



# **The FIRST's Programmatic Approach: Implementation Progress**

## **Consultative Group Meeting**

**Rabat, Morocco, June 9-10, 2015**

# Why Programmatic Approach?

- **In the first two phases (2002-2012), FIRST focused on short-term, targeted catalytic interventions based on rapid response, gap filling business model.**
  - Average size of the project: \$200-250K
  - Average duration of the project: 6 months -2 years
  - Catalyst for broader reforms and mobilizing other sources of funding for follow up TA
- **Challenge:** this model alone was not sufficient to address deeper reform needs.
- **Solution:** FIRST adopted a the programmatic approach to adequately respond to client's more comprehensive reform needs aimed to achieve greater development impact .
  - Average size of the project: \$1-2 million
  - Average duration of the project: 2-3 years
  - Commitments to achieving set targets

# The FIRST's Programmatic Window

- **Newly established in Phase III**
  - to support comprehensive reform programs (breadth and depth) over a multi-year period
- **Three main pillars:**
  - Financial stability
  - Financial inclusion
  - Market development to increase depth and/or efficiency
- **Program designs are structured around intended outcome and impact**
  - what activities combined or separately are needed to achieve the intended outcome and impact? For example, a financial inclusion objective could have multiple pillars; in regulation; financial infrastructure, developing innovative products and institutional capacity building.

# Program Targets

## *Why targets? “What gets measured gets managed”*

- Increase joint commitments and accountability of all parties involved-client, task team, related agencies
- Maximize the comprehensiveness of program design and resource/skills mobilization to achieve intended goals

## *Principles of setting a target:*

- Quantitative and/or qualitative, time-bound, with baseline and clear data sources. Example:
  - Increase the percentage of adults with an account by **5 percent points in 2020 from the baseline of x% in 2014 (source: Findex)**
  - Improvement in the level of compliance with Basel Core Principles for **Principle 3 on Licensing from Largely Compliant to Compliant in 2020 (source: FSAP2020)**
- Targets aim to be aspirational. Targets can be lower or higher depending on the country context, but deviation from FIRST's targets should be well justified,
- For example, Fragile and conflict affected countries where the environment can be very challenging.

# Approved Program Targets

- Financial Inclusion

Sectors	Targets	Data Source
Banking, microfinance	<ul style="list-style-type: none"> <li>Increase the percentage of adults having an account at a regulated financial institution by 5 percent points after 3 years and 15 percent points after 5 years from the program's completion date.</li> </ul>	Findex, or National agencies
	<ul style="list-style-type: none"> <li>Increase the percentage of SMEs with an outstanding loan or a line of credit by 10 percent points after 3 years and 15 percent points after 5 years for LICs and 5 percent points after 3 years and 10 percent points after 5 years for MICs from the program completion date.</li> </ul>	Enterprise Surveys, or National agencies
Insurance	<ul style="list-style-type: none"> <li>Increase the number of insurance policies holders per 1,000 adults by <b>50%</b> over the baseline in 3 years from the program completion date.</li> </ul>	National agencies; or IMF's Financial Access Survey (FAS)
Payments Systems	<ul style="list-style-type: none"> <li>Increase the percentage of adults having a transaction account by <b>5—15 percent points</b> in 3 years from the program's completion date, depending on the country's conditions.</li> </ul>	National agencies; or Findex
Housing Finance	<ul style="list-style-type: none"> <li>Increase the percentage of adults having an outstanding loan to purchase a home, an apartment or land by <b>3 percent points</b> in 3 years from the program's completion date.</li> </ul>	National agencies; or Findex

# Approved Program Targets (cont'd)

- Financial Stability

Sectors	Indicators	Data Source
<b>Banking</b>	<ul style="list-style-type: none"> <li>Improvement in the level of compliance with Basel Core Principles (BCPs) for at least 2-5 principles in 5 years from the program's completion date.</li> </ul>	FSAP-ROSC or Expert Review
<b>Insurance</b>	<ul style="list-style-type: none"> <li>Improvement in the level of compliance with Insurance Core Principles (ICPs) for at least 2-5 principles in 5 years from the program's completion date.</li> </ul>	FSAP-ROSC or Expert Review
<b>Financial Market Infrastructures</b>	<ul style="list-style-type: none"> <li>Increase the compliance level to the Principles for Financial Markets Infrastructures (CPSS-IOSCO PFMI) to Observed or Broadly Observed for the <b>5 responsibilities</b> of central banks, market regulators, and other relevant authorities for financial market infrastructures.</li> </ul>	Expert Review
<b>Securities Markets</b>	<ul style="list-style-type: none"> <li>Increase the observance of IOSCO Core Principles in at least <b>2-5 principles</b> in 3 years from the program's completion date.</li> </ul>	Expert Review

# Approved Program Targets (cont'd)

- **Market Developments**

Sectors	Indicators	Data Source
<b>Bond, Equity</b>	<ul style="list-style-type: none"><li>• Increase in the issuance of long-term financing (bond/equity) by 10 percent points in LICs and 5 percent points in MICs after 3 years from the program's completion; and 15 percent points in LICs and 10 percent points in MICs after 5 years from the program's completion date.</li></ul>	National agencies; or other good secondary sources (e.g., the recently launched <b>FinDebt – Global Bond Data</b> by the Finance & Market GP of the WBG)

# Monitoring and Evaluation

## Program design stage

- Rigorous Results Framework with numerical targets

## Implementation stage

- Annual reporting on progress

## Post completion stage

- Evaluation vis-à-vis targets and outcomes (over 3-5 years)



# Programmatic Window v.s. Catalytic Window

- Comparison of Programs with Catalytic Projects

	Programs	Catalytic projects
<b>Objectives</b>	Support comprehensive reforms over a multi-year	Short-term specific interventions
<b>Size</b>	Usually \$1M or above	Maximum \$500K
<b>Duration</b>	2-3 years	6mo-2 years
<b>Targets</b>	Commitments to the targets	No specific target required but clear articulation of results chain and indicators are needed
<b>M&amp;E</b>	Annual progress report in addition to WB standard reporting	No specific separate reporting require

# Programmatic Window Current Status

- **Approved: 4 Programs with total commitments of \$7.1 million**

## LIC v.s MIC

- 2 LICs (AFR)
- 2 MICs (MNA and LAC)

## Thematic areas:

- 1 stability
- 1 markets
- 2 inclusion

- **Pipeline: 10 Programs with expected commitments of \$18.2 million**

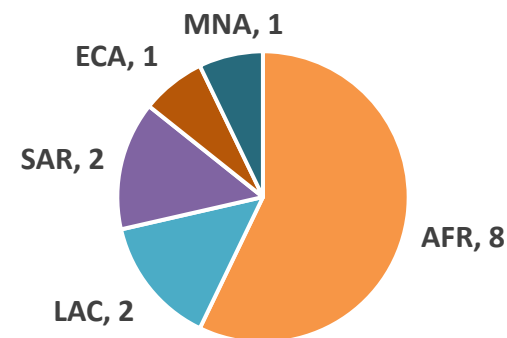
## LIC v.s MIC

- 8 LICs (6 AFR, 1 LAC, 1 SAR)
- 2 MICs (1 ECA, 1 SAR)

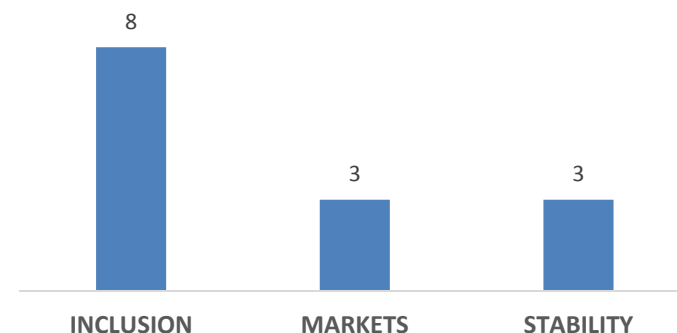
## Thematic areas:

- 2 stability
- 2 markets
- 6 inclusion

## Overall Distribution of Programmatic Window by Region



## Overall Distribution of Programmatic Window by Pillar



# Conclusion

- Both programmatic and catalytic windows are complimentary and respond to different client needs
- Programmatic window is a good vehicle for comprehensive financial sector reforms such as implementing FSDS, post-FSAP reforms, and systemic reform needs.
- Measuring impact is a critical component of program design and full commitment to agreed targets is expected