



# Results-Based Finance for Last Mile Infrastructure

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# Development Challenges (Part A)

**Challenge 1:** How can countries incentivize public and private providers to **reach the last mile**, extending basic infrastructure services to the urban and rural poor?

**Limitations may include:**

- Misallocation of resources to reach the poorest
- High cost of access (e.g., household connection)
- Resources spent do not lead to desired results



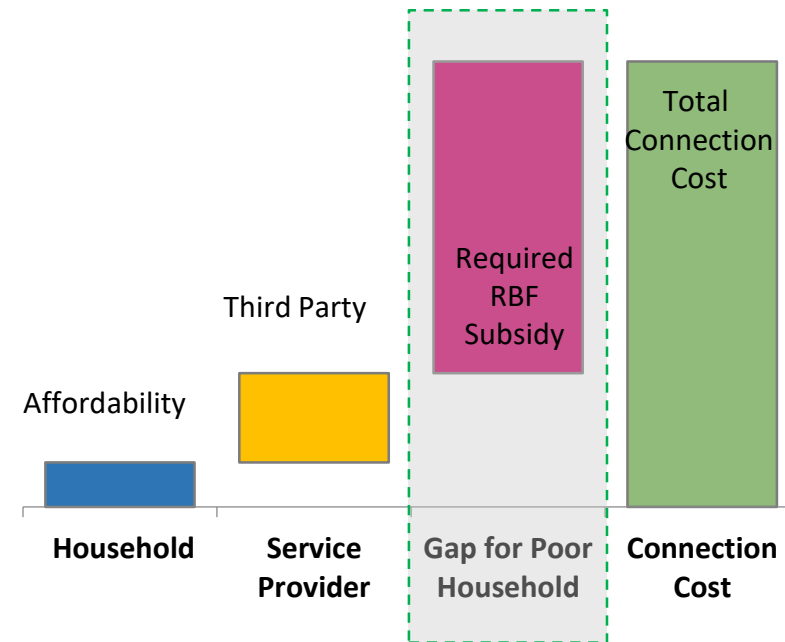
# What is Results-based financing?

## Definition and characteristics

### Results-based financing (RBF):

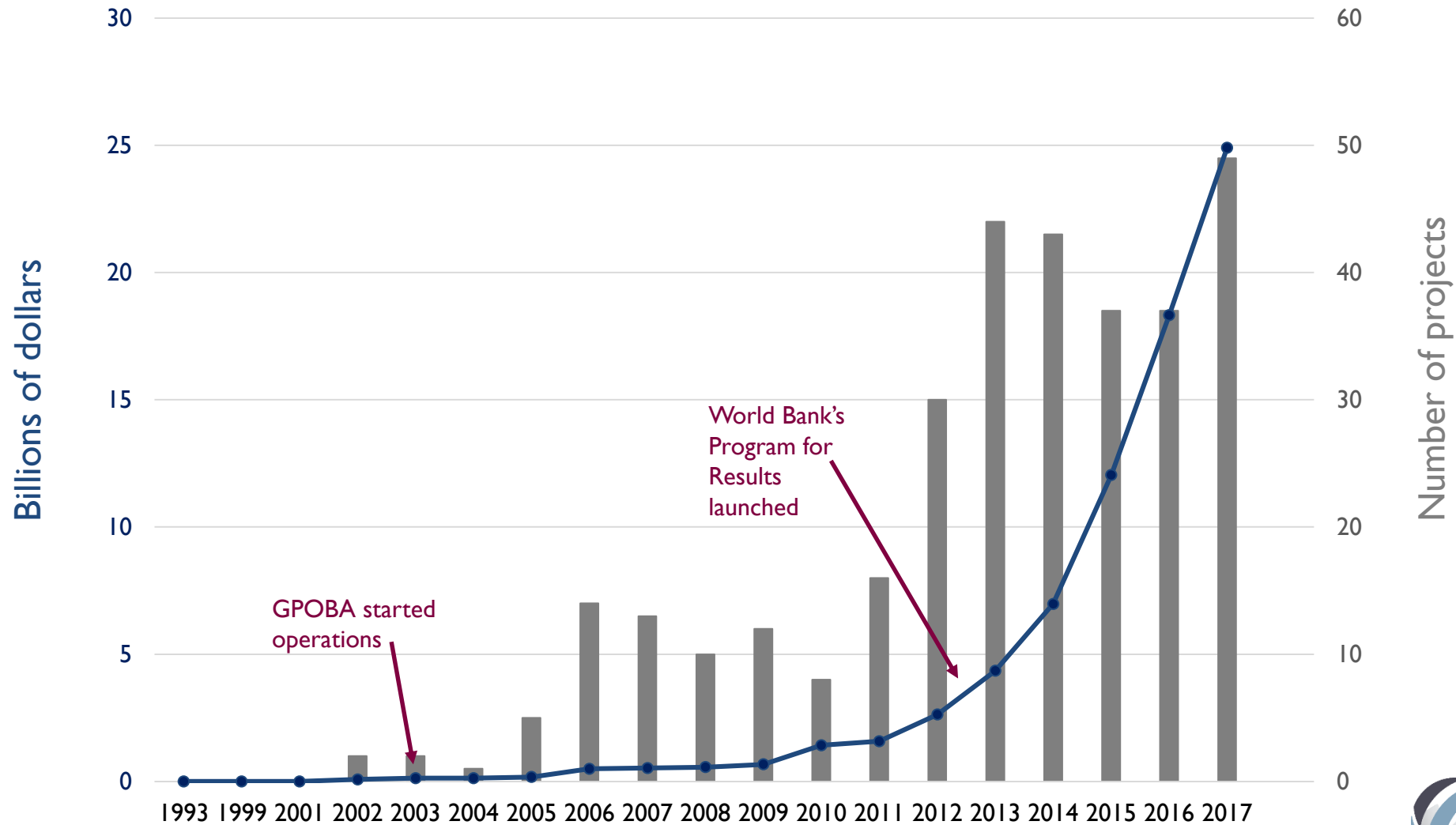
A financing arrangement in which part of the **payments are contingent** on the **achievement of pre-defined** and **verified results** (outputs, outcomes and/or impact).

- Accountability
- Innovation and Efficiency
- Using Incentives to Serve the Last Mile
- Targeting of Payments
- Results Verification and Monitoring

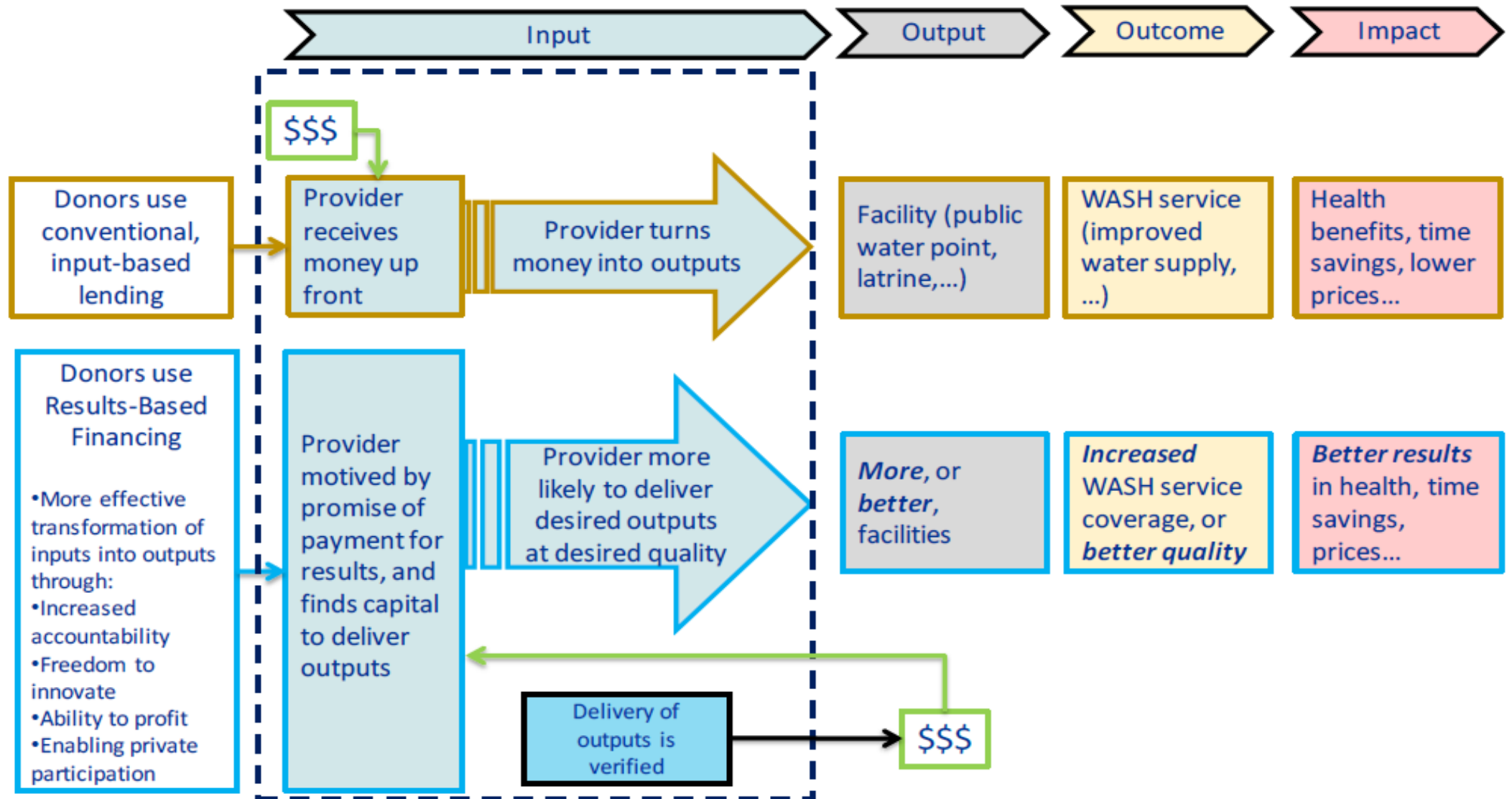


# The use of RBF is rapidly expanding

## Over \$25 billion of development spending has been tied to results



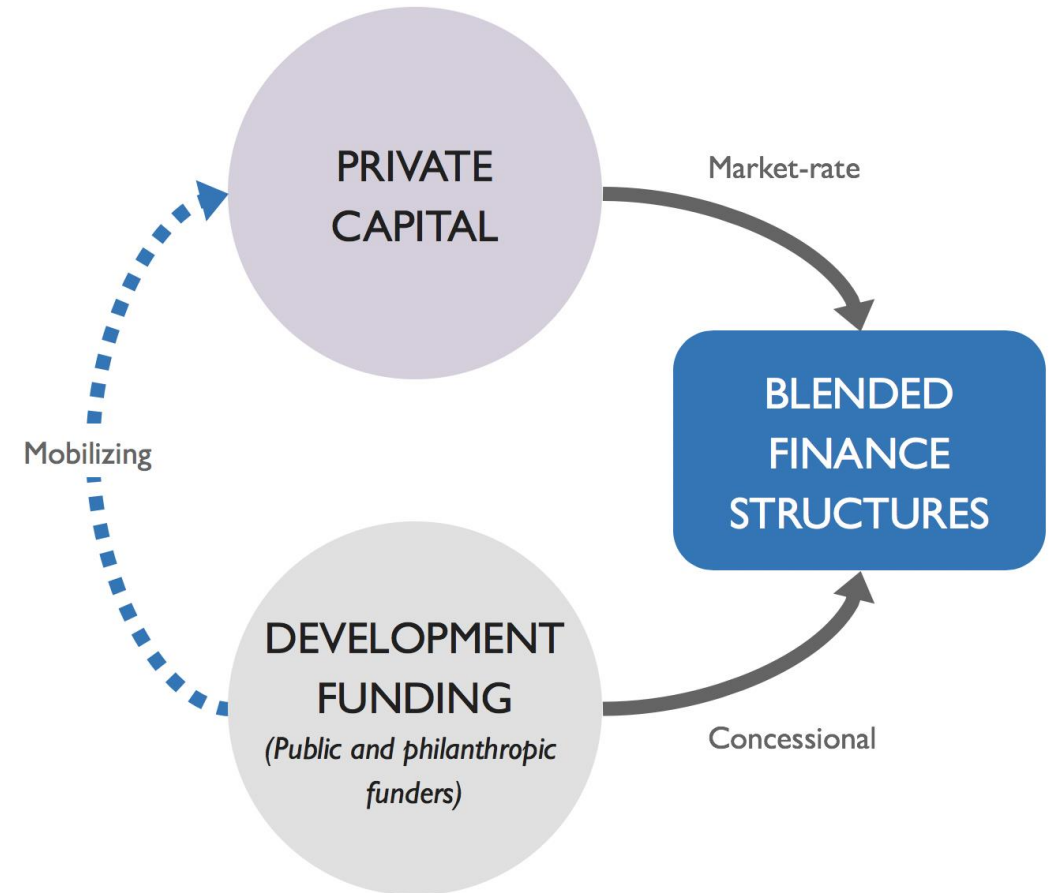
# Theory of Change for RBF (WASH infrastructure example)



# Development Challenges (Part B)

**Challenge 2:** How to “maximize finance for development” to bridge the financing gap to meet the infrastructure needs of developing countries?

**Challenge 3:** How to ensure the poorest communities benefit from these investments?



*Image from Convergence*

# Using RBF to Maximize Finance for Development for the Poor

**Results-based financing** can act as a catalyst to unlock additional resources (public or private) for development projects, while ensuring social inclusion.

## **RBF value add to blended finance investments:**

- Reduces repayment risk/ mobilizes capital
- **Inclusion of poor and vulnerable populations (“the last mile”)**
- Complements other de-risking financial instruments
- Flexible design/ applicable to multiple sectors



# Case Example:

## Bangladesh OBA Sanitation Microfinance Program

**Context:** Open defecation free; 60% access to improved sanitation

**Challenge:** Gap between government funds and investment requirements to meet SDG target

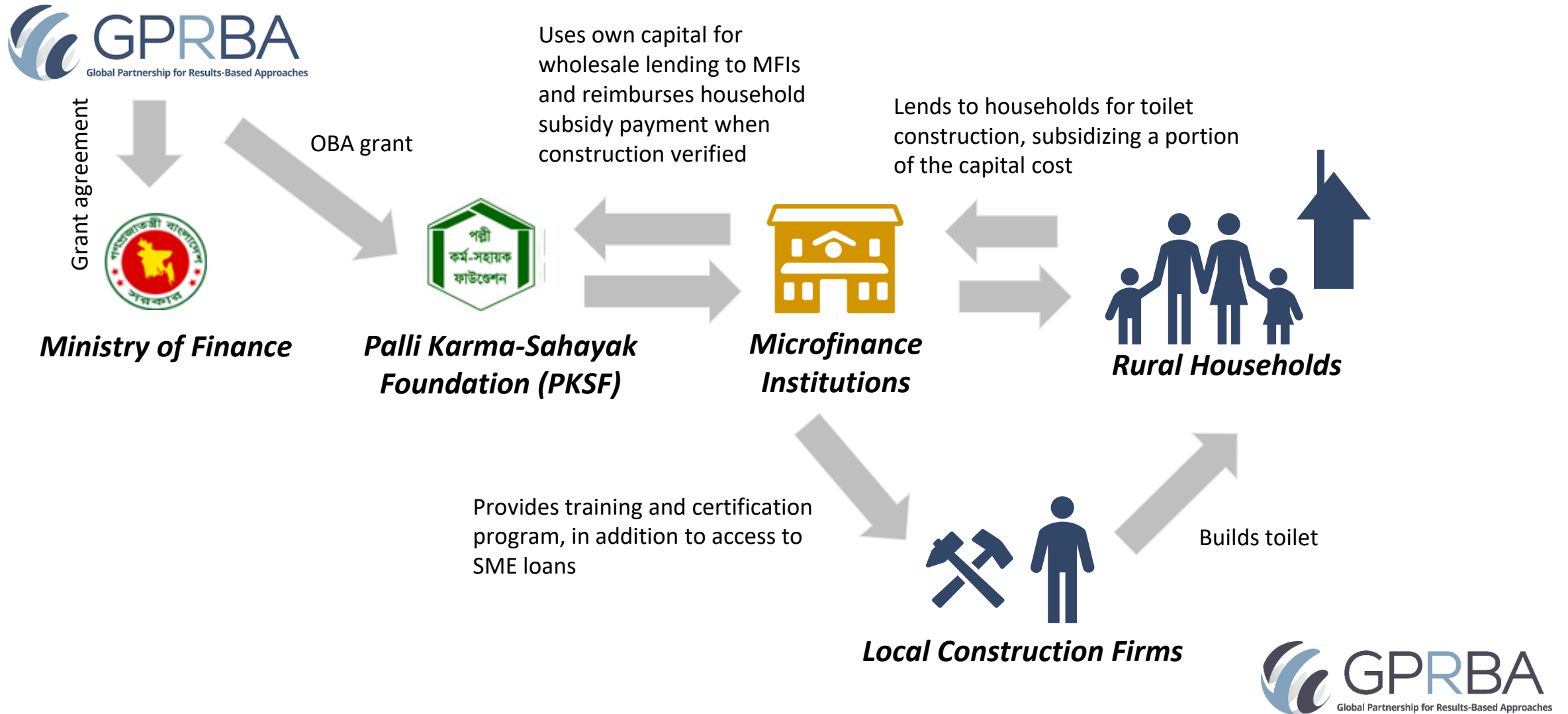
**WBG engagement:** Sanitation market development, engagement with MFIs, HHs, construction firms

**Development objective:** Increase access to hygienic sanitation facilities for low-income households in rural areas using sanitation loans





# Case Example: Bangladesh OBA Sanitation Microfinance Program



- 1. Technology Innovation in Verification Practices**  
Use of embedded Management Information Systems (MIS), smart metering, remote sensing and data management
- 2. Programmatic Technical Assistance Development for Establishing Synergies with Private Service Providers and Lenders**  
Addressing capacity building needs, ease of reaching new customers, creditworthiness of service providers, and targeted analysis on the cost and affordability of service delivery
- 3. Innovative Financing for Scalable and Outcome-focused Solutions**  
Development of facilities with local lenders to address working capital constraints and credit risks perceptions, incentive schemes and provision of viability gap funding with last mile outcome-focused targeting



**Thank you!**



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