



PERFORMANCE-BASED SCHOOL FINANCING



IMPLEMENTATION MANUAL

*MINISTRY OF BASIC AND SENIOR
SECONDARY EDUCATION*

OCTOBER 2020

1. INTRODUCING PERFORMANCE-BASED FINANCING SCHOOL GRANTS

1.1 INTRODUCTION

The Government of Sierra Leone provides largescale support including provision of teaching and learning materials, and financing (fee subsidies) to schools at all levels listed as approved ‘government’ and ‘government-assisted’. However, these resources are not always adequate to cover all the expenses and needs of beneficiary schools and unapproved schools are not included. The Performance-Based Financing (PBF) school grants are innovative additional resource support packages to schools that amplify specific learning and administrative outcomes. The size of the support is dependent strictly on performance metrics clearly defined and set for each school- the better you perform; the more resources you are eligible to receive.

1.2 HOW PERFORMANCE-BASED SCHOOL GRANTS WORK?

Performance-based financing (PBF) is a method of school financing based strictly on school performance metrics. Simply, the school gets more of the standard PBF grant if it **improves student attendance, retention and progression** and **improves teaching and learning outcomes**. Schools with **special needs and circumstances** (i.e. unapproved or small schools, schools in poor communities, or schools with students with disabilities) also receive extra funds. In addition, a school maintenance/renovation grant will be provided to certain schools to support them to conduct minor maintenance and repairs. The School Management Committees (SMCs) of the targeted schools will be required to develop a school development plan (SIP) which outlines the use of the funds. For example, the funds could be used for the replacement of roofs, fixing of classroom floors/walls, construction of facilities for children with disabilities, or fixing of sanitation facilities for girls.

	Standard PBF (A+B+C)			
	A: Retention and Progression Premium	B: Quality Premium	C: Equity Premium	
	Attendance, Retention and Progression (A)	Teaching & Learning (B)	Poverty, Small schools, Disability (C1)	Unapproved community schools (C2)
P1	Le 6,000 per pupil in attendance per year	Maximum 120% of A	Maximum 50% of A	Maximum 67% of A
P2	Le 15,000 per pupil in attendance per year			
P3	Le 15,000 per pupil in attendance per year			
P4	Le 21,000 per pupil in attendance per year			
P5	Le 21,000 per pupil in attendance per year			
P6	Le 30,000 per pupil in attendance per year			

1.3 WHAT IS THE SIZE OF A PBF GRANT?

The total amount of a standard PBF grant depends on **school performance** and other **equity considerations** such as school size, poverty, and approval status. For e.g. the **maximum** an approved school could get is between Le 15,000 – Le 20,000 per term per student in attendance, while an unapproved school would get between Le 25,000 – Le 30,000 per term per student in attendance. The table below shows how PBF unit rates could vary based on school performance. For the special scheme – the Supplemental School Grant Incentive – the amount of supplemental resources the school can get is also based on school performance. Schools that do better on standard PBF and meet repair targets will get more funds.

		Maximum (100%)	High Performance (80%)	Medium Performance (60%)	Low Performance (40%)
	Standard PBF				
	Unit Cost (Le) in terms of Per Student in Attendance Per Year				
No other equity premium	Approved	45,000	36,000	27,000	18,000
	Unapproved	75,000	60,000	45,000	30,000
Other Equity Premium	Approved	60,000	48,000	36,000	24,000
	Unapproved	90,000	72,000	54,000	36,000

1.4 WHEN DO SCHOOLS GET PAID?

Standard PBF grants are disbursed on a termly basis (3 times a year) while the School Renovation/Maintenance grants will be paid to schools that qualify annually at the end of third term based on data collected during the Annual School Census for that year. The School Renovation Manual will specify how schools will qualify and when schools will be paid.

1.5 WHAT CAN THE PBF FUNDS BE USED FOR?

The Performance-Based School Grants can bring in extra money for school investments (like extra teaching and learning materials, fixing or fabricating school furniture, better latrines, repair of classrooms and school buildings, etc.), help needy students, pay stipends to community teachers not on payroll, pay staff bonuses based on performance, and support school operations. One restriction is that no more than 25% of PBF funds could be used for stipends to community teachers or on staff performance bonuses. PBF grants cannot be used for providing loans, investments, festivals, salaries of teachers on payroll, sitting fees of SMC members, building teacher residences, etc. The resources must be contributing directly to the performance targets set for schools.

1.6 WHAT ARE THE OBLIGATIONS OF SCHOOLS RECEIVING PBF GRANTS?

Since schools receive extra funds, PBF schools will not charge school fees or unnecessary charges to students (Note: government and government-approved schools should not be charging students anyway because of existing school subsidy program by the Government of Sierra Leone). Schools are also required to prepare a School Development Plan (SDP) and budget, maintain financial records and receipts, and display summary report on PBF receipts and expenditures on school notice board. Schools not meeting these requirements will get two warnings (and their PBF grants withheld or forfeited) to address this issue. If the issue is still not addressed, the school will be disqualified from PBF, and if necessary, an investigation by MBSSE or Anti-Corruption will be initiated and PBF monies refunded by school.

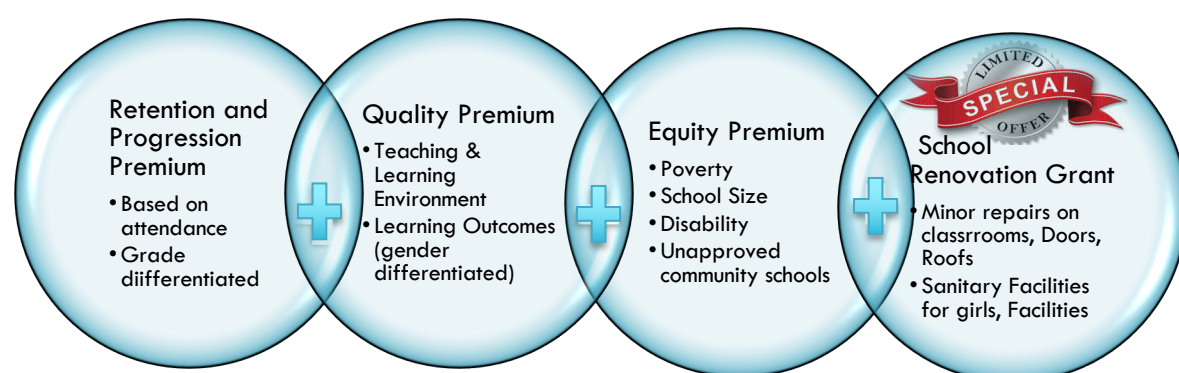
1.7 WHERE IS PBF IMPLEMENTED?

The PBF program will be implemented in all local councils and will target all government and government-assisted primary schools that are run on a full cycle (i.e. from class 1 to class 6). If a school has two segments – lower and upper for example (lower, catering for classes 1 – 3; and upper, catering for classes 4 – 6) even though they have separate administrations, such schools can be selected to benefit from the PBF.

2. DESCRIPTION OF PBF COMPONENTS

The regular performance-based financing (PBF) school grants comprises of three main components: (i) Retention and Progression Premium, (ii) Quality Premium, and (iii) Equity Premium.

Additionally, the School Renovation Grant is introduced to expedite the accomplishment of the Free Quality School Education objectives. The School Renovation Grant will target approximately 1,520 primary (680 Large Schools and 840 moderate to small size schools). The grants will support minor repairs like the replacement of damaged roofs, minor repairs on classroom floors and doors, construction/fixing of sanitation facilities for girls, construction of facilities to accommodate disabled children etc.



A. Retention and progression premium: Each school will receive a fixed basic allocation per student in attendance.

- **Indicators:** Schools receive a retention and progression premium each term based on number of students in attendance in that term.
- **Grant size:** The grant amount per student varies by grade level of the student as listed in Table 1 below.¹ The per student allocation is higher for students in higher grades to incentivize student retention and progression from lower to higher grades, and encourage primary school completion.²

Grade	Retention and Progression Premium
Primary 1	Le 2,000 per student in attendance per term
Primary 2	Le 5,000 per student in attendance per term
Primary 3	Le 5,000 per student in attendance per term
Primary 4	Le 7,000 per student in attendance per term
Primary 5	Le 7,000 per student in attendance per term
Primary 6	Le 10,000 per student in attendance per term

- **Data source:** Grade level attendance will be obtained from data provided by the Situation Room Monitors using data collection tool uploaded on tablets or smart phones. The Attendance in each school and in every grade will be calculated based on **physical headcount of students**. Attendance numbers will be captured once for **each term** from the PBF schools by the Inspectors of Schools, complemented by contracted data collectors as and when required, through unannounced visits.
- **Frequency of payment:** Schools will be paid the retention and progression premium every term (3 times a year).

B. Quality Premium. All schools will be given financial incentives for demonstrating service quality along 2 dimensions: (B1) Teaching & Learning Environment, (B2) Learning Outcomes.

- **B1: Teaching & Learning Environment:**

- **Indicators:** 5 indicators are identified:

¹ Average unit cost for this component was 9,000 Le per student per term before the introduction of the FQSE and is reduced to 6,000 Le per student per term going forward – a reduction of 3,000 Le per student per term. This is to offset the increase in fee subsidy of 5,000 Le. Hence, overall school resources will not suffer at all by reduction in PBF unit cost for this component.

² According to the Sierra Leone household survey, less than 50% of children who start grade 1 complete the primary cycle (i.e. reach grade 6). In addition, the cost of schooling is more in upper grades compared to lower grades.

#	Indicator	Target	Weight
1	% of teachers found teaching in classrooms	90%	20%
2	% of students with a textbook during lesson	50%	20%
3	% of classrooms with adequate teaching and learning materials during lesson, defined as: <ul style="list-style-type: none"> - All students in the classroom have an exercise book and a pen/pencil - Teacher in classroom has a lesson plan for the current lesson - Classroom has chalkboard in working condition - Classroom has chalk 	100%	20%
4	% of students assessed regularly by the teacher, defined as: <ul style="list-style-type: none"> - Student test, classwork or homework is corrected/graded by teacher at least once in last two weeks - Termly exams are conducted and scored 	100%	20%
5	% of teachers observed by head teacher in their classroom during lesson delivery at least once in the last month*	100%	20%
6	Availability of recent copy of School Improvement Plan	Yes	20%

**Note that if there is no documentary evidence to suggest that the teacher observations were done, the indicator will be considered unmet.*

- **Grant size:** The size of the quality premium related to teaching and learning environment (B1) is based on which of the 5 targets are met. For this PBF component B1, a school can receive 100% of the retention and progression grant if it meets all 5 targets. Fewer targets met means less grant funds – e.g. if the school only meets 2 out of 5 targets, it will get only 40% of the retention and progression grant for this component B1.
- **Data source:** Data on these indicators will be captured once each term from the PBF schools by Inspectors of Schools through unannounced visits. During each visit, the monitors will visit a random sample of 2 classrooms to collect the physical evidence on these indicators, following protocols seen below. The indicator values for the two classrooms will be calculated as the average of the indicator values #s obtained.

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#	Indicator	Measurement protocols during school visit	
1	% of teachers found teaching in classrooms	Monitor takes head count of teachers seen teaching in classrooms	Photographs also taken
2	% of students with a textbook during lesson	Monitor takes headcount of students with core textbooks irrespective of the lesson being taught.	Photographs also taken
3	% of classrooms with adequate teaching and learning materials during lesson	In each of the random sample of 2 classrooms: <ul style="list-style-type: none"> - Monitor takes headcount of students with an exercise book and a pen/pencil - Monitor asks the teacher to show his/her lesson plan for the current lesson 	Photographs also taken

#	Indicator	Measurement protocols during school visit	
		- Monitor sees chalk and chalkboard in classroom	
4	% of students assessed regularly by the teacher	In each of the random sample of 2 classrooms: - Monitor randomly selects 5 students and asks them to show classwork/homework/test conducted in the last two weeks. Monitor observes if the student work has been corrected/graded and the date it was corrected/graded by the teacher - Monitor asks the teacher to show the mark sheet from last term's exam	Photographs also taken
5	% of teachers observed by head teacher in their classroom during lesson delivery at least once in the last month	Monitor counts # of individual teacher observation and feedback forms from last month which are dated and signed by the head teacher and observed teacher	Photographs also taken
6	Availability of the recent copy of the School Improvement Plan	Monitor observes the School Improvement Plan presented by the school to see if it is recent (ie corresponding to the period of the assessment, with the relevant approvals and signatories)	

- Frequency of payment: This PBF grant will be paid every term (3 times a year).

- **B2: Learning Outcomes:**

- **Indicators:** 2 indicators are identified as seen below related to students' reading level for their grade. The targets are initially set on the low side, and will get progressively higher each year as schools are able to implement more measures and for longer to strengthen reading and language instruction.

#	Indicator	School Year		Target (by School Year)	Weight
1	% of students achieving minimum grade-level reading competency	2020-2021 year	school	40% or more	40%
				20% or more but less than 40%	20%
		2021-2022 year	school	50% or more	40%
				40% or more but less than 50%	20%

2	Share of female to male students with minimum grade-level reading competency*	Any	Between 0.95–1.05 **	10%
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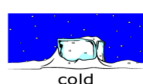
**Note if zero male and female students meet the minimum competency in reading, the target is considered unmet*

*** This target means that for every 100 male students that meet the minimum competency, there are between 95 to 105 female students that also meet the minimum competency.*

- **Grant size:** The size of the quality premium related to learning outcomes (B2) is based on which of the 2 targets are met. For this PBF component B2, a school can receive maximum 50% of the retention and progression grant. Fewer or lower targets met means less grant funds³ – e.g. in the 2018-2019 school year, only 30% of children in the school could read at grade level (#1) and the share of female to male students reading at grade level was 0.9 (#2). Hence, the school would get only 20% of the retention and progression premium against this component B2.
- **Data source:** Data on these indicators will be captured once each term from the PBF schools by Situation Room monitors through unannounced visits. During each visit, the monitors will randomly select 1 grade. From this sampled grade, a total of 5 boys and 5 girls will be randomly selected. The enumerator will administer a 5 minutes assessment to each sampled student to screen if they can read at grade level. Some examples of the type of screening questions (or probes) are given below.⁴ The indicator values for the term will be calculated as the average of the indicator values #s obtained from multiple visits.

Examples of screening questions (probes)

Q1. Which word means the opposite of **cold**





Q2. Please read the sentence to yourself. When you're ready, read each of the words in the sentence out loud to me.

Jim hid the bat in the shed

- **Frequency of payment:** This PBF grant will be paid every term (3 times a year).

³ To motivate schools who are struggling to continue with efforts to incrementally improve learning outcomes, schools can still get some funds (though not in the same proportion) even if the maximum target is not met.

⁴ The screening questions will vary by grade level of the student and a different set of screening questions will be administered in each visit.

C. Equity Premium: A proportion of schools will receive supplementary resources on top of the retention and progression premium and quality incentives, given their special needs and circumstances.

- **Indicators:** Schools eligible for the supplemental needs grant will be those which satisfy any of the following criteria:

#	Indicator	Target	Weight
1	The school is an unapproved community school	Yes	67%
2	The school is very small, defined as: - school enrolment is ≤ 100 students	Yes	10%
3	The school serves a very poor community, defined as: - schools located in communities that are in the top 40% of the poverty headcount distribution	Yes	20%
4	The school accommodates students with disabilities, defined as: - one or more children with physical, visual, hearing, and/or verbal disabilities attending the school*	Yes	20%

**Note that if there is no documentary evidence confirming disability status of student(s) in attendance, the indicator will be considered unmet.*

- **Grant size:** A school can receive up to 117% of the total retention and progression premium based on its special needs and circumstances. The size of the equity premium is based on which of the four criteria does the school meet. Each criterion carries a different weight, which will determine the size of the allocation. For example, if the school is *Unapproved* but does not meet other criteria, the school receives an equity premium equivalent to two-thirds (67%) of the retention and progression. If the school is unapproved and serves a very poor area, it will receive an equity premium equivalent to 97% (i.e. 67% + 20%) of the retention and progression.
- **Data source:** The data will be collected from different sources: small area poverty estimates by Statistics Sierra Leone, Annual School Census, and by Situation Room monitors during unannounced school visits.
- **Frequency of payment:** The school will receive the equity premium every term (3 terms a year).

School Renovation Grants

Some PBF schools have a significant number of broken or damaged furniture that needs to be replaced, while some PBF schools have many classrooms that need a lot of repair work. We recognize that in these schools where the situation is so severe, regular PBF funds are not sufficient to do all such repairs, or it might take years for these schools to do all such repairs. To accelerate the pace of school repairs in these schools, so schools are prepared to deliver on FQSE agenda, the School Renovation/Maintenance grants is provided to supplement the regular PBF funds.

- **Eligibility Criteria:**

The School Renovation/Maintenance Manual will provide details of the eligibility criteria for schools. Data will be obtained from the 2020 Annual School Census data as well as other technical requirements that would be stipulated by the School Renovation Manual.

Schools are required to prepare School Improvement Plans in order to benefit from the grants, and expenditure from these grants must be authorized by the School Management Committees (SMCs)

- **Grant Size:**

- 680 Large⁵ primary schools that qualify for the Renovation Grant can receive USD 5000 to undertake minor repairs and maintenance of classrooms and furniture, construct wash facilities for girls or construct facilities for disabled pupils.
- 840 small⁶ to moderate primary schools will receive USD 2000 to undertake maintenance of infrastructure in their schools.

3. USES OF PBF FUNDS

PBF earnings are mostly cash transfers made to the school's accounts. They may however be used in a holistic manner taking into consideration all cash and in-kind income and resources of the school from all combined sources. The School Management Committee (SMC) has the prerogatives of deciding on the allocation of the revenue. Any decisions taken on PBF utilization therefore must be endorsed by the SMC, aligned with the school development plan⁷ (SDP), and belong to any of the eligible expenditure categories below.

ELIGIBLE EXPENDITURES

The list of eligible expenditures is given below. Schools are required to maintain adequate financial records (receipts/vouchers, cash books) related to PBF expenditures, and prepare term-wise summary expenditure reports against the below categories. A School Based Management handbook will be provided that will include the reporting template.

⁵ Schools with total enrolment greater than 100

⁶ Enrolment <=100

⁷ Used interchangeably with the School Improvement Plan (SIP)

Eligible Expenditures		
#	Description of Categories	Type of Work
1	<p>School Facilities</p> <ul style="list-style-type: none"> a. Classrooms b. Latrines & Drop holes on school premises (especially latrines for girls) c. Water sources on school premises d. Storage room on school premises (for books & TLM) e. Labs f. Library g. Fence/Boundary Wall h. Adaptations to make school facilities accessible to children with disabilities (e.g. ramps) 	Repairs, Maintenance, Rehabilitation, Construction
2	School Furniture	Repairs, Maintenance, Fabrication
3	<p>Teaching and Learning Materials</p> <p><i>To fill gaps and/or replenish items after taking into consideration supplies made by the government, donors and NGOs</i></p> <ul style="list-style-type: none"> a. Books (e.g. textbooks, supplementary books, braille books) b. Teaching aids (e.g. chalkboard, chalk, chart papers, stationery items, registers, notebooks, etc.) c. Student aids (e.g. stationery items, exercise books, etc.) d. Lab Equipment 	
4	<p>Teaching and Learning Activities</p> <ul style="list-style-type: none"> a. Extra classes and lessons⁸ b. Remedial classes for children requiring special attention or that are lagging c. Tests and examinations (e.g. report cards, photocopying of test/exam papers, etc.) 	
5	<p>Co-curricular Activities</p> <ul style="list-style-type: none"> a. Student clubs b. Science fairs, reading competitions, spelling bees, debates, etc. c. Health, hygiene, safety and psychosocial education of students 	

⁸ Those activities organized by the schools particularly for examination classes or remedial classes

Eligible Expenditures		
#	Description of Categories	Type of Work
6	<p>Performance Bonus for teachers*</p> <ul style="list-style-type: none"> This bonus is strictly to be paid against teacher performance – the performance indicators must be clearly specified, means of verification described, the indicators must be regularly monitored and documented, and the decision to pay which teachers, how much and on what basis clearly documented and signed by SMC members. Receipts of payments made to teachers for this category must be kept. 	Maximum of 25% of PBF grant can be spent on categories #6-#8 combined
7	<p>Stipends for community teachers (i.e. teachers not on payroll)</p> <ul style="list-style-type: none"> Before incurring this expenditure, the list of teachers not on payroll, the amount of stipend to be paid to each of them from PBF, amount of stipend to be paid to each of them, as well as the criteria for payment be clearly documented and signed by SMC members. Receipts of payments made to teachers for this category must be kept. 	
8	Teacher Professional Development activities	
9	<p>In-kind support for poor/needy students only (e.g. uniforms, shoes, school bags, assistive aids for children with physical, visual or hearing impairments)</p> <ul style="list-style-type: none"> The list of poor/needy students must be identified based on clearly specified criteria, documented and endorsed by SMCs. The nature of in-kind contribution for each of these students must also be documented and endorsed by SMCs. Maintain record/receipts of students receiving the support. No cash should be given to students or households directly. 	
10	<p>Activities to mobilize student enrolment, attendance and retention</p> <p><i>(e.g. enrollment drive, open days, parent-teacher conference, outreach to communities for encouraging enrollment, retention and attendance, etc.)</i></p>	

Eligible Expenditures		
#	Description of Categories	Type of Work
11	School operational costs <ul style="list-style-type: none"> a. Utilities b. Consumables (e.g. stationery, notebooks, registers, vouchers book, photocopying administrative forms, etc.) c. School notice board to display PBF progress and utilization d. Other PBF information dissemination activities to communities e. Servicing of SMC/CTA meetings 	

** Please note that teacher performance bonus is separate from stipends for community teachers (these are separate expenditure categories). If the school wishes to introduce teacher performance bonus, the teacher performance bonus will only be paid based on individual staff member's performance against at minimum the 3 proposed criteria below (with different weights). Schools may adapt as needed in discussion with SMC, but the modified performance criteria, weights and means of verification must be minuted and endorsed by SMC members. The performance assessment of individuals is endorsed by the SMC, and the names of teachers receiving the performance bonus and the amount of bonus must be displayed in a prominent place in the school. Schools must keep records of the performance assessment and its endorsement by SMC.*

	Criteria	Proof	Weight
1	Daily attendance (every school day)	Time book	20%
2	Job punctuality (on time in class)	Class registers	20%
3	Satisfactory work delivery and completion	Lessons plans/notes Head teacher observation and feedback Student and Parental feedback	60%

INELIGIBLE EXPENDITURES

The list of **ineligible expenditures** is as follows:

- Transport allowances to teachers and head teachers
- Construction of teacher residences
- Salaries of teachers on payroll
- Financial assistance to teachers, head teachers, SMC members or community members
- Fees to SMC members
- Lending
- Saving to earn interest
- Activities that are not priorities or are not captured in SIP

- Clothes for teachers and students (excluding poor students)
- Materials that do not support learning process
- Activities already funded by other agencies
- Financing activities run by government offices
- Activities unrelated to school operations (e.g. festivals, events)
- Buying shares
- Investment

4. PBF REQUIREMENTS AND PENALTIES FOR NON-COMPLIANCE

- **Having a costed School Development Plan is a requirement.**
 - Schools that do not have a costed SDP will be given a first warning and 100% of the next tranche of PBF will be withheld until submission of the SDP and the SMC and ward education committee will be informed
 - If the school does not submit a costed SDP within 30 days of the first warning, the PBF funds withheld will be forfeit, and the school will receive a second warning and the SMC and ward education committee will be informed
 - If the school still does not have a costed SDP within 60 days of the second warning, the school will be disqualified from PBF and the SMC and ward education committee will be informed
- **Maintaining receipts and financial records of PBF expenditures/utilization is a requirement.**
 - Schools that do not maintain receipts and records of PBF expenditures/utilization will be given a first warning and 100% of the next tranche of PBF will be withheld until submission of the relevant records for the missing term(s), and the SMC and ward education committee will be informed
 - If the school does not submit the receipts and records of PBF expenditures/utilization within 30 days of the first warning, the PBF funds withheld will be forfeit, and the school will receive a second warning, and the SMC and ward education committee will be informed
 - If the school still does not begin to maintain the receipts and records of PBF expenditure/utilization within 60 days of second warning, the school will be disqualified from PBF, and the SMC and ward education committee will be informed. In addition, an investigation will be initiated by MBSSE and/or Anti-Corruption Commission to look into use of PBF monies. Depending on the outcome of the investigation, the school may be required to refund PBF monies back to MBSSE.

- **Display of last term's summary of PBF expenditures/utilization in a visible location on school premises (e.g. school notice board) is a requirement.**
 - Schools that do not display info on PBF utilization will be given a first warning and 100% of the next tranche of PBF will be withheld until info on PBF utilization is displayed, and the SMC and ward education committee will be informed
 - If the school does not display info on PBF utilization with 30 days of the first warning, the PBF funds withheld will be forfeit, and the school will receive a second warning, and the SMC and ward education committee will be informed
 - If the school still does not display info on PBF utilization within 60 days of second warning, the school will be disqualified from PBF and the SMC and ward education committee will be informed.
- **Falsification and Fraud:**
 - If falsification of records, misreporting, and fraud is detected for the first time: the next tranche of PBF funds will be forfeited, and the SMC and ward education committee will be informed.
 - If it is the second time falsification of records, misreporting, and fraud is detected in the same school, the school will be disqualified from PBF and the SMC and ward education committee will be informed. In addition, an investigation will be initiated by MBSSE and/or Anti-Corruption Commission to look into use of PBF monies. Depending on the outcome of the investigation, the school may be required to refund PBF monies back to MBSSE.