Results-based Financing in World Bank Operations

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Introduction

RBF ensures that development funding is linked to pre-agreed and verified results, and that funding is provided when the results are achieved.

RBF helps deliver development outcomes, improves accountability, and drives both innovation and efficiency.

WBG uses RBF instruments to promote ownership and accountability on the part of client countries and to incentivize them to achieve specific development outcomes.

WBG RBF instruments

Lending Instruments

- Program for Results (PforR)
- Investment Project Financing (IPF) with Performance Based Conditions (PBCs)

Results-based Grants

- Traditional Results-based approaches
- Impact Bonds
Program for Results

Introduced in 2012 using the Bank’s experience with results-based financing, including Sector-Wide Approaches (SWAPs) and output-based aid (OBA)

Funds a defined programme of expenditures, which are all or part of a government programme

Utilizes government systems

Bank disburses on the basis of “Results”, specified as DLIs/Rs, not inputs
IPF with PBCs

IPF is the original WBG lending instrument used to finance specific investment inputs i.e. works, goods, and services.

“Performance Based Conditions” are “results” – normally policy or institutional actions - that need to be achieved for IPF disbursement to proceed.

In effect, PBCs constitute a set of agreed milestones, or conditions, that are overlaid over the underlying IPF disbursement modality to leverage the PBC results.
Results based grants

Financed through trust funds (arrangement with contributions from development partners) to complement WBG operations

Provide flexible funding to complement IPF funding or in situations where conventional lending is not well-suited

Utilize “traditional” results-based approaches and impact bonds

WBG Trust funds utilizing RBF*

- Global Partnership for Results-based Approaches (GPRBA)
- Global Partnership for Education (GPE)
- Energy Sector Management Assistance Program (ESMAP)
- Global Financing Facility (GFF)

*Not an exhaustive list
GPRBA’s specific focus

Dedicated to utilizing RBF to extend basic services to low-income and marginalized populations

Global experience across multiple sectors

Facilitates innovation and mobilizes private sector resources and expertise

- 58 Projects
- 13 million beneficiaries
- 7 sectors
- 33 countries
Opportunities to expand the use of RBF

The World Bank has established a robust foundation for RBF through its diverse portfolio of Results based instruments. This provides a strong platform for further expansion and development.

The World Bank can further increase the utilization of RBF across various regions and sectors through its convening power and established relationships with country governments.

Operating under WBG policies and procedures offers a strong fiduciary platform for pooled donor funds to invest in RBF projects.

It can continue to incentivize stakeholders to prioritize and invest in areas that have historically been overlooked or underfunded.

By giving program recipients more control and flexibility over program activities, a more collaborative and adaptive approach to development can be fostered.