



January 2016

Scoping Paper: Results-based Lending Midterm Review

Asian Development Bank

Scoping Paper

Results-based Lending Mid-Term Review

A. INTRODUCTION

1. Results-based Lending (RBL) is a new ADB financing modality that was approved in March 2013 on a pilot basis for an initial 6 years. RBL is a performance-based form of financing, where disbursements are linked to the achievement of results or milestones (actions or outputs) rather than expenditures, as is the case with traditional investment lending. Once approved, RBL programs are implemented using the borrowing country's systems and the interaction between ADB and the client country focuses more on policy dialogue. Any developing member country (DMCs) or sector can use RBL as long as this is a suitable modality for the program, as judged by ADB's required assessments.¹

2. A total of 15 ADB operations (8 approved and 7 under processing) have been using RBL. Initially, social sector operations were considered to be the best fit for RBL, but staff working in other sectors, in particular energy, transport, and urban development, are now also processing new RBL programs. The application of RBL to these non-traditional sectors follows a similar trend to that of the World Bank's Program for Results (PforR). In geographic distribution, RBLs have already been approved for countries in four out of five ADB regional departments while the remaining Pacific department is now preparing their first RBL in the transport sector.

3. The RBL policy (March 2013) specifies that around the third year of the RBL pilot period, Management should undertake a mid-term review (the review) of this modality to take stock of ADB's experience.² The review will examine aspects such as the demand for this modality, the sector and country distribution of the operations, ways of managing fiduciary and safeguard risks, approaches to capacity development, transaction costs for ADB and the DMCs, and other emerging issues, and lessons. The review will also look into whether there are areas to fine-tune the modality based on the initial experience, and if so, will make recommendations for the improvements needed. The Independent Evaluation Department (IED) of ADB will assess the implementation experience of RBL. ADB will then consider and decide on the future direction of this 6-year pilot modality in light of the IED's findings.

4. The review will look at demand for this modality, sector and country distribution of operations, approaches to managing fiduciary and safeguard risks and capacity development, transaction costs by ADB and developing member countries (DMCs), and emerging issues and lessons. The review will also assess the need to improve the modality and make related

¹ Similar to the World Bank, ADB assesses if the RBL is a suitable financing modality based on the four building blocks: (i) program soundness, (ii) expenditures and financing, (iii) results and links with disbursements, and (iv) systems and institutions.

² RBL Policy (March 2013) specifies that "ADB will learn from its own experiences and exchange experiences with other development agencies, especially the World Bank. Around 3 years of implementation (early 2016), Management will carry out a review to take stock of the experiences with RBL. The review will examine aspects such as the demand for this modality, the sector and country distribution of the operations, ways of managing fiduciary and safeguard risks, approaches to capacity development, transaction costs by ADB and the DMCs, emerging issues, and lessons. The review will also look into whether there are areas to fine-tune the modality based on the initial experience, and if so, will make recommendations for the improvements needed. The Independent Evaluation Department of ADB will assess the implementation experience of RBL. ADB will consider and decide on the future direction of the modality in light of the Independent Evaluation Department's findings *Piloting Results-Based Lending for Programs*." Manila (para 165).

recommendations. If justified by the review, Management may propose to the Board the lifting of the cap on RBL operations or a higher cap.

B. OBJECTIVES

5. The Board approved RBL policy identified three distinctive features in RBL operations. These features include: (i) accountability to achieve results rather than inputs, (ii) support to strengthen government systems, and (iii) improved operational efficiencies through an effective use of country systems. The review will assess if early RBL operations make optimal use of these features. Assessment of the first feature will be done based assessing the early year results from approved RBLs, as defined by their Disbursement-linked Indicator matrices and Program Action Plans for the approved RBLs. (in Year 1 and 2).

6. The review will also assess the following main areas: (i) demand for RBL modality and sector and country distribution of operations; (ii) challenges faced by DMCs and ADB staff, including approaches to managing fiduciary and safeguard risks and to building capacity; (iii) emerging lessons and best practices from the first three years of RBL implementation, including relevant lessons drawn from the implementation of the Program for Results (PforR), a similar World Bank modality, and (iv) any proposed changes to the RBL policy that would strengthen the modality, including the need for further limitations on RBL operations during the piloting period.

C. APPROACHES

7. The review will first examine available documentation and on collect and analyze feedback from DMCs, development partners, other key stakeholders, and ADB management and staff. The review will assess the demand for this modality; analyze how it is being applied in different sectors; identify emerging good practices and systemic weaknesses; analyze staff capacity; and propose adjustments needed to help improve the modality. The review will rely on a range of methodologies including in-house desk review, surveys, and consultations (see section D below).

8. ADB will closely work with other developing partners who use results-based financing (RBF). The scope of the review will incorporate the approach used by the World Bank in its recent mid-term review of PforR, where applicable, and build on lessons learned from this review as well as ongoing PforR operations. The review will be coordinated by the Strategy, Policy, and Interagency Relations Division, Strategy and Policy Department in close coordination with regional departments, the Sustainable Development and Climate Change Department, the Operations Services and Financial Management Department, Office of General Counsel, Controller's Department, Office of the Auditor General, and other relevant departments and offices.

D. METHODOLOGY

9. **Literature and desk review.** A desk review of concept papers, RBL program documents, review meeting documentation, and other relevant documents will provide an overview of progress and experience with RBL operations.

10. **Surveys.**³ Two e-based surveys are proposed:

- The first survey will focus on the perspectives of ADB management/staff, their DMC clients, and other stakeholders who have been involved in the design and implementation of RBL operations. This survey will be useful to understand both what is going well and what the challenges are from the perspective of those who have been involved in the design and implementation of RBL operations.
- The second survey will focus on the perspectives of country directors and their DMC clients that have ongoing operations with ADB but no RBL operations under implementation or preparation. The survey will assess the extent and nature of the knowledge and dialogue around the RBL modality. This survey will be used to better understand the awareness of RBL and the challenges associated with this modality.

11. **Consultations.** Within ADB, structured and semi-structured interviews will be arranged with regional departments, senior advisors of senior management (OPR, MDG, and VPs), as well as with team members from other departments involved in the RBL operations. In-depth interviews will also be arranged a sample of relevant DMC clients that have been involved in RBL processing. These interviews will enable the review team to better understand: (a) how the RBL instrument is perceived in comparison with other ADB financing modalities, and (b) the dynamics around the initial implementation of a specific RBL program. The analysis of survey results (para. 10) and discussions with regional departments will help determine who will be interviewed and the specific topics to be covered in these consultations. ADB will also consult with other key stakeholders such as the World Bank, Inter-American Development Bank (IADB), African Development Bank, GIZ, AFD, and the OECD. These development partners have been using RBF or will be promoting the use of RBF in the near future (see Appendix 4).

12. A special consultation with IADB will be arranged in early 2016 to learn from their experience on the use of a performance-driven loan (PDL). IADB introduced the PDL in 2003 on a 6-year pilot basis to adopt a new results-based financing instrument in Latin America region. The approach and features of PDL were similar to those envisaged by the World Bank PforR and ADB's RBL. However, in PDL operations, the IADB also required compliance with IADB procurement and disbursement rules and procedures in addition to submission of agreed results. Specifically, the documentation for contracts had to meet IDB procurement requirements as conditions for disbursement. In effect, these requirements set a "double bar" for achieving disbursements, which presented problems for many LAC DMCs. The PDL was very slow to disburse, contrary to expectations, and the LAC DMCs eventually stopped using the PDL instrument in 2009. IADB is currently revising its policy to re-introduce a new version of PDL. The planned consultation with IADB will help ADB in dealing with similar procurement issues in the initial implementation on RBLs. Consultation with the World Bank will also take place to help ADB understand how the PforR operations avoided a similar problem⁴

13. The proposed surveys (para 10) will replicate, with some modifications, the World Bank approach used for the mid-term review of the PforR, to facilitate comparisons and sharing of data and survey findings. A joint ADB-World Bank results-based financing conference is being proposed for the third quarter of 2016.

³ See appendix 5 for detail arrangement.

⁴ The World Bank's mid-term review on PforR concluded that the "double-bar" problem was effectively avoided for the PforR operations between 2012 and 2014.

E. TIMELINES

14. The initial draft Review report will be prepared in 2016. Major findings regarding RBL implementation and proposed changes, including recommendations regarding the RBL ceiling, will first be presented to Management. Management will then share the preliminary findings with Board members through an informal board seminar in early to mid-2016. The final review paper will be presented to the Board in June 2016. See below summary chart (Also refer to appendix 7 for detail work plan)

Summary Indicative Timeframe

Main Tasks and Indicative Timelines	2015		2016					
	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Data Collection and Desk Review	●	●	●	●				
Surveys			●	●	●			
Consultations			●	●	●	●		
Informal Consultations with the Board						●		
Finalization of MTR Report					●	●		
MTR Report Circulations							●	●

15. In July 2015, SPD management endorsed the recruitment of three consultants for the review. So far two contracts for the duration of four months, on an intermittent basis, have been offered. SPD will not proceed with the recruitment of the third consultant as the RBL MTR secretariat will be able to undertake necessary tasks on the two envisaged areas: (i) fiduciary risk, and (ii) social sector. One local consultant, who will work on other tasks (e.g., data compilation for MFF reporting), will provide logistical and administrative support to the review team. A total of \$51,000 has been allocated to the recruitment of the consulting team. See appendix 7.

16. SPD staff will be drafting the entire report while the consultant's technical inputs will be used for the finalization of the report.

Attachments: as stated.

INDICATIVE OUTLINE OF MTR REPORT

Chapters and Sections	
1.	Executive Summary (1 page) SPPI
2.	Background (2 pages)
2.1.	Objectives of the Review
2.2.	Scopes, Methodology, and Limitations
3.	Overview of RBL (6 pages)
3.1.	Portfolio by Countries and Sectors
3.2.	Demand from Sector and Countries (drawn partly from the initial set of survey results)
4.	Review Findings (15 to 20 pages) SPPI and SPRU
4.1.	Operational Efficiency (first loan delivery and disbursement)
4.2.	Country and Sector Dialogue
4.3.	Choice of Financing Modality (RBL and PBL)
4.4.	Strengthening the Government System
4.5.	Other Results-based Financing Instruments (such as Outputs-based Financing)
4.6.	Consultations with Other Developing Partners Program Boundary
4.7.	Formulation of Disbursement-linked Indicators
4.8.	Formulation of Program Action Plan
4.9.	Disbursement-linked Indicators Formulation
4.10.	Advance Financing Features
4.11.	Fiduciary Assessments (Procurement/FM/Anticorruption)
4.12.	Environment and Social Assessment
4.13.	Risk Assessment and Management
4.14.	Gender and RBL
4.15.	Partnerships
4.16.	Implementation Support
4.17.	Capacity Development
4.18.	Program Communication
4.19.	Dissemination of the RBL Modality
5.	Way forwards (5 pages) SPPI and SPRU
5.1.	Summary of MTR Findings
5.2.	Recommendations
Appendix AP	
1.	Summary of Survey and Consultation Findings (10 to 15 pages)

- Overview
- Survey Methodology
- Major Survey Findings ADB Internal
- Major Survey Findings DMC and other developing partners

2. Summary Q and A Forms (3 to 5 pages)

Use of Results-based Financing by MDBs and IFIs

October 2015

KEY FACTS		MDBs				IFIs	
		ADB	World Bank	IADB	AfDB	AIIB	New Development Bank
RBF Policy Approval		RBL Policy (Mar 2013)	PforR Policy (Feb 2012)	Performance Driven Loan (Feb 2002)	RBL Policy (expected to be approved in April 2016)		
Pilot Duration		2013-2019	2012-2018	2003-2008	2016-2022		
Status		Pilot Phase	Pilot Phase	PDL no longer used since 2008. Currently updating the policy	AfDB is currently drafting the RBL policy for likely approval in 2016		
Approved Operation		<ul style="list-style-type: none">• 8 Programs• \$1.3 billion	<ul style="list-style-type: none">• 33 Programs• \$3.1 billion	<ul style="list-style-type: none">• 15 Programs• \$1.9 billion	N/A		
Sector Distribution Approved		<ul style="list-style-type: none">• Social Sector (37%)• Energy (38%)• Urban (25%)	<ul style="list-style-type: none">• Social Sector (25%)• Urban (21%)• Water (17%)• Governance (13%)• Transport (10%)• Multi sector (14%)	<ul style="list-style-type: none">• Social Sector (29%)• Urban (21%)• Transport (17%)• Governance (13%)• Agriculture (6%)• Multi sector (14%)	AfDB has completed a demand analysis that indicates two sectors (i) social sector, and (ii) energy sectors are keen to use RBL in 2016		
Mid Term Review		Main Objectives	<ul style="list-style-type: none">• Assess if perceived benefits are achieved at mid-point	<ul style="list-style-type: none">• Stock-taking• Review early experience	N/A	N/A	TBC
		MTR Highlights	To be completed In April 2016	<ul style="list-style-type: none">• 5% budget ceiling increased by 15%• Procurement thresholds revised• Application of Anticorruption Policy Revised	No MTR was arranged	N/A	TBC
		# of <u>Approved</u> RBL when MTR completed	11 (expected)	22	N/A	N/A	
		# of <u>Completed</u> RBL when MTR completed	0	0	N/A	N/A	

Source: Strategy and Policy Department

PROGRAM-FOR-RESULTS: TWO-YEAR REVIEW

EXECUTIVE SUMMARY

1. **Review Objectives.** The two-year review of PforR has two major objectives: (a) to assess the early experience with the design and implementation of PforR operations and the challenges faced by borrowers, development partners, and Bank staff; and (b) to identify emerging early lessons and recommend any proposed changes to the PforR framework that would strengthen the instrument.
2. **Methodology.** The review has involved a broad literature and desk review, internal and external surveys of those who have used the PforR instrument and those who have not, structured interviews, and stakeholder consultations. The review has been under the oversight of both an internal advisory group and an independent external panel of experts.
3. Consultations in government, development partners, civil society organizations, the private sector and other interested parties were also carried out based on the preliminary findings of this review. A dedicated website was created and stakeholders were invited to submit their comments in a variety of formats on the background documents and presentations. In addition, face to face and videoconference sessions were organized with 15 countries that have used the PforR instrument and with several bilateral development partners and multilateral organizations.
4. **Review Findings and Recommendations.**
 - a. **Development and Implementation of Operations.** As of December 31, 2014 the Board has approved 22 PforR operations, providing \$3.5 billion of Bank financing to support a total of \$8.5 billion in government programs. Overall implementation of PforR operations is on track, with performance ratings of *satisfactory* or *moderately satisfactory* for all but one operation and risk ratings stable through early implementation.
 - b. **Overall Feedback.** All the government officials and 78 percent of Bank staff who responded to the survey of PforR users reported that they were somewhat satisfied or very satisfied with the instrument. Both groups said that the instrument's greatest strengths are its focus on results, use of government systems, and focus on program institutional strengthening.
 - c. **Experience to Date.** Both government officials and Bank staff that have used the PforR instrument have indicated satisfaction with most of the specific features of the instrument. All PforR operations set out a results framework for the PforR Program that includes clearly defined objectives and indicators and provide details on the agreed monitoring and evaluation arrangements. Disbursement-linked indicators (DLIs), verification protocols, and disbursement arrangements are discussed extensively in the documentation, in the Bank's reviews of PforR operations during preparation, and during negotiations. The technical, fiduciary and environmental and social assessments that have been carried out have been comprehensive in scope and rigorous and have ensured that high value procurements and activities likely to have significant adverse environmental or social impacts have been excluded from PforR operations. The Bank's Anticorruption Guidelines (ACGs) have been applied to all of the approved PforR operations. All of the approved PforR operations highlight specific and priority capacity building activities, and include system strengthening

activities. Partnerships with governments, other development partners, and other stakeholders have been strengthened. Citizens now have mechanisms to know what results government programs are expected to achieve, how those results are verified, and how government programs are performing in relation to these results. Finally the fact that PforR requires a different kind of implementation support from what is expected under IPF operations (because of the focus on reviewing progress on achievement of results and DLIs, providing support on capacity building, and monitoring the performance and adequacy of program systems) is recognized.

- d. **Issues.** While the policy requirements of the PforR instrument are being met, in some cases this has come at a cost. The application of the ACGs has frequently required extensive discussions between the Bank and borrowers during the preparation and negotiations of PforR operations. While borrowers have been supportive of cooperating with the Bank on measures to prevent and combat fraud and corruption in programs, the current articulation of the ACGs has led in some cases to a reduction in the scope of the PforR Program or a decision not to use the instrument. Concerns have been raised about the potential impact of procurement exclusions on the overall integrity of some PforR Programs as well as about the perceived inflexibility of the instrument's audit requirements. These factors and the broader concerns about the high risks of involving the Bank in specific activities have also resulted in only six of the 22 approved operations defining the PforR Program as the same as the government program—with potential consequences for the leverage and impact of the instrument. Moreover, the process of formulating DLIs has been reported as challenging and requires additional training and guidance. In addition and through the surveys, structured interviews and other feedback, government officials and Bank managers and staff have asked for more training, guidance and sharing of best practices with respect to each of the specific features of the instrument.
- e. **PforR Commitments.** While the number of approved PforR operations has not yet reached the five percent cap, the growth in demand indicates that the cap will be a constraint to the future processing of PforR operations. Management proposes that if and when it is anticipated that the three year average of PforR commitments could exceed 15 percent of the three year average of total IBRD/IDA commitments, Management will inform the Executive Directors and discuss how best to address the future demand for the instrument.
- f. **Policy Modification: Limited Exceptions to the Procurement Exclusion.** Management proposes that the current procurement exclusion policy requirement be amended to provide that in exceptional cases such activities may be included in the Program financed by PforR if they are deemed to be of critical importance to the integrity of the Program and the monetary value of the contracts is deemed to be modest in relation to the overall size of the Program.

RESULTS BASED LENDING PROPOSED SURVEY METHODOLOGY

A. Background

1. As part of the Program for Results (PforR) two-year review, the World Bank conducted surveys to collect perceptions from government counterparts and the World Bank staff. Separate surveys were designed for two distinct groups of recipients.⁵ More precisely:

- **a short survey** (7 multiple choice questions) was sent to both (i) government counterparts and (ii) WB Country Directors and Country managers for countries that had no experience with the instrument, and,
- **a long survey** (45 multiple choice questions, and 4 open-ended question) was sent to both (i) Government counterparts in countries with PforR operations under preparation or implementation and (ii) WB task team members, sector managers, country managers, and country directors with experience on PforR.⁶

2. A part of these survey findings was used as the basis to plan and carry out consultations with the Bank staff and clients. The survey results were proven to be useful and have become an integral part of the PforR review report (April 2015) to support analysis drawn from the literature and desk review. Learning from the World Bank review processes, ADB has also planned to conduct the surveys starting in early 2016.

B. Objectives of the surveys for RBL Mid-term Review

3. The objectives of the surveys are to (i) capture the early lessons learned, best practices and challenges in the first three years' implementation of the Results-Based Lending (RBL) instrument in ADB operations, (ii) assess the demand for RBL by sector and country, and (iii) assess whether optimal use was made of RBL's distinctive features, identified by the Board-approved RBL policy, such as accountability to achieve results, support to strengthen government systems, and improved operational efficiencies through effective use of country systems. The survey findings will feed into the Mid-Term Review of the RBL financing modality, which will then make recommendations for the way forward.

C. Target Groups

4. The structure of target groups identified in the surveys is similar to that of the PforR surveys. As Table 1 and Table 2 indicate, two types of surveys, involving four groups of survey respondents, are planned. The first type, a short survey, will be administered to external (government counterparts) and internal respondents (ADB management and its processing teams) in countries where no RBL operations are under preparation or implementation, but where the country has ADB lending programs using other financing modalities. This short survey would assess the extent and nature of the knowledge and dialogue around RBL, including different perspectives of the challenges and potential value of the approach.

⁵ The full description of the World Bank survey methodology and results is in Annex 2 to World Bank, 2015 *Program-for-Results: Two-Year Review*. Washington DC

⁶ The internal survey had 141 responses, of which 114 were fully completed and 27 partially completed. Of the respondents, 10 were Country managers or directors; 53 Sector specialists; 10 Financial management specialists; 11 Procurement specialists; 9 Environmental/social safeguards specialists; 6 Legal specialists; 12 Other; and 10 preferred not to answer.

Table 1: Schematic chart of surveys and target groups

	DMCs	ADB Management/Staff
Not yet Using RBL	Short Survey	Short Survey
Already Using RBL	Long Survey	Long Survey

5. The second and longer survey will be administered to external respondents in countries that are already implementing or preparing RBL operations (8 countries, 16 programs), together with ADB country and headquarters staff involved in the development and implementation of RBL programs. The longer survey should provide a perspective on the challenges, concerns and issues in the use of RBL and on how ADB might improve its handling of RBL preparation and operations.

Table 2: Proposed respondents for RBL surveys

Groups		Numbers	Suggested survey respondent
RBL Non-User (Short Survey)	External (DMCs)	3-6 per DMC for 18 countries ⁷	<ul style="list-style-type: none"> Government Ministry or Agency focal point for ADB in country (e.g., Ministry of Finance/ Planning/Central Bank) Liaison focal point with ADB in 3 selected ministries per country, including largest borrowing infrastructure sector or others as appropriate
	Internal (ADB)	59 respondents	<ul style="list-style-type: none"> Country Director Programs Specialist/Economist Sector Directors in Departments and sectors that have not processed or implemented RBL operations to date Sector and Thematic Group (STG) chairs for sectors that have not been involved in operations to date (excluding all 16 programs approved or under preparation)
RBL User (Long Survey)	External (DMCs)	3-6 per DMC for 8 Countries ⁸	<ul style="list-style-type: none"> Government Ministry or Agency focal point for ADB in country (e.g., Ministry of Finance/ Planning/Central Bank) Liaison focal point with ADB in relevant Ministry/Agency for the RBL operation (e.g., Ministry of Education) Line Ministry/Agency counterpart for the processing of the RBL operation (Project Director of the approved RBL or of the PPTA)
	Internal (ADB)	93 respondents	<ul style="list-style-type: none"> Team leader and team members of the processing team Sector Director to whom the mission leader reports Country Director of the country where the operation is taking place or is planned Programs Specialist/Economist of the country where the operation is taking place or is planned Resident Mission sector counterpart of the processing team Possibly Sector and Thematic Group (STG) chairs for sectors that have been involved in operations to date (including all 16 programs approved or under preparation) Safeguard, OGC, OSFMD, and other staff involved in processing if not already included in the team

⁷ Afghanistan, Azerbaijan, Bhutan, Cambodia, Fiji, Kazakhstan, Kyrgyz Republic, Lao PDR, Mongolia, Myanmar, Nepal, Pakistan, Papua New Guinea, Tajikistan, Thailand, Timor-Leste, Turkmenistan, and Uzbekistan.

⁸ Armenia, Bangladesh, India, Indonesia, Philippines, People's Republic of China, Solomon Islands, Sri Lanka and Vietnam

D. Survey methods

6. The review team will allocate sufficient time to developing and refining the questionnaires, preferably through a pre-test with selected ADB staff, to improve issues with length, technical problems, or question ordering and wording. Most of the survey will use close-ended questions such as Likert-type scales (e.g., disagree/ agree/ strongly agree, etc.) and multiple-choice questions with “escape” category (e.g., don’t know/prefer not to answer). However, the surveys need to include some open-ended options to gain new insight on issues that the evaluators may have overlooked or could not have known in advance. Since it takes considerably more work to analyze data from open-ended questions, a combination of open and closed questions may also be used by offering predefined choices, but then allowing respondents to elaborate on their response, especially under the “Other” category. Respondents will be assured that any results presented will be anonymized, although for practical reasons of disaggregating data by region and other categories, the data collected will not be anonymous.

7. The survey for each group will be administered electronically using the commercial application Survey Monkey. This will allow quick administration, tabulation and analyses of responses. Each respondent will be provided with a link via email to the survey site. The survey team will give respondents ten days to reply, after which a reminder will go out to non-respondents, allowing a further week to reply. The free version of Survey Monkey is too limited, restricting the survey to 10 questions and 100 responses. The next step up (\$26 a month) is better but does not perform statistical significance analysis or text analysis. It is, therefore, recommended that the ADB authorize subscription to the third option, the Gold Plan at \$ 299 a year, which performs these analyses and other tasks as well⁹ (see link for complete description of packages). The more expensive Platinum package is not necessary.

E. Key survey questions for target groups

8. The questions (section F and G) have been constructed to facilitate comparisons between the different groups being surveyed, although certain questions are specific to particular groups. Close-ended questions combined with possible open-ended responses will be prepared before the surveys start in 2016. The surveys will start out by asking for country, role, sector, department, etc. of the respondent. This will allow data disaggregation and analysis by sector, region, and respondent group.

9. To boost response rates, the proposed questionnaires are shorter than the ones used by the World Bank in its Review. Questions were excluded when found repetitive (for example asking first about satisfaction with and then about usefulness of particular PforR features) or not particularly relevant for ADB. The list of excluded questions is presented in Section H, with a brief explanation of the reasons for exclusion.

⁹ https://www.surveymonkey.com/pricing/?ut_source=header

F. Short survey questionnaire

1. Are you aware of the ADB's Results Based Lending instrument?
 - Yes (Please continue the survey)
 - No (Thank you. Please exit the survey at this point)
2. How would you rate your familiarity with the Results Based lending instrument?
 - Not at all familiar
 - Not very familiar
 - Somewhat familiar
 - Very familiar
3. Which of the following best describes the discussions you have had with ADB about the Results Based lending instrument?
 - I have had very informative and detailed discussions about the Results Based lending instrument
 - I have had some brief discussions about Results Based lending but do not feel very informed
 - I have had no discussions with ADB [INT Government] about Results Based lending
 - I have had no discussions with ADB about Results Based lending, but I am familiar with the World Bank's Program for Results (PforR) modality – NEW ANSWER
4. Based on your knowledge of the Results Based lending instrument, in which sectors would it be most valuable for it to be used in your country? (choose up to three) – SECTORS ADJUSTED TO ADB
 - Education
 - Health, nutrition, and population
 - Governance
 - Agriculture and rural development
 - Energy
 - Finance
 - Transport and Information and communication technology
 - Poverty reduction
 - Social protection
 - Water and sanitation
 - Macroeconomics and fiscal management
 - Urban development
 - Environment and natural resources
 - Private sector development
5. How likely is it that your country will use the Results Based lending instrument in the next two to five years?
 - Very unlikely (please go to question 6)

- Somewhat unlikely (please go to question 6)
 - Somewhat likely (Thank you. This is the end of the survey)
 - Very likely (Thank you. This is the end of the survey)
 - Don't know (Thank you. This is the end of the survey)
6. Which ONE of the following best describes why you think that it is unlikely that your country will use the Results Based lending instrument in the next two to five years?
- No new operations are being planned
 - ADB's other lending instruments are more suitable
 - Some features of the Results Based lending instrument would need to be modified to make it usable for the country
 - Don't know enough about the instrument to answer

THANK YOU FOR YOUR TIME. THIS IS THE END OF THE SURVEY

G. Long survey questionnaire

1. How knowledgeable do you consider yourself about the ADB Results Based lending instrument?
 - Not knowledgeable enough to understand it
 - Somewhat knowledgeable but would need more to understand it
 - I have enough knowledge to understand it

Overall Assessment, Strengths and Challenges of the RBL Instrument

2. What were the key reasons for deciding to use the Results Based lending instrument? (Choose no more than TWO)
 - Support to improvements under government programs
 - Use of government systems
 - Focus on results
 - The fact that this is a new instrument
 - Prospect for rapid implementation
 - Other factors (please specify): _____
3. Based on your experience with the Results Based lending instrument, how likely is it that you will use the Results Based lending instrument again in the next two to five years?
 - Very unlikely
 - Somewhat unlikely
 - Somewhat likely
 - Very likely
 - Don't know
4. Based on your experience, which of the following represent what you consider the greatest strengths of the Results Based lending instrument? (Choose no more than TWO)
 - Efficiency in processing the preparation of the operation
 - Use of government program systems
 - Focus on results
 - Focus on program institutional strengthening
 - Ability to include capacity building measures and focus on incentives – SHIFTED FROM EXCLUDED QUESTION 6
 - Enhanced ADB staff support to government in identifying and addressing key issues under the Program
 - Usefulness of ADB assessments in designing the Program
 - Other (please specify): _____

5. Based on your experience, which of the following represent what you consider the greatest challenges of the Results Based lending instrument? (Choose no more than TWO)
 - The instrument's novelty and issues related to its newness
 - Delays in processing the preparation of the operation
 - Exclusions of high-value contracts and activities due to their potential adverse impact on the environment and/or affected people
 - Heaviness in conducting ADB assessments
 - Difficulties in applying the ADB's Results Based lending Anti-Corruption Guidelines
 - Other (please specify): _____

6. If the Results Based lending program does not fully cover the entirety of the government program, which of the following do you attribute this to? (Choose no more than TWO)
 - The exclusion of high-value procurement contracts
 - The exclusion of activities that would be classified as category A under ADB's 2009 Safeguard Policy Statement for their impact on the environment and/or affected people
 - Clients' and ADB staff's perceptions of the high risks of involving the Bank in specific activities
 - The perceived scope of the ADB's anti-corruption guidelines
 - Other (please specify): _____

7. The Results Based lending program relies on the use of country program systems. To what extent has this been beneficial?
 - To a very low degree
 - To a somewhat low degree
 - To a somewhat high degree
 - To a very high degree
 - Don't know

8. To what extent has the Results Based lending instrument helped to identify priority capacity building needs under the Program?
 - To a very low degree
 - To a somewhat low degree
 - To a somewhat high degree
 - To a very high degree
 - Don't know

9. To what extent has securing financing for Program capacity-building needs posed a serious challenge?
- To a very low degree
 - To a somewhat low degree
 - To a somewhat high degree
 - To a very high degree
 - Don't know

Results Framework and Disbursement Linked Indicators

10. To what extent has preparation of the Results Framework helped strengthen the focus on results of the Program?
- To a very low degree
 - To a somewhat low degree
 - To a somewhat high degree
 - To a very high degree
 - Don't know
11. Disbursement linked indicators (DLI)s are the main mechanisms for disbursements in a Results Based lending operation, and they focus on incentives or key results. To what extent do the DLIs provide effective incentives to the government to achieve desired improvements under the Program?
- To a very low degree
 - To a somewhat low degree
 - To a somewhat high degree
 - To a very high degree
 - I do not have enough information to respond
12. Would you say that formulating the DLIs and associated disbursement mechanisms was ...?
- Very difficult
 - Somewhat difficult
 - Somewhat easy
 - Very easy
 - Don't know
13. To what extent do you believe the mechanisms for verifying the achievement of the DLIs can function effectively?
- To a very low degree
 - To a somewhat low degree
 - To a somewhat high degree
 - To a very high degree
 - Don't know

Programs Assessments

14. How satisfied are you with the quality **and usefulness** of the **Program Soundness** technical assessment **(sector assessments and economic analysis)**?
- Very unsatisfied
 - Somewhat unsatisfied
 - Somewhat satisfied
 - Very satisfied
 - Don't know or I am unable to judge
15. How satisfied are you with the quality **and usefulness** of the fiduciary systems assessment **(including procurement and financial management assessments)**?
- Very unsatisfied
 - Somewhat unsatisfied
 - Somewhat satisfied
 - Very satisfied
 - Don't know or I am not able to judge
16. How satisfied are you with the quality **and usefulness** of the environmental and social systems assessment?
- Very unsatisfied
 - Somewhat unsatisfied
 - Somewhat satisfied
 - Very satisfied
 - Don't know or I am unable to judge
17. To what extent have the consultations on the draft environmental and social systems assessment informed the assessment's findings and conclusions?
- To a very low degree
 - To a somewhat low degree
 - To a somewhat high degree
 - To a very high degree
 - Don't know or I am unable to judge
18. To what extent has the risk assessment identified the major risks that could prevent the achievement of Program results?
- To a very low degree
 - To a somewhat low degree
 - To a somewhat high degree
 - To a very high degree
 - Don't know
19. What has been your experience with adhering to the requirements of the ADB's Results Based lending Anticorruption Guidelines?

- Very difficult
- Somewhat difficult
- Somewhat easy
- Very easy
- Don't know

Collaboration

20. To what extent is or was the ADB team working on the Results Based lending operation responsive to the GOVERNMENT? [ONLY EXTERNAL RESPONDENTS]

- To a very low degree 0 0%
- To a somewhat low degree 1 5%
- To a somewhat high degree 7 32%
- To a very high degree 14 63%
- Don't know 0 0%

Program implementation

21. Has the implementation of the Results Based lending operation with which you are/have been involved, started?

- Yes
- No (participants responding "no" to skip questions 22-23 and go to question 24.

22. How satisfied are you with the Program implementation?

- Very unsatisfied
- Somewhat unsatisfied
- Somewhat satisfied
- Very satisfied
- Don't know

23. To what extent have ADB task teams been able to provide adequate **implementation** technical advice to the government (i.e., **for** implementing agreed actions, strengthening Program capacity, and monitoring the evolution of Program risks)?

- To a very low degree
- To a somewhat low degree
- To a somewhat high degree
- To a very high degree
- Don't know

Organization and management

24. To what extent do you believe that the ADB task team has the right skills mix to prepare/implement the Results Based lending operation?
- To a very low degree
 - To a somewhat low degree
 - To a somewhat high degree
 - To a very high degree
 - Don't know
25. How satisfied are you with the information/support that the ADB (for ADB internal respondents, name the department) provides to help you prepare and implement the Results Based lending operation?
- Very unsatisfied
 - Somewhat unsatisfied
 - Somewhat satisfied
 - Very satisfied
 - Don't know
26. In what areas would more structured support be helpful
- The general purpose and features of Results Based lending
 - Technical analysis of sectors and programs
 - Definition and design of Disbursement Linked Indicators and results frameworks
 - Fiduciary assessments (procurement and financial management systems)
 - Environmental and social assessments
 - Risk assessments
27. How effective has the ADB's management been in promoting the Results Based lending instrument? [INTERNAL ONLY]
- Very ineffective
 - Somewhat ineffective
 - Somewhat effective
 - Very effective
 - Don't know
28. Considering your experience, how satisfied are you, overall, with the Results Based lending Program?
- Very unsatisfied
 - Somewhat unsatisfied
 - Somewhat satisfied
 - Very satisfied
 - Don't know
29. When you first engaged with the Results Based lending instrument, what were your expectations of the Program?

- Very pessimistic 0 0% - 1 1%
- Somewhat pessimistic 0 0% - 19 16%
- Somewhat optimistic 13 62% - 58 49%
- Very optimistic 8 38% - 39 32%
- Don't know 0 0% - 0 0%

30. With hindsight, do you think the best modality for supporting this operation and sector would have been:

- Results Based lending
- Sector loan
- Sector Development Program
- Policy-based loan (program loan)
- Multitranche Financing Facility

THANK YOU FOR YOUR TIME. THIS IS THE END OF THE SURVEY

H. World Bank PforR Survey Questions Excluded from ADB RBL Survey

10. The following questions were excluded from the ADB survey. Next to each answer the reader can find the number and percentage of respondents that chose that particular answer. The first set of numbers (number and % of respondents) is for the WB EXTERNAL survey, the second for the WB INTERNAL survey.¹⁰ The reasons for the exclusion are provided in *italics*.

Short Survey of Non-Users

Which other groups were involved in discussions that you have had with the ADB about the Results Based Lending instrument? (choose all that apply)

- Other government representatives 25 49% - 9 32%
- Other development partners 7 14% - 7 25%
- Other non-government stakeholders 6 12% - 4 14%
- No other groups were present in those discussions 5 10% - 4 14%
- I do not recall 2 4% - 1 4%
- Prefer not to respond 6 12% – 3 11%

The question followed Question 3 in the proposed short survey. Reason for exclusion: the question does not seem particularly relevant, and was not used to draw any conclusions in the WB Review paper

Long Survey of Users

Which of the following are the most useful features in helping to define programs supported by Results Based lending? (Choose no more than TWO)

- Flexibility to define government programs based on desired results that can be sectoral, sub-sectoral, or cross-sectoral 16 70% - 92 71%
- Ability to work on various levels of government (sub-national) 3 13% - 35 27%
- Ability to focus on institutional strengthening results 13 57% - 58 45%
- Ability to include capacity building measures and focus on incentives 8 35% - 46 36%
- Other (please specify): _____ 0 0% - 2 2%

The question followed Question 5 in the proposed long survey. Reason for exclusion: the features (cross-sectoral, different levels of government) are not specific to RBL. The question is also somewhat repetitive of proposed question 4.

Disbursement linked indicators (DLI)s are the main mechanisms for disbursements in a Results Based lending operation, and they focus on incentives or key results. Based on your experience, to what extent do you believe this approach has been useful?

- To a very low degree 0 0% - 1 1%
- To a somewhat low degree 0 0% - 6 5%
- To a somewhat high degree 5 22% - 34 27%
- To a very high degree 17 74% - 67 54%

¹⁰ For example, when asking what other groups were involved in discussions (first excluded question from the short survey) 25 external respondents (equivalent to 49% of external respondents) and 9 internal respondents (equivalent to 32% of internal respondents) answered that other government representatives participated.

- I do not have enough information to respond 1 4% - 16 13%

The question followed Question 10 in the proposed long survey. Reason for exclusion: the answers are similar to the following question (11) which is now a merger of the two questions.

Please rate the level of your understanding of the purpose and contribution of the Results Based lending Program technical assessments.

- Very low level of understanding 0 0% - 0 0%
- Somewhat low level of understanding 2 9% - 13 10%
- Somewhat high level of understanding 9 39% - 47 38%
- Very high level of understanding 11 48% - 62 49%
- No understanding at all (if answer is e, skip to question 20) 0 0% - 1 1%
- Not applicable (if answer is f, skip to question 20) 1 4% - 3 2%

Please rate the level of your understanding of the purpose and contribution of the Results Based lending Program fiduciary systems assessments.

- Very low level of understanding 0 0% - 1 1%
- Somewhat low level of understanding 1 5% - 14 11%
- Somewhat high level of understanding 11 50% - 41 34%
- Very high level of understanding 9 41% - 58 48%
- No understanding at all (if answer is e, skip to question 23) 0 0% - 0 0%
- Not applicable (if answer is f, skip to question 23) 1 5% - 8 6%

Please rate the level of your understanding of the purpose and contribution of the Results Based lending Program environmental and social systems assessments.

- Very low level of understanding 0 0% - 1 1%
- Somewhat low level of understanding 3 13% - 14 12%
- Somewhat high level of understanding 6 27% - 50 41%
- Very high level of understanding 11 50% - 43 36%
- No understanding at all (if answer is e, skip to question 27) 1 5% - 4 3%
- Not applicable (if answer is f, skip to question 27) 1 5% - 9 7%

Please rate the level of your understanding of the purpose and contribution of the Results Based lending Program risk assessments.

- Very low level of understanding 0 0% - 1 1%
- Somewhat low level of understanding 2 9% - 11 9%
- Somewhat high level of understanding 13 59% - 54 45%
- Very high level of understanding 7 32% - 54 45%
- No understanding at all (if answer is e, skip to question 31) 0 0% - 0 0%
- Not applicable (if answer is f, skip to question 31) 0 0% - 1 1%

The questions preceded the ratings for each assessment in the WB long survey. Reason for exclusion: Very few respondents to the World Bank PforR survey indicated they had no understanding or the question was not applicable to them. To keep the questionnaire shorter and simpler (no skipping of questions) these filtering questions have been removed. People who have limited understanding still have the option to reply "I don't know or I am unable to judge"

To what extent has the technical assessment been useful?

- To a very low degree 0 0% - 2 2%
- To a somewhat low degree 1 5% - 26 22%
- To a somewhat high degree 9 43% - 37 31%

- To a very high degree 9 43% - 36 31%
- Don't know 2 9% - 17 14%

To what extent has the fiduciary systems assessment been useful?

- To a very low degree 0 0% - 4 3%
- To a somewhat low degree 2 10%- 22 19%
- To a somewhat high degree 10 48% - 51 44%
- To a very high degree 8 38% - 29 25%
- Don't know 1 5% - 10 9%

To what extent has the environmental and social systems assessment been useful?

- To a very low degree 1 5% - 5 5%
- To a somewhat low degree 0 0% - 20 18%
- To a somewhat high degree 12 60% - 49 45%
- To a very high degree 6 30% - 19 17%
- Don't know 1 5% - 16 15%

To what extent has the risk assessment been useful?

- To a very low degree 0 0% - 4 3%
- To a somewhat low degree 1 5% - 28 24%
- To a somewhat high degree 15 68% - 54 46%
- To a very high degree 5 23% - 22 18%
- Don't know 1 5% - 11 9%

These questions followed similar questions asking to rate satisfaction with the quality of each assessment. Reason for exclusion: WB survey had 2 almost identical questions, the first on SATISFACTION with the quality of the assessment, the second about USEFULNESS of the assignment. As one would expect, replies were highly correlated (see table 3) for all assessments, since most people who were satisfied would also find the assessments useful and vice versa. To shorten the questionnaire, it is proposed to combine the two questions into one, as presented in this Annex..

Table 3: Comparison of Satisfaction and Usefulness Replies

Assessment	External % high or somewhat high		Internal % high or somewhat high	
	Satisfaction	Usefulness	Satisfaction	Usefulness
Technical	91%	86%	77%	62%
Fiduciary	90%	86%	73%	69%
Environment and social	90%	90%	69%	62%
Risk	91%	91%	72%	64%

To what extent have the teams working on the Results Based lending operations (government, ADB, relevant development partners, and other stakeholders) worked together effectively in the PREPARATION of the Program?

- To a very low degree 0 0% - 5 4%
- To a somewhat low degree 0 0% - 19 16%
- To a somewhat high degree 9 41% - 45 36%
- To a very high degree 13 59% - 47 39%
- Not relevant 0 0% - 6 5%

To what extent are the teams working on the Results Based lending operation (government, ADB, relevant development partners, and other stakeholders) working together effectively in the IMPLEMENTATION of the Program?

- To a very low degree 0 0% - 3 3%
- To a somewhat low degree 0 0% - 9 8%
- To a somewhat high degree 7 32% - 38 32%
- To a very high degree 12 54% - 23 19%
- Not relevant 3 14% - 45 38%

These questions followed Question 19 in the proposed long survey. Reason for exclusion: teamwork is a feature of all ADB operations and there is no specific reason to ask the question with regard to RBL, unless we can compare the answers to other types of operations. Also, the replies are likely to be positive: In the case of the World Bank PforR survey more than 88% of external respondents and more than 80% of internal respondents found that teams were working somewhat highly or highly effectively together, or found the question not relevant.

To what extent do you believe the progress is on target toward achieving Program results?

- To a very low degree 0 0% - 1 1%
- To a somewhat low degree 1 7% - 9 13%
- To a somewhat high degree 10 67% - 21 31%
- To a very high degree 2 13% - 17 25%
- Don't know 2 13% - 20 30%

The question followed Question 22 in the proposed long survey. Reason for exclusion: perceptions of progress are not as accurate as measures of progress that can be obtained less subjectively from project implementation data.

How satisfied are you with the information/support that OPCS provides to help you prepare and implement the Results Based lending operation? [INTERNAL ONLY]

- Very unsatisfied 7 6%
- Somewhat unsatisfied 13 11%
- Somewhat satisfied 44 36%

- Very satisfied 46 38%
- Don't know 11 9%

The question followed Question 25 in the proposed long survey. Reason for exclusion: the question is very specific and the broader question about ADB information/support may suffice.

How satisfied are you with the information/support that OTHER CORPORATE UNITS (including Legal and Controller's) provide to help you prepare and implement the Results Based lending operation? [INTERNAL ONLY]

- Very unsatisfied 3 3%
- Somewhat unsatisfied 15 13%
- Somewhat satisfied 42 34%
- Very satisfied 40 33%
- Don't know 20 17%

The question followed the question above and Question 25 in the proposed long survey. Reason for exclusion: The support is not expected to be significantly different from that received during other types of ADB operations, for which there are no comparison data. Stand-alone answers are not very useful if comparisons with other operations are not possible.

To what extent have your expectations been met for the Results Based lending Program?

- To a very low degree 0 0% - 5 4%
- To a somewhat low degree 2 10%- 29 24%
- To a somewhat high degree 12 60% - 46 39%
- To a very high degree 6 30% - 29 24%
- Don't know 0 0% - 10 8%

The question followed Question 29 in the proposed long survey. Reason for exclusion: similar conclusions can be drawn by comparing the replies to questions 28 (how satisfied are you) and 29 (what were your expectations). Since we do not know if the person replying to this question was optimistic or pessimistic, knowing to what extent expectations were met does not tell us much.

RESULTS BASED LENDING PROPOSED CONSULTATION METHODOLOGY

I. Consultation Approach

1. Consultations with mission leaders of projects that have been approved or are at an advanced stage of processing will aim at obtaining qualitative information to complement and qualify the conclusions of the desk review and online survey. At the minimum, the mission leader will be interviewed. If possible, other team members will also be asked to join the consultation. At least a sample of team members will be interviewed. If different from the design team, the team supervising RBL implementation will also be interviewed. If a mission leader is responsible for more than one RBL, s/he may be interviewed on both during the same session, asking her/him to draw comparisons among the RBL programs.
2. Similar questions will be asked during field visits to countries where RBL operations have been prepared (tentatively Indonesia, Philippines, and Sri Lanka), both to ADB Country Directors and national staff involved in them and to Government counterparts. Within Government, the missions will seek the views of (i) central ministries responsible for ADB operations (Ministry of Finance and/or Planning); (ii) sector ministries involved in the RBL program (e.g education, labor, power); (iii) project directors or other project level counterparts.
3. Relevant sections of the interview will be repeated during consultations with ADB management and staff of offices or departments involved at various stages during processing and implementation. These include the Office of Anticorruption and Integrity; Economic Analysis and Operations Support Division of the Economic Research and Regional Cooperation Department; Environmental and Safeguard Division of the Sustainable Development and Climate Change Department; and Operations Services and Financial Management Department. The purpose of this set of interviews will be to obtain broader feedback on the RBL modality, and on possible issues from the perspective of other parts of ADB that do not have an immediate and direct involvement in the RBL operations.
4. Finally, meetings will be requested with Directors General of the five Regional Departments, to seek a broader perspective on the role they see for RBL in operations in the countries for which they are responsible for, and of the constraints and opportunities for further development.

II. Content of the Consultation Interviews

PROJECT IDENTIFICATION AND DESIGN

1. What factors guided the choice of RBL instead of other modalities? Reasons could include, but not be limited to (i) government request; (ii) World bank PforR already in use in the country/sector; (iii) more suitable for coordination with other development partners in the sector; (iv) ADB mission leader preference; (v) department or division manager preference, etc.
2. What modality would have been used as an alternative if RBL did not exist? Sector, project, program loan/grant or multitranchise financing facility?
3. Was the program supported through RBL already in place or was it established in conjunction with the ADB operation? If pre-existing, how has the RBL influenced it?
4. What is the size of ADB financing relative to the whole program supported?
5. Are there other financing sources? For what amounts?

6. Was the project design (inclusion or exclusion of components, division of responsibilities with other cofinancing parties) affected by the procurement limitations on RBL?¹¹
7. Were project components excluded to avoid a Category A classification?
8. Did the project financing plan include (i) advance disbursement and/or (ii) financing for prior results? Why or why not?

DISBURSEMENT LINKED INDICATORS

9. What were some of the challenges and innovative approaches taken to define Disbursement Linked Indicators (DLI)?
10. How were DLI balanced among indicators of (i) actions or activities; (ii) process; (iii) outputs; (iv) intermediate outcomes; (v) final outcomes
11. What verification mechanism is being utilized? Is this done jointly with other cofinanciers?
12. In what way is the project helping strengthen the country or agency's monitoring and evaluation systems?
13. Was there a baseline for DLI indicators or did the project assist to establish one?
14. How are the results framework and DLI linked?
15. How do you feel the DLI help put in place the right incentives for results achievement?

PROGRAM ASSESSMENTS

16. How was the performance of soundness assessments for the RBL and program expenditure and financing assessment different from the due diligence in preparing a project/sector/program loan or grant?
17. What were in your opinion and based on the fiduciary assessments (i) the key strengths the RBL could build on and (ii) the key weaknesses the RBL had to address?
18. What were the salient or innovative features of the program's fiduciary management introduced by the RBL?
19. Has the Government raised any objections or remarked on the application of ADB anticorruption guidelines? Were any allegations of fraud or corruption received and investigated?
20. In what ways is the project promoting institutional development of the executing agency or other parts of the Government or civil society?

RBL IMPLEMENTATION (for approved projects)

21. How is the nature of your interaction with Government and of your review missions different in comparison with a project/sector/program operation?
22. Have annual audited financial statements been submitted on time? What is their general quality?
23. Has verification that total program expenditures from ADB member countries is equal to or exceeds ADB financing proven easy or cumbersome?
24. Have the grievance and redress mechanisms and the reporting and complaint mechanisms for allegations of fraud, corruption, and other prohibited activities been used? With what results?

¹¹ currently \$50 million for works, turnkey and supply, and installation contracts; \$30 million for goods; \$20 million for information technology systems and non-consulting services; and \$15 million for consulting services. (R-paper, FN 22)

OTHER REMARKS AND OBSERVATIONS

25. Any remarks or observations on the pros and cons of RBL and adjustments that would make it a more useful tool for development