



Roundtable Discussion on Cash on Delivery Aid

Side Meeting at the United Nations Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus

Co-hosted by President Kikwete and the United Republic of Tanzania, the William and Flora Hewlett Foundation, the African Center for Economic Transformation, the Education for All – Fast Track Initiative, and the United Kingdom Department for International Development

Doha, Qatar – 1 December, 2008

Purpose:

The purpose of the event was to convene representatives from developing countries, development agencies, private foundations, and civil society interested in learning more and/or developing and implementing a pilot of the Cash on Delivery Aid approach to education.

Participants^[1]:

Marianna Oforu	African Center for Economic Transformation
Smita Singh	William and Flora Hewlett Foundation
Anthony Smith	UK Department for International Development
Bomboko Francesca	Democratic Republic of the Congo, Ministry of Planning
M. Mukradfi	Democratic Republic of the Congo, Ministry of Planning
Sebushen Tshibumgo	Democratic Republic of the Congo, Ministry of Planning
Theo Kanene	Democratic Republic of the Congo, Ministry of Planning
Gaudet Mbumba	PNUD
Adelaide Sosseh	Global Call for Action Against Poverty (GCAP)
Angela Farhat	Ghana, Ministry of Finance
Geoges Heinen	Asian Development Bank
Said Elhachimi	World Trade Organization
Liesbet Steer	Overseas Development Institute
Jonathan Rothschild	Canadian International Development Agency

^[1] The following participant list includes names and affiliations as listed on the sign-in sheets. A number of participants are missing from this list. Please email amahgoub@cgdev.org to make additions or corrections to this list.

Janice Dolan	Save the Children
Uwe Gartenschlaeger	DVV International
Owen Barder	Development Initiatives
Yvonne O'Neal	Anglican Consultative Council
Ambassador Crispin Gregoire	Permanent Mission of Dominica to the UN
Karen Turner	US Agency for International Development
Olav Seim	UNESCO
Shabani Gurumo	Tanzania, Executive Office
	Africa Development Interchange Network (ADIN)
Martin Tsounkeu	ZNZ-URT
Khatib M Kafib	NGO
PA Surendran	NGO
Widad Ibrahim	Stenor & Associates
Mpolo Stenor	Rwanda, Treasury
John Rwangombwa	Etoile 2000/ABR
M. Tall	All for Education
Radya Osman	All for Education
Widad Yagoub	
HE Vice President Isaton Saidy	The Gambia
Rana Alsairafi	Be Free
Ambassador B Taj	Tanzania, Office of Multilateral Cooperation
Michael Keating	Africa Progress Panel
Raymond Alexander	COPS Worldwide
Lina Benete	UNESCO
Ron Mendoza	UNICEF
Frederic Bonters	Agence Francaise de Developpement
Pierre Jacquet	Agence Francaise de Developpement
Koldo Echebarria	Inter-American Development Bank
Victor Bernardo	Mozambique
	Organization for Economic Co-operation and Development
Suzanne Steensen	ONE
Mikiko Imai	Tanzania
Sezai Kimi	International Council for Adult Education
Adelaida Entenza	International Council for Adult Education
Nicole Bidegain	Tanzania
Salva Rweyemamere	JCTR, Jubilee-Zambia
Tina Nanyangwe	ONER AJAD
Mohameden Horuna	World Bank
Carlos Primo Braga	Center for Global Development
Nancy Birdsall	Center for Global Development
Ayah Mahgoub	Food and Agriculture Organization
Charles Riemenschneider	
Ambassador Donatus St Aimee	St. Lucia, Permanent Mission to the UN
Minister Pacifique Isoibeka	Ministry of Economy, Finance and Budget
HE President Jakaya Kikwete	Tanzania

Overview:

Smita Singh opened the meeting by briefly introducing Cash on Delivery Aid as a new aid modality that promotes tangible results, transparency, and accountability.

Minister Maghmebe described the progress that has been made in Tanzania in the education field and announced Tanzania's support of the Cash on Delivery Aid approach. He said that Tanzania has made great strides towards achieving universal primary education. Now, the country is in need of additional resources to accommodate this expansion and address the issue of quality within the educational system (through hiring additional teachers, increasing the stock of textbooks in schools, building laboratories for students, etc.). Minister Maghembe said that the leadership of Tanzania is very interested in the Cash on Delivery Aid approach because of the additional funds it will introduce to the country and the ability for the leadership of Tanzania to determine how to best use that funding. He concluded by saying that Tanzania is ready, willing and interested in participating in a pilot of Cash on Delivery Aid, and he challenged donors to try this new approach.

Nancy Birdsall then gave an overview of Cash on Delivery Aid, the shortcomings of the traditional aid architecture that it aims to address, and the application of the approach to education. She highlighted the essential features of the approach, namely that it is:

- A means for paying for outcomes, not inputs;
- Hands-off;
- Independently verified; and
- Transparent to the public.

She also discussed the benefits of the approach to donors and recipients, and highlighted some of the variable features that would need to be determined during the design of a pilot.

The meeting was then open to a discussion of the merits of the approach and the challenges participants to the meeting believed needed to be overcome when designing and implementing Cash on Delivery Aid for education in specific contexts. During the course of the discussion, Smita Singh noted that there have been far fewer innovations in financing for education in developing countries than in other sectors, e.g. health. This point was echoed by developing country officials who made the case, during the discussion, that there was a need for more education aid to help them continue to make the great advances they have achieved in their countries over the past decade. Many of these countries have made strides towards achieving important goals such as universal primary education (one of the Millennium Development Goals), gender parity, and the improvement of educational facilities. In addition to making the case for more aid, they expressed support for a shift in the role of donors. Rather than having donors control their education plans and the way they spend their aid, they welcomed the constructive engagement of donors for demand-driven technical assistance in the way advanced by the Cash on Delivery approach to aid.

Some of the merits of the approach that were raised during the discussion included the following:

- Places a premium on results during a period in which resources are tight;
- Offers a means for scaling up aid in a manner that is complementary to existing streams of funding;
- Can create a channel for private philanthropy;

- Shifts the role of donors from monitoring and guiding (and in the case of some donors, focusing on monitoring and reviewing procurement issues, approving indicial disbursements, and so on) to providing demand-driven technical input; (helps donors shift from controlling programs by controlling spending to demand-driven technical help)
- Addresses the issue of predictability;
- Allows for refining the concept and learning from it over time (via a pilot);
- Creates a demand for statistics and data; and
- Can be applied to other agreed goals.

The concerns that were raised during the discussion – especially by representatives from donor agencies – (and a brief indication of the responses where appropriate) included the following^[2] :

- High costs will be absorbed by the first donors to develop and implement such an innovation;
- Donors with limited grant financing may need to administer Cash on Delivery Aid as a loan with a degree of concessionality;
- It may be difficult to implement the approach in fragile states (It depends on the nature of “fragile”. In some post-conflict settings with new and responsible leadership it could be a useful addition to input-based aid programs, particularly in providing incentives for creating a management information system – initially measurement could be contracted out.);
- How to make concrete the commitment of donors that the ex-post aid offered would not displace ex-ante aid? (This problem of additionality curses all such commitments – it not unique to Cash on Delivery.);
- Stakeholders are concerned that there is a time lag between new costs and disbursement of the Cash on Delivery Aid payment (There could be an upfront payment – that would be up to the donor. It is also likely in some countries that current input-based aid is financing new investments and initiatives; the COD Aid would then potentially improve the efficiency of spending. It might also change expenditures in other sectors, e.g. there could be more attention to maintaining or improving rural roads than otherwise, so children could get to secondary school in rural areas.);
- The approach may not differ greatly from budget support and output-based aid (Among other differences the approach creates more transparency for citizens and accountability of authorities to citizens than does budget support.);
- Donor systems may be ill-suited to the proposed method of administering aid since they are equipped to check receipts and monitor, not provide demand-driven technical assistance (For donors, controlling spending is often a means for controlling programs – and both are activities that are considered ineffective for effective and sustainable development. The shift in the role of donors that COD Aid facilitates ensures that donors are providing useful and effective input for the development activities of developing countries.);
- The focus of the approach may be on quantity instead of quality of education (The requirement to take a test and to publish the results is meant to ensure attention to quality

^[2] We address a number of these concerns in the papers on the Cash on Delivery Aid webpage under Background Papers and Resources and in the section addressing Frequently Asked Questions. These issues will be further addressed in forthcoming notes and a book entitled Cash on Delivery: A New Approach to Foreign Aid with an Application to Primary Schooling.

without encouraging high-stakes cheating, but this is a good example where our understanding is limited and COD Aid would allow for analysis over several years.); and

- Transparency and the social audit will not necessarily lead civil society to hold the education system accountable to demonstrating results. (There are examples, most famously Uganda, where transparency appears to have made a difference. This also could be assessed/tested, particularly were a country interested in phasing in COD Aid across districts, allowing a natural experiment.)

Towards the end of the meeting, President Kikwete discussed the importance of education in Tanzania and countries around the world. He praised the Cash on Delivery Aid approach for education financing as a way to scale-up aid for education, and to do so by rewarding tangible results.

Next steps:

A number of next steps were raised during the meeting. The following are three of those next steps:

- Holding workshops between donor agencies working in one or more specific countries with government officials, civil society representatives, and technical experts to work out the aspects of the approach that are country-specific;
- Exploring the idea of establishing an Innovation Fund as proposed by Pierre Jacquet through which multiple donors could contribute funds to be used on aid innovations such as the Cash on Delivery Aid approach; and
- Including both education and the Cash on Delivery Aid approach on the agenda of the African Union.

We will send more information on our next steps through the Cash on Delivery Aid newsletter. In the meantime, we welcome any additional requests from interested developing country governments, donor agencies, civil society organizations, and any others interested in the approach.^[3]

^[3] Please send comments, requests, and questions to amahgoub@cgdev.org.