



Why are Results-Based Approaches Needed?

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Workshop on Results-Based Approaches to Development

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Paying for results in development



Partner
Governments



Service
Providers



Private
Investors

STAKEHOLDER WHO FOCUSES ON IMPLEMENTATION RISK

Results-Based Aid

- Donor pays government agency for achieving **verifiable progress** on one or more indicators
- Government agency has **clear discretion** on how results are achieved and how payments are used

Development Impact Bonds

- Private investors pay for interventions in advance
- Their returns from donors / governments are based on the improvement in outcomes that the programme achieves.

Why pay for results?

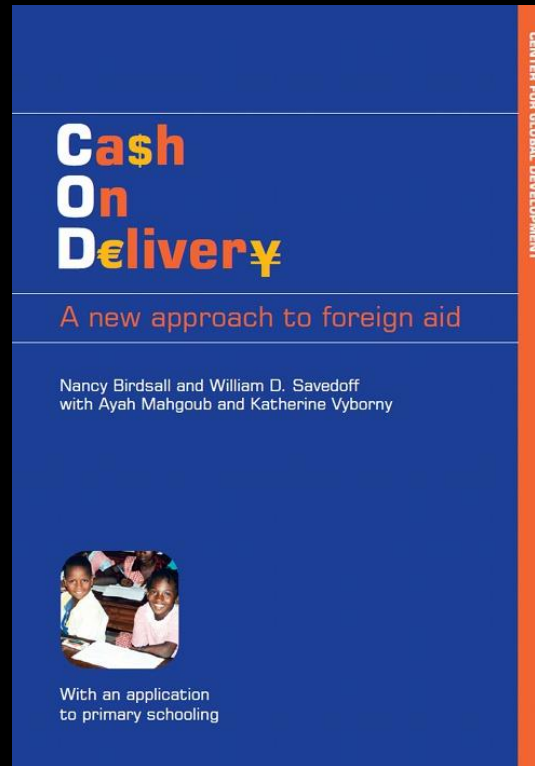
Why #1: To show what aid programs achieved



Why #2: To improve the quality of information about development outcomes



Why #3: For greater local accountability



Traditional aid: makes government accountable to donor not citizens



Why #4: To create space for learning
and transformation in the long term

Development is complex

If the world looks like this,



**Why design programs that
look like this?**



“The single biggest failure of leadership is to treat adaptive challenges like technical problems.”

*Groupsmith.com: Adapted from Ronald A. Heifetz & Donald L. Laurie,
“The Work of Leadership,” Harvard Business Review, January-February 1997.*

Why #5: To put into practice the principles we agree will make aid more effective



- 1. Ownership**
- 2. Alignment**
- 3. Harmonisation**
- 4. Results**
- 5. Mutual
Accountability**

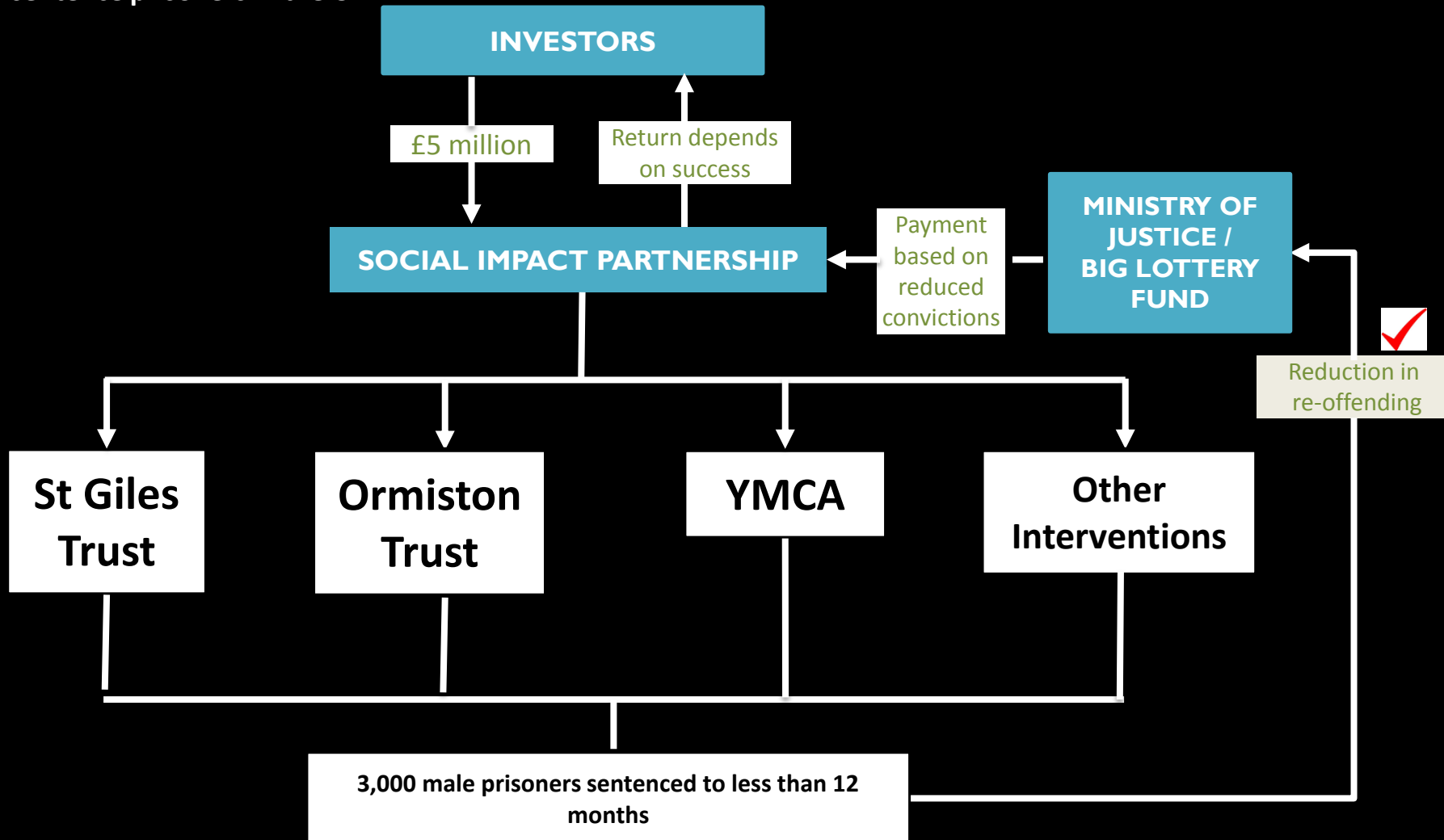
A new idea for paying by results: Development Impact Bonds

Challenges for public sector funding

- Focusing on outcomes instead of inputs, processes, and price
- Investing in prevention
- Tackling multi-dimensional problems
- Engaging private sector to improve quality
- Investing in innovation in a risk averse political context

Social impact bond: Peterborough prison 1 7

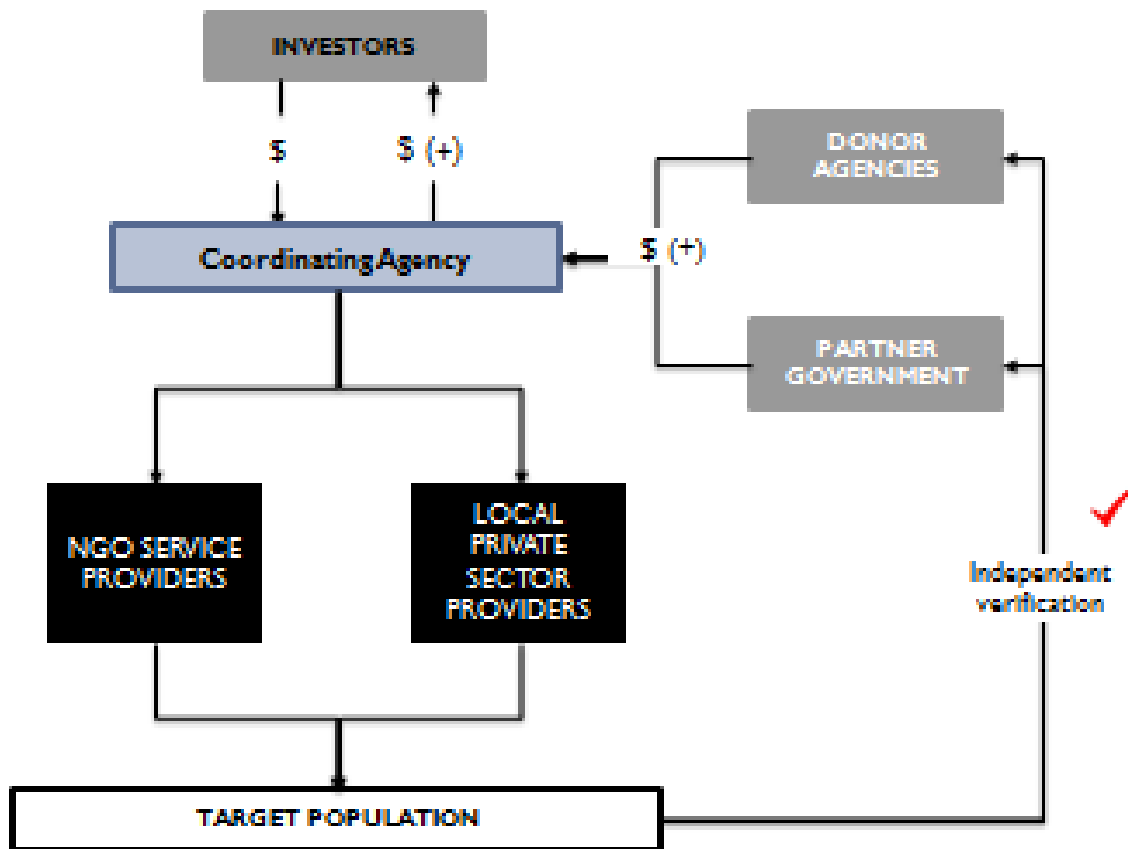
The first Social Impact Bond developed by Social Finance UK raised £5m to address reoffending among short-sentence prisoners in the UK.



The development case



POTENTIAL DEVELOPMENT IMPACT BOND STRUCTURE



Concluding thoughts

How can donors meet their fiduciary responsibilities and still make the most of the results agenda?

Thank you

cgdev.org/codaid

cgdev.org/dib