



ACROPOLIS

AID EFFECTIVENESS IN FRAGILE CONTEXTS

Session 4: Financing for Development
INCENTIVES & COMMITMENTS
APPROACHES TO
CONDITIONALITY IN FINANCING
Thursday 20 April 2017



ACADÉMIE
DE RECHERCHE ET
D'ENSEIGNEMENT
SUPÉRIEUR

**LA COOPÉRATION
BELGE AU DÉVELOPPEMENT**





AID CONDITIONALITY AT THE INTERSECTION OF:

- Politics (the decision made)
- Technicality (the elements used to make that decision)



DOUBLE PHENOMENA



CONDITIONALITY

=> intersection of politics & technicality



FRAGILE CONTEXTS

**Politisation
of
technicality**

**Technicalisation
of politics**

Both at the partner but also the donor level



POLITISATION OF TECHNICALITY (examples from IT evaluation)

- Subjectivity of formulations ("honest elections"?)
- Clarity of indicators (CPIA)
- Timing of evaluation
- Amount of the tranche, etc.



**Politisation and/or perception of politisation
(hidden behind an « objective » instrument)**



TECHNICALISATION OF POLITICS

- ❑ Rules-based indicators: passing a law, validation of an action plan (e.g. Burundi), article 8 dialogue (e.g. Rwanda, etc.) => essentialisation of politics / isomorphic mimicry
- ❑ And even Outcome-based Indicators: elections, RoL, civil society => subversion of international norms and narratives



**Widened gap between
appearance and reality**



CONCEPT NOTE ON INCENTIVES AND PARTNER COMMITMENTS

Growing realization that a new way to approach and frame **incentives and partner commitments** was needed, **more tailored and country/context based**



No universal algorithm



WHY « INCENTIVES AND PARTNER COMMITMENTS » AND NOT « CONDITIONALITIES » ?

- Political sensitiveness of the term
- Complexification of mechanisms
- Mutation of development cooperation itself and the nature of the relation with the partnerS



OBJECTIVES OF THE CONCEPT NOTE

- Learn from present and past experiences
- Widen the scope of the 2012 note on incentive tranches
- Acknowledge that there is not universal algorithm

⇒ **Policy making support / vetting**



WHAT WE TRY TO AVOID

- No changes
- Appearance of changes (= absence)
- Polarisation of actors
- Loss of credibility



FOUR PILLAR APPROACH

- Vision for change
- Typology of modalities
- Guiding principles
- Operational parameters



I. VISION FOR CHANGE

Three crucial component

1. Context of the partner
2. Contexte of Belgium
3. Objective aimed for the modality

“What do we want to achieve in this specific setting?”



ACROPOLIS II. TYPOLOGY OF MODALITIES

AID EFFECTIVENESS IN FRAGILE CONTEXTS

	Ex-ante	Ex-post
Incentives	<p>Pre-requisite conditions to the granting of (additional) funds</p> <p>Example: Granting funds for institutional capacity building if the partner passes the necessary legal and organizational justice reforms before the programme starts.</p>	<p>Performance-based mechanisms such as incentive tranches or top-ups envelopes</p> <p>Example: Determining if additional support or an expansion of the intervention zone is granted based on an independent study of the performances of communal police stations supported by the programme</p>
Partner commitments	<p>Triggers of suspension or reduction of funds before a programme or project begins</p> <p>Example: Deciding to not liberate the funds for a road building programme if the preliminary commitment of the authorities to provide and block the necessary budget for its 3-year maintenance is not met.</p>	<p>Triggers of reduction, suspension or termination of funds during a programme.</p> <p>Example: Suspending or reducing a health sectorial budget support if the predetermined redline clauses of political inclusiveness are not respected in the course of the convention.</p>



III. GUIDING PRINCIPLES

Four key elements

1. As multi-donor as possible (reinforce leverage)
2. As multi-actor as possible (governmental & non-governmental)
3. As multi-dimensional as needed (combination of modalities)
4. As multi-level as needed (ministerial, provincial, organizational or operational, etc.)



EXAMPLE OF A SYSTEM OF INCENTIVES / PARTNER COMMITMENT

- (1) Belgian's human rights and governance red lines aligned on the European Union's
- (2) sectorial incentives are set in coordination with other bilateral or multi-lateral donors active in the sector
- (3) sectorial partner commitments are defined in partnership with one or more like-minded donors
- (4) operational level, a step-by-step approach can be designed with clear milestones along with commitments and incentives attached to them
 - Preliminary suspensive partner commitments
 - Incentives or partner commitments mechanisms with different degrees of green lights and red lights during the programme (some not covering the entire programme but only certain results so that issues arising in one result do not prevent to move



IV. OPERATIONAL PARAMETERS

Eight parameters to keep in mind

- Channel(s) of international development.
- Roles and responsibilities (BE)
- Proportionality of the incentive or partner commitment.
- Nature of indicators (OBI vs. RBI)
- Micro-analysis of criteria
- Embedment in local priorities and policies
- Links with other interventions
- Feedback loops frequency



BUILDING INCENTIVES AND PARTNER COMMITMENTS

BELGIAN FOUR PILLAR APPROACH



VISION FOR CHANGE

Based upon two core elements:

- The **contexts** of the partner **and** donor countries
- The **objective** given to the mechanism (end vs. mean)



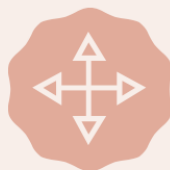
GUIDING PRINCIPLES

- As multi-donor as possible
- As multi-actor as possible
- As multi-dimensional as required
- As multi-level as required

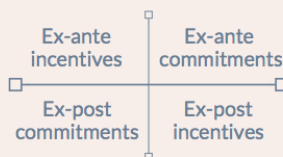


OPERATIONAL PARAMETERS

- Channel(s) of cooperation
- Roles & responsibilities
- Proportionality
- Outcomes- vs. rules-based indicators
- Micro-analysis of criteria
- Embedment in local priorities & policies
- Links with other interventions
- Feedback loop frequency



TYOLOGY OF MODALITIES



SET OF INCENTIVES & PARTNER COMMITMENTS MODALITIES