

Using RBF / OBA to connect the poor

Who, Where, Why?

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Global Partnership on Output-Based Aid



WORLD BANK GROUP
Water

GPOBA's GLOBAL REACH

WATER, SANITATION, ENERGY,
HEALTH, EDUCATION, TELECOM,
SOLID WASTE

KEY ACHIEVEMENTS:

Subsidy pilots: 44 (\$228m)

Direct Beneficiaries: > 8 million reached

TA/dissemination activities: 177 (= \$28 m)

Evaluation and analysis

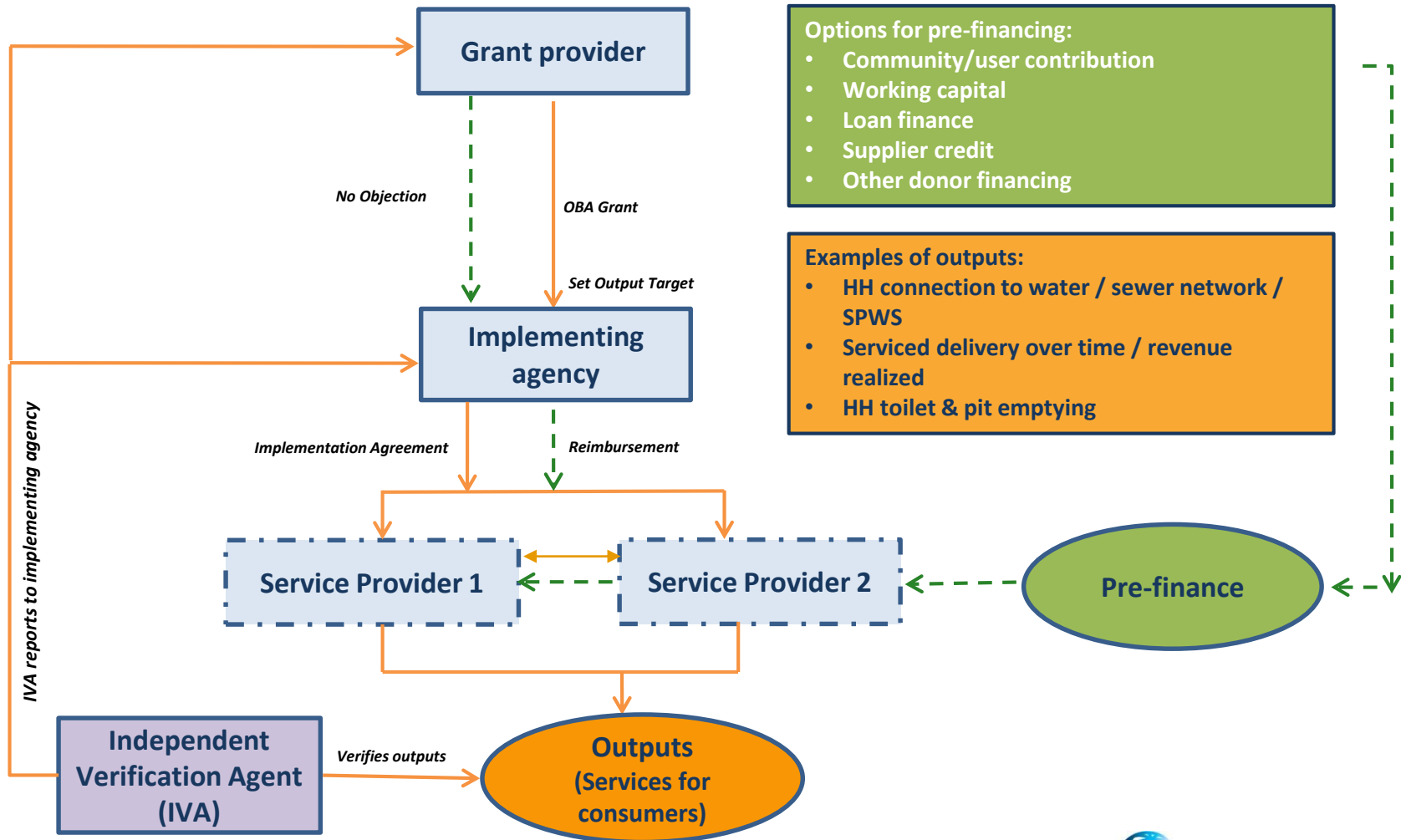
Knowledge dissemination

ODPs:



-  SUBSIDY PORTFOLIO (active/closed)
-  TECHNICAL ASSISTANCE
-  PforR SUPPORT
-  PIPELINE

HOW OBA WORKS



WHY ADOPT OBA APPROACHES?

CREATES VERIFIED RESULTS

Risk transfer: disbursement against independent verification

Strengthened monitoring

TARGETS SERVICE DELIVERY TO THE POOR

Financial incentives for providers & consumers

LEVERAGE

Adds equity & debt into projects co-financed with OBA (*blended financing*)

Links poor users to upstream investments

IMPLEMENTATION OF REFORM

Commercialization of state utilities

PPP – lease/affermage, concessions

Access to commercial finance through ring-fencing

OBA IN WATER

INCENTIVE GRANTS FOR

urban utilities to
connect poor HHs



CAMEROON
PRIVATE OPERATOR



INDONESIA
(SURABAYA) PUBLIC UTILITY



INDONESIA
(JAKARTA) PRIVATE
CONCESSIONAIRE



MOROCCO
CONCESSIONAIRES
2 PRIVATE, 1 PUBLIC



MOZAMBIQUE
PRIVATE OPERATOR →
PUBLIC OWNERSHIP



PHILIPPINES
PRIVATE
CONCESSIONAIRE



UGANDA
(KAMPALA) PUBLIC UTILITY

OBA IN WATER

INCENTIVE GRANTS FOR

rehabilitation & construction
of small rural & peri-urban
systems



HONDURAS
PUBLIC-PRIVATE



INDIA
NGO + TECH SUPPLIER



KENYA
COMMUNITY & MUNICIPAL
WATER SUPPLY OPERATORS



VIETNAM
NGO + COMMUNITIES



OBA IN WATER

INCENTIVE GRANTS FOR

Small & Medium-sized towns



UGANDA
SMALL TOWNS
PUBLIC UTILITY

KEY SUCCESS FACTORS

Conducive legal and policy environment

Mechanisms to connect the poor

Strong consumer willingness & ability to pay

SPs' access to finance

SPs comply with fiduciary system principles

Financial & operational sustainability, including links to upstream infrastructure

Subsidy structured to elicit market response

EXAMPLE: UNIFIED FINANCING WORK, PHILIPPINES

CURRENT	PROPOSED UFF
<ul style="list-style-type: none"> Large financing gap in sector Affordability constraints 	<ul style="list-style-type: none"> Blended finance approach for metros and water districts Grants leverage commercial loans Ensure finance costs do not adversely affect tariffs
Assistance to the poor is not targeted	OBA targets low-income consumers with additional subsidy

AT LOAN APPRAISAL:

DUE DILIGENCE

- Assess technical viability
- Review financial projections/viability

FIELD VISITS

- Discuss project with WSPs
- Confirm suitability/WSP credit worthiness

RISK ASSESSMENTS

- Assessments
- Identify & assess project risks
- Develop mitigation plans

LOAN

+ VGF

- Simple/inclusive eligibility criteria
- Makes project financially viable

DISBURSES PRO-RATA W/GFI/PFI LOAN

+ OBA

CONNECTIONS FOR LOW-INCOME HHS

Disburses against outputs:

- HH water/sewer connections
- Public water points
- On-site sanitation facilities

URBAN SANITATION

GHANA – ACCRA

Implemented by Min of LG - Risk transfer to MFIs & SPs

HH toilet infrastructure installed by private contractors and desludging by private operators

50% OBA subsidy / 50% user contribution and MFI loans to HHs



URBAN SANITATION

KENYA - NAIROBI

Implemented by NCWSC -
Risk borne by NCWSC

50% OBA subsidy / 50% user
contribution and commercial
bank loan to utility

Sewerage connection and
overhaul of toilet infrastructure
in low-income areas



IRRIGATION

BANGLADESH-SOLAR PUMPS

Targets smallholders in off-grid areas, reducing dependency on fossil fuel

20% equity; IDCOL pre-finances 80%; capital grant of up to 40% on achieving outputs

Post-subsidy investment cost and O&M recovered through farmer tariffs (fee for service)

Loan repayment from increased revenues (ownership model)



IRRIGATION

BURKINA FASO SMALL COTTON FARMERS

Large cotton buyer & processor working with smallholders

Smallholders can irrigate to increase yield on seed and lint

Private companies provide equipment, training & TA

Co-financing from domestic lender

SUGGESTIONS FOR INCREASED ADOPTION OF OBA/RBF

Access component in new projects benefitting low-income unserved consumers (pro-universal access)

Grants leveraging other resources
(blended financing mobilizing private sector capital)

ODP & government supporting successful pilots scale-up

**For more information, contact
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