

**Occasional Paper No. 10**



**ISLAMIC DEVELOPMENT BANK**

**FINANCING BASIC EDUCATION IN  
IDB MEMBER COUNTRIES**

**ECONOMIC POLICY AND STRATEGIC PLANNING**



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**ABDEL-HAMEED M. BASHIR**

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**DISCLAIMER:** Views expressed in the Paper are those of the author and do not necessarily represent the IDB, its Management, Board of Executive Directors, or the member countries. Occasional Papers describe research by the author(s) and are published to elicit comments and to further debate.

## TABLE OF CONTENTS

<b>LIST OF TABLES</b>	vi
<b>LIST OF BOXES</b>	vii
<b>PREFACE</b>	viii
<b>LIST OF ACRONYMS AND ABBREVIATIONS</b>	ix
<b>ACKNOWLEDGEMENTS</b>	xi
<b>EXECUTIVE SUMMARY</b>	xiii
<b>Chapter I: Introduction</b>	1
1.1 Background	1
1.2 Why Is Financing Basic Education So Important?	4
1.3 Objectives	7
1.4 Approach and Data	8
<b>Chapter II. The State of Education in IDB Member Countries: Challenges, Constraints and Opportunities</b>	10
2.1 Taking Stock of the Current Experiences	10
2.1.1 Major Constraints	10
2.1.2 Regional Gaps	11
2.1.3 The Gender Gaps	13
2.1.4 Wealth Gaps	14
2.1.5 The Rural- Urban Divide	14
2.1.6 Educational Attainment	14
2.2 Some Innovative Reforms	17
2.2.1 Islamic Education(Madrasa)	17
2.2.2 Incentive Schemes	18
2.3 Current Government Expenditure on Education	19
2.3.1 Revenue-GDP Ratio	22
2.3.2 Current Spending on Education	22
2.3.3 Per Unit Cost of Education	23
2.3.4 Teacher Salaries	23
2.3.5 Recurrent Spending on Inputs Other than Salaries	23
2.3.6 Pupil-Teacher Ratio	24
2.3.7 Share of Private Schools	24
2.3.8 Average Repetition Rate	24
2.4 Resources Needed to Achieve MDGII in Member Countries	24
<b>Chapter III. Options for Financing Education in IDB Member Countries</b>	30
3.1.1 The Role of Governments in Financing Basic Education	31
3.1.2 Domestic Resource Allocation/Mobilization	32
3.1.3 Supply-Side Interventions	33
3.1.4 Demand-Side Interventions	35
3.2 The Role of the Private Sector	36

3.2.1 Private Sector as a Provider	37
3.2.2 Private Sector as a Financier	38
3.3 Partnership with other Stakeholders	39
3.4 Role of Awqaf and Zakah in Financing Education in IDB Member Countries	40
<b>Chapter IV: Case Studies in Financing Education Reforms in IDB Member Countries</b>	42
4.1 Malaysian Experience	42
4.1.1 Trends in Education Expenditure	42
4.1.2 Educational Development 1970-2000	45
4.2.3 Participation Rate in Government and Government-Aided Institutions	45
4.2.4 The Gender Issue in Malaysian Educational Institutions	46
4.2.5 Private Education	46
4.1.6 Analysis of Unit Costs of Education	46
4.2 Tunisian Experience	48
4.2.1 The Reform of 1989	48
4.2.2 The Reform of 2002	49
4.2.3 Expenditure on Education and Training	49
4.2.4 Annual Expenditure per Student	50
4.2.5 Growth of the Operating Budget: Priority to Recruiting Teachers	51
4.2.6 Decrease of the Share Allocated to Capital Expenditure	51
4.2.7 Lessons to be Learned from the Tunisian Experience	52
<b>Chapter V. The Experience of Development Partners with Education Reforms</b>	54
5.1 The Experience of IDB in Financing Education in Member Countries	54
5.2 Policies and Modalities of Other Agencies	60
5.2.1 EFA Fast Track Initiative	60
5.2.2 Poverty Reduction Strategy Papers (PRSPs)	62
5.3 Coordination/ Monitoring Process	63
5.3.1 Capacity Building/Technical Assistance	64
5.3.2 Student Assessment	64
5.4 Financing	65
<b>Chapter VI. Conclusion</b>	68
6.1 Lessons Learned	68
6.2 Suggested Areas for Action	69
<b>References</b>	72
<b>ANNEX A: Educational Reforms</b>	75
<b>ANNEX B: Tables</b>	89

## LIST OF TABLES

Page No.		
Table 1	Education Enrollment in IDB Member Countries	12
Table 2	Primary Education Attainment and Enrollment in IDB Countries from Africa	15
Table 3	Primary Education Attainment and Enrollment in IDB Countries from Asia	16
Table 4	Selected Indicators of Primary Education in low-income IDB Member Countries (2003)	20
Table 5	Selected Indicators of Primary Education in IDB Member Countries in Africa and Other Regions	21
Table 6	Benchmarks Indicators for Primary Education Efficiency and Quality	26
Table 7	Actual and Projected Expenditure in Primary Education, Domestic Financing and Financing Gap, by Country under Scenario C2	29
Table 8	Estimated Education Expenditure at Current Prices Against Total Government Expenditure and GDP, 1981-2003	44
Table 9	Evolution of Tunisian State Budget and the Proportion of Education and GDP (1999)	51
Table 10	Approved Projects by Mode of Financing for Ordinary and T.A. Operations: Education Sector Only	60
Table 11	Multilateral Official Commitments for Education and Basic Education, by Donor and Region, 1997-2000	66
Table 12	Total Official Commitments for Education and Basic Education by Region, 1997-2000	67
Table A.1	Key Education Policy Options	87
Table B.1	Primary School Enrollment Ratios in IDB Member Countries	89
Table B.2	Primary Education Attainment and Enrollment in IDB Member Countries from MENA	90
Table B.3a	Allocation of Education Expenditure in Malaysia	91
Table B.3b	Recurrent Cost by Level of Education: 1990-2003	92
Table B.4	Number of Government and Government-Aided Education Institutions	92
Table B.5	Enrollment in Government and Government-Aided Institutions	93
Table B.6	Pupil/Teacher Ratios in Primary and Secondary Schools in Malaysia (1970-2003)	93
Table B.7	Enrollment in Primary & Secondary Schools by Gender	94
Table B.8	Trends in Average State Funding	94
Table B.9	Bilateral Official Commitments for Education and Basic Education By Donor and Region, 1997-2000	95

## LIST OF BOXES

Box 1.1	International Commitments for Education	2
Box 1.2	Case Studies of Individual Returns from Education	5
Box 1.3	Education and Economic Growth in East Asia	6
Box 2.1	Innovative Education Reforms in Some Member Countries	18
Box 2.2	Financing Education for All by 2015	28
Box 4.1	Main Projects Financed by International Resources	52
Box 5.1	Bilingual Education Support Project	57
Box 5.2	Using Arabic Alphabet for Writing Native and Indigenous Languages in Africa	58
Box 5.3	How Does FTI Work?	62
Box A.1	Explanatory Factors for Successful Quantity Expansion: Lessons from Korea	76
Box A.2	Education Reforms: Quality Assurance in Thailand	79
Box A.3	Using Technology to Create an Effective Learning Environment in Australia	80
Box A.4	Education Achievement in Indonesia: Hard Lessons About Quality	82
Box A.5	The Success of Guinea	83
Box A.6	Uganda's Success Story: The "Big Bang" Approach	85

## PREFACE

As it empowers people, creates choices, and reduces the burdens of poverty, education is considered a basic human right and an anchor of a broad-based poverty reduction. Investing in basic education has moved to the center stage of strategies to promote economic growth, full employment and poverty reduction. Consequently, financing basic education has received a strong commitment from the international community in Jomiten (1990) and in Dakar (2000). This commitment was reconfirmed at the United Nations Conference on Financing Development held in Monterrey, Mexico (2002). The efforts and strategies of the international agencies and institutions in financing basic education is culminated by the introduction of the Fast Track Initiative (FTI), the global partnership to accelerate the Millennium Development Goal of universal primary school completion(MDGII) by 2015.

Like most of the developing countries, IDB member countries are looking to education for helping them adapt to the globalized economy and achieve their long-sought goals of economic growth and social development. In effect, there are three overriding objectives driving governments in member countries to invest in basic education. First, to produce a literate and numerate population by expanding access to education. Second, to lay the groundwork for further education by improving educational outcome in order to build a strong base of human capital for development. Third, to reduce social inequality and poverty. Although the government still plays a predominant role in providing basic education, the role of the central government is gradually changing in many IDB member countries, resulting in regional authorities and communities assuming significant educational responsibilities. The private sector is also playing increasingly important role in financing and providing education. Moreover, the IDB is currently financing educational projects in most of the member countries, with projects covering all levels of education.

In view of the positive externalities associated with basic education, the IDB Board of Executive Directors endorsed the proposal for preparing an occasional paper on the financing of basic education in member countries. Accordingly, this paper takes stock of the experiences of IDB member countries in financing basic education, drawing on the experiences of the IDB and other institutions in supporting education in the member countries, with a view to disseminating information about good practices and successful modalities. The paper also makes some suggestions for better mobilization and utilization of resources to achieve the Millennium Development Goals related to basic education in member countries.



## LIST OF ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
AfDB	African Development Bank
AFR	Africa Region of the World Bank
BADEA	Arab Bank for Development in Africa
CAS	Country Assistance Strategy
CDF	Comprehensive Development Framework
CIS	Commonwealth of Independent States
CONFEMEN	Conférence des Ministres de L'Education des Pays Ayant le Français en Partage
DAC	Development Assistance Committee of the OECD
DC	World Bank/IMF Development Committee
ECA	Europe and Central Asia Region of the World Bank
EFA	Education For All
EAP	East Asia/Pacific Region of the World Bank
ESS	Education Sector Strategy
EU	European Union
FTI	Fast Track Initiative
GDP	Gross Domestic Product
GER	Gross enrollment Rate
GNP	Gross National Product
HIPC	Highly Indebted Poor Countries
HPAEs	High Performing Asian Economies
ICT	Information and Communication Technology
IDB	Islamic Development Bank
ID	Islamic Dinar
IFC	International Finance Corporation
IIEP	International Institute of economic Planning
IMF	International Monetary Fund
ISESCO	Islamic Educational, Scientific and Cultural Organization
IWGE	International Working Group on Education
LCR	Latin America& Caribbean Region of the World Bank
MDBs	Multilateral Development Banks
LDCs	Least Developing Countries
LDMCs	Least Developed Member Countries
MCA	Millennium Challenge Account
MDGs	Millennium Development Goals
MDGII	Second Millennium Development Goal
MNA	Middle East/North Africa Region of the World Bank
MOE	Ministry of Education
MOF	Ministry of Finance
MOU	Memorandum of Understanding
NGOs	Non-Governmental Organizations
OCR	Ordinary Capital Resources
ODA	Official Development Assistance

OECD	Organization of Economic Cooperation and Development
OIF	Organisation Internationale de la Francophonie
PCR	Primary Completion Rate
PISA	Programme for International Student Assessment
PPP	Purchasing Power Parity
PRSP	Poverty Reduction Strategy Paper
PTA	Parent/Teacher Association
PTR	Pupil/Teacher Ratio
RM	Malaysian Ringget
SAO	Special Assistance Office
SAR	South Asia Region of the World Bank
SWAps	Sector-Wide Approaches
TA	Technical Assistance
TD	Tunisian Dinar
UIS	UNESCO Institute of Statistic
UNECA	United Nations Economic Commission for Africa
UNDP	United Nations Development Programme
UNESCO	United Nations Education, Scientific and Cultural Organization
UNICEF	United Nations Infant, Children Fund
UPC/UPE	Universal Primary Completion/Universal Primary Education
US	United States of America
USD	United States Dollar

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## **Executive Summary**

Most of the IDB member countries have committed to the Millennium Development Goals (MDGs) and the international consensus on Education For All (EFA). Yet many remain far from achieving the core EFA goal that, every child in every country should have the chance to complete at least a primary education. There are many reasons behind this, the most important being education reforms and education financing. Meanwhile, in many IDB member countries, the public sectors are facing hard budget constraints. Accordingly, real spending on education is low, and spending patterns across education levels are shifting. Since the existing resources are not sufficient to support quality basic education, mobilizing and allocating additional resources is a high priority in these countries.

Increased donor funding is extremely crucial for many IDB countries, especially HIPC countries and countries where the government is the prominent provider of education. According to Monterrey Consensus, countries with 'credible' efforts to enhance domestic resource mobilization would get financial support from the international community. In particular, countries must prioritize education systems in their own budget allocations, and perhaps even more importantly, reform their education systems to improve quality and efficiency of service delivery to reach underserved populations, including girls, children living in poverty, and children from minority groups. The mobilized resources should then be efficiently allocated to mitigate both supply-side and demand-side constraints.

Accordingly, a crucial first step in mobilizing domestic resources is an educational strategy that sets the priorities and channels the resources to achieve them. There are many modalities that governments adopt to diversify the sources of funds in order to generate and efficiently allocate resources, including broadening the tax base, adopting fiscal decentralization, enhancing the consistency of macroeconomic policies, and creating enabling environment to encourage private sector participation. Reallocation of recurrent resources from defense, or other sectors, to education provides additional means to finance the educational Millennium Goal (MDGII).

An important mechanism of mobilizing financial and non-financial resources is partnership with different parties involved in the education process. Because financing educational reforms entail substantial costs, many countries have come to realize the importance of partnerships with various stakeholders. Partnerships with stakeholders are becoming increasingly popular due to the fact that, partners often share the burden of school financing. In particular, parents and local communities have been important contributors to school construction in many countries, including IDB member countries. Moreover, involving partners such as NGOs, religious and civil society organizations can lead to additional resource mobilization for education financing. Other partners like teacher unions, non-teaching staff, and other educational officials can contribute large non-financial resources such as time, awareness, and managerial skills.

The IDB member countries can also effectively utilize the potential resources generated from Awqaf and Zakah to finance primary education expansion and mitigate the direct and indirect costs of schooling to the poor. In many IDB member countries, proceeds from Zakah and Awqaf are already being used to finance social projects such as hospitals and mosques (*masjids*). Due to their religious importance, Awqaf and Zakah can be very effective in expanding education among the poor; especially among girls.

The increased recognition of the value of education also has led to a growing role of the private sector in providing and financing education. In many IDB member countries, enrollments in private primary schools exceed 10 per cent, reflecting the relative importance of private sector as a provider of education. The increased demand for private education can be viewed as a response to situations where public education services are not adequate or of the kind people want. Meanwhile, several financing mechanisms consistent with private sector financing of education services were adopted in the member countries. Such mechanisms include 'cost-sharing schemes' and 'government subsidies', and 'tuition fees.' Indeed, an increased role for the private sector in providing and financing, for example higher education, could reduce public expenditure on that sub-sector and release considerable resources that could be devoted to basic education.

The experience of Malaysia and Tunisia in financing education and achieving full coverage provide valuable lessons for the rest of IDB member countries, especially those who have not made progress towards the Millennium Development Goal of universal primary completion (MDGII). For example, the importance given to education in Malaysia is clearly reflected in the country's budgetary allocation over the years. The government focus was initially on expansion and curriculum development, in later stages the focus has shifted to maintaining quality, equity and efficiency of education. In Tunisia, basic education has been subject to a series of reforms. In the earlier reforms, several measures have been undertaken to extend compulsory schooling up to the age of 16, improve teachers' qualifications, and the introduction of data management in educational institutions through information and communication technology. The later reforms focused on educational priority schools programmes, including the allocation of extra funds for the construction of multi-purpose classrooms, libraries, and the provision of educational equipments and supplies.

The efforts and strategies of the international agencies and institutions in financing basic education is culminated by the introduction of the Fast Track Initiative (FTI), a global partnership between developing countries and donor countries and agencies which aims to accelerate progress towards the core of EFA goal of universal primary completion (UPC). In Monterrey, Mexico, the developed countries and multilateral development banks have pledged to financially support nationally owned and driven development frameworks provided that developing countries have clear strategies for basic education. In addition, the other policies and modalities provided by these institutions to support basic education include debt relief, incorporation of basic education in the poverty reduction strategy papers (PRSPs), coordination and monitoring, and capacity building.

The IDB support to education in member countries has spanned three decades, and covered all levels of the education system. The Bank's interventions in education have focused more on construction and equipments. The Bank's emphasis on construction can be viewed in the context of the demand-driven support, which is motivated by the member countries' efforts to expand access. In order to further enhance its effectiveness in this area, the Bank would need to devise a more clear educational strategy with greater emphasis on improving basic education in member countries.

## Chapter I

### INTRODUCTION

#### *1.1 Background*

There is now a substantial body of evidence indicating that primary education is productive in an economic sense, and that it affects people's behavior in ways which support a wide range of development goals. The economic and social returns to education are so intrinsic and so considerable that access to quality primary schooling has formally been accepted as a basic human right for almost fifty years; enshrined in international treaties and conventions that are legally binding on signatory states. Research has shown that education has a crucial role to play in the process of earning formation, and that the returns to education increase substantively with the years of schooling<sup>1</sup>. Furthermore, education impacts growth directly since it contributes to the creation of human capital, and that the quality of human capital is complementary to many factors of production. Therefore, investing in human capital and, by implication, primary education has moved to the center stage of strategies to promote economic growth, full employment and poverty reduction. Increasingly, however, research suggests that many of the positive externalities associated with primary education require that a minimum threshold of five to six years of schooling be attained, hence the importance of ensuring primary school completion, and not just primary school access (Bruns et al, 2003).

In both the World Declaration on Education For All (EFA) and the Millennium Declaration, the international community has laid out time-bound goals largely geared towards primary education (Box 1.1). The central purpose of the EFA is twofold: to produce a literate and numerate population by expanding access to education, and to lay the groundwork for further education by improving educational outcome. In March 2002, the Monterrey Consensus recognized education as part of the basic economic and social infrastructure for sustainable development and reaffirmed the importance of expanding education systems and maintaining equitable access. Since then, the issue of education financing has gained importance in policy dialogues, and the donor community have expressed a strong commitment to facilitating progress towards the education goal by helping to finance it. Specifically, the rich countries had pledged that no country with a "credible" EFA plan would be unable to implement it for lack of resources.

Indeed, providing access to basic education as well as improving quality requirements related to learning acquisitions are formidable challenges that are inextricably linked to the question of education financing. To many highly indebted countries (HIPC) and low-income countries, reaching the education goals would require more resources than their government are currently mobilizing from the domestic economy. It is often argued that efforts to expand access to education can

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<sup>1</sup> Research also showed that an additional year of schooling raises incomes 10 percent; in very poor countries it can increase incomes 20 percent or more (Psacharopoulos and Patrinos, 2002). Data on within-country changes in education and productivity suggest that a one-year increase in average years of schooling for a country's labor force raises output per worker 5-15 percent (Topel 1999).



only be done with greater partnerships and cost-sharing mechanisms. Increased donor funding is deemed crucial and extremely critical if the EFA goal is to be achieved by 2015. Meanwhile the policy stance for poor and low-income member countries is to prioritize education on their own budget allocations, and perhaps even more importantly, reform their educational systems to improve the quality and efficiency of service delivery to reach under-served populations, including girls, children living in poverty, and children with disabilities.

<b>Box 1.1 International Commitments for Education</b>		
<i>Universal Declaration of Human Rights (1948)</i>	<i>Jomtien Framework for Action (World Conference on Education for All, Jomtien, Thailand, 1990)</i>	
<p><b>Article 26</b> 1. Everyone has the right to education. Education shall be free, at least in the elementary and functional stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit.</p> <p>2. Education shall be directed to the full development of the human personality and to the strengthening of respect for human rights and fundamental freedoms. It shall promote understanding, tolerance and friendship among all nations, racial or religious groups, and shall further the activities of the United Nations for the maintenance of peace.</p>	<p>Participating countries were invited to set their own targets for the 1990s in terms of six proposed dimensions:</p> <ol style="list-style-type: none"> <li>1. Expansion of early childhood care and developmental activities, including family and community interventions, especially for poor, disadvantaged and disabled children.</li> <li>2. Universal access to, and completion of, primary education (for whatever higher level of education is considered as “basic”) by the year 2000;</li> <li>3. Improvement in learning achievement such that an agreed percentage of an appropriate age cohort attains or surpasses a defined level of necessary learning achievement;</li> <li>4. Reduction of the adult illiteracy rate (the appropriate age group to be determined in each country) to, say, one-half its 1990 level by the year 2000, with sufficient emphasis on female literacy to significantly reduce the current disparity between male and female illiteracy rates;</li> </ol>	<ol style="list-style-type: none"> <li>2. Ensuring that by 2015 all children, particularly girls, children in difficult circumstances and those belong to ethnic minorities, have access to and complete, free and compulsory primary education of good quality;</li> <li>3. Ensuring that the learning needs of all young people and adults are met through equitable access to appropriate learning and life-skills programmes;</li> <li>4. Achieving a 50% improvement in levels of adult literacy by 2015, especially for women, and equitable access to basic and continuing education for all adults;</li> <li>5. Eliminating gender disparities in primary and secondary education by 2005, and achieving gender quality in education by 2015, with a focus on ensuring girls’ full and equal access to and achievement in basic education of good quality;</li> </ol>

<p>3. Parents have a prior right to choose the kind of education that shall be given to their children.</p>	<p>5. Expansion of provisions of basic education and training in other essential skills required by youth and adults, with program effectiveness assessed in terms of behavioral changes and impacts on health, employment and productivity;</p>	<p>6. Improving all aspects of the quality of education and ensuring excellence of all so that recognized and measurable learning outcomes are achieved by all, especially in literacy, numeracy and essential life skills. -----</p>
<p><b>The Convention on the Rights of the Child (1990)</b></p>	<p>6. Increased acquisition by individuals and families of the knowledge, skills and values required for better living and sound and sustainable development, made available through all education channels including the mass media, other forms of modern and traditional communication, and social action, with effectiveness assessed in terms of behavioral change.</p>	<p><b>Millennium Development Goals (UN Millennium Summit, 2000)</b></p> <p><b>Goal 2 – Achieve universal primary education</b></p> <p><i>Target:</i> Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.</p>
<p><b>Article 28 – Education</b> The child has a right to education, and the State’s duty is to ensure that primary education is free and compulsory, to encourage different forms of secondary education accessible to every child and to make higher education available to all on the basis of capacity. Schools discipline shall be consistent with the child’s rights and dignity. The State shall engage in international cooperation to implement this right.</p>	<p><b>Dakar Framework for Action (World Education Forum, Dakar, Senegal, April 2000)</b></p> <p>Participants at the Forum committed to the attainment of the following goals:</p>	<p><i>Indicators:</i> Net enrolment ratio in primary education. Proportion of pupils starting grade 1 who reach grade 5 Literacy rate of 15- to – 24-year-olds</p>
<p><b>Article 29 – Aims of education</b> Education shall aim at developing the child’s personality, talents and mental and physical abilities to the fullest extent. Education shall prepare the child for an active adult life in a free society and foster respect for the child’s parents, his or her own cultural identify, languages and values, and for the cultural background and values of others.</p>	<p>1. Expanding and improving comprehensive early childhood care and education, especially for the most vulnerable and disadvantaged children;</p>	<p><b>Goal 3 – Promote gender equality and empower women</b></p> <p><i>Target:</i> Eliminate gender disparity in primary and secondary education preferably by 2005 and in all levels of education no later than 2015.</p> <p><i>Indicators:</i> Ratio of girls to boys in primary, secondary, and tertiary education Ratio of literate females to males among 15- to 24-year-olds Share of women in wage development in the non-agricultural sector.</p>

Source: [www.adb.org/Documents/Banks/Key\\_Indicators](http://www.adb.org/Documents/Banks/Key_Indicators)

To this end, the Islamic Development Bank (IDB) has recently revised its mission statement to focus on alleviating poverty (that all aspects of poverty reduction, including investment in human capital and women empowerment) and enhancing cooperation among its member countries. By so doing, the Bank incorporated the Millennium Development Goals (MDGs)<sup>2</sup> into its new strategic vision of financing for development. Yet, streamlining the efforts of the member countries towards realizing the education goals -universal enrollment in primary education and elimination of gender disparities in primary and secondary education- the Dakar Initiatives of "Education For All" (EFA)-is a challenging effort that requires an " expanded vision" that surpasses the present resource levels while building on the best current practices.

Given the strong economic and social benefits of universal primary education, this study will focus specifically on financing primary education in IDB member countries in pursuance of achieving the United Nations' education Millennium Development Goal (henceforth, MDGII).

### ***1.2 Why Is Financing Basic Education So Important?***

Financing basic education is important for many reasons. First, basic education (primary and lower secondary) is now embraced by most countries as an integral part of their poverty reduction strategies. It is a goal to which donors and multilateral institutions have expressed strong commitment. Studies of the costs and benefits of schooling, using formal sector earnings as a measure of benefits, consistently indicate that average rates of return to education are high in comparison with returns to expenditures in other sectors, and are highest for primary schooling (Box 1.2). Empirical evidence suggests that basic education also improves productivity not only in the formal sector, but also in the rural and urban informal sectors (Colclough and Lewin, 1993). Accordingly, multilateral development banks (MDBs) supported policies to increase the provision of primary education for the poor, particularly girls, through lending and non-lending services.

Second, the millennium development goals (MDGs), including MDGII, are now central to development, and the international community has voiced its commitment to achieving the MDGs by 2015. Yet, achieving the MDGII requires supportive education policies and strategies to enroll all school-age children and keep them in school. Indeed, the provision of basic education for all (EFA) needs political commitment and political will backed by appropriate fiscal measures and reinforced by educational policy reforms. Certainly, educational reforms require resource mobilization, resource allocation, and resource targeting. Failure to financially support the reforming of basic education will seriously compromise the country's efforts to reduce poverty.

Third, investing in education is fundamental to the creation of a competitive, knowledge-based economy, and for the direct production of the critical mass of

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<sup>2</sup>The MDGs were set in the U.N. Millennium Declaration, endorsed by Heads of States and Governments in the U.N. General Assembly on September 8, 2000. It is notable that goals 2 and 3 of the MDGs comprise the second and the fifth of the EFA ( Box 1.1).

scientists, engineers, and skilled workers that every country -no matter how small or poor- needs. Broad-based education is, therefore, associated with faster diffusion of information within the economy, a necessary condition for increasing the productivity of workers in both traditional and modern sectors. Countries whose education systems are not prepared to support the acquisition and application of knowledge are at risk of being marginalized in an increasingly competitive global economy (World Bank, 2003).

**Box 1.2 Case Studies of Individual Returns from Education**

In these studies, the earnings premium of education is deducted from micro-econometric estimations of earning functions. The education level of individuals is used as an explanatory variable of their incomes, and other individual characteristics of workers or work-specific determinants. The micro-levels studies make it possible to derive the individual returns from each additional year of schooling.

**Chile**

Private returns on investment in education were estimated on the basis of 1998 International Adult Literacy Survey data set (Contreras, Bravo and Medrano, 1999). In this study, the determinants of earnings considered include the age, level of education, employment situation and observed experience of workers as well as dummy variables to capture the effects of primary, secondary and tertiary education. The results indicate that individual returns to education were 9, 7, and 19 per cent respectively. This suggest that once all other determinants of income are taken into account and controlled for, each additional year of schooling has a strong positive impact on earnings. A previous study based on 1994 data from the national household survey provides similar estimates for the returns to tertiary education, at nearly 18 per cent, but slightly higher returns to general upper secondary education at 12 per cent (Arellano and Braun, 1999).

**Peru**

Private returns on investment in education were estimated in 1991 for women and men in different regions of the country based on Living Standards Measurement Study data. The rates of return for men living in the capital Lima were estimated at 29.4 per cent for primary education, 13.7 per cent for secondary and 9.5 per cent for tertiary. This study also points to several interesting results. Firstly, rates of return tend to be higher for men than women with primary education, roughly the same for individuals with secondary education and higher for women at the tertiary level. Rates of return are higher in rural areas than in either urban areas or capital city for both women and men, and for all levels of educational attainment examined. The latter pattern may provide empirical support to the hypothesis of dual labor market. A more recent study using the same data set estimated the overall private rate of return on education in Peru at 10.4 per cent in 1997 (see, Financing Education, pp. 59-60).

**OECD**

Comparisons with OECD countries are difficult to make due to differences in methodologies, variables, and time-frames used. Still, it is interesting to note that, overall, the private returns on schooling in Peru and Chile tend to be slightly above the corresponding OECD averages (Blondhal et al., 2001). Upper secondary education yields a return of 13.7 per cent for men in Peru compared to the OECD average of 11.4 per cent for men. The picture is less clear for Chile where estimates put returns both at 7 per cent (the lower range of OECD countries) and 12.2 per cent (higher than the OECD average). Conversely, returns on tertiary education in Peru are estimated at 9.5 per cent for men, higher than several OECD countries but still below the OECD average. By contrast, returns to higher education in Chile are extremely high at 19 per cent, far above the OECD average of 11.8 per cent and even above the highest OECD country return of 14.9 per cent observed in the United States.

Source: Financing Education-Investments and Returns, OECD and UNESCO, 2002.

Fourth, financing basic education is important because the lack of education is one of the most powerful determinants of poverty, whereby unequal access to educational opportunities is a strong correlate of income inequality. In fact, education is one of the most powerful instruments known for reducing poverty and inequality and for laying the foundation for sustained economic growth, effective institutions, and

sound governance (Burns, Mingat, and Rakotomalala, 2003). A large body of research points to the catalytic role of basic education for those individuals in society who are most likely to be poor. Education, especially basic (primary and lower-secondary) education, also contributes to poverty reduction by increasing the labor productivity of the poor, by reducing fertility and improving health, and by equipping people to participate fully in the economy and society (World Bank, 1995). Investing in education is, therefore, crucial for the sustained economic growth that low-income countries are seeking to stimulate, and without which long-term poverty reduction is impossible (Box 1.3).

**Box 1.3 Education and Economic Growth in East Asia**

Primary education is the largest single contributor to the economic growth in both the cross-country and cross-regional comparisons and the within-country analyses carried out to explain the (then) high performing Asian economies. Investment in physical capital was second, followed by secondary school enrollments and population growth. These results were based on a 113-nation cross country regression that estimated the relationship between the rate of real per capita income growth, the share of investment in gross domestic product (GDP), and education attainment. The high performing Asian economies show a significantly higher rate of growth attributable to education than all other economies. When East Asia and Latin America were compared, 34 percent of the predicted difference in growth rates could be attributed to higher investment levels and 38 percent to higher enrollment rates. Similarly, the major difference between East Asia and Sub-Saharan Africa was due to variations in primary school enrollment rates. Investment in physical capital accounted for only 20 percent of the difference. Hence, East Asian high-growth countries invested heavily in both primary and secondary education in an effort to enhance the quality of labor. This effort was complemented on the demand side by a pattern of growth that made productive use of labor and by complementary investment in physical capital.

Source: Priorities and Strategies for Education, World Bank, 1995

Fifth, the emergence of the global knowledge economy<sup>3</sup> has put a premium on education financing throughout the world. The new economy is transforming the demands of the labor market, and the rapid move towards knowledge-based societies has meant the reassessment of the content and delivery of education to better suit the demands of the 21<sup>st</sup> century. Competitiveness in the global marketplace has become increasingly critical for both countries and firms. In a global economy, countries compete with one another for markets, foreign direct investment, and technological development. Hence, the goals of expanding the coverage and improving the quality of the basic education system (a five-to nine-year cycle, depending on the country) are closely linked to the question of education finance: who pays for education?

Notwithstanding the above, it is estimated that in 2004 one out of every five children between the ages of 6 and 11 in developing countries- an estimated 113 million children-is not in school, and some 880 million adults are illiterate<sup>4</sup>. Two-thirds of those out-of-school children and illiterate adults are female. Moreover, one out of every four children who enter school drops out before completing five years of primary education or acquiring sustainable literacy. At the current rates of education expansion,

<sup>3</sup> It is an economy in which knowledge is created, acquired, transmitted, and used more effectively by individuals, enterprises, organizations, and communities to promote economic and social development (World Bank, 1998).

<sup>4</sup>For more on this, see <http://www1.worldbank.org/education/adultoutreach>.

it is projected that by 2015 more than 100 million school-aged children will still not be in primary school. In 2000 an estimated 40 percent of the out-of-school population lived in Sub-Saharan Africa, another 40 percent lived in South Asia, and more than 15 percent lived in the Middle East and North Africa, 60 percent are girls (UNESCO, 2000). In other words, many of the out-of-school children live in IDB member countries.

Indeed, the macroeconomic situation and fiscal policy have immediate and important impact on education financing. In many IDB member countries, the education process is taking place amid disturbing conditions of poverty, communicable diseases, unemployment, famines, and wars. The public sectors are facing hard budget constraints, real spending in education are low, and spending pattern across education levels are shifting. With rising unemployment and declining wages, individuals and households have fewer resources to spend on education. For this and other reasons, there is indeed a genuine need for financing basic education in IDB member countries.

### *1.3 Objectives*

The UN forums assessing the progress made toward achieving MDGs, and the IDB's 13<sup>th</sup> annual symposium on "women in poverty alleviation", have suggested various strategies for financing education, including user-fees, co-financing between private and public sectors, partnership with NGOs, not-for-profit organizations, foreign donors, community involvement, and a variety of combination among the above<sup>5</sup>. In addition, the Dakar Framework for Action clearly states the commitment to create the right conditions for EFA in each country, recognizing that some countries will need help in doing so and recognizing, too, the responsibility of those with the means to make such help available.

In view of the above, the first objective of this paper is to take stock of the state of education in IDB member countries, namely access, attainment and education financing with a view to assessing the financial resourced required to achieve the international education goals ( namely EFA and MDGII); and identifying the gaps that remain to be filled<sup>6</sup>. The paper will highlight the advances made towards MDGII,

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<sup>5</sup> In virtually all IDB member countries, the government is the major provider of basic education. A commonly used argument is that private markets are unable to provide basic education up to an efficient amount. Hence, expansion of public schooling to attain universal coverage has imposed considerable strain on government coffers and the cost of keeping and expanding the public education systems has become a major issue. In poorer countries (LDMCs) where the tax base and the tax rates are low, regressive taxation poses problems for governments to generate sufficient revenue to finance primary and secondary education (e.g., building school, enhancing the learning environment, training teachers and improving the delivery methods, ..etc).

<sup>6</sup> The available data show that, in the IDB member countries, the average gross primary school enrollment rates have risen significantly in the last two decades, from 78% in 1980 to 95% in 2000 (IDB'S LDB). The secondary school enrollment rates, however, are still low compared to other regions, despite the significant increase from 29% in 1980 to 47% in 2000<sup>6</sup>. The enrollment figures, though, hide enormous disparities across and within IDB member countries. For example, while primary school enrollment rates in many member countries from the Arab region and CIS countries have exceeded 100%, the enrollment rates in many member countries from Africa are less than 50%. In fact, access has faltered or declined in some member countries in Africa where enrollment increases have not kept pace with population growth and certain groups, especially the poor and the females, are disproportionately excluded. The drop-out rates are high in some countries, with only two thirds of children who start school staying to the fifth grade (World Bank, 1999). Education institutions, on the other hand, are ill-equipped to deal with the problems they face to meet the challenges that lie ahead. This empirical evidence

underline the successful modalities, and outline the support provided by the international agencies towards achieving the EFA and MDGII.

The second objective of the paper is to explore strategies and schemes that are currently used to finance basic education in IDB member countries. Since the goal of universal access to basic education requires considerable financial outlays, the paper intends to sensitize the member countries on successful modalities of financing education and to draw clear lessons. Perhaps, the most important lesson is how domestic and external resources could be mobilized and spent more efficiently in order to achieve the MDGII. In other words, the objective is to generate resources (input) and use them efficiently to increase the enrollment rates and improve the students attainment levels(output)<sup>7</sup>.

The third objective is to draw lessons from the successful experiences of two IDB member countries (namely Malaysia and Tunisia) who are on track to achieve MGDII on or before 2015. The purpose here is to disseminate examples of good practices, drawing lessons from policies that worked with a view to emulate such good policies at country as well as regional levels.

The fourth objective of the paper is to highlight the efforts and the initiatives undertaken by IDB in supporting education in its member countries. This is all set in the context of shaping the IDB's priorities and programs to help its member countries progress toward the international educational goals, learning from the experience of the last three decades. Last, but not least, experiences from other developmental partners of the IDB member countries will be highlighted with a view to drawing useful lessons for IDB in financing education in member countries.

#### ***1.4 Approach and Data***

The above framework suggests that the adopted methodology of the paper is empirical, therefore providing indicators for analysis of financing education. Accordingly, the paper will adopt both descriptive and analytical approach to take stock of the issues pertaining to the IDB member countries' experiences with financing education, formulating partnerships with their development partners, and progressing towards achieving the MDGII. Such progress would require investigation of the estimated resources needed to finance education.

The paper will also trace the trends in IDB's financing of the education sector in member countries and describes the type of support that the Bank is extending in

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needs to be documented, the factors constraining the access to basic education be identified, and cost-effective ways of using the existing resources be proposed.

<sup>7</sup> Despite the progress made in basic education enrollments in IDB member countries in the last two decades, to a large extent, more progress is needed to reach the universal coverage. There are still wide gaps between male and female enrollment rates, and in some countries, misallocation of public spending within the public sector domain has resulted in skewed school expansion with inappropriate types of schooling for children from certain backgrounds, leaving out significant portions of the population-girls, children with learning disabilities, children with physiological and psychological problems, ethnic minorities, and the poor. Furthermore, in many countries, misallocation of public spending is also responsible for inappropriate and over-subsidized tertiary education at the expense of basic education. The objective here is to identify the efficient mechanisms for financing basic education, and the role that can be played by various entities involved in education financing.

response to the increasing needs. Since the public sectors in many IDB countries would not be able to meet the recurrent costs of any significant expansion in enrollment, the paper would also trace the role of the private sector in financing and providing educational services and examines whether public spending on education crowds in or crowds out private spending. As case studies, the paper will highlight the experiences of Malaysia and Tunisia who have achieved close to universal coverage in primary education and, are on track to achieve the target before 2015. Both Malaysia and Tunisia have high literacy rates and have achieved high enrollment rates in primary education since the 1980s. In addition, Malaysia has a successful experience in financing education, while Tunisia is emphasizing social and economic reforms in its development process. The objective here is to disseminate the best practices to the rest of the member countries.

To this end, the paper utilized the already available IDB database, published and readily available data from different sources, and benefited from reports of and discussions with experts during the missions mounted to collect unpublished insightful information. Furthermore, the paper benefited from the first-hand data provided by the two case-studies. The following chapter will survey the status of education in some IDB member countries (where data is available) and document the factors causing the low school enrollment rates and educational attainments. Equity (or inequity for that matter) in access and distribution of public spending in education will also be highlighted. Further, the chapter will explore the conditions that may enhance or hinder educational reforms in IDB member countries, and the required resources needed to finance these reforms.



## Chapter II.

### THE STATE OF EDUCATION IN IDB MEMBER COUNTRIES: CHALLENGES, CONSTRAINTS AND OPPORTUNITIES

Available data show that, on average, the gross primary school rates in the IDB member countries have risen significantly in the last two decades, from 85 percent in 1990 to 95 percent in 2001 (Table 1). Indeed, a significant progress has been made in many countries and can be made in many more, provided that the commitment to implement the necessary policies remain strong. Some notable increases (30 points or more) were reported in Benin-where school fees were abolished in 2000-Guinea, Kuwait, Mali, Mauritania, Morocco, and Mozambique. However, despite this progress, a large number of children living in semi-urban and remote rural areas still do not have access to school and those who do drop out before completing primary education. High population growth in most of the IDB member countries has placed heavy burden on the already fragile systems, and public schools have not been able to expand fast enough to accommodate all school age children. The issue here is not just lack of supply- it is also lack of quality and relevance. To make things worse, the traditional methods of teaching and learning are not adapting to the needs and characteristics of children from the poorest socioeconomic background, and successful non-traditional approaches remain scarce and seldom have a marginal impact on the education process (see, IIEP's Medium Term Plan, 2002-2007).

#### *2.1 Taking Stock of the Current Experiences*

Despite the progress made in some countries, in many IDB member countries, especially LDMCs in Africa, the educational process is taking place amid overwhelming conditions of severe poverty, high population growth, low economic growth, low productivity, communicable diseases, and armed conflicts. These impediments have manifested themselves in low education enrollment and unequal access to school, gender disparities, low government expenditure on education, and produced many challenges to these countries. In addition, most of these countries have limited capacities of absorbing the growing number of school-leavers and the growing unemployment among secondary school and higher education graduates has become a major social problem. In this environment, there is a growing need for mitigating these challenges and constraints in order for the IDB member countries in general, and LDMCs in particular, to be active participant in the international arena.

##### **2.1.1 Major Constraints**

The data suggests that school access and retention in most of IDB member countries have been affected during recent years by a number of barriers, involving both in-school and out-of-school factors. In-school factors may include unavailability or inaccessibility of schools owing to distance, poor quality, and inefficiency of school processes. In many IDB member countries, the in-school factors also include a major shortage of classrooms and teachers, resulting in overcrowded classes of 50 or more pupils. Because the public sector is underfunded, the infrastructure is poor, the

curriculum taught by underpaid and poorly trained teachers is out-of-date, and teachers often rely on outdated textbooks. In some countries, education is considered the employer of last resort, meaning that the education system is sought to provide employment for the unemployed. Out-of-school factors, on the other hand, refer mostly to direct and indirect (opportunity) costs of education. These constraints have limited any progress towards expanding access to education, especially achieving the MDGII. If these countries have to realizing the full benefits that education presents, these constraints have to be relaxed.

There is indeed, a wide range of policy instruments that could be used to mitigate the major constraints in order to increase basic education enrollments, reduce the public sector costs of schooling, and enhance school quality. Surely, for an educational policy to be appropriately designed, it is particularly important to understand the factors causing inequalities in access and retention. If education is to become egalitarian, it is important to know why the constraints on certain groups, especially the poor and girls, are binding. Using available data, the next subsections of the paper will document the constraints and analyze the challenges and opportunities facing the IDB member countries.

### **2.1.2 Regional Gaps**

According to the EFA Global Monitoring Report 2003/4, total enrollment in primary education increased world-wide from 596 million in 1990 to 648 million in 2000, an overall increase of 8.7 percent. The highest relative increase occurred in Sub-Saharan Africa (38%) with smaller but significant increases in South and West Asia (19%) and Arab countries (17%). In these regions the gains in enrollment significantly outpaced the increase in school-age population, resulting in rising enrollment ratios over the decade. Yet, the gross enrollment figures could be misleading and, therefore, inadequate indicators of universal coverage. In fact, they hide enormous disparities across and within countries, especially IDB member countries. For example, for some member countries from the Middle East and North Africa (MENA) and the CIS regions gross enrollment rates exceed 100 percent, whereas the primary school enrollment rates for many member countries from Africa region are far from reaching universal coverage (Table 1)<sup>8</sup>.

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<sup>8</sup> Gross enrollment ratios that are higher than 100% overestimate access, and are indicative of inefficiencies, such as high rates of repetition or large numbers of children entered school early or late. Hence, gross ratios have to be interpreted with care. Repetition, on the other hand, may be caused by shortage of spaces in higher grades within the primary school level. Grade repetition also lead to wastage because repeaters use at least twice as much resources as other pupils to attend the same amount of education (Mingat and Tan, 1998).

**Table 1: Education Enrollments in IDB Member Countries**

Country	Primary School Enrollment			Secondary School Enrollment					
	(% )			(% gross)			(% gross)		
	1990	2000	2002	1990	2000	2001	1990	2000	2001
Afghanistan	..	..	..	27	15	23	9	..	12
Albania	23	15	..	100	107	..	78	78	..
Algeria	47	33	31	100	107	108	61	68	72
Azerbaijan	..	..	..	114	93	93	90	80	80
Bahrain	18	12	12	110	98	98	100	95	95
Bangladesh	66	60	59	72	99	98	19	46	47
Benin	74	63	60	58	97	104	12	..	26
Brunei	14	..	..	115	109	106	69	87	88
Burkina Faso	84	..	..	33	44	44	7	10	..
Cameroon	42	29	..	101	106	107	28	..	33
Chad	72	57	54	54	73	73	8	..	..
Comoros	46	44	44	75	86	90	18	..	28
Cote d'Ivoire	61	..	..	67	78	80	22	..	..
Djibouti	..	..	..	38	40	40	12	18	20
Egypt	53	..	..	94	97	..	76	85	..
Gabon	..	..	..	..	129	134	..	50	51
Gambia	..	..	..	64	79	79	19	34	34
Guinea	..	..	..	37	67	77	10	..	..
Guinea-Bissau	..	..	..	56	..	..	9	..	..
Indonesia	20	13	12	115	110	111	44	57	58
Iran	37	24	..	112	93	92	55	82	81
Iraq	..	..	..	111	..	..	47	..	..
Jordan	18	10	9	71	..	99	45	..	86
Kazakhstan	1	1	1	87	97	99	98	89	89
Kuwait	23	18	17	60	94	94	43	88	85
Kyrgyz Republic	..	..	..	111	101	102	100	86	85
Lebanon	..	..	..	120	102	103	73	76	77
Libya	32	20	18	105	115	114	86	..	105
Malaysia	19	11	..	94	97	95	56	69	70
Maldives	5	3	3	134	131	125	50	55	66
Mali	81	81	..	26	54	57	7	..	..
Mauritania	65	60	59	49	85	86	14	22	22
Morocco	61	51	49	67	101	107	35	41	..
Mozambique	67	56	54	67	91	99	8	12	13
Niger	89	84	83	29	36	40	7	6	6
Oman	45	28	26	86	84	83	46	76	79
Pakistan	65	..	..	61	73	..	23	..	..
Palestine	..	..	..	..	..	..	..	..	..
Qatar	23	..	..	97	106	106	81	89	90
Saudi Arabia	34	24	22	73	68	67	44	69	69
Senegal	72	63	61	59	74	75	16	17	19
Sierra-Leone	..	..	..	50	79	..	17	..	..
Somalia	..	..	..	11	..	..	6	..	..
Sudan	54	42	40	53	58	59	24	32	32
Suriname	..	..	..	..	127	126	..	87	74
Syria	35	26	17	108	109	112	52	43	45

Tajikistan	2	1	..	91	104	107	102	79	82
Togo	56	43	40	109	123	124	24	..	..
Tunisia	41	29	27	113	113	112	45	78	79
Turkey	22	14	..	99	92	94	47	73	76
Turkmenistan	..	..	..	91	..	..	107	..	..
Uganda	44	33	31	71	134	136	13	..	..
United Arab Emirates	29	24	23	104	91	92	67	80	79
Uzbekistan	1	1	1	81	..	103	99	..	99
Yemen Republic	67	54	51	58	79	81	58	46	..
<b>IDB MCs</b>	<b>43</b>	<b>31</b>	<b>32</b>	<b>85</b>	<b>91</b>	<b>95</b>	<b>41</b>	<b>59</b>	<b>58</b>
<b>Memo:</b>									
OIC Countries	44	32	32	86	91	95	39	59	58
LDCs	62	48	46	67	82	84	18	30	..
Developing Countries	32	22	..	102	103	..	47	63	..
High Income Countries	..	..	..	103	102	..	94	106	..
World	30	21	..	102	103	..	55	70	..

Source: IDB Live database (LDB), 2004.

The enrollment rates in the IDB member countries also do not fit a single pattern. Countries, regions, and different groups within these countries display a diversity of profiles in enrollment and attainment. For some member countries, a decrease in enrollments reflects a real decline in access to school, as in Azerbaijan, Iran, Oman, Saudi Arabia, Turkey, and UAE (Table 1), while in others enrollment increases have not kept pace with population growth. In addition, the drop-out rates are also high in some countries, with only two thirds of children who start school staying till the fifth grade (World Bank, 1999). Education institutions, on the other hand, are ill-equipped to deal with the problems they face and with the challenges that lie ahead.

### 2.1.3 The Gender Gaps

The enrollment rates in IDB member countries show disparities in education due to gender. In Sub-Saharan Africa, the Arab States and South and West Asia (IDB constituent areas), gender disparities are wide-spread and girls continue to face sharp discrimination in access to schooling (Table A-1 in Annex). Gender imbalances arise because boys are more likely to go to school than girls. Compared to boys, those girls who actually did get to school are somewhat more likely to drop before completing the primary level. Accordingly, girls are at a big disadvantage in some countries compared to boys in the same age group<sup>9</sup>. This situation cannot go on like this for long because there exists a powerful developmental case for achieving gender parity. Because the personal and social benefits are immense, it is in the private and social interest to eliminate gender inequalities in education wherever they exist. If the IDB member countries have to create productive economies, build more cohesive societies, and engage actively in the global economy, they must make effort to close the gender gap in their educational systems. However, eliminating gender bias in education is a

<sup>9</sup> Experience has shown that investments in girls' education-particularly those directed to the quality of education-also benefits boys. The reverse is not always the case, see [http://www.unicef.org/girlseducation/index\\_priorities.html](http://www.unicef.org/girlseducation/index_priorities.html)

formidable challenge. Progress in this area could play a crucial role in determining whether or not the MDGs are achieved. According to a 2003 UNICEF report: "no matter how much resources are invested in education, if not much attention is paid to the gender issues, girls are likely to fall through the cracks".

#### **2.1.4 Wealth Gaps**

The enrollment data for some member countries from Africa region also show wide gaps between the rich and the poor (the wealth gap). It is worthy to mention that the wealth gaps in these countries are persistent across all age groups of basic education. Combining both the gender and the wealth effects produces enormous gaps between children from the wealthiest 20 percent of households and girls from the poorest 40 percent who are enrolled in Grade 1. According to the World Bank household survey, in 1998/1999, the gender-wealth gap is 53 percentage points in Togo, 28 in Guinea, 52 in Cote d'Ivoire, and 42 percentage points in Cameroon.

#### **2.1.5 The Rural- Urban Divide**

The education systems in IDB countries are also affected by geographic locations. Enrollment data in some IDB member countries show that rural children tend to lag behind their urban counterparts. According to the household survey mentioned above (World Bank, 1999), the gaps between the urban and rural enrollment rates are even wider and more persistent in countries such as Guinea (1999) and Mali (2001). For Uganda, the gap subsides at the age of 10, and the rural children seem to have advantage at age 12 and over. The progress made by Uganda in closing the rural-urban gap could be attributed to the strong political commitment to improving education and, certainly, to the amount of support it got from the international agencies (see Box A.6 in Annex B).

Before leaving this section, it is important to mention that the disparities in education are also the result of poor management. Evidence shows that it is not necessarily the better-off schools that do a better job of teaching students, but the most important factor is how resources- and the teaching and the learning process in the classroom- are managed. For example, since teachers are primary resource in the educational process, they must be equitably deployed throughout the country, in both rural and urban areas, if disparities are to be reduced (see, UNICEF, 2003).

#### **2.1.6 Educational Attainment**

Despite the significant gains achieved in access and enrollment in some IDB member countries, a major challenge remains: the completion of the primary cycle, which is a necessary component of development strategies for the future. When the analysis is shifted from enrollment in primary school to completion of primary school, the picture changes dramatically in some IDB member countries. For example, in some member countries from Africa completion rates remained stagnant, and in some cases declined. Net enrollment figures are generally low and did not change significantly in the last decade. The available data show that, between 1990 and 1997, the percentage of Grade 1 students who reach Grade 5 had declined in The Gambia, Guinea, Mauritania, and Sudan (see, Table 2). The data also reveal that over one third

of students never reached the fifth Grade in Benin, Chad, Gabon, Guinea, Mauritania, and Mozambique. Moreover, in some member countries in Africa, where data is available, the improvement in attainment is gradual. For the youth (ages 15-24), the average literacy rate for member countries from Africa improved from 68 percent in year 1990 to 78 percent in 2000, indicating a substantial 10 percent improvement. This improvement surpasses the 3 percent average increase in low and middle-income countries (82 percent to 85 percent), the 2 percent average in Latin America and Caribbean (92 percent to 94 percent), and slightly higher than the 9 percent and 7 percent average increase in MENA region (73 percent to 82 percent) and South Asia, (61 percent to 68 percent) respectively during the same period (see, Table 3). In Asia member countries, the youth literacy rates are high in Brunei, Indonesia, Maldives, and Malaysia, while the percentage of grade one students who reach grade five is high in MENA countries (Table B-2 in Annex). The net enrollment rates are also high in countries like Bahrain, Syria, and Tunisia, while the youth literacy rates are high in Bahrain, Jordan, Libya, and Oman.

**Table 2: Primary Education Attainment and Enrollment in IDB Member Countries from Africa**

	Net primary enrollment Ratio % or relevant age group		Percentage of cohort reaching grade 5 % of grade one students who reach grade five		Youth literacy ratio % of ages 15–24	
	1990	1998	1990	1997	1990	2000
	Low & middle income	...	...	...	...	82
Sub-Saharan Africa	...	...	...	...	68	78
Benin	...	...	55	61	40	53
Burkina-Faso	27	34	70	75	25	35
Cameroon	...	...	...	...	87	94
Chad	...	55	53	59	48	67
Comoros	...	50	46	...	57	59
Cote d'Ivoire	47	59	73	75	50	65
Djibouti	32	32	87	79	73	84
Gabon	...	...	...	59	...	...
Gambia, The	...	61	87	80	42	57
Guinea	...	46	59	54	...	...
Guinea-Bissau	...	...	...	...	44	58
Mali	21	42	72	84	45	66
Mauritania	...	60	75	64	46	49
Mozambique	47	41	33	46	49	61
Niger	25	26	62	73	17	23
Senegal	...	59	85	87	40	51
Sierra Leone	...	...	...	...	...	...
Somalia	...	...	...	...	...	...
Sudan	...	46	94	74	65	77
Togo	75	88	50	71	63	75
Uganda	...	...	...	...	70	79

Source: World Development Indicators database, World Bank, April 2002.

To conclude this section, it is safe to say that education attainments in IDB member countries also vary markedly across countries and across population groups within these countries. There are variety of profiles in the attainment pattern between

groups within the same country based on wealth, gender, or geographical location. In some IDB member countries, education is inadequate, coverage is insufficient, access is inequitable, the quality of education is poor, and too few children complete basic education. Hence, the goal of EFA remains elusive in many member countries, especially the LDMCs.

**Table 3: Primary Education Attainment and Enrollment in IDB Member Countries from Asia**

	Net primary enrollment		Percentage of cohort reaching grade 5		Youth literacy rate	
	Ratio % or relevant age group		% of grade one students who reach grade five		% of ages 15 - 24	
	1990	1998	1990	1997	1990	2000
<b>World</b>	...	...	...	...	...	...
High income	98	97	...	...	...	...
Low & middle income	...	...	...	...	82	85
East Asia & Pacific	98	91	86	93	95	97
Europe & Central Asia	...	...	...	...	98	99
Latin America & Caribbean	89	97	75	...	92	94
Middle East & North Africa	...	83	...	...	73	82
South Asia	...	...	...	...	61	68
Sub-Saharan Africa	...	...	...	...	68	78
Low & middle income	...	...	...	...	82	85
<b>South Asia</b>	...	...	...	...	<b>61</b>	<b>68</b>
Afghanistan	...	...	...	...	42	54
Bangladesh	64	104	...	...	44	50
Brunei	..	..	95	92	98	99
Maldives	...	...	...	...	98	99
Pakistan	...	...	...	...	49	63
Indonesia	97	...	84	88	95	98
Malaysia	...	98	98	...	95	98

Source: World Development Indicators database, World Bank, April 2002.

These findings have important implications for economic growth and poverty reduction. There is, therefore, an overwhelming need for reforming the educational systems in the IDB member countries with a view to improving quality, expanding coverage, and providing labor markets with a skilled and productive labor force. However, since the majority of disadvantaged and excluded children in the IDB member countries are from the rural areas, any reform to the educational system should focus on the poorest strata of population. Unless conscious allocations of public resources favored the rural boys and girls, no significant reduction in poverty will take place. The next section will highlight some innovative reforms undertaken by some member countries.

## **2.2. Some Innovative Reforms**

Given the impoverished conditions and the binding resource constraints facing many IDB member countries, there is an indisputable need for efficient and innovative use of the existing resources. For example, these countries could adopt low-cost techniques and methods in order to increase access and equity of their educational systems. Indeed, there are some innovative reforms that have succeeded and already redefined the role of the government, as discussed below.

### **2.2.1 Islamic Education(*Madrasa*)**

Over recent years there have been a significant increase in the time given to religious instruction in school systems around the world (EFA's Global Monitoring Report 2003/4). Historically, faith-based organizations have played an important part in education in many countries, offering schooling to children from deprived social groups, reducing private costs, expanding access and improving school environment. Their role has been particularly significant at times when economic crisis has resulted in reduced public services (Kandiyoti, 1995). Religious schools affect girls education in two ways: by providing opportunities for them to attend school, and by influencing the content of education in ways that reflect beliefs, morality and values<sup>10</sup>. The rise of religious schools is often a response to failure of the public school system to reach areas where religious minorities and other socially disadvantaged groups are located (Jeffery et al, 2003). Notwithstanding their important and complex role, religious schools operate in a political environment and they are often opened in the context of religious competition, within or between faiths, and can exert important influence over policy-making in some countries.

Many IDB countries have integrated religious schools (*Madrasas*) in their education reforms to prepare pre-school children. Madrasas traditionally serve as institutions that prepare civil servants and judicial officials as well as religious functionaries. Religious schools have had a positive impact in boosting girls' enrollment in the Islamic Republic of Iran, where 95% of female children attend primary school (Mehran, 2003), while countries like Ghana is using Qur'anic schools as an entry point for early childhood development. Despite the outcry against this type of schooling, this approach proved its viability and hence, should be encouraged and publicized. It is important for the Muslim nations to capitalize on Madrasas, a low-cost vehicle for expanding access, to promote gender equality, especially among the rural children in hard-to-reach areas, and to serve as a mechanism for the poor to move up in society. Integrating the Madrasas in the formal education system (using the same public school curriculum) proved its success in Indonesia, where the Madrasas are affiliated to large Muslim national organizations and regulated by the Ministry of Religious affairs. The curriculum for older children incorporated health education, and human rights-based programmes for both teachers and students. Because the majority of children who patronize Madrasas are from lower-income groups, studies done by the

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<sup>10</sup> Parents are often attracted to sending their daughters to religious schools because the values they represent are judged important for girls' socialization (EFA's GMR, 2003/4).



World Bank have shown that Madrasas have contributed enormously to access and were also cost-effective<sup>11</sup>.

The integration of Madrasas on the formal education system also satisfies the requirement of involving the stakeholders (the community, the parents, the religious leaders, the private sector, and the civil society organizations) in the education process. In Mauritania, the "clean, green, and healthy community school" is being promoted at the primary level, and *Mahadhrs* (a form of Qur'anic schooling) are supporting child development in the earliest years, while later education is focusing on adolescent girls and their specific needs. A note worth mentioning here is that, the Madarasas are very popular among Indian and Pakistani communities in the U.S. and Canada, where the schools are meant to preserve the religious heritage and maintain the children's identity.

### 2.2.2 Incentive Schemes

A number of member countries from the African region are using innovative ideas to reform their educational systems with the aim of improving access, attainment, and delivery. Some of these countries have focused their reforms on early childhood education. Research has indicated that investments in the early years of children's lives pay off in terms of greater readiness for school, likelihood of starting school at the right age, more regular and consistent school attendance, lower rates of repetition and dropout, as well as better learning achievement levels (UNICEF, 2003). While countries are focusing on reaching out for poor children in rural areas and children who were affected by wars and civil conflicts, some countries are introducing incentive systems that promote girls' access to school and constructing girl-friendly schools with flexible schedules to accommodate girls' other household duties (Box 2.1).

#### Box 2.1 Innovative Education Reforms in Some Member Countries

To increase coverage and reach out for the rural children, *Burkina Faso* has set up over 225 satellite schools so that children in remote, rural areas can attend class closer to home and in a more secure environment. In addition, the country has set up more than two dozen centers for early childhood development and more than 50 non-formal education centers focusing on basic literacy and functional skills for older children who may have dropped out or slipped behind. *Cote d'Ivoire* has set emergency schools for 135,000 children affected by the country's civil war. To encourage enrollment, the government is easing the requirement for school uniforms and abolishing school fees for girls in conflict zones. In *Guinea*, enrollment rates for girls increased 17 percent and retention rates increased 20 percent from 1997 to 2002, following improvements in environmental sanitation, which included the construction of separate restrooms for boys and girls. In addition, *Guinea* and *Uganda* are carrying out reforms in pre and in-service teacher training. Early childhood development is being supported through a community-based programme that combines awareness-raising with a parent-training manual in The *Gambia*. Under such programmes, emphasis is placed on the psychosocial dimensions of childcare, along with child protection, health, hygiene, and nutrition. Furthermore, the country is creating girl-friendly schools in hard-to-reach areas, where girls' net enrollment has jumped from 15 percent to 40 percent in just one year. *Mali* is introducing the use of local language in instruction in the early grades, and the recent enrollment growth has been partly facilitated by many more children entering Madarasas. *Benin* is moving towards an education system driven by the attainment of specific educational standards. *Pakistan* introduced two type of access reforms in 1980s, one flourished politically, while the other

<sup>11</sup> Studies have shown that, in standardized tests, students from Madrasas score 10 points less, but the cost of running the school is about one third of the cost of running a public school with the same number of students and teachers. Moreover, the government gave equivalence to the degrees offered by the Madrasas, so students can take entry exams for higher levels.

collapsed three years after its launch. The successful reform was an initiative to open schools in mosques located in villages where there were no primary schools (mostly poor areas). Funds were allocated to hire new teachers, provide stipend to mosque leaders and acquire new school supplies and uniforms. The program became widely accepted and new users reached the hundreds of thousands. The failed access reform was the Nai Roshni school program, consisting of drop-in schools for children who had left or never attended school. Like the mosque program, the Nai Roshni reform made use of existing facilities: schools were asked to offer up to three hours of extra classes in the afternoon. At some point, more than 390,000 students were enrolled. However, the Nai Roshni program failed politically because the public became convinced that the government was using the program for political patronage. Why did the mosque program become politically acceptable, while the Nai Roshni program became unpopular? The answer might have to do with the varying levels of decentralization that accompanied each reform. The mosque program was predicated on the direct involvement of parents and religious leaders (the Imams). Thus, the mosque program provided local stakeholders opportunities to develop a sense of ownership in the program. In contrast, the Nai Roshni program was set up with a maximum level of interference by central-level politicians, who appear as the sole owners of the program, leaving no room for other actors. An important thing to note is that, the mosque program converted a crucial actor-the Imam- into stakeholder of the reform (strategy for mobilizing potential supporters for reform).

Under the leadership of the King *Jordan* is establishing a national education and training strategy to help Jordan compete in the global economy. The E-Learning Strategic Framework is a comprehensive strategy for incorporating ICT in the learning process. More work is required to increase affordable access to lifelong learning opportunities, discussed during the Vision Forum held in Amman in September 2002.

Source: Adapted from UNICEF's *Girls' Education, Making Investments Count*, November 2003, World Bank, 2003, and Corrales, 1999.

### **2.3 Current Government Expenditure on Education**

For many IDB member countries, the government is the predominant provider of education, be it basic, secondary or tertiary. Because of its huge externalities, many would argue for continued public finance at the basic education level. On the other hand, governments who committed themselves to the Dakar's EFA goals are also under pressure to provide educational opportunities to the youth and young adults who did not have a chance to go to school. Available data show that, between 1998 and 2000, average government expenditure on education as percentage of GDP fluctuated between 1.7 and 5.1 in IDB member countries, compared to OECD countries' averages ranging between 4.5 and 6.5 percent of GDP. Of course there are striking differences between the IDB member countries and the OECD countries, both in terms of GDP per capita and education spending levels. During the same period, public expenditure on education as percentage of total government expenditure was about 16 percent (Table 4).

**Table 4: Selected indicators of Primary Education,  
IDB Low-Income Countries, 2003**

Country	Year of Data	Primary GER (5 or 6 yrs) (%)	Completion rate in age cohort (%)	Govt. current revenue (exact. Gants as percentage of GDP)	Govt. Current spending on education	
					As Percentage Current gov. Revenues, excl. Grants	Percentage of GDP
Albania	1998	103	91	19.5	12.6	2.5
Azerbaijan	2000	107	99	20.8	18.4	3.8
Bangladesh	2000	112.2	70	12.8	9.6	3.0
Benin	1998	86.4	39	15.3	16.5	2.5
Burkina Faso	1998	45.2	25	14.7	17.1	2.5
Cameroon	1999	82	43	15.5	10.8	1.7
Chad	2000	71.2	19	8.0	20.9	1.7
Cote d'Ivoire	1999	77.3	40	16.5	21.5	3.5
Gambia, The	2000	87.7	70	18.5	16.6	3.1
Guinea	2000	62.2	34	11.1	18.1	2.0
Guinea- Bissau	2000	69.7	31	19.6	9.8	1.9
Indonesia	2000	106.3	91	18.4	8.9	2.3
Kyrgyz Rep.	1999	100	99	18.7	22	4.1
Mali	1998	48.9	23	16.8	13.7	2.3
Mauritania	1998	88.4	46	26.5	13.7	3.6
Mozambique	1998	78.5	36	11.3	18.1	2.0
Niger	1998	31.2	20	9.1	31.5	2.9
Pakistan	2000	67.1	59	16.7	8.3	1.8
Senegal	2000	69.5	41	18.1	18.6	3.4
Sierra Leone	2000	63.9	37	11.4	30.4	3.5
Sudan	2000	61.5	35	11.1	16.2	1.8
Togo	1999	115	63	14.9	25.6	3.8
Uganda	2000	102	82	10.8	30.1	3.2
Yemen	1998	74	58	33.5	13.0	5.1
Average All Countries		80.0	52.1	16.3	18.0	2.8
Average Africa		76.6	45.1	19.0	17.8	3.04
Average World's "Best"		103.1	81.6	20.7	18.5	4.2
Average Africa's "Best"		90.4	71.1	25.2	19.3	4.5

Source: Burns et al "Achieving Universal Primary Education by 2015: A Chance for Every Child" World Bank, 2003

Actually, these average rates do not reflect the true picture in all countries. In fact they hide wide disparities between countries and, in the most part, the figures were based on estimates or were arbitrarily quoted. For example, in 2003, public expenditure on education as percentage of total government expenditure ranged from 31.5 percent in Niger to 8.3 percent in Pakistan. What these figures tell us, though, is that business as usual will not lead to universal access and quality improvement. Since in many countries the existing resources are insufficient to achieve quality basic EFA, it is necessary to mobilize addition resources and use the existing resources efficiently.

**Table 5: Selected Indicators of Primary Education in 24 IDB Member Countries, 2003.**

Country	Govt. current spending on primary education		Govt. current spending per pupil as percentage of per capita GDP	Average Annual Teacher salary as multiple of per capita GDP	Percentage of recurrent spending on inputs other than teachers	Pupil teacher ratio	Percentage of pupils	
	As percentage of current spending on education	As percentage of GDP					In private schools	Average repetition rate
Albania	41.3	1.0	7.7	1.4	17.5	22.7	0.6	0.0
Azerbaijan	19.7	0.8	5.9	0.9	15.8	17.6	1.0	0.4
Bangladesh	49.9	0.9	6.6	2.7	25.0	55.2	12.5	15.0
Benin	62.6	1.6	11.6	4.6	26.4	54.0	10.8	25
Burkina Faso	64.0	1.6	23.6	8.0	30.7	48.9	10.8	17.7
Cameroon	66.3	1.1	9.5	3.4	32.5	64.6	19.0	25.9
Chad	65.5	1.1	10.1	4.8	34.2	72.0	8.8	24.6
Cote d'Ivoire	49.0	1.7	16	5.7	22.5	46.0	11.6	24.7
Gambia, The	51.7	1.6	13.2	3.7	24.9	37.0	8.5	10.6
Guinea	37.2	0.8	8.4	2.7	34.7	48.9	16.1	23.3
Guinea-Bissau	35.0	0.7	6.7	1.6	34.3	37.4	8.5	27.1
Indonesia	59.3	1.1	10.3	1.6	19.9	19.9	15.7	5.9
Kyrgyz Rep.	36.0	1.5	10.3	1.2	21.8	15.2	0.0	0.0
Mali	42.1	1.0	14.3	6.1	31.1	61.0	21.2	17.9
Mauritania	49.0	1.8	13.1	5.1	18.2	48.0	1.8	16
Mozambique	46.4	1.0	7.9	3.2	26.1	54.4	0.0	23.7
Niger	62.0	1.8	35.5	9.6	25.9	36.5	4.0	13
Pakistan	51.8	0.9	14.0	3.6	19.3	32.1	29.4	6.2
Senegal	43.9	1.5	14.2	4.9	36.6	54.7	10.7	13.6
Sierra Leone	51.3	1.8	16.4	4.3	33.1	39.6	0.0	9.3
Sudan	50.5	0.9	10.3	2.2	22.5	27.5	0.0	1.2
Togo	48.3	1.8	13.2	4.5	25.2	45.5	35.6	27.0
Uganda	53.2	1.7	9.8	2.9	26.2	40.9	2.0	9.8
Yemen, Rep. of	48.0	2.7	18.5	3.4	26.7	25.0	1.4	7.0
Average All Countries	49.3	1.4	12.8	3.8	26.3	41.9	8.6	14.4
Average Africa	49.2	1.4	12.9	4.5	24.1	47.7	8.2	17.7
Average World's "Best"	47.6	1.7	11.8	3.3	26.0	39.0	7.3	9.5
Africa's "Best"	44.4	1.9	13.5	4.2	19.1	39.7	4.8	9.3

Source: Achieving Universal Primary Education by 2015: A Chance for Every Child, Bruns, Mingat & Rakotomalala, 2003

Table (5) shows basic education indicators for 24 low-income IDB member countries, for which data is available. These are countries that have not yet achieved 90 percent completion rate or higher, and are considered "seriously off track" or "off track" (Bruns, Mingat, and Rakotomalala, 2003). In the first column, the gross enrollment rate (GER), for children aged 5 or 6 years, ranges between 31 in Niger to 115 percent in Togo, while the completion rate ranges between 20 percent in Niger to 91 percent in Indonesia. In order to achieve universal primary completion (UPC), each country must achieve 100 percent entry of school-age children into grade 1 by 2010 (for a five-grade

system) or 2009 (for a six-grade system). For many countries in this sample, this implies that a huge primary enrollment expansion is needed during the coming few years.

In evaluating the education system parameters in 86 developing countries, Burn, Mingat and Rakotomalala (2003), defined EFA success as: GER 85 percent or above and PCR 70 percent or above, inefficiency when GER is above 80 percent while primary completion rate (PCR) is 60 per cent or lower, and lower coverage when both GER and PCR are 60 percent or lower. When the data is sorted on these thresholds, 5 member countries fell in the category of EFA success (Bangladesh, Gambia, Indonesia, Togo, and Uganda), 3 countries are considered inefficient (e.g., Benin, Cameroon, and Mauritania), and 3 countries are lower coverage (Burkina Faso, Mali, and Niger). The remaining 13 countries fell in between the defined ranges.

### **2.3.1 Revenue-GDP Ratio**

The revenue-GDP ratio reflects the overall size of the public sector and the national resource base. Table (4) above shows large variances on government revenues and expenditures on education. The data shows that, the governments' current revenues(excluding grants) as percentage of GDP ranged between 8% in Chad and 33.5% in Yemen, with an overall average of 16.3%. This is in comparison to Africa's average (19.0%), the World's "best" average (20.7%), and Africa's "best" (25.2%)<sup>12</sup>. The low revenue-GDP ratios reflect the fact that, many low-income countries are facing difficulties in mobilizing domestic resources, and lack progress towards achieving the education MGD goals. This indicates that, to accelerate the efforts to achieve the MDG, external financing requirements will be needed.

### **2.3.2 Current Spending on Education**

The share of domestic revenue allocated to education reflects the priority given to education. In our sample countries, the ratio of spending on education to government revenue ranged between 8.3 in Pakistan to 31.5% in Niger, with an overall average of 18% (World's best, 18.5%, Africa's best, 19.3%). With respect to GDP, the government spending on education ranged from 1.8% in Pakistan and Sudan to 5.1% in Yemen (world's best 4.2%, Africa's best 4.5%). Table (5) shows the share of primary education as a ratio to total current government spending on education. The ratio ranges between 35% in Guinea-Bissau and 66.3% in Cameroon, indicating the priority given to primary education by some countries. As a percentage of GDP, spending on primary education ranged between 0.8% in Guinea to 2.2% in Yemen, with an overall average of 1.4%. These ratios are in line with the world' best average of 1.8% and Africa's best of 1.9%. However, the data does not reflect a clear and direct association between education enrollment and government spending on primary education. In general, countries with relative EFA success have high percentage of current spending on primary education (Togo, Uganda), while relatively inefficient countries have high current spending on primary education (as % of GDP) and low enrollment and completion ratios (e.g., Mauritania, Niger, Sierra Leone, and Yemen).

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<sup>12</sup> All the World's best and Africa's best performers have achieved or made progress towards achieving the EFA goals.

### **2.3.3 Per Unit Cost of Education**

Concerning the per unit cost of education (spending per pupil as % GDP per capita), there is a wide variance between countries as well, reflecting the high cost of providing education (Table 5). In countries like Yemen (34.7%) and Niger (35.5%), the high per unit costs could be attributed to low-population densities, high waste due to high repetition rates and/or low participation rates. Countries like Guinea-Bissau (6.7%), and Guinea (8.4%) have managed to reduce per unit costs below the world's (11.9%) and Africa's (13.5%) best averages. The low per pupil rates in these countries could also be interpreted as an indication of low coverage, rather than an efficiency indicator.

### **2.3.4 Teacher Salaries**

Usually the salary bill for teachers constitutes the single largest cost item in any education system. The total salary bill is computed by multiplying the average salary by the total number of teachers in publicly funded primary schools. As Table (5) shows, in our sample, the average annual salary paid to teachers is 3.8 times GDP per capita (ranging from 1.6 to 9.6 times per capita GDP), compared to the world's best performers average of 3.6, and Africa's best 4.2. This average is much in line with the target level of 3.5 times GDP per capita considered necessary for achieving the MDG goal. Due to some historical and institutional factors, the salary bill in our sample is higher in some francophone African countries. Unlike other parameters, the teachers' salary has an immediate positive impact on the system quality, and it would be desirable to raise salaries where they are below average. Raising the average teacher's salary is considered a quality improvement, and is expected to provide incentives for the teaching force, reduce absenteeism, attract more qualified teachers, and stimulate greater accountability for teacher effectiveness (Mingat, Rakotomalala, and Tan, 2002). To maximize the impact on schooling quality, upward adjustments in teachers salaries should be tied to the implementation of new standards to weed out the weak performers, incentives to reward high performers, and put in place stringent processes for new teacher selection.

### **2.3.5 Recurrent Spending on Inputs Other than Salaries**

Table (5) also shows spending on educational inputs, other than salaries. Spending on these inputs reflects the crucial importance of increasing the quality of learning environment, especially through the provision of better-quality books and materials, if universal primary education is to be reached. Research has shown that availability of textbooks and other educational materials (such as school supervision, student assessment, teacher development, special assistance to at risk children) and other pedagogical supplies, improve the learning process. As percentage of recurrent spending on primary education, spending on other inputs other than teachers' salaries (e.g., textbooks, teaching materials, as well as subsidies or other welfare services that may be needed to encourage school attendance by children from disadvantaged groups) ranged between 18.2% and 34.7% of recurrent spending on primary education, with an overall average of 26.3% (world's best 25.5%, Africa' best 24.1%). Like other education indicators mentioned above, there is a wide variance between countries in spending on recurrent inputs. The low percentage in some countries is a clear

indication that this budgetary item is squeezed in order to increase the teacher salaries. For virtually all countries in the sample, the increase in this variable is considered a quality improvement.

### **2.3.6 Pupil-Teacher Ratio**

The pupil-teacher (or pupil-classroom; on the assumption that each teacher is responsible for one section of children) ratio is calculated by dividing the number of students enrolled in publicly supported schools by the number of teachers employed. The pupil-teacher ratio is one overall measure of staff efficiency, although it excludes non-teaching staff and shows system-wide averages, not actual class size. As Table (5) shows, the pupil-teacher ratio ranges between 20 pupils per teacher (19.9:1) and 72 pupils to a teacher, illustrating the enormous diversity across countries. The mean value of this indicator is 41.9, largely comparable to the world's best ratio of 40.1, and much less than Africa's best achievers ratio of 47.6. Based on the observed ratio of the high-completion countries, and supported by research, the target value of this variable is 40 pupils per teacher by 2015. Schools in low-and middle-income countries could save costs and improve learning by increasing pupil-teacher ratios. They would thereby use fewer teachers and would be able to allocate resources from teachers to other inputs that improve achievement, such as textbooks and in-service teacher training. The scope for improving efficiency through modest increases in pupil-teacher ratios is enormous because teachers costs typically account for about two-thirds of total spending on education (UNESCO, 1993).

### **2.3.7 Share of Private Schools**

The share of enrollments in privately financed schools has an important impact on public sector financing requirements. As percentage of total enrollments, the share of pupils in private schools in the sample countries ranges between 0 and 36 percent, with an overall average of 9.6 percent. The observed average shares in the high-completion countries is 4.6 percent in the world, and 4.8 percent in Africa. The high percentages of pupils in private schools in countries like Togo (35.6%), Mali (21.2) and Cameroon (19.0%) indicate the limited supply or poor quality of public schools, and that the uppermost income groups have the capacity to contribute to the financing of primary education.

### **2.3.8 Average Repetition Rate**

Grade repetition rates in our sample range between 1.2 to 30 percent of the total students enrolled. The average repetition rate of 14.4% in the sample is well above the world's best average of 9.6% and Africa's best 9.3%. High repetition rates are incompatible with the goal of UPC. Accordingly, countries with repetition rates above the average of the best performers should adopt policies to bring it down gradually by 2015.

## ***2.4 Resources Needed to Achieve MDGII in Member Countries***

Establishing mechanisms to increase the education budget is certainly the first step in achieving educational goals. However, the push toward universal access, improved quality, and gender parity requires substantial resources, well beyond the

fiscal ability of many IDB member countries. If the MDGII of UPC is in fact achieved by 2015, it would be because these countries have succeeded in transforming their education systems to function more efficiently, more like the group of countries already achieved the goal. Because it is inherently impossible for many member countries to achieve universal primary completion without improving the efficiency and functioning of the education system, models used to simulate the MDGs costs expressly tested how reforming key parameters of the education system in low-completion countries would affect the costs of achieving the MGD2. Several estimates of the cost of achieving EFA already exist, including those made by such organizations as UNESCO and UNICEF. These exercises put the aggregate additional cost to attain EFA in all countries in the range of US\$7 billion to US\$15 billion annually (Mingat et al, 2002). A recent estimate by the World Bank put the cost of achieving universal primary education by 2015 at between US\$10 billion and US\$15 billion annually (in 1995 prices).

This part of the paper is based on the World Bank's simulation model to estimate the cost of achieving MDGII in developing and low-income countries. In particular, it is based on Burn, Mingat, and Rakaotomalala (2003)'s model to stimulate the cost of MDGII in 47 low-income countries (of which 20 are IDB member countries) that have GER of less than 90 percent. The model is constructed around four set of variables; namely: enrollment, service delivery, system expansion, and system financing. The model uses indicators of service delivery such as average annual teacher salary rate, pupil-teacher ratio, the share of expenditure on other input items other than salaries, and the repetition ratio. The benchmarks set for these key parameters are drawn from high-performing countries (see Table 6 below). In addition, quality-enhancing reforms are also considered to differentiate between the cost of mere expansion of the existing primary education to achieve MDGII, and the cost of expansion with substantial quality improvement.



**Table 6: Benchmarks for Primary Education Efficiency and Quality Indicators**

		SAMPLE 1999/2000	MEAN IN	
Variable	Sample Range In 1999/2000 <sup>a</sup>	Adjusted Sample	Highest Completion Countries	2015 Benchmarks
<i>Universal primary completion (UPC)</i>			90 or above	100 percent
<i>Service Delivery</i>				
Average annual teacher Salary (as multiple of GDP)	0.6-9.6	4.0	3.3	3.5
Pupil-teacher ratio	13: 1 - 79 : 1	44 : 1	39 : 1	40 : 1
Spending on inputs other than teachers (% of primary education recurrent spending)	0.1 – 45.0	24.4	26.0	33
Average repetition rate (%)	0 – 36.1	15.8	9.5	10 or lower
<i>System expansion</i>				
Unit construction cost	\$6,500- \$24,000	–	–	\$6,500 - \$12,600 <sup>c</sup>
<i>System financing</i>				
Government revenues (%GDP) <sup>d</sup>	8.0 – 55.7	19.7	20.7	14/16/18 <sup>e</sup>
Education recurrent spending (% revenues)	3.2 -32.6	17.3	18.2	20
Primary education recurrent spending (% of total education recurrent spending)	26.0 – 66.3	48.6	47.6	50/42 <sup>f</sup>
Private enrollments (% of total)	0 - 77.0	9.4	7.3	10

a: The range includes data from the full sample of 55 countries

b: The adjusted sample excludes European and Central Asian countries

c: Construction costs in constant dollars based on "good practice" average values observed in each region.

d: Government current revenues, excluding grants

e: Staggered targets proportional to per capita GDP.

f: Benchmark is 50 percent for a six-year primary cycle; 42 percent for a five-year cycle.

Table (6) shows wide variance between the countries in the sample concerning the key parameters of the model. The Table also shows the huge range between the average values of the parameters in the sample countries and the average in the high-performing countries. It is to be observed that there are wide gaps between the average indicators in the sample and the 2015 benchmarks. This implies that many countries in the sample have to accelerate their efforts to reach the benchmark target before or by 2015. If every country is to achieve UPC of 100 percent then, for the quality service parameter, the teacher salary needs to be 3.5 times per capita GDP, pupil-teacher ratio or pupil-classroom ratio be 40, average repetition rate be dropped to 10 percent, and spending on inputs other than teacher salary be 33 percent of primary education recurrent budget. Per unit construction cost in the range of \$6,500-\$12,600 is projected to be compatible with the system expansion. To finance the education system, a government revenue-GDP ratio of 14, 16, or 18 percent (depending on per capita income) respectively, is required. The targets for the share of recurrent spending on

education as percentage of government revenue, and the share of recurrent spending on primary education as percentage of total education recurrent spending are set at 20 and 50/42 percent respectively. Therefore, a substantial contribution of the private sector is sought (10 percent of total enrollment).

The simulation exercise was developed to test the proposition that accelerated MDGII progress could be achieved by bringing core financial and service delivery parameters of education systems in at-risk countries into line with the parameters observed in countries that have higher primary completion. All the countries in the sample are considered "seriously off track" or "off track", including 20 low-income IDB member countries (Table 7). The key observation in the simulation exercise is that, in order to achieve universal primary completion by 2015, each country must achieve 100 percent entry of school-age children in grade 1 by 2010 (for a five-grade system) or 2009 (for six-grade system). This, of course, is a demanding requirement, particularly for LDMCs. However, given the willingness to implement the policy reforms, a majority of IDB member countries would be able to meet the costs of education MDGs, provided that real spending on education increased at least as fast as their population growth, over the period 2005-2015.

The model estimated the domestic resource flows for primary education over the projection period (2001-2015). The model also assumed that external financing will only be available for countries that show evidence of a strong domestic commitment to achieving UPC by allocating a fair share of national resources for that goal. In this respect, the share of GDP spent on primary education is decomposed on three components: the revenue-GDP ratio to reflect the size of the pool of funds available; the share of domestic revenue allocated to education, to indicate the public priority of education; and the share of the education budget allocated to primary education to indicate the specific commitment to UPC.

The simulation model mentioned above used three scenarios to estimate the cost of achieving education MDG by 2015. In the best practice scenario (the second scenario), the target revenue-GDP ratio in 2015 either 14 percent, 16 percent or 18 percent, depending on the level of per capita GDP. For the share of government revenue devoted to education, the target is 20 percent, while the share of primary education to total education budget is set at 50 percent. The model is then simulated for each country separately. Table (7) shows the annual average estimated costs of achieving the MGD in the group of 20 low-income IDB member countries. According to the projected values, the total domestic resources for the 20 countries should increase by US\$3,285 million each year, while the total expenditure is expected to be US\$4,345 million (see, Box 2.2). This includes recurrent expenditure (operations and combating AIDS) and capital expenditure. The total annual gap (recurrent and capital) is expected to be US\$1,060 million. This financing gap is expected to be covered by developmental partners, including the IDB.

It is important to mention here that, several estimates of the cost of achieving EFA already exist, including those made by such organizations as UNESCO and UNICEF. These exercises put the total cost of attaining EFA in all countries in the range of US\$7 billion to US\$10 billion annually. The World Bank's latest estimates

put the cost of achieving UPE by 2015 to be between US\$10 billions and US\$15 billions annually (see, Mingat et al, 2002). The estimates reported here are made under the assumption that the sampled countries implement successfully a set of basic education reforms (ie., "credible plan"), and that additional donor funding will be required at the average rate of some US\$2.1 billion a year for the next 11 years.

**Box 2.2: Financing Education for All by 2015: Sub-Saharan Africa**

At the Dakar Education for all Forum in April 2000, 189 countries committed themselves to eight Millennium Development Goals (MDGs) aimed at eradicating extreme poverty and improving the welfare of their people by 2015. The second of the goals is "Achieve universal primary education" with the specific target of "ensuring that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course for primary schooling. "An important question about the attainments of this goal is: What would be required to achieve it, is incremental domestic and international financing". Due to the strong international interest in this issue, a number of previous studies have attempted to analyze the likelihood of the MDG being met by employing different methodologies for estimating the incremental costs. Estimates of the incremental global financing requirements have varied widely, from \$7 billion to \$15 billion annually. A recent study by World Bank staff on 33 Sub-Saharan African countries (for 2001 to 2015) used a different approach, involving the use of primary school completion rate and making room for policy reform to improve the delivery of primary school services. The study estimated the magnitude of external funding (taking into account the effects of AIDS) needed to help 33 of Africa's poorest countries attain the Education for All goal by 2015. The target is to ensure that by that date all children would have access to a complete cycle of primary schooling (lasting at least five years or, if the cycle is longer, six years).

The estimates showed that, in total, the external financing gap ranges between \$1.6 billion and \$2.1 billion annually, including financing to defray the extra costs imposed on the education system by the AIDS epidemic totaling between \$433 million and \$557 million. Under the status quo scenario, the 33 African countries would fall short by a total of \$2.3 billion. The shortfall in capital financing averages around \$720 million annually while the shortfall in total recurrent spending would rise from \$529 million in 2001, to \$3.2 billion in 2015. Under the quality-enhancing measures only, the external financing shortfall would be \$4.1. billion, an increase of 80 percent over the estimate under the status quo scenario. In the scenario of quality-enhancing and efficiency-enhancing measures, the external financing shortfall would be \$2.6 billion a year, implying that fully three-fourths of the cost of quality improvements can be financed with improvements in the efficiency of service delivery.

What do these results suggest?

- Change the mix of donor assistance by shifting a large share of external assistance to recurrent budget support. In turn, countries would need to show greater budgetary transparency and better monitoring of outcomes, building on the Poverty Reduction Strategy Paper process and Poverty Reduction Support Credits.
- Re-evaluate the effectiveness of current arrangements, especially project-based mechanisms, for resource transfer from donor countries to support progress toward the Education for All goal in Africa.
- Make steady progress in improving in service delivery as a quid pro quo for continued external support.
- Monitor closely the progress of Education for All-related outcome indicators, including entry and survival rates in primary schooling, and implement reforms to improve the quality of learning environments and the efficiency of service delivery.

Source : adopted from A. Mingat, R. Rakotomalala, and J-P Tan. 2002. "Financing Education for All by 2015: Simulations for 33 African Countries. "World Bank, Africa Region, Human Development, Policy and Sector Analysis Support Team, Washington, D.C.

**Table 7: Actual and Projected Expenditures on Primary Education, Domestic Financing, and Financing Gap in Selected IDB Member Countries (US\$ millios per year)**

Country	Actual Expenditures (circa 2000)	PROJECTED UNDER SCENARIO C2* (ANNUAL AVERAGE FOR PERIOD 2001-2015)								
		Domestic Financing	Recurrent Expenditures		Capital expenditure	Total expenditure	RECURRENT GAP			
			Operations	AIDS			Operations	AIDS	Capital	Total Gap
Bangladesh	285	556	568	0	72	640	12	0	72	84
Benin	37	52	62	1	10	73	10	1	10	21
Burkina Faso	40	51	76	11	23	111	25	11	23	60
Cameroon	102	175	192	11	28	231	17	11	28	56
Chad	15	28	33	2	19	54	5	2	19	26
Cote d'Ivoire	218	307	347	16	16	379	40	16	16	72
Gambia, The	7	9	11	0	1	13	2	0	1	4
Guinea	23	53	76	1	12	89	23	1	12	36
Guinea- Bissau	1	4	6	0	1	7	2	0	1	4
Mali	25	45	68	2	28	98	23	2	28	53
Mauritania	18	23	27	0	3	30	4	0	3	7
Mozambique	38	80	103	9	14	126	23	9	14	46
Niger	37	46	72	1	27	100	26	1	27	54
Pakistan	526	1,061	1,117	0	148	1,265	56	0	148	204
Senegal	65	103	122	2	19	143	19	2	19	40
Sierra Leone	11	15	19	2	6	27	4	2	6	12
Sudan	104	205	290	1	20	311	85	1	20	106
Togo	26	31	39	4	7	50	8	4	7	19
Uganda	107	146	195	24	14	233	49	24	14	87
Yemen	247	295	316	0	49	365	21	0	49	70
<b>Total :</b>	<b>1,932</b>	<b>3,285</b>	<b>3,739</b>	<b>87</b>	<b>517</b>	<b>4,345</b>	<b>454</b>	<b>87</b>	<b>517</b>	<b>1,060</b>

Source: Bruns, Mingat and Rakotomalala (2003), Achieving Universal Primary Education by 2015, World Bank.

\* Under scenario C2: revenue/GDP ratio should be 14/16/18%, spending on education/govt revenue=20%, while spending on primary education/total recurrent education spending =50/42%.

## Chapter III

### OPTIONS FOR FINANCING EDUCATION IN IDB MEMBER COUNTRIES

In many countries, the education system is financed through partnerships between public administration (state and local authorities), families and communities, external donors, private partners, NGOs, and companies. The rules for sharing the financial burden among stakeholders are complex since they are specific to both the level of education and the type of school. However, the education information systems very often are limited to data on the state's education expenditure. Hence calculating the actual full cost of educational units requires the collection and processing of statistical, accounting, and budgetary data (IIEP, 2002).

Notwithstanding the above, education is often considered a public good because of the positive economic and social returns to the country at large. An oft-cited principle is that public funds should be used to provide goods that are deemed public. However, according to the current literature, models of education finance postulated three main sources of funding for education: the public sector, the private sector, and international sources (UNESCO/OECD, 2000). Public sector expenditure refers to funds spent by governments overseeing education (central, regional or local) on educational institutions, while private sector funding includes contributions from individuals, households and other private entities (e.g., religious groups, firms, charities, etc). International funding includes loans and grants from multilateral and bilateral donors, and funds from NGOs. These funds are usually channeled through central governments. Funds from all these sources are designated to educational institutions (public, government-dependent private, or independent private) for the purpose of expanding access and improving equity and quality.

Indeed, many HIPC and low-income countries are facing severe budgetary constraints in generating additional public and private resources. Due to macroeconomic conditions and the public fiscal policy, governments became less able to bear the increasing costs of expanding public education. In some countries, the cost of providing education is increasing because of low participation rates, high per-unit costs, and because of the huge wastage due to repetition and delayed entry. To this end, cost-shifting and cost-saving reforms are needed to reduce unit costs, and the price of achieving the EFA (i.e., the education MDGs). Financing processes and mechanisms are, therefore, needed for countries with the least capacity to raise additional resources from the domestic economy. In other words, it will be essential to mobilize existing and new financial and human resources, public, private and voluntary. All of the society has a contribution to make, recognizing that time, energy and funding directed to basic education are perhaps the most profound investment in people and in the future of a country which can be made (World Declaration on Education For All, 1990).

To a large extent, all IDB member countries adopt supply-side expansion policies whereby the government builds the schools and pays teachers' salaries. This expansion did not benefit all members of the society equally, though, and in many cases the type

of schooling offered is inappropriate for children from certain backgrounds (Patrinos and Arisaingam, 1997). In addition, public spending in education is often inefficient as a result of misallocation. Another feature characterizing IDB member countries' education policies is the fact that some countries over-subsidize higher education at the expense of primary and lower-secondary education, including the countries who have yet to achieve universal or near-universal coverage. The fact of the matter is, the supply-side provision fail to deliver the required results and that there is a dire need for a new model of education financing. A new approach in part of the government is, hence, desirable and urgently needed. But the questions remain: who should pay for schooling? The government? the taxpayer? the families? The private sector? Or all of them?. In this chapter we explore different modalities that could be used in financing education in the IDB member countries. In particular, we focus on the roles that could be played by different stakeholders in the education process.

### ***3.1.1 The Role of Governments in Financing Basic Education***

Most governments recognize the importance of education for economic and social development, and are increasingly allocating a large share of the budget to finance education, especially primary education where social returns exceed private returns. A complete basic education is normally provided free of fees, since it is essential for the acquisition of the knowledge, skills, and attitudes needed by society. Reflecting on the experience of Asian countries, South Korea provides a good example of how education can contribute considerably to sustainable growth and development. By linking well-planned systemic educational reforms to medium-and long-term national development goals, Korea has achieved a universal primary and secondary education in just over fifty years since the Korean war. The high priority accorded to educational expansion and the subsequent high level of national investment in education paid off in the form of sustained growth, accompanied by increased foreign direct investment as well as rapid a transformation from an agrarian economy to an industrial economy (Cho, 2001). One important lesson to be learned from Korea's experience is that when the government views education as a means of national development, and support that position with financial and policy commitment, a real progress can be achieved.

Meanwhile, most of the IDB member countries have committed themselves to the MDGs, the agreed upon road map for implementing the EFA explicit objective: "that by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling", and to the MDG goal to "eliminate gender disparity in primary and secondary education, preferably by 2005, and at all level by 2015". Yet, many remain far from achieving the core EFA goal-universal primary completion (UPC). Based on available data, many of the IDB member countries are either regressing or not making progress towards achieving MDGII. There are many reasons behind this astounding situation. First, the fragile domestic resource base and institutional weaknesses did not enable governments and policymakers to design and carry out policies and strategies to improve their basic education systems. Many countries are facing daunting problems of mounting debt burdens, economic stagnation and decline, macroeconomic and fiscal difficulties, rapid population growth, widening economic disparities among and within regions, civil strife, the preventable deaths of

millions of children and widespread environmental degradation. These problems certainly derail all efforts made towards meeting the basic learning needs. Second, unequal and inefficient use of available resources resulted in rampant educational disparities. In many countries, including LMDCs, current public expenditures disproportionately favored high-income and urban groups. Third, the direct and indirect costs of schooling to households impede access to education for the most disadvantaged groups. Finally, the supply-side policies mentioned earlier are not working; first because they are not equitable; and second, because the state simply does not have enough resources to cover the demand for education. Interventions in the education process have to be undertaken to mobilize more resources, and to allocate the existing resources among the different inputs in such a way that they improve pupil learning with maximum cost-effectiveness. Intuitively, since in many of the IDB member countries the existing resources are insufficient to support quality basic education for all, a menu of sustainable and equitable options that combine public and private resources to finance high-quality education is needed.

In attempting to tackle the problems of access and financing, the government needs to be focused and systematic. It needs to set clear goals and design the policies necessary to achieve them. Education priorities should be set with reference to outcome, using economic analysis, and measurement of achievement through learning assessments. In so doing, the government should be guided by an education-sector strategy (e.g., education components of PRSP and/or CAS strategy) setting the priority sub-sectors and the commitment to invest in education. Strong gender policy may also be needed to promote equity by targeting the marginalized groups. Putting an education strategy in place is important because all multilateral financial institutions and other donors have pledged to finance any resource gap provided that the country has a "credible" EFA plan. "No country would be unable to implement its plan for lack of resources" (Mingat, Ramahatra, and Tan, 2002). The education strategy will certainly help the country set its priorities and channel the required resources to achieve them.

After setting priorities, interventions in the education process have to be undertaken to allocate resources among the different inputs in such a way that they improve student learning with maximum cost-effectiveness. Central to cost-effective allocation of resources are strategies that will allow teachers' time be used more efficiently through increasing the student/teacher ratio, operating double shifts in crowded schools, and employing multigrade teaching in sparsely populated areas. These interventions will reduce unit costs of education and permit the savings to be used for quality improvement.

### **3.1.2 Domestic Resource Allocation/Mobilization**

Since in many countries, existing resources are insufficient to support quality basic education, the government needs to explore new ways of mobilizing additional resources. No country has reached high levels of primary school completion without a strong domestic resource mobilization and efficient use of the mobilized resources. In their pursuit to achieve the MDGII, a critical challenge for governments is to ensure the necessary initial conditions for mobilizing domestic resources, from both public and

non-government sources, sustaining adequate levels of productive investment and increasing human capacity. A crucial task is to enhance the efficacy, coherence and consistency of macroeconomic policies. An enabling domestic environment is vital for mobilizing domestic resources, encouraging the private sector participation, and attracting international assistance. Efforts to create such an environment would also get support from the international community (Monterrey Consensus).

Additional resources for basic education could also be mobilized by broadening the tax base, granting taxing powers and delegating financing responsibilities to local governments (fiscal decentralization), and/or earmarking taxes for basic education<sup>13</sup>. In fact, fiscal decentralization represents an important policy stance that should be interpreted within the large context of local autonomy and decision-making in the governance of educational systems (UNESCO/OECD, 2002). Resources for basic education can also be mobilized without changes in the existing system of taxation by increasing the share of public expenditure allocated to basic education (Verspoor and Tsang, 1993). In this context, the size of the government fiscal capacity-as reflected by total spending relative to GDP-is an important indicator of the domestic commitment to achieving universal primary education. A bigger overall volume of public revenues is likely to increase the resources available for public spending, the priority given to education, and within education, the priority placed on basic education<sup>14</sup>. Indeed, some low-income countries have macroeconomic difficulties that hinder their fiscal sustainability. In these countries, reasonable targets may need to be specified to the financing parameters mentioned above. Nevertheless, reallocation of recurrent resources from, for example, defence or other sectors to education provides additional means of financing MDGs. Once the required resources are secured, the next step would be to disperse the resources efficiently to achieve the education targets.

It makes a lot of sense, though, at this juncture to identify the type of constraints hindering access and equity in the education system. This is important because identifying the constraints would help define the type of government interventions needed. As stated above, there could be demand-side and/or supply-side constraints. A number of competing modalities exist in each case.

### **3.1.3 Supply-Side Interventions**

If access to basic education is limited because there are not enough schools, not enough spaces in the existing ones, or because of poor educational facilities, then obviously the right thing to do is to secure enough funds to build more schools and boost enrollment. Similarly, if access is limited because of social and religious restrictions (e.g., no separate schools for girls) or due to gender issues, then funds should be committed to reform the curriculum to cater for social, religious and gender

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<sup>13</sup> There is a realistic concern, though, that funds budgeted to education may not always end up at educational institutions.

<sup>14</sup> The revenue-GDP ratio reflects the differences in the overall size of the public sector and the national resource base, while the share of domestic revenues allocated to education indicates public priority given to education. The share of the education budget allocated to primary education, on the other hand, reflects the specific commitment to universal primary completion.



sensitivities. Nonetheless, the important issue is how to disperse the accumulated funds to address the above concerns. Two approaches worth mentioning. First, the traditional centralized approach where the bureaucrats control the budget and allocate resources directly to school while sitting in their offices. This approach has been criticized as ineffective because it lacks accountability and transparency. In other words, doing the same thing over and over again will not change the outcome. Another shortfall of centralization is that it does not encourage the participation and involvement of other stakeholders. Yet, centralized control may be more efficient for achieving scale economies or national consistency in activities such as textbook production, curriculum development, monitoring and teacher training.

The second approach, which is gaining momentum and becoming popular, is intergovernmental transfer between central, regional, and local authorities<sup>15</sup>. That is, decentralization of funding. In essence, the decentralized approach reflects the general governance structure of the country. In most IDB member countries, the governance structure consists of two or three main levels of authorities: central government, regional government agencies, and local government agencies. The relative importance of each one of these levels in terms of education decision-making differs greatly among countries. The central government is more likely to be responsible for decision-making concerning education financing, with the exception for federal states where regional bodies are more influential (UNESCO and OECD, 2002). According to this approach, public resources (from central or regional sources) are given to institutions (or school committees) based on the number of students attending school. In some countries, the central governments may have the lead role in planning, structures and personnel management while schools make most decisions about the organization of institutions. Unlike the previous one, this approach is output-oriented, transparent, and participatory. Experience in many countries has shown that school-level financing leads to better outcomes because providing resources directly to schools improves the availability of classroom materials, provides supplements to teachers to conduct remedial classes, and helps mitigate the effect of lower teacher salaries (World Bank, 2003). Fully autonomous institutions have authority to allocate their resources (cost-sharing with local communities), and they are able to create an educational environment adapted to local conditions inside and outside the school.

Apart from increasing participation of the civil society organization in the decision-making process, decentralization also increases accountability and improves the governance of the education institutions. During Uganda's "big bang" approach, the World Bank channeled funds directly through school committees. The decentralization approach is credited for reducing the bottlenecks of information and resource flows and enabling schools to respond to local needs (Winkler and Parry, 1996). However, despite the above, the approach is far from being optimal. Specifically, the criteria used to distribute resources among schools is often arbitrary and based on historical

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<sup>15</sup> Intergovernmental transfers are usually meant to address vertical fiscal imbalances, i. e. ensure that government revenue matches expenditure at the regional or local level. Another aim of transfers is to address horizontal fiscal imbalances or to even differences in expenditure across regions or municipalities. This latter aim is based on the redistribution of state funds in order to ensure inter-and intra-regional equity goals (UNESCO AND OECD, 2002).

development (Palacios, 2002). As a final note in this section, it is often the case that budget allocation according to output requires changing in the budget system.

### 3.1.4 Demand-Side Interventions

A broad constraint to universal primary completion in low-income countries comprises demand-side issues that cause a large number of students to drop out or never enroll in school even where places are available. Even when public basic education is free, there will be some poor households that cannot afford to send their children to school (or keep them in school) because of the direct and indirect costs, such as buying books or losing production around the home (World Bank, 1995). For these children, the dominant constraints are parental and community attitudes that undervalue education, especially for girls, and household poverty that makes school attendance unaffordable. Targeted stipends can help these households offset the income lost when children attend school. In such demand-side mechanisms, where money follows students, public funds are given directly to individuals (students or families) on the basis of expressing demand (Patrinos and Ariasingam, 1997).

In many countries, demand-side interventions were used as a vehicle to attract poor students by providing incentives to offset the opportunity cost of attending school. These incentives include vouchers, school lunch and nutrition programs, grants, scholarships, and loans to individuals, households and private entities. This indirect investment in the education system often aims to improve equitable access to education. In Mexico, the government used conditional cash transfer to attract endogenous children in the South. The program, rationalized by the socio-economic characteristics of the region, offers around US\$10 per family per month, provided the child attends school regularly. The program also offers extra incentives for completing the primary school cycle. Although the program may not have produced substantial gains, it enabled families to free children's time to school. In 1995, Brazil launched an innovative program called *Bolsa Escola* to increase educational attainment among poor children and reduce child labor. Cash grants were given to mothers (reflecting evidence that women spend more on children's education) to send children to school, covering a child's living expenses and the opportunity cost of attending school. The program has produced results and set an example as one model for increasing education attainment. For the year 2001-02, some 11 million children, would otherwise have been engaged in labor, went to school as a result of *Bolsa Escola*. In applying its Big Bang approach, Uganda eliminated school fees (a demand-side constraints to poor families) in order to increase access to primary education (see Box A.6 in Annex).

Another successful project that has used stipend mechanism is the Bangladesh Female Secondary School Assistance Project (Patrinos and Ariasingam, 1997). The use of demand-side financing does not necessarily imply less public financing<sup>16</sup> though. Proponents of the voucher system advocate the right of parents to send their children to

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<sup>16</sup> Demand-side financing, which is common in OECD countries and developing countries, uses vouchers ( a payment that a public entity gives directly to students and that students use at the school of their choice), stipends (given to students or their families to pay for school-related expenditures, and can cover the opportunity cost of lost labor), and capitation grants. Gambia uses the voucher system for poor students, capitation grants to all students, while Morocco and Mozambique use scholarships for rural girls.

the school of their choice. In fact, the calls for choice are initiated by many factors including: the efforts to make the provision of education more responsive to the community needs; to foster greater participation in the financing and management of education; the increased demand for quality education; and the intervention to attract and enroll the out-of-school population. Gambia, Morocco, and Mozambique used demand-side mechanisms to make incentives for the rural poor and for girls to enroll in primary education.

There is, however, a heated debate concerning the use of the demand-side approach, between those who consider it the best way to go to increase access, increase competition, improve quality and accountability, and cater for the needs of the community; and those who oppose it on the basis of its high cost, its impracticality, and that it does not necessarily open the door to any private school<sup>17</sup>. Opponents also argue that using the demand-side approach raises some equity issues because the incentives schemes are provided to all; those in need and those who are better off. The issue is introduced here, however, without taking side on the ongoing debate. In most of the IDB member countries, the real issue is not whether the voucher system is good or bad, the pressing issue is how to mobilize resources and use them efficiently to increase access and influence the people's demand for education.

### **3.2 *The Role of the Private Sector***

In order for a country to achieve UPE by 2015, enrolments in the first grade should reach 100%. As countries progress toward universal primary completion, the target populations are increasingly poor, remote, and marginalized (Bruns, Mingat, Rakotomalala, 2003). According to EFA Global Monitoring Report (2003), there are millions of school-age children not enrolled in school, more than three-quarters of them live in the countries of Sub-Saharan Africa and South and West Asia. Since these children are least able to contribute to the cost of education, it is the responsibility of national governments to provide them with educational opportunities, if UPC is to be realized<sup>18</sup>. Since primary education has huge externalities, government provision is considered crucial and necessary in IDB member countries. Otherwise expenditures on education would be less than optimal.

However, government responsibility to finance primary education does not mean that all schooling must or should be publicly provided. There is recognition of the fact that government efforts alone are insufficient to cope with expansion of primary and basic education in low-income countries. Measures to increase spending on education have led some governments to seek funds for education by encouraging private sector financing and provision of educational services. Although the appropriate role for the public and private sectors in the provision and financing of education should depend on conditions of the specific country (given the willingness of the taxpayers and the ability of the government to support largely free education), in most

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<sup>17</sup> For further information, interested readers may consult, <http://www1.worldbank.org/education/exams/>.

<sup>18</sup> The high levels of inequality and the extent of poverty in some IDB member countries are important contexts when considering the potential role of the private sector (individual and households) as a source of additional resources of education .

developing countries there is a significant scope for private sector to complement or partner with the public sector in education provision and financing. Private sector financing would certainly increase enrollments, whether used at private or at publicly funded institutions. This section examines the role of the private sector as a funder and provider of education.

### **3.2.1 Private Sector as a Provider**

Throughout the developing world, the demand for private education is growing; a market response to situations where government-provided services do not meet the needs of the people<sup>19</sup>. There are two factors driving this growth. First, the increasing recognition of the value of education by individuals, families, the business sector, and society as a whole has led to a demand for higher quality in all components of education, a greater willingness to pay for education, and a proliferation of student financing initiatives (IFC, 2001). Second, improvements in coverage at the primary levels and demographic changes have resulted in huge increases in demand for secondary and tertiary education. However, despite a significant effort by the public sector, and growing role of the private sector, there are many middle and low-income groups remained underserved. In fact the sources of funding for public and private educational institutions have become increasingly mixed. In many countries, a proportion of public funding goes towards private schools and, at the same time, there are significant private contribution to public schools. In this context, the difference between 'public' and 'private' became so blurred and the terms are often used in an over-simplified way that fails to capture the growing diversity among schools and the types of school governance.

On the other hand, the most important reasons for the existence of private education include the need to meet the excess demand due to shortfalls of public-sector supply, and/or to offer educational opportunities not offered by the public school system. When public education is insufficient to guarantee access to schooling (no schools available in the neighborhood or overcrowded classes), or no good quality of instruction (untrained teachers, lack of textbooks, etc) demand-driven private schools of all types normally fill the gap and offer their services to households in return for a certain amount of fees and contribution in kind, or free labor. Demand for private education services can also be viewed as a response to situations where public or government education services are not adequate or of the kind people would like (Sosale, 2000).

Private education is also offered via a variety of schools ranging from elite academies to religious schools, to schools that cater for public schools' drop-outs, each serving its purpose and having its specific features. Private schools can be classified into: (i) community schools, (ii) religious-affiliated schools, (iii) spontaneous schools

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<sup>19</sup> Often the term 'private sector' is used to imply private as opposed to public funding. A narrow definition of "private sector" being for-profit institutions and a broader definition encompassing combinations of financing, ownership, and management by non-public institutions. An institution is classified as private if it is controlled and managed by a non-governmental organization (e.g., enterprise, religious group, association, NGO, ..etc)., or if its governing board consists mainly of members not selected by a public agency, regardless of its funding sources (Financing Education, 2002).

for the rural and nomadic population, and (iv) supply-driven profit-making schools for higher-income groups. They can further be classified into those who receive the majority of their funding from the government (*government-dependent private institutions*) and those that receive less than half of their funding from the government (*independent private institutions*). All types of private schools are regulated by the government (for curriculum and standards), and are under the surveillance of parents and their associations.

As Table (5) above shows, private enrollments across the sample of IDB countries for which data is available range from 0 to 39%; with an overall average of 9.6%. This includes rich and poor countries in terms of GDP per capita. In 11 out of the 24 countries in the sample, the proportion of primary school enrollment exceeds 10 percent, reflecting the relative importance of the private sector in expanding access to education. Togo has the largest proportion of private primary enrollment (35.6 percent), while Mozambique, Sierra Leone, and Sudan has the smallest proportion (0 percent). The data also show that there is a growing market for education that is characterized by numerous factors pertaining to excess demand, differentiated products (offering educational opportunities not provided by public institutions), and consumer willingness to pay for educational services.

### **3.2.2 Private Sector as a Financier**

Given the rising demands for-and expenditures on- expanding education and the binding budget constraints faced by many governments, private financing can be considered as a strong supplement to public financing. Private financing can be utilized either to fund private institutions or to supplement income of publicly funded institutions (Sosale, 2000). Advocates for educational reforms call for strengthening the partnership between the public and private sector, by increasing the participation of the private sector in the provision and financing of education. Several financing mechanisms consistent with private sector financing of educational services exist. Such mechanisms include 'cost-sharing schemes' and "government subsidies-loans". Most of these modalities are, however, consistent with schooling beyond the basic level and may be useful as countries approach universal basic education<sup>20</sup>. Moreover, since private institutions are typically financed through user fees, the amount of fees and other contributions indicates the 'purchasing power' of communities/families, i.e. the level of funding each target group can afford and is willing to spend on education at private schools.

Nonetheless, as the private returns to primary education have increased, the supply and demand for primary education have become more stratified. Hence, there is an important role that the private sector could play in expanding basic education. Some countries adopted several financing strategies such as demand-side financing to promote choice in education for reasons of equity in access. These modalities include direct payments to educational institutions that take several different forms: vouchers,

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<sup>20</sup> A number of countries use a variety of cost-sharing schemes including, private sector loans, human capital contracts income-contingent loans (private and public), public sector loans, and graduate tax for financing tertiary education.

student tuitions or fees; fees paid for lodging, meals, health, and other services indirectly related to classroom activities (ancillary services). As is well known, markets function effectively if they provide the pattern of goods and services that consumers prefer, given their level of income. In particular, private education thrives in a market environment where competition, efficiency and profits are the guiding factors. Depending on the nature of the market failure, governments step in to improve matters by adopting appropriate remedies which may take the form of regulation, taxation, or subsidized production by private contractors at public expense. Moreover, the private sector involvement of higher education could release much of government resources invested in that sub-sector, which could be devoted to basic education.

In this context, two related policy measures emerge. First, before approving the right modality for private sector participation, the policymakers may need to study the impact of private education on the demand for education and the decision people take about sending their children to private schools. Second, the government should put in place "the ground rules" establishing a framework in which private enterprise can operate effectively in a manner responsive to the needs of the society, bearing in mind that overregulation may crowd out private contribution to education.

### ***3.3 Partnership with other Stakeholders***

The above policy measures, and many more such as the devolution of financial responsibility to the community-for construction of schools and contributing to school expenses- are thought to be necessary for achieving universal access and quality basic education for all. Since the parents and the local community have vested interest in the education process, they can contribute greatly to resource mobilization and to the realization of the EFA goals. Parents' financial support and willingness to get involved in their children's education lay the foundation for a strong partnership among all parties on a win-win basis. The government will achieve its goal of expanding access, the parents will get a good product in terms of quality education, and the community will benefit from the externalities and spill-over effects of education. However, increased parents' participation in the education process may require that they become more directly involved on the daily school governance. Certainly, parents and the local community have been important contributors to school construction in many countries, including the Sahelian countries, the Republic of Yemen, India, China, and Thailand (Verspoor and Tsang, 1993).

Indeed, community involvement in basic education has benefits that go far beyond the financial contributions. It often results in increased parental appreciation and support for the value of good education, pressure on teachers and students to produce high levels of learning, and responsiveness of schools to parental and community involvement. Devolving the means of financing is particularly important because it is strongly related to the prosperity of the community being served by the school, and reflects the household's demand for education. It is even stronger when the education system is decentralized, will lead to internal efficiency through transparent and direct involvement, and contribute to quality improvement by making teachers more accountable.

On the other hand, decentralization in basic education is now common in developing countries and has taken two forms. One form is devolution of decision-making, by which sub-national governments are primarily responsible for providing basic education and have the authority to raise and spend revenues. The other form of decentralization is deconcentration of decision-making, which involves the transfer of authority to lower levels within central or higher-level government agencies. For decentralized financing to be effective, simultaneous efforts are required to build and strengthen administrative capacity at lower levels and to incorporate measures for accountability and monitoring. Meanwhile, decentralization may lead to wide inequalities in the funds allocated to schools due to the disparities among communities, as experience has shown in China and Chile (Vespoor and Tsang, 1993).

The government can also involve other stakeholders as well. The teachers, teacher unions, parents-teachers associations (PTA), non-teaching staff, and officials of the MOE can contribute large non-financial resources such as time, efforts, managerial skills, and awareness. Moreover, involving religious organizations, NGOs or for-profit private providers in basic education can lead to better quality of education, by mobilizing available management capacity, providing more choice for families, and possibly increasing competition among providers. In Peru, for example, contracting with an NGO provider to administer public schools in remote rural areas resulted in better-functioning schools (Aoki et al, 2002). Governments can increase schooling opportunities and quality by contracting out public schools, by providing scholarships to poor students to attend non-government schools, and by subsidizing the construction of non-government schools.

Mobilizing domestic resources may be difficult under fiscal and financial constraints. However, given that communities and parents have strong vested interest in their children education, the national government can tap on the resources of the families and the communities to obtain additional resources for basic education. Contributions from parents and the community are an important source of additional non-government resources. These contributions can occur through monetary contributions or through non-monetary support in the form of land, labor, materials, and social marketing of the benefits of education.

### **3.4 *Role of Awqaf and Zakah in Financing Education in IDB Member Countries***

The IDB member countries can tap on the resources of *Awqaf* to increase access to education. Historically, *Awqaf* have contributed generously to the socio-economic development of Islamic communities and nations. Apart from providing financial help for the needy and the poor, the *Awqaf* institutions were accredited with the spread of mosques, books, and Islamic education. For example, many of Islamic higher education institutions like Al-Azhar university in Egypt, Qarwiyyin university in Morocco, Zaytoona in Tunisia, and many other centers of higher learning were financed by *Awqaf*. *Awqaf* were also the principal financiers of mosques and Islamic centers in many countries today, and were the principal financier of Madrasas, libraries and Quranic schools affiliated to them. Proceeds from *Awqaf* were also used to cover the living expenses of students and teachers in these schools. With an economic role

similar to that of an endowment, Awqaf could be designated for *masjids*, hospitals, libraries, orphanages, as well as for education. It is everywhere in the Arabic classical literature that the proceeds from Awqaf were also invested to generate more income for the beneficiaries<sup>21</sup>. Being independent non-for-profit institutions, Awqaf could play the same role as present-day NGOs in education financing, especially the design, construction and maintenance of school buildings; thus helping to make a rapid progress towards the EFA goals.

Another important source for financing the expansion of primary education in IDB member countries is *Zakah*. It is well-established that *Zakah* is an important instrument for poverty reduction. Among other things, many scholars agree that proceeds from *Zakah* could be spent on advancing knowledge and education on the basis of the category (*fi sabil illah*). In many countries, the *Zakah* is institutionalized and the proceeds were used in building and furnishing religious institutes and schools for training the poor and teaching them basic skills. In Egypt, for example, the *Zakah* committees have built many religious institutes under the directions of the *Zakah* payers and put these institutes under the management and directorship of Al-Azhar. In Sudan, the *Zakah* Fund regularly pays for the living expenses, scholarships and the tuition fees of poor students at various levels of education<sup>22</sup>.

Given the religious dimension of Awqaf and *Zakah* in the Muslim countries, there is a great potential for governments to reorganize these institutions and activate their role to enhance their performance. The *Zakah* and Awqaf institutions could be an effective vehicle for domestic resource mobilization, provided that the government raises their efficiencies through training and capacity building. In particular, Awqaf and *Zakah* institutions could be integrating in the overall strategy of expanding access and improving quality of basic education.

There are indeed effective ways of utilizing the proceeds from Awqaf and *Zakah* to advance progress towards the MDGII goal. Both supply-side and demand-side interventions could be employed. For example, proceeds from Awqaf could be used to increase school enrollment and retention rates by attempting to improve school supply conditions (constructing schools or renovating the existing buildings, increasing class size, encouraging single-sex schooling, incentives to teachers, etc). The revenues from Awqaf could also be used to mitigate the demand constraints (provide learning materials, free textbooks, free or subsidized transportation, school feeding programmes). Further, the *Zakah* funds could be used to reduce the direct and indirect cost of education (subsidies and incentives to poor households for enrolling their children, especially girls, in schools), for school feeding programmes, or to pay tuitions. Moreover, the *Zakah* resources could also be used to pay for health and nutrition programmes, scholarships, or as vouchers in private schools, for poor children.

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<sup>21</sup> Realizing the historic role played by Awqaf in economic and social development of the Muslim Ummah, the IDB has recently established the World Waqf Foundation, as part of the IDB Group, to revive, develop, and activate the Awqaf and make them operational. The Bank also collaborated with four Awqaf Ministries and eight financial institutions from six countries to establish the Awqaf Properties Investment Fund (APIF) in 2001 "to become the leading investment fund dedicated to financing the development of Awqaf real estate properties in the OIC countries and the Muslim communities around the world."

<sup>22</sup> For more on the role of Awqaf and *Zakah* on financing education, see Habib Ahmed, IRTI Occasional Paper 1425H, chapter 6.



## Chapter IV

### CASE STUDIES IN FINANCING EDUCATION REFORMS IN IDB MEMBER COUNTRIES

This chapter provides two experiences from IDB member countries, namely Malaysia and Tunisia, in implementing financial reforms to improve the quality and achieve universal access of basic education. The desire to make quality basic education accessible to all children was driven by strong commitments to implement the necessary policies. Significant progress has so far been made in these two countries. Clearly, without changes in the financing and management of education, the MDG goal of quality basic education for all wouldn't have been attained in the two countries. Hence, the experiences of Malaysia and Tunisia in financing basic education are intended to provide good practices that could be emulated by other IDB member countries towards achieving the MDGII.

#### *4.1 Malaysian Experience*

The Constitution guarantees the right to education to all Malaysian children as one of the fundamental liberties. According to the Federal Constitution, education is the responsibility of the Federal Government, while the religious, indigenous and other minority groups were given the right to maintain their sectarian schools. As is common in many Asian countries, the Malaysian educational system is organized in three levels: primary, secondary and tertiary cycles. Tertiary education in both the academic and professional fields is provided by universities, colleges and other public and private institutions of higher education. Primary and secondary education are provided free of charge, mostly by government or government-aided schools. Moreover, in 2003, primary education (6-year cycle) is made compulsory to all school-age children. Children aged 6 years or above, are required to attend either government, government-aided or private schools and to remain in school for at least 6 years. Students sit for national public examinations at the end of primary, lower secondary, upper secondary and six-form levels. The formal school system has a 6-3-2-2 pattern. All primary pupils follow a national curriculum with no specialization into streams. Like most systems in Asia, curriculum specializations are offered in the middle of secondary education at grade 10, where students are allowed to choose between humanities, science and technical/vocational studies.

#### **4.1.1 Trends in Education Expenditure**

Education has been a major item of public expenditure. The importance given to education is clearly reflected in the country's budget allocation over the years<sup>23</sup>. The main source of funds for operating expenditure is general revenue which, in Malaysia, is located in the Federal Consolidated Fund. However if the expenditure is capital in

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<sup>23</sup> The limitation of the data on education expenditures presented here must be taken into consideration. In general the data refers only to expenditures of the Ministry of Education and does not cover private sector education expenditures, expenditure by other agencies and ministries other than the Ministry of Education (MOE), and data on foreign loans for education.

nature, then its source is from the Federal Consolidated Development Fund, which in turn may be raised from loan by the federal government<sup>24</sup>. Since 1955, when educational expenditure was a mere RM11.3 million, educational expenditure has been steadily increasing. Thirty years later, in 1985, the allocation for education increased to RM4.34 billion, almost 400 times the 1955 level. In 2003, the allocation rose to RM26.2 billion. Furthermore, between 1980 and 2003, total educational expenditure varied between the lowest 4.59 to the highest 7.42 per cent of GNP. As a percentage of total public expenditure, spending in education has been in the range of 13.0 per cent at the lowest to 23.86 per cent at the highest.

The trend in allocations to education revealed the commitment to educational investment and strategies in the various Five-Year Malaysia Development Plans (1965-1969 being the First Malaysia Plan and 2001-2005 representing the Eighth Malaysia Plan). The trends reflect the relative differences in emphasis on education and the related strategies over the years. While the emphasis during the periods encompassing the Fourth and Fifth Malaysia Plans and the preceding years was on planning of large physical programmes and curriculum development, the emphasis in the Sixth, Seventh and Eighth Malaysia Plans has been on maintaining and increasing the quality, equity and efficiency dimensions of education. The focus has been impacted by the requirements of the futuristic Vision 2020 of transforming Malaysia into a newly industrialised country and achieving a developed nation status. Data for educational expenditures is provided in Table (8) below.

From 1980 to 1989, the average annual growth in total educational expenditure was 6.4 per cent. From 1990 to 1999, the average growth increased to 10.3 per cent, before decreasing to 8.54 per cent between the years 1995 to 1999. Starting 2000 and until the end of 2003, the average growth was 18.6 per cent. This trend was similar in terms of average annual growth in recurrent expenditure, being 14.25, 5.96 and 15.1 per cent for the years 1990-1994, 1995-1999 and 2000-2003. The corresponding average growth rates for capital expenditure were 11.8, 22.18 and 30.25. The allocation of recurrent expenditure among levels of education as well as programmes (Table B.3a) in 2000, shows pre-school, primary and secondary education combined, comprise almost 70 per cent of total recurrent expenditure allocated to MOE. The second biggest allocation went to grants for public higher education institutions (15 per cent), whilst technical education, finance and information systems development received about 3 per cent each.

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<sup>24</sup> The latest educational loan to Malaysia comes from Asian Development Bank 1997 amounting US \$ 45 mil- Support for Technical Education and upgrading existing facilities. Another loan is from The World Bank Loan of US\$244 mil was awarded in 1995 to improve the quality and relevance of technical education and training system through implementation of policy and educational reforms, upgrading of teachers and facilities and updating of the curriculum.

**Table 8: Estimated Educational Expenditure at Current Price Against Total Government Expenditure and Gross National Product (GNP), 1981- 2003**

Year	Total Edu. Expend. (RM Bil) (% Growth)	Total Gov. Expend. (RM Bil)	GNP At Market Price (RM Bil)	% Of Total Edu. Expend. Against Total Gov. Expend.	% Of Edu. Expend Against GNP at Market Price	Rec. Exp. Rm Bil. (% Growth)	% Rec. Exp. Of GNP	Cap. Exp. Rm Bil. (% Growth)	% Cap. Exp. Of GNP
1955	0.11		4.76		0.2				
1960	0.18		5.86		3.0				
1965	0.35		7.69		4.6				
1970	0.56		9.82		5.7				
1975	0.80		12.5		6.4				
1980	1.08		16.0		6.7				
1981	3.52 (225.9)	27.07	55.8	13.0	6.3				
1982	4.07 (15.6)	28.07	59.8	14.5	6.8				
1983	3.90 (-4.2)	28.06	65.0	13.9	6.0				
1984	4.19 (7.4)	28.12	73.5	14.9	5.7				
1985	4.34 (3.6)	28.18	72.4	15.4	6.0				
1986	4.81 (10.8)	27.64	66.7	17.4	7.2				
1987	4.67 (-2.9)	24.97	74.6	18.7	6.2				
1988	4.98 (6.6)	27.07	85.8	18.4	5.8				
1989	5.64 (13.3)	32.41	96.7	17.4	5.8				1.3
1990	6.59 (16.8)	37.66	110.6	17.5	6.0	4.84	4.4	1.75	1.6
1991	6.27 (-4.9)	38.47	123.23	16.30	5.09	5.59 (15.5)	4.5	0.68 (-61.1)	0.6
1992	7.96 (27.0)	45.56	140.55	17.47	5.66	6.65 (19.0)	4.7	1.31 (92.6)	0.9
1993	8.53 (7.2)	44.14	159.04	19.31	5.36	7.08 (6.5)	4.5	1.45 (10.7)	0.9
1994	8.95 (4.9)	47.14	178.09	19.00	5.03	7.82 (10.5)	4.4	1.13 (-22.1)	0.6
1995	9.73 (8.7)	48.8	202.39	19.95	4.81	8.28 (5.9)	4.1	1.45 (28.3)	0.7
1996	10.85 (11.5)	55.47	227.37	19.55	4.77	8.96 (8.2)	3.9	1.89 (30.4)	0.8
1997	12.03 (10.9)	59.98	262.19	20.06	4.59	9.93 (10.8)	3.8	2.11 (11.3)	0.8
1998	12.51 (4.0)	64.12	269.14	19.51	4.65	9.88 (-0.4)	3.7	2.63 (24.8)	1.0
1999	13.46 (7.6)	65.1	280.93	20.68	4.79	10.41 (5.3)	3.7	3.05 (16.1)	1.1
2000	14.08 (4.6)	78.03	295.84	18.05	4.76	10.88 (4.5)	3.7	3.20 (5.0)	1.1
2001	18.60 (32.1)	91.05	326.07	20.43	5.70	13.61 (25.1)	4.2	4.99 (55.8)	1.5
2002	20.72 (11.4)	100.52	327.71	20.61	6.32	15.62 (14.8)	4.8	5.10 (2.2)	1.6
2003	26.19 (26.4)	109.8	353.13	23.86	7.42	18.13 (16.1)	5.1	8.06 (58.0)	2.3

Source: Economic Report 1998/2000, Federal Expenditure 1998, Educational Statistics Malaysia, MOE several years

Analysis of percentage growth in recurrent expenditure between 1990 and 2003, by levels of education, shows the priorities given by the government to educational expansion, especially in technical secondary education and higher education. Between 1990 and 1994, the highest priority was given to the expansion of secondary technical education, while primary and secondary education were given

twice the amount allocated to higher education. Allocation to all levels, especially to higher education, spiralled at the beginning the new millennium, after the declining trends following the economic downturn in the years 1997-1999. Between 2001 and 2003, the percentage growth in grants to higher education was 62.9 per cent, as compared to growth of 32.0, 37.1 and 22.5 per cent in recurrent expenditure for secondary technical, secondary academic and primary education respectively.

An analysis of growth rates in recurrent expenditures as a percentage of total recurrent expenditure in secondary academic education, secondary technical education and university grant allocation (Table B.3b) shows the government's commitment to increase participation rate at the university level by increasing intake at that level and by establishing new colleges and universities, while maintaining growth at other levels at the same time. The concurrent rise in the allocation for the education sector in the late 1990's and right through the new millennium (almost touching 24 per cent of the total government expenditure in 2003) is in consonance with the government's new strategy to increase to 30 per cent the participation rate of the 17-to-23+ years old cohort in tertiary education.

#### **4.1.2 Educational Development 1970-2000**

Due to incomplete data, the analysis in this section is limited to educational data until the year 2000, and whenever possible, the analysis uses 2003 data. As of 2000, there were 8913 educational institutions under the purview of the Ministry of education (MOE), 7,217 of them being primary schools, 1,641 secondary schools, 31 teacher colleges, 12 polytechnics, 1 college and 11 universities (Table B.4). The 1980s saw high growth and development at the higher education level (i.e. polytechnics and universities). The technical tertiary education at Certificate and Diploma levels saw a 250 per cent increase from 1980 to 1990, and a 71.4 per cent increase between 1990 to 2000. The 1990s also saw high growth in secondary education, a 39.0 per cent increase from 1980 to 1990, and a 23.7 per cent increase in the number of secondary schools from 1990 to 2000. Expansion in the number of primary schools were 2.1, 6.5 and 5.7 per cent between 1970-1980, 1980-1990 and 1990-2000, respectively, followed by expansion in primary enrolment by 41.3, 21.8 and 18.8 per cent respectively (Table B.5), bringing the participation rate in primary education to 99.8 per cent in 1999 and 96.8 per cent in 2000.

#### **4.1.3 Participation Rate in Government and Government-Aided Institutions**

During the three decades between 1970 and 2000, the system of education has been able to increase the participation rate of the population at all levels of education. At the primary level, Malaysia has long achieved universal primary education. From a participation rate of 88.2 per cent in 1970, it has reached 99.8 per cent in 1999, although there was a drop of 3.0 per cent in 2000. This was the result of the increase in the number of private primary schools from 56 in 1990 to 115 in 1999, an increase of 100 per cent. At the level of lower secondary, participation rate increased by 32.8 percentage points; from 52.2 per cent in 1970 to 85 per cent in 2000. This has been mostly due to the policy change of universal education from 9 years to 11 years, starting from 1992. This change of policy has increased the participation rate at upper

secondary education from 20.1 per cent in 1979 to 72.6 per cent in 2000, an increase of 52.5 percentage points.

Preschool education was given emphasis by the MOE beginning from 1992, focussing on rural areas. As of year 2000, there were 1070 primary schools with pre-school annexes amounting to 1131 classes and with an enrolment of 26,000 students, comprising a 5 per cent of the age cohort. Preschool education in Malaysia is put under the control and purview of semi-independent agencies such as the Ministry of Rural Development, Ministry of Unity and Community Development, NGO's and the private sector. In the year 2000, it is estimated that 64 per cent of the pre-school age cohort attended pre-school education.

#### **4.1.4 The Gender Issue in Malaysian Educational Institutions**

The gender issue is not a major concern in the Malaysian educational system, apart from the usual inevitable discrimination toward women for occupations which require physical strength or frequent travels. In primary schools, the percentage of boys is around 51.3 per cent of total enrolment, while girl students comprise 48.6 (Table B.7). In secondary schools, it is the reverse where the percentage of girls exceeds that of boys. At the university level, data from 1996 to 2000 shows the percentage favouring female students. In the year 2000, the percentage of female to male students in public universities was 56.2 against 43.8 per cent. Any imbalance in gender ratio in enrolment has more to do with the attributes of the courses of study than forms of discrimination. In teacher training colleges, situations are similar where the percentage of female teacher trainees stood at 68.3 per cent in 2000.

#### **4.1.5 Private Education**

The governing of private education in terms of regulations, registration, monitoring and control comes under the purview of the Department of Private Education of the MOE. The quality control, on the other hand, comes under the jurisdiction of the National Accreditation Board, which was established in accordance with the provisions in The Higher Private Education Act of 1996. Private primary and secondary schools do not receive as much demand attention for accreditation as private institutions of higher learning. There are enough places for all students in the national school system. Thus the reason for choosing private primary and secondary in Malaysia is not because of excess demand but rather because of differentiated demand. This usually stems from cultural (religious and linguistic) heterogeneity or differentiated tastes about quality, which lead people voluntarily to opt out of the national system to secure the kind of education they prefer.

#### **4.1.6 Analysis of Unit Costs of Education**

The average unit costs of education in Malaysia (1994) stood at RM1124 for primary education and RM1789 in secondary education. Within secondary schooling, the average unit cost for technical/vocational secondary was RM4064. The unit costs for teacher training was RM7293. There are variations between rural and urban schools, between schools based on size, and between upper and secondary. There are also variations between ordinary secondary and the fully residential schools. The ratios

of unit costs of primary to secondary, to technical, and to teacher training was 1:1.6: 3.6: 6.5. This shows to a certain extent the result of the higher development expenditure at the more expensive higher level of education as well as the faster expansion in enrolment at this level. Costs comparison between countries in South East Asia and the HPAE's<sup>25</sup> (High Performing Asian Economies) countries showed that unit costs per capita GDP in Malaysia were generally at par with those in Indonesia and Thailand; especially at primary level. Compared to HPAEs, Malaysia's unit costs at primary education was as high as those in Japan and Korea but relatively more expensive than Singapore's. Malaysia's per unit cost in secondary education is, on average, 1.5 times more expensive than in the Republic of Korea, Singapore and Japan.

The high unit costs were caused mainly by the persistence of low pupil-teacher ratios (PTR) at the primary level. At the same level, the PTR has been falling from an average of 1:26 in the 1980s to an average of 1:18 beginning the year 2000, comparing very well with PTRs in OECD countries. Although this phenomena could indicate quality improvement in terms of more individual attention, more aid to the weak, better discipline etc., a lower PTR does not necessarily lead to smaller classes in general, depending on organization of teacher deployment in teaching and the size of teaching groups. The importance of lowering PTR stems from the fact that it is inversely proportional to per unit costs.

Apart from low PTRs, which is very cost-sensitive, literature and research on educational costing in Malaysia cited several reasons such as the tendency in the system to select costly options (due to the relative lack of financial constraints, see World Bank 1992). Some critics pointed at the SMART school project which utilized expertise and consultancy from TELEKOM Smart Schools at a cost of RM300 million and the most recent policy change in using the English language in the teaching of mathematics and science in schools; which cost approximately RM1 billion per year for five years beginning 2003 as examples of costly options in financing educational programmes. There are also proofs of under-utilization of human and physical resources, inefficiency in the allocation, under-utilization and deployment of teachers (Yussof A.B. 2000, Mingat, A 1995) and inefficiencies in the system of centralization of educational financing (World Bank 1985, Yussof A.B, 2000). During the period 1988 to 1990 and from 1992 to 1996, the number of teachers had increased faster than enrolments (World Bank 1993, 1992-1996, MOE statistics), which was one of the reasons for the spiral recurrent costs.

Total educational spending has been inherently high since 1977. Beginning 1997, expenditures have been in the range of 18% to almost 24%. According to some literature, levels of investment should be maintained at around 15-16% of total government expenditure, otherwise levels in excess of these would be unsustainable. The steady increase in educational spending over the years without any signals of subsiding are raising questions as to the effectiveness, efficiency and returns of such high investments as compared to countries with lower investment and encouraging returns and coverage (Mingat, A, 1995). This is especially so looking at the pattern of

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<sup>25</sup> HPAE countries include Singapore, Taiwan, Japan, Korea

the growth rates of school-age population, which have important implications of costs. During the period 1960-1990, the rate of growth (or decline) of the school-age population ranged from 2.4 to 0.1 per cent in primary school-age children, from 2.8 to 0.7 per cent in lower secondary school, from 3.1 to 0.6 per cent in upper secondary school, and from 3.4 to 1.0 per cent of university-going students. This trend of falling school-age population, especially if the economy keeps on growing, makes it possible to improve educational quality. In the mean time, Malaysia has to cope with the growth rate of school-age population projected to be around 2.08<sup>26</sup>.

## **4.2 Tunisian Experience**

The Tunisian system of education has accomplished outstanding results, both quantitatively and qualitatively, during the four previous decades. "Education for All" has become a reality in all Tunisia's 24-governorate territory. In addition to the full-schooling of children, a voluntary policy to promote adult education and in-service training has served to increase literacy and to pave the way to "lifelong education". Among the numerous assets of the Tunisian educational system, three characteristics are particularly noticed. First, the gradual transformation of the Tunisian society into a genuine "educational society". The "universal coverage" goal, which has already been attained at the primary level, is being achieved for the whole period of basic education. This is due to the measures taken to ensure free schooling and the strict application of the 6-to-16 year-old compulsory education rule. Parallel to this, different other measures have been taken to push the schooling of students to the maximum age possible. As a result, the schooling rate at both the secondary and university level has developed remarkably. The second characteristic is the implementation of absolute gender equality among all Tunisians to whom schooling has become the best means to achieve social promotion. A fair girls-to-boys ratio at all levels of education has become a reality. In fact, the number of girls has recently exceeded that of boys at the secondary and university levels. This major thrust in the exercise of the rights given to women on the eve of independence has had considerable impact on social and family life and on the cultural level of the population.

The third characteristic is the training of a highly-qualified personnel in all fields. This has helped attain self-sufficiency in human resources and stop relying on foreign "cooperants" towards the end of the 70's. Better still, many Tunisians are currently working as "cooperants" in many countries.

### **4.2.1 The Reform of 1989**

An important reform in the education system was launched in 1989. The reform introduced the basic school, extended basic education to nine grades, and set forth compulsory and free schooling up to the age of 16. The reform also targeted reduction of school failure. Moreover, the educational authorities have undertaken several measures to improve teachers' qualifications and managed to raise the percentage of qualified teachers above 80%. Other operations of great impact have been conducted, especially the introduction of data management in educational

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<sup>26</sup>Lewin, K.M. 1996 Access

institutions through information and communication technology (ICT), in addition to methods of evaluation of basic school teachers.

These reforms have helped reduce dropout rates. For instance, in the school year 1996-1997, only 48,000 students left the school from the first grade through the sixth grade, compared to 97,000 in the school year 1989-1990. Promotion rates have also improved in basic education, and between the basic level and the secondary level. Promotion rates to grade 7 moved from 36.8% in 1986/87 to 68% in 1998/99. This progress, however, hid some overload in recent years. The promotion rates to superior grades have remained static during the last five years, whereas drop-out rates have fairly risen. However, the impact of the reforms was affected by the demographic evolution of school population in order to change the aspect at the basic education and secondary levels. The decline of birth rates has reduced the number of new entrants to the basic educational level which, compounded with increasing promotion rates, resulted in the reduction of the number of students in the first cycle of basic education (1.4 million enrollees in 1998/99). In contrast, the second cycle of basic education has witnessed an increase in number of enrollments, averaging 6.3% annually since 1986/87 to reach a total number 874,814 in 1998/99.

#### **4.2.2 The Reform of 2002**

The ongoing education and training reform was launched in 2002 implement the Tomorrow's School project (*Ecole de Demain*), which is a result of a wide consultations for nearly three years. It essentially aims at modernizing the education system, increasing its efficiency and improving its performance and creativity. Furthermore, it tends to fulfill the need in qualified human resources for different economic and social sectors. The concept of tomorrow's school is based on the principle of free, equitable and compulsory basic education and offers the educational institution a new profile advanced by the nationals "a school for all with opportunities to each". The project sets new requirements. First, the school should be able to adapt itself to changes in the economic and social environments (e.g. scientific and technological progress). Second, the school should open doors to changing modes of employment by diversifying streams and paths in a "market-demand driven" rather than market-supply driven approach. In this perspective, the school has to join the "know-how" concept (i.e., the notion of knowledge through developing competencies, skills and strategies needed for employment). Third, in the objective to record a success rate of 80% by the year 2004, the school has to reach standard international norms through intensified teacher training, renovated curricula, foreign language learning at grade one of basic education, popularization of information and communication technology and pre-primary and adult education.

#### **4.2.3 Expenditure on Education and Training**

Since its independence and despite limited financial resources, Tunisia has conducted a large campaign of enrollment, which was viewed as one of the pillars of economic and social progress of the country. During four decades, Tunisia has allocated nearly 7% of its GDP to education and training and about 1/3 of the State budget to current expenditure. This emphasis places Tunisia among countries which



most heavily invest in education in the world. The operating budget (Budget label: *Titre I*) of the Ministry of Education and training - section Education - increased by 67.5% between 1990 and 2002. Similarly, and under the rapidly increasing flow of students in the last decade, investment has remarkably been remodeled. Starting from 1990, very important investments were allocated to the education sector.

Table (9) shows the evolution of the state budget (1990 base year), and the evolution of the budget of the MOE during the last decade. On average, the MOE budget increased by 14.8 percent. From this, the portion devoted to primary education represents an average of 40% of the total operating budget, whereas the second cycle of basic education and secondary schooling represent approximately 35%, tertiary education about 18% and vocational training 7%.

The portion for education (i.e. basic education and secondary schooling) out of the total budget allocated to the whole Education-training sector has shifted from 75 to 68 % between 1991 and 2002. This decline is associated with an increased investment on promoting vocational training and reception capacity of tertiary education so as to face the rapidly increasing number of students. In fact, during this period, expenditure for vocational training has increased from 43.6 to 223.3 million Tunisian Dinars (TD) and that of tertiary education from TD161.5 to TD470.9 million.

#### **4.2.4 Annual Expenditure per Student**

The unit cost per student enrolled in the first cycle of basic education changed from TD176.7 in the school year 1989/1990 to TD543 in 2001/2002, with an average growth rate of 9.02% per annum. Regarding the second cycle of basic education together with secondary schooling, the relative rate moved from TD444.2 in 1989/1990 to TD663.8 in 2001/2002, with an annual average growth rate of 3.14%. In 2002, the annual expenditure per student in US dollars converted into PPPs reaches US\$988 and US\$1868 for both primary level and lower and upper secondary levels, respectively. It represents 30.4% of relative expenditure per student in OECD countries. Compared to that of developing countries, this rate classifies Tunisia above the average (see Table B.8 in Annex)

**Table 9: Evolution of the Tunisian State Budget and the Proportion of Education and GDP on the basis of the Year 1999.**

	The State budget	Budget of the Ministry of Education	GDP	The State budget (1)	Budget of the MOE	GDP
1990	4132.5	531.5	10815.7	100.0	100.0	100.0
1991	4608.4	578.6	12028.9	111.5	108.9	111.2
1992	4821.2	636.9	13705.9	116.7	116.7	126.7
1993	5455.7	5455.7	14662.9	132.0	130.6	135.6
1994	6074.8	767.7	15807.1	147.0	144.4	146.1
1995	6623.9	854.7	17051.8	160.3	160.8	157.7
1996	7490.7	965.6	19066.2	181.3	181.7	176.3
1997	8146.0	1053.1	20898.3	179.1	198.1	193.2
1998	8685.6	1099.9	22289.7	210.2	206.9	206.1
1999	9322.4	1218.6	24671.5	225.6	229.3	228.1
2000	10525.6	1284.9	26676.7	254.7	241.7	246.6
2001	10820.0	1386.2	28879.9	261.8	260.8	267.0
2002	11533.0	1471.0	31267.8	279.1	276.8	289.1

(1) Evolution of the budget and GDP using 1990 as a reference year (100) –Source : Ministry of Education and Training, 2002

#### **4.2.5 Growth of the Operating Budget (*Titre I*) : Priority to Recruiting Teachers**

Within a particular context, notably that of public service recruiting policy, the educational sector has a priority to meet its needs in teaching staff. In fact, out of the State operating budget, the percentage of the operating portion for education is estimated to be 24% in 2003 compared to 19.5 % in 1990. In the same context, it is worthwhile to point out that in 2003, the percentage current expenditure for vocational training reaches 1.4% compared to 1.2% in 2002. The development of the recurrent structure of educational spending shows that expenditure on salaries represents about 95.5% of the total operating budget, with 97.5% for the first cycle of basic education and 93.5% for both the second cycle of basic education and secondary schooling.

#### **4.2.6 Decrease of the Share Allocated to Capital Expenditure**

Despite the effort made during the latest years to improve capital expenditure, data indicate that expenditures other than personnel compensation remain too low to fulfill the objectives of quality assigned to education and vocational training. The portion allocated to capital expenditure is significantly lower than the average in OECD countries (20%). The evolution of capital expenditure portion allocated to education (Budget label: *Titre II*) tends to decline not only in relation to the total budget for education, but also regarding the State capital expenditure. Between 1991 and 2002, it declined from 13.9% to 7 % of the total budget for education, and from 5.6% to 2% of the State capital expenditure. This declining trend can be explained by the growth of current expenditure due to the increase in public service compensation in

general, and to the increase in teaching staff in particular. Moreover, the declining trend could also be explained by the increasing costs of education and economic reforms, which simultaneously involved numerous «budget-devouring» sectors: health, transportation, communication, road and hydraulic infrastructures.

#### **Box 4.1 Main Projects Financed by International Resources**

**1. Project of improvement of the quality of Tunisian education system (PAQSET I) sponsored by the World Bank** (US\$ 99 million (2001-2005))

The major objective of PAQSET I is to consolidate government efforts in the following operations: Achievement of an almost universal rate in students' completion of basic education from the grade 1 through grade 9, ensuring equal educational opportunities for the benefit of the highest number of students in post fundamental schooling, modernization of the educational sector in a way that improvement of the quality of achievement and the efficiency of means help attain the expected goals. The project consists in two components. The first component encloses a programme of intervention at the school level and aims at concretizing government efforts in improving the quality of teaching and training while focusing attention on school environment relative to basic education. The second component covers systematic reforms aiming at strengthening evaluation and remedial procedures, and enhancing research and management at the school and region levels.

**2. Project of consolidation of secondary schooling (PAES) sponsored by the African Development Bank** (US\$ 40 million (1999-2004))

The specific objective of PAES project is to increase secondary education capacities, consolidate management of the education system and improve quality of educational provision. The project is divided into three components; the first deals with the expansion of reception capacity in secondary schools; the second aims at consolidating the pedagogical board in order to improve quality in the education system and the third forms an operation to support the school establishment.

**3. Support programme to the reform in basic education financed by the European Community** (EURO 40 million (2000-2004))

The main objectives of the programme are to improve quality in human resources in a perspective of equity and to better adapt the basic school to political, economic and social changes. In particular, the programme is implemented to back up the national education policy in ameliorating internal as well as external efficiency and insuring equity in participation in the educational operation while involving all entities and benefactors. The programme is composed of seven key components of the reform in basic education. Basic structural problems in the education system are dealt with in a perspective of equality in access to education and a broader participation in decision-making within the educational community.

#### **4.2.7 Lessons to Learn from the Tunisian Experience**

As mentioned above, the Tunisian experience has revealed a lot of challenges and constraints that need to be taken into consideration in any reform process. The Tunisian experience revealed that, for the educational reforms to succeed, any school system has to deal with the conditions of efficiency, quality and equity:

**Efficiency:** In order to improve the school output, a systematic struggle against school failure is required. To work out this problem, the school has to adopt the pedagogy of success. Knowing that basic education is the minimum requirement guaranteed to all, the school should set as a goal the expansion of success rates to the minimum of 90% in primary grades and of 80% in lower secondary grades. The school should also eliminate the phenomenon of leaving school without- qualification.

**Quality:** The Tunisian experience also shows that the effective school is the one which brings together three essential tasks: educating, instructing and qualifying. The school's primary mission is to build the student's personality as a citizen who is aware of his/her rights and duties and is able to assume his/her role in community. Hence, the school should provide intellectual instruction to enable the student to master modern science and technology. Moreover, the school should also qualify students by making them acquire real-life skills and design their own projects.

**Equity:** The educational system should be egalitarian by providing equal opportunities to all school-aged. In order to achieve this goal, the school has to account for particularities of students' needs and offer choices that go hand in hand with students' expectations and aptitudes. All disparities, racial, sexual, and economic backgrounds should disappear.

## Chapter V

### THE EXPERIENCE OF DEVELOPMENT PARTNERS WITH EDUCATION REFORMS

Although there is a general recognition after Jomtein Conference (1990) that basic education should be a priority for public funding, it is also increasingly recognized that public funding alone is not sufficient to guarantee the school-age population the required access and coverage, or adequate learning conditions and quality of education. The goal of achieving the education MDG, that is, EFA, faces serious difficulties unless the efforts of individual countries and other actors involved, including the local communities, private sector, and NGOs, are complemented by other development partners such as bilateral and multilateral donors and other international agencies.

The MDGs are now dominating the development debate and have rallied worldwide support for education goals. In March 2002, the International Conference of Financing for Development held in Monterrey, Mexico concluded that countries with good policies and performance should receive priority for incremental aid-the "Monterrey Consensus". Since then, multilateral financing institutions have responded well-albeit not uniformly-to the challenges of financing the incremental costs of every viable plan to achieve the target. However, with more than 70 countries still not on track for reaching the UPC and more than 115 million children out of school, the challenges are daunting and real.

This chapter intends to examine the actual experiences of several development agencies, including the IDB, in "scaling up" their efforts and strategies towards achieving the EFA<sup>27</sup>. Underlying these efforts and experiences are, of course, the partnerships that these agencies have with recipient countries. These efforts and strategies were culminated by the Fast Track Initiative (FTI), a global partnership of developing and donor countries and agencies which aims to accelerate progress towards the core EFA goal of **universal primary completion (UPC) by 2015**.

#### *5.1 The Experience of IDB in Financing Education in Member Countries*

Commitment to education featured prominently among the IDB's operations and commensurate with its mission of poverty alleviation, human development promotion, and enhancing cooperation amongst its member countries. Since its inception in the late 1970s, the Bank has placed education high among its priorities for financing development and has been actively involved in education financing in its member countries. The Bank's revealed preference for education is reflected on the actual project funding, infrastructure financing, technical assistance and capacity building. To put things into perspectives, the Bank devoted its 13<sup>th</sup> Annual symposium "Women in Poverty Alleviation", held in conjunction with the 28<sup>th</sup> Annual Meeting in

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<sup>27</sup> "Scaling up" is not about "doing more of the same" of donor support, but doing very different things at different points along a continuum of a country's progress toward and beyond EFA, see "Education Fiscal Year 2003", World Bank, 2003.

Ouagadougou, Burkina Faso, September 2002, to the issue of education and financing investment opportunities to women.

Since 1980, the Bank has approved 250 projects, grants and technical assistance, amounting to about US\$1.196 billion (11.6% of its total financing to all sectors), supporting different educational projects. This percentage is considered high compared to regional institutions such as the African Development Bank (6.7%) and the Asian Development Bank (4.7%), and also to the World Bank's average commitment of 8.5% for 1990-1998<sup>28</sup>. Although the amount approved reflects the commitment of the Bank to education, is still small in dollar terms given the ever increasing needs of the member countries. The approved funds were used for construction, rehabilitation, equipment and furnishing all types (academic, vocational/technical, illiteracy and adult education), all levels of education (primary, secondary, higher, teacher training, literacy center), capacity building and others.

The 250 approved operations comprise 89 (35.6%) loan financing, 70 (28%) technical assistance, 50 (20%) loans under LDMCs Accounts, 21 (8.4%) installment sale, 15 (6%) Istisnaa, and 5 (2%) leasing (Table 10). Apart from direct funding, the Bank also has a scholarship office providing scholarships for students from member countries who are pursuing advanced degrees in science and technology. The Bank is also involved in education through Special Assistance and Scholarship program with a view to building the capacities of young Muslims in member and non-member countries. Since its inception, the Special Assistance Office (SAO), had approved more than 778 education-related projects in both member and non-member countries, with a total of US\$317 million.

The SAO projects in member countries covered primary and secondary schools, teacher and vocational training, textbooks, Qur'anic schools, and other projects in tertiary education, for the total value of US\$78 million, with 75 percent disbursement rate (US\$59 million). The amount approved for relief efforts in the education sector in the member countries amounted for US\$79 million with 69 percent disbursement rate (US\$55 million). The Bank is also keen in promoting awareness among its member countries about the importance of education to development. In 2002, the Bank devoted its Annual Symposium to the issue of women's education and poverty reduction.

From the Bank's accumulated experience in financing education, a number of issues can be inferred:

- Loans (OCR and concessional) were the most frequently used mode of financing, reflecting the Bank's concentrated efforts in low-income member countries.
- Overall, the IDB interventions focused more on concrete means (construction and equipment) and less on things that would improve the basic skills. This may be

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<sup>28</sup>Since 1963, the World Bank's new commitments to education (Annual Averages), in 1996 constant US\$ were as follows: 1963-1969, US\$153m; 1970-1979, US\$660m; 1980-1989, US\$1029; 1990-1998, US\$ 1982 m. As percentage of total new commitments, these were 2.9%, 4.6%, 4.5%, and 8.5% respectively, see World Bank, 1999.

rationalized because in low-income countries, it is often easier to build schools than to provide investments that promise quality improvements.

- Few illiteracy and adult education programmes were funded.
- Education funding is need driven rather than policy-oriented. Projects were funded in response to perceived needs, and judged on specific criteria, rather than on the basis of relative economic rates of return or similar overall yardsticks. It may be that the same output levels could have been achieved by more efficient means, or the same resources might have been put to a better use.
- In some cases, the Bank might approach a member country to show interest in funding or share in funding an existing and/or a new educational project.
- The Bank's support to education also included institutional development and human capacity building, and technical assistance.
- Two important projects launched by the Bank worth mentioning are The Bilingual Education Support Project (Box 5.1) and the Use of Arabic Alphabet for Writing Native African Languages (Box 5.2), which was launched after signing a MOU with the Unesco.
- In dollar terms, the Bank's support for education is significant, but not focused. So far, the impact of this financing is not evaluated.

In assessing the Bank's support to the education sector, it appears that the majority of projects financed were in the broad area of EFA (primary, secondary, vocational, and illiteracy). However, a closer look shows a quite different picture. In fact, the approved projects in this level include 35 projects in the primary level (14%), 16 projects in the junior and higher secondary levels (6.5%), 15 projects for illiteracy and adult education(6%), and 23 projects for vocational/technical training(9%). Meanwhile, almost one third of the total approved projects (77) were related to higher education, comprising 32% of the total, an indication that higher education has received more funding than basic education (primary and lower secondary). Although the focus on primary and vocational education is in line with the overall orientation of poverty reduction, the high preference given to higher education can only indirectly contribute to the international commitment to achieve the EFA and MDGs.

### **Box 5.1 Bilingual Education Support Project**

In many IDB member countries from Africa, the formal school is considered to be doing very little in Islamic education and Islamic culture. For this reason, a vast number of the population insists on enrolling their children in Qur'anic schools which used Arabic language as a medium of instruction. However, children graduated from Qur'anic schools have limited opportunities to join the general education system, where the medium of instruction is the French language. Recognizing the critical situation faced by the graduates of the Qur'anic schools and the importance of linking Qur'anic schools with the general education system, some governments have initiated bilingual education and sought help from international organizations.

#### ***IDB Involvement***

In 1998, the IDB Board of Executive Directors (BED) approved a concept paper for developing Franco-Arabic Education in Chad and Niger as a pilot phase. Consequently, two framework agreements were signed between the Bank and the Governments of Chad and Niger to restructure the Quranic and Arabic community schools in order to integrate them in the formal education system. The objective of the project is to promote bilingualism (by teaching both Arabic and French languages) through the provision of textbooks, teachers' guides, improvement in education infrastructure and support to the Directorates of Arabic Education. The scope of the project included construction of schools, training of personnel and pedagogical advisors, and recruitment and training of teaching volunteers. A total of sixteen operations worth ID26.4 million (US\$33.1 million) have been approved by the Bank. The preliminary results include:

- i. Training 480 teachers
- ii. Constructing 153 classrooms
- iii. Conducting a series of seminars for teachers and headmasters involved in curriculum development.
- iv. An overall assessment of the needs of the Franco-Arabic education in both countries was undertaken by national teams under the auspices of the UNESCO.

#### ***Recent Development***

An International Conference on bilingual education was recently held in N'djamena, Chad on 29-30 June 2004 to publicize the outcome of the assessment studies and share the experience of the Bank with other donors. The Conference attracted many bilateral and multilateral agencies such as the AfDB, French Agency for Development, IDB, World Bank, Kuwait Fund, BADEA, ISESCO, CONFEMEN, UNESCO, and OIF. The Conference assessed the needs of the two countries and recommended the following:

- Support the bilingual education, including bilingual technical and vocational training, in Chad and Niger
- Modernize Quranic schools and eradicate illiteracy
- Governments of Chad and Niger to sensitize their development partners about the bilingual education
- IDB and UNESCO to prepare the 2<sup>nd</sup> Conference on Bilingual Education and extend it to all Sub-Saharan countries

Source: Country Operation Department-2



### **Box.5.2 Using Arabic Alphabet for Writing Native and Indigenous Languages in Africa.**

The Islamic Development Bank (IDB) has signed a Memorandum of Understanding with the UNESCO for using the *Arabic Alphabet Project* in writing African indigenous languages. The project was launched in 1984 as a response to the genuine and growing needs of many Muslim communities, in Africa and Asia, to use the Arabic Alphabet in writing their native languages and translating the meaning of the Qur'an.

#### **Objectives:**

The Project's primary goals and objectives include:

- To preserve the culture, ethnicity, and mother tongue of the Muslim communities in Asia and transmit the Islamic knowledge to future generations
- To promote the use of the indigenous languages, specially when the Arabic alphabet is used to transmit scientific knowledge through computer technology
- To strengthen the ties between the African communities and the Qur'anic alphabet to expose the Muslim children to the Islamic culture, history and civilization.
- To promote awareness of the basic sources of Islamic knowledge while reducing the high illiteracy rates; an important developmental objective.

#### **Implementation:**

The Bank has taken serious steps and committed considerable financial resources for implementing the Project.

1. In 23/4/1984, the Bank designated US\$250,000 as a grant to finance the first phase of the project and in 8/4/1985, the Bank committed US\$175,000 to finance the Illiteracy Eradication Project.
2. In 19/11/1991, a US\$250,000 grant was committed for implementing the second phase of the Arabic Alphabet Project.
3. The Bank has implemented the mentioned projects in collaboration with many regional agencies and institutions, including the Libyan Islamic Propagation Society, ISESCO, and The Arabic Language Institute of Mohammed V University in Morocco.
4. The first phase of the project targeted the following African native languages: *Haus, Wolof, Soninke, Songhai, Mandinka, Baule-Fulfunde, Camorien, Susu, and Tamajak (Tamazight)*.

#### **The Project Outcome**

- A booklet containing basic reading, writing, arithmetic, health education, and ethics was produced. Instructor's manuals were also produced.
- 24 Islamic school teachers were trained
- 8 centers (schools) in Mali, Niger and Senegal were designated as pilot projects.
- Education materials, including basic skills (e.g. agriculture, animal rearing, and handcraft) were produced for Qur'anic schools.

Source: Translated from Information provided by The Special Assistance Office

A close examination of the Bank's support to education by category of expenditure reveals that the bulk of the funding has been provided in terms of loans (55.74%), presumably for "hardware" components (civil works, construction, furniture and equipments). The Bank's emphasis on construction can be viewed in the context of the demand-driven support, which is driven by the member countries' efforts to expand access to education. In this respect, the Banks has significantly impacted access to education (at all levels) in member countries. On the other hand, the Bank's support to software components such as teacher training, capacity building and other education projects (7%) may reflects the absence of a clear strategy for funding the education sector.

The loans, TA and other financing activities in the education sector covered 44 member countries. In terms of total financing approved, over 61.3 percent (US\$669

millions) have been given to eight countries: Indonesia, Malaysia, Tunisia, Jordan, Lebanon, Bangladesh, Pakistan, and Yemen; with Indonesia, Malaysia and Tunisia absorbing 34 percent of total financing (US\$372 millions). The remaining 38.7 percent of the financing portfolio went to 36 countries, including the 23 LDMCs (including Palestine) and other middle and high-income member countries.

Despite the relative impact, there is more that the IDB can do to help its member countries make progress toward the MDGs. In particular:

- The Bank may use its accumulated experience concerning the economic value of education to draft a clear policy and strategy to guide its funding of the education sector. Like all other multilateral development banks (MDBs), it is important for the IDB to have an Education Sector Strategy Paper (ESSP) stating its sectoral priorities, the policies to be pursued under the project implementation, and the sanctions needed in case the beneficiary fail to comply with legal obligations. The lack of a clearly articulated goals means that the ex post evaluation of projects has to be based on narrow input-oriented targets (e.g., enrollment).
- To respond forcefully to the widespread need for improved primary education, the Bank has to adopt an integrated approach to education, addressing both the quantitative and qualitative aspects.
- To effectively support primary education, priority has to be given to projects increasing children's learning in school, so that the enrolled students master the curriculum and complete the primary cycle, and access to school provided to all school-age children in all areas.
- Accordingly, the Bank may need to increase the level of financing to this sub-sector because the social returns are highest, respond flexibly to unique country conditions, and coordinate its financing with other bilateral and multilateral donors.
- Expansion of higher education is essential because it is the main source of skilled manpower for economic growth. Nonetheless, it should not come at the expense of maintaining quality primary education.
- Through policy dialogue, the bank may reveal its preference for supporting projects that pay greater attention to equity-especially education for girls, for disadvantage minorities, and for the poor- and subsequently to early childhood education. Promising avenues to greater equity include targeted quality improvements and financial help to poor families to offset the direct and indirect costs of educating their children.
- To follow a broad sectoral approach, more of the Bank's funds should be used for educational inputs, and less for buildings. For example, the Bank may finance projects that provide free textbooks and uniforms for poor students.
- The Bank may carefully introduce the calculation, interpretation, and use of social rates of return (or similar indicators) into its information base for sectoral financing.
- In this respect, the Bank may need to participate on the ongoing global efforts and dialogues to achieve the education MDGs and EFA (e.g, FTI).
- Private schools could make considerable contribution to educational expansion. So broader support for private, as well as public, education is warranted.
- The Bank may forge partnerships with other multilateral institutions having knowledge and expertise in educational financing to learn from their experiences.

- The Bank may also need to engage community-based organizations at different stages of the project cycles to promote support and participation in project implementations, and increase accountability. Matching-grant schemes may increase community involvement in schools and create a sense of ownership.

These conclusions reinforce the case for developing a financing strategy that is based on the economic and social objectives of the financed project; can respond to changes in economic and the educational needs of the country; provides a solid basis for investment priorities using broad benchmarks (e.g., economic rate of return); and include appropriate monitoring and evaluation process to assess progress towards achieving the objectives.

**Table 10: Approved Education Projects by Mode of Finance For Ordinary & T.A. Operations**

Finance Type	No. of Operations	No. of Countries	ID-Amount (Million)	US\$-Amount (Million)
Loan	89	33	423.829	549.304
Loan (LDMC Programme)	50	17	71.757	99.432
Leasing	5	3	48.240	63.927
Installment Sale	21	9	180.020	234.260
Istisnaa	15	8	176.217	234.025
Technical Assistance	68	35	12.050	15.838
Total project Financing &T.A.	246		912.113	1,196.786
Grand Total	250		912.113	1,196.786

Source: Compiled from Data provided by OPS Department

## **5.2 Policies and Modalities of Other Agencies**

Based on the Monterrey Consensus, the international community has committed itself to work together in collaboration and partnerships towards the goal of achieving MDG2 by 2015. To realize this objective, many innovative ideas have circulated recently in conferences, seminars and in academic circles. This section will highlights some new developments in this area.

### **5.2.1 EFA Fast Track Initiative**

The Fast Track Initiative (FTI) is an evolving global partnership of developing countries and donors created in 2002, following the Monterrey Consensus, to help low-income countries achieve the Millennium Development Goal of Universal Completion of Primary Education (UPC) by 2015. In the spirit of the Monterrey global compact,

the FTI bridges global commitments and local implementation around a set of reciprocal obligations: for the low-income countries<sup>29</sup> to develop and implement sound education programs, and for donors to support such programs with finance and with enhanced efforts at harmonization, coordination, and acceleration. More specifically, the FTI is a new compact for the education sector that explicitly links increased donor support for primary education to recipient countries' policy performance and accountability for results. Initiated by 22 bilateral donors, MDBs, and international agencies active in supporting education in low-income countries, the FTI is co-chaired on a rotating basis by one G-8 and one non-G-8 donor, supported by a Steering Committee, and a secretariat that is housed and managed by the World Bank.

The guiding principles for FTI are: (i)country-ownership: FTI is a country-driven process, with the primary locus of activity and decision-making at the country level. It fosters a long-term development partnership at the country-level between the government and other partners, in support of the country's effort to accelerate progress towards EFA goals, focusing on UPC, (ii) benchmarking: FTI encourages the use of indicators (FTI Indicative framework) and in-country reporting on policies and performance to enhance mutual learning on what works to improve primary education outcomes, (iii)support linked to performance: FTI links increased funding to country performance with the intention to provide more sustained, predictable and flexible financial support to countries that have demonstrated commitment to the goal of UPC, (iv)FTI encourages donor actions to provide resources to developing countries in a manner which minimizes the transaction costs for recipient countries by promoting coordination, complementarity and harmonization in donor practices and financing, and (v)transparency: FTI encourages open sharing of information on the policies and practices of participating countries and donors alike through indicative benchmarking and cross-country monitoring. The FTI is open to all interested funding agencies, and low-income countries that seek and receive endorsement through the FTI review process of their plans to achieve the MDG and EFA goal of a complete primary education of good quality or all children by 2015 (Box 5.3 ).

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<sup>29</sup> Low-income refers to the classification utilized by the World Bank for determination of IDA eligibility. For more on this, see [www.worldbank.org/education/efafti/](http://www.worldbank.org/education/efafti/).

**Box 5.3: How Does Fast Track Initiative (FTI) Work?**

The FTI has a two-tiered decision-making structure: interactions between FTI countries and their development partners at the country level, and a process to escalate issues that cannot be resolved at the country level to the global-level FTI Meetings. The full FTI partnership (FTI countries, donor agencies, and NGOs) meets annually, back to back with UNESCO's High Level Group on EFA.

**FTI Goals**

The FTI aims to accelerate country progress towards the goal of UPC by promoting:

- More efficient aid for primary education through maximizing coordination, and harmonization
- Sustained increase in aid for primary education, where countries demonstrate ability to utilize it
- Sound sector policies in education, through systematic review and benchmarking
- Adequate and sustainable domestic financing for education within the country's poverty reduction strategy (PRS)
- Increased accountability for sector results, through annual reporting
- Mutual learning on what works to improve primary education outcomes and advance EFA goals.

**FTI Indicative Framework:**

Indicators used as benchmarks to monitor country progress towards achieving UPC are adapted to country Specificities:

<i>Indicator</i>	<i>Average for some Successful countries</i>
Education share of budget (%) Defined as public recurrent spending on education as % of total public recurrent discretionary spending	20
Primary education share of education budget (%) Defined as public recurrent spending on primary education as % of total public recurrent spending on education, including grants	42-64
Primary completion rate, total	100
• Girls' completion rate	100
• Boys' completion rate	100
% repeaters among primary schools pupils	10 or less
Pupil-teacher ratio in publicly-financed primary schools	40:1
Current spending on items other than teacher remuneration as % of total recurrent spending on primary education	33
Annual instruction hours Estimated effective hours of schooling (not official hours) in publicly-financed primary schools	850-1000
Unit construction costs Cost per primary school classroom (furnished & equipped, including walls and latrines) US\$	

Source: [www.worldbank1.org/education/efafti/](http://www.worldbank1.org/education/efafti/)

**5.2.2 Poverty Reduction Strategy Papers (PRSPs)**

At the Annual Meetings of the World Bank Group and the IMF (September 1999), it was agreed that nationally-owned participatory poverty reduction strategies should provide the basis of all World Bank and IMF concessional lending and for debt relief under the enhanced HIPC. PRSPs are prepared by governments through a participatory process involving civil society and development partners, including the World Bank and the IMF. It is meant to outline a country's existing poverty reduction

strategy and to provide a road-map for the implementation of the set priorities (a timeline for poverty diagnostics, recognition of policy areas that need evaluation and reform, envisaged participatory process, etc) and to indicate how the HIPC debt relief would be spent. For example, in a review of twenty-five PRSPs (EFA, 2003) the significance of school fees is mentioned explicitly in fourteen PRSPs. Burkina Faso and Yemen make particular reference to the fact that fees should not be charged for girls, while Kyrgyz Republic, Mozambique and Tajikistan stated that the poor should not pay fees. In light of a deeper understanding of poverty and its causes, the PRSP will set out the macroeconomic, structural, and social policies that together comprise a comprehensive strategy for achieving poverty reducing outcomes. It is important to mention though, that policies are costed and prioritized as far as possible so that they are not reduced to becoming a "wish list".

Since its inauguration in 1999, the PRSP became the basis for foreign financial assistance and the basis for supporting credible and sustainable plans. Currently, the broad principles of the comprehensive development framework (CDF) expressed in the PRSP approach and the Monterrey Consensus became the basis for donor support for social sectors. Therefore, inter-ministerial cooperation and line agency engagement is needed to prepare a PRSP based on sectoral strategies<sup>30</sup>. To this end, recent PRSPs propose indicators for monitoring progress that encompass most of the MDGs- especially in the areas of education, mortality, poverty and water.

MDGII is integrated into PRSP through three indicators, namely: enrollment/attendance; progression/completion; and literacy. Since donors usually pursue sector-wide approaches (SWAp) as an aid modality in the education sector, full integration of the education sector priorities in the multi-sectoral PRSP is highly encouraged<sup>31</sup>. For countries that have no PRSP, donors will look into other country plans such as country assistant strategies (CASs), or the national development plans.

### **5.3 Coordination/ Monitoring Process**

At the World Education Forum held in Dakar, Senegal, in April 2000, the international community entrusted the UNESCO with the coordination of the EFA movement. Through partnership and cooperation, the UNESCO supports member countries towards improving their educational systems through technical advice, standard setting, innovative ideas, capacity building and networking. It facilitates the development of partnerships and monitoring progress by working closely with education ministries and other partners to promote education as a fundamental right, improve the quality of education, and stimulate experimentation, innovation and policy dialogue.

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<sup>30</sup> For example, while it is not essential for the ministry of finance to lead the PRSP process, its engagement is vital to ensure that the PRSP priorities are reflected in budget allocations.

<sup>31</sup> A sector-wide approach can be characterized as a sustained partnership led by national authorities involving different arms of government and, where relevant, donor agencies, with the goal of contributing to development in the context of coherent sector, through a collaborative programme of work. SWAp would normally require the establishment of a medium-term plan for the sector and will often include a specific financing mechanism, ideally covering both recurrent and capital expenditures. Financial planning for a SWAp should incorporate both domestic and international financing and comprehensively account for all sector expenditures (see, Riddell, 2002).

In the area of capacity building, UNESCO works closely with governments to expand the capacity of education experts, civil society organizations, and communities through advisory services, training and workshops, international conferences and information sharing. With regards to information, the UNESCO gathers and shares information about education, especially best practices and innovation using its education portal. In particular, it publishes EFA annual global monitoring reports that tracks the achievements countries and the international community. Furthermore, it stimulates international cooperation in education to ensure that multilateral and bilateral donor support to education is harmonized, coordinated and not fragmented. The UNESCO is also chairing the International Working Group on Education (IWGE), a group of experts exchanging views and debating the current issues raised by the implementation of the Dakar agenda.

### **5.3.1 Capacity Building/Technical Assistance**

The International Institute for Education Planning (IIEP) is an autonomous part of UNESCO, specializing in training, research, technical support, co-operation and networking. The IIEP trains key planners and decision-makers in the ministries of education to devise effective strategies for change, to correct short-coming, identify problems, and improve efficiency in the mobilization and management of educational resources. In particular, IIEP intends to strengthen national capacities in assessing educational costs through training planners in the analysis of financing mechanisms, in collecting and putting together financial data, and in setting up the analytical framework that helps give a global view of educational expenditures. Upon request, the IIEP helps in assessing total educational expenditures and unit costs by level, organizing MOE, designing an information system on costs, and in formulating strategies for education financing.

Many IDB member countries are already benefiting from these services<sup>32</sup>. The IIEP has recently organized a workshop for MOE in Sudan, has an ongoing work with Mauritania, Chad and Mali, and is heavily involved in education reconstruction in conflict countries like Afghanistan, Iraq, and Palestine. The IIEP is also involved with Kuwait, Bahrain Oman, Saudi Arabia, and is helping UAE to build center for Education Planning in the region.

### **5.3.2 Student Assessment**

To improve educational quality through educational outcome, the OECD countries introduced the Programme for International Student Assessment (PISA) to assess how young people use their knowledge and skills in order to meet real-life challenges, rather than merely looking at how well they had mastered a specific school curriculum. PISA assesses capacities to apply knowledge and skills in reading, mathematics and science for 15-year olds in the principal industrialized countries. These capacities are referred to as reading, mathematical and scientific literacy seen as essential prerequisites for students to be well prepared for adult life. PISA provides

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<sup>32</sup> During the 2003/04 academic year, there are six MOE officials from Afghanistan, Egypt, Mauritania, Morocco, Oman, Pakistan undergoing a year-long training on education planning, designing and budgeting. The students were sponsored by their governments, or by grants coordinated through IIEP.

important information on factors associated with students' literacy proficiency, including student engagement in the learning process, gender and family background, and offers insights into how characteristics of schools, such as organization of learning and the availability and management of resources, are associated with educational success. PISA is now available to all countries to use, and is actually used by many OECD and non-OECD countries to measure the returns to investing on education. That is, to compare the dollar amount of investment in education (from 5 years to 15 years) to the test scores of 15 year old students.

Furthermore, the OECD, in collaboration with UNESCO Institute of Statistics (UIS) and EUROSTAT collect and analyze data on education indicators and education financing, especially from countries participating in the World Education Indicators (WEI) programme. They jointly publish *Financing Education*, a series of publications that examine both investments and returns to education and human capital.

#### **5.4 Financing**

The Monterrey Consensus laid the foundation for building new and effective partnerships between developing countries and their development partners to achieve the internationally agreed upon MDGs. Many governments in developing countries have committed themselves to good governance, and pursue sound macroeconomic policies and strategies to attract and enhance the flow productive capital; a prerequisite for international support. A central challenge, therefore, is to create the necessary domestic and international conditions to facilitate direct investment flows, conducive to achieving national development priorities. On the other hand, developed countries and multilateral development banks have pledged to financially support nationally owned and driven development frameworks provided that plans embody poverty reduction strategies, including PRSPs, as vehicles for aid delivery.

Official development assistance (ODA) plays an important role as a complement to other sources of financing for development, especially for countries with the least capacity to attract private direct investment. A substantial increase in ODA is absolutely essential if developing countries are to achieve the internationally agreed development goals and objectives, including the MDGs. In Monterrey, the developed countries have agreed to the target of 0.7 per cent of GNP as ODA to developing countries and 0.15 to 0.20 per cent of their GNP to least developed countries (LDCs). In this context, this section reviews the ODA to education in general, and basic education in particular.

Table (11) below shows the amount of official commitment to education and basic education by donor and region during the 1997-2000 period (much earlier than the Monterrey Consensus). The total aid committed to education by MDBs averaged US\$2.5 billion, with the World Bank contributing 61.3 per cent of this amount. The rest of the MDBs contributed 38.7 per cent of the total aid to education. The data also shows a declining trend on official MDBs commitment to education. After an almost 200 per cent increase between 1997 and 1998, official aid to education declined by 155 per cent between 1998 and 1999, and by 4.2 per cent between 1999 and 2000.



The average MDB assistance to basic education amounted for US\$915 million during the same period, with the World Bank contributing 79.6 per cent, making it the largest financier of basic education. Likewise, the MDBs commitment to basic education fluctuated considerably during the span of the four years, increasing by 308 per cent between 1997 and 1998, then declining by 54.2 per cent, 31 per cent during the last two years. Table (11) also shows ODA recipient by region, with the Africa region (AFR) getting the largest assistance; averaging US\$ 795 million during the said period, followed by Latin America and Caribbean region (LCR) with US\$550.6 million. Africa basic education received an average of US\$179.4, comprising 22.6 per cent of the total education assistance to Africa.

**Table 11: Multilateral Official Commitments for Education and Basic Education, by Donor and Region, 1997 – 2000 (millions of current U.S. dollars)**

Donor	1997	1998	1999	2000	Annual Average
<b>World Bank, total education</b>	994.4	3,129.3	1,334.2	684.0	1,535.5
<b>w/o basic education</b>	259.5	1,631.5	646.9	375.3	728.3
AFR education	75.1	372.3	194.1	159.7	200.3
o/w AFR basic education	21.3	218.3	131.0	58.8	107.4
LCR education	61.5	1,199.9	393.6	77.5	433.1
o/w LCR basic education	33.0	387.7	243.2	72.5	184.1
EAP education	645.0	103.5	557.2	5.0	327.7
o/w EAP basic education	113.4	..	138.4	5.0	85.6
ECA education	137.8	592.4	98.2	22.6	197.2
o/w ECA basic education	16.8	321.0	36.1	..	124.6
SAR education	0.0	718.2	98.2	200.0	254.1
o/w SAR basic education	0.0	704.5	98.2	182.4	246.3
MNA education	75.0	143.0	50.0	219.2	121.8
o/w MNA basic education	75.0	..	..	56.6	65.8
<b>Other multilateral, total education</b>	<b>486.1</b>	<b>1,274.7</b>	<b>773.7</b>	<b>1,335.5</b>	<b>967.5</b>
<b>o/w basic education</b>	184.7	181.0	184.1	199.7	187.4
AFR education	161.2	868.9	309.5	1,041.3	595.2
o/w AFR basic education	33.3	28.2	110.7	116.2	72.1
LCR education	150.0	165.9	89.8	64.1	117.5
o/w LCR basic education	110.0	72.6	73.6	11.1	66.8
EAP education	150.4	203.5	144.7	90.3	147.2
o/w EAP basic education	85.0	29.0	36.1	6.2	39.1
ECA education	21.0	0.0	0.1	85.7	26.7
o/w ECA basic education	..	..	..	0.1	0.1
ECA education	46.6	45.7	38.0	54.0	46.1
o/w SAR basic education	20.2	17.9	12.8	10.0	15.2
MNA education	..	..	50.6	321.5	186.0
o/w MNA basic education	..	..	30.4	56.1	43.3
<b>ALL MDBs, total education</b>	<b>1,480.5</b>	<b>4,404.0</b>	<b>2,107.9</b>	<b>2,019.5</b>	<b>2,503.0</b>
<b>o/w basic education</b>	444.2	1,812.5	831.0	575.0	915.0
AFR education	236.3	1,241.2	503.6	1,201.0	795.5
o/w AFR basic education	54.6	246.5	241.7	175.0	179.4
LCR education	211.5	1,365.8	483.4	141.6	550.6
o/w LCR basic education	143.0	460.3	316.8	83.6	250.9
EAP education	795.4	307.0	701.9	95.3	474.9
o/w EAP basic education	198.4	29.0	174.5	11.2	103.3
ECA education	158.8	592.4	36.2	108.3	223.9
o/w ECA basic education	16.8	321.0	36.1	0.1	9.36
SAR education	46.6	763.9	136.2	254.0	300.2
o/w SAR basic education	20.2	722.4	111.0	192.4	261.5
MNA education	75.0	143.0	100.6	540.7	214.8
o/w MNA basic education	75.0	..	30.4	112.7	72.7

.... Negligible

o/w = of which

w/o = without

Sources: World Bank Business Warehouse OECD DAC Database

Table (B.9) in the Annex shows the bilateral official commitment to education by donor and by region. The average annual commitments for education from the all DAC countries was almost double the MDBs commitments (US\$4.5 billion). Of this amount, the average share for basic education was US\$ 563 million (12.6%). Meanwhile, the average annual contribution of the G-7 countries, as a group, reached US\$ 3.54 billions, of which US\$338.2 million went to basic education. The average annual contribution of the EU member countries, during the 1997-2000 period, was US\$ 2.9 billion, of which the share of basic education was US\$305.3 million.

On average, the Africa region received US\$1.7 billion from the total DAC assistance, US\$1.4 billion from the G-7, and US\$1.3 billion from the EU contribution. It is to be noted, however, that these amounts are not independent since the G-7 and the EU countries are also members of the DAC.

Table (12) summarizes the above data, indicating that the average annual commitments for education from all sources was almost US\$7 billion, of which the average annual commitment to basic education was US\$1.5 billion. On regional basis, the AFR region averaged US\$2.2 billion, of which US\$492.5 million for basic education. The East Asia Pacific region (EAP) followed with US\$1.4 billion and US\$183 million respectively. The South Asia region (SAR) and the Middle East and North Africa region (MNA) came as third and fourth with recipients with US\$770 million and US\$665 million respectively. The average annual assistance to basic education sectors in these regions were US\$ 373 million and US\$113 million.

Other financial initiatives to help developing countries achieve their developmental goals include the announcement made by the United States on March 14, 2002 that it will increase its core assistance to developing countries by 50 per cent over the next three years, resulting in US\$5 billion annual increase over current levels by FY2006. This increased assistance will go to a new Millennium Challenge Account (MCA) that funds initiatives to improve economies and standards of living in qualified developing countries. The goal of MCA is to reward sound policy decisions that support economic growth and poverty reduction. The funds in the MCA will be distributed to developing countries that demonstrate a strong commitment towards a set of policies, including investing in health and education.

**Table 12: Total Official Commitments for Education and Basic Education, by Region 1997 – 2000 (millions of current US dollars)**

Donor	1997	1998	1999	2000	Annual Average
<b>Education, all sources</b>	<b>6,284.8</b>	<b>8,863.2</b>	<b>7,122.2</b>	<b>5,561.2</b>	<b>6,957.8</b>
<b>w/o basic education</b>	<b>978.3</b>	<b>2,246.8</b>	<b>1,430.6</b>	<b>1,259.4</b>	<b>1,478.8</b>
AFR education	2,018.1	3,243.7	1,762.8	1,840.8	2,216.4
o/w AFR basic education	264.7	668.7	567.8	468.8	492.5
LCR education	1,091.6	1,894.0	1,054.6	611.6	1,162.9
o/w LCR basic education	217.5	529.3	423.6	199.8	342.6
EAP education	1,567.1	952.8	2,548.6	531.6	1,400.0
o/w EAP basic education	326.4	77.6	250.5	75.6	182.5
ECA education	298.1	640.2	289.8	275.8	376.0
o/w ECA basic education	185	326.4	38.0	12.7	98.9
SAR education	747.5	1,175.7	603.1	553.6	770.0
o/w SAR basic education	112.2	835.8	247.7	295.3	372.7
MNA education	605.4	484.7	717.5	850.7	664.6
o/w MNA basic education	127.2	61.2	75.1	186.6	112.5

Sources: World Bank Business Warehouse OECD DAC Database

## Chapter VI

### CONCLUSION

Available data indicate that the education process in many IDB countries is taking place amid overwhelming conditions of inequities and inefficiencies. In many countries, governments are the providers of education, while the public sectors are facing binding constraints. As a result, the educational systems in many of these countries have not met their objectives of building the desired human capital and contributing to economic development and poverty reduction. Moreover, many countries are not making progress towards the educational Millennium Goal (MDGII) of universal primary education. Given the economic and social returns to education and the priority given to basic education, there are increasing needs in these countries for reforming the educational systems in order to provide all school-age children with access to school (quantity reforms), and improve its efficiency (quality reforms). Hence, financing basic education should be given priority by all countries, especially countries who are not making progress towards achieving MDGII by 2015.

To this end, important lessons emerged from "Financing basic education in IDB member countries."

#### ***6.1 Lessons Learned***

One key lesson is that educational reforms in IDB member countries are required to establish the institutional and physical infrastructure needed to support the educational goals. The successful education reforms in some member countries like Indonesia, Guinea, and Uganda are among the "good practices" that could be emulated. However, since educational reforms entail substantial financial costs, many countries have come to realize the importance of mobilizing domestic resources and formulating partnerships with various stakeholders. Partnerships with stakeholders are becoming increasingly popular due to the fact that partners often share the burden of school financing.

The second lesson is related to the slow progress made by member countries towards achieving the Education For All (EFA) initiative. Although most of IDB member countries have committed to MDGII, many remain far from achieving the core EFA goal-universal primary completion. There are many reasons behind this, perhaps the most important among them is availability of financing. Since the government is in still the predominant provider of education in many of these countries, the existing resources are not sufficient to support quality basic education. IDB and other developmental partners are called upon to play a significant role in education financing.

The third important lesson relates to the IDB's support for education. A review of the Bank's interventions in education over the last three decades suggests that the Bank financing in this area was probably not based by a clear education strategy. The Bank's education financing has been focused more on construction and

equipments, and less on improving basic skills. The emphasis on construction could be viewed in the context of its modes of financing (*Istisna'a*, leasing, ..etc), or the demand-driven approach, which is motivated by the member countries' efforts to expand access to education. To some extent, financing of higher education has taken place at the expense of basic education.

The fourth lesson relates to the potential role of the private sector in providing and funding basic education. In many IDB member countries, enrollments in private primary schools exceed 10 per cent, reflecting the relative importance of private sector as a provider of education. Several financing mechanisms consistent with private sector financing of education services were adopted in the member countries. Such mechanisms include 'cost-sharing schemes' and 'government subsidies', and 'tuition fees.' Meanwhile, there exists a great potential for generating resources from *Awqaf* and *Zakah* to finance primary education expansion and mitigate the direct and indirect costs of schooling to the poor.

The fifth important lesson relates to the progress made by some IDB member countries towards MDGII. The experience of Malaysia and Tunisia in financing education and achieving full coverage provide valuable lessons for other IDB member countries, especially those making slow progress towards the MDGII. In both countries, the focus on basic education has been subject to a series of reforms. Several measures have been undertaken to extend compulsory schooling, improve teachers' qualifications, and introduce data management in educational institutions through information and communication technology. Finally, the efforts and strategies of the international agencies and institutions in financing basic education is culminated by the introduction of the Fast Track Initiative (FTI), a global partnership between developing countries and donor countries and agencies which aim to accelerate progress towards the core of EFA goal of universal primary completion (UPC). Many IDB member countries, such as Burkina Faso, Gambia, Guinea, Mauritania, Mozambique, Niger and Yemen, are currently benefiting from FTI, and many others have their ESS and/or PRSPs approved and will join in 2004 and 2005.

## **6.2 Suggested Areas for Action**

Given the important lessons listed above, the following suggestions emerged for consideration by both the IDB and its member countries.

### **At the Level of Member Countries**

- (i) An education sector strategy (ESS) setting the sub-sector priorities (e.g., poverty reduction strategies and/or country assistance strategy (CAS)) and showing commitment to basic education has to be in place. According to Monterrey Consensus, an ESS is needed to warrant international support.
- (ii) A strong commitment to basic education needs be reflected in the budgetary allocation, showing expenditure on education as percentage to GDP, and expenditure on basic education as percentage to total education expenditure, in disaggregative form.

- (iii) There is a need to strengthen education sector management and institutional capacity at school level, furthering decentralization where appropriate and promoting community and family involvement.
- (iv) Promotion of access to, and use of, information communication technology (ICT) in education system to help schools and communities share successful experiences and methods is also an area of action for achieving basic education in member countries.
- (v) To extend access, reduce the inequalities and improve the outcome of the education system, member countries have to undergo substantial education reforms. For these reforms to be taken seriously, they may be attached to economic and financial reforms.
- (vi) In order to mobilize domestic resources for education, a crucial task is to enhance the efficacy, coherence and consistency of macroeconomic policies, encourage private sector participation, and forge partnership with stakeholders.
- (vii) To efficiently allocate mobilized resources, governments could use both supply-side and demand-side interventions. Demand-side mechanisms such as grants, scholarships, vouchers, household loans, are particularly needed to mitigate the demand-side constraints
- (viii) Member countries need to explore how they can make effective use of the resources generated from Awqaf and Zakah to finance education. In particular, the proceeds from Awqaf and Zakah could be used to offset the direct and indirect costs of schooling to the poor.

#### **At the IDB Level**

Within the overall strategic framework of poverty reduction and enhancing cooperation between the member countries, and in order to streamline the efforts of its member countries towards achieving the EFA, the Bank may be guided by the following principles in its education sector financing:

- Given the economic value of education and its linkage to other sectors, an integrated (holistic) approach to the financing of education may be adopted.
- In order to achieve the MGDII, priority should be accorded to countries who have not made progress towards achieving MDGII given the disparities between member countries.
- Support for primary education financing should focus on both quantity and quality, with a view to pay greater attention to disadvantage groups (i.e. , girls, children with disabilities, and the poor).
- Policies such as increasing the project's ownership by the member countries, engaging community-based organizations at different stages of the project cycles, and formulating partnership with all stakeholders, may promote support and participation in project implementation.
- Matching-grant and co-financing schemes may increase community involvement in schools and create a sense of ownership.
- To promote regional integration, the Bank could formulate partnerships with other international agencies, non-government organizations, and with individual experts in education financing, to organize consultation seminars with a view to

developing innovative strategies for education financing, including the sharing of information and good practices.

- To learn from the accumulated experiences, the Bank may forge partnerships with other multilateral institutions and/or participate actively in the global efforts and dialogue to achieve EFA (e.g. FTI, IWGE).
- Foster scholarship and exchange programs for teachers, researchers, and educational administrators to strengthen preparation, training and increase the level of professionalism.
- Given the increasing demand for private education, the Bank could make a significant impact in this area by enhancing the role of the private sector in providing and financing education.

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## ANNEX A

### EDUCATIONAL REFORMS

The policy challenges facing low-income countries in education are numerous, and by and large long-term in nature. In many developing countries, including many IDB member countries, education systems have not met their objectives. Schools have been ineffective in teaching students the core skills contained in the curriculum; and have not provided all school-age children, particularly girls, with the opportunity to attend school. As a result, these primary education systems have jeopardized national efforts to build a human capital base for development (World Bank, 1990). Addressing these shortcomings has become the priority of the recent educational reform movements in these countries. It is important, though, to ask at the outset: what kind of reforms are we talking about? To answer such a question, one should recall the policy challenges and opportunities that are facing these countries in terms of resources and capacity. In other words, the need for reforms of education is driven by growth and motivated by the need to improve the system's ability to increase the learning of children in school, so that most children who enroll in school actually complete the primary cycle. The second objective is to provide all school-age children with access to school. Empirical research has shown that both primary and secondary school enrollment rates (as proxies for human capital) contribute positively and significantly to economic growth<sup>33</sup>. In fact, the primary school completion rate is a more accurate indicator of human capital formation and the quality and efficiency of the school system. It is also the most direct measure of national progress toward the MDG of universal primary education.

#### A.1.1 Required Reforms in IDB Member Countries

As mentioned above, the need to compete in a global economy has placed new demands on firms and workers, to the extent that it is more difficult now to thrive without the skills and tools that high-*quality* education provides. The key word here is "*quality*". Improving the quality of education has become associated with two highly cherished goals of modern states. First, improving the quality of education is increasingly seen as a source of international economic competitiveness. It is widely perceived now that the rise and fall of a nation depend on the success or failure of the education of its people. Second, high quality education has become synonymous with self-sustained domestic development, not just international competitiveness (see, Corrales, 1999). Educational reforms should, therefore, be valued as an opportunity to produce progressive results. To generate credibility and strong commitment to changing the status quo, educational reforms could be appended to a wider package of reforms, since commitment to economic and financial reforms might have spillover effects on education<sup>34</sup>. Hence, a close collaboration and coordination between the Ministry of Education (MOE) and the Ministry of Finance (MOF) is necessary for the education reforms to succeed.

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<sup>33</sup> The human capital theory contends that "investments in education lead to improvements in economic productivity generally, and to higher income for those individuals who "invest" in that education."

<sup>34</sup> Appending education reforms to broader political and economic reforms can sometimes tarnish the image of education reforms, especially if combined with a program of economic stabilization and adjustment mandated by the IMF.

### A.1.2 Access Reforms

Generally speaking, two broad types of educational reforms exist: *access* (quantity) reforms and *quality* reforms. Access reforms call for increasing the availability of educational programs and opportunities to ensure that all children have access to basic education, and stimulating demand to increase the participation of girls. Three main reasons are identified as obstacles to equitable access to education: too few places in schools, too little parental demand for education, and too much discriminatory treatment in school. Access reforms are normally achieved through investment to: (i) increase supply by constructing new schools, renovating the existing facilities, recruiting and deploying teachers more effectively, and instituting multiple-shift schooling, and multi-grade classes; (ii) increasing demand by improving school environment, mobilizing community support, and reducing the direct and indirect cost of education; (iii) equalizing treatment of students by identifying and eliminating discriminatory practices, especially with respect to language of instruction and gender (World Bank, 1990). In other words, access reforms are meant to increase the expansion of the educational system (see Box: A.1).

#### Box A.1: Explanatory factors for successful quantity expansion: Lesson from Korea

There are various factors behind the expansion of access to education. *First*, on supply side of education, strong political commitment for the expansion of education provided conducive environment for consistent implementation of compulsory education over decades. *Second*, public awareness of the 'benefits of education' through educational campaign increased the demand for education (from public) in addition to existed strong social demand for education caused by the education-focused (education respected) Confucian tradition and culture. Further increase in the demand for education is caused by 'economic rent' accrued to education. To improve children's social and economic status, most parents (even poorest groups) wanted to educate their children- as the best way to get out of hardship of agricultural work and prevalent poverty. *Third*, economic growth combined with industrial upgrade generated increased demand for more skilled labor force that in turn raised demand for education at higher level. *Finally*, financing scheme has been feasible through all these combined factors- leadership and commitment, resource generated from sustained growth, and willingness of the public to pay high-rate taxes for education.

### A.1.3 Quality Reforms

Quality reforms, on the other hand, entail efforts to improve the efficiency of the invested resources with a view to improving the academic performance of the students, increasing teachers' productivity, reducing the drop-out and repetition rates, and granting greater autonomy to schools and school boards (see World Bank, 1995). There is a worldwide consensus now that improving the performance of the education systems is necessary to advance socioeconomic development, enhance economic competitiveness of nations, and possibly strengthen government institutions<sup>35</sup>. Improving education quality is commonly cited by educational specialists as a necessary component of development strategies for the future. Furthermore, the definition of "quality reforms" used here implies real or perceived losses for some stakeholders, in sharp contrast to access reforms in which parties mostly gain. The beneficiaries of access reforms include enrolled students and parents, teachers and

<sup>35</sup> Education reform is now considered a fundamental axis of the "second stage" of reform, i.e., the next step after achieving economic stabilization and liberalization (World Bank 1996:123-131).

teachers' unions, construction companies/builders and bureaucrats, while the cost of access reforms are spread across a wide group (taxpayers). Quality reforms, on the other hand, generate diffused benefits and concentrated costs. Society at large draw some benefits, but these benefits are general, and spread across a large number of actors, and mostly perceptible in the long term (see, Corrales, 1999). To this end, universal access and quality improvement must be viewed as *complementary* rather than *competing* public policy instruments and, hence, considered an objective of every educational reform. Indeed, the design of reforms should be highly mindful of the functions that will be required of the educational system.

The wide disparities in access to education in most of the IDB member countries, especially HIPC member countries from Africa, is further complicated by low school quality. For the most part, the essential ingredients for quality education are often lacking. Fiscal constraints, limited infrastructure, as well as unattractive living conditions in rural areas prevent quality improvements. To be specific, the educational systems, in resource-poor countries, are faced with myriad of problems that are challenges to quality assurance. The list includes: (a) supplies of textbooks are uneven, (b) equipments are deficient, (c) facilities are dilapidated (e) most of the teachers have little or no training, and (f) high rates of repetition and drop-out are widespread. In these countries, the demography certainly works against quality. However, studies have shown that, if education is to contribute to a better quality of life, then the learning environment must be attractive and conducive (UNICEF, 2003). Schools must have adequate hygiene and sanitation facilities to guarantee health, safety and security. In fact, decaying schools can be breeding grounds for illiteracy, violence, and disease. On the other hand, high drop-out and repetition rates are clear indicators of school inefficiency. While children usually desert schools when they feel unsafe, or when they perceive few benefits, high repetition rates are often due to overcrowded classrooms, shortage of space in higher grades, or place pressure on lower levels. Important public policy issues that face policy makers in these countries include: (i) get better-trained teachers, and (ii) prolong the years of primary education (say from 4 to 8 years) and abolition of middle school to release the strain of the bottleneck leading to high school.

#### **A.1.4 Teacher Development**

An expanded vision of quality reform may not only include continuous teachers development and relevant curricula that reflect teachers' development, but also the learners themselves (with implications for child health and nutrition) and of the learning environment (related to health, safety, and protectiveness of the school)<sup>36</sup>. Educational reforms could also aim at democratizing the educational institutions through the creation of a more favorable environment for the participation of civil society organizations, and the decentralization of school administration. In particular, involving the communities in the design of a conducive environment is one option to encourage ownership. There are three main arguments for advancing decentralization: redistributing power, enhancing the efficiency of public service and improving

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<sup>36</sup> Learners must be healthy, well-nourished, and ready to learn, teachers must be well-trained to use flexible classroom arrangements and child-centered methods, so that children can participate actively and think critically.

learning. However, the likelihood of many quality reforms to entail some form of decentralization raises a whole new set of political difficulties. Since decentralization involves the transfer of decision-making authority for planning, management and use of resources from central government to provinces, municipalities, local councils and even school boards, it conflicts directly with the inherent interest of the central authority.

### **A.1.5 Education Reforms and the Use of ICT**

In general, the required quality reforms could include all of the above, plus (i) school reform, (ii) curriculum reform, (iii) governance (administrative) reform, and (iv) teacher reforms<sup>37</sup>. More importantly, one necessary component for upgrading education quality is to develop a quality assurance framework to monitor progress made (see Box A.2). The education reform proposals may also include measures establishing a system that adapts to the needs of globalization and the information age (see, Table A-1). In the process of preparing students for careers in the high-tech job market, IDB member countries may be better off building foundations for school information programs such as the installation of multimedia classrooms and network systems to create the information education environment, which forms the key to the 21<sup>st</sup> century's intellectual and information society. The Information and Communication Technology (ICT) can facilitate the move from learning-by-telling (chalk and talk) to learning-by-doing (hands-on). ICT has also the potential to improve the quality of learning, expand access to learning opportunities, and increase the efficiency of administrative processes (see Box A.3). Emphasis should also be given to the use of computers in education, whereby Internet access becomes available for all primary and secondary school students.

The use of ICT can support changes in pedagogy and teacher training, deepening and extending planned changes, and help create a more egalitarian relationship between teachers and learners, with learners making more decisions about their work, speaking their minds freely, and receiving consultations rather than lectures from their teachers. For example, learners in kindergarten through 12<sup>th</sup> grade in the United States who used Computers-Supported International Learning Environment (CSILE, pronounced "Cecil") for science, history, and social studies performed better on standardized tests and came up with deeper explanations than learners in classes without this technology (World Bank, 2003). But merely purchasing and putting computers in the classrooms will not improve outcome. Research has shown that, if the ICT is introduced as part of a move toward child-centered pedagogy, teachers' attitudes are as important as their skills (OECD, 2002).

In order to facilitate the use of the multimedia in the teaching and learning process, elementary and high school teachers should be provided with training opportunities in order to increase their ability to operate and use the high-tech

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<sup>37</sup> Teachers need in-depth knowledge of their subject area, including knowledge of relevant facts, an understanding of the major concepts, and the connection between them. In developing countries, teacher quality (as measured by education, knowledge, experience, and proficiency) and basic inputs (such as textbooks and instructional time and the demands made on learners) have been linked to higher student achievement (Scheerens, 1999).

equipments. Unlike the old model of learning where teachers tell learners what they need to know, in the new learning environment, teachers and trainers need to be facilitators, enabling learners to access knowledge and develop their own conceptual understanding. In addition, more attention should be given to science and technology education as improving scientific and technological skills are essential if developing countries are to close the gap with developed countries (see, World Bank, 1999).

For most of the IDB member countries, especially LDMCs, ICT provides both challenges and opportunities. It provides challenges, because it is expensive, inaccessible to the majority of learners, and the required infrastructure (electricity, radio and TV facilities, satellites, cables, receivers, ..etc) needed is not there. On the other hand, it provides immense opportunities for reaching more learners. Distance learning programmes using traditional media (print, radio and television) have a long and successful history of providing education, comparable to traditional institutional settings, apart from being cost-effective as well. The availability of different kinds of infrastructure, which varies significantly across countries, will necessary influence the decisions about the appropriate technology (World Bank, 2003).

**Box A.2: Education Reforms: Quality Assurance in Thailand**

In order to strengthen quality of education, Thailand has laid a quality assurance framework. The school principal and key head teachers were trained to conduct the quality assurance (QA). After spending few days for planning and preparation of related materials, the administrators started to operate the QA step by step. The following brief description serves as the highlight of school practice:

(a) setting up the quality standards, (b) conducting the quality control. The quality control process has been conducted so as to put optimal effort and to find best ways and means for bringing about expected quality standards. The following operations were carried out in the school:

***The School Committee:***

The school committee comprised the representatives of parents, leaders in the community, and district officers. The committee got involved and participated in taking care of the school planning, school operation, problem solving, acquiring resources for better teaching, and evaluation of school effectiveness.

***The School Charter:***

The school charter is considered as the expression of thrust and intention that the school promised and committed to do for the benefit of students.

***The School Management Plan:*** The school staff, in collaboration with the school committee, develop the school operation plans covering all critical aspects.

***School-based Curriculum Development:***

The teachers, in consultation with district supervisors, are responsible for developing the learning systems by incorporating major elements of the teaching-learning process.

***Learner's Centered Activities:***

Learning activities are significant part of the successful quality assurance. Special attention is given to the following ingredients: pre-evaluation of students' background, previous experiences, abilities, interests; grouping students in accordance with pre-evaluation results; design the delivery systems that fit to the students' bases; incorporating active learning through certain techniques, for example, problem-based learning.

***Learning Monitoring and Intervention:***

Teachers committed themselves to monitor and record the success and failure of each individual student along the teaching and learning sessions.

***Authentic Assessment:***

Learning outcomes are assessed through a set of performance tests by which students are required to perform certain tasks representing the learning objectives.

***Portfolio Development:***

The portfolio, sometime is called the "black folder", has been designed to collect the students' learning products and records of achievement. By using the learning and teaching plans as the reference, expected learning outcomes of each learning theme will be matched with the products that students feel the best. Source: UNECA, UNESCO, UNDP: Reforms in Higher Education and the Use of Information Technology, Ad-Hoc Expert Group Meeting, 19-22 November 2001, Nairobi, Kenya.

#### **Box A.3 Using Technology to Create an Effective Learning Environment in Australia**

One of the best examples of transformative use of technology in education, according to the OECD, is in the State of Victoria, Australia, where the Department of Education has developed many tools and services that are highly valued by schools. These include SOFWeb, the most popular educational web site in Australia (35,000 documents), used by two out of every three teachers; Schools Television, broadcast by digital satellite; and Curriculum@work, an on-line and CD-ROM one-stop shop for curriculum resources.

The State of Victoria has promoted innovation in teaching and learning practices through its Navigator School program, launched in 1995. These pilot schools have focused on creativity and cross-disciplinary learning, the integration of computers into the curriculum, and the role of the teacher as learner. Learners in these schools are engaged. They challenge teachers to provide a learning environment that leads to greater learning.

*Source:* World Bank: Lifelong Learning in the Global Knowledge Economy

### **A.1.6 Vocational Training and Literacy Programmes**

Before leaving this section, it is important to note that educational reforms should not overlook the need for vocational education and adult literacy programmes. Universal primary completion (UPC)-which is not yet a reality in many IDB member countries-will have to be supplemented by secondary and vocational training to prepare people for work in an increasingly urban environment. This is particularly an important area for many reasons. First, vocational education is necessary for students from lower socioeconomic background who are not ready to spend much time in the educational system. Second, vocational education will train students in special skills to meet the demand of the labor market and ensure the growth of strategic sectors of the economy. Third, by so doing, vocational education enables students to find jobs to support their families and, hence reduces poverty and inequalities. Fourth, vocational education could be designed as a vehicle for attracting foreign direct investment. Finally, and most importantly, vocational education will reduce burden on higher education expansion. Yet, critics of vocation education point to the weak alignment between skill preparation and the demand of the labor market, and consider the time spent on vocational skills preparation as time diverted from language and computational skills development. Although the evidence on the returns to vocational education are mixed, it remains a low-cost alternative for disadvantage students.

### **A.2 Best Practices in Member Countries**

Some IDB member countries have made remarkable progress toward achieving the EFA and education MDG during the last few decades. Many experiences point to breakthroughs that have facilitated access to schooling and closed the gender gap in primary education. Measures to reform the education system, reduce and/or remove constraints impeding access to education for the most disadvantage groups have been

taken, and strong political and fiscal commitment was shown. In this sub-section, three success stories will be highlighted (Indonesia, Guinea, and Uganda). Detailed discussion of the best practices is given in Chapter IV.

### **A.2.1 EFA in Indonesia**

Indonesia has seen vast improvements in access to education over the past thirty years. According to the World Bank's OED, Indonesia has achieved one of the most significant transformations in education in the developing world (see, <http://Inweb18.worldbank.org/OED/OEDDocLi.nsf/DocUNIDViewForJavaSearch>). It is a good example of a country that has followed a disciplined linear approach to EFA: Indonesia focused first on primary school access, next on lower secondary school access, and is only now attempting to address key issues to improve learning outcomes. It now has universal access to primary education, and it is expanding secondary participation. A key factor has been the Government's consistent economic and educational policies, which were responsive to changing conditions. In fact, education expansion was supported by significant growth in public outlays between the late 1980s and mid-1990s. Spending rose annually by 15.9% in current prices and 7% in constant prices, while the share of education in overall expenditure increased by almost 25% between 1989/90 and 1996/97. The share of government education outlays in GDP remained low but unchanged at about 1.8% in this period of strong economic growth. In per student terms, real spending at the primary and junior secondary levels increased by roughly 75% and 25% respectively during this interval.

During the 1997 economic crisis, Indonesia moved aggressively to protect enrollments for primary and junior secondary schooling, with strong donor support. The share of donors support doubled during the crisis, and donors provided more than half of the financing for a Scholarships and Grants Program (SGP). In 1999/2000, 1.79million primary school students were awarded scholarships on the basis of financial need, and 104,609 schools received grants designated for use on teaching materials, building maintenance, and fee waivers for poor families. External assistance also played a key role in funding the junior secondary scholarships and grants provided under SGP. In 1999/2000, 1.64 million junior secondary school students were awarded scholarships. However, many long-established precedents that have a negative impact on quality are proving very hard to change. A recent World Bank report states: "Indonesia's struggles to improve quality demonstrate the importance of tackling such issues from the very beginning, as initial efforts are put in place to expand access," (World Bank, 2003). For more on Indonesia's success, see Box A.4 below



#### **Box A.4: Education Achievement in Indonesia: Hard Lessons About Quality**

Using oil windfall funds in the mid 1970s, the Government of Indonesia launched a major program of primary school construction and teacher recruitment and deployment. Primary enrollment rose from 13.1 million in 1973/74 to 26.4 million in 1986/87 and 28.7 million in 2001. Net enrollment has remained above 90% since 1986. In 1989, Indonesia announced a program to achieve universal basic education (9 years) by 2010. Junior secondary enrollment increased from 1.5million in 1973/74 to 6.1million in 1986/87 and 9.4 million in 2001. In the past decade, Indonesia has also achieved greater equity among different income levels. In 1993, the overall primary enrollment ratio was 91%, including 87% in the poorest quintile and 93% in the richest quintile. In 2000, overall primary net enrollment stood at 93%, with a gap of 1% between the poorest and richest quintiles. At the junior secondary level the net enrollment ratio almost doubled in the poorest quintile over the 1990's, while it increased by only a few percentage points in the richest quintile over the same period.

#### ***Quality Concerns:***

The Indonesia school system is characterized by startling contradictions. It has seen great gains in primary and lower secondary enrollment as a result of strong political will, but educational quality remains very low. The school year in Grades 3-6 is among the longest in the world (over 1400 hours annually for single shift classrooms), but the potential impact of this extraordinary effort is lost in part because the school year in Grades 1 and 2 is among the shortest in the world (under 500 hours annually in most cases). The government is increasing the intake level of teachers to the equivalent of a bachelor's degree, but significantly decreasing average salary level. Finally, it does a good job of providing fee waivers for poor children but has ceased to provide free textbooks, meaning that these children often attend school under very disadvantaged circumstances. These contradictions have risen in part because an ineffective quality improvement package, and because many quality strengthening steps that were introduced in donor-supported projects were never integrated within the program.

The quality of primary education may have been further compromised when Indonesia moved ahead arguably prematurely with a second phase of EFA, junior secondary, in the late 1980s. The economic crisis beginning in 1997 further weakened the country's ability to increase financing for quality enhancement; the scholarship program designed to attenuate the equity impact of the crisis focused almost solely on maintaining access. Average class size is quite modest, largely because of inefficient use of teachers and principals, but current practices have become deeply entrenched and are not easy to change. The results is that almost no resources are available for quality inputs and textbooks, reading books, and other teaching and learning materials are in short supply.

#### ***Lesson Learned***

- Where EFA programs fail to place a coherent quality-access package in place from the start, competing pressure (such as the demand for lower secondary education) make it difficult to perform a "quality retrofitting" at a later date.
- Timely donor support during economic crisis can make the difference in sustaining past gains and strengthening commitment to, and progress toward, EFA goals.
- While piloting ways of improving learning outcome is useful, such approaches must be integrated into a broader school improvement strategy, and designed to go to scale.
- Quality enhancement is unlikely to occur via the "campaign"-style mechanisms frequently employed by central governments, but instead need consistent local commitment to strengthen and monitor learning process.

***Remaining Challenges:*** Indonesia is now focusing on unfinished issues including how to: (i)enable communities to participate fully in education management, (ii)assure the availability and effective use of textbooks and other teaching and learning materials, (iii)empower local authorities to develop management partnership involving provinces, districts and autonomous schools and their governing committees, (iv) rationalize fragmented and rigid budgetary processes and ensure transparency; (v) create an incentive structure that rewards good teaching and effective school management and addresses the uneven allocation of teachers across schools.

Source: Adopted from Samuel Liberman and Deon Filmer (2003), <http://www.worldbank.org/education/>

### A.2.2 Guinea: A Steady Growth Path to Achieve EFA

Guinea is one of the few countries, world-wide, to have sustained over an entire decade the primary school enrollment rate increases necessary to achieve the key EFA goals without degradation of quality. Gross Enrollment Rates (GER) increased almost 10% annual from 1991-2001, with girls' enrollment increasing at 12% annually each year (<http://www.worldbank.org/educationnotes/>). GER in the primary level increased from 28% to 61% over the 10-year period, in spite of a weak macroeconomic environment. The Guinea case provides guidance on how resource-poor countries can plan and follow a steady course toward Universal Primary Education (UPE) through policy change, even where conditions, on the surface, are not particularly favorable. While Guinea is still only about midway on its path toward EFA, it has successfully demonstrated that the remaining very low enrollment countries can break out of the mold, and that it is in fact possible to turn around decades of failure. However, despite the gains in gender equity in access, gender disparities across urban and rural areas persist. The degree of expenditure bias is much higher in rural areas where expenditure on boys is 1.9 times that of girls in primary and nearly 4 times in secondary education (World Bank: Education notes, 2002). For more on Guinea, see Box A.5 below.

#### Box A.5: The Success of Guinea

Rather than waiting for or trying to design the perfect environment, Guinea has a well-tested track record in moving ahead quickly as soon as a reasonable approach has been identified. On the positive side, this has led to fairly quick action on a number of fronts, and Guinea has been among the first West African countries to adopt innovative approaches such as preventive school health, teacher-driven school grants, interactive ratio, sample-based assessment of student learning, gender equity committees, NGO-managed construction programs, and reform of teacher education. On the negative side, the quick adoption of merely adequate solutions, has in some areas led to complacency, and a general reluctance to conduct meaningful program evaluations.

**Access:** Coverage has been impressive. Guinea focused on the GER as the key indicator measuring success, and achieved one of the world's highest rates of GER growth over the decade. The focus on gross enrollments, however, masked in part the continued inefficiency of the system, and repetition rates reached as high as 28%, before dropping to 22%. This reflects in part the lack of places available for secondary schooling (repetition is highest in Grades 5 and 6). Guinea's Primary Completion Rates (PCR) are still low, but have increased from 16% in 1990 to about 32% in 2001.

**Quality:** Guinea was able to achieve success in expansion without compromising quality. This happened in part by fully involving teachers in the school improvement plans. Since 1994, the Ministry of Education (MOE) has developed a teacher-driven in-service education program to give teachers more professional autonomy. With the help of MOE personnel designated as facilitators, teams of teachers design projects to improve teaching and learning and compete for small grants to carry them out. The program was widely seen as successful and has engaged virtually 100 percent of teachers in many rural areas and more than 80% of primary school teachers country-wide. These teachers have received significant guidance from inspectors and pedagogic advisors over a sustained period of time, dealing with specific teaching and learning issues. On the input side, improvements have been made in recent years in teacher quality (teachers are now recruited after Grade 13 rather than Grade 10; pre-service and in-service education have been greatly strengthened; solid classroom level in-service support is available) and textbook availability.

**The Drivers of Change:** The successful experience in Guinea can be attributed to four particularly important drivers of change: (i) the personal commitment of key actors, (ii) private sector and NGO support, (iii) consistent donor support, and (iv) a gender-based policy vision.

**Personal Commitment of Key Actors:** Despite what is said about the importance of the political support, the real success stories in Guinea can be attributed to the personal commitment of key actors- for the most part, mid-level civil servants who believe passionately in what they do, and have worked hard to bring change. It has been possible in Guinea to use the profound commitment of individual actors as a starting point from which to build a more broad-based reform effort, and as the basis for a good deal of long-term planning.

**Private Sector and NGO Support:** The private sector was almost completely absent in education in Guinea until 1990. Yet by the end of the decade, the growth in enrollments of private schools accounted for much of the overall growth in the system. In 1997, the most exceptional year in this regard, primary school enrollments increased by 24,897 new students, with private school enrollments accounting for 24,010 of these. Guinea has also worked effectively with NGO community. More than 20 NGOs have been contracted to construct primary school classrooms, mobilize communities in support of the school, and are increasingly involved in sectoral innovation.

**Donor Support:** The role of the donors in Guinea has been disproportionately important as compared to other countries in the region. There has long been agreement on sector indicators among donors and governments. However, there have also been ups and downs in terms of donor coordination. In Guinea, donors have generally been unconcerned with urban issues and have preferred to devote their energies and resources to providing support in rural areas. Similarly, the donors have provided strong support for primary education but almost no support whatever for secondary or higher education.

**A Gender-based Policy Vision:** Guinea has consistently used the gender equity issue as an organizing tool for its EFA efforts. With USAID support in the early 90s, and with FAWE (Federation of African Women Educationists) support, Guinea created one of the continent's first gender equity committees (in 1991) with MOE. The purpose of this group was to ensure that factors known from the literature to affect girls' attendance and participation would receive close scrutiny in all donor-or government-funded programs. This has come to include such factors as: the distance between home and school, the sanitary facilities available, the extent to which teachers provide a supportive environment for girls, the opportunity cost of schooling, the direct costs of schooling.

**Lessons Learned:**

- Steady growth can be sustained even in difficult environments if close attention is made to creating strong committed leadership teams at all levels
- Sustainable movement towards EFA means that reform and support will be required at all levels of education. While it is appropriate to primary education, and rural areas, this cannot be to the exclusion of other areas of legitimate concern.
- Donor collaboration is crucial to the EFA context. It is probably best to agree on discrete complementary packages of support rather than trying to coordinate on a single activity.

Source: Adopted from Education Notes, <http://www.worldbank.org/education/>

### A.2.3 Achieving UPE in Uganda

In the late 1980s and early 1990s, Uganda was in an unsatisfactory state. The gross primary enrollment ratio was 87%, basic inputs were lacking, and Ugandan households were paying too much for primary education. In 1996, the President decided to remove fees for up to four children per family (of which two should be girls), in a bold effort to achieve universal primary education (UPE) for all children aged 6 to 12 years by 2000-a goal set in 1987. The President's decision removed a key obstacle for families, and also sending a signal on the importance of education. It has produced significant accomplishments, establishing a record deserving attention from other countries that aspire to achieve similar goals. Since 1996, Uganda's primary enrollment rates have risen remarkably. Nonetheless, the massive expansion in numbers has some impediments. Apart from affecting the quality of education, it will

be a major challenge to cope with, given the rising demand for post-primary education. For more on Uganda's success story, see Box 2.6 below.

**Box A.6 Uganda's Success Story: The "Big Bang" Approach**

**Access and Equity:** After the President removed the school fees in 1996, an additional 1.1 million girls and 1.2 million boys responded immediately. By 2001, the number of children enrolled was more than double the 1996 level. Enrollment ratios improved dramatically: the gross enrollment ratio first rose to 123% in 1997 and then decreased to 117% in 2000. Uganda was also successful in narrowing primary enrollment gaps between rich and poor and between boys and girls (see Fig 4 above). The wealth bias that had characterized access to primary education prior to UPE was all but eliminated in 1999. In addition, the improvements in female access to primary education have been enormous. Uganda has made great strides towards UPE; data from 2000 shows virtually no gap between male and female net enrollment ratios (89.3% VSS. 88.8%). The success of Uganda's "big bang" approach—an all-out effort to achieve UPE by making primary education free and sharply increasing public spending in support for this—confirmed that, for Uganda, financial constraints on the demand side had been by far the most important reason for low primary enrollment. The key underlying drivers for change were:

- i. strong political commitment, backed by strategic vision and policy framework for education sector
- ii. the establishment of inclusive, effective partnerships, domestic and international, which helped build strong constituency for education, facilitated through government semi-annual education reviews.
- iii. measures to improve transparency and accountability of spending at the school level in combination with predictable flows of foreign aid (funds reaching schools has risen to 90% from 28% in 1996).
- iv. strengthened collaboration and support from external financing agencies to the new Education Sector Investment Plan.
- v. the move to General and Directed Budget Support financing modalities, and more flows of aid.

**Unanticipated Consequences:** The Ugandan success was not unqualified and big bang not without some repercussions.

- Quantitative inputs (ratios for textbooks, teacher, and classrooms) suffered with UPE. Pupil-teacher ratios rose from 40 to 60, while classroom ratios jumped from 85 to 145 in 1999.
- Qualitative inputs (low share of qualified teachers) led to a new Teacher Development management system
- Repetition and dropout rates at the primary level declined significantly for boys and girls—from 17% pre-UPE to 9% after UPE. However, an automatic promotion policy put in place only partially observed.
- Achievement levels in tests declined. On mathematics from 48% in 1996 to 31% in 1999 and, on English oral from 92% to 56% .

**Lessons Learned:**

- Successful reforms in developing countries require high level of political and education management commitment that is sustained over a long period.
- The big bang approach can be a very powerful policy instrument for getting all children into school
- Timely, and flexible donor support is a critical factor

*Source: P. Murphy, C. Bertoincino and L. Wang, The World Bank, Human Development Network: Education Notes, April 2002*

### **A.3 The Costs of Reforms**

The previous subsection has built a convincing argument and strong support for educational reforms. Yet, education reforms are often not easy to implement for many reasons. First, education reforms carry considerable financial demands to establish the institutional and physical infrastructure required to support the educational goals. Usually school restructuring, curriculum modernization, and higher teacher

qualifications require substantial financial resources. Second, any educational reform has important short-and long-term effects on large segments of the population as well as on the nation's social and economic development process. Consequently, such reforms entail government decisions that are politically highly sensitive, and their implementation needs to be considered and planned in the context of the political, economic and social interests affected (Verspoor and Tsang, 1993). Finally, educational reforms-explicitly or implicitly-change the distribution of education costs, and the benefits and privileges among different population groups. Conflicts of interest between different regions, political parties, or ethnic groups can surface. The potential "losers" are more likely to organize effectively to block reforms. Hence, strategies for consensus-building within a country are essential for advancing the reforms.

Given the recent calls for decentralization of the education systems, the policy makers in resource-poor countries have to make three different levels of decisions. At the macroeconomic level, the amount of taxation and the percentage of public resources allocated to education sector should be increased. At the sectoral level, policymakers need to decide how the budget is distributed among various sub-sectors and levels of the education system. Moreover, within the school systems themselves, decisions must be made between quantity and quality, and among the various factors that contribute to quality, especially when quality and coverage are considered as two competing investments. For example, the question of whether to pay teachers better and allow fewer children in class, or enable more students to attend while reducing teachers' salaries often arises (see, UNICEF, 2003).

As for IDB member countries, experience has shown that public provision and funding of basic education has put a heavy burden on the already constrained resources. Policy makers in these countries were forced to make hard decisions, especially when choosing between policies favoring quality and/or quantity. Their worries were exacerbated by the rising costs of educational reforms required for achieving the EFA goals (i.e. MDGII) by 2015. Many countries have come to realize that the more vital and effective approach to expand access and improve quality of their educational system is to involve actors other than the government. Actual and potential partnerships with all stakeholders, including parents, NGOs, religious groups, and the private sector are gaining momentum and generating interest. The challenge now is not whether to allow other-than-government roles in education to expand, but how to do so effectively. In many countries, contribution by parents and communities to basic education are growing substantially. There are also growing opportunities for private provision and financing of education. Many argue that private schools improve efficiency (lower per unit cost), help expand access and assure quality, give families choices beyond the public school system and, in some cases, may help provide opportunities to less well-off children<sup>38</sup>. Most importantly, the contributions of families, communities, NGOs, private sector, religious groups, UN agencies, bilateral and multilateral institutions will free public resources, allowing the government to better target the poor. In fact, greater support from the international community is widely sought.

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<sup>38</sup>Private is a broad concept that includes religious, NGO-run, community-financed, and for-profit institutions.

**Table A-1: Key Education Policy Options**

Area of Concern	Policy choices		Means
Expand supply	Low-cost and carefully targeted expansion	* * *	Lower-cost designs and construction material Community-based construction Fast-track pre-service training (that is, shorter duration formal training, more hands-on training classrooms, distance delivery) Locally recruited teachers Incentives for teacher deployment to remote and rural areas
	More cost-effective use of existing school infrastructure	* * *	Double-shift schools Multigrade schools Teacher redeployment and efficient class size
	Greater private provision and financing of education	*	Simple regulatory framework for private providers (that is, accreditation system and collection of basic statistics) Grants to cost-effective nonpublic providers
	Tighter system management	* * * *	Planning for HIV/AIDS impact School mapping (and later, more sophisticated EMIS) Review role, selection, and training of school heads Control of teacher absenteeism Equitable funding across schools (per student allocations)
Improve quality	Quality teaching	* * * * * *	Emphasis on literacy and numeracy skills and clear learning goals for students Student-centered interactive teaching methods Ongoing professional development in content areas and pedagogical skills Teacher networks and resource centers Quality teacher manuals Mother tongue instruction in initial years Increased days of instruction
	Quality instructional material	* * *	Local teaching materials Timely and equitable distribution of low-cost learning materials (text books) to schools and to students Curriculum revision to improve relevance Distance education (for example, radio education)
	Tighter accountability mechanisms	* * *	Simple school monitoring and reporting system (including private schools) Assessment of student learning outcomes Stakeholders empowered in school affairs.
Stimulate demand; relieve household constraints	Institutional strengthening	* *	Reinforced management functions (that is, planning, budgeting, staffing) Greater school autonomy
	Promote education of girls	* * * * *	Targeted stipends for girls Labor-saving technologies, water points, and childcare facilities at school to ease girls' household work Site schools closer to communities and provide separate latrines for girls Recruit more female teachers and administrators Involve mothers in schools committees
	Ensure school affordability	* *	Eliminate schools fees Provide textbooks and schools supplies free to target groups Offer stipends to poor households and AIDS orphans

		*	
	Make schooling attractive to parents and communities	* * * * *	Involvement of parents in school councils with decision power Make school calendar compatible with local economic activity Improve school environment with latrines, water, electricity School health and nutrition programs (FRESH) OECD programs Nonformal education programs for youths and adults Community libraries (eventually internet centers)

Source: Burns, Mingat and Rakotomalala, 2003

## ANNEX B: Tables

**TableB-1: Primary School Enrolment Ratios in Some IDB Member Countries**

COUNTRY	YEAR	Gross	Gross	Gross	Net	Net	Net	Gender Parity Index for NER. Primary
		Enrolment Ratio. Primary. Both sexes	Enrolment Ratio. Primary. Male	Enrolment Ratio. Primary. Female	Enrolment Ratio. Primary. Both sexes	Enrolment Ratio. Primary. Male	Enrolment Ratio. Primary. Female	
Oman	1999/2000	73	75	71	65	66	65	0.98
	2000/2001	72	74	71	65	65	64	0.99
	1998/1999	....	....	....	....	....	....	....
Pakistan	1999/2000	(*) 73	....	....	....	....	....	....
	2000/2001	(*) 75	(*) 85	(*) 63	(*) 60	(*) 69	(*) 51	(*) 0.74
	1998/1999	116	118	115	99	100	97	0.97
Palestine	1999/2000	109	108	109	99	99	99	1.00
	2000/2001	108	107	109	97	96	98	1.02
	1998/1999	(**) 110	(**) 111	(**) 108	(**) 98	(**) 98	(**) 98	(**) 1.00
Qatar	1999/2000	....	....	....	....	....	....	....
	2000/2001	105	105	104	....	....	....	....
	1998/1999	....	....	....	....	....	....	....
Saudi Arabia	1999/2000	68	70	67	58	60	56	0.93
	2000/2001	68	69	66	(**) 58	(**) 60	(**) 56	(**) 0.92
	1998/1999	70	(**) 75	(**) 65	59	(**) 63	(**) 55	(**) 0.88
Senegal	1999/2000	73	78	68	(**) 62	(**) 66	(**) 58	(**) 0.88
	2000/2001	75	79	70	(**) 63	(**) 66	(**) 60	(**) 0.90
	1998/1999	69	69	69	(**) 53	(**) 53	(**) 53	(**) 1.01
Somalia	1999/2000	....	....	....	....	....	....	....
	2000/2001	....	....	....	....	....	....	....
	1998/1999	(*) 119	(*) 121	(*) 117	(*) 95	(*) 95	(*) 96	(*) 1.01
Sudan	1999/2000	55	59	51	(**) 46	(**) 50	(**) 42	(**) 0.83
	2000/2001	59	64	54	(**) 49	(**) 54	(**) 45	(**) 0.83
	1998/1999	....	....	....	....	....	....	....
Suriname	1999/2000	....	....	....	....	....	....	....
	2000/2001	127	127	126	(**) 98	(**) 97	(**) 100	(**) 1.03
	1998/1999	127	130	123	(**) 95	(**) 94	(**) 95	(**) 1.02
Syrian Arab Republic	1999/2000	106	110	102	(**) 95	(**) 98	(**) 91	(**) 0.93
	2000/2001	109	113	105	(**) 96	(**) 99	(**) 94	(**) 0.95
	1998/1999	103	106	100	94	97	91	0.94
Tajikistan	1999/2000	105	109	101	96	100	92	0.92
	2000/2001	104	108	100	96	100	92	0.92
	1998/1999	93	96	91	....	....	....	....
Togo	1999/2000	124	139	109	91	100	81	0.81
	2000/2001	124	138	110	91	100	82	0.82
	1998/1999	....	....	....	....	....	....	....
Tunisia	1999/2000	118	121	115	98	99	97	0.98
	2000/2001	117	120	115	99	100	99	0.99
	1998/1999	....	....	....	....	....	....	....
Turkey	1999/2000	(**) 101	(**) 106	(**) 96	....	....	....	....
	2000/2001	(**) 101	(**) 105	(**) 96	....	....	....	....
	1998/1999	....	....	....	....	....	....	....
Uganda	1999/2000	....	....	....	....	....	....	....
	2000/2001	....	....	....	....	....	....	....
	1998/1999	78	79	77	72	72	71	0.99
United Arab Emirates	1999/2000	94	95	94	78	78	79	1.01
	2000/2001	99	99	99	87	86	87	1.02
	1998/1999	100	100	100	100	100	100	1.00
Yemen	1999/2000	....	....	....	....	....	....	....
	2000/2001	(**) 79	(**) 96	(**) 61	(**) 67	(**) 84	(**) 49	(**) 0.58
	1998/1999	81	84	79	69	69	68	0.98

Source: <http://stats.uis.unesco.org/eng/TableViewer/wdsview/print.asp>  
 (\*\*\*)UIS estimation; (....) missing Values



**Table B-2: Primary Education Attainment and Enrollment in  
IDB Member Countries Middle East/N. Africa**

	Net primary enrollment Ratio % or relevant age group		Percentage of cohort reaching grade 5% of grade one students who reach grade five		Youth literacy rate % of ages 15 - 24	
	1990	1998	1990	1997	1990	2000
<b>World</b>	...	...	...	...	...	...
Low & middle income	...	...	...	...	82	85
<b>Middle East &amp; North Africa</b>	...	<b>83</b>	...	...	<b>73</b>	<b>82</b>
Algeria	93	94	94	94	78	89
Bahrain	99	97	89	95	96	98
Djibouti	32	32	87	79	73	84
Egypt, Arab Rep.	...	92	...	...	61	70
Iran, Islamic Rep.	...	...	90	...	87	94
Iraq	...	80	...	...	61	73
Jordan	66	64	100	...	97	99
Lebanon	...	78	...	...	92	95
Libya	...	...	...	...	91	97
Morocco	58	79	75	75	55	67
Oman	70	66	96	96	86	98
Saudi Arabia	59	59	83	89	85	93
Syrian Arab Republic	98	93	94	94	80	87
Tunisia	94	98	87	91	84	93
West Bank and Gaza	...	...	...	...	...	...
Yemen, Rep.	...	61	...	...	50	65

Source: World Development Indicators database, World Bank, April 2002.

**Table B.3a: Allocation Of Operational Expenditure:  
Malaysian's MOE 1996 – 2000 (RM Million)**

Program	1996	1997	(%) +/-	1998	(%) +/-	1999	(%) +/-	2000	(%) +/-
Corporate Management & Audit	9.4	14.5	53.9	14.2	-2.1	13.6	-4.1	13.6	-0.01
Pre School, Primary & Secondary Education	6 105.9	6 214.9	1.8	6 885.6	10.8	7 301.9	6.0	7 506.3	2.8
Technical Education	244.9	221.8	-9.4	289.9	30.7	304.7	5.1	343.8	12.8
Financial Management & Information System	708.3	333.7	-52.9	525.9	57.6	466.1	-11.4	367.7	-21.1
Human Resource & International Relation	32.6	42.5	30.8	38.4	-9.7	64.7	68.4	61.7	-4.6
Higher Education	35.9	35.4	-1.4	77.8	119.8	87.8	12.9	75.7	-13.8
Private Education	0.5	1.2	175	1.9	53.5	1.2	-33.8	1.8	42.4
Special Education	16.5	23.9	44.7	28.8	20.6	26.5	-7.9	31.0	16.9
Islamic & Moral Education	48.8	69.2	41.6	69.1	0	67.0	-3.1	67.7	1.1
Examination	5.4	5.5	1.1	5.7	4.8	5.7	-0.1	5.8	2.0
Inspectorate Of Education	18.0	18.6	3.4	18.2	-2.2	16.1	-11.1	16.6	2.5
Institute Aminuddin Baki	49.3	27.1	-45.1	24.6	-8.8	13.1	-46.7	15.7	20.0
Planning & Research	5.6	6.1	8.2	6.8	12.4	5.5	-20.2	5.6	3.1
Educational Technology	56.2	67.0	19.2	50.2	-25.1	40.7	-18.8	44.3	8.7
State Education Management	123.5	136.4	10.5	128.2	-6.0	135.6	5.8	129.7	-4.4
Statutory Bodies	28.0	29.0	3.6	26.5	-8.4	25.0	-5.8	43.4	73.9
Institute Of Higher Education	1 336.9	1 316.3	-1.5	1 691.2	28.5	1 445.2	-14.5	1 616.0	11.8
New Policies	61.9	1 219.4	1869	0	-	185.5	-	265.2	43.0
One - Off	71.6	142.0	98.1	0	-	208.2	-	265.0	27.3

Source: MOE 1996 – 2000

**Table B.3b: Recurrent Cost by Level of Education 1990-2003 (RM Million)**

	1990	1992	%	1994	%	1996	%	1997	%	2001	%	2003	%
Primary Education	1601	2281	42.43	2544	11.53	2632	3.45	2748	4.41	3720	35.39	4557	22.50
Secondary Education	1483	2097	41.38	2378	13.40	2386	0.35	2378	-0.35	3145	32.24	4312	37.12
Tech. Secondary Educ.	96	177	83.63	239	34.99	196	-18.21	171	-12.75	293	71.67	387	31.88
University Grants	737	939	27.48	1100	17.16	1373	24.79	1608	17.07	2671	66.09	4353	62.98

Source: Educational Statistics, Malaysia Several Years.

**Table B.4: Number of Govt. and Govt. Aided Malaysian Educational Institution 1970 – 2000**

Educational Institution	1970	1980	% +/-	1990	% +/-	2000	% +/-
Primary School	6280	6414	2.1	6828	6.5	7217	5.7
Secondary School	946	955	1.0	1327	39.0	1641	23.7
Teacher Colleges	17	27	58.8	28	3.7	31	10.7
Polytechnic	1	2	100.0	7	250.0	12	71.4
College*	2	2	0.0	2	0.0	1	-50.0
University	3	7	133.3	7	0.0	11	57.1
Total	7249	7407	2.2	8199	10.7	8913	8.7

\* ITM (until 1999) and Tunku Abdul Rahman College

Source: Educational Statistic in Malaysia 1970,1980–1985,1990 and 1999.

**Table B.5: Enrolment in Government and Government-Aided Institutions (Malaysia) 1970-2003**

Level Of Education	1970	1980	% +/-	1990	% +/-	2000	% +/-	2003	% +/-
Primary School	1 421 469	2 008 973	41.3	2 447 206	21.8	2 907 123	18.8	3 071 121	5.6
Secondary School	478 610	1 083 818	126.5	1 376 337	27.0	1 998 744	45.2	2 122 498	6.19
Teacher Colleges	2927	13 247	352.6	23 006	73.7	23 740	3.2	245 587	3.6
Polytechnic	455	3024	564.6	9404	211.0	43 248	359.9	49 135	13.6
College*	4780	15 037	214.6	33 767	124.6	17 547	-48.0	29 323	67.0
University	8633	26 410	205.9	58 286	120.7	211 584	263.0	302 474	12.9
Total	1 916 874	3 150 509	64.4	3 948 006	25.3	5 201 986	31.8	5 820 138	11.9

\* ITM (until 1999) and Tunku Abdul Rahman College.

Source: Educational Statistic Malaysia 1970, 1980, 1990, 2000 and 2003.

**Table B.6: Pupil/Teacher Ratios in Primary and Secondary School (Malaysia) 1990-2003**

Year	Primary			Secondary		
	Teacher	Enrolment	PTR	Teacher	Enrolment	PTR
1980	73 664	2 008 973	1:27	48 129	1 083 818	1:22
1981	77 100	2 034 256	1:26	51 459	1 135 143	1:22
1982	79 796	2 072 393	1:26	53 870	1 176 165	1:21
1983	81 664	2 119 965	1:26	54 822	1 217 308	1:22
1984	83 761	2 146 299	1:25	55 782	1 271 543	1:22
1985	91 098	2 192 528	1:24	58 636	1 293 199	1:22
2000	154 509	2 933 877	1:18.98	113 249	1 998 781	1:17.64
2001	160 296	2 943 152	1:18.36	118 312	2 038 262	1:17.22
2002	165 358	2 989 284	1:18.07	124 408	2 052 959	1:16.5
2003	174 701	3 071 121	1:17.6	127 773	2 098 817	1:16.4

Source: EPRD, Ministry of Education

**Table B.7: Enrolment in Primary and Secondary School by Gender (Malaysia)**

Year	Primary					Secondary				
	Male	%	Female	%	Total	Male	%	Female	%	Total
1990	1 256 795	51.4	1 190 411	48.6	2 447 206	675 439	49.4	690 629	50.6	1 366 068
1991	1 300 361	51.4	1 230 454	48.6	2 530 815	677 846	49.3	698 007	50.7	1 375 853
1992	1 355 663	51.3	1 285 357	48.7	2 641 020	699 631	49.1	725 069	50.9	1 424 700
1993	1 390 486	51.3	1 319 614	48.7	2 710 100	731 987	49.0	760 477	51.0	1 492 464
1994	1 416 991	51.3	1 345 175	48.7	2 762 166	767 194	49.0	799 779	51.0	1 566 973
1995	1 450 669	51.3	1 376 958	48.7	2 827 627	805 937	48.8	845 747	51.2	1 651 684
1996	1 460 629	51.3	1 386 490	48.7	2 847 119	844 179	48.6	892 361	51.4	1 736 540
1997	1 477 888	51.3	1 400 964	48.7	2 878 852	888 848	48.9	930 097	51.1	1 818 945
2000	1 507 988	51.4	1 425 889	48.6	2 933 877	980 405	49.1	1 018 376	50.9	1 998 781
2001	1 510 928	51.3	1 432 224	48.7	2 943 152	1 000 665	49.1	1 037 597	50.9	2 038 262
2002	1 534 946	51.3	1 454 338	48.7	2 989 284	1 004 880	48.9	1 048 076	51.1	2 052 956
2003	1 577 497	51.4	1 493 624	48.6	3 071 121	1 025 576	48.9	1 073 241	51.1	2 098 817

Source: Educational Statistic Malaysia, in Several Years

**Table B.8: Trends in Average State (Tunisia) Funding per Institution and per Student**

	State subsidies in Dinars	Number of institutions	Number of students	Average subsidy Per institution (thousand Dinars)	Average subsidy per student (Dinars)
1996	23285000	853	725926	27.298	32.076
1997	24385000	949	789620	25.695	30.881
1998	23885000	1009	833372	23.672	28.660
1999	25485000	1059	874814	24.065	29.131
2000	27259000	1106	908248	24.646	30.012
2001	28809000	1140	962985	25.271	29.916
2002	30539000	1186	1027812	25.750	29.712

**Table (B.9): Bilateral Official Commitments for Education and Basic Education, by Donor and Region, 1997 – 2000 (millions of current US dollars)**

Donor	1997	1998	1999	2000	Annual Average
All DAC countries, total education	4,804.3	4,459.2	5,014.3	3,541.7	4,454.9
w/o basic education	534.0	434.3	599.7	684.4	563.1
AFR education	1,781.8	2,328.4	1,259.2	1,405.6	1,693.7
o/w AFR basic education	210.2	422.2	326.1	378.8	334.3
LCR education	880.1	590.4	571.2	517.1	639.7
o/w LCR basic education	74.5	69.0	106.9	116.3	91.7
EAP education	771.8	722.1	1,846.7	502.7	960.8
o/w EAP basic education	128.0	48.6	76.0	64.4	79.2
ECA education	139.3	47.8	253.6	230.5	167.8
o/w ECA basic education	1.7	5.4	1.9	12.7	5.4
SAR education	701.0	428.9	466.8	339.3	484.0
o/w SAR basic education	92.0	113.4	136.6	102.9	111.2
MNA education	530.4	341.7	616.9	546.4	508.9
o/w MNA basic education	52.2	61.2	44.7	73.8	58.0
G-7, total education	3,838.2	3,568.5	4,093.9	2,639.7	3,535.1
o/w basic education	356.5	218.0	345.9	432.5	338.2
AFR education	1,584.1	2,099.5	912.3	1,050.0	1,411.5
o/w AFR basic education	154.6	339.4	224.1	270.6	247.2
LCR education	741.9	384.3	391.9	319.1	459.3
o/w LCR basic education	61.0	47.7	80.7	90.2	69.9
EAP education	584.6	413.6	1,609.5	366.5	743.6
o/w EAP basic education	122.2	39.0	60.5	25.7	61.8
ECA education	42.9	32.1	196.2	161.3	108.1
o/w ECA basic education	0.5	0.5	0.4	7.5	2.2
SAR education	355.8	360.2	395.3	247.7	339.7
o/w SAR basic education	27.9	82.7	106.5	65.0	70.5
MNA education	528.9	278.8	588.8	495.2	472.9
o/w MNA basic education	7.5	42.0	35.0	60.8	36.3
EU members, total education	3,278.3	3,229.1	3,066.0	2,155.0	2,932.1
o/w basic education	241.5	306.9	293.8	379.1	305.3
AFR education	1,453.0	1,851.2	1,014.9	889.0	1,302.0
o/w AFR basic education	77.9	260.0	185.7	247.9	192.9
LCR education	648.6	448.0	433.3	306.7	459.2
o/w LCR basic education	48.2	49.0	53.7	39.0	47.5
EAP education	165.4	301.8	564.2	242.9	318.6
o/w EAP basic education	9.1	24.5	32.1	37.1	25.7
ECA education	168.1	44.5	256.2	152.1	155.2
o/w ECA basic education	0.7	5.4	1.4	5.6	3.3
SAR education	495.0	287.4	285.2	203.5	317.8
o/w SAR basic education	62.5	82.9	84.4	72.9	75.7
MNA education	348.2	296.3	512.2	360.7	379.3
o/w MNA basic education	4.7	40.9	17.2	31.1	23.5

Sources: World Bank Business Warehouse OECD DAC Databank

o/w= of which

w/o= without