



THE WORLD BANK

Working for a World
Free of Poverty

GPOBA

The Global Partnership on Output-Based Aid

NEWS RELEASE

News Release No. 2008/8

Contacts:

In Washington:

Cathy Russell, tel. (+1) 202 458 8124 crussell@worldbank.org

In Accra:

Kafu Kofi Tsikata, tel. (+233) 21 214100

ktsikata@worldbank.org

World Bank-administered GPOBA Supports Increased Electricity Access for Rural Poor in Ghana Through Solar Energy Systems

Washington D.C., October 16, 2008 – The World Bank, acting as administrator for the Global Partnership on Output-Based Aid (GPOBA), signed a grant agreement with the Government of Ghana for US\$4.35 million to support increased electricity access through renewable energy technology for poor households in remote rural regions of Ghana.

Up to 15,000 poor households or 90,000 people are expected to benefit from the scheme, mainly through solar home systems (SHS) but also through solar lanterns. The project offers a range of PV products which even on the smaller end can support several lights, a radio, and a black-and-white TV for a few hours.

“The GPOBA project will benefit some of Ghana’s poorest residents by targeting remote rural areas, where 60 percent of the population earns less than US\$1 a day and the power grid will not arrive for 10 years,” said **Ishac Diwan, World Bank country director for Ghana, Burkina Faso, Guinea, Liberia, and Sierra Leone**. *“By making renewable energy available to poor households, the GPOBA scheme will contribute both to environmental protection and to poverty reduction in Ghana.”*

Solar PV systems are one of the cheapest options to provide electricity services in remote and dispersed rural areas, and are increasingly relevant given the current power shortage in Ghana. However, most rural consumers cannot afford the initial investment costs of solar PV systems and do not have access to affordable credit.

The GPOBA grant will make solar PV systems affordable for poor rural customers by subsidizing approximately 50 percent of the costs. But in line with the output-based approach, most of the GPOBA subsidy will be paid only after services have been delivered and verified by an independent agent. Consumers will make a small down payment at the time of purchase, and will be able to obtain consumer loans from rural banks to pay the rest.

Consumer loans will be made more accessible because the GPOBA scheme is a part of the larger Ghana Energy Development and Access Project (GEDAP) which is mostly funded by the International Development Association and the Global Environment Facility. GEDAP

includes a line of credit to Ghana's ARP Apex Bank, the implementing agency for the GPOBA project, as well as measures to help develop the market for solar PV systems in remote areas.

“Over the long term, the GPOBA project is expected to demonstrate a viable business model for dissemination of solar PV that the Government of Ghana could continue to support, for instance through the national Rural Electrification Fund,” said **Malcolm Cosgrove-Davies, Lead Energy Specialist and World Bank task manager for the project.**

The GPOBA project will draw on funds from the UK's Department for International Development (DFID) and the Swedish International Development Cooperation Agency (Sida).

###

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 Ghana, please visit:
www.worldbank.org/ghana