

# **Results-Based Lending Progress to Date**

**Asian Development Bank**

# Background

- **World Bank Program-for-Results Financing policy approval (1/2012)**
- **ADB RBL policy approval (3/2013)**
- **RBL staff guidance (11/2013)**
- **Mainstreaming (2019)**

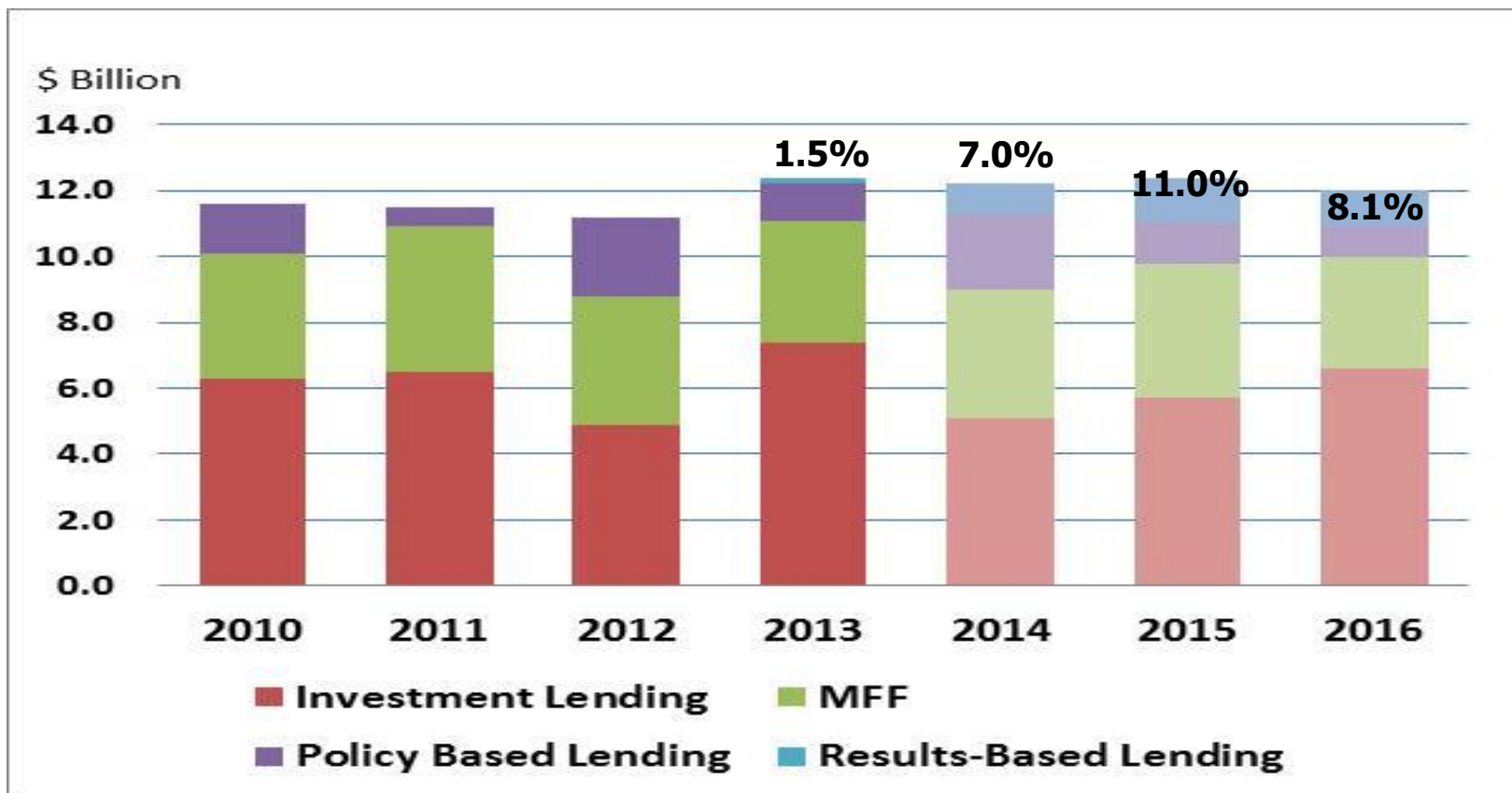
# Approved RBL

- **Education Sector Development Program in Sri Lanka (June 2013)**
  - \$ 200 million
  - Emphasis on upfront fiduciary and safeguard assessments
  - Strong government's buy-in
- **Skills Sector Program in Sri Lanka (March 2014)**
  - \$100 million
  - Middle income country
  - Support government TVET program with other development partners

# Choice of Financing Modality



- RBL constitutes about **1.5%** of ADB financing modality but this ratio could increase by **7 to 10%** by 2016.



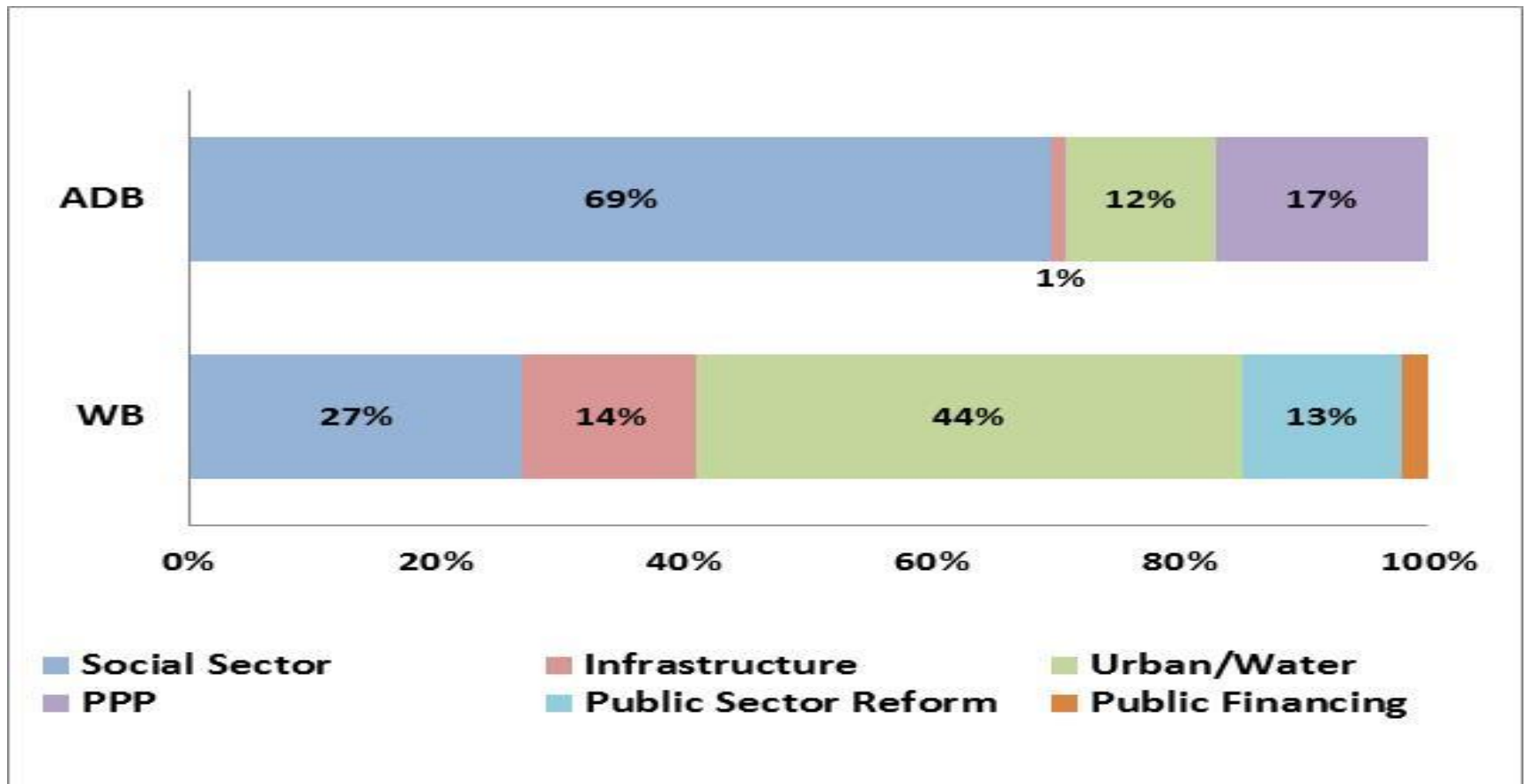
Source: Asian Development Bank

# RBL Proportion by Sector

## Comparison with WB



- Social Sector (**Education and Health**) utilizes RBL most. Infrastructure portfolio will increase.
- MIC (e.g PRC) is considering to use RBL for **PPP**.



Source: ADB and WB Websites

# Use of RBL by Country Group

- All countries using RBL are above lower middle income status.

Per Capita GNI & Population Matrix			Per Capita GNI					
			Low Income		Lower Middle Income		Upper Middle Income	High Income
			Below \$500	\$500-\$935	\$935-\$2,000	\$2,000-\$3,750	\$3,751-\$11,455	Above \$11,455
Population Size	Large	500 mil Above				<b>India</b> <i>Pakistan (WB)</i>	<b>PRC</b>	
		50 mil to 500 mil			<b>Philippines</b> <i>Ethiopia (WB)</i>	<b>Viet Nam</b> <i>Viet Nam (WB)</i> <i>Bangladesh (WB)</i>	<i>Indonesia (WB)</i>	<i>Brazil (WB)</i> <i>Mexico (WB)</i>
	Medium	10 mil to 50 mil			<b>Sri Lanka</b> <i>Kenya</i> <i>Nepal</i> <i>Tanzania</i> <i>Uganda</i> <i>Afghanistan</i> <i>Mozambique</i> <i>(all WB)</i>		<i>Morocco (WB)</i> <i>Bolivia (WB)</i>	
		Small	1 mil to 10 mil				<i>Moldova (WB)</i>	
	Below 1 mil				<b>Solomon Islands</b>			

Source: ADB and WB websites

# Why is RBL a Popular Choice?

- **Use of Country System**
- **Lower Transaction Costs**
- **More Policy Dialogue with Development Member Countries**
- **More Aid Coordination**

# Example: 6 year Investment Project on Water

## If we use Investment Lending (non-RBL)

..... It appears very complex..



Step 1


Prepare Annual Procurement Plan.  
(Goods, Services, Civil Work)

### 1. Procurement Processes (using ADB guidelines)

Step 2 Gov't prepares bid document

Step 3 **ADB** to Review/Endorse bid document 

Step 4 Gov't Starts Bidding or Seek Consultant etc

Step 5 Gov't prepares bid evaluation/seek **ADB's OK** 

### 2. Contract Management (Construction etc)

Step 6 Consultants/Contractors Deliver Services & Gov't to Manage Contract

#### Service Delivery

Example: Consultancy or Sanitation facility construction etc

Step 7 Consultants/contractors to send bills for payment  
**(go to Step 8)**

### 3. Financial Management


**(using ADB disbursement handbook)**

Gov't to ask MOF/Central Bank to pay from Imprest Account (Or other modes\*)  
**with the proof of expenditure etc**

Step 8



\* Based on ADB disbursement handbook

Gov't to prepare Withdrawal Applications (WAs) to be submitted to ADB 

Step 9

**ADB** to reimburse Gov't if imprest account is used

Step 10

Go Back to Step 2



Control Point



# But with RBL It appears much simpler.....



Annual Plan with DLIs					
Yr1	Yr2	Yr3	Yr4	Yr5	Yr6

Gov't and ADB to agree on PAP/PIM/DLIs as feasible

1. Procurement Processes  
(ADB guidelines not applicable)

Country System

2. Contract Management  
(construction, etc.)

Country System

4. ADB (only) monitors implementation of agreed actions in Program Action Plan

3. Financial Management  
(ADB guidelines not applicable)

Gov't to prepare Withdrawal Applications (WAs) for reimbursement with verification documents for results.  
**No evidence of expenditures needed**

 Control Point

# Organizational Effectiveness

## RBL and Business Processes and Practices

- Evidence shows that RBL helps **reduce start-up delay** of the loan delivery.

Indicators	Sovereign (Non RBL)	RBL
Average Loan Processing time (Month from Fact-Finding Mission to Loan Approval)	7.0	5.3
Average Time from Loan Approval to first disbursement (Month)	10.1	4.1

# Key Actions in ADB

- **Formation of ADB-wide RBL Advisory Group**
- **Dissemination of RBL**
- **Staff capacity development**
- **ADB consultants to support DMCs**
- **Possible Replication of RBL approaches**

# Conclusion

- **RBL has quickly gained popularity**
- **Appear suitable to MICs**
- **Important to learn experience from other developing partners**

# Thank you for your attention

---

ご清聴ありがとうございました