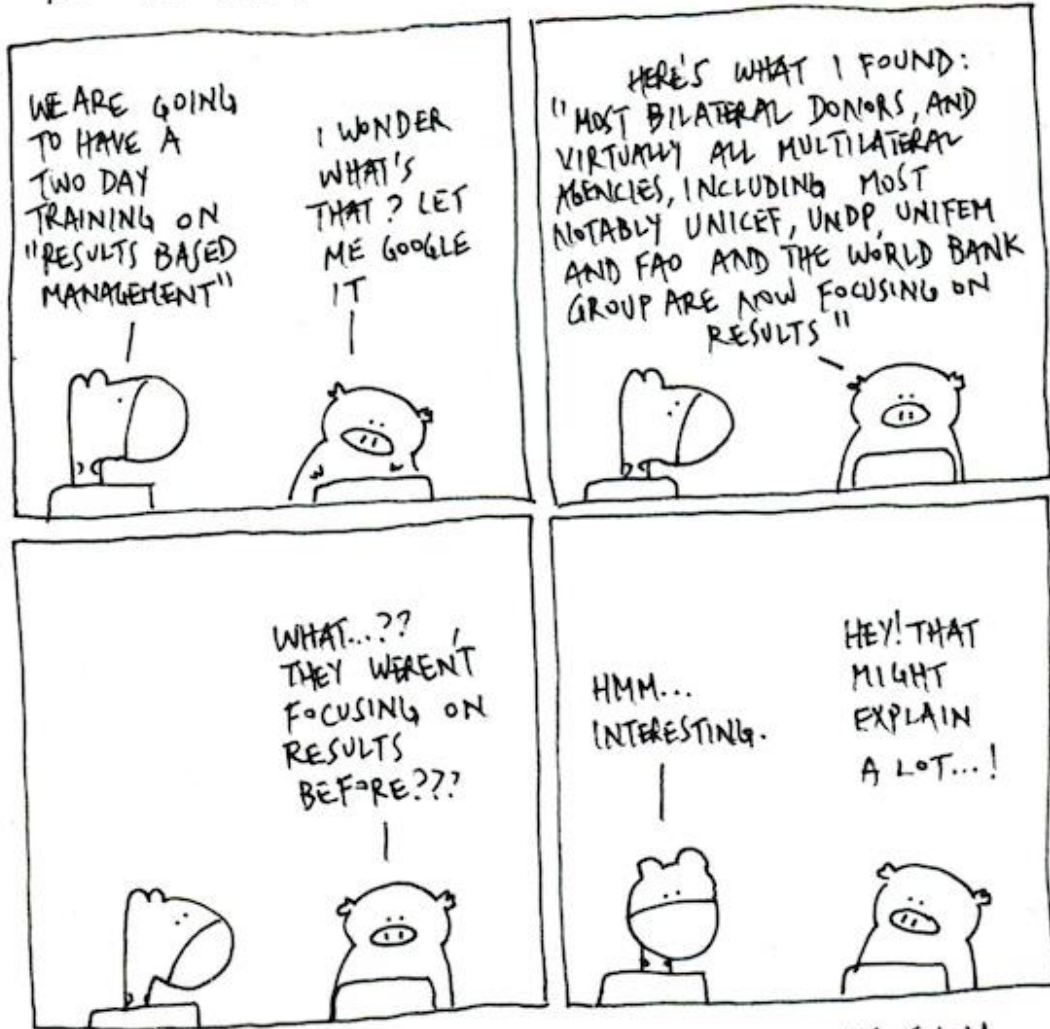




RESULTS BASED MANAGEMENT



PIGSINHATUTO.BLOGSPOT.COM

d·i·e



Deutsches Institut für
Entwicklungspolitik

German Development
Institute

Overview of Results-Based Approaches

Stephan Klingebiel and Heiner Janus

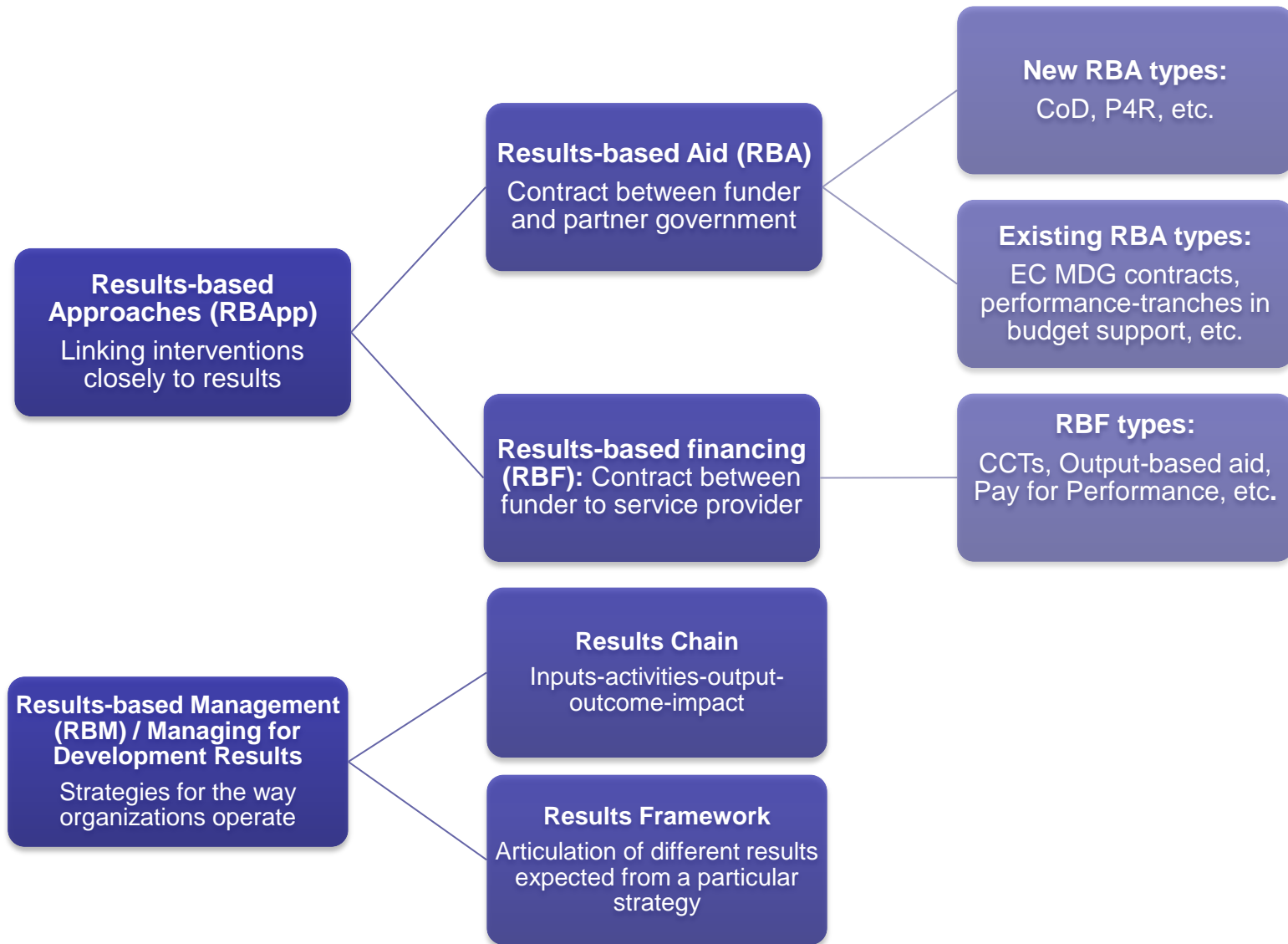
Tunis, 16 April 2013



Outline

- 1) Definitions**
- 2) Results Landscape**
- 3) Advantages & Challenges**
- 4) Incentives**
- 5) Partner Country Views**
- 6) Conclusions**

1) Definitions – The “Results Agenda”



1) Definitions – Common criteria for RBApp?



1. Approach based on contract between funder and partner government, where partner takes **responsibility for results**.
2. Contract between funder and partner government has to be **transparent**.
3. Results have to be agreed on **in advance**.
4. Results should be
 - **Quantifiable**,
 - Achievable in **incremental** steps (e.g. unit price),
 - **Verified regularly** (e.g. annually).
5. Independent verification of results.
6. Payments only upon achievement of goal. No payments, if results are not achieved.

1) Definitions – Common features of RBApp



Contract

- Contract between funder and partner government
- Setting the baseline
- Determining “price per unit of progress”

Implementation

- Partner government undertakes efforts to achieve agreed goals
- Measures can be varied: increasing funds to a sector, provision of qualified personnel, “political pressure”, etc.
- Either pre-financing by partner government or start-up finance by funder

Verification

- Preferable: Independent third party regularly (e.g. annually) assesses achievement of results
- No progress means no payment
- In case of progress: Payment of agreed support according to progress made

2) Landscape of RBA – Different Levels



Selectivity / Allocation

- Millennium Challenge Corporation

Macro RBA

- Performance tranches in budget support

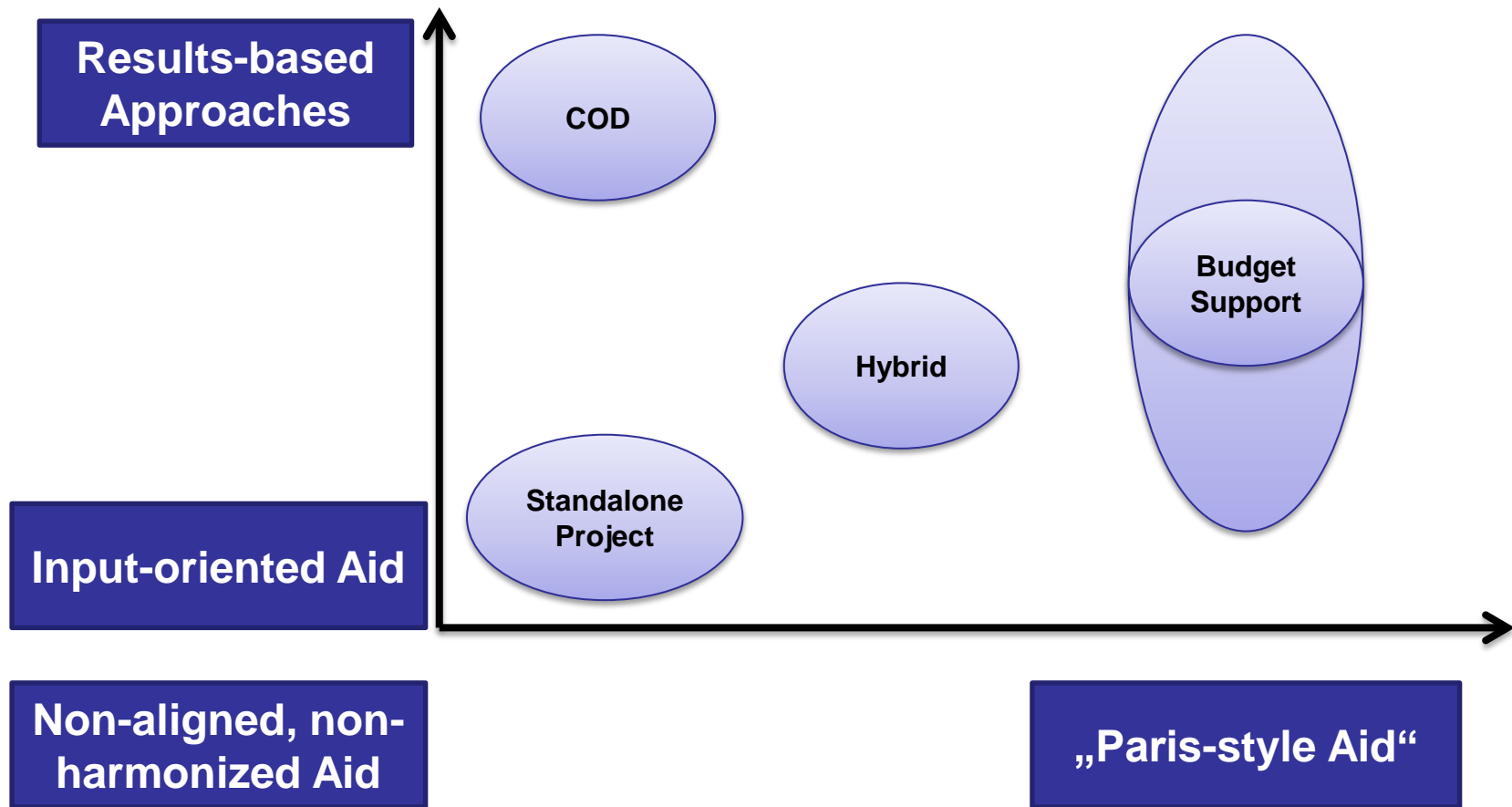
Sector-specific RBA

- Performance tranches in sector budget support

“One result”-specific RBA

- COD in education

2) Landscape of RBA



3) Potential & Challenges



Possible advantages:

- Actions of all actors are focussed on results
- Direct use of incentives
- Strengthened domestic accountability
- Improved verification of aid results

3) Potential & Challenges



Challenges:

- Misincentives, unintended consequences & non-systemic strategies
- Ambitious requirements → responsiveness of partners to incentives and sufficient capacity
- Tension with Aid Effectiveness Agenda
- Focus on quantifiable sectors
- Delinking of results-approaches and political context

4) Incentives



How do incentives work in the context of results-approaches (intended incentives)? How do donors manage the use of incentives?

- Risk for recipients not to get the full amount of aid
- RBA covering ex-post investment needs or hardly any link to investment needs?
- Financial vs. non-financial incentives
- Short-term & long-term incentives (does eligibility-incentive for aid programmes work? ...)
- Pre-investment as a bottleneck / bridging pre-investment gaps → impact on incentive structure

5) Partner Country Views



Some important aspects:

- Overall aid volume: RBA part of the country envelope or additional money?
- Do partner countries have a choice: traditional projects / investments, budget support arrangements
- Risks for partner countries: (a) Risk assessment to (partly) fail? (b) Risk management: Can partner countries significantly manage the risks?
- Will results approaches lead to more performance orientation in the course of implementation?
- Political economy of main actors: Who is gaining from aid rewards? Who is losing? (MoF, line ministry, Head of State / PM, central/subnational level ...)
- Impact of results-approaches on accountability lines

6) Conclusions



- Broad range of results-based concepts
- Several donors agencies in the process of setting up pilots
- A lot of potential for innovation; however, several risks attached