



Cash on Delivery Aid

States General of Development Cooperation
May 4th, 2010

Owen Barder
owen@devinit.org

Agenda

- What the problem?
- What's the idea?
- Possible benefits
- Possible drawbacks

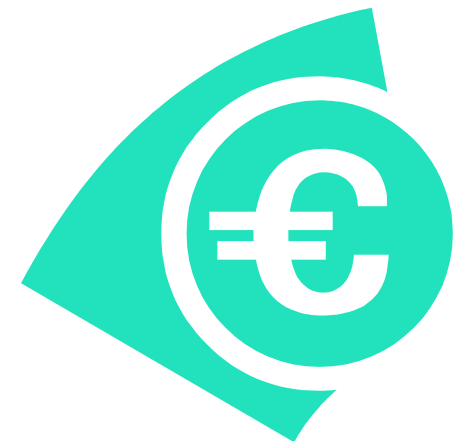


Money is necessary but not sufficient to meet the MDGs

Money down
the drain?



Money where it
has an impact



Hands-On Approach

Identification

Design

Negotiation

Approval

Startup

Implementation

Tech. Assist.

M & E

Final “Evaluation”

Outcome Measurement?

Traditional Aid

funder
engaged in
almost
every phase

\$

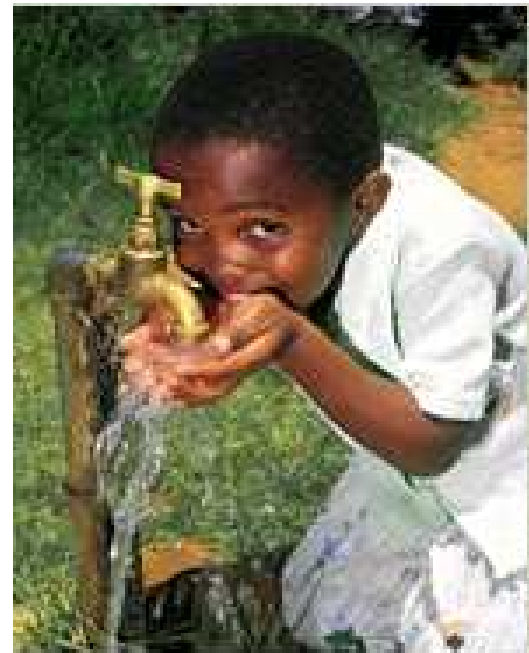


Agenda

- What the problem?
- What's the idea?
- Possible benefits
- Possible drawbacks



Donors pay for outcomes not inputs



Countries choose inputs & policies



textbooks



teacher training



conditional cash transfers



improving roads

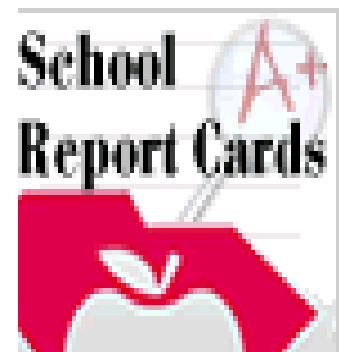


early nutrition programs

The contract and annual results are public



act:onaid



The results are independently verified



Hands-On Approach

Identification

Design

Negotiation

Approval

Startup

Implementation

Tech. Assist.

M & E

Final “Evaluation”

Outcome Measurement?

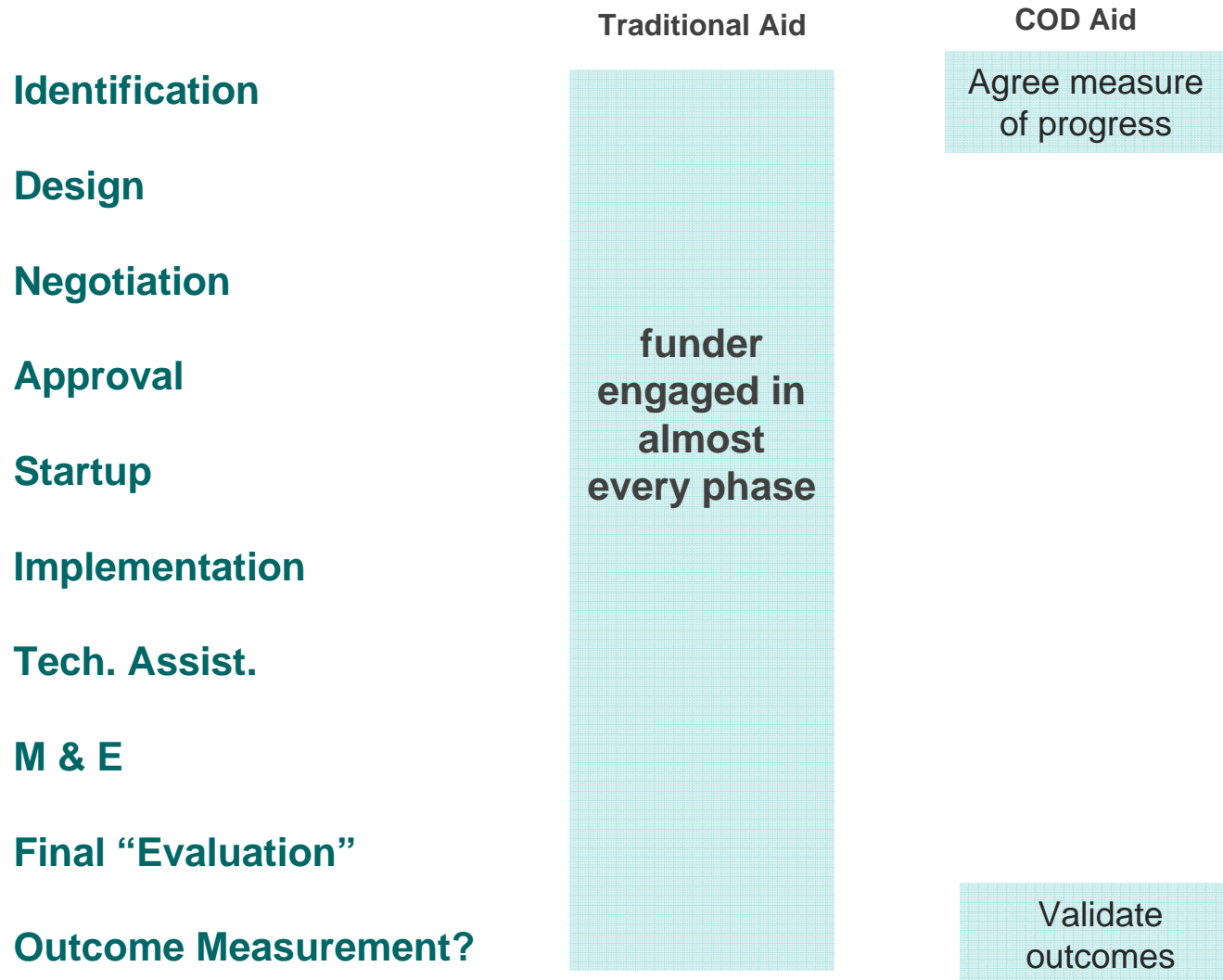
Traditional Aid

funder
engaged in
almost
every phase

\$



Hands-Off Approach



\$

Agenda

- What the problem?
- What's the idea?
- Possible benefits
- Possible drawbacks



Possible benefits of COD

Developing countries

- Predictable funding
- Policy freedom
- Institution building
- More money
- Lower transaction costs
- Accountability

Donors

- Demonstrable results
- Innovation & diversity
- Long-term change
- Money where it works
- Lower transaction costs
- Accountability

Agenda

- What the problem?
- What's the idea?
- Possible benefits
- Possible drawbacks



Possible drawbacks

Developing countries

- Donors renege
- Start up costs
- No progress no money
- Perverse incentives
- Opportunity cost

Donors

- Difficult countries
- Bureaucratic resistance
- Measurement & cheating
- Unintended consequences
- Cherry picking

Possible drawbacks

Developing countries

- Donors renege
- Start up costs
- Risk
- Perverse incentives
- No progress: no money
- Opportunity cost

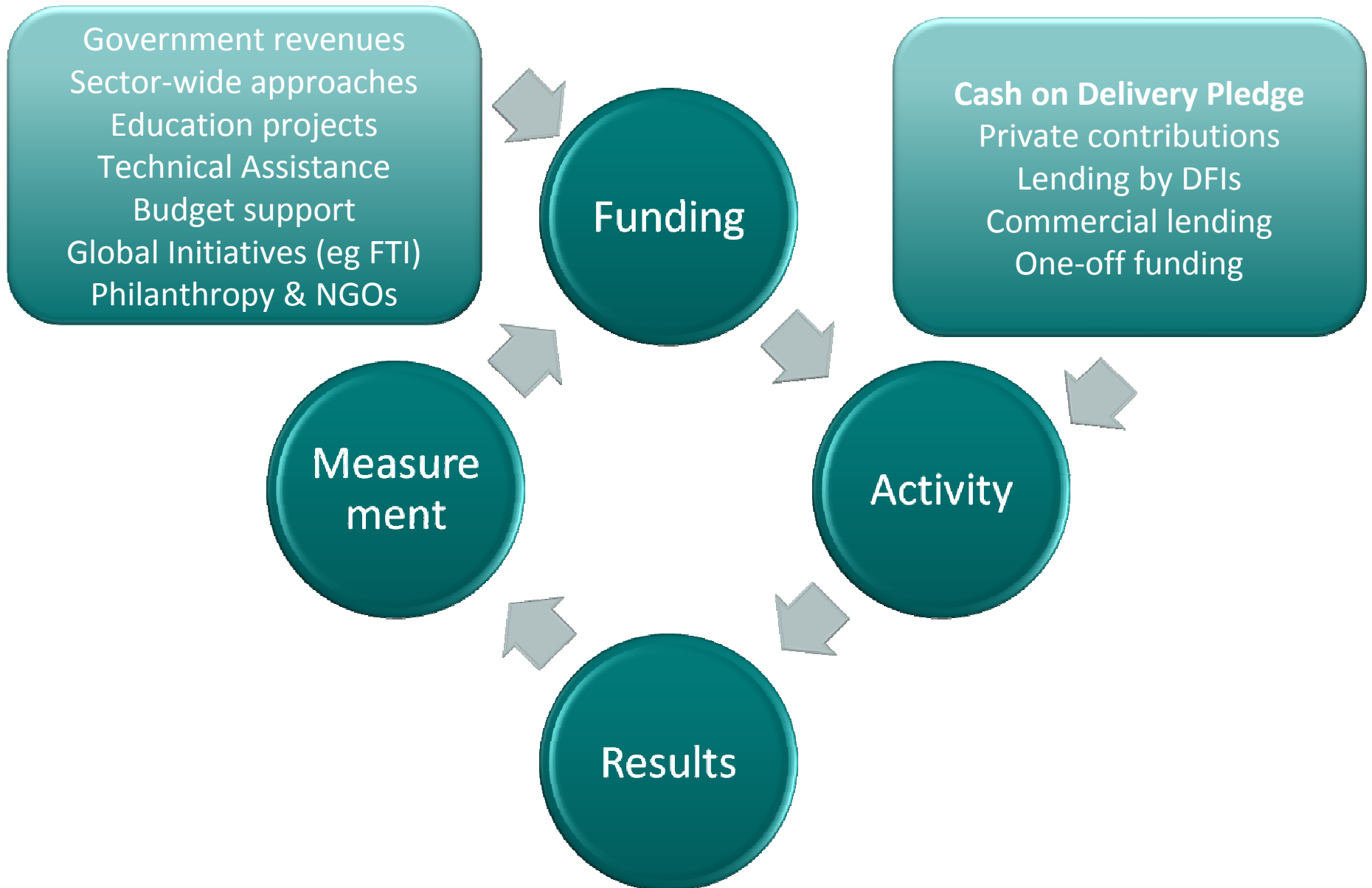
Donors

- Difficult countries
- Bureaucratic resistance
- Measurement & cheating
- Unintended consequences
- Cherry picking

For more information

- Books and short briefs
- Website:
www.cgdev.org/section/initiatives/
- Owen Barder
owen@devinit.org

The start-up problem



COD example: education

- Donor-recipient binding contract
- Donor guarantees specific additional payment for specific incremental progress, e.g. \$200 per child completing primary school and taking an approved assessment exam
- Recipient reports on progress and agrees to independent third-party audit
- Contract is public information

Examples of results-based aid

- Sectoral: GAVI's Immunization Support Services
 - Donors provide aid to governments for immunizations
 - Initial payment and ex-post reward share based on progress in immunizing children
- Macro and other “policy”: EC budget support
 - Fixed and variable tranches
 - Variable tranches based on performance on a range of indicators
- Micro: Households and providers
 - Conditional cash transfers
 - Incentives to NGOs/private providers

COD vs other results-based aid

- Macro level (vs. household or provider payments – OBA, CCTs)
- Program outcomes that are incremental (vs. typical policy reforms)
- Measurement and transparency makes recipient government accountable to citizens not the donor or donors
- Donor also more accountable – to local legislators and taxpayers