



# Does Paying for Results Change Foreign Aid?

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# “Take good notes, max. 2 pages, w/main messages & implications for your work”

When you're done:

- Send to GPOBA with copy to [Bill Savedoff](#)
- Send me your bank account #
- And I send you \$20

(pay for results)

- Here's \$20
- Send a plan for how you'll take notes
- Make revisions to plan based on comments.
- Once we've agreed on a note-taking plan, send me your bank account information
- Then show me how the bank account is audited
- Then give me a plan on how you'll spend the money
- Then be sure to collect receipts on all your expenses so we can check they were eligible
- Any money that is misspent has to be returned
- ... did I tell you where to send the notes?

(conventional aid)

# Main messages

- Conventional aid may hinder development
- “Paying for Results” is too broad a category to be useful
- Paying for results changes little if it is designed to work conventionally
- Independent verification & recipient discretion are key to being different

# Conventional aid may hinder development

1. **Development** happens through political change, domestic ownership, innovation, & adaptation.
2. **Development** requires that countries navigate complex political-economic terrain & establish new institutions that alter power & wealth.
3. **Conventional aid** approaches are antithetical to the first two premises.
  - Preplanning & controls contradict #1
  - Demand for attribution & ignorance of local knowledge contradict #2

# Key Problem: The Illusion of Control

- “We can guarantee success *ex ante* through diagnostics, planning, & monitoring adherence”
- “Disbursements mean progress”
- “We can ensure that transfers are additional & track funds to their final uses”
- “Changes can be attributed to the program”
- “We can impose conditions without undermining recipient ownership”

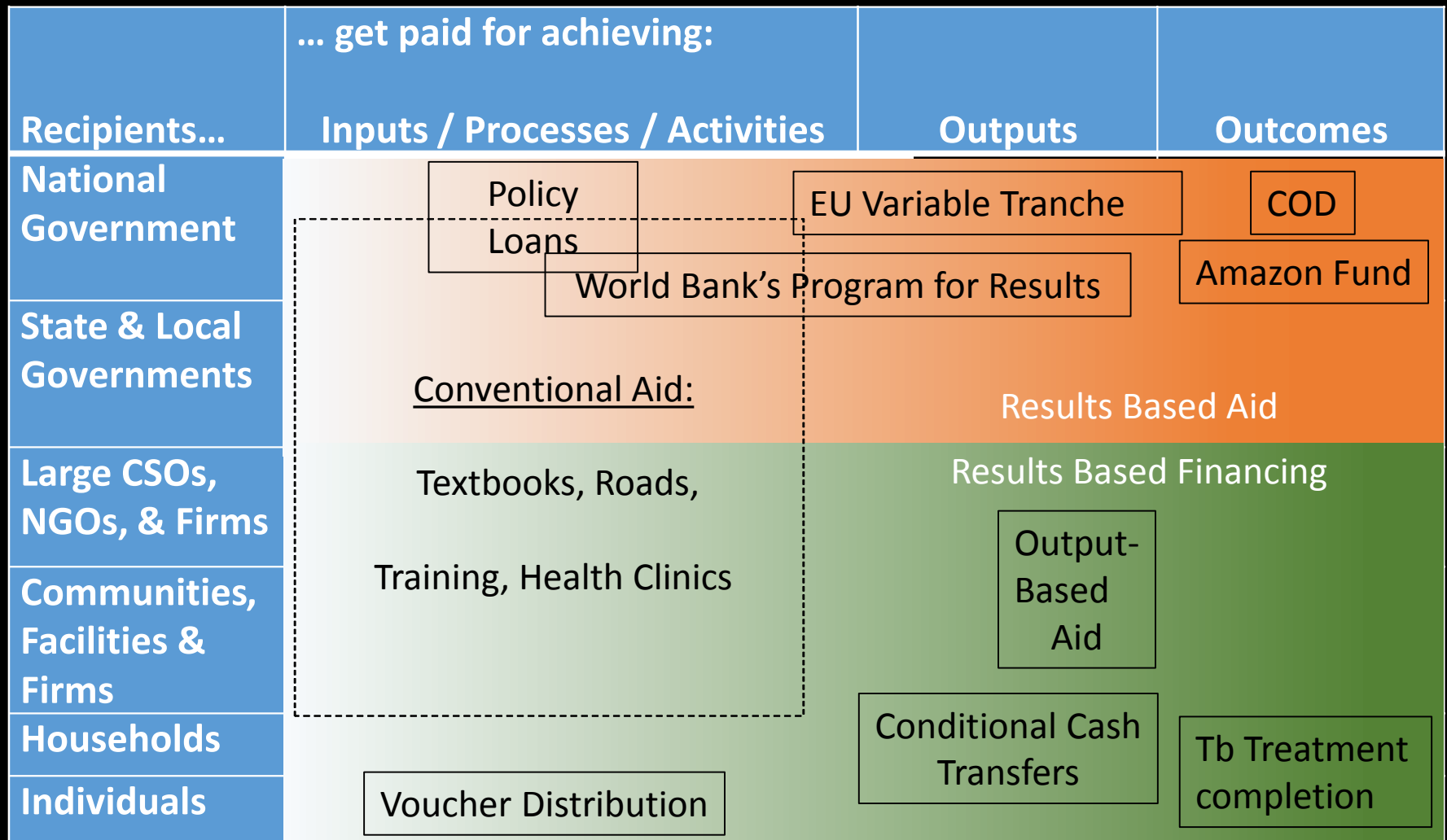
# Hypothesis:

Paying for results works *with* rather than *against* development when ...

- Payments are *ex-post*
- Recipients have full autonomy and discretion
- Controls are *ex-post* & limited so that they better balance goals & risks

... only some designs allow discretion!

# “Paying for Results,” P4P, PforR, etc. are too broad as categories to be useful



# Programs that pay for results differ by deliverable & recipient

	... get paid for achieving:		
Recipients...	Inputs / Processes / Activities	Outputs	Outcomes
National Government			Results Based Aid
State & Local Governments			
Large CSOs, NGOs, & Firms			Results Based Financing
Communities, Facilities & Firms			
Households			
Individuals			



# Programs vary by deliverable and recipient but also by ...

- *Time frame*
- *Renewability*
- *Transparency*
- *Result complexity*
- *Recipient discretion*
- *Cost share*
- *Up-front payments*
- *Payment function*
- *Credibility*

# Why do we think paying for results will make a difference?

- *Pecuniary interest* alters behavior (RBF) or shifts domestic priorities (RBA)?
- *Attention* to results improves management?
- *Accountability* to constituents or beneficiaries increases responsiveness?
- *Discretion* for recipient permits local problem-solving?

# RBA experiences



Children immunized



Carbon emissions averted



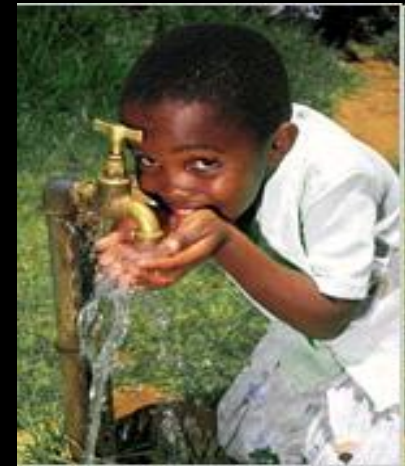
Secondary school completers



Health improvements

# RBF Experience

- Global Program for Output Based Aid (GPOBA) (water, roads, electricity)
- Cook stoves & solar lamp marketing
- Health service delivery



# Differences between RBA and RBF

- RBA changes the aid relationship by constraining funder's discretion and increasing recipient's autonomy and responsibility
- RBF can be a new tool for influencing organizational, sociological and economic behaviors but the specifics vary across actors, contexts, and contract designs but it won't revolutionize aid or public services on its own

# General Lessons

- Good indicators are close to outcomes & responsive to recipient's actions
- Independent verification is essential
- Without autonomy & discretion, programs remain conventional

# References

- Perakis, Rita and William D. Savedoff. 2015. “[Does Results-Based Aid Change Anything? Pecuniary Interests, Attention, Accountability and Discretion in Four Case Studies](#),” CGD Policy Paper 052, Washington, DC: Center for Global Development. February.
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