



DFID's Approach to Payment by Results

Content

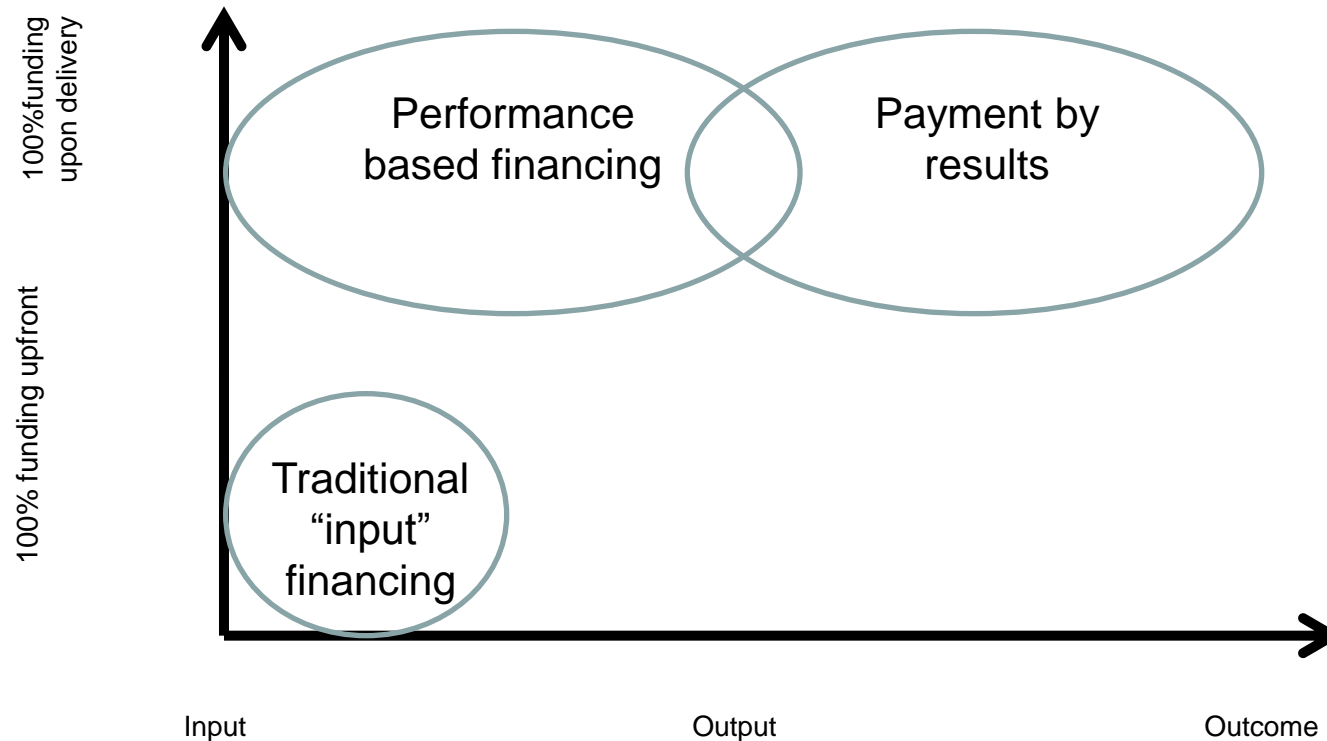
1. Results, Results, Results
2. One way to get results - Payment by Results
 1. DFID Definition
 2. DFID action
 3. Examples of practice
 4. Evaluation and learning
3. Not just results but value for money

Results, Results, Results

- Allocations
- Business Processes – decisions, reviews
- Evidence and Evaluation
- Data – results frameworks
- Scrutiny
- Innovative mechanisms

Context: Linking payments to performance

DFID is increasingly moving away from upfront input financing and linking payments to results and performance.



e.gs.

- Performance financing (performance tranche)
- Procurement reform

1. **Payments based on pre-agreed results.**
Paying for development outcomes, not inputs



2. **Recipient discretion**
on how to achieve
results.

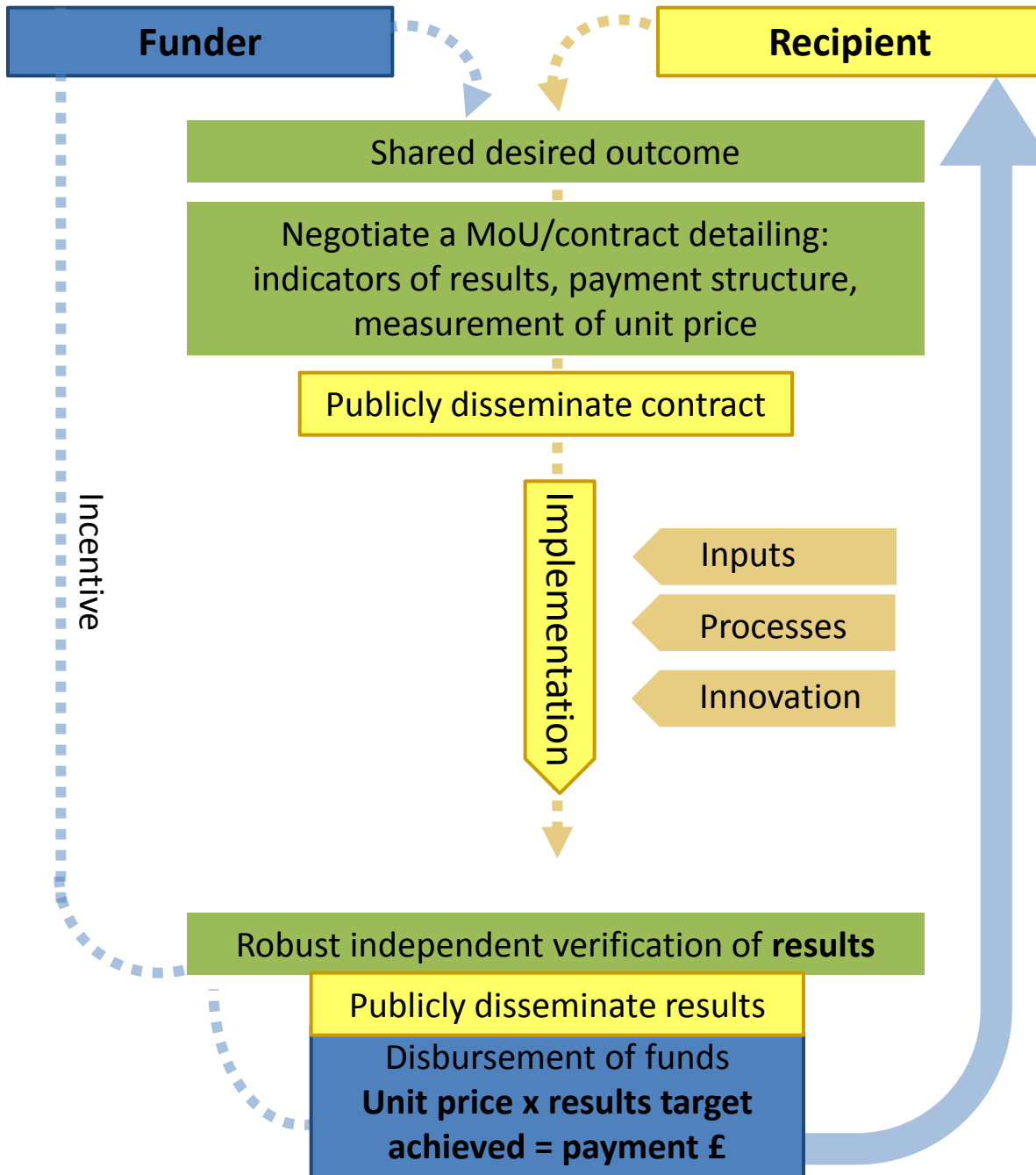


3. **Independent verification** of results as
the trigger for
disbursement.



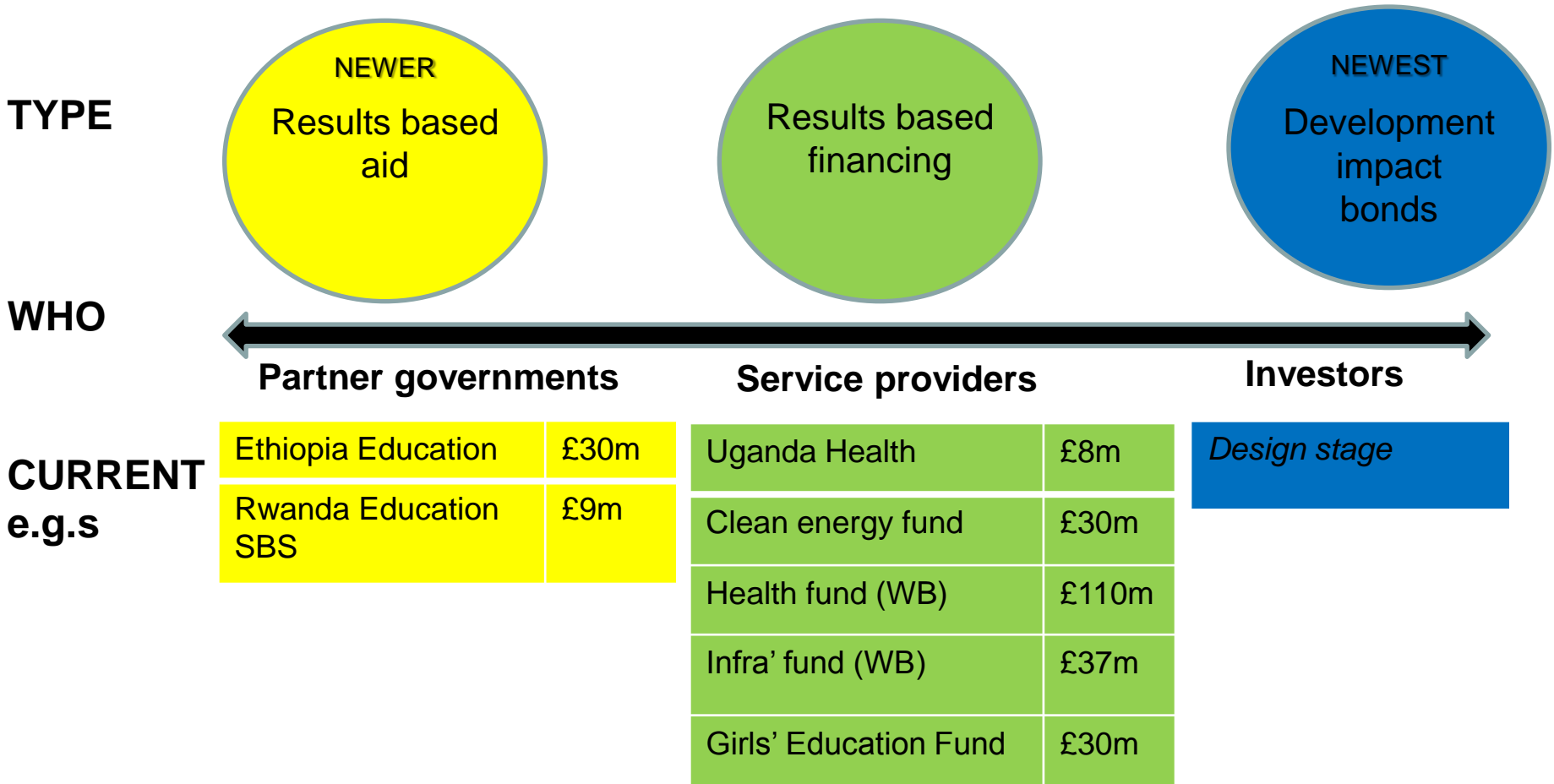
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Types of PBR: DFID pilots

DFID distinguishes different types of PBR depending on who we transfer risk to.



PBR in practice: Education pilot Ethiopia



PBR in practice: Education pilot Ethiopia

Funder

Aligned development result:
Improved lower secondary completion

- Agree indicator of results:**
- Number of students sitting an exam
 - Number of students passing exam

Agree payment structure (unit price)

	Passer		Sitter	
	Emrg	Non-emrg	Emrg	Non-emrg
Boys	£75	£50	£75	£50
Girls	£100	£85	£100	£85

Publish and announce MoU

Textbooks in schools
Building new schools
Provide coaching for
teachers

Where we are
now!

**Independent
verification of
results**

**Disbursement of
funds:**
Unit price x
number of
students sitting
exam =
payment £

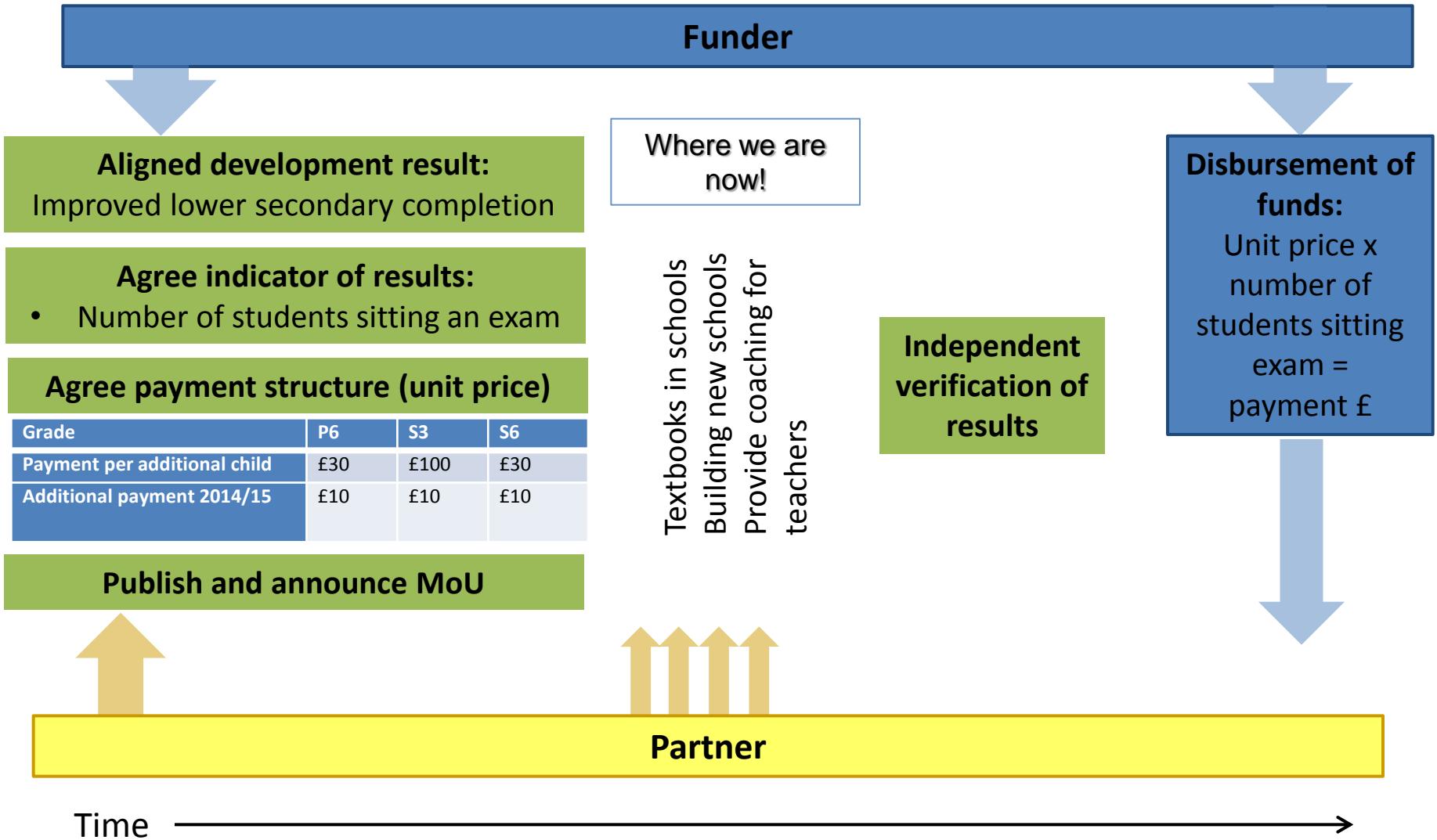
Partner

Time →

PBR in practice: Education pilot Rwanda



PBR in practice: Education pilot Rwanda



Learning and Evaluation

- Current evidence base is too weak for general conclusions on efficacy of PBR; more robust, comprehensive and wide ranging testing and evaluation of PBR is needed.
- DFID is engaged in building the evidence of whether and how PBR works.
- Good spread of PBR pilots developing, across delivery channels, sectors, countries and various types of PBR.
- Each of our pilots is independently evaluated.
- Evaluations and lessons learnt in design and implementation will provide DFID with evidence to take informed decisions about how to progress PBR in the future.
- DFID to develop PBR strategy by Spring 2014.

Evaluation and Learning

Key findings from recent DFID funded synthesis study on evaluation and PBR:

- Start by identifying questions, then consider methodology.
- Most important question might be identifying **mechanisms and sets of circumstances under which PBR approaches may make a positive difference**
- Range of other important questions about PBR identified, e.g. cost effectiveness and comparison with other potential approaches and strategies, appropriate size and nature of incentives, exploration of unintended effects and how they can be avoided/ minimised.
- Need to explore and describe process by which PBR implemented in practice and reasons why changes from original may be needed.

Final thoughts - not just results – value for money

- Evidence
- Metrics
- Comparable data
- Understanding cost as well as results
- Incentives

Thank you