

Government education spending effectiveness and the promise of results based financing

World Bank, Washington, DC

November 7, 2018

Overview

1

How has public education spending changed since 2000?

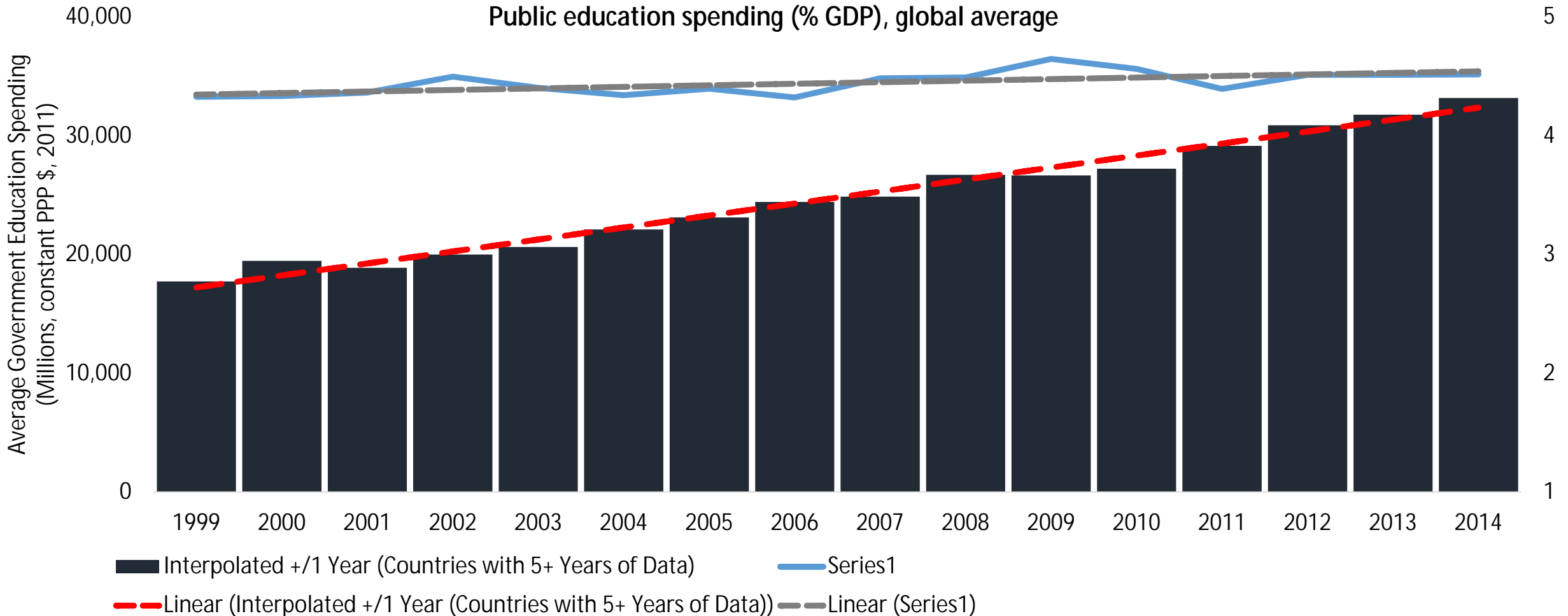
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Why have spending increases led to limited improvements in outcomes?

3

Can results based financing improve the effectiveness of public spending?

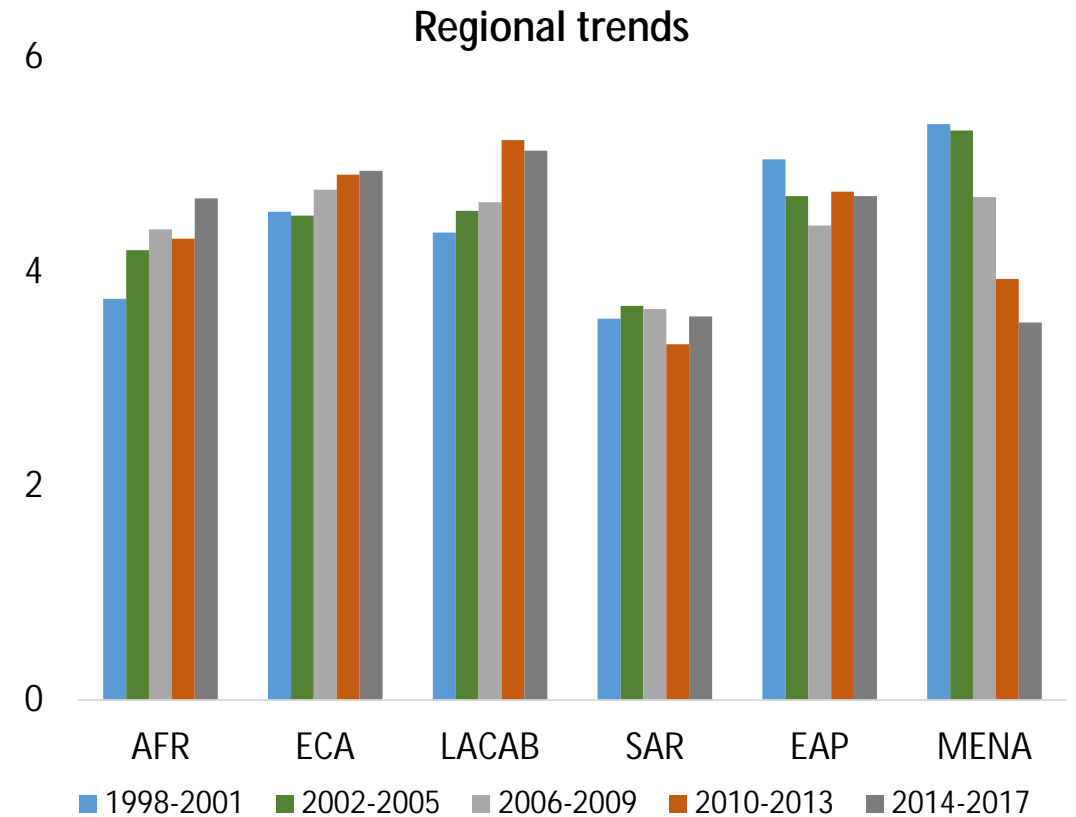
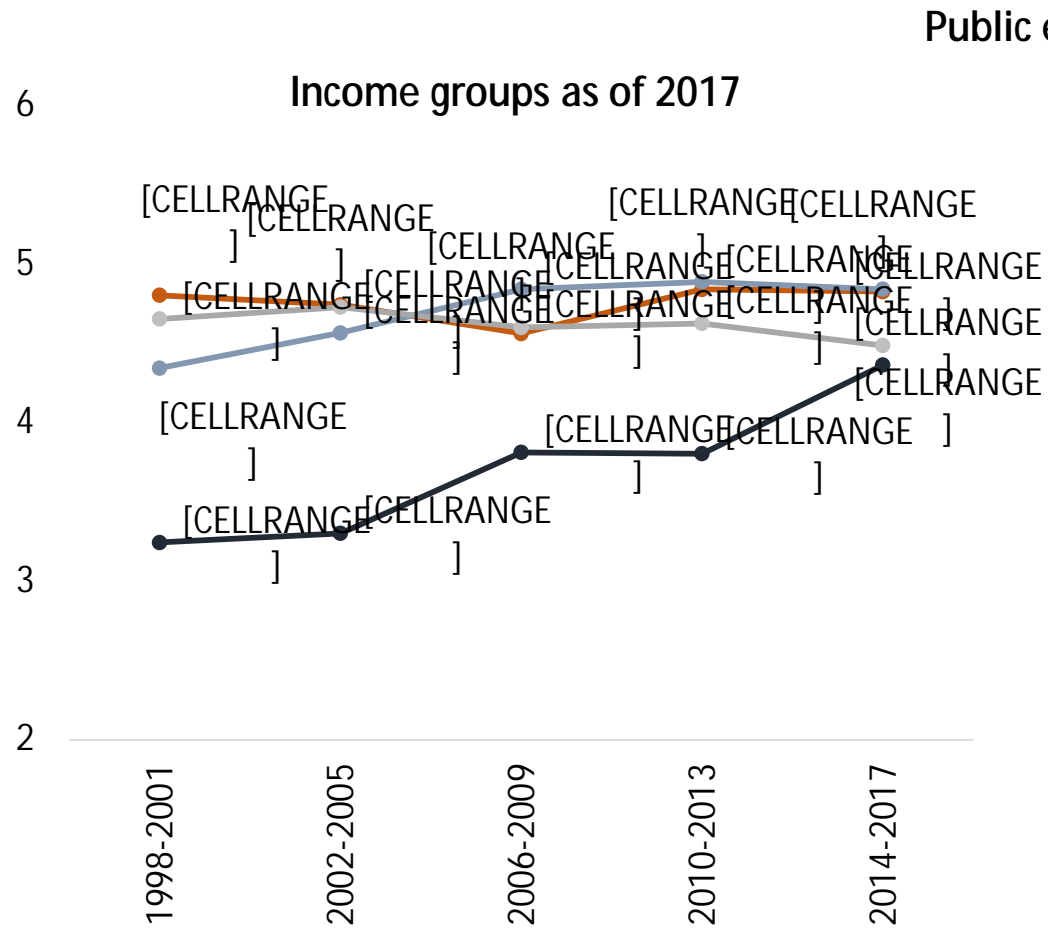
Growth in absolute global spending but limited increase in spending share



q 4% annual growth in average country public education spending globally

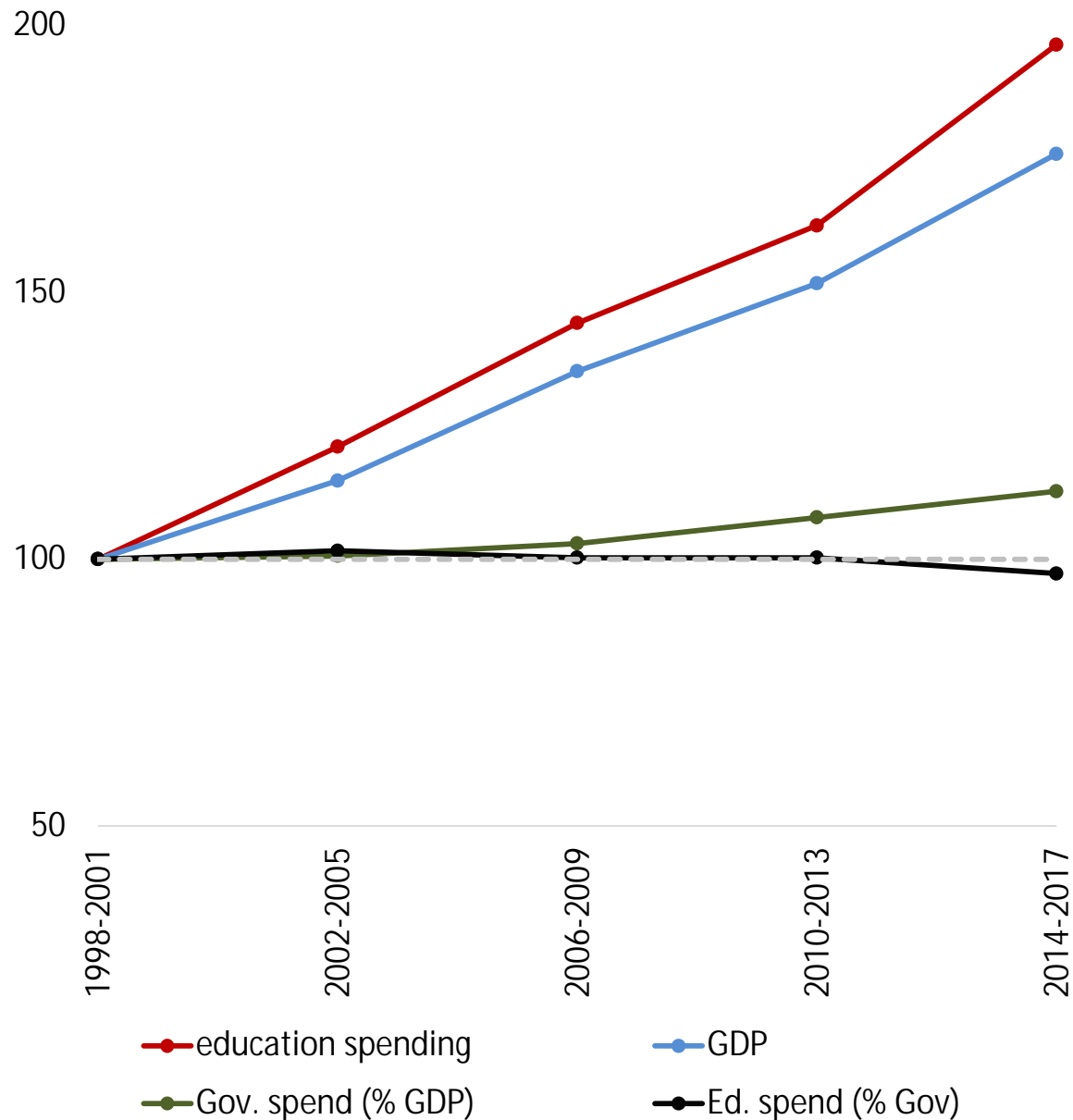
q Between 1999 and 2014 average share of GDP devoted to public education spending in a country increased from 4.3% to 4.5%

Global average masks different trends across income groups and regions



- q Absolute education spending increased in real terms in all country groups
- q Ed. as % of GDP in LICs and LMICs converged with UMICs and HICs
- q Large increases in share of GDP for education for Africa, Europe and Central Asia and Latin America and Caribbean
- q Av. share of GDP for education declined from 5.4% to <4% in MENA

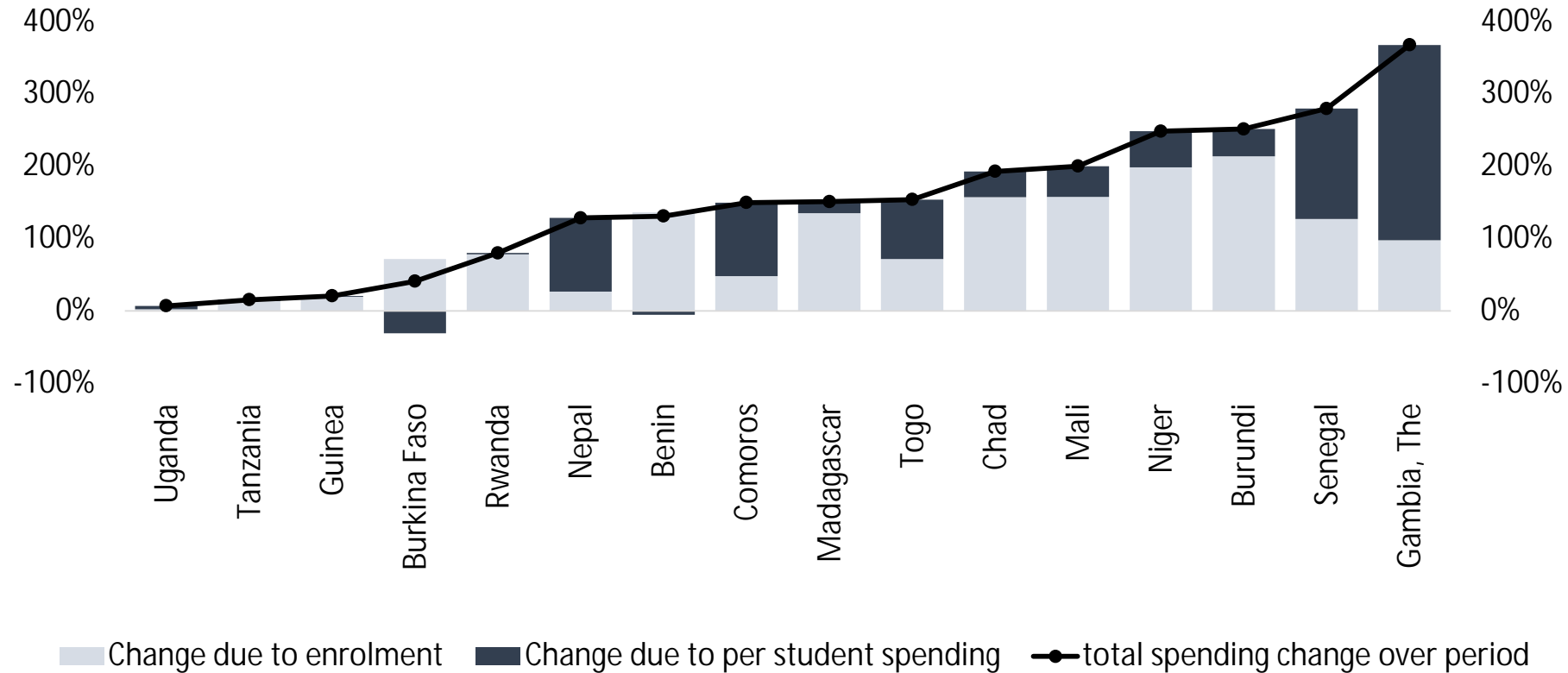
Economic growth explains most of the increase in education spending



- q Breaking down public education spending increases into contributions from economic growth, changes to size of government sector and prioritization of education in national budgets
- q Average share of government budget going to education remained relatively unchanged
- q Share of overall government spending in GDP has grown since mid 2000

Primary spending growth in LICs used primarily to increase access

Use of increased primary spending, 2000-2015



- q Spending increases in LICs have mostly driven increases in enrolment rather than increases in spending per student
- q On average, two-thirds of primary spending growth went to enrolment growth
- q LMICS – on average 28% of primary spending growth went to increasing enrolment and 72% to growth in per student spending
- q UMICS – on average 20% growth in primary spending went to increases in enrolment and the remainder to growth in per student spending
- q Same patterns in secondary and tertiary education

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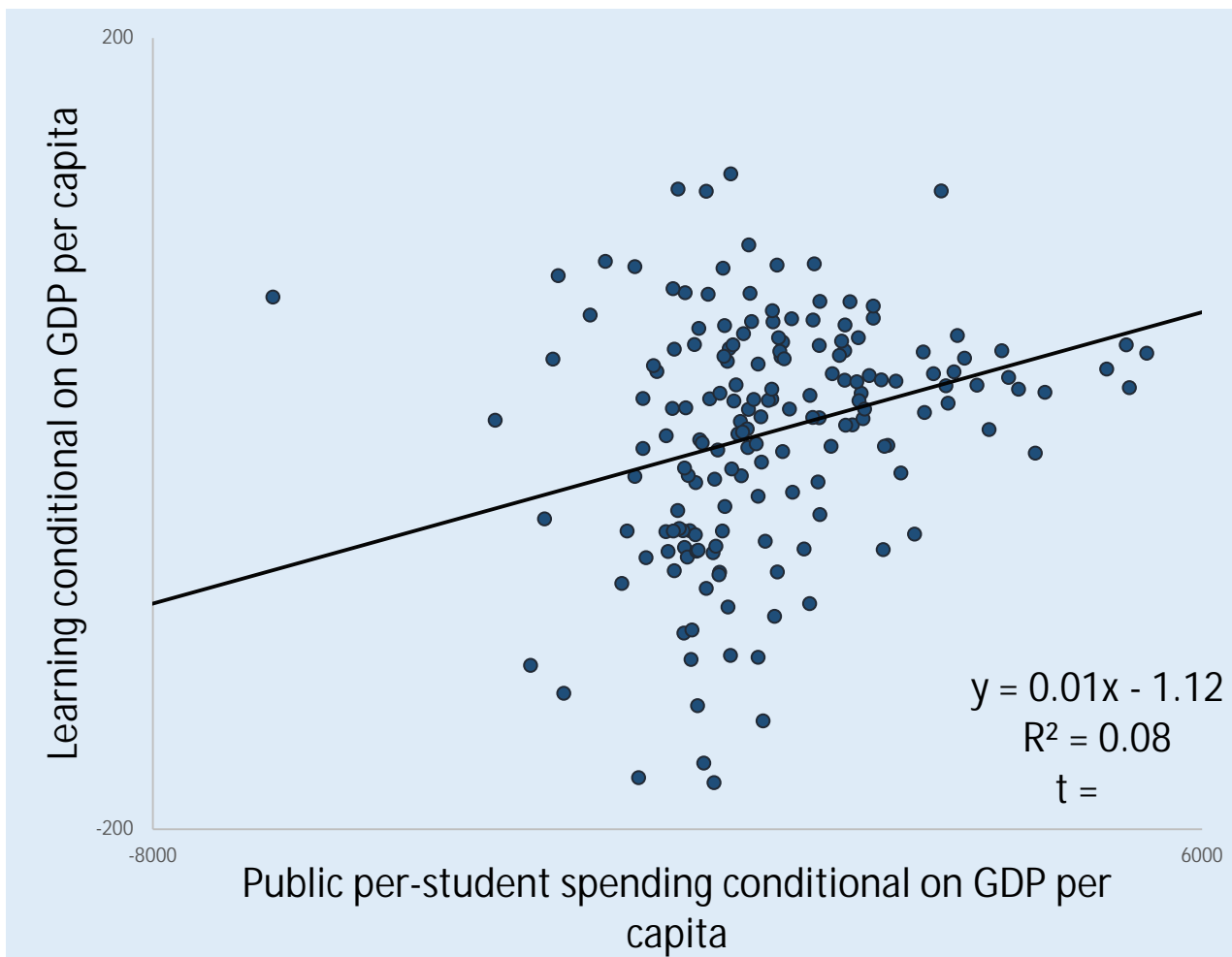
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Can results based financing improve the effectiveness of public spending?

Weak relationship between public spending and education outcomes



- q Weak relationship between spending and learning
- q Large difference in countries ability to translate resources into better education outcomes
- q Relationship is weak across countries, within countries (subnational) and over time
- q Average (median) change in education outcomes (access and learning) from a 10% change in spending per child is about 1%
- q Top quartile – best performers were able to increase outcomes by about 2% for a 10% increase in spending per child
- q Similar to estimated elasticities for health spending (public/private)
 - ∅ mortality rate = -0.08
 - ∅ Life expectancy = 0.01
- q Elasticities for countries that start with low-levels of spending and efficiency tend to improve outcomes more

Breaks in the spending-learning chain

1.	Funding decisions are misaligned with sector objectives (e.g. access, learning)
2.	Spending is not allocated equitably
3.	Funds do not reach schools and/or are not used for their intended purposes
4.	Governments lack capacity and/or systems to use funding effectively - weak public financial management including limited links between performance and funding
5.	Public spending can substitute for private spending

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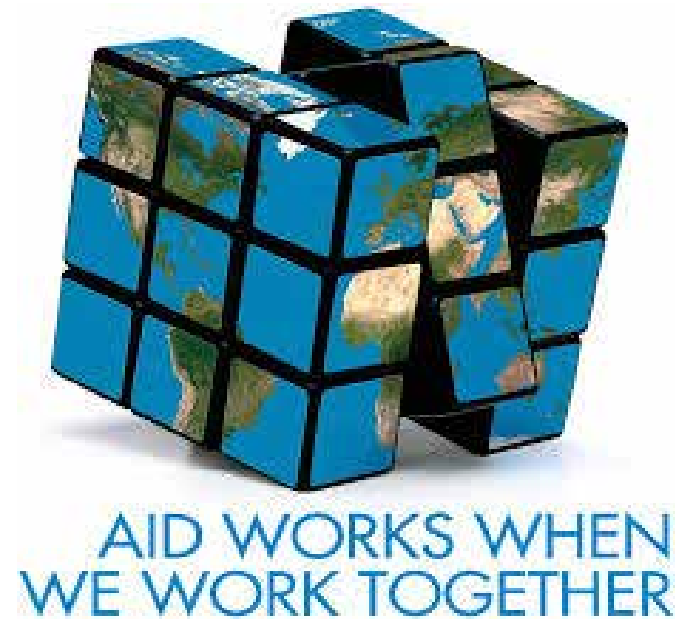
Can results based financing improve the effectiveness of public spending?

RBF Basics

Results-Based Financing is any program that rewards the delivery of one or more outputs or outcomes by one or more incentives, financial or otherwise, upon verification that the agreed-upon result has actually been delivered. Incentives may be directed to service providers (supply side), program beneficiaries (demand side) or both.



Promise of RBF



- Aid Effectiveness agenda / accountability (Paris Declaration)
- Increased efficiency and effectiveness (DFID / Value for Money)
- Greater autonomy and innovation (CGD / Cash on Delivery)

Prominent RBF Schemes in Various Sectors

Health

- GAVI – The Vaccine Alliance
- Global Financing Facility



Energy

- ESMAP

Climate

- Guyana REDD+ (GRIF)

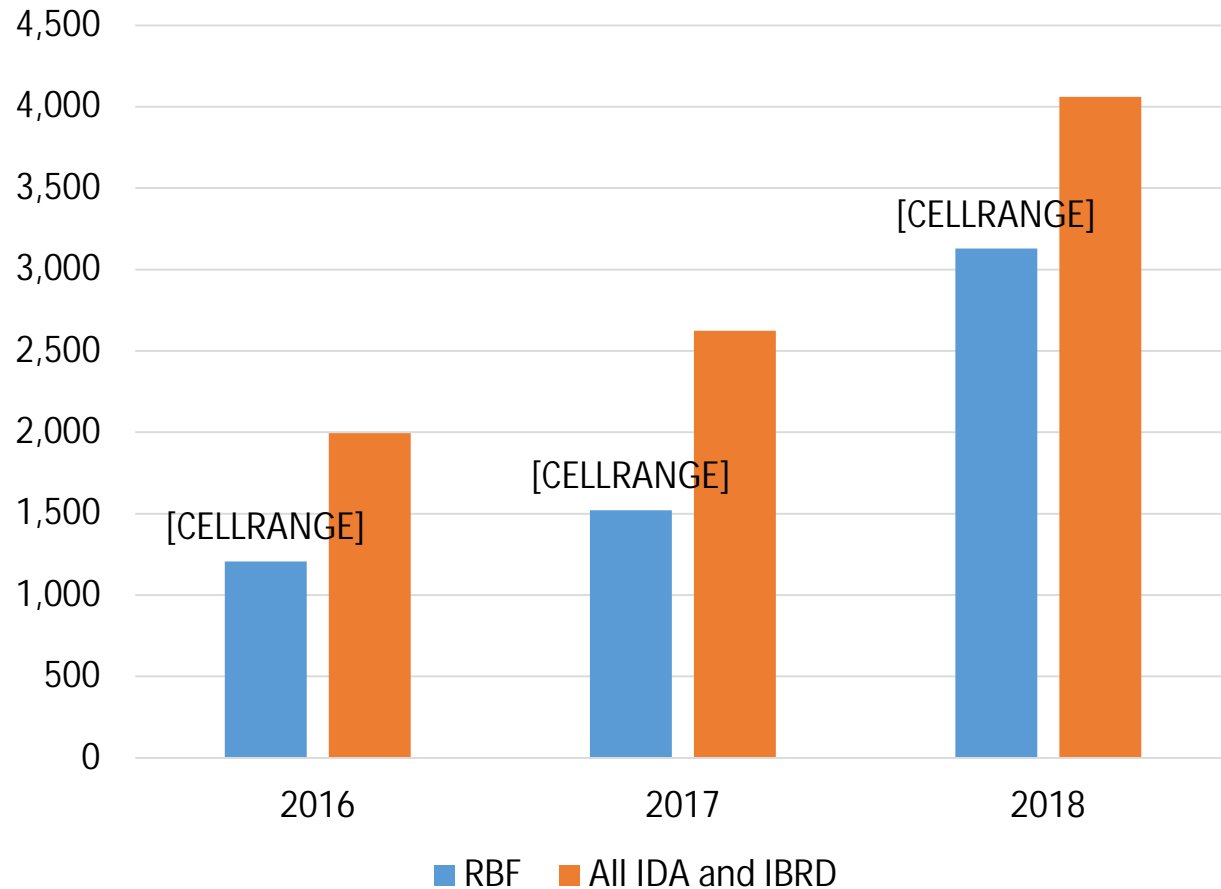


Results in Education for All Children (REACH)

- Set up in 2015 to specifically examine RBF in education
- Funding 33 RBF activities in 23 countries
- Building the global evidence base on RBF in education
- Providing technical assistance on how to use RBF more effectively
- Convening learning events to share information about RBF in education

World Bank RBF Portfolio in Education

IBRD and IDA Education Commitments FY2016-18



Who We Are / News

PRESS RELEASE

World Bank Group Doubles Results-Based Financing for Education to US\$5 Billion over Next 5 Years

May 18, 2015

This page in: English | Español | Français | العربية | Русский | 中文 | Português | 日本語 | 한국어

Ahead of World Education Forum 2015, Bank Group says poor education quality has 'serious consequences' for ending extreme poverty

INCHEON, Republic of Korea, May 18, 2015 – On the eve of the landmark World Education Forum 2015, the World Bank Group announced that it will double results-based financing for education to US\$5 billion over the next five years. The new financing is part of the Bank Group's commitment to end extreme poverty in the world by 2030 by improving both the quality and equity of education, so that all children are learning the skills they need to lead more prosperous lives.

More than 160 countries are meeting in Korea this week to discuss on a new goal and framework for action on education for the next 15 years. This will be part of the Sustainable Development Goals to be adopted by the United Nations in September, which will replace the Millennium Development Goals (MDGs) coming to an end this year.

MEDIA CONTACTS

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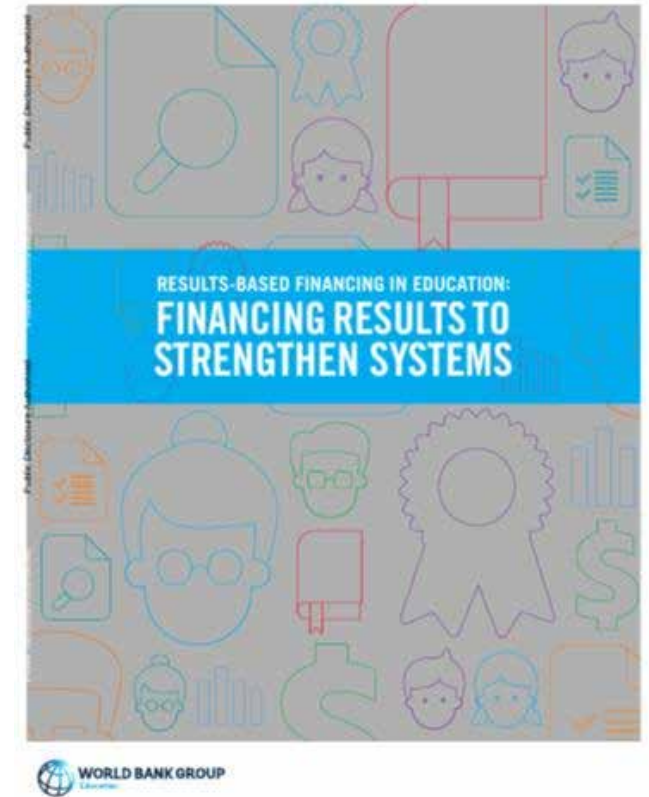
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Four Theories of Change

1. Flipping the Policy Dialogue to Where We Want to Be in Five Years
2. Sustain Attention Across Crises, Fads, and Changing Governments
3. Align All Actors Around Results that Matter
4. Institutionalize Measurement for Lasting Impact



Learning from What Works in RBF in Education

- RBF and Teachers
- RBF and Schools
- RBF and Students and Families
- RBF and Governments (Results-Based Aid)

RBF and Teachers

- Teacher incentives **can increase teacher attendance** but do not always improve student learning.
- Effects are larger and more positive in developing contexts.
- Impacts depend on:
 - i) Structure of the incentive scheme
 - ii) Behavior incentivized
 - iii) Possibility of gaming, cheating and other behavioral responses



RBF and Schools

- Evidence for performance-based school grants is limited.
- In general grants **do not seem to increase student learning.**
- They could, under some circumstances, increase other variables such as student attendance.
- Impacts depend on:
 - i) whether a grant is conditional
 - ii) what the conditions are can affect the results of an intervention.



RBF and Students & Families



- RBF can decrease school dropout and increase school attendance
- Evidence for effects on student learning is more limited/mixed.
- Impacts depend on:
 - i) conditionality
 - ii) behavior incentivized
 - iii) agent incentivized
 - iv) information or labeling of the incentive

Using RBF to Target Multiple Constraints



- Different RBF interventions can be combined within the same program to generate better results.
- A growing literature shows that the **effect of complementary interventions can be quite large.**
- Successful RBF requires proper identification of the binding constraint/s, which sometimes requires targeting more than one lever.



RBF and Governments: Making it More Effective

Choosing RBF

- Commitment
- Cost-effectiveness
- Cautions
- Context
 - Capacity
 - Country systems



Planning and design

- Cascading incentives
- Selecting and pricing indicators



Implementation

- Monitoring systems
- Verification
- Gaming and cheating
- TA and quality of implementation

Summary

- RBF can work at an intervention level
- There is less evidence on the effectiveness of RBA and few projects have closed

Remaining Gaps in Knowledge:

- Impacts on equity
- Cost-effectiveness
- Indicator selection and pricing
 - Target level for optimal incentivization
- Quality of Implementation

Results-Based Financing (RBF) in Education for All Children (REACH)

<http://www.worldbank.org/en/programs/reach>

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