

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	REGIONAL/CID - Isthmus & DR
▪ TC Name:	Using New Technologies to Improve Education Resource Allocation in CID
▪ TC Number:	RG-T3888
▪ Team Leader/Members:	ELACQUA, GREGORY MICHAEL (SCL/EDU) Team Leader; BIEHL, MARIA LORETO (SCL/EDU) Alternate Team Leader; HOLGUIN MADRINAN, ALEJANDRA (SCL/SCL); BLASCO, IVANA (SCL/EDU); ALVAREZ MARINELLI, HORACIO (SCL/EDU); BARRAGAN CRESPO, ENRIQUE IGNACIO (LEG/SGO); PEREZ NUNEZ, GRACIELA (SCL/EDU)
▪ Taxonomy:	Research and Dissemination
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	06 Jul 2021
▪ Beneficiary:	Schools and school boards in Costa Rica and Panama
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$150,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	36 months
▪ Types of consultants:	Individuals
▪ Prepared by Unit:	SCL/EDU - Education
▪ Unit of Disbursement Responsibility:	SCL/EDU - Education
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality ; Productivity and innovation

II. Objective and Justification

- 2.1 This TC aims to support initiatives that help governments in CID to manage their education budgets more efficiently. Particularly, it will provide technical assistance to school systems to build school-level cost information systems, which will allow policy makers and school managers to better examine, monitor, and plan their school budgets and expenditures
- 2.2 The COVID-19 pandemic has brought unprecedented disruption to the global economy. LAC had the greatest contraction in the world, its economy shrank by 7% in 2020. The IMF projects the LAC economy to grow 4.6% in 2021, which is below the 5.8% estimated growth for emerging economies. The IMF states that income per capita will not recover its 2019 level until 2024. As economic activity plunges due to social isolation and as unemployment rates rise rapidly, countries brace for budget shortfalls.
- 2.3 The loss of government revenues due to COVID-19 and reallocation of resources towards healthcare-related spending will likely lead to significant cuts in funding for public education. In LAC, recent simulations by the IMF predict that the economic slowdown caused by the pandemic could lead to a decrease in education spending per capita of 6.2% between 2020 and 2021, which is significantly lower than the pre-pandemic scenario, when the real growth in education spending per capita was 3.6%.

- 2.4 Evidence from recent literature suggests that coronavirus-related budget cuts to education may have serious implications for student learning. Research has shown that changes in per-pupil spending have a causal impact on student outcomes. Increases in education spending has been found to improve student achievement and attainment outcomes and adult outcomes such as wages and intergenerational mobility, especially for disadvantaged students.
- 2.5 The current economic slowdown and increased demands for spending to cover the costs associated with the Covid-19 response (school hygiene, social distancing, technology and training for remote learning, targeted interventions for students falling behind) requires governments and schools to make more efficient and equitable financial decisions to minimize the negative effects of revenue losses. Recent research has found that publishing and using school-level expenditure data is crucial to manage educational finance more efficiently and make more informed decisions. In the United States, for example, a new provision in Every Student Succeeds Act calls on school districts to publicly report spending by school.
- 2.6 The solution proposed by this project is to develop novel initiatives in public education spending management in Costa Rica and Panama allowing governments and schools to manage their education budgets more equitably and efficiently. Most school systems are unable to identify and track school spending and how efficiently and (in)equitably the money is distributed across schools. One exception is the state of Pernambuco. The state developed a school cost monitoring system in partnership with the IDB that provides timely, detailed information on school expenditures and budgets. In addition to generating transparency, it enables education managers to identify inefficiencies, such as the misallocation of teachers or waste of specific schooling inputs.
- 2.7 The school-level cost information systems proposed in this TC can improve efficiency among these schools and free up resources that can be used towards the most disadvantaged areas, including indigenous communities, rural areas, and villages. In addition to requiring more resources to compensate for the vulnerable condition of their students, these disadvantaged areas also have higher operation and transportation costs. Efficiency gains can promote greater reallocation of resources towards these more vulnerable areas.

III. Description of Activities and Outputs

- 3.1 **Component I: Component I: Design of the school-level cost information system**. This component will develop a diagnostic tool and toolkit to create a school level cost information system. More specifically, this component will produce a detailed diagnosis of the two school systems and a conceptual framework that integrates different information systems and/or databases into a single monitoring cost tool in a systematic and automated way. This component will also provide technical assistance to pilot a cost system for school boards in a group of schools in Costa Rica.
- 3.2 **Component II: Component II: Monitoring and dissemination.** This component will fund: (i) an evaluation of the effectiveness of the school cost system pilot in Costa Rica, (ii) a seminar in Costa Rica and Panamá to disseminate results and showcase the use of monitoring cost systems for improving of equity, and (iii) a virtual regional seminar on how to develop school cost level systems and promote more efficient spending decisions.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Total Funding
Component I: Design of	US\$120,000.00	US\$120,000.00

the school-level cost information system		
Component II: Monitoring and dissemination	US\$30,000.00	US\$30,000.00
Total	US\$150,000.00	US\$150,000.00

V. Executing Agency and Execution Structure

- 5.1 This TC will be Bank executed.
- 5.2 The interventions financed through this TC are highly innovative pilots, based on its experience carrying out successful cost centers in education as well as a dense network of individuals and organizations that specialize in improving the efficiency of spending, and bank execution is requested by participating countries. In line with Appendix 10 of the Operational Guidelines for Technical Cooperation Products (GN-2629-1), Bank execution of the TC is justified as contracting by the IDB enhances the independence of the studies. Moreover, through its ongoing policy dialogue with the beneficiary countries, civil society organizations in Central America, the Bank is well placed to coordinate all activities to be financed by this TC, disseminate results and serve as the executing agency.
- 5.3 As the executing agency of the TC, the Bank will be responsible for: (i) identifying the studies and technical work required for the execution of the TC; (ii) selecting and hiring consultants to provide the necessary services; (iii) supervise the consulting services that the beneficiary provides technical inputs to; and (iv) manage the execution and delivery of consulting services.

VI. Project Risks and Issues

- 6.1 Not having the support from school directors is a risk in these types of studies. Experiences from similar platforms in school districts in the United States and recent work in Pernambuco show that these concerns can be overcome through close collaboration with the government and clear communication to all stakeholders of the objectives school level cost system. Therefore, in order to mitigate this risk, the specific systems to be developed in collaboration with the Costa Rican and Panamanian governments, attending to local needs.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "undefined".