communicating about OBA. For instance, GPOBA regularly disseminated OBA publications and project information through

the newsletters of the WBG's Sustainable Development Network and those of other global partnership programs, such as the Water and Sanitation Program. Members of the WBG's communications network, including IFC communications officers, also supported GPOBA's media outreach, especially

at the country level. Articles on OBA were published in various outlets, including the Africa Energy Yearbook and Ernst & Young's development magazine, and the OBA water pilots in Morocco were the subject of two chapters in a World Bank book on the water sector in MNA.



Lessons learned from GPOBA projects

As outlined above, GPOBA's portfolio of subsidy funding now includes 28 pilot projects in various stages of implementation. While the intention is to continue building this portfolio, these 28 projects are already generating a wealth of lessons on how to design and implement OBA schemes in line with the core concepts of OBA (see box 1 above). This section summarizes the main lessons that emerged in fiscal 2009.

Targeting the poor

All but two GPOBA projects use geographic targeting to reach the poor. This is because GPOBA generally funds small pilot projects which cannot cover large project areas and so need to focus on areas in which poor people live. While geographic targeting is easy to implement, it risks either including beneficiaries who are not as poor or excluding poor families who live outside the targeted areas, or both. For this reason, most GPOBA projects combine geographic targeting with other mechanisms to improve targeting effectiveness.

More than half of GPOBA projects use some element of self-selection targeting, a method that can take three forms:

- Providing subsidies for outputs demanded mainly by the poor (public water points, pay phones).
- Paying higher subsidies for more pro-poor outputs such as smaller solar home systems (SHS) or biogas plants.
- Phasing in the subsidy only after service has been available for some time in the project area, so that households that can afford connections can be expected to be connected already.

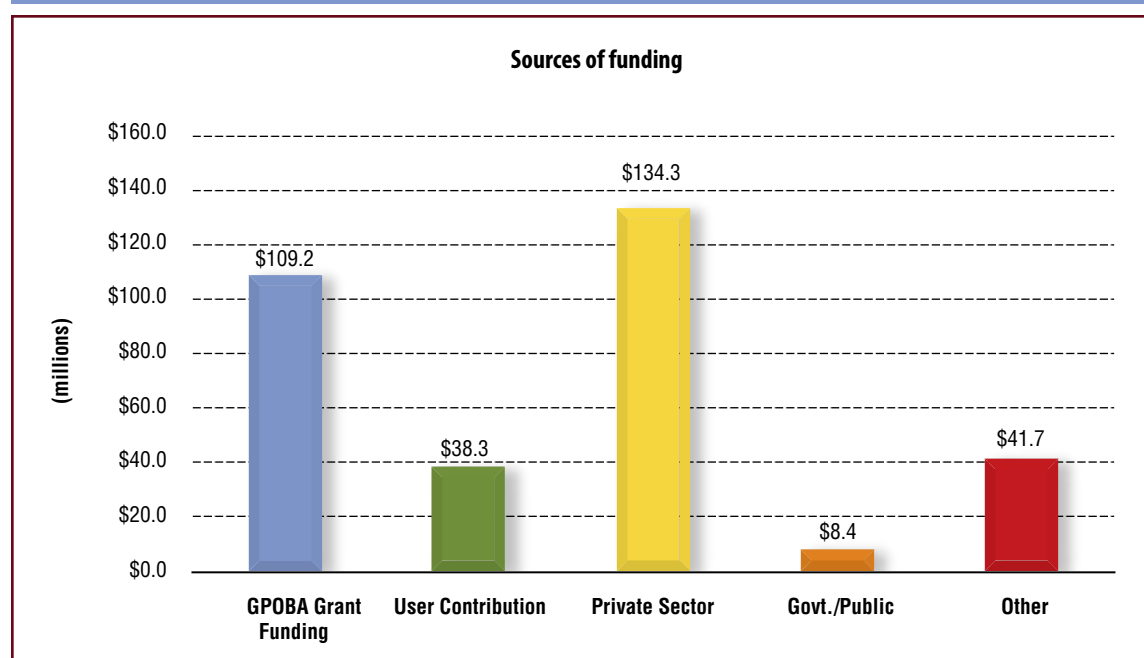
Additionally, a number of GPOBA projects use some form of means-testing targeting, either by relying on existing social targeting schemes implemented by governments or by taking measures to assess income during project implementation.

Mobilizing financing

GPOBA projects mobilize several forms of financing: direct investment to be recouped through tariffs, user contributions that complement the subsidy, micro-loans to users to pay for part of the connection costs, and other donor financing. By expanding access to poor households, OBA subsidies can also increase the effectiveness of existing investments that are not being used to full capacity. One clear lesson in this case is that, for network or utility services, mobilizing private finance is wholly related to tariff reform: ultimately, the service provider must be able to recoup costs not subsidized by the OBA project through connection charges and the tariff. Because OBA schemes target the poor, who often are charged social tariffs or who consume small amounts, the amount of investment that can be recouped and thus the opportunities for mobilizing finance in the traditional sense are limited compared to non-OBA schemes that do not target the poor.

- Figure 5 shows that for the 28 projects currently signed for a total GPOBA grant funding of US\$109.3 million, an additional US\$222.7 million has been mobilized from other sources such as user contributions (US\$38.3 million), private sector investment (US\$134.3 million), and co-financing from governments and other donors. For every dollar in GPOBA funding for a project, other sources contributed nearly 2.04 dollars.
- GPOBA funding has also resulted in additional funds raised either for scaling up existing projects (such as IDA funding of US\$5.4 million for the Mongolia telecommunications project) or to conduct additional pilots (such as European Union funding of approximately US\$2.2 million for the Kenya microfinance project).
- Further, GPOBA technical assistance is being used to develop OBA facilities in several countries, such as Brazil and Mexico, which may be able to mobilize

FIGURE 5: FUNDING MOBILIZED BY GPOBA GRANT AGREEMENTS



additional donor, government, and even private sector financing.

In some GPOBA projects, the competitive selection of service providers resulted in the conclusion that a subsidy was not needed. The bidding for mobile phone services in Mongolian towns and the resulting pilot demonstrated that mobile phone services can be provided on a commercial basis without subsidies in some cases. Similarly, the bidding for piped water supply in the Uganda small towns project demonstrated that in at least three towns, extensions could be made on a commercial basis, with the private sector estimating that it could recoup the costs related to new connections through the tariff.

Incentives for efficiency, quality, and innovation

Using competition either to ensure minimum costs for a standardized output or to improve quality for a standard unit cost is one of the best ways to ensure value for money in OBA schemes. Efficiency gains are easiest to quantify for projects that determine unit subsidies based on competitive bidding. Projects with GPOBA involvement that have used competitive bidding

have resulted in a 20–30 percent reduction in unit subsidies compared to initial expectations.

Competitive bidding is not always possible, for instance where there is an incumbent service provider or where several service providers exist in the same market. As a result, only five GPOBA projects involve competitive bidding. Competitive bidding can be time-consuming, particularly where small-scale local service providers need capacity building in order to participate. Also, there is a risk that the bidding process will not attract a sufficient number of bidders, particularly in times of financial crisis. Consequently, most projects for which service providers were selected competitively have experienced significant delays. A notable exception to this is the Mongolia ICT project which, due to the widespread use of competitive selection in similar projects in the ICT sector, was able to implement a competitive selection process relatively swiftly.

Another form of competition, used mainly in small-scale infrastructure schemes, involves an open call for proposals combined with a ranking of proposed sub-projects. This approach is being used in three GPOBA projects that provide piped water using small-scale providers. Experience with the Honduras water

project shows that a relatively simple formula needs to be used for the ranking. Another way of harnessing competitive pressures for OBA projects is to use several service providers to compete for clients, where the nature of subsidized services allows that. This approach is being used in the Nepal biogas project and the Uganda reproductive health project.

Even without competitive selection of service providers, the transfer of project risk to service providers in OBA schemes can help to improve aid effectiveness. For instance, in the Yemen maternal health project, the NGO responsible for outreach decided to step up marketing efforts to reach intended beneficiaries after initial estimates of uptake did not materialize. In the Jakarta water project, the utility, PALYJA, verified a sample of connections installed by contractors on its own. When it found that some of the connections did not meet its technical specifications, PALYJA introduced a corrective action plan to make sure that all connections met the necessary technical specifications before being verified by the independent verification agent.

Sustainability

The long-term sustainability of GPOBA projects will only become evident over time. So far, no projects have reported specific issues with the sustainability of service provision. Evidence from the Colombia natural gas project, which has closed, shows that, depending on project location, 87 to 98 percent of beneficiaries were continuing to use gas and were paying their bills within 30 days of receipt.

In general, all GPOBA projects must demonstrate sustainability through various criteria:

- the one-off nature of the subsidy or evidence of a clear and reliable stream of subsidy funding;
- tariffs that cover operation and maintenance costs, providing an incentive for ongoing service provision;
- service delivery used as a subsidy disbursement milestone;
- demonstration of implementation capacity of OBA recipients and implementing agencies; and,
- conformity with World Bank environmental and social safeguards.

Developing OBA facilities

For developing country governments, scaling-up of OBA approaches will require developing OBA facilities and adapting government systems to make them amenable to OBA. While all the lessons and challenges described above are relevant, this also presents some additional challenges:

- It takes time to develop and establish the modus operandi of OBA facilities and to staff them. Sub-projects also need to be developed for funding and this may require coordination among various government agencies. The use of government systems will require adjustments to financial accounting and procurement structures to deal with a shift in paradigm from input- to output-based schemes.
- When implementing OBA facilities through government systems, output verification and monitoring may be the responsibility of a unit within a government ministry, as opposed to the responsibility of an independent verification agent that reports directly to the donor.
- With the use of government systems, service providers may lack confidence that payments will flow quickly after outputs have been verified, so there may be a need to mitigate payment risk.

Looking to the future

As outlined in this report, fiscal 2009 has been a year of transition for GPOBA as the program started to implement its vision of mainstreaming OBA with development partners and becoming a recognized Center of Expertise.

The World Bank's investment lending reform, which foresees the creation of a new lending instrument that will be both programmatic and results-based, has been a very positive development for the mainstreaming of OBA in World Bank operations. Contributing to this initiative will continue to be a priority for GPOBA in 2010.

GPOBA's Center of Expertise activities such as knowledge and learning have also taken on a new importance in fiscal 2009 and are absorbing an increasing proportion of GPOBA's time and resources. Priorities for the future include developing a wider range of learning activities, toolkits, and guidance publications to enable practitioners to develop their own OBA projects; expanding the training program to include workshops for developing

country governments interested in scaling up OBA approaches; making data on OBA schemes more easily accessible to practitioners and policy makers; and sharing more lessons learned and best practices in OBA through peer learning activities, publications, and online resources.

GPOBA will also continue to develop its portfolio of subsidy funding in fiscal year 2010. The priority will be to test and verify OBA standards in mature sectors such as water and sanitation, energy, and health, preferably with co-financing from development partners. The bulk of GPOBA subsidy funding will go to low-income countries, especially in Sub-Saharan Africa and Asia. GPOBA will also continue to promote scaling-up of OBA by providing technical assistance to set up OBA facilities.

In all these activities, GPOBA looks forward to working in partnership with donors, governments, and other development partners to increase access to basic services for the poor and improve the effectiveness of public funding by focusing clearly on results.

Annex 1: Financial Statement

GPOBA derives its resources from donor contributions which are channeled through trust funds administered by the World Bank Group. The World Bank Group recovers a small charge for costs associated with this task. GPOBA's finances are subject to the World Bank Group's annual "single audit" exercise for all trust funds. As part of this exercise, the GPOBA program manager signs a trust fund representation letter attesting to the correctness and completeness of the financial process for all GPOBA trust funds. GPOBA's budget and accounting processes are aligned with the World Bank Group fiscal year, which runs from July to June.

Contributions received

As of June 30, 2009, GPOBA's donors have pledged a total of \$238.7 million to the program, of which \$183.8 million (77 percent) has been received (table A1). In fiscal 2009, GPOBA received a total of \$45.2 million from four donors: AusAID, DFID, DGIS, and the European Union (table A2). Cumulatively, most of the donor contributions received (82 percent) have been allocated to subsidy funding, which includes project preparation and supervision (table A3).

TABLE A1: DONOR CONTRIBUTIONS TO ALL GPOBA ACTIVITIES (CUMULATIVE) IN US\$M

Donor	Pledged	Received	To Be Received
DFID ¹	111.7	57.9	53.8
IFC	60.5	60.5	0.0
DGIS	28.3	28.3	0.0
AusAID ²	29.1	29.1	0.0
Sida	6.9	6.9	0.0
EU ³	2.2	1.1	1.1
TOTAL	238.7	183.8	54.9

¹ A GBP 37 million pledge is expressed in US\$ equivalent as of June 30, 2009.

² FY08 Annual Report indicated a pledge of AUD 35 million equivalent to US\$33.3 million based on foreign exchange valuation as of June 2008. Total received is less due to currency fluctuation.

³ A EUR 1.52 million pledge is expressed in US\$ equivalent as of June 30, 2009.

TABLE A2: RECEIPT OF DONOR CONTRIBUTIONS (CUMULATIVE) IN US\$M

Donor	FY04 ¹	FY05	FY06	FY07	FY08	FY09	TOTAL
DFID	2.5	3.4	6.8	21.7	13.3	10.2	57.9
IFC			35.0		25.5		60.5
DGIS				11.0	8.0	9.3	28.3
AusAID				0.3	4.2	24.6	29.1
Sida					6.9		6.9
EU ²						1.1	1.1
TOTAL	2.5	3.4	41.8	33.0	57.9	45.2	183.8

¹ The FY04 total contribution of US\$2.5 million includes US\$1.1 million for FY03 and US\$1.4 million for FY04.

² The EU's contribution of EUR 760,000 is expressed in US\$ equivalent as of June 30, 2009 as holding currency is not in US\$.

TABLE A3: DONOR CONTRIBUTION PER FUNDING WINDOW (CUMULATIVE) IN US\$M

Technical Assistance & Dissemination	Subsidy Funding	Admin/Fees ¹	Total
29.3	195.6	13.8	238.7

¹ In the FY08 Annual Report the Administrative & Program Management Fees were overstated by US\$3 million and the Subsidy Activities were understated by US\$3 million.

Subsidy funding

In fiscal 2009, GPOBA signed nine new grant agreements for subsidy funding with donor funding totaling \$37.3 million. This is slightly less than in fiscal 2008 when the total was \$41.7 million. All GPOBA donors provided funding for new projects except DGIS, whose subsidy funding was committed in full in previous years (table A4).

GPOBA actual program expenditures

GPOBA's actual program expenditures totaled \$4.1 million in fiscal 2009, up from \$3.3 million in fiscal 2008 (table A5). The biggest increase was in Center of Expertise expenditure, which more than tripled, reflecting GPOBA's increasing focus on dissemination and knowledge and learning activities. Expenditure

TABLE A4: GPOBA SUBSIDY FUNDING (GRANTS SIGNED) IN US\$M

Donor	Subsidy Funding			Total
	FY09	FY08	FY07	
DFID	12.6	8.7	9.4	30.7
IFC	12.3	13.3	17.7	43.3
DGIS	0.0	17.4	3.2	20.6
AusAID	8.6	0.0	0.0	8.6
Sida	3.8	2.3	0.0	6.1
TOTAL	37.3	41.7	30.3	109.3

on preparation and supervision of subsidy grants also increased slightly, continuing the upward trend since fiscal 2007, while program management expenses remained constant. Expenditure on technical assistance decreased slightly this fiscal year, but is likely to increase

TABLE A5: GPOBA ACTUAL PROGRAM EXPENDITURES IN US\$M

	FY09	FY08	FY07
Program Management	0.8	0.8	0.8
Center of Expertise	1.1	0.3	0.2
Technical Assistance	1.2	1.4	2.6
Portfolio (Preparation/Supervision)	1.0	0.8	0.4
TOTAL	4.1	3.3	4.0

again in fiscal 2010/2011 as GPOBA promotes the development of OBA facilities to be funded by developing country governments. While technical assistance still represented the largest share of expenditures (around 29 percent), the Center of Expertise came a close second with nearly 27 percent of expenditures, up from only 9 percent in fiscal 2008.

Annex 2: GPOBA Core Team

Patricia Veevers-Carter	Program Manager
Xavier Chauvot de Beauchêne	Senior Water and Sanitation Specialist
Zenaida Chavez	Resource Management Analyst
Daniel Coila	Information Specialist
Mustafa Hussain	Senior Infrastructure Finance Specialist
Lars Johannes	Infrastructure Specialist
Esther Loening	Infrastructure Specialist
Cledan Mandri-Perrott	Senior Infrastructure Specialist
Iain Menzies	Senior Infrastructure Specialist
Josges Mugabi	Young Professional
Yogita Mumssen	Senior Infrastructure Economist
Mark Njore	Program Assistant
Carmen Nonay	Senior Infrastructure Specialist
Cathy Russell	Communications Officer
Mario Suardi	Senior Infrastructure Specialist
Luis Tineo	Senior Infrastructure Specialist
Leslie Villegas	Infrastructure Specialist

ANNEX 3: GPOBA PORTFOLIO OF SIGNED GRANT AGREEMENTS AS OF JUNE 30, 2009

Country	Project Name	IDA	Grant Amount (US\$m)	# of people benefiting	Average subsidy per person (US\$)	Grant Signing Date	Description
Armenia	Access to Gas & Heat Supply for Poor Urban Households in Armenia	IDA Blend	3.10	18,676	165.99	04/28/06	The objective of this project is to improve access to gas and heating services for eligible households in urban multi-apartment buildings. This project will subsidize new service connections for 10,000 poor Armenian households.
Bolivia	Decentralized Electricity for Universal Access	IDA Blend	5.18	45,000	115.00	06/26/07	This project aims to increase affordable access to electricity in rural areas of Bolivia by helping to fund the installation of at least 7,000 solar home systems for dispersed rural households, schools, clinics, and micro and small enterprises.
Cambodia	Increased Access to Telecommunications Services for Rural Poor in Cambodia	IDA	2.50	261,000	9.58	12/02/08	The objective of the project is to bring basic voice telephony services to low-income families in rural areas of northern and northwestern Cambodia.
Cameroon	Cameroon Water Affirmage Contract - OBA for Coverage Expansion	IDA	5.25	240,000	21.88	04/07/08	This project will subsidize the cost of new connections to piped water for low-to middle-income households currently without access.
Colombia	Natural Gas Distribution for Low Income Families in the Caribbean Coast	IBRD	5.10	210,000	24.29	05/19/06	The objective of this OBA scheme is to connect an estimated 35,000 families to the natural gas distribution network along the Colombian Caribbean Coast. The project closed on July 31, 2008.
Ethiopia	Ethiopia Electrification Access Rural Expansion Project	IDA	8.00	1,142,857	7.00	10/30/08	The OBA scheme will help EEPCo, a state owned national utility, finance the cost of providing access to electricity in rural towns and villages with grid access to poor customers in Ethiopia.
Ghana	Solar PV Systems to Increase Access to Electricity	IDA	4.35	90,000	48.33	10/10/08	The GPOBA grant will provide increased electricity access through renewable energy technology for poor households in remote rural regions of Ghana.
Honduras	Extension of Water and Sanitation Services in Low Income Areas of Honduras	IDA	4.44	240,000	18.50	06/19/07	The objective of this project is to develop an output-based facility aimed at establishing an efficient and transparent mechanism for financing infrastructure in water and sanitation projects in Honduras. This project is expected to bring improved access to water and sanitation services to approximately 40,000 households.

ANNEX 3: GPOBA PORTFOLIO OF SIGNED GRANT AGREEMENTS AS OF JUNE 30, 2009 *(continued)*

Country	Project Name	IDA	Grant Amount (US\$m)	# of people benefiting	Average subsidy per person (US\$)	Grant Signing Date	Description
India	Improved Rural Community Water in Andhra Pradesh	IDA Blend	0.85	75,000	11.33	05/16/07	The objective of this project is to provide safe drinking water to poor inhabitants of the coastal area of Andhra Pradesh through development of approximately 25 community water supply schemes. The project will benefit around 75,000 poor people in various districts of Andhra Pradesh.
India	Mumbai Improved Electricity Access to Indian Slum Dwellers Project	IDA Blend	1.65	104,000	15.87	04/27/09	The GPOBA grant will provide subsidies for the costs of electricity connection and wiring for inhabitants of the Shivajinagar slum in Mumbai.
Indonesia	Expanding Piped Water Supply to Surabaya's Urban Poor Project	IBRD	2.41	77,500	31.06	02/12/09	The objective of the OBA scheme is to extend piped water connections to about 15,500 low-income households.
Indonesia	Expansion of Water Services in Low Income Areas of Jakarta	IDA Blend	2.57	55,824	46.09	11/01/07	The aim of this project is to bring water services to communities in low-income areas of Jakarta by funding one-off connection subsidies for an estimated 11,630 poor households.
Indonesia	Extending Telecommunications in Rural Indonesia	IBRD	1.87	758,210	2.46	03/30/09	This project will facilitate access to the Internet and associated telecommunications and data services through "community access points" in socio-economically disadvantaged areas.
Kenya	Micro-finance for Small Water Schemes	IDA	1.15	60,000	19.19	12/06/06	The objective of this project is to increase access to and efficiency in water supply services for the poor in rural and peri-urban areas of Kenya through investments in around 21 community water projects.
Lesotho	Lesotho Health PPP Project	IDA	6.25	500,000	12.50	02/23/09	The GPOBA grant will provide subsidies for inpatient services at a new 390-bed National Referral Hospital, and outpatient services at three semi-urban filter clinics that are being refurbished.
Mongolia	Mongolia OBA Pilot Project of Universal Access Strategy	IDA	0.26	22,315	11.62	05/19/06	The aim of this project is to pilot a program to provide telephony services to herder communities, benefiting around 20,000 herders, and telephony and internet services to around 2,315 residents of Tariat and Chuluut soum centers. The project closed on October 31, 2008.

ANNEX 3: GPOBA PORTFOLIO OF SIGNED GRANT AGREEMENTS AS OF JUNE 30, 2009 (continued)

Country	Project Name	IDA	Grant Amount (US\$m)	# of people benefiting	Average subsidy per person (US\$)	Grant Signing Date	Description
Morocco	Morocco Urban Water and Sanitation	IBRD	7.00	56,000	125.00	01/29/07	The objective of this project is to promote, following an output-based approach, the connection to water and sanitation services of around 11,300 low-income beneficiary households selected in disadvantaged peri-urban and rural neighborhoods of Casablanca, Tangiers, and Meknes.
Mozambique	Mozambique Water Private Sector Contracts – OBA for Coverage Expansion	IDA	6.00	468,000	12.82	04/03/08	This project aims to provide subsidized water connections for domestic consumers in Maputo, Beira, Nampula, Quelimane, and Pemba. This project will construct around 30,000 shared yard taps which will benefit up to 468,000 people.
Nepal	Biogas Support Programme	IDA	5.00	261,000	19.16	10/04/07	The aim of this project is to subsidize approximately 37,300 biogas plants for rural Nepalese households to increase access to clean and affordable energy for cooking and lighting.
Nigeria	Nigeria Pre-Paid Health Scheme Project	IDA	6.02	22,500	267.34	10/23/08	The OBA scheme will provide affordable pre-paid health insurance plans for up to 22,500 beneficiaries (employees and their families) who belong to the Computer and Allied Products Association (“CAPDAN”) at the Ikeja IT village in Lagos.
Philippines	Improved Access to Water Services in the East Zone of Metro Manila Project	IBRD	1.05	37,600	27.93	10/19/07	This project will seek to provide affordable piped potable water to poor households in the eastern portion of the National Capital Region (“NCR”) and most of the Province of Rizal.
Senegal	On-Site Sanitation Project	IDA	5.76	135,900	42.41	07/06/07	This subsidy scheme aims to help offset the cost of new sanitation facilities for an estimated 15,100 poor households.
Uganda	OBA in Kampala – Water Connections for the Poor	IDA	2.53	409,000	6.18	02/28/08	This OBA scheme will provide for a one-off connection subsidy to partially fund the cost of new domestic metered connections. The project envisages making about 19,000 new yard tap connections and installing about 800 new public water points over a period of three years.

ANNEX 3: GPOBA PORTFOLIO OF SIGNED GRANT AGREEMENTS AS OF JUNE 30, 2009 *(continued)*

Country	Project Name	IDA	Grant Amount (US\$m)	# of people benefiting	Average subsidy per person (US\$)	Grant Signing Date	Description
Uganda	OBA in Water Supply in Uganda's Small Towns and Rural Growth Centers	IDA	3.21	55,511	57.77	02/12/07	This project seeks to increase access to sustainable water supply services for the poor living in selected small towns and rural growth centers. It is expected to provide improved water access to around 55,511 people.
Uganda	Reproductive Health Vouchers in Western Uganda	IDA	4.30	135,912	31.64	10/23/07	This project will increase women's access to trained medical professionals throughout pregnancy and will also provide subsidized STD treatment to up to 135,912 poor Ugandans.
Vietnam	Targeted Service Expansion Through Water Loss Reduction Project	IDA	4.27	123,076	34.69	04/08/09	This OBA scheme aims to reduce water losses and expand piped water supply for poor households living in Ho Chi Minh City and Tra Vinh Province.
Vietnam	Vietnam Rural Water (EMW)	IDA	3.00	150,000	20.00	11/30/07	This project aims to bring safe water services to an estimated 30,000 poor families in rural Vietnam.
Yemen	Yemen Safe Motherhood Program	IDA	6.23	80,000	77.90	06/10/08	The objective of the project is to provide sustainable maternal health services, including up to 40,000 safe child births, to poor women of reproductive age (15–49) in Sana'a, Yemen.
Total			109.3	5,834,881	18.73		

How to contact



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