



More than **78,000** people have gained access to clean and affordable water through the **Improved Rural Community Water** project in Andhra Pradesh, India.



The Global Partnership on Output-Based Aid

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# WHAT IS OBA?

*Output-based aid (OBA) is a results-based approach to increasing access to basic services—like infrastructure, health-care, and education—for the poor in developing countries.*

- OBA is also known as “performance-based aid” or “results-based financing” (in the health sector).
- 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 fees.
- OBA is part of a broader donor effort to ensure that aid is well spent and that the benefits go to the poor.

## THE DEVELOPMENT CHALLENGE

In developing countries, **poor people are being excluded** from access to basic services because they cannot afford to pay the full cost of user fees such as connection fees.

## THE OBA APPROACH

OBA links the payment of aid to the delivery of “outputs” like connection to electricity grids, water and sanitation systems, or healthcare services.

**Service delivery** is contracted out to a third party, which receives a subsidy to complement or replace the user fees.

**Service providers** pre-finance the project until outputs are delivered.

**Explicit targeting** by income or geography ensures that subsidy payments help those who need it most, the poor.

**Independent verification** ensures that funds are paid only after the services or outputs have been delivered.

## OBA AND AID EFFECTIVENESS

OBA makes aid more transparent by linking payment to the delivery of specific services or “outputs.”

**Payment** on output delivery shifts performance risk to the service provider because the funding body only pays on delivery.

OBA subsidies act as an incentive to mobilize private sector finance and expertise.

**Focus** on outputs means that OBA schemes internalize tracking of results.



Over **600,000** people have gained access to safe and affordable electricity through the **Rural Electrification Solar Home Systems** project in rural areas of Bangladesh.



More than **22,000** people gained access to telecommunication and internet services through an **OBA Universal Access Strategy** in remote areas of Mongolia.



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Over **34,000** babies have been safely delivered to mothers participating in the **Reproductive Health Vouchers** scheme in western Uganda

**THE EXPERIENCE SO FAR**

- **About** 130 projects that incorporate design features of OBA have been identified in the World Bank Group (WBG), with nearly US\$4 billion in funding, and expected to reach at least 94 million beneficiaries worldwide.
- **Funding** for OBA has come from the WBG—including the Global Partnership on Output-Based Aid (GPOBA), other donors such as the German development bank, KfW, and governments.
- **Most** OBA projects are in infrastructure and health, with some in education.

**ABOUT GPOBA**

*Over two million people worldwide have gained access to basics services through GPOBA-funded projects.*

The Global Partnership on Output-Based Aid (GPOBA) is a partnership established in 2003 by the UK (DFID) and the World Bank to support OBA approaches to improve service delivery for the poor. Its other donors are the IFC, the Netherlands (DGIS), Australia (AusAID), and Sweden (Sida).

GPOBA provides technical assistance for OBA schemes, dissemination of experiences and best practices in OBA, and grants for OBA subsidy funding.

The program's focus sectors are water and sanitation, energy, telecommunications, transport, health, and education. GPOBA is also developing pilots in other sectors, including irrigation.