Inputs, Incentives, and Complementarities in Education: Experimental Evidence from Tanzania

We present results from a large-scale randomized experiment across 350 schools in Tanzania that studied the impact of providing schools with (a) unconditional grants, (b) teacher incentives based on student performance, and (c) both of the above. After two years, we find (a) no impact on student test scores from providing school grants, (b) some evidence of positive effects from teacher incentives, and (c) significant positive effects from providing both programs. Most importantly, we find strong evidence of complementarities between the two programs, with the effect of joint provision being significantly greater than the sum of the
individual effects. Our results suggest that combining spending on school inputs (which is the default policy) with improved teacher incentives could substantially increase the cost-effectiveness of public spending on education.

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