


OB APPROACHES: CASE STUDIES IN WATER, ELECTRICITY, AND TELECOMMUNICATIONS

These case studies are the first three in a series to be published by GPOBA as part of its effort to disseminate knowledge and information on output-based aid approaches.

Cambodia: Water

After decades of war and social disruption Cambodia has few publicly run water and sanitation services, and many communities have turned to private providers. These providers offer relatively good service, but their high one-time connection fees put that service out of reach for all but the more affluent. Exploring how best to reach unserved areas and poor people, the government is piloting output-based schemes in which the private operator will be paid in large part only after making connections to households. For those identified by the community as unable to pay, the operator will receive a subsidy funded by the International Development Association (IDA). For the first batch of OBA towns, a Cambodian-Singaporean joint venture won the contracts, bidding a connection charge 22–28 percent lower than the cost under public provision. A second batch of towns is being developed for bidding.

Read more:


 [OB Approaches: "Output-based aid in Cambodia" \(480 KB\)](#)

Nepal: Telecommunications

In landlocked Nepal the mountainous terrain leaves many people isolated and beyond the reach of formal means of communication. The government, assisted by the World Bank, has developed an initiative in which the private sector will provide telecommunications services to some rural districts still unserved despite recent reforms in the sector. To make the project commercially viable, a one-time subsidy was granted with the 10-year

renewable license. Financed by an IDA credit, the subsidy will be paid against progress in rolling out the network. This OBA project for telecommunications is notable for two reasons: It is one of the first in which the World Bank has funded the subsidy. And it has made progress toward market-like conditions despite a risky political and regulatory environment.


Read more:

 [Output-based aid in Nepal \(676.54 KB\)](#)

Mozambique: Electricity

Mozambique's first privately operated concession to generate, distribute, and sell electricity is now up and running in a rural area isolated from the main transmission grid. The contract, won through competitive bidding by a Mozambican–South African consortium, leaves the private operator free to develop the power system in the way most cost-effective. Designed to tackle the extremely low connectivity, the concession uses OBA subsidies to close the gap between what new infrastructure costs and what households are willing and able to contribute. Payment of the subsidies, made available through an IDA credit, is contingent on verification of households being connected. Encouraged by early success, the government is identifying areas for similar schemes.

Read more:

 [OB Approaches: Output-based aid in Mozambique \(1.80 MB\)](#)

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