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GPOBA

The Global Partnership on Output-Based Aid

NEWS RELEASE

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Ethiopia: World Bank-administered GPOBA Provides US\$8 million to Increase Electricity Access in Rural Areas, Boost Energy Efficiency

Addis Ababa, Ethiopia – October 30, 2008 – The World Bank, acting as administrator for the Global Partnership on Output-Based Aid (GPOBA), today signed a grant agreement for US\$8 million with the Ethiopian Electric Power Corporation (EEPCo) to support increased access to electricity in rural towns and villages with grid access, within the context of the Universal Electricity Access Program (UEAP) in Ethiopia.

Up to 228,571 low-income households will benefit from the scheme through a new or regularized electricity connection and the provision of two energy-efficient Compact Fluorescent Lamps (CFLs). The lamps will reduce their electricity consumption by 55 percent and make their bills more affordable.

“The GPOBA project will support the Government of Ethiopia’s goal of achieving access to electricity for all Ethiopians, including the poorest,” said **Carmen Nonay, Senior Infrastructure Specialist and task manager for the project for the World Bank and GPOBA**. *“Among the benefits for rural households, better quality lighting will reduce indoor air pollution from kerosene lamps, help children to study at night, and enable families to increase their income by additional home-based economic activity.”*

Ethiopia has one of the lowest electrification rates in Sub-Saharan Africa and less than 2 percent of people in rural areas, where 85 percent of the population lives, have access to electricity. EEPCo has been able to almost double the number of electrified towns and customers served in the last five years, thanks to the support of international donors including the International Development Association (IDA), the concessional lending arm of the World Bank. However, even in areas with grid access, many families are unable to have a metered connection installed because they cannot afford the high one-time connection fee.

Under the GPOBA scheme, GPOBA will provide a subsidy of US\$35 for each new eligible rural household. EEPCo will bear all the construction and commercial risks as it will not receive the subsidy until after independent verification of the “outputs” or services.

GPOBA is drawing on funds from the UK's Department for International Development (DFID) and the Swedish International Development Cooperation Agency (Sida) for this project.

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About GPOBA

The Global Partnership on Output-Based Aid (GPOBA) is a global partnership administered by the World Bank. GPOBA was established in 2003, initially as a multi-donor trust fund, to develop output-based aid (OBA) approaches across a variety of sectors including infrastructure, health, and education. OBA subsidies are designed to create incentives for efficiency and the long-term success of development projects.

GPOBA's current donors are the UK's Department for International Development (DFID), the International Finance Corporation (IFC), which is a member of the World Bank Group, the Directorate-General for International Cooperation of the Dutch Ministry of Foreign Affairs (DGIS), the Australian Agency for International Development (AusAID), and the Swedish International Development Cooperation Agency (Sida).

For more information on GPOBA, please visit: www.gpoba.org

For more information on the World Bank's work in Ethiopia, please visit:
www.worldbank.org/ethiopia