Global Partnership on Output-Based Aid (GPOBA)
Urban and PforR Projects

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Urban Sector Board
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Agenda

1. OBA and GPOBA
2. OBA Urban Projects
3. GPOBA support for PforR projects
Defining Output-Based Aid (OBA)

• OBA is a results-based financing (RBF) mechanism

• OBA is a performance-based subsidy to facilitate poor households’ access to basic services. The subsidy complements or replaces user fees and is payable upon the achievement of measurable results.

• OBA refines the targeting of subsidies through the explicit linking of the disbursement of subsidies to the achievement of agreed outputs.
What Is GPOBA?

• Founded in 2003, as a partnership with different donors.

Its objectives are:

1) Design and implement OBA to support the sustainable delivery of basic services to the poor;

2) Encourage the adoption of OBA approaches by developing countries, donors, and international financial institutions (mainstreaming);

3) Identify OBA best practices and disseminate information and guidance.
Designing OBA Projects for Urban Poor

OBA Schemes

• Can be utilized by policymakers to help increase access of the poor to basic services that would otherwise be unaffordable

• Design should be tailored to specific characteristics unique to the case of each household

• Work needed to address land tenure issues, outreach to community-based organizations and political leaders

• Can be a core component of urban reform and slum upgrading programs

• Can bring multiple stakeholders together and play role in shaping policy framework for urban development, in terms of service provision and access for the urban poor.
Designing OBA Projects for Urban Poor

Kampala Water & Sewerage
• Area with low chance of eviction and developer reclamation
• If resettled due to development, residents would be compensated (even if settlement illegal)
• Provision of public water points and introduction of pre-paid meters to reduce costs

Armenia Heating & Gas
• Example of buy-in and commitment of local government
• Early and active involvement with local authorities is critical for any scale up
• Can partner with SP to increase OBA awareness and benefits, as well as manage OBA contracts and subsidies

Kenya Slum Electrification
• Issue of illegal connections leading to public safety concerns, financial loss to SP, and corruption/gang behavior
• Measures taken to decreased threat of theft and tampering, improve sustainability
• Changes in materials, voltage lines, and transformers discouraged illegal activity
• Partnered with program to purchase credits via mobile phone
Designing OBA Projects for Urban Poor

Challenges to Service Providers in Informal Settlements:

• Question of eligibility for formal connections due to ambiguous or illegal status
• Informal settlements not assured protection from demolition
• No authority to legal or regulatory authority to serve areas
• Lack of incentives due to perceived high risk and fear of low uptake
GPOBA Urban Portfolio

- 25/36 pilot projects are in urban
- 19/25 urban projects in IDA & IDA blend countries
- Grant funding of $110.7 million (just over 50% in AFR)
- Active: $58.8 million; Closed: $51.9 million
GPOBA Urban Portfolio

- Targeting 5.1 million poor urban beneficiaries (64% of total)
## PforR Financing Initiatives

<table>
<thead>
<tr>
<th>Country</th>
<th>Program Name</th>
<th>Unit</th>
<th>Sector</th>
<th>Description</th>
<th>Amount (US$M)</th>
<th>GPOBA Involvement</th>
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<tbody>
<tr>
<td>Uruguay</td>
<td>Road Infrastructure Program for Results</td>
<td>LCSTR</td>
<td>Transport</td>
<td>Improve transport efficiency, through rehabilitation and maintenance of the national road infrastructure and enhanced public sector capacity.</td>
<td>66</td>
<td>Approved TA for $200K implementation support</td>
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<tr>
<td>Vietnam</td>
<td>Results-Based Rural Water and Sanitation Under The National Target Program Project</td>
<td>EASVS</td>
<td>Water and Sanitation</td>
<td>Support eight provinces in the Red River Delta region in providing sustainable water supply, sanitation and hygiene services using a results-based approach and in alignment with the National Target Program.</td>
<td>200</td>
<td>Peer-reviewer on PAD for PCN, QERT and DM</td>
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<tr>
<td>Indonesia</td>
<td>Local Government and Decentralization Project 2 (DAK 2)</td>
<td>EASIS</td>
<td>Urban</td>
<td>Support the GoI in promoting greater transparency and quality in the delivery of outputs using Specific Purpose Grants (DAK) in the infrastructure sectors. This program will focus on a geographic slice of the national GOI DAK transfers.</td>
<td>250</td>
<td>Peer-reviewer on PAD for PCN</td>
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<tr>
<td>Brazil</td>
<td>Ceará Results-based Management</td>
<td>LCSPF</td>
<td>Finance &amp; Private Sector</td>
<td>Support the institutionalization of results-oriented public sector management with a view to achieving the government’s strategy for inclusive and sustainable growth.</td>
<td>350</td>
<td>Approved TA for $50K preparation to help the definition of (i) DLIs (definition of indicators, targets, verification protocols) and (ii) capacity building for verification.</td>
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