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GPOBA
The Global Partnership on Output-Based Aid

NEWS RELEASE

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Mozambique: GPOBA Supports Water Services for Poor Households in Five Cities

Maputo, Mozambique – April 3, 2008 – The World Bank, acting as an administrator for the Global Partnership on Output-Based Aid (GPOBA), today signed a grant agreement¹ with Mozambique's Water Supply Assets and Investment Fund (FIPAG) for US\$6 million to increase piped-water access for poor households living in five cities: Beira, Maputo, Nampula, Pemba, and Quelimane.

Under this grant, private service providers operating under lease contracts from FIPAG will connect an estimated 468,000 poor people to piped water supply through approximately 29,000 new yard taps; each is expected to serve around three households.

The project is introducing an innovative Output-Based Aid approach, designed to ensure ownership and demand-driven service provision, and to set the basis for long-term operational and financial sustainability. All of the new connections will be pre-financed on an output-basis by the private operators. FIPAG will be responsible for overseeing the project and will receive GPOBA payments only after independently verified delivery of functioning yard-taps and three months' continued water supply.

"The GPOBA grant is an important boost to our efforts to extend access to safe, reliable water services to some of Mozambique's poorest households. This, for sure, is a significant contribution towards achieving the MDGs and Mozambique Government targets," said **Nelson Beete**, President of FIPAG.

Traditionally in Mozambique, household and yard tap connections have only been available to those who can afford to pay the connection costs (between US\$167 and US\$241). Currently, these costs are wholly funded by users and are not recovered through the water tariffs. The US\$6 million in GPOBA subsidies, together with user contributions in the form

¹ The grant is part of an ongoing project estimated at US\$41.2 million, which includes financing from the International Development Association (IDA) and the European Investment Bank (EIB). The U.S. Government's Millennium Challenge Corporation is also partnering with IDA in the water and sanitation sector in Mozambique.

of guarantee deposits, will pay for the final connections. The user contribution for each connection will be on average less than 10 percent of the actual connection cost.

*“Having piped water close to hand will allow children to spend less time collecting water for their families and increase their chances of going to school,” said **Luiz Tavares**, Senior Water and Sanitation Specialist and the project’s manager for GPOBA and the World Bank. “The GPOBA project will also help to reduce disease and death related to water-borne illnesses, and to improve financial viability and transparency in the water sector.”*

The Global Partnership on Output-Based Aid (GPOBA) is a multi-donor trust fund administered by the World Bank. GPOBA was established in 2003 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), AusAid of Australia, and the Swedish International Development Cooperation (Sida).

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