

TrAid+

Channeling Development Assistance to Results

Alex Ergo and Ingo Puhl

Abstract

Development assistance is meant to improve the lives of poor people in developing countries, but the effectiveness of aid in meeting this goal is uncertain. Demonstrating failure—or success—is difficult because traditional donor financing mechanisms track inputs, not results. This is compounded by poor coordination between actors and a lack of transparency, accountability, and country ownership. Development assistance that is ineffective or has unknown outcomes wastes resources, erodes the constituency for aid, and most importantly fails to improve the lives of poor people as much as it could. TrAid+ is a new mechanism that aims to address these problems by creating a market for certified development outputs—outputs for which both the delivery and the quality have been verified. By ensuring that these outputs, such as safe deliveries or gas connections, meet certain standards, trAid+ acts as a third-party stamp of approval that donors, tax payers, recipient-country governments, service providers, and beneficiaries can trust to know that their aid is being used effectively and is contributing to the development objectives of the recipient country. And trAid+ makes all information accessible online, making it easier for funders to link with projects that are working and projects that are working to link with anyone interested in purchasing certified development outputs. TrAid+ can be tailored to any sector where outputs can be clearly defined and measured, whether health, education, infrastructure, or agriculture. This paper describes the trAid+ concept in detail and proposes practical steps to establish the trAid+ platform.

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Foreword

For decades, aid agencies have sought to improve foreign aid by moving away from the most common approach, paying for inputs like roads and schools, toward strategies that promise to put greater focus on achieving results like lower transportation costs and educated children. The last ten years have seen substantially more progress on this front, with efforts to link foreign aid payments to everything from vaccinated children and fully operating water connections to progress on public financial management procedures and improved governance.

CGD has participated in this process in a number of ways: encouraging aid agencies and developing countries to learn from their new programs through rigorous impact evaluations (Savedoff, Levine and Birdsall “When Will We Ever Learn”); documenting results based financing in health sector programs (Eichler and Levine “Performance Based Incentives”); and analyzing the key features of a pure results-based approach (Birdsall and Savedoff “Cash on Delivery: A New Approach to Foreign Aid”).

One of the biggest hurdles to paying for results is finding a good way to measure the desired outputs or outcomes. Substantial work is in process, at CGD and elsewhere, to refine the indicators used in such operations, assess where and how they could be most useful, and identify ways to make sure the indicators are credible and verifiable.

Meanwhile, another literature is now emerging. Spurred by the progress in results based funding, many people have realized that once credible progress measures are generated, that information can be a powerful tool for improving the selection of different projects, i.e. tendering on the basis of results promised rather than activities performed. It can also be used to mobilize new sources of funds. After all, if investors can be found for the future delivery of commodities or for financial indices based on stock market performance, why not find investors interested in the delivery of children completing primary school or surviving to age five?

Alex Ergo and Ingo Puhl have taken these notions and, with the encouragement of Ruth Levine, who commissioned this paper before she moved from CGD to USAID in 2010, and

others at CGD, developed an idea they call *TrAid+* – a system that creates a more open and transparent market for development projects focused around the delivery of outputs. The paper explains the various features – including pledges, measurement, verification, and transparency – required to make it work. The idea is provocative precisely because Ergo and Puhl show its feasibility once the progress measures are in place. It demonstrates how the roles of development agencies, NGOs, governments, and markets can be harnessed in new ways to improve lines of accountability and foster efficient application of resources. In this way, the paper contributes not only to the debates over improving foreign aid but also to discussions for mobilizing non-traditional sources of expertise and funding for progress in low- and middle-income countries.

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Table of Contents

Introduction.....	1
Rationale.....	2
Using the <i>trAid+</i> Platform: <i>TrAid</i> -ing	6
The Basic ‘ <i>trAid-ing</i> ’ Process	6
Variations and Extensions of the Basic Process	10
Added Value of the <i>trAid+</i> Platform	14
Implementation: how to set up the <i>trAid+</i> platform	16
<i>TrAid+</i> Governance	16
Proposed approach to setting up the <i>trAid+</i> platform	19
The Initial Phase.....	19
The Gradual Expansion of <i>trAid+</i>	21
Mitigating Risks	21
Monitoring, evaluation, and measurement of outputs.....	21
Country ownership.....	22
Conclusion	23
References.....	25
Appendix A: Glossary of <i>trAid</i> -related Terms.....	28

List of Acronyms

AA	Approval Authority
AAA	Accra Agenda for Action
CCT	Conditional Cash Transfer
CGD	Center for Global Development
CoD	Cash on Delivery
IDD	Intervention Design Document
MRV	Monitoring, reporting and verification
NGO	Non-Governmental Organization
OBF	Output-Based Financing
ODA	Official Development Assistance
P4P	Pay-for-Performance
RBF	Results-Based Financing
TB	Tuberculosis

“There is no lack of willingness to help; what holds back donors, both private and public, is a lack of conviction that the money will be well.”

—Tim Harford and Michael Klein, *The Market for Aid: Understanding Aid by Looking Forward and Looking Back* (Washington DC: The World Bank, 2005)

Introduction

The goal of development assistance is to contribute to tangible improvements in the lives of the world’s poorest. Yet, it is widely acknowledged that, with current development assistance architecture and delivery mechanisms, the effectiveness of much of the assistance in meeting that goal is highly questionable. In addition to wasting valuable resources, limited effectiveness also holds back many potential donors, both private and public, who would otherwise be willing and able to contribute to the resource envelope (Harford and Klein, 2005).

There is a shared understanding as to why development assistance has not achieved its expected and stated impacts. Literature highlights key reasons as the high degree of fragmentation with a multitude of uncoordinated development assistance providers, the resulting high transaction costs incurred by recipient countries in their engagements with the development assistance providers, their limited ownership, the lack of accountability between all involved stakeholders, and the lack of transparency (Acharya *et al.*, 2006; Carlsson *et al.*, 2009; High Level Forum on Aid Effectiveness, 2005; Shafik 2009). Over the past few decades, various attempts have been made to tackle these problems; they have been met with only limited success, however, because most fail to address all the key problems simultaneously (Barder 2009; Birdsall *et al.*, 2010).

The paper introduces an innovative concept that would address in a comprehensive manner the reasons for development assistance shortfall. The concept is called ‘*trAid+*’, a label that combines the words *trade* and *aid*. *trAid+* is a coordinated and transparent market for certified development outputs, i.e., outputs for which both the delivery and the quality have been verified. *trAid+* is also a third-party *stamp of approval* for development assistance. It offers a more reliable and flexible way to channel funds from existing and new development assistance providers to service providers that are able to deliver certified outputs contributing to the

achievement of the development objectives of the recipient country. By disconnecting the decision-making and funding process for interventions from the delivery of outputs and holding service providers accountable, *trAid+* also creates strong incentives to innovate and reduce output delivery costs/maximize output delivery. The proposed *trAid+* platform consists of a combination of rules, procedures, methodologies, and IT solutions, which can be tailored to any sector where outputs can be clearly defined and measured (e.g. health, education, infrastructure, agriculture).

With the development assistance community as its primary audience, the paper is structured as follows: the first section provides the rationale for the implementation of the *trAid+* platform; the second describes the *trAid+* process in detail – both the basic process and variations and extensions thereof – and highlights the added value of *trAid+*. The third section focuses on implementation, discussing required governance functions and proposing a pragmatic approach to setting up the *trAid+* platform. Risk mitigation is discussed in the final section. To assist the reader, a glossary of *trAid+*-related terms has been added in Appendix A.

Rationale

This section aims to provide a rationale for the proposed *trAid+* platform.

The primary deficiencies of the traditional development assistance delivery mechanisms include: poor coordination among development assistance providers, high transaction costs, limited ownership by recipient governments and insufficient accountability and transparency (Acharya, et al., 2006, Shafik 2009). With the rapid proliferation of development assistance providers (e.g. bilateral and multilateral organizations, global partnerships and initiatives, philanthropic foundations) and the growing number of non-governmental organizations (NGOs) through which aid funds are channeled, the coordination of development assistance has become a major challenge for recipient countries, rendering the task of aligning development assistance with national development objectives extremely difficult. In 2000, for example, 22 bilateral donors were providing assistance to, on average, 107 countries each (Acharya et al., 2006). Proliferation and lack of coordination result in fragmented processes, communications, and actions, and in duplication of efforts, which in turn increase administrative burden and transaction costs (Birdsall et al., 2010). They also prevent the identification and scale-up of promising interventions via comparison among existing programs, thereby hampering allocative efficiency.

In the traditional model, funds typically follow inputs. Their disbursement is dependent on accurate expenditure tracking and reporting rather than on the achievement of actual results. Performance monitoring tends to be weak at best, leaving ample room for uncertainty as to the delivery of outputs and the improvement of outcomes (Barder, 2009). This brings us to another weakness of traditional aid delivery mechanisms: lack of accountability, which is found at many levels (Birdsall et al., 2010; Barder, 2009): between a recipient country's government and its citizens; between a bilateral donor and the citizens in the donor's country; between a development assistance provider and the citizens in the recipient country; between a development assistance provider and the government of the recipient country; and between a development service provider and the government of the recipient country. This lack of accountability is exacerbated by other problems discussed above and further adds to the high transaction costs.

Closely related to weak accountability is the problem of lack of transparency (Shafik 2009). Transparency, simply put, means there is an openness in the flow of information (Holzner, 2006). Barder (2009) states that accountability should allow for the tracing of aid from the funder, to the service provider, and on to beneficiaries. When available, this flow of information can rarely be accessed by the stakeholders involved, especially the intended beneficiaries, and even more so the public at large.

Each of the deficiencies discussed above has been identified by the Paris Declaration on Aid Effectiveness (High Level Forum on Aid Effectiveness, 2005). Minoiu and Reddy (2009) demonstrated that addressing these deficiencies does make development assistance more effective. Of all attempts to address them, results-based financing (RBF) is to date the most promising one. RBF – sometimes referred to as Pay-for-Performance – encompasses a range of financial and non-monetary incentives targeted to providers, payers, or consumers conditional on their taking one or several measurable, wellbeing-promoting actions (Naimoli, Brenzel and Sturdy, 2009). It is a generic term that covers a number of innovative approaches including for example Output-Based Aid, Conditional Cash Transfers, and Cash on Delivery (Munssen et al., 2010). The rationale for these approaches is already well documented (IDA, 2006; Canavan et al., 2008; Eichler and Levine, 2009; Birdsall et al., 2010). As Barder (2009) puts it, RBF approaches "... have the potential to increase the focus on results, improve accountability to beneficiaries, and create incentives for efficient delivery. Linking aid to results could also reduce transactions costs (because inputs and processes do not have to be prescribed and monitored), reduce the impact of information asymmetries, and promote ownership by developing

countries. Linking aid to results could promote institutional capacity in developing countries by enabling them to develop their own systems to achieve their goals, rather than depending on parallel systems and processes established by donors..."

As such, RBF approaches have received growing attention from governments in developing countries and members of the development assistance community. While some development assistance providers are considering the adoption of RBF on a pilot basis, others have already committed substantial amounts of assistance money to initiatives using an RBF approach. Innovative RBF programs are being implemented across the globe, including in Bangladesh, Cambodia, Pakistan, the Philippines, Rwanda, and Burundi (Eichler, 2010). Even though the total amount channeled through these innovative approaches remains relatively modest in comparison to the annual total of more than US\$ 120 billions of Official Development Assistance (ODA), it is rapidly increasing. Within the World Bank Group alone, the amount of funding for projects using one of these approaches, Output-Based Aid, has more than doubled since 2002-03; it now totals US\$ 3.5 billion (Munssen et al., 2010). As part of the pledge made by members of the High-Level Taskforce on Innovative Health Financing to commit an additional US\$5.3 billion for the health of women and children in developing countries, the governments of the United Kingdom and Norway announced, in September 2009, that they would contribute US\$420 million to support RBF programs in this area. The government of Australia will provide an additional AUD 336 million for performance-based aid initiatives in various sectors (Morgan, 2009). The Bill & Melinda Gates Foundation, the Carlos Slim Health Institute and the Spanish Government recently decided to contribute \$50 million each to Salud Mesoamerica 2015, an initiative that will promote RBF initiatives to improve health among the poor in Central America and southern Mexico (IDB, 2010). With the promising results from the first impact evaluation of a nationwide RBF initiative in Rwanda (Basinga et al, 2010) and from an extensive review and comparison of World Bank programs with and without an RBF component (Mumssen *et al*, 2010), both the interest in and the use of RBF are likely to rapidly increase.

Remaining challenges faced by RBF include the insufficient coordination of interventions and future/delivered outputs through integrated registries and the resulting duplication of efforts, the absence of widely accepted standards that are required to create homogenous output units, and the difficulty to scale up and attract funding from a broader range of development assistance providers. *TrAid+* aims to address these remaining challenges. The key principles on which the design of the *trAid+* platform is based are to a large extent aligned with those underlying RBF:

- Payment (or part thereof) is linked to outputs rather than inputs;
- The actual delivery of the agreed upon outputs is verified by an external evaluator¹ and registered in either a central registry or interconnected registries;
- The information pertaining to each step in the *trAid*-ing process is publicly disseminated. This transparency increases accountability and introduces a strong incentive for soundness and accuracy.

Building on these principles, the *trAid+* platform creates a market for certified development outputs, i.e., outputs for which both the delivery and the quality have been verified by an external evaluator. By ensuring that these outputs meet certain standards, *trAid+* acts as a third-party *stamp of approval* needed for all stakeholders, including development assistance providers, tax payers, governments of recipient countries, service providers and beneficiaries, to trust that development assistance is used effectively and contributes to the development objectives of the recipient country. With all information relating to the *trAid*-ing process made accessible online, this market for certified outputs can grow rapidly, attracting funding from existing donors, both private and public, as well as new ones, including the public at large, who had withheld contribution to development due to lack of trust and limited access to information on effective interventions.

An approach that is to some degree comparable has been introduced by the Global Partnership for Output Based Aid (GPOBA). Under this approach, payment for the provision of basic services to the poor, who could otherwise not afford access to such services, are made (in part) through donors upon verification of service delivery to the target group, replacing user fees. Important differences between GPOBA and the proposed *trAid+* platform are that GPOBA is semi-formal, i.e. it lacks the explicit *infrastructure* of *trAid+*, such as a registry; and that it is bilateral in the sense that the contract for provision of services is negotiated bilaterally without a clearing mechanism (the donor and service provider already know each other). Also, a certified development output under *trAid+* can be broader than the typical output under GPOBA: it can for instance also include an increase in the population coverage of a given intervention or a measured improvement in service quality.

While it is true that “...not everything that counts can be counted and not everything that can be counted counts...” (Cameron, 1963), the number of areas where a meaningful – and

¹ Note that evaluation is not always carried out by an external evaluator in existing RBF approaches.

trAid-able – output can be clearly defined is considerable. In health, for example, there are numerous high-impact interventions, i.e. interventions that have the potential to save many lives or improve the health of many people, for which an output can be measured and verified. Most of these interventions, however, are currently being terribly under-provided. In these areas, *trAid+* could make a major contribution.

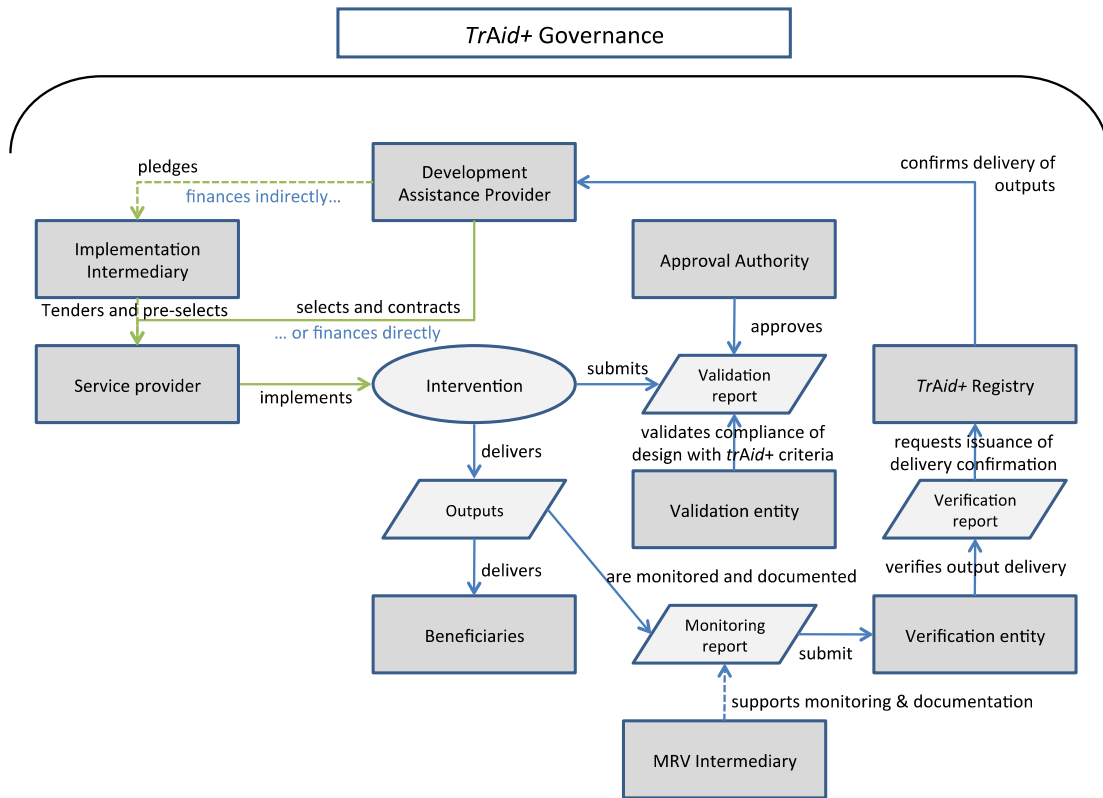
Using the *trAid+* Platform: *TrAid*-ing

The *trAid+* platform is a combination of various elements, including procedures, rules, protocols, and IT solutions, which are necessary for the effective operation of the market for certified development outputs. The potential scope of *trAid+* is vast. Given that the *trAid+* concept is applicable wherever a clear output can be measured and verified with an acceptable degree of confidence, it can be adopted in most sectors targeted by development assistance. These include health, water and sanitation, education, poverty alleviation, energy, telecommunication, transport, agriculture, among others. Any ongoing or new intervention with a clearly defined, measurable output could use *trAid+* as a vehicle or platform for its transactions. The *trAid+* infrastructure itself is to some extent modeled after the financing scheme developed for the international trading of voluntary carbon offsets, which has already succeeded to channel more than US \$100 billion into the financing of the low-carbon economy. There, the unit of output is the carbon offset, which represents the reduction of one metric ton of carbon dioxide or its equivalent in other greenhouse gases. The '*trAid-ing*' process is described in the sections that follow in conjunction with practical examples from various sectors to illustrate the versatility of *trAid+*.

The Basic '*trAid-ing*' Process

The basic '*trAid-ing*' process is shown in Figure 1. The process starts with a pledge made by a development assistance provider and ends with a release of funds to the selected service provider, after the delivery of agreed upon outputs by this service provider has been confirmed. The process operates under the oversight of the *TrAid+* Governance. All the steps involved in the process are described below. For further ease of reference, terms that appear in Figure 1 are italicized in the text.

Figure 1 – The Basic *TrAid*-ing Process



1. A donor, or *development assistance provider*, makes a pledge for the financing of a certain number of units of a particular development output. For example, a bilateral development agency pledges to pay for the detection and treatment of 1,000 cases of tuberculosis (TB) in a given country or a corporation pledges to subsidize 1,500 gas connections for households in a given municipality. The *development assistance provider* may or may not add specific conditions as to the characteristics of the beneficiaries, which may for instance relate to their location, their socio-economic condition or their age. For example, the 1,000 TB cases should all be from a remote geographical setting or the 1,500 gas connections should only be subsidized for households in the lowest socio-economic quintile. Both the choice of unit of output and the additional conditions imposed could very well be decided upon in consultation with a national or sub-national government and guided by the country's (or state's/region's) development objectives.

2. These units of output are tendered out by a *trAid*-licensed *implementation intermediary*, an entity that acts as a facilitator and/or investor in the identification, planning, funding and implementation of interventions. Based on the bids received, qualified *service providers* are identified and, after conducting due diligence, proposed to the *development assistance provider*. A qualified service provider in the TB example could for instance be an NGO, a social franchise, a district health management team or the Ministry of Health. In the gas connections example, it could either be an NGO, a private company or a utility.

3. The *development assistance provider* selects one or more *service providers* using a competitive process.

4. The *development assistance provider* (or the *implementation intermediary*) develops a service delivery contract that outlines a payment of X to the *service provider* to finance up-front capital expenditures (prior to the delivery of outputs) and a payment of the balance Y to be made upon confirmation of output delivery. The relative share of the two payments depends on the desired trade-off between incentives and performance risk. The amount of Y should be large enough to incentivize the *service provider* to deliver the outputs. At the same time, it should not be so high as to represent a financial risk that *service providers* cannot bear. This is discussed in greater detail below.

5. The *service provider*, with assistance from the *development assistance provider* (or the *implementation intermediary*), creates an intervention design document (IDD) that describes the planned intervention, targeted beneficiaries and expected outputs. It also includes a detailed plan for the monitoring, reporting and verification of output delivery (MRV plan).

6. The intervention design document is submitted for approval to the designated national or sub-national *Approval Authority (AA)* in the country, state or region where the planned intervention is to be hosted, to confirm that the intervention is consistent with relevant domestic policies and objectives. In the earlier TB example, the national AA may approve the intervention design document, given that (i) fighting TB is a national priorities; (ii) the intervention is to be implemented in one of the poorest and most underserved areas where the prevalence of TB is high; it will therefore contribute to reducing socio-economical and geographical inequalities; (iii) the proposed treatment protocol is in line with the national TB policy.

7. The IDD is also submitted to a *trAid*-accredited *validation entity* whose task is to verify that the IDD provides an adequate description of the actual intervention, a realistic estimate of outputs to be delivered and that its MRV plan complies with *trAid+* protocols. A *trAid*-accredited *validation entity* is an external evaluator. It could be a local or international organization with strong technical and operational skills combined with scientific rigor. It could also be a partnership between several institutions or a national independent entity specialized in monitoring and evaluation.² The validation is funded by the *development assistance provider*.

8. If the intervention design document is validated, the *validation entity* requests the operator of the *TrAid+ Registry* (see

9. BOX 1) to add the intervention and the final IDD to its registry for public access. A registration fee is paid.

BOX 1 – Role of the *TrAid+* Registry

The *TrAid+* Registry provides a transparent, robust and scalable chain of custody for the development assistance market operated by *trAid+*.

It enables the tracking of all *trAid*-validated interventions and of all *trAid*-certified outputs, from issuance to retirement. It is a key part of the *trAid+* platform, which ensures that all *trAid*-certified outputs are real, measurable, additional, independently verified, unique and traceable.

10. The implementation of the intervention begins and its performance is monitored in accordance with the MRV plan described in the intervention design document.

11. At regular intervals (specified in the *service delivery contract*) or upon request of the *development assistance provider*, the *service provider* (possibly with assistance from an *MRV intermediary*) compiles documented monitoring information in the form of a monitoring report and submits this report to a *trAid*-accredited *verification entity* to

² Examples of such national entities from Latin America, as well as a discussion of their value can be found in Ospina, Cunill & Zaltsman (2004).

verify the quantity of delivered outputs. *Verification entities* are also external evaluators, as described under point 7 above.

12. The *verification entity* checks the compliance of the monitoring report with *trAid+* monitoring, reporting, and verification criteria. This process may involve physical checks such as site visits, random checks of facility records, or interviews with a random sample of beneficiaries. Following review, the *verification entity* submits a *verification report* to the *TrAid+* Registry with a request to issue a confirmation that a verified amount of output units were delivered within the reporting period.

13. Upon confirmation by the *TrAid+* Registry operator, the *development assistance provider* releases the corresponding payment (equal to the amount Y divided by the total number of units of outputs to be delivered based on the service delivery contract, times the number of output units verified and stated in the verification report) to either the *service provider* or the *implementation intermediary*.

Variations and Extensions of the Basic Process

In the basic *trAid*-ing process described above, the development assistance provider pledges the purchase of a specific number of units of a well-defined development output, which are then tendered out by an implementation intermediary. Alternatively, the *trAid+* platform can be used for a variety of applications that (i) increase access to financial means of non-traditional development assistance providers, including financial investors, private individuals, companies and philanthropists, and (ii) facilitate the identification of high-impact interventions that otherwise would not have been discovered. The fictive examples presented in **BOX 2** and

BOX 3 show possible alternative uses of the *trAid+* platform. They illustrate how the credibility and transparency provided by the *trAid+* platform and the facilitation of output-based payments could convince a new class of development assistance providers to “purchase” delivered outputs on a risk-free basis to them. This cash-flow could then convince others to invest in additional interventions, with the expectation to earn a financial return on the future sale of delivered outputs. Likewise, an emerging and increasingly visible market in the production and sale of such outputs could encourage new kinds of service providers to propose and implement new types of interventions that also create outputs for which there is a demand.

BOX 2 – Using the *trAid+* platform to give credibility to and attract funding for an intervention

An international NGO has been very active in selected neighborhoods of three major cities of country X during the past years. With financial support from a bilateral donor, it has extended access to clean water to thousands of poor households. During these years, it has developed a strong partnership with the Ministry of Energy (line Ministry in charge of water) and with the National Public Water Utility agency (NatWat).

Even though the support from the bilateral donor has come to an end, the international NGO has now been approached by the government to assist NatWat in extending services to the vast and rapidly growing periurban settlements around these three cities. These areas have attracted large numbers of poor rural households affected by consecutive droughts.

Using core funding, the NGO is willing and able to pre-finance the first phase of the new intervention. The available funds will not be sufficient, however, to cover all the settlements. The NGO decides to seek access to the *trAid+* platform, to give credibility to the intervention and to attract funding. Following the guidelines posted on the *trAid+* website, it prepares an intervention design document (IDD). Approval from the national or sub-national Approval Authority (AA) is easily obtained given that the request for assistance came from the government itself. The IDD is reviewed by an accredited validation entity. This entity assesses whether the intervention is realistic and whether it includes a *trAid*-approved MRV protocol. After validation, the intervention is added to the *trAid+* registry. From then on, all relevant information related to the intervention can automatically be accessed by any potential donor. In collaboration with NatWat, the NGO then establishes a baseline, which is verified by an accredited verification entity. In country X, there are three accredited external evaluators that can be contracted for either external validation or external verification. One of them is a recognized national research center with demonstrated skills in project monitoring and evaluation. The two others are partnerships of national and international organizations with the required mix of scientific rigor, technical skills and operational experience. The fees for the validation of the intervention and the verification of the outputs are advanced by the NGO.

BOX 3 – Using the *trAid+* platform to facilitate the growth of a social franchise targeting the poor

Integrating social franchising and demand-side financing offers a promising approach to reaching the most deprived population groups with high quality health services. TrAid+ could easily facilitate the scale-up of such integrated strategy.

A social franchise can be defined as a network of private providers (referred to as franchisees) such as shops, medical practitioners or clinics, offering a standard set of services under a shared brand. Franchisees are offered a package of benefits by the central headquarters (also referred to as franchisor), which typically includes training, brand, commodity advertising, and subsidized equipment, among others. In return, they are required to adhere to set quality standards, to meet specific targets and to pay franchise fees (Montagu, 2002). The clients need to pay for the franchised services or commodities. This may create a financial barrier to access for the most deprived. One way to remove this financial barrier is through the introduction of demand-side financing. This financing strategy places purchasing power into the hands of consumers to spend on specific services. Vouchers are commonly used as a vehicle for transferring the purchasing power (Ensor, 2004). Another possible demand-side financing mechanism is insurance. Applying demand-side financing in the context of a social franchise makes it possible for the franchise to expand and reach the most deprived population groups.

A review of existing social franchises around the world (Montagu, 2009) identified 16 initiatives (out of a total of 40) that combine these two strategies. In Pakistan, for example, a voucher scheme that subsidizes both the cost of a package of reproductive health services and that of transportation for poor women is being piloted within the social franchise Greenstar Social Marketing, one of the largest network of private sector providers in the country serving more than 2,100,000 clients in 2009 (Bashir et al., 2009).

Funding allowing such initiatives to grow could easily be channeled through trAid+ at limited expense. Most elements required for this to work are typically already to a large extent in place: one or more clearly defined, measurable outputs; a price per unit of output (the amount paid by the franchisor to the franchisee, after verification, for each redeemed voucher); effective quality assurance (one of the key responsibilities of the franchisor); approval from the national government; and a monitoring, reporting and verification (MRV) mechanism (developed as part of the demand-side financing scheme). All that is needed is to ensure that the MRV mechanism meets (or can be adjusted to meet) the trAid+ standards and to identify an accredited external evaluator to avoid conflicts of interest. Using the trAid+ platform would grant the social franchise access to a wide range of potential funders for its voucher scheme.

What we just described is a good example of an existing intervention applying for trAid+ registration. Alternatively, an NGO specialized in social franchising could propose a new intervention, based on the same integrated strategy, as part of a bid prepared in response to a specific trAid+ tender. If selected, this intervention would be automatically matched with a development assistance provider. This would be an illustration of the basic trAid-ing process described in Figure 1.

The distribution of financial risk between development assistance provider and service provider is extremely flexible. The share of the total payment amount that is made conditional upon the delivery of verified outputs can, in principle, vary anywhere between 0% and 100%. If this share is 0%, the financial risk is borne entirely by the development assistance provider, with the service provider having no financial incentive to deliver agreed outputs. In this extreme situation, the *trAid+* platform would be used solely to improve the management and supervision of development assistance interventions. The conclusions of the verification report would have no financial bearing. This application of the *trAid+* platform would clearly not make full use of *trAid+*'s potential. One of the strengths of the *trAid+* platform is precisely that it allows development assistance providers to link payments to results. The higher the share, the more financial risk is borne by the service provider. In a way, *trAid+* creates new types of transactions – in addition to standard subsidies, grants and loans available to finance the implementation of interventions – that are based on the ‘purchase’ of *trAid+*-verified outputs. Such purchase could be either on a forward basis, whereby the amount of payment made against delivery in the future is already fixed when the service delivery contract is made, or on a spot basis, whereby the amount of payment is determined in the future, following issuance by the *trAid+* registry of the *trAid+* outputs. In the ‘forward-purchase’ option, part of the contract value can already be paid out upon signing of the contract. Experience in the field of payment for performance in health has shown that most service providers typically rely on a large share of regular and reliable funding, with the portion linked to performance not exceeding 10 to 15% (Eichler and Levine, 2009). This would correspond to a situation whereby the pre-payment is considered as a grant from the onset, implying that if the service provider fails to deliver the agreed upon outputs, he only loses 15% of the total contract amount, while the service provider loses 85%.

One could think of several ways to increase the share of risk borne by the service provider, while accounting for his budgetary capacity. The pre-payment could be issued as a loan that is converted into a grant only after issuance of the *trAid+* outputs. Alternatively, it is often possible

to find lending entities such as social investors, commercial banks or insurance companies, either in-country or internationally, that are willing and able to assume some of the performance risk, thereby allowing the share of the contract amount that is linked to performance to be increased beyond the 15% referred to above. Virjee (2009) describes an example whereby access to finance for community-based water providers was facilitated through a combination of output-based subsidies and commercial finance. Basic qualitative research can be conducted to get a better sense of the types of assurances and the level of return on investment expected by such lending entities. While these entities could potentially have an important role to play, their involvement also involves a potential danger. A financial investor who is willing to pre-finance output delivery has every interest to maximize the amount of certified outputs. This increases the risk of manipulation of monitoring data, which calls for more stringent, and therefore also more costly, MRV. The additional cost needs to be considered when deciding whether or not to increase the share of payment that is linked to performance. This risk would be mitigated if the lender embodied international credibility.

The relationship between total funding requirements, subsidies, loans, grants and output-based payments can be set flexibly to provide the desired mix of budgetary capacity, planning certainty, and performance incentives.

Added Value of the *trAid+* Platform

The *trAid+* platform offers numerous advantages over traditional development assistance delivery mechanisms:

- It introduces a strong incentive for innovation and cost-effectiveness by setting only the output while allowing the price per output to be negotiated
- It offers a way to manage the increased complexity and fragmentation of development assistance by acting as a clearinghouse between the increasing number of development assistance providers and the service providers
- It substantially reduces the overhead costs³ within and the barriers to entry into the development service delivery system by shifting the exposure to non-performance

³ Based on data from the carbon market, overhead costs for *trAid+* are likely to be below 10%. In the carbon market, an estimated 82.2% of the funds reaches the beneficiaries, while around 1.4% goes to the registration system and the market infrastructure, 3.2% goes to the verification entities and 13.2% goes to intermediaries (authors' calculations). The reason for high compensation of intermediaries is that they are

- risk of interventions from the donor to the service provider, thus reducing need for intense due-diligence and reducing failure rate of interventions
- It provides a structure that allows rapid scaling up of the most cost-effective interventions at a minimal marginal cost, thereby offering considerable economies of scale
 - It promotes the development of standardized protocols for the measurement, reporting and verification of results, which in turn allow assessing, rewarding and comparing performance, and consequently improving allocative efficiency⁴
 - It reduces the potential for duplication of efforts by requiring central registration of interventions, outputs, service providers and approved protocols that are updated on an ongoing basis, thus also facilitating government planning and control
 - It helps overcome prevailing administrative hurdles associated with the delivery of development assistance to interventions that span multiple sectors and thus multiple government agencies

usually the ones bearing (a) the delivery risk for the carbon credits – which is substantial due to the uncertainties surrounding the regulatory process – and (b) the price risk – in return for guaranteeing a price per unit of delivered output to the *originator* (which is equivalent to what is referred to here as *beneficiary*), they are entitled to a substantial share of the upside if the market price is above the guaranteed price on the delivery date of the output. Simplified and predictable regulatory procedures (around certain aspects that are somewhat unique to the carbon market) and increased price stability would reduce these costs to below 5%. Overhead costs in the traditional development assistance delivery system, in contrast, are known to be high; typically, they tend to be considerably higher than the 10% expected for *trAid+* (Carlsson *et al*, 2009). Moreover, in traditional input-based aid, it is extremely difficult to say what these funds represent in terms of actual results, given that results are rarely measured, let alone verified. A more appropriate comparison of the two mechanisms in terms of their respective cost-effectiveness would therefore certainly provide additional argument in favor of *trAid+*.

⁴ Allocative efficiency is achieved when resources are allocated in a way that allows the maximum possible net benefit from their use.

- It creates more explicit markets through the unbundling of funding from both aid management and service delivery⁵
- It can play an important role in informing development assistance providers about trends and gaps in funding and about the cost-effectiveness of assistance money in different settings and sectors, thus providing feedback that can be used to adapt the design and direction of future interventions

⁵ Thanks to the tendering out of contracts for well-defined outputs, and to the option to have the contracts managed by intermediaries.

Implementation: how to set up the *TRAID+* platform

This section starts with a discussion of the need for a governance structure to oversee the operation of the *trAid*-ing process. It then proposes a gradual approach to setting up the *trAid+* platform.

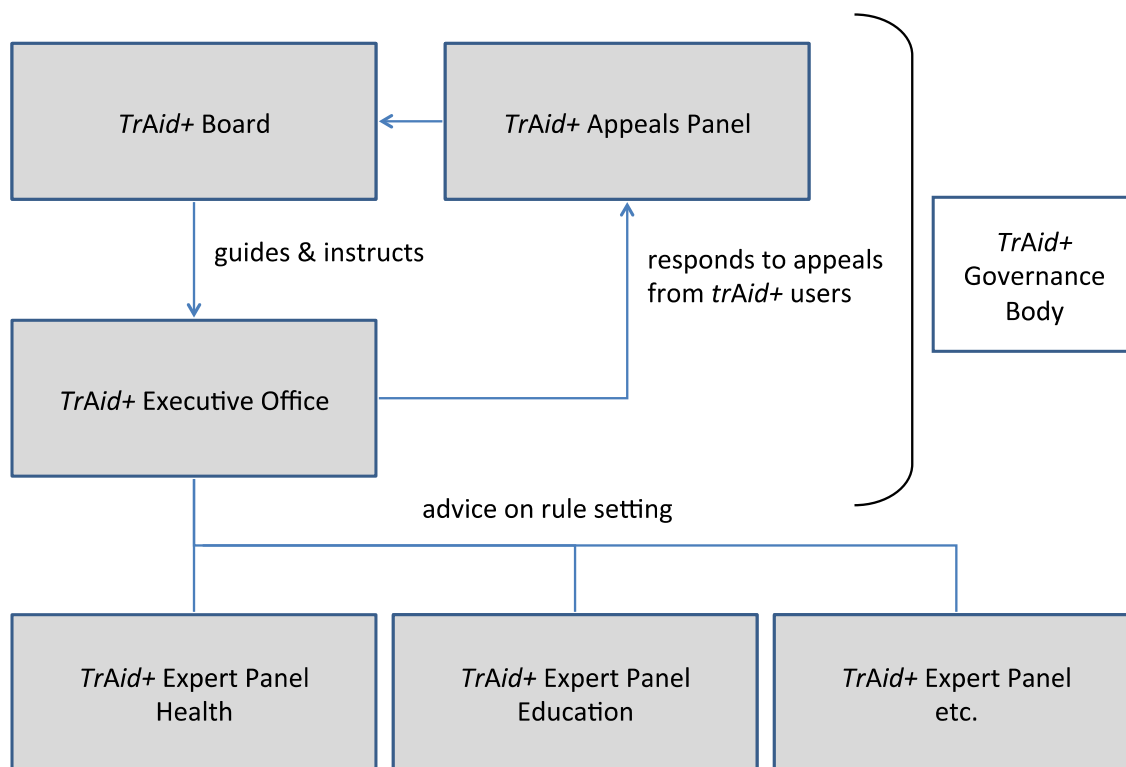
***TrAid+* Governance**

The *trAid+* platform facilitates the standardized and verified documentation of the delivery chain of development service outputs through a process that is defined by rules and procedures provided by a global coordinated governance structure. This structure needs to fulfill the following key functions:

- Development and enforcement of rules and procedures pertaining to the *trAid*-ing process, the roles and responsibilities of the different *trAid+* stakeholders involved in that process, the *TrAid+* Registry (see
- **BOX 1**)
- Approval of MRV protocols
- Accreditation of Validation/Verification Entities
- Licensing of intermediaries (both implementation intermediaries and MRV intermediaries)
- Development and maintenance of required IT support
- Provision of a mechanism allowing *trAid+* stakeholders to challenge *trAid+* rulings

An example of a possible governance structure is displayed in Figure 2. In this example, most of the functions described above are handled by an Executive Office. This office is governed by a Board, which could consist of global leaders in development policy, representatives of major recipient governments, multi-lateral and bi-lateral agencies as well as aid watch organizations. Expert Panels advise the Executive Office in the design and revision of *trAid+* procedures, rules and protocols.

Figure 2 – Example of a possible *TrAid+* Governance structure



At its own initiative or in response to a request from the Board, the Executive Office in this example could commission an Expert Panel to develop a new MRV protocol or revise an existing one. Alternatively, new or revised protocols could be proposed by service providers, development assistance providers or implementation intermediaries. The Executive Office would then request an Expert Panel to review the protocol and to formulate recommendations as to whether it should be approved and adopted.

The example in Figure 2 also includes an independent *TrAid+* Appeals Panel that would report directly to the Board. Imagine, for example, that based on the verification report, the Executive Office decides that a given intervention failed to deliver agreed outputs and will therefore not be paid the performance-based portion of the amount outlined in the service delivery contract. If the service provider thinks the verification entity’s assessment was flawed, and disagrees with the conclusions of the verification report and the subsequent decision, it could challenge that decision through the *TrAid+* Appeals Panel.

Ideally, the governance would use a layered approach that allocates responsibility to the lowest – i.e. closest to the beneficiaries – possible level without compromising the integrity and credibility of the overall system. This would provide for a high degree of flexibility, which in turn would allow the *trAid+* architecture to be tailored to the specific needs of a given sector or a given geographical setting. This can be illustrated with two examples. The first relates to the accreditation of validation or verification entities, the second to the verification of outputs:

- A validation or verification entity should in principle be accredited by the *trAid+* governance body. For countries satisfying a number of conditions⁶, however, the governance body might agree to delegate this responsibility to a national or sub-national Approval Authority.
- Verification, as explained above, is the evaluation and approval, by an accredited verification entity, of the monitoring report submitted by the service provider. It involves a desk review complemented by any other necessary verification activities (e.g. site visits, random checks of facility records, or interviews with a random sample of beneficiaries). In some contexts, it might be feasible for the verification entity to undertake some of these additional verification activities in partnership with local civil society organizations that represent the interests of the intended beneficiaries of the intervention.

The global *trAid+* governance body could for example operate as an international non-profit organization. Its operation – as well as that of the *Expert Panels* in the example – could be funded through registration and issuance fees that are levied by the *TrAid+* Registry on participating interventions.

The *trAid+* governance structure can to a large extent draw upon existing mechanisms, processes, protocols and institutions, thereby reducing start-up costs. GPOBA, for example, already has a toolbox of contracts, service agreements and verification protocols. Likewise, infrastructure, procedures and tools in place in the carbon market could potentially be adapted for *trAid+*.

⁶ Some of these conditions could for example relate to the country's scores on the World Bank governance indicators.

Proposed approach to setting up the *trAid+* platform

Developing the *trAid+* platform is an ambitious undertaking, especially given *trAid+*'s almost unlimited scope of application. It will need to be done gradually, ensuring throughout the process that *trAid+*'s credibility is built and safeguarded. This is absolutely critical if *trAid+* is to be recognized as a third-party *stamp of approval* for development assistance. We propose a pragmatic approach. It is not necessary to wait for the entire *trAid+* governance structure to be fully operational before allowing development assistance money to flow through *trAid+*. The *trAid+* governance structure can be developed gradually alongside the establishment of the different *trAid+* functions and alongside existing results-based financing approaches. This approach will limit the initial investment and the associated risks involved, thereby making the *trAid+* concept more acceptable and attractive to the different stakeholders. It will also make the creation of *trAid+* more participatory.

The Initial Phase

The various steps involved in this initial start-up phase are outlined below.

Step 1: Identification of an anchor development assistance provider

The first step consists in identifying an anchor development assistance provider that is willing to provide seed money for the implementation and coordination of the initial pilots. The coordination of the pilots will be the responsibility of an independent team of two to three individuals with the relevant mix of skills. Part of the seed money will be used to pay for these individuals' time.

Step 2: Selection of pilot interventions

In close collaboration with the anchor development assistance provider, a limited number of ongoing RBF interventions (possibly but not necessarily funded by the anchor development assistance provider) will be identified. The focus of these interventions can either be on the demand side or on the supply side. These interventions will involve only two to three outputs, preferably in a same sector (these outputs could for instance be all health-related). In order to avoid undue delays, the end of the contract period of each of these interventions should be relatively close.

Step 3: Assessment of the degree of stringency of the MRV protocols used in each selected pilot intervention

Based on the specific focus of a given pilot intervention (i.e., on the type of outputs this intervention is expected to achieve), experts in the relevant field are approached. These experts are asked to assess whether the degree of stringency of the MRV protocols used in the

interventions is scientifically sound and acceptable against what would be a good *trAid+* benchmark. In other words, they are asked to determine if the material evidence that has been (or is being) collected is sufficient to conclude with for example 95% confidence that the agreed output has been delivered. The degree of stringency of MRV protocols is assessed in this way for all selected pilot interventions. As far as possible, service providers involved in the pilot interventions, and possibly also the government of the intervention-hosting country, should participate in this process.

Step 4: Adoption of acceptable MRV protocols used in each selected pilot intervention

Where the degree of stringency of an MRV protocol is judged to be insufficient, the experts are invited to suggest improvements that would increase the level of confidence to an acceptable level. For each of the outputs involved in the selected pilot interventions, this process should ultimately result in an agreement among the experts as to what would be an acceptable *trAid+* MRV protocol.

Step 5: Verification of actual output delivery in selected pilot interventions

Armed with these approved *trAid+* MRV protocols, the next step consists of identifying a credible, internationally recognized verification entity (without formal accreditation at this stage) and use seed money to pay this entity for the verification of the actual delivery of outputs in the selected pilot interventions and for the preparation of the corresponding verification reports.

Step 6: Creation and opening of the *trAid+* registry

Using seed money, the structure of the *trAid+* registry, as well as the rules and guidelines pertaining to its operation, are developed. The registry is opened for the pilot period. The verification reports prepared by the verification entity under Step 5 are submitted to and registered into the *trAid+* registry, which can later be used to issue confirmations.

Step 7: Achievement of buy-in from other development assistance providers

These first examples are used to market *trAid+* among other development assistance providers. The exercise is repeated with any interested development assistance provider, using ongoing (close-to-end) interventions funded by that development assistance provider and expected to achieve the same outputs for which *trAid+* MRV protocols have already been developed. The cost attached to these new pilots is borne by the interested development assistance provider (rather than being funded by the initial seed money).

Step 8: Development of the *trAid+* governance body

As soon as a critical mass of support has been attained, additional seed money can be sought to finance the establishment of the formal *trAid+* governance body and the registration of *trAid+* as a legal entity. Among the first tasks of the governance body will be the preparation of accreditation criteria and procedures for Validation and Verification Entities, the design of various rules, guidelines, procedures and templates, and the development of the *trAid+* IT support.

The Gradual Expansion of trAid+

After successful completion of the initial phase, the scope of *trAid+* will be gradually expanded. This expansion will go in different directions:

- towards other development assistance providers (including, at a later stage, the general public);
- towards other intervention types (i.e., interventions expected to deliver different outputs) within the same sector (e.g. health);
- towards other sectors (e.g. education, infrastructure, poverty reduction, etc.);
- towards other geographical areas.

It will be accompanied by the necessary modifications and/or additions to the *trAid+* governance structure. In a governance structure similar to that of the example presented in Figure 2, additional Board members would be recruited to ensure that the Board represents the different stakeholder groups. Additional full-time staff, with experience in the relevant new sectors, would be hired. Additional Expert Panels would be created allowing for advisement from the necessary expertise. Additional Validation and Verification Entities would be accredited.

Mitigating Risks

This section discusses additional considerations to take into account regarding the implementation of *trAid+*, in order to provide clarity on potential concerns. They include issues related to: monitoring, evaluation, and measurement of outputs; and country ownership.

Monitoring, evaluation, and measurement of outputs

The success of *trAid+* is to a large extent dependent on the ability to measure outputs. Given that the payment (or part thereof) is made conditional upon the delivery of outputs, it is imperative to be able to ascertain their achievement. While measurement challenges exist, such

as lack of reliable and standardized output measures, the need for valid measurement is undeniable. The reluctance to adopt a system rewarding results on the ground that results are hard to measure perpetuates the lack of accountability that characterizes much of today's aid delivery. No matter what payment mechanism is being opted for, the measurement challenges need to be gradually addressed. Existing measures need to be further refined and new measures need to be developed.

TrAid+ can play a lead role in the standardization of MRV methods, tools, and measures by bringing various actors together around a common agenda, by catalyzing and coordinating efforts, and by attracting additional resources for this purpose. For example, *trAid+* allows for the collection, sharing, review, and improvement of existing procedures, tools, and measures, as well for the development of new ones. Over time, such refinement will allow for an increasing level of stringency, reducing the degree of uncertainty associated with the achievement of results. In addition, due to the reduction in duplication of efforts and accessibility of refined protocols and tools, the cost of evaluation will decrease. As a result, evaluation will become more affordable without compromising rigor, and therefore purpose.

Country ownership

As indicated in the introduction, one of the main challenges with today's development assistance is the high degree of fragmentation. The growing number of development assistance providers presents tremendous management challenges for capacity-constrained partner governments. Each development assistance provider typically comes with its own aid modalities, delivery mechanisms and reporting requirements. This results in a complex aid architecture that makes it extremely difficult for partner governments to coordinate development assistance and that undermines country ownership.

The Paris Declaration on Aid Effectiveness (High Level on Aid Effectiveness, 2005) and the subsequent Accra Agenda for Action (High Level on Aid Effectiveness, 2008) both called for greater donor harmonization and for increased government ownership. *TrAid+* can contribute to achieving these. By acting as a clearinghouse, *trAid+* offers an alternative channel for a large, and potentially growing, share of development assistance, thereby contributing to a gradual simplification of the international aid architecture. Moreover, the application of the *trAid+* concept, with its emphasis on transparency and accountability, can be a way to empower the governments and citizens of developing countries to exercise real choice over the nature of the development assistance they receive. The flexibility of *trAid+*'s design can be tailored to fit the needs of different contexts and to make maximum use of local capacity, institutions and

systems. As long as the key principles and ground rules outlined above are adhered to, and as long as the integrity of *trAid+* is upheld, nothing prevents existing government or parastatal entities, for example, to fulfill some of the functions described in Figure 1. Thus, *trAid+* has the potential to change the incentives within local institutions and systems and to catalyze changes that will contribute to their strengthening.

Conclusion

The success of *trAid+* as a *stamp of approval* for development assistance depends on its credibility. Why would a development assistance provider – an individual, a foundation, a bilateral or multilateral organization or a corporation – opt to channel its funds through *trAid+*? Because with *trAid+*, it knows exactly what it gets for its money: a specific number of units of a well-defined, certified output, where ‘certified’ stands for a number of things:

- the output is real (i.e. it was actually delivered);
- the output meets certain quality standards;
- the output has not already been funded.

How can *trAid+* guarantee these three attributes? By enforcing the following basic rules:

- Adequate MRV protocols are adopted for any *trAid*-ed output, i.e. MRV protocols based on sound science that, if properly adhered to, allow to determine with an acceptable margin of error whether or not an output was delivered and whether or not that output meets the set quality standards
- Any intervention seeking *trAid+* registration meets the following criteria:
 - The service provider proposing the intervention has (i) the necessary capacity to implement it and (ii) a good track record. This is asserted through proper due diligence (following a set procedure)
 - The intervention is validated by an accredited external validation entity. This entity evaluates the Intervention Design Document and ensures that:
 - The proposed intervention is likely to deliver the described outputs to the intended beneficiaries
 - The MRV protocol that the intervention will adhere to is approved by *trAid+*
 - The intervention is accepted by the national or sub-national Approval Authority of the country where it is to be implemented

- Verification of delivered outputs is done by an accredited external verification entity to avoid conflict of interest. This includes the verification of the baseline, which is needed for the subsequent quantification and certification of the units of output delivered. It also involves the verification of the quality of delivered outputs.
- The complete *trAid*-ing process is transparent: all the relevant pieces of information pertaining to the development assistance provider, service provider, intervention and the delivery of outputs are kept in a central registry (see BOX 1) that can be openly accessed.

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Appendix A: Glossary of *TRAID*-related Terms

<i>TrAid+</i> term	Description
Development assistance beneficiary	The targeted community/household/person to whom the development output is to be provided
Development assistance provider	The source of financing that seeks to facilitate the delivery of a defined, verifiable development output to a targeted development assistance beneficiary
Implementation Intermediaries	<p>Entities that act as facilitators and/or investors in the identification, planning, funding and implementation of interventions with the objective of achieving financial gain or to catalyze financial flows into interventions through the reselling of outputs to Development Assistance Providers.</p> <p>They increase allocation efficiency of development assistance and they assume and manage performance risks of interventions.</p> <p>They can be non-profits, government agencies or private sector companies.</p>
Intervention	The local activity or investment that is expected to deliver the output and that is described in an intervention design document
Monitoring, reporting and verification (MRV) of output delivery	A process by which the production and delivery of outputs are to be monitored, verified, and reported in accordance with a set of procedures deemed sufficient by the <i>trAid+</i> Governance Body. These procedures will vary according to the type of output.
Monitoring, reporting and verification (MRV) Service Intermediaries	Entities that can support Development Assistance Providers and service providers in relation to their compliance with <i>trAid+</i> procedures.
Approval Authority (AA)	<p>A national or, in a decentralized context sub-national, approval body, designated by the government of an intervention-hosting country, state or region, that confirms its interest in hosting a planned intervention, thereby ensuring national or sub-national ownership of <i>trAid+</i>. This body will define, with the desired level of detail, both the approval process for <i>trAid+</i> interventions and the framework in which these interventions are to operate.</p> <p>It also issues and/or approves baseline assessments for interventions.</p> <p>In addition, it can receive the permission to accredit validation</p>

	and verification bodies by the <i>trAid+</i> Governance Body (using the standard procedures approved by that body).
New MRV method submission and approval process	A process by which interested stakeholders (including the <i>TrAid+</i> Registry operator, the entity in charge of the management of the registry) request the <i>TrAid+</i> Governance Body to develop new or revised MRV methods or submit their own proposals for such MRV methods with the objective of seeking its approval for use in <i>trAid+</i> interventions. In the example of Figure 2, the <i>TrAid+</i> Executive Office tasks a <i>TrAid+</i> Expert Panel with developing a new MRV method or reviewing and recommending approval or rejection of revised MRV methods. The <i>TrAid+</i> Executive Office then takes its decision on basis of the Expert Panel’s recommendation.
Service provider	A professional entity that is qualified and able to produce and deliver a verifiable output to a development assistance beneficiary (e.g., NGO, public agency or facility, or private company)
<i>TrAid+</i> Governance Body	Entity or group of entities overseeing the operation of the <i>trAid+</i> platform. In the example described in Figure 2, the <i>TrAid+</i> Governance Body consists of a <i>TrAid+</i> Executive Office, a <i>TrAid+</i> Board, and a <i>TrAid+</i> Appeals Panel
<i>TrAid+</i> output	An intervention-specific benefit that has been delivered to a targeted beneficiary in accordance with a procedure for its quantification that has been deemed sufficient by the <i>TrAid+</i> Governance Body. ¹
<i>TrAid+</i> output issuance	The process by which, following successful verification, the verification entity requests the <i>trAid+</i> registry to confirm that a quantity of outputs has been delivered by a registered intervention within defined time periods
<i>TrAid+</i> registration and <i>trAid+</i> registry	<i>TrAid+</i> registration is a process by which a validation entity requests the registration of a validated intervention or a verification entity requests the issuance of a confirmation in a <i>trAid+</i> registry that outputs from a validated intervention have

¹ In the longer-run, as methodologies improve, one could envisage that the output be defined in much broader terms to further promote cost-effectiveness and innovation. In the health sector, this could for instance be a ‘DALY averted’.

Validation or verification entity	<p>been delivered. The <i>trAid+</i> registry is an electronic database system accessible to users and stakeholders to track the approval status and performance of interventions. It is operated under the supervision of and in adherence to the rules set by the <i>TrAid+</i> Governance Body (see also</p>
	BOX 1 on p9).
	<p>A validation entity is a professional, independent entity that is qualified and able to confirm that a planned intervention is likely to deliver outputs to targeted beneficiaries as described in an Intervention Design Document (IDD) and that the design of the intervention complies with <i>trAid+</i> MRV requirements.</p>
	<p>A verification entity is a professional, independent entity that is qualified and able to confirm whether outputs have actually been delivered.</p>
	<p>In case of potential conflicts of interest, the validation entity may be required to be different from the verification entity.</p>
	<p>Both validation and verification entities must be accredited by the <i>TrAid+</i> Governance Body or a national or sub-national Approval Authority (AA).</p>
Validation report	<p>A report prepared by a qualified validation entity that confirms that a planned intervention, as described in an Intervention Design Document (IDD), is likely to deliver the described output to the intended beneficiaries.²</p>
	<p>The report should also confirm that the IDD includes a detailed description of the method that will be adopted by the intervention to monitor, verify (ex-post), and report on the delivery of outputs, and that this method meets a monitoring standard that has been deemed sufficient for this kind of intervention by the <i>TrAid+</i> Governance Body and the National/Local Approval Authority.</p>
	<p>Validation is a prerequisite for the registration of an intervention under <i>trAid+</i> rules in the <i>trAid+</i> registry.</p>
Verification and verification report	<p>Verification is the evaluation and approval by a qualified verification entity (see below) of the monitoring that the service provider has done. The service provider needs to submit the</p>

² It is also possible that validation be conducted retro-actively for interventions that are already being implemented and seek *trAid+* registration.

monitoring report to the verification entity along with relevant supporting documents. The verification entity undertakes a desk review of the report followed by any other necessary verification activities (e.g. site visits, random checks of facility records, or interviews with a random sample of beneficiaries) to ensure that the monitoring has been carried out in accordance with the procedures laid out in the original Intervention Design Document. Subsequently, the verification entity prepares a draft verification report that highlights any issues in the process. As soon as the service provider has resolved these issues, the verification entity prepares the final verification report, which also quantifies the actual number of units of output delivered.
