

MAKING QUALITY BASIC EDUCATION AFFORDABLE: WHAT HAVE WE LEARNED?

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ABSTRACT

After a brief overview of the issue of rights to "free" education, the paper examines a number of key issues in the financing of education, including public financing, private financing, the increasing blurring between the public and private sectors and the issue of equity in financing of education, particularly with regard to gender. The next section of the paper focuses on a series of cost issues, including financial management, internal efficiency, and teacher, construction and textbook costs. It looks at some strategies that have been introduced to contain costs, and lessons that have been learned in the process. The third section briefly examines the issue of extending the reach of the system, through the integration of nonformal approaches into the education system, and considers some of the cost implications and lessons learned. The final section suggests three key priorities for UNICEF in the next decade: a clearer definition of the role of the state in ensuring the basic learning needs of children, renewed advocacy for public funding of education, and greater transparency at local, national and global levels in cost and financing issues. The paper concludes that while there are considerable potential savings from a range of strategies to reduce costs and mobilise more resources, there are no short cuts to quality. Choosing the cost and financing strategies that enhance rather than compromise quality will be greatly assisted by better methods to measure learning outcomes, and relate those outcomes to the initial investments.

EXECUTIVE SUMMARY

Rights, equity and affordability

While the right to basic education has been a key element of almost every international declaration on human rights since the UN was established, there has been a shift away from the early position that education should be "free" at every level. A rights perspective implies a commitment to equitable access to quality education, and these three values, (equity, access and quality) are inherently inter-related. When efficiency impacts negatively on equity in access to quality learning, then efficiency becomes a rights issue. While the world can afford quality basic education for all, many countries cannot. Many of the calculations to establish affordability focus on access, and do not provide adequately for the costs of improving quality, nor for the added costs of reaching the hard to reach.

Public expenditure on basic education has declined in many countries

The decade in which the world committed itself to "enlarged public sector support" for basic education has witnessed very uneven economic growth, with the more developed countries growing most rapidly. While the world economy has grown in real terms over the past decade, this growth has been uneven, and many economies have shrunk substantially. The share of national income appropriated by the state has also, in many cases, been reduced, so that a very substantial number of countries have seen a shrinking public sector. On average the share of public expenditure committed to education has tended to grow or remain stable, but in many countries the real expenditure on education has declined, especially in per capita terms. Change in the distribution of public expenditure across the subsectors (primary, secondary etc) has been uneven, with many countries increasing the share for primary education, and some decreasing it. In addition, the share of public resources allocated to capital expenditure has declined in more countries than it has increased, although this shift is uneven.

Blurring the distinction between private and public

The share of private and community contributions to the costs of both "private" and "public" schooling has increased since (although not necessarily as a result of) the Jomtien appeal for partnerships between all sectors of society to advance basic education. This trend marks a growing blurring in the distinction between the public and private sphere that is echoed in many areas of development. Experience has shown that when public expenditure on education declines, there is almost always a decline in access and quality which inequitably impacts on girls, minorities, the poor and other marginalised groups. At the same time it is also clear that increasing public expenditure does not automatically result in more equitable access to quality learning opportunities for all. The dichotomy between public and private schools is becoming less and less meaningful as the range of different models of schooling expands. In many cases the existing policies and procedures for financing, management and accountability have not kept pace with this shift.

The mixing of money

The range of strategies that channel public funds to private, semi-private or community-controlled schools has expanded as rapidly as the range of models of schooling. This

includes a range of "demand-side financing" strategies such as various forms of school vouchers, community education funds, targeted bursaries, matching grants, capitation grants and public assistance to non-public schools. At the same time, the period has witnessed a proliferation of strategies to mobilise more private funds for public or community schools, including a whole range of cost sharing, cost recovery, user financing and community financing strategies. While many user or community financing schemes can pose a challenge in terms of equity, access and quality, it is clear community financing will continue to constitute a critical component of education financing over the next decade. States must accept this reality and develop their regulatory infrastructure to ensure that the poor are protected, and quality and equity are buttressed by the education financing policies. Income-related approaches to targeting of resources have had very uneven results, especially when applied at the school level. The evidence suggests that broad categorical or geographic targeting rather than complex income related formulae may be more cost-effective and equitable.

Mobilising the private sector

The decade has witnessed a substantial growth in the size and influence of the private sector in many economies. There has been some progress in some countries with involving the private sector in supporting basic education. Experience so far suggests that there is considerable potential in private sector involvement in supporting basic education, but there are also hazards to be avoided.

Managing the money

An important lesson of the decade has been the importance of effective management to ensure access to quality basic education. This applies at the national level, in the way in which budgets are developed and implemented, as well as at the local level, as control over resources is decentralised to local communities and schools. Decentralisation of financial management must be accompanied by a clear commitment by the state to build local capacity, ensure equity and strengthen its capacity to set and monitor standards, and guarantee equitable access to quality learning for all.

Controlling costs

One of the greatest cost drivers in education systems in developing countries is the very high rate of repetition and dropout. Increasing efficiency requires a carefully planned set of strategies designed to address each individual context, which may include automatic promotion buttressed by careful monitoring and support to ensure quality. Teacher costs, as the largest single item in any education budget, are an important target for controlling costs. Managing teacher costs does not necessarily imply reducing salaries, which in many cases are already very low. Lowering the costs of teaching also involves more efficient teacher utilisation and deployment, and more effective use of para-professionals and community members. The costs of protecting quality while implementing these strategies can substantially reduce these savings, but may result in higher cost effectiveness if quality and access are increased. Considerable savings can be achieved through community involvement in school construction, particularly when community labour is mobilised. However, again, this requires careful monitoring to ensure appropriate designs, effective management and equity. Some savings can be achieved through better strategies for textbook production, distribution and management, but the strategies and the savings will vary substantially from

one context to another, and the impact will be more on quality than on costs.

Extending the system's reach

While the focus of many countries will remain on expanding the conventional schooling system to accommodate all children, many countries in the next decade will have to devote energies to extending the system to those children who continue to remain beyond its reach, even when capacity exists. This will require greater flexibility of the system to accommodate less formal approaches, incorporating judicious use of modern and conventional information technologies, and strategies such as accelerated learning to deal with systems badly congested with over-age pupils. It is clear that taking innovative approaches to scale at this level essentially means incorporating them into the wider system. This requires a focus on cost management and cost effectiveness that is not typical of many innovative approaches to reaching the unreached.

Key strategies for the next decade

The paper concludes by pointing to three key strategies for the next decade. First, the role of the state in the provision of education must be redefined, to ensure that, in the blurring of the distinction between private and public, the state retains its responsibility to provide a legal and policy framework for basic education for all: to set and monitor standards, to set targets, and to ensure resources are distributed in a manner which guarantees equitable access to quality learning opportunities. Second, in many countries extended efforts must be made to mobilise more public resources to ensure that the state can carry out its critical role of ensuring equitable provision of learning opportunities. At the national level this involves a better balance between budgets for social services and other items, such as military expenditure. At the international level it means more effective approaches to debt relief, and to the various mechanisms to mobilise and focus international resources more effectively through initiatives such as the 20/20 campaign, SIPs and SWAPs, UNDAF and UNSIA. Third, it requires a clearer commitment by all to greater transparency in the cost and financing of education, through the development of better indicators and public availability of better data, not only on public and private costs and financial inputs, but of learning outcomes. Only then will students, parents, communities, countries and donors be able to ensure more effective investment of scarce resources, and, more importantly, ensure that the rights of every child to a quality basic education are met.

Making Quality Basic education Affordable:

WHAT HAVE WE LEARNED?

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Preamble

Almost every aspect of education has a cost and financing dimension, so an issues paper on the cost and financing of education presents considerable challenges of selection. The financing of education is not an end in itself, but a means to an end, although, like so many means, it tends to shape the end. Financing represents one of the most important tools of policy — many policies are largely manifested in decisions about the allocation of resources. At the same time, spending patterns are a good indicator (but not the only indicator) of actual policies in practice. This paper attempts to identify a set of issues about which key lessons have been learned over the last decade, not only from UNICEF programme experience, but also from the global effort to meet the challenge of Education for All (EFA). The issues are by no means exhaustive, but are aimed at stimulating discussion.

1. INTRODUCTION

There is a rich and growing literature on the cost and financing of education which has grown substantially since the commitment made by the world to strive to achieve Education For All. This paper does not attempt to replicate that literature, but draws on it to focus on a number of themes which emerge particularly from Articles 9 and 10 of the World Declaration on Education For All.

World Declaration on Education for All

ARTICLE 9 - Mobilizing Resources: If the basic learning needs of all are to be met through a much broader scope of action than in the past, it will be essential to mobilize existing and new financial and human resources, public, private and voluntary.

ARTICLE 10 - Strengthening International Solidarity: Meeting basic learning needs constitutes a common and universal human responsibility. It requires international solidarity and equitable and fair economic resolutions in order to redress existing economic disparities.

1.1 Education as a right

The right to basic education has been a key element of almost every international declaration on human rights since the UN was established.

The UN Declaration of Human Rights (1948), the 1959 Declaration of the Rights of the Child, the 1966 International Covenant on Economic, Social and Cultural Rights, the 1989 Convention on the Rights of the Child, the 1990 World Declaration on Education for All, the 1990 World Declaration on the Survival, Protection and Development of Children, the 1995 Beijing Declaration and the 1996 Amman Affirmation all express a commitment to education as a right. On the issue of "free" education, however, there has been some shift over the years.

1.2 Education free for all

Over the past 50 years there has been a shift away from the early view that education should be "free" at every level.

Article 26 of the 1948 UN Declaration declares that "Education shall be free, at least in the

elementary and fundamental stages." Article 13 of the 1966 International Covenant on Economic, Social and Cultural Rights extends this with a call for "progressive introduction of free education" at the secondary and higher education levels, and introduces the phrase "available free to all" with regard to primary education. Article 28(1)(a) of the CRC (1989) invokes the same phrase "available free to all" with regard to primary education, but takes a slightly more nuanced position with regard to secondary education: "Encourage the development of different forms of secondary education, including general and vocational education, make them available and accessible to every child and take appropriate measures such as the introduction of free education and offering financial assistance in case of need."

The World Conference on Education For All which followed in March 1990 in Jomtien offered an "expanded vision of basic education", but avoided a specific commitment to "free" education, as did the World Summit for Children (September 1990) which endorsed the Jomtien Framework for Action and enshrined the key commitments in a set of Goals for Children and Development in the 1990s.

The wording of the CRC article artfully dodges the economist's truism ("there are no free lunches") with the phrase "available free to all", implying, perhaps, that learning should be "free" for the learner and but not asserting that it can be available without cost. The question of who pays this cost is not specifically addressed. Article 9 of the EFA Declaration (Mobilizing Resources), however, makes it clear that "all of society has a contribution to make" but refers specifically to "enlarged public sector support", while Article 10 (Strengthening International Solidarity) accords "the world community ... an urgent responsibility to alleviate the constraints that prevent some countries from achieving the goal of education for all".

1.3 Girls' education and the cost and financing of education

Girls are the largest group of children without access to quality education. Strategies to mobilise resources to finance education expansion and/or quality improvement, and strategies to limit or reduce costs either to the state, or communities, or both, can have a very strong impact on gender and other equity dimensions of education.

The EFA Declaration identified girls' education as "the most urgent priority", and this was underlined in the Amman Affirmation, using the term "priority of priorities". Girls constitute by far the largest group whose right to education is systematically frustrated. Cost and financing policies and practices are rarely formulated in terms that explicitly deny equal rights to education for girls, yet it is clear that in their implementation they constitute an important source of gender discrimination. Expenditure patterns can be an effective indicator of gender inequities, and a potentially powerful mechanism for closing the gender gap in access to quality education.

1.4 Access and quality, equity and efficiency

A rights perspective requires equitable access to quality education, and these three values (equity, access and quality) are inherently and deeply inter-related. When efficiency impacts negatively on equity in access to quality, then efficiency becomes a rights issue.

The symbiotic relationship between access and quality in education is acknowledged

implicitly in Jomtien Article 3 (Universalizing Access and Promoting Equity). It became more explicit by the mid-decade, when there appeared clear evidence of a decline in demand for education in countries where the quality fell below what parents and communities regarded as a worthwhile investment. The Amman Affirmation in 1996 placed additional stress on the need for a focus on the quality of education. Expressed as a slogan, "access without quality is not access". The rights framework requires that the key value in education is equitable access to quality education. From a cost and financing perspective, efficiency is a rights issue to the extent that it impacts on equitable access to quality — this means that resources should be deployed as efficiently as possible to achieve equitable access to quality learning opportunities. It does not mean that trade-offs should be made on the rights of some children on the basis that meeting their learning needs is less efficient use of resources either in terms of unit costs, internal efficiency or returns to investment.

1.5 The affordability conundrum

The world can afford basic education for all, but many countries cannot. Many of the calculations to establish the affordability of EFA focus on providing access, and do not provide adequately for the issue of quality, nor for the added costs of reaching the hard to reach.

The conundrum that moved the delegates at Jomtien to declare that "[t]he basic learning needs of all can and must be met" is as true today as it was in 1990. Various estimates have been made of the cost of providing basic education for all children (e.g. Colclough and Lewin 1993, Vandermortele 1995, Vandermortele 1998, UNDP 1998) and estimates range from an additional \$5bn to \$19bn per annum. The estimates vary widely because of different time frames, targets, methodologies and definitions, but, when presented in global form, offer a scenario that seems eminently reasonable. In the United States, public school districts spent \$12.7bn on capital construction alone in 1997, and projections for 1998 are over \$15bn¹. In the context of the vast expenditures (some US\$1,3 trillion in 1994) on education world-wide, to say nothing of military expenditure etc. [see box], the world can surely afford to invest such a relatively small sum (between 1% and 2% of global public expenditure on education) in the wellbeing of its children.

The World's Priorities? (annual expenditure)	
Basic education for all	\$6 bn
Ice cream in Europe	\$11 bn
Perfumes in Europe and USA	\$12 bn
Pet foods in Europe and USA	\$17 bn
Business entertainment in Japan	\$35 bn
Cigarettes in Europe	\$50 bn
Alcoholic drinks in Europe	\$105 bn
Narcotic drugs in the world	\$400 bn
Military spending in the world	\$780 bn
Source: Human Development Report 1998	

UNESCO data show that countries in Sub-Saharan Africa spent some 5.6% of GNP on education, compared to developed countries' rate of 5.1% in 1994, the latest date for which

global data are available. Yet this amounted to a mere US\$32 per inhabitant, compared to the US\$1211 spent by developed countries. (UNESCO 1998b) Both of these figures are averages, and the contrast becomes even starker if individual countries are considered.

TABLE ONE: Public Expenditure on Education 1994		
	as % GNP	US\$ per inhabitant
World total	4.9%	252
Developing countries	3.9%	48
Sub-Saharan Africa	5.6%	32
Least developed countries	2.5%	9
Developed countries	5.1%	1211
Source: UNESCO 1998b		

The extent of these disparities, and the rate at which they appear to be growing, suggest that there are still many countries which could not afford to employ sufficient teachers at a salary above the absolute poverty line even if they raised their expenditure to a higher share of GNP than the developed countries. The figures also suggest, however, that particularly in South Asia and many least developed countries, there is room for increased effort in terms of share of public expenditure to education.

Thus, while it is possible to argue that universal access to quality basic education is affordable in global terms, there are many countries for which it remains unaffordable. The 1995 UNICEF study conclusion that "[c]ountries in Sub-Saharan Africa and the Middle East and North Africa are unlikely to achieve universal primary education by the year 2000 without additional donor assistance ..." remains valid (Vandermortele 1995).

There are many limitations to the type of estimation on which the above observations are based. The quality of the data is limited, in that global data on education expenditure is not available for every country, and broad estimates have to be made to establish global and regional figures. The data are also somewhat dated -- 1994 is the latest date for global GNP education expenditure figures from UNESCO. No aggregate figures are yet available from UNESCO for 1995, but the available data do not suggest a radical shift from the trends identified above.

There are three more important limitations, however. In the first instance, the calculations do not take account of the additional costs of reaching the marginalised or hard to reach

children. It is clear from experience that the unit costs for meeting the learning needs of such children will be significantly higher, and to ignore this is to underestimate the resources required (Tsang 1994).

Second, the calculations are based, for the most part, on average unit costs in each country, a factor that does not take into account the range of inputs to education covered by the expenditure. Since some countries are unable to provide even the most basic equipment and supplies, and since they often pay at levels which force teachers to "moonlight" to survive, it is unlikely that the average unit costs for such systems would be capable of meeting the basic learning needs of children as envisaged in the EFA Declaration on current unit costs².

Third, they present data on public expenditure alone. Since the proportion of total expenditure on education which is derived from non-public sources varies so significantly from one country to another (see below), the figures do not present an adequate picture of the national efforts to achieve education for all.

2. PUBLIC FINANCING OF EDUCATION

The decade in which the world committed itself to "enlarged public sector support" for education has witnessed very uneven economic growth, with the more developed countries growing most rapidly. While some countries can report progress, in many countries there has been an overall decline in the real public expenditure per pupil.

This section of the paper briefly overviews the evidence on overall economic growth, the amount of national income available for public expenditure, and the allocation of public funds to education.

2.1 A wealthier world with more poverty

While the world economy has grown in real terms over the past decade, this growth has been uneven, and many economies have shrunk substantially.

While the world economy grew between 1980 and 1994 from around US\$10.7 trillion (thousand billion) to over US\$27.1 trillion, almost 85% of that growth was accounted for by developed countries, and less than 1% was accounted for by least developed countries. In the period 1990 — 1994 the trend was similar, with the developed countries accounting for over 84% of the growth, and the growth in the least developed countries accounting for less than 1%.



Figure 1: GNP Growth 1980 — 94 Based on UNESCO 1998

Generalisations on the basis of global data of this type must, of necessity be somewhat cautious, but it would seem safe to say that in the developing countries in general, and in the least developed countries in particular, a significant number of countries experienced a net shrinking in the size of their economies, with the greatest contraction in Sub-Saharan Africa, South Asia and some countries in Eastern Europe. These data suggest that these overall trends which can be discerned in the period 1980 — 1990 actually accelerated in the period 1990 — 1994. There is no reliable data for the period after 1994, but the figures for 1995 now available from World Bank Development Indicators database, the Human Development Report and the latest draft of the UNESCO annual statistics do not suggest a significant shift away from this trend. The MONEE report (1998) notes a very significant decline of over 40% in real GDP in the countries of CEE/CIS region in the period 1989 — 1997, and recent economic crises in many South East Asian economies suggest that this shrinkage in national income could extend to many countries which have previously shown impressive gains.

2.2 A Shrinking Public Sector

Even in many countries that have experienced overall economic growth, The proportion of national income appropriated by the state for public expenditure has frequently shrunk.

The MONEE Report also notes that in many countries in the region, the share of GDP that is appropriated for public expenditure has declined (1998:viii), effectively reducing the share of national income which the state can deploy for public policy purposes. Bray reports a similar decline in government revenues from taxes and other sources in countries in Asia (Bray 1998:29). It is more difficult to obtain data on the global picture, but there is some evidence that in those countries for which data is available, a significant number of countries have experienced a decline in the public share of national income.

- In the period 1985 to 1995 general government consumption as a share of GDP has shrunk in 79 (64%) of the 123 countries for which data is available, and risen in only 44 countries.
- Expressed in terms of

constant 1987 US\$, however, this shrinkage is evident in 29 (24%) of the countries.

- Almost all the countries that experienced real shrinkage in public revenue were developing or least developed countries.
- The US, the largest economy in the world, experienced a decline in public expenditure as a share of GDP (less than 2%), but growth in terms of real public expenditure (over 12%). These figures show how data can be used selectively to either support the argument that "big government" is on the decline or on the increase.

Countries with decreased general government consumption 1980 - 1994

Decreased by more than 10% (constant US\$):

Nicaragua, Congo Dem. Rep., Congo Rep., Trinidad and Tobago, Haiti, Hungary, Zambia, Chad, Rwanda, El Salvador, Cameroon, Comoros, Senegal, Gabon, Sao Tome and Principe.

Share of GDP reduced by more than 3.5%:

Nicaragua, Sao Tome and Principe, Equatorial Guinea, Mongolia, Papua New Guinea, Trinidad and Tobago, Saudi Arabia, Guinea-Bissau, Mozambique, Zimbabwe, El Salvador, Seychelles, Grenada, Egypt, Comoros, Bhutan, Singapore, Georgia, Senegal, Israel, Uganda, Chile, Mexico, Panama, Benin, Thailand, St. Lucia, Indonesia, Armenia, Congo Rep., Honduras, Zambia, Lesotho, Ethiopia, Venezuela.

Global generalisations are naturally somewhat tentative, especially given the limitations of the data, but it would seem safe to say that a significant number of countries, particularly those which are a high priority for UNICEF, have experienced shrinkage both in the share of national income available as public revenue, and the real revenue available for public expenditure. Many states, particularly in developing countries, have become smaller in the very decade in which states committed themselves to the provision of free, compulsory education for all, and the trend seems set to continue (UN CESC, 1998).

2.3 The Education Slice

On average the share of public expenditure committed to education has tended to grow or remain stable, but in many countries the real expenditure on education has declined, especially in per capita terms.

The two standard measures of education's share of expenditure are the ratio of public expenditure on education, to GNP and to total public spending. The availability of data on these indicators from global sources (UNESCO, World Development Indicators) is very uneven, with a much lower availability of data from the developing and least developed countries.

The UNESCO data provides an indication of the trends over time in terms of three indicators

for total education expenditure. As well as share of public expenditure (in US\$) and as percentage of GNP, public expenditure is analysed in terms of expenditure per inhabitant. The figure below shows these three indicators for the period 1980 — 1994:

Table 3: Education Expenditure 1980 — 1994												
	Ed Spend in US\$				Ed Spend as % GNP				per Inhabitant			
	1980	1985	1990	1994	1980	1985	1990	1994	1980	1985	1990	1994
World	516.4	555.6	986.5	1329.9	4.8	4.8	4.8	4.9	126	124	202	252
Africa	22.9	22.0	25.7	29.1	5.3	5.7	5.6	5.9	48	40	41	41
America	188.6	249.5	374.9	481.7	4.9	4.9	5.2	5.3	307	375	521	623
Asia	93.8	107.6	199.8	302.1	4.0	3.9	3.7	3.6	37	39	66	93
Europe	200.6	165.8	367.5	432.6	5.1	5.1	5.1	5.4	418	340	741	982
Oceania	10.4	10.6	18.6	24.5	5.6	5.6	5.6	6.0	467	439	715	878
Developing Countries	101.6	100.3	160.9	206.6	3.8	4.0	4.0	3.9	31	28	40	48
Sub-Saharan Africa	15.8	11.3	15.2	18.8	5.1	4.8	5.1	5.6	41	26	30	32
Arab states	18.0	23.7	24.4	27.5	4.1	5.8	5.2	5.2	109	122	110	110
LAC	33.5	27.9	44.6	72.8	3.8	3.9	4.1	4.5	93	70	102	153
E Asia & Oceania	16.0	20.1	32.0	59.9	2.8	3.1	3.0	3.0	12	14	20	36
Southern Asia	12.8	14.7	35.8	18.8	4.1	3.3	3.9	3.4	13	14	30	14
Least developed countries	3.1	3.1	4.3	5.3	2.9	3.0	2.7	2.5	9	7	9	9
Developed countries	414.8	455.3	825.6	1123.3	5.1	5.0	5.0	5.1	487	520	914	1211

Source: UNESCO 1998

- While the world more than doubled its education expenditure per inhabitant between 1980 and 1994, expenditure per inhabitant in the least developed countries fluctuated around US\$9 per inhabitant, while that for the developing countries rose from US\$31 to US\$45, and in the developed world the figure more than doubled, from US\$487 to US\$1211;
- World expenditure on education as a percentage of GNP rose from 4.8% to 4.9% between 1980 - 1994, and in Sub-Saharan Africa the figure rose from 5.1% to 5.6%, a substantially greater share than the 5.0% — 5.1% spent by developed countries, yet in

Sub-Saharan Africa the expenditure per inhabitant declined from US\$41 to US\$32;

- Even if the least developed countries were to double their public expenditure to match the share in Africa and the developed countries, expenditure per inhabitant would only be in the region of \$18, barely 56% of expenditure in SSA, and less than 1.5% of the figure for the developed countries.

The MONEE report found that while the share of public expenditure to education was maintained in countries in CEE/CIS, real expenditure dropped substantially overall (MONEE 1998:vi).

2.4 Dividing the Slice

Change in the distribution of public expenditure across the subsectors (primary, secondary tertiary etc.) has been uneven, with many countries increasing the share for primary education, and some decreasing it.

Evidence on the distribution of expenditure between levels (primary, secondary, tertiary etc) is somewhat mixed. Of the 83 countries for which 1995 data are available, 44 show a decline in share allocated to primary education between 1985 and 1995, while 39 show a slight increase. (World Bank 1998a). In Africa, of the 18 countries for which data are available, 9 show a decline in the allocation to schooling (pre-primary, primary and secondary), while 9 show an increase, in some cases substantial (e.g. Malawi increased by 19 percentage points, Mauritania by 21) (ADEA 1998).

The share of public expenditure allocated to capital expenditure has declined in more countries than it has increased, but this shift is uneven. The largest number of countries that report a decline in capital expenditure is in Europe.

The proportion of public expenditure allocated to capital expenditure has shifted slightly in the 83 countries for which data is available, with a increased proportion going to recurrent expenditure in 45 countries, and a decrease in 38 (UNESCO 1998). The largest number of countries reporting a decline in capital expenditure were in Europe, a finding supported by the MONEE study that in countries in the CEE/CIS Region, there had been a substantial shift of resources away from capital expenditure and towards salaries, a not unusual phenomenon for countries with shrinking real resources (MONEE 1998:27).

There are, of course, very significant limitations to the conclusions that can be drawn from global data of this type. The large number of countries that do not report expenditure data creates a distortion, as does the fact that expenditure data is usually at least three years out of date when collated at a global level. It is also clear that some countries may significantly under-report public expenditure by levels of government below the national or central government, simply because they do not have adequate data on expenditures of local government. Counting "countries" which have increased or decreased ignores the very significant differences in size of these countries, and overlooks the way in which financing education in small states differs in many ways from larger states (Bray 1992, Bacchus and Brock 1993). More important, perhaps, is the fact that a very substantial proportion of the world's underserved children are concentrated in 9 very large countries, and the evidence is that in at least seven of these (E9) countries (excluding Nigeria and Bangladesh), public

expenditure on education has increased as a share of GDP (IIEP1997:7).

Perhaps the most serious limitation, however, is the fact that reporting on public expenditure only gives an indication of the government effort to increase resources for education, and not the contribution of the rest of the society. Since the share of total expenditure on education accounted for by public expenditure can be as little as 13-15% (as in Uganda and Cambodia) or as high 90% (Mehrotra 1998: 52, Bray 1998a:39), a clear picture of education expenditure must provide some insight into the private investments in education.

1. THE MIXING OF MONEY: PUBLIC AND PRIVATE FINANCING

The share of private and community contributions to the costs of both "private" and "public" schooling has increased since (although not necessarily as a result of) the Jomtien appeal for partnerships between all sectors of society to advance basic education. This trend marks a growing blurring of the distinction between the public and private sphere that is echoed in many areas of development.³

After a brief discussion of the nature and scope of private financing, this section overviews three sets of issues: the public/private schools distinction, the private financing of public education and the public financing of private education, and finally the issue of targeting expenditure to promote equity.

Information on private expenditure

Very few countries keep or systematically report national data on private or household expenditure on education, and there is no reliable global database on which one could draw to establish the global trends over the past decade. Most data are derived from household expenditure surveys, and these are often supplemented by surveys of schools, teachers and communities.

Private financing as a share of total expenditure

Estimates of private expenditure vary enormously from country to country and from study to study. Household contributions were estimated at 34% of the total costs of primary education in Kenya (World Bank 1995), while Bray's 1996 estimates ranged from almost 80% in Cambodia to around 10% in Indonesia. As a percentage of GNP they frequently exceed the share taken by public expenditure -- for example in Uganda private financing in 1992 was estimated at over 2% of GNP, while public financing was given as 0.6% (World Bank 1995).

3.1 Public financing and equity, access and quality

The experience of the last decade suggests that when public expenditure on education declines, there is almost always a decline in access and quality which inequitably⁴ impacts on girls, minorities, the poor and other marginalised groups. Yet it is also clear that increasing public expenditure does not automatically result in more equitable

access to quality learning opportunities for all.

The impact of reducing public expenditure on education during the 1980s on equity, access and quality is well documented, and was a key theme at Jomtien. The evidence from this decade confirms that when public expenditure on education is reduced, the consequence is almost always a significant drop in quality and this decline is experienced inequitably. The CEE/CIS states provide the starkest evidence of this, although unlike most situations the inequity has not been manifested so far in gender terms (MONEE 1998:20). The inequalities were most sharply felt between countries, and between regions and social groups within countries, with the emergence of small number of better-funded schools that cater to the elite. Stromquist cites evidence that in general negative changes in the economy cause a disproportionate increase in the work of women and children (Stromquist 1998:23). In the long run, this is likely to have an impact on girls' attendance and completion. The evidence from most parts of the developing world is that cutbacks in public expenditure do have a strongly negative impact of gender equity in schooling (e.g. Booth et al, 1996).

There is now quite strong evidence that increasing public expenditure in relatively well resourced systems does not automatically impact on equity or quality unless it is strategically targeted (Catterall 1997). This has led economists to constantly advocate the use of cost analyses in policy decisions, advice that is rarely followed by policy makers (King-Rice 1997, Tsang 1997, Heyneman 1997). There is strong evidence, however, that in a context of less resourced systems with low enrolment rates, and high demands on poor households, increasing public support to education generally significantly increases equity and access (Castro-Leal 1996, van der Walle 1995:1, Ablo & Reinikka 1998). The impact of increased public expenditure on the private or household resources that are mobilised is more complex. It is not an uncommon experience that when public support for education is increased, this can lead to an initial decrease in community financing. Such a process was noted in South Africa recently, and in India (Bray 1996:15-16), although this was not the case in Uganda. Where the impact of this reduced pressure on household financing serves to increase access for girls and other excluded groups, the impact could be greater equity. However, where it also means that the non-poor no longer contribute household resources, the impact could be less equitable since the possibility of shifting more public resources to the poor is reduced. Many strategies seek to use increased public expenditure to leverage additional private resources for education. Such strategies clearly have equity implications, and various approaches have been used to ensure more effective targeting of public funds to counteract the inequity. The issue of targeting of public funds is considered in a later section.

3.2 Blurring the distinction: public and private schools

The dichotomy between public and private schools is becoming less and less meaningful as the range of different models of schooling expands. In many cases the existing policies and procedures for management and accountability have not kept pace with this shift.

Public and private confusion

The UNESCO and other databases systematically compile information on the number of "private" schools and "public" schools. However, the criteria for distinguishing between public and private schools varies from one study to another, and from one system to another, so that aggregated data on the number or proportion of private schools within systems or

across them is frequently of limited value. UNESCO, for instance, reports that Lesotho has 100% of its primary schools as "private" schools, on the basis that they are run by church bodies, although the system is predominantly funded by the state.

A possible framework

Kitaev (1997) explored a number of ways of differentiating between private and public schools in a paper prepared for the Pan-African Seminar on the Financing and Financial Management of Education in Africa in October 1997, and subsequent discussions lead to a listing of at least policy and decision-making areas in which schools may differ on several continua from private to public. They are represented in a diagram in Fig 3:

Figure 3: Models of schools

Households	School managers	Local community	Community orgs	Local govt.	Central govt.
Ownership of buildings					
All facilities privately owned, on private land			All facilities publicly owned on public land		
Input into buildings					
All materials, supplies and labour from community			Buildings completely built and paid for by govt.		
Decision to establish school					
Community decides whether, where and when			Govt planners decide on school location construction etc.		
Control over curriculum					
Parents have total control over what is taught and how			Govt has full control over all aspects of curriculum		
Control over admissions					
Parents or school have total control over admissions			Govt determines admissions policies		
Control over teacher appointments					

Parents/school establish posts and fill them	Govt establishes posts and assigns posts and teachers to schools
Payment of teachers	
Teachers paid completely by community	Govt covers all teacher costs including salary, housing etc.
Control over supplies	
Schools decide and pay for supplies etc.	Govt provides all supplies

With respect to each one of these dimensions, any one school could be at either end, or somewhere in the middle, and establishing the degree of "privateness" of a school would depend on its location in respect of each of the dimensions. While the model does not provide a framework for determining whether a school is public or private, it points to the complexity that is frequently masked by simple categories.

Supply or demand oriented

The most common motivation for private schooling, or more private control of public schooling, is that private schools are, or should be, more "demand oriented" than schools that are established, run and paid for by the state. However, since the state has an obligation in terms of rights to ensure that every child has access to quality primary schooling, this demand-orientation may conflict with the compulsion on the state to ensure an adequate supply of schooling opportunities. Where demand for school places exceeds the supply, the issue of choice for most is moot. As Kitaev (1997) notes, "In an environment where choice does not exist due to general lack of schools (rural, remote, low density population areas) any school, be it public or private, becomes a public good," or, as Kremer 1995 (in Kitaev 1997) expresses it, "a natural monopoly".

The right to learn

From a rights perspective, it seems that perhaps the most important criterion for differentiation, if such differentiation is required, would be less concerned with the extent of public funding, and more focused on the issues of admissions, curriculum and standards. If schools are given the authority to exclude children who are legally entitled to schooling, responsibility to ensure that the child is accommodated in a school still lies with the state. Where there is a shortage of school places, the state would be obliged to ensure

Equity in the Balance: S. A. Schools Act

The South African Schools Act replaced the apartheid era categorisation of schools into state, state-aided (community, farm, mine, church etc.) and private with a simpler typology: public schools and independent schools. The category public schools includes a wide range of different models inherited from the previous system, including farm

admission of that child to another school, and could even have to support additional costs of transport etc. Under such circumstances it is hard to support arguments for state subsidy to such schools. On the other hand, in a context where there are sufficient schools with open access policies, state subsidies to schools which can refuse admission are often defended on the grounds that the subsidy may be a small proportion of the current state per capita subsidy, thus releasing public resources to target the schools in poorer areas. This raises complex issues of equity which have to be assessed in light of the particularities of the context.

schools, mine schools, community schools, state-aided schools, church schools etc. now all covered by common regulations regarding funding and governance. The flexible framework allows for different levels of local autonomy and funding within the public schools. Common to all of them is a requirement that they conform to state admissions policies. Independent schools, which are also subsidised, but at a lower level, are not bound by state admissions requirements.

A more flexible framework

While some policy statements and analyses may require a precise definition of the distinction between public and private schools, an alternative approach is to regard them as a range of different models within the national system. This makes less critical the interminable debate on the question of whether private schools are more effective and more cost-effective than public schools (see Carnoy 1998, West 1997, Burnett and Patrinos 1996, Samoff 1996, Hanushek (1995) Kremer 1995, Winkler and Rounds 1996, Kitaev 1997, Tsang 1997). Part of the reason different analyses can come to different conclusions on this question lies in the definition of private schools in the first place, and secondly in the widely different contexts in which such public funding of private education takes place. A broad overview of this debate suggests that the differences, where they exist, are usually quite minimal.

How private schools proliferate

Expansion of the number and range of schools that are not directly under the control of the state typically occurs in a number of ways. Frequently such institutions are established by individuals and communities exercising their right to establish such institutions in the absence of what they deem to be adequate provision by the state. In many of these cases there is an expectation that these "spontaneous schools" will be absorbed into the national system and become public or semi-private schools. In some instances the expansion of the private schooling sector is a direct consequence of state policies, such as the Chilean experience of the 1980s which provoked a massive expansion in non-state schools (Carnoy 1998). In some cases previously public institutions are "privatised" by being transferred or sold to communities or governing bodies either because the state is unable to maintain the costs of such schools (MONEE: 1998:83). Recent examples can be found in South Africa.

From a rights perspective

Analyses from a rights perspective of the subsidisation of private schools tend to argue against the practice (Hammarberg 1997:5, MONEE 1998:81). In view of the obligations placed on the state by the CRC, the key issue for the state is not so much whether, or to what degree, a particular school can be described as private or public, but whether the basic right

of equitable access to quality education is met by the range of provision options which constitute the national education system. The right of individuals to establish education institutions is protected by the 1948 Declaration of Human Rights; the obligation of the state is to regulate and monitor all institutions in the system to ensure that children's rights to education (and other child rights) are being met. This may require systems of registration, setting of standards in terms of quality inputs, processes and learning outcomes, and monitoring and enforcing such standards. In many cases, the rate at which the range of private and semi-private options has grown has not been matched by the network of regulations, financing mechanisms and monitoring systems required to meet the state's first responsibility to ensure equitable access to quality learning for all.

3.3 The public financing of private education.

The range of strategies which channels public funds to private, semi-private or community-controlled schools has expanded as rapidly as the range of models of schools.

This section explores briefly some of the key mechanisms for using public funds to support "private" education. As noted above the distinction between public and private institutions has become increasingly blurred, and possibly much less important. This is particularly the case with various models of "community schools", a term which covers a wide variety of models with varying degrees of state control and state financing.

Demand-side financing

Demand-side financing is a term used by the World Bank to describe a range of interventions which involve the application of public resources at the school or community level, i.e. putting the resources in the hands of those who "demand" education, rather than those who supply it. The classic form of demand-side financing is the school voucher by which individuals are granted a state allocation to spend on education in any public (and sometimes private) school. The idea is not a new one. Adam Smith suggested that government vouchers be granted to parents for the purchase of education from the private sector in the late 1700s (NBSA 1995).

Many forms of demand-side financing

The range of demand-side financing strategies goes well beyond school vouchers, however, and includes community education funds, targeted bursaries, matching grants, capitation grants and various forms of public assistance to private schools (Patrinos & Ariasingam 1995). Within each of these categories lies a wide range of different approaches, which reflect the different objectives that underlie them. In the developed countries the strategies have largely been designed to promote efficiency either through increased choice (competition) or greater local control. Virtually all strategies claim to be intended to improve quality, while the emphasis in most developing countries has been to use demand-side strategies to promote equity, through targeting.

Vouchers

With regard to vouchers, the evidence to date is not very encouraging. Even in communities

where the supply of school places exceeds the demand, so that some choice is possible, a relatively small percentage of parents opt to use vouchers to gain access for their children to better public or private schools (Willms and Echols 1992). The impact of such choice has generally been to widen, rather than narrow, the urban-rural, lower income/higher income and gender gaps (Levin 1995 in Carnoy 1998). The assumption that greater competition for pupils stimulated by a voucher scheme would improve poorly performing public schools is not supported by the evidence (Carnoy 1998:316). When vouchers were introduced in Chile in 1981 as part of the Pinochet regime's "de-governmentalisation" policy, they were associated with a steady decrease in total real spending on education (including private expenditure) (Carnoy 1998:317). The Chilean experiment also points to a substantial decline in equity -- wealthy families were more likely to be able to use vouchers to obtain access to private schools. There was also a decline in learning achievement — scores declined for lower income schools until the democratic government introduced a targeted quality improvement programme for lower income schools (Espinola 1993). The evidence on the cost effectiveness of voucher schemes is also mixed, and, like the evidence on private schooling generally, suggests that while public schools may cost marginally more in terms of public funds, private schools make greater demands on household expenditure, and the differences in overall per capita expenditure are often minimal (Kitaev 1997, Tsang 1997).

Implementing demand-side finance incentives

Problem	Demand-side finance mechanism	Implementation issues
Direct costs	Tuition waiver/fee exemption;	Schools may charge other fees;
	Student loans	Loan collection;
	Mixture of private funding and govt grants	Protection of the poor
Indirect costs	Stipends	Selective admission policy, socially divisive, transport costs
	Vouchers	May be misused; school may increase tuition fees
	Scholarships	May be misused or not reach target group (local politics)

Infrastructure	Community financing	Sustainability
Low valuation of schooling	Social marketing	Marketing may not reach target population
Source: Patrinos & Ariasingam 1997:14		

Capitation grants

The school voucher is, in effect, simply a strategy to link the flow of resources to the location of pupils (demand), rather than to the location of schools (supply). The issue is moot if there are regulations which prescribe which institutions should be attended by which pupils (such as zoning laws), and frequently the reform consists of a relaxation of the zoning laws, to allow pupils some choice of institution (either between public schools, or semi-public/state aided, or private schools). The evidence on such reforms is that they tend to benefit the parents who have the resources to move their children to another school, and disadvantage the poor (MONEE 1998:82, Carnoy 1998). Many countries have capitation grant systems that incorporate elaborate formulae to address many different dimensions of equity. Some systems have even provided for additional grants linked to school or district performance. Overall, the lesson seems to be that these formulae can increase equity in resource allocation when applied at the level of allocation of funds to provinces, or district or local governments, but become more difficult to implement when applied to individual schools.

The equity conundrum

Policies frequently provide that capitation grants should be equal for all pupils in all schools, and that pupil:teacher ratios should be equalised. These are in and of themselves perfectly reasonable proposals for equity. If, at the same time, policies provide for a fixed graduated salary scale for teachers, however, it can create what has been described as the equity conundrum (see fig 4). The solution has been to permit some flexibility with regard to teacher salaries (as in El Salvador, Chile), or to permit flexibility with regard to pupil:teacher ratios. Capitation grants of this type when applied to individual schools or communities can have the effect of encouraging schools to get rid of more experienced (and expensive) teachers, in favour of less experienced (and cheaper) teachers, especially in communities which cannot afford to subsidise teacher costs from private resources. The trade-offs in terms of quality and equity have to be monitored carefully. Funding formulae which attempt to ensure equity by either supplementing the "foundation grant" with fund allocated according to income criteria in the region, or on the basis of an assessment of the revenue base of the district have been used extensively in the USA. Recent evidence suggests that their equalising impact has been relatively small (Odden & Clune 1998)

Community education funds (or school improvement grants)

There have been a number of experiments with community

The Community Education Fund in Tanzania

education funds as a "demand-side financing" strategy. These involve directing public funds (often raised through aid or loans) directly to communities and giving them some discretion over the expenditure of those funds. Funds are deployed for capital costs (often on a matching grant basis), school supplies, teacher upgrading, or other quality-enhancing inputs. Such schemes are usually aimed at expanding access and improving quality, but can also be targeted to address particular disadvantaged communities or groups. Early experience in Latin American countries with school improvement grants in Argentina, Brazil, Chile, Cost Rica, El Salvador, Mexico, Nicaragua and Venezuela helped establish some early lessons on which later initiatives in Africa have built (Schiefelbein 1997:13, Machado 1998).

The CEF pilot is a matching grant programme for primary schools designed to increase enrolment, improve quality and increase parental participation. The pilot fund involved an investment of some \$5.m. the programme involves four basic steps:

1. The primary school (typically the teachers and possibly the school committee, led by the head teacher) draws up a three year plan;
2. Parents and local govt adopt the plan and democratically agree on a per pupil contribution and pay their half;
3. The ministry, through CEF matches parents¹, community and district contributions according to a sliding scale that favours poorer schools;
4. Schools account to parents and the project for their expenditures and performance against the school plan. If satisfied they provide the rest of their contributions, which are also matched.

Source: CEF Project documents, 1997

Some lessons

Frequently funds are provided to communities on a matching grants basis, and some schemes propose differential matching grant ratios, so that poorer communities are subsidised at a higher rate. Often community funds are allocated on the basis of school development plans that aim to address major education problems, such as low girls' enrolment. It is fairly early in the life of many of the recent batch of schemes for a systematic distillation of the lessons, but a number of preliminary lessons can be distilled from the experience to date:

- Without intensive capacity-building, many communities lack the expertise and infrastructure to manage community funds (Sumra 1996);
- NGOs can play a useful role in providing information and in mobilising communities to apply for community funds or school improvement grants, but there is also a tendency for them to target the schools which are easiest to mobilise (in terms of accessibility or capacity);
- Officials from the education department need to be directly involved with implementation, including designing and delivering (or supervising the delivery) of any training or capacity-building programmes;

- Even when strategies provide for differential ratios to counteract the equity implications of matching grants, authorities find it difficult to implement such differentials, and frequently the net effect is a greater flow of funds to relatively more wealthy communities than to the poorest.

Other forms of public support to community schools

There is a significant and rapidly growing literature on the wide range of institutions which have emerged under the broad label of "community schools", and it will not be revisited here. Some of UNICEF's most innovative and successful initiatives have been related to support for the establishment of various models of community schools. While there is some evaluation of these initiatives in terms of impact and equity, there is far less hard information on the costs. The most common support in UNICEF programmes has been in the form of supplies (both for construction and school supplies), which is matched, in many cases by community inputs in the form of labour, in addition to community efforts to organise themselves sufficiently to develop a school development plan.

Scholarships, bursaries

The search for more effective strategies for targeting public support to education, especially the focus on addressing the inequitable impact of direct and opportunity costs for girls, has led to a number of initiatives involving scholarships or bursaries targeted at the "able poor" -- students (often girls) who have shown academic ability to benefit from schooling (most often at the secondary level), but are at high risk of dropping out of school. Two examples of such initiatives are the widely described and well-known programme in Bangladesh to the more recent programme in Tanzania (GSES) initiated by the World Bank. The range of different approaches and implementation strategies means that it is difficult to generalise lessons, but some of the issues that have emerged from experienced are summarised below:

- Involvement of the local community in the identification of candidates for bursaries is critical, and careful arrangements must be made for accountability and transparency;
- Availability of information about the bursary scheme is critical for equity;
- If bursary amounts are small, they can result in channelling recipients to the poorer schools thus exacerbating inequities;
- When schemes award bursaries purely on the basis of proven academic ability they discriminate against the children who have already suffered exclusion or the effects of poor quality education;
- When schemes are extended to girls with lower academic performance, they must be supplemented with remedial programmes to ensure that the effects of previous disadvantage are addressed;
- Schemes that involve the identification by the community of candidates rather than application by the candidates are sometimes perceived as assigning a "stigma".

3.4 The private financing of public education

The decade since Jomtien has witnessed a rapid expansion in the range strategies to mobilise private funds for public or community schools.

Definitions

The terminology relating to private financing of education often results in considerable confusion.⁵ A helpful framework is offered by Reddy and Vandermortele (1996). They propose that "cost-recovery" should be used to apply to contributions in cash rather than in labour or in kind, and not usually assessed in direct relation to the service delivered. This would include contributions to building funds, school development funds etc. "Cost sharing" in this context refers to contributions that are in kind or in labour, and also not directly related to the service delivered. "User fees" refers to cash contributions which are more directly related to the service delivered (closer, then, to a price than a tax), and "community financing" is a wider phrase which applies to contributions in cash or in kind, which are made by both users and non-users of the service, and which are co-managed by the community. While these distinctions prove helpful in any single discussion, the terms are used interchangeably in much of the literature.

Types of expenditure

Studies tend to report private costs in terms of direct and indirect (or opportunity) costs, and some studies identify income from households and income from other private sources. Bray has demonstrated the wide range of different elements that constitute private costs, which points to the hazards in trying to compare across studies. Household surveys often do not capture the full range of cost items. Bray lists 25 separate "fees" and other costs on a receipt from a school in China, where education is officially free (1996:19).

In looking at direct private costs, Bray makes a useful distinction between "in-school" costs, such as fees, textbooks and uniforms, and "out-of-school" costs, such as transport, pocket money etc. (Bray 1996). A distinction is also made in some studies between payments for recurrent and capital costs or between payments in cash or payments in kind. The costs of items such as uniforms, food, and shoes have to represent estimates of the additional cost of the school-related item over, for example, food provided at home, or other clothes that would normally be worn.

User financing

The distinctions offered above make for clearer discussion of the issues, especially when the concern is to reduce or contain private costs. For the purposes of this discussion they will be treated under the broad heading of user financing. The term is used broadly to refer to user fees and cost recovery in cash or kind, as well as various community financing strategies which involve generation and/or control of revenue by the community, rather than simply the school.

The evidence on user financing in education suggests that more often than not, fees

discriminate against the poor in favour of the non-poor (MONEE 1998, Mehrotra 1998, Booth et al 1996). Colclough notes that even increasing fees at the secondary level can have the effect of reducing enrolment at the primary level (Colclough 1993). Reddy and Vandermortele identified the key lessons from experience on the issue of user fees for basic social services. They are summarised:

- Because of the nature of basic social services (as public or merit goods), price signals do not necessarily guarantee greater efficiency or effectiveness;
- The scale of funds which can be mobilised through user charges should not be overestimated;
- There is no guarantee that user charges will automatically promote greater accountability or responsible use of resources;
- User charges frequently result in sharp reduction of use of services, particularly among the vulnerable, the marginalised, and the poor;
- Protecting the poor through differential fees has proven extremely difficult in practice, and can be costly;
- User fees often exacerbate gender differentials;
- User financing requires significant investment in capacity building;
- User financing can undermine political support for universal coverage;
- User financing does not empower beneficiaries in the way that recognition of basic social rights does.

Principles for cost sharing

The Addis Ababa Consensus on Cost Sharing in Sub-Saharan Africa, reached at a meeting which included ministers and senior policy makers from 17 Sub-Saharan African countries represents an important basis for negotiating consensus on the issue of cost sharing (used here to refer to all forms of user or community financing of health and education services). The meeting

Addis Ababa Consensus on Cost Sharing

A SUMMARY

1. Cost sharing should be considered only after an examination of other options: tax reform, budget restructuring and expenditure targeting.
2. Some benefits to cost sharing (i) limit financial burden; (ii) overcome practical and managerial obstacles.
3. Costs must be contained and efficiency improved by state before considering cost sharing.
4. Basic education should be free and other costs should be minimised.
5. Cost sharing should be integrated into comprehensive sector strategy.

distilled a list of 15 principles (see box) which provide a useful basis for negotiating policies. The principles start from the position that cost sharing in the provision of basic social services is a necessary evil that should, as far as possible, be regarded as a "stepping stone" towards other financing options. The value of the consensus is that in recognising the inevitability of a certain level of cost sharing in a context of basic social rights, states are required to develop policies which are aimed at limiting the most inequitable consequences of cost sharing, rather than acting as if user financing does not occur.

6. Resources generated should be additional not substitute for existing public commitments.
7. Cost sharing must lead to immediate and measurable improvements in access and quality.
8. Cost sharing must be accompanied by special measures to protect the poor.
9. Non-discretionary exemption schemes are preferred, from the point of view of efficiency.
10. Involvement of beneficiaries is critical to success and sustainability.
11. Community participation and management must not substitute for government's responsibility in financing and management.
12. Communities should be made fully aware of the principles.
13. Local management committees should be locally elected and fully accountable to the community.
14. Cost sharing must be carefully tested and piloted before implementation at scale.
15. Cost sharing must be regularly monitored and evaluated.

3.5 Targeting, equity and rights

While many user or community financing schemes can pose a challenge in terms of equity, access and quality, they will constitute a critical element of financing strategies for the next decade. Income-related approaches to targeting of resources have had very uneven results. The evidence suggests that broad categorical or geographic targeting rather than more complex systems may be more cost effective and equitable.

While the EFA Declaration does not specifically require primary education provision free of fees (although the CRC does), the acknowledgement of every child's right to education would make the exclusion of any child from schooling for failure or inability to pay a fee a violation of that child's rights. Yet it is consistently recognised that many countries will simply not be able to meet their obligation to honour the right of every child to education without strategies to mobilise resources from other sources. In many cases communities mobilise resources and organise education provision simply because of the failure of the state to do so. This is becoming increasingly the case for countries where the state has a seriously diminished capacity to mobilise resources for social services. The number of such countries has increased over the decade with a growth in the number of countries affected by civil or military conflict, or struggling with the transition from socialist economies, or newly established countries without revenue generating infrastructure, traditions or expertise (MONEE 1998).

Some benefits

In addition, as was recognised at Jomtien, while private financing has largely been introduced because of the inability of the state to meet the full costs of provision, a wide range of benefits are seen as possibly flowing from community involvement in the financing of schools, in terms of quality, equity and efficiency (Bray 1998, Mehrotra and Vandermortele 1997, ECA 1997). A clear lesson of the decade since Jomtien is that the private financing of primary schooling is a phenomenon that is unlikely to diminish if even the modified targets for universal access are to be met. The challenge for policy makers is to identify the approaches to private financing that reduce inequities in access and quality rather than exacerbate them.

Targeting the problem

The observation noted above by Reddy and Vandermortele that protecting the poor through price discrimination has proved extremely difficult was based largely on experience in the health sector. Their comment that exemption schemes had proved costly or difficult to administer applies equally to education. Attempts to discriminate between individual recipients on the basis of income have proved very complicated, and have met with very limited success (Grosh 1994, in Reddy and Vandermortele, Geldbach 1994). The experience of targeting in Zambia shows that targeting was generally not implemented by principals, while the complexity of the requirements for targeting in Zimbabwe tended to discriminate against the poor. The evidence from the recent experiment with school fees in South Africa (which permits schools to determine fees and exemption policies) is not encouraging. It appears that many schools are unwilling to implement exemption schemes, and although legislation provides that no child may be excluded on grounds of non-payment, the evidence is that children are often excluded on other grounds, or parents are shamed into withdrawing their children.⁶ Where targeting may have been more effective is where it is aimed at a clearly and easily identifiable category (e.g. girls) or at a particular region or district.

3.6 Private sector support for education

There has been some progress in some countries with involving the private sector in supporting education, both public and private. Experience so far suggests that there is considerable potential in private sector involvement, but there are also hazards to be avoided.

The growing corporate economy

Late last year Time Magazine reported that the world had passed a critical threshold. In that year, for the first time ever, 50 of the world's 100 largest "economies" were corporate rather than national. Clearly there are problems with comparing corporate balance sheets with national GDPs, but the message nonetheless is a clear one — the private sector is becoming a more and more powerful force in the process of globalisation as the state shrinks. As with so many of the trends in the 1990s, this was anticipated at Jomtien, with the appeal for wider involvement of the private sector in the innovative partnerships which it advocated.

A focus on the business community

The private sector, broadly defined, includes communities, private schools, NGOs and community organisations, and various levels and forms of the business community. In this

section the focus will be on the business community, and the possible roles it can play in supporting education. Since businesses are, by definition, highly competitive, their communities tend to be rather loosely defined and focused around specific common interests.

Business support for education can come in the form of individual benefactors, large (Ted Turner or George Soros) and small (the local butcher sponsoring a parents' event at the local school). Large multinational corporations tend to dispense their resources through NGOs or foundations, while national corporations and conglomerates, sometimes organised nationally, or by industry, or geographically or individually, often commit considerable funds through corporate social responsibility programmes, and have considerably more resources which could be accessed (e.g. training facilities, infrastructure, expertise). Local level businesses, both large and small, either individually or through chambers of commerce or industry, often have the potential to play a useful role in promoting quality and access for all.

Public-private partnerships for social development in Botswana

After two years of careful lobbying and relationship building, UNICEF Botswana and the Government of Botswana launched, in 1996, "Molaletsa" as part of their country programme. This private sector initiative is designed to mobilise the resources of the private sector for education, not through raising funds, but through building of partnerships and coalitions. It encourages social responsibility programmes within companies, and the adoption of social projects supported by individual companies.

Partnerships are conceived of as mutually beneficial, and resources mobilised by the private sector include: management expertise, specialist core business skills or products; marketing skills, networking ability and networks, training capacity, leverage and advocacy with government.

The business of business is business

While philanthropy is probably no more or less common in the business community than in any other, a major possible resource for support to primary education lies in corporate social investment programmes of major companies. Many businesses become involved in supporting schools or education initiatives to directly benefit their employees, and others seek to gain visibility in the community and market, or seek brand name exposure, improved corporate image or access to future or potential markets (teachers, students and their parents). Much business support for education comes from direct commercial interests (textbook publishers, stationery suppliers, building contractors).

While there is a long history of private sector support for education in many countries, it is not well documented. In CEE/CIS, the close relationship between the state enterprises and some schools and education systems illustrated some of the potential benefits (and hazards) of closer links between employers and educators, and the widespread ending of these relationships has had severe consequences for education, especially ECCD (MONEE 1998, Bray 1987). These were not strictly private sector enterprises, but they played an important supportive role that is missed. Some experience of private/public partnerships in education can be found in Latin America, and the emerging lessons listed below draw on that literature, as well as literature which examines such partnerships in industrialised countries (Puryear, M

(ed.)1998, NBSA 1995). The education sector has a fair amount to learn from the health sector which has had more direct experience of the relationship of basic social service provision and the private, for-profit sector (Slater & Saadé 1996; Shaw & Griffin 1995). Some lessons to draw on for discussion:

- An important starting point is the education of senior public sector officials about the nature of the private sector, and of senior business officials on the nature of the education sector, and their possible interests in it. Public/private forums can play a useful role here, but they must be focused on delivering some visible outcomes if they are to succeed;
- Before approaching the private sector it is important to identify the role it is already playing in support of education — both government officials and often business people themselves are often not well informed on this;
- While the business community can play a constructive role as a donor, its contribution is potentially much wider than that, involving sharing of expertise, training and other facilities, bridging the school-employer gap, marketing an organisational skills;
- When the relationship involves financial support, there are often no established mechanisms to channel private funds through public institutions in ways which meet the accountability requirements of both;
- Public resistance to private sector involvement in schools and education is often based on well-founded suspicions of commercial interests clashing with those of children. Business communities often take quite narrow approaches to curriculum issues (such as a heavy focus on vocational training etc.). Such relationships have to be monitored closely by the education authorities and communities.

4. MANAGING COSTS FOR EQUITY, ACCESS AND QUALITY

Any strategy to mobilise public and private resources for education must be matched by a programme to manage the costs of provision in such a way that equitable access to quality learning opportunities is obtained at minimum costs. In part this has to do with policies, and in part to do with the way in which the system and its resources are managed.

This section briefly considers strategies to manage the costs of education to ensure the greatest degree of equity in access to quality education. It starts with consideration of some key issues in budgeting and management, and goes on to consider, briefly, strategies to reduce the major cost factors responsible for unit costs: internal efficiency, teacher costs, construction costs and textbooks and supplies.

4.1 Managing the Money

The drive to decentralise control of financing, sometimes driven by a concern for efficiency or effectiveness, but often as part of a strategy to mobilise more private

resources for education has demonstrated the need for effective management of resources, through more systematic budgeting and implementation at the national level, to more capacity-building for financial management at the local, district and school level.

Do budgets really matter?

A recent study of budgets and public spending on education and health in Uganda asks this provocative question. It concludes that in many countries, budget allocations can be very misleading in explaining outcomes and informing policy, especially when institutions are weak (Ablo & Reinikka 1998). In Uganda in 1991-5, less than 30% of the funding intended for non-salary public spending reached the schools, and most of the capitation grant was retained and used in district offices. A tightening up of the salary system revealed that close to 20% of teachers were "ghosts" and were removed. While this may be an extreme example, it points to an important problem — identifying the resources is one thing, but their effective allocation and management is crucial to ensuring their impact.

From incremental budgeting to programme budgeting

Under various forms of structural adjustment programmes countries such as Zambia have been forced for many years to operate on a cash budget, which made planning and proper educational development almost impossible (Nkamba et al 1997). A large number of countries are in the process of switching from incremental budgets (adjusting the previous year's budget by a figure up or down) towards programme budgets, which attempt to link resource allocation more closely to policies and programmes. (see for example Péano & and Rahaririake 1997, Madamombe 1997, Kunene et al 1997, Daboué et al 1997, Konate et al 1996). One major limitation of this is the persistence of historically entrenched spending patterns despite the best intentions of budget reform, so that frequently officials resort to forcing the programme budget framework to accommodate the historical expenditure patterns (Péano 1997). A very important lesson is the necessity of involving other ministries, especially the ministry responsible for the budget, in the policy development cycle.

Information for budgeting

The switch to programme budgeting, or at least a more policy-driven approach to budgeting, requires a great deal more information than is frequently available. A move to programme budgeting can have the effect of accelerating the acquisition of information for planning and budgeting, and therefore, for management. If the budget and expenditure system is linked to performance indicators (for example, in terms of quality improvement and equity targets), this adds an extra incentive to promote the development of better monitoring of outcomes.

Decentralising financial management

The debate about decentralisation is perhaps one of the central themes of this discussion of the financing of education, and many of the issues have been explored in the preceding sections. The MONEE report offers a very helpful analysis of the issues around decentralisation, and we will not revisit them here, save to summarise some of the key lessons which relate directly to financing and financial management:

- Reporting the proportion of total expenditure expended at each level of the system

does not adequately reflect the extent of real decentralisation of power; far more important indicators are the degree of decentralisation of decision-making authority over such issues as: teacher salaries and appointments, pupil:teacher ratios; purchasing of supplies; school construction and maintenance.

- Decentralising revenue-raising authority can help to mobilise additional resources, but can exacerbate inequalities;
- Redressing inequalities in revenue-raising capacity through differential funding formulae can be an effective way of addressing the equity problem, but can also have the effect of building incentives not to raise revenue locally;
- "Official" policies regarding financing from the centre may imply a level of decentralisation which is not matched by realities on the ground, where communities have had to institute unofficial fund-raising and management strategies;
- While block grants provide more discretion, and therefore more potential for efficiency savings, to local governments, categorical grants (which prescribe the way in which funds can be expended) are sometimes preferable where the management capacity or the political will does not exist to ensure that resources are expended equitably. Many systems use a combination of block and categorical grants;
- Central governments, as signatories of the CRC, will always have a prominent role in promoting learning achievement for all children. They "cannot decentralise [their] responsibility for ensuring ... a minimum level of provision ... for as many children as possible. This duty overrides any advantage of increased local accountability." (MONEE 1998:72)
- In terms of equity in resource allocation, much decentralisation of school financing serves to exacerbate rather than reduce inequities. The benefits of decentralisation are more related to improvements in efficiency (on which there is a very mixed record) and quality, in terms of relevance.
- It is critical to have absolute clarity regarding allocation of responsibilities, powers and functions to each governance level if decentralisation is to promote rather than inhibit efficiency and quality;
- Decentralisation of authority must be accompanied by allocation of resources, or authority to generate revenue, and supported by capacity building to ensure effective financial management.

Managing private costs

Private costs are, in large part, determined by public sector policies with regard to public financing, and policies on issues such as teacher salaries, uniforms, books, fees, and the extent of revenue raising and management authority which is delegated to communities and schools. There is strong evidence that such policies can have a very significant impact on the direct costs (especially in-school costs), while a range of other policies can be used to tackle indirect or opportunity costs.

Relatively simple reforms which have minimal impact on learning (such as uniform or dress requirements) can have a very significant impact on direct private cost, while state authorities can target public expenditure on items such as textbooks and teacher support materials in poorer areas or areas of special need. In addition to this, a network of strong regulations and effective monitoring is required when direct costs stem from unofficial or illicit charges levied by teachers or communities, a practice which is becoming widespread, especially where teachers' incomes have fallen precipitously (MONEE 1998, Bray 1998b).

Opportunity costs

The costs in terms of lost income or labour incurred by households and individuals when a child attends school can often be greater than the direct costs, especially in a context where children's labour is an important component of household income (Fiske 1995), or where their labour is important for the survival or wellbeing of the household (UNICEF 1998 Girls at Work). Various attempts have been made to quantify opportunity costs (e.g. Bray 1998a, Tsang and Kidchanapish 1992). These calculations must rest on a wide range of assumptions about potential income or income earning capacity. When such calculations are based on a local situation with identifiable and predictable dynamics, they can provide an indication of the resources that would be required to encourage parents to send their children to school. However, the further such calculations are from specific contexts, the less meaningful and helpful they become. Precise measuring of opportunity costs in general is less important than a recognition of the impact they have on decisions to participate in school, and the mobilisation of strategies to address them. Two of the lessons to emerge are:

- Some of the apparently successful strategies have been to use cash or other incentives that help to outweigh the opportunity costs of school participation. However, the issue of sustainability is a critical consideration here;
- Opportunity costs can be reduced through more flexible approaches to schooling which make it possible for children to carry out some domestic duties or work and still participate in school. In the interests of equity, this would need to be supported by strategies aimed at promoting more equitable allocation of work in the home.

4.2 Internal efficiency

One of the greatest cost drivers in education systems in many developing countries is the very high rate of repetition and dropout. Increasing internal efficiency is a key strategy for reducing the costs of education. It requires a carefully planned set of strategies that may include automatic promotion, supported by quality enhancing and monitoring strategies.

While the pressure to reduce or eliminate repetition and drop-out should be more driven by concern for children's development and well-being, the massive costs which they place on the poorest education systems make them an important focus of cost and financing policies. In many systems throughout Africa, Latin-America and Asia repeaters constitute more than 20% of enrolment (UNESCO 1995), while in some countries the official figures are even higher — Togo was reported to have a repetition rate of over 46% in 1995 (Eisemon 1997). The UNESCO IBE estimated the cost of repetition in these regions to be over US\$5 billion

per year, or more than double the whole of multilateral assistance to the education sector (in Eisemon 1997). When the economic wastage of high dropout (often of repeaters, who are much more likely to drop out) is added, some estimates place the cost at as much as one third of public expenditure on primary education (Chuard & Mingat 1996 in Eisemon 1997). In addition, it is widely recognised that repetition figures frequently underestimate the size of the problem. Recent studies in Latin America suggest that actual repetition may be "one third to twice that reported by governments" (Eisemon 1997). A recent survey in Mauritius reported actual repetition rates of 25% rather than the official rate of 6%. UNICEF's own experience with household surveys yields statistics widely at variance with official repetition data.

A complex web of causes

The reasons for repetition and dropout have been shown to be a very complex web of inter-related factors from both the household/community (demand) side and the school (supply) side. Eisemon writes about a "culture of repetition" which has taken root in many countries (particularly those with Francophone, Lusophone or Spanish educational traditions). He shows how, while repetition in the lower grades generally affects poorer students, in some circumstances (such as Burundi) repetition is a privilege reserved for the more academically able, who compete to get a second chance to earn a place in the secondary schools (Eisemon 1997).

Automatic promotion

The most frequently cited strategy to reduce the costs of high repetition is a policy of automatic promotion (Mehrotra & Vandermortele 1997) which has been implemented in many countries with varying results. As a low cost strategy with very significant efficiency gains it has considerable appeal. However, experience has shown that unless the efficiency gains are not often as great in reality as expected — in many countries the "culture of repetition" is so strong that principals will conceal repetition long after official policies of automatic promotion are implemented. A second lesson is that unless supported by steps to boost or protect quality, in many systems of automatic promotion move through the system and then accumulate at the exit point — in Zimbabwe about 40% of grade 6 students were found to be repeaters despite a policy of automatic promotion in the earlier grades (Eisemon 1997). Other strategies include introducing incentives to reduce repetition. In Bolivia, for instance, primary school teachers receive salary supplements if their students are promoted, while in Burundi schools are identified for special monitoring if their repetition rates exceed certain levels (Eisemon 1997).

A combination of strategies

The complex and context-specific nature of the causes of dropout and repetition means that the strategies to address them will vary considerably, and in all cases need to be multi-pronged. This applies to the range of demand-side interventions (nutritional support, abolition of child labour, subsidies to cover direct and opportunity costs, location of schools near to homes etc) as well to the range of school-based strategies (including automatic promotion, revised promotion policies) which are as numerous as the factors which influence quality and access in the first place. It is clear that reducing or eliminating repetition or dropout is a vital cost management strategy, and equally clear that the savings generated must be reinvested in quality improvement if the reform is to be cost effective as well as cost

saving.

4.3 Teacher Costs

Managing teacher costs does not necessarily imply reducing teacher salaries, which in many cases are already very low. Lowering teacher costs also involves more efficient teacher utilisation and deployment, more effective use of para-professionals and community members, but the costs of protecting quality while implementing these strategies substantially reduce the savings.

Teachers are the most expensive, and the most important, resource in the education process. Teacher costs as a percentage of total education expenditure range from 40% (Botswana) to 90% (Ethiopia). In the primary education sector this figure is consistently in the range between 85% and 99% for almost all developing and least developed countries (UNESCO 1998b), although there is some distortion in this data since all systems report some (largely non personnel) expenditure which is not attributable to any sub-sector.

Teachers cost too much, but earn too little

The challenge of teacher costs derives from the very low level of funding of many education systems, such that even though teachers consume up to 99%⁷ of current primary education expenditure, they frequently have real incomes that are significantly below the absolute poverty line. A study done by UNICEF and UNDP in 1995 of public service salaries found that, in five African countries studied, the entry-level salary for teachers was between 30% and 50% of the absolute poverty line. (Adebayo, Green & Janha 1995). In the former Soviet republics teachers' salaries ranged between 41% and 105% of the average wage. (MONEE 1998) In Georgia, teacher salaries were about one third of the subsistence minimum in 1997, and most teachers had resorted to supplementing their income through private lessons or other commercial or subsistence activities (MONEE 1998). The average real income of a teacher in Zambia is less than 44% of what it was in 1980 (UNESCO 1998a), although in most countries in Africa real salaries of teachers have risen, except in Francophone countries. Mingat's multivariate analysis of costs in the Sahel concludes that high teacher costs are by far the most important factor responsible for

Teacher Salaries and GDP per capita

Ratio of Average salary to GDP per capita			
Region	No of countries	Range (%)	Average (%)
WCAR	10	12.8 – 0.8	7.3
ESAR	11	15.4 – 1.4	5.9
Asia	12	4.7 – 0.9	1.8
TACR	12	2.8 – 0.5	1.79

Highest ratios in each region:

Mali (12.8); Ethiopia (15.4);
Bangladesh (4.67); Suriname (2.81).

the poor performance of the region with regard to net enrolment. The wide range of factors that determine teacher salaries extends far beyond the purely economic, and includes historical and cultural factors. A consequence of this is that countries of similar level of economic development in the same region can have radically different teacher salary structures.

Lowest ratios in each region:

Ghana (0.8); Mauritius (1.42);
Thailand (0.9) Argentina (0.5)

From; Mehrotra 1997

Teacher salaries and the labour market

The conclusion that was reached by the Farrell and Oliveira (1993) was that comparison of teacher salaries between countries is of rather limited value, and that "teachers should be paid as much as is necessary to attract and maintain people with the desired qualifications." There is certainly evidence that government pay policies are responsible for wage misalignment and real wage rigidity in CFA countries (Rama 1998). Mingat shows how the level of teacher salaries in Sahel is 7.3 times GDP, whereas it is less than 2.7 times GDP in developing countries outside of Africa. (Mingat 1998). When Senegal recruited "volunteers" to teach in schools at one-third the civil service salary, there were 28 candidates for every opening (Mingat 1998). This general rule of permitting the market to determine teacher salary levels is probably a good starting point. There are issues of rights, however. If, for example, the market yielded a greater supply of women than men seeking teaching posts, this would not justify different levels of remuneration.

Teacher utilisation

In CEE/CIS countries, despite the drop in real income for teachers, there has been an overall lowering in the pupil:teacher ratios since 1990, and in many countries an increase in the number of teachers, despite falling net enrolments (MONEE 1998). Pupil:teacher ratios (which frequently conceal very substantial variations in class sizes) vary widely from one country to another. In 1995 ratios ranged from 20 — 25 in countries like Jordan, Indonesia and Bolivia, to as high as 60-63 in Bangladesh and Burundi. In Latin America, when teacher salaries fell during the 1980s, pupil:teacher ratios fell in most countries, and similar trends can be found in Africa, except in the Sahel, where pupil:teacher ratios have tended to increase, even as real salaries have dropped. The increase in pupil:teacher ratios could be interpreted as lowering teacher productivity, but where the ratios declined from very high levels this could imply possible gains in terms of quality. On the other hand, where ratios are lowered to levels below 35 or so at the primary level there is a strong case for arguing that teacher utilisation is not optimal. Once again, the challenge is to find the balance point where the gains in more efficient teacher utilisation are not outweighed by the costs in quality, or the costs of protecting quality.

Teacher contact time

Teacher utilisation is not merely measured in terms of pupil:teacher ratios — apart from the wide range in class sizes which such ratios conceal, the number of hours which each teacher works varies very considerably from one country to another (see box). Bray gives figures for 77 countries which average between 24 and 26 hours per week in all regions except Central Europe and former USSR, which had an average of 20,8 hrs per week. Within these averages, figures ranged from 34 in United Arab Emirates to 14 in Uzbekistan (Bray 1998b:17). Even these figures represent only the official figures, and the actual teaching hours would reflect teacher absenteeism, a significant problem in many countries (MONEE 1998). Frequently teacher utilisation rates are a result of geographic dispersal of the teachers. In areas where pupil density is low, pupil:teacher ratios tend to be higher, and the most effective strategy used to tackle this problem is multi-grade teaching, where one teacher manages a class with small number of pupils in a number of different grades. The evidence is that this can be very successful if teachers are given the correct training and support — an added cost. Most frequently, however, teachers tend to be attracted to urban areas where ratios are often lower than in rural areas. There is a growing body of experience in the redeployment of teachers, with the experience in Guinea most often cited as an example of a successful approach (Condé 1995). Other strategies include paying teachers supplements for teaching double sessions, resulting in an increase in earnings, and a decrease in per pupil costs (Mehrotra and Buckland 1998).

Teacher contact hours in first 4 years of basic education

Selected Countries	Ranking (out of 86)	Hours
High		
Philippines	1	4333
Mauritius	8	3608
Jamaica	20	3420
Low		
Lao PDR	75	2412
China	82	2144
Macedonia	86	1896
AVERAGE FOR ALL		3018

Source: UNESCO/IBE World Data on Education; CD-ROM 1996

Employing cheaper teachers

Beyond more efficient utilisation of teachers, the most successful strategy used to keep per pupil teaching costs down has been the lowering of the average cost of teachers by employing unqualified or underqualified teachers, teacher aides or volunteers. In countries where the demand for teaching places far exceeds the number of teaching posts, it is possible to recruit qualified personnel at significantly lower salaries, as in the case of Senegal, which recently recruited additional teachers at one third of the civil service rate (Mingat 1998). This assumes that the teacher unions are either over-ruled — as in the case of Chile (Carnoy 1998) or induced to support the policy, as was the case in Senegal. Zimbabwe is an example of a country that employed large numbers of unqualified teachers at significantly lower salary levels, and then introduced training programmes to upgrade the skills and qualifications of the teachers. Frequently the less qualified teachers are employed by the

community, as in Chad, at half the cost of civil service teachers (Mingat 1998). The BRAC project in Bangladesh provides the most oft cited example of the use of untrained community women as teachers, at very significantly lower salary costs.

The cost of cheaper teachers

However, reducing the average cost of teachers by recruiting cohorts of cheaper teachers comes at considerable cost. The threat to quality is an obvious and most often cited one. While Chung (1996) argues that training of teachers in-service costs less than a third of the cost of pre-service training, the costs of the ZINTEC programme, and the impact on the salary budget as the teachers qualified for higher salaries finally resulted in a modification of the system which left large numbers of underqualified and poorly paid teachers in the system. While BRAC could pay community women at a fraction of the cost of government teachers, so that teacher costs represented only 29% of total expenditure, the teacher support, supervision and training costs led to unit costs which are very close to those of government schools (UNICEF 1993). In Senegal, too, the injection of 6 000 teachers at one third of the cost of civil service teachers is being regarded by the unions as a temporary strategy, and it seems unlikely that the teacher unions will tolerate a two tier system in the long run. Mingat describes the "volunteer" teachers in Senegal, the community employed teachers in Chad, and the contract teachers in Guinea as temporary initiatives, and asserts that additional changes will need to be put in place to make the reforms permanent (Mingat 1998).

Some lessons

- Employment of unqualified or less-qualified personnel must be accompanied by strategies to provide ongoing support in the form of curriculum materials, inservice training and guidance. These bring with them attendant costs that must be taken into the calculations when estimating the cost savings in employing less qualified teachers.
- Inservice education of teachers supported by distance education is often favoured over preservice training as a strategy to rapidly expand the supply of teachers, and provide a stock of relatively low cost teachers, the evidence is not conclusive on the cost effectiveness of the approach.
- It is possible to significantly reduce teacher costs by employing unqualified personnel and still achieve good quality learning, but much of the savings must be reinvested in development of curriculum and support materials, and in inservice training.
- The support of teacher unions can be a key factor in strategies to restructure salary scales and/or employ lower qualified or lower cost teachers.
- Expansion of the teaching force using unqualified teachers who undergo training to become qualified can impose serious and unaffordable cost consequences as the teachers qualify for higher salaries. Planning of such expansions should take account of this factor.
- Community participation and support has been a critical factor in almost every initiative involving expansion of the teaching force while controlling costs. This has involved communities actually meeting employment costs of untrained teachers and teacher aides, or supplementing the salaries or non-salary costs, or relieving the state

- of other costs, such as school construction or teacher housing.
- Merit award systems for teachers, which are based on some measure of teacher performance, have proved largely unsuccessful and expensive, since education is essentially a team-related exercise. There is some promise in approaches which reward teams or institutions for improved performance. (Kelley 1997)
 - Restructuring teacher career ladders so that teachers progress through a graduated process of certification offers some possibilities for more effective targeting of expenditure on salaries (Heyneman 1997:14)

4.4 Construction Costs

Considerable savings can be achieved through community involvement in school construction, particularly when community labour is mobilised. However, again, this requires careful monitoring to ensure appropriate designs, effective management and equity in terms of costs to communities.

UNICEF determined some time ago that it should move from building construction to focus on education issues. Yet a substantial proportion of our programmes at country level contain a substantial element of support to construction, often in the form of provision of building supplies. To date there has been no systematic attempt to draw together the lessons from this experience. There is a growing body of research on the issue from other agencies more directly committed to school construction, and a brief overview of some of the issues which emerge from that work follows.

Flexibility in designs

Different contexts require different levels of control in terms of minimum design standards. Some situations may benefit from use of "open" building systems which allow standardised building components to be assembled in a variety of ways (Benyon J 1997). Other systems benefit from less standardisation and much lighter regulation to avoid stultifying local initiative, but all systems require some regulation with regard to basic standards.

Community labour

While community labour and community input are very important strategies to contain costs of construction, it is not always safe to assume that classrooms built by villagers are less costly over time than those built by contractors (Williamson 1983). Bray also points out that community decision-making does not always lead to best designs and maximum cost effectiveness (1998:20). This does not detract from the importance of community involvement, but focuses attention on the need for better information on construction costs.

Better information on construction costs

While there is a growing body of highly technical knowledge on cost effective approaches to school construction, this information, and the ability to use it in determining policies and standards, is rarely available to those responsible for making decisions on community-based construction programmes. In many cases UNICEF may be supporting, with logistics and materials, building programmes that are not particularly cost effective. Much research exists,

but the lessons have not been assembled in a way that will influence many practical programmes on the ground.

4.5 Textbooks and Learning Materials

Significant savings can be achieved through strategies for textbook production, distribution and management, but the strategies and the savings will vary substantially from one context to another. As long as UNICEF is involved in supporting textbook production and supply, it must develop strategies to learn from the lessons of experience.

No country spends more than 1% of its total budget on textbooks (Oliveira 1994). It is therefore not an area that has attracted much attention in terms of cost reduction. Yet the potential impact of good textbooks on the quality of learning has long been recognised, and it has received considerable attention in terms of their value as an investment in quality. As with school construction there is a large and growing body of experience that captures the some of the lessons learnt over the last decade. Unfortunately much of that experience resides in the offices of international agencies and very often it has not penetrated to the level even of national authorities, let alone to district offices and schools where a large number of critical decisions are made regarding the textbooks. Some issues that emerge are summarised below.

Separating development, publication, printing and distribution

Whereas governments frequently took responsibility for the development, publication, printing and distribution of textbooks and curriculum materials, the trend over the decade has been towards dividing responsibility for the various elements, and assigning responsibility to different actors for different functions. This has meant a move away from wholesale "privatisation" as a reaction to highly inefficient state controlled systems, to more flexible approaches.

Textbook costs and equity

The costs of textbooks can be a very important factor influencing decisions among poor students to attend school, and policies that require parents to bear the costs of textbook purchasing can be highly inequitable.

Textbook policies and change

Effective textbook policies take time, because they involve the building of capacity in terms of policies, skills and systems, and this frequently creates tension with reform initiatives which see textbooks as a quick way to make an impact on quality (Oliveira 1994). There is a trade off between strategies that will deliver materials to children in classrooms very quickly, and the more extended process of building real indigenous capacity at the country level. Effective system change involves bringing these two objectives closer together.

A wider range of options

The decade has seen the emergence of a wider range of strategies for meeting the need for

textbooks in a cost effective way, including low cost newsprint, textbook rental schemes, textbook libraries. What is needed is a more systematic compilation of the best experience gained from these various approaches so that more informed decisions can be made at the level of countries.

Textbooks and information technology

The first flush of enthusiasm over the "desktop publishing revolution" which was supposed to revolutionise textbooks and teaching materials in the 1990s has faded into memory. Much of the optimism about it rested on a misplaced belief the challenge lay in better and cheaper publishing techniques, and that, given the facilities, teachers and enthusiasts could generate and use good learning materials adapted for local use. However, there have been examples of effective interaction between textbooks and other information media, particularly in the case of interactive radio (Bosch 1996). It remains to be seen whether the next phase of the information revolution, with the dissemination through the internet of materials and expertise globally, can bring about a new revolution in curriculum development and materials development.

5. EXTENDING THE SYSTEM'S REACH

While the focus of many countries will remain on expanding the formal schooling system to accommodate all children, many countries in the next decade will have to devote energies to extending the system to those children who continue to remain beyond its reach, even when capacity exists.

This will require greater flexibility of the system to accommodate less formal approaches, incorporating judicious use of modern and conventional information technologies, and more systemic flexibility such as accelerated learning. Taking innovative approaches to scale at this level essentially means incorporating them into the wider system. This requires a more flexible and responsive system, and a focus on cost management and cost effectiveness in pilot innovations which is not typical of many innovative approaches to reaching the unreached.

Costs of closing the gap

The decade has demonstrated that even in countries that have made significant progress towards EFA, there are children who remain beyond the reach of the conventional schooling system. While the Jomtien declaration recognised the need for more flexibility in delivery modes, and for incorporation of nonformal approaches into the education system, there has been less progress in this area than in extension of the conventional system. Especially in those countries which have achieved near full enrolment in basic education, there will be a focus over the next decade on developing new approaches to extend the reach of the formal system to the children identified in Article 3 of the World Declaration on EFA: "the poor, street children and children who work, populations of rural or remote areas, ethnic, racial and linguistic minorities, refugees, persons displaced by war, populations under occupying regimes". In many cases addressing the learning needs of such children simply requires more effective policies to provide access to schools; but in other cases more creative strategies are required which will extend the reach of the system through a more flexible approach to delivery.

Going to scale

While it has been demonstrated that the costs of extending the reach of the system to the hard to reach can be substantially higher (Tsang 1994), a key challenge of the next decade will be to identify the creative strategies which will extend the reach of the formal system. The weakening of the role of the state in education funding in many countries in political transition, or affected by conflict or economic crisis, has yielded a range of initiatives which often employ less formal approaches to reach children excluded by the formal system (IIEP 1997). Among the more innovative (and familiar) approaches are the various models of accelerated learning (USA, Uganda), BRAC and Escuela Nueva and many initiatives modelled on them, SERVOL in the Caribbean (IIEP 1997). The majority of the innovations of the last decade or two have been pilots which have been implemented on a small scale often by NGOs and communities, but few have succeeded in the challenge of going to scale. A challenge for the next decade is to identify the factors that determine success or failure in going to scale, which in essence means incorporation into the national system. Sustainability is thus a critical factor, and one that is all too often not a key element in the innovations that are piloted, nor a factor that is adequately assessed in evaluations.

The promise (and the threat) of technology

The promise in the use of new information technologies during the last decade was recognised at Jomtien, but few could have anticipated the rate at which technological advances would progress. While new information technologies still hold the promise of extending the reach of the system, the evidence of the last decade is that the new information technologies have also widened the gap between the information rich and the information poor both within countries, and, massively, between them. Since Jomtien the tendency has been to focus on less expensive technologies in developing countries, such as interactive radio, which have proved very cost effective (Bosch 1996). The promise of the new technologies is a massive extension of the range of media which can be used for distance education but, while costs of technology continue to decline, modern information technologies remain largely unaffordable for implementation on any scale at classroom level in poorer countries (Oliveira 1994, Potashnic 1998).

The choices, however, are not as stark as they might sound. Two promising directions are the use of information technologies (especially the internet) to support curriculum development and teacher education, and the possibility of less costly hand-held devices in classrooms that can perform more and more complex information processing functions. The notion of "wiring" every school in systems that do not even have classrooms, toilets or basic equipment is clearly unrealistic. The cost of providing internet access for every ministry of education's curriculum development service and teacher training division is manageable. The possibility of providing school clusters, teacher resource centres and community education centres access to teacher education and curriculum development resources via the internet is becoming more and more feasible in many countries. The potential benefits are the possibility of "leap-frogging" to counter the threat of information marginalisation. The choice for developing systems is not whether or when to join the information revolution, but in what ways. The ever-widening array of information technologies, from the printed page to the internet interactive interface, provides a wider range of options to enable countries to reduce the additional costs of reaching the hard to reach, and greatly enhance the quality of teacher development.

Accelerated learning

One emerging strategy for extending the reach of the existing system that could have enormous implications for system costs lies in the growing momentum behind various initiatives in accelerated learning strategies. Not only does accelerated learning offer the possibility of extending the reach of schooling, but it has the potential to address one of the most persistent system challenges to system efficiency. The consequence of decades of exclusion or inadequate system capacity is whole cohorts of children who are overage for their class level.

Chung (1997) offers a calculation of the efficiency gains which could theoretically be derived from a system which provided accelerated learning programmes for overage children, enabling them to complete the primary phase in three to four years, and thus catch up to their peers and move into the system. [See box]

Regrettably while there are many initiatives already in place, there is very little in the way of well-researched data to demonstrate that the theoretical gains promised by accelerated learning have been delivered.

Nonetheless, accelerated learning offers a very important possibility for significant cost and efficiency gains that will be critical for systems congested by overage children and persistent repetition.

Accelerated Learning in Tanzania: efficiency gains

In a proposal to UNICEF Tanzania office in 1997, Chung proposed a two-stream approach that would involve 60% of children enrolled in the primary phase in a shortened four-year programme instead of the normal 7 years.

Her model projected a total of 1 280 000 overage pupils who would move through the system in four instead of seven years, a saving of 3 840 000 pupil years. At the average per capita current costs of Tsh 450 (1991 costs) per pupil, this would yield a theoretical saving of Tsh1.7bn over three years.

While clearly actual savings would be substantially below the level predicted by the model, at 50% implementation they would constitute a significant saving.

Based on field visit report January 1997

6. KEY STRATEGIES FOR THE NEXT DECADE

Three basic strategies for making education more affordable are discussed: the redefinition of the role of the state, the mobilisation of more public resources for education, and greater transparency on issues of costs.

If the next decade is to witness a reinvigoration of the drive to meet the basic learning needs of all prompted by the Jomtien Declaration, there must be an even stronger focus on the cost and financing aspects of system change. Many of the highly creative innovations of the decade have not been designed to demonstrate their cost effectiveness, and continue to languish as promising pilot initiatives. Most of the issues discussed above are already being implemented in programmes to expand enrolments and improve quality, and they will

continue to be critical. Taking them to scale will involve better information not only on their costs and but also on their benefits in terms of quality learning outcomes. This section suggests three areas of particular focus for UNICEF in the next decade.

6.1 Redefine the role of the state

The role of the state has been gradually transformed by decentralisation, the growth of the private sector and the blurring of the public/private distinction. Frequently policy and legislation do not reflect this transition, and the state, in retreating from its role as the principal provider of education, has often lost sight of its core responsibility in terms of the CRC: as guarantor of the rights of every child to equitable access to quality learning. In systems with a large proportion of private and community "providers", the state must reassert its role as principal funder of basic education with ultimate accountability for quality and equity in the system. States must extend their regulatory reach to cover a wider range of provision options, and target public expenditure to promote greater equity and quality. This will require a more strategic approach to decentralisation, a more effective role in setting and monitoring standards and greater transparency in cost and financing issues.

The state as provider or funder

The CRC formulation commits States Parties to "make" education "available", but offers no specific requirements regarding who should provide such education, while the Jomtien formulation uses the passive voice "... shall be provided ..." in Article 3. Article 7 (Strengthening Partnerships) states that "[n]ational, regional and local educational authorities" have a "unique obligation to provide basic education for all", but immediately adds "but they cannot be expected to supply every human, financial or organizational requirement for this task". Burgess makes a powerful argument for a continued central role for the state in financing education, particularly at the basic level, on the grounds that there are "pervasive externalities associated with [education] provision which are not captured in private calculations of costs and benefits" (Burgess 1997:326).

Setting standards and monitoring performance and equity targets

As a signatory of the CRC, every central government accepts the responsibility to ensure the access of every child to quality education. This is a responsibility that cannot be delegated. Burgess' arguments for the state playing a central role in financing of education are powerful. However, this does not necessarily imply that states must see themselves as the sole or principal providers of education. Increasingly education systems are developing multiple institutional models for delivery with a wide range of different

From fiscal equity to educational adequacy

"We have concluded that state school financing systems [in USA] are ageing and in need of substantial repair. While they have been relatively successful as vehicles for increasing revenues for education, they have been only moderately successful in remedying spending disparities across districts. School finance formulas are becoming disconnected from movements within education policy that seek to encourage higher levels of performance - that is, student achievement."

funding relationships to the state. As the principal funder of education, the state is well positioned to use its power to ensure that public resources are effectively targeted to counteract the inequitable consequences of increased private funding of education.

Odden and Clune go on to argue for a shift from "fiscal equity toward educational adequacy" as the basis for setting financing equity targets.

Odden and Clune 1998

As states develop strategies to share the burden of education provision with a wider range of partners, they must assertively retain their control over standards and equity, not only through lean but effective regulation, but also through the setting of equity and performance targets for themselves, for other levels of government, and for communities. There are strong equity arguments against state subsidy to fully private or for-profit schools (MONEE 1998). However, the state can use its public resources to ensure that the wide range of semi-private schools which have evolved in most countries remain part of the national system of provision, and help to meet the obligation of the state to meet the basic learning needs of all children. The effective targeting of public resources to ensure equity requires better information on private expenditure on education and greater transparency to promote accountability at all levels.

6.2 Mobilise more public resources for education

Comprehensive advocacy for greater public expenditure is essential, especially in those countries that commit relatively small shares of GNP and national budget to education. The early promise of debt relief and debt swaps must be brought to reality. More international resources for education programmes can be mobilised and applied more effectively through SIPs, SWAPs and other partnerships that are carefully designed to ensure proper government ownership, and consistent monitoring for equity and quality. These strategies will help to reaffirm the state's central role as the principal funder, if not provider, of education.

Some countries continue to underspend on education

Public expenditure on education as a percentage of GNP declined from 2.9% to 2.5% between 1980 and 1994 in the least developed countries, and it remains below 3.0% — 3.4% (on average) in Asia. The correlation between public expenditure and enrolment rates is far from consistent, but low public expenditure is a common feature of almost all low-enrolment countries. It is vital to continue to advocate, and to support education ministries in their own advocacy for a greater share of public expenditure. This should be complemented by wider public advocacy, greater transparency and better data on the education system in general and education expenditure in particular.

Debt relief, debt swaps

The early part of the decade witnessed a growing recognition and acceptance of the need for effective strategies for debt relief and debt swaps, (Helleiner 1993, Saravanamuttoo & Shaw 1995) and considerable publicity around the HIPC. Progress, however has been abysmally

slow, and there is now an open acknowledgement that new strategies must be put into place to expedite debt relief (Economist 1998). Without substantial debt relief it is clear that millions of children in the highly indebted countries will continue to be deprived of their education rights well into the next decade.

Mobilising international resources

While the decade has witnessed a steady and systematic decline in ODA generally, the latter part of the decade has seen a number of strategies that hold some promise for progress. Apart from the 20/20 campaign, the shift from structural adjustment programmes to a range of potentially more equitable and flexible approaches, such as SIPs and SWAPs, provides some promise for the future. As these programmes take shape and develop it is critical for agencies committed to advancing children's rights in education to monitor them closely to ensure that they do, in fact, serve the interests of children and do not simply constitute structural adjustment with another face. The success of these programmes depends on governments with strong vision and effective leadership, creative responses from aid agencies to achieve effective coordination around the national development plan, and constant and effective monitoring of progress in terms of quality and equity.

6.3 Greater transparency in cost and financing issues

The evolution of more flexible, diversified and decentralised systems implies a need for greater transparency on cost and financing issues to enable public authorities to play their role in setting and monitoring standards and equity, and communities to make informed decisions about expenditure options, and to hold the state accountable for its role. This will require a range of new indicators.

Private share, public share

The state cannot formulate financing policies which will ensure that its expenditure is effectively targeted without good and well disaggregated data on community costs and contributions. It is encouraging that the Committee for Children's Rights has asked all countries to collect data on private costs of education (Hammarberg 1997). Communities cannot assess the extent to which they bear an equitable burden of costs unless they have good, easily interpreted information on public expenditure. Effective decentralisation depends on a strong state with a clear vision and effective mechanisms for monitoring and ensuring standards. It also depends on competent, democratically accountable authorities at local and community level to monitor and hold accountable the central state. Both of these depend on good, publicly available information on the costs and financing of the system.

New indicators needed

Not only is data on the cost and financing of education often inaccurate, incomplete and out of date, there is also a need for data to be collected on a new set of

Benefit incidence analysis and gender

Distribution of annual education spending per capita

indicators which will provide a fuller picture to enable the state, local authorities and communities to monitor and advocate for equitable access to quality learning. Indicators of equity in the costs and financing of education are particularly limited. There is considerable promise in the use of fairly simple methodologies such as benefit incidence analysis (Castro-Leal) [see box], as well as such simple indicators as cycle costs as an indicator of efficiency. One of the standard indicators of education expenditure, expenditure per pupil as a percentage of GNP per capita has a serious limitation when used to compare countries with significantly different net enrolment rates.

1994/5 (Malawi Kwacha)				
Quintile	Males	Female	Total	Share
Bottom	63	43	53	20%
II	72	54	63	23%
III	69	58	63	21%
IV	71	55	63	20%
Top 20%	67	66	67	16%
Average	68	54	61	

At the primary level, the gender difference is about 25% in favour of boys. At the secondary level (not shown here) girls receive half the spending of boys and at the tertiary level, boys receive 7 times as much as girls.

From Castro-Leal 1996

It provides an indication of how expensive education is in any country, but it does not provide a good indication of the resources being committed in respect of every child. It should be matched by calculation of the expenditure per school-age child in the population as a percentage of GNP per capita. Measures of teacher salaries as a share of GNP per capita need to be supplemented by indicators of teacher salaries as a multiple of the absolute poverty level, a "teacher poverty index". Better measures of "teaching costs" which focus on the costs per pupil per contact hour will help to balance attention on teacher costs and remuneration. Private/public expenditure ratios would yield useful information to planners and communities. The development of new indicators which empower communities, governments and the international community to make more informed decisions about the allocation of resources to achieve equitable access to quality must be accompanied by a commitment to gather and make publicly available data on those indicators at every level, from the local to the global, and disaggregated by gender and other key equity dimensions. The information revolution offers considerable potential in engendering greater accountability in the cost and financing of education into the next decade. The limitation is not technological, but political and human.

7. CONCLUSION

Quality costs, but quality pays

The experience of the last decade has demonstrated that, while there are many strategies to promote more cost effective use of public and private resources for education, there are no

short cuts to quality. The lesson of the decade is, perhaps, that in education, as in most development issues, quality costs, but quality pays.

Learning — the ultimate expenditure target

While much attention has been focused over the decade on reducing costs and expanding access to meet the targets set in 1990, insufficient attention has been given to the ways in which cost and financing strategies impact on equity and quality. In a recent review of economic analysis and education policy Catterall (1997:297) bemoans, somewhat cynically, the "ever untenable assumption that our education systems rationally strive to maximise a consistent and clear objective function — student learning would be nice." Economists of education have long decried the consistent failure of education policy makers to base their policy choices on calculations of the cost effectiveness of various policy options (see, for example, Hanushek 1997, King-Rice 1997, Tsang 1997). This is partly because, as many economists recognise, policy choices in education, as in most policy areas, are based on a far wider range of political considerations than cost benefit analysis. But it is also because few policy makers or education policy analysts have much confidence in the indicators of learning outcomes upon which such analyses are based. We can know the costs, we are not measuring the benefits. The challenge of the next decade will be to find ways in which the resources mobilised for education can be directed more purposefully to achieve not simply system expansion, but real returns in terms of learning outcomes. This will require a state willing and able to direct its resources strategically, better indicators, better and more disaggregated data and greater transparency in the costs and financing of education. And it will require wider consensus on reliable measures of learning achievement so that the impact of decisions about resource allocation and resource utilisation, at every level, can be more directly focused on the Jomtien goal of meeting basic learning needs. The CRC demands nothing less.

Endnotes

1. American Association of School Administrators, (1998), at www.aasa.org/stats/2-23-2-27.htm
2. The Colclough and Lewin (1993) study does attempt to address this issue.
3. "The Public-Private Boundary", a project undertaken by the World Bank Policy Research Department examines some of these dynamics and their implications for public policy (www.worldbank.org/html/prddr/fp-ppb.htm).
4. Argentina during the 1980s provides an illustration of an exception to this rule - economic growth was very uneven, but enrolment growth proceeded unabated (Parrada 1998)
5. There is a well established and growing literature on private financing of education, including work by Bray (1996, 1998a, 1998b), Colclough (1997b), Evans and Rorris (1994), King (1997), Tsang & Kidchanapanish (1992), Mehrotra (1997a, 1997b, 1998), and numerous studies undertaken by the World Bank. This section does not attempt to replicate that, but simply point to the key trends arising from it.

6. Recent discussions with UNICEF Office in Pretoria.

7. Calculations of primary education expenditure often do not include overall system administration costs, and therefore share of personnel costs may be somewhat overstated. The share expended on teachers would be lower if system overhead costs were assigned on some pro rata basis across the subsectors.