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Which Countries Get How Much Money and Why

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GPE webinar

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Questions we will address

- What is the GPE Needs and Performance Framework (NPF)?
- What is a funding formula?
- Why do we need a funding formula?
- Examples of other formulas
- Details of our formula: the GPE Needs and Performance Framework



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What is the NPF?

- **N**eeds and **P**erformance **F**ramework
- Indicative or suggested allocations of GPE Fund
- Process within Global Partnership
- Applies to GPE countries with an endorsed education sector plan
- It is a formula-based approach
- So…



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A Funding Formula is NOT….

- Budget-request-driven
- Inertia-driven
  (add some % to last year)
- Ad-hoc
- negotiated
- politically motivated



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A Funding Formula is…..

…based on objective indicators

- General example: $X /child, with Y% top-up for poor children
- Numerical example: 200 dollars/child, with 20 dollars more for children below poverty line



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Why use a Funding Formula?

- Creates predictability & transparency
- Typically used in decentralization
- Reduces transactions costs, “begging,” and “favors”
- Creates sense of rights and power
- Encourages local-level decision-making



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When to use a Funding Formula

- Typically good only for recurrent spending
  - Start all over each year

- Capital spending more difficult to allocate by formula



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Formulas of this kind are widely used in many contexts…

Non-GPE example follows to illustrate…



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South Africa private schools

- Used to subsidize private schools
- Have to meet certain quality conditions
- Funding to private schools that cater to the poor
- Cheaper for the gov't to "buy" a place at a private school
- Formula:
  - The smaller the fees you charge, the bigger the subsidy from the government
- Timing of fee benchmarks is un-announced

Note: examples may not be 100% accurate or current, they are close enough for use as examples.



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GPE's Needs and Performance Framework



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Need factors

- High population of school-age children
- Low primary completion
- Fragility
- Low income per capita
- Low gender equality
- Low other donor funding



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Performance factors

- Making own effort (total education spending as % of GDP)
- High performance on governance
- Fast progress on primary completion



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Simplified examples: two countries, two factors, simplified weights

Deservingness:" = Population^{a} X Completion progress^{b}

	Population	Completion progress	Total points	Share of points=share of budget
Weight	**2**	**3**		
Country A	5	2	25 X 8 = 200	66.7%
Country B	10	1	100 X 1 = 100	33.3%

Simplified examples: two countries, two factors, simplified weights

- "Deservingness:" = Population[a] X Completion progress[b]

	Population	Completion progress	Total points	Share of points=share of budget
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Suppose you use different weights, and give less weight to progress ("performance") and more to population ("need"): what happens?

	Population	Completion progress	Total points	Share of points=share of budget
Weight	**3**	**2**		
Country A	5	2	125 X 4 = 500	33.3%
Country B	10	1	1000 X 1 = 1000	67.7%

Country A, which has worse "performance" but more "need," now gets less of the money (33%): need has now been emphasized more

Other ways to allocate

- Fact:

  Board could over-ride the NPF formula

- Hypothetical:
  - Could add explicit value-for-money considerations and give more “weight” to the per-student cost of enrollment
  - Some funding left for top-ups based on specific performance goals?

For more information

http://www.globalpartnership.org/finance-and-funding/global-partnership-for-education-fund/indicative-allocations/

globalpartnership.org > Finance and Funding > GPE Fund> Indicative Allocations

http://www.globalpartnership.org/media/Final%20NPF%20Note%20January%202012.pdf

globalpartnership.org > Finance and Funding > GPE Fund> Indicative Allocations > Key Resources



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