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Are results-based approaches key to implementing the 2030 Agenda in development cooperation?

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Bonn, 9 May 2015. At the heart of the major development policy events of 2016 lies the question: how can development cooperation provide targeted support for achieving the seventeen Sustainable Development Goals (SDGs) in the 2030 Agenda? This question will be addressed by the United Nations Development Cooperation Forum (DCF) at its Fifth Biennial High-Level Meeting in July and by the Global Partnership for Effective Development Cooperation (GPEDC) at its Second High-Level Meeting towards the end of this year.

A total of USD 132 billion was spent on official development assistance worldwide in 2015. While this funding merely supplements other initiatives supporting the achievement of the SDGs in areas such as financial, trade and taxation policy, it still needs to be used as efficiently and effectively as possible.

Results-based approaches (RBAs) are one of the main new ideas in development cooperation debate in recent years. The underlying concept is as simple as it is revolutionary, namely that development cooperation should be used as a means of directly rewarding quantifiable and verifiable development results. For example, disbursements would be linked to the number of students with school leaving certificates or the number of medically assisted births. A pre-agreed sum of money would be paid out per unit of the intended result (e.g., for each additional student with a school leaving certificate) once it has been achieved. Such a financing mechanism could provide completely different incentives for all actors. This approach represents a radical departure from traditional development cooperation that finances inputs (construction of new schools, etc.) and processes (a new education strategy, etc.).

How can we make development cooperation policy fit for the future? OECD states and developing countries believe that linking the debates about results and SDGs is the key. Classic development cooperation is losing its relevance in many developing countries, while demand for more efficient and flexible development instruments is growing. In the poorest countries, the proportion of Gross National Income accounted for by development cooperation fell by one third on average between 2000 and 2010. At the same time, these countries are looking for new, results-based ways of financing development goals such as the SDGs.

The German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE) has been engaged for several years in discussions within Germany and internationally about results-based approaches. Its

researchers have analysed experiences of piloting results-based decentralisation initiatives in Ghana, indicators for results-based education programmes, and the creation of a national “results agenda” in Tanzania. This is what they found:

First, results-based approaches are a key innovation in development policy instruments. Experiences with the World Bank's Program for Results (PforR) and the UK's Payment by Results (PbR) strategy show that innovations can be introduced successfully in development cooperation. These approaches often make it easier to present and demonstrate results than in traditional development cooperation. They also strengthen the accountability of partners for achieving results, frequently affording them greater influence over the way payments are used.

Second, results-based approaches are not always the answer. They are not suitable for every partner country and development goal. In some nations, especially those affected by conflict, there is no capacity for meaningfully assessing results. And it is hard to quantify the achievement of certain development goals, such as good governance. A number of non-governmental organisations also complain that bureaucratic requirements are hindering their efforts to implement results-based approaches. Even donor organisations sometimes lack structures for spreading payments flexibly over several years and across several countries. At the same time, the introduction of the 17 SDGs and 169 targets has raised the bar even higher when it comes to recording and transparently presenting development cooperation results.

All in all, there is significant potential for making targeted use of results-based approaches to support SDG achievement. Indicators from the SDGs have already been used in several pilot projects. We need to build on these experiences and address existing inconsistencies as we continue to develop results-based approaches in future. For example, the requirement for donors to present their individual development funding to the general public must not encourage them to go it alone on projects without involving the partner country and other donors. We are already seeing a decrease in coordination and joint dialogue between donors and partner governments in places where budget support has ended in recent years. Consequently, it is necessary to ensure that results-based approaches are implemented jointly and pool the resources of many actors efficiently. This is the only way to for results-based development cooperation to make a genuine contribution to achieving the SDGs.