

Session 2

RBL Framework

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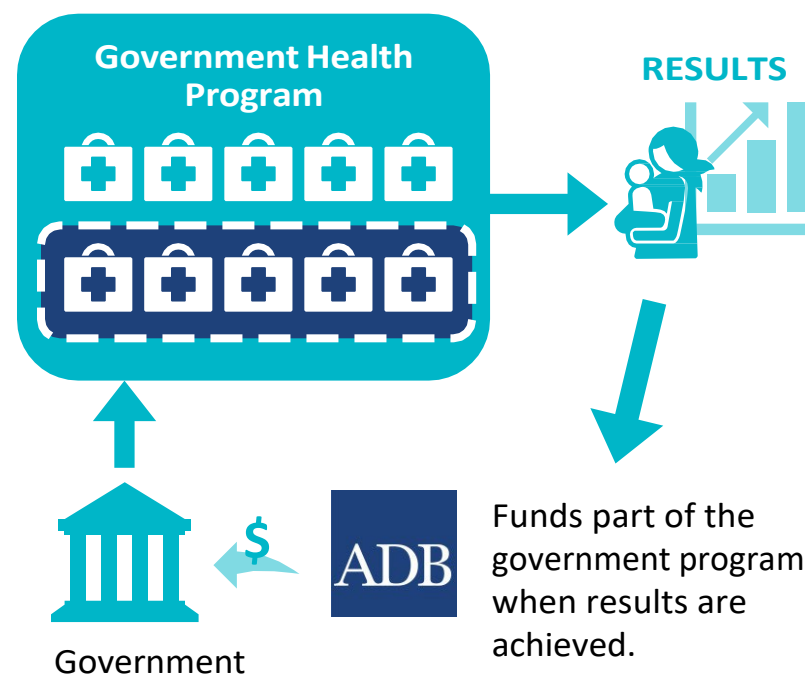
OVERVIEW, OBJECTIVES, AND KEY FEATURES

Results-Based Lending (RBL) for Programs

- Supports a specific government-owned program
- Can cover the whole, part, or a time slice of a government program
- Disburses based on defined results
- Uses the government program systems and procedures, seeking to enhance them as needed

RESULTS

- Defined as outcome/output from the standpoint of beneficiaries
- Measured by disbursement-linked indicators (DLIs)



RBL Objectives and Key Features



Increase
government
accountability



Give incentives for
delivering and
sustaining results



Improve government
effectiveness and
efficiency in program
implementation



Enhance
development
effectiveness,
support donor
coordination and
harmonization

Supporting
government-owned
programs

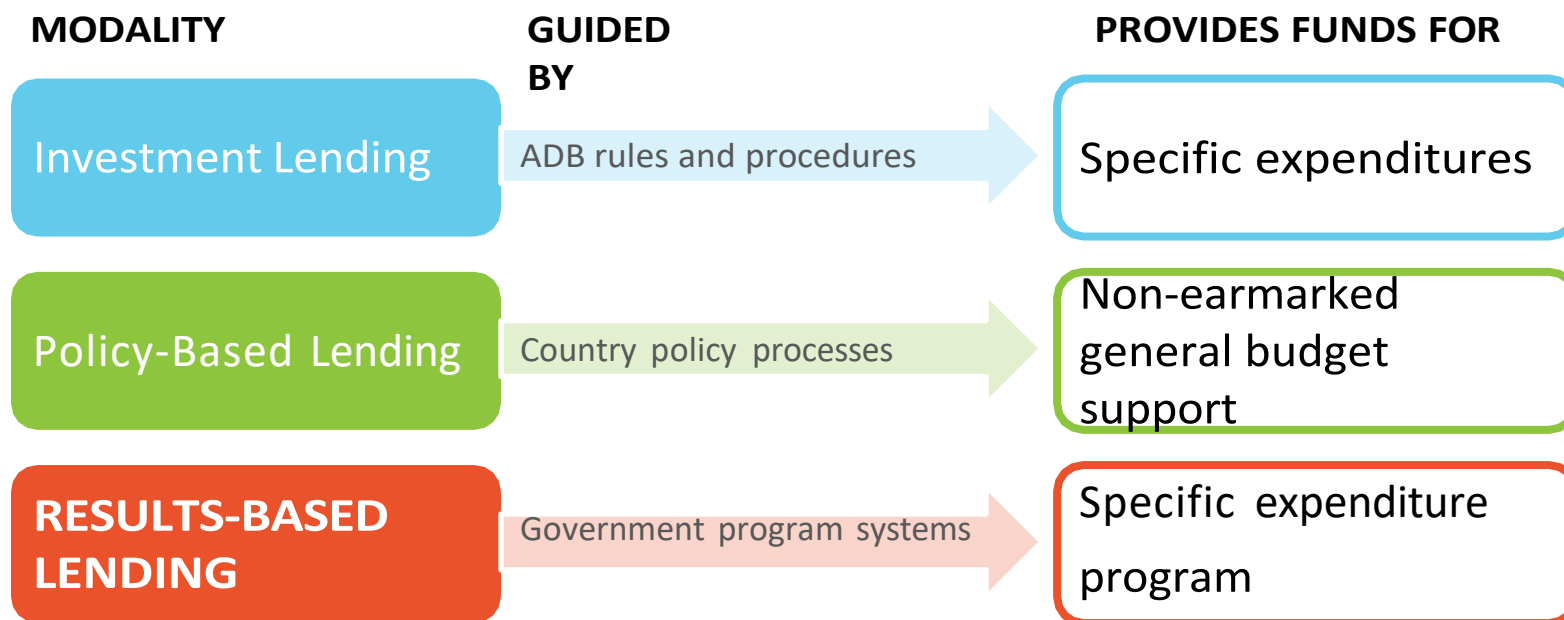
Linking disbursement
directly to results

Supporting institutional
development

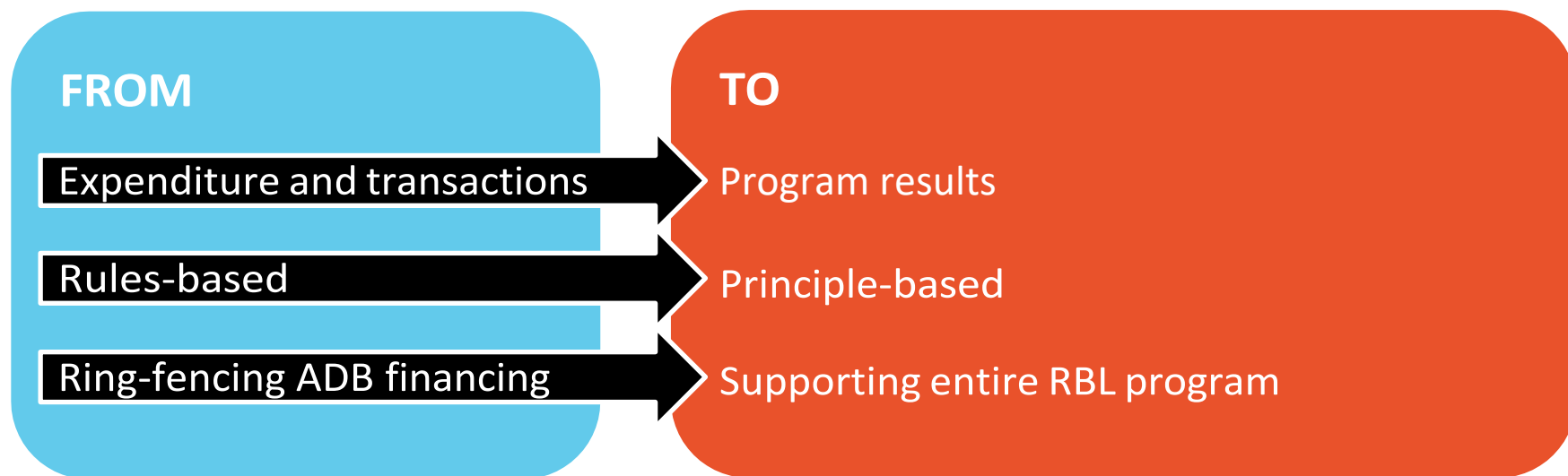
Fostering partnerships

Manage risks adequately

RBL versus Other Lending Modalities



RBL: A Shift in Focus



Overview of RBL Operations (2013-2024)

40 programs
\$11.7 billion
~\$293m average

5.7% of total SOV
commitments over the
past 12 years (average)

Financing sources:

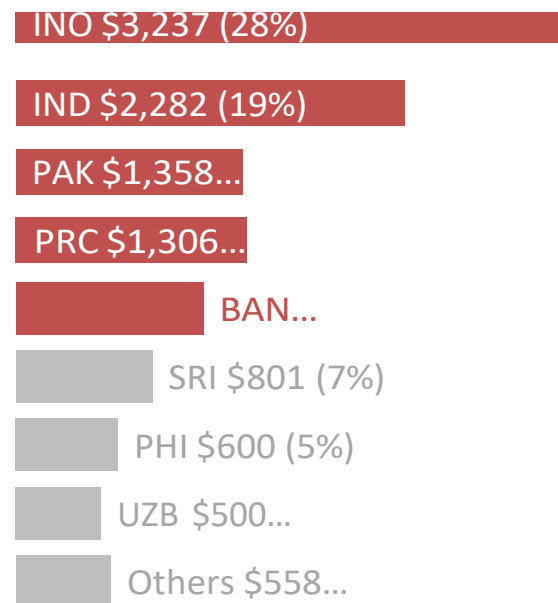
- OCR: 81.0%
- COL: 18.8%
- ADF: 0.2%

Sector utilization (top 5)

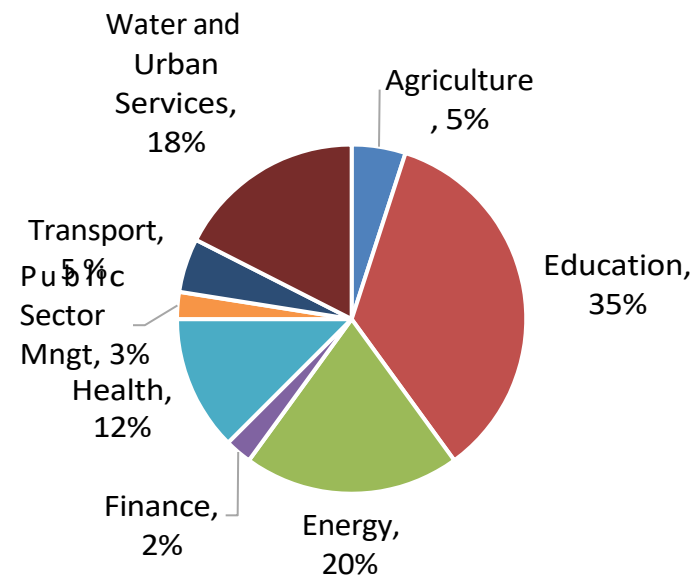
- 2013–2018 (pilot period)
EDU, ENE, ANR, FIN, HLT
- 2019–2024 (mainstreaming)
ENE, WUS, EDU, PSM, HLT

5 DMCs accounted for
80% of total committed amount

\$ million



Utilized across various sectors, but
almost half of RBLs under Human and
Social Development Sector Office



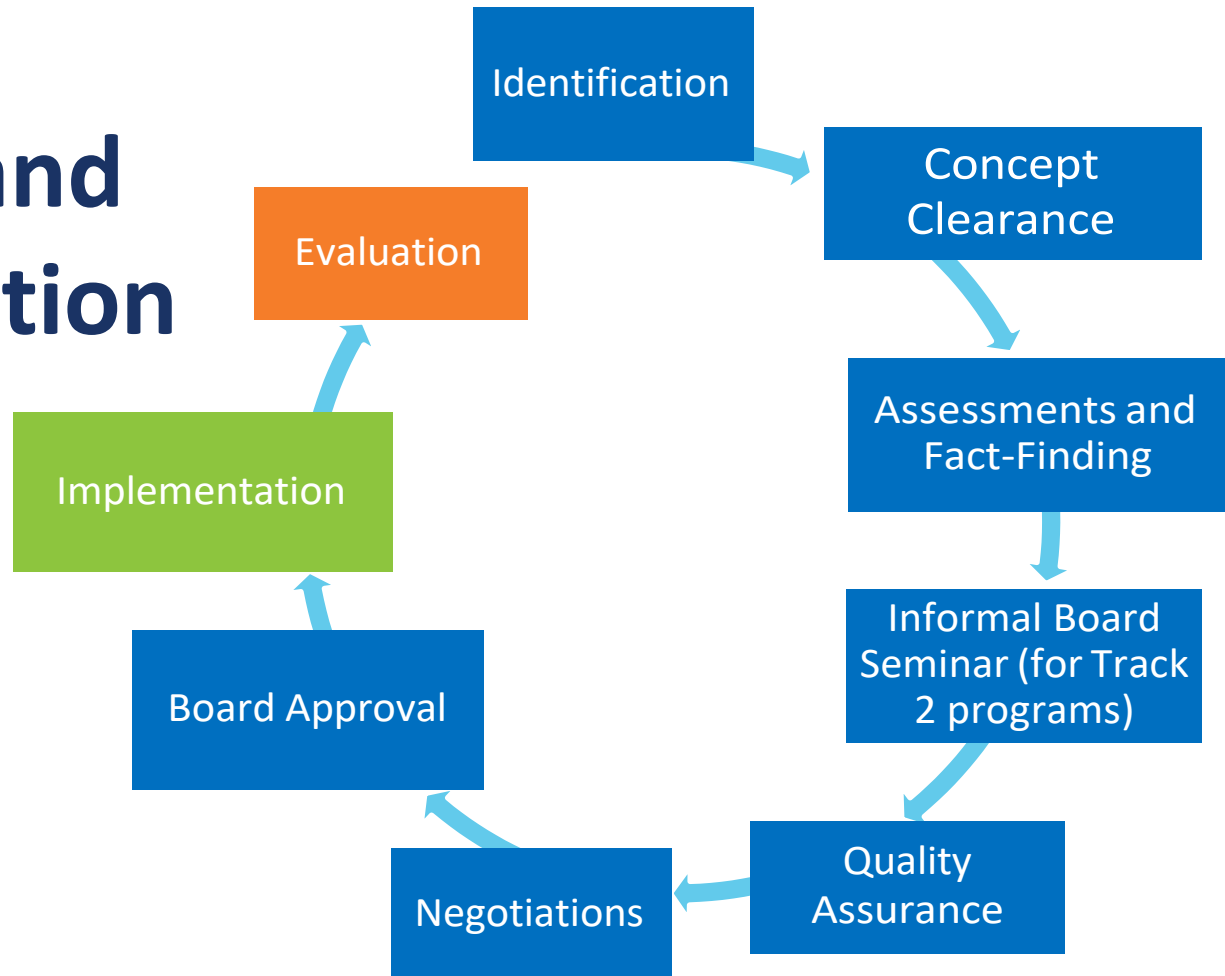
Notes:

1. Based on a list of sovereign operations that have RBL modality tag from ADB database. Figures may not sum precisely due to rounding.
2. Total committed operations include sovereign and nonsovereign, OCR, COL, and ADF funds, but excludes private sector programs.

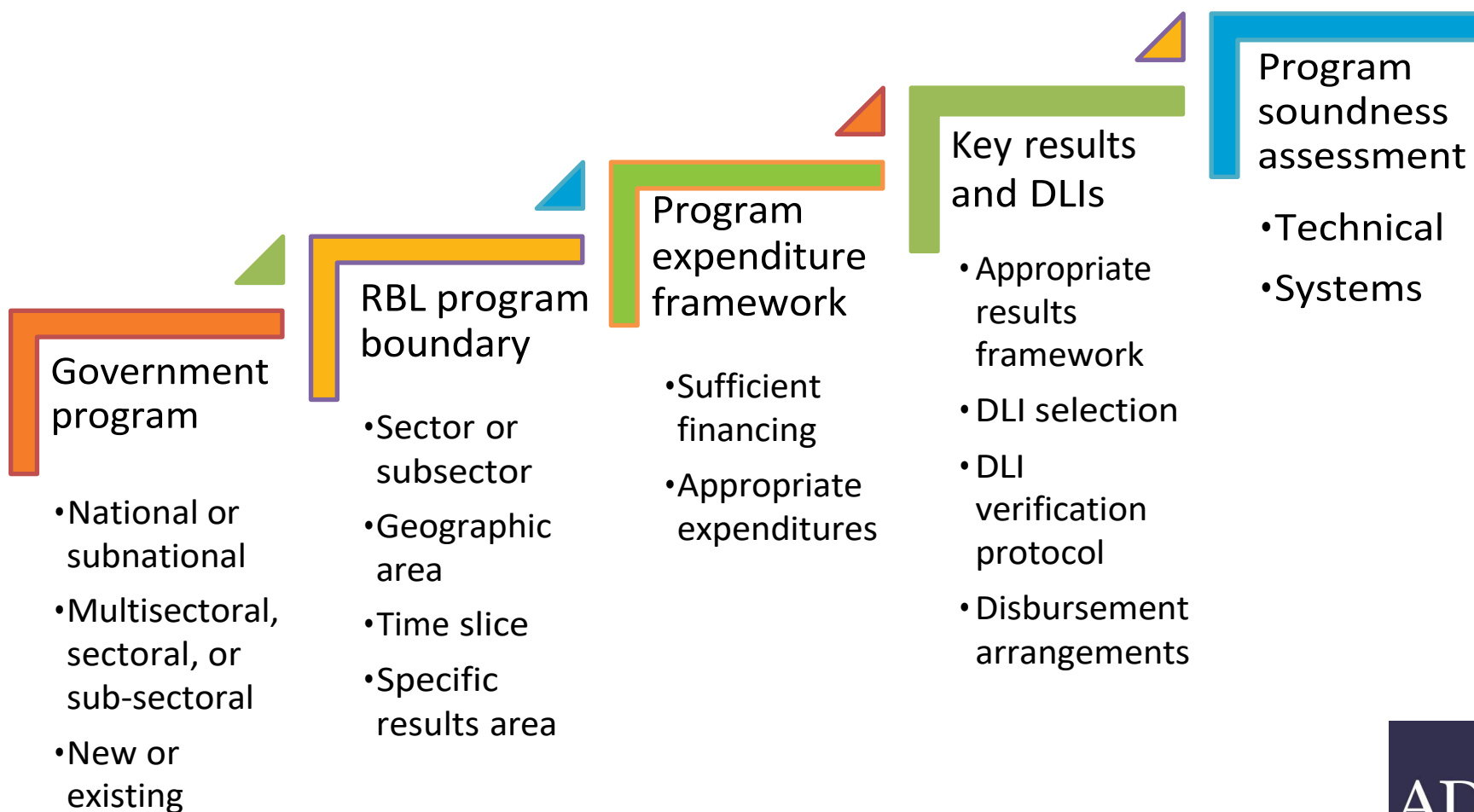
KEY STEPS FOR PREPARING AN RBL PROGRAM

RBL

Processing and Implementation



Steps for Preparing an RBL Program



Due Diligence

Program Technical Assessments

- Soundness including program expenditure and financing, and program results framework
- Economic analysis
- Poverty, social and gender

Program Systems Assessments

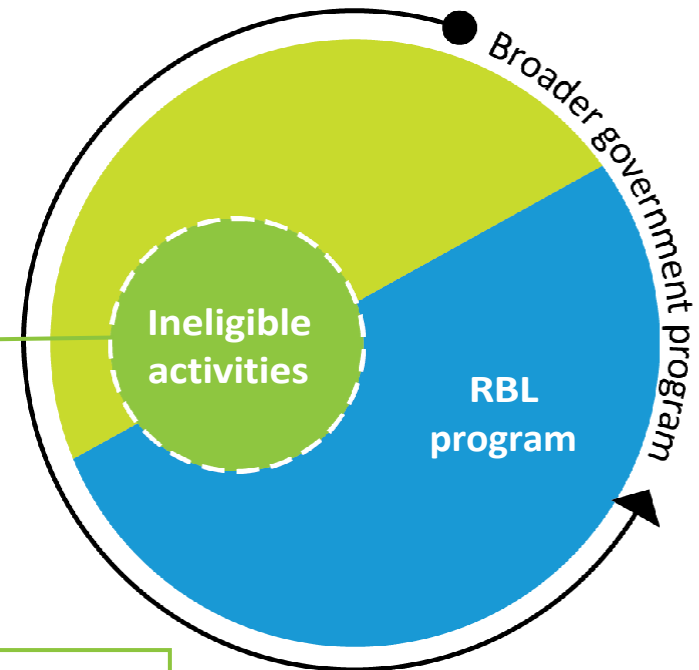
- M&E system
- Fiduciary systems
- Safeguards systems
- Other relevant systems/institutions

Institutional, environmental, social, economic, and financial sustainability

- Program Implementation Document which includes:
 - Risk Assessment and Risk Management Plan
 - Program Action Plan

Ineligible Activities

- Activities classified as **environment category A** under SPS
- Activities likely to have **significant adverse impacts** on the environment and/or affected people that are sensitive, diverse, or unprecedented
- **High-value contracts**
 - \$50 million for works, turnkey, supply and installation
 - \$30 million for goods
 - \$20 million for IT-systems and non-consulting services
 - \$15 million for consulting services



Activities excluded under the RBL program may be included in the broader government program.

Disbursement-Linked Indicators (DLIs)

Depending on the RBL program DLIs can be:



DLIs should be:

Tangible

Verifiable

Transparent

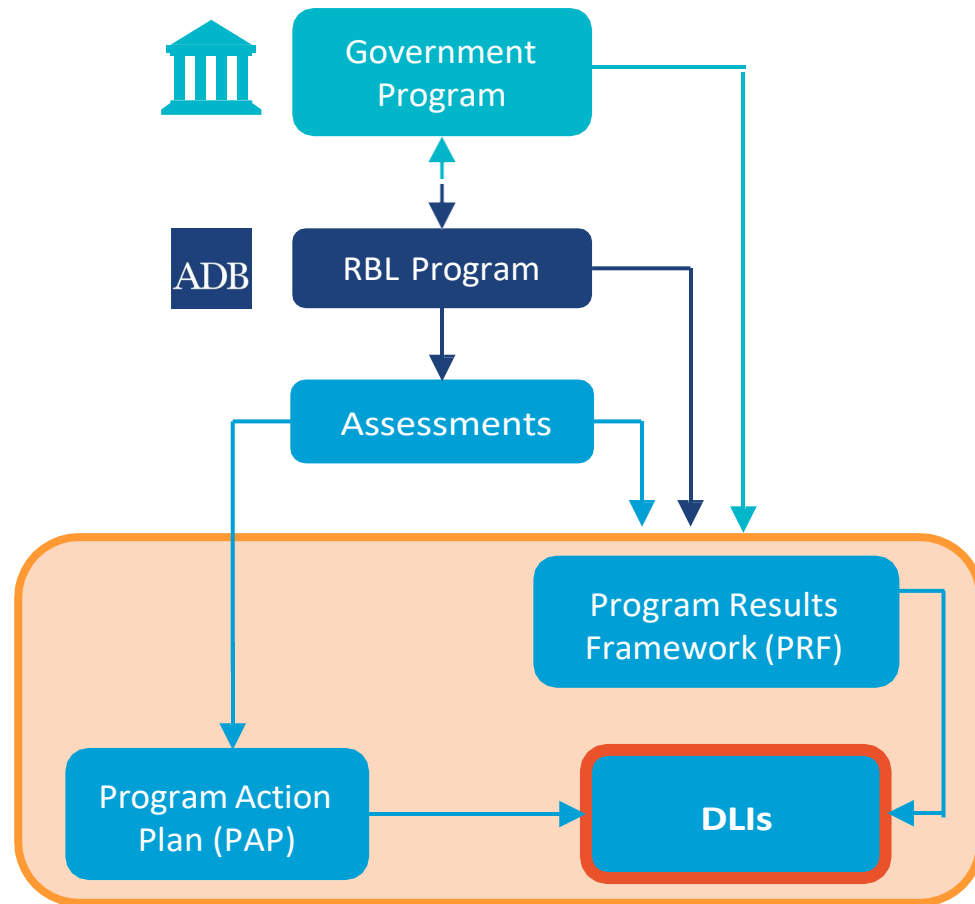
**Under
control of
government**

Verification protocol includes:

- DLI definition and what constitutes achievement
- Whether disbursements can be partial and how that would be done
- Expected timing of verification
- Data for measuring achievements, including reporting frequency; and
- Entities responsible for verification

The DLI verification protocol provides assurance that disbursements will be made based on credible results

Where do DLIs come from?



Independent Verification Agency



Government agencies, private entities, or third-party entities, such as civil society organizations



ADB needs to be satisfied with competence, capacity, and credibility of the verifying agent to provide credible verification



If DLI verification by the executing or implementing agency of the RBL program, strong justification needed



ADB may conduct spot checks of the robustness of the verification mechanism, including using external independent agencies



ADB should not act as an independent verifier



IVA should not provide capacity building, but can make recommendations to improve systems

Disbursement



Other Key Features

Advance Financing*

up to 25% of ADB financing

Financing Prior Results*

up to 20% of ADB financing
for DLIs achieved within 12 months before loan signing

* Outstanding balance of Advance Financing + Financing Prior Results amount \leq 30% of the total ADB financing

Utilization and Procurement

follows ADB's member country
procurement eligibility restrictions

Total RBL program expenditures - procurement
from non-member countries \geq ADB financing

Financial Auditing

Annual audited financial
statements to be submitted
for the entire RBL program

Anticorruption

RBL-specific
guidelines to be
discussed with the
government