



A METHODOLOGICAL INTRODUCTION

# Results Based Financing Approaches (RBFA) – what are they?

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# 1. Introduction



A subsidy scheme for solar panels has benefitted over 3 million people in Bangladesh. Photo: David Waldorf/World Bank.

Results Based Financing Approaches (RBFA) are rapidly growing in importance and use in development cooperation. A number of donor agencies have started implementation and even more are piloting and testing the approaches which are constantly evolving.

At Sida there is strong demand from operational staff for more knowledge and to have access to preliminary guidance on how and when Results Based Financing Approaches could be used. This document is an introductory guidance document for Sida staff, introducing the concept, and explaining the theories and principles of RBFA. In addition, it provides some preliminary guidance on when and how RBFA could be a good financing mechanism for enhanced development results to consider in contributions.

It is still too early to draw firm conclusions or lessons learned based on empirical evidence, as this is a relatively new and untested approach in development cooperation. With a growing body of evidence from own and others' experiences and a consistent focus on evaluation and learning, Sida will eventually produce detailed methodological guidance on how to assess and prepare RBFA contributions. As a first step, this introductory guidance gives examples of the different strands of RBFA and how it has been used hitherto by Sida and others. It also highlights some of the considerations to be made when designing RBFA interventions. The outline of the paper is as follows:

**Chapter 2** outlines why Sida is interested in testing RBFA, what the rationale for Sida would be and what we expect to learn along the way from piloting and monitoring RBFA in development interventions.

**Chapter 3** explains in more detail what Results Based Financing Approaches are. RBFA is used as an umbrella term for various applications using performance based payments. The chapter provides explanations and definitions of different terminology and approaches used.

**Chapter 4** provides some of the considerations to be made when using RBFA. It also provides preliminary guidance on how some of these challenges and design issues could be approached.

**Chapter 5** provides some preliminary conclusions on experiences so far and the road ahead.

**Chapter 6** describes in brief the ongoing internal project at Sida that is currently monitoring trends in RBFA and developing guidelines on if, when and how RBFA can be used by Sida.



## 2. Why is Sida interested in RBFA?



Results based financing is used as an incentive to improve the quality of education in public schools in Tanzania.  
Photo: Arne Hoel/World Bank.

### Increased focus on results

The rationale behind a results based financing approach is that the financier only disburses when the agreed results have been achieved. The approach therefore differs from more traditional approaches where aid is given in advance in order to finance input for activities that are expected to produce results, with the risk that these do not materialise if the cooperation partner does not use the funds well, or if the programme logic has been misjudged.

### **A results based financing approach makes it possible to move the focus from activities and plans to the monitoring of results and learning about what actually works.**

The partner can thus be given more freedom to choose suitable activities and methods and determine the budget according to needs. This may create scope for ownership and innovation.

Demand for reliable data on outcome and results will increase. Transparency on the criteria used for measuring results and the official publication of the actual results achieved should make local monitoring possible and strengthen accountability towards the end beneficiaries.

### **An alternative approach to risk**

From Sida's perspective, RBFA could also be a *means to handle and share the risks*, both fiduciary and institutional, thereby creating possibilities to accommodate demand from partners to increase the use of country systems. **By only paying for results once they have been achieved, we partly avoid the risk that the donor contribution is not used effectively.** The partner is not responsible for carrying out certain pre-determined activities but for delivering on certain pre-agreed results. The ways and means of getting there is less important for the donor than the end result. Further, if partners are responsible for implementing and assuming more of the fiduciary and implementing risk, donors could engage more strategically together with partners in results oriented problem solving.

### **Ensuring common goals**

A more business-like relationship with delivery according to contract and disbursement thereafter

creates clearer parameters on the responsibilities of the parties. Research and experiences on aid implementation clearly indicate the importance of both funder and implementer wanting to achieve the same thing in order for the results to be realised and the effects sustained. **A narrow and clear focus on the delivery of specific results rather than on the financing of a wider range of activities creates the preconditions for working with important issues where there is consensus. We thus avoid supporting partners in areas where there is no such consensus and where there are no drivers of the reform.**

With RBFA, Sida should be able to reduce the number of demands placed on the partner before agreeing on support as well as during implementation, and instead focus on monitoring and dialogue for results. Such an approach also reduces the risk of undermining the partner's own responsibility, ownership and sustainable results through micromanagement.

### **Aid effectiveness**

The proposed approach satisfies the demands of effective aid in accordance with the OECD/DAC and corresponds with the undertakings for effective development that Sweden endorsed internationally at the High Level Forum in Busan in 2011.

**The contract is based on objectives that the cooperation partner is aiming to reach, and progress towards these objectives is reported openly for the purposes of transparency and mutual accountability. Parallel systems dealing with aid and the associated risks are also avoided.**

At this stage, Sida is particularly interested in testing if the different assumptions made for RBFA hold true and under what circumstances the approaches can work effectively. Sida sees a potential to address some of the shortcomings of existing traditional, input based aid, but also of programme based aid where the concern for inefficiencies, corruption and misuse of funds sometimes has led to using sub-optimal and more expensive implementing channels. A more focussed approach based on mutual objectives and verified results could perhaps address some of the risks and shortcomings associated with traditional aid.



### 3. Results Based Financing Approaches – what are they?



"Now I can keep my small restaurant open even during the evenings and till late at night. My business is booming and my family lives much more comfortably with our increased income. My children are also doing much better at school," said Farida, a tea-stall owner at Garjon Bunia Bazaar in Barguna. Photo: Arne Hoel/World Bank.



**Results Based Financing Approaches, also commonly called *Payment by Results* are a form of financing that makes payments contingent on the verification of predetermined results.**

Results Based Financing Approaches can be used in cooperation with the public sector, the private sector and with civil society organisations in a variety of areas (health, education, energy and many more). Paying for agreed results instead of inputs may have several potential benefits in terms of efficiency and effectiveness, in comparison with other aid modalities. Naturally there are also substantial challenges and risks with this approach that need to be considered in the design. Sida is about to start piloting and testing a number of different results based financing approaches, to learn about the circumstances under which it works most effectively and to learn how to handle the potential risk associated with the different approaches.

### 3.1. Definition and characteristics of RBFA

A wide array of terms and descriptions are used to characterise and distinguish various forms of RBFA, and the nomenclature is not agreed on within the community applying this form of assistance. We choose to use Results Based Financing Approaches

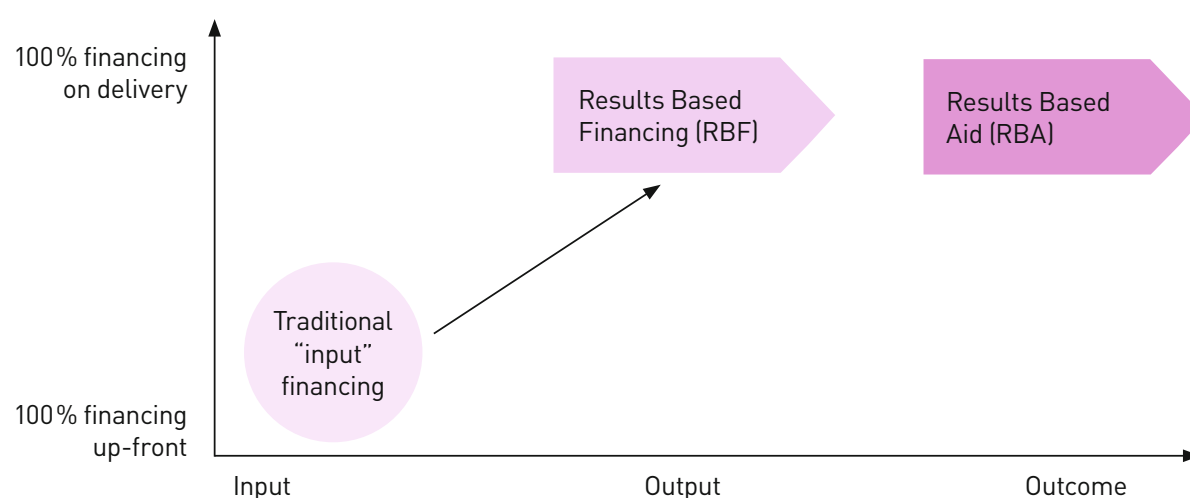
(RBFA) as an all-inclusive term, encompassing all different results based payments irrespective of implementing partner, results level and beneficiaries and in a variety of aid modalities. The main aspects of RBFA, or Payment by Results, are that

- 1) payment is based on achieved results and that
- 2) the relationship between payment and results is pre-defined.

### RBFA compared to traditional financing

The picture below illustrates different varieties of funding and how they relate to each other. Two main dimensions can be discerned: first the extent to which financing is paid up-front before the results have been achieved, or ex-post on delivery of the results (the y-axis). The second dimension measures where on the results chain the financing is determined, i.e. at the input level, the output level or the outcome level (the x-axis). Different forms of RBFA approaches are found. A traditional project is situated at the lower left side of the diagram, i.e. donors pay for the input needed to implement the project and to reach the intended results. An RBFA project will be situated towards the upper part of the diagram, i.e. payments are delivered only once the pre-agreed results have been delivered. Payments can be made for final outcomes, intermediate outcomes, outputs or even activities, depending on the degree of risk sharing between implementers and donors. Part of the financing can be results based while other parts are traditional input financing.

### Illustration of RBF, RBA and traditional input financing



Source: adapted from DFID Operational Guidance for Payment by Results

### Definitions depending on type of recipient

The contractual partner, being a private contractor, non-governmental organisation or a public entity, is another and in many ways more practical way to distinguish between different approaches. Following that logic, Sida today refers to Results Based Financing (RBF) as a contractual arrangement for results based financing with market actors (private and public companies) or non-governmental organisations acting in a market-like setting and to Results Based Aid (RBA) when there is agreement with a state entity or a government.

- **Results Based Financing (RBF)** – Agreements with service providers where a proportion of funds is linked to the completion of pre-specified *outputs or other performance measures*. Often implemented through market actors, e.g. private sector or non-state actors as contractual partners.
- **Results Based Aid (RBA)** – links to *outcomes*, though in many cases output measures are used as a proxy indicator. In linking to a higher level of results, the instrument deliberately leaves *more space for the recipient/implementer to choose the actions to achieve the selected results*. Often implemented through government/state counterparts as agreement partners.

In practice RBF, focusing on output, for example number of electricity connections or kilometres of road built, has often been used in contracts with private service providers where the contractual relationship is similar to buying a service paid for only once the service has been provided. RBA on the other hand, focusing on the outcome level, is generally agreed with governments as a means to reward and incentivise results. The higher up in the results chain, the higher the risk that outcomes will not materialise. A private contractor would most likely not be willing to take on that risk if the preconditions for achieving the predetermined results are not fully in their hands. However a government may, under certain circumstances, be keen to take on the risk if they are in control of what should be delivered and if the desired results are part of their mandate and priorities.

### Common characteristics

In general, all results based financing approaches have a number of common features or characteristics:

- Creating incentives for results
- Transferring part of the risk from the donor to the implementing partner
- Creating a higher degree of ownership on behalf of the implementing partner
- Making room for flexibility and innovation on how to achieve sustainable results
- Need for an (independent) verification of results
- Ensuring transparency and clear lines of accountability

A common feature of most results based financing approaches is also that they financially reward progress in incremental steps. Each unit of progress, be it electricity connections or number of girls graduating from school, can be rewarded proportionally as progress is made. Instead of setting conditions or targets to be met, RBFA can thus be used to create incentives for improved performance and reward incremental small steps towards a final common objective.

Many of the common characteristics of RBFA are compatible with the aid effectiveness agenda. RBFA could serve as an opportunity to further enhance the principles of aid effectiveness such as ownership, transparency and accountability and results.

### SHARED PRINCIPLES TO ACHIEVE COMMON GOALS

The Busan Partnership document specifically highlights a set of common principles for all development actors that are key to making development cooperation effective:

- Ownership of development priorities by developing countries: Countries should define the development model that they want to implement.
- A focus on results: Having a sustainable impact should be the driving force behind investments and efforts in development policy making
- Partnerships for development: Development depends on the participation of all actors, and recognises the diversity and complementarity of their functions.
- Transparency and shared responsibility: Development cooperation must be transparent and accountable to all citizens.

Source: The Busan Partnership for Effective Development Cooperation July 2012

### 3.2. Theory of change

The *theory of change* underpinning RBFA varies with the objective and with the cooperating partner and their objective. Different partners respond to a shift in incentives in different ways, and financial incentives are one way, but not the only way, in which RBFA can be used to shift incentives and the focus of interventions. There are basically four different categories of theories of change underpinning RBFA (Perakis and Savedoff, 2015):

- 1) that the offer of a financial incentive will lead to some behaviour change by the recipient;
- 2) that the performance funding makes results visible in a way that improves management;
- 3) that the focus on results will improve accountability to constituents or beneficiaries; or
- 4) that the agreement gives recipients more discretion and autonomy to innovate and adapt their activities.

#### Increased use of partner systems

One could also expect and argue that a stronger ownership of results on behalf of the implementing partner implies a higher degree of risk sharing, both for achieving results and when it comes to fiduciary risks. If this is the case, the appetite on behalf of the donor to take higher risks and provide more flexibility when it comes to implementation should increase. RBFA could therefore provide an avenue for the donor to allow for increased use of partner systems, in line with the aid effectiveness principles. Use of partner systems will develop capacity and institutions that will further enhance the sustainability of results in the long run.

#### Shift of focus

Depending on who the contractual partner is and in which context the partner is working, they are likely to respond in different ways. Different donors and financiers have also chosen to highlight different aspects of these theories of change. Some choose to focus on the financial incentive and believe that the recipient agent will align with the objectives of the funder as a result of the incentive. In other cases, there may be aspects other than incentives that could be more important. One question to guide the theory of change could be if performance funding can make results more visible in a way that improves institutional management method for results. For example, it may

help shift the focus away from inputs and activities towards attention and dialogue on issues and constraints that are of importance for the intervention to reach the intended results. Moreover, by making results publicly available to domestic constituents and end beneficiaries, transparency and accountability are used as a means to strengthen results. In order to test if the approach will lead to the desired results, it is important to monitor and evaluate the contributions with the intended purpose in mind.

#### Incentive for investments

Results based financing also has the potential to incentivise additional use of private and domestic financing for development purposes. By paying service providers a small subsidy upon verified delivery of services, the approach can leverage private and domestic capital to deliver services for otherwise underserved parts of the population and increase value for money.

#### Monitoring and evaluation is essential

It is important to test if the specific theory of change underpinning one RBFA approach is relevant and/or if there is a need for adaptation. Intended and unintended effects of the approach should be evaluated using qualitative as well as quantitative methods. A well-researched methodology that also includes behavioural changes as a result of incentives introduced, put in relation to a baseline, can capture risks of unintended effects of RBFA. One such unintended effect could be that the measured indicators are reached at the cost of other important activities and results. Monitoring and evaluation could create opportunities for learning and allow an iterative step-by-step approach with adaptive learning.



## 4. Overall considerations when using RBFA

When is RBFA an appropriate and suitable financing modality? The following conditions and questions could help guide the choice of intervention and avoid some of the pitfalls in the design of an RBFA intervention.

Ownership	Ownership and interest from the implementing partner is a prerequisite for almost any successful development intervention. If there is a misalignment of objectives between the donor and the implementing partner then neither RBFA nor a conventional aid programme is likely to succeed. An RBFA approach could however reveal a mismatch of objectives more clearly as the costs of the likely failure would be borne by the implementing partner, not the donor. An RBFA approach could also help strengthen ownership by creating more room for experimentation, adaptation and learning, instead of a steering by inputs and activities. The implementing partner should however have a large degree of control over the results. In cases of low control and in high risk environments RBFA may be seen as too risky for the recipient and could be costly for the donor as a large price would be needed to compensate for the increased risk.
Measurability	There should be a clear intended output or outcome that can be measured in terms of improved performance for an RBFA approach to function. The RBFA programme design may reward several steps towards that improved performance but it is important to keep the ultimate intended outcome in mind. Can overall performance be strengthened by aligning financial incentives to the expected results? What is holding back the achievement of development results and what can overcome these constraints? Are there incentives or measures that could unblock such constraints?
Incremental progress	Results (outputs or outcomes) should ideally be measurable in incremental steps of progress. Instead of setting targets and/or conditions that are met or not met a results based financing approach can reward incremental steps of progress, measured in units of tangible results, instead of punishing conditions not fulfilled or targets not met. Likewise, a private service provider will get paid in proportion to the actual outputs delivered.
Capacity	The implementing partner should be in control and be able to influence the results. Is there sufficient capacity (financial and human) to influence the outcome? Will the recipient be able to fund activity upfront, monitor results achieved and respond/reallocate resources to increase results? If not, additional technical assistance could be part of the design, or pre-financing considered. To what extent the donor should intervene and be part of the design in RBFA is however much debated.
Verification	<p>As a separate part of the results contract, resources need to be set aside to guarantee that results can be reported and verified. This means support for strengthening systems for data collection and reporting, audit and evaluation as well as resources for independent verification of the results.</p> <p>Progress on results should be measureable using indicators that are meaningful, feasible and cost-effective to measure. Can the desired objective be measured effectively by indicators using reliable non-contested data sources? Independent verification is desirable as long as additional costs for verification are justified.</p>

<b>Risk sharing</b>	<p>Risk sharing could be used as an element to sharpen performance, i.e. increase the incentives for the implementer to perform well by also assuming some of the risk of failure. RBFA does indeed transfer part of the risk from the donor to the implementing partner. If the expected results fail to materialise there will be no disbursement – hence less risk for the financier.</p> <p>Often however, different RBFA approaches include financing of results at an intermediate level (output or process indicators) and may only partially be linked to outcomes. The degree of risk sharing is therefore partially determined by the level of results. Focusing on an output at an intermediate level can be another approach to share both fiduciary and programmatic risk between financier and implementer.</p>
<b>Predictability</b>	<p>The recipient needs to be prepared for the possibility that results are not achieved and that the donor may not release the money. If possible, payment schemes could be made flexible over a longer agreement period so that low performance one year could be improved and compensated for in a subsequent year.</p>
<b>Gaming (deliberately improving or cheating on performance measures)</b>	<p>Whenever financing is linked to an indicator, there is a possibility of gaming or creation of distorted incentives. The scope for such distortions could be reduced by identifying performance measures along the results chain linked as closely as possible to the desired impact. If donors are able to link aid to the underlying objective (for example, learning outcomes), this has less scope for distortions and gaming than linking aid to inputs or outputs. On the other hand, indicators at outcome level are hard to measure and will be dependent on many variables that are not always easy to control.</p>
<b>Distortions and adverse incentives</b>	<p>Unintended effects as a result of financial incentives are possible or even likely to occur. The pressure to reach certain results could lead to the neglect of other priorities and result in a less holistic approach. Such unintended consequences should be anticipated and articulated at the design stage, and monitored on an ongoing basis.</p>
<b>Harmonisation &amp; alignment</b>	<p>The objectives of an RBFA should be well aligned with the recipient's priorities. However, there are different interest groups whose interests could be more or less aligned with the objectives and the incentives provided. Winners and losers of the intervention need to be well analysed.</p> <p>The donor context could also present special challenges as an RBFA needs to be aligned with government priorities and, to the extent possible, be harmonised with other financiers working in the same area or sector.</p>
<b>Monitoring &amp; evaluation (M&amp;E)</b>	<p>Monitoring and evaluation should be an integral part of an RBFA. The need for independent verification of the results as a basis for disbursement is just one aspect of an M&amp;E system that needs to be in place, but there are many other aspects such as unintended consequences, equity aspects and the long-term impact that should be evaluated.</p> <p>Since empirical evidence of RBFA approaches is limited, it is strongly recommended that independent evaluation mechanisms are put in place for learning and accountability purposes.</p>

## 5. Different ways of using RBFA



Training of teachers in Tanzania as part of the Big Results Now in Education programme. Photo Arne Hoel/World Bank.



RBFA can, as described earlier, be applied differently in various contexts and sectors with a variety of partners and for different purposes. Below is a description of some of the commonly used abbreviations and formats.

**Cash on Delivery Aid (COD Aid)** is an approach that offers a fixed payment for each additional unit of progress towards a commonly agreed goal, e.g. USD 200 for each additional child who passes a standardised test at the end of primary school.

The key features of COD are:

- 1) the donor pays only for an outcome, not for inputs,
- 2) the recipient has full responsibility for and discretion in using funds,
- 3) the outcome measure is verified independently,
- 4) the contract, outcomes and other information are disseminated publicly to ensure transparency, and
- 5) the funding complements other foreign aid or domestic resources.

**Program-for-Results (PforR)** was introduced by the World Bank in 2012 as a new lending instrument. As such it complements the World Bank's two existing lending instruments – investment lending (projects) and policy based lending (budget support). A PforR supports government programmes of expenditures and activities, and links the disbursement of funds directly to the delivery of pre-defined results. Once results have been achieved and measured using so-called Disbursement Linked Indicators (DLIs), an agreed amount of programme spending is released. The PforR instrument has a special focus on strengthening institutions and systems needed for the government programme to achieve the desired results. The PforR uses government systems and seeks to strengthen the systems rather than building parallel project implementing structures. The programmes can be co-financed by governments' own revenues and by other development partners.

**Out-put Based Aid (OBA)** links the payment of aid to the delivery of specific services or “outputs.” These can include connection of poor households to

electricity grids or water and sanitation systems, installation of solar heating systems, or delivery of basic healthcare services. Under an OBA scheme, service delivery is contracted out to a third party, i.e. a public or private or NGO, which receives a subsidy to supplement or replace the user fees. The service provider is responsible for “pre-financing” the project until output delivery. The subsidy is performance based, meaning that most of it is paid only after the services or outputs have been delivered and verified by an independent agent. OBA is explicitly targeted to benefit a poorer segment of the population. A subsidy that substantially lowers the price paid by the beneficiaries in targeted households or geographic areas makes it more likely that they can afford the services.

**Social Impact Bonds (SIBs) and Development Impact Bonds (DIBs)** are the same concept applied in different contexts. Social Impact Bonds (SIBs) improve the social outcomes of publicly funded services by making funding conditional on achieving results. Investors pay for the project at the start, and non-profit or private sector service delivery organisations deliver the outcomes. If successful, the investors get remunerated by the government based on the results achieved by the project.

In developing countries, Development Impact Bonds (DIBs) use the same concept, bringing together private investors, service delivery organisations and governments with the additional participation of donors that can serve as guarantors for payments. Investors provide upfront funding for development programmes, and are later remunerated by donors (and/or host-country governments) if evidence shows that programmes achieve pre-agreed results. If the intervention fails, investors lose some or all of their investment.

**Conditional Cash Transfers (CCTs)** use financial incentives in relation to individuals or households to encourage the use of certain services, like sending children to school or using preventive health services. These results are made conditional by providing a financial subsidy or incentive to an individual or households, thus strengthening the demand side of services like education, health services or other services. CCT schemes often

combine cash incentives with increased and improved supply of services to be able to respond to an increased demand by individuals or households.

**Advance Market Commitment (AMC)** is a binding contract, offered by a donor or another financial entity, that can be used to guarantee a viable market for service providers. As a result, a product like a vaccine or a low-cost medication can be successfully developed. Through such a commitment, the market for that product would become large and attractive enough for any service provider to be willing to invest. Advance Market Commitments could thus encourage private companies to invest in the development of new low-cost products and to make services available to an otherwise neglected market segment.

### **Budget Support with performance tranches.**

Budget support is an un-earmarked payment made to a government in return for commitment to good governance and satisfactory progress in poverty reduction. Budget support operations include a performance monitoring system that allows funds to be disbursed through base (or fixed) tranches and variable (or performance) tranches – linked to progress against specific indicators. The variable tranche can therefore be used to link financing to the fulfilment of actions or results obtained. The share of the variable tranche is balanced to provide incentives whilst avoiding excessive volatility.

#### **Improved school results in Tanzania**

Improving the quality of education in public schools is a top priority for Tanzania. To achieve this, the Big Results Now in Education (BRNEd) Program for Results is rewarding improved pupil-teacher ratios, improved text-book-student ratios, performance based school incentive grants, teacher training programmes, construction of school facilities and more. This means that payments to the programme are made conditional on achievement of certain outputs and outcomes in these areas. The BRNEd was developed by government officials, development partners, representatives from civil society and education experts, and it is run by the Tanzanian government in collaboration with Sida, DfID and the World Bank. Sida is contributing SEK 300 million, approximately 10% of the total budget from 2014 to 2018. Since the programme is relatively recent, it is too early to evaluate the results.



Photo: Arne Hoel/World Bank

#### **Solar panels in Bangladesh**

In Bangladesh, millions of remote households live far from the electricity grid with no access to electricity. By providing a fixed subsidy for an electricity generating solar panel, poor households are more likely to be able to afford the services. Customers can choose between different sizes of solar panels to match their budget, but the subsidy remains the same, US\$ 20 per unit. Smaller sizes, often preferred by poor people, thus get a greater share of the contribution than those buying a bigger panel. The programme started in 2003 with a five-year target of 50,000 units, but within a few years it was installing more than 50,000 units per month. Today, Bangladesh has the world's fastest growing off-grid solar home system coverage and over 3 million people have benefitted. By providing a partial subsidy, more people can be reached than if solar systems were granted free of charge. Sida has contributed SEK 65 million, which accounts for 48% of the total support.



Photo: David Waldorf/World Bank

## 6. Experiences so far and next steps



The Big Results Now in Education Program for Results gives incentives to have more teachers and more books in Tanzanian schools. Photo: Arne Hoel/World Bank.

Sida has experience from working with Output Based Aid, but has limited experience of other kinds of RBFA. Experiences from other donors are still incipient, although the theory of RBFA has been relatively well developed for example by DfID, the World Bank and others. Based on a limited number of evaluations, some valid conclusions on lessons learned so far are:

- There is limited evidence under which circumstances RBFA (especially RBA) works best, including the mechanisms by which incentives work, cost effectiveness, comparison with other potential approaches, impact on equity, sustainability and unintended consequences. Experience to date is limited and more research is needed.
- There is some consensus that RBFA should be implemented as part of a package that includes other forms of supports and services. The underlying complexity of each intervention presents a serious challenge to implementation and evaluation, where the financial incentive is one of several aspects which make it difficult to identify which specific mechanisms are at play.
- Context matters. The theory of change and the effects of incentive structures are highly context dependent. The effects depend on the interaction of several variables, including the design of the intervention (e.g. who receives payments, the magnitude of the incentives, the targets and how they are measured), the amount of additional funding and other components such as technical assistance and the organisational context.



## 7. Current and future work with RBFA at Sida



Subsidies for solar panels has enabled this little restaurant in Barguna, Bangladesh, to turn on electric lights in the kitchen and prolong the opening hours. Photo: David Waldorf/World Bank.

Sida is currently exploring ways to incorporate Results Based Financing Approaches into its toolbox for international development cooperation.

Sida has an internal four year project looking into the preconditions for Swedish aid to work with RBFA. By using different RBFA approaches on a pilot basis and using systematic monitoring and evaluation efforts to learn from these interventions, Sida hopes to develop our own methodological guidance on how and when

to best use RBFA approaches. Identifying and selecting pilots is a first step. Developing methodological guidance on how to prepare and set up RBFA programmes internally constitutes a next step.

Finally, Sida aims to work with the management support system so that it will better suit RBFA interventions, and also strengthen Sida workers through capacity development in the form of open seminars and workshops in RBFA.

For further reading about RBFA, please see the reference list.

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Sida works according to directives of the Swedish Parliament and Government to reduce poverty in the world, a task that requires cooperation and persistence. Through development cooperation, Sweden assists countries in Africa, Asia, Europe and Latin America. Each country is responsible for its own development. Sida provides resources and develops knowledge, skills and expertise. This increases the world's prosperity.



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