



Making Best Use of Investment in Education and Training



**Institutional Reforms and Incentives
Changes for a Better Use of Resources**



Introduction



↳ **The objective pursued: Making Best Use of Resources**

- ↳ “A substantial annual increase in per capita investment in human resources”
- ↳ A more efficient use of resources and larger contribution from private sector

↳ **The strategy adopted: Working Group E**

- ↳ A general, non-binding and flexible toolbox of proposals
- ↳ A stronger link between proposals, research and benchmarks

↳ **The results obtained: Messages and Proposals**

- ↳ Institutional reforms to increase investment and improve governance (Part I)
- ↳ Incentives changes to raise quality and enhance attractiveness (Part II)



Definitions



↳ Efficiency

↳ *“Efficiency involves the relationship between inputs and outputs in a production process. The underlying notion is that production is efficient if given inputs produce the maximum output” E. Hanushek*

↳ Equity

↳ *“The idea of equity is that all students should have an equal chance to succeed, with actual observed success dependent on certain personal characteristics such as motivation, desire, effort, and to some extent ability. In negative terms, the idea of equal opportunity is that success should not depend on circumstances outside the control of the child, such as the financial position of the family, geographic location, ethnic, or racial identity, gender, and disability” C. Hoxby*



Part I – Institutional Reforms

↳ E&T systems reforms



↳ **Message 1:** To increase investment and improve governance, reforms shall concern both changes in the administrative structure of the educational institutions and the development of combined public-private initiatives

↳ Market reforms

↳ **Message 2:** To ensure the adequacy between labour supply and labour demand and encourage a larger participation in lifelong learning, reforms in both labour and financial markets are necessary



Message 1 – E&T Systems Reforms

↳ **Administrative structure reforms**

↳ **Organizational changes**

↳ **School inputs reform**



↳ **Public and private initiatives**

↳ **Coordination between public and private sectors**

↳ **Private provision of (non) academic services**



Message 2 – Market Reforms

↳ Labour market reforms

- ↳ Well-functioning labour markets
- ↳ Adaptability of labour markets



↳ Financial market reforms

- ↳ Tax policy
- ↳ Relief of credit constraints



Part II – Incentives Changes



↪ Financial incentives

↪ **Message 3:** More financial incentives should be introduced so as to compensate for the constraints in public budgets and introduce a stronger performance stance in the E&T system

↪ Non-financial incentives

↪ **Message 4:** Non-financial incentives should focus on teaching and learning quality as major areas for improvement



Message 3 – Financial Incentives

↪ Public and private financing



↪ Public money with private choice

↪ Tuition/fees with loans/grants

↪ Various wage and reward systems

↪ Pay for performance relationship

↪ Reward systems



Message 4 – Non-Financial Incentives

↪ Teacher/Trainer quality

↪ Assessment and appraisal

↪ Career structure with reward systems



↪ Schooling/Learning quality

↪ New focus on learning quality

↪ School/Learning accountability systems



Conclusion

↪ A word of caution

- ↪ No “one size fits all” recommendation
- ↪ Need to take into account the specificity of each country

↪ The necessity of evaluation

- ↪ To study impact and assess success
- ↪ Role of the studies in the Economics of Education

↪ The importance of coordination

- ↪ Identification of the most critical areas for action
- ↪ Clustering of willing participants for peer-learning





Thank you very much!!!

