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# RESULTS-BASED FINANCING IN EDUCATION: FINANCING RESULTS TO STRENGTHEN SYSTEMS



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## Abstract

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This paper outlines the World Bank Group's approach to how results-based financing (RBF) can resolve some of the forthcoming constraints faced by client countries to achieving the education Sustainable Development Goal (Goal 4). In sum, the WBG approach uses RBF as an instrument to strengthen education systems, by aligning and incentivizing actors around a set of system results. This stands in contrast to other approaches whereby RBF is first and foremost considered as a way to increase value-for-money, or more generally as a tool for "smarter aid". The RBF agenda in education takes a wide lens, consisting of knowledge activities, convening services, and financing instruments such as the Program-for-Results lending instrument, and other financial modalities that reward the achievement of independently verified results. The World Bank Group has committed to doubling its current education portfolio of RBF operations to US \$5 billion by 2020.

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# ACRONYMS AND ABBREVIATIONS

COD	Cash on Delivery
DFID	Department for International Development
DLI	Disbursement-Linked Indicator
ECD	Early Childhood Development
EGRA	Early Grade Reading Assessment
EMIS	Education Management Information System
EU	European Union
DIE	German Development Institute
GEC	Girls' Education Challenge
GPE	Global Partnership for Education
GDP	Gross Domestic Product
IDB	Inter-American Development Bank
IDA	International Development Association
IEG	Independent Evaluation Group
IPF	Investment Project Financing
IVA	Independent Verification Agent
MINEDH	Ministry of Education and Human Development
NSP	National Strategic Plan for Early Childhood Development
PASEC	Programme d'analyse des systèmes éducatifs de la Confemem
PforR	Program for Results
RBF	Results-based financing
REACH	Results in Education for All Children
SERCE	Second Regional Comparative and Explanatory Study
SDI	Service Delivery Indicators
SDG	Sustainable Development Goal
SABER	Systems Approach for Better Education Results
USAID	United States Agency for International Development
WBG	World Bank Group
WDR	World Development Report

# SUMMARY

As demand for and interest in results-based financing (RBF) grows, the World Bank Group (WBG) supports a Results First approach as the optimal way to implement RBF. Results First means identifying the desired results and then working backwards to achieve them. This is in contrast to traditional aid approaches that primarily focus on inputs. While, in theory, all well-designed projects should include a discussion around results, Results First prioritizes that conversation and shifts both country government and development partner attention and effort in a way that traditional financing currently does not.

This paper presents four theories of change that showcase how RBF can strengthen education systems for lasting change:

## RBF: FOUR THEORIES OF CHANGE

### Flip the Policy Dialogue to Where We Want to be in Five Years

Flipping the policy dialogue makes better use of technical expertise, improving chances of resolving bottlenecks. Rather than marshal through the myriad inputs and activities related to education, RBF forces the conversation to start with results, and then gets actors to work backwards to identify what is needed to achieve the desired outcome. Once results are identified, the corresponding critical pathways to reaching those results can be plotted out, identifying binding constraints along the way. This encourages a new way of thinking, which concentrates on content, not process, and moves away from the traditional, inputs-driven financing pattern. In RBF, financing is instead attached to those milestones that will solve system bottlenecks, strengthening the coherence of the systems that will improve results.

### Align All Actors Around Results that Matter

Attaining results most efficiently and sustainably requires the involvement of multiple actors, notably ministries of finance. Examples abound of countries that have increased funding to their education sectors, without the corresponding uptick in performance. The inefficiency of current spending, and the lack of alignment between spending and results, are well documented (Hanushek, 2003; others). RBF offers a chance to place momentum behind larger public financial management reforms that influence spending in sectors like education. For example, the introduction of performance-oriented fiscal transfers from ministries of finance to subnational entities is one area where countries have shown much interest. These types of transfers can be used to correct for vertical or horizontal fiscal gaps (for more information, see section *How: A Systems Approach*). To achieve these, it is often necessary to galvanize all relevant actors, not just those in education, with the ministry of finance most often playing the role of the heavyweight.

### Sustain Attention across Crises, Fads, and Changing Governments

In the hectic, crisis-response world of education ministries, an instrument for sustained attention to the results that matter most is sorely needed. Political time horizons and competing short-term urgencies can often supplant a government's long-term policy agenda. However, sector plans that have medium and long-term results embedded and financially rewarded over time helps keep all eyes on the prize despite the political economy. What is more, allocating financing to the achievement of certain results helps authorities signal the importance of them. Coupled with strong monitoring, this signal can in and of itself induce behaviour change. Prioritizing specific results can also provide overworked ministries of education with much appreciated relief, as this prioritization helps whittle down the activities to be carried out.

### Institutionalize Measurement Systems for Lasting Impact

Achieving sustained results is impossible without accurate and timely measurement, providing feedback loops for course correction. RBF only functions with strong monitoring systems that link information from frontline service-delivery to managers and policy makers who are able to make use of the information, course correct, and re-inform service providers. In many countries, there is very limited measurement outside of those indicators collected through Education Management Information Systems (EMIS), which themselves are rarely very robust. RBF therefore seeks to strengthen existing EMIS systems, oftentimes through independent verification, which not only fosters a culture of measurement, but bolsters the capacity for system measurement and monitoring in countries.

# INTRODUCTION

**RESULTS-BASED FINANCING** captures the essence of how the WBG is implementing its education strategy “Learning for All”. The strategy emphasizes learning (rather than just schooling), since that is what leads to economic growth, development, and poverty reduction. Second, the strategy calls for investing “for all” so as to ensure the equity dimension behind the SDGs and the Bank’s Twin Goals of reducing poverty and boosting shared prosperity. These goals can be achieved through strengthening education systems: elements such as schools, teachers, curricula, materials, as well as policies, accountability mechanisms, resources and financing, that, when working together, result in high quality services for children. Crucially, this implies moving beyond simply providing more inputs, to operating in a way that will bring alignment among system components, thereby fostering greater results. How resources are mobilized and managed to flow to — and through — education systems offers one such pathway for coalescing efforts, providing incentives, bringing attention to results, and making actors accountable when results aren’t achieved.

**RBF has the potential to transform how education systems operate, and the types of results they achieve for children the world over.** Generally speaking, RBF does this by rewarding the delivery of education outcomes through financial incentives, upon verification that the agreed-upon result has been achieved, in a manner that can be credibly sustained over time. As a financing instrument, RBF shows much promise for helping clients enroll the 121 million children still out of primary and lower secondary school (UNESCO, 2015), and teach the 250 million in school but still unable to read or write (EFA Global Monitoring Report, 2013–2014). RBF can foster the right incentive structures

in education systems, overcoming challenges that exclude children and youth from attending schools, and prevent learning.

**The WBG helps clients invest in their education systems, in order to deliver more and better services.** This support typically takes the form of financial services, technical and advisory services, and convening services. Working within the WBG Education Practice’s *Systems Approach for Better Education Results (SABER)* diagnostic and benchmarking platform, RBF can serve as a tool to strengthen systems, improving how separate processes align.

*RBF can foster the right incentive structures in education systems, overcoming challenges that exclude children and youth from attending schools, and prevent learning.*

This Approach Paper therefore outlines the World Bank Group’s approach to Results-based financing in the education sector. It seeks to define RBF (building on the existing glossary for the health sector), and argue for the use of RBF primarily as a systems-strengthening tool, as opposed to a more hands-off, “laissez-faire” version of RBF.

The operational implications of this view of RBF on the WBG are presented, with a priority agenda for the coming years. Given the paucity of existing evidence in the education space on the effectiveness of RBF, the Approach Paper outlines its limits, discussing the risks (and corresponding mitigation thereof) of results-based approaches.

## SYSTEM REFORM, BEYOND INPUTS

“Strengthening education systems means aligning their governance, management of schools and teachers, financing rules, and incentive mechanisms with the goal of learning for all. This entails reforming relationships of accountability among the various actors and participants in an education system so that these relationships are clear, consistent with functions, measured, monitored, and supported.

It also means establishing a clear feedback cycle between financing (including international aid) and results. Because failures of governance and accountability typically have their severest effects on schools serving disadvantaged groups, this system approach promotes educational equity as well as efficiency.”

- WBG Education Strategy “Learning for All”, 2011

## What are “Systems”, and Why do they Matter?

**Stronger education systems are how student learning will increase sustainably and continuously over the long-term.** Taking a “systems approach” implies a careful consideration of how the elements and parameters within a system interact with each other and as a whole, and where bottlenecks or binding constraints are impeding the system’s ability to transform inputs into outcomes (Newman, King, & Abdul-Hamid, 2016). This is different from a project approach, which takes a narrower view of one part of the system, or even a sector approach, which typically considers an entire level of education, but with little consideration to how the parts of the system work together.

**Fostering the desired outcomes that the systems seek to produce requires system coherence.** Typically, systems are designed to achieve results in coverage (Pritchett, 2015) as the last 15 years have been building towards the achievement of Millennium Development Goal. The challenge for achieving the education goals in the SDGs will be to reshape system coherence such that they align to produce learning. As a recent DFID study observes, “past education sector reforms have not resulted in the desired speed and scale of improved learning outcomes... One proposed way of overcoming these issues is to move away from a mechanistic reading of the education sector toward diagnosing

## Lack of System Coherence Leads to Low Impact and Inefficiency

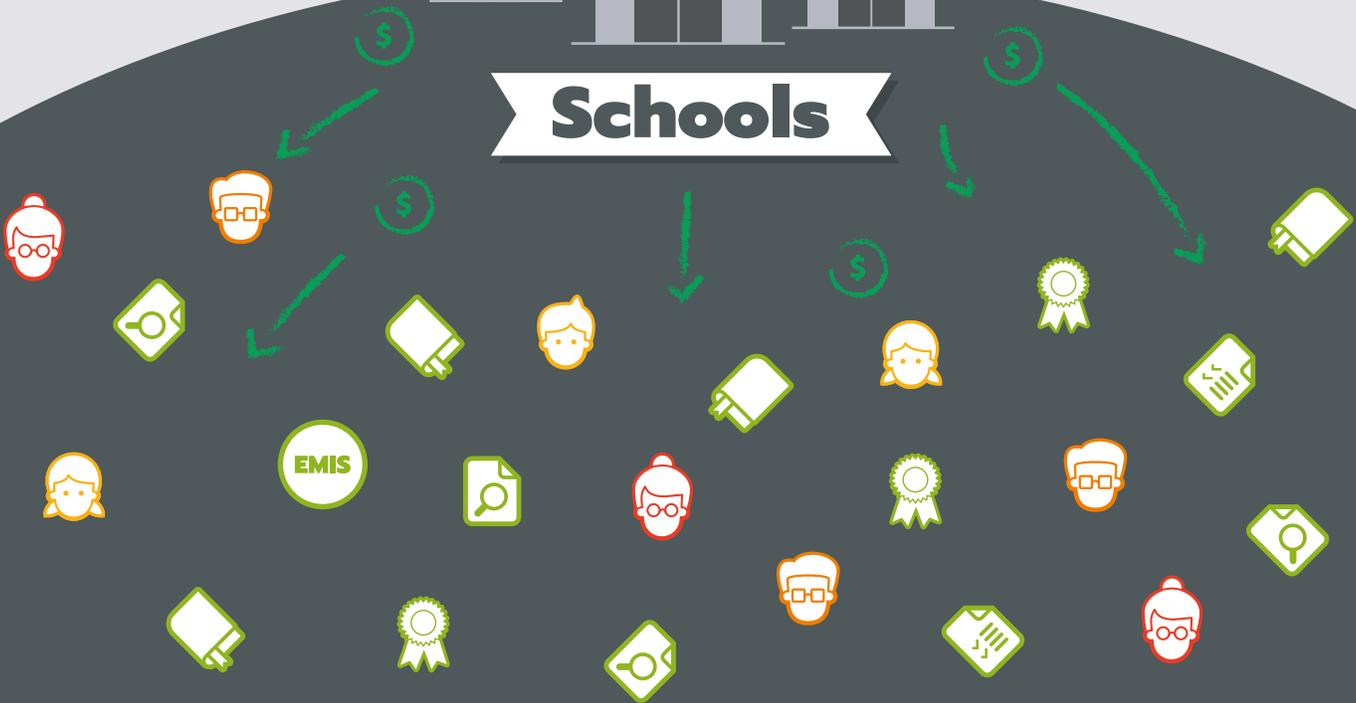
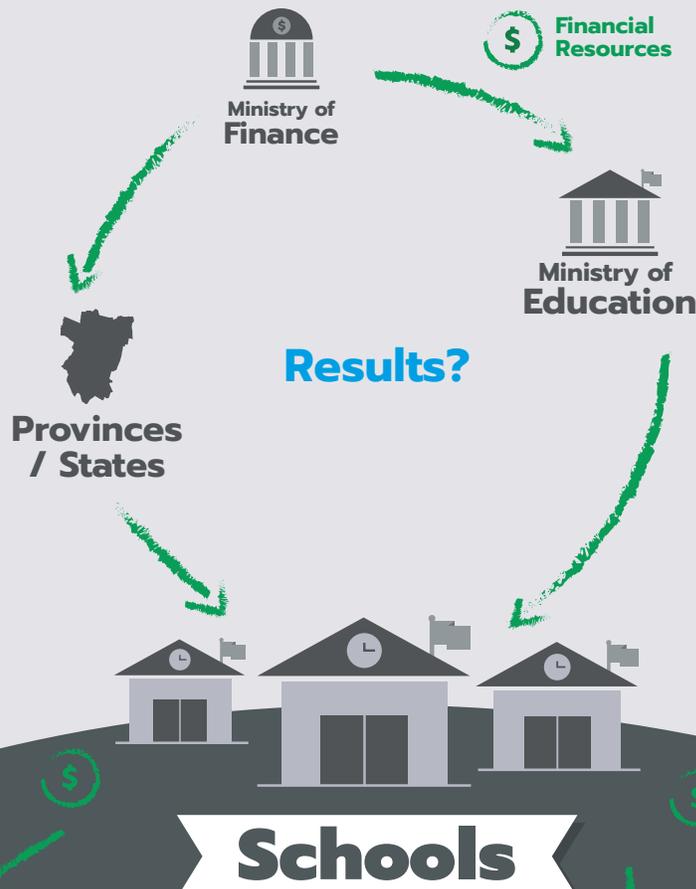
Traditional aid models focus on financing inputs in an uncoordinated way, creating dissonance between various parts of the education system. Money flows between organizations, actors and inputs without accountability for results.

### ACTORS

-  Directors
-  Teachers
-  Students

### INPUTS

-  Curriculum
-  Materials
-  Teacher Training
-  Testing
-  Education Management Information Systems



malfunctions in the system through which outputs are translated into outcomes” (Faul, 2016). In addition to being at the heart of the WBG *Learning for All* strategy, a focus on bringing systems into alignment will feature in the forthcoming World Development Report 2018 “Realizing the Promise of Education for Development”.

*This paper largely focuses on how finance, and RBF specifically, can be used as a lever to pull education systems into coherence.*

**Financing is one of the four key components to making systems coherent.** Making a system work as a whole requires relationships of accountability among and between the parts of the system. These relationships have four design components: delegation, finance, information, and motivation (Pritchett, 2015). This paper largely focuses on how finance, and RBF specifically, can be used as a lever to pull education systems into coherence.

**This approach is further underscored by the findings of the Education Finance Commission’s report for The Learning Generation (2016).** The Education Finance Commission’s report calls for a Finance Compact between developing countries and the international community (Education Finance Commission, 2016). RBF encompasses all of the four transformations called for: performance, innovation, inclusion, and finance. Specifically, putting results first (performance), and embracing results-based approaches to finance (finance) is at the heart of the WBG approach. The approach also offers a new way of approaching problems (innovation), and incentivizing results allows for differentiating levels of rewards, in order to favor traditionally disadvantaged groups, such as rural girls or children living with disabilities (inclusion).

## The Education Finance Crisis that RBF Might Prevent

Over the next 20 years, countries around the world will face a historic triple challenge: to universalize primary and secondary education services, simultaneously improving schools—in a context of increased fiscal pressure. While these tasks will play out differently in each country and region, they will likely have the characteristics listed below.

The Sustainable Development Goals<sup>1</sup> seek to guide global efforts in tackling these first two challenges. With regards to universalization, it is estimated that 121 million children are still excluded from primary and lower secondary school. Perhaps more worrisome are the more than 250 million that, despite being enrolled in school, have not been taught to read or write. Goal 4 of the Global Goals aims to “Ensure inclusive and equitable quality education and promote lifelong

learning opportunities for all”. To do so, the international community has agreed on 10 targets, starting with ensuring that children finish primary and secondary school, having acquired meaningful learning outcomes. Measures of learning at mid-primary, end-primary, and end lower-secondary have been approved in principle, with specific indicators still under discussion (United Nations, 2016). These are ambitious, and the SDGs, in general, have lofty goals of “overcoming poverty and protecting the planet” (Development Committee, 2015). To achieve them, the joint Development Committee (made up of multilateral aid organizations) has proposed a “billions to trillions” agenda where even more resources will be required, and identified RBF as a specific financing solution that can help crowd in more funds towards development objectives.

*To achieve the SDGs, even more resources will be required, and RBF can be a financing solution to help crowd in funds towards development objectives.*

### THE TRIPLE CHALLENGE COUNTRIES WILL FACE OVER THE NEXT 20 YEARS

#### UNIVERSALIZATION OF PRIMARY AND SECONDARY EDUCATION

Reaching those still excluded from services, whether girls, ethnic minorities, children living with disabilities, or the rural poor, will imply higher than average marginal costs.

#### BETTER SCHOOLS

Ensuring that students acquire the basic skills needed for future study, work, and life implies services superior to those typically on offer. Improving education services may incur added costs, though it could ultimately result in cost savings.

#### FISCAL PRESSURE

In most countries education is already the most prevalent sector in the budget, consisting of the largest proportion of the civil service, and accounting for the largest share of recurrent government spending. As countries try to achieve more at current levels of education financing, in a context where climate change and other crises increasingly compete for scarce resources and cynicism over what existing financing can achieve (Education Finance Commission, 2016), the pressure for ministries of finance and education to make education financing more impactful and efficient will likely increase correspondingly.

<sup>1</sup> For more information, please see United Nations (2016).

# THE RISE OF RBF

RBF is on the rise, for differing reasons. This section starts with an operating definition for RBF, and then outlines the competing motivations behind RBF, and places the WBG approach in that landscape. It traces a brief history of the movement, from standards-based reforms through to the use of financing as a lever for strengthening systems.

## Operating Definitions of RBF

**What is results-based financing?** RBF means different things to different people. For the WBG, it is an umbrella term referring to any program or intervention that provides rewards upon the credible, independent verification of an achieved result. Rewards can be monetary or non-monetary, and can be partial (e.g. a bonus on top of a salary) or whole (e.g. the unit cost under output-based aid).

**What are results?** For the WBG, results are those elements within a results chain that lie beyond the input stage. They can be outputs, intermediate outcomes, final outcomes (such as learning) or—more likely—a mix. Importantly, the dividing line between inputs and outputs may be context-specific, depending on the particular bottleneck that RBF seeks to resolve. For example, getting books into the hands of children would typically be considered an input, and having the child use the book would be an output (an outcome would be that she could read). However, if it is found that children cannot read because books are unavailable in their school, then we would consider achieving that state (books in the hands of children) as a result worth incentivizing.

**What is a credible, independent verification?** Given the consequences of meeting and missing targets, verification takes on added importance under RBF. Typically, verification procedures under WBG operations call for “credible, independent” verification procedures, oftentimes including the use of existing country systems. Though “independent” usually implies third party actors, this is not always the case, since full-scale verification by private agents can often be cost prohibitive. Output-based aid projects typically make use of third party actors called independent verification agents (IVA) (Loening & Tineo, 2012). Several lessons of relevance to the education sector, particularly from infrastructure operations and health, have been documented (see, for example, Perazzo & Josephson, 2014) and are being incorporated into training programs on RBF, such as training for the Bank’s Program-for-Results lending instruments. Examples of such lessons are the importance of internal consistency between regulation, management information systems, and the verification protocols, and the role of independent verifiers as mediators among actors.

*Results can be outputs, intermediate outcomes, final outcomes (such as learning) or a mix.*

## What Have Others Said about RBF?

The literature has explored the conceptual basis and reviewed the experience to date with RBF in education. This section discusses only the main components of that foundation, which are mostly taken from economic theory. There is also a non-exhaustive review of the research around accountability, contracts, incentives, motivation, and a look at the limited number of evaluations conducted thus far.<sup>2</sup> (For more details on this review, please see the *Annotated Bibliography*).

### The Principal-Agent model dominates the analytical underpinnings of how to think about RBF.

According to this model, the “principal” is the donor or funder, and the “agent” is the recipient. Perakis and Savedoff (2015) describe this theory as “a divergence in objectives between principals and agents which principals “solve” by offering a contract that aligns agents’ incentives with their own”. The agents can then either embrace the principal’s objective and be rewarded by the principal, or continue to pursue their own objective, thereby foregoing the reward. In “Cash on Delivery: A new Approach to Foreign Aid”, Nancy Birdsall and William Savedoff (2010) bring this model to life with a proposed approach. Cash on Delivery Aid (COD) positions RBF as a way to improve foreign aid by altering the relationship between principal (the donor) and agent (the recipient) to achieve shared goals. Birdsall and Savedoff promote a “hands-off” approach, indicating that the less a donor interferes in the design and implementation, the more discretion and responsibility the agent has, with the emphasis on transferring ownership to the recipient.

The Principal-Agent model is also used by Clist and Verschoor, who focus more on weighing the costs and benefits of using RBF relative to other forms of aid. The authors advocate that RBF can be successfully used to improve efficiency by “linking the agent’s costs with the principal’s utility, in a situation where the agent’s action cannot be observed.” (Clist & Verschoor, 2014). Another argument is that RBF is unnecessary in the case of full alignment between donor and recipient because it renders performance incentives moot and thus becomes much more inefficient than a simple transfer (Clist & Dercon, 2014). In most high-capacity country contexts, this proves to be true, making RBF a less powerful financing modality.

### A consideration when applying RBF is whether or not the right behaviours are incentivized.

It is important for principals to review the types of behaviours that are actually rewarded, and not just the ones they intended to reward (Kerr, 1995). The idea that what is incentivized can be different from what is desired is also a concept outlined in Multitask Theory, one that Clist and Verschoor (2014) also use to analyze RBF. This model indicates that if an incentive is tied to a specific result, such as student completion rates, the agent can still choose a range of options to achieve this target, regardless of whether or not their choice is the “best” choice. For example, an agent could choose to prevent drop out or repetition, but that would take away the focus from learning gains. Some emerging evidence from health suggests that this risk does not actually manifest itself at the level of the service providers (Das, Friedman & Mutasa, 2016).

<sup>2</sup> Some of these evaluations include a look at five case studies by [DfE: Improving Education Outcomes by Linking Payments to Results: An Assessment of Disbursement-linked Indicators in five Results-based Approaches \(2015\)](#); [DFID: Evaluation of Payment by Results \(PBR\): Current Approaches, Future Needs \(2013\)](#); and [USAID: Incentives and Accountability in Education: A Review \(2014\)](#).

## Evolution of RBF in the WBG Education Practice

The WBG has pledged to double its results-based financing in education to US \$5 billion by 2020. At the World Education Forum in Incheon in May of 2015, President Kim announced that this promise was part of the WBG 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. Fulfilling this pledge will make the WBG the largest actor in the RBF space. It will require an intensification of efforts across the WBG, as well as close partnerships with international actors and donors active in this area, particularly the Global Partnership for Education (GPE), which has introduced a results-based variable tranche in its new funding model. It will also be important to learn from the early lessons from other sectors (health in particular), as well as from other development partners such as DFID.

Results-based financing is a natural evolution of support to a systems approach to education systems. This trend can be dated back to the standards-based reforms of the 1990s, one of the most well-known being No Child Left Behind in the United States. These reforms tended to

heavily focus on alignment of education systems and greater school accountability through monitoring and, in many instances, student assessments (Hamilton, Stecher, & Yuan, 2008). The next generation of reforms seek to institutionalize the accountability relationships throughout the sector. Finance represents a tool to ensure compliance with standards, as well as providing a strong feedback mechanism back to authorities about the achievement of standards, and incentivizing the continuous moving of the goalposts such that systems can, ideally, be placed on a virtuous improvement cycle.

**The rise of RBF in education follows on the heels of successes in the health sector.** Launched in 2007, the Health Results Innovation Trust Fund (now known as RBF Health) seeks to improve maternal and child health throughout the world. The fund started with five pilot programs in 2008, and today supports 36 RBF programs in more than 30 countries. Results fall under six maternal and child health indicators and include over 15 million women receiving antenatal care and over six million children fully immunized. The fund has used its \$400 million in financing to leverage \$2.2 billion

*By making a commitment to double results-based financing in education to US \$5 billion by 2020, the World Bank Group will become the largest actor in this space.*

### THE WBG HAS RESPONDED TO CLIENT DEMAND FOR RBF THROUGH VARIOUS INSTRUMENTS

These will be further discussed in the section *The World Bank and RBF: Implications for the Business Model*. Starting in the mid-2000s, the WBG began to support client RBF programs by linking disbursements of WBG lending operations to the achievement of specific disbursement-linked indicators. This led to the launch of a new financing instrument in 2012, Program for Results (PforR), which focuses on using country systems and disburses upon the achievement of results. PforR was designed in response to both client demand and WBG staff interest. As of January 2017, there have been 52 PforR operations across all sectors, totaling US \$13.0 billion of Bank financing and US \$60.3 billion in government programs.

in IDA financing. Among the global leaders in this area are DFID, Germany, Norway and USAID, all of whom finance RBF initiatives at the WBG.

**While RBF is an emerging financing method that sparks large interest at the WBG and in the international development sphere, it is not always the “right” choice.** For example, in countries that have large infrastructure needs, i.e., building schools or rehabilitating schools, it may make more sense to take a traditional financing route. Moreover, RBF is

particularly difficult to apply in fragile, low capacity contexts, though it can be used in a way that establishes preconditions for future RBF (see the section *Artisanal RBF* for more detail). However, an advantageous feature of RBF is its ability to delink payments from inputs, which creates more discretion for recipients to execute their budgets where the funds will have greatest impact (Savedoff, 2016). Ultimately, it is up to governments and teams to choose financing instruments and modalities that work best in any given context.

*RBF is particularly difficult to apply in fragile, low capacity contexts, though it can be used in a way that establishes preconditions for future RBF.*

## Results First: Neither “Laissez-Faire”, nor “Backdoor” RBF

**While many agencies have espoused RBF, the WBG emphasizes a hands-on approach.** We characterize three types of RBF: i) Results First, whereby financiers and clients jointly commit to achieving results, travelling the path from conception to results together. This approach best describes the WBG approach; ii) “Laissez-faire” RBF, whereby donors seek to incentivize improved learning outcomes, through any means necessary; and iii) “Backdoor RBF”, which seeks to use RBF in

name only (for purposes of accelerating disbursement), while continuing with business as usual.

**Results First implies envisioning how the future will be different, and working backwards to figure out how to get there.** While many well-designed projects may account for this already, explicitly defining the Results First approach helps further sharpen the benefits of RBF. Historically, conversations under traditional financing start with disparate

### THREE TYPES OF RBF

#### RESULTS FIRST

Financiers and clients jointly commit to achieving results, travelling the path from conception to results together. This approach best describes the WBG approach.

#### LAISSEZ-FAIRE” RBF

Donors seek to incentivize improved learning outcomes through any means necessary.

#### “BACKDOOR RBF”

Seeks to use RBF in name only (for purposes of accelerating disbursement), while continuing with business as usual.

inputs (e.g., the Ministry of Education needs to pay for teacher training, computers for classrooms and school grants), while RBF immediately starts the conversation around results. This approach has taken various forms in a number of countries. In Jamaica, the process was termed “critical pathways”, with disbursement-linked targets identified to remove the blockages that impeded the results the country seeks on early childhood development. In Malaysia, they refer to it as Big Fast Results, and in Tanzania, Big Results Now. The Millennium Challenge Corporation calls its process the “continuum of results” while Andrews, Pritchett and Woolcock (2012) name their model “Problem-Driven Iterative Adaptation”. These processes all have the same elements in common: they put results first, and then work backwards on how to get there. Along the way, they identify the stumbling blocks, and seek to resolve them through incentives. This form of RBF is not concerned with the source of financing (whether aid, public investment, or other).

**“Laissez-faire” RBF rests on the notion that traditional aid patterns have not generated the sought results.** Rather, those best placed to solve the problems related to generating learning outcomes are those closest to the context. A common example of Laissez-Faire RBF is Cash on Delivery Aid, developed by the Center for Global Development, whereby donors are hands-off (rather than paternalistic) in their financing of aid programs, “emphasizing the power of incentives rather than guidance or interference” (Birdsall & Savedoff, 2010). This view implicitly discounts the technical contribution that donors can bring to the table, as well as the technical contribution that central governments can bring to schools.

**In reality, a laissez-faire approach has limited value for the WBG and its clients.** The Principal-Agent model that underpins it does not lend

itself well to the WBG and its relationship with its clients. The idea that the WBG can shift the ‘pecuniary interests’ of partner governments makes the assumption that the agent (client governments) does not inherently value the result, at least not as much as the principal (the WBG). This has not borne out in the WBG experience. Rather, principals and agents are equally motivated in the pursuit of results, and client ownership and the corresponding political will are preconditions for successful RBF. Also, as Perakis and Savedoff (2015) put it, “governments are not unitary actors with well-defined preferences of direct links between decisions and actions”, rendering the principal-agent model difficult to apply. Finally, clients on the whole request that WBG accompany them with technical assistance along the results chain from inputs to outcomes.

**“Backdoor RBF” is a results-based approach whereby disbursement modalities differ, but the rest of the relationship remains traditional.** Backdoor RBF uses RBF in a faddish way meaning that though results or DLIs are identified, the Results Framework doesn’t necessarily change and the rest of the conversation continues to be focused on inputs, as usual. This type of RBF is not truly using financing to synchronize goals between donor and recipient, instead seeking to accelerate disbursements. A great danger in Backdoor RBF is that when results are not achieved, and nonpayment enforced, both donor and recipient are surprised and frustrated. An example of Backdoor RBF is when projects are initiated by first choosing the financing modality (RBF) rather than thinking about the desired outcomes and whether or not RBF can help achieve those. In these cases, it was only at the time of non-disbursement in the context of non-achievement of results that recipients become fully cognizant of the implications of RBF (Coffey, 2016).

*In the WBG [RBF] experience, principals and agents are equally motivated in the pursuit of results.*

## New Conditionality, or Easy Money?

**Results First is therefore not a new form of conditionality.** RBF cannot substitute political will. The results that it seeks to generate are those shared and, ideally, co-created, with client partners. It does not seek to shift pecuniary interests. Instead, it seeks to use financing as a common thread for helping to align parts of the system, and actors, into coherence (along with the other needed elements of accountability relationships).

**Neither is it easy money.** Whether the sources of financing are national budgets or international funding resources, ministries of finance and of education, and donors alike will be under increasing pressure to demonstrate more impact for financing. In contrast to traditional input-based aid financing, whereby financing was guaranteed, regardless of achievement of results, or chronic delays in project implementation, the financial architecture of RBF promises more efficient and impactful spending. This being said, RBF is not a suitable substitute

for budget support that is unavailable due to poor macro-economic country conditions. Using RBF in this way is unsustainable over time.

**In fact, the degree to which the money itself matters as an incentive is unclear.** As will be seen in the next section, the value of the RBF approach lies in a new way of thinking about achieving results through programs. It seems that this value can be harnessed irrespective of the level at which the financial reward is placed. For instance, in the Jamaica ECD project, the DLIs were only worth \$180,000, and yet that seemed to be a powerful enough incentive to intensify efforts. To put this in economic terms, perhaps instead of having 'high-powered' incentives, what matters more is a strong signal-to-noise ratio, that is, that the indicators are calibrated such that front-line actors are able to respond to the incentives. This implies avoiding indicators that may contain too much statistical noise, as well as those that are beyond their control.

*The value of the RBF approach lies in a new way of thinking about achieving results through programs.*

# WHY WE BELIEVE IN RBF: FOUR THEORIES OF CHANGE

Among the many reasons behind the WBG commitment to a Results First approach, four stand out. First, it flips the policy dialogue, with external partners and internally within ministries, to focus more intentionally on what elements in the education system can be improved upon to generate results. Second, it attracts and retains much needed attention — from policymakers to parents — to the ultimate results that are sought. Third, it serves to galvanize and align important (yet often uninvolved) actors in the pursuit of results, notably ministries of finance. Finally, it instills a culture of measurement, which can eventually be institutionalized through strengthening the country's systems.

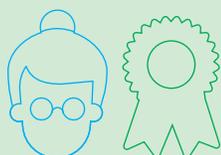
## Flip the Policy Dialogue to Where We Want to be in Five Years

Flipping the policy dialogue makes better use of technical expertise, improving chances of resolving bottlenecks. Rather than marshal through the myriad inputs and activities related to education, RBF forces the conversation to focus on developing a theory of change that starts with results, prompting actors to work backwards to identify what is needed to achieve the desired outcome. This helps focus the discussion within education ministries, and between the WBG and clients, on which results are truly priority areas for

the government. Once identified, the corresponding critical pathways to reaching those results can be plotted out, identifying binding constraints along the way. This encourages a new way of thinking, which concentrates on content, not process, and moves away from the traditional, inputs-driven financing pattern. In RBF, financing is instead attached to those actions that will solve system bottlenecks, strengthening the coherence of the systems that will improve results.

### CASE STUDY 1

#### FLIPPING THE POLICY DIALOGUE IN THE DOMINICAN REPUBLIC



*In 2006, Dominican students ranked last among test takers in regional student assessments.*

In 2014, the Dominican Republic announced its National Pact for Education Reform (World Bank, 2015) which aims to recruit and train primary and secondary school teachers; assess student learning in primary and secondary schools; evaluate early childhood development services and help decentralize public school management.

During project preparation, many of these objectives were not part of the conversation, namely because discussions between the WBG team and client took a “business as usual” route and centered on inputs such as building early childhood care centers or secondary schools. However, given the context — in 2006, Dominican students ranked last among test takers in regional student assessments (SERCE, 2006) — there was an obvious need for changes that would lead to improved learning.

To get at the heart of the matter, rather than think narrowly about infrastructure activities, the ministry, together with the WBG team and international financing partners like the Inter-American Development Bank (IDB) and the European Union (EU), and with civil society actors, looked at the larger picture and embarked on an exercise to identify the results the country wanted to achieve by 2020. Working backwards, they then thought about the results chain and how each policy action would influence the next. At the time, a survey of mathematics teachers had come out from the Dominican Institute of Research and Evaluation which revealed that only

## FLIPPING THE POLICY DIALOGUE IN THE DOMINICAN REPUBLIC

a minority of teachers (45 percent) could correctly answer 50 percent or more of questions related to the content they were supposed to be teaching. If teachers themselves could not answer the questions, how could they be expected to properly teach students?

Instead of fixating on single-issue policies such as teacher training or teacher recruitment or student assessments, the ministry examined the “system” that was in place to ensure children received a quality education. The sector is governed by a set of institutions with complex relationships: the Ministry of Education and the Ministry of Higher Education, Science, and Technology, which are the two primary governing ministries of the sector, and the Salomé Ureña Teacher Training Institute, Autonomous University of Santo Domingo and National Institute of Education and Training of Teachers, the three largest providers of pre-service training. Prior to the project, there was no alignment and haphazard division of labor among actors. **As part of the RBF approach, the Government, with support from the WBG and partners, examined how teachers were recruited and trained, and how student assessments were administered. While it is always important to recruit and train qualified teachers, the question then became, why didn't this already happen?** The greatest binding constraint on recruitment of high quality teachers was that there was no mechanism in place to screen potential candidates. The Government chose to resolve this by introducing a competitive entrance exam, to filter out unqualified candidates. To encourage sustained motivation, the exam was tied to a disbursement of funds under the World Bank loan that accompanies the implementation of the National Pact.

When the National Pact planning committee turned to address the issues around measuring learning, it became clear that the 8th grade leaving exam served more as an ex-post “autopsy” of the poor learning levels of students, rather than an ex-ante diagnostic of which students were struggling, and with what parts of the curriculum. If they did not pass, they most likely dropped out, and there were no other assessments in earlier grades to detect learning gaps or diagnose other learning challenges. In other words, there was no data to inform teachers on how to focus their efforts. To change this, a DLI was tied to developing a student assessment in grade 3, and using that data to improve teacher training programs.

The Government’s approach to identifying results and bottlenecks allowed for: (i) the alignment of actors and actions around results via DLIs and (ii) a shift in the policy dialogue that enabled various parts of the system to “talk” to one another, rather than piecing together ad-hoc interventions that only addressed parts of the system.

## Sustain Attention across Crises, Fads, and Changing Governments

In the hectic, crisis-response world of education ministries, an instrument for sustained attention to the results that matter most is sorely needed. Political time horizons and competing short-term urgencies can often supplant a government's long-term policy agenda. However, sector plans with embedded medium and long-term results that are financially rewarded over time helps keep all eyes on the prize despite the political economy. What is more, allocating financing to the achievement of certain results helps authorities signal the

importance of them. For example, the government of Lebanon financially rewards schools serving Syrian refugees who raise average attendance rates, underscoring that the government is serious about schools reaching out to families and making sure kids come to school. Coupled with strong monitoring, this signal can in and of itself induce behaviour change. Prioritizing specific results can also provide overworked ministries of education with much appreciated relief, as this prioritization helps whittle down the activities to be carried out.

### CASE STUDY 2

#### SUSTAINED ATTENTION THROUGH RBF IN JAMAICA



*This strategy was brought to life by several government agencies recognizing the need to improve human development outcomes, given the poor school readiness of Jamaican children.*

Jamaica launched its first National Strategic Plan for Early Childhood Development in 2008, and the second in 2013. The Plan features a number of results in education, health, and social protection marking important milestones in the implementation of the strategy.

The development objectives are to: improve the monitoring of children's development, the screening of household-level risks affecting such development, and early intervention systems of the Government to promote such development; enhance the quality of early childhood schools and care facilities'; and strengthen early childhood organizations and institutions. The disbursement-linked targets include the increase in the percentage of preschools that have permits to operate, the increase in the number of health centers offering well-child clinics, and the number of additional children covered by the social protection system (World Bank, 2008a).

This strategy was brought to life by several government agencies recognizing the need to improve human development outcomes, given the poor school readiness of Jamaican children. In 2003 the Government took legislative action to revamp the organization and coordination of the early childhood development (ECD) sector and established the Early Childhood Commission to oversee and coordinate ECD activities. Both the previous and current governments (at the time) had also increased budgetary allocations to the sector, signaling its importance. The ECC

## SUSTAINED ATTENTION THROUGH RBF IN JAMAICA

led a multi-sector process to define and validate national objectives for ECD and set implementation milestones to keep things on track, which were conditioned on disbursements. These milestones range from the development of a child “health passport” to ensuring that a majority of ECD institutions have been inspected for quality and national registration.

One of the greatest achievements of the National Strategic Plan for Early Childhood Development is that it survived, and is now in its second phase, despite political changeover. *Though the plan has bipartisan support, its survival is largely because RBF ensures that targets are being set in real-time, so new governments cannot change policy direction easily.* If the model used had been more of a traditional one, the results would have been assessed later down the line, but RBF keeps results at the forefront.

## Align All Actors around Results that Matter

**Attaining results most efficiently and sustainably requires the involvement of multiple actors, notably ministries of finance. In other words, “align all the stakeholders with power” (USAID, 2014).** Examples abound of countries that have increased funding to their education sectors, without the corresponding uptick in performance. The inefficiency of current spending, and the lack of alignment between spending and results, are well documented (Hanushek, 2003; others). RBF offers a chance to place momentum behind larger public financial management reforms that influence spending in sectors like education. For example, the introduction of performance-oriented fiscal

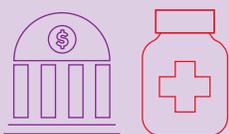
transfers from ministries of finance to subnational entities is one area where countries have shown much interest. These types of transfers can be used to correct for vertical or horizontal fiscal gaps<sup>3</sup>. To achieve these, it is often necessary to galvanize all relevant actors, not just those in education, with the ministry of finance most often playing the role of the heavyweight. Another example is how RBF can help bring the Paris Declaration of donor harmonization to life, such as in Lebanon, whereby indicators selected for disbursement were taken from the multi-agency RACE program, supported by all donors, including UNICEF, UNHCR, and DFID (World Bank, 2016a).

*See Case Study 3 on the following page.*

<sup>3</sup> These transfers will be described in further detail under *How: A Systems Approach*.

## CASE STUDY 3

## WORKING ACROSS SECTORS TO ALIGN ACTORS IN MOZAMBIQUE



*In the education sector, the Government began a wholesale system reform starting with the decentralization of financial and management authority to district and schools in order to support efficient, transparent and accountable use of public resources to deliver results.*

A Program-for-Results operation (World Bank, 2014) in Mozambique seeks to improve the transparency and efficiency of expenditures for the storage, distribution and availability of medicines and for more transparent and accountable management of primary schools.

This multi-sector project is framed within the Government's comprehensive public financial management reform. While other areas, such as cash management and bank reconciliation have made progress, there remains much to be done in the daily operation of institutions, including the Ministry of Education and Human Development (MINEDH).

In the education sector, the Government began a wholesale system reform starting with the decentralization of financial and management authority to district and schools in order to support efficient, transparent and accountable use of public resources to deliver results. Previously, efforts were partly unsuccessful due to obstacles such as limited capacity of financial management and monitoring at the district and school level and inadequate transparency in budget allocation. To bring about better human development outcomes, the Government decided to take a more programmatic approach and incentivize ministries, provinces, districts and service units to work together to achieve results.

To do this, the Program-for-Results operation conditioned transfers to MINEDH based on achieving targets such as the introduction of a new spending classification, and the transfer of school grants in time for the new school year. These two indicators required coordination and collaboration between the Ministry of Finance and the line Ministry, contributing to align actors around a common objective. In 2016, for the first time, all school grants reached the school on time. Similarly, the Program for Results introduced performance-based incentives with districts to ensure that district offices perform supervision visits with adequate frequency and using the appropriate methodology. RBF applied in this scenario allowed diverse stakeholders to come together and work together, however difficult, to achieve a certain set of results.

## Institutionalize Measurement Systems for Lasting Impact

Finally, achieving sustained results is impossible without accurate and timely measurement, providing feedback loops for course correction.

RBF only functions with strong monitoring systems that link information from frontline service-delivery to managers and policy makers who are able to make use of the information, course correct, and re-inform service providers. In many countries, there is very limited measurement outside

of those indicators collected through Education Management Information Systems (EMIS), which themselves are rarely very robust. RBF therefore seeks to strengthen existing EMIS systems, often-times through independent verification, which not only fosters a culture of measurement, but bolsters the capacity for system measurement and monitoring in countries (ideally, education authorities themselves).

### CASE STUDY 4

#### INSTITUTIONALIZING MEASUREMENT AND FEEDBACK LOOPS IN PAKISTAN



*Pakistan has some of the lowest education levels in the world, with adult literacy at 50 percent in 2005.*

There have been iterations of projects in the Sindh (World Bank, 2009a) and Punjab (World Bank, 2009b) provinces of Pakistan that introduced large education sector reforms. Sindh is Pakistan's second largest province and known to be a commercial and industrial hub, but despite its relatively strong economic position, enrollment rates, especially among rural girls, remains quite low and public education expenditures accounted for only 1.5% of GDP in 2008.

In Punjab, the most populated province, there were still 38% of out-of-school children in 2009. Both provinces suffered from poor, non-strategic budget management and low learning outcomes. In fact, Pakistan has some of the lowest education levels in the world, with adult literacy at 50 percent in 2005 (Evidence to Policy, 2012). Both provincial governments launched sector-wide reforms to raise the quality of education.

In Punjab, part of the reforms included subsidies to low-cost private schools on the condition that they improve access to education by waiving tuition fees and meeting specific pass rates on a standardized test. An impact evaluation found that schools who were going to get cut off from the subsidy always managed to raise scores. While this sounds like a situation ripe for gaming, integrity was maintained through extensive monitoring and randomization (i.e. schools didn't know what day they would be tested, and there were multiple versions of the test). In addition, there was concentrated effort to ensure that the existing EMIS was used as the primary repository of school data so that policymakers could use it to make more informed decisions.

## INSTITUTION- ALIZING MEASUREMENT AND FEEDBACK LOOPS IN PAKISTAN

Similarly in Sindh, an RBF intervention paid schools more to raise the enrollment rates of rural girls. To ensure that the data was accurate, there were school inspections and reported information, such as attendance, was cross-verified and checked. Such monitoring and feedback mechanisms were also established in School Management Committees, with parent and local community representatives who underwent training to understand their role in the feedback loop. This type of monitoring was crucial to the success of the project, as the Government was committed to strengthening its ability to use data just as in Punjab.

In both instances, the incentive to collect, track and use data was able to establish a stronger monitoring and evaluation system that allowed both governments to improve fiscal sustainability and more effectively allocate public education expenditures.

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# SOME FREQUENTLY ASKED QUESTIONS

## What are the Challenges RBF Can Solve?

The four theories of change outlined in the above section illustrate how RBF can be applied to achieve transformative results. While specific cases are mentioned, previous research has called for the need to determine the actual circumstances under which RBF can “most likely result in behavioural change, leading to changes in outcomes” (Perrin, 2013). Since formal evaluations of RBF programs and interventions in education are still limited, it is useful to draw from operational lessons of WBG projects. This experience indicates that RBF can help solve the following challenges, among others.

**Inefficiency, low quality, inequity.** Education systems can suffer from a variety of issues, with problems that range from getting underserved children in school to ensuring that school grants are disbursed on time to training teachers to be more effective in the classroom. These are some of the types of challenges that can be solved with RBF. For example, in Bihar, a province in India that has lagged in economic development, a WBG project is tying disbursement-linked indicators (DLIs) to ensuring certification of unqualified teachers and providing continuous professional development for teachers already in service, with the goal of eventually improving education quality.

**Bureaucratic inertia and competing priorities.** In many country examples, results are often not achieved due to bureaucratic “red tape” and the

onslaught of daily requests pertaining to various competing priorities. RBF can cut through the tape, using financing to nudge actors to action. In Lebanon, there are many crises to tackle, the most recent being the influx of Syrian refugees. It is difficult to put order to everything that needs attention. While Lebanon has some education data available, the EMIS could be strengthened to provide more robust and accurate information. However, due to the urgency of other issues, EMIS is often displaced from priority status. Using RBF is a good way to ensure that the Government will invest and build up their EMIS so that necessary data is available to design programs or interventions that improve the quality of education for all children, including refugees.

**Institutional challenges.** In a similar vein, RBF can also help designate responsibilities across actors in a more systematic way. Early childhood development requires stakeholders from health and education sectors to work together, but it is often unclear who will do what, and when. More clarity comes when financing is at play, forcing actors to outline which activities are shared and which are individually owned. In the Jamaica ECD case, there are DLIs for various ministries, from the Ministry of Finance to the Ministry of Planning, that specify their relationships to one another and how each is responsible for the result (even if that responsibility is simply to disburse money on time).

*In many country examples, results are often not achieved due to bureaucratic “red tape” and the onslaught of daily requests pertaining to various competing priorities. RBF can cut through the tape, using financing to nudge actors to action.*

## What are the Limits of RBF?

While RBF can be highly effective in a variety of settings, it rightly has limitations, as even the strongest proponents of RBF would not call it a panacea (Perrin, 2013). Continuing with examples from operational experience, situations that RBF cannot overcome are:

**Lack of political will and ownership.** As emphasized in the introduction, in some instances, there is neither the desire nor ability for a government to condition financing on results, for political reasons or otherwise. There have been many countries where RBF has been raised as a viable and suitable approach during discussions with WBG teams and clients, and different financing approaches were ultimately chosen because RBF had no champion within the government, or because better alternatives existed.

**Lack of capacity and country systems.** For RBF to work, there are some preconditions that must be met. This includes country capacity and systems —

there must be a mechanism to flow funds between agencies; there needs to be some type of data system in place to monitor and evaluate; some baseline indicators should exist so that progress can be tracked. However, these preconditions can also be established through RBF. In Niger, the foundation for RBF to be applied in the future is being built by developing an integrated data system that organizes SDI, EGRA, PASEC, and household survey data. This system will eventually provide reliable indicators on which future financing could be conditioned. Similarly, in Colombia, a results-based monitoring system is being designed, using indicators that can serve as proxies for learning. For countries with particularly weak systems, independent verification can come in the form of third party verification, through contracting with private actors. This can be a good short-term solution, but will not resolve the capacity constraints in the long-term. Without mitigating for low capacity to implement, monitor and evaluate programs, serious delays or even project standstill could occur.

*Anchoring payment to results that are outside of the recipient's control is both unfair and demoralizing.*

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### WHEN THE F IN RBF IS NOT UNDERSTOOD

For RBF to be successful, donors (and other paying entities) need to be serious about withholding payment if the agreed results are not achieved. This can be difficult, as there are several examples where donors did not follow through (Clist & Verschoor, 2014). That is why it is crucial that the idea of nonpayment be communicated upfront with recipients, indicating a change in the way things are normally done. If a donor's funding model is using RBF in some form (be it applied to all of the available funds or just a percentage), then recipients must understand and accept that they may not receive the expected monies if they do not meet agreed targets. In the case of the Girls Education Challenge, though RBF was clearly stated in application documentation, it did not specify how it would look in practice. This led to confusion and frustration among recipient organizations, delaying implementation (Coffey, 2016).

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**When results are not within the recipient's control.** In RBF schemes it is important to consider what factors the recipient can actually affect in order to achieve results (Clist, 2016; Holzapfel & Janus, 2015). Anchoring payment to results that are outside of the recipient's control is both unfair and demoralizing. This links back to the idea that RBF requires a consultative process between

funder and recipient so that they work together to think through the theory of change at the onset and choose appropriate targets. A WBG-managed GPE project in Sierra Leone is embarking on just such a consultation to ensure that the front-line incentives are clear enough to be understood by teachers and parents, and strong enough to evoke changes in behaviour.

## What are the Risks to RBF?

**In some contexts there is a low capacity to bear the inherent risk of a results-based approach.** Most RBF approaches imply that governments take on greater risk, since activities need to be financed whether results are achieved. This makes it a less predictable financing flow, and countries may find themselves in a kind of double jeopardy: if they are unable to achieve a result, frustration may ensue, and shortly thereafter, greater frustration at not receiving reimbursement. Although in the aggregate aid flows too are unpredictable (for example, Kharas, 2008), for any given operation, traditional financing often gives governments the assurance that all of the promised funds will eventually be disbursed, even if much later than originally planned, whereas RBF holds no such guarantee. Mitigation options abound, such as cash advances to ease cash flow considerations; flexibility surrounding disbursement arrangements, such as partial payouts for partial results; payouts irrespective of when results are met (whether early or late); and countries can also choose to address inefficiencies that do not require significant financial investment. Building domestic support for RBF, through engaging civil society actors, or having parents, families, or community members involved in the verification process, can help sustain political will of governments for taking on RBF risk. Ultimately, however, there is a residual risk that is not mitigatable, and so governments need to evaluate potential rewards as outweighing potential costs, and have the political will to commit to this promising approach.

**It may take time to pitch the results at the right level, between unambitious and stretch targets.** Attaching financing to future results demands that targets, and their values, be estimated. Such estimations are imperfect, and their margins of error vary widely. Some targets may cost very little (e.g., a policy change) but be very difficult to achieve, and thus, are highly valued. Others may cost a lot (e.g., building schools) but not be “worth” very much if the country already has a good track record of doing such work. In fact, risk-averse recipients and financiers may shy away from estimates that represent stretch targets for fear of not disbursing. Alternatively, some targets may be achieved regardless of whether or not RBF was used (World Bank, 2015). Striking the balance between, cost, effort, feasibility and ambition is crucial. To get there, the results chain must be carefully crafted, and the critical pathways therein can help estimate more appropriate targets.

**Gaming and unintended consequences.** A concern that plagues many about aid, with RBF as a subset, is the opportunity for gaming and unintended consequences. To use Goodhart's law: “once a measure becomes a target, it ceases to be a good measure.” If financing binds on assessment results, then programs run the risk that teachers will just teach to the test, or worse, school administrators will find other, more malfeasant ways to raise test scores. It is arguable that no form of financing is completely free from the risk

*Striking the balance between, cost, effort, feasibility and ambition is crucial. To get there, the results chain must be carefully crafted.*

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## THE MULTITASK DILEMMA

As mentioned earlier, multitask theory argues that in some instances, RBF will cause the recipient to prioritize certain actions over others to achieve the financed result(s), potentially leading to the neglect of other, important actions (Clist, 2016). This is indeed a real risk. Anecdotally, in WBG projects attention is often heavily focused on DLIs, while other indicators in the Results Framework may receive less scrutiny. However, this risk can be alleviated by ensuring strong, mutual alignment of funder and recipient, as emphasized throughout this paper.

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of cheating, and with RBF, it is even more important to set targets towards things that are conducive to learning as a way to incentivize behavioural change in positive rather than negative ways.

**There is no guarantee of impact, or that learning will occur.** Despite paying out against results, sometimes measures are not far enough along the results chain, leaving time for things to go wrong further down the line. Although this risk is equally

applicable to RBF operations and traditional financing approaches, attaching financing to the result indicator adds pressure for getting the indicator right. However, RBF does bring more clarity as to whether the desired impact was achieved or not, due to a heightened focus on measurement. And while RBF may not always achieve learning, it can pave the way to get there. These intermediate results are just as important if they pave the way for longer-term, sustainable outcomes.

# HOW: A SYSTEMS APPROACH

The WBG “Learning for All” Strategy serves as the guiding vision for a Results First approach. Launched in 2011, the strategy seeks to achieve “Learning for All” by promoting country systems strengthening, along with the global evidence base powerful enough to guide those reforms. This system approach requires clarity on the roles of the system actors, including students, providers, and institutions, and the laws, rules, and regulations that connect them. Timely data and information on the performance of each of these helps identify the most pressing needs and institutional gaps, as well as options for filling them — including through the use of financial incentives.

The forthcoming WDR 18 “Realizing the Promise of Education for Development” also emphasizes the need for a systems view in order to achieve learning at scale. Systems are complex entities, with technical and political factors that lock some countries into low-quality, low-accountability equilibriums (World Bank, forthcoming). Systems financing can be used to break through these equilibriums to achieve the result that the education system seeks to produce: learning.

Specifically, results-based financing can be a prime implementation lever for ensuring system coherence. With regards to financing, as discussed in the previous section, features of the financing architecture can be used to introduce incentives and align actors around common results. There are a variety of financing features currently being used in *RBF Programs*. These include arrangements for fiscal transfers, budget execution rules, payment conditions, and verification protocols for

payments/disbursements. For *RBF Interventions*, there are a number of modalities in use (e.g. performance-based contracting, results-based budgeting, bonuses, etc.)

Looking at the global state of education financing, however, systems rarely make use of these financing features. Instead, traditional input-based schooling policies prevail, and the tendency is to call for an increase in education expenditures, regardless of whether such increases correspond with better education outcomes (Hanushek, 2003; de Hoyos, Holland, & Troiano, 2015; others). While justifiable in contexts of extreme shortages of inputs, such as fragile states, whereby some evidence exists that suggests that more inputs can make a difference (World Bank, 2011), countries that are not outliers on spending are unlikely to see improvements in systems through increased financing alone.

*Systems rarely make use of financing features such as arrangements for fiscal transfers, budget execution rules, payment conditions, and verification protocols for payments/disbursements.*

## System Alignment using RBF Programs

In RBF Programs, financing (budget execution flows, fiscal transfers, etc) can be used to align the education system. When financing and results are tied together, accountability relationships are better defined, education data is better captured, and inputs are used more efficiently.

### ACTORS

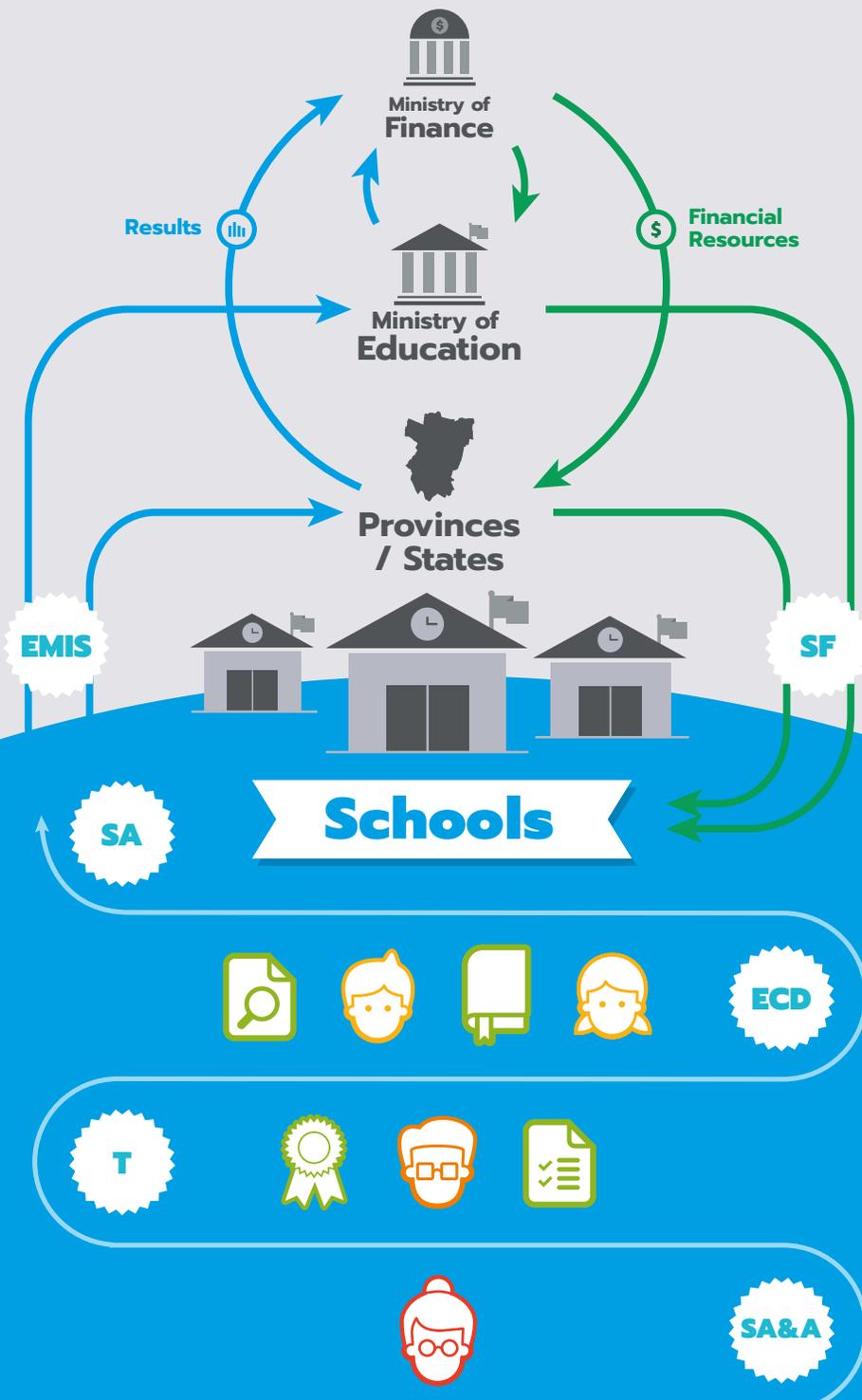
-  Directors
-  Teachers
-  Students

### INPUTS

-  Curriculum
-  Materials
-  Teacher Training
-  Testing

### SABER

-  **ECD** Early Childhood Development
-  **EMIS** Education Management Information Systems
-  **SA** Student Assessment
-  **SA&A** School Autonomy and Accountability
-  **SF** School Finance
-  **T** Teachers



RBF can strengthen systems in two ways: By using *RBF Programs* to bring elements of the system (e.g. SABER domains) into alignment, and by using *RBF Interventions* to reinforce any given policy domain. An example of an *RBF Program* would be a country that has federal fiscal transfers flow against the achievement of results. An example of an *RBF Intervention* would be to reinforce a single SABER domain such as Teacher Policies using performance bonuses for teachers.<sup>4</sup> Though the WBG argues that both *RBF Programs* and *Interventions* can be impactful, results payments – to teachers, schools, firms – will only have the intended system-level effect if they can be implemented at large scale (Savedoff, 2016).

**The evidence of such financial innovation in the education sector is scant.** This section therefore takes an exploratory tour of macro-level financing features of *RBF Programs* (e.g., fiscal transfers) and micro-level features of *RBF Interventions* (e.g., payment conditions for outputs). This is an area ripe for innovation, and the next five years will bring much experimentation. Estimating the effects and capturing the lessons will require an intentional and ex-ante evaluation agenda to accompany implementation.

**At the macro level, performance-oriented fiscal transfers are the first RBF lever that *RBF Programs* can use to strengthen systems.** Whether with regards to the relationship between the Ministry of Finance and sectoral ministries, or to guide fiscal transfers across federal entities, or even with regards to the decentralization agenda, each transfer of fiscal resources presents an opportunity for aligning actors around the ultimate goal of achieving results. They allow the WBG to leverage its expertise in public financial management, working closely with ministries of finance. Making use of the WBG's comparative advantage of working across sectors and closely with education and finance

ministries, there is an opportunity for embedding RBF into elements of overall public financial management reform, such as the WBG approach in Mozambique (see *Case Study 3*, p. 22).

**Fiscal transfers typically correct for vertical and/or horizontal imbalances.** Vertical imbalances occur when revenues like tax revenues accrue disproportionately to levels of government that do not bear the corresponding fiscal responsibility for service provision. For example, this happens in countries where revenue is primarily collected at the federal level but the sub-national governments (e.g. provinces or states) are mandated with financing education services. In these cases, this imbalance can be corrected through federal to sub-national fiscal transfers. In the instance of horizontal imbalances, sub-national governments may have different abilities to raise funds from their tax bases, leading to inequalities in revenue across states/provinces, districts, or municipalities. Fiscal transfers can therefore serve to equalize the ability to finance education services across geographic regions.<sup>5</sup>

**Fiscal transfers can also achieve three types of results in education.** Aside for correcting for imbalances, transfer payments can be used to incentivize subnational entities to achieve technical efficiency, allocative efficiency and/or student performance. These transfers entail conditioning payments on improvements in specific indicators in the aforementioned three areas. An example of technical efficiency is improving pass rates in education, whereby education financing becomes more efficient since it takes fewer resources to produce the same output. Allocative efficiency is where financing can work to correct the inequalities in the quality of service delivery, such as providing more financing for improving the performance of the bottom of the distribution of reading scores. Lastly, student performance refers to measures that improve actual learning levels of students (Holland & Mattero, 2016).

*Federal to sub-national fiscal transfers can correct the imbalance caused when revenue is primarily collected at the federal level but the sub-national governments are mandated with financing education services.*

<sup>4</sup> A forthcoming edited volume on *RBF Interventions* will further explore how RBF can strengthen the various components to systems, all along the policy design, implementation, evaluation cycle.

<sup>5</sup> For more information on allocative efficiency and equity in relation to decentralized education financing, please see the background paper to *The Learning Generation* report by Simão & Zabaleta (2016).

**Other macro level financial features that RBF Programs can use relate to national budgets.**

For instance, budget execution rules can serve to resolve bottlenecks around spending in line ministries. In the previously cited case of the Jamaica Early Childhood Development Project (see *Case Study 2*, p. 20), for example, there were concerns around the release of funds from the Ministry of Finance to the line ministries of health and education. In order to help assure that these ministries had the requisite budgets to achieve the pre-agreed (and disbursement-linked) targets under the National Strategic Plan for ECD, the budgets lines linked to those results needed to be executed at a minimum of 70 percent each year (World Bank, 2008b). Otherwise, irrespective of the achievement of the results, the financing under the World Bank operation would not be released. This design served to pilot a results-based budgeting approach to public finance in Jamaica. In 2017, the team will assess how much this has helped safeguard the sectoral budgets.

**On the RBF Interventions side, the financial features include bonus pay, verification protocols, and payment conditions, among others.** From the domain of Teacher Policies, a popular example of a financial feature is the provision of performance

incentives like bonus pay to personnel in the education sector. The evidence base in this area is fairly developed (Lazear, 2003; Glewwe et al, 2010; Fryer et al, 2012; Muralidharan & Sundararaman, 2012; Bruns & Luque, 2014). Another example of a financial feature, this time from the school finance domain, is the use of verification protocols linked to quality assurance systems in service delivery. For example, in Haiti, financing to non-public schools will be conditioned on those schools meeting minimum requirements for infrastructure, materials, teachers and school management practices (World Bank, 2016). Finally, payment conditions embedded in performance-based contracts, for instance linked to textbook provision, can help resolve bottlenecks in the supply chain of learning materials in schools. This could include withholding as much as 50 percent of the payment under a publishing contract with schools until schools (or even parents) have independently verified that the books have been received.

In sum, these sub-systems (e.g., Teacher Policies, EMIS, Student Assessments, and School Finance) rely on one another for maximum performance. How funds flow from various levels can help harmonize these elements.

## System Component Alignment using RBF Interventions

In RBF Interventions, the example below shows how financing can be conditioned on specific results (i.e. teacher recruitment, training and evaluation) within the Teacher Policies domain. Taking the case of the Dominican Republic (see case study #1), teacher standards, criteria for recruitment and evaluation were not part of the teacher training cycle. These elements were introduced through DLIs, leading to improved teaching and learning.



# THE WORLD BANK AND RBF: IMPLICATIONS FOR THE BUSINESS MODEL

As demand for RBF in education grows, the WBG business model has and will evolve. This section establishes the growing trends, outlines the instruments used to meet this demand, and explores the implications for optimizing the use of the instruments.

## Rising Demand for RBF

**Demand for RBF has increased substantially in the last few years.** In fact, demand from clients for doing business differently has been growing steadily across various sectors. Since 2010, education has been witness to the same trends that began in health and infrastructure a decade before. Operations using RBF modalities financed by IBRD, IDA grants, and GPE grants are growing, culminating with the introduction of the World Bank's Program-for-Results (PforR) lending instrument. PforR supports national programs, disburses loan (or grant) proceeds against the achievement of agreed upon milestones, and uses country systems for financing management and procurement. Another results-based financing modality is to embed "disbursement-linked indicators" (DLIs) in traditional Investment Project Financing. This approach differs from the PforR instrument in three important ways: i) it does not require a national program, ii) it still relies on WBG fiduciary procedures, and iii) it can be limited to one component of a traditional project. Finally, there is the 'variable tranche' under the GPE funding

formula, whereby 30 percent of project financing is disbursed against the achievement of high-level outcomes that focus on equity, efficiency, and learning (Global Partnership for Education, 2015).

**To respond to this upward trend, the WBG will be called to transform its business model in three important ways to ensure it is fit for purpose.** First, RBF represents a new level of mutual accountability between the WBG and its clients. Second, it requires a finer customization to the local conditions. Rather than having clients adopt uniform global Bank procedures, the PforR instrument relies on country systems in the execution of the proceeds of the loan. This has implications for the WBG's provision of technical support, and the building up of national capacity. Finally, given this transformational period of financing models, there is an additional onus placed upon the Bank to adequately evaluate and capture the lessons of these new business models, and quickly bring teams up to speed across regions. This includes learning from other sectors, such as health.

*PforR supports national programs, disburses loan (or grant) proceeds against the achievement of agreed upon milestones, and uses country systems for financing management and procurement.*

## Mutual Accountability: “We’re in this Together”

Traditional lending models carry minimal consequences for projects that fall short of achieving their intended results. This is because external ratings only come at the end of the project, and closing dates are often extended for several years. Even if a project receives a poor rating, not much can be done once the project is closed. In contrast, under RBF, undisbursed loan proceeds due to unachieved results attract immediate attention from ministries of finance and WBG management alike. This accelerates the course correction of projects, pushes the WBG to be a more accountable development partner, and intensifies efforts (both in terms of technical assistance on the WBG side and prioritization and action on the client side) for achieving results.

For WBG staff, RBF raises the stakes for setting targets. Based on findings from an internal WBG report, under traditional lending, there is very little stopping teams and clients from overcommitting to results that are unlikely to be achieved. Under RBF, theories of change are more carefully examined, and greater empiricism is employed in estimating targets. There may be some desire to choose “easy” targets, but this is where mutual accountability and

the balance between ambition and realism takes on even greater importance.

**Co-creating results frameworks increases ownership, motivation, and the likelihood of success.**

Perhaps more importantly, the co-creation that a Results First approach calls for, as both Bank and client work together to define results, instills a deeper sense of partnership around projects. Travelling this path together leads to greater ownership, and can produce an “Ikea effect” (Norton, Mochon & Ariely, 2012), whereby labor invested in a product leads to greater valuation of the end results. This greater valuation represents the aforementioned precondition of political will that is needed for making RBF successful.

*There may be some desire to choose “easy” targets, but this is where mutual accountability and the balance between ambition and realism takes on even greater importance.*

**This section focused on WBG (and GPE) financing, but is generalizable to other sources of financing.**

The WBG support for RBF, and its willingness to test the concept (ideally with concessional financing), is a good way to introduce clients to it. This ‘demonstration effect’ that the value of doing business differently under RBF can help dispel myths or alleviate concerns clients might have of operating in this way, and can serve to guide investment strategies.

### RBF EMPLOYS GREATER EMPIRICISM IN ESTIMATING RESULTS TARGETS

In preparation of the Support to RACE 2 Project, for example, the Program-for-Results operation seeks to improve coverage rates and learning levels for both Syrian refugee and Lebanese children. Since the Government will only receive payments upon achieving the targets set in the grant and loan agreements, the targets were calculated using the best available data, and making careful assumptions about expected trends. In order to avoid unintended consequences, the Project allows for targets to be achieved ahead of schedule, but also caps yearly disbursements to ensure that there are funds available in outer years to maintain the incentives in place for continued high levels of enrollments and learning (World Bank, 2016b).

## Artisanal RBF

Artisanal customization means adapting to clients, contexts, and capacity. As we've outlined, this vision of RBF for strengthening systems can be adapted to the entire range of clients that the WBG works with. Clearly the forms that RBF will take will differ from upper middle income countries to fragile states. In part, this could require sequencing of reforms such that the data systems are first established as preconditions to RBF, as illustrated by Niger and Colombia (see p. 26). Also, the choice of RBF instrument used also depends on the local context and capacity. In some instances, government programs will be in place that will allow the WBG to co-finance using existing country systems through the PforR lending instrument. In others, programs of eligible expenditures will need to be created under the Investment Project Financing instrument. Some other support to clients may consist of technical advice on public financial management reform that embeds RBF mechanisms, without corresponding financing from the WBG.

**The increased customization in turn requires that the WBG dramatically increase its capacity to deliver on technical assistance programs with clients.** RBF efforts require a more intense effort from WBG teams at both the design and implementation stages of projects. First, during design, the aforementioned co-creation of program results frameworks, and the careful calibration of the targets therein, require a substantial amount of upfront time and resources. This builds

on the WBG's comparative advantage: technical assistance on education policy and public management reforms. Simultaneously, in the case of the PforR instrument, embracing country systems usually requires strengthening those systems through technical assistance in order to have them operational by the project start date. Finally, as government teams start working to achieve the technical milestones that have been identified, WBG teams are called upon to accompany the client down that critical path toward the results. All of this effort has implications for greater costs to WBG teams in preparation of and implementation support to projects.

**In addition to TA for education topics, many of these RBF Programs require substantial governance reforms.** Though the governance sector lends itself less to RBF given that specific results are difficult to identify and achieve (Klingebiel, 2012), that means it is even more imperative to attach quantifiable results to social sectors like education. Connecting the two sectors allows a country to reap the benefits of an RBF system beyond the short period of WBG supported operations by embedding results into the national financing and budget systems. The Education Practice therefore must work in close partnership with the teams from Governance, as well as the Macroeconomics and Fiscal Management teams that are also leading the public sector modernization agenda in many of our client countries.

*Connecting governance and social sectors allows a country to reap the benefits of an RBF system beyond the short period of WBG supported operations by embedding results into the national financing and budget systems.*

## Knowledge Agenda

There is an urgency for more knowledge on **when and how to deploy RBF**. Given that this global agenda is at a moment of transition from traditional to more modern financing modalities, the WBG, together with partners and clients, has placed knowledge on RBF at the top of the agenda. This priority-level means that more knowledge, (explicit, and tacit) must be produced, on all parts of the policy-making process (from upstream policy dialogue, through program design, implementation, and evaluation). Through the Results in Education for All Children (REACH) initiative, the WBG has started to fill the gaps in this knowledge agenda, and is funding a variety of RBF activities with the hope of broadening the evidence base. In particular, a more granular approach to the evaluation agenda is needed such that the next iteration of research focuses on analyzing *RBF Programs* or *Interventions* through a country context lens, rather than just within the theoretical frame (or pros/cons) of RBF. It would be of great benefit to governments interested in using RBF to see how it works in low-income countries, and middle-income countries, and to explore why high-income countries don't seem to adopt it as much. This implies learning from experiences beyond those funded by the WBG (e.g. Girls Education Challenge and the forthcoming case studies from GPE), and financing evaluations to be conducted by external actors.

In addition to impact evaluation evidence from **RBF experiences across institutions, learning from the WBG's operations is ongoing and can be intensified**. In 2016, the Independent Evaluation Group (IEG), carried out a review to assess experiences to date and to identify ways in which the WBG's PforR instrument could be strengthened. Since none of the WBG's PforR operations have closed, it is too early to draw definite lessons, but early insights point to the growing importance of the instrument. The report's other conclusions also show that DLIs must be well integrated in Results Frameworks and that government ownership is crucial to implementation success. As projects begin to close, it will be critical to capture both WBG-specific lessons as well as broader lessons around RBF (IEG, 2016).

**Regarding tacit knowledge, documenting early lessons in what works, and disseminating said lessons quickly, will keep clients from repeating mistakes made by other countries/sectors.** In particular, there is a tremendous amount of operational knowledge in the health sector that lends itself very well to both *RBF Programs* and *RBF Interventions* in the education sector. Stronger linkages across sectors, with the health team in particular, will go a long way in unlocking the flow of knowledge across practices and regions.

*Through the Results in Education for All Children (REACH) initiative, the WBG has started to fill the gaps in this knowledge agenda, and is funding a variety of RBF activities with the hope of broadening the evidence base.*

# CONCLUSIONS

RBF will help accelerate the achievement toward SDG 4. As countries face a triple challenge of universalizing coverage, pivoting toward quality, and doing these in a context of likely fiscal contraction, governments will be under even greater pressure to have education financing deliver greater results. This is best achieved through strengthening education systems to provide sustained quality services, and *RBF Programs* and *Interventions* offer tools for them to do so.

**RBF will strengthen systems through four theories of change.** First, it shifts the policy dialogue away from the laundry lists of day-to-day activities and inputs that are, to what are the end line results we most desire. Second, it sustains the attention on those results, keeping all eyes on the prize, and protecting those long-term priorities from short-term urgencies. Third, it aligns actors not usually involved in the education planning, such as ministries of finance, such that they now have a stake in sectoral performance, and can hold line agents accountable for quick course correction when results are off-track. Finally, it institutionalizes the measurement of results, and forces feedback loops through the system, that will give system operators the information to course correct, and will launch a virtuous cycle of stronger monitoring, better information, and more appropriate responses to problems and bottlenecks as they arise.

**RBF is not a panacea, but it is already making a difference in many places.** Making better use of education financing is only going to resolve

part of the problems that systems face, in some places. Still, as governments embark on education reform efforts to rise to the challenges of the SDGs, RBF is already changing how we do business in places as diverse as Haiti, Jamaica, Pakistan, and Tanzania.<sup>6</sup>

**The WBG supports a Results First approach as the way forward.** This approach is a highly effective way to move all stakeholders away from thinking about inputs and goes hand-in-hand with the theories of change detailed in this paper. Moreover, it prevents Backdoor RBF and promotes defining results together, compelling country clients and the WBG to be more mutually accountable for shared goals. The Results First approach differs in that it emphasizes working backwards by focusing on desired outcomes, identifying binding constraints, and using financing as a way to unlock those constraints. This is the greatest potential of RBF; to change the way countries think about and finance education in an effort to bring us closer to learning for all.

<sup>6</sup> For up to date information on the results achieved in these programs, see <http://projects.worldbank.org/> and search for P155191 (Haiti), P095673 (Jamaica), P125952 (Pakistan), and P147486 (Tanzania).

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## **ANNOTATED BIBLIOGRAPHY: THEORIES UNDERPINNING RBF, AND EARLY LESSONS**

This annotated bibliography further delves into the theoretical underpinnings on which RBF rests, according to various viewpoints. It also summarizes some of the early operational lessons of RBF initiatives in the education sector. Building on the Principal-Agent foundation presented earlier in this paper, this section discusses contract theory, and research around accountability, incentives, and motivation.

**Contract Theory offers a conceptual premise for RBF.** In “Theory of Contracts”, Hart and Holmstrom suggest that a “Pareto optimal contract proceeds by maximizing one party’s expected utility subject to the other party (or parties) receiving a minimum expected utility level.” This is the idea that both sides expect the other to do their fair share, and negotiate thusly to ensure that that actually happens. In later work, Holmstrom and Milgrom (1991) examine performance pay using the Principal-Agent model. While their work focuses primarily on employment, their most pertinent conclusions for this paper’s purpose are: (i) it is difficult to observe and, subsequently, reward effort, especially when there is a combination of individual and group effort and (ii) if results are not measurable and if the set of potential actions to reach the result too complex, the agent will unlikely be motivated to attain the result(s).

**The other main areas of research that the WBG Approach draws on are those relating to accountability, incentives, and motivation.** Much of the research comes from organizational development, but can also be applied to RBF. In Ariely et al’s (2009) work, the authors note that increased motivation doesn’t always lead to increased performance. Their analysis also reveals that incentives often backfire when applied to complex tasks that require high cognitive reasoning or creativity,

in some instances, the higher the pay, the worse the performance (especially when the incentive triggers greater self-consciousness, or, causes the actor to “choke under pressure.”). This supports the notion that the relationship between incentives and performance is nonlinear. Like employees, aid recipients must be open to being incentivized, motivated to achieve the result, and held accountable for achieving it. But getting to that point is no easy feat.

**Neal looks at teacher performance pay systems designed to induce more effort.** A key finding from his research shows many systems designed for accountability and performance pay use test scores (one indicator) to produce information for both rewards (or punishment) for teachers and as a measure of student learning (two things). The author concludes that this does not work. While Neal found that there was some evidence to indicate that performance pay increased teacher effort, schemes for bonuses based on objective or subjective criteria were still vulnerable to manipulation and did not necessarily correlate to improved measures on student assessments. Neal argues that a missing, but necessary part is the sustainability of measurement — that performance pay plans must be based on continuous assessments that cover a consistent curriculum but vary in content and format (Neal, 2011)

## Early Lessons from RBF Programs

There have also been a number of recent reviews of experiences, though the literature is nascent. Evaluations have been conducted by USAID, DIE and DFID. An evaluation commissioned by USAID looks at 17 studies on financing incentives and teacher accountability; 36 studies on incentives aimed at parents and students; and seven studies on school report cards and school accountability. The authors' conclusion on teacher accountability is that the evidence for RBF is mixed, with RCTs (Muralidharan and Sundararaman, 2011; Muralidharan, 2012), showing the strongest arguments for it. In those cases, teacher effort is generally increased around subject areas being tested or in areas directly tied to a bonus. The review also tries to distinguish between incentives as a function of inputs or outputs. In many of the studies, teacher performance pay was based on student test scores, whereas in others, such as Duflo et al (2012), the incentive was focused on an input, teacher attendance, which proved to be successful in reducing absenteeism without affecting teacher effort in the classroom.

On the demand-side, much of the existing literature confirms that incentives can positively impact attendance or enrollment rates, but generally do not impact learning outcomes. More interestingly, it does seem that students can be financially (and non-financially) incentivized to learn, e.g. paying students to complete math assignments or rewarding better test scores with high-value trips. It also appears that these types of rewards do not diminish intrinsic motivation and their effects can be sustained over time. Of course, such schemes must be well-targeted and carefully designed and implemented. As for school report cards and school accountability, the research shows that scorecards can be a good accountability mechanism especially when involving parents and community members in the process (the idea of shared ownership over the product).

Both DFID and the German Development Institute (DIE) also produced evaluations on RBF. DFID's working paper concentrates on providing guidance for future RBF evaluations whereas DIE examines the selection, design, and use of indicators, using a case study approach exploring five RBF approaches.

The DFID evaluation is framed in respect to their view of RBF as a financing model that can get “value for money of expenditures in development aid”. The primary recommendations that come from the evaluation are: (i) the need to identify under what circumstances RBF could work (like most of the evaluations to date); (ii) the need for more mixed methods approaches; and (iii) to apply more theory-based evaluations that will examine causal processes. Ultimately, the evaluation does not fully endorse RBF, citing the limited evidence of its effectiveness and the likelihood of unintended, negative consequences.

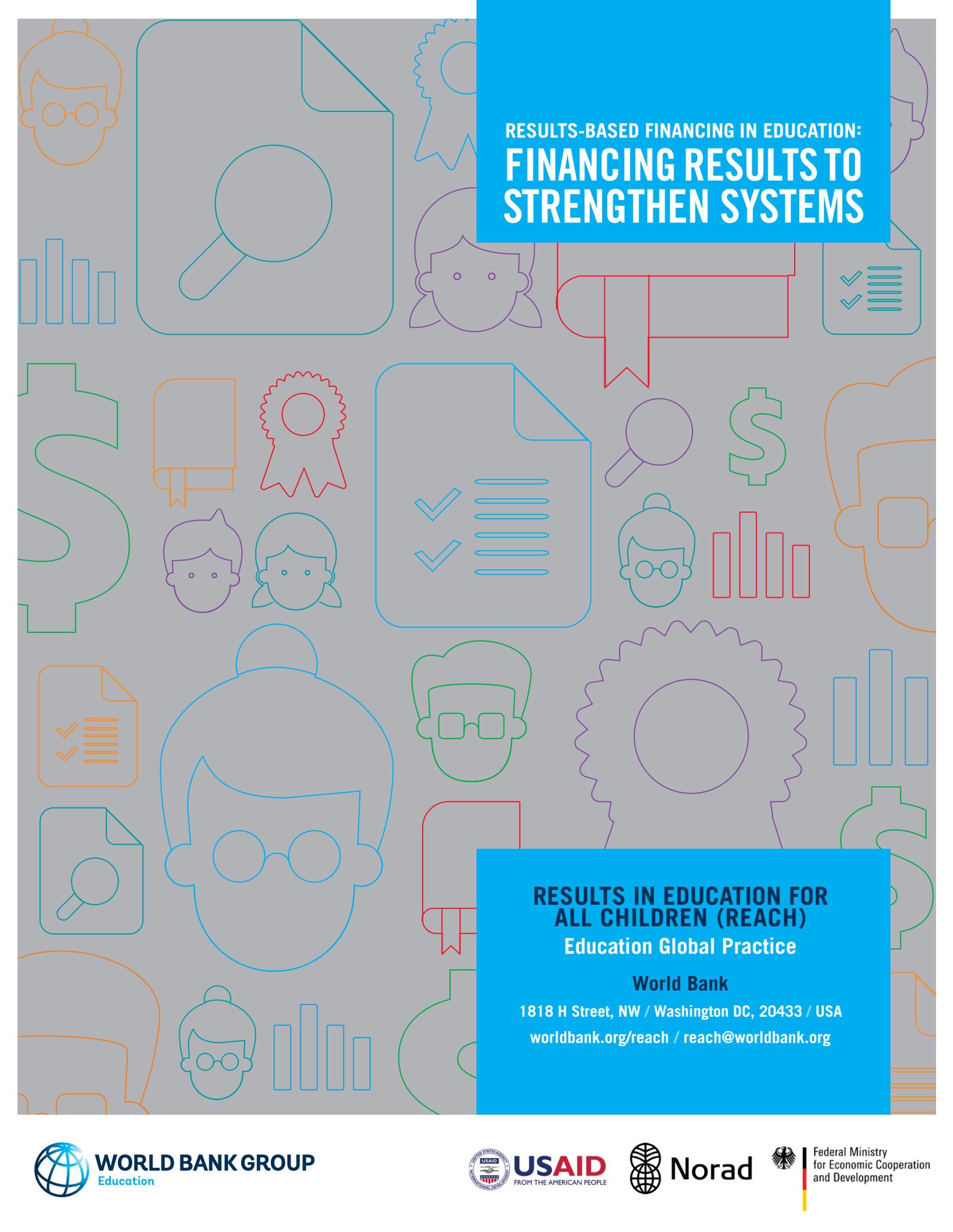
The DIE evaluation takes a more granular approach and seeks to answer the question “What are good indicators and how can they be selected?” The authors offer a classification and typology of DLIs that are not all outcome level ones. They also offer criteria to assess the quality of DLIs, which include: (i) focus on results; (ii) control; (iii) financial incentives; (iv) measurability and verifiability; and (v) unintended consequences. Their conclusions most relevant for this paper are that DLIs should as much as possible rely on outcome-indicators, that they should reward incremental improvements, and that they should put more emphasis on leverage effects than on value for money.

The largest RBF Program in Education is the Girls' Education Challenge (GEC), which offers lessons of importance to the WBG approach. The GEC is a DFID initiative that aims to ensure a quality education for one million marginalized girls.

Coffey (2016) undertook an independent process evaluation at midline stage to inform future funding and to share lessons learned. One of the main findings is that RBF can drive coherence and consistency across projects (in line with the WBG emphasis on systems), as they all aim to achieve the same goal (which, for the GEC, is very explicitly stated). Another conclusion is that RBF must be well understood by both sides upfront, otherwise agents (grant recipients) do not have the requisite information about the types of risks they are taking on, and principals may keep “changing the rules”.

**As outlined above, much of the literature around RBF frames it within economic theory.** While there are good lessons to learn from the Principal-Agent and Multitask models, they are not always sufficient to understand how RBF changes, or doesn't change behaviours in real-life. The Principal-Agent model assumes that principals (donors) and agents (recipients) have differing goals and that the primary way to shift agents' actions is through incentives, while the Multitask model does not always indicate how “distracted” an agent will be from the pursuit of the desired result. Ultimately, it is important to take into account the diverse motivations and behaviours of all stakeholders, and to be cognizant of country contexts.

RESULTS-BASED FINANCING IN EDUCATION:  
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# RESULTS-BASED FINANCING IN EDUCATION: FINANCING RESULTS TO STRENGTHEN SYSTEMS

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