



Incentivizing a Focus on Learning Outcomes in Education Systems: A Guidebook for Education Practitioners



Authored by Instiglio

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Acronyms and Abbreviations



EMIS: Education Management Information System

RBF: Results-Based Financing

UNICEF: United Nations International Children's Emergency Fund

SMC: School Management Committee

MINEDU: Ministry of Education of Peru

PBT: Performance-Based Transfer

DIB: Development Impact Bond

PBC: Performance-Based Contract

SIB: Social Impact Bond

PBSG: Performance-Based School Grant

DfE: Department for Education of the United Kingdom

Ofsted: Office for Standards in Education, Children's Services and Skills

QAS: Quality Assurance System

TA: Technical Assistance





$$y = \tan x$$

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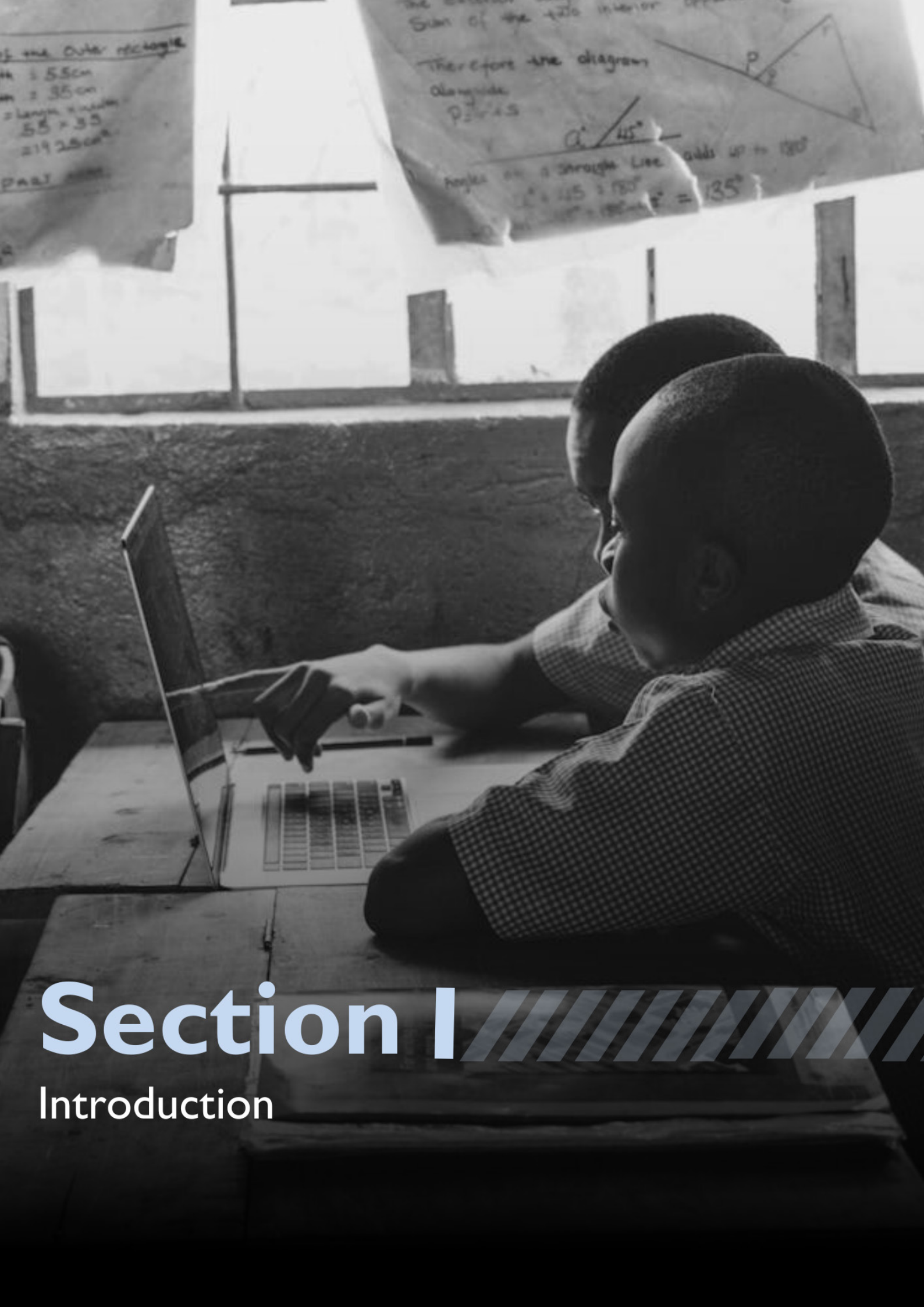
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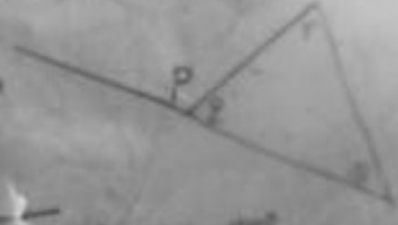
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the outer rectangle
length = 55cm
width = 35cm
= length \times width
 55×35
21925cm²
PART 2000

the sum of the interior angles
Therefore the diagram
alongside
PQRS
 $\angle A = 45^\circ$
Angles on a straight line adds up to 180°
 $\angle A + 45^\circ = 180^\circ$
 $\angle P = 180^\circ - 45^\circ = 135^\circ$



Section I

Introduction

Despite significant increases in education spending and access, significant work remains to improve the quality of education¹. A recent study found that in a sample of 32 low and middle-income countries, only 3 out of 10 third graders can read and understand a simple text, and fewer than 18% of them show mastery over simple numeracy tasks². This challenge is widely recognized as a global “learning crisis”³. While there is well-established knowledge of cost-effective interventions to improve learning, such as structured pedagogy to support teachers or targeted instruction based on learning levels⁴, translating this knowledge into large-scale educational improvements remains a hurdle.

This is, in part, due to three factors. First, complex delivery processes for implementing even basic programs, including finance, planning, procurement, training, and supervision involving multiple actors such as ministries, district councils, teachers, and service and input providers. Second, many education systems lack robust management and data systems to effectively understand, monitor, and manage performance. Third, efforts to enhance performance within education systems often lack focus on how various relationships and elements within the system influence incentives and the motivational environment for education actors, impacting their behaviors and actions toward improving learning outcomes as opposed to other objectives.

In many countries, Education Management Information Systems (EMIS) track data on enrolment and attendance, but not on teaching practices or learning. Funding is often allocated based on the information recorded in these systems, creating incentives focused on enrollment and attendance, not quality learning. Similarly, national exams, common measures of learning success, represent an imperfect approach. First, they may not align with curricula.⁵ Second, when used to determine school performance, they can create incentives to “teach to the test,” neglecting broader educational development and favoring certain student demographics that may be more likely to perform better on those types of assessments.⁶ To address these issues related to misaligned incentives, Results-Based Financing (RBF) offers a promising tool.

RBF is a financing mechanism that ties funding to specific results, such as progress in learning outcomes rather than inputs, such as the number of textbooks delivered. While RBF is not a solution to all educational challenges, it can be a powerful tool for addressing those rooted in misaligned incentives. By linking funding to results, RBF establishes clear goals and motivates actors within the education system to adapt their behavior and focus on the most cost-effective pathways to achieve learning outcomes. This often prompts them to leverage their contextual knowledge, prioritize learner needs, and strengthen collaboration with parents, communities, and other stakeholders to achieve results. By establishing a clear link between funding and results, RBF increases transparency, maintains actor engagement with their impact, and provides a feedback loop for adapting delivery practices based on what works best. Tying funding to results typically also allows funders to relax their control over inputs/activities and grants actors more autonomy over budgets, which can motivate and enable service delivery adaptations and innovations.

RBF is gaining traction in the education sector, demonstrating promising results. Development aid organizations, such as the World Bank and UNICEF, are increasingly supporting RBF initiatives for education. While RBF is not a panacea, and further research is needed on RBF’s impact on learning outcomes, findings from several programs suggest RBF has the potential to align governance, financing, incentives, and management for improved learning outcomes, especially for disadvantaged students.⁷

1 World Bank. (2022a).

2 UNICEF. (2022).

3 UNESCO. (2013).

4 World Bank. (2022b).

5 Atuhurra, J., Kaffenberger, M. (2022).

6 Spivak, M., Silberstein, J., Hwa, Y. (2023).

7 World Bank. (2015).



For example:

- In India, the Educate Girls Development Impact Bond surpassed the three-year targets for both learning gains and enrollment. The targets were set based on the historical performance of Educate Girls’ intervention as measured by a rigorous randomized control trial. When implementing under an RBF mechanism, Educate Girls was able to surpass its previous record and the targeted learning outcomes by 60% and the targeted enrollment by 16%. This example shows how an RBF mechanism could drive improved cost-effectiveness and support an implementer to achieve better outcomes⁸.
- In the State of Ceará in Brazil, an RBF program linking a significant part of municipalities’ budgets (18%) to progress in learning outcomes led to improvements equivalent to three months of learning for 9th graders in mathematics and portuguese in comparison with students in the same school year in schools that were not part of the RBF program⁹. The RBF program encouraged a mindset shift towards results within participating municipalities, by fostering transparent and inclusive dialogue among education stakeholders and emphasizing the shared goal of improving learning outcomes¹⁰. Following the success of this program, the Brazilian government scaled up the model across all Brazilian states.
- Jamaica’s Education Transformation Program used RBF between 2009 and 2014 to incentivize schools to improve education outcomes, with a focus on numeracy and literacy, and achieved positive results. Grade 4 numeracy achievement rates improved from 45% to 58% and literacy achievement rates increased from 70% to 78%. Grade 6 math pass rates increased from 55% to 61%, and English pass rates from 53% to 63%¹¹.

Despite RBF’s potential to support systemic change, RBF remains underutilized within government education systems. Several factors contribute to this limited adoption and, in some cases, RBF may not be the best approach. As explored in more detail in Section 3 of this guidebook a crucial component of the ‘Initiate’ stage of an RBF pilot, when deciding whether to undertake an RBF pilot, is to assess the suitability of RBF for the specific context and to identify key risks or challenges that might impede success. One such common challenge, particularly for low-income countries, is the limited budgetary space and flexibility that a government may have. A significant portion of education budgets are allocated to recurring costs, such as teacher salaries, leaving limited resources for additional incentives through RBF. This lack of available funding can make it difficult to implement RBF programs on a large scale. A second barrier relates to capacity constraints. RBF design and implementation often requires technical expertise and upfront investment, particularly in the starting phases as they can be complex

⁸ UBS Optimus Foundation. (2020).

⁹ Laurathe, I., de Oliveira, V., Loureiro, A. (2021a).

¹⁰ World Bank. (2020a).

¹¹ World Bank. (2015).

and require a high degree of collaboration. This can be a significant hurdle for governments and funders with limited bandwidth as they may lack the necessary personnel or financial resources to dedicate to the process. Third, political resistance can be an obstacle. RBF's emphasis on transparency and quantitative performance measurement can expose delivery failures, potentially damaging reputations. RBF may also encounter resistance from those who benefit from the status quo or whose power may be threatened.

For example, RBF mechanisms may place an emphasis on the need for higher civil service performance standards or attempt to reduce the influence of political considerations in human resource decisions. RBF may furthermore be incompatible with existing annual budget cycles or financial regulations. This may introduce disbursement uncertainties or necessitate complementary reforms, making it a complex change to integrate. Evidence from primary and secondary sources, including key informant interviews and desk research (see Annex I) point to an additional challenge: Understanding how to navigate the complexities of a public education system and translate RBF design principles into actionable strategies is a critical gap in current knowledge and practice. While a wealth of resources exists to guide RBF mechanism design, practitioners often struggle to determine how to effectively apply RBF to improve performance within complex education systems. This includes identifying suitable entry points, scaling initiatives, and institutionalizing RBF within broader system reforms. There is demand from practitioners for guidance on how to use a problem-driven and system-thinking approach to identify suitable entry points for RBF. Such guidance would support practitioners to consider RBF as part of a larger reform agenda, ensuring it aligns with and complements existing efforts. Practitioners also expressed interest in learning how to identify complementary reforms that can unlock the full potential of RBF and how to mobilize and sustain system-wide support for scaling RBF across political cycles.

This guidebook addresses a critical gap in the field by supporting practitioners to identify suitable RBF applications and develop effective implementation strategies. The guidance starts from a recognition that RBF may not be suitable in every scenario and that, to be effective, RBF mechanisms generally require certain pre-conditions, such as a supportive data environment, sufficient stakeholder buy-in and a regulatory or legal framework that enables funding or incentives to be tied to the achievement of outcomes, as a result, the guidebook introduces a methodology for diagnosing barriers to learning outcomes and for determining whether the conditions are present for RBF to be a viable and potentially impactful approach. This guidebook then describes the journey of scaling RBF initiatives from pilots to full integration within government systems. To achieve this, a step-by-step process is essential, building upon learnings from each phase. To support practitioners to make informed decisions and mitigate risks while seeking to institutionalize RBF, this guidebook outlines key considerations for each stage, pinpointing, for example, what an RBF initiative should demonstrate at each stage, the degree of stakeholder ownership required and the enabling conditions that are required for it to keep scaling effectively.

The guidebook leverages more than a decade of Instiglio's experience designing and implementing RBF strategies, along with research on RBF in education and other sectors. The authors also benefited from consultations with education practitioners and policymakers. The primary target audience for this guidebook is civil servants working within Ministries of Education, in addition to their partners looking to advance the integration of RBF in education systems.

The remainder of the guidebook is structured as follows:

Section 2 Provides an introduction to RBF, with a lens on the education sector. The section defines RBF, introduces its value-add, and describes the most commonly used RBF applications with various examples drawn from the education sector.

Section 3 Describes the different stages in which countries can be in their journey towards institutionalizing the use of RBF. The section introduces a 4-step pathway and their key characteristics. It sets the stage for seeing RBF as a mechanism that can support sustainable results-orientation of the education system over time, instead of just a mechanism to catalyze improved outcomes in the short term. This is important to keep in mind to motivate a more comprehensive diagnostic of the education system performance and mobilize resources for building an enabling environment. It allows practitioners to identify the stage they might be in and, depending on the stage, continue to section 4 or jump to section 5.

Section 4 Provides guidance on whether and how RBF can add value. The section is primarily addressed to practitioners who are embarking on their RBF journey and need to assess how or if RBF can address their education challenges. It may also be useful to practitioners who have not done a thorough assessment of RBF's value-add across the entire education system or who are considering moving from certain RBF applications (e.g., with non-state providers) to scaling it to more target actors (e.g., schools or subnational governments). Through three steps, practitioners are guided to (1) diagnose incentive and accountability failures in their education system, moving beyond symptoms to identify the underlying root causes, (2) identify potential RBF applications, through its four drivers of impact, and (3) assess the extent to which the enabling conditions (e.g., stakeholder buy-in, data environment) that unlock RBF's value-add are present or can be created.

Section 5 Guides the process of integrating and mainstreaming RBF within government systems. This section is primarily addressed to practitioners who have already implemented at least one RBF pilot and are interested in the journey toward institutionalization. For each step of the journey, the section provides a set of concrete objectives as well as key strategies that will support them in cultivating a fertile ground for progressively advancing RBF in their context. Strategies cover numerous dimensions, from technical to political to communication and research strategies.

The Annex Includes additional information on resources that guide how to design an RBF program (Annex 1), provides a sample diagnosis using the RISE framework (Annex 2) and outlines RBF design features to activate RBF drivers of impact (Annex 3).





Section II



An Introduction to Results-Based
Financing for Education

This section introduces the concept of Results-Based Financing (RBF) and explains how it can effectively enable governments and development funders to drive better education outcomes.

By the end of this section, practitioners will be able to answer the following questions:

- What is RBF?
- How can RBF enhance outcomes?
- How are RBF mechanisms typically structured?
- How can RBF be used with different actors in an education system?

I. RBF ties funding to results

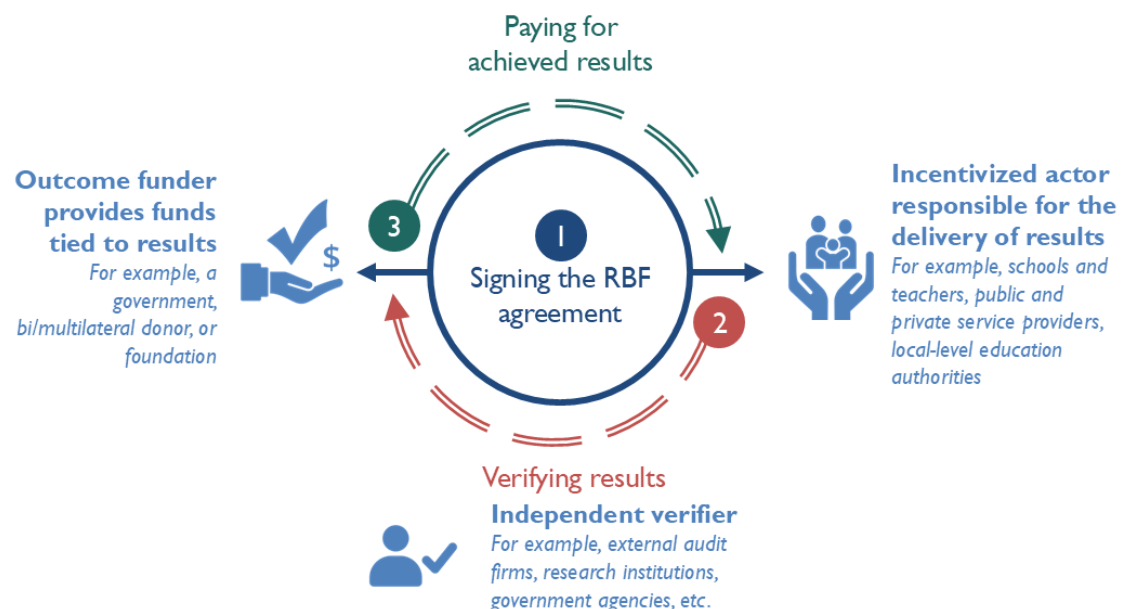
RBF is a financing arrangement in which payments are contingent upon the achievement of pre-defined and verified results¹². This type of financing mechanism represents a shift away from the standard practice of providing funds for inputs towards tying at least a portion of funding to the achievement of measurable results. These results could be outputs, such as the number of textbooks delivered on time, or outcomes, such as improvements in learning outcomes.

As illustrated in Figure 1, an RBF arrangement typically involves three actors:

- **Outcomes funder**, typically a government or other funder such as a bilateral donor, a multilateral, or a philanthropic organization
- **Incentivized actor**, such as a school, textbook provider, or local government
- **Independent verifier**, which confirms whether the expected results were achieved

In an RBF mechanism, the outcomes funder pays the incentivized actor based on the results achieved, such as learning outcomes, often as confirmed by an independent verifier.

Figure 1. Illustrative RBF arrangement



¹² RBF is also known by the names of Pay for Success, Outcome/Output-Based Funding, Performance-Based Funding, among others.

When beginning to collaborate on an RBF program, the outcome funder and incentivized actor need to agree on three preliminary decisions: i) the results that will trigger payments, ii) how and when results will be verified, and iii) how much funding will be linked to each result.

For instance, the Ministry of Education (outcome funder) may agree to pay a local government (incentivized agent) USD 100 for every percentage point increase in literacy rates among 3rd-grade students. Results would be measured and verified yearly using the school's reading and writing assessment records that would be verified on a sample basis. Figure 2 lists typical outputs, intermediate outcomes, and outcomes in the education sector.

When agreeing on how payments will be linked to results, stakeholders should also consider variations to ensure the RBF program responds to the financial needs of the incentivized actor. Rather than tying all funding to results, RBF mechanisms can leave a portion of funding based on inputs, activities, or milestones. The outcomes funder and incentivized actor may also agree to introduce design features targeting cash flow, such as advance payments, which would allow incentivized actors to access some funding before results are achieved.

2. How RBF generates impact

By tying funding to results, RBF aligns incentives with desired outcomes and provides greater flexibility to incentivized actors, enabling them to adapt their activities to focus on the most cost-effective pathway to achieve these outcomes. This focus on results can strengthen education systems while fostering a more general culture of data and outcomes-focused decision-making among RBF actors. There are four main drivers that RBF mechanisms act on to encourage and enable actors to adapt their behaviors to drive improved results:

Figure 2. RBF's four drivers of impact



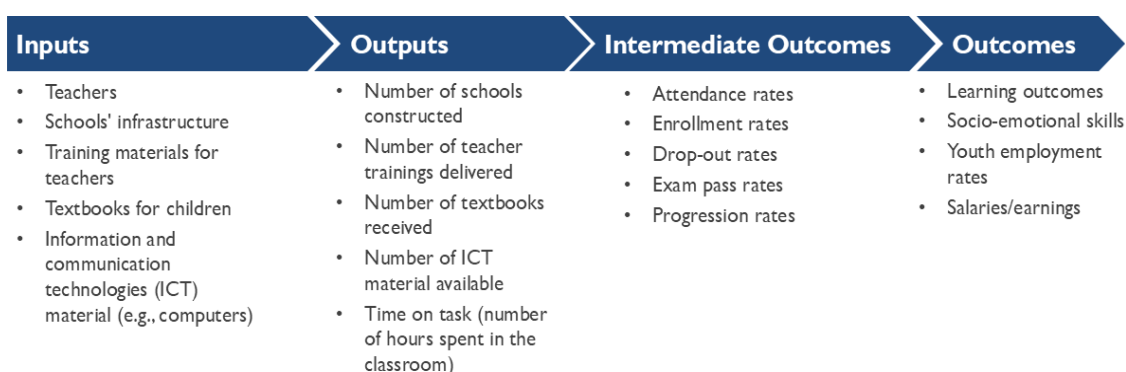
1. RBF draws attention to what matters: By tying funding to results that stakeholders agree on, RBF draws the attention of all actors to those results. Frequent measurement of results creates an effective feedback loop, which enables actors to learn and adjust their activities accordingly. This feedback loop strengthens problem-solving, which can be even more targeted when complemented by an effective performance management system that provides actors with timely and relevant insights into their progress toward key outcomes.

2. RBF aligns incentives with desired outcomes: By placing a portion of the funding at risk, or providing an attractive bonus payment, RBF can help align the interests and objectives of funders and recipients towards the desired education outcomes. It thus prompts actors to innovate, and problem solve to ensure that expenditures and activities lead to the desired education results and that wastage is reduced. By providing a greater reward for attaining outcomes for a certain target population, such as girls, out-of-school children, or children in harder-to-reach areas, RBF can also motivate actors to increase their efforts for these populations, thereby improving equity and ensuring that no child is left behind.

3. RBF improves accountability to learners: RBF arrangements can be designed to strengthen the accountability of education actors to learners and their parents. For example, by conditioning some funding on learning outcomes, RBF motivates actors to put learners' needs at the center of every decision, which can improve the effectiveness of the services they provide. Second, by linking payments to the establishment of functioning school management committees (SMC) that include community representatives, and giving SMCs authority over how RBF payments are being utilized, RBF can introduce or strengthen the management authority of communities over schools. Payments of actors can also be linked to parents' satisfaction with the services provided, giving parents financial power over education actors, and further encouraging them to align their objectives.

4. RBF provides flexibility to achieve results: By linking payments to results instead of activities, an RBF mechanism provides actors with flexibility and creates learning opportunities, which can support actors to discover impactful and cost-effective strategies that they may not have been encouraged to explore. This freedom to adapt allows incentivized actors to tailor their practices in response to changing needs, trying new strategies informed by data-driven insights about what works.

Figure 3. Illustrative results chain in the education sector



Box I. Examples of RBF's drivers of impact

Several RBF initiatives have showcased how the four main drivers mentioned above effectively motivate and enable education actors to adapt their behaviors and achieve improved results.

In the state of Ceará in Brazil, the Performance-Based Transfer program succeeded in drawing attention to what matters. The state government pioneered using RBF with municipalities as part of a comprehensive education reform program to improve education results measured through Brazil's Education Quality Index (IDEB). As part of the RBF design, Ceará established financial incentives for municipalities to achieve learning goals, provided technical assistance, developed a robust monitoring and evaluation system, and granted higher municipal autonomy and flexibility to design education policies. By tying funding to improvements in the IDEB and developing a robust monitoring and evaluation system, the RBF provided an effective feedback loop to municipalities that shifted their attention to results and allowed them to implement course-corrective actions. The result has been that the municipalities in Ceará, a relatively poor state, have had the largest improvement in primary and lower secondary education quality since 2007 in all of Brazil and collectively have the best education quality index in the country when considering socioeconomic conditions.

Peru's nationwide Performance-Based Transfer program, known as "Compromisos de Desempeño," initiated by the Ministry of Education (MINEDU) in 2014, illustrates how RBF can effectively align incentives with desired outcomes. MINEDU credited RBF for harmonizing the Ministry's objectives with those of regional and local education entities. By defining a clear results framework and tying financial incentives to it, RBF helped to align stakeholder incentives around key indicators, promoting the effective functioning of the decentralized education system. See Box 2 for more information on this case study.

The Performance-Based Grant launched by the Ministry of Basic Education in Cameroon helped increase school access and quality by improving the accountability of school managers to learners. The pre-pilot phase demonstrated an improvement in 10 of the 16 performance indicators (including enrollment, retention, teacher assistance, and textbook use) and a substantial increase in community satisfaction with school management, reaching an average of 82 percent. This improvement was attributed to heightened community involvement in how school funding was spent, enhanced transparency in financial management, and greater accountability in the execution of school action plans.

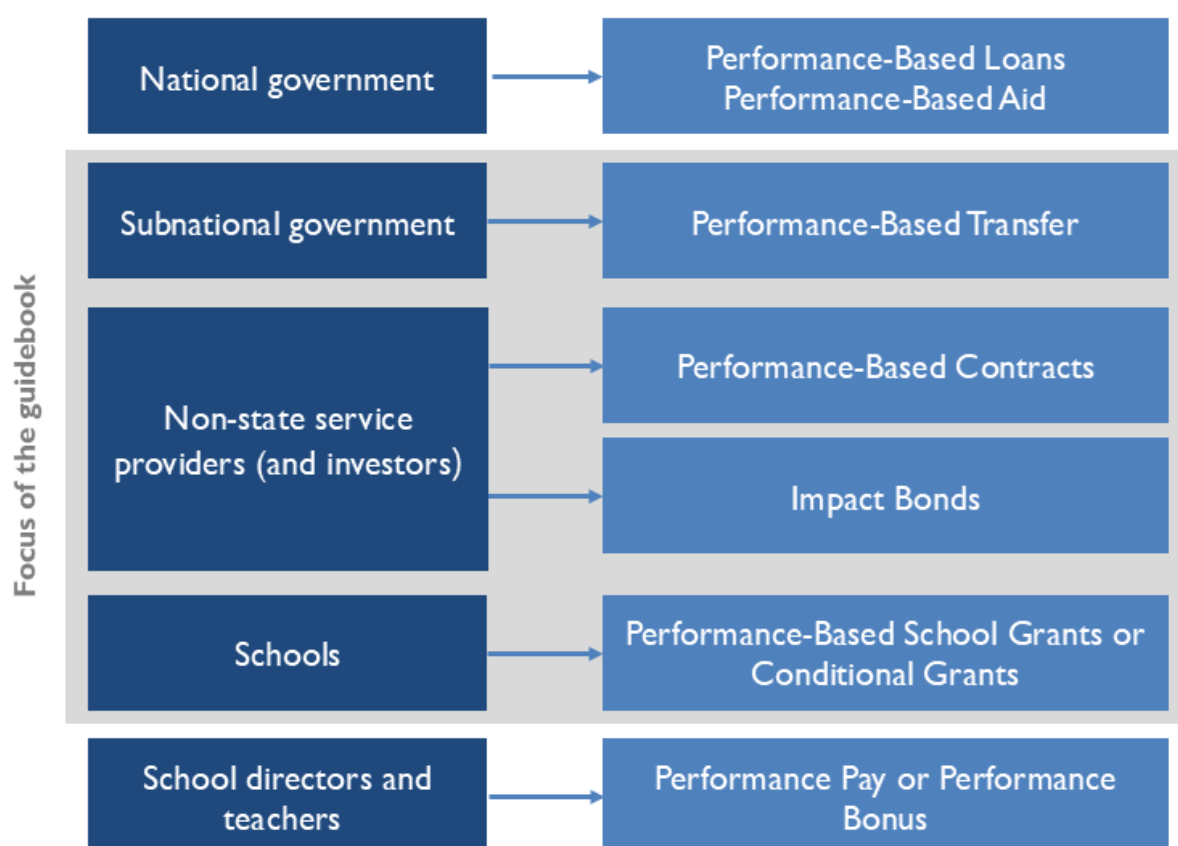
The Educate Girls Development Impact Bond (DIB) in India exemplifies the benefit provided through RBF by providing flexibility to achieve results. While implementing the intervention, Educate Girls faced a unique challenge when they discovered that some villages did not have upper primary schools where girls aged 11 to 14 could attend. In order to attend school, girls in those villages had to travel long distances to the closest school. Capacity concerns arose, and it became apparent that it would not be possible to enroll many of these girls. Driven by the incentive to improve results and the flexibility provided under the DIB, Educate Girls quickly devised and implemented a strategy to provide continuity through distance education or open.

3. How RBF can be used to incentivize different actors in the education system

RBF is a flexible tool that can be used with education actors at different levels, in various roles, and with diverse responsibilities. While most RBF mechanisms have historically focused on the national level (i.e., donors incentivizing national governments) or at the individual level (i.e., incentivizing school directors or teachers)¹³, this guidebook focuses on how the Ministry of Education can use RBF with intermediate, meso-level actors in an education system, such as subnational government agencies, schools, and non-state service providers.

As presented in Figure 4 and explained in more detail below, RBF mechanisms are often categorized according to the type of actor they incentivize. The guidebook focuses on the actors and mechanisms identified in the grey box.

Figure 4. RBF mechanisms by incentivized actor



¹³ Arushi, T., Burnett, N., Frotté, M. (2022).

Incentivizing subnational government entities: Performance-based Transfers

If a subnational government entity, such as a state government or district education office, is the incentivized actor, the RBF arrangement is typically called Performance-Based Transfer (PBT). PBTs are particularly useful in decentralized education systems where the national government transfers significant responsibilities in the planning, management, procurement, or distribution of resources to local levels of government. For example, in decentralized education systems, subnational education levels might be responsible for supportive supervision (e.g. school inspections) and pedagogical support. In such contexts, PBTs can be a useful mechanism to align subnational government agencies incentives with learning outcomes for all children, while leveraging their greater proximity to schools and learners and contextual knowledge to support frontline service delivery actors, like schools or non-state providers, to improve the quality of education services.

As detailed in section 4, a deep understanding of subnational government agencies' responsibilities, autonomy, and influence over education results is essential when designing or implementing an RBF mechanism that targets them as the incentivized actor.

Box 2. Performance-Based Transfer in Peru

In Peru, the Ministry of Education (MINEDU) has since 2002 gradually transferred the responsibility of overseeing and supporting schools to regional and local education agencies. MINEDU establishes policies, manages teacher salary education system, in 2014 the Ministry of Education (MINEDU) introduced a nationwide Performance-Based Transfer (“Compromisos de Desempeño”) between the central government and 26 Regional Education Directions and 220 Local Education Management Units, covering 94,624 schools and approximately 5.7 million students. After an initial pilot phase, the PBT underwent a re-design in 2017 to improve its effectiveness based on lessons that emerged from the pilot. The re-design involved developing a detailed theory of change for the regional and local education agencies, identifying their responsibilities and the outcomes within their control. Based on this theory of change, the redesigned PBT made a total of USD 45 million conditional on the improvement of key results, including children’s learning outcomes, adequacy of learning materials, timely payment of utilities in schools, and student, principal, and teacher attendance. To enhance accountability between local education agencies and the schools they supported, a bottom-up satisfaction survey for schools was designed with scores as a payment metric.

These reforms have resulted in tangible improvements. After three years of the program, a rigorous evaluation showed that the timely hiring of teachers increased from 87% to 96%; student enrollment increased from 53% to 87%, and the timely delivery of relevant educational materials increased from 71% to 92%. Moreover, the evaluation found that learning outcomes improved by 10% (reading comprehension) and 17% (math). In addition to improving outcomes, the PBTs also established new standards of performance for delivery leaders at the Ministry, building demand for improved performance practices in education across Peru, as manifested, for example, by the demand to use a similar RBF mechanism for tertiary education.

Incentivizing non-state service providers: Performance-Based Contracts

Typically, RBF mechanisms targeting non-state service providers are called **Performance-Based Contracts**. Non-state providers can play different roles in the education system.

For example:

1. **Offer complementary education services** such as tutoring, assessment preparation, language classes, or extracurricular activities classes (in sports, arts, music, etc.).
2. **Provide school management services**, where the government retains ownership of the schools but providers are responsible for all aspects of school operations, including delivery of the curricula, human resource management, and management and maintenance of school facilities.
3. **Support the public education system**, for example, by providing capacity-building support to public schools or local education authorities in areas such as curriculum development, teacher training, or educational assessment.
4. **Implement community-based models** that work with communities to increase awareness of the importance of education or address social and gender norms that contribute to girls being out of school.
5. **Develop and deliver school resources and materials**, such as textbooks, classroom furniture, etc.

Performance-based contracts allow the government and donors to hold service providers accountable for the achievement of results while also introducing greater flexibility in the delivery of services, thereby encouraging innovation, learning, and adaptation.

Using RBF with non-state providers is often more feasible than with public providers for several reasons: First, it may be more politically feasible to hold non-state actors accountable for results compared to public institutions. Second, non-state actors often have greater capabilities and autonomy over decisions that directly impact their ability to achieve results. This includes flexibility in areas such as staffing, for example when to hire or replace personnel, and strategy, where they can more easily adapt their approach based on needs. They often also receive outside funding from donors (or can attract investors, see below), which improves their ability to meet operational costs needed to achieve results.

Box 3. Escalera program in Chiapas Mexico – a PBC to reduce high-school dropout

In Chiapas, Mexico, an average of 40% of middle school students do not continue to high school despite the proven benefits of every additional year of education and the widespread government-sponsored conditional cash transfer program that pays mothers for sending their children to school. To address this challenge, Escalera, a local NGO, delivered two main activities to students in public schools one year before high school enrollment.

Provision of a “mentor-in-box”, a high school preparation kit, aimed at addressing an ‘information gap’ by helping students make an informed decision of whether to enroll in high school through videos of role models, workbooks, and provision of information on scholarship or enrollment processes or the economic returns of additional schooling. Provision of vouchers that would cover students’ high school entrance exams and enrollment fees to test whether enrollment fees were the barrier.

In 2014, the Government of Chiapas signed a PBC to enable Escalera to deliver its program to an additional 2,700 students. Under this contract, the Government of Chiapas paid Escalera for each additional student who enrolled in high school because of the program. The payment structure provided significant flexibility to Escalera to further tailor the intervention model and test the cost-effectiveness of its activities. Escalera targeted some schools with only the kit, some schools with only the vouchers, and some schools with the kit and voucher¹⁴.

The program was implemented for 5 years, reaching a total of 56,179 students. A randomized evaluation found that high school enrollment increased between 2 and 6 percent because of Escalera’s intervention and that vouchers were more impactful and cost-effective than the kits. The positive results led to the scale-up of Escalera’s program and achieving international benchmarks on its cost-effectiveness by delivering 0.21 additional years of schooling per USD 100 spent¹⁵.

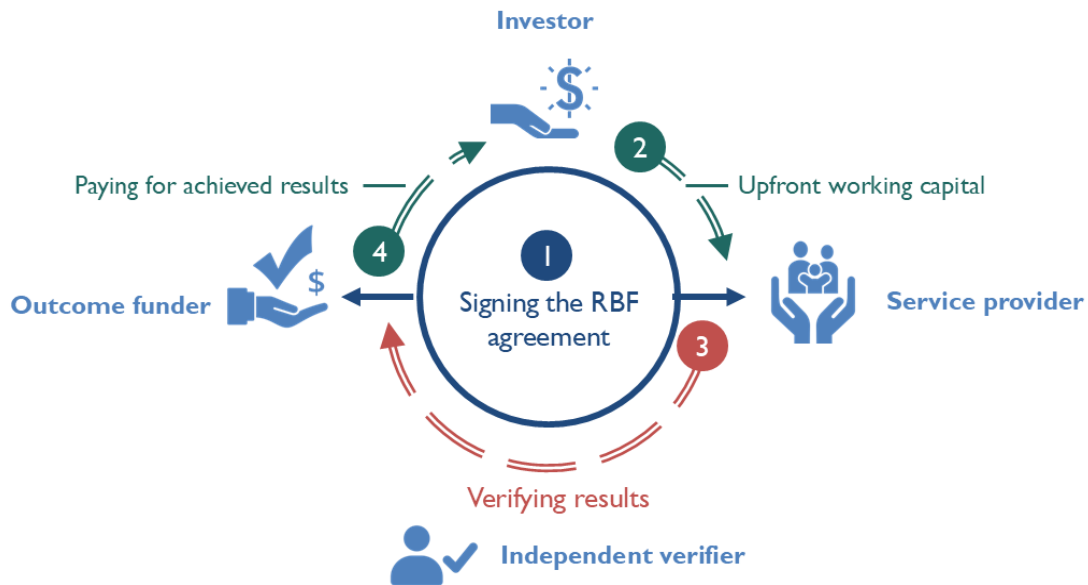
¹⁴ Instiglio. (2017).

¹⁵ ESCALERA. (2022).

Incentivizing non-state service providers and attracting investors: Impact Bonds

In an Impact Bond, an investor provides the operational funds to the service provider to deliver its program and achieve the incentivized results. Consequently, as depicted in Figure 5, the outcome funder pays the investor(s) and not the service provider based on the results achieved. If the government is the outcome funder, the mechanism is called a Social Impact Bond (SIB). Where the outcomes funder is a donor, it is referred to as a Development Impact Bond (DIB).

Figure 5. Impact Bond Structure



Impact bonds differ from Performance-Based Contracts in how they shift the financial risk of not achieving results from the service provider to the investor. They also address the constraint of needing upfront capital to implement activities and achieve results. Unlike PBCs, which due to the financial constraints often only link a small portion of payments to results, Impact Bonds typically tie 100% of funding to results, thereby providing not only a highly incentivized performance environment to achieve results but also flexibility to iterate and adapt the program design and delivery practices. Impact Bonds are thus a type of incubator that catalyzes a provider’s impact. Given their comparatively higher costs (e.g., higher structuring costs due to multi-stakeholder negotiations, a higher financial risk transfer, and return for investors), they are usually less suitable for mature programs and implementation at scale, but rather used for pilot programs.

Investors can play different roles in impact bonds. Their involvement may be limited to providing upfront working capital and assuming the financial risk of not achieving results, or they may go a step further by becoming actively involved in supporting service providers to achieve results, for example, by providing performance management support. In addition, investors may decide to pass on financial incentives to the service provider by providing a bonus for achieving results or transferring some of the financial risk. In the Educate Girls DIB in India, for example, the investor, UBS Optimus Foundation, committed to pass on 32% of any payments it received beyond its initial investment to Educate Girls. In the Benevolent Society Social Benefit Bond in Australia, the service provider used its funds to invest in the SIB¹⁶.

¹⁶ Gustafsson-Wright, E., Gardiner, S., & Putcha, V. (2015).

Box 4. The Quality Education India Development Impact Bond

Despite remarkable progress towards achieving universal primary school enrolment, in 2018 the Annual Status of Education Report (ASER) survey showed that only half of rural students in grade five in India were able to read at least a grade two level text and less than one-third were able to divide¹⁷. Several actors launched the Quality Education India DIB to address this issue in April 2018. Under the DIB, UBS Optimus Foundation (the investor) provided upfront working capital to four non-state service providers and received payment from the outcome funders (Michael & Susan Dell Foundation, Comic Relief, British Telecom, the Mittal Foundation, and the Larry Ellison Foundation) based on verified improvements in numeracy and literacy skills of 200,000 primary school children in grades 1 to 8.

To align incentives, UBS Optimus Foundation also decided to trickle down some of the incentives to service providers by including a bonus payment in the final year if service providers achieved over 100% of their targets¹⁸. The USD 11 million DIB was implemented for four years¹⁹.

By tying most of the funding to learning outcomes, the DIB provided significant flexibility to service providers to adopt and test different intervention models.

Kaivalya Education Foundation adopted a school management program, focusing on school leader training. GyanShala delivered a direct classroom program for children in urban slums. Society for All Round Development implemented two interventions, remedial education and teacher training. Education Initiative in partnership with Pratham InfoTech Foundation tested the use of a cloud-based application, Mindspark, to adapt learning lessons to students' levels.

This flexibility was critical to limit the adverse effect of the schools' closure during the COVID-19 pandemic, with service providers further adapting their practices to pursue their intervention and meet their outcomes targets. GyanShala, for example, provided learning material directly to children's homes, offered teachers phone-based engagement, and engaged children in small groups in community rooms for TV-based video lessons. The CEO of the SARD stressed that "COVID-19 disrupted many plans in this project, but the adaptive nature of DIBs is what led us through"²⁰.

Overall, the performance targets were surpassed, and the investor made an internal rate of return (IRR) of up to 8% annually. In addition, service providers achieved on average 50% higher learning outcomes compared to previous performance²¹.

17 Gustaffson-Wright, E., Osborne, S., Shankar, A. (2022).

18 ASER Centre (2019).^{8a} UK Aid (2022).

19 ASER Centre (2019).

20 Quality Education India (2022).

21 *ibid*

Incentivizing Schools: Performance-Based School Grants

Increasingly, RBF has been used with public schools to address issues of limited motivation and resources hindering schools from improving learning outcomes. Typically referred to as performance-based school grants (PBSG) or conditional grants, these RBF arrangements provide small additional resources of approximately 4% to 7%²² of a schools' annual budget linked to measurable improvements in schools' performance, to both draw school leaders' attention to critical results and provide them with additional resources to make targeted investment leveraging their detailed contextual insights about the deficiencies of their schools and learners' needs.

A few common lessons have emerged from PBSG experiences in various countries:

- Design simplicity is crucial for school incentives to work and drive desired improvements in education quality. In Tanzania and Kenya, unclear grant awareness among school principals weakened the effectiveness of the PBSG²³.
- Balancing incentives between milestones (such as forming school management committees) and outcomes (such as improved learning or reduced dropout rates) allows schools to invest a portion of the grant early on to support improvements while focusing their attention on desired results.
- Mitigating unintended consequences, such as focusing on certain grades or students or teaching to the test, is critical. In addition, there is a risk that the knowledge of the PBSG leads households to reduce their spending on education, offsetting the potential impact of the grant.
- Enhancing local ownership and accountability: In Indonesia combining grants with community engagement significantly improved results²⁴. PBSGs can learn from this by linking incentives to the establishment of functioning school committees with parent or community involvement or requiring community representation in decisions related to how the grant is used.



22 Blimpo, M., Evans, D., Lahire, N. (2015).

23 Mbiti (2016).

24 Al-Samarrai et al (2018).

Box 5. Improving School Performance in Mozambique

Since 2010, the number of primary schools in Mozambique has grown by 30%, contributing to a rise in enrollment, especially in remote rural areas. However, these areas pose significant oversight challenges to district authorities, resulting in inadequate support, monitoring, and teacher/principal accountability, leading to poor learning outcomes for children.

In 1999, the Ministry of Education introduced a Direct School Grant Program, Apoio Directo às Escolas, ADE, involving the provision of funds from districts to schools to help schools pay for materials and services. The amount of funds provided to schools was mostly based on the number of students and classrooms. The grant program was gradually scaled up to include all primary schools by 2003 and all secondary schools by 2005. To incentivize a greater focus on education quality and learning outcomes, in 2018, the Ministry of Education, supported by the REACH trust fund, integrated a performance-based component into the ADE, targeting 400 schools in 9 districts and 3 regions: Gaza, Sofala, and Niassa ('treatment schools'). Under the performance-based grant, schools could receive up to an additional USD 2.17 per student per year based on improvement in four performance indicators:

- Teachers' and principals' attendance;
- Involvement of the school committee in school management;
- The transparent management of the school grant;
- Students' reading performance.

Despite the breakout of Tropical Cyclone Idai, more than half of the schools showed improvements in the performance indicators after one year. However, when compared to a control group of schools, the performance-based grant showed little impact. Two issues affected the credibility of the comparison: First, the treatment and control schools were not randomized; second, the Tropical Cyclone impacted the districts where the treatment schools were located more.

Key lessons from the pilot included the importance of a good monitoring system, simple performance indicators, and a clear understanding of the financial incentives by all stakeholders. In addition, the actor responsible for gathering data on incentivized performance indicators must possess adequate capacity and be independent.

The success and lessons of the pilot led to the scale-up of the performance-based school grants to six provinces in 2021. In addition, it prompted the government to build the capacity of district-level officials to improve data collection and monitoring and incorporate a second incentive layer for district officers to incentivize improvements in the area and provide technical support to schools.

4. Non-financial incentives

This guidebook focuses on financial incentives. However, non-financial incentives also play a crucial role in driving a focus on results, improving data for decision-making, and effectively motivating actors. Common non-financial incentives include: (1) strategies to increase actors' performance awareness and intrinsic motivation, (2) reputational incentives that leverage recognition from other actors (3) non-monetary or in-kind incentives and (4) contractual incentives/penalties, which are similar to financial incentives.

As with financial incentives, clear performance definitions (e.g., results, targets) and robust data systems are essential to accurately measure the impact of non-financial incentives. By ensuring data availability and reliability, these incentives also serve to inform decision-making and adaptation. Non-financial incentives can be deployed either instead of or as a complement to financial incentives. The choice and balance of incentives depend on factors such as budget availability, the underlying barriers to improved performance, the prevailing culture around financial and non-financial incentives, and the opportunities available to policymakers to add incentives into the system.

1. Awareness and intrinsic motivation: Promoting awareness and focus on performance through peer comparisons and targeted performance insights can drive intrinsic motivation and strengthens actors' understanding of their performance, allowing them to act accordingly. Acknowledging good performance fosters a sense of accomplishment, shared mission, purpose, and pride. Examples of strategies that can enhance performance awareness and motivation include sharing detailed performance reports with educators to highlight areas of success and opportunities for improvement, individualized goal setting to foster a growth mindset, or creating internal acknowledgment systems to recognize individual or team achievements within schools or educational institutions.

2. Reputational incentives: Reputational incentives hinge on recognition from external stakeholders, such as government bodies, peers, communities, and parents. Reputational incentives can be created through different channels. *Examples include.*

- **Performance tables:** Publishing performance tables or dashboards that compare schools on metrics like attendance rates and learning outcomes (e.g., the UK's Department for Education Performance Tables).
- **Public recognition:** Organizing award ceremonies, media coverage, or official visits to highlight outstanding performance. This recognition can enhance reputation and attract new projects or business opportunities.
- **Accreditation:** Accrediting high-performing institutions and covering their achievements in media to boost their reputation and motivate others.

3. Non-monetary incentives: Non-monetary incentives vary significantly based on the incentivized actor. They include in-kind awards, such as developmental opportunities (e.g., offering training programs, career advancement opportunities, and conferences to enhance professional growth), increased autonomy (e.g., granting more discretion in decision-making and reducing oversight), or additional resources (e.g. educational materials, technology equipment, and scholarships for students).

4. Contractual incentives/penalties: Contractual incentives and penalties can influence performance by offering better contract terms or threatening non-renewal based on results. For example, service providers with a strong performance history may be offered favorable contracting terms or expanded roles (e.g., in term of the scale of operations). Penalties for poor performance, on the other hand, may enforce accountability by requiring, for example, retraining or dismissals.

Box 6. Reputational incentives for schools in the United Kingdom²⁵

The Department for Education (DfE) in the United Kingdom publishes performance tables ranking schools based on academic achievement and performance. These tables promote transparency, help parents and students make informed decisions about education choices, and encourage schools to adopt the successful practices of their peers.

The performance tables include data on multiple aspects of the academic performance of schools and colleges, such as examination results, attendance rates, and teacher-to-pupil ratios, allowing comparisons between institutions. Schools are also given scores following an inspection by the Office for Standards in Education, Children's Services and Skills (Ofsted). The scores are made public in the tables and are measured through a grading system from 1 to 4, which represents:

- **Outstanding (1):** Given to institutions that provide an outstanding quality of education and care.
- **Good (2):** Given to institutions that perform well and effectively deliver education.
- **Requires Improvement (3):** Given to institutions that require improvement, are not performing at the expected level, and need to make necessary changes to reach the "good" level.
- **Inadequate (4):** Given to institutions that do not provide an acceptable standard of education and need significant improvement.

The DfE updates and publishes the performance tables annually on the UK government's website.

Box 7. Teacher Performance Evaluation System in Mexico²⁶

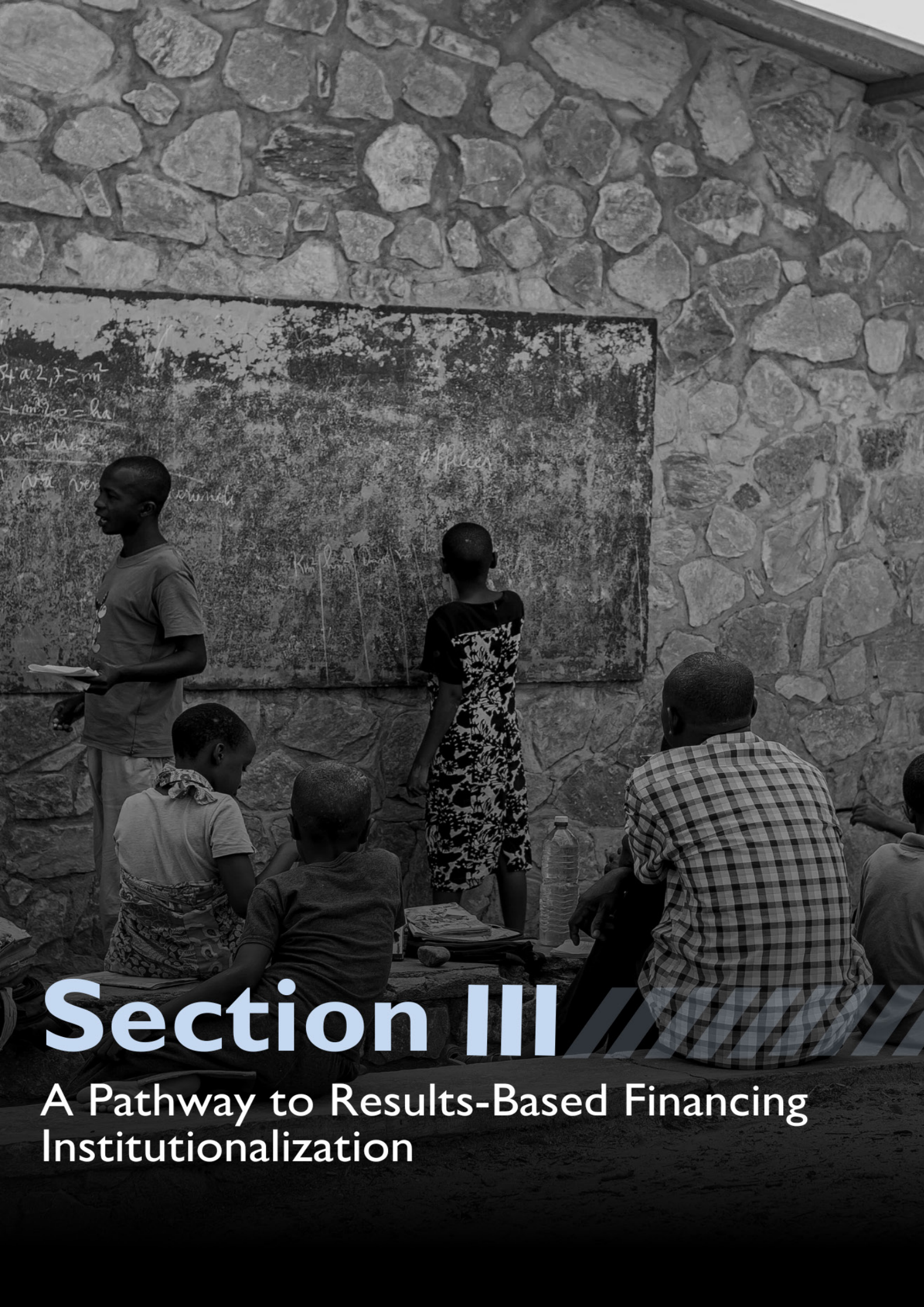
Mexico has historically struggled with low student performance on international assessments, where teacher quality played a crucial role. Teacher absenteeism further compounded the issue, reaching up to 20% on any given day. To address these challenges, the Teacher Performance Evaluation System was launched in 2013. The aim of the system was to incentivize teachers to improve their performance and reduce absenteeism, ultimately enhancing student learning outcomes, particularly in mathematics and reading.

The program involved performance-based evaluations of teachers' skills and student learning by qualified assessors who provide feedback and improvement suggestions. High-performing teachers receive incentives such as training, employment benefits, and priority for promotions and leadership opportunities. Conversely, underperforming teachers faced contractual penalties, including mandatory retraining and dismissal.

The program has significantly reduced teacher absenteeism in some states, especially among those at risk of penalties. Teachers involved in the program also reported increased motivation and a desire to improve their performance.

²⁵ Department for Education (DfE).

²⁶ Ortega, Sylvia (2019).



Section III

A Pathway to Results-Based Financing
Institutionalization

Each of the four stages- initiate, pilot, replicate, and mainstream responds to a specific level of experience with RBF.

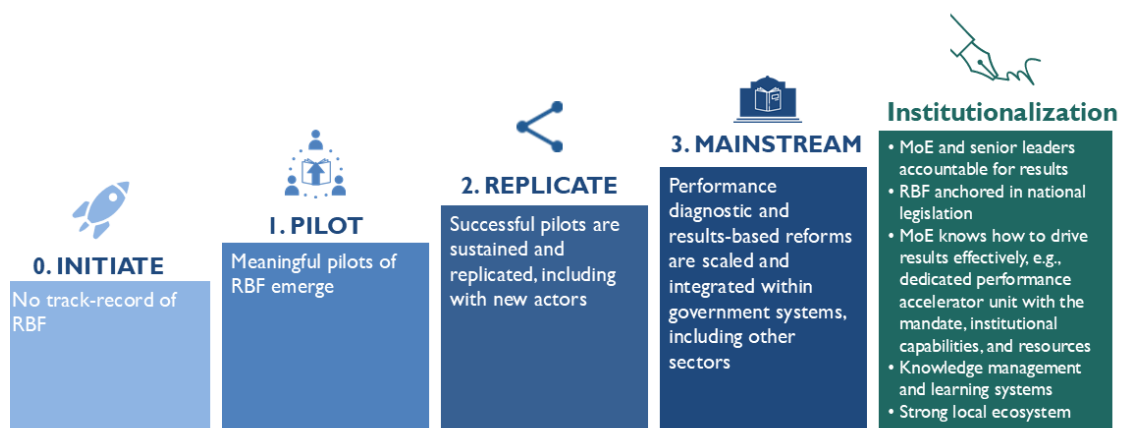
By the end of this section, practitioners will be able to answer the following questions:

- How does a generic pathway to RBF institutionalization look like?
- At what stage of the RBF institutionalization journey is my country?

Practitioners who identify, after reading this section, that their education system is either starting its RBF journey or aiming to expand RBF from non-state actors to public actors are encouraged to proceed to Section 4: “Getting Started with RBF.” Practitioners working for governments further along in the process can jump ahead to Section 5: “Advancing the RBF institutionalization journey.”

As detailed in the previous section, RBF can enhance results orientation and efficiency in the public education sector. While RBF programs often begin as pilots, governments are uniquely positioned to scale and institutionalize these initiatives for maximum impact. However, shifting governments toward a performance-oriented culture is a gradual process that requires strong stakeholder ownership, and can be challenging to achieve. For example, RBF adoption can be hindered by financial regulations or audit processes that are not compatible with outcome-linked funding. Risks of non-disbursement may also influence budget considerations and present political or reputational challenges. To overcome these obstacles, RBF must be fully embedded within government systems so that they can foster efficiency, effectiveness, and sustainability. This transition towards a results-oriented culture unlocks RBF’s transformative potential. Figure 6 outlines four archetypal stages that an RBF initiative within an education system undergoes during this gradual process of institutionalization.

Figure 6. A pathway to RBF institutionalization



I. Initiate stage

At this stage, a government has not yet deployed RBF and stakeholders have limited knowledge of RBF as a potential mechanism to drive greater impact in the education sector. In addition, there may be actors who are resisting the change and advocating for the status quo of working based on paying for inputs rather than outputs or outcomes. The focus in this stage is therefore on assessing whether, where (e.g., with schools or local government) and how RBF can add value. Crucially, this stage also involves an initial assessment of how conducive the operating environment is for an RBF pilot, including an analysis of risks and potential challenges. If the conditions are assessed to not be supportive of a pilot, this stage might be focused on creating a more conducive environment by, for instance, strengthening data systems or conducting further engagements with key stakeholders to increase political buy-in.

2. Pilot stage

Early RBF initiatives are often small-scale pilots, supported by limited resources and championed by a small group of advocates within or outside the organization. These pilots prioritize testing RBF concepts rather than achieving system-wide change. Given their limited scope, they frequently target areas with stronger delivery capacities or more favorable contexts, such as local governments with existing performance management systems or experienced service providers. To mitigate risks and maximize impact, these pilots often operate outside of the core government system, utilizing separate or outsourced systems for technical assistance (TA), results measurement, verification, and payment.

3. Replicate stage

During this stage, the use of RBF expands, with successful pilots sustained and scaled. With multiple RBF programs active in the education ecosystem, stakeholders have increased knowledge of RBF and are increasingly bought into RBF's potential to drive education effectiveness. While development partners and TA providers typically continue to play a crucial role in supporting the design and implementation of RBF interventions, there is now a considerable increase in government participation and ownership.

By this stage, the RBF pilots have generated more reliable data on the target population, cost, performance level, and potential unintended consequences. With more data available, greater government participation and a stronger understanding of RBF concepts among stakeholders, conversations become more sophisticated. The primary focus of conversations shifts from RBF's viability and impact to its cost-effectiveness and sustainability. Questions start to center on what the right price per result should be, how to mitigate perverse incentives, or how to increase operational efficiency.

This stage marks a shift towards more RBF programs that are more ambitious and tightly aligned with the broader agenda of the education sector and the government. This advancement is accompanied by a system-wide increase in capacity for RBF. Incentivized actors become more adept at delivering within a Results-Based framework, while other stakeholders develop stronger capabilities for designing and implementing RBF programs effectively. The overall data environment also strengthens, allowing for more precise and impactful deployment of RBF.

4. Mainstream stage

This stage signifies not just a wider adoption of RBF, but also a crucial shift in its implementation. RBF programs multiply and transition from operating alongside government systems to becoming fully integrated within them. This is driven by a fundamental change within institutions themselves, as they increasingly recognize the value of RBF and embed it into their core practices. For example, where stakeholders may have initially implemented RBF to incentivize schools, they may now expand or develop additional RBF mechanisms to incentivize government agencies.

Typically, in this stage, there is stronger ownership from policymakers and technical teams within the government who are now taking a bigger role in proposing and initiating the use of RBF. They become deeply engaged in the RBF design process and consequently, RBF programs become more aligned with government education priorities, strategic plans, and financing boundaries. In turn, governments' technical and managerial capacity to design and implement RBF interventions increases. Greater reliance on national data and financial systems may

surface additional bottlenecks to RBF's effectiveness, for example, delays in verification or in payments to incentivized actors, which can be addressed through refining the RBF design or identifying where additional investments in national systems must be made.

Goal: RBF Institutionalization

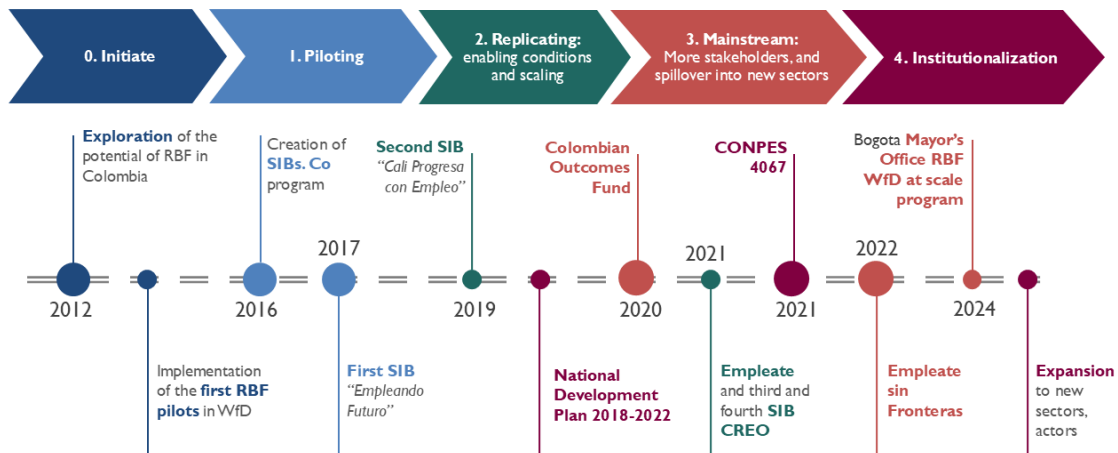
At this stage RBF is institutionalized within government education services, characterized by widespread use of RBF at scale and national-level political and technical ownership over the RBF by, for example, the Ministry of Education in addition to the Ministry of Finance, procurement, and audit agencies. Once RBF has been institutionalized, its principles often become embedded in official policies and procedures, and sometimes legislation, effectively supporting the performance culture of the institutions. This integration makes RBF less vulnerable to political changes, providing more stability and continuity in its implementation. After gaining direct experience with RBF and learning firsthand about what works, the capacity to design and implement RBF is much stronger among government stakeholders that provide leadership in determining how RBF is used. All these factors result in sustainable institutional arrangements that ensure RBF continues to be used and scaled with impact. A common development, for instance, might be for a dedicated RBF unit to be equipped with a knowledge management and learning system that continues to build capacity in Results-Based approaches and enables RBF to keep evolving along with needs and lessons on best practices. Deep dive below describes Colombia's RBF institutionalization journey.

Practitioners situated in the initiate stage are encouraged to proceed to section 4, where this guidebook outlines how practitioners can assess and prioritize opportunities for piloting RBF in their context, as well as understand and respond to the current level of enabling conditions for RBF.

Practitioners who identify that their country's education systems are in Stages 1, 2, or 3 may want to go to section 5, where the guidebook outlines key objectives and strategies that support RBF effectiveness and institutionalization. Section 4 may still be relevant for practitioners interested in expanding the application of RBF or do a more thorough review of the enabling conditions or potential constraints to RBF's effective use.

Deep dive: Institutionalizing RBF in public service provision in Colombia

Figure 7. Colombia's RBF institutionalization journey



During the past decade and a half, Colombia has gradually built a nationwide RBF ecosystem to address social service delivery challenges and increase public spending efficiency. In 2016, the Colombian government partnered with international aid agencies, a multi-lateral development bank, local philanthropies, and nonprofit organizations to pilot RBF mechanisms to drive improved job placement and retention outcomes. The success of the initial pilots had a ripple effect, encouraging the adoption of an institutional framework for the use of RBF and its implementation in other sectors, including healthcare, education, and migrant socioeconomic integration. As a result, Colombia is recognized today as a leader in implementing RBF schemes within the Latin America and Caribbean region.

Colombia's RBF path was not entirely linear. However, it generally followed the phases of initiating, piloting, replicating and mainstreaming and early institutionalization, as described earlier in this section.

Initiating: identifying opportunities and getting stakeholder buy-in (2012-2015)

Similar to many developing nations, Colombia faced challenges in translating public funding into tangible social improvements. For instance, the Department for Social Prosperity (DPS) invested heavily in employment programs but achieved limited success in job placements and retention rates. Local philanthropies and non-profits, spearheaded by the Corona Foundation, identified RBF as an innovative approach to transform government employment programs. In 2014, they formed the "Alliance for Employment" to build capacity and networks around employment generation, specifically focusing on RBF implementation in workforce development. Their efforts secured support from international aid agencies and the Department for Social Prosperity (DPS) to launch pilot programs within two years. This pilot phase aimed to gather data on how to implement RBF schemes effectively within the Colombian context.

Piloting and understanding what works (2016-2020)

In 2016, the Colombian government launched a pilot program through the DPS to test RBF in workforce development. Partnering with the Inter-American Development Bank Lab (IDB Lab), the Swiss State Secretariat for Economic Affairs (SECO), and local nonprofits under the Sibs.Co program alliance, the government designed the first two Social Impact Bonds (SIBs) in Colombia. These SIBs aimed to enhance job placement and retention rates for vulnerable populations in Bogotá, Cali, and Pereira, focusing on women and young people.

The first SIB, implemented over 21 months (2017-2018), resulted in 899 individuals securing employment, with 677 remaining employed for at least three months after placement. Participants' likelihood of finding formal employment increased by 15.7% six months after program completion, with women experiencing a notable increase of 8.4%. Demonstrating cost-effectiveness, the program surpassed traditional programs in Colombia. A positive cost-benefit ratio was also achieved as cumulative benefits exceeded costs within nine months of program implementation²⁷. The second SIB ran for 20 months (2019-2020) in Cali, achieving even stronger outcomes: 1,030 job placements and 774 individuals retaining employment for three months.

Replicating, scaling up, and early institutionalization through national policy frameworks (2019-2023)

Colombia's initial RBF pilot success led to its inclusion in the National Development Plan for 2018-2022²⁸ and the establishment of a national RBF policy framework (CONPES 4067)²⁹ in 2021. Building on this framework and the experience of the first two SIBs, the DPS created the public outcomes fund LOGRA in 2020 to address challenges such as high transaction costs, limited scalability, and annual budgeting restrictions. LOGRA pools funds from various sources (government, international aid, and private entities) to support RBF mechanisms.

Since its launch, LOGRA has funded two additional SIBs and two Performance-Based Contracts (PBCs) focused on job placement and retention for vulnerable populations. The third³⁰ and fourth³¹ SIBs were implemented between 2021 and 2023 in Medellín, Bogotá, and Barranquilla, surpassing placement and three-month retention targets. The first PBC, Empléate, was implemented between 2020 and 2021 in 21 municipalities, resulting in 1,993 placements. The second PBC, Empléate sin Fronteras, started in 2023 in nine major cities, aiming for 3,472 placements and 2,430 three-month retentions.

The national government's success spurred Bogotá's local government to act. In 2022, the Mayor's Office launched Colombia's largest PBC to transform job placement for vulnerable populations, especially youth and women, post-COVID-19. Aiming for over 27,000 job placements by January 2024, the program achieved 98% of its target. Colombia's success with RBF programs in workforce development led to its inclusion in the new National Development Plan for 2022-2026³² and as a key international cooperation strategy for aid investments³³.

27 Gómez, María Fernanda (2023).

28 Government of Colombia (2019).

29 Government of Colombia (2021).

30 Sibs.Co (2023a).

31 Sibs.Co (2023b).

32 Government of Colombia (2023a).

33 Government of Colombia (2023b).

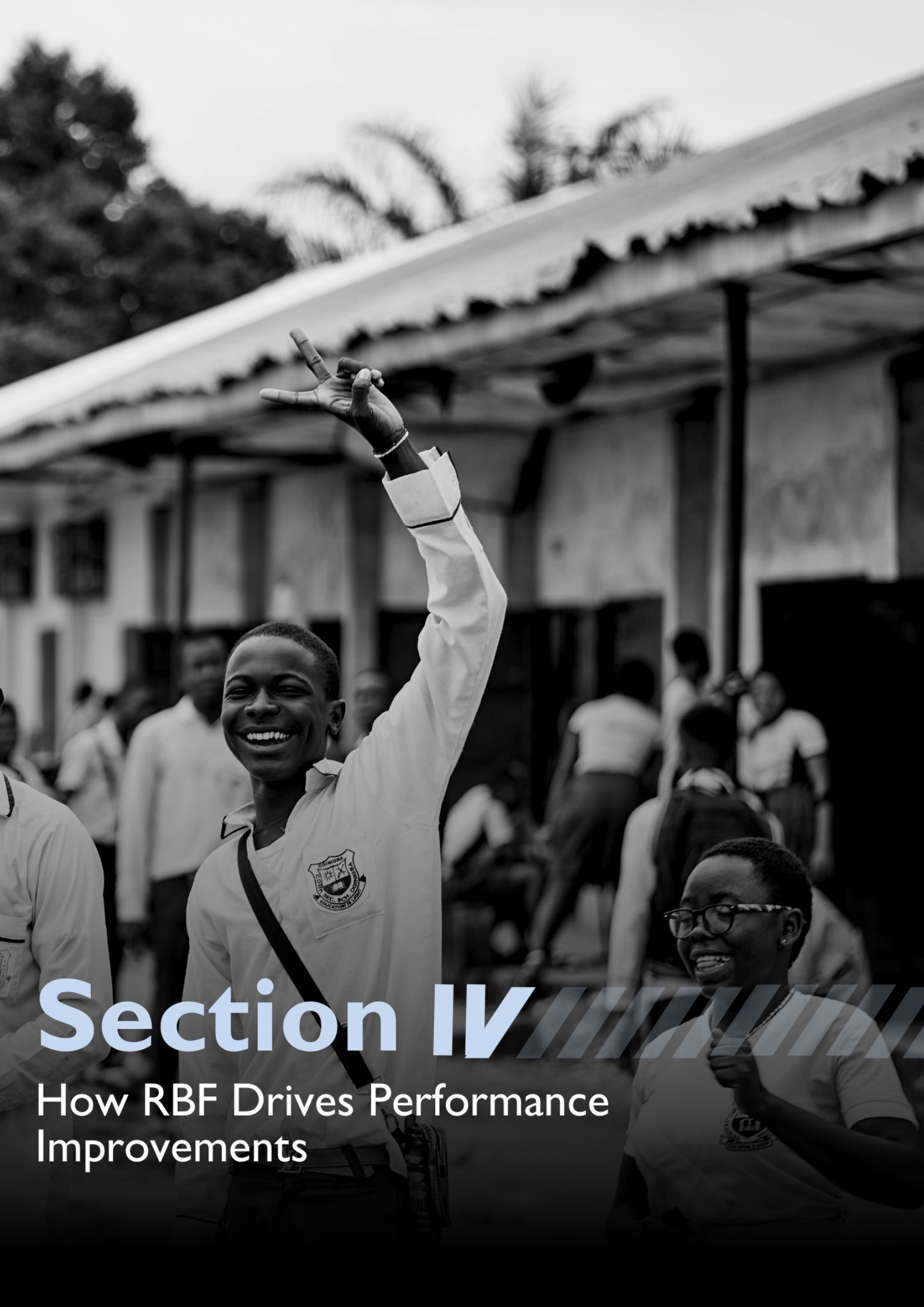
Mainstream: Expansion into new sectors and adoption by local governments (2022-present)

Colombia's well-defined policy frameworks for RBF mechanisms have paved the way for program expansion in both scale and scope. New actors have also started designing and implementing RBF in the country. For example, since 2018, Global Affairs Canada (GAC) has been working with Colombia's Ministry of Education to implement an Outcomes Fund for Education Results and implementation is set for 2024. In 2022, the Colombian national government designed a PBC to incentivize public preschools to improve early childhood development outcomes. Since 2022, SECO has been implementing RBF programs to boost competitiveness in the coffee³⁴ and cocoa³⁵ agricultural value chains, enhancing export potential and reducing environmental impacts.

Local governments in Colombia have begun implementing RBF programs at scale in workforce development and are exploring their application in new sectors. Bogotá has led the way, with the Secretary for Economic Development launching a 2023 workforce development program for ex-convicts and their families and the Bogotá Energy Group developing a workforce development SIB to address skilled labor shortages in the green energy sector. Medellín's Mayor's Office designed an RBF mechanism to improve the effectiveness of the Housing Assistance program, focusing on Venezuelan migrants' socioeconomic integration, although it has yet to be implemented. Barranquilla partnered with USAID in 2023 to launch a PBC aimed at improving maternal health outcomes among Venezuelan migrants. Furthermore, Bogotá, Bucaramanga, and Cali have incorporated RBF frameworks into their local development plans for 2024-2027, targeting workforce development, healthcare, and education sectors.



³⁴ Colombia+Competitiva (2022a).
³⁵ Colombia+Competitiva (2022b).



Section IV

How RBF Drives Performance Improvements

RBF is not the solution to every issue, but it can be an important steppingstone to performance-driven education systems. For instance, RBF is often a useful tool where education service delivery is hampered by a lack of focus on learning outcomes, misaligned incentives, lack of motivation, or weak accountability mechanisms, which result in subpar education outcomes. This section guides practitioners to identify if and how RBF could add value by addressing specific education challenges. To determine whether RBF is the right approach to drive performance improvements, it is crucial to (1) identify the main constraints to improved results, (2) articulate how RBF can help address these constraints and identify which actors to target, and (3) determine if any capacity needs to be built to implement an RBF mechanism and achieve results.

This section presents a 3-step process to guide practitioners in building a robust case for RBF, as illustrated below:

Figure 8. 3-step process to building a robust RBF case



By the end of this section, practitioners will be able to answer the following questions:

- Education system performance diagnosis: What are the underlying constraints of why the education system does not deliver learning outcomes?
- RBF strategy: How can RBF contribute to addressing the identified constraints? Which actor(s) would be targeted by the RBF mechanism?
- RBF enabling conditions: To what extent are the enabling conditions for RBF's effective use in place and how can they be strengthened?

Step 1. Education system performance diagnosis: What is behind poor learning outcomes?



The first step to deciding if RBF is the right tool is to identify the main constraints to improved education results through a rigorous diagnostic. A sound performance diagnosis requires looking beyond symptoms, such as poor learning outcomes, low teacher attendance, or inadequate learning materials, to the underlying root causes of underperformance.

Providing financial incentives to, for example, schools may not be enough to induce a behavior change. Several factors may be at play that reduce the effectiveness of an incentive program, such as a school's limited capability, a lack of relevant information, insufficient autonomy to adapt their activities, or the presence of competing incentives that prioritize different results. A diagnostic may reveal, for example, that schools and teachers do not have the capacity for improved teaching or prioritize "teaching to the test" due to limited pedagogical support or burdensome reporting requirements. This may in turn stem from an education management information system (EMIS) focused on enrollment and test scores, or district supervision focused on attendance and curriculum adherence, rather than supporting teaching quality. In such cases, other complementary reforms may need to be rolled out before or alongside an RBF mechanism to address these constraints.

To guide the design of a performance diagnostic, this guidebook recommends the use of the Research on Improving Systems of Education (RISE) framework. RISE is an evidence-based toolkit that helps identify strategic priorities for improving student learning. Two points make RISE a compelling diagnosis tool. First, the RISE framework takes a systems-thinking approach that considers how the different relationships³⁶ and parts of the education system interact with each other and how changes in one can affect other parts. Second, RISE's dimensions provide a comprehensive view of the motivational environment of actors to deliver desired results, as well as the underlying constraints in the enabling environment, such as those mentioned in the example above. These considerations help practitioners identify the root causes, as opposed to the symptoms, of problems in the education system supporting the identification of suitable entry points for RBF.

A key premise of the RISE system framework is that education systems function best when **accountability relationships are aligned around learning outcomes for all children.** When this happens, key education stakeholders, including service providers and service receivers work toward the same goal of improving learning outcomes. To identify accountability relationships, the framework draws on the **principal-agent model**, in which 'principals' delegate tasks to be done on their behalf by 'agents'.

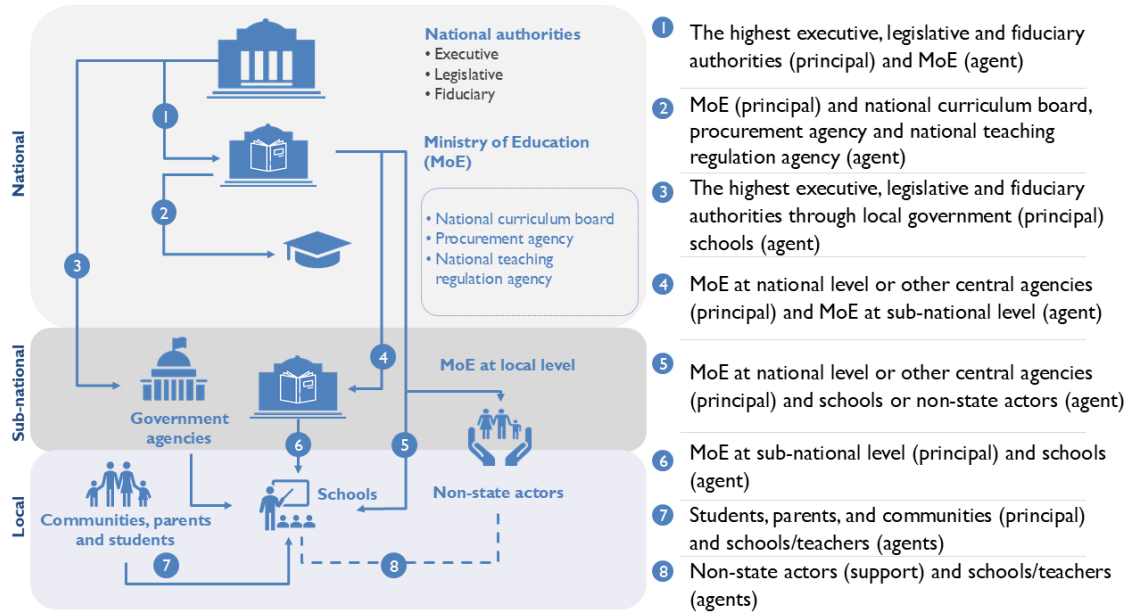
A RISE diagnosis develops in 3 steps as follows:

1. Mapping the key actors and their relationships in the education system. Figure 9 outlines the most common principal-agent accountability relationships within an education system.

2. Outlining the five elements from the RISE framework that describe the relationship between the principal (e.g., MoE) and the agent (e.g., schools), and how the former holds the latter accountable:

- the objectives and tasks the principal is delegating,
- how activities are being financed,
- the information that is used to evaluate the agents' performance,
- the support that is provided to the agent to improve performance and
- the motivation of the agent to deliver desired results.

Figure 9. Illustration of Principal-Agent Relationships in the Education System³⁷



3. Assessing the extent to which the five elements cultivate a focus on learning outcomes for all children versus other objectives, such as expanding enrolment, improving grade attainment, selecting top performers, or complying with guidelines and processes.

- **For example, financing allocation and structure can incentivize actors to prioritize goals besides learning outcomes.** Funding tied, for instance, solely to student enrollment numbers can lead districts and schools to prioritize enrollment over educational quality. In other cases, centralized planning and budgeting with limited or no input from local actors restricts schools' autonomy to spend resources in ways that best support learning in their specific context. This lack of autonomy can demotivate actors and hinder their ability to improve learning outcomes.
- **Similarly, motivations and behaviors can be influenced by the type of performance-related information that is tracked and used for decision-making.** For instance, focusing solely on national exam pass rates can incentivize schools to prioritize specific grades, high-performing students, or “teaching to the test” at the expense of broader learning objectives. This was evident in Uganda, for example, where primary school leaving exams did not reflect the curriculum, and pressure from authorities and parents for high pass rates led teachers to deliver the “curriculum in an examination format”³⁸. Another challenge can occur when performance data is withheld from local actors, hindering their ability to adapt and improve.
- **Perverse incentives to teach to the test may be exacerbated if teachers lack instructional materials that are aligned with contextual needs or if pre- and in-service trainings are not providing them with the ability to teach the curriculum.** In Morocco an assessment of teacher quality highlighted a discrepancy between the expectations for teachers and **support structures**. Here, the Education and Training Charter set out responsibilities teachers hold in reaching improved learning outcomes but does not require teachers to participate in professional development classes and fail to capture teachers needs in developing in-service training and learning materials for teachers. These disincentives have led to a shortage of quality teachers and low levels of motivation.

³⁷ Colomia + Comparativa (2022b)

³⁸ For example, accountability relationship between schools, MoE and Parent-Teacher Associations.

- **Narrow role definitions and limited autonomy can demotivate local actors from adapting practices to local needs.** In Egypt, for example, centralized control over curriculum, staffing, assessments, and resources restricts schools' ability to address local contexts. Strict regulations and reporting prioritize standardized testing, leaving little room for innovation. Even policies promoting curriculum adaptation might be hindered by standardized guidelines, teacher evaluations, or lack of support (e.g., trainings). This was the case in Ecuador³⁹ and underscores the importance of analyzing both capabilities and autonomy alongside incentives and motivations.

Practitioners are encouraged to use the key questions outlined below, adapted from the RISE framework, to assess each of the five elements. Not all the questions will be relevant or applicable to all relationships within the education system. For reference, Annex 3 illustrates a sample diagnosis based on the RISE framework. For more information on the questions or for practical recommendations on the process and methodology for conducting the diagnostic, practitioners are encouraged to consult the RISE system diagnostic toolkit⁴⁰.

Figure 10. Questions to guide the RISE diagnosis



DELEGATION

Setting clear objectives and responsibilities

- Does the principal **prioritize learning progress** of all children throughout the school cycle? Is there a strong **focus on the quality of teaching**? How much of a gap is there between articulated and actual goals?
- Are **roles and responsibilities** of all actors involved in the education system clearly articulated? Are roles allocated in a way that optimizes learning outcomes? Are they well understood by all actors?

Curriculum and national exams

- To what extent are the **curriculum and national exams** aligned with current learning levels and learning needs across the full spectrum of students? To what extent are the curriculum and national exams aligned

Granting the right level of autonomy

- Does the principal provide the agent with the right **level of autonomy and decision-making authority** to deliver and adapt activities to local needs to achieve learning outcomes? Are there any policies, guidelines or reporting requirements that constrain the agent's de facto autonomy?
- Does the principal **encourage and empower** the agent to innovate?



FINANCE

Allocation of resources

- Does the principal provide **sufficient financial resources** for the agent to achieve the desired goals?
- Are **decisions for allocating financial** resources justified based on how they will directly or indirectly contribute to student learning? Are organizations responsible for implementation consulted and are their perspectives considered?
- Is there sufficient **financing allocated to non-recurring expenditures** to allow for innovation toward learning goals?

Disbursement and monitoring of resources

- Does the **principal disburse funding** to the agent in a predictable and timely manner?
- Does the **principal monitor spending** base on the contribution of outlays to student learning?

Granting the right level of financial autonomy

- Does the principal grant the agent **sufficient discretion to use funds** in ways that will better serve learning goals in their contexts? Do schools and districts mostly receive flexible budget lines or in-kind resources that were procured centrally?

39 This is a generic and simplified illustrations. Relationships and agencies vary across countries
 40 Spivak, M. Silberstein., Hwa Y. (2023)



INFORMATION

Collecting relevant information

- Are **teachers provided with multiple tools** for formative assessment that allow them to regularly understand and respond to their students' levels of learning?
- Do **assessments, exams, or other sources** provide regular, reliable, relevant information on learning outcomes at all levels of schooling? Do they measure conceptual and procedural mastering of topics to avoid teaching to the test?

Curriculum and national exams

- Are there **meaningful feedback loops** in the system that provide all actors with relevant and timely information to iteratively improve decisions and education practices aligned with the learning outcomes of all children?
- To what extent do actors **use this information** in their decision-making?



SUPPORT

Capabilities and systems

- To what extent does the agent have the **right skills, competencies, and capabilities** (e.g., leadership, management, technical, data & innovation) to deliver results?
- To what extent does the agent have the **right systems, processes, and guidelines** (e.g., procurement) in place to deliver results?

Providing relevant instructional materials

- To what extent are **instructional materials** (textbooks, workbooks, teachers' guides, etc.) **available** and how closely do they correspond to teachers' and children's needs? Do school leaders and teachers have any choice of instructional materials?

Providing relevant training, professional development, and other support structures

- To what extent are **training and other professional development and support structures** aligned with expectations for learning outcomes? Do they equip the agent to deliver relevant activities that improve students learning at all levels?
- Do school inspections, district monitoring of schools, and teacher **appraisals place priority on measuring the quality of teaching** and providing pedagogical support or do they emphasize procedural compliance and attendance?



MOTIVATION

Setting achievable goals

- Does the principal **set clear, measurable, attainable goals** around learning outcomes for the set timeframe and considering the agent's means and capabilities?

Using regard or punishment systems

- What **intrinsic factors** (e.g., professional and psychosocial benefits) motivate the agent?
- What are the de facto priorities, expectations, and targets that **if unmet are likely to trigger action**, meetings, or repercussions?
- Does the principal use any **reward systems**? In addition to intrinsic factors, consider any materials or positional benefits, such as career progression.

Step 2: Defining the RBF strategy: target actors and RBF drivers of impact.



After diagnosing the main issues, the next step is to identify whether an RBF can help to address any of them (RBF strategy). This involves identifying the relevant actors that can address the identified constraints and assessing how RBF, through its four drivers of impact, can motivate these actors to drive improved results.

In some instances, the suitability of RBF, and the specific actors to target, may be immediately apparent once the root cause has been diagnosed. Nonetheless, establishing how RBF can drive impact is crucial before commencing the design process. To ensure a comprehensive assessment, practitioners can follow these steps:

- **Based on the diagnostic findings, prioritize critical reforms or actions** to strengthen the education system's focus on learning outcomes. This could entail, for example, evolving information and data systems to include more information on school performance and learning outcomes or evolving the responsibilities of education district authorities to focus more on student learnings. To know which actions are critical, formulate a theory of change that outlines how each reform or action will impact the goal of improved learning outcomes, and which actors need to change their behaviors. Annex 3 provides an example of recommended actions drawing from a RISE diagnostic.
- **Identify any weak links or pain points in the intervention's theory of change that may risk the achievement of the outcome.** Pay particular attention to where the responsibilities of different actors intersect. These will be critical moments or relationships that could either be levers of impact or risks to be mitigated. For example, integrating student learning outcomes in information systems may not be sufficient to support schools to drive outcomes if data is not being shared with them (in a timely manner).

Think through each of RBF's four drivers of impact⁴¹ (see section 2) to determine how they might be leveraged to achieve the desired change in behavior. For example, will the change be achieved by drawing greater attention to how actions translate into improved results, or should actors be motivated through financial incentives to exert greater effort to achieve results? Does the actor need greater flexibility to iterate and adapt activities in response to rapidly evolving needs and learnings? What would the impact of strengthening downward accountability of actors to students, parents, and communities be? Clearly identifying the drivers of impact lays the foundation for an effective RBF design and is crucial for identifying enabling conditions (Step 3). For example, if 'flexibility' is a key driver of impact, incentivized results should avoid prescribing specific pathways to results, favoring the selection of higher-level outcomes of outputs. Similarly, the duration of the RBF should be sufficiently long to enable learning and iterative adjustments and contract terms should not mandate any activities or impose excessive administrative burdens related to changing activities. If 'drawing attention to outcomes' is a key driver of impact, frequent measurement of incentivized results will strengthen the feedback loop, enabling actors to adapt their activities in response to data-driven insights.

For more guidance on critical design features to activate the RBF drivers of impact, refer to Annex 4

⁴¹ IBID

Figures 11 to 13 below illustrate this process and how the RBF drivers of impact can help address 3 examples of challenges.

Figure 11. RBF's value in enhancing district education authorities' focus on results

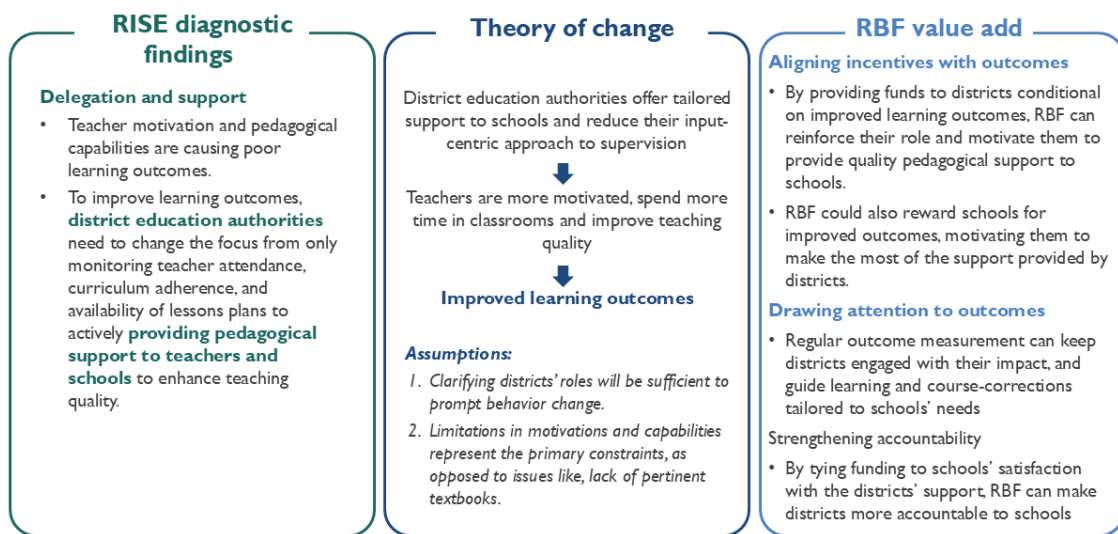


Figure 12. RBF's value in strengthening the use of data for continuous improvements

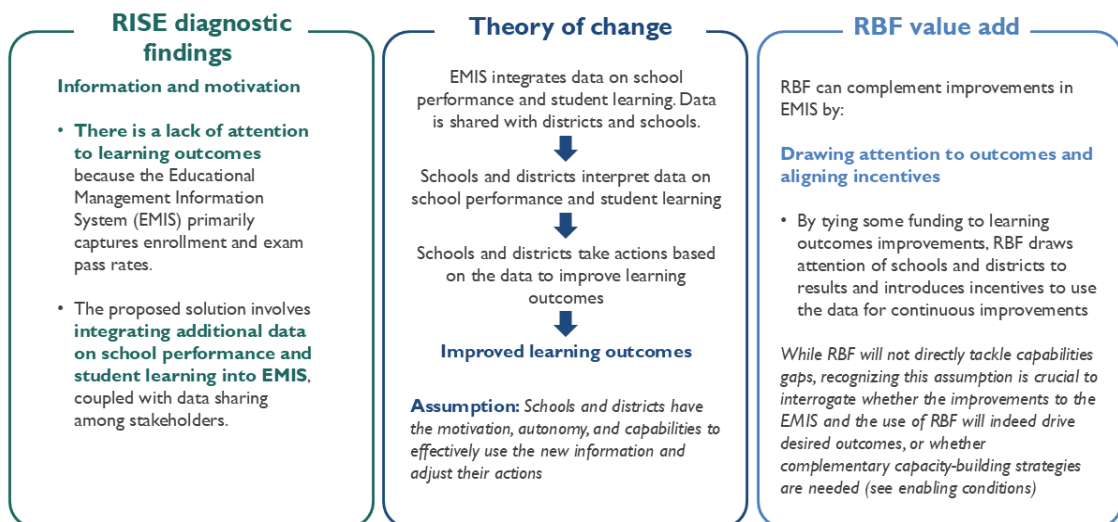
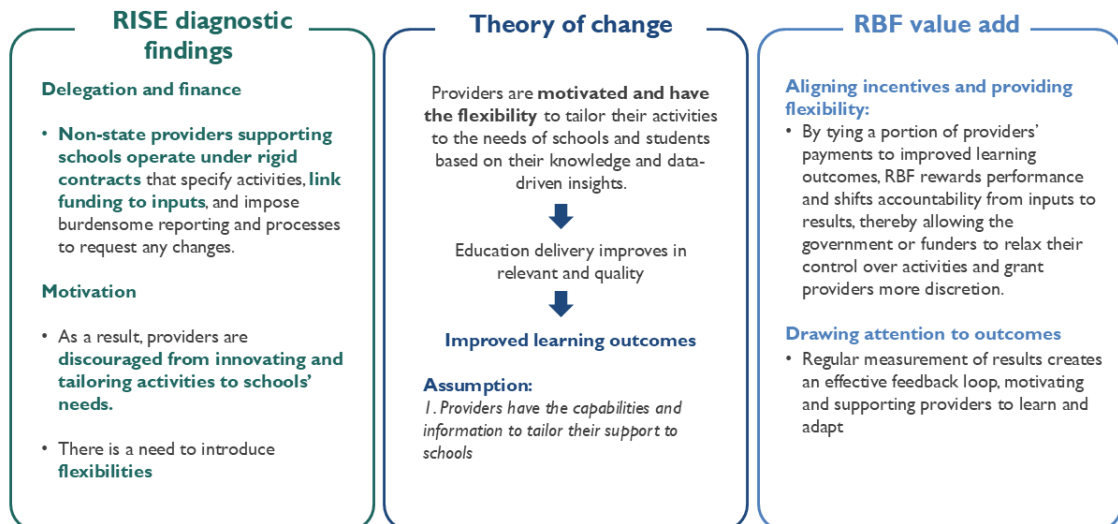


Figure 13. RBF's value in providing more flexibility to non-state providers



When identifying potential RBF applications, it may be helpful to identify all the actors that could potentially be targeted by an RBF and then assess which approach would deliver the greatest impact. For example, in Zambia two different RBF mechanisms were evaluated concurrently to understand which model was more effective in improving timely textbook distribution to schools. Mechanism (A) provided payments directly to schools when they collected their allocated textbooks within specific time frames, while mechanism (B) provided payments to District Education Board Secretariats (DEBS) for delivering textbooks to schools within one month of receiving them from the central warehouse. A study conducted by the World Bank⁴⁵ showed that in the Zambian context providing financial incentives directly to schools (mechanism A) was more effective to improve last-mile textbook distribution than providing incentives to DEBS (mechanism B), who have the mandate for the final delivery of textbooks to individual schools.

Step 3: Assessing enabling conditions for RBF's effective use



Inherent to every RBF is the goal of change. Change can be difficult to navigate, often encounters resistance, and requires the right conditions. Therefore, assessing the extent to which the conditions for effective RBF implementation are either present or can be created is essential to determine the value RBF can deliver. For example, if the key driver of impact identified for the RBF mechanism is increasing the focus on results through the establishment of strong feedback loops, but data collection and management systems do not allow for affordable, timely, and accurate reporting of data or the incentivized actor lacks the necessary autonomy to respond to the incentives, then the mechanism will likely not be effective.

Four conditions that are particularly important for RBF's effective use are:

1. Buy-in from stakeholders to use RBF.
2. Ability of the target actor to respond to incentives and deliver desired results.
3. Data environment that enables actors to pay for meaningful results and set appropriate targets and prices to create effective incentives.
4. Regulatory and legal frameworks that are compatible with RBF.

Often, practitioners can leverage the findings from Step 1 and 2 to assess these conditions.

I. Buy-in from stakeholders to use RBF

Buy-in from relevant stakeholders, including the incentivized actor, often fosters greater participation in the design and implementation of RBF, which in turn, increases the likelihood of success. For example, investing time to solicit feedback and buy-in from stakeholders ensures that their perspectives are taken into consideration and that they understand the implications of the mechanism. This often results in a more context-driven design that better caters to the interests of the stakeholders and is consequently more robust.

Aligning the design to the interests of key decision-makers can also open the opportunity for different types of incentives to be explored, such as reputational incentives, which can complement financial incentives. To secure the buy-in of stakeholders it is crucial to identify the key decision-makers and those likely to be impacted by the RBF mechanism, ascertain the extent to which the actors understand how RBF works and their role, determine how aligned the mechanism is with their interests and priorities, and identify any concerns they may have. Donors and other actors in the education ecosystem can often support government champions to create an enabling environment for RBF by placing greater emphasis on results and incentivizing critical reforms, for example, by conditioning some of their funding on key reform.

Example questions to assess stakeholders' buy-in

- Are RBF objectives aligned with the education sector's goals and priorities?
- Does the enhanced focus and transparency on results 'threaten' any actor?
- Do relevant stakeholders, including education authorities, schools and/or non-state actors, understand the RBF mechanism and its benefits?
- Are these benefits aligned with their priorities?
- Have stakeholders expressed any concerns?
- Are both political and technical staff within organizations supportive of the RBF?
- Are relevant stakeholders willing to dedicate time and resources to support the design and implementation of the RBF mechanism?
- Are they willing to share data on past results and costs?
- Is the support driven by individual champions within the organization, or is there a commitment at the institutional level?
- Is the support likely to be stable?
- Are there any risks associated with transitions?
- Which stakeholders or actors (e.g., teacher unions) may oppose a stronger performance orientation and accountability?
- How can these stakeholders be engaged, and their concerns alleviated?

Box 8. Harnessing stakeholder buy-in for RBF success: Insights from Sierra Leone's Education Innovation Challenge (SLEIC) initiative⁴²

In 2019, the Government of Sierra Leone (GoSL) launched the Education Innovation Challenge (EIC), a national pilot aimed at innovating primary school learning methods through collaboration with the private sector, academia, and government agencies. The two-year pilot program, funded with USD 1.5 million, spanned 170 schools across 15 districts and yielded positive outcomes, sparking the government's interest in scaling up the initiative.

Political support played a pivotal role in the EIC's success and subsequent scaling efforts. The GoSL, under the leadership of the Chief Innovation Officer and Chief Minister at the time, demonstrated a strong commitment to trialing innovative and flexible methods to enhance learning outcomes. This commitment was crucial in fostering the necessary buy-in from various stakeholders, which in turn facilitated the effective design and implementation of an RBF mechanism within the scale-up. Encouraged by the positive results of the initial pilot, the GoSL partnered with the Education Outcomes Fund (EOF) to scale up the program. The scaled-up initiative, known as the Sierra Leone Education Innovation Challenge (SLEIC), is a three-year RBF program targeting 134,000 children in 325 public primary schools. The government's buy-in catalyzed by the proactive involvement of the Chief Innovation Officer, was instrumental in this transition.

Additionally, a key factor in the successful implementation of the SLEIC was the continued engagement and buy-in from service providers. Four out of the five service providers who participated in the initial EIC remained as delivery partners for the SLEIC. This sustained partnership underscored the importance of stakeholders buy-in, particularly from those closely involved in delivering the educational services and trialing innovative methods and financing mechanism.

Efforts to secure stakeholders buy-in extended beyond political leaders and service providers to include the local communities and School Management Committees (SMCs) in the regions where SLEIC was implemented. The active involvement and acceptance from these communities were critical to addressing safeguarding, child protection, and learning barriers. By empowering local communities and SMCs, the program ensured that the RBF mechanisms were context-driven and aligned with the interests and priorities of those directly impacted by the educational reforms.

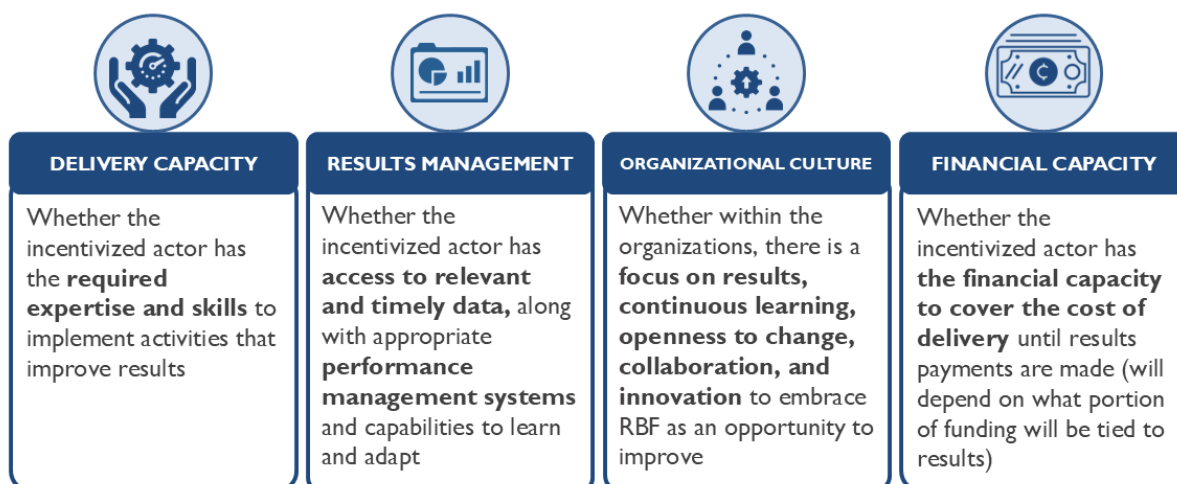
The SLEIC exemplifies the importance of securing stakeholder buy-in for the effective use of RBF mechanisms in education. The success of the program highlights how political support, sustained engagement from service providers, and active community involvement can create a robust and contextually relevant educational initiative. By aligning the interests of key decision-makers and stakeholders, the SLEIC has demonstrated the potential for RBF to drive significant improvements in learning outcomes and educational innovation.

⁴² Global School Forum. (2024).

2. Ability of the target actor to respond to incentives and deliver desired results. When analyzing the findings from the diagnostic in Step 1 to determine whether the targeted actor can respond to the incentives and deliver results, the following three factors should be assessed:

1. **Coherent incentive environment:** It is crucial to check if the incentivized actor faces conflicting incentives that could hinder or undermine the desired behavior change. This involves identifying potential sources of incentives, such as teacher pay, public recognition, career progression decisions, and community influence, and assessing whether they are strong enough to motivate the actor to prioritize actions that conflict with the RBF goals. For example, if schools rely heavily on fees and parents prioritize exam results or infrastructure, a small bonus for better learning outcomes might not be sufficient to discourage teaching to the test or reallocating funds from infrastructure to areas more related to education quality.
2. **Sufficient autonomy to achieve results:** For RBF incentives to work, the incentivized actor must have enough autonomy and decision-making authority to adjust their activities and achieve the desired results. Any constraints, such as policies limiting curriculum adaptation, unclear roles, or insufficient control over key functions need to be identified and assessed. It is especially crucial to assess whether financial rules limit the actors' flexibility in spending funds according to local needs.
3. **Capabilities to deliver results:** Finally, the incentivized actor should possess the necessary delivery, results management, and financial capacity to improve their performance. Figure 14 summarizes these capabilities:

Figure 14. Incentivized actor core capabilities for RBF's effective use



Example questions to assess the target actor's ability to respond to RBF incentives and deliver results

- What are the target actors' main financial and non-financial incentives? (e.g., public recognition, reputation, school fees or payments, career progression). How do these influence the actors' motivation to focus on learning outcomes (versus other results)? How strong are these incentives?
- What actions could the incentivized actors take to improve learning outcomes? Are these actions known, or will they require substantial discovery and innovation? How long will it take until these translate into improved results?
- Does the actor have sufficient decision-making power and autonomy to implement these actions? Do they need to consult or secure buy-in from other actors to implement these actions? If so, are these stakeholders responsive and collaborative?
- Do the incentivized actors have the expertise, capabilities, and experience to improve results? Do they have sufficient resources to implement activities or access to pre-financing?
- Do decision-makers have sufficient information to determine which actions improve results and how to adapt and course-correct?

3. Data environment that enables actors to pay for meaningful results and set appropriate targets and prices to create effective incentives.

Practitioners should assess whether measurable results exist that are suitable as payment metrics in an RBF mechanism and whether the available data is adequate to estimate targets, price results and assess payment risks.

To be effective payment metrics, results must have the following attributes:

1. **Relevant for achieving programmatic objectives:** Payment metrics should focus on capturing outcomes crucial for realizing the program's impact. Metrics that are not essential to the overarching goal may distract the incentivized actor from what truly matters. Generally, outcomes from the theory of change are critical, as well as key outputs for the program's primary results chain.
2. **Measurable Metrics:** Must be measurable and objectively verifiable within reasonable cost and timeframes.
3. **Attributable to the incentivized actor:** Metrics must be within the manageable control of the incentivized actor and not overly influenced by external factors. Metrics that are heavily driven by factors outside of the incentivized actor's control generate higher non-disbursement risk and may weaken the incentive effect⁴³.
4. **Realistic to achieve within the program's parameters:** Progress on the metric must be feasible within the program's timeline and considering the value of funding committed. Payment metrics that are not realistic will create the same risks associated with those that cannot be attributed to the incentivized actor.

⁴³ Providers may be demotivated by metrics that they cannot realistically control the results for and, thus, not try as hard.

Reliable historical data on the target population, performance on the selected payment metrics, and the costs of achieving results are vital for setting realistic and ambitious targets and determining appropriate incentive sizes. Overly ambitious targets can demotivate incentivized actors, while targets that are too low may not inspire performance improvements. Understanding the cost of achieving results is a crucial input in determining the appropriate incentive size. If rewards are smaller than the cost to achieve results, the mechanism may not effectively motivate the actor.

Refer to Box 7 for an example of establishing a conducive data environment to adopt RBF in Haiti.

Example questions to assess the data environment

- Are there results aligned with the overall objectives (e.g., learning outcomes) that can be objectively measured and verified? Can the RBF leverage existing administrative data to keep measurement and verification costs low?
 - Are these results sensitive to external factors or largely within the actor’s manageable control? Could tying funding to these results motivate the actor to take any undesirable actions, such as focusing on certain subgroups of learners or teaching to the test? If so, how could these be mitigated?
 - Is there historical data on the incentivized results and costs that can be used to estimate the baseline and targets to establish appropriate prices? Alternatively, are there suitable benchmarks from similar contexts that can be used to establish targets? Or can the government use a competitive procurement process to ‘discover’ targets and cost-effective prices?
-

Box 9. Establishing a conducive data environment for adopting RBF in Haiti⁴⁴

The Haitian Ministry of Education (MENFP) struggled with a lack of consensus on the definition of “quality education” among stakeholders. This hampered efforts to improve educational outcomes and presented a significant barrier to adopting Results-Based Financing (RBF). Specifically, the absence of a common understanding of quality made it difficult to define outcomes, estimate targets, and price results effectively for RBF implementation.

To address this challenge, the Haitian government, with support from the Results in Education for All Children (REACH) Trust Fund, embarked in 2016 on developing a Quality Assurance System (QAS) with clear indicators for measuring educational results. This system, implemented across both public and private primary schools, assesses five key dimensions of educational quality: (1) school principal leadership, (2) school environment, (3) pedagogical management and support, (4) management of human and physical resources, and (5) community participation. As such, the QAS assesses not only student learning outcomes, but also intermediate indicators of learning conditions within schools.

- The QAS has succeeded in shifting the focus of education discussions from simple enrollment numbers and resource allocation to a more constructive dialogue about effective improvements within schools. This comprehensive approach goes beyond just student learning outcomes to encompass the broader learning environment. The QAS data collection instruments, following piloting and revisions, have become essential tools for measuring educational quality in Haiti. This has yielded several positive outcomes: Strengthening the MENFP’s capacity to assess educational quality.
- Advancing the technical design and piloting of accreditation processes for private schools while enhancing overall governance and regulation of the school system.
- Facilitating targeted program interventions by leveraging the best available data to address specific school needs.
- Empowering local stakeholders, such as school leaders, principals, teachers, and parent associations, fostering increased involvement in school decisions.
- Establishing the groundwork for the introduction of an RBF mechanism to incentivize improvements in school performance.

Overall, the QAS has proved instrumental in supporting the government to improve public service delivery in two key ways: prioritizing spending based on needs identified by data from the QAS and setting clear quality standards for schools receiving public funding, ensuring better outcomes in the private sector as well. Continued stakeholder interest demonstrates a demand for result-oriented discussions.

⁴⁴ World Bank Group (2018).

4. Regulatory and legal frameworks that are compatible with RBF

Effective RBF implementation requires regulatory and legal frameworks that support its core principles. These frameworks should grant incentivized actors some financial autonomy to manage inputs and reduce administrative and financial reporting burdens. Additionally, they should allow governments to commit funds towards achieving future and uncertain results. Building legal and procurement teams' capacities to integrate RBF effectively is also crucial. This includes identifying opportunities to streamline administrative processes for timely and reliable Results-Based payments to incentivized actors. Finally, it's important to adjust potential audit requirements to hold actors accountable for results achieved, not solely for financial inputs.

Example questions to assess the compatibility of regulatory and legal frameworks with RBF

- Do regulatory and legal frameworks allow the government to commit funds to pay for future results, i.e., outside the annual budget process?
- Does the government have effective mechanisms in place to manage the disbursement uncertainty? Are there any disincentives related to not disbursing funds if results are not achieved that could disincentivize the adoption of RBF?
- In the case of contracting non-state actors, do public procurement rules allow to:
 - a. Select the best service provider, considering prices and technical quality? Is there flexibility to adjust evaluation criteria to make them as relevant as possible? Do procurement officers need training on how to prepare performance-based criteria or evaluate proposals?
 - b. Provide flexibility to the incentivized actor to adjust its activities to achieve results? Is it possible to remove requirements on the financial reporting of inputs and adjust audit requirements? For example, can performance audits be implemented instead of financial audits that review spending and invoices?
- Do financial management and payment processes ensure timely and reliable payments to incentivized actors?

The absence or partial fulfillment of these conditions shouldn't necessarily preclude RBF implementation; feasibility of creating the necessary conditions should be explored, considering any impact on timelines. For example, with adequate resources, capacity building to strengthen incentivized actors' delivery and results management can be a viable strategy, potentially implemented concurrently with RBF initiation. Similarly, a baseline assessment can be conducted with sufficient resources to provide a deeper understanding of current performance or test different indicators. However, addressing legal and regulatory hurdles to Results-Based payments or granting greater financial autonomy to public providers might require more time-consuming reforms, especially without strong political backing. In this case, potential workarounds may need to be explored, such as setting up a financial vehicle that can operate with different requirements or securing funding from other funders to pilot the RBF.

Donors and other actors in the ecosystem also play an important role in supporting government champions on critical reforms, such as RBF, that may face opposition or take significant time, often beyond political cycles. If conditions cannot be created or the RBF needs to be adapted significantly to work around the identified barriers, practitioners should assess what extent these diminish the RBF value add before moving forward.





Section V

Advancing the RBF Institutionalization Journey

For those countries that have initiated their RBF journey, this section provides actionable strategies that can support practitioners to scale and institutionalize RBF and, more broadly, a stronger results-orientation in education institutions and policy implementation through stronger accountability for results and a culture of collaborative problem-solving and learning.

By the end of this section, practitioners will be able to answer the following questions:

- What are the priority objectives in each stage (i.e., pilot, replicate, and mainstream) to ensure success and move toward RBF institutionalization? Why do they matter?
- What are specific actions that can help advance RBF in each stage?

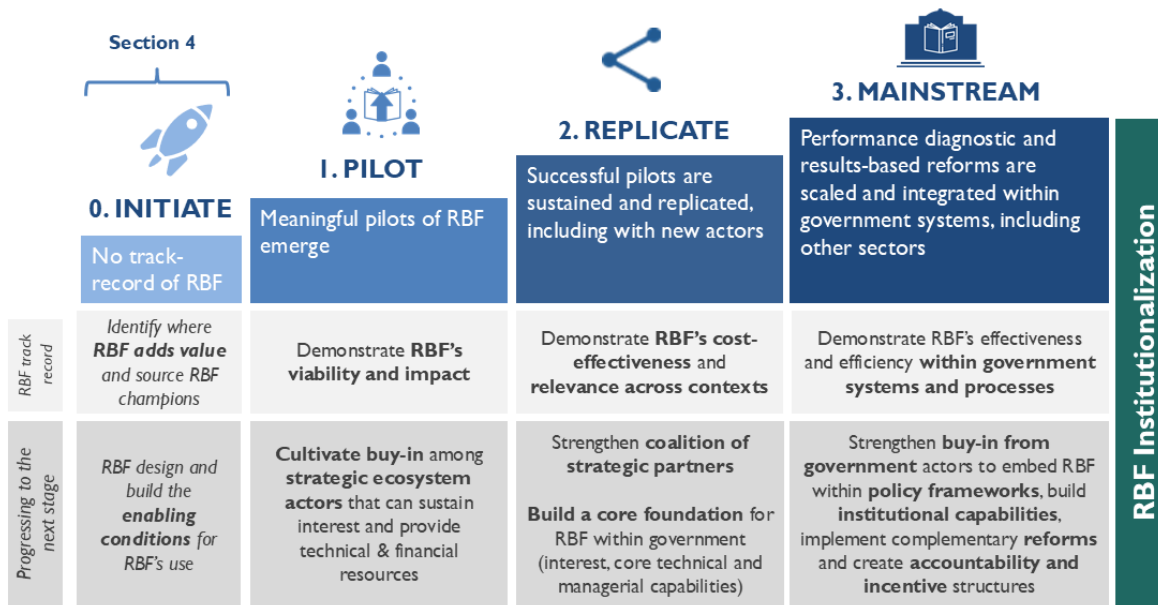
While RBF holds promise for driving improvements, its automatic scaling and institutionalization are not guaranteed. Expanding RBF from isolated applications to widespread and sustainable use requires practitioners navigating stages 1-3 of the institutionalization journey (see section 3) to actively demonstrate its value, mitigate risks, and cultivate a supportive environment for advancement.

This intentionality is crucial, considering the potential decade-long timeline for RBF institutionalization (e.g., Colombia case study). During this extended period, RBF remains vulnerable to political shifts and changing priorities. Therefore, the “pilot to mainstream” phase necessitates active engagement from ecosystem stakeholders (e.g., donors, research institutions, civil society) to support government champions and maintain pressure on education bureaucracies to implement essential, yet potentially unpopular, reforms for improvement. Donors, in particular, play a vital role. By linking funding to results (e.g., Results-Based loans or grants), they can create a “holding environment” – a commitment mechanism for governments to hold themselves accountable. This fosters sustained engagement beyond political cycles and encourages adjustments to regulations and procurement practices for RBF compatibility. In most contexts, donors are also critical providers of technical and financial resources to support government champions throughout this journey.

Limited resources and information processing bandwidth across all stakeholders necessitate prioritizing objectives within each phase. While every country’s journey will be unique, this section aims to offer guidance on these priorities for each stage and on strategies to support their achievement.

Objectives fall broadly into three categories: (1) demonstrating RBF’s track record and mitigating core risks and (2) securing the necessary buy-in and capabilities from government and the ecosystem to move to the next stage. This means that over the four stages, the objectives move gradually from demonstrating RBF’s impact and viability to proving its cost-effectiveness and compatibility with systems.

Figure 15. RBF Institutionalization Pathway

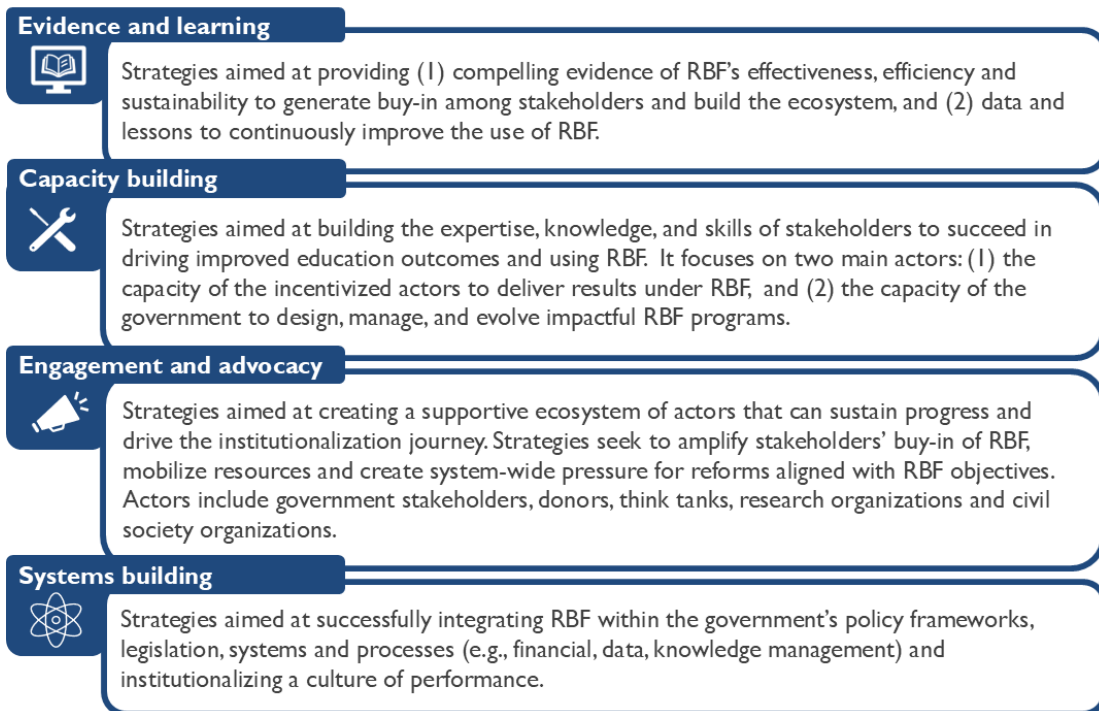


Strategies fall broadly into four main categories:

1. RBF evidence and learning,
2. RBF capacity building,
3. RBF engagement and advocacy, and
4. Systems building for RBF.

Figure 15 outlines these areas and their role in building a conducive environment for RBF institutionalization. It is crucial to note which areas hold more significance than others depending on the RBF institutionalization stage. This guidebook prioritizes actions for each area across each of the RBF institutionalization stages based on what can move the needle and have the most impact advancing to the next stage. Given limited resources, focusing on the right priority area in each phase can go a long way toward advancing RBF. For example, in the pilot stage, focusing on evidence and learning, capacity building, and engagement and advocacy helps setting up the foundations and gradually expand capacity and buy-in for the next phases. Thus, these areas take precedence over system building in the pilot stage. During the mainstream phase, prioritizing the development of supportive infrastructure for RBF becomes critical since at this stage the government owns RBF processes and integrates them in its policy cycles. The subsections below provide nuanced guidance on what matters in each stage and how to build it.

Figure 16. Strategies to support and drive RBF institutionalization



Stage I: Pilot

As outlined in Section 3, the pilot stage is characterized by small-scale and isolated pilots of RBF that are often driven by a few champions and typically not integrated into the main educational finance and data systems. There is limited buy-in and capacity for RBF among government and other stakeholders and lack of strong evidence about RBF's impact in the specific context. Actions should pursue two primary objectives:

- **RBF track record:** Create a proof-of-concept of RBF's impact and viability. Limited awareness of and buy-in to RBF among a broad set of stakeholders requires a keen emphasis on proving RBF's viability and effectiveness in driving impact in the specific context.
- **Progressing to the next stage:** Cultivated interest and support among strategic ecosystem actors. In this early stage, it is critical to build a coalition of strategic partners (e.g., donors, development partners, media, think tanks) that can elevate/push relevant reforms aligned with RBF (e.g., accountability, transparency, results), mobilize buy-in among government actors, as well as provide financial and technical support to replicate and scale RBF.

To support the first objective, focus on activities that ensure the success of RBF pilots. At the design stage, this may entail intentionally targeting the RBF pilots in areas that offer more conducive contextual conditions (e.g., with a subgroup of incentivized actors who have stronger capabilities) or investing in rigorous measurement and verification mechanisms, even if these require greater investments. At the implementation stage, it likely involves strengthening the results delivery capacity of incentivized actors, as detailed below, and troubleshooting any issues that arise. Additionally, actors should invest in generating evidence that can be used to engage with government and other stakeholders to create buy-in for RBF, paving the way for replicating pilots with stronger stakeholder participation. Ideally, the evidence generated is also suitable to inform future RBF designs to improve their impact.

The rest of the section presents some recommendations to advance RBF in the pilot stage. All recommendations should be considered alongside available budget and timelines to determine what is operationally feasible.

Evidence and learning

Generating compelling evidence of RBF's impact and viability

Context	Recommendations
<p>There is limited understanding of RBF and its benefits. Showcasing success and generating evidence that RBF is viable and can improve education outcomes is essential to generate interest among stakeholders to replicate and scale RBF.</p> <p>Evidence and lessons are also essential to fine-tune the RBF design to drive greater impact and efficiency.</p>	<p>To generate compelling evidence, practitioners should:</p> <ol style="list-style-type: none">1. Identify the most important stakeholders and strategic partners to replicate and scale RBF.<ol style="list-style-type: none">a. Consider whose support is critical to the success and scalability of the RBF in addition to which actors could be strategic allies in attaining that support. This may entail government actors at different levels, donors, as well as think tanks and research partners.b. This will be critical for developing an engagement & advocacy strategy, as outlined in more detail below.2. Develop a clear understanding of what success looks like for these stakeholders and what questions and concerns they may have. This may differ significantly across actors. Some goals require trade-offs so consider, for example, whether interest is primarily in: Achieving measurable impact or improvement over status quo.<ol style="list-style-type: none">a. Stimulating innovation and adaptations in delivery practices to inform public policies.b. Mitigating risks (such as perverse incentives).c. Attracting more funding from development partners.3. Develop an appropriate evaluation and learning strategy based on the above. Best practices for developing such a strategy include:<ol style="list-style-type: none">a. Identify specific RBF drivers in action: Ensure the strategy digs deep to not just measure whether RBF improved outcomes, but how it created impact. Consider the different ways in which RBF can add value and identify which ones may be relevant in driving impact (e.g. better alignment, increased flexibility, sharper focus, or stronger accountability). Develop hypotheses of what actions or changes should be observed and ensure the learning strategy gathers data on these.b. Consider an independent evaluator: For maximum credibility, involve a third-party organization to conduct the evaluation.

Capacity building

Building the capacity of incentivized actors to understand incentives and deliver results

Context	Recommendations
<p>Incentivized actors are often more accustomed to input-based approaches and lack experience with RBF. They also often do not have the financial and performance management capacity to take advantage of the flexibility that RBF provides to adapt their activities and deliver improved results. This can undermine RBF's success.</p> <p>Proactively addressing such capacity gaps can mitigate risks and enhance RBF pilot success.</p>	<ul style="list-style-type: none"> • Involve incentivized actors in the RBF design process: Socialize the RBF design extensively with actors to ensure they understand how the incentives are structured, how results will be measured and any implications on their operating and financial model. • Conduct an implementer capacity assessment: to identify key areas that may need strengthening. Box 11 outlines key capacity areas that stakeholders can use. • Provide technical assistance to address the capacity gaps in M&E and performance management. Pay particular attention to the adaptive management capacity of implementers, ensuring that their M&E system provides decision-makers with the right information at the right time to improve program delivery. Complementary to M&E capabilities, performance management systems can support organizations shifting focus from activities to results. <p>Performance management systems include access to data on program activities and results in real-time (for example dashboards illustrating results achievement) to support data-driven iteration of the program design. Strong performance management capabilities support the achievement of results while also minimizing payment risks. While traditional M&E focuses on answering the question <i>Did it work and what can be leveraged for sector learnings and future programs?</i> performance management systems focus on real-time assessment and course-correction and seek to answer: <i>Are we on track to impact and how do we improve?</i></p> <p>Beyond assessing the availability of systems and processes that support turning data into information, it is critical to assess whether implementers have the capabilities and performance culture (e.g., openness to change, focus on results) to turn information into improved activities to turn information into improved activities⁴⁵.</p>

⁴⁵ Instiglio, (2017).

Box 10. Performance Management System to drive improved learning outcomes in the Educate Girls Development Impact Bond (DIB) in India

The case of the first DIB in India exemplifies the importance of robust data systems for achieving improved results. Educate Girls, an NGO dedicated to girls' education, aimed to improve enrollment and learning outcomes. Their 2015 DIB tied funding solely to achieving these outcomes. To strengthen their performance, Educate Girls enhanced their performance management system. Among other things, this involved streamlining performance indicators from 40 to 10 and creating real-time data dashboards for informed decision-making at all levels.

Mid-year data revealed lagging learning outcomes, particularly in English (see figure on the left). Educate Girls investigated and discovered a need to improve advanced English learning outcomes (see figure on the right). Further analysis revealed the issue primarily affected higher-level English students across grades, genders, and field coordinators. Focus groups and consultations with field coordinators identified a lack of teacher confidence in advanced English, leading to increased focus on math. To address this, Educate Girls implemented targeted teacher training and curriculum adjustments to balance subjects. By leveraging data and insights to pinpoint the challenges and address them, Educate Girls not only narrowed the learning gap but also achieved significant gains in English

Figure 17. Example dashboards from Educate Girls



Box II. Education service providers readiness assessment

The education service provider readiness assessment is a tool to identify gaps in key capacities needed for the successful implementation of RBF. Although it is designed for non-state providers, it can be adapted for other actors. Information is gathered through interviews and document analysis. The resulting capacity report should be shared with the service provider to help them define strategies for improving their capacity to effectively engage in RBF. Key dimensions may include:

- 1. Evidence of Results and Cost-Effectiveness:** Availability, rigor, and relevance of evidence in achieving RBF-prioritized results and closely related outputs and outcomes (generally and for the target population), along with related cost data.
- 2. Relevant Experience:** Previous experience in similar contexts, including the duration of program implementation, work with populations similar to those prioritized by the RBF, and work in geographies similar to those prioritized for the RBF.
- 3. Intervention Model:** Quality and relevance of the proposed intervention model. This focuses on the articulation and consistency of the model, whether the provider has considered how to adapt it to the needs of the target population and context, incorporation of best practices and previous lessons, and identification and mitigation of potential implementation risks.
- 4. Organizational Capabilities:** Organizational capabilities to execute the intervention and collaborate with partners. This includes governance model, internal organization, qualifications and experience of key personnel, and financial management capabilities for planning and executing the proposed intervention. In the case of non-state actors, this dimension may also include an assessment of the autonomy and decision-making authority of the actor when it comes to key decisions on budget allocation, adjustments, and human resource management.
- 5. Performance Management:** Systems, processes, and capabilities to collect and analyze performance data and implement data-driven adjustments to improve results. This also evaluates the extent to which the provider has a performance culture (e.g., adaptive leadership, learning and innovation, performance incentives).
- 6. Understanding of RBF:** Whether the provider has a strong understanding of RBF, including its benefits and potential risks.

Engagement and Advocacy

Amplifying RBF knowledge and awareness in the education ecosystem
and secure strategic partners

Context	Recommendations
<p>In this stage, RBF efforts are often driven by a few champions and there is a limited understanding of RBF and its potential benefits among a broader set of stakeholders. Misconceptions of RBF may exist, and some actors may actively oppose RBF as it threatens the way things are done.</p> <p>Mobilizing support from strategic partners is critical to move to the next stage of replicating and scaling RBF.</p>	<ol style="list-style-type: none"> 1. Develop a communication strategy to reach a broad range of stakeholders. The key goals of a strategy in this phase are to educate stakeholders on RBF, generate excitement and highlight value by linking it to existing or emerging priorities in the education sector. Consider the following aspects: Create a shared understanding of what success looks like and the objectives, benefits, and risks of the specific RBF pilot and actively communicate these to stakeholders to avoid any misconceptions regarding the objectives of the RBF pilot or unrealistic expectations. <ol style="list-style-type: none"> a. Establish a communication plan to keep stakeholders engaged during implementation. Frequent touchpoints enable collective problem-solving and media engagement can strengthen the importance of reputational incentives, which both contribute to the success of the RBF. b. Utilize various communication channels (workshops, reports, conferences, etc.) and tailor messages to each stakeholder group. 2. Identify the most critical partners and allies to engage: Revisit the stakeholder map to identify government champions and potential funding sources to fund the replication and scaling of RBF. <ol style="list-style-type: none"> a. Focus on trusted partners of the government who have a track record of emphasizing results, driving innovation, and being open to new ideas; these partners are the critical target audience to engage. b. For funders, also consider opportune timings based on their funding cycles. c. Identify the communication channels through which they can best be engaged and the specific angles that align most with their interests 3. Considering different tactics to generate buy-in from government actors and donors. <ol style="list-style-type: none"> a. Build political support by showcasing RBF's alignment with the government's priorities. This connection to existing priorities is crucial for mobilizing and sustaining interest. Consider whether champions can best be mobilized by presenting RBF as a reform that can enhance transparency, support decentralization and localization, focus attention on results or mitigate the risk of fraud.

4. Considering different tactics to generate buy-in from government actors and donors.

a. Build political support by showcasing RBF's alignment with the government's priorities. This connection to existing priorities is crucial for mobilizing and sustaining interest. Consider whether champions can best be mobilized by presenting RBF as a reform that can enhance transparency, support decentralization and localization, focus attention on results or mitigate the risk of fraud.

b. Celebrate pilot progress with key officials to draw attention to early or critical wins that represent political gains or that can be leveraged by champions to augment their reputation.

c. Highlight successful examples of RBF from other contexts or consider connecting champions to the wider RBF community. For example, in the health sector, Rwanda's positive experience with RBF was a key factor in motivating civil servants from other countries to test RBF⁴⁶.

d. Involve government actors and donors in the governance structure or implementation processes as a learning partner to strengthen their ability to act as an RBF champion in their wider function.

46 Shroff Z. C., Bigdeli, M., Meessen, B. (2017).

Stage 2: Replicate

Following a successful pilot stage, the replicate stage typically involves expanding the number and/or scale of RBF programs. This growth is accompanied by increasing buy-in and capacity for RBF within the government, as well as a stronger evidence base on its impact. With more data available, broader government participation (across levels and departments), and a deeper understanding of RBF concepts among stakeholders, discussions become more nuanced. The focus shifts from demonstrating RBF's viability and impact to addressing its relevance across different contexts, cost-effectiveness, and long-term sustainability. This necessitates ongoing refinement of the RBF approach to tackle these evolving questions and objectives.

From a design standpoint, this often involves making strategic trade-offs. While “technically best” RBF designs might be ideal, considerations of financial sustainability and political feasibility become increasingly important. In some cases, designs deemed suboptimal by technical experts may be the better long-term choice if they secure greater government ownership and ensure RBF's long-term viability. The communication and engagement strategy also requires adaptation. While messages in the pilot phase might highlight RBF's potential to address a pressing need, drive innovation, or attract additional funding, the emphasis in the replicate stage shifts towards ensuring compatibility with national systems, institutional arrangements, and budgetary realities – factors critical for successful mainstreaming. If the pilot was implemented at the local government level, it is crucial to include national actors at least during the replicate phase.

Key objectives during this stage include:

RBF track record: Generate evidence of RBF's relevance across different contexts, cost-effectiveness, and sustainability. In this stage, stakeholders' attention shifts towards fine-tuning RBF design and implementation parameters to respond to the specific country context, lessons from the pilot phase and available resources. For example, as the RBF mechanism scales to more geographical areas, stakeholders may need to evolve the RBF design to accommodate significant variations in baseline performance and capabilities of the incentivized actors across contexts. They may also consider how existing data systems can be leveraged for results measurement and verification to drive efficiencies and make RBF more sustainable.

Progressing to the next stage: Strengthen the coalition of strategic partners and build a core foundation for RBF within the government, including buy-in and technical and managerial capabilities. Depending on the required iterations, this phase may take several years. Since RBF often lacks sufficient policy and legal backing and relies on a few champions, sustaining and growing political interest is critical:

1. Expand and strengthen coalitions of strategic partners to maintain focus on results and keep RBF in the education sector discourse. This includes advocating for and supporting other reforms that promote results-orientation, accountability, and transparency.
2. Build buy-in from a broader range of decision-makers and technical teams within the government, including those in other sectors and the Ministry of Finance, procurement, and audit agencies. This is essential for preparing for the mainstream phase, where RBF is integrated into national systems.
3. Additionally, to support mainstreaming, focus on building the basic technical and managerial capacity of government actors to design and implement RBF mechanisms. Also, develop complementary capabilities among local ecosystem actors to support the government.

The rest of the section presents some recommendations to achieve the objectives in the replicate stage.

Evidence and Learning

Generating evidence and learnings that respond to questions from stakeholders and help to fine-tune RBF

Context	Recommendations
<p>Stronger understanding of RBF, due to the evidence, learnings, and advocacy efforts during the pilot phase. Questions may remain, however, regarding RBF's cost-effectiveness, scalability, and sustainability.</p> <p>Evidence and learning strategies need to shift from demonstrating RBF's impact to supporting stakeholders to evolve the RBF mechanism into a government-led, system-level mechanism.</p>	<ol style="list-style-type: none"> 1. Involve a broader set of stakeholders in the RBF design: This ensures RBF mechanisms are fine-tuned not only based on lessons from the pilot phase but in line with wider government interests. Include a wider range of political decision-makers and technical teams from different government levels – not just those directly involved in implementation. These individuals, even if indirectly impacted now, can be instrumental to future success. 2. Establish a central coordinating body: A task force or steering committee can support in coordinating consultations with this expanded stakeholder group. <ol style="list-style-type: none"> a. A coordinating mechanism is particularly important when working at different government levels and with different departments. b. Similarly, a coordination mechanism is also crucial in a context where multiple RBF pilots are implemented simultaneously but in isolation. A steering committee can ensure that learnings are shared and the learning strategy is coordinated to address all pertinent questions. 3. Refine the learning and evaluation strategy. Some questions that often arise and should be addressed by the learning agenda include: <ol style="list-style-type: none"> a. Applicability: Is the RBF viable in other contexts (e.g. geographies, incentivized actors) and how does it need to evolve to function properly across varying contexts (e.g., low- and high-capacity contexts)? b. Impact: How can design parameters be tweaked to drive greater impact or mitigate any unintended consequences observed during the pilot stage? Are there any administrative or regulatory constraints that constrain the incentivized actor's autonomy over decisions to adapt activities? If so, can complementary reforms to delegate more decision-making power be implemented?

	<p>c. Cost-effectiveness and sustainability:</p> <ul style="list-style-type: none"> i. Prices: What are the right prices? What prices are affordable and sustainable in the long-term. ii. Data systems: How can the RBF mechanism leverage national data systems for results measurement, verification, and performance management to reduce costs and improve sustainability? What types of verification capabilities can be built to reduce reliance on external verifiers? iii. Implementation processes: How can governance processes evolve to improve efficiency? Are there any existing implementation structures in the education sector that can be leveraged?
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Capacity Building

Strengthening governments' capacity to play an active role in designing and implementing RBF

Context	Recommendations
<p>As RBF is being scaled to new contexts, it is essential to continue building the capacity of incentivized actors to respond to incentives and deliver result. Capacity-building efforts should integrate learnings from the pilot phase to enhance scalability.</p> <p>During the pilot stage, development partners and technical assistance partner often actively support governments to design and implement RBF. To set the stage for the mainstream phase, it is essential to build governments' capacity to design and implement RBF.</p>	<p>Deploy intentional strategies to build the technical and managerial capacity of government actors to design and manage RBF. This includes the capacity to implement education system performance diagnosis. Some strategies may include:</p> <ol style="list-style-type: none"> 1. Co-design and collaborative planning: Foster a collaborative approach where government actors gain hands-on experience and ownership through progressive leadership in RBF program design. Involve government actors more actively in the planning and design process, including workshops or working sessions. 2. Develop transferable knowledge: Move beyond basic RBF concepts. External actors may consider shifting from driving the RBF design to equipping government stakeholders with guidance and frameworks for analyzing design trade-offs (e.g., enrollment vs. learning outcomes) to make informed decisions. Implementing additional trainings can empower and build government actors' confidence and capacity to take greater ownership over the RBF, ultimately laying the ground for the mainstreaming phase. 3. Facilitate active learning and ownership: Involve government actors throughout implementation. This could include participation in governance structures, shadowing verification processes, or other activities that provide practical learning opportunities. This active engagement strengthens government capacity and fosters a sense of ownership over the RBF program.

Box 12: Example of capacity-building strategies in Colombia and Uganda

Colombia's journey with RBF mechanisms demonstrates a successful approach to building government and ecosystem actor capacity over time. Initially, a technical assistance (TA) provider played a more hands-on role. For the first two Social Impact Bonds (SIBs), the TA provider actively led the design of the SIBs, engaging both donors and the government at key decision points. This approach ensured a strong foundation for the program. As the initiative matured, the capacity-building strategy evolved. During the Colombian outcomes fund development, the government, with support from Corona Foundation, assumed a more central role in the design process. The TA provider took a step back into a more guiding role, equipping government teams with the necessary frameworks and decision-making tools to navigate trade-offs and ensure successful implementation. This shift fostered a sense of ownership and built long-term government capacity for RBF programs.

An RBF project in Uganda implemented by USAID DIV, the Deerfield Foundation, and Living Goods employed another approach to build health worker capacity around RBF for community health. Innovation for Poverty Action served as the independent verifier, conducting household visits to assess the RBF program's functionality and verify achieved results. To deepen local government's understanding of the intervention, RBF mechanisms, and verification processes, district health officials were invited to shadow IPA during these verification visits. By directly observing the verification process, district officials gained firsthand insights into how the program functioned and how results were measured – fostering a stronger grasp of RBF principles and their role within the program.

Engagement and Advocacy

Strengthening the ecosystem of strategic partners and expanding engagement with core government stakeholders

Context	Recommendations
<p>While the core activities of stakeholder engagement in the pilot and replicate stages might be similar, the focus in replication shifts to reach a wider audience and address different concerns.</p> <p>Beyond donor support: The focus on securing buy-in from a few key donors needs to evolve. Preparing for mainstreaming demands cultivating a robust RBF ecosystem.</p> <p>From government champions to broader support: The pilot and replicate phases often rely on a few government champions. To move to mainstreaming, practitioners need to broaden this base, engaging decision-makers across different government levels and within the Ministry of Finance, procurement, and audit agencies. This strengthens the RBF's foundation and makes it less vulnerable to personnel changes.</p>	<ol style="list-style-type: none"> 1. Move beyond strategic implementation partners: During the pilot, securing buy-in from key donors might have been a priority. Now, the goal becomes creating a vibrant RBF ecosystem that includes greater diversity in functions, contexts and expertise, including: <ol style="list-style-type: none"> a. Actors who can take an active role in inserting RBF in the ongoing discourse of the education sector and build interest from more government actors. This may involve, for example, actors engaged in the Local Education Group. b. Building the capacity of technical assistance providers, intermediaries and research organizations that can support design, implementation, verification, and evaluation efforts. 2. Expand from coordination to stronger collaboration: Consider evolving steering committees into communities of practice where more in-depth knowledge is shared. 3. Expand focus beyond the education sector: Identify relevant stakeholders in other line ministries to explore opportunities to pilot RBF in other sectors (e.g., health). This demonstrates RBF's broader applicability and helps build a stronger case for mainstreaming and engaging the Ministry of Finance. 4. Deepen understanding of the institutional and operational environment: Effectively engaging government actors requires a strong grasp of how the political economy and governance structures impact the education sector. To more strategically drive the RBF agenda, there is a need to systematically map key actors involved in (a) setting policy and strategic direction, (b) adjusting regulations and processes and (c) overseeing and implementing programs to understand their objectives, motivations, challenges and decision-making authority. Importantly, during this stage, practitioners should start to engage with the Ministry of Finance and other central agencies to build awareness, identify champions and set the stage for mainstreaming RBF. 5. Continue tailoring the message by highlighting the long-term value of RBF: The rationale for scaling-up RBF needs to evolve in relation to the expanded interests. While pilot may have focused on addressing urgent needs or attracting funding, the replicate stage emphasizes RBF's compatibility with national systems, institutional arrangements, and long-term sustainability.

Stage 3: Mainstream

The mainstream stage of RBF implementation is typically characterized by greater government ownership and funding. Here, integrating RBF seamlessly within existing government systems becomes a priority for long-term sustainability. However, challenges can arise. Existing government structures, laws, and data systems may not fully align with RBF principles, creating bottlenecks. Increased reliance on national data and financial systems can also expose inefficiencies that hinder RBF effectiveness. Addressing these challenges may require strategic investments, such as:

- Legislative changes to empower frontline delivery units (e.g., schools) with greater autonomy and decision-making authority
- Integration of RBF principles into public finance procedures
- Streamlining financial processes to ensure timely payments

Given the potentially significant nature of these changes, and the need for buy-in from the Ministry of Finance and other relevant agencies, early engagement with these stakeholders is crucial, starting even before the mainstreaming stage. Since at this point RBF principles may not yet be fully incorporated into national policy, the broader ecosystem also plays a vital role. Actors should be engaged to advocate for institutionalization, provide technical and financial support for reforms, and support government to maintain a strong focus on achieving results.

With regard to the objectives of the mainstream phase, focus should be on:

- **RBF track record:** Showcasing the value of RBF when integrated into government systems (data, finance).
- **Progressing to the next stage:**
 - a. Mobilizing support for the further integration of RBF into policy and regulatory framework, including support for additional complementary measures.
 - b. Building government capacity for RBF design, implementation, and long-term adaptation (e.g., dedicated performance unit).
 - c. Establishing accountability mechanisms and incentives for the Ministry of Education and its directorates to prioritize performance and results.

The rest of the section presents recommendations to advance RBF in the mainstream phase. Box 13 at the end of this subsection describes an example of building the mainstream conditions in Ceará (Brazil).

Capacity Building

Building RBF technical and managerial capacity of a wider range of government actors

Context	Recommendations
<p>A few government champions have built their technical and managerial capacity to design and implement RBF during the replication stage, but this expertise is limited to a few individuals.</p> <p>During the mainstream phase, new government actors become involved in RBF and requiresupport.</p>	<p>Strategies to build the capacity of a wider range of government actors include:</p> <ol style="list-style-type: none"> 1. Develop user-friendly, practical frameworks and tools that can serve as guides. 2. Integrate RBF concepts in existing trainings or initiatives for government actors at the country level or outside. 3. Invest in training programs to familiarize a wide range of government actors with RBF concepts and adapt these programs to cater to different government actors, such as policymakers and technical teams. 4. Create a knowledge-sharing platform where government actors can access resources, share experiences, and collaborate on best practices. 5. Establish mentorship programs or similar mechanisms where experienced government actors support their peers in the design and implementation process to support greater ownership.

Box 13: Capacity-building course with public servants in Colombia to strengthen the national RBF ecosystem⁴⁷

The conversation surrounding RBF in Colombia has undergone a significant shift. While the value of RBF in improving public spending effectiveness is no longer debated, the focus has moved to developing mechanisms that directly address the concerns and needs of public entities.

To address this challenge, Instiglio, Sibs.Co and the Los Andes University's School of Government collaborated to create a course titled "Pago por Resultados: Mejorando la Efectividad del Gasto Público" (Payment for Results: Improving Public Expenditure Effectiveness). This course provided a platform for public sector decision-makers to explore practical ways to implement RBF strategies.

The course brought together nearly 20 public sector executives for a two-day intensive program. Participants actively engaged in exchanging ideas and strategies focused on reorienting public sector contracting practices towards achieving greater spending effectiveness. They also participated in practical exercises and training in developing logical frameworks for RBF mechanisms. Even more importantly, they had the opportunity to work together and simulate the design of an RBF mechanism to address specific social challenges in Colombia. This collaborative approach helped generate ideas for public policy transformation.

Looking forward, stakeholders remain committed to maintaining the network of government actors established during the course. These "champions" will be provided with ongoing resources and tools to further solidify and expand the RBF ecosystem in Colombia. Their focus remains on understanding the "how" of RBF – how to design, contract, implement, and scale RBF mechanisms to maximize the effectiveness of public spending. An important component of this strategy is spreading awareness about the power of small actions, such as identifying the desired impact of programs, recognizing and addressing potential barriers to achieving that impact, and adjusting program implementation as needed.

⁴⁷ Instiglio, (2023).

System Building

Implementing complementary reforms for RBF effectiveness and creating policy frameworks, institutional capabilities and accountability mechanisms to institutionalize RBF and a focus on performance/results.

Context	Recommendations
<p>During this stage, it is essential to continue to leverage ecosystem actors to maintain the pressure and focus on results and fuel the expansion and mainstreaming of RBF.</p> <p>Securing strong buy-in from a broader range of government actors, including the Ministry of Finance, procurement agencies, legal departments and auditors is needed to support greater integration of RBF into government systems, complementary reforms (e.g., data systems and financing systems) and lay the foundation for institutionalization.</p>	<ol style="list-style-type: none"> 1. Implement complementary reforms for greater success: Analyze existing laws, regulations, and procedures that hinder RBF integration into government governance, data and public financial management (PFM) systems or that constrain in effectiveness. For example, by not granting sufficient autonomy to incentivized actors or promoting a focus on other results. Consult section 4 for further guidance. Reforms may include: <ol style="list-style-type: none"> a. Evolving data systems: Expanding the EMIS and performance management processes to ensure they capture data relevant for measuring RBF results and managing performance with the required rigor and frequency. b. Empowering incentivized actors and promoting a focus on results: For example, by <ol style="list-style-type: none"> i. Granting greater decision-making authority to subnational actors over areas critical to managing results, such as human resources, procurement, and finance, or ii. Streamlining financial reporting processes to support timely payments. c. Adapting regulatory and legal frameworks to allow government to commit funds to pay for results outside of annual budget processes or have effective mechanisms in place to manage disbursement uncertainty and reduce any disincentives to not disburse funds. 2. Drive RBF institutionalization: Three key elements are crucial for successful RBF institutionalization: <ol style="list-style-type: none"> a. Legislative framework: Integrate RBF principles into national legislation. This establishes a clear policy framework to underpin a government’s commitment to RBF in the education system. This may be accompanied by dedicated budget allocation through a separate line item or integration into medium-term expenditure frameworks. b. Government institutional capacity building: <ol style="list-style-type: none"> i. Resource allocation: Establish clear responsibilities for RBF within government structures departments and job descriptions, or create a dedicated performance accelerator unit. This unit, which could sit either within the Ministry of Education or a central government agency, should focus on boosting long-term education system performance through RBF and other tools.

ii. Ongoing learning and knowledge management: Establish key capacity-building processes and a knowledge base to ensure technical expertise endures staff transitions. Set up knowledge management systems to continuously learn from RBF experiences and adapt its design for sustained impact. This includes capturing learnings from other countries

c. Strengthened performance focus and accountability structures:

i. Performance framework: Establish a clear performance framework and standards for the Ministry of Education.

ii. Budgeting frameworks: Consider softer approaches, for example, more frequent performance measurement, public review meetings, or soliciting feedback from beneficiaries. Incentives can be financial or non-financial (career advancement, reputation) as explored in section 2.4

iii. Promoting a problem-solving culture: Foster a collaborative problem-solving environment within the education system. This includes information sharing, embracing failure as a learning opportunity, and establishing strong coordination structures.

Engagement and Advocacy

Engage with the broader government to secure buy-in for complementary reforms and RBF institutionalization

Context	Recommendations
<p>During this stage, it is essential to continue to leverage ecosystem actors to maintain the pressure and focus on results and fuel the expansion and mainstreaming of RBF.</p> <p>Securing strong buy-in from a broader range of government actors, including the Ministry of Finance, procurement agencies, legal departments and auditors is needed to support greater integration of RBF into government systems, complementary reforms (e.g., data systems and financing systems) and lay the foundation for institutionalization.</p>	<p>Strategies to support in building consensus and support for reform in this stage:</p> <ol style="list-style-type: none">1. Secure buy-in for complementary reforms: Securing support from the Ministry of Finance and other relevant agencies is particularly important.2. Proactively address potential resistance: Mainstreaming RBF can be complex and resource-intensive, particularly if it requires delegating more autonomy to frontline providers, redefining roles, or modifying national exams, data, and financial systems. Open communication and collaboration with stakeholders can help overcome these hurdles, yet resistance may still exist. It should be acknowledged, accounted for in risk assessments and then mitigated.3. Leverage donor support: Engage donors strategically to secure financial and technical assistance for navigating these challenges. Donors can be instrumental in supporting capacity building, knowledge sharing, and advocacy efforts.

Box 13. Establishing the necessary environment to mainstream RBF in Ceará, Brazil

Ceará, a historically low-performing state in northeastern Brazil, faced significant challenges in education. Limited funding, weak incentives, and political patronage in school leadership hampered student achievement. In 2007, Ceará implemented a transformative Performance-Based Transfer (PBT) mechanism to address the challenges. The mechanism linked tax revenue allocation to municipalities with their educational performance. This RBF initiative proved highly successful. A 2021 evaluation revealed a remarkable 3-month learning gain for 9th graders compared to students in a neighboring state⁴⁸. Ceará's pioneering approach even led to its nationwide adoption by the Brazilian government in 2020⁴⁹.

Building on this success, Ceará launched a performance-based school grant program in 2009. This program incentivized improvement through peer-mentoring. As part of this program, schools were ranked by their education quality index (IDEB), which was used to match them in pairs according to their classification (i.e. match the best school with the worst school). A first unconditional disbursement was made at the start of the program, while the second one (provided a year later) was made conditional on schools achieving a set of results, including the low-performing school improving its IDEB performance by 5 points. A program evaluation found that the RBF mechanism, along with the mentoring program, improved the learning outcomes of low-performing schools by an additional half IDEB point⁵⁰.

Since the inception of the RBF reforms in 2007, the state government has taken several steps to ensure that the necessary environment was in place to mainstream RBF:

Undertaking legal reforms to mainstream RBF

One of the critical steps that enabled the success was the passing of legislation to integrate RBF into the fiscal transfers from the state to municipalities. This gave municipalities a clear incentive to improve their educational performance, as they would receive more funding if they met established targets.

Additionally, the state government passed complementary policies that could empower municipalities to better deliver their services. These policies included establishing the roles and responsibilities of each level of government: (i) state government directly providing upper-secondary and technical secondary schools and (ii) municipalities providing primary and lower-primary education, with support from the state government.

Building buy-in and institutional capacity

Strong champions were critical to implementing the RBF reform. At the political level, the governor of Ceará and the Education Secretary spearheaded these efforts. At a technical level, the RBF was designed and operationalized by the IPECE, a state government agency with highly qualified staff associated with the state planning secretariat.

The state government of Ceará provided technical assistance to municipalities as part of the 'Program to Achieve Literacy at the Right Age' initiative. This initiative provided extensive support to schools operated by the municipalities, intending to improve literacy rates among students. As demonstrated by the 2021 evaluation, the RBF's effect on 9th graders almost doubled when combined with technical assistance.

48 Laurathe, I., de Oliveira, V., Loureiro, A. (2021a).

49 Laurathe, I., de Oliveira, V., Loureiro, A. (2021b).

50 Goldenber, D., Bacalhau, P., Laurthe, I. (2020).

Students gained 5 months of learning in Portuguese and 3 months in mathematics on top of the effects of the RBF alone thanks to the combination of RBF and technical assistance.⁵¹.

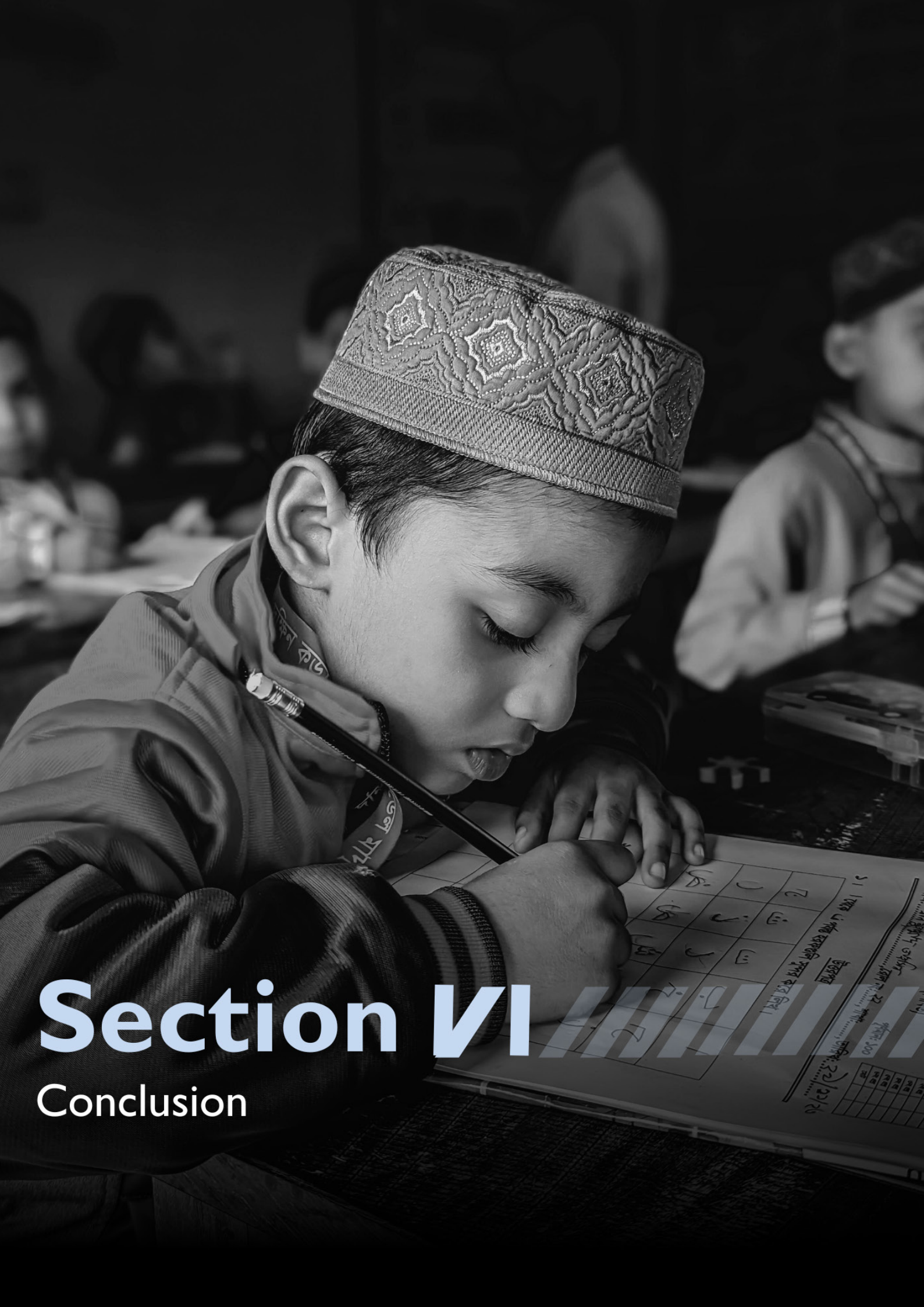
Promoting and consolidating learnings

Ceará implemented a system of regular monitoring to track the progress of students and identify areas where additional support is needed. This system included annual literacy assessments for second graders, Students gained 5 months of learning in Portuguese and 3 months in mathematics on top of the effects of administered externally; Students gained 5 months of learning in Portuguese and 3 months in mathematics on top of the effects of regular professional development for teachers, based on the results of the literacy assessments; and support for the implementation of regular assessments that municipalities could carry out themselves.



51 Lautharte, I., de Oliveira, V.H., & Loureiro, A. (2021a).





Section VI

Conclusion

RBF offers an opportunity to shift the paradigm in education financing to drive better educational outcomes. It departs from traditional input-based funding by tying resources to predefined and verified results. By aligning incentives with desired goals, RBF fosters accountability, innovation, and problem-solving to address educational challenges. It also offers flexibility for adaptive strategies, allowing actors to tailor interventions for optimal impact.

However, RBF is not a panacea. Practitioners may face challenges in determining its suitability and value proposition within their specific education system. This guidebook serves as a roadmap, offering insights, recommendations, and actionable steps for initiating and advancing RBF for education in a particular country.

A key takeaway is the importance of considering RBF as part of a broader results reform agenda. This diagnostic should identify underlying constraints to improved learning outcomes, such as misaligned incentives, weak accountability structures, limited school autonomy, or insufficient capabilities. RBF interventions can address many of these elements, but a supportive environment is equally important for its effectiveness. This guidebook equips practitioners with a three-step process for identifying and assessing potential RBF applications:

Key takeaways to evaluate RBF's suitability:

- **Education system performance diagnosis:** It's important to identify specific education challenges where RBF can add value, such as addressing misaligned incentives, lack of motivation, or weak accountability mechanisms that hinder education outcome levels. The guidebook recommends the use of the Research on Improving Systems of Education (RISE) framework, which helps diagnose systemic issues with accountability relationships of the education system.
- **RBF strategy design:** Through a three-step process, it then guides practitioners to develop an RBF strategy, including identifying potential target actors, understanding how RBF drivers of impact can motivate them to improve results, and assessing capacity needs for implementation.
- **Enabling conditions assessment:** The guidebook then provides a framework of four enabling conditions that are important for RBF's successful implementation. Evaluating stakeholder buy-in for RBF, target actor capability to respond to incentives, data environment to design effective RBF, and compatibility with regulatory and legal frameworks are crucial for effective RBF implementation. Practitioners can assess most of these using the results from the diagnosis and not all of them are pre-conditions to move forward.

The guidebook also provided an archetypal four-stage pathway illustrating a country's journey toward RBF institutionalization. It tailors its guidance to each stage of RBF implementation – initiate, pilot, replicate, and mainstream – considering a country's specific context and RBF experience level. This allows readers to identify their current stage. Importantly, it offers advice on prioritizing objectives and actions at each stage to mitigate risks and navigate resource constraints, potentially including limited stakeholder attention. These objectives and strategies highlight the importance of investing in a strong ecosystem for RBF and the supportive role donors can play in empowering government champions throughout this journey.

Key insights and recommendations for each stage:

- **Initiate stage:** Countries have limited RBF awareness. They focus on evaluating RBF's potential value and creating necessary implementation conditions, addressing potential resistance to change.
- **Pilot stage:** Countries launch small-scale RBF initiatives to test their effectiveness. Recommendation: In this stage practitioners should establish a proof of concept for RBF's impact and viability and cultivate buy-in among strategic ecosystem actors that can sustain interest and provide technical and financial resources.
- **Replicate stage:** Successful pilots are expanded, with increased government involvement and alignment with sector agendas. Recommendation: In this stage practitioners should focus on fine-tuning RBF and demonstrate its cost-effectiveness and applicability across contexts, expand the coalition of strategic partners and build a core foundation for RBF within government (interest and core technical and managerial capabilities).
- **Mainstream stage:** RBF is being driven by government actors and more integrated into national data and financial systems. Recommendation: In this stage practitioners should focus on strengthening buy-in from government actors to embed RBF with policy frameworks, build institutional capabilities and learning mechanisms, and create accountability and incentive structures to sustain the focus on results.
- **Institutionalization:** RBF principles have been embedded into policies and procedures, and sometimes legislations, effectively supporting the performance culture of education institutions and continuous improvement. Government provides political and technical leadership over RBF and institutional mechanisms to learn from and iterate RBF applications are in place.

In conclusion, successful RBF implementation hinges on a nuanced understanding of context-specific challenges, stakeholder dynamics, and aligning incentives towards improved learning outcomes for all children. This guidebook equips stakeholders with the steps, key questions, and recommendations needed to build a strong case for RBF in education. By piloting and replicating it effectively, stakeholders can pave the way for institutionalization, ultimately driving positive educational transformations and a brighter future for education.

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Annexes



- He cuts hair -> barber
- She sings at the the -> singer
- He repairs cars ->
- She bakes cakes ->
- He treat patient
- She teach child

FISHerman

Annex I:

Resources to guide the design of an RBF

Title	Authors	Topic	Description
Designing a Results-Based Financing Model: Recommendations and Guidelines	Inter-American development Bank and Instiglio	RBF Design Guidebook	The guidebook to designing RBF models covers key RBF design and implementation concepts, such as an RBF description, payment metrics, setting targets, payment structures, and an analysis of decentralized incentive schemes for education systems.
A Guide for Effective Results-Based Financing Strategies	GPOBA, Instiglio, and World Bank Group	RBF Design Guidebook	The guidebook offers guidance on when to use RBF, what types of RBF instruments are suitable for different objectives and contexts, how to create conditions for RBF implementation, and what design features of RBF should be considered to maximize impact. Specifically, Sections 4 and 5 provide recommendations to design RBF programs.
Results-Based Financing in Education for Sub-National Government and School Administrators: A Conceptual Framework and Practical Recommendations	NORRAG and World Bank Group	RBF in education	This review explores RBF interventions in education, focusing on incentivizing meso-level actors like district education officers and school directors. It applies the principal-agent theory to analyze RBF's impact on education service delivery. Drawing on diverse experiences, it suggests broadening the definition of RBF and tailoring approaches to the context of each education system. The review concludes with recommendations for designing RBF interventions for meso-level actors.
Results-Based Financing in Education for Sub-National Government and School Administrators: A Practitioners' Guide	NORRAG and World Bank Group	RBF in education	This guide advises practitioners designing and implementing RBF interventions targeting meso-level educational actors: school administrators, local government managers, district education officers, school management committees, and school directors. It's a companion to a larger study titled Recommendations by the World Bank's REACH program. The guide covers selecting RBF approaches, defining results and incentives, aligning stakeholders through a theory of change, and ensuring sustainability.

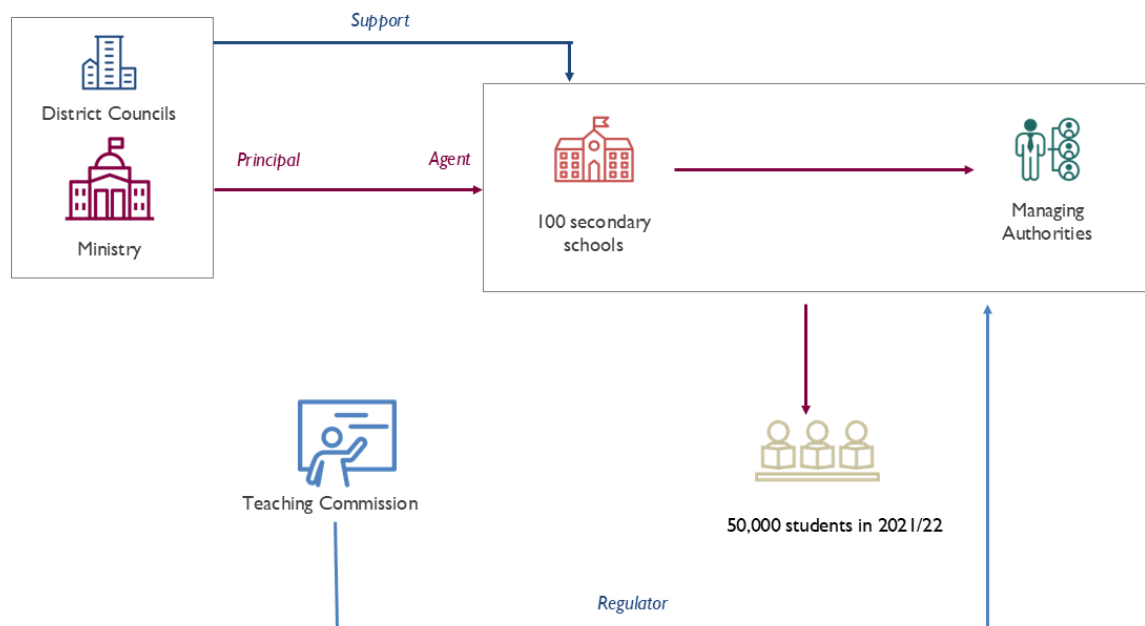
<p>Results-Based Financing in Education: Learning from What Works</p>	<p>World Bank</p>	<p>RBF in education</p>	<p>RBF is gaining traction in education for its potential to improve spending efficiency. It targets different stakeholders like teachers, students, schools, and even governments. While the overall results haven't been uniformly positive, there have been some success stories. This report dives into when and how RBF can be most effective in education. Additionally, there are practical insights on designing and implementing RBF programs effectively with partner countries.</p>
<p>Results-Based Financing and performance incentives in education: new evidence in the literature</p>	<p>World Bank</p>	<p>RBF in education</p>	<p>This report expands upon a 2019 analysis to provide an updated overview of RBF in education. It focuses on incentives targeting teachers, students, families, schools, and administrators. The report builds on recent findings to offer new insights into RBF's impact on student learning and long-term outcomes.</p>
<p>Results-Based Financing in Education: Financing Results to Strengthen Systems</p>	<p>World Bank</p>	<p>RBF in education</p>	<p>This report outlines the World Bank's approach to RBF and how it can be a tool to achieve education outcomes. In sum, the approach consists in using 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 considered to increase value-for-money, or more generally as a tool for "smarter aid".</p>
<p>Implementing a Results-Based Financing Mechanism for Subnational Governments to Improve Education Outcomes</p>	<p>World Bank</p>	<p>RBF in education</p>	<p>This report provides guidelines and recommendations to implement RBF mechanisms to improve educational outcomes by incentivizing subnational governments by building on the lessons learned from the case of Ceará in Brazil.</p>
<p>Results-Based Financing Interventions in Education: Do They Increase Inequality of Outcomes?</p>	<p>World Bank</p>	<p>RBF in education</p>	<p>The review aimed to answer how RBF design can result in diverging results to different targeted groups, how to incentivize equity outcomes, and how can RBF be used to support educational attainment and outcomes of specific (marginalized) target groups (such as girls or poor households).</p>

<p>Results-Based Financing (RBF) in the Education Sector: Country-Level Analysis</p>	<p>World Bank</p>	<p>RBF in education</p>	<p>This report has been commissioned by the World Bank Results in Education for All Children (REACH) program as an assessment of the design, implementation experience, and impacts of results-based financing (RBF) in education. The study covers three countries: Tanzania, Mozambique and Nepal and seeks to explore the experience of each with RBF in education since 2013.</p>
<p>////////////////////////////////////</p>			
<p>Using impact bonds in education in low- and middle-income countries: An evidence review</p>	<p>World Bank, Government Outcomes Lab, Ecorys</p>	<p>RBF in education</p>	<p>This report provides an independent assessment of the current state and evidence of impact bonds launched to support education service delivery in low- and middle-income countries (L&MICs) and explores where possible how they compare to other forms of results-based financing approaches used in education.</p>
<p>////////////////////////////////////</p>			
<p>Paying for Performance: An Analysis of Output-Based Aid in Education</p>	<p>Results for development</p>	<p>RBF in education</p>	<p>This report provides the consolidated findings from a study that included: (i) a literature review of RBF schemes in education, (ii) landscaping and analysis of existing RBF programs using international aid for projects in education, and (iii) recommendations for applying RBF in the education sector moving forward.</p>
<p>////////////////////////////////////</p>			
<p>Teacher incentives: Can teachers be incentivized to perform better?</p>	<p>World Bank</p>	<p>RBF in education</p>	<p>This policy practice report seeks to assess if and how can be teachers incentivized to improve education outcomes using RBF mechanisms in education systems.</p>
<p>////////////////////////////////////</p>			
<p>Book Chain: Incentivizing actors in the book chain to increase availability of quality books for children</p>	<p>World Bank</p>	<p>RBF in education</p>	<p>This policy practice report seeks to assess how can be different stakeholders incentivized to increase the availability of quality education materials for children and education systems.</p>
<p>////////////////////////////////////</p>			






Annex 2: A sample diagnosis using the RISE framework

This RISE analysis focused on a country's education system, assessing barriers to results and opportunities for improvement. In this country, despite a substantial focus and spending on education, the education system struggles to achieve results, facing high rates of repetition, dropout, and low-test scores.






The first step in the diagnosis consisted of mapping stakeholders and their relationships:



Through interviews and desk analysis this RISE diagnosis found that the secondary school system is not aligned towards quality but is largely focused on teacher hiring and student enrollment/attainment:

Feature	Recommendation
 Delegation	<p>Better define the systemic responsibilities of the Ministry of education and schools, with the Ministry's role focused on setting and enforcing policy and schools being provided clear responsibilities focused, mostly, on education delivery.</p>
 Finance	<p>Build on previous plans for performance bonuses to introduce RBF arrangements focused on measuring school performance on learning outcomes.</p>
 Information	<ul style="list-style-type: none"> • Improve data collection and validation systems, with a focus on generating data on student learning outcomes and making it easily available to all engaged stakeholders. • Support actors across the system in the use of data to drive decision-making.
 Support	<p>Provide further support to schools so that they can achieve quality education outcomes in areas such as: i) teaching and learning policies, ii) teaching capacity, and iii) teaching and learning resources.</p>
 Motivation	<p>Introduce non-financial incentives in the secondary education system to ensure motivation and alignment toward quality delivery.</p>

Based on the insights for each area, the following recommendations were developed:

Feature	Insights
 Delegation	<p>Implementation of the education system's rules is hampered by a lack of clarity, coordination, and communication on the roles and expectations across different levels of the system (Ministry and Schools)</p>
 Finance	<p>The system included nascent RBF elements but this was not well developed or implemented and is highly sensitive.</p>
 Information	<p>Significant gaps in data collection, validation and use.</p>
 Support	<p>Some key gaps in the system included lack of qualified teachers and curriculum development and implementation.</p>
 Motivation	<p>The secondary school system is aligned towards student attainment and teacher staffing rather than any dimension of quality and performance.</p>

Annex 3:

RBF design features to activate RBF drivers of impact

To lay the foundation for an effective design, practitioners should clearly articulate the main drivers of impact through which RBF can help facilitate the desired behavior change. This box outlines key design elements to activate each of these drivers.

- **Drawing attention to outcomes: To establish an effective feedback loop and enable actors to leverage the new information to deliver improved results,**
 - Incentivized results should be closely related to the desired impact to encourage actors to align their activities with the intended outcomes.
 - More frequent measurement of incentivized results will strengthen the feedback loop, enabling actors to adapt their activities in response to data-driven insights.
 - Granting autonomy in implementing activities is essential to allow actors to take action based on newly acquired insights.
- **Providing financial incentives: To encourage greater effort from actors in achieving desired results.**
 - Incentivized results should mitigate the risk of unintended consequences, such as leading the actor to focus on specific target groups easiest to impact or implementing activities that will improve performance on incentivized results but not contribute to the desired impact. Paying for results beyond the actor's control, on the other hand, could weaken actors' incentives to exert greater effort.
 - The size of the incentives needs to be sufficient to induce the desired behavior change, considering the actor's existing incentive environment.
- **Strengthening downward accountability: To strengthen accountability to students and their parents,**
 - Incentivized results should reflect the interests of students and their parents, and be within the manageable control of the actor, as accountability cannot be expected for results beyond their influence. For intermediate results, such as increased involvement of parents in school decisions, practitioners should assess the extent to which parents prioritize learning outcomes versus results like exam pass rates or school infrastructure.
 - Data on the achievement of results should be easily accessible and understandable to students and their parents, facilitating informed action and allowing them to hold actors accountable.
- **Providing flexibility to achieve results: To provide flexibility to actors to iterate and adapt their activities,**
 - Incentivized results should avoid prescribing specific pathways to results, favoring high-level outcomes over outputs.
 - Contract terms should not mandate particular activities or impose excessive administrative burdens related to changing activities. Practitioners should also pay close attention to other factors that may limit actors' ability to change their behavior, such as limited autonomy over financial resources or burdensome reporting requirements.
 - Contract durations should be sufficiently long to enable learning and iterative adjustments.

