

Interdisciplinary Programmes

Academic year 2020-2021

Innovative Financing for Education: Approaches and Debates

DE161 - Spring - 6 ECTS

Course Description

In this course, students will learn about various innovative financing approaches used in the education sector and the critical debates surrounding these approaches. The long-standing financing gap in meeting the global goals for quality education has resulted in development agencies and national governments to explore novel funding sources and financial structures to attract additional financing to the education sector. Coupled with high level of interest in education from philanthropies and for-profit entities, the education industry is in the midst of aligning interests and philosophies of a diverse set of actors.

Students will learn about the various innovative financing approaches conceptualised and implemented within the education sector through the most recent case studies conducted on the implementation of various projects. These case studies will cover various innovative financing mechanisms including but not limited to:

- Development and Social Impact Bonds
- Results-Based Financing
- Microfinance
- Income Share Agreements
- Income Contingent loans
- Debt Swaps
- Advanced Market Commitments
- Impact Investment
- Venture Philanthropy
- Corporate Social Responsibility

> PROFESSOR

[Arushi Terway](#)

[Office hours](#)

> ASSISTANT

[Siddhant Marur](#)

[Office hours](#)

Syllabus

In this course, students will be able to critically analyse how funding modality impact global and national education goals. The case-study teaching methodology will enable students to explore multiple viewpoints, including the motives and impacts of innovative financing for the state, private sector, civil society, implementers and last but not least for the actual beneficiaries of an educational programs. It will allow the students to engage with real world examples to analyse the opportunities and challenges in an existing situation, probe underlying issues, compare different alternatives, and develop recommendations to meet the stated development objectives. Students will work on individual and group assignments related to the case studies to provide a critical analysis on relevance, applicability, adaptability, efficiency, efficacy, and effectiveness of multiple innovative financing models for reaching the targets of SDG4.

Additionally, students will engage in a final project designing an innovative financing approach to solve an education challenge identified in a specific context. This will develop their capability to conduct education sector context analysis, education financial management, and technical knowledge of financial structures. As tangible analytical and technical skills, students will learn to extract data from international databases, present and discuss tables and figures, analyse educational challenges in low- and middle-income countries, analysing the public and private finance industries, and critically examine the use of finance to solve social development challenges. Students will acquire or strengthen their technical writing skills.

Evaluation

Assignments throughout the semester will allow students to apply the knowledge of the technical financial structuring aspect of innovative financing approaches while also examining their applicability to solve critical educational challenges:

Counts	Name of Assignment (with indication of the part for the final product)	Brief Description	Due Date
10%	Country Education Challenge	3-page country brief identifying the key educational challenges that require financial solutions.	Session 3
10%	Innovative Finance Case Study Analysis 1	2-3 page case study of an innovative financing approach in education	Session 5
10%	Innovative Finance Case Study Analysis 2	2-3 page case study of an innovative financing approach in education	Session 7
40%	Innovative Financing Proposal	15 page proposal of an innovative financing approach to solve an education challenge in a context of your choice.	Optional draft: Session 9 Final Assignment: Session 12
10%	Group financing proposal Presentations	Group presentation on comparative advantages and disadvantages of various financing approaches in solving education challenges.	Session 13
20%	Financial Mechanisms Evaluation	An analytical critique of a financial proposal made by another classmate.	Session 14

Grading Policy:

There is no option to rewrite assignments in this class but ample opportunities are given to incorporate the feedback. In addition, students are strongly encouraged to submit their draft innovative finance proposal for feedback (no later than Session 9). There is a one-week grace period for one of the assignments (without subtracting the grade for the assignment); all other assignments need to be submitted at the due date.

Instructions on how to prepare the assignments will be distributed and discussed in class.

Schedule and Reading

Session 1: Introduction to Innovative Financing in Education: Rationale, Mechanisms and Actors

Required reading:

Burnett, N., and Bermingham, D. (2010). [Innovative Financing for Education](#). ESP Working Paper Series. Open Society Foundations.

Bellinger, A., Terway A., and Burnett, N. (2016). [Innovative Financing Recommendations. Background Paper: The Learning Generation](#). Results for Development Institute.

Session 2: Education Finance and Equity: Additionality, Efficiency and Effectiveness

Required reading:

Dalrymple, K. (2016). [Fair Financing: Education Finance Policy for Equity](#). Education Equity Research Initiative.

Avelar, M., Terway, A., & Dreux Frotte, M. (2020). [Innovative financing in education: A systematic literature review](#). NORRAG.

Session 3: Domestic Resource Mobilization: Government and Citizens

Required reading:

Daviet, B. (2016). Revisiting the Principle of Education as a Public Good. Education Research and Foresight Series, No. 17. Paris: UNESCO. Available at: <http://www.unesco.org/new/en/education/themes/leading-theinternational-agenda/rethinking-education/erf-papers/>

Archer, D. (2020). [Domestic Financing: Tax and Education. NORRAG Special Issue #5](#). Geneva: NORRAG. Read Page 8-11.

Lewin, K. (2020). Taxing Matters: Fiscal Reform, Public Goods and Aid. In Archer, D. (ed.) [Domestic Financing: Tax and Education. NORRAG Special Issue #5](#). Geneva: NORRAG.

Murphy, E. (2020). Obligations Under International Human Rights Law to Resource Public Education Through Tax. In Archer, D. (ed.) [Domestic Financing: Tax and Education. NORRAG Special Issue #5](#). Geneva: NORRAG.

Read one article from the following list. You will be asked to explain the basic premise of the approach to the rest of the class.

De Arcangelis, G., Joxhe, M., McKenzie, D., Tiongson, E., and Yang, D. (2015). [Directing Remittances to Education with Soft and Hard Commitments: Evidence from a Lab-in-the-Field Experiment and New Product Take-up among Filipino Migrants in Rome](#). *Journal of Economic Behavior & Organization* 111: 197–208. <https://doi.org/10.1016/j.jebo.2014.12.025>.

Ketkar, S., and Ratha, D. (2011). [Diaspora Bonds for Funding Education](#). *Migration Letters* 8, no. 2 (October 2011): 20.

Taneja, A. (2020). Tax Earmarking in India: A Cautionary Tale. In Archer, D. (ed.) [Domestic Financing: Tax and Education. NORRAG Special Issue #5](#). Geneva: NORRAG

Chadha, N. and Nandwani, B. (2020). Examining the Role of Corporate Social Responsibility Funding in Indian Education. In Avelar, M. and Patil, L. (eds). [New Philanthropy and the Disruption of Global Education. NORRAG Special Issue #4](#). Geneva: NORRAG.

Ryatt, M.M. (2020). [Crowdsourcing student loans: Student financing in Kenya with Kiva and Strathmore University](#). Geneva: NORRAG.

Country Education Challenge Assignment Due

Session 4: Outcomes-Based Financing

Required reading:

Lee, J. & Medina, O. (2018). [Review of Results-Based Financing in Education: Learning from What Works](#). Results in Education for All Children (REACH). World Bank

Bajwa, W. (2020). [Education Performance for Results Program in Tanzania](#). Geneva: NORRAG.

Read one of the following:

Zanola, L., Maurer, M., Gebeyehu, C., Würmli, S., and Bettina, J. (2021). Skills and Knowledge for Youth Project: A Case Study of Results-Based Financing for Vocational Education and Training. Working Paper #14. NORRAG.

Mehendele, A. and Singh, A. (2020). [India Education Outcomes Fund: A Case Study](#). Working Paper #12. Geneva: NORRAG.

Session 5: Private Investment in Education: For-profit models

Required reading:

CapitalPlus Exchange. (2017). [Banking on Education: Low-Cost Private Schools' Demand for Finance](#). Market Research. CapPlus.

Languille, S. (2016). 'Affordable' private schools in South Africa. Affordable for whom?, *Oxford Review of Education*, 42(5), 528-542, DOI: [10.1080/03054985.2016.1220086](https://doi.org/10.1080/03054985.2016.1220086)

Case Study 1 analysis Due

Session 6: Private Investment in Education: Impact Investing

Required reading:

Drummond, A., Luna, E., and Suquet, O. (2019). [Social Investment in International Development: Cases from the Education Sector in Sub-Saharan Africa](#). Charities Aid Foundation

Srivastava P., Read R. (2020). [New Education Finance](#). In: Sarangapani P., Pappu R. (eds) Handbook of Education Systems in South Asia. Global Education Systems. Springer, Singapore. https://doi.org/10.1007/978-981-13-3309-5_24-1

Avelar, M. and Terway, A. (2021). Zaya Learning Lab: A Case of Impact Investment. Working Paper #13. Geneva: NORRAG.

Jasiqui, A. (2020). [IDP Rising Schools Program](#). Geneva: NORRAG.

Group Workshop on final project

Session 7: Private Investment in Education: Philanthropic models and Impact Bonds

Required reading:

Ziswiler, Maya and Terway, Arushi (2019). Tackling the global education crisis: the UBS Optimus Foundation's use of social finance. In Natasha Ridge & Arushi Terway, eds., *Philanthropy in Education: Diverse Perspectives and Global Trends*. Cheltenham, UK: E. Elgar, pp. 54-69. Publicly available, please [download for free](#).

Saltman, K. J. (2017). [The Promise and Realities of Pay for Success/ Social Impact Bonds](#). *Education Policy Analysis Archives*, 25(59). <https://doi.org/10.14507/epaa.25.2640>.

Olmedo, A. (2018). [Venture Philanthropy and Education Policy-Making: Charity, Profit, and the So-Called "Democratic State"](#). The Wiley Handbook of Global Educational Reform, 47-69.

Recommended additional reading:

Terway, Arushi (2019). Introduction. In Natasha Ridge & Arushi Terway, eds., *Philanthropy in Education: Diverse Perspectives and Global Trends*. Cheltenham, UK: E. Elgar, pp. 1-14. Publicly available, please [download for free](#).

Case Study 2 analysis Due

Session 8: International Aid to Education: Achievements and Challenges

Required reading:

Steer, L., and Smith, K. (2015). [Financing Education: Opportunities for Global Action](#). Washington, DC: Center for Universal Education at Brookings.

Schäferhoff, M. and Burnett, N. (2016). [Rethinking the Financing and Architecture of Global Education. Background paper prepared for the International Commission on Financing Global Education Opportunity](#). SEEK Development and Results for Development Institute.

Session 9: International Aid to Education: Debt Relief, Education Bonds, Global Tax

Required reading:

Ito, H., Sekiguchi, R., and Toshiyuki, Y. (2018). [Debt Swaps for Financing Education: Exploration of New Funding Resources](https://doi.org/10.1080/23322039.2018.1563025). *Cogent Economics & Finance* 6, 1(6).
<https://doi.org/10.1080/23322039.2018.1563025>.

UNESCO. (2011). [Debt Swaps and Debt Conversion Development Bonds for Education. Final Report for UNESCO Advisory Panel of Experts on Debt Swaps and Innovative Approaches to Education Financing](#).

Global Business Coalition for Education (2019). [Engaging the investment community in education: the case for education bonds to raise new resources for Sustainable Development Goal 4](#). Discussion Memo.

Read one article from the following list. You will be asked to explain the basic premise of the approach to the rest of the class.

Zaiser, J. F. (1992). [Swapping debt for education: Harvard and Ecuador provide a model for relief](#). *BC Third World LJ*, 12, 157.

Ryatt, M.M. (2020). [Education, Youth, and Employment Bond—Inter-American Development Bank](#). Geneva: NORRAG

Klees, S. (2020). Global Taxation is Needed to Finance Education and the Other SDGs. In Archer, D. (ed.) .) [Domestic Financing: Tax and Education. NORRAG Special Issue #5](#). Geneva: NORRAG.

Optional Innovative Finance Proposal Draft Due

Session 10: International Aid to Education: Public Private Partnerships

Required reading:

Romero, M., Sandefur, J. and Sandholtz, W. A. (2020). [Outsourcing Education: Experimental Evidence from Liberia](#), *American Economic Association*, 110(2), 364-400.

Acosta, F. and Tomás, E. *Proyectá tu Futuro: A Social Impact Bond for education and employability training in Buenos Aires*. NORRAG

Session 11: Financing innovations in Higher Education

Required reading:

Chapman, B. (2014). [Income Contingent Loans: Background](#). In *Income Contingent Loans: Theory, Practice and Prospects*. Palgrave Macmillan UK.

Ritter, D., and Webber, D.A. (2019). [Modern Income-Share Agreements in Postsecondary Education: Features, Theory, Applications](https://papers.ssrn.com/abstract=3499957). SSRN Scholarly Paper. Rochester, NY: Social Science Research Network. <https://papers.ssrn.com/abstract=3499957>.

Poutvaara, Panu. [Educating Europe: Should Public Education Be Financed with Graduate Taxes or Income-Contingent Loans?](#) *CESifo Economic Studies* 50, no. 4 (January 1, 2004): 663–84.
<https://doi.org/10.1093/cesifo/50.4.663>.

Session 12: Global Funds

Required reading:

Education Outcomes Fund for Africa and Middle East. (2018). [A Game-Changing Way to Finance Results in Education](#). Presented at the Impact Bond Donor working group meeting.

Look over the Fund's website: <https://www.educationoutcomesfund.org/>

Lewin, K. M. (2018). [Education Outcomes Fund \(EOF\) for Africa and the Middle East: Is It a Game Changer?](#) Education International.

Jasqi, A. (2020). [International Financing Facility for Education \(IFFEd\)](#). Geneva: NORRAG

Jasqi, A. (2020). [Global Partnership for Education – GPE Multiplier Fund](#). Geneva: NORRAG

Final Innovative Finance Proposals Due

Session 13: *Group presentations*

Session 14: *Wrap-Up Session*

Required reading:

Innovative Finance Foundation. (2013). [Innovative Financing for Global Education](#). ESP Working Paper Series. Open Society Foundations.

Burnett, N. (2019). Invited Essay: It's past time to fix the broken international architecture for education. *International Journal of Educational Development*, 68(C), 15-19.

Financial proposal evaluations due