



Results Based Aid Pilot



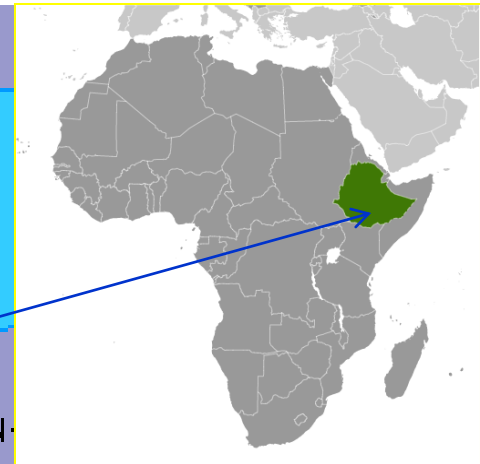
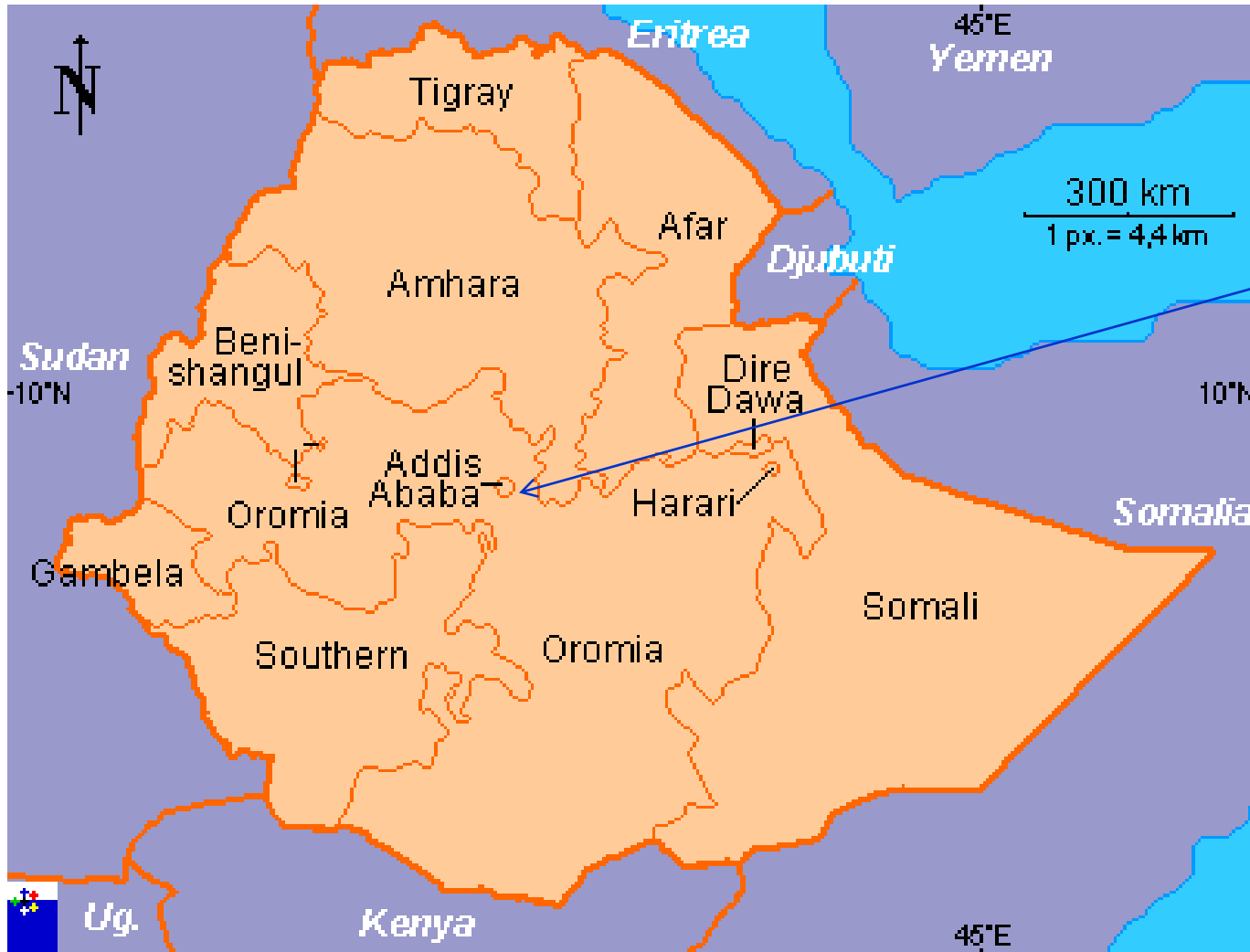
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Country context 1



| | |
|-----------------------|--|
| Land | 1,104,300 sq km |
| Population | 91, 728,849 |
| Literacy rate | 56.7 |
| GDP | \$41.6 billion \$1,110 per capita |
| Education Expenditure | 4.5% of GDP 25.3 % fo the national budget |
| Economic Growth | Double digit for 10 yrs |

Country context 2



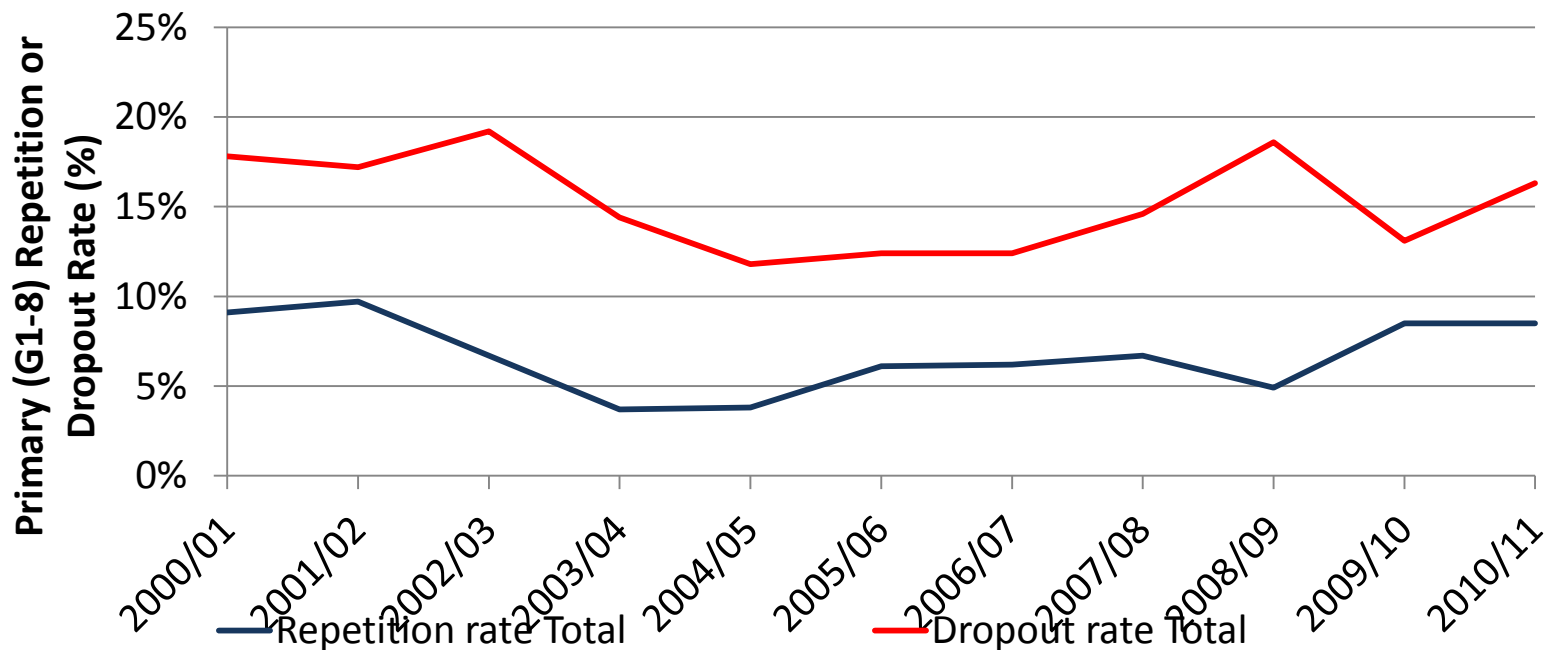
Between 1995/96 and 2011/12:

- Expenditure on education in Ethiopia has increased (in real terms) by more than 8 times from ETB 1.4 billion to ETB 11.4 billion (1995/96 equivalent)
- Net enrolment in grade 1-8 has increased from 21.6 to 85.4
- Net enrolment in grades 9-10 has increased from 6.8 to 17.3
- Great improvements have also been made in the quality of education. For example, between 2000/01 and 2011/12, the percentage of teachers who were properly qualified increased 25% to 91% for grades 4-8 and from 36% to 90% for grades 9-10.

Country context 3



Despite clear progress, repetition and dropout rates have not changed significantly.



Background to RBA



- In 2012, the UK Department for International Development (DfID) entered into a Memorandum of Understanding with the MoE to implement a pilot project of Results Based Aid in the Education Sector.
- DfID designed the project with input from the MoE.
- The pilot lasts for three years; 2004-2006 EC
- DfID can give the MoE up to £10,000 each year (a total of £ 30,000,000)

Aim of the program

The aim is to incentivise improvements in **lower secondary (grades 9-10) participation and quality.**

Using Payment by Results rather than an input-driven funding mechanism **encourages innovation** and enables planners and policy makers at regional and sub-regional levels to **tailor solutions** to the particular needs of their populations.



Principles



Financial support

- The program provides additional support to the sector based on its performance

Aligned to national priorities

- Increase participation in secondary education
- Improve the quality of education
- *Provide extra support for girls and emerging regions*

Learning and evidence

- Verification of data
- Thorough evaluation to learn lessons

How does it work?



- Payments are made to the MoE based on **increases in the numbers of students who sit and pass the national grade 10 exams relative to the previous year** (according to independently verified NEAEA data).
- Payments are larger for **female students** and students in **emerging regions**.
- The MoE and decentralised education authorities are able to allocate and spend the money in any way that they choose. A small proportion stays with the MoE to cover the administrative costs of the program

The measure - Benefits



Using increases in the numbers of students who sit and pass the national grade 10 exams relative to the previous year as the measure for funding has benefits and risks:

Benefits:

- Increasing secondary participation is probably the best way to increase the numbers of students who sit and pass exams.
- There is also an incentive to improve the quality of education as passing grade 10 exams requires a level of learning.

The measure - Risks



Risks:

- Rewarding regions for additional sitters may incentivise the inappropriate entry of students for grade 10 exams.
- Rewarding regions for sitters and passers may encourage them to reduce numbers one year so that they can increase them the next.

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“My boss is giving \$150 to anyone who stops smoking by the end of the year. If I start smoking now, I’ll have time to join the contest!”

However, these risks should be mitigated by pre-existing incentives and management structures.

How are payments calculated?



- The additional sitters are calculated **for each region** as the number of students sitting the grade 10 exam in the present year minus the number who sat the exam in the previous year. The same calculation is performed for passers.
- DfID then pay the MoE according to these results

| | Male | Female |
|------------------|------|--------|
| Emerging regions | £75 | £100 |
| Other regions | £50 | £85 |

How are payments calculated?

An example

The calculations from 2005 EC for Tigray show how the payments from Dfid were calculated.

| Region | | Sitters | | | | Passers | | | Total Payment |
|--------|--------|---------|--------|-------------|----------|---------|--------|-------------|---------------|
| | | 2004 | 2005 | Improvement | | 2004 | 2005 | Improvement | |
| Tigray | Male | 23,382 | 27,429 | 4,047 | £202,350 | 17,551 | 21,186 | 3,635 | £181,750 |
| | Female | 26,296 | 30,186 | 3,890 | £330,650 | 14,591 | 18,121 | 3,530 | £300,050 |
| | Total | 49,678 | 57,615 | 7,937 | £533,000 | 32,142 | 39,307 | 7,165 | £481,800 |

1 The number of male sitters in 2004

is subtracted from the number of male sitters in 2005

to find the improvement:
 $27,429 - 23,382 = 4,047$

2

Tigray is not an emerging region and these students are male so Dfid pay £50 for each additional sitter.

The improvement is therefore multiplied by £50 to calculate the payment:
 $4,047 \times £50 = £202,350$

3

These steps are repeated for female sitters and male and female passers to calculate the total payment for the performance in Tigray in 2005 EC.

| | Male | Female |
|------------------|------|--------|
| Emerging regions | £75 | £100 |
| Other regions | £50 | £85 |

What happened?



- In 2004 EC, although the total number of sitters and passers decreased in Ethiopia, increases in some regions resulted a total payment of £896,260 from DfID.
 - £530,485 for additional sitters
 - £365,775 for additional passers
- In 2005 EC the numbers of additional sitters and passers increased in most regions and resulted in a payment of £5,664,935 from DfID.
 - £2,904,300 for additional sitters
 - £2,760,635 for additional passers

How were the funds disbursed?



- The MoE kept only 1% of funds to cover its costs and disbursed the remaining funds to REBs.
- Half of the funds were disbursed according to **improvements** in the numbers of sitters and passers
- The other half were disbursed according to the **total number** of sitters and passers in the region.

Disbursements for 2004 and 2005 EC

| | Allocation | of which for additional sitters | of which for additional passers | of which for total sitters | of which for total passers |
|------------------|----------------------|---------------------------------|---------------------------------|----------------------------|----------------------------|
| Tigray | £899,906.26 | £328,592.50 | £240,900.00 | £199,612.29 | £130,801.47 |
| Afar | £60,569.13 | £22,462.50 | £19,375.00 | £10,815.93 | £7,915.70 |
| Amhara | £1,623,488.29 | £455,357.50 | £402,687.50 | £445,689.73 | £319,753.57 |
| Oromiya | £1,545,167.01 | £283,177.50 | £245,722.50 | £628,462.88 | £387,804.13 |
| Somali | £641,608.15 | £277,575.00 | £260,612.50 | £55,464.19 | £47,956.46 |
| Benshangul Gumuz | £71,839.54 | £22,100.00 | £1,600.00 | £31,354.94 | £16,784.60 |
| SNNPR | £919,374.51 | £71,867.50 | £251,835.00 | £358,176.54 | £237,495.47 |
| Gambella | £176,199.53 | £90,087.50 | £46,862.50 | £26,141.09 | £13,108.44 |
| Harari | £20,182.17 | £6,905.00 | £5,315.00 | £4,417.71 | £3,544.46 |
| Addis Ababa | £506,549.59 | £151,255.00 | £84,342.50 | £151,360.56 | £119,591.53 |
| Dire Dawa | £30,698.86 | £8,012.50 | £3,952.50 | £12,125.79 | £6,608.06 |
| TOTAL | £6,495,583.05 | £1,717,392.50 | £1,563,205.00 | £1,923,621.66 | £1,291,363.89 |

The REBs can spend or disburse these funds in whichever way they think is best.

Project evaluation



DfID are commissioning an evaluation to gain a better understanding of **current practice** and how decision makers in the education sector **respond to incentives**.

It will provide:

- An analytical tool for showing how and when PbR can feasibly incentivise improved performance
- Identify the feasibility and effectiveness of PbR within the education sector

Lessons learnt



Communication

- Information should be cascaded so that all relevant stakeholders understand the program and are able to respond appropriately.

Allocation of rewards

- The MoE needs to strike a balance between distributing funds equitably and rewarding good performance.

Delays in flow of funds

- The distribution of funds has been delayed, (partly because of poor outcomes in the first year). This harms the awareness and impact of the program.

Improved effectiveness

- Building the capacity of regional planners and policy makers would improve their ability to understand their problems and find solutions.

Roles and responsibilities



REBs

- Understand problems
- Find and implement solutions

MoE

- Administer project
- Support REBs
- Manage risks
- Provide supportive structures
- Manage interaction with other policy levers



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- Manage risks
- Ensure alignment with MoE priorities
- Support MoE in its other roles
- Understand mechanisms by which project brings about change.

MoE and DfID both seek to support good policy at the regional level



Thank you



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