

Workshop on “Cash on Delivery” – “Apoyo Basado en Resultados”

Co-Hosted by the Subsecretary of Secondary (Media Superior) Education, Mexicanos Primero and the Center for Global Development

Mexico City, D.F. – March 11-12, 2008

Purpose:

The purpose of the workshop was to exchange ideas and information about the Mexican strategy for improving upper secondary education in Mexico and the Center for Global Development’s proposal for “Progress-Based Aid.”

Participants:

Raul Abreu-Lastra, Fundación Idea
Nancy Birdsall, Center for Global Development
David Calderón, Mexicanos Primero
Lorenzo Gómez Morín, Mexicanos Primero
Marlene Gras, Mexicanos Primero
Alicia Lebrija Hirschfeld, Fundacion Televisa
Karen Kovacs, OEI
Armando Loera, Heurística Educativa
Martha Belen Hernandez Zavala, Subsecretaria de Educacion Media Superior
Pedro Lopez Jaquez, Gobierno del Estado de Zacatecas
Francisco Javier Lozano, UNAM
Carlos Ludlow, FONABEC
Guadalupe Mendoza, William and Flora Hewlett Foundation
Robert Myers
Adriana Olvera, CEE
Araceli Ortega, Subsecretaria de Educación Media Superior
Jeff Puryear, IAD / PREAL
Tomas Rodriguez Pazos, Gobierno del Estado de Veracruz
Alejandra Rivera, Fonabec
Lucrecia Santibañez, CIDE
Ana Santiago, IDB
Alberto Saracho Martínez, Fundación Idea
Bill Savedoff, Social Insight / Center for Global Development
Miguel Szekely Pardo, Subsecretaria de Educación Media Superior
Kate Vyborny, Center for Global Development
Alejandra Zúñiga, Ceneval

Overview

Araceli Ortega made presentations on the current status of Upper Secondary education (Educación Média Superior or EMS) in Mexico and the strategy of the Mexican Subsecretary of EMS.

Enrollment in EMS has been increasing, but still falls short of being universal. Almost 95% of students who complete primary school enter EMS, but 15% drop out each year and only 60% of those who enter, complete EMS. There are also serious concerns about the equity and quality of EMS.

She discussed four major goals being pursued by the Subsecretaria:

- Improve quality
- Expand coverage
- Increase efficiency
- Link better to labor market

A number of programs are being pursued to reach these goals:

- Special funds to support the expansion of coverage (M\$860 mn this year)
- The ENLACE standardized exam and a national evaluation system
- Proyecto Playa del Carmen and Becas de Pasantía con Sector Empresarial
- Professional development for teachers
- Competitions and evaluations of school principals
- Scholarships
- Curricular development (Sistema Nacional de Bachillerato – SNB)

Bill Savedoff and Nancy Birdsall presented the concept of “Progress-Based Aid,” explaining how it arose in the context of discussions to improve foreign aid to low-income countries and showing how it might apply to funding flows from a national government to states or municipalities. The key elements that they highlighted were the focus on paying for one clearly defined outcome (e.g. the number of students who complete EMS); the importance of being “hands off” so as to give the subnational entity full flexibility to choose the best strategy to achieve the goals; and the advantages of reduced administrative burden and less wastage of funds (i.e. money is only disbursed to the extent that goals are met).

David Calderón made a presentation discussing the current state of EMS in Mexico, placing it in the context of the history of Mexico’s education system which started as a centralized, corporatist, and uniform system. He demonstrated how closely a child’s performance in school and attainment is related to socio-economic background – areas which are more privileged in terms of income and other public services also tend to have better equipped and better functioning schools, reinforcing Mexico’s social inequities. He described the challenges facing EMS when 28 of the 56 graduates from Basic Schooling (9th grade) do not comprehend what they read. He discussed the education system’s current transition toward focusing on quality as well as quantity, results, greater autonomy and incentives, noting that the Progress-Based Aid concept would fit well with

these objectives. He concluded by noting the need for improved incentives, reliable indicators of progress, and an increased role for civil society to identify and monitor progress.

Araceli Ortega also made a presentation explaining a new pilot effort (“Aligning Incentives”) in 50 “treatment” schools (with 50 control schools for purposes of learning from the pilot) to provide students, teachers, and principals with financial incentives tied to performance. The use of test scores as an incentive in this program, with minimal risk of cheating, is possible because the agency that designs, administers, and grades the test, is (and is perceived as) technically capable and completely independent from the Secretaria de Educacion Publica.

She then described how the country’s Fondo de Infraestructura, Fondo de Cobertura and Fondo Innovación operate. The subsequent discussion suggested a number of ways in which the different funds could be used as the modality for implementing a Progress-Based Aid initiative.

Representatives from Veracruz and Zacatecas pointed out inequities in the current arrangements for financing the expansion of EMS. They also raised concerns about potential misuse of funds under a COD arrangement.

Others discussed the range of scholarship programs that are available, noting that financial support is not sufficient to assure that students complete EMS and that additional complementary services may be necessary to achieve the goal of completing EMS. Questions were also raised about problems that can arise when there are overlapping scholarship programs.

Participants provided a wide range of useful comments and questions on a potential COD arrangement, raising issues including:

- The large portion of education funding that is tied up in restricted or recurrent spending, meaning that a relatively small progress payment would still be significant as a big portion of *discretionary* funds
- While education funding is typically very rigid due to lack of trust of state and local authorities, posing a challenge for the flexible funding of progress-based aid, the approach could also represent a way to get past the rigidity, which can cause problems because the restrictions on funding may be mismatched to needs at a particular place and time (e.g. no funding available for computer equipment needed to provide distance education in a sparsely populated state like Zacatecas)
- Issues related to the specific measure used (completion, testing all students or the cohort, etc.), including minimizing the lag between interventions and payoff; and rewarding score improvement rather than absolute levels to ensure progress-based transfers would increase rather than decrease equity
- Issues related to the level at which the program could operate (state budget, state education secretary, municipalities, schools, universities, etc.)

- The incentive effects of recognition of performance on improving schools for governors and state leaders, even without a financial reward
- The source of the data (state reported or federally reported data) and who would audit the report
- Engaging private donors e.g. as with the current matching scheme under infrastructure fund
- The possibility that states might respond by providing poor quality schooling
- The lack of transparency in state budgets (and the possibility of using COD as one tool to help address this)

The workshop continued with a discussion of different options for implementing a COD initiative in Mexico, emerging from the debate. Kate Vyborny presented a summary of options that distinguished different levels at which the incentives could be aimed and different possible progress measures. The discussion pointed towards using a combination quantity-quality measure, such as the number of students taking a final test multiplied by the improvement in the average test score. Alternatives for involving civil society in monitoring progress were also discussed.

Next steps

The workshop concluded with a discussion of next steps. Miguel Szekely expressed interest in following up by developing some concrete ideas of how COD ideas could be incorporated in:

- the pilot program to align incentives with performance in 50 schools
- ways to attach incentives to the school performance measures
- a new way to allocate a small fund (like the Innovation Fund) in accord with progress measures.

He suggested meeting again in two months to discuss these ideas once they have been elaborated.



Miguel Szekely, Subsecretary of Secondary (Media Superior) Education of Mexico, discusses options for “cash on delivery” funding in Mexico with initiative co-chairs Nancy Birdsall and Bill Savedoff.



Francisco Javier Lozano, of the Universidad Autonoma de Mexico, left; Tomas Rodriguez Pazos, state government of Veracruz, right.



Pedro Lopez Jaquez, state government of Zacatecas, left; Alejandra Rivera, National Scholarship Fund (FONABEC), right.



Ana Santiago, Inter-American Development Bank, left; Marlene Gras, Mexicanos Primero, right.