Learning lessons for education from the use of results-based financing (RBF) in health

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Background and aim of study

WHAT

The World Bank commissioned:

- JET Education Services
- Percept Actuaries & Consultants
- Social Finance Ltd.

Examine existing RBF literature in health

Summarise the main lessons in RBF for health

Assess applicability of lessons on the use of RBF in health for RBF in education

WHY

To support efforts toward more & better education services, especially for the most excluded

WHERE

Primary health & basic education (pre-primary, primary, and secondary education) in LMICs

What is results-based financing?

A funding model for programmes in which funding is directly linked to pre-agreed targets and disbursed only once results are achieved

Methodology

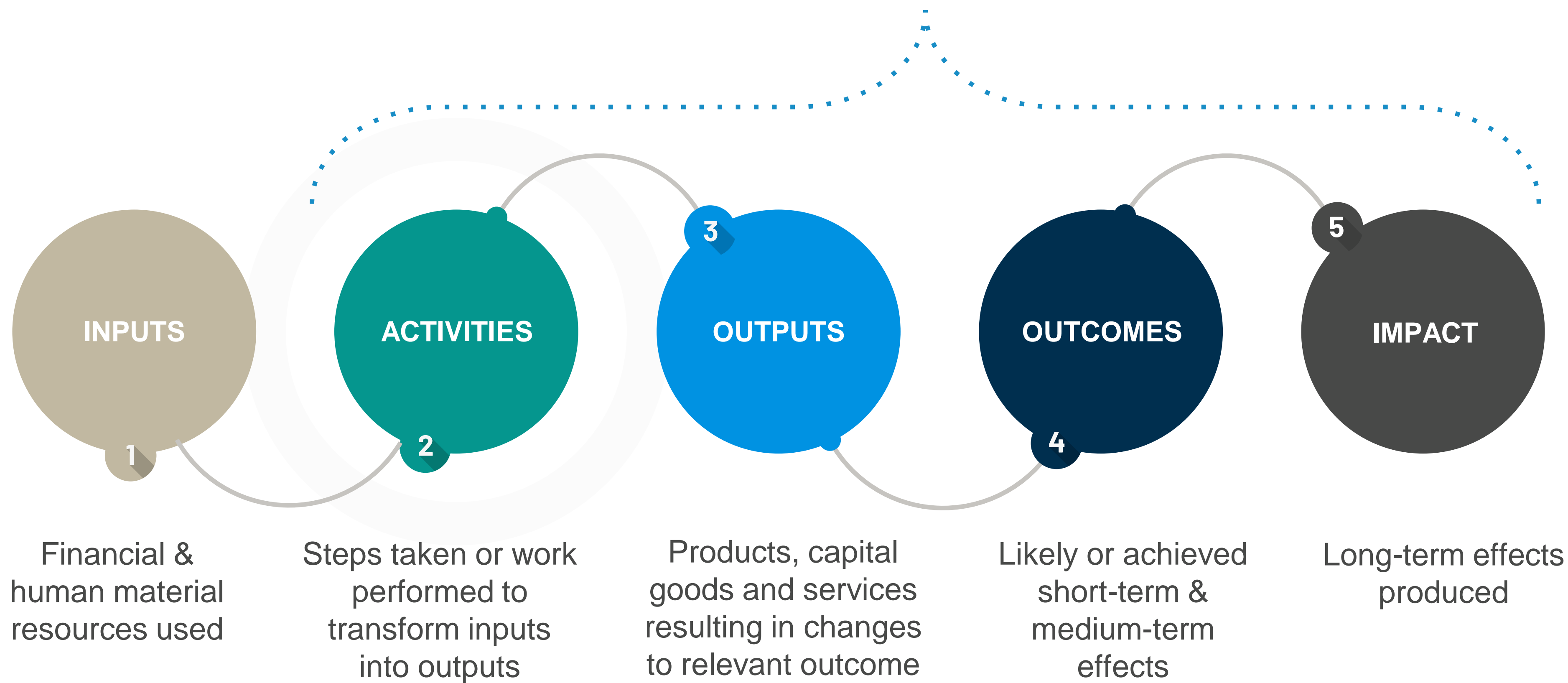
Literature review

- Peer-reviewed, scientific publications (qualitative, quantitative and/or mixed methods)
- Grey literature (from reputable sources)

Conceptual framework

- Derived from OECD; used to guide data collection & analysis process
- Can be applied at different payment trigger levels: national, local/district & facility/school-level
- OECD framework was adapted to include ‘impact’ in the circle of factors that can trigger disbursements, to allow for inclusion of social & development impact bond literature
- Accredited search engines, PUBMED and Google Scholar, were used to identify relevant literature, guided by the PICO (Population, Intervention, Comparison and Outcomes) framework (a commonly used framework in health related research)

Conceptual framework



Search terms:

- Payment by results
- Payment for results
- Results-based lending
- Results based finance
- Results based aid
- Performance driven loans
- Performance based aid
- Cash on delivery
- Output-based aid
- Social impact bonds
- Development impact bonds
- Pay for performance
- Pay for success

Comparing education & health in the context of RBF

SIMILARITIES

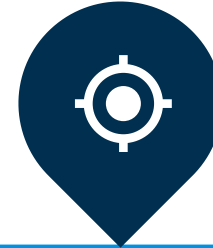
Considered public goods	• **Interventions become more expensive** as they become **more complex** (e.g. hospitalisation & higher education).
Socioeconomic factors are major determinants of outcomes	• **Limiting access through paid services** impacts population health and economic growth.
Strong unions or professional associations	• Can be **hostile towards the use of incentives** and any **new accountability mechanisms**
Common incentive problems that RBF might address	• **Supply limitations** for key infrastructure and/or consumable resources (structural quality) • **Insufficient/inappropriate performance incentives** for personnel (process quality) • **Structures and/or cultures prohibit adaptation & innovation** that could improve outcomes at a facility/individual level (autonomy)

Comparing education & health in the context of RBF

DIFFERENCES

	HEALTH	EDUCATION
Predictability of service	**'Episodic'** - services accessed as health needs occur over the course of a lifetime.	**More predictable service** to run than health
Organisational structure	**Hierarchical** - Patients are referred up or down from one level of care to another as needs require.	**Sequential** - Learners need to pass primary school to progress to secondary school and then tertiary education (cumulative)
Structural quality (infrastructure & consumable resources)	**More critical** to an effective health service	**Quality of classroom pedagogy more important** than physical environment and resources
Donor funding	**More reliance** in health in LMICs, particularly for RBF programmes.	Largely **funded from national government budgets**.
Provision	**Overprovision of health services in fee for service (FFS) models** are prevalent, particularly in the private sector.	Education services cannot be disaggregated and charged in the same itemised way as healthcare, therefore **underprovision is the bigger challenge**.

Key insights from RBF in health for education



1. Understand the context

Socioeconomic determinants, source & availability of funding & the state of the responsible system need to be considered to diagnose & articulate the problem & the mechanism by which RBF could help.

2. Be clear about what is being incentivised and the expected quality improvement process

Incentives should be clear and simple; allow enough time for the programme to be understood & results to materialise; encourage positive feedback loops & allow for autonomy regarding incentive payments.

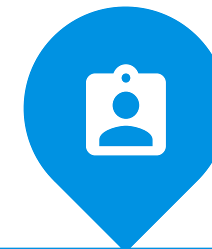
3. Ensure those who are incentivised have control over the targeted actions or outcomes

Incentives throughout the value chain might be needed to avoid supply constraints & to ensure relevant stakeholders are aligned in their activities & priorities.

4. Ensure strong alignment around who is incentivised, and how incentives are measured and paid

If funds do not reach those whose actions are incentivised, success may be limited/unsustainable. Incentives at the facility level may encourage teamwork where individual bonuses are conditional on these.

Key insights from RBF in health for education



5. The functions of purchasing and providing services should be split

The accountability of providers is improved because they do not reimburse themselves.

Verification of results is also separated from those who stand to gain from incentive payments.

6. Consider the size, timing, and form of payments

More frequent payments increase saliency of RBF programmes.

Higher and/or easier to achieve payment triggers increase likelihood of incentives influencing behaviours.

Individual incentives appear more influential when received as bonuses rather than basic salary payments

7. Adjust for equity and reward absolute, rather than relative, progress

Higher incentive payments for facilities with lower resources may offset differences in initial starting points.

Targeting incremental improvements & rewarding absolute, not relative, performance reduces unintended consequences & increases staff motivation.

8. Enhance support and supervision to frontline staff

Regular supervision and timely, structured feedback is important to improving outcomes.

Detailed checklists can be useful to assess performance of individuals & facilities and to structure feedback around how to improve.

Key insights from RBF in health for education

9. Enhanced supervision and financial support are reinforcing

Enhanced supervision & monitoring are necessary, but not sufficient, for improving service delivery.

Additional financing acts as an enabler and accelerator for improvement.

10. Recognise the need for delivery autonomy and support adaptive service delivery

RBF is most effective where facility managers have the autonomy to adapt services to improve outcomes.

Support may need to be given to enable adaptive decision-making & improved human & physical resource management.

11. Embed processes to monitor for and correct potential unintended consequences

Independent audit processes should be built in & potentially include financial penalties for inaccurate reporting of programme results.

Adjust for demand-side or supply-side impediments beyond the control of incentivised facilities.

Frame the incentives in terms of recognition of service provision excellence (intrinsic motivation) as opposed to accountability.

12. Adequately fund impact and process evaluations

Well-powered, independent evaluations of RBF processes & results help to strengthen the knowledge base around what works in terms of effective interventions and RBF programme design

Lessons for RBF in education

Understand the problem

- Understanding the problem to be addressed is **fundamental to programme design**

Understand the context

- Understanding the **political economy** into which a project is to be introduced is key to success.
- **Purpose** of the intervention, **how incentives are paid out** & the intervention's **coherence with national policy objectives** need to be considered
- Both health & education consist of complex sets of institutions & programme success may depend on **taking account of systemic considerations**

Build the evidence base

- **Donors are interested in understanding what works** so as to strengthen the knowledge base on effective interventions to improve learning outcomes
- **Strong verification systems** are needed to **track implementation & make course corrections**
- **RBF interventions should be observed over a sufficient perio**d to **understand their impact on outcomes** otherwise the interpretation of results may be misleading.

Areas for further research for effective RBF in health and education

Unpacking the "black box"

Further descriptions of interventions' most important design features for improving outcomes is needed

More qualitative analysis

May emphasise why interventions work in some contexts and not others

Comparison

How does RBF compare to other interventions like impact bonds & non-incentive-based interventions?

Support

Amount, type and timing of support needed to enable adaptive delivery of services by those on the ground

Areas for further research for effective RBF in education

Application of RBF funding models

Particularly to pedagogically-focused interventions (these interventions have been successful in raising test scores)

Context & scaling

Understand conditions under which programmes with proof of concept are taken to large-scale implementation (necessary capacity, resources & policy environment)

Specific conditions

Under which NGO programmes (e.g. government subsidies to low-cost private schools) increase pupil enrolment & learning outcomes need to be understood

Thank You

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