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Supporting Education Quality through Public Finance Planning in Central Asia

Education Financing and Management Reforms in Kyrgyzstan and Tajikistan

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Education Financing Issues in CAR

- **Budget formulation** – Rigid norms that created flawed incentives, declining efficiency and level of resources
- **Allocation of resources and flow of funds** – Uneven distribution; fragmented funding for schools; limited involvement of schools or education sector administration in allocation; no guaranteed budget, administrative decisions
- **Internal resource allocation and management autonomy** – Rigid norms denied opportunities for autonomy; school directors lack flexibility to find best mix of inputs to increase quality and efficiency



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Education Financing Reform

- Attempts to improve the quality of education without changing how education is financed and managed will lead to limited progress - needs include:
 - Formulating budgets using output measures, such as the number of students, rather than input norms
 - Pooling funding at a higher level to improve equity and allow reorganization and consolidation of the network of schools
 - Funding schools through global budgets, removing staffing norms, and other measures to increase school autonomy



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Expected Outcomes

- More equitable distribution of sector resources
- Less subjectivity in terms of timing and volume of financing
- Incentives for efficiency, including to:
 - optimize the school network
 - restructure schools internally (eg optimise class size)
 - increase funding for non-labor inputs
 - improve energy efficiency
 - reduce teacher and non-teacher numbers where possible
 - increase salaries, etc.



Implementation Approach

Issue	Intervention
Knowledge and competence among counterparts regarding education financing is limited	Provide counterparts with the knowledge and skills needed to implement reforms
No formal process or forum exists to discuss education financing issues among interested stakeholders	Support development of sustainable processes (e.g., inter-ministerial working groups) to discuss and resolve education financing issues
Little education financing reform has been implemented, despite frequent donor analysis and recommendations	USAID supported initial pilot projects to design, implement, and monitor education financing reforms and then support phased roll out of tested reforms



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Per Capita Financing – Tajikistan

- School budgets calculated using two-part PCF formula with coefficients:
 - Per school normative – base rates for general secondary (1-11), general basic (1-9), and primary (1-4) schools
 - Plus an additional per student normative
 - Coefficients for remote schools, lycees, multi-language schools, for schools with branches
- Financing to schools flows through district finance offices



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Per-Capita Financing – Tajikistan (cont.)

- Roll-out nationally by 2010
- Well functioning Education Finance Working Group
- FTI funds support annual roll-out (training, technical support)



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Per Capita Financing – Kyrgyzstan

- School budgets calculated using minimum standards
 - “Minimum standards” for educating one student defined annually
 - Coefficients for rural, remote and mountain schools
- Financing to schools flows through categorical grants and local governments (ayil okmotu)



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Achievements to Date

- Increased and more informed participation of education financing stakeholders in planning and implementation
- Development of functioning policy reform processes (Education Financing Working Groups)
- Successful implementation of per student financing pilots in Tajikistan and Kyrgyzstan



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Achievements to Date cont...

- Training modules developed in school management and accounting - school directors and accountants trained
- Enthusiasm among school directors for increased autonomy
- Improved collaboration with World Bank and other donors



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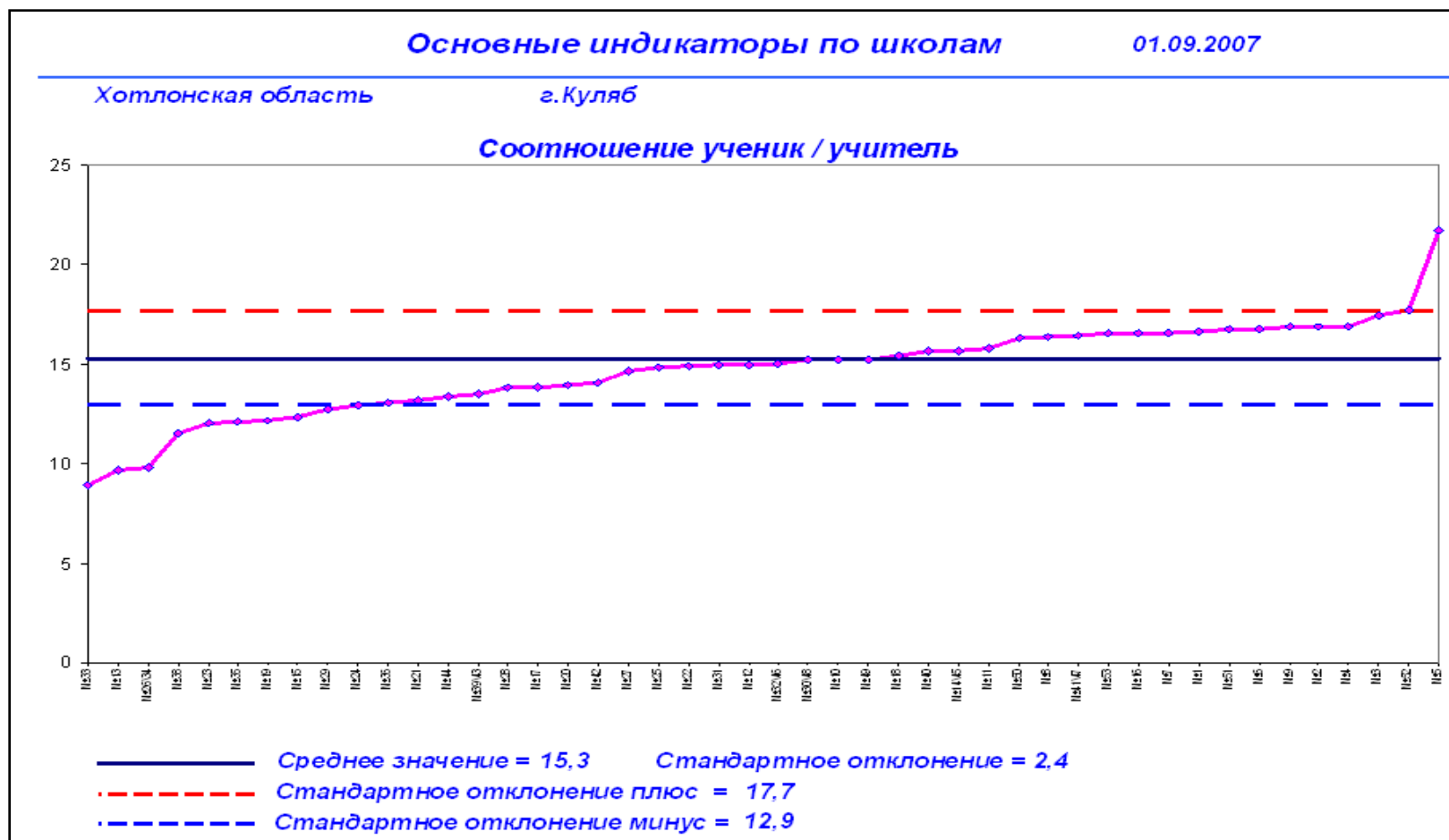
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Monitoring Implementation

- Introduced automated expenditure and school indicator tracking system
- Provides quick reports for analysis at school and district level
- Comparative data across schools identifies outliers and “at risk” schools for closer review and corrective action
- Reports posted at school level increase transparency in resource use and school indicators among community in Tajikistan
- Work is ongoing to institutionalize system at national and district levels in both Tajikistan and Kyrgyzstan



Sample Report: Student-Teacher Ratio at Schools in Kulob District





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What School Directors Are Saying

- *“Our school now has the opportunity and ability to repair the school and purchase much needed supplies through our own decisions without waiting for the Rayon or Ministry”*
- *“The transition to per capita financing improved the financial situation of the school, and similarly has improved the teaching and educational process”*



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Plans for phased roll-out

- Tajikistan:
 - Phased roll out from 5 initial pilot districts (2005-6)
 - Cover all 68 districts/cities throughout the country by 2010
- Kyrgyzstan:
 - Pilots in Issyk-Ata district and Tokmok city (2006-7)
 - Government envisions phased roll out
 - Rolled out in Chui oblast in 2009 (USAID/QLP)
 - Initiating roll out in Issyk-Kul and Batken oblast in 2009-2010 (World Bank Rural Education Project)



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Results at Sector Level

- Increased overall funding for schools (total and per student budgets), more of education budget focused on quality
- Increased equity in distribution of education sector resources within districts
- Increased use of data for decision-making
- National adoption of models, roll-out of pilots, and institutionalization



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Results at School Level

- Automated M&E system tracks expenditures and key school performance indicators
- Increased management autonomy, flexibility, and capacity at school level to better allocate and use resources
- Increased transparency on use of school resources at community level
- Improved school efficiency and productivity, including:
 - Decreases in the number of administrative personnel
 - Reduction in vacancies due to higher salaries and bonus systems
 - Savings generated in utilities costs through installation of meters
 - Increased spending on computers, minor repairs/maintenance, and other non-labor inputs to improve quality of education



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Ongoing Challenges

- Continued political, technical, and financial support is required for successful roll-out
- Training programs in management and accounting require further institutionalization and capacity building of institutions and trainers to conduct future trainings
- Monitoring data needs to be regularly analyzed and reviewed to continuously inform refinements and improvements in the per capita financing system
- Changes in education financing need to be codified in laws and permanent regulations
- Continued efforts are required to ensure school autonomy and flexibility to re-allocate savings



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