



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”

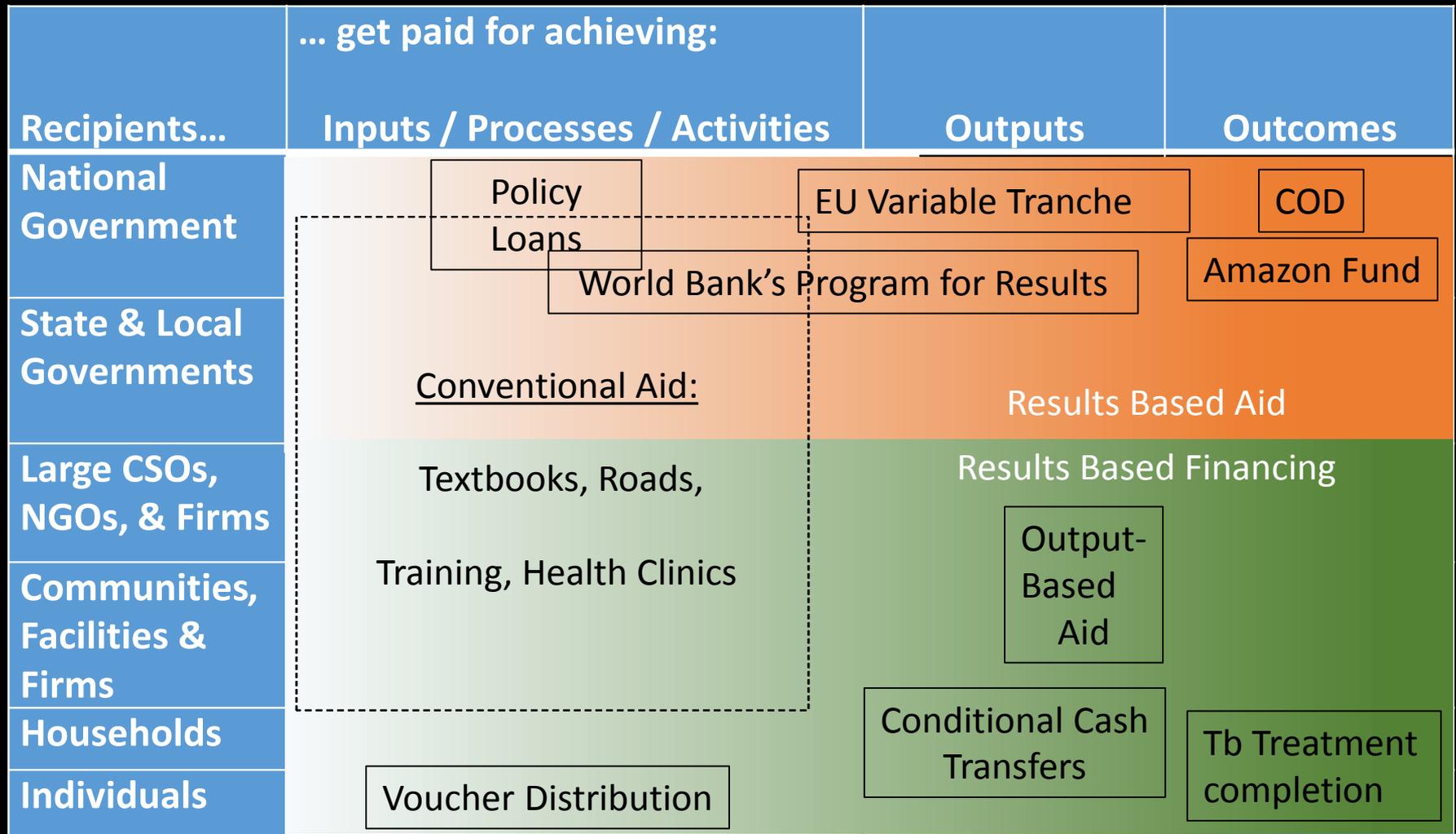
Hypothesis:

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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