



From commitment to action: education

**Department for International Development
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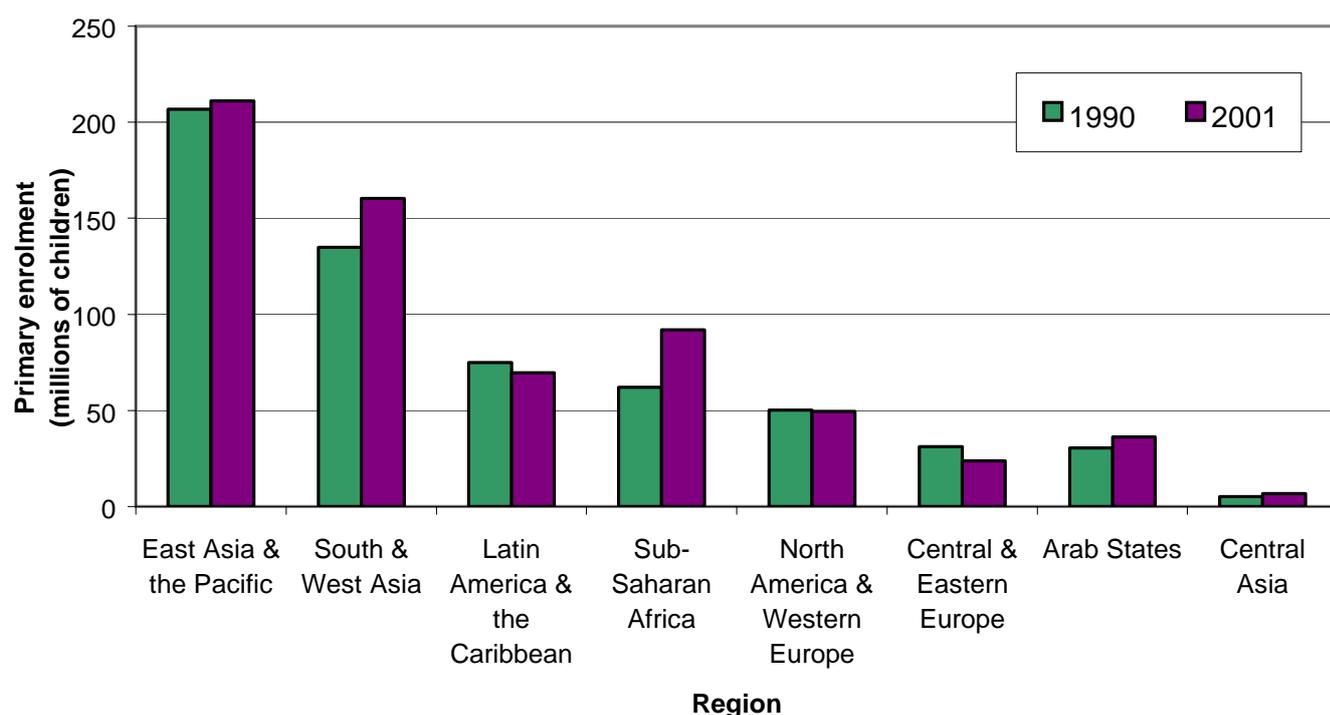
SUMMARY: THE POSITION NOW AND OUR PLAN OF ACTION

At the G8 Summit in Gleneagles in July 2005, members agreed to provide an additional \$50 billion in aid per year by 2010. This paper sets out how this additional aid could be used effectively to help to achieve the international goals in the education sector.¹

Progress to date

Developing countries have made significant progress towards the education goals over the past decade. Fifty million more children were enrolled in primary school 2000/1 than in 1990². The gender gap has been reduced in many countries. Several large-population countries have taken bold steps to reduce their illiteracy rates. Many poor countries – particularly in sub-Saharan Africa – are making far faster progress than industrialised nations at their equivalent development stage.³

Figure 1: Increases in primary enrolment, 1990 – 2001



Source: UNESCO Global Monitoring Report (2005)

¹ The analysis in this paper refers specifically to education, but interventions across all sectors will be required to achieve progress towards the education goals. The additional financial support will be provided through a variety of channels, including debt relief and budget support.

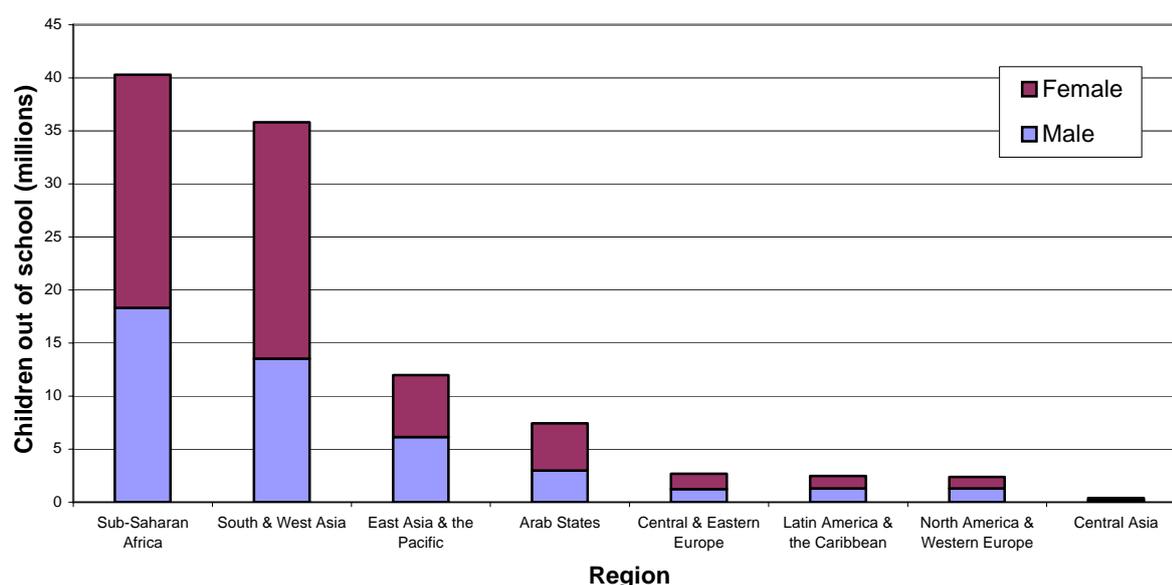
² Recent data indicate an even faster increase in enrolment since 2002 particularly in Africa (UNESCO 2006 GMR – forthcoming).

³ Clemens, 2004.

This progress in education has been achieved through investment in the whole education sector, closely tied to broader development programmes which tackle the underlying social and economic causes of low education achievement. Many governments have also taken strong measures to improve accountability at all levels and to strengthen administration systems particularly financial management.⁴ Improved education outcomes have been closely associated with economic growth.

However the challenges of achieving the education MDGs remain great. Shortage of resources (both financial and human); acceleration of population growth in many poor countries; the devastating impact of AIDS; continuing weakness in institutions; and natural and man-made emergencies – including war and internal conflict – all mean that enrolment is barely keeping pace with the increase in demand, particularly in Africa⁵. At present rates of progress we will not achieve the MDG for universal primary education by 2015. There will still be millions of children not enrolled, and many more will drop out before completing a full course of primary schooling. And even countries such as Vietnam that are on track to achieve universal enrolment still face huge challenges in providing even a minimum level of quality to provide children with basic literacy and numeracy skills.

Figure 2: Primary-aged children out of school, 2001/2 – by region



Source: UNESCO 2005 GMR

⁴ At the time of writing this paper, 47 countries had prepared poverty reduction strategies (PRs), and 20 African countries are above the 'good performance' threshold (CPIA scores of 3.5 or above) for transparency and good governance.

⁵ UN Millennium project report (UN 2005) and Commission for Africa report (CFA 2005)

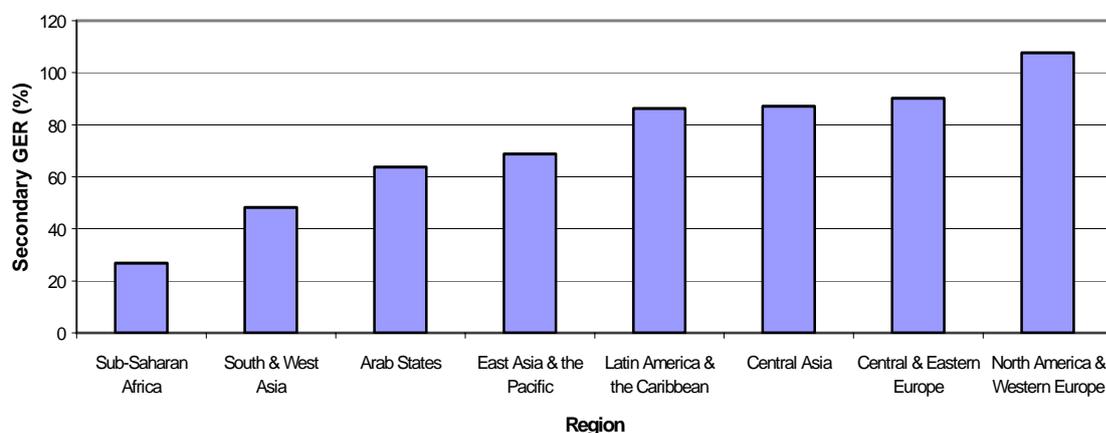
Many countries have prepared ambitious but achievable plans to increase access to a good quality education at all levels. Several countries have also taken steps to increase the parental demand for education by removing school fees and providing financial assistance for the poorest households. The EFA Fast-Track Initiative (FTI) estimates that in the next three years up to 60 countries will be ready with credible plans to achieve UPE by 2015. Supporting these plans would help to provide an education to some 67 million children who are currently out of school – 65% of the global total.

Beyond primary

The 2000 Millennium Summit committed the world to achieving the Millennium Development Goals (MDGs) by 2015. For education, this will mean making a concerted effort to provide universal access to free primary education (UPE) and to achieve gender parity at all levels. The broader Education for All (EFA) goals agreed at the World Education Forum in Dakar in the same year go beyond primary education and cover other crucial aspects of the education system such as early childhood education, literacy, lifelong learning and improving the quality of education at all levels. Annex 1 contains a summary of the education MDG and EFA goals.

The UPE goal remains the top priority, but there is a growing imperative in many countries to increase investment in other sub-sectors including secondary, higher education, adult skills and literacy programmes. Secondary and higher education (including vocational training) in particular have been demonstrated to make a strong contribution to growth and, poverty reduction. Better governance and improved public sector management rely on the supply of qualified young people from secondary schools and colleges to become the teachers, health workers and managers of the future. Secondary education has also been shown to be one of the most important factors in improving the health and well-being of young women. Yet despite this, secondary enrolments remain low in many countries particularly in sub-Saharan Africa.

Figure 3: Secondary Gross Enrolment Rates, 2001/2



Making aid more effective

Helping developing countries to achieve the education goals will obviously require a significant increase in investment. *But additional finance alone will not be enough.* Developing countries must demonstrate their commitment to education by putting in place reforming policies and realistic but ambitious plans to scale up the provision of education for all. They must also ensure that an adequate share of the national budget is allocated to education.

Education plans must be prepared after full consultation with key stakeholders – including parents, teachers and children. Governments and donors should be prepared to account for the progress they have made. Evidence has shown that strengthened accountability - particularly at the local level - reduces corruption and improves the equitable provision of services.⁶ This will become even more important as the level of investment increases

External support for education must be integrated into national government plans and budgets. The additional aid must include long-term, predictable support for salary and other recurrent costs.⁷ Budget support and debt relief programmes have already begun to provide additional finance for these costs. Measures will be needed to target this support to where the need is greatest, to manage the inflationary risks and to ensure that the finance will continue to flow for an extended period of time. Prudent governments will not, for example, employ additional teachers unless they can rely on the delivery of aid commitments. To date, aid predictability has been an elusive goal, but the proposed **International Finance Facility and other innovative financing mechanisms** are designed to address this problem by providing a rapid increase in long-term predictable financing.

In this way, the global compact between developing countries and the rich world that was promised at the 2005 summit *can be put into action in the education sector.* The next section assesses the scale of increased finance that will be required.

⁶ World Development Report 2004.

⁷ Bruns et al 2003 estimate that teacher salaries will account for up 60% of the additional cost of achieving UPE.

How much will it cost?

Assessments of national education sector plans and analyses of global and regional programmes indicate that an additional annual total of **US\$15 -16 billion** in external financing will be needed to scale up education provision at all levels. This will require at least double the current levels of aid and will require a huge effort by all donors and poor countries. Significant progress can be made immediately by making firm commitments for the next three years in line with the Gleneagles promises plus serious indications of intent to increase aid to 2010. Delivering the commitment to provide 100% debt relief and supporting the IFF and other innovative forms of financing will be key first steps.

*Of this total, approximately **\$10 billion**⁸ or 20% of the additional \$50BN pledged at Gleneagles would be used to provide universal access to primary education. **\$4-5 billion** would be used to support an expansion in secondary education; **\$1 billion** to support adult literacy programmes; and **\$1 billion** to support expansion and quality improvements in tertiary institutions in Africa.*

The primary allocation includes selective compensation for the costs of *removing school fees* and providing *targeted financial support* to increase the demand for education – particularly for girls. This is the priority investment, as all children will need to be enrolled by 2010 to allow them to complete five years of primary education by 2015. The should start with an *immediate commitment to provide an additional **\$3 billion** from 2006-7* for the countries that will be ready with plans in the next two to three years⁹, rising to \$6-8 billion in 2008/9 and at least \$9-10 billion for primary schooling thereafter. Additional annual support for secondary, higher and adult education needs to be phased in so as to reach \$5-6 billion by 2010.

This finance will be provided through a variety of channels. The Education for All Fast Track Initiative (FTI) has a key role to play in catalysing greater resource mobilization and encouraging governments to come forward with strong plans that are reviewed by donors at the country level in a coordinated and rigorous process. Actual additional resources will be delivered through a combination of expanded bilateral programs (including budget support and debt relief); scaled up World Bank and regional development bank programmes; and increased direct contributions through the FTI.

Further details of the costs are provided in section B of the paper.

⁸ Based on UNESCO Global Monitoring Report (GMR) 2002 estimates with figures updated to 2005 prices and taking account of the limited increase in finance for education from 2000 to 2005.

⁹ Based on FTI analysis of country plans (FTI Secretariat)

Plan of action

Many developing countries have demonstrated their political will and ability to expand their education systems. As part of the global compact, donors now need to make firm and concrete commitments to provide adequate and predictable financing. This will strengthen the hand of reforming governments and create a positive cycle of ambition and support.

1. **Make firm commitments of support** over the next three years to fill financing gaps in existing poverty reduction and national development strategies and education sector plans. It is estimated that this will require an additional **\$3 billion**¹⁰ from 2006-7 to support existing plans to provide **universal access to free primary education, with a particular focus on girls.**
2. **Give clear indications of intention** to increase overall support for education by 2010. It is estimated that an additional **\$15-16 billion** per year will be required: **approximately \$10 billion** to achieve the primary education and gender goals, with the balance supporting early childhood, secondary, higher education and skills programmes within education sector plans.
3. **Increase frontloading of finance** through the International Finance Facility and other innovative forms of financing that will provide long-term, predictable funding, including for recurrent costs. This is critical as teacher salaries account for an estimated 60% of the total financing gap for primary education.
4. **Make immediate and long-term commitments** to increase support for education in fragile and conflict-affected states as part of integrated reconstruction programmes.
5. **Provide immediate additional** aid for large-scale programmes to reduce adult illiteracy and improve basic skills, particularly for women.
6. **Provide immediate support** for regional programmes to improve the quality of education data and to strengthen the research capacity of southern institutions to investigate effective measures to improve education outcomes.

¹⁰ Including additional finance through increased debt relief, budget support, bilateral and multilateral education programmes and an expanded FTI.

What will it achieve?

This additional aid (along with increased domestic finance and private sector contributions) will help to:

- provide a good quality education to an additional **200 million children**¹¹ in primary schools, including at least 110 million girls;
- reduce (and potentially eliminate) the gender gap in primary enrolments in **48 countries**;
- expand **secondary education** in **30 priority countries** that are approaching UPE or have particularly low secondary enrolments, or both;
- improve **literacy** skills for **550 million** adults; and
- finance the expansion and improvement of **higher education** institutions in **over 35 countries**, the majority of them in Africa.

¹¹ This includes the estimated 100 million+ primary-aged children who are currently not in school, plus increases in the primary-aged population based on current trends.

A. WHERE ARE WE NOW?

The case for education

The development case for increasing investment in education has been well established. Access to free basic education is a fundamental right of every child. A good quality education gives people freedom and empowers them to take control over their own lives. Education is both an end in itself and an instrument to achieve the other development goals. Better education improves governance by creating more informed and aware citizens. Improvements in health are also strongly linked to education achievements. Improvement in education has been shown to have a positive impact on growth and is strongly associated with increased incomes¹². **Once created, the enhanced human capacity provided by education cannot be taken away.**

Investment in educating girls and young women has particularly high social and private returns: educated young women are on the whole healthier, have greater freedoms, fewer children and are more economically productive. They are also more likely to pass on their educational aspirations to their children.

Progress to date

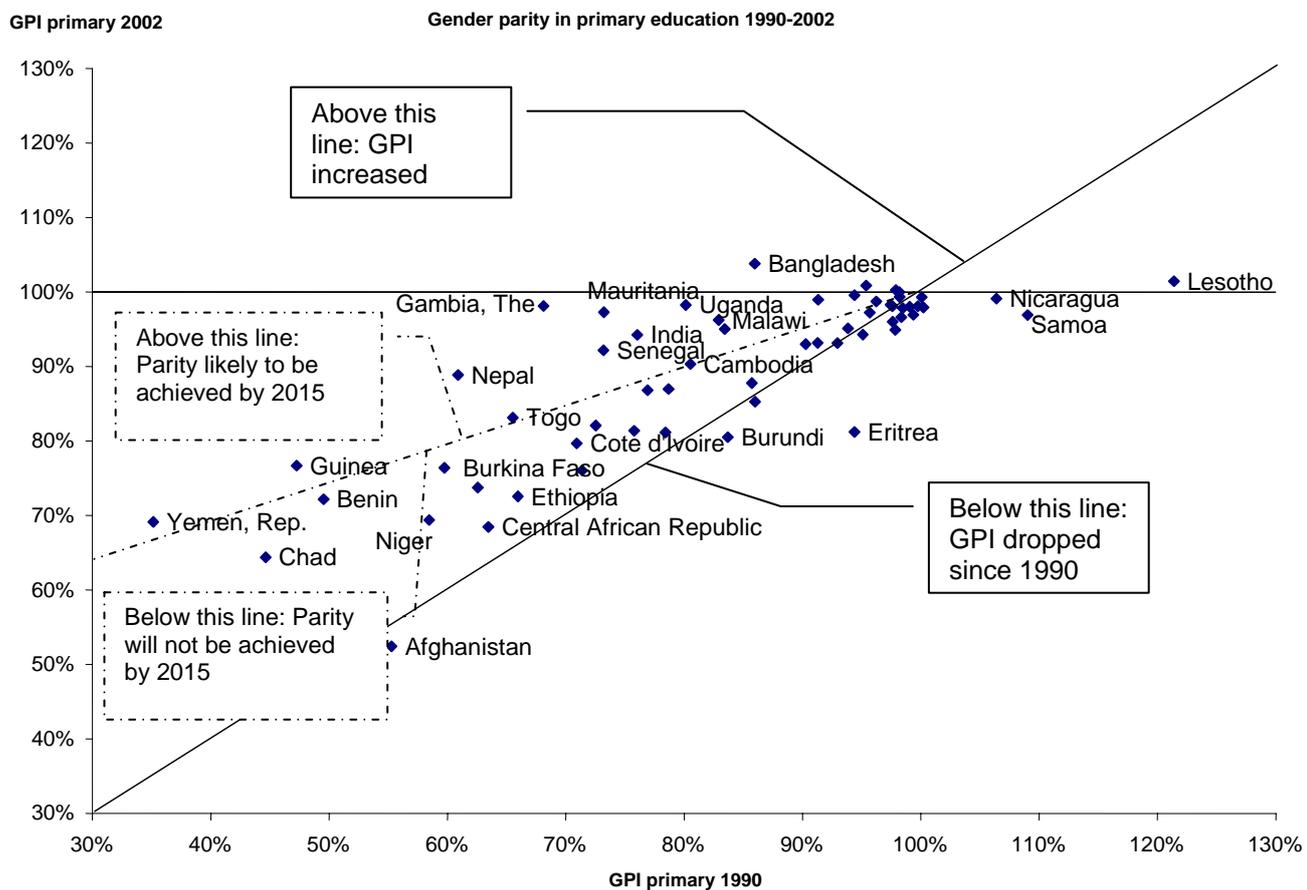
1. There has been significant progress towards the **UPE** goal. Compared with ten years ago, over 50 million more children are now enrolled in primary school. Net enrolment rates (NER) have increased in nearly all of the countries that started the decade with less than 70% of their children in school. Even very poor countries such as Ethiopia have made leaps forward over the past decade, more than doubling primary net enrolment to reach 57.4% in 2003-04. Large-population countries such as India and China have provided training to millions of adults to improve their basic literacy skills.
2. However, there is still a long way to go. Increases in population, slow economic growth in the 1990s, natural and man-made emergencies and the spread of AIDS (particularly in Africa) have all had a serious impact on the education sector. There are still over 100 million primary-aged children out of school. In 2001, 73 countries had net enrolment rates of less than 90%, and 22 were lower than 70%. The greatest concentrations of educational deprivation are found in sub-Saharan Africa and South Asia with more than 30 million children still out of school in India, Bangladesh and Pakistan alone. Fragile states and conflict-affected countries such as the Democratic Republic of Congo or Sudan pose particular challenges and are estimated to contain over one-third of children who are not attending primary school.
3. Significant progress has also been made towards achieving the **gender** goals with several countries making very significant reductions in the

¹² In low-income countries, young women's average earnings increase by 10-20% with each additional year of education (Psacharopoulos and Patrinos, 2002).

gap between the numbers of boys and girls in primary schools. For example Chad, Benin, Guinea, Gambia, Yemen, Morocco, Mauritania and Nepal, have all increased the proportion of girls enrolled relative to boys by 20% or more over the 1990s.

4. Nevertheless, these countries are presently the exception rather than the rule: in 2001 71 countries (about 40% of those with data) had a gender enrolment imbalance in favour of boys. The 2005 MDG target of achieving parity in the primary sector will be missed in more than a quarter of all countries and in the secondary sector by more than half of all countries. The graph below gives an indication of countries which are on track to reach the gender parity goal.

(Source: UNESCO Institute for Statistics)



5. Many governments are also taking steps to reduce the financial and social constraints that deter the poorest families from sending their children to school. Chronically poor households face high costs such as school fees, lost income and expenses incurred for travel, textbooks, lodging and food. In addition to such financial constraints, girls and certain ethnic and social groups, AIDS orphans and disabled children face additional discrimination. Poorer children are both less likely to start school and more likely to drop out.

6. Some progress has also been made towards the other education goals but most countries are still a long way from their targets. Literacy rates improved sharply over the 1990s, particularly in high-population countries with large numbers of adult illiterates, although there are still an estimated 800 million adults lacking basic reading skills. Some countries have begun to expand their provision of early childhood education programmes although enrolment rates in low-income countries generally remain very low. Enrolment rates at secondary are lower than 40% in many parts of the developing world and countries are increasingly recognising the urgency of expanding provision, particularly at junior secondary level to ensure the provision of at least 8 – 9 years basic education. The low quality of education at all levels is an urgent issue for attention in many developing countries¹³. (A more detailed assessment of progress towards the EFA goals can be found in Annex 2.)

¹³ UNESCO GMR 2004

B. WHAT ARE THE CHALLENGES?

7. The principal challenges facing developing countries that want to scale up their efforts to achieve the education goals are limited resources (both financial and human) and the capacity to use those resources effectively.

8. *Better governance is crucial.* The 2004 World Development Report emphasised the importance of strengthening the accountability at all levels of the government to its citizens. As levels of finance increase, governments will need to be able to demonstrate that they are using the money effectively and achieving real improvements in the quality and quantity of the education services they are delivering.

9. *Human resource constraints are a key factor.* UNESCO estimates that at least 4 million additional teachers will be needed in sub-Saharan Africa alone to provide universal access to primary education.¹⁴ Countries will also need to recruit, train and retain large numbers of education managers and administrators. In order to do this, governments will have to expand their training provision and explore options for using open and distance learning to provide on-the-job training for key workers.

10. *More finance will be needed.* Providing a good quality education to some 200 million extra children over the next decade will obviously require a substantial increase in financial resources. Additional finance will be needed to build schools, train teachers and support the running costs of schools. The bulk of this finance will come from domestic resources and many developing countries will need to allocate a greater share of their budgets to education and other social sectors. But there will also be a need for a substantial increase in cash aid for education (in some cases to 2015 and beyond) until such times as the poorest countries have been able to develop their economies to enable them to support themselves.

11. *School fees remain a key deterrent for the poor.* User fees and the other indirect costs of education have been shown to be key factors affecting the demand for education, particularly for girls. When faced with the choice of paying for their son or daughter to go to school, parents will often choose the son. Additional costs for uniforms, books and equipment, as well as the opportunity cost of lost labour all deter families from sending their children to school. Countries like Kenya have demonstrated that abolishing school fees has a huge positive impact on enrolment – over 1 million more children enrolled.

¹⁴ UNESCO International Initiative for Capacity Building in Africa, September 2004

USER FEES IN PRIMARY EDUCATION

The elimination of user fees is an essential part of providing universal access to primary education. This action has major financial implications that have been under stated in recent calculations of financing gaps. A survey conducted by the World Bank in April 2005, indicated that 77 out of 94 countries have some type of fees in primary education

All the countries that have eliminated fees have registered dramatic increases in enrolment, number of teachers and the proportion of the education budget allocated to primary. Eliminating fees while avoiding a major drop in quality requires careful planning and a significant increase in resources.

When **Malawi** eliminated fees in 1994 enrollment increased by 51% from 1.9 million to 3 million necessitating a 75% increase in the number of teachers. To meet this demand about 20,000 untrained teachers were recruited and deployed after a three-week induction course. Simultaneously, about 4000 retired teachers were recalled to service. Government was unable to allocate sufficient funds to meet the demand and the response from donors was poor. As a result there was overcrowding in schools, the ratio between the numbers of pupils and permanent classrooms rose to 119:1 and that between pupils and textbooks to 24:1.

When **Uganda** eliminated fees in 1997 there was a pretty immediate 70% increase in total enrollment from 3.1 million to 5.3 million pupils. The number of pupils enrolled doubled between 1996-2001 and the share of Education in the budget rose from 22% in 1995 to 31% in 1999 with the share of primary education reaching 70%. More importantly, the wealth and gender bias in access was all but eliminated by 1999. The resource base for education was greatly expanded through a broad based partnership with donors who provided funding through a variety of channels – HIPC, HIPC grant, direct budget support and several bilateral funding programmes.

The Democratic Republic of Congo maintained surprisingly high levels of enrolment in spite of the civil conflict (currently about 80% GER) mainly because communities and parents closed the financing gap. The government proposes to eliminate fees starting September 2005. This will entail a higher capital outlay than has been recorded in the other countries that have eliminated fees because about 50% of the teachers' salaries and most of the school running costs are currently covered by parents.

What will it cost?

12. Expanding the education system at all levels will require substantial increases in investment in the sector. An estimated 70-80% of this additional finance will come from domestic budgets.¹⁵ But this will need to be supplemented by significant increases in external financing, in line with the commitments made at Monterrey and Gleneagles.

Primary schooling

13. Several studies have been produced since 2000 on the costs of achieving universal primary education by 2015. The FTI has also conducted assessments of national education sector plans either in place or in preparation for 60 countries.

14. Of the studies surveyed, the one conducted by the World Bank (Bruns, Mingat and Rakatomalala 2003) and the analysis conducted for the 2002 Global Monitoring Report (GMR, UNESCO 2002) are the most comprehensive and reliable.

15. Based on this analysis, we have estimated that the total additional aid requirement to achieve the UPE goal will be approximately **\$10 billion per year** over the years to 2015. This estimate uses the internationally accepted 2005 GMR estimate of \$5.6 billion, updated to 2005 prices and taking account of the limited increases in aid for primary education over the past five years.¹⁶ This additional investment would represent approximately *20% of the total additional ODA commitments agreed at Gleneagles* and would help to put the majority of countries on track to achieve the gender and UPE MDGs.

16. It is expected that this additional finance will be provided through a combination of increases in multilateral and bilateral programmes (including increased budget support) and continuing reductions in the debt burden. It is also expected that additional contributions will be channelled through the FTI, particularly to donor orphan countries or those in need of urgent bridging finance. Countries will also need to prioritise programmes which reduce the gap between numbers of boys and girls in school.

17. Analysis by the FTI suggests that up to 60 countries could be ready with scaled-up education sector plans over the next three years. If specific commitments to increase finance are made in 2006-07, it is estimated that approximately **\$3 billion** in additional aid could be absorbed by these countries from 2007 onwards, rising in later years. The population of these countries includes 67 million of the world's out-of-school children – 65% of the total.

18. The estimates includes costing for capital as well as recurrent costs, and assumes that domestic finance (public and private) will increase by

¹⁵ Bruns et al 2003

¹⁶ Full details of the costings, the underlying assumptions, and the differences between the World Bank and UNESCO estimates can be found in Annex 3.

approximately 5% per year over the ten-year period. It also includes an estimate of the costs of reducing demand-side constraints such as school fees and other indirect costs as well as an allocation for providing targeted financial transfer schemes such as those which have been so successful in Mexico and China.

INCREASING DEMAND FOR EDUCATION

Lack of demand is a major constraint to scaling up education services for the poor, even when education is provided free. The poor still face other barriers such as the cost of children attending school rather than working, the cost of uniforms and textbooks, discrimination against girls, and parents' lack of knowledge of the benefits that accrue from education.

Social transfers

Social transfers (cash grants to poor households) can address all of these barriers, especially if school attendance is a condition of payment. Red de Proteccion in Nicaragua generated a 23 per cent increase in school attendance for the target population between 2000 and 2003, and the cash-for-education programme in Bangladesh brought a 22 to 30 per cent increase in school enrolment among beneficiaries.

Transfers that are not aimed at increasing school attendance can still have an impact. In Namibia, a significant proportion of the old-age pension is spent on grandchildren's education. In Brazil, old-age pensions have helped increase school attendance among 12-14 year old girls.

Scholarships for girls

Scholarship schemes for girls also improve the demand for education. Grants for girls' school attendance have been successful in Bangladesh, India, Brazil, Zimbabwe and Mexico. The Female Stipend Programme in Bangladesh has increased enrolment rates by 12 percentage points per year in rural.

Other interventions

Other interventions can increase school attendance. Free uniforms and textbooks provided by an NGO on Kenya have reduced drop out rates considerably. Vouchers targeted at the poor have increased attendance in Columbia. School feeding programmes have also been shown to have a positive impact on attendance in some countries.

19. The estimates also include an allocation for the additional costs caused by AIDS in Africa (including the costs of recruiting and training additional teachers and an allocation for AIDS orphans) and the increasing costs incurred as a result of the spread of conflict and other forms of natural and man-made disasters.

AIDS AND EDUCATION

More than 14 million children under 15 have lost parents to AIDS in Africa, according to UN statistics. There is a huge level of unmet need in terms of delivering health and education services to AIDS orphans, particularly in sub-Saharan Africa. Orphans are less likely to attend school, which in turn increases their vulnerability to HIV. It is essential that additional resources are provided for those the communities and families who need them most, and that community-based organisations, in particular, are able to access and deliver the increasing resources being allocated to meet the needs of families and children.

Education is probably the single most effective way of preventing the further spread of HIV and offers a protective social vaccine against HIV infection. It is also likely to interrupt the cycle of vulnerability whereby children in AIDS-affected households are at increased risk of acquiring HIV because of their limited life opportunities and choices. *For example, primary school children, even in the worst affected communities, are largely uninfected and represent a window of hope into the future: if these children could grow up free of HIV it would change the face of the epidemic in a generation.* Children from AIDS-affected households face special obstacles in getting and staying in school. Improving access to education, through the removal of **school fees** and the provision of school meals is a priority. In addition, **girls' education** needs to be seen as a frontline response to HIV prevention for the simple reason that educated girls are less likely to contract HIV.

20. Education sector plans will also need to include measures to increase access to early childhood education. There is clear evidence to show the benefits of investing in early physical, cognitive and social development as part of an organised education programme.

Secondary education

21. Secondary education is increasingly recognised as an important part of the development effort and has an important 'knock-back' effect on the demand for primary education. There is as yet no internationally accepted target for coverage of secondary education. However, universal access to 'basic' education (usually meaning nine years of schooling) is widely regarded as a minimum for the acquisition of the skills and knowledge required to function effectively in modern economies. It is also one of the EFA goals. First priority should be given to support government plans to provide universal access to lower-secondary education while at the same time increasing investment in education for 14-16-year-olds, particularly where it can be linked to developing vocational skills and knowledge appropriate to the local economies. Priority should be given to programmes that strengthen the administrative and governance capacity of the country.

22. Global cost estimates¹⁷ of providing universal access to junior secondary education in all low-income countries indicate that the financing gap will be in excess of the total additional aid required to achieve UPE.¹⁸ However, it is unlikely that all countries would be able to universalise their secondary enrolments immediately.

23. Based on analysis of current education sector plans and education sections of selected poverty reduction strategies (PRSs), we have estimated that an additional allocation of **\$4-5 billion** per year from 2010 onwards could be effectively used to increase access and improve the quality and relevance of secondary education. We recommend that priority be given in the short term to countries in Africa which are either approaching universal primary provision or have particularly low secondary enrolment rates or both.

24. Full details of the evidence for the costing and criteria for selection of countries can be found in Annex 4.

Literacy

25. The most recent studies estimate that there are around 800 million adults in the world who lack basic literacy skills.¹⁹ The EFA goal agreed at Dakar is to improve literacy rates by 50% by 2015. Across all developing countries, this would require approximately 560 million adults to be trained over the next ten years.²⁰

26. Costing the desired improvements in literacy levels has not yet been undertaken in a systematic manner across countries. There is no standard model for literacy programmes and costs vary greatly across countries. However, a recent study for the 2006 GMR (forthcoming) has reviewed a wide range of programmes and derived a minimum cost of achieving basic literacy of \$30-40 per student per year, lasting for a three-year period, and covering 300-400 hours per trainee²¹ – giving a total cost of \$90-120 per trained person.

27. In order to have a significant impact on the scale of this problem, and in view of the need to strengthen the priority allocations made for literacy by developing country governments, it is proposed that an additional sum of **\$1 billion in external aid for literacy training** should be provided annually over the decade 2005-15 to supplement investments by domestic government or private sector organisations. This would equip 100 million people with literacy skills over the next decade. This would be an important means, in partnership with developing country governments, of securing literacy for 550 million adults, so as to achieve the Dakar goal by 2015.

¹⁷ See, for example, Lewin and Caillods (2001), Mingat (2004), Binder (2004) and Cohen and Bloom (2005).

¹⁸ In Zambia, for example, it is estimated that the cost of providing a full basic education (grades 8 and 9) to all seven-year-olds would require more than twice the present external resources to the education sector.

¹⁹ In many countries this is based on self-reporting and census data which is likely to significantly underestimate the levels of illiteracy. Some studies estimate that the real figure may be closer to 1 billion.

²⁰ Van Ravens and Aggio 2005:6

²¹ Oxenham et al 2004

Higher education and skills

28. An effective higher education and skills sector is a central requirement to build the human resource and knowledge capacity of developing countries. Universities and colleges provide the teachers, health workers, public and private workers of the future. Independent higher education and research institutions make an important contribution to the efforts to ensure transparent and effective government.

29. The global financing needs of the higher education and skills sector in low-income countries have been little studied and would in any case lack the legitimacy of internationally agreed outcome targets.

30. A more productive approach is to assess the costs and impact of recent strategic interventions in the tertiary and skills sectors and develop national and regional proposals which are linked to education and broader national development strategies. The African Union (AU) and NEPAD (New Partnership for Africa's Development) are currently developing a consolidated action plan for supporting science and technology in Africa, which will relate to other proposals for revitalising the higher education sector in Africa. This ties in with the recommendations in the Commission for Africa report that an additional **\$0.5 billion** per annum should be allocated to 'revitalise Africa's institutions of higher education and an additional **\$3 billion** over 10 years (or approximately \$300 million pa) to develop centres of excellence in science and technology'.²²

Priority actions to strengthen higher education (World Bank 2005a)

- Support for the **preparation of tertiary education and science and technology plans** – as components of sound and financially sustainable national education plans, in consultation with relevant stakeholders. As in the case of EFA plans, these sub-sector plans could provide an integrated framework within which donor coordination and financing could take place.
- **Priority support to existing tertiary education institutions** that have successfully conducted a strategic planning exercise (in consultation with productive sectors and civil society stakeholders) to redefine their mission and to guide institutional reform.
- **Establishment or strengthening of centres of excellence** in existing universities or research centres. Support to research through provision of research grants on a competitive, peer-reviewed basis.
- **Establishment of regional flagship institutions** to enhance science and engineering development after careful analysis of labour market needs (examples might include the African Virtual University, and African Institutes of Science and Technology, as promoted by the Nelson Mandela Foundation, among others).
- **Open and distance learning programmes**, information and communications technology (ICT) and improved access to digital resources, and the development of accreditation systems would be further possible priorities.

²² Commission for Africa 2005:67

31. Based on existing education sector plans and recent analysis of the sector, we estimate that additional support of **\$0.8-1 billion per year** could be absorbed by the higher education and skills sector in Africa to re-establish the quality and viability of higher education institutions over the coming decade.

C. MAKING AID MORE EFFECTIVE

32. Recent evidence has demonstrated that aid brings substantial returns when it is delivered in support of sound national policies.²³ Even in the ‘average-performing’ countries, targeted interventions have been shown to have a significant impact on development outcomes. Within the social sectors, aid has contributed to a doubling of school enrolments and halving of infant mortality since 1970.

33. However, it is also widely accepted that *increasing aid alone will not be enough – it needs to be delivered more effectively*. The Paris Declaration on donor harmonisation and aid effectiveness states that aid needs to be provided in ways that strengthen the effective operations of national institutions and systems. In education, more effective aid will mean providing support for sector-wide national education plans that are linked to poverty reduction strategies, are reflected in national budget plans and use national government structures to ensure accountability. It is only by aligning donor support with these national systems that sustainable expansion and improvements in the quality of education provision can be achieved.

34. Scaled-up aid, and particularly aid supporting long-term recurrent costs, must be *managed in a way that reduces the potential negative impacts of increased aid dependency and increases the predictability of aid flows to developing countries*. This will be particularly important if aid is to be used to finance salaries for an extended period of time. It would be imprudent for governments to take on additional teachers using external financing unless there was a much greater assurance that aid commitments would be met than is currently available. The proposals to frontload financing in the International Finance Facility and other innovative aid mechanisms will help to address this problem.

35. The evidence indicates that there are three broad requirements for more effective aid in the education sector:

- (i) Joint sector analysis and policy dialogue involving government, donors and all major stakeholders (including parents, teachers and children) combined with effective implementation and regular evaluation of performance.
- (ii) Increased resource transfers, through support to government budgets or other forms of programmatic aid wherever possible. This aid should be predictable, provided over the long term and available to support recurrent costs where necessary.
- (iii) Complementary support for capacity building, both at the sector and at the central government level, to address system-wide constraints on the efficiency and effectiveness of public expenditure.

²³ Econometric studies, project evaluations, and country case studies find typical rates of return above 20%.

Can countries absorb more resources? (1): The case of India

The Government of India's **Sarva Shiksha Abhiyan (SSA) – A Programme for Universal Elementary Education** - has shown that with strong political leadership and flexible donor support it is possible to scale up the provision of education services quickly and effectively. A credible education strategy and sufficient education management capacity are also critical.

SSA was launched in 2001 and has been supported by external development partners since 2003. It builds on the primary education development programmes of the 1990s and aims to provide universal access to primary schooling by 2010. The programme includes significant investments in infrastructure, teachers and materials as well as specific actions to target girls and excluded groups including: innovative approaches for enrolling and retaining out-of-school children; subsidies, such as free textbooks to all girls and children from scheduled castes and tribes, special facilities for girls and grants to support students with disabilities. At the heart of SSA is a partnership between the central, state and local governments, and the community. SSA is effectively involving all key stakeholders, from grass root level structures to state level institutions, in the management of elementary schools.

The financing plan for the development partner supported phase of SSA includes \$3.5 billion over three years (2004 to 2007), including just over \$1bn external aid from the World Bank (\$500m.), DFID (\$346m.) and the EC (\$200m.). The Government of India's contribution to the Programme (\$2.5 billion) is largely financed from funds raised through a specially introduced education tax. The GOI's financial allocations to the programme have increased substantially in the last year.

Progress with SSA implementation has been remarkable. The number of out-of-school children has reduced from 25 million to 13.5 million in just two years (exceeding the targets set by 5.5 million.) The share of girls in total enrolment has increased to 47 percent, and the share of Scheduled Caste (SC) children has improved from 18.9 percent to 21.3 percent, and the share of children with disabilities in primary schools has improved from 0.6 percent to 1.37 percent during the same period. Progress on improving the quality of elementary education is also evident with transition rates from primary to upper primary levels having improved from 75 percent in 2002 to 87 percent in 2005. The focus of the Programme is now on getting the last 6% of school-age children into school and retaining them in the system while improving the quality of education as measured by assessments of learning levels.

In the first year of the development partner supported phase of the programme, the partners disbursed over \$200 million of external finance. In the second year of development partner support a further \$575 million of external finance will be disbursed, almost exhausting the planned external contribution to the programme. The development partners are currently discussing with the Government of India the implications the astonishing success of the programme and the greater than anticipated absorption capacity of the system has for future external financing.

Can countries absorb more resources? (2): The Case of Kenya

Immediately following its election, the new Government of Kenya announced its Free Primary Education policy in January 2003, which included the abolition of primary school fees and levies charged to parents. As a result, an additional 1.2 million children, who had previously dropped out or never enrolled in the 8-year primary school program, enrolled in school. The latest data (for 2004) show an additional 250,000 children following the massive increase of enrolments in the previous year.

To protect education quality, the Government quickly put in place a program to provide textbooks to all primary school children. The government grants to primary schools have helped to address household poverty and increased access by reducing the burden of parents in financing primary education. The management of the grants by school level committees has also contributed to capacity building at the school level. The Ministry's five-year plan builds on this capacity to implement further demand led programmes at the school level, including infrastructure rehabilitation and water and sanitation facilities

This expansion has been supported by a significant increase in funding both domestic and external. These resources, together with additional funding from the Government, made it possible to provide close to \$200 million (K.Sh.15 billion) additional finance for education in 2002/03 and 2003/04. Of this, about 90 percent was transferred to the 18,000+ primary schools countrywide to be used for the running of schools and to purchase instructional materials. Significant progress has been made in improving the availability and use of textbooks in primary schools. The national student: textbook ratio in primary schools has fallen from 15:1 in some cases to between 1:2 to 1:4. Early evidence indicates that student retention and attendance have improved. Students like the new books and their school performance has improved. The interim report from a recent public expenditure tracking survey exercise, noted that over 95% of the schools visited had received funds for instructional materials and used them for the purposes intended.

The involvement of the school management in financial and procurement procedures has enhanced accountability and built confidence at the community level. Full details of funds received and expenditure are posted on a public notice board at the school. This enables the whole community to see for themselves the amount received and how it has been used and to follow up directly with the school if they have any queries

36. Donors should ensure that aid is given in ways that strengthen the accountability relationship between a state and its citizens. Increasing aid dependency increases the risk of undermining these relationships and making governments accountable to the donors rather than to the people of the country. In order to avoid this, the best principles of aid effectiveness require donors to work with government systems including parliaments, regional councils and indigenous civil society consultation mechanisms. In education, this will include supporting and strengthening systems to account for public financial expenditure in the sector, including at the local level. It will also include ensuring that all stakeholders (particularly teachers, parents and children) are fully involved in the preparation, implementation and monitoring of plans for the education sector.

37. In some countries, budget support may not be considered the best method of providing support. It is important in these cases that projects, programmes and technical assistance should be aligned to government priorities, consistent with national education sector plans, and implemented in accordance with the aid effectiveness commitments set out in the Paris Declaration. There is a need to reduce the proportion of aid for education that is provided in the form of externally sourced technical assistance. While the value of well-designed technical assistance to build local capacity is accepted, calculations of financing gaps in the preceding sections are derived from day-to-day costs of providing school buildings, paying teacher salaries, providing textbooks and learning materials, and compensating the poorest families for loss of income. These investments must be the priority. Wherever possible, increased aid must be targeted to meet these costs. This will require a politically difficult but crucial paradigm shift for many donors – in education as well as in other sectors.

38. Increased aid for education is likely to come through a mixture of expanded multilateral and bilateral programmes, and targeted global initiatives. Of the latter, the Fast Track Initiative has been endorsed by the G8 leaders and has laid the foundations to deliver significant additional financing for the education sector in a way that strengthens rather than undermines the country-led development process. As the FTI expands it will be important to retain the emphasis on country leadership and to ensure that the best principles of aid effectiveness are followed.

The Education for All – Fast Track Initiative

Launched in 2002, the Education for All – Fast Track Initiative (FTI) is a partnership between donor and developing countries to accelerate progress towards the Millennium Development Goal of universal primary education by 2015. All low-income countries which demonstrate serious commitment to achieve universal primary completion can receive support.

FTI has already been recognised by donors and partner countries as one of the most important partnerships to accelerate progress towards the MDGs. The G8 Communiqué stated; “We will work to support the Education for All agenda in Africa, including continuing our support for the Fast Track Initiative and our efforts to help FTI-endorsed countries to develop sustainable capacity and identify the resources necessary to pursue their sustainable educational strategies. Our aim is that every FTI-elected country will develop the capacity and have the resources necessary to implement their sustainable education strategies.” Most recently, the OECD DAC officially welcomed the FTI as a promising global initiative to deliver the Monterrey commitments of increased aid to achieve the education MDGs.

To ensure success, FTI is built on mutual commitments. Donors provide increased financial and technical support in a transparent and predictable manner. Partner countries agree to put primary education at the forefront of their domestic efforts and to develop sound national education plans. By bringing donors, civil society and governments together around the same goal FTI is improving the effectiveness of aid – it is mobilizing more resources for education and ensuring that donors deliver these resources in a more efficient way.

FTI now has over 25 bilateral and multi-lateral donor partners and 16 partner countries. An estimated 44 additional countries will be ready to have their education plans endorsed over the next two years, bringing the total to 60 countries. These 60 countries make up 65% of the out of school children or 67 million around the globe.

41. In fragile states, where governments lack the capacity to provide core services, donors will need to work in partnership with the government, non-government organisations and UN agencies to support the provision of services while at the same time building government capacity to manage the education sector in the longer term. This should be combined with measures to develop the stewardship role of the state, and the capacity to oversee and regulate service provision. In addition, principles of programmatic aid – such as alignment behind one plan and system and harmonisation of donor inputs – will still apply, as will measures to manage fiduciary risk.

Supporting education in fragile states: Reconstruction in Afghanistan

The Afghanistan Reconstruction Fund was established in May 2002, as a multi-donor fund which provides a coordinated way for donors to help the Government of Afghanistan. The Fund supports the recurrent costs of the Government and finances priority projects and programs to rebuild Afghanistan and facilitate the return of skilled expatriate Afghans to the country. As of August 2005 it had spent over US\$1 billion from over 25 donors.

On average, around 43% of the non-security portion of the recurrent spending was budgeted for the social services (education, health and social protection) between 2002/03 and 2004/05. This accounts for over 30% of the total recurrent spending. A large part of this will have been covered through Fund financing. This includes for example payment of teachers' salaries but also goods and services needed to operate and maintain Government assets and deliver services. There has been a rising trend in budgeted expenditure on education (with a slight reduction in 2004/05 because earlier teacher recruitment targets could not be met). Over a thousand schools have been built or rehabilitated since the end of conflict. Enrolment has risen to 5.6 million children, 37% of them girls. There are now 6,500 schools with 70,000 teachers²⁴.

²⁴ UNESCO Afghanistan programme figures.

D. PLAN OF ACTION²⁵

1. **Make firm commitments of support** over the next three years to fill financing gaps in existing poverty reduction and national development strategies and education sector plans. It is estimated that this will require an additional **\$3 billion**²⁶ from 2006-7 to support existing plans to provide **universal access to free primary education, with a particular focus on girls.**
2. **Give clear indications of intention** to increase overall support for education by 2010. It is estimated that an additional **\$15-16 billion** per year will be required: **\$9-10 billion**²⁷ to achieve the primary education and gender goals, with the balance supporting early childhood, secondary, higher education and skills programmes within education sector plans.
3. **Increase frontloading of finance** through the International Finance Facility and other innovative forms of financing that will provide long-term, predictable funding including for recurrent costs. This is critical as teacher salaries account for an estimated 60% of the total financing gap for primary education.
4. **Make immediate and long-term commitments** to increase support for education in fragile and conflict-affected states as part of integrated reconstruction programmes.
5. **Provide immediate additional** aid for large-scale programmes to reduce adult illiteracy and improve basic skills, particularly for women.
6. **Provide immediate support** for regional programmes to improve the quality of education data and to strengthen the research capacity of southern institutions to investigate effective measures to improve education outcomes.

²⁵ This education plan should be considered within the broader development framework. The costs are presented as needs for the education sector but it is expected that a significant proportion of these funds will be provided through general support for government finance. For example, the costs of paying additional teacher salaries are likely to be met in many countries by increased financing from general budget support and a reduced debt burden.

²⁶ Including additional finance through increased debt relief, budget support, bilateral and multilateral education programmes and an expanded FTI.

²⁷ Based on UNESCO 2002 estimate of \$5.6 billion with figures updated to 2005 prices and taking account of limited increases in aid for education from 2000 to 2005.

What will it achieve?

40. This additional aid (along with increased domestic finance and private sector contributions) will help to:

- provide a quality education to an additional **200 million children**²⁸ in primary schools, including at least 110 million girls;
- reduce (and potentially eliminate) the gender gap in primary enrolments in **48 countries**;
- expand **secondary education** in **30 priority countries** that are approaching UPE or have particularly low secondary enrolments or both;
- improve **literacy** skills for **550 million** adults; and
- finance the expansion and improvement of **higher education** institutions in over **35 countries**, the majority of them in Africa.

²⁸ This includes the estimated 100 million primary-aged children who are currently not in school, plus increases in the primary-aged population based on current trends.

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ANNEX 1: THE EDUCATION FOR ALL AND MILLENNIUM DEVELOPMENT GOALS

EFA GOALS	MDGs
<ol style="list-style-type: none"> 1. Expanding and improving comprehensive early childhood care and education, especially for the most vulnerable and disadvantaged children. 2. Ensuring that all children, with special emphasis on girls and the under-served, complete a good-quality primary education by 2015. 3. Ensuring that the learning needs of all young people are met through equitable access to learning and life-skills programmes. 4. Providing equitable access to basic and continuing education programmes for adults and achieving at least a 50% reduction in gender disparities within a decade. 5. Eliminating gender disparities in primary and secondary education by 2005, as a milestone towards achieving gender equality in education by 2015. 6. Improving the quality of education so that measurable outcomes are achieved, especially in literacy, numeracy and essential life skills 	<p>Goal 2: Achieve universal primary education.</p> <p><i>Target 3:</i> Ensure that by 2015 children everywhere, boys and girls alike, will be able to <i>complete</i> a full course of primary schooling.</p> <p>Goal 3: Promote gender equality and empower women.</p> <p><i>Target 4:</i> Eliminate gender disparity in primary and secondary education, preferably by 2005, and at all levels of education no later than 2015.</p>

ANNEX 2: EDUCATION FOR ALL (EFA) GOALS

Where are we now?

Progress towards the EFA goals²⁹

Early childhood care and education

7. As well as achieving universal primary coverage, the EFA goals include a target for increasing access to early childhood education. There is clear evidence to show the benefits of investing in early physical, cognitive and social development as part of an organised education programmes. At this stage in their development, children's learning curves are particularly steep, and it is well documented that these programmes can bring strong benefits for later achievement in school and beyond.

8. In most countries, participation in pre-primary schooling is not obligatory (partly because many countries do not provide state subsidies to these programmes) and is often limited to a minority of the population. For example, in sub-Saharan Africa, the proportion of the age group enrolled in pre-primary education is less than 10% in all except five relatively well-off countries³⁰. The average number of pre-school years attended is only 0.7 years in South and West Asia and 0.3 in sub-Saharan Africa and the Arab States. There is also a wide variety in the quality of provision – often involving untrained and unsupervised adults working in the private or semi-private sector.

9. The returns to early childhood care and education have been demonstrated to be high and national education sector plans should include specific targets (with finance) for increasing access and improving enrolment in this sector.

10. Experience from South Africa shows that at least one year of additional early childhood education can be provided at relatively low cost and with very high returns.

²⁹ Progress towards the universal primary education and the gender MDGs is covered in Section A of the main paper.

³⁰ South Africa, Ghana, Liberia, Cape Verde, Mauritius and Seychelles.

Literacy and skills development

11. Basic cognitive skills such as numeracy and literacy are fundamental to the efficacy and welfare of individuals and to the processes of social and economic development more generally. Of course, the spread of formal school education to embrace the whole of the population is the best means of securing lifelong literacy. But much can be done outside the formal school system to help youths and adults who have never been enrolled, or who have not completed enough schooling to become literate. In developing countries it is known that mothers' literacy is one of the strongest correlates of the incidence of school enrolment amongst children. Adult literacy thus brings benefits not only for the participants, but also indirect benefits for the longer-term social capital of the country as a whole.

12. Literacy rates have been improving sharply over the 1990s, particularly in high-population countries with large numbers of adult illiterates³¹. China has dramatically reduced illiteracy (by some 8 percentage points), mainly by strong promotion of schooling for girls and young women. Literacy rates have also improved in India – by around 13% between the 1991 and 2001 censuses – with a larger advance for women than for men. This progress (partly delivered by the expansion of schooling) shows that rapid strides can be made, and that the literacy goal for 2015 is by no means beyond reach, particularly if adult and school-based programmes are judiciously combined.

13. However latest estimates indicate that there are still about 800 million adults who lack basic literacy skills, representing 18% of the global adult population. The incidence of illiteracy is almost exclusively a developing-country phenomenon. About 40% of the adult populations of sub-Saharan Africa, the Arab States and South and West Asia lack basic literacy skills. In some sub-Saharan Africa countries, such as Burkina Faso, Niger and Mali, as many as 80% of the adult population lack these basic skills.

Education quality

14. The 2005 Global Monitoring Report (UNESCO 2005) presented strong evidence to demonstrate that improving the quality of education provision is essential if the social, economic and development gains attributed to education are to be realised. The quantity of children who participate is by definition a secondary consideration: merely filling spaces called 'schools' with children would not address even quantitative objectives if no learning took place. Thus, the number of years spent in school is a practically useful, but conceptually dubious proxy for the processes that take place there and the outcomes that result.

³¹ Here, 'adult' is defined as aged 15 and over, and literacy is defined as the ability to read and write, with understanding, a simple statement about one's everyday life.

15. The EFA goals include a commitment to the provision of primary education 'of good quality' and to improve education quality at all levels so that everyone can achieve better learning outcomes, 'especially in literacy, numeracy and essential life skills'.

16. Well-trained and motivated teachers are fundamental to improving education quality. Class size as well as access to good quality and relevant teaching and learning materials are also critical. There are some 47 countries with average pupil-to-teacher ratios higher than 35 – and in some countries (Ethiopia, Pakistan) this rises to more than 80 children per class in primary schools in urban areas.

17. National education strategies must include measures to limit class sizes, particularly in primary schools, and to improve the quality of education by providing training and support to teachers and education managers throughout the system.

Secondary education and skills

18. Secondary education is still regarded as a luxury available to a minority in the developing world, with 700 million of the world's population living in countries with secondary gross enrolment rates of less than 40% and another 1 billion in countries with rates between 40% and 70%. There is no general international agreement about targets for the expansion of secondary education and political consensus even at national level is often absent. Thus, a time path for achieving universal secondary education remains unclear. However there is an emerging consensus about the significant benefits to be gained from universalising junior secondary schooling to upgrade basic skill requirements and increasing investment in appropriate vocation skills training to meet the increased technological demands of a rapidly advancing system of world trade.

19. In recent years strong expansion of secondary schooling has been happening: in low-income states, including most in sub-Saharan Africa, it appears that over the years since 1998 its expansion has been at twice the rate of growth of primary schooling (albeit from a much lower base).³²

20. Thus, even in the absence of international targets, the domestic pressures to expand secondary systems are resulting in rising enrolments – well before the achievement of UPE in many countries. Given these trends, analysis of the cost implications of secondary expansion is needed, both to estimate the budgetary implications for those countries facing sharp financial constraints, and to estimate the costs of a desirable minimum expansion strategy at secondary level, consistent with national and international development goals. The financial implications of this expansion are dealt within Annex 4.

³² World Bank 2005:127

Higher education, science and technology

21. As developing countries make progress towards universalising basic education and improving the quality of learning at that level, the complementarity of more advanced knowledge delivered by higher levels of education assumes greater importance. Science, technology and vocational training programmes will also be needed to support innovation, increase productivity and equip countries to compete in the global economy. Thus, beyond the acquisition of the basic knowledge that every citizen requires to function in today's world, the skills produced by tertiary education are needed by all countries – including the poorest. Innovative approaches will be required including use of effective open and distance learning programmes drawing on the lessons of the India Open University, the National Open University of Nigeria and other large scale open and distance learning programmes.

22. Universities and colleges provide the training necessary to produce the next generation of teachers, nurses, public and private sector workers. They also provide the training grounds for the future leaders and reformers of the country. And lastly, an independent university sector with a strong research capacity plays a critical role in supporting and monitoring national efforts to eliminate poverty as well as supporting the scientific and technological innovation that will be increasingly necessary for low-income countries to compete.

23. The economic legacy of recession and comparative decline in sub-Saharan Africa in particular over the past two decades has had a marked impact on many of the region's universities. Reductions in real public spending have left many institutions close to bankruptcy, with staff demoralised by low pay and declining supplies of books, journals and teaching equipment. Under these circumstances, and to an extent that is unique among world regions, the African university is substantially under-resourced for its task. Accordingly, the quality of learning at African universities has had a series of dramatic setbacks and the case for renewed external support to many of these institutions is clear.

ANNEX 3: COSTINGS FOR UNIVERSAL PRIMARY EDUCATION

1. The World Bank study (Bruns et al, 2003) was conducted on the basis of an investigation of the financing characteristics of a range of 'high performing' countries. The Bank adopted a set of target parameters (to improve quality, efficiency and financing) as 'performance norms' for its national simulations (shown in Table 3).³³ The assumptions made for capital costs, for private schooling (and thus the extent to which net enrolment rates can rise at negligible net cost to the state) and for emergency cost items, such as the prevalence and impact of HIV/AIDS, are also generally superior in the World Bank study to those in other studies.

2. Bruns et al suggest that the average additional annual public spending required to reach UPE in the 47 countries covered would amount to some **\$8.4 billion** (in 2000 prices) of which they estimate an additional external funding requirement of **\$2.5 billion** per year over the whole period (with smaller amounts being needed initially, and larger ones later in the period). The distribution of these funding needs is, of course, strongly skewed towards the poorest countries – and particularly towards those with large populations.

3. While these estimates are among the best available at a country-by-country level, some key aspects of the methodology used result in an under-estimation of the projected external funding requirements.

There are four principal sources of under-estimation:

4. Firstly, the assumptions made for the growth in revenue and public spending may prove to be over-ambitious. The Bank study assumes that domestic resources for education will grow from around \$6.4 billion to \$18.8 billion over the 15-year period – an annual growth of 7.5% per year. Based on past trends it would be more realistic to assume an increase in real domestic resources for primary schooling by the somewhat lower figure of 5% per year over the 15-year period (itself a substantial achievement). This would then increase the average resource gap to be filled by aid from **\$2.5 billion to \$4.2 billion** per year over the 15 years.

5. Secondly, Bruns et al make only limited allowances for additional investments to address the demand-side constraints on achieving UPE. Research has shown that a central explanation for the continued under-enrolment of children from poorer households lies in the direct and indirect costs incurred when these families send their children to school.³⁴ For these reasons, it would be prudent to cost in additional measures to reduce or remove these costs – particularly for girls – as well as providing targeted household subsidies. Based on current programmes we estimate that across the 47 countries included in the World Bank study, this would add at least

³³ Subsequently, these became the core elements of the 'indicative framework' adopted by the Fast Track Initiative (see below).

³⁴ Such costs include school fees in many countries, costs of uniforms, books, sports fees, 'voluntary' school contributions, transport and the like. These costs can be high.

\$0.5 billion to the average annual additional expenditures required, and it would increase the external financing requirement *pro rata*.

6. Thirdly, the World Bank study makes no allowances for the costs to the education system of the HIV/AIDS pandemic apart from those associated with recruiting and training additional teachers. These are substantial, particularly in the countries of sub-Saharan Africa. These include the costs of mainstreaming teaching about HIV/AIDS in the school curriculum, developing and distributing learning materials throughout the school system, mainstreaming similar materials in teacher training programmes, generating a proactive response to the implications of the epidemic for the education system, and generating a capacity to provide counselling to education staff affected by the crisis. Meeting the full HIV/AIDS-related costs to the education system, based on individual country experience, is estimated at an additional **\$975 million** per year – some **\$400 million** more than suggested by the Bank study.³⁵

7. Finally, the needs of education systems in fragile states or countries affected by conflict, natural calamities and instability impose additional costs which cannot be ignored. Over the past decade conflicts in countries such as Afghanistan, Bosnia, Burundi, Iraq, Sierra Leone, Somalia and Sudan left more than 500,000 people as refugees, bringing major educational challenges for the affected populations. Although it is difficult to estimate the likely cost-impact of these and future emergencies, there is likely to be a significant additional cost as a result of damage to infrastructure, supplies and human resources available to education. The 2002 Global Monitoring Report (GMR) estimated that this could add **approximately \$0.5 billion** to the average annual costs of UPE across all countries.

8. In the light of these analyses, it is likely that the additional annual external financing requirements for achieving UPE by 2015 will be well in excess of those anticipated in the Bruns study. In summary, the likely constraint upon the growth of public resources in the poorest countries suggests that the financing gap – keeping to the other assumptions made in the Bank's estimates – will be of the order of \$4.2 billion per year, on average, over the next decade. Adding in the demand-side measures that are expected to be required of \$0.5 billion, the additional costs of responding fully to HIV/AIDS of \$0.4 billion, and of the educational requirements of countries in emergency situations of \$0.5 billion, generates a total additional annual aid bill of, on average, **\$5.6 billion** per year to 2015, as calculated in the UNESCO 2002 GMR.

9. These estimates, however, use 2000 as a base – since then, progress towards UPE has been very limited, and during this time the total additional aid to basic education delivered by the international community has been negligible, relative to the level of additional funding needed. We are, then, starting the process with a five-year lag. The impact of this late start increases the new annual aid requirement over the remaining ten years to 2015 by 50%,

³⁵ See UNESCO 2002: 147-57 and the summary given in Box 4.2

to \$8.4 billion per year (measured in 2000 prices). Inflating to 2005 prices implies a revised additional aid requirement of close to **\$10 billion** per year.

ANNEX 4: COST ESTIMATES FOR SECONDARY EDUCATION

1. Cost estimates of increasing access to secondary education range widely depending on the extent of coverage and speed of expansion proposed. Lewin and Caillods (2001) estimate that Africa would need to increase its expenditure on secondary education from current levels of 1.4% of GNP to 5.1% to secure 80% enrolment and to 6.3% for universal enrolment at secondary level. A doubling from 1.2% to around 2.5% is estimated for Asia. A more recent study by Binder (2004), which explores costs for all developing countries, suggests that in order to reach a 90% secondary enrolment rate by 2015, low-income countries will have to spend by that date an extra 3-4 % of GDP on secondary education, beyond what they currently spend. Mingat (2004) shows that, for ten African countries, even maintaining a constant transition rate at today's low levels would still require a doubling of expenditure on secondary education as a share of GDP by 2015, owing to recent primary expansion rates. In absolute terms, these magnitudes translate into estimated total additional costs of between **\$28 and \$62 billion** per year – which would have to be met by increased domestic investment, private sector investment (likely to be higher at this level) and ODA.

2. As a rough rule of thumb, all of these various studies suggest that the universalisation of junior secondary schooling alone (while maintaining transition rates to the higher levels of secondary schooling at current levels) would probably require additional aid resources at least as large as the additional \$10 billion per year (in 2005 prices) needed to secure UPE. In the light of this, an additional aid allocation of up to **\$5 billion per year** to support the expansion of secondary schooling in low-income countries would be an appropriate medium-term target. However, the criteria for national allocation of support to secondary school expansion need careful consideration. On the one hand, a new emphasis on secondary schooling should not be allowed to skew the budget in low-income countries away from meeting UPE requirements, with lower retention rates, increased access and higher quality. On the other hand, the application of rigid rules – such as making support to secondary expansion conditional upon UPE having already been achieved – is unlikely to lead to the best pro-poor strategy.

3. International benchmarking for the purpose of deciding appropriate levels of secondary enrolments should move away from dependence on the evaluation of the costs of secondary education alone, towards considering educational 'need' on a national or regional basis. Such an approach may incorporate a range of different criteria depending upon the characteristics of the economy and society, and upon its development trajectory.³⁶ For example, any recent or considerable reduction in the opportunity of accessing secondary education in a particular country (arising, for example, from primary expansion), compared with other similarly positioned countries, should prompt consideration of the relative costs and enrolments at both secondary and primary levels, so as to determine which sub-sector should receive additional funds. This methodology at secondary level – linked to the existing processes

³⁶ See World Bank 2005, Chapter 7, for an illustration of this approach.

of sectoral planning associated with poverty reduction strategies (PRSs) – is likely to be more attuned to development realities in the poorer countries of Africa and Asia than may be the case with a less discriminating, target-dominated approach.

ANNEX 5: EDUCATION OUTCOMES

Outcome 1. Provide a good quality education to an additional **200 million children** in primary schools, including at least 110 million girls.

Most of the children presently out of school are in low-income countries, and most aid resources for primary schooling will be directed towards countries in this group. Accordingly, if the financing gaps of approximately \$10 billion per year are met by aid over the next decade, these monies will facilitate the shift from present net enrolments of around 80% in these countries, to 100% over the decade. We estimate the primary-school-age population in 2000 at some 286 million in low-income countries (based on World Bank and UNESCO Institute of Statistics data). An assumed rate of growth (based upon 1990-2000 trends) of 2% per annum gives an increase in the school-age population in these countries of 99 million by 2015. The current out-of-school population of primary school age amounts to around 100 million children. The shift to UPE would thus involve an additional 200 million children in these countries being enrolled in school over the coming decade.

Outcome 2. Reduce (and potentially eliminate) the gender gap in primary enrolments in **48 countries**.

At primary level, there is a significant gender gap in enrolments in 48 countries, listed below. This provides a good approximation for the number of countries in which aid will help to reduce the gender gap at primary level.

Ratio of girls' to boys' primary GERs less than 0.95 (bold indicates less than 0.80)

Region	Countries with primary gender gap	
Arab States	9	Algeria, Djibouti , Egypt, Iraq, Mauritania, Morocco, Sudan, Syrian Arab Republic, Yemen
Central and Eastern Europe	1	Turkey
East Asia and the Pacific	7	Cambodia, Lao PDR, Macao (China), Niue, Palau, Papua New Guinea, Vietnam
Latin America and the Caribbean	2	Brazil, Guatemala
South and West Asia	3	India, Nepal, Pakistan
Sub-Saharan Africa	26	Benin, Burkina Faso, Burundi , Cameroon, Central African Republic, Chad , Comoros, Congo, Cote d'Ivoire , Equatorial Guinea, Eritrea, Ethiopia , Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mozambique, Niger , Nigeria, Sao Tome & Principe, Senegal, Sierra Leone, Togo, Zambia
TOTAL	48	

Source: UNESCO EFA Global Monitoring Report 2005, Statistical annex Table 5.

The position at secondary level is more complicated. Here, gender disparities are often in favour of girls, and the expansion of secondary access will not necessarily reduce the gender gap in the absence of policy change. The extent to which gender ratios are improved as a consequence of aid thus depends on the extent to which a policy dialogue on gender parity at secondary level is pursued, and on the extent to which it is heeded by recipient governments. It is presently uncertain how many of those countries with gender gaps at secondary level will in fact receive aid support for the expansion of secondary schooling. Accordingly, the gender gap at primary level alone is alluded to in the text figures.

Outcome 3. Expand **secondary education** in **30 priority countries** that are approaching UPE, or have particularly low secondary enrolments or both.

There are ten low-income countries where primary NERs are greater than 80%, but where secondary GERs are less than 50%. While UPE should be within reach over the next decade in these cases, secondary enrolments need further support. These countries are Togo, Bangladesh, Cambodia, Equatorial Guinea, Lesotho, Rwanda, Lao PDR, Zimbabwe, Burma and Malawi. A further 20 low-income states have primary NERs less than 80%, but very low secondary enrolments, with GERs less than 40%. These are mainly from sub-Saharan Africa, and a good case can be made for providing some support to lower secondary education systems in these cases, while continuing with external support to primary education. These countries are: Gambia, Benin, Liberia, Kenya, Mauritania, Zambia, Cote D'Ivoire, Ghana, Mozambique, Chad, Senegal, Tanzania, Papua New Guinea, Burundi, Ethiopia, Guinea-Bissau, Eritrea, Burkina Faso, Niger and Pakistan.

Outcome 4. Improve **literacy** skills for **550 million** adults.

World illiteracy is estimated at 800 million adults at the present time. Of these, 70% are concentrated in India, China, Bangladesh, Pakistan, Nigeria, Ethiopia, Egypt, Indonesia and Brazil (UNESCO 2004:131). On the basis of reported unit costs, the \$1 billion additional aid per year proposed in this paper would be able to equip 100 million people directly with literacy skills over the decade to 2015. In partnership with developing country governments, this support would enable the training of some 550 million illiterates by 2015, so as to achieve the Dakar literacy goal.

Outcome 5. Finance the expansion and improvement of **higher education** institutions in **over 35 countries**, with the majority in Africa. This figure allows for support to higher education policies and institutions in around 30 of the 38 low-income countries in sub-Saharan Africa, together with Yemen, Afghanistan, Nicaragua, Nepal, Sri Lanka, Bangladesh, Laos PDR and Cambodia.