



Knowledge hub
-
Collection of best practices

Summary of the best practice

1. Title of the best practice (e.g. name of policy, programme, project, etc.) *

RESULTS BASED FINANCING (RBF)

2. Country or countries where the practice is implemented *

Pakistan, Tanzania, Bangladesh, Jamaica, etc

3. Please select the **most relevant** Action Track(s) the best practice applies to *

- Action Track 1. Inclusive, equitable, safe, and healthy schools
- Action Track 2. Learning and skills for life, work, and sustainable development
- Action Track 3. Teachers, teaching and the teaching profession
- Action Track 4. Digital learning and transformation
- Action Track 5. Financing of education

4. Implementation lead/partner organization(s) *

World Bank

5. Key words (5-15 words): Please add key descriptive words around aims, modalities, target groups etc. *

Education outcome/outputs, results-based financing, education financing, teacher initiatives

6. What makes it a best practice? *

RBF in education is a best practice because it can and has been applied across different dimensions i.e., to incentivise teachers, students, and schools to deliver on desired education outputs across different countries

Description of the best practice

7. Introduction (350-400 words)

This section should ideally provide the context of, and justification for, the practice and address the following issues:

- i) Which population was affected?
- ii) What was the problem that needed to be addressed?
- iii) Which approach was taken and what objectives were achieved? *

Results-based financing (RBF) is an umbrella term referring to any program or intervention that provides rewards after the credible verification of an achieved result. These rewards can be monetary or non-monetary and can be partial (such as a bonus on top of a salary) or whole (such as the cost of training a teacher under output-based aid). There are differing opinions on what actually constitutes results-based financing, with much of the debate centred on what constitutes a “result”. These can be outputs (such as the implementation of a new teacher training system), intermediate outcomes, final outcomes (such as learning) or — more likely — a mixture. Importantly, the dividing line between inputs and outputs can depend on which particular bottleneck the RBF is being used to resolve and on the objectives of each specific project.

The case for RBF in education is tightly linked with desired global education outcomes that are crucial for development. Education is central to development strategy, as the success of a country in the long run has a strong causal relationship with sustained investment in human capital. This implies that ending extreme poverty and boosting shared prosperity depends on smarter investments in quality education and learning. Therefore, when education systems are strengthened to deliver results using tools such as RBF, they stand a much better chance of attracting the resources needed to finance ambitious new education targets enshrined within the post-2015 Sustainable Development Goals.

Some countries have adopted RBF as a promising instrument to strengthen education systems and align incentives with desired outcomes. Pakistan was the first country to use RBF in an IDA education project whose main objective was to promote sound, standardized recruitment, performance management, guidance, and support to contracted teachers, and as well as promote sound school-level salary and non-salary budgeting, and proper management and use of school non-salary budgets.

8. Implementation (350-450 words)

Please describe the implementation modalities or processes, where possible in relation to:

- i) What are the main activities carried out?
- ii) When and where the activities were carried out (including the start date and whether it is ongoing)?
- iii) Who were the key implementation actors and collaborators? (civil society organizations, private sector, foundations, coalitions, networks etc.)?
- iv) What were the resources needed (budget and sources) for the implementation?

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The nature of implementation is very context-specific and requires more robust qualitative research. The following are some of the key things a typical RBF initiative has or ought to have in its implementation process.

Monitoring and Information Systems

Monitoring and information systems are critical for results-based financing, which is based on the ability to accurately monitor and verify indicators. Thus, these systems must be in place before countries can put RBF into practice. An education management information system (EMIS) can serve multiple purposes, but the primary goal of teams is to use EMIS data as a way to assess the strengths and weaknesses of the education system. In most instances, monitoring and information systems are needed to ensure the disbursement of funds, but RBF can also be used to establish or improve existing monitoring and information systems. Given that RBF requires strong monitoring and information systems to ensure that indicators are accurately tracked, EMIS can be used as a disciplinary tool, in other words, if governments do not meet agreed targets for example, then they face punitive measures and donor funds are not disbursed.

Verification

Even with well-designed monitoring and information systems in place, RBF, by its very nature, depends on the verification of results. Without credible systems that can evaluate whether a target or result was attained (whether run by the government or otherwise), RBF may not work. One of the reasons that is often cited for the use of RBF is that it is a way to align the interests of the principal (donor) and the agent (recipient), but if there are no verifiable data that both sides can agree on, this theoretical relationship is broken. The agent has no way to convey to the principal which results have been attained, and the principal has no way to know whether any of the information that it receives is reliable. Once donors and country governments can agree on a system for collecting and reporting the data pertaining to the intervention, the most important question is who will be responsible for carrying out the verification.

This can be done by central governments or line ministries, local service delivery agencies, or external firms or NGOs.¹⁹⁰ Whoever carries it out, the most common option is to use EMIS data, if available. This was the approach used by the Ethiopia intervention piloted by the DFID.

Managing Gaming and Cheating

Even the most well-designed information and monitoring system can be prone to gaming and cheating. Any indicator that is used to distribute funding de facto becomes a high stakes indicator. If an indicator determines whether or not agents receive a large sum of money, they are more likely to report having achieved it regardless of whether or not this is actually the case. In implementing an RBF, gaming and cheating can often be managed in the following ways: Using complementary indicators. For example, an intervention in Kenya rewarded teachers for improving students' test scores in the government exam, and these subsequently were seen to have improved. Another way is to distribute the funding upon the achievement of a range of indicators rather than just one or two. This has the potential to relieve the pressure on the recipient as they would receive funding even if they only achieved some but not all of the

indicators. One example of an intervention that used several indicators was the Big Results Now program in Tanzania.

9. Results – outputs and outcomes (250-350 words)

To the extent possible, please reply to the questions below:

- i) How was the practice identified as transformative? (e.g., impact on policies, impact on management processes, impact on delivery arrangements or education monitoring, impact on teachers, learners and beneficiary communities etc.);
- ii) What were the concrete results achieved with regard to outputs and outcomes?
- iii) Has an assessment of the practice been carried out? If yes, what were the results? *

The following is a highlight of the results/outcomes in the Pakistan experiment where RBF was applied and as well as a few examples from other countries:

- The use of RBF in Pakistan in an IDA education project, the Second Sindh Education Reform Project recruited 16,800 teachers through a test, merit, and need-based recruitment process, set up and supported over 22,400 school management committees to address repairs and learning needs, and conducted a student achievement test for 2013-14 in all schools across Sindh in Grade 5 and 8. As many as 223,000 students took the test. The government also embarked on supporting 664 low-cost private schools with subsidies in rural parts of the province following a third-party verification to confirm the unavailability of any type of school in the vicinity. The schools support approximately 100,000 students, who would otherwise have been out of school due to absence of any type of school in the area.
- In Bangladesh, the WBG together with 9 other partners used RBF to deepen ongoing education reforms, especially related to raising quality and equity. Tangible results included increased enrolment and reduced social disparities in primary school, more children completing primary education, a better-quality learning environment, and measurement of student learning. As of July 2015, the project was already very close to meeting some of its final targets, having achieved a 97 percent net enrolment rate (target 98 percent); a 79 percent primary cycle completion rate (target 80 percent); and decreased disparity in access to schooling (measured by family income levels) of 0.77 (target 0.80).
- In Jamaica, the use of RBF focusing on areas that have been proven to improve learning has been very effective in the Jamaica Education Transformation Capacity Building Program, resulting in an improvement in Grade 4 numeracy achievement rates from 45 percent of students in 2009 to 58 percent in 2014 and Grade 4 literacy achievement rates from 70 percent to 78 percent over the same period. Also, the share of Grade 6 students passing an achievement test in mathematics has risen from 55 percent in 2009 to 61% in 2014 and English language from 53 percent to 63 percent. RBF is also being used to improve child development, nutrition status and school readiness in children 0 – 6 years through the Early Childhood Development Program benefiting over 300,000 young children.

10. Lessons learnt (300 words)

To the extent possible, please reply to the following questions:

- i) What were the key triggers for transformation?
- ii) What worked really well – what facilitated this?
- iii) What did not work – why did it not work? *

Identifying the most suitable and impactful incentive mechanism in any context is challenging. Some research evidence exists on the effectiveness of various RBF schemes, but more evidence is needed, especially on newer approaches, such as school finance systems that e.g., reward learning outcomes. In education, conditional cash transfers and pay-for-performance have been used more widely than the other schemes. The health sector has gained far deeper experience with the implementation and effectiveness of these mechanisms and offers a central source of learning for education.

The sustainability of RBF incentives is an important aspect to keep in mind when implementing one. The financial sustainability of most of these incentive programs largely depend on the nature of the program itself. It is possible to design interventions that are relatively cost-neutral, or at least cost-predictable. For example, if part of teachers' annual salary increases is instead redesigned as variable pay, the only additional cost would be the administration of the program. However, the political economy of such an intervention is likely to be much more problematic as it inevitably involves winners and losers. Instead, a program that adds a variable pay component to any planned annual salary increases will be more popular but also significantly more expensive.

What to Incentivize (Outputs or Outcomes?). The overall objective is to improve learning outcomes, but this can be achieved through different channels and mechanisms. Traditionally, two types of incentives have been used: those that reward effort (for example, teacher attendance) and those that reward outcomes (for example, student results). In RBF terms, the latter option involves rewarding results that are further along the results chain (an outcome), whereas the former would be rewarding an intermediate outcome.

11. Conclusions (250 words)

Please describe why may this intervention be considered a “best practice”. What recommendations can be made for those intending to adopt the documented “best practice” or how can it help people working on the same issue(s)? *

RBF in education is a best practice because it can and has been applied across different dimensions i.e., to incentivise teachers, students, and schools to deliver on desired education outputs across different countries. One of the key objectives of using RBF is to focus on outcomes down the results chain, such as intermediate and final outcomes, rather than on inputs as has often been the case with traditional financing. However, the available evidence thus far on teacher incentives for example is mixed. Evidence suggests that interventions that use teacher incentives can be successful given the right conditions, but they can also have negligible or negative effects. When designing an intervention, it is hence important to keep in mind the issues such as the structure (and complexity) of the incentive scheme, the behavioural response of all the agents involved, and the possibility of gaming and cheating, etcetera. Perfecting the incentives at just one level may turn out to be of little use if the incentives at the other levels are not aligned too. Therefore, an incentive scheme that aligns the incentives of all agents involved in the education sector is most likely to work better than a scheme that just influences teachers for example. It may also be worthwhile to investigate gaps relating to how different incentive structures (pay-for-percentile or levels, for example) operate in different contexts and the fiscal impact and long-term effects (both for students and for teachers) of teacher, student, and school performance incentives for instance.

12. Further reading

Please provide a list and URLs of key reference documents for additional information on the “best practice” for those who may be interested in knowing how the results benefited the beneficiary group/s. *

World Bank Group (2015). The rise of Results-Based Financing in education.

https://www.worldbank.org/content/dam/Worldbank/Brief/Education/RBF_ResultsBasedFinancing_v9_web.pdf

World Bank Group (2019). Results-Based Financing in education. Learning from what works.

<https://documents1.worldbank.org/curated/en/915061548222619389/pdf/Results-Based-Financing-in-Education-Learning-from-What-Works.pdf>