

## NEWS RELEASE

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### **Bangladesh: More low-income rural households to benefit from solar home systems**

**Dhaka, March 22, 2011** – The World Bank, acting as administrator for the Global Partnership on Output-Based Aid (GPOBA), has approved a grant of US\$6.75 million to help more poor households in rural areas of Bangladesh gain access to affordable electricity supply.

The new grant, signed on March 2, 2011, is in addition to a grant of US\$7.2 million approved last year, bringing GPOBA's funding commitment for this project to about US\$14 million. The new funds mean an additional 175,000 households in rural areas of Bangladesh will be able to install individual Solar Home Systems (SHS).

The GPOBA financing is a boost to the on-going Rural Electrification and Renewable Energy (RERED) project that supports the SHS program in Bangladesh, which is considered to be one of the most successful SHS programs in the world. The Infrastructure Development Company Limited (IDCOL) is the implementing agency for the solar home system scheme.

So far, GPOBA funding has already made the installation of SHS for 119,229 target households possible. The overall goal is to help a total of 315,000 households in areas where connection to the electricity grid is not a viable option.

The scheme works by paying a fixed subsidy towards the cost of a SHS, once inspectors employed by IDCOL have verified the installation and compliance with approved technical specifications.

*“The priority for GPOBA is to help the poor gain access to basic services that can enhance their quality of life on a day to day basis,”* said **Zubair Sadeque, Task Manager for the World Bank and GPOBA.** *“Using an output-based approach*

*ensures that payment is only made when a qualifying rural household has access to electricity through a Solar Home System. In effect, the subsidy paid by GPOBA acts as an incentive for services providers to offer and deliver access to services for poor households.”*

GPOBA will use funding from the UK Department for International Development (DFID) and the Swedish International Development Cooperation Agency (SIDA) to continue the program’s support for the expansion of the SHS component of the RERED project.

The Global Partnership on Output-Based Aid (GPOBA) is a global partnership program 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.

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