

**SABER****School Finance**

2016

Finance is the lifeblood of any education system, making it possible to build schools, hire and train teachers, and equip classrooms with learning materials and technology. School finance is an essential component of every education system, but comprehensive guidance on what matters in school finance systems is lacking. SABER-School Finance documents and analyzes the policies and processes governing where education resources are focused and how they are distributed to help countries improve the efficiency of their delivery of resources and align their priorities with their finances.

Why do countries invest in school finance?

Governments strive to provide enough resources so that all children have the opportunity to learn while using their resources as efficiently as possible. Policymakers do not always know the best way to improve their school finance systems, even though financing is an essential part of any education system. This requires an informed and objective budgeting process, as well as monitoring resources on their way to schools and within the schools.

What challenges exist?

Although the evidence is clear that more and smarter education funding can improve education outcomes, school finance remains an area in need of direction for three crucial reasons:

- Adequate education spending is necessary to bring about student learning; it makes possible the provision of essential inputs such as teachers, school buildings, and learning materials. The availability of financial resources does not guarantee a quality education, but a quality education is impossible to achieve without adequate resources.
- Governments often struggle to use education resources efficiently despite their strong incentive to do so from a public-policy perspective. Good evidence-based policy guidance can help financing systems to become more efficient and promote national education goals more effectively.
- The complex process of school finance involves a diverse set of actors and stakeholders at different levels of government and in the private sector, and with different perspectives and motivations. But the system is rarely examined holistically, which leads to less coherent policy responses.

What is SABER-School Finance?

Using new diagnostic tools and detailed policy information, the World Bank Group's Systems Approach for Better Education Results (SABER) platform collects and analyzes comparative data and knowledge on education systems around the world and highlights the policies and institutions that matter most to promote learning for all children and youth. SABER's detailed data-gathering and analysis are organized by "domains," or areas of education policymaking within an education system. These currently include levels of education (early childhood development, primary and secondary, workforce development, and tertiary), types of quality resources and supports (school finance, school health and school feeding, and teachers), areas of governance (engaging the private sector and school autonomy and accountability), information sources (education management information systems and student assessment), and complementary inputs and cross-cutting themes (equity and inclusion, information and communication technologies, and resilience). SABER aims to give all parties with a stake in educational

results—from students, administrators, teachers, and parents to policymakers and business people—an accessible, detailed, objective snapshot of how well the policies of their country's education system are oriented toward ensuring that all children and youth learn.

SABER-School Finance collects, analyzes, synthesizes, and disseminates comprehensive information on school finance policies in primary and secondary education across a range of different education systems. The goal is to enable policymakers to learn about how other countries address the same policy challenges so that they can make better-informed policy choices and promote learning for all students. The project primarily examines education finance policies, relying on key informants and official document review to map out the policy landscape. By doing so, it provides new data that illuminates a key area of education that education policymakers control. Where possible, SABER-School Finance also incorporates measures of policy implementation at the central level, although other larger-scale surveys at the local and school level would be necessary to allow a full

analysis of how well these policies are implemented.

What drives effective school finance?

To increase the knowledge base, SABER-School Finance collects data on school finance systems along five core areas, including school conditions and resources, allocation mechanisms, revenue sources, education spending, and fiscal control and capacity. This information is used to classify school finance systems according to how well they address six essential policy goals of school finance:

Ensuring basic conditions for learning. School finance systems should create an environment that supports and encourages learning. Although the costs to reach standards of student achievement may vary across countries and student groups, there is a minimum amount of resources required to produce learning outcomes. While precise figures of this minimum amount of resources have proved difficult to estimate, if students do not have access to a fundamental set of resources they will not be able to acquire the knowledge and skills necessary to lead healthy and productive lives.

Monitoring learning conditions and outcomes.

Accurate information on learning conditions and outcomes is necessary to inform policy. Objective data are particularly useful in the context of challenging political economy. Monitoring learning conditions and student achievement will also allow school finance systems to hold schools accountable and measure efficiency in the use of resources. Without knowledge on which inputs are available and how these inputs translate into learning outcomes, it will be difficult for school finance systems to allocate funds strategically.

Overseeing service delivery.

An efficient school finance system should confirm that resources are converted into learning opportunities at the provider level. Many existing indicators measure educational inputs and outcomes, without considering the middle step of adequate service delivery. Reported public expenditure on education does not guarantee that education policy has been implemented, so it is imperative that school finance systems have mechanisms to measure the quality of service delivery at the school.

Budgeting with adequate and transparent information.

The education budget

represents the plan for implementing education policy. Objective information on resource requirements should be incorporated to develop a budget that reflects education sector priorities, and the need to use reliable data continues throughout budget execution. Reported education expenditure of all levels of government along budget priorities allows school finance systems to monitor the success of budget execution and make adjustments as necessary.

Providing more resources to students who need them.

School finance systems should also seek to improve education outcomes for students from disadvantaged backgrounds and reduce outcome gaps among groups of students. Access and success in education should not depend on a person's background, yet in most settings, as poverty increases, enrollment and attainment decrease and so does student learning. One key way to tackle inequality in outcomes is therefore to provide additional resources to students who face the greatest educational challenges because of their disadvantaged backgrounds.

Managing resources efficiently.

Experience in developing and developed countries has shown that providing resources is not

enough to ensure learning outcomes. Tracking inputs, outcomes, and service delivery is a strong start, but insufficient. Reviews of final expenditure are necessary to hold actors in the school finance system accountable to using resources for their intended purposes.

How is SABER-School Finance helping to improve education systems?

SABER-School Finance provides information on national school financing policies around the world and a conceptual framework to assess the strengths and weaknesses of policies in countries that request advice from SABER. Additionally, SABER is:

- Helping countries orient their school finance systems more effectively to achieve education goals by drawing on international experience and taking stock of their own situation.
- Enhancing the global knowledge base on effective school finance policies.
- Enabling cross-country learning and fostering informed dialogue and decision-making using a structured framework and methodology.

SABER-School Finance Partners

From 2010 to 2015, the United Kingdom Department for International Development (DFID) supported SABER through

the DFID-World Bank Group Partnership for Education Development. This support was instrumental in the development of the SABER-Finance tool, as well as in applying the tool in several countries. The Australian

Government's Department of Foreign Affairs and Trade (DFAT) is also a strong supporter of SABER and education systems research and has done much work to support the application of SABER globally.