



The Global Partnership on Output-Based Aid

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“Output-Based Aid” Contributes to Better Service Delivery for the Poor

World Bank-administered GPOBA Announces Growth in Portfolio and Progress in First Pilot Projects

Washington, DC – September 26, 2008 – Output-based aid (OBA), an innovative approach which links the payment of aid to the delivery of specific services or “outputs,” can increase access to basic services for the poor in developing countries and improve the delivery of services that exhibit positive externalities, such as improvements in health and reductions in CO₂, says the Annual Report of the Global Partnership on Output-Based Aid (GPOBA) released today.

GPOBA’s first five pilot projects are all disbursing against independently verified outputs, benefiting over 235,000 people so far, the report says. The outputs include, for example, natural gas connections for over 182,400 members of poor households in Colombia, access to telephone and Internet services for 22,300 people living in remote areas of Mongolia, and water and sanitation connections for more than 8,800 poor inhabitants of Moroccan cities.

The Annual Report 2008 also notes that GPOBA, a donor-funded program administered by the World Bank, more than doubled its portfolio of OBA subsidy schemes in fiscal year 2008 to US\$72 million. The majority of the new funding will support schemes in Sub-Saharan Africa and in water and sanitation. The new projects will provide, for example, safe water for low-income families in Cameroon, Mozambique, and Uganda, healthcare services for poor mothers in Yemen, and clean, affordable energy for poor households in Nepal.

“This was GPOBA’s first year with projects under supervision, which deepened our understanding of OBA schemes and helped us to identify some key lessons and challenges which we have distilled in our Annual Report, along with details of our activities in fiscal year 2008. We hope this report will be a useful resource for development practitioners, and we look forward to sharing more results and experiences of OBA projects as the GPOBA portfolio matures,” said **Patricia Veevers-Carter, Program Manager for GPOBA.**

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About Output-Based Aid

Output-based aid (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. It is part of a broader donor effort to ensure that aid is well spent and that the benefits go to the poor. 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 have been delivered and verified by an independent expert. And the subsidy is explicitly targeted to the poor (e.g., by focusing on areas in which poor people live).

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.

As of June 30, 2008, GPOBA’s donors have pledged a total of US\$179.3 million to the program. The 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 Dutch Ministry of Foreign Affairs (DGIS), the Australian Agency for International Development (AusAID), and the Swedish International Development Cooperation Agency (Sida).

To download the GPOBA Annual Report 2008, visit: <http://www.gpoba.org>