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Strategies for Financing Education

Public Funding and Changing Aid Modalities*

N.V. Varghese#

Abstract

The education system in the developing countries expanded substantially in the 1960s, almost doubling enrolment at the primary level. This expansion was facilitated by increase in public expenditure on education during this decade. The private funding of education was limited during this period. Another source of financing education was external funding - multilateral and bilateral aid to education. In the 1980s, the fiscal crisis dried up the public sources to support education, and enthusiasm among the donors waned. A revival of funding from both sources occurred during the turn of this millennium, which was partly due to the international pressure on national governments to protect education budgets and on agencies to increase aid commitments. This short paper discusses some trends in the public financing of education and education aid as an introduction to the theme of the International Working Group on Education (IWGE) meeting held in Stockholm in June 2010, namely, Financing education: redesigning national strategies and the global aid architecture. This paper argues that there is scope for improvement in the intra-sectoral allocation of resources and targeting of education aid to the least developed countries and balancing of intra-sectoral allocations.

* The opinions and views expressed in this paper are of the author and hence should not necessarily be attributed to the institution where he is employed.

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Introduction

The end of colonialism and political independence of the countries in the south encouraged a move towards mass education programmes. The education system in the developing countries expanded substantially in the 1960s, almost doubling enrolment at the primary level. This expansion was facilitated through the public education institutions and hence public expenditure on education grew substantially during this decade (UNESCO, 1970). The private funding of education was limited during this period. Another source of financing education, other than public financing, was external funding – multilateral and bilateral aid to education. External funding came both from the former colonial powers and from the competing cold war power blocks.

In the 1980s, the fiscal crisis dried up the public sources to support education and enthusiasm among the donors to fund development activities in the developing countries waned. A revival of funding from both sources occurred during the turn of this millennium, which was also partly due to the international pressure on national governments to protect education budgets and on agencies to increase aid commitments. This short paper discusses some trends in the public financing of education and education aid as an introduction to the theme of the International Working Group on Education (IWGE) meeting held in Stockholm in June 2010, namely, *Financing education: redesigning national strategies and the global aid architecture.*

This paper argues that there is scope for improving the targeting of public funds for education in the least developed countries by closely examining the intra-sectoral allocation of resources in line with the expansion needs of the sub-sectors, on the one hand, and better targeting education aid to the least developed countries and better balancing of intra-sectoral allocations, on the other. The plan of the paper is as follows. The next session discusses some trends in the public financing of education. Section 3 discusses some trends in aid flow to education, followed by a discussion on aid modalities in section 4. The final section makes some concluding observations as a prelude to the IWGE presentations.

Public Financing of Education

A higher level of public expenditure on education seems to be positively associated with the level of development of education in a country. This is primarily due to the fact that education in most countries was mainly a public-funded activity. The advanced countries in the post-World War II period invested a higher share of their national income in education and experienced more rapid progress in the education of their population.

How much should be invested in education? Is there an optimal share of national income to be invested in different levels of education? These questions, although very important, remained unanswered for a fairly long time. The answers to these questions to this day remain more a matter of informed speculation than of conclusive evidence generated from empirical analysis. Some of the attempts in many regional and world conferences to reach international consensus on these issues remained inconclusive for decades and non-implemented even today.

For example, the Santiago Declaration of 1965 argued for an allocation to education of 4 per cent of the gross national income (GNI); the Tokyo Conference set the target of 5 per cent by 1980; and the Addis Ababa Conference fixed a target of 6 per cent by 1980. The

International Commission on Education for the Twenty-first Century re-asserted that 'as a rule of thumb, not less than 6 per cent of the GNP should be devoted to education' in developing countries that have not achieved universal primary education (International Commission on Education for the Twenty-first Century, 1996: 165).

The reality is that many countries even in this century invest less than 6 per cent of their GNI in education. For example, in many Asian countries the average share is less than 4 per cent, and in some countries it is only 2.5 per cent (Tilak, 2010). In fact, in a good number of countries, this figure declined between 1990 and 2007. In African countries, too, the share is on an average between 3.5 per cent and 4.5 per cent, and some of the countries such as Guinea, Chad, Zambia, Congo etc. allocated less than 3 per cent of their GDP to education in 2007 (Hinchliffe, 2010).

How has public expenditure on education changed? Looking at the past decades, the following trends can be noted: (i) a low share of education expenditure in national budgets in many countries in the 1960s; (ii) an increase in the share of education allocation in national budgets in the 1970s; (iii) a decline in this share in the 1980s; (iv) a recovery and stabilization in budgetary allocations to education in the 1990s; and (v) a continued increase in the share of education in the national budgets in the 2000s (Varghese, 2002).

The trends in intra-sectoral allocation of resources indicated that when the share of resources for education declined in the developed countries, the share for basic education also declined, while an increasing share was allocated to the higher education sector. In the developing countries, on the other hand, when the share of allocations to education increased, the share allocated to basic education increased while the share allotted to higher education declined.

The North America and the Western Europe regions, which account for 10 per cent of the 5-25 age group population, account for 55 per cent of education expenditure. On the other hand, Sub-Saharan Africa (SSA), which accounts for 15 per cent of the 5-25 age group population, accounts for only 2 per cent of public expenditure on education (Burnett, 2010).

In 2005/2006, the average share of public expenditure on education across 33 SSA countries was 20 per cent. It should be noted that the intra-sectoral allocation of resources indicates that in a majority of the least developed countries, especially in the SSA region, more than 50 per cent of public resources in education are allocated to primary education; the average share of total education expenditure allocated to secondary education was 28 per cent during this period. This is much lower than the average of 43 per cent recorded for countries of South and West Asia (Hinchliffe, 2010). The high share of resource allocation to basic education is also due to the conditionalities of external funding (aid), including resource transfer through Fast Track Initiative (FTI), which stipulates that at least 50 per cent of the resources should be targeted to basic education. Even with the increased share of public funds flowing to basic education, there will still be a financing gap to achieve EFA goals by the year 2015.

The success of EFA programmes and the resulting expansion of primary education is putting pressure on the post-primary levels of education to expand. There is a need to take the expansion needs of post-primary levels into account when allocating public resources. While the economies of the developing countries have been growing faster, larger numbers of qualified persons are required to sustain this growth. The amount of resources gained from the cost recovery measures adopted in public institutions of education – especially at the tertiary level – although important, will not be sufficient to meet the resource requirements. Since post-basic levels are not priority areas for education aid, these sectors need to rely more on public funding to meet their expansion needs. Some regions such as East Asia, Latin America etc. are moving towards shifting the resources to post-primary levels of education. The argument is not to reduce resource availability to basic education but to look at the intra-sectoral balances in resource allocation based on the expansion needs of the sub-sectors of education.

Even if there is a change in the intra-sectoral allocation of resources in favour of post-primary levels of education, it may not be sufficient given the overall low level of public spending on education. Given the improved levels of economic growth in the developing countries, they should be able to allocate a larger amount and an increasing share of public resources to education. The post-basic levels of education may be the beneficiaries of such increase.

Foreign Aid and Education

Foreign aid was adopted as a strategy for fostering development based on a belief that the underdeveloped markets of the developing countries will not attract private capital and foreign direct investment . Given the lead role of the public sector in development during the post-colonial period, government-to-government aid developed as the best mode of resource transfer from developed to developing countries.

Aid support was always linked to the foreign policy of the donor countries. Aid was considered a good instrument to promote democracy, prosperity, peace, and to contain communism (Coleman with Court, 1993; Tarnoff and Nowels, 2004). The pattern of aid flows indicates that European foreign aid went mostly to their former colonies; US aid more to those countries that were aligned with them (Moyo, 2009); and Soviet aid flowed more to countries that supported them politically.

With the end of the cold war, the contribution of aid to development came under closer scrutiny in the 1990s. With the collapse of the USSR, investing to contain communism became less rewarding (Degenbol-Martinussen and Engberg-Pedersen, 2003). Consequently, external aid as a share of the national income declined in many developed countries (IIEP, 1995). Some of the reasons for the decline of aid in the 1990s were: (i) fiscal problems in OECD countries; (ii) the end of the Cold War; and (iii) the dramatic growth in private capital flows to developing countries (World Bank, 1998).

Aid budgets have been rising in this millennium, especially in the early 2000s, primarily due to an increase in overall aid flows, and the share of those flows that was channeled into education. Overall aid flows increased from around US $ 50 billion in 2000 to US $ 80 billion in 2004, and were pledged (at G8 summits in Gleneagles in 2005 and L'Aquila 2009) to increase from US $ 80 billion in 2004 to US $ 130 billion in 2010, and half of this increase (US$ 25 billion) was directed to Africa. However, the estimated increase for 2010 fell short by around US $ 20 billion and US $ 18 billion for Africa (UNESCO, 2010).

There has been an increase in the share of aid to GNI in many countries. The European countries have committed to an aid-to-GNI target of 0.56 per cent by 2010, and the UN set a target of 0.7 per cent by 2015. While five countries surpassed the UN target, the average ODA accounts for only 0.48 per cent of the GNI. Italy, Japan, and the USA are considered to be the least generous G8 donors. The economic crisis has further threatened the possibilities of enhancing donor contributions to meet the targets.

The share of education in development assistance remained stable in the DAC budgets at a higher share of around 11-12 per cent in the 1970s and 1980s. Aid to education as a share of the DAC budget has declined to around 9 per cent since the 1990s. However, development assistance in real terms already started a downward trend by the late 1980s (UNESCO, 1986; 1990), which accelerated in the 1990s. Between 1991 and 2000, grants and concessional loans to developing countries declined from US $ 60/ billion to US $ 50/ billion per annum. Aid to education also declined from US $ 5 billion to US $ 4.7 billion during the same period (UNESCO, 2002). The total aid to education increased from US $ 6.4 billion in 2002 to US $ 12.1 billion in 2007.

Intra-sectoral Priorities in Aid Distribution

At present, enrolment in primary education is universal in developed countries and is expanding rapidly even in the least developed countries. According to the Education for All (EFA) Global Monitoring Report (GMR) 2010, the net enrolment ratio in primary education between 1999 and 2007 rose from 80 to 86 per cent in developing countries, and the number of primary school age children out of school fell from 105 million to 72 million (UNESCO, 2010). The expansion of primary enrolment has already resulted in increased social demand for post-primary education and increased pressure on the latter to expand. Between 1999 and 2007, the global gross enrolment ratio in secondary education increased from 52 to 61 per cent and in higher education from 11 to 26 per cent (UIS, 2010).

The effect of the expansion of primary enrolment is already visible at the post-primary levels of education as was predicted during the World Education Forum in 2000. Despite the Forum noting that secondary education is the 'missing link' in the EFA agenda, public investment and aid flows have not kept pace with the expansion requirements of the post-primary levels of education. The GMR report notes that 'progress towards universal primary education brings increased demand for secondary education – and secondary schools have a vital role to play in training teachers. Investment in post-primary education is also important in developing skills that strengthen prospects for economic growth' (UNESCO, 2010: 228).

Basic education has rightly become a priority area for external funding, especially following the Jomtien Conference in 1990. Consequently, there was a shift in aid by many agencies from higher to primary education. The World Education Forum in Dakar 2000 reaffirmed aid commitments to primary education. The establishment of the FTI in 2002 further formalized external support to primary education. All these efforts contributed to increased external aid for education (by around 42 per cent between 1999/2000 and 2003/2004).

Basic education received US $ 1.45 billion in 2000, accounting for nearly 31 per cent of the total aid to education. Aid to basic education increased from 31 per cent in 2000 to 38 per cent in 2004 and further to 41 per cent in 2008. Although the World Education Forum stated that 'aid to post-primary education is justified in terms of Dakar commitments' (UNESCO, 2010: 228), its share declined from 62 per cent in 2002 to 59 per cent in 2008; the share of aid allocation to post-secondary education declined from 48 per cent to 42 per cent during the same period.

Aid commitments to education by countries indicate that the contributions are dominated by a few countries such as France, Germany, the United Kingdom, Japan, the USA, etc. Some of the major donors such as France and Germany allocate more than 70 per cent of their aid to post-secondary education. Japan also allocates a major share of education aid to post-secondary education. The Netherlands, the United Kingdom and the USA, on the other hand, allocate a major share of their aid to basic education.

It seems there is scope for better targeting of aid for education among the countries. At present the low-income countries account for 49 per cent of aid to education, while middle-income countries account for 40 per cent of total education aid. Nearly 60 per cent of the aid in the low-income countries goes to basic education while around 60 per cent of aid in the middle-income countries goes to post-basic levels. There may be scope for exploring possibilities of targeting a higher share of education aid to the low-income countries which may help allocate a part of the additional allocations to post-basic levels of education, or alternatively release domestic public funding more in favour of post-basic education. This change may be helpful in meeting the expansion requirements of the education sector as a whole and may be in line with the sector-wide approach to educational planning and development.

Changing Aid Modalities

Aid modalities have been changing over a period of time. The change has always been associated with efforts to improve aid effectiveness. As shown in *Table 1*, aid to developing countries was originally through technical assistance which began after World War II. Education, too, was one of the sectors that benefitted from this form of assistance. Technical assistance involves sending experts to the developing countries to teach skills and to help solve their problems. It also involved providing scholarships or supporting study tours for individuals from developing countries to developed countries to learn special skills that may be of use to them.

In the 1960s, education aid was extended through a project mode of funding. Under this mode of external funding, discrepancies between donor priorities and national plans were not rare. The criticism used to be that 'foreign aid is too often designed to primarily serve domestic constituencies in funder countries' (Birdsall et al., 2010: 5). At times projects are funded through 'tied aid' which compels to spend aid money on donor products and services. The agencies felt that the transaction cost of education projects was very high and the project funding focused more on inputs than on outcomes.

The need for a broader perspective to intervene in the educational delivery mechanisms was felt by the donor community and this understanding led to a shift from project to sector-programme-based approaches, which were based on the principle of coordinated support for a locally-owned programme leading to a single comprehensive programme and budget framework. The emphasis on government is less pronounced and has enabled development agencies to consider giving non-governmental and civil society organizations 'equal, if not greater, attention than government' (UNESCO, 2007: 12).

TABLE 1
Aid Modalities and Sources of Education Aid

Sources of Funding	Aid Modalities
Bilateral agencies	Technical assistance
Multi-lateral agencies	Education projects
Private foundations	Sector programmes
NGOs	Sector-wide approaches (SWAps)
	Sector budget support
	General budget support
	Global initiatives (e.g. FTI)
	Cash on delivery (COD)

Source: Birdsall et al. (2010).

In the 1980s, when criticism on the ineffectiveness of aid became an issue, aid agencies introduced conditionalities that the recipient countries adopt policies for fiscal discipline, monetary restraint and trade liberalization. In the 1990s, it was felt that successful implementation of aid programmes required domestic ownership, participation and involvement in the design of the programmes and the recipient governments were requested to initiate participatory processes of planning to broad-base the consultation process. Poverty Reduction Strategy Papers (PRSPs) are an example of this trend; they were an effort to reach consensus on public policies in many sectors so that investment priorities are clearly defined and agreed upon.

The shift toward a Sector-Wide Approach (SWAp) was conceived as a solution to the felt need to harmonize national plans, priorities, and external funding support. SWAps are an effort to consolidate support for education from all sources of funding and levels of government. A SWAp implies that: (a) public funds support a single sector policy and plan framework; (b) all funding agencies adopt a common funding approach; (c) the national government plays the leadership role; and (d) it relies on government procedures to disburse and account for all public expenditure (UNESCO, 2007). The emphasis on government leadership and government procedures strengthened the national initiatives in the education planning process.

These shifts were also associated with a shift towards fixed-price contracts in the form of policy-based loans from multilateral agencies and budget support from bilateral agencies (Birdsall et al., 2010). Budget support was divided into two categories – sector budget support and general budget support. Budget support was extended based on the indicators of good governance in the developing countries. In the budget support mode, the donor agencies and recipient governments negotiate targets and the recipients must achieve these targets in order for funders to disburse this money.

The Millennium Development Goals (MDGs) further reinforced the need to universalize primary education. The international community reassessed its own role which led to a change in the international aid architecture. A series of meetings took place, one of the first and the most important of which was the Monterrey Conference on Financing for Development (2002), where developing countries committed to preparing plans for poverty reduction and donor countries committed to providing more aid for 'country-owned plans'. Global Initiatives such as the Fast Track Initiative became a prototype for the new model of resource transfer for strengthening national planning and the focal point for donor coordination and resource mobilization. The Education Programme Development Fund (EPDF) is another multi-donor trust fund of the FTI, which was established in 2004 to support countries in developing plans for FTI endorsement. Further, the multi-donor Catalytic Fund was set up to facilitate transitional financing mechanisms (UNESCO, 2010).

Other important meetings include the Rome Declaration on Aid Harmonization (2003), the Paris Declaration on Aid Effectiveness (2005), and the High-Level Forum on Aid Effectiveness in Ghana (2008). These all helped focus on improving aid effectiveness, on the one hand, and on the least developed countries, on the other hand. The FTI, EPDF, and catalytic funding are different avenues to help developing countries prepare their plans and move ahead.

Most agencies have moved from the traditional project mode to a SWAp in planning and financing education. The SWAp helped harmonize external interventions and funding with national efforts and plans covering all levels of education. The aid modalities moved from project mode to sectoral and general budget support modes. Equally important is the move towards a medium-term expenditure framework (MTEF) to ensure the necessary long-term support for the preparation and implementation of education sector plans. All these indicate possibilities of availing more of external resources and allocating them as per the national priorities in education. These changes give more autonomy to the recipient countries, giving them not only a sense of ownership but also the responsibility of efficiently managing their programmes and activities.

The most recently developed aid modality is Cash on Delivery (COD) which aims to ensure accountability and achieve shared goals. The core of COD aid 'is a contract for funders and recipients to agree on mutually desired outcomes and a fixed payment for each unit of confirmed progress' (Birdsall et al., 2010: 17). The main features of COD include payment for outcomes not for inputs, hands-off funders and responsible recipients, complementarity with other aid programmes, etc. The basic steps involve both parties negotiating and signing a medium-term contract, the recipient government follows its own strategy and funders arrange independent audit and make payments for confirmed results, etc. This modality is yet to be widely implemented.

An analysis of changes in aid modality indicates that the focus of the changes is increasingly on nationalizing educational development - national plans, national ownership, national accounting procedures - and on outcomes of interventions rather than on inputs provided through the aid funds. It is difficult to assess the effects of these changes on aid dependency, although there is evidence to indicate that the aid dependency in some countries, especially in SSA, continues to be high both in terms of level of aid and length of dependency (Fredriksen, 2010). In any case in the long term, countries need to rely on domestic sources to finance their national systems of education.

Concluding Observations

The economic crisis has added another dimension to the fund flows from developed countries as well as to the fiscal capacity of the state to support the public funding of education. The economic crisis implies negative growth, no growth, and slow growth in many countries. Slower economic growth implies reduced capacity of government to invest in education; and high unemployment implies households' reduced ability to pay for education. Past experiences indicate that when hit by domestic financial crisis, aid flows from the affected countries decline since the donor countries will find it difficult to maintain the same level of aid funds.

One of the positive changes noticed during this crisis is that, unlike earlier crises when education budgets were the first to be cut, education budgets were maintained at the same level at least during the current crisis period. This may be because it is felt that education is important and because it is recognised that a cut in education has serious implications for the current student population and a negative impact on future economic development. It is hoped that these trends will continue in the future.

It is expected that the change in aid modality, improved levels of aid flow, better utilisation of aid through effective targeting, and improved accountability measures will complement national efforts and domestic funding to move closer towards achieving the MDGs and a more balanced development of education. This formed the background to the IWGE meeting and its theme for discussion.

The IWGE, an informal network of aid agencies and foundations, meets regularly to discuss topics of interest and importance in education. The IWGE meeting organized by the IIEP (its Secretariat) brings together agencies holding varying perspectives, provides a forum to exchange views and develops a common understanding in support of education. The discussions of the two-day meeting on the theme '*Financing Education: Redesigning National Strategies and the Global Aid Architecture*' held on 7-8 June 2010 focused on an analysis of trends in the financing of education, the possibilities of intra-sectoral re-allocation of resources to achieve a better balance, a discussion on the role of education aid in financing education, the implications of the financial crisis on educational development, national strategies, and global aid architecture.

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Financing Education in Sub-Saharan Africa

Re-designing National Strategies and the Global Aid Architecture*

Keith Hinchliffe#

Abstract

Analysis of education financing revolves around three main sets of issues. First, the total amount of expenditures; second, the distribution of these between different levels of education; and third, the sources of financing. Each of these is influenced at different times by different factors. Across countries of Sub-Saharan Africa (SSA) in the coming years, several changes to domestic and external factors will influence these issues. This paper focuses on future scenarios for (largely public) funding for education across SSA in the context of both recent trends and factors that may alter these trends, including increased social demand to expand post-primary education, the recent global economic downturn and the changes in donors' priorities and behaviour. The paper acknowledges that countries across SSA differ widely both in education structures and the patterns of education financing.

Recent trends in the levels and distributions of education expenditure across SSA countries are described briefly in Section I, concentrating mainly on government expenditure but augmented by data on household expenditures and external aid. Section II turns to the future and considers some of the factors that will influence both the overall amount of resources available for education and the demand for them. Each of the main sources of finance – governments, households, donors – is taken in turn in Section III and some of the factors that will influence the levels, distributions and modalities in response to changing economic and educational circumstances are discussed.

* Revised version of the paper presented in the Meeting of the International Working Group on Education 'Financing Education: Redesigning National Strategies and the Global Aid Architecture', organised by the International Institute for Educational Planning, Paris and held at Swedish International Development Agency, Stockholm (7-8 June 2010).

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Recent Trends in Education Finance

Public Expenditure

A review of public expenditure on education in SSA needs to begin with some comments on the overall lack of data. A recent evaluation of the Education for All Fast Track Initiative (EFA-FTI) utilized three sets of expenditure data; from the UNESCO Institute of Statistics (UIS); Pole de Dakar; and the Secretariat of the FTI. The related working paper on finance concluded that 'missing data are a serious problem for all the three sources' (Rawle, 2009). A review of available education expenditure data from the UNESCO Institute for Statistics (UIS) for 208 countries between 1999 and 2006 found that the average annual percentage of missing observations ranged from 45 per cent to 88 per cent depending on the indicator, and for low-income countries, the situation was generally far worse. For SSA countries, the Pole de Dakar, using a wide variety of sources, has been able to assemble estimates on key public finance indicators for education, again for the period 1999 to 2006, for just 33 out of 51 countries. For the period 2003–2006, missing data at the FTI Secretariat covering all countries eligible for FTI support range from 27 per cent to 98 per cent depending on the variable. The discussions and conclusions in this sub-section need to be understood in this context of limited information. Most of the expenditure described below is taken from Rawle (2009) and was assembled originally by Pole de Dakar.

The levels of GDP and per capita GDP have expanded at a much faster pace across SSA during the past decade than over the previous one. From 1991–1995, the average growth rate of per capita GDP was negative, then it rose by an average of 2.2 per cent a year to 2000. Between 2001 and 2005, growth averaged 4 per cent a year and was between 5 and 7 per cent in each of the following three years. After GDP, perhaps the most important determinants of the levels and growth of public expenditure on education are the share of government revenues in GDP and the increase of total revenue. In 2005/2006, across 35 SSA countries, government revenue as a share of GDP averaged around 19 per cent following increases of around 6 per cent a year between 1999/2000 and 2005/2006. The variations across countries, however, were significant. The revenue share of GDP was below 15 per cent in a third of the countries and above 25 per cent in a fifth of them. Similarly, the annual growth rate in revenues was below 4 per cent in a third of the countries (and negative in six), while it was over 8 per cent in a quarter of them. These variations indicate that across SSA, governments differ significantly in their capacity to implement programmes to raise revenues. This reflects, in turn, a combination of both variations in the level of administrative capacity and the strength and growth of the economic base. Care is required in generalizing across SSA.

Governments of SSA countries, in general, have made a determined effort over the past few years to invest in education. Public expenditure on education as a share of GDP increased, on average, from 3.5 per cent to 4.5 per cent between 1999 and 2007 and is currently higher than in East Asia (3.6 per cent), South and West Asia (3.8 per cent), the Arab States (4 per cent) and Latin America (4.1 per cent) [UNESCO, 2010]. The cross-country variations, however, are again wide – seven SSA countries (including Guinea, Chad, Zambia and Congo) allocated less than 3 per cent of GDP in 2007, while four countries (including Kenya and Botswana) allocated above 6 per cent. Data on the shares of GDP are available for just 22 SSA countries both for 1999 and 2007. The share increased in 14 of them and fell in eight.

The share of total government revenue allocated to education is an important indicator of the overall priority accorded by government, consciously or unconsciously, to education. Across 33 SSA countries in 2005-2006, the average share was 20 per cent[1]. This average is similar to that found in Arab States but is significantly above the 2007 averages for South and West Asia (16 per cent) and Latin America (14 per cent). Again, there were very significant differences between countries. In 2005-2006, education public expenditure as a share of total government revenue was 23 per cent and over in 10 countries, and 17 per cent and under in 12 countries. Between 1999-2000 and 2005-2006, the share increased in 19 of the 33 countries and fell in 14.

Growth in education public expenditures has been robust, in general, across SSA averaging an annual growth rate of 7.7 per cent between 1999-2000 and 2005-06. In 12 (out of 32) countries, the growth rate averaged over 10 per cent a year over this six-year period. In some others, however, it was much lower – under 4 per cent in 12 countries.

Turning to expenditure on primary education, while this level of education receives the largest share of the education budget in all countries, on average it fell from 49 per cent to 45 per cent between 1999-2000 and 2005-2006. The share in 2005-2006 was 55 per cent and over in Burkina Faso, Ethiopia, Madagascar, Niger, the United Republic of Tanzania, and Zimbabwe, and below 36 per cent in Congo, the Democratic Republic of the Congo, Eritrea, Ghana, Guinea Bissau, and Lesotho. Even though the average share allocated to primary education has fallen, the annual growth rate has averaged 6 per cent and has been over 10 per cent in six countries – the United Republic of Tanzania, Sierra Leone, Mozambique, Mali, Madagascar, and Ghana. These growth rates can be compared to the regional population growth rate of 2.4 per cent and the growth rate of the 0-4 years' population growth rate of 1.8 per cent (UNESCO, 2010).

UIS data for 2007 suggest that for 28 SSA countries, the average share of total education expenditure allocated to secondary education was 28 per cent (UNESCO, 2010). This is a much smaller share than the average of 43 per cent recorded for countries of South and West Asia. Of the eight countries that have data on the expenditure share for secondary education in both 1999 and 2007, the share increased in four and fell in four.

On average, SSA country governments have been making significant efforts to increase public resources for education since 1999. *A result is that a higher share of GDP and of total government expenditure is allocated to education than in any other low-income region.* This is testament to the importance given to education in African societies. However, while on average, countries across the region have been increasing the relative shares of resources for education, and there are some spectacular country experiences, there is also a group of countries that has not shared this experience. UIS estimates that in 2007, expenditure on education was just 3 per cent or less of GDP in Angola, the Central African Republic, Chad, Congo, Eritrea, Gambia, Guinea, and Zambia. In addition, insufficient data are available to make such an estimate in several countries, including the Democratic Republic of the Congo, Equatorial Guinea, Gabon, Guinea Bissau, Liberia, Nigeria, Somalia and Zimbabwe. In several

[1] The GMR gives an average share of education expenditure in GDP of 17.5 percent for 24 countries in 2007.

of these countries, the likelihood is that relatively few public resources are being spent on education.

Household expenditure

Expenditures on education made by households also form part of the total domestic expenditure on education. Household expenditures occur when schooling is privately provided and funded, and when there are expenditures required for accessing government education institutions. There is no database on private expenditures similar to those for public expenditures for SSA countries. While information on 'enrolment in private institutions as a percentage of total enrolment' for 2007 has been assembled by the UIS, showing 53 per cent for the region for primary education and 14 per cent for secondary education, this does not provide information on expenditure (UNESCO, 2010). Very many private institutions are partially and even fully funded by public grants-in-aid and other forms of support.

Probably, the more important source of household expenditure in SSA is that required to access public institutions. Since 1999, there have been opposite trends across education levels in this respect. At the primary level, school fees have been abolished by many governments including in Kenya, Tanzania, Malawi, Ghana, Ethiopia and Mozambique. The universal surge in enrolments following abolition has led to a requirement for a rapid expansion of public funding for new classrooms and teachers, and for grants to schools to compensate for the lost fee income. At the same time as governments have increased the subsidy for primary schools, they have reduced it for tertiary education. In addition to the reduction/abolition of feeding and accommodation subsidies, tuition fees have either been introduced for the first time or increased.

Development aid

Globally, the share of aid going to education has remained close to 10 per cent since 2000 (UNESCO, 2010). Between 2000 and 2004, aid commitments for education increased by 58 per cent but were then constant through to 2007. Disbursements, on the other hand, have so far continued to increase and in 2007 were more than double those in 2002.

SSA is the largest regional recipient of aid for education, receiving 34 per cent of the total in 1999 and 30 per cent in 2007. However, as a share of overall aid to the region, the education sector receives the global average. In only two countries with a population of over 4 million – Senegal and Niger –aid for education is at least a fifth of all aid. Of total direct aid to education in 2007,[2] 30 per cent was for basic education, 11 per cent for secondary education and 26 per cent for post secondary education – while a large share of 32 per cent was recorded as 'level unspecified', reflecting the importance of aid for broad education sector programmes. Compared to the distribution across levels in 1999, the direct share for basic education in 2007 was lower (5 percentage points) and for tertiary education higher (4 percentage points). Overall, the difference in the shares for direct aid to basic and post secondary education shrank from 13.1 percentage points in 1999 to just 3.1 percentage points in 2007.

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[2] Total direct aid to education does not include direct budget support, some of which will be used in the education sector.

Combining aid commitments for 2006 and 2007, the main recipients in SSA of education aid[3] were Tanzania, Ethiopia, Mozambique, Nigeria, Ghana, Mali and Kenya, as shown in Table 1.

TABLE 1
Largest Recipient of Education Aid in SSA (2006-07)

Country	US$ million*
Tanzania	650
Ethiopia	631
Mozambique	594
Senegal	594
Nigeria	574
Ghana	559
Mali	475
Kenya	304

* Figures are for 2007. *Source: Unesco (2007)*

These eight countries received 56 per cent of the total aid for education across SSA. Conversely, some countries received very little during these two years (Table 2). Leaving aside countries with a population below 1.5 million and those that are defined as middle-income developing countries, examples were, in order:

TABLE 2
Countries that Received Smaller Aid in SSA (2006-07)

Country	US$ million*
Eritrea	4
Zimbabwe	12
Gambia	16
Chad	19
Somalia	26
Sierra Leone	32
Togo	41
Central African Republic	41
Congo	57
Guinea Bissau	91

* Figures are for 2007. *Source: Unesco (2007)*

Several of these countries are characterized as conflict or post-conflict countries. Many have relatively poor education indicators. How to increase aid to these countries in ways

[3] These figures include an estimate of the allocation to the education sector out of general budget support of 20 per cent (UNESCO, 2010)

that lead to effective utilization will be one of the most challenging issues for donors over the next decade.

Finally, as the base for discussion in the next section, data are presented on the major donor contributions to education and on donors' relative priority for education. Combining aid commitments to education for 2006 and 2007, France (16.7 per cent), IDA (12.8 per cent) and Germany (12.4 per cent) together contributed almost 42 per cent of the total. Adding the Netherlands, the United Kingdom, the European Commission, Japan, and the United States brings the share to 79 per cent. The distribution of aid across the different levels differs considerably within this group of donors, with France and Germany, in particular, focusing on post-secondary education and IDA, the Netherlands, the United Kingdom and the United States giving greater priority to basic education. Several of the smaller donors give high priority to education – over 20 per cent of total aid from Australia, New Zealand, Greece and Portugal goes to education – and to basic education, in particular, which receives over 50 per cent of the education aid budget of Canada, Denmark, Finland, Ireland, New Zealand, Norway, Spain and Sweden.

The Next Decade – Impact of Enrolment Expansion and Economic Environment on Education Financing in SSA

Recent trends regarding the financing of education across SSA countries were reviewed in Section I. Section II looks to the future and discusses a set of factors that may have some impact on accelerating or altering these trends. The section begins by considering the ways in which the education system in countries across SSA is likely to develop over the coming decade and the consequent demand for financial resources. This is followed by a brief set of comments on the future economic environment as it may affect countries of SSA and donor countries.

Recent Educational Development Across SSA

Particularly since 2000 and the adoption of the Education For All and the education-focused Millennium Development Goals, the *public* focus of the international education community has concentrated largely on primary and/or basic education (including pre-primary and youth and adult literacy). This has been the case particularly across SSA, and universal primary education has been put forward as the main education sector priority by virtually all African governments. UN agencies have also given primary education the highest priority and most of the major funding donors have emphasized that this sub-sector is the priority building block for the whole sector.

Increasingly, over the past decade, however, governments and (and more recently) donors have begun to give more attention to post-primary education. In part, this has resulted from the successes achieved in expanding primary education, which have led to increased numbers of graduates requiring either some opportunity for income-generation or places in an expanded secondary education. The new emphasis has also resulted from the burgeoning debates about globalization, which stress the need for a larger share of the labour force to be qualified in order to take advantage of new technologies for the economic advantage of the whole population. Both of these developments are likely to alter the relative strength of social demand for the different levels of education and, consequently, the pattern of educational expansion. This, in turn, could have implications for both the levels and distributions of the various sources of funding for education.

A starting point for a discussion of what may occur in the immediate future with respect to patterns of educational demand and expansion is the immediate past. Table 3 presents some basic enrolment data for 1999 and 2007.

TABLE 3

Primary, Secondary and Tertiary Education Indicators, Sub-Saharan Africa, 1999 and 2007

('000)

Level	**Indicator**		**1999**	**2007**	**% Change**
Primary	New entrants		16,488	25,042	51.9
	Net intake rate (%)		27	51	
	Total enrolment		82,226	124,146	51.0
	Gross Enrolment Ratio (%)		78	99	
	Net Enrolment Ratio (%)		56	73	
Secondary	Total enrolment		20,578	35,580	72.9
	Gross Enrolment Ratio (%)	- Total	24	34	
		- Lower		40	
		- Higher		26	
	Net Enrolment Ratio (%)			27	
Tertiary	Total enrolment		2,136	4140	93.4
	Gross Enrolment Ratio (%)		4	6	

Source: UNESCO, 2010 (statistical tables).

Between 1999 and 2007, primary education enrolments across SSA increased by 52 per cent – around 6 per cent a year. Since this was a higher growth rate than for the age group, the NER and GER also increased significantly to 73 per cent and 99 per cent respectively. In spite of this achievement, around a quarter of the primary school age group remains out of school (though some of these children may enter when they are older), and a significantly higher proportion does not complete the schooling cycle. Across the region, there is still a great deal that still needs to be done before the universalization of primary education is reached. There are, of course, variations across countries. Out of 34 countries with relevant data, 14 have an NER of 85 per cent and above and might be considered as countries that have broken the back of primary education coverage and can anticipate a rapidly increasing demand for post-primary education. On the other hand, six countries (Niger, Liberia, Eritrea, Congo, the Central African Republic, and Burkina Faso) have an NER below 60 per cent. In addition, there are no data for eight countries that are likely to have relatively low enrolment rates (Chad, Comoros, Cote d'Ivoire, the Democratic Republic of the Congo, Gabon, Guinea Bissau, Sierra Leone, and Somalia). In all of these countries, the primary school agenda is not yet close to having been achieved. The remaining set of 14 countries already face two sets of strong pressure – the demand for primary schooling is widespread if not yet fulfilled and the demand for secondary education is expanding rapidly as primary coverage has improved.

Overall, secondary education in SSA has been accelerating at an even faster pace than primary education. Enrolments grew by 73 per cent between 1999 and 2007 – well over 8 per cent a year. Across the whole of secondary education, the GER was 34 per cent in 2007 – 40 per cent in lower secondary and 26 per cent in higher secondary. Around two-thirds of those who reach the final grade in primary school then enter secondary school. This transition rate (64 per cent), however, is much lower than in other regions – the next lowest is 84 per cent in South and West Asia. The relatively low transition rate suggests a limited ability of many governments to provide adequately for the demand generated from primary school expansion. Again, there are variations. For instance, Botswana, Ghana and South Africa have transition rates of over 93 per cent and rates in Cape Verde, Ethiopia and Swaziland are only a little lower. Conversely, fewer than half of all primary school leavers are estimated to find places in secondary schools in Burundi, Cameroon, the Central African Republic, Cote d'Ivoire, Niger, and Nigeria.

The recent expansion of demand for secondary education appears to have reinvigorated support for the provision of an education which leads directly into some form of income-generation. While the 'vocational school fallacy' was widely, and persuasively, argued in the 1960s and 1970s, the calls for vocational education are likely to grow louder as a larger proportion of the age group becomes enrolled in secondary schools.

Enrolments in tertiary education increased by 93 per cent between 1999 and 2007, raising the GER from 4 per cent to 6 per cent. Of the 4.2 million tertiary level students in SSA in 2007, around half lived in Nigeria and South Africa! The GER in South and West Asia in 2007 was 11 per cent. Proponents of larger tertiary education sectors in SSA regularly point to such comparisons as evidence of the need for expansion.

Future Growth in Enrolment

Primary education enrolments across SSA increased at an average of 6 per cent a year between 1999 and 2007, but with a gross intake rate in 2007 of 115 per cent it is likely that this overall regional growth rate will soon begin to fall. But, equally, there are likely to be considerable variations across countries. In addition, the large difference in the GER between that for primary education (99 per cent) and for lower secondary education (40 per cent), together with an average transition rate of 64 per cent, suggest that the survival rates in primary school in most countries remain low. A combination of higher primary enrolment rates, higher primary survival rates and higher transition rates would result in a very rapid expansion of lower secondary school enrolments. What happens to the expansion of enrolments across the whole of secondary education will, in addition, depend increasingly on the degree to which governments are able to continue to enforce a division between lower and upper secondary education and to ration access to the latter.

In those countries with high primary net intake and enrolment ratios, the rate of expansion will slow down considerably, but the numbers of pupils graduating and hoping to find a place in secondary schools will increase at high levels for several years. Following a lengthy period of intense information programmes to persuade parents to send their children to primary school, it will be politically difficult to convince them that if their children complete the primary cycle, they need not go on to at least a lower secondary school and to complete a basic education.

Those countries which are not yet close to providing for universal primary education realistically have no option but to maintain the expansion of primary education and, at the same time, to try to arrest increases in the transition rate to secondary school. Even if this is achieved, the total number of secondary school entrants will continue to increase. Both of these scenarios underline the need for a sector approach to education planning. In both, the growing demand for more vocational secondary education will also need to be addressed.

Although the absolute numbers are relatively low, the most rapid expansion of enrolments has been occurring within tertiary education (almost doubling in eight years). If tertiary education were not so relatively expensive in SAA, this trend of rapid growth of still relatively small numbers would not matter. But it is expensive and it is inevitable that a growth of secondary education enrolments of around 8 per cent a year will lead to significant increases in the demand for places in tertiary education institutions.

Changes in the Economic Environment

Parallel to changes in the social demand for education, the main determinants of future levels of public expenditure on education are increases in GDP and the ability of governments to capture part of those increases for overall public expenditures. In 2007, the year preceding the beginning of the recent global economic recession, GDP across SSA rose by 7 per cent, with many countries in most sub-regions recording high rates (IMF, 2009). In 2008, the growth rate decreased to 5.5 per cent as the result of the recession cutting in during the second half of the year and for 2009 the growth rate fell to just 2 per cent. The impact has been felt most strongly in those countries most closely connected to global financial and commodity markets – such as South Africa, Angola, Nigeria and Botswana. The most recent forecast from the IMF (2010*a*) is for a regional growth rate in 2010 of 4.8 per cent, with the countries of East and Southern Africa averaging over 5 per cent. In the following year, contingent on continued recovery in developed regions, the overall GDP growth rate in low-income SSA countries is projected to be 6.8 per cent and in future years should at least maintain the average rate of 5.6 per cent which was achieved over the period 2000-2007. The recovery of GDP growth rates, which is underway at a more rapid pace than following previous downturns, is still accompanied by deficits in the fiscal balance which will need to be reduced. But the adoption of a Keynesian response in low-income countries in general has been a factor that has mediated the possible effect of the recession on public expenditures. The relatively positive scenario for economic growth from 2011 then needs to flow through to government revenue and to education expenditure. That the share of education in GDP rose by a full percentage point between 1999 and 2007 was the result of government revenues and/or allocations to education rising faster than GDP. It is difficult to anticipate whether this trend will continue, but even if education expenditures rise only at the rate of growth of the economy, significant additional flows of resources will become available.

Once again, however, it is necessary to caution that the overall positive scenarios of recent and future levels of economic growth are not universal across SSA. Conditions in many conflict and post-conflict countries continue to restrict economic growth or, where growth occurs, to allow the benefits of its distribution across the country.

Challenges and Responses – Governments, Households and Donors

Governments

Financial resources affect the performance of education systems and their ability to reach targets. Analysis presented in the GMR 2008 indicated that among those countries with a relatively high primary NER, the ones likely to achieve UPE by 2015 are those that have been maintaining or increasing the share of education expenditure in GDP, while those that will not achieve UPE have been decreasing the share (UNESCO, 2007). Similarly, among countries with lower NERs, those which were moving towards the targets the fastest have increased the expenditure share (from 3.4 per cent of GDP in 1999 to 4.2 per cent in 2005), while the share has fallen in those countries showing slower progress.

How the education sector in general, and more particularly the different levels of the system, will fare in the future allocation of government resources depends in part on the degree of political will to achieve universal schooling and the extent to which the different levels of schooling are regarded, at political levels, as important in achieving broader goals such as economic growth, social cohesion and equity of treatment for marginalized children. Political goals then require legal, bureaucratic and governance structures which can translate these goals through to government expenditure and other resource allocations, including trained teachers. In several countries across SSA (Uganda was an early example), governments have put in place formal Poverty Reduction Strategies, which have provided an instrument and route for policy priorities such as UPE to be supported through additional government resources. More recently, the emphasis on ring-fencing expenditures for specific programmes linked to poverty reduction has been extended to programmes linked to increased economic growth. In this way, secondary and tertiary education may be able to raise their profile in the fora that are used for allocating public resources. To the extent that the separate levels of education are seen in terms of their contribution to broader societal goals, it may be more realistic to view the total education budget not as a single allocation that is then divided across levels but as one that is the result of separate decisions regarding allocations to each individual level. The adoption of a strategic approach by policy-makers in the education sector, stressing the societal benefits of each level of education, may, if done effectively, lead to a greater allocation to the sector overall.

This argument does not imply that there is no need for whole sector planning. As argued above, success in expanding enrolments in primary education has implications for enrolments in lower, and then in higher, secondary education, requiring policy decisions over, for example, transition rates. Similarly, the planned expansion of primary and secondary education requires that sufficient teachers and administrators are trained by tertiary institutions. Improved sector-wide planning for education has in fact been one of the achievements in the sector following on from the EFA goals and MDGs set in 2000. This is partly as a result more generally of finance ministries requiring departments to be more realistic in their budget submissions, partly as a consequence of several donors' desire to provide financial support through a sector-wide approach (SWAp), and partly due to the requirement that countries prepare costed education sector plans to be considered for funding through the EFA-FTI (see below).

The overall challenge for policy-makers in the education sector is to maximize the public resources, and their effectiveness, that can be gained by using advocacy arguments for specific levels of education through linking them to specific societal objectives, while ensuring that the planning of specific activities and paths of expansion for each level of education link together coherently.

Turning from considerations of sector-level strategies for the future public financing of education to more detailed aspects, the discussion below provides a few comments on two of these.

Teacher salary bill. Discussions of the financing of education necessarily have to consider teacher salaries before all else. While the data are not widely available for developing countries, those that exist point to salaries dominating sector expenditure. UIS's only developing countries regional estimate of 'primary teachers' compensation as a percentage of public expenditure on primary education' is for Latin America and the Caribbean. The share in 2006 was 77 per cent. The average for the nine countries of SSA that provided data was 82 per cent. Behind this indicator are the number of teachers employed and their average salary (compensation). Shares tend to be lower in secondary and tertiary education.

The pressure to increase further the total amount spent on teachers will continue. The average pupil-teacher ratio at primary schools across SSA is high (44 in 2007) and has been increasing (41 in 1999). The ratio is much higher than in East Asia (19) and Latin America (24), and is also higher than in South and West Asia (39). In at least 10 countries it is above 50. With around a quarter of primary school aged children still not in school across SSA, many more teachers will be required if progress toward universalization continues, and even more if attempts are made to increase the quality of schooling. The situation in secondary education is a little better, and overall the ratio has remained constant at around 24 in spite of the high rate of expansion (described above). However, the ratio is again significantly higher in SSA than in East Asia and Latin America, though lower than in South and West Asia.

School fees and the expansion of subsidies. The absolute right to a free primary education has become widely accepted and, as described above, many governments in SSA have abolished school fees over the past decade. In several of the poorest countries, as the NER approaches around 80 per cent, it may be necessary to go beyond this and to subsidize other direct costs of schooling if the very poorest children are to be able to access schooling facilities. Several countries, particularly in Latin America, have implemented anti-poverty or social protection programmes, which provide cash payments to households conditional on behaviours, such as enrolling children in schools and ensuring that they attend them. Ambitious and effective schemes of this type have been implemented widely, including in Brazil, Chile, Colombia and Mexico and have been piloted in Kenya and Burkina Faso. The school meals programme in India is reported to have been similarly effective in encouraging poor children. These experiences highlight that the unit costs of enrolling the last 20 per cent of children in primary school are likely to be higher than the average cost.

Abolishing fees at secondary schools is a politically attractive policy. So far, however, in SSA, implementation has been largely restricted to middle-income countries. Once lower secondary education is defined as part of basic education and offered universally to all who graduate from primary school, however, the pressures to abolish fees at this level will grow.

On the other hand, the acceptance that fees should be paid by students in tertiary education has come to be widely accepted over the past couple of decades.

Households

How might households in SSA respond to any major shortfalls in public funding for education in the future? Over the past couple of decades or so, there have been two opposing trends. For primary and, in some countries, lower secondary education, governments have abolished fees and provided additional subsidies, as described above. Reversing policies aimed at improving access to public education is unlikely to occur in the future. Household expenditures for private primary schools could increase, however, if parents believed that the quality of public schooling was falling or was significantly below that of private schools.

In contrast to fee policies for primary education, from the mid 1980s several African governments began to start withdrawing feeding subsidies and then charging for student accommodation in the universities and polytechnics. Ghana was one of the first countries to follow this course. These policies were then followed by charging tuition fees, initially covering only a relatively small proportion of total costs, but gradually, especially for the more professional courses, at higher levels. At the same time, and particularly in Nigeria, where higher education students are around one third of total SSA enrolments, private universities were first allowed and then encouraged. It is likely that both the charging of fees in public universities and the expansion of private universities – particularly those offering low unit cost subjects – will increase.

Between primary and higher education is the secondary level – a level often squeezed for public funds between primary education linked to the high profile EFA goals and MDGs and the strong lobbies for an expansion of higher education. For 2007, UIS estimates that 14 per cent of secondary school enrolments in SSA were in private schools – though this does not necessarily mean that these schools operated without public subsidies. This is roughly the same percentage as for East Asia and South and West Asia. In the future, the demand for privately-funded secondary schools will at least partly depend on governments' attitude to the transition rate from primary to public secondary schooling. If this falls as the number of primary graduates increases, then it is likely that the demand for private schools will increase. Regarding school fees in public schools, it is likely that the trend towards no/low fees for lower secondary education and larger fees for higher secondary will intensify.

Donors

Levels of aid. The share of aid for education in total aid fell between 1999/2000 and 2006/2007 across SSA from 12 per cent to 10 per cent. As a share of total aid distributed across sectors, the share was 19 per cent both in 1999/2000 and 2006 but fell to 14 per cent in 2007. These declines were in spite of the rhetoric around the EFA goals and MDGs, and it is probably unrealistic to assume that the shares will increase in the medium term. Any additional aid for education is likely to result from increases in the overall amount of aid.

How has the financial breakdown and global recession impacted on levels of aid? OECD (2010) has recently announced the overall level of aid for 2009 which indicates that it increased by 0.7 per cent in real terms over the previous year, or 6.8 per cent if volatile debt relief operations (mainly to Iraq and Nigeria) are set aside. Allocations to development projects and programmes rose by 8.5 per cent. While these increases in overall levels of aid are below those of the previous year (for instance in 2008, total aid increased by 10.2 per cent), they do show that aid levels have so far held up better than many commentators had forecasted. On the other hand, the OECD projects that, on the basis of major donors' 2010 budget proposals, the commitments made at Gleneagles, the G8, and the UN Millenium +5 summits will not be fully met. The total amount of ODA in 2010 is projected to be US$108 billion expressed in 2004 US $, compared to commitments totaling US $ 126 billion. As the main beneficiary of aid,[4] the shortfall will affect SSA in particular: 'Africa is likely to receive (only an additional) US $11b. of the US $25b. envisaged at Gleneagles due mainly to some European donors who give shares of their ODA to Africa not meeting their ambitious targets' (OECD, 2010).

The anticipated recovery of GDP growth rates by 2011 to those prevailing prior to the economic recession of 2008 and 2009, both in the donor countries and across SSA, suggest that in terms of aid, the recent slowdown *in its increase* is temporary. More important for the medium term will be the success of major donors in increasing their aid as a share of GDP towards the widely publicized target of 0.7 per cent. It is interesting to note that the new government in the United Kingdom has re-committed to reach this target by 2013 ('an international obligation') in the face of significant future reductions in overall public expenditures. Similar commitments to increase the share of aid in GDP have been made by the US. In terms of aid for education, perhaps the spotlight needs to shift away from overall aid levels towards their composition; for example the threats of a further tying of aid in general to foreign and defense policies, and in education to national education and training institutions.

Distributions and modalities of aid. Aid to education is influenced by wider debates concerning the way in which aid is organized and decisions around how it is distributed across countries or groups of countries. Aid relations in several SSA countries have changed significantly over the past decade or so – with much more programmatic lending, a focus on poverty reduction programmes, more sector-wide support and, in some favoured countries, general budget support, less *ad hoc* selection of projects, a greater willingness in some cases to finance recurrent costs including salaries, increased use of government procedures, more harmonization across donors in policy and activities, and so on. The education sector has often been the lead sector in these developments. These changes have occurred in tandem with an increased donor emphasis on 'good government' – such as greater accountability and transparency – regarded as necessary if donors are to reduce their influence over policy and the implementation of projects and programmes.

It is likely that most of these trends will continue. Finance ministries are in favour of general budget support, and where this cannot be negotiated sector support is the next priority. These modalities increase government control over the activities funded by aid, and also increase the flexibility of which inputs can be financed by it (e.g. salaries). Perhaps less success, from the side of aid recipients, has been achieved in increasing the time period over which there is a commitment of a specific amount of aid, though the European Commission is pioneering in this respect.

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[4] Countries in SSA receive far more aid per capita (US $51) than do countries in East Asia (US $6), Latin America (US$16) and South and West Asia (US $9).

What are the questions over the coming decade for those donors that are active in the education sector in SSA?

Balance across levels of education. Currently, international goals have been set through the MDGs and EFA for primary/basic education. Though this has not led to an increased share of aid for these activities, it is possible that it has helped to preserve it. There are no such goals for secondary and tertiary education. However, some donors do place a great emphasis on aid to the tertiary education sector, largely utilizing their own institutions. Donor country tertiary institutions may also lobby for support to be given to linked developing country institutions. Secondary education has few lobbyists. Can any be found?

Aid modalities. The growing importance of sector programmes in total aid to education was mentioned above. The share, overall, increased from 6 per cent in 1999/2000 to 18 per cent in 2004/2005 (UNESCO, 2007). For basic education, the increase was from 18 per cent to 34 per cent, and for basic education in the least developed countries, the share in 2004/2005 was 35 per cent. In practice, the share for sector programmes was probably higher than these figures suggest, since around a quarter of aid was categorized as 'level unspecified'. A more detailed analysis of 2006 data suggests that over half of all aid to basic education was in the form of a sector programme (UNESCO, 2008). Is this trend likely to continue? It is possible that there is a ceiling for aid for sector programmes. Data for middle-income countries show a lower share for sector programmes than in poorer countries, and a much higher share for technical cooperation – the latter is almost twice as high as in the poorer countries.

Governance. As mentioned above, the choice of aid modalities and the governance agenda are linked in the eyes of many donors. The linkage covers not only issues around accountability and transparency, which focus on financial flows, but also on the processes for 'rational' decision-making and policy formation. The switch to general budget support and sector programmes has been accompanied in several donor agencies by a reduction in sector and technical staff and a greater reliance on governance specialists and macroeconomists. Some disquiet at this trend has been aired over the past few years, and it is possible that it will be rolled back. The number of education sector staff in USAID has increased considerably recently.

Conflict-affected countries. The definition of conflict-affected countries used by the GMR 2010 covers 20 countries, of which 16 are in SSA. An estimated third of all primary aged children out of school live in conflict-affected countries, though these countries receive less than a fifth of all aid for education, and within this group a small number of countries dominate. Pakistan, Ethiopia and Afghanistan together received over half of the total in 2006/2007. Aid per primary-school-age child is particularly low in the Democratic Republic of the Congo, Cote d'Ivoire, the Central African Republic, Liberia, Chad and Somalia. The recovery of the education systems in these countries 'is hampered by inadequate finance, weak technical capacity and chronic shortage of teachers ... the difficulties in providing support to the people of these countries are well known' (UNESCO, 2010: 247). Mitigating these difficulties is one of the major challenges to donor staff in the foreseeable future.

One donor strategy or many? Donors vary considerably in the relative emphasis they give to education in their overall aid programmes and to different levels of education in their education programmes. In 2007, the share of education in total aid was below 5 per cent in Italy, Sweden, the United States, and Switzerland; and above 20 per cent in Australia, France, Greece, New Zealand, and Portugal. Similarly, the differences in shares of total education aid devoted to basic education varied enormously from 15 per cent and below in Greece, Austria, Germany, France, and Portugal to 50 per cent and over in Spain, Norway, Sweden, Denmark, Finland, Ireland, Canada, and New Zealand. Do these differences matter? Does it make sense for there to be divisions of responsibility by sector across donors, if these are based on differences in experiences and levels of effectiveness? France and Germany provide very large shares of their education aid to secondary and, particularly, tertiary education, and have been criticized for this (UNESCO, 2009; 2010). However, without these, donors' aid for secondary education would be reduced by more than half and aid for tertiary education would be reduced by almost two thirds.[5] A counter argument could be that if more donors provided more funds in the form of general budget support, there would be no need for these forms of balancing to be undertaken at all.

New donors. Data on aid from countries that are not part of the OECD-DAC are sparse, but there is growing *ad hoc* and anecdotal evidence to suggest that aid is increasing. So far, a limited share of this aid is for education. In the future, however, this may change. For instance, the large aid projects that China is committed to are currently implemented largely by Chinese labour. Pressures within African countries to change this situation may ultimately result in projects aimed at expanding technical and post-secondary education.

Future of the EFA-Fast Track Initiative. The FTI has received a great deal of criticism over the past few months; first in the GMR 2010, and second in the Mid-Term Evaluation (Cambridge Education, Mokoro, Oxford Policy Management, 2010). The FTI has been particularly important for counties in the SSA region since 22 of the 36 countries whose education sector plans have been 'endorsed' through the Initiative's processes, and thereby have derived an expectation of additional donor funds, are members of the region. By 2008, 18 countries had received grants – the largest being to Kenya, Yemen, Madagascar, and Ghana. Initially, the FTI processes were aimed at increasing direct bilateral aid to countries as opposed to the alternative modalities of a global fund, such as had been established for particular primary health programmes. Early on, the Catalytic Fund was established and supported by a small number of donors,, for countries with few donors. In 2007, the criteria for access to this fund broadened, but the total amount of commitments to, and disbursements from, it have been relatively disappointing. Between 2004 and 2007, the fund was responsible for around only 4 per cent of total aid commitments to basic education.

The Mid-Term Evaluation has made several suggestions aimed at increasing the relevance of the FTI, while not going down the road of a global fund, covering its overall design and scope, the accountability of the various groups involved, the design of funds and the criteria for access, governance of the Initiative including a re-design of the Secretariat, and a much stronger and broader monitoring and evaluation effort. Among the many issues grappled with was the desirability of broadening the focus away from purely primary education to, at least lower, secondary education. The FTI 'partnership' is currently reviewing the set of recommendations. What the review could not do, however, is suggest just how the amount of aid channeled through the FTI could be increased. There is as yet no formal mechanism for the periodic replenishment of the Catalytic Fund. Seventy per cent of total pledges made by the end of 2008 came from the UK, the Netherlands, and Spain. Part of the answer may lie in the perceptions of a more effective instrument and set of processes,

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[5] France and Germany were also joint second and the third largest donors to basic education in 2007.

but so far donors to the education sector have not been prepared voluntarily to transfer powers away from themselves in a way that they have done for primary health care and, more generally, through IDA.

If coordinated donor activity has proved too difficult to achieve in the area of primary education when this level is linked to internationally set goals, it is unlikely that any international initiative will be developed successfully for secondary and post-secondary education. Most countries will need to continue to rely mainly on their own financial resources for expanding and improving their education systems and for making appropriate decisions to respond to influences on these systems.

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The Global Financial Crisis and the Financing of Education in Asia

The National and International Trends and Strategies*

Jandhyala B. G. Tilak#

Abstract

The 1990 Jomtien World Conference on Education For All (EFA) marks a fresh beginning for many countries to reiterate their resolve towards fulfilling their goals relating to basic education. Though there is still a long way to reach the goals relating to Education For All, a good number of countries have made rapid progress in basic education in terms of significant increases in enrolment ratios and reduction in drop-out rates. The growth in basic education has obviously caused increase in demand for secondary education, which, in turn, would result in increase in demand for higher education, putting pressures on governments to expand not only basic education but also secondary and higher education. All this has significant impact on the way education is financed. It implies restructuring of education budgets and mobilisation of additional domestic and external resources for education. While the countries and also the international development community are making steady, though slow, progress in these directions, the global economic crisis seems to have a major derailing effect on the several plans and strategies, particularly relating to financing of education. But the need to safeguard sectors like education from adverse effects of global crisis on public funding is being increasingly felt, lest the gains made in the last couple of decades with respect to EFA and other levels of education should be lost. This short paper reviews some select issues related to the financing of education in Asia in the context of the growth in demand for basic and post-basic education and emerging economic realities.

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Education in Asia

Asia presents a world of paradoxes. Characterised by Confucian, Vedic and other ancient values, Asia is a cradle of ancient civilizations that respected knowledge and education for centuries immemorial. Even in the present modern period, many in Asia recognise education as a public good, elementary education as a pure public good, as a basic need, and as a fundamental right and education as a whole as a valuable investment and as human development. Yet, the 21st century Asia is a host of the largest number of illiterates and out-of-school children: 65 per cent of the world's adult (15+ age-group) illiterates live in Asia, and this proportion is projected to remain at the same level even by 2015. Similarly Asia accounts for nearly 40 per cent of the out-of-school children who are expected to be in primary schools, as shown in Table 1. But Asia is not homogeneous; there are two, rather three, or even four Asias, viz., Central Asia, East Asia (including China and South East Asia), the Pacific, and South & West Asia,[1] each with its own distinct characteristic features in terms of culture, history, levels of socio-economic and political development, and in terms of levels of educational development. They are regarded as sub-regions of the Asia-Pacific region.

There are vast differences and similarities between several countries in the region and even within each sub-region. The Asia region has the most populous counties of the world like China and India, and the smallest island nations like Maldives. It also has the richest and poorest nations of the world. As the several countries of the region are at various stages of development both economically and educationally, it is indeed difficult to present a picture that is true of most of Asia, or even a sub-region, though sub-regions are a little less heterogeneous and uneven in development. While South Asian countries that include countries like India, Pakistan and Bangladesh, are largely behind other sub-regions of Asia, viz., the Pacific that includes countries like Australia and New Zealand; and many East Asian countries like South Korea,[2] Singapore, and Taiwan are much ahead of others. The Central Asian countries are in great transition – 'from second world to the third world' (Tomasveski 2006). All this is also reflected in levels of educational development, policies and strategies adopted for development of education.

Many countries in the Asian region have made remarkable progress during the post-World War II period, particularly after some of them became independent. While some countries in the East-Asian region and also countries like Sri Lanka in South Asia, have universalised basic education quite sometime ago, other countries which were far from the target of providing universal primary education to all, and reiterated their commitment to it after the World Conference on Education for All in 1990 and again in 2000 in Dakar, have made significant strides in this direction. Enrolment ratios have improved; number of out-of-school children has come down; rates of drop-out and repetition rates declined. Further, gender disparities have been narrowed. The several countries are at various stages of development in education; but it appears all have made progress, some rapid and some slow. Net enrolment ratios are above 80 per cent in all sub-regions in 2007: 94 per cent in East Asia, 92 per cent in Central Asia, 86 per cent in South and West Asia and 84 per cent in the

[1] As per the classification adopted by UNESCO. World Bank and Asian Development Bank adopt different classifications, which are also used here. ESCAP uses yet another classification.

[2] Korea here refers to South Korea (Republic of Korea) unless otherwise stated.

Pacific. On the whole, the net enrolment ratios in primary education in the Asian region are catching up with the world averages and even with those of the advanced countries, which have a net enrolment ratio of 87 per cent 96 per cent respectively as shown in Figure 1. These trends are not matched by improvement in quality of education. Secondly, there are wide inter-country variations and some are still very far from these regional averages. The net enrolment ratio in Pakistan is only 66 per cent, for girls being only 57 per cent. The same for many island nations in East Asia are also low, ranging between 60 and 70 per cent.

TABLE 1
Adult Illiterates and Out-of-School Children in Asia

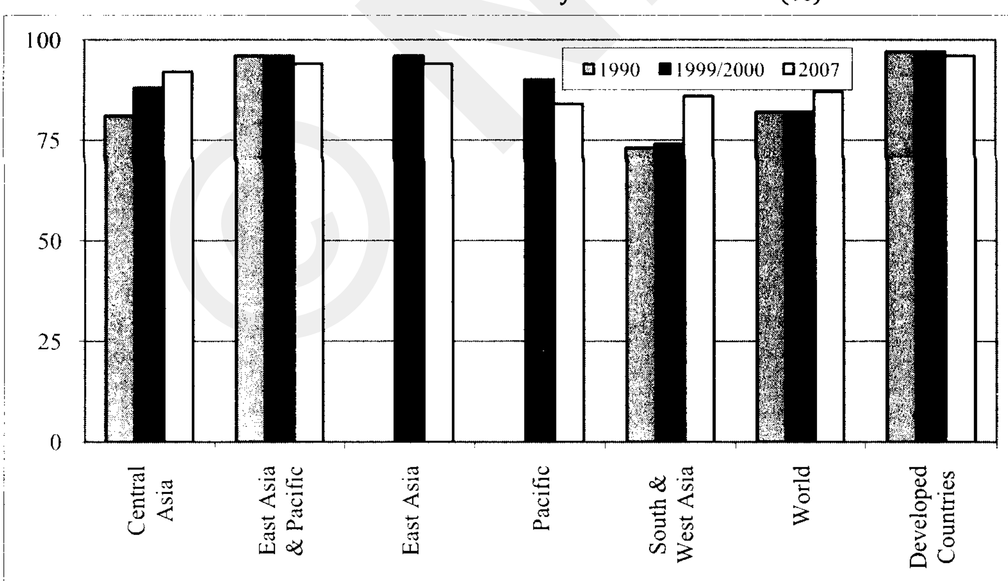
(Figures in thousands)

Region	Illiterates (15+)		Out of School Children*
	2000-07	2015	2007
Central Asia	734	328	271
East Asia & Pacific	107,875	81,923	9,039
East Asia	106,098	80,006	8,484
Pacific	1,777	1,917	555
South & West Asia	391,379	380,978	18,031
Total Asia	499,988	463,229	27,341
Asia % of World	65.91	65.29	38.08

* at primary level of education

Source: EFA Global Monitoring Report 2010

FIGURE 1
Net Enrolment Ratio in Primary Education in Asia (%)



Source: *EFA Global Monitoring Report* (relevant years)

The significant progress made in terms of enrolments in primary education has begun creating pressures for expansion of secondary and even higher education. Countries in the East Asian region which have nearly universalised primary education, with net enrolment ratios in primary education above 90 per cent, have experienced significant increases in enrolments in secondary education, the gross enrolment ratio increasing from 65 per cent in 1999 to 77 per cent in 2007; similarly in the Central Asian countries where net enrolment ratios in primary education increased from 88 per cent to 92 per cent between 1999 and 2007, the gross enrolment ratio in secondary education increased by ten per cent points from 85 per cent to 95 per cent during this period. South Asian countries fare much behind others, but also made rapid progress. As per the regional weighted averages of South and West Asia, the net enrolment ratio in primary education increased very fast from 74 per cent in 1999 to 86 per cent in 2007; the gross enrolment ratio in secondary education in the region has increased from 45 per cent to 55 per cent (Table 2). The absolute level of progress attained is still not very significant in South and West Asia; but given the size of the population, the actual numbers in the South and West Asia are indeed very large. The total enrolment in secondary education in the region is of the order of 98 million, accounting for nearly one-third of the enrolments of the whole developing world.

TABLE 2
Growth in Secondary Education in Asia

	Transition Rate*		**Enrolment Ratio in Secondary Education****		
			Gross		Net
	2000	*2006*	*1999*	*2007*	*2007*
Central Asia	98	99	85	95	88
East Asia & Pacific	88		65	78	71
East Asia	..	93	64	77	71
Pacific	..		111	105	70
South & West Asia	84	84	45	52	46
World	91	93	60	66	59
Developed Countries	99	99	100	100	90

* From primary to secondary education; median values; ** weighted averages
Source: EFA Global Monitoring Report (relevant years)

In all sub-regions the transition rates from primary education to secondary education are quite high, ranging between 84 per cent and 99 per cent in Central Asia. If these rates continue even at the same rate, if not at improved rates, the growth in primary education in terms of enrolments and completion rates would mean substantial increase in enrolments in secondary education.

The Global Financial Crisis

The global financial crisis faced by the whole word that slowly began towards the end of the first decade of the century is manifested in several forms, most notably in terms of economic slowdown and increasing levels of unemployment. Economic slowdown or fall in growth rates means less revenue to the government, or reduced fiscal capacity of the governments. As a result, governments will not be able to spend as much as they used to spend on any sector, particularly on non-revenue generating or spending sectors like education, unless they take a clear policy decision to protect human development sectors like education from impeding budget cuts, if not to enhance investment in such sectors. Normally the governments' priority gets focused, under the conditions of financial crisis, on immediate growth boosting sectors. Unfortunately education is not considered as one such sector. After all, as we note, the growth stimulating economic packages announced in the recent years in any economy rarely included education sector. With reduced levels of employment, even the capacity of the people to spend on education gets reduced. Third, since the financial crisis is global, affecting the advanced countries as well, affecting international trade, foreign direct investments and remittances it is also likely that flows of development aid from the advanced countries to the developing countries would also get affected. Thus the overall financial situation of the education systems is feared to be worsening under the conditions of global financial crisis.

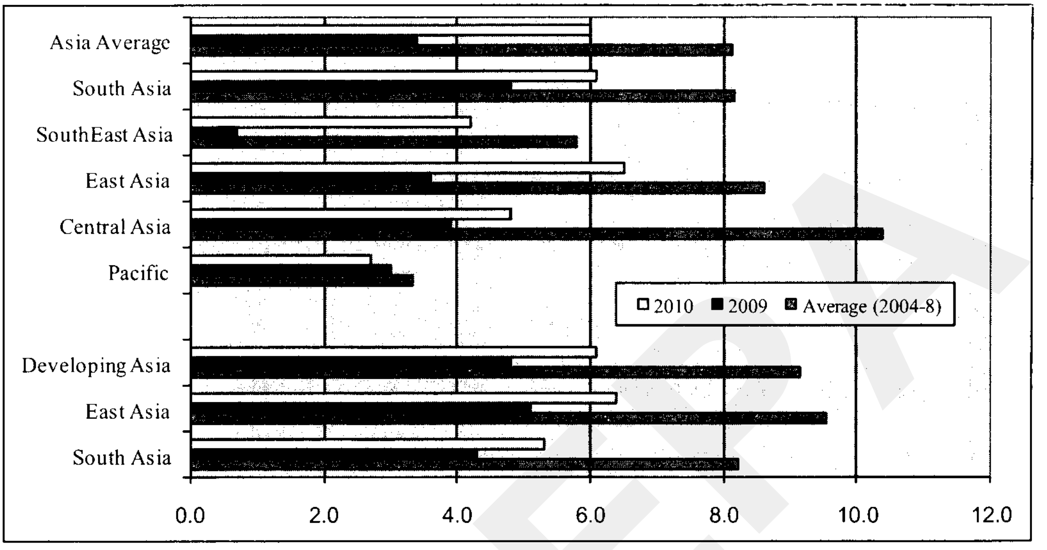
The present crisis and its effects are yet to be unfolded in full. Even though the crisis is said to be over in many countries, the post-crisis growth projections have been revised downwards for almost all developing as well as developed countries. Though the Asian countries are likely to be less affected by the global crisis, compared to the other developing regions of the world, nevertheless they are also to suffer significantly, as some of the countries are critically dependent upon international trade, commodity prices, foreign direct investment, remittances and external aid.

The real growth rates in the Asian developing countries are estimated to fall from around ten per cent in 2007 to 5-6 per cent in 2009. The annual growth in GDP per capita is estimated to fall from 7.5 per cent, a rate experienced during 2005-08 on average to 3.8 per cent on average per year in 2009 and 2010, as shown in Figure 2. While countries in all sub-regions of Asia suffer severely, the growth rates are estimated to be halved in Southeast Asia and Central Asia. On the whole, it is feared that the financial crisis threatens to converge on itself in a deep downward spiral (ESCAP 2009, p. 157).

The estimates of effects of the global financial crisis on revenue losses to the government are not available. However, it is widely felt that the revenues also would take a downward trend in most economies of the region. Considering exports, foreign direct investments, remittances flows, external debt ratios and aid flows, it was estimated that three countries in South Asia and five countries in East Asia and Pacific are 'highly vulnerable' and another two in South Asia and six in East Asia and Pacific are vulnerable at a 'medium' level. Only one country in South Asia and four in East Asia and Pacific are vulnerable at a 'low' level (World Bank 2009a, p. 32).[3]

[3] Based on IMF estimates. Names of countries are not available. However, estimates of growth for 2011 show a speedy recovery for all regions of the world; and that the developing Asia is in a much better situation than others with an increase in growth from 6.2 per cent 2009 to 7.3 per cent in 2010 and 8.1 per cent in 2011, the highest rates of growth among the world regions (IMF 2009).

FIGURE 2
Annual Growth Rate of GDP in Asia (%)



Source: Based on *Asian Development Outlook 2009* (Asian Development Bank) and *Global Monitoring Report 2009: A Development Emergency* (World Bank, 2009).

Obviously, the severe economic slowdown is feared to be affecting all sectors including education in the Asian countries. While under normal growth period, spending on education may not get much influenced by economic factors, during the periods of crisis, it is likely to get seriously and adversely affected. Not only public expenditure, but also household expenditure on education may be affected, the latter indirectly through increased unemployment and reduced wages. As the crisis affects the private sector also, the contribution of private sector to education will also change. Based on earlier recessions around the world, Tilak (2004) postulated the following: (a) in the national priorities, education would get traded off in favour of other physical capital sectors; the overall investment - public, private, and household - in education might come down; (b) within education quantitative expansion of education might take place, but that will be at the cost of quality of education; (c) quantitative expansion also takes place and quality of education, which is less visible may be get sacrificed; (d) given the vested interests in higher education, primary education may suffer more and higher education may even get protected from the impact of the crisis; and (e) changing economic conditions may force change in the attitudes of the society towards education, which might result in adoption of questionable policies and strategies and launching of new reforms. Available limited evidence indicates towards the same and similar directions.

National and International Trends in Financing Education

In this overall background, the changing education situation and development strategies being adopted in various Asian countries for financing of education are summarised here as a set of major trends.

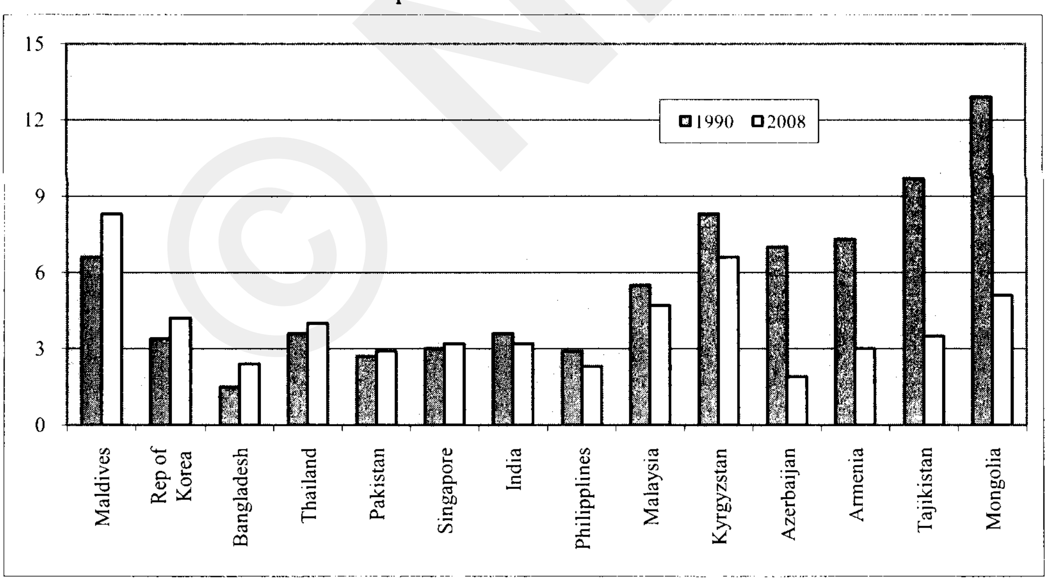
Fluctuating Trends in National Priority Accorded to Education

First, what is the priority given to education in the national development framework? This question is generally answered in terms of a few select indicators such as the share of education in gross national product (GNP) and the share of education in the government expenditure.

Share of Education in GNP

Share of education in GNP is the most standard indicator of national efforts on the development of education in a given society. This reflects the relative priority being accorded to education in the national economy. This indicator, though has certain limitations, is also found to be superior to several other indicators. Countries like India have a goal of allocating six per cent of GNP to education. UNESCO and UNDP have found the goal laudable and recommended the same for all developing countries as a medium to long term goal. India currently spends only about 3.5 per cent of GNP. But except for a few small island countries like Fiji, Marshall Islands and Maldives, and New Zealand in the Pacific which is also an advanced country, no country spends anywhere near six per cent of GNP on education. Many countries spend below four per cent. Pakistan and Bangladesh spend hardly 2.5 per cent of their respective GNP on education. Secondly, we also do not find a steady progress in many countries with respect to this indictor. In fact, in a good number of countries, this proportion declined between 1990 and 2007, the latest year for which such data are available (Figure 3).

FIGURE 3
Public Expenditure on Education as % of GNP



Source: EFA Global Monitoring Report (relevant years); and *World Development Indicators 2010.*

Of all the countries on which we have comparable data, given in Table 3, we note that it is only in five countries of the Asia-Pacific region viz., Maldives, South Korea, Bangladesh, Thailand and Pakistan, there has been some increase in the ratio; in most other countries it declined. In Singapore the corresponding figure was three per cent in 1990, which increased to 3.5 per cent by 2001, but declined again to 3.2 per cent by 2008. Among the countries that experienced a significant deterioration, Mongolia and Central Asian countries figure at the top, which were spending about 7-12 per cent of GNP in 1990.

TABLE 3

Trends in Public Expenditure on Education as % of GNP

Region	*1990*	*2000*	*2008*
East Asia & Pacific			
Australia	5.3	4.9	5.2
Cambodia	..	1.9	1.6
Fiji	4.7	5.9	6.2
Indonesia	1.0	1.6	3.5
Japan	..	3.5	3.5
Lao PDR	..	2.4	2.3
Malaysia	5.5	6.8	4.7
Marshall Islands	..	13.8	9.5
New Zealand	6.5	6.6	6.2
Philippines	2.9	3.4	2.3
Rep of Korea	3.4	3.8	4.2
Singapore	3.0	3.5	3.2
Thailand	3.6	5.5	4.0
Tonga	..	5.3	4.9
Central Asia			
Armenia	7.3	2.9	3.0
Azerbaijan	7.0	4.1	1.9
Georgia	..	2.5*	2.9
Kazakhstan	3.2	..	2.8
Kyrgyzstan	8.3	3.2*	6.6
Mongolia	12.9	6.6*	5.1
Tajikistan	9.7	2.5*	3.5
South and West Asia			
Bangladesh	1.5	2.5	2.4
Bhutan		5.1	5.8
India	3.6	4.1	3.2
Iran	4.1	4.4	4.8
Maldives	6.6	..	8.3
Nepal	2.0	3.6	3.8
Pakistan	2.7	1.8	2.9
Sri Lanka	2.7	1.3	..

.. Not available

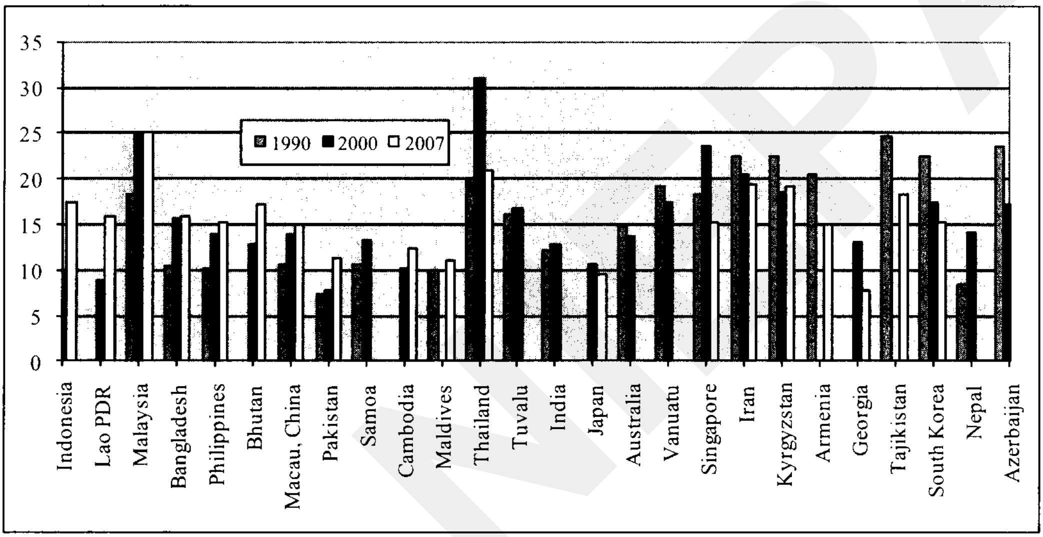
Source: UNESCO *EFA Global Monitoring Report*(s) 2003/4, 2005, 2010; and *World Development Indicators 2010.*

The Education Budget

Perhaps a more important gauge of what is actually happening is revealed by the priority given to education in the government budget. This indicator is also preferred to the earlier one, as governments have more direct control on government budgets than on GNP. Accordingly, one expects a more systematic pattern in the growth in public expenditure on education as a proportion of the total government expenditure on all sectors. But that is also not clear from the trends between 1990 and 2007, as shown in Figure 4.

FIGURE 4

Public Expenditure on Education as % of Total Government Expenditure



Source: Based on UNESCO *EFA Global Monitoring Report*(s) (various years)

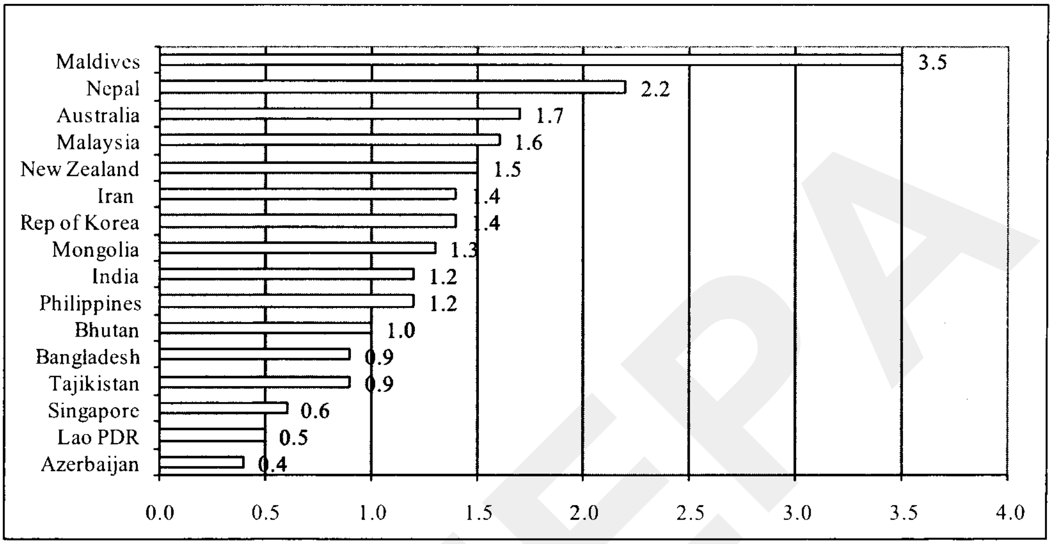
Allocation of Resources to Basic Education

Though the overall spending on education as a proportion of GNP reflects the national priority to education, the public expenditure on basic education becomes very crucial particularly in the context of EFA. There are no clear targets in any country on the proportion of GNP to be allocated to basic education, though most countries realised the need to raise the ratio, given the increasing requirements. India has decided to devote about half of the total expenditure on education to elementary education.

Many developed countries consistently spend above one per cent of GNP on primary education. In the Asian region a good number of countries on which data are available do spend comparable proportions, but the trends are not steady. In 2007, Azerbaijan, Laos, Tajikistan and Bangladesh are found to be spending below one per cent of GNP, and Nepal and Maldives above two per cent; most others spend between one and two per cent (Figure 5). One notices frequent fluctuations between several points of time.

FIGURE 5

Public Expenditure on Primary Education as % of GNP, 2007



Source: Based on UNESCO *EFA Global Monitoring Report*(s) (various years)

Earlier research has found that there exists no systematic relationship between economic level of development and public expenditure on education (Tilak 1999). Many poor countries are found to be spending a higher proportion of GNP on education than some of the economically rich nations. For example, many Central Asian counties spend much higher proportions of GNP on education, while the richer countries in East Asia like Korea and Singapore spent much less. Similarly, Nepal spends 2.2 per cent of GNP on primary education, while Korea only 1.4 per cent and Malaysia 1.6 per cent. Under normal conditions of growth, increase in economic growth is not associated with increase in spending on education; but conditions of financial crisis are often associated with declining trends in public expenditure on education. Secondly, it can also be noted that there is no systematic relationship between the total expenditure on education as a proportion of GNP and expenditure on primary education as a proportion of GNP. For example, Lao spends 3.6 per cent of GNP on education, but the share of primary education is only 0.5 per cent in GNP. Philippines spend about half of the total on primary education: it spends 2.3 per cent of GNP on education and 1.2 per cent on primary education; and Bhutan spends 5.8 per cent on education while only one per cent is spent on primary education.

Why do countries not spend adequately on education and why there are no consistent trends in the same? Basically there is lack of political commitment on the part of the government in many countries to education and to spending on education. The absence of political will to spend on education seems to be very predominant in many developing countries. Secondly, quite a few countries which are desirous of spending more on education feel the lack of fiscal ability to do so. Thirdly, they may have different kind of priorities which are not favourable to education. The absence of clear priorities in favour of education and within education absence of intra-sectoral priorities explain to some extent inconsistent trends in allocation of resources to education and allocation of resources to different levels within education.

Changing Budget Priorities

The changing priorities within education shifts, if any, from one level of education to another become clear if we look at the changing shares of primary education in the total expenditure on education. Available data on some of the countries of the region are given in Table 4. While Nepal has increased the share of primary education in total expenditure on education from 48 per cent in 1990 to 63 per cent in 2007, in quite a few other countries such as Lao, Malaysia, Philippines, Thailand, Bhutan, Bangladesh and India, the corresponding share has been reduced. In countries like Korea and Malaysia, the need to raise the proportion might not be felt as primary education is nearly universalised; and a county like Nepal has to step up the allocation significantly, as it is still very far from reaching the EFA goals.

TABLE 4

Changing Priorities: % of Total Expenditure on Education allocated to Primary Education

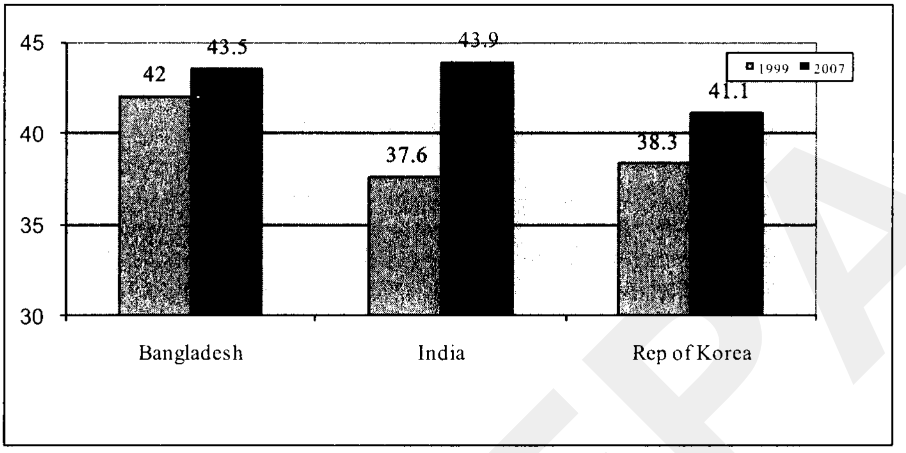
Country	Base Year	%	Latest Year	%
Lao	2000	55.5	2007	45.9
Malaysia	1990	34.3	2007	29.0
Korea	1990	44.3	2007	35.1
Philippines	2000	60.4	2007	53.6
Thailand	1990	56.0	2001	33.6
Bhutan	2000	56.9	2007	26.9
Bangladesh	1990	45.6	2007	43.4
India	1990	38.9	2007	35.8
Nepal	1990	48.2	2007	62.9

Source: UNESCO Global Monitoring Report(s) 2003/4, 2005, 2010.

As the expansion of primary education has expanded well and as mentioned earlier, it might create pressures for expansion of secondary education; some of these countries might have shifted their priority in favour of secondary and higher education. For example, as shown in Figure 6, the share of secondary education in the total expenditure on education increased in India from 37.6 per cent in 1999 to 42.9 per cent in 2007. India has initiated recently plans for universalisation of secondary education.

FIGURE 6

Priority Shifts to Secondary Education (% of Total Expenditure on Education)

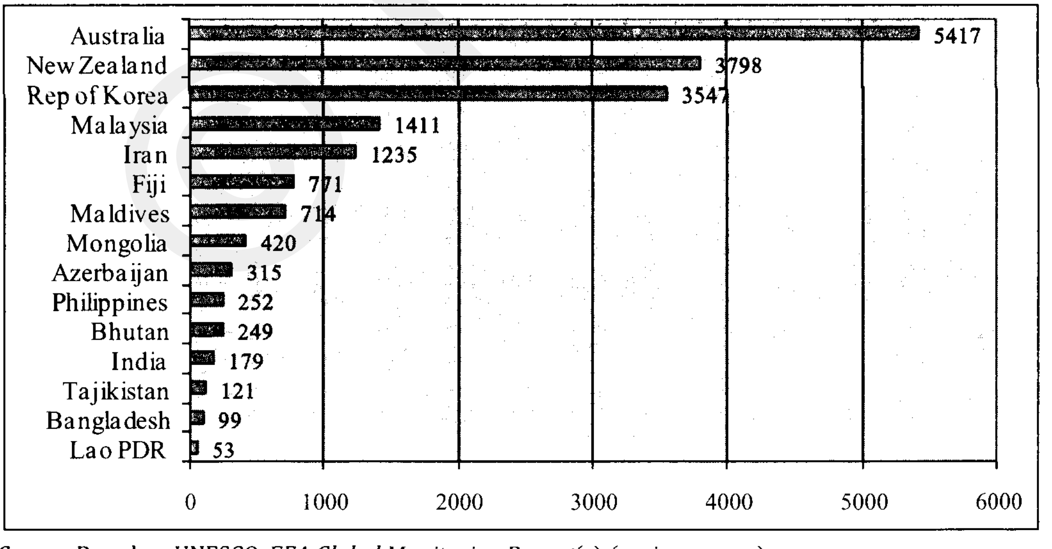


Source: Based on UNESCO *EFA Global Monitoring Report*(s) (various years)

Similarly Bangladesh has made a modest increase in the allocation to secondary education from 42 per cent to 43.5 per cent during the same period. In the same way, as one can expect from the above table, an increase in the allocation to primary education from 8 per cent to 63 per cent in Nepal is associated with a decrease in the share of secondary education from 28.9 per cent to 24.2 per cent.

FIGURE 7

Expenditure on Primary Education per Student (PPP US$) 2007



Source: Based on UNESCO *EFA Global Monitoring Report*(s) (various years)

Per Student Expenditure in Primary Education

Expenditure per student may be expected to reflect the quantum and quality of resources spent per student on average. Generally wide differences are noted in per student expenditure between different countries. But when adjusted for purchasing power parity, i.e., expenditure per student in PPP US$, one may expect the range of variation in the same to be small. But this is not necessarily true. Even among the developing countries of the region, one notices in Figure 7 wide differences in per student expenditure on primary education, ranging between (PPP)US $ 53 in Lao and (PPP) US $ 1411 in Malaysia. The low level of per student expenditure in Lao, Bangladesh, Tajikistan, India etc., might underline the poor quality of education in these countries, relative to the other countries.

Rapidly Increasing Private Schools

Another important dimension that has an implication for financing is the rapid growth of private schools in Asia, including in the erstwhile socialist countries such as China, Lao and Vietnam, which have moved towards market economies. Resource scarce governments seem to strongly believe that private schools will ease the financial burden on the governments and hence seem to formulate policies that encourage growth of private schools. Even when the governments do not directly encourage, if laws do not prohibit their growth, that seems to be sufficient for the growth of private schools, particularly of the type that is motivated by profit considerations.

Private schools include two types: those which are financially supported by the government with grants-in-aid, and those which rely almost exclusively on student fee and do not receive any public funds. The former can be referred to as government-aided private schools, and the others as private unaided schools. It is important to make distinction between the two, as they are different in nature and functioning, but as often disaggregated data are not available in required detail, one analyses the two as one category. The government-aided private schools may follow government policies and rules and regulations to a great extent, as they are partly – in fact, heavily financed by the government in countries like India. Public financing of private schools is a common feature, besides in India, in many Asian (and other) developing countries, such as in Indonesia, Thailand and Philippines. The unaided private schools may be motivated by profit considerations. The aided schools help in easing the financial burden on the governments only marginally, as they depend upon governments for most of their recurring budgets. The unaided private schools generate all the required finances from students; they may not actually invest any resources from their own sources. Moreover, generally these schools are also subsidised by the state in terms of provision of land at concessional prices and tax concessions on other expenditures, data on which are rarely available.

While most community-run *minban* schools in China were taken over by the government earlier, now profit-making private schools are being established. Such fully private schools which were not allowed in China, Cambodia, Mongolia, and Lao for a long time, are not only allowed now, but they are also found to be growing fast. On the whole, though profit-making private school sector is relatively small, it is growing fast and becoming highly significant in the Asian region.

Private schools in India have been rapidly increasing, as the figures in Table 5 reveal. The relative size of the aided schools is declining and the unaided private schools are fast rising in numbers.

The unaided schools constituted four per cent of all primary schools in 1993-94; this proportion nearly doubled by 2006-07. Similarly the unaided upper primary schools (upper primary level also forms a part of the Constitutional goal of universal free and compulsory education in India) also doubled in relative size from 11 per cent in 1993-94 to 22 per cent. Though many believe that the unaided schools considerably ease the financial burden on the government, they also note at the same time that they are associated with a number of problems, particularly relating to equity and quality and their existence is not consistent with the philosophy and practice of free elementary education.

TABLE 5
Growth in Private Schools in India (% of all Schools)

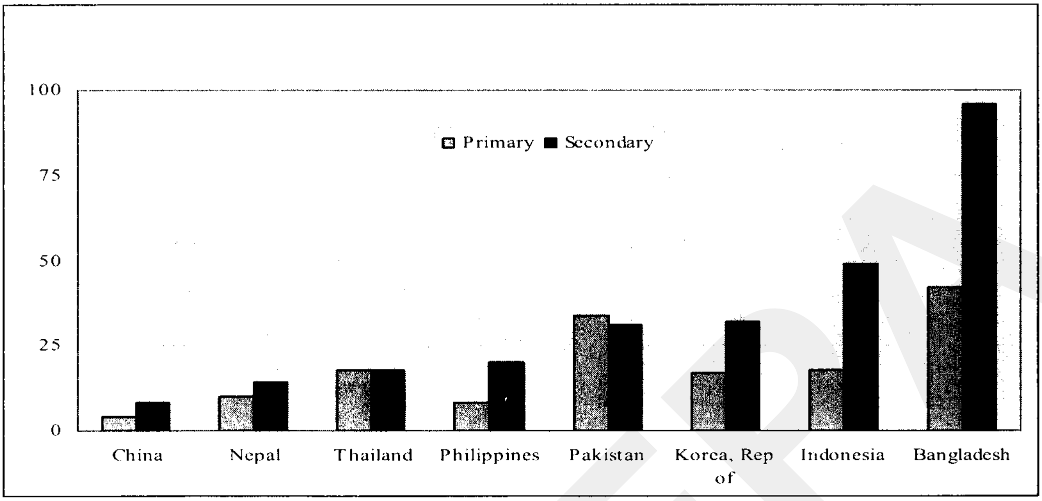
	1993-94	2001-02	2006-07
Primary Schools			
Govt.-aided Private Schools	3.8	3.1	3.1
Unaided	4.1	6.0	7.8
Total Private	7.9	9.1	10.9
Upper Primary Schools			
Govt.-aided Private Schools	9.5	7.9	6.7
Unaided	11.0	15.8	22.3
Total Private	20.5	23.7	29.0
Secondary Schools			
Govt-aided Private Schools	37.8	34.0	28.1
Unaided	15.2	23.6	34.3
Total Private	53.0	57.6	62.4

Source: Selected Educational Statistics 2006-07, New Delhi: Ministry of Human Resource Development, Government of India.

While statistics on private schools are not available for many countries, at least data on private enrolments are available in a good number of countries. Private enrolments include enrolments in both types of private schools – government funded and those that rely on student fee only. Private enrolments in primary education constitute 42 per cent of the total enrolments in Bangladesh, 34 per cent in Pakistan and 10 per cent in Nepal in 2007. This proportion increased from 13 per cent to 18 per cent in Thailand between 1999 and 2007. Private schools and also enrolments in private schools are higher in secondary education than in primary education.

FIGURE 8

Private Enrolment as % of Total Enrolments in Primary and Secondary Education, 2007



Source: Based on UNESCO *EFA Global Monitoring Report*(s) (various years)

In general, the size of the private sector in school education is limited in advanced countries. This is truer at the level of free and compulsory basic education. However, in the Asian developing countries, the private sector is already high in size and it seems to grow fast further. Further increase may not be desirable, given the equity role of education.

Public-Private Partnership for Funding Education

In this context, public-private partnership (PPP) has been rediscovered as a new strategy in many countries to meet the increasing financial needs of the education sector and it is projected as different from private education. This is also viewed as a strategy consistent with the EFA strategies as announced in the World Declaration for Education for All in 1990, when it announced, "New and revitalized partnerships at all levels will be necessary... partnerships between government and non-governmental organizations, the private sector, local communities, religious groups, and families."

There are several alternative modes that are being discussed some of which are already being practiced under the banner of PPP. One of the extensively practiced modes of public-private partnership is government support to private schools. Such schools described above as government-aided private schools are generally set up by private individuals or trusts or societies who meet the capital expenditure of establishing the schools and the operating expenditure is met either partly or fully by government. More than 90 per cent of the recurring expenditure of such schools is met by governments in countries like India and Bangladesh. These schools are normally managed by private sector or by communities on not-for-profit basis. There is an alternative but a similar type of schools called 'concession schools' in Pakistan which are public, but managed by private operators, who receive a payment per pupil from the state (World Bank 2009a, p. 103). Recently, India has introduced another method of financing private primary and upper primary schools. Under the Free and Compulsory Education Act (2009), all private schools which do not receive state funding otherwise have to admit at least 25 per cent of the total admissions to economically poor students whose costs will be reimbursed by the state directly to the schools. It is somewhat similar to a voucher system. A third mode of public-private partnership which is also widely prevalent is the provision of scholarships or stipends to students – particularly girl students, or students belonging to socially and economically backward strata enrolled in private schools.

The objective of these and other modes of PPP practiced in school education and also in higher education is essentially to tap private resources for education to supplement the limited resources. The role of the state is expected to be dominant in these models, as education, particularly school education is considered as a public good – a pure public good, and a merit good. But in practice, most PPP models end up largely tilting in favour of private sector and increase the degree of privatisation of education system (see Tilak 2010). Many such models are also described as a "business deal" (Tomasveski 2005) of transferring public resources to the private sector, often causing 'public pauperisation and private enrichment' (Tilak 1991).

Rising Household Expenditure on Education

Though government is the main financier of school education in many countries, household expenditure on education is generally found to be quite high. This is true not only in secondary and higher education, but also in primary education which is expected to be provided free by the state. Typical items of family expenditure on education include tuition and other fees paid to the schools, textbooks/stationery, uniforms, transport and noon meals. In India, tuition fee and books & stationery are the two items on which highest amount of expenditure is incurred, accounting respectively for one third and one-fifth of the total expenditure of the households on education in 2007-08 (NSSO 2010). Recently, it has been found that in several Asian countries private tuition is probably the most important item on which families spend, producing several adverse effects (see Bray 2003).

Recent data on family expenditure on education are not available on many countries of the region. Based on sample surveys, Bray (2004) reported that the household expenditure on public primary education formed as high as 80 per cent of total expenditure in Cambodia, the government meeting the remaining 20 per cent in the mid-1990s; and the family expenditure formed 50 per cent in Vietnam; the corresponding proportions were much less in other countries: below ten per cent in Indonesia, a little above 20 per cent in Lao, Myanmar, and China; a little less than 20 per cent in Mongolia and about 30 per cent in Philippines. In Cambodia and Vietnam, household costs exceed government expenditure at primary level. Highly reliable and comparable statistics are not available in all countries of the region. In Korea, data are regularly collected on non-government expenditure on education. In 1994, this was found to form above 70 per cent of the total. According to the latest available data, in Philippines household expenditure on primary and secondary education forms above 30 per cent of the total education expenditure; and in Indonesia and India it is nearly 30 per cent; and it is very small, less than five per cent in Malaysia (World Bank 2009a, p. 98). In India, household expenditure on primary education per student per year increased nearly three-fold from Rs. 501 in 1995-96 to Rs. 1413 in 2007-08; the same on upper primary education increased from Rs. 915 to Rs. 2088, in secondary education from Rs. 1577 to Rs. 4351 and in higher education from Rs. 2923 to Rs. 7360 (NSSO 2010).

It has been widely found that household expenditure is income elastic, i.e., the expenditure increases by increasing levels of household income. Further, as Tilak (2002) noted, household expenditure on education either complements or substitutes government expenditure on education. In developing countries, most often it is found to be substituting government expenditure. Moreover, household expenditure does not represent willingness to spend on education, but compulsion to do so. Families feel compelled to spend on education, as governments do not spend adequately on providing free basic education, quality teachers, textbooks and stationery, libraries, and other incentives and student welfare activities. As it is income elastic, it is also held widely that higher levels of household expenditure on education reflects the economic inequalities in the society, producing higher levels of inequalities in education. But governments out of either conviction or compulsion seem to be strongly favouring approaches to tapping of the 'willingness to pay' and the 'ability to pay' of the households for education. However, it may have to be noted that financial crisis would compel households to reduce their demand for education and/or cut their expenditures on education, or households may readjust their budgets to keep educational investments intact. Both kinds of trends were noted in case of East Asian countries (Varghese 2009, p. 241).

Legislations to provide Free and Compulsory Education to All

Consistent with the United Nations Declaration on Human Rights, most countries have had legal provisions in place to provide free primary education to all eligible children. But some of the laws have been inadequate and ineffective. As Tomasevski (2006) has shown, in many countries of the region there is a legal provision for providing free education, but in practice they levy fees and other charges (Table 6). In all Central Asian countries free education is legally guaranteed and in all countries charges are levied. In other cases, existing rules and regulations do allow levying of fees and other charges in education.

In India, for example, 'free' primary education was interpreted to mean only tuition-free education; schools were allowed to charge all other kinds of fees and levy charges.[4] Hence the need to make comprehensive and effective legislations has been felt for quite some time, particularly after the 1990 Jomtien conference. Accordingly, many countries in the region have made fresh legislations or modified the existing legislations in this regard. In India an amendment to the national Constitution has been made in 2002 and a law has been enacted in 2009 for the same. The new legislation prohibits levying of any kind of fee/charges on students in primary and upper primary levels of education. The law also promises to ensure provision of a minimum level of facilities, minimum number of teaches, etc., in all schools. Thailand has also made a similar new law in the recent years, but it allows students to pay for non-tuition items of expenditure. In China, there is a nine-year compulsory education act since 1986, but education is not completely free. It is expected to be tuition-free. But that the central government announced a policy of free basic education in the poorest regions in 2006 with a commitment to provide funds for building schools, providing free textbooks and eliminating miscellaneous fees (World Bank 2007) means that in other regions it is not free.

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[4] However, Tomasevski (2006) reports that no charges are levied in India.

TABLE 6
Legal Provision for Free Education in Asia and the Pacific

	Legal Guarantees for free education		**Charges Levied**	
	Yes	No	Yes	No
Afghanistan	√	-	√	-
Bangladesh	√	-	√	-
Bhutan	√	-	√	-
Myanmar	√	-	√	-
Cambodia	√	-	√	-
China	√	-	√	-
India	√	-	-	√
Indonesia	√	√	√	-
Lao	-	√	√	-
Malaysia	-	√	√	-
Maldives	-	√	√	-
Mongolia	√	-	√	-
Nepal	√	-	√	-
Pakistan	-	√	√	-
Philippines	√	-	√	-
Singapore	-	√	√	-
Sri Lanka	-	√	-	√
Thailand	√	-	-	√
Vietnam	√	-	√	-
Armenia	√	-	√	-
Azerbaijan	√	-	√	-
Georgia	√	-	√	-
Kazakhstan	√	-	√	-
Kyrgyzstan	√	-	√	-
Tajikistan	√	-	√	-
Turkmenistan	√	-	√	-
Uzbekistan	√	-	√	-

Source: Tomasevski (2006).

Though most legislation do not explicitly cover provision of school lunch, many countries do provide the same either free or at highly subsidised prices (Bundy et al 2009). In India the noon meals scheme was revitalised in 1995 to make it a national programme to cover all children going to primary and upper primary schools. Many countries do provide for provision of textbooks/stationery and other incentives to children.

It is important to note that the legislations are important, but they are not sufficient to ensure provision of true free education and commitment of the government to spend on education. Especially in situations characterised by economic crisis, governments may not be sincere in letter and spirit to the legislative provision of providing free education, school lunch and other incentives and might rethink on continuation of some of these programmes.

Increasing Efforts to Mobilise Domestic Resources for Education

Given the growing financial needs of the education system often exceeding the availability of resources, governments are found to be introducing new or intensifying the existing measures of raising resources.

In India, an education cess was introduced in 2004, as two per cent of the income tax, central excise duties and other taxes levied by the central government. The revenues from cess are used to finance the central government's major flagship programme for universal elementary education, called *Sarva Shiksha Abhiyan*, and a national programme of noon meals in all primary and upper primary schools. Realising the need to raise the resources for expansion of secondary and higher education, the cess was raised to three per cent since 2008, the additional one per cent to be used for secondary and higher education. The cess revenues are found to be substantial and are transferred by the central government to the states for elementary education programmes.

China also levies a similar cess/surcharge for education, besides collecting 'social contributions' for education (Tsang 2001). There are three types of educational surcharges: (a) urban educational surcharges levied on products, business and value-added taxes; the rate was initially one per cent in 1986, but increased to two per cent in 1990 and three per cent in 1992; (b) rural educational surcharges, levied at farming households, and township and village enterprises; and (c) local educational surcharges levied since 1995 by some local governments from luxurious activities such as tourism and restaurants. It is a trivial source relative to the first two (Zhang, 1999).

Many other countries are also making serious efforts to mobilize additional resources for education, though much documentation is not available. One such effort is the increasing reliance on decentralised mechanisms of planning and financing education.

Decentralisation in Education

It is increasingly being held that several problems faced in the area of education, including financing, can be solved by introducing decentralised mechanisms in planning, financing and delivery of education. India has adopted decentralised planning and management approaches to educational development at school level. Bodies are set up at village, school, block, and district levels for planning and management purposes. Village level education committees are the units at the grassroot level that have been vested with supervisory and managerial responsibilities in school development. However, decentralisation is mainly in the area of planning, supervision and monitoring and not significantly for mobilising finances, as funding is largely based on an elaborate method of devolution of resources from central to state governments, and state governments to local level units, though an act of decentralisation in a state (Andhra Pradesh) in India aimed at mobilisation of resources, by constituting 'fund' at every level of decentralised units, viz., village, block, district, state etc. But decentralised measures involving village education committees and other local units are able to generate additional resources from the communities. The community contributions were both voluntary and compulsory in nature.

China's concern for funding problems prompted the central government to decentralize and diversify educational financing in the early 1980s. By the mid-1990s, however, the equity problem had become more salient. Decentralization has led to large spending gaps between rural and urban areas and between the coastal region and the rest of the country.

The central government made a commitment in the early 1990s to universalize nine-year compulsory education by 2000 and reshaped the educational system from the mid-1990s, shifting from over-decentralization to some degree of re-centralization. The central government remained in the driver's seat throughout the decentralization and recentralization process. From the equity perspective, some degree of recentralization is seemed to have worked in China. The shift from over-reliance on township governments and local communities to a larger role by the central, provincial and county governments has been found to have reduced the rural-urban gap and the regional disparities in spending on basic education. It will be interesting to see whether the shift from decentralization to some degree of recentralization can lead to a reduction in other dimensions of inequality such as quality, completion rate, and progression rates. It will also be interesting to see how county governments, whose budgets may have already been over-stretched against many unfunded central mandates, fund basic education.

The limited experience on decentralisation in a few countries underlines the need for proper methods of devolution of resources on the one hand, and decentralisation of responsibilities and powers for mobilisation and utilisation of finances, on the other, to produce desirable gains. In fact, without adequate devolution of resources and financial decentralisation, decentralisation in educational planning and development may not be sufficient. Secondly, decentralisation should not lead to abdication of responsibilities by the higher levels of the government. Decentralisation should be viewed as a part of a multi-level development planning framework, where there is close inter-dependence of one layer of the government on the other. Third, decentralisation as a strategy has serious limitations; it can widen regional inequalities and hence one has to recognise the limits of decentralisation and supplementary measures to check inequalities and to see that resource poor units at micro level do not suffer and lag behind others in education development.

Cost Recovery in Secondary and Higher Education

One of the most important developments of the post-Jomtien period is concentration of public funds on primary education. In fact, in many countries, resources were reallocated from secondary and higher education to primary education. As shown earlier, it is only very recently, attention is being given to secondary education, as improvements in primary education necessitated expansion of secondary education. Otherwise, governments have tended to adopt in secondary and higher education cost recovery measures. In case of higher education, cost recovery measures in terms of high levels of student fees and student loans have been seriously pursued. Public subsidies to higher education have been reduced. Several reforms are being introduced in higher education in Asian countries (see Varghese 2009). Privatisation of higher education is also viewed as an important strategy in the same context. It is feared that the financial crisis might force the governments to intensify such efforts. At the same time, the importance of targeting of public subsidies in higher education to the poor strata of the society is being increasingly realised.

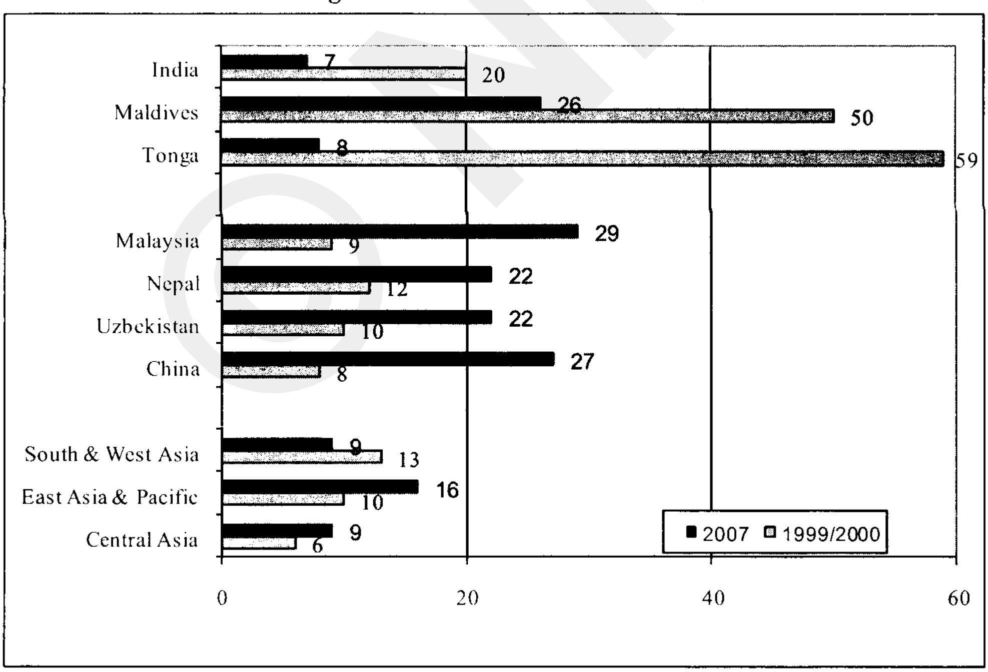
Fluctuating International Commitment to Education

International aid – loans and grants, both bilateral and multilateral, has been an important source of financing education in some of the Asian countries. Some of the countries like India which have not taken aid for primary education for a long period were also to resort to aid after 1990 first for primary education and later for secondary education. Presently almost all developing countries in the region receive small to significant amounts of external aid for development of education and also specifically for basic education.

External aid to education has grown significantly in Asia. The total aid for education in Asia has increased from US $ 2388 million in 1999/2000 to US $ 3921 million in 2007 (in 2007 constant prices). This is a very significant increase. It can also be noted that the increase has been experienced in all the sub-regions of Asia and Pacific, as shown in Table 7. However, share of education in the total aid has not been high; it was 6 per cent in Central Asia, 10 per cent in East Asia and Pacific and 13 per cent in South and West Asia in 1999/200. Moreover, there is no increase in the ratio in all the sub-regions of Asia. While the share has marginally increased in Central Asia and also in East Asia and Pacific, it has actually declined from 13 per cent to 9 per cent in South & West Asia (Figure 9). Among the major countries, the biggest increases were experienced by China, where it increased from 8 per cent to 27 per cent. The corresponding ratios have also increased in Uzbekistan, Nepal and Malaysia. In contrast, sharp declines in the percentage share of education in total overseas development assistance could be noted in Tonga, Maldives and India. Education aid constituted 59 per cent of the total aid in Tonga and 50 per cent in Maldives in 1999/2000; the corresponding proportions declined to 8 per cent and 26 per cent in 2007 respectively. In India, it declined from 20 per cent to 7 per cent during the same period. All this represents changing priorities of the aid organisations and of the developing countries in relation to education in the aid framework.

FIGURE 9

Change in % Share of Education in Total ODA



Source: Based on UNESCO *EFA Global Monitoring Report* 2010

TABLE 7
Flow of External Aid for Education in Asia, 2007

	Aid in US$ million (2007 constant) for				**Aid for Basic Education per School-age child (US$ 2007 constant)**		**Share of Basic Education in Total Aid for Education (%)**	
	Total Education		***Basic Education***					
	1999/ 2000	*2007*	*1999/ 2000*	*2007*	*1999/ 2000*	*2007*	*1999/ 2000*	*2007*
Central Asia	114	199	28	36	4	6	24	18
East Asia & Pacific	1326	2118	402	556	2	3	30	26
South & West Asia	948	1604	501	672	3	4	53	42
Total Asia	2388	3921	931	1264	..	..	39	32
World	7912	12065	3189	4266	5	7	40	35
Asia as % World	30.2	32.5	29.2	29.6	..	..	..	..

Source: UNESCO (2010) *Global Monitoring Report*

While the amount of aid that has flown into Asia has increased in Asia somewhat significantly, the share of Asia in total world aid for education increased only marginally from 30 per cent to 33 per cent during the same period. The share of Asia in the aid for basic education remained constant at a little below 30 per cent level. Country-wise details are given in Table 8.

A few important characteristic features are clear that are associated with external aid for education in the Asian countries.

a) East Asia and Pacific region accounts for the largest amount of aid for education in the region and Central Asia the least. However, in terms of aid for basic education, South and West Asia accounts for the largest amount. Of the total education aid, basic education accounts for above 40 per cent in South and West Asia, one-fourth in East Asia and Pacific and less than one-fifth in Central Asia. These patterns broadly correspond to the economic and educational levels of the sub-regions. However, the patterns seen at sub-regional levels do not seem to be so neat, when we examine country-wise data. There are wide variations in the amount of aid received by several countries, which do not exactly correspond to the level of economic and educational development of the countries.

b) Secondly, only a few countries receive substantial amount of aid for education, though most other countries also receive aid, but of a very small magnitude. China, Indonesia, India and Pakistan lead this group in 2007. Interestingly these countries were not at the top in 1999/2000 (Figure 10). The total aid received by Central Asian countries is less than US$ 200 million in 2007, less than the aid received by a single country like Bangladesh.

TABLE 8

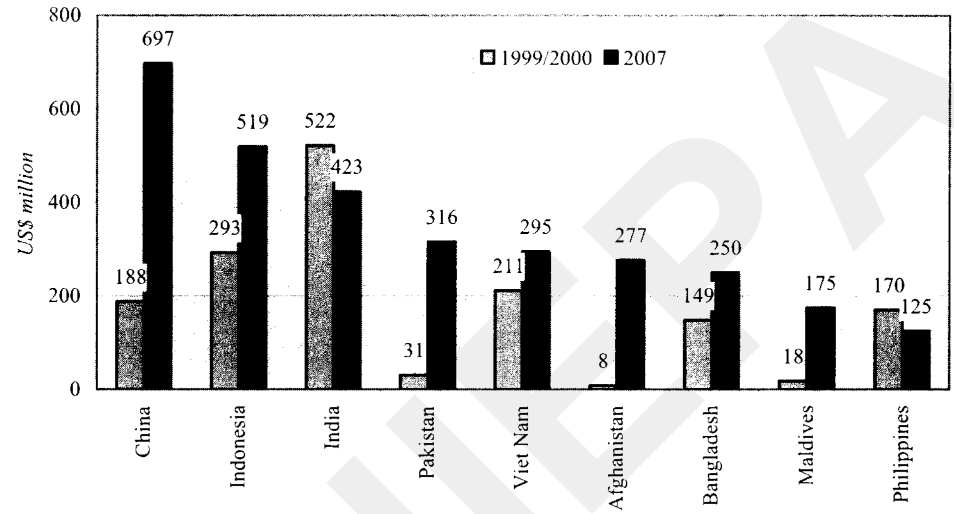
External Aid for Education in Asia

	Aid for education (US $ million constant 2007)			Aid for basic education(US $ million constant 2007)			Aid for basic education per primary school age child		
	1999/ 2000 Average	*2006*	*2007*	*1999/2000 Average*	*2006*	*2007*	*1999/2000 Average*	*2006*	*2007*
East Asia and Pacific									
Cambodia	44	68	31	17	52	12	8	25	6
China	188	894	697	30	139	39	0	1	0
Indonesia	293	463	519	133	306	237	5	12	9
Lao PDR	35	21	36	6	5	14	7	6	18
Malaysia	84	86	20	1	2	1	0	0	0
Marshall Islands	4	13	14	2	7	7	233	767	792
Micronesia, Fed States of	9	28	29	4	14	14	222	829	856
Myanmar	3	21	33	2	17	28	0	4	7
PNG	116	38	40	72	24	21	90	24	21
Philippines	170	46	125	59	23	64	5	2	5
Rep of Korea	32	0	0	4	0	0	1	0	0
Samoa	9	24	4	4	7	2	142	211	56
Solomon Islands	15	5	44	4	2	30	63	20	384
Thailand	51	36	34	13	2	2	2	0	0
Timor-Leste	9	31	46	3	19	26	19	100	136
Tonga	2	18	3	0	12	1	21	87	96
Vanuatu	14	13	9	1	6	4	20	164	110
Viet Nam	211	237	295	36	38	40	4	5	5
Central Asia									
Armenia	12	42	44	2	6	7	8	52	57
Azerbaijan	8	7	5	3	0	0	3	0	0
Georgia	23	50	30	5	13	5	17	38	14
Kazakhstan	17	12	19	2	1	2	2	1	2
Kyrgyzstan	11	22	10	4	12	3	9	27	7
Mongolia	16	46	30	6	20	11	23	81	46
Tajikistan	9	10	8	4	3	6	5	5	8
Uzbekistan	15	28	32	2	12	1	1	5	0
South and West Asia									
Afghanistan	8	159	277	2	117	168	1	26	37
Bangladesh	149	258	250	91	82	118	5	5	7
Bhutan	6	10	15	1	3	5	11	34	52
India	522	177	423	331	84	49	3	1	0
Iran,	88	55	56	5	1	1	1	0	0
Maldives	18	5	8	0	2	1	6	43	14
Nepal	66	60	175	55	29	96	17	8	27
Pakistan	31	296	316	11	198	197	1	10	10
Sri Lanka	60	52	83	5	5	36	3	4	24

Note: Countries which received total education aid below US $ 5 million in 2006/7are not included here.

Source: EFA Global Monitoring Report 2010

FIGURE 10
Largest Education Aid Receiving Countries in Asia, 2007
(Received above US$100 Million in 2007)



Source: Based on UNESCO *EFA Global Monitoring Report(s)* 2010

c) The flow of aid for education is not steady and smooth, as the figures in Table 8 indicate. We have presented here data on recent two or three points of time – 1999/2000 and 2006/2007 and attempted to make comparisons on the flow pattern, while it would have been better to base such comparisons on a longer time series data. With this limitation, we may note that there are frequent ups and downs in the flow of aid. In Philippines the aid was about US $ 170 million in 1999/2000; it came down to US $ 46 million in 2006 and then again increased to US $ 125 million in 2007 (all in US $ constant 2007). Exactly a similar trend can be noted in case of India, where the aid for education decreased from US $ 522 million in 1999/2000 to US $ 177 million in 2006 to increase dramatically to US $ 423 million in the following year. In China, the aid for education increased significantly between 1999/2000 and 2006 but in 2007 it was reduced. We find similar trends in several other countries.

Table 9 lists the countries where the aid increased or decreased between the two points of time. The aid for India, Philippines, Iran, Malaysia and Thailand has declined while China, Pakistan, Afghanistan, Indonesia, Bangladesh, Vietnam and Nepal experienced highest increases in education aid. When it comes to basic education, Pakistan, Afghanistan and Indonesia received the largest increases.

TABLE 9
Aid Flows to Education in Asia (Changes between 1999/2000 and 2006/7)

Aid for Education			Aid for Basic Education			Aid for Basic Education per Student		
Decline	*Increase*	*No Change*	*Decline*	*Increase*	*No change*	*Decline*	*Increase*	*No Change*
India	China	Tajikistan	India	Pakistan		PNG	Tonga	DPR Korea
Philippines	Pakistan		PNG	Afghanistan		Samoa	Armenia	
PNG	Afghanistan		Philippines	Indonesia		Azerbaijan	Mongolia	
Iran	Indonesia		Thailand	China		India	Bhutan	
Rep of Korea	Bangladesh		Iran,	Myanmar		Thailand	Afghanistan	
Malaysia	Viet Nam		Korea	Sri Lanka		Philippines	Maldives	
Thailand	Nepal		Azerbaijan	Cambodia		Korea	Fiji	
Maldives	Armenia		Kiribati	Mongolia		Iran	Sri Lanka	
Lao PDR	Myanmar		Kazakhstan	Bangladesh		Kazakhstan	Pakistan	
Azerbaijan	Mongolia			Nepal			Georgia	
Kazakhstan	Georgia			Tonga			Kyrgyzstan	
Turkmenistan	Uzbekistan			Uzbekistan			Cambodia	
	Tonga			Armenia			Indonesia	
	Sri Lanka			Georgia			Myanmar	
	Bhutan			Lao PDR			Lao PDR	
	Cambodia			Kyrgyzstan			Turkmenistan	
	Kyrgyzstan			Bhutan			Uzbekistan	
	DPR Korea			Viet Nam			Tajikistan	
	Fiji			Fiji			Bangladesh	
				Maldives			Viet Nam	
				Malaysia			China	
				Tajikistan			Nepal	
				Turkmenistan			DPR Korea	
				DPR Korea				

Note: Averages of 1999 and 2000, and 2006 and 2007 are considered in making this table.
Source: Based on *EFA Global Monitoring Report 2010*

There may be several reasons for fluctuations in the flow of aid. The flow of aid depends upon the aid organisation's ability to provide funds and ability to prioritise their activities on the one side, and the receiving country's ability to effectively utilise the aid and the country's level of development achieved, on the other. None of these is static. So fluctuations are obvious. But one might expect no big variations between two successive years, like between 2006 and 2007, unless new aid projects were launched or old ones were closed or withdrawn.

d) While many countries are dependent upon aid for education only marginally, aid forms a major component of the education budget in a few other countries. For example, in Nepal in 1997-98, aid amounted to 53 per cent of the total budget for education, the internal sources accounting for 47 per cent of the total (World Bank 2009a). In contrast, in India, aid for elementary education was estimated to constitute 2-3 per cent of the total government expenditure on elementary education in 2002-03, when the amount of aid was at its peak (Tilak 2008).

e) Basic education accounts for a sizeable proportion of the total education aid in many countries; it is as high as above 80 per cent in Myanmar and more than 60 per cent in Cambodia, Pakistan and above 50 per cent in Philippines, Nepal etc., in 2006/7. It forms a small proportion only in countries like China, Vietnam and India.

   In India also it forms a little above 20 per cent. In 1999/2000 Nepal, Myanmar, India, PNG and Bangladesh were ahead of others in this ratio. It means that aid has already shifted to other levels of education, particularly secondary and higher education in China, Vietnam and India. In India, a major secondary education project is being taken up with external aid. Besides, aid also flows to technical education at higher level. The big decline in the share of basic education in aid in Bangladesh and Nepal between 1999/2000 and 2006/7 also means that Bangladesh and Nepal too have shifted their priority away from basic education in the aid framework.

f) As the UNESCO (2010) noted, distribution of aid to education among the poor countries in general, and among the conflict-affected poor countries in particular is quite uneven. Only Indonesia, Afghanistan, Pakistan and Bangladesh receive aid for basic education which is above US$ 100 million (Figure 12). Among the other countries, Nepal accounted for US$ 96 million and Philippines US$ 64 million in 2007. In no other country the aid for basic education exceeded US$ 50 million.

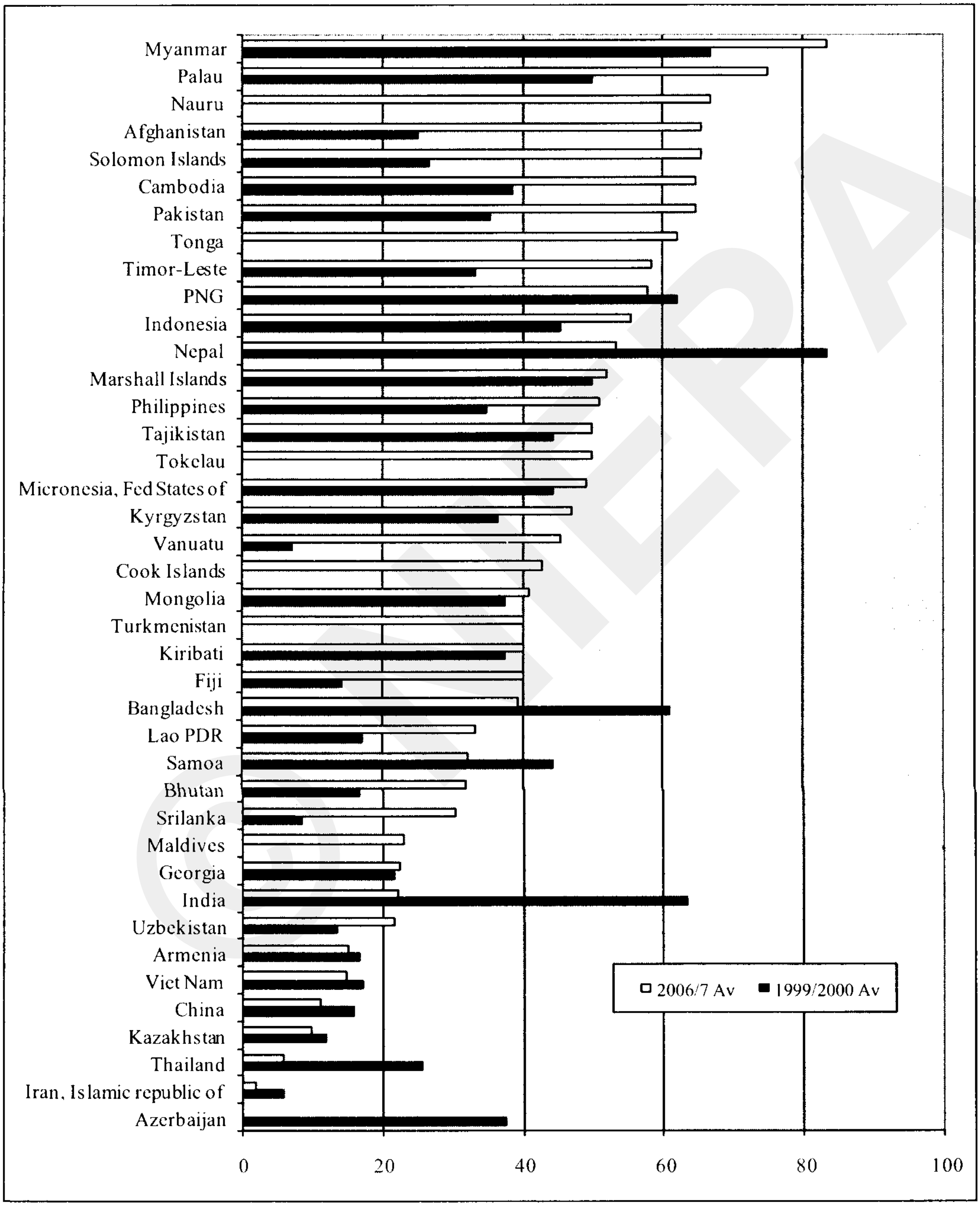
   It was only US$ 12 million the needy Cambodia received in 2007, though it was US$ 52 million in 2006. Lao received US$ 14 million in 2007 and US$ 5 million in 2006. Aid for Bhutan was only US$ 5 million in 2007 and most Central Asian countries except Mongolia received aid which is below US$ 7 million.

g) Aid for basic education per school age child is very small in many countries: less than US$ 5 in Azerbaijan, Iran, Thailand, China, India, Philippines, etc., and there is large variation between the same in several countries. Even for countries like Vietnam, Bangladesh and Pakistan it is about US$ 5-10 only.

For small island countries like Cook Islands, Marshall Islands, Nauru, Palau etc., where the school age population is probably very small, the aid is above US$ 200 per child. In terms of aid per child, small island countries seem to capture a large amount of aid, though they do not account for large aid – total aid for education or aid for basic education (Table 10). Spending per child is low particularly in the conflict-affected poor countries such as Afghanistan, Nepal, Pakistan and Myanmar.

FIGURE 11

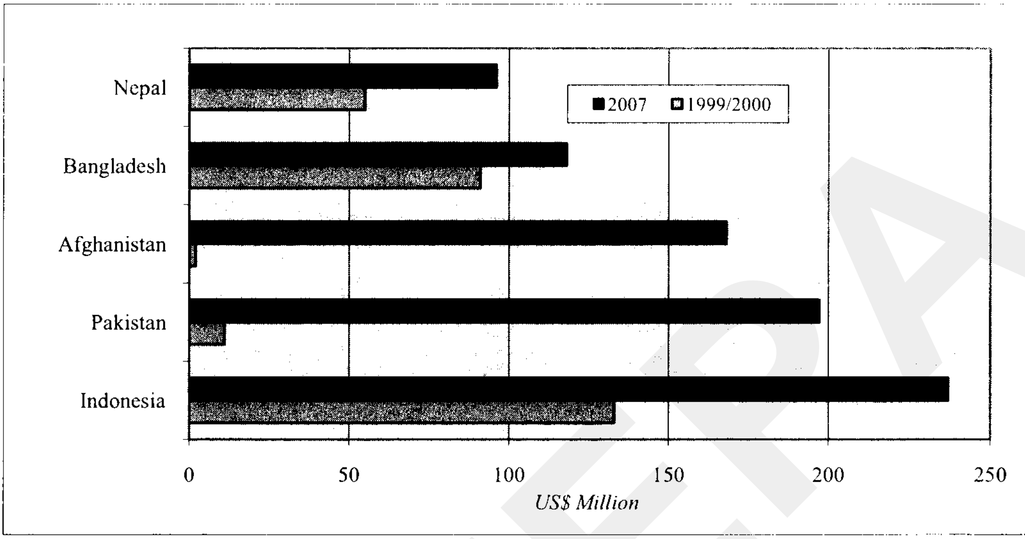
Share of Basic Education in Total Education Aid (%)



Source: Based on UNESCO *EFA Global Monitoring Report*(s) (various years)

FIGURE 12

Top Five Countries Receiving Largest Aid for Basic Education in 2007



Source: Based on UNESCO *EFA Global Monitoring Report(s)* 1999, 2010

TABLE 10

Distribution of Countries Receiving Basic Education Aid per Child, 2007

Amount of Aid (US$)			
< 5	5-50	50-200	>200
Azerbaijan	Viet Nam	Armenia	Solomon Islands
Iran	Myanmar	Mongolia	Cook Islands
Thailand	Bangladesh	Tonga	Nauru
China	Tajikistan	Timor-Leste	Palau
India	Pakistan	Samoa	Marshall Islands
Kazakhstan	Indonesia	Vanuatu	Micronesia, Fed States of
Uzbekistan	Lao PDR		Tokelau
Philippines	Sri Lanka		
Turkmenistan	Cambodia		
	Kyrgyzstan		
	Nepal		
	PNG		
	Georgia		
	Fiji		
	Maldives		
	Afghanistan		
	Bhutan		

Source: Based on UNESCO *EFA Global Monitoring Report* 2010

The global crisis adds to the problems of aid from the point of view both the developed and poor countries. Aid organisations and developed countries might face declining revenues, rising fiscal deficits and overall resource crunch and might be forced to go back on their pledges and commitments. Already it has been noted that nearly all donor countries are falling short of their aid pledges for 2010 (UNESCO 2010). Secondly, aid organisations and donor countries are also shifting in recent years their priorities within education from primary to secondary and even to higher education. The uncertainty about whether aid would flow or not might hold back developing countries from continuing and launching of their educational plans and projects. The fast track initiative (FTI) launched in 2002 that was expected to create new momentum both among the poor and rich countries and the aid organisations have not been attractive to the Asian countries, may be because too little aid flows that also, too erratically. Vietnam is the only country in the region whose plans were endorsed by the FTI (in 2003). A few countries in the region such as Cambodia, Mongolia, Kyrgyzstan, and Tajikistan, however, received aid from the Catalytic Fund started in 2007.[5] Those countries which are planning to join FTI or the Catalytic Fund might have to really slow their plans to do so. The crisis might also make the donors to be less ambitious, if not less interested in funding the FTI and the Catalytic Fund.

The impact of the financial crisis on developing countries makes it more important for the aid community not only to be sincere to their past commitments and pledges, but also to respond to the additional needs of the crisis-ridden developing countries. Secondly, as is widely noted, there is need for a single unified multilateral framework of education through which all aid for education flows to the developing countries. One has to keep on searching for innovations in funding mechanisms, but it is necessary to see that too much experimentation is not attempted that would create problems both to the recipient countries and aid organisations.

Concluding Observations

The global EFA programme launched 1990 began yielding returns in terms of high net enrolment ratios, reduced number of children outside schools, fall in rates of drop-out etc., in many countries of the Asia Pacific region. Many countries in the region are also experiencing these achievements in EFA causing increase in demand for secondary and higher education. At the same time, it is widely noted that the resource gap is awesome even with respect to EFA targets, not to speak of the whole education sector. While many countries are developing plans not only for reaching the EFA goals, but also for expansion of secondary education and also of higher education, the world is to wake up suddenly to face the global financial crisis. It is feared all over that the global crisis might inflict serious disruption to the educational plans and programmes. It is yet to see the full impact of the crisis on financing education by the governments, households, private sector and the international development community, but some indications available are indeed disturbing.

While under normal economic conditions, the allocation of resources to education is not much influenced by economic factors, during the phases of the financial crisis, it might be positively influenced by the deteriorating economic conditions, i.e., as economic situation of

[5] 'Cash on delivery' is yet another new approach to foreign aid, yet to be adopted in Asia. 'Cash on delivery.' See Birdsall and Savedoof (2010).

a country worsens, the allocation to education might also worsen. The crisis might force the vulnerable economies to change their priorities away from education sector and in favour of immediate growth-stimulating sectors. This apparently short term change in priorities might produce not only short term but also long term consequences. While the governments have to intensify their efforts to mobilise more resources, declining employment rates and wages, may not allow the governments to raise more resources from the people, through cost recovery measures, or through additional taxes and community contributions. Further, the flows of external aid are likely to be seriously affected because of the crisis being faced by the rich countries. As a result, the overall financial situation may be worse for the education sector. In this context, the paper reviewed a few broad trends in international and national strategies in funding education in Asian countries.

There have been wide fluctuations in flow of funds to education in the national budgets. There has been no steady pattern in the allocation of resources to education as a proportion of GNP or as a proportion of the total government expenditure, or even in absolute amounts. They might increase in one year, fall in the next year and increase in the following year. The financial crisis might accentuate further fluctuations, often pushing down the allocations.

There are wide variations in the pattern of allocation of resources to education between several countries of the region. As the impact of the crisis cannot be even on all countries, some countries might be able to protect education sector from any budget cuts, and some may have to inflict serious cuts. This is also determined by the political will and the priorities of the governments in relation to education and other sectors. In all, inter-country variations in the spending patterns may get widened because of the crisis.

Fourthly, faced by the crisis, some of the impressive achievements made with respect to EFA goals by some of the countries might make the governments and international community to be complacent about the unfinished tasks in EFA and as a result there is a danger that the gains made so far my get lost, as it requires sustained efforts to consolidate the gains made. For instance, the resource-poor governments may also find it easy to adopt questionable policies and programmes like abolition of free education, withdrawal of school lunch programmes etc. that might seriously affect access and equity and overall growth in education.

Similarly, governments may feel justified to encourage growth of all kinds of profit-seeking private institutions to come up in education. All this will have serious short term and long term effects on education.

Further, the financial crisis may force the governments to make wrong priorities for and within education. It might compel governments to choose one level of education at the cost of another and to ignore the simple truth that all levels of education are inter-dependent and a balanced pyramid of the educational structure has to be developed for national development.

To conclude, it is important for the governments and the international development community to recognise that education is a public good, it is a basic need, a human right; it is an investment for development and at the same time it is human investment. It ha to be recognised that education is both efficient and equitable in its effects; quality, quantity and equity in education are three inter-dependent dimensions of education and all levels of education are closely related to each other, necessitating the need to go beyond the basic education. Finally, it has to be noted that education is the best cushion that will help meeting challenges like the financial crisis and other disequilibria (Schutlz 1975).

It implies that both governments in developing countries and international aid community have to develop strong and sustained funding architectures that are less susceptible to financial shocks and conducive for sustained development of education of the people. In practice, the governments may make national legislations that ensure provision of at least a minimum level of funding for education – as a proportion of GNP, as a proportion of total government expenditure, and for different levels of education, and per student expenditure in real prices at different levels. This would also mean sound methods of mobilisation of resources for education. In fact, many countries lack clear and coherent long term financial plans for education.

Similarly, the international development community has to show their sincerity to the aid commitments made for education development. This is more the case during times of financial crisis. They have to recognise that even short term cuts in promised aid flows might seriously derail the educational progress in the developing countries. A single unified multi-lateral aid framework with a medium to long term plan of flow of aid to education in developing countries might help both the developing countries and the aid community in making educational plans successful.

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Aid Dependency Risks in the Education Sector

A Review of Issues*

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Abstract

The degree of aid dependency in the education sector in many Sub-Saharan African (SSA) countries is unprecedented, both in terms of level of aid and length of high dependency. This article analyzes the share of public education budgets financed through external aid in SSA and reviews some potentially harmful risks associated with high long-term aid dependency. The article does not address the difficult question of what an "appropriate level" of aid for education might be to avoid a level of aid dependency that may be "too risky". The answer to that question depends closely on national circumstances. Rather, the article calls for more strategic allocation and use of any given level of aid to enhance its catalytic impact, including by mitigate potential harmful effects of prolonged high levels of aid dependency. To promote such more strategic allocation and use of aid, the article calls for more effective global coordination to ensure that the sum of aid allocation decisions made by individual donors makes sense in the aggregate in terms of minimizing harmful dependency risks and maximizing the impact of overall aid on education outcomes, nationally and globally.

* This is an expanded version of the author's presentation made at the meeting of the International Working Group on Education, organized by the International Institute of Educational Planning in Stockholm, Sweden, June 6-8, 2010. The article partly draws on parts of another article of the author (Fredriksen 2010).

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Introduction

During the last decade, much of the global debate on official development assistance (ODA) has focused on reversing the marked decline in overall ODA during the 1990s, especially for Sub-Saharan Africa (SSA), and on enhancing aid effectiveness. Work on defining the objectives in the latter area culminated in the 2005 Paris Declaration on aid effectiveness. The Declaration comprises more than fifty commitments with targets for 2010, largely designed to foster higher *technical efficiency* in aid delivery and use through "harmonizing" aid modalities, improving donor coordination, and fostering stronger ownership and better governance by recipient countries. Progress was assessed at the September 2008 "Third High-Level Forum on Aid Effectiveness" in Accra, Ghana, which adopted the "Accra Agenda for Action" (AAA) concluding that the pace of progress was to slow (AAA 2008, paragraph 6).

The situation for *education aid* mirrors that of overall ODA in that the international debate focuses on advocacy for increasing the volume of such aid, especially to attain the Education for All (EFA) and Millennium Development Goals (MDGs). And most of the concerns regarding aid effectiveness focus on enhancing the *technical efficiency* of delivery and use of aid, *once decisions have been made on how to allocate the aid* by education subsector, purpose, or country. Much less attention is given to determining *what the allocative priorities should be* to maximize the catalytic impact of the aid on progress towards national and/or international development goals. And even less systematic international attention is given to how different ways of using any given level of aid may mitigate *potential harmful aid dependency risks* arising from the unprecedented duration of high aid dependency in SSA. Even if aid is delivered and used efficiently, its effectiveness is reduced if the aid is not used where it can have the strongest catalytic impact, or if it is used in ways that create harmful dependencies.

This article explores the scope for enhancing the *effectiveness of education aid within this more holistic framework*, focusing on ways of allocating and using aid that helps mitigate potential harmful effects of prolonged high levels of aid dependency. The article does *not* address the difficult question of what an "appropriate level" of aid for education might be to avoid a level of aid dependency that may be "too risky". Clearly, that level would vary depending on the national context[1]. Rather, the article calls for more strategic allocation and use of *any given level of aid* to enhance its catalytic impact, including by *mitigate potential harmful effects of high levels of aid dependency*. The importance of analyzing carefully the impact of aid dependency is higher the higher the reliance on aid to fund education.

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[1] For example, "The Government of India refused the offer of substantial amount of aid for primary education until 1993 because of concerns that it would lose sovereignty over policy decisions. Even after that, aid was less than 2 per cent of total expenditures on primary education" (UNESCO, 2006, p. 98). In some other high-performing Asian countries, aid accounts for a higher share of education expenditures. For example, in Vietnam it accounted for about 10 per cent of total education expenditures around 2005. See Fredriksen and Tan (2008, p. 20; and Nguyen and Nguyen, 2008, p.154). As discussed later in this article, this compares to a median level of approximately 25 per cent for total public education expenditures in SSA in 2006.

The general aid literature discusses many potential negative impacts of aid dependency[2]. Such concerns are particularly relevant for many SSA countries, given their unprecedentedly long duration of high aid dependency. The concerns are especially relevant for the education sector, given the high share of aid in recurrent public education budgets. Still, as already indicated, the international debate on education aid pays little attention to the potential harmful impacts of aid dependency and to how they might be mitigated through alternative use of such aid. This article focuses on three sets of aid dependency risks:

- *Financial sustainability:* Aid may substitute for – rather than add to – domestic public education funding. To the degree that this happens, the aid does not boost the amount of resources available for education proportionally to the level of aid, thus risking developing dependency without sustainably increasing the resource base;
- *Uncertainty:* High aid volatility/low predictability may interrupt education delivery, complicate long-term policy-making and planning, and create political risks; and
- *Institutional development:* Aid dependency may weaken/slow down development of national institutions.

As a background for discussing these three sets of risks, the article starts by highlighting the level and duration of aid dependency in SSA.

Unprecedented High Aid Dependency

The degree of aid dependency in many SSA countries is unprecedented, both in terms of *level of aid* and *length of high dependency*. As regards the former, in 2008, net total Official Development Assistance (ODA) per capita (all sectors) was on average US $ 49 in SSA, US $ 16 in Latin America and the Caribbean, US $ 8 in South Asia, and US $ 5 in East Asia and the Pacific. Aid exceeded 10 per cent of GDP in 21 SSA countries and 20 per cent in seven of these countries. Only in *one* country outside SSA did aid exceed 10 per cent of GDP (Afghanistan), and only in five other countries did aid exceed 5 per cent (Cambodia, Georgia, Lao, Nepal, and Timor-Leste). Perhaps even more striking: in 2007, aid exceeded domestic-funded public budgets (all sectors) in 13 of the 38 SSA countries for which data are available, and the median ratio between aid and domestic resources was 60 per cent[3].

As regards the *length* of high dependency, Moss et al. (2006, p. 3) note that:

> "Globally, there is a core set of roughly three dozen countries that have received a tenth of GNI or more in aid for at least the last two decades. This is a lengthy time period for receiving sizeable aid with few historical precedents. The large flow to Europe during the Marshall Plan lasted only for a few years and never exceeded 3 percent of GDP in any receiving country.... While substantial US support during the early Cold War to allies such as Korea and Taiwan tapered off within a decade, contemporary aid ratios in these three dozen countries have tended not to recede, but to grow larger over three decades".

[2] For a summary of the literature, see Moss, Pettersson, and van de Walle (2006).
[3] Data sources: World Bank (2010a), Table 12.1, and World Bank (2010b), Table 6.16.

As regards *aid for education*, paucity of data makes it difficult to assess the share of public education budgets that is funded by aid. This fact by itself demonstrates the low attention given to this aspect by the international aid community. Estimates made by the author suggest that, in 2006, aid comprised about one-quarter of total public education expenditures in SSA. As explained in the annex to this paper, given the shortage of data, this figure – which is the median share for the 40 countries for which data were available – is an indication of magnitude rather than a precise estimate. Three points deserve emphasis:

(i) *The variation around the median is huge:* The ratio between aid and domestic funding ranged from below 5 per cent in eight countries to above 50 per cent in nine countries.

(ii) *Weighted versus un-weighted average:* Because aid often constitutes a higher share of education budgets in smaller than in larger SSA countries, the average share of aid for SSA depends a lot on whether it is an un-weighted or weighted average, the weights being a country's total public education expenditures. For example, in 2006, the weighted average share of aid for the 40 SSA countries listed in Table A.2 in annex (excluding South Africa) was 12 per cent while the un-weighted average was 29 per cent and the median was 27 per cent. The following table illustrates the sensitivity of the estimated weighted average (first column) to whether or not some of the larger SSA economies are included:

TABLE 1
Aid to Sub-Saharan Africa

Coverage	Weighted (per cent)	SSA GNI (per cent)	SSA Aid (per cent)	SSA Population (per cent)
Total SSA	7	100	100	100
SSA Ex. South Africa (SA)	12	65	96	94
SSA Ex. South Africa and Nigeria	18	45	93	75
SSA Ex. South Africa, Nigeria, Angola	19	40	92	73
SSA Ex. South Africa, Nigeria, Angola, Kenya	21	36	89	69

Thus, the last row in Table 1 shows that, in 2006, 44 of the 48 SSA countries – accounting for only 36 per cent of SSA's total GNI but 69 per cent of the total population – received 89 per cent of the education aid disbursed that year. For these 44 countries, the weighted average share of aid in total public education spending was 21 per cent[4].

[4] If, as explained under point (iii) below, aid is not included in the estimated public education spending, then the estimated weighted share for the 44 countries declines from 21 per cent to 17 per cent.

(iii) *Share versus ratio:* One uncertainty with the above estimates of the share of aid is that it assumes that total public education spending as reported by governments includes all aid. In the other extreme, if no aid is included in the reported public education spending, then the estimated is not the share of aid in total public education spending (including aid), but the ratio between, respectively, aid and public domestically generated education spending. In that case, the aid has to be added to get total public education spending, and the estimated share of aid in that total is lower, at 10.6 per cent. These two estimates – 12 per cent and 10.6 per cent – may be considered estimates of, respectively, the upper and lower bound on the weighted share of aid in total public education spending. However, as shown in the annex table, for highly aid dependent countries, the difference between these two types of estimates is huge, and the un-weighted average share is reduced from 29 per cent to 21 per cent.

Over the last decade, many studies have argued that a substantial increase in education aid is crucial to reaching the EFA goals. For example, based on a comprehensive assessment, UNESCO (2010, p. 130) concludes that, on average SSA would need US $ 10.6 billion annually for basic education alone between 2008 and 2015 to reach the 2015 EFA goals. This represents about 66 per cent of the estimated total aid needed for all low-income countries for basic education, and it is more than six times the total aid commitment for basic education in 2007. Clearly, an increase of this magnitude would represent a hugely increased level of aid dependency for years well beyond 2015. Similar to other estimates of this type, the study does not discuss how the increase in aid might affect aid dependency in the education sector, what risks it might represent, and how alternative uses of the increased aid might help mitigate such risks.

On this background, we now discuss the three sets of dependency risks listed above.

Risk 1: Aid Substitutes for Rather than Adds to Domestic Resources

The overarching purpose of aid to any sector is to add to domestic resources, thereby helping countries accelerate development and growing out of aid dependency. But if aid instead ends up substituting for domestic resources, then it risks creating dependency without increasing in a sustainable manner a country's resource base. For example, Moyo (2009) argues that the relatively high level of aid to Africa over several decades has negatively impacted the countries' efforts to mobilize sustainable domestic funding for development.

As regards education, there is little evidence on the extent to which aid replaces or adds to domestic public funding. But whatever the level of additionality might be, there are still ways to enhance it through more strategic targeting of the aid on areas which are severely underfunded and/or where aid has comparative advantage. For example:

- *Counter-cyclic funding:* While substituting domestic funding with aid is a risky long-term strategy, using aid to replace a *cyclical decline* in domestic funding may be a sound *short-term strategy* to protect past gains, including those resulting from past aid. And given the difficulty in reverting education declines, counter-cyclic funding may be more important for education than for other sectors. For example, UNESCO (2010) estimates that the current economic downturn will cause a US $ 4.6 billion loss in SSA domestic education budgets annually in 2009 and 2010. This exceeds the total amount of education aid to SSA in 2007 (US $ 3.6 billion). In past downturns, education aid has declined as well. If this were to happen this time, it would reinforce the negative impact of the crisis on domestic funding. Together, these two factors could cause a sharp reduction in education funding, which could jeopardize the education gains of the last decade.

- *Strategic use of aid where it has comparative advantage:* Presumed high degrees of fungibility between aid and domestic public funding is one factor explaining the scant attention given to the allocative dimension of aid effectiveness within a given country. Indeed, if the two sources of funding are fully fungible, there is little need to pay particular attention to the purposes for which aid should be used. However, there is not complete symmetry in the fungibility between aid and domestic funding: While aid may replace domestic funding, domestic funding will not necessarily replace aid, should aid not be available. This is especially so for countries that are highly aid dependent and where very tight budgets may not even suffice to fund teacher salaries. Under such circumstances, a government's "political survival" may hinge on its ability to pay salaries and address other pressing short-term urgencies. Investments recognized from well-performing countries to have high longer-term impact – such as strengthening the capacity to conduct analytical work, test innovations and formulate and implement policies – will almost by necessity be given lower priority. Therefore, targeting aid on these types of high-impact investments may enhance aid effectiveness by providing additional resources for such investments.
- *Poverty-focused aid:* Most of those not enrolled in primary education are from poor families, live in rural areas, and are predominantly female, orphaned, or disabled. In most SSA countries, these groups benefit much less from public education spending than do more well-off groups, urban residents and children who are easier to reach, who are less likely to require costly, targeted programs, and who have a stronger "political" voice. Many donors' aid strategies prioritize poor and vulnerable groups. Still, very little aid is allocated to programs targeting, for example, vulnerable children and youth who missed out on, or dropped out from, regular primary schools, or illiterate adult women. Despite all the research evidence on the multiple benefits of female literacy, it is a difficult-to-comprehend "inconvenient truth" that very little attention is given by the aid community to supporting programs for the almost half of adult women in SSA and South Asia who are illiterate. Targeting aid on such underfunded programs is likely to provide a high degree of additionality; it will also enhance the poverty focus of aid. The importance of such targeting will increase as strong demand pressure for post-basic education from vocal groups makes it politically more difficult for governments to prioritize the needs of those who have not yet benefitted from basic education but who have little political voice.
- *Promoting specific reforms/advocacy:* Education aid has been used more deliberately in recent years to provide additional funding for reforms in areas crucial to achieving EFA. One example is support for development of tools to measure learning outcomes, including analytical work on factors determining such outcomes covering traditional inputs as well as aspects such as school-based

management. This follows the increasing realization that universal completion of primary education will require much more effective interventions to improve student learning. Similarly, aid has played a crucial role in supporting research, policy development and advocacy in promotion of girls' education and early childhood development.

- *Donor orphan countries:* More aid for countries which are far from reaching the EFA goals but receive little aid may help accelerate the global progress towards EFA. The AAA calls for donors to "...work to address the issue of countries that receive insufficient aid" (paragraph 17). In 2007, aid commitments to primary education per primary school-aged child averaged US $ 14 in SSA[5]. Twelve countries received US $ 5 or less per child, while seven received more than US $ 50. The annex table illustrates the huge variation between countries in the share of aid in public education budgets. These differences are due to factors such as strong historical links between some recipient and donor countries, the difficulty of providing effective *development* aid in conflict-affected countries, and last decade's focus on performance-based aid to address low aid effectiveness in the 1990s. However, progress over the last decade warrants a change in strategy in favor of countries which are far away from EFA.
- *Global public good (GPG) functions:* Factors such as rapid globalization, greater "international openness" and the ICT revolution have greatly increased the scope for drawing positive "cross-border externalities" from national good practices experience and technical expertise – that is, to turn these into *global public goods.* But the ability of especially low-income countries in Africa to benefit from this development is hampered by the fact that the capacity of agencies and networks established to perform this type of public good functions in the education sector is generally quite weak. While no data are available on the share of education aid used to support GPG functions, it is clear that it is very small compared to the about US$12 billion allocated to countries in 2007. The negative impact of underfunding GPG functions through ODA is reinforced by the fact that the education sector attracts much less funding for such functions from foundations and other private sources than does e.g., the health sector. Thus, even a marginal shift of total education aid to GPG functions could have a major impact, including by enhancing the effectiveness of country-specific education aid by harnessing the synergy between the two types of aid.

The classic factors causing underfunding of public goods produced and consumed within a given nation are even more severe when it comes to funding *global* public goods[6]. In addition, funding is hampered by the complexity of measuring the impact of such goods. Therefore, since donors tend to treasure what they can measure, it is easier to fund, for example, school construction than knowledge-exchange or institution-building, which, at best, will only show results in the long term. The problem of mobilizing funding for GPG functions is accentuated by the slow progress in reforming key institutions established to

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[5] This corresponding averages were US$3 per child in East Asia and the Pacific, US$4 in South Asia, and US$5 in Latin America and the Caribbean. UNESCO (2010, pp. 438-445).

[6] For an overview of these issues, see Sagasti and Bezanson (2001) and Amoako (2008).

provide such global goods. Finally, with the exception of the multi-donor fund established within the framework of the education Fast Track Initiative, there is also little coordination among donors in funding technical support at the country level.

Risk 2: High aid volatility and low aid predictability

In the Paris Declaration, donors have committed to reducing risks caused by high aid volatility and low predictability. Such risks are particularly serious in the education sector because high aid dependency means that timely payment of teacher salaries depends on timely delivery of aid. An abrupt interruption of aid could cause teacher strikes, which could seriously impact education delivery[7] and even social stability. Still, many factors make it difficult to ensure aid predictability. For example:

- *Changing context:* Unexpected developments in both donor and recipient countries may affect donors' ability to deliver on their commitments. For example, the current budget crisis has affected aid budgets. There may also be reallocation of aid in favor of emerging priorities, such as climate change and food insecurity. Also, it has proven difficult to ensure predictable support for highly aid-dependent countries with fragile political, security, and governance conditions, as exemplified by recent cuts in aid to e.g., Guinea, Guinea Bissau, Madagascar, and Niger.
- *Uncoordinated withdrawal or entry to a country or sector* by donors affects the predictability of aid flows. In particular, the pressure on post-primary education could result in donors reducing support for basic education in an uncoordinated manner. This may already be happening. While overall aid commitments for education in SSA declined by 13 per cent between 2006 and 2007, the decline for basic education was 24 per cent, accounting for the total decline (UNESCO 2010, p. 442). It is difficult to determine whether this change is "justified" since there is no systematic international coordinated assessment of aid priorities, globally or in individual countries. However, in terms of risk, it means that the countries affected need to mobilize much more domestic resources for teacher salaries. This may be difficult in countries that are both highly aid dependent and facing an economic crisis. Similarly, new donors are entering the field. This is encouraging. But recipient countries need to ensure that their entry is coordinated with support received from other partners.
- *Comparative advantage of donors:* As already noted, in the Paris Declaration, recipient countries and donors commit to seek division of labor among donors and to "make full use of their respective comparative advantage at sector or country level..." (OECD 2006b, paragraphs 33-35). If donors were to focus their limited technical capacity on areas and countries where they have comparative advantage, this could improve aid predictability by promoting stronger and more stable partnerships. It would also limit aid fragmentation and reduce transaction costs. But it could also reinforce the current uneven distribution of aid among countries.

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[7] During the last two decades, due to long-term deterioration in teachers' conditions, strikes have seriously disrupted education delivery in many SSA countries, even causing cancellation of whole school years.

Strategic use of 'volatile' aid: Certain uses of aid are potentially more risky than others in case aid is cut. For example, to stop or delay investments may be less risky than to not pay teachers. Also, to fund adult literacy and second chance education programs is more sustainable in the long term than to fund regular teacher salaries. If successful, the need for such programs will gradually decline, while the need to fund primary school teachers is permanent. Moreover, literacy programs are often conducted by contract teachers rather than by civil service teachers.

Risk 3: Harmful impact of high aid dependency on institution building

Many studies have noted the slow progress in strengthening the planning and implementation capacity in the education sector in low-income countries[8]. This is disappointing, considering the large amount of aid devoted to this purpose. Therefore, success will require a new approach, by countries as well as by development agencies. Rather than focusing on enhancing technical skills in the traditional manner (largely through training abroad, resident external technical assistants and equipment), the new approach must give more attention to: (i) enhancing countries' institutional and organizational capacity to mobilize, utilize, and retain existing skills; (ii) better integrating work in the education sector with that of other sectors; and (iii) broadening the capacity-building work to cover areas such as enhancing equity, student performance and teacher accountability.

Success in implementing this type of reform will require *strong national political commitment and leadership.* A key reason for the slow progress is the *difficult political economy* of institutional reforms, especially in stagnant economies with weak governments. This constraint has been particularly acute in low-income SSA countries where GDP per capita in 2000 was about one-third lower than in 1970, and where today, despite the growth in the last decade, it is only back to its 1980 level. The economic growth experienced the last decade offers an environment more conducive to reform and aid should be used more proactively to help countries grasp this opportunity.

However, even if donors and countries are able to implement more effective capacity-building strategies, the general aid literature warns that high aid dependency *in and of itself* may reduce the effectiveness of aid in building capacity[9]. Moss et al. (2006) review a number of such reasons, many of which also apply to the education sector. For example, high aid dependency may weaken national institutions by:

- *Distorting the budget processes and delaying structural change:* As discussed above, the volatility of aid makes long-term planning difficult. Beyond that, the possibility of mobilizing aid to cover budget deficits causes a "soft budget constraint" which may result in postponement of difficult but inevitable budget trade-offs and structural changes. As a result, a high level of aid risks replacing

[8] For example, UNESCO (2007, p. 27) concludes that: "... extraordinarily limited attention has been paid to strengthening national capacity", and "...countries need much stronger capacity to deal with the political economy of reforms and with technical constraints on implementation". World Bank (2005), OECD (2006a), and De Grauwe (2009) provide in-depth reviews of issues and options in capacity-building.

[9] Berg (2000) suggests that beyond 5 per cent of GDP, aid starts to have negative effects on local institutions.

taxation and creating disincentives that, in the long term, hamper the development of the institutional capacity needed to sustainably generate the domestic revenues that will allow a country to grow out of aid dependency.

- *Switching government accountability from citizens to donors:* This is a potential serious negative impact of high aid dependency on national institutions. If donors provide a large share of governments' budgets, aid may lessen Governments' ownership of the development agenda and undercut the main underlying principles of Paris Declaration, i.e., fostering ownership, accountability and participation.
- *Turning bureaucrats' attention to donors rather than to core development functions:* This is a widespread concern. The complaints range from the time senior officials spend on meeting the various reporting requirements of aid agencies, to the incentives created by aid for rent-seeking behavior, spanning from minor distractions, such as attending workshops to receive per diem, to outright corruption.

While not specific to the education sector, the above factors apply to the education sector as well. At a time when strong advocacy for increased aid coexists with recognition of the ineffectiveness of past capacity-building strategies, the potential impact of increased aid dependency on the capacity of national institutions deserves much more attention. The "Paris Declaration" includes a number of measures that could address some of these concerns. However, as illustrated by the AAA, the progress towards the 2010 goals has been modest. Moreover, the international education aid community could be more proactive in monitoring follow-up on the agreements in the AAA that are particularly relevant to the education sector.

Concluding Remarks

Both the development partners and SSA governments must pay much more attention to potential harmful long-term effects of high aid dependency in the education sector and to how alternative use of aid might mitigate these effects. This is not an argument against education aid; quite on the contrary. At a time where severe budget constraints may lead to further stagnation or decline in aid, where aid fatigue is growing and where there are new demands on ODA arising from, e.g., climate change and food security needs, it is more urgent than ever to ensure that whatever aid is available is used as effectively as possible.

When it comes to using aid in ways that avoids harmful effects, much can be learned from countries that have grown out of aid dependency, e.g. Botswana, Mauritius, Korea, Singapore and Taiwan (China). In particular, such countries have had high quality political leadership, policies and governance, resulting in strong economic growth. This facilitated strong growth in education funding. Recent history in Africa also suggests that a necessary condition for SSA countries to reduce their education aid dependency is to achieve high and sustained economic growth. For example, largely as a result of economic stagnation, public education budgets in SSA grew annually by only about 1 per cent between 1980 and 1999. As a result, the gross enrolment ratio in primary education, which had increased from about 45 per cent in 1960 to about 80 per cent in 1980, declined to about 73 per cent in 1980 and only regained its 1980 level in year 2000. This compares to about 9 per cent annual growth in education budgets between 1999 and 2007, about two-third of which was explained by solid economic growth. This was a key factor behind the growth in the enrolment ratio to 99 per cent in 2007. Given that education expenditures already constitute about 20 per cent of public budgets in SSA (4.5 per cent of GDP), economic growth is likely to become an even more important factor in the future in determining SSA countries' ability to both reach EFA and respond to the pressure for post-primary education in a way that does not further increase their aid dependency.

Finally, to improve the global effectiveness of education aid, donor countries and agencies need to develop much more effective global mechanisms for enhancing the allocative efficiency of such aid by education sub-sector, purpose and country. Little systematic high-level political attention is given to this aspect within the international aid community. This is a paradox, given the persistent high political attention given to efficient use of education resources at the national level throughout the world. Also, with donor support, much progress has been realized since the 2000 Dakar Education Forum by low-income countries in developing better quality sector plans, more evidenced-based decision-making processes and stronger implementation capacity. It could be argued that the same degree of attention has not been paid to the potential for increasing the catalytic impact of education aid through better quality decision-making and follow-up on aid allocation and coordination matters by donor countries and agencies. To do so should be an essential part of the next phase in the ongoing struggle to enhance the effectiveness of education aid.

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Annexure

Share of External Aid in Public Education Expenditures in SSA

This annex estimates the share of education aid in total public education expenditures in Sub-Saharan Africa (SSA). As should become clear from the below explanations, this type of estimates are associated with considerable uncertainty. In general, the data available on both domestic public education spending and on aid for education are of questionable reliability and comparability. It is also unclear to what extent the data on public education expenditures refer to domestically generated resources only or include external aid. This makes it difficult to assess the share that education aid comprises of total public education spending and thus the dependency of education on external aid. Finally, because some of the largest economies in SSA receive comparatively little aid, it is very important to be clear as to whether the figures quoted are weighted averages, un-weighted averages or medians.

TABLE A1
Estimating the Share as a Weighted Average

a) GNI for SSA minus South Africa (SA):	US $ 456,982 million
b) Share of GNI allocated to education (median for SSA):	4.4 per cent
c) Estimated education budget (SSA minus SA):	US $ 20,107 million.
d) Total education aid disbursement (SSA minus SA):	US $ 2,387
e) Share of aid in total public education spending (SSA minus SA):	12 per cent.

Source: (a) World Bank (2009), Table 2.6; (b) UNESCO (2008) p. 370; (c) GMR team.

Note: This estimate is based on data on, respectively, Gross National Income (GNI) for SSA, share of GNI devoted to education and aid for education (for 2006 in 2006 prices):

Note: Total public education spending is estimated as the GNI for SSA for 2006 multiplied by the share of GNI devoted to education that year.

The figures for GNI and aid for SSA exclude South Africa (SA) which in 2006 accounted for 35 per cent of SSA's GNI, but for only 4 per cent of the disbursement of education aid to SSA and 6 per cent of SSA's population. The estimated median share of GNI devoted to education shown in different EFA Global Monitoring Reports (GMRs) fluctuates considerably over time, e.g., the estimate was 3.8 per cent for 1998; 3.6 per cent for 1999; 3.4 per cent for 2000; and 2001, 4.0 per cent for 2002; 4.6 for 2004; 5.0 per cent for 2005; and 4.4 per cent for 2006 (Annex Table 11 of successive GMRs). The data on disbursements are not provided in the 2009 GMR; the data in Table 4, p. 400, on "recipient of aid to education" are aid *commitments* made in 2006, but to be disbursed over several years. Data for all regions provided on pages 208 and 210 (Figures 4.3 and 4.6) of the 2009 GMR show that the ratio between disbursement and commitment was 0.66 in 2002; 0.77 in 2003; 0.65 in 2004; 0.95 in 2005; and 0.80 in 2006; Data provided by the GMR team gives the following ratio for SSA: 0.68 for 2002; 0.69 for 2003; 0.74 for 2004; 0.80 for 2005 and 0.65 for 2006.

GNI versus GDP: The estimate is based on GNI rather than GDP. The former shows resources at the disposal of the country and thus seems more relevant for this purpose. In 2006, the

GNI for SSA minus SA was 93 per cent of the corresponding GDP. Use of data on GDP rather than on GNI would have *increased* the estimated total public education spending and, thus, lowered the estimated share of aid in this total.

Share versus ratio: The above method assumes that all aid is included in the estimate for total public education spending, i.e., that the estimate includes total public domestically generated resources plus aid. In the other extreme, if no aid is assumed to be included in the total public education spending as estimated, then the estimated share is not a share of aid in total public education spending (including aid), but a ratio between, respectively, aid and public domestically generated education resources. In that case, the aid has to be added to the estimated public education spending to get total public education spending, and the estimate for the share of aid in total public education spending (including aid) is lower, at 10.6 per cent. These two estimates – 12 per cent and 10.6 per cent – may be considered estimates of, respectively, the upper and lower bound on the (weighted) share of aid in total public education spending.

Weighted average: The estimated share is a weighted average for SSA minus SA. As indicated, SA was excluded since that country accounts for such a large share of SSA's GNI but a very small share of education aid. Because some of the largest economies in SSA receive comparatively little aid, the estimated weighted average share is very dependent on whether or not some of the large economies are included (see table in main text for an illustration of how the estimate changes if some countries with large economies that receive comparatively little education aid are excluded).

Estimating the share of aid as an un-weighted average or median

Table A2 shows the share of aid in public education spending by country for 2006 using the method described above to estimate total public education spending. Two estimates are shown: The figures in column (e), denoted "Share 1", assume that all aid is included in the estimated for total public education budget shown in column (c), while the figure in column (f), denoted "Share 2", assumes that no aid is included in the total as estimated and thus needs to be added to that total before computing the share.

TABLE A2

Estimated Share of Aid in Public Education Budgets for 40 SSA Countries

Country	GNI*	Ed. (%)	Ed budget*	Aid*	Share1 (%)	Share2 (%)
Angola	39,660	2.7	1,071	35	3	3
Benin	4,623	4.4	203	48	24	19
Botswana	10,234	9.3	952	25	3	3
Burkina	5,756	4.2	242	119	49	33
Burundi	870	5.2	45	24	53	35
Cameroon	17,702	3.3	584	114	20	16
Cape Verde	1,137	6.6	75	33	44	31
CAR	1,554	1.4	22	8	36	27
Chad	4,942	2.3	114	15	13	12
Comoros	404	3.9	16	11	69	41
Congo, Rep.	5,979	2.5	149	34	23	19
Cote d'Ivoire	16,473	4.6	758	40	5	5
DRC	8,145	2.5	204	41	20	17
Eq. Guinea	5,241	1.4	73	22	30	23
Eretria	1,079	2.4	26	8	31	24
Ethiopia	15,127	6.0	908	189	21	18
Gabon	7,511	3.9	293	27	9	8
Gambia	460	2.1	10	7	70	41
Ghana	12,596	5.5	693	123	18	15
Guinea	3,257	1.7	55	40	73	42
Guinea Bissau	289	5.2	15	8	53	35
Kenya	22,850	6.9	1,577	60	4	4
Lesotho	1,874	10.8	202	12	6	6
Madagascar	5,419	3.1	168	93	55	36
Malawi	3,125	5.9	184	50	27	21
Mali	5,524	4.4	243	106	44	30
Mauritius	6,391	3.9	249	19	8	7
Mozambique	6,141	5.3	327	198	61	38
Namibia	6,494	6.8	441	17	4	4
Niger	3,707	3.3	122	47	39	28
Nigeria	135,425	5.0	6,771	70	1	1
Rwanda	2,850	3.8	108	55	51	34
Senegal	8,532	5.0	455	106	23	19
Seychelles	683	6.8	50	0	0	0
Sierra Leone	1,385	3.9	54	18	33	25
Swaziland	2,799	6.9	193	1	1	1
Tanzania	14,097	5.1	719	199	27	21
Togo	2,180	2.6	57	22	39	28
Uganda	9,257	5.3	491	144	29	23
Zambia	9,885	2.1	208	114	55	35
Un-weighted average		4.5			29	21
Median		4.3			27	21
Weighted average:						
- All 40 countries		4.6			12	10.6
- Excluding Nigeria		4.5			18	15

* In million 2006 US $. Share 1= (d)/(c); Share 2 = (d)/(c)+(d)

Sources: All data on GNI from World Bank (2009) Table 2.6.

Data on total education expenditures as per cent of GNI: UNESCO (2008), Table 11, supplemented in a few cases with data from the UIS website. Data on per cent of GNI allocated to education for Nigeria from World Bank (2008), p. 75.

Data on education aid are on disbursements and provided by the UNESCO Global Monitoring Report team.

The table covers 40 countries[10]. It suggests:

- Large variations between countries, with "Share 1" ranging from 0 per cent to 73 per cent, and "Share 2" from 0 per cent to 42 per cent. The un-weighted average for "Share 1" for these 40 countries was 29 per cent with a median of 27 per cent, and both the un-weighted average and the median for "Share 2" were 21 per cent. The weighted average for each of the two shares was 18 per cent and 15 per cent, respectively, when Nigeria is excluded, and 12 and 11 when Nigeria is included.
- The main reason for the difference between the weighted and the arithmetic averages is of course that some of the countries with comparatively low share of aid in their public education spending have comparatively high GNIs, and that the inverse is the case for some of the countries with a high share of aid. For example, the 11 countries which had a share of aid in total public education spending below 10 per cent accounted for 55 per cent of the GNI of SSA (excluding South Africa), but only 12 per cent of all education aid. Conversely, the 9 countries with aid shares above 50 per cent accounted for only 6 per cent of the GNI of SSA (minus South Africa), but 24 per cent of all aid for education.

[10] Seven countries were excluded because of lack of data: Djibouti, Liberia, Mauritania, Sudan, Sao Tome, Somalia and Zimbabwe. In addition, South Africa was excluded for the reasons explained above.

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Financing Education

Priorities for the Next Decade*

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Abstract

This article, argues that renewed attention is needed to seven aspects of the financing of education in developing countries: (i) The need to finance more global public goods (knowledge, research etc.) in education; (ii) the need to stimulate innovation in education as scaling up existing systems is simply not feasible financially; (iii) the need to revisit cost recovery, cost sharing and the private sector in a non-ideological but pragmatic way as it seems impossible for the financing needs of secondary, vocational, and higher education to be met without financial contributions by students and their families and without involving both the private and the public sectors; (iv) the need to make the case for the international financing of education which is still not a priority among the international community; (v) the need to make existing aid for education more effective and to hold existing donors to their commitments, already showing signs of slippage due in part to the global financial crisis; (vi) the need to organize and encourage new donors in education; and (viii) the need to develop new and innovative sources of finance for education.

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Introduction

A series of unrelated recent events provides an opportunity to rethink finance for education:

- Relative success in terms of increasing primary enrolments has created a huge pressure to expand secondary and tertiary education, complemented by the demands of the growing global middle class for their children's education, but has also highlighted the quality issue, represented in part by the shortage of teachers, particularly in Africa.
- The global financial crisis challenges developing country governments and donors alike to maintain spending, reminds us of the need for spending to be effective and efficient, and also creates new pressure to pay attention to skills for work.
- An increasing volume of analysis and advocacy on transparency in education spending, largely by civil society organizations, illustrates the serious issues of the diversion of funds in education and of teacher absenteeism.
- More results are now available from randomized evaluations in terms of what works in education, especially at the primary level.
- The importance of a special focus on the fragile states, especially those affected by conflict, is now widely recognized.
- The emergence of new donors for education and the recent evaluation of the Education for All Fast Track Initiative (FTI) raise many questions not only about the FTI itself but about aid for education in general.
- The decision of the Leading Group on Innovative Financing for Development to establish a Task Force on Education starts to fill a huge gap in education compared, say, to health.
- New top management at the major multilateral institutions concerned with education opens up new possibilities for more effective role definition and collaboration – a new Director-General and Assistant Director-General at UNESCO, a new Executive Director and Associate Director for Education at UNICEF, a new Vice-President for Human Development and Director of Education at the World Bank, and a new Board Chair and Secretariat Head of the EFA Fast Track Initiative.

This short essay was written to stimulate thinking for the International Working Group on Education's Stockholm meeting in June 2010 with its theme of education finance. As such, it is neither a research paper with new evidence nor a synthesis of existing findings. Rather, after a quick survey of recent global trends in education and education finance, it is a call to address a series of overlapping issues in education finance.

Trends in the 21st Century

The first eight years of this century witnessed an unprecedented advance in education enrolments. According to UNESCO's Education for All Global Monitoring Report 2010, between 1999 and 2007 the net enrolment ratio in primary education rose from 80 to 86 per cent in developing countries, the number of primary school age children out of school fell from 105 million to 72 million, the gross enrolment ratio in secondary education went up from 52 to 61 per cent and that in higher education from 11 to 18 per cent. But the poorest countries in Sub-Saharan Africa still lag behind, with the same enrolment ratios at only 73, 34 and 4 per cent, respectively in 2007 and there is a particular issue for countries affected by conflict. These increases in enrolments were driven largely by shifting attitudes towards girls' education (the gender parity index in primary education for all developing countries improving from 0.92 to 0.97), by the abolition of school fees and similar obstacles to enrolment at the household level and by sustained global economic growth, making it possible to consistently expand real public spending on education.

Relative success in terms of primary enrolments, even though there are now some signs of a slowing down in the pace, has not been matched, however, in terms of quality. It is now widely acknowledged that there is a crisis in educational quality in developing countries and that children are not learning what they should. Concerned as it is with finance, this paper does not repeat the well known evidence on this point. Note, however, that this evidence, including not just the standard international assessments but also from newer sources such as early grade reading assessments and citizen surveys (such as those of Pratham in India and Owezo in Kenya, which assess all children in a household against grade 2 standards), indicates that the learning problem begins very early in primary school and requires a focus on basic reading and mathematics from the start. From a financing point of view, the issue is more what to do about this lack of learning – some of it has to do with teacher supply (class sizes being still impossibly large in many countries with recent rapid enrolment expansions) and hence with the level of funding but much to do with teacher training, teacher presence (absenteeism often being very high) and teacher expectations of students, none of which are about the level of funding but more about how it is used.

Despite the huge progress made in primary enrolments, massive financing gaps remain for basic education. The latest EFA Global Monitoring Report puts the global gap at $16 billion a year, though many donors are skeptical of this, citing alleged absorptive capacity constraints. In addition, it is highly unlikely that developing countries will be able to afford to provide universal access to secondary and tertiary education using current delivery models. Lewin's analysis, for example, indicates that more than an additional 3% of national income would be needed to achieve gross enrolment rates of 60% at lower secondary and 30% at upper secondary in low enrolment countries with existing cost structures. There are no recent systematic estimates of the global financing needs of rapidly expanding secondary and tertiary education, but it will certainly be difficult for developing countries, whose spending already amounts to some 4% of national income, to meet these needs, except, as in East Asia and Latin America, where demographic trends towards lower fertility are also working to reduce financing needs at primary school.

All told, it is clear that the quality issue in basic education is accompanied also by a financing issue for education as a whole. The two are linked in a dangerous way. However, most attention at international meetings this decade has been on the basic education financing gap rather than on the effectiveness and efficiency of current spending. As the full extent of the quality problem now emerges, as does alarming evidence from NGOs monitoring absenteeism and the diversion of public spending[1], the attention to financing gaps could backfire if it is not accompanied also by renewed attention to effective spending.

This overall financing issue is now compounded by the effects of the global financial crisis. These are not easy to summarize, both because of the lack of any systems of real-time monitoring but also because, now that recovery has largely begun, it is not yet clear what will be the structural consequences of both developing countries and donors now reducing the public spending deficits that they largely – and wisely – used to overcome the crisis.

A financial crisis could be expected to have an impact on education through cuts in actual or planned public spending on education (resulting in lower enrolments than would otherwise have occurred) , through parents' withdrawing their children from school because of an inability to afford the household costs (direct and indirect), through parents reducing spending on tutoring out of school, and through cuts in aid from rich countries. Evidence is sparse on all these aspects, as it is on the impact on enrolments. Let us briefly examine each in turn:

- Public spending on education: The picture is mixed. Many countries such as China, Korea, Thailand and the USA increased public spending on education as part of their crisis response. Many others, however, had no scope to do so and have had to cut education as a share of public spending, including Benin, Ghana, Lesotho, Rwanda and Tanzania. Based on past experience and evidence from cross-country data, household surveys and qualitative studies, an as yet unpublished World Bank study by Lewis and Verhoeven (2010) shows that countries are more likely to protect education spending (compared to that for health) in a downturn and to increase spending more sharply after a crisis; and that it is the lowest income countries that are most likely to curtail spending while upper middle income countries raise spending.
- Household costs: Reduced household spending might lead to withdrawing children from school as education spending is diverted to food and other immediate necessities. There is as yet little evidence on what has happened. It might also lead to parents with children in private schools instead sending them to free public schools – again, there is little evidence that this has happened though there has apparently been some cascade effect of parents shifting children from more to less expensive private schools.
- Tutoring: There is no evidence on what has happened to tutoring payments during the recession. Here it is worth remembering that these payments by parents are now very significant around the world, amounting to perhaps as much as one per cent of GDP on average, or equivalent to fully a quarter of what governments spend on education[2].

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[1] See, for instance, the education work under R4D's Transparency and Governance program and also the results of Transparency International's support for analyzing education spending, both supported by the Hewlett Foundation.

[2] This figure is deduced from those for specific countries summarized in the work of Mark Bray e.g. *The shadow education system: private tutoring and its implications for planners*, Paris: UNESCO IIEP, 2nd edition, 2007.

- Aid: Overall, the evidence is that donor funding declines when OECD countries face a downturn and indeed this appears to be happening, notably for the Netherlands where both the overall aid level has declined as a result of its linkage to GDP and where the share of education has also been reduced. More generally, recent OECD figures indicate that several donors are off-track to meet the commitments they made in 2005 to increase global aid by $50 billion by 2010[3]. The difficulties faced in replenishing the FTI Catalytic Fund may be another indicator – even countries that have increased their commitment, such as France, have done so by making offsetting cuts in their bilateral education aid programs. On the other hand, several new donors are now emerging for education, notably Russia, China, Korea, Gulf states such as UAE and Qatar, and private foundations such as Dubai Cares and the Hewlett Foundation.
- Enrolments: The crisis underlines dramatically the need in education to have something akin to the sentinel sites for disease incidence in the health sector. Absent such real-time monitoring, all we have so far are estimates. The latest World Bank MDG Global Monitoring Report confirms that spending on education has largely been protected so far but suggests that some 350,000 students may be unable to complete primary school by 2015 compared to what was expected prior to the crisis and that the pace of closing the gender gap both in primary and secondary education will slow.

Resulting Issues

This short overview would seem to point towards seven overlapping issues that will or should dominate education financing in the next decade or so, both at domestic and international levels:

1. The need for more global public goods in education – while we are beginning to get a reasonable idea of what works at the primary level, there is almost no evidence on what works for secondary, vocational and tertiary education, not to mention the precarious state of education statistics and monitoring.
2. The need for innovation – since both meeting the global primary school teacher gap and also expanding current patterns of education at the secondary and tertiary levels in developing countries are simply not feasible, new ways have to be found to do things.
3. Revisiting cost recovery, cost sharing and the private sector – it is hard to imagine how the financing needs of secondary, vocational and higher education can be met without financial contributions by the students and their families and without involving the private as well as the public sector.
4. Making the case for international financing of education – the financial crisis has confirmed that, while parents and governments in developing countries have heard

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[3] The looming aid needs of any global climate change agreement are also likely to reduce aid availabilities for sectors currently receiving support.

the message about the importance of educating their children, the international community does not see education as a high priority for external support.

5. Making existing aid more effective and holding existing donors to their commitments – even those countries that currently support education internationally will find it increasingly difficult to justify this to their domestic taxpayers if they cannot show results.
6. Organizing and encouraging new donors in education – the emerging donors should not necessarily do what the existing donors do but it would also be unfortunate if they continue to operate separately and apart from the rest of the international community.
7. Developing new and innovative sources of finance for education – the financing gaps at all levels of education cannot be fully met through public revenues and aid, so new sources are needed, drawing on experience in other sectors.

Each issue is now discussed in turn. Given that the IWGE is a meeting of donors, there is particular attention to the international dimensions of each issue.

The Need for More Global Public Goods in Education

Education finance is not used as effectively as possible for the simple reason that there is insufficient knowledge about what works and insufficient access to such knowledge as does exist. This is not a new argument, having been made most cogently by Birger Fredriksen in a paper for the December 2008 EFA High Level Group meeting who noted: "(i) low aid agency capacity to deliver global public education goods; (ii) declining strength in the technical staff of financing agencies; (iii) reduced access to aid-financed technical support by developing countries; (iv) inefficient coordination and quality assurance of technical support; and (v) ineffective modalities to support capacity building."[4] Fredriksen argues that these developments have been an unintended consequence of the otherwise positive shift toward multi-sectoral operations and general budget support which have "tended to reduce aid agency budgets for education specialists and to shift responsibility for education sector dialogue to generalists and macroeconomists" and "reduced the access of education ministries to aid-financed technical support." While Assistant Director-General for Education at UNESCO, I also frequently contrasted UNESCO's education budget of approximately $100 million a year (including extra-budgetary sources) with the World Health Organization's budget of about $2 billion, some twenty times higher.

The long decline in UNESCO's real budget for education over the last 30 years has led to an inefficient international pattern of research and knowledge management about education, with other agencies such as the World Bank, UNICEF and DFID very reasonably trying but only partially succeeding in filling the gap. There is a striking contrast with the state of knowledge about education in developed countries, where the OECD plays a valuable clearinghouse role, though even this could be more comprehensive; it is also worth noting that there is considerable convergence across countries at all income levels on the principal issues in education: quality at all levels, 21st century skills for the worlds of work and

[4] Birger Fredriksen, *The Evolving Allocative Efficiency of Education Aid: A Reflection on Changes in Aid Priorities to Enhance Aid Effectiveness*, Washington, DC: The World Bank, 2008.

citizenry; and financing ever-expanding enrolments. In addition, while many foundations finance the education of individuals, only the Hewlett Foundation consistently supports the development of evidence on education systems, in striking contrast to the situation in health with enormous foundation support for evidence-building, led by the Gates Foundation.

The most recent example of the insufficiency of global public goods in education is the implications of new work using randomized evaluation methodologies in education – much is now known but it is not readily available to decision-makers in developing countries or to education staff in aid agencies. Even aside from this recent evidence, there has long been a problem in obtaining timely, internationally comparable statistics on education and, especially, on education finance[5]. And there are no systematic global ways for developing countries to learn from each others' experience.

Not only is there a problem in making research findings available to decision-makers, there is a real lack of research in education compared to many other fields, in part reflecting the rather conservative nature of the sector, where most teachers teach as they were taught, and most administrators began their careers as teachers. Teacher training only rarely involves a serious exposure to research methods and the systematic application of empirical evidence.

This problem is only going to become more acute as the focus of developing countries' education programs turns beyond primary access to encompass quality at all levels and access to secondary and tertiary education. At these levels the policy issues are more demanding and the evidence is less known and certainly less available. Here the problem is not only a lack of access to information but a lack of knowledge on what works, and especially on what works in terms of cost-effectiveness.

Recommendations

a) The new heads of the multilateral agencies concerned with education in developing countries could explore mutual collaboration on a joint program to provide more global public goods in education, particularly statistics, cross-country experience sharing, research evidence, research funding, and support for developing country research institutions and CSOs engaged in education sector monitoring[6].

b) If possible, they could explore involving also the OECD in this program.

c) Bilateral donors – possibly working through the Fast Track Initiative, though its scope would have to be expanded beyond basic education -- could fund the program. Even if this were to involve a very minor diversion from their country support programs, there would be an effective payoff. Imagine, for example, what could be done with just $300 million a year in such a program, out of the current DAC donors' aid to education budget of some $11 billion.

Over time, such a collaborative program could lead to further harmonization and rationalization of the roles of the various multilateral agencies involved in education, which

[5] Though the UNESCO Institute for Statistics does now have a program to try to improve the education finance data.

[6] The program could also support innovations in education (section 2) but this might better be done through a dedicated mechanism.

is itself important for making the case for increased international financing of education (see section 4).

The Need for Innovation

Not only is the education sector characterized by a relative lack of demand for research but also by a lack of innovation. This is one of the key reasons identified in Liesbet Steer's ODI paper on aid for basic education as to why foundations tend not to support education. Beyond this relatively small but symbolically important aspect of foundation financing, however, it is clear that business as usual will not permit developing countries to educate the students who are increasingly demanding secondary and tertiary education. New ways of delivering education at these levels are essential.

There has been some important innovation, of course. The Escuela Nueva model of multigrade teaching for rural children, developed in Colombia, has now been successfully exported to several other countries – although there is still much resistance to such approaches among traditional teachers. Several developing countries are making use of various forms of open and distance learning, supported by technology, to achieve economies of scale and maximize the number of students that can be covered by the existing systems. The trend is most marked in large population countries. For example, 60 per cent of secondary school students in Mexico graduate through distance learning programmes and the open secondary school system in India has over one million students. But there are also increasing numbers of smaller and poorer countries in Africa making use of open schooling. For example, Namibia and Botswana support 30 – 40% of their secondary school students through open learning programmes which are designed to complement the full time formal education system[7]. Distance education, including cross-border distance education, is also increasingly being used both by public and private higher education institutions and open educational resources are increasingly being advocated by the international community for higher education. These trends towards distance learning mesh well also with the broader trend towards lifelong learning.

Innovation must go beyond open and distance learning, however. For example, there is a huge global shortage of primary teachers, with the EFA Global Monitoring Report estimating the need for 1.9 million new teacher posts by 2015. These new teachers can simply not be provided by existing teacher training institutions operating as they have in the past – they will need major reform, abandoning such luxuries as the academic year and multiyear training while avoiding some of the problems that have become apparent now with several years' experience of substituting contract or para-teachers. And existing and new teachers need to adapt to the reality of large class sizes and adopt techniques to ensure adequate learning at the earliest grades under such circumstances.

Aside from individual governments' public policies, how might innovation be stimulated? One idea is to establish an International Education Innovation Fund. Such a fund could adopt a venture capital approach, taking risks to find new mechanisms to deliver

[7] John Daniel, *Mega-Schools, Technology and Teachers. Achieving Education for All*, London: Routledge, 2010.

funds more effectively to achieve better results[8]. An obvious area to test with such a mechanism is results-based financing, ranging from the payment of teachers and administrators according to results to the "cash on delivery" approach to aid advocated by the Center for Global Development. The essence of the fund, however, would be to consider proposals from anywhere in open competitive rounds, and to finance their being tested against rigorous evaluation. Such a fund could also generate ideas that those of us in the established international community have never heard of – akin to Escuela Nueva some 30 years ago. In this context, it is instructive to see the considerable response that has been generated by the Hewlett Foundation's Ashoka-run competition for effective ideas for achieving quality in primary education in Africa. Even without an international fund, individual countries could establish funding mechanisms to encourage innovation both in the public and the private sectors and individual donors could establish innovation windows in their aid programs.

Recommendations:

a) The international community could establish an Education Innovation Fund to promote innovations in developing countries' education systems.

b) Donors could either finance such a fund or could include innovation components in their country programs.

c) Foundations could be encouraged to jointly finance such a fund, directly or through innovative means.

Revisiting Cost Recovery, Cost Sharing and the Private Sector

Whatever extra financing can be secured internationally, developing countries are not in general going to have sufficient public resources themselves to finance the huge enrolment bulge that is coming for the next 15 years or so, as relative success at the primary level is complemented with expensive programs to reach those still not enrolled in primary school and to pass those who are enrolled to the secondary and tertiary levels in ever greater numbers.

There is thus no option but to use both private financing and private delivery mechanisms to complement public financing and public schooling. This is a pragmatic, not an ideological point. Unfortunately, however, too much discussion of these issues is caught up in ideological issues. A recent example was the World Conference on Higher Education, held at UNESCO in July 2009, whose communiqué took enormous efforts to conclude, because of the insistence of some countries, especially but not only in Latin America, that higher education is a public good that should be publicly financed.

The reality is that education has some aspects of being a private good, benefiting the individual, and some of being a public good, benefiting all of society. The most striking, though possibly least well known, example of this is the application of Arrow's "learning by doing" work – an individual's productivity (and hence her wages) are related not only to her own level of education but also to the level of education of her co-workers. Differently, no

8 Such an Education Innovation Fund could itself also be financed in innovative ways, as discussed in section 7, but this is not logically necessary.

sensible person would surely question that higher education contributes not only to the individual student and his future but also to societal good through such things as research, the supply of technocrats and other leaders, etc. At the basic education level, there is general agreement that education comes closest to being a pure public good, with all the known benefits that accrue to society as a whole from an educated citizenry, educated women, literate voters and so on, not to mention the idea of fairness that all members of society should have equal opportunity, regardless of their circumstances of birth. Where these arguments become most cloudy is at the secondary level, but there is no denying pragmatically that secondary students and their parents can more clearly see the benefits in terms of future employment and earnings from secondary education than they can from primary education.

For most developing countries, therefore, higher education - and probably at least some of secondary education - will likely have to become much more dependent on student fees. The key questions that then arise are those of fee levels, equity and loan mechanisms. These need to be approached rationally and non-ideologically, and without invoking unfinanceable interpretations of the Universal Declaration of Human Rights and other international instruments dealing with the right to education. They also need to be coupled with a review of the sub-sectoral distribution of public spending on education. Countries like Senegal, for instance, which spend something over 40 percent of the government budget on education, have little scope to reduce this budget share but enormous scope to reallocate it toward basic education (and, indeed, innovation) and away from the elite, including the children of Ministry of Education employees, who currently benefit from higher education spending. Detailed work is called for, on a country-by-country basis, to examine the allocation of public spending, its scope for reallocation to improve equity, the resulting need for cost recovery and cost sharing and appropriate mechanisms that achieve both financial objectives and ensure equity of access. This work is most pressing at the higher level in terms of potential re-allocations and at the secondary level in terms of immediate financing needs.

In addition to cost sharing, more use will have to be made of the private sector to deliver education. In some parts of the world, the private sector now accounts for the bulk of students at the higher level, notably in Latin America, despite many governments' opposition to this at the recent World Conference! More use will likely have to be made of the private sector, also at the secondary level. It is important to stress that the private sector might better be labelled the "non-public" sector as it encompasses a wide range of NGOs, and faith-based educational institutions as well as for-profit schools and colleges. Increased reliance on the private sector, coupled with existing trends toward decentralization within the public sector at all levels (school-based management, autonomous public universities, etc.) will also mean renewed attention to the regulatory framework as an instrument of public policy rather than as a simple mechanism of control[9].

This section has deliberately avoided discussion of controversial mechanisms such as educational vouchers. The section is not advocating choice and market mechanisms as

[9] Regulation in education has largely been concentrated so far on health and safety rules to protect students and on controlling the issuance of degrees and diplomas by bogus educational institutions, both highly desirable but neither a sufficiently broad view of the use of regulation to shape the education sector.

such[10], but rather arguing that a pragmatic approach to meeting developing countries' educational needs requires them to utilize cost recovery, cost sharing and the private sector. This is what the most successful countries such as Korea have done.

The discussion also has important implications for donors. Except for the United States and Japan, the major bilateral donors to education in developing countries are European countries. Yet Europe is the region with the least experience of cost recovery and of private sector delivery in education. Donors will, therefore, have to make a very conscious effort to see things from the perspective of developing country needs and not from the limited perspective of their own countries' heritages and practices.

Recommendations:

a) Recognize that cost recovery and cost sharing with students and their families will be the reality for developing countries at the higher level and likely also for some countries at the secondary level.

b) Build up analysis country-by-country on financing alternatives for secondary education, including transfers from public spending on higher education.

c) Examine country-by-country the scope for better integration of the private sector into public policy objectives for education.

d) Develop an approach to the regulatory framework for education that takes account of the growing private sector and of the decentralization of the public sector.

Making the Case for the International Financing of Education

Those of us in the international community who work on education think that the case for investing in education in developing countries is made, based upon its contribution to economic growth, individual livelihoods, social cohesion and engaged citizens, not to mention the social and health benefits that accrue especially from educating girls and young women. Parents around the world have also largely accepted this case for their sons and daughters – as evidenced by the dramatic shift in attitudes towards girls' education in such places as West Africa and Pakistan and by the household funds that are spent on tutoring. So, with a few exceptions, have the governments of developing countries. And so have some important new donors such as Qatar with its financing of the education of Iraqi refugees and of Palestinians and Dubai Cares with its financing of basic education in Asia, including in conjunction with Save the Children USA.

The exception to this general trend has been among the existing DAC donors. While aid for education has risen, it is now stagnating and there are no major new initiatives, no prominent donor champions for education and no signs of major future increases in aid. The recently leaked United States draft Presidential Study Directive on international development does not once mention education. The current President of the World Bank has not used his office to promote education's contribution to development. While the new coalition government in the UK is as committed as its predecessor to meeting the overall

[10] The author's view is that more evidence is needed and that there is still scope for considerable innovation in this area of market mechanisms within education, so it falls more under sections 1 and 2 of this paper.

0.7% of GNP target for aid by 2012, it has as yet given no indication of its position on education. Only Spain has been significantly increasing its international aid for education and its ability to continue to do so may now be threatened by domestic macroeconomic pressures. The modest replenishment needed of the Fast Track Initiative's Catalytic Fund is in jeopardy. Indeed, the recent relatively negative external evaluation of the FTI, coupled with the endless wrangling over its future by low level officials, may be both a symptom and a cause of the problem with donors: donor politicians and senior aid officials are not convinced either that the education sector has made its case or that it is well organized to use aid. As one very senior official recently remarked to the author: "Suppose, we suddenly told the education community that we could make an extra $1 billion available, first of all, who would we tell? Second, would the community be able to tell us on what it should be spent?" This now becomes even more urgent as there are moves to allocate at least some of the proceeds of any financial transactions tax to education, but education is up against stiff competition from health, agriculture and climate change.

Intuitively it would seem that the case for international financing of education would be easy to make. The benefits are well known. The donor taxpaying public is probably prepared to support it, based on parents' recognition of their own children's need for education[11]. Yet aid agencies are not strongly convinced.

Overcoming this major obstacle requires three major steps. First, the education sector's communications have to be improved – what seems obvious to us in the international education community is not seen in the same way by others, particularly in contrast to the fairly effective claims now being put forward for aiding health (whose share in overall ODA has gone up from 10 to 17% since 2000), agriculture (especially in light of the food crisis that preceded the financial crisis) and climate change. Nor have we figured out how to tap the latent goodwill of parents in the donor countries. The recent initiative by the new Chair of the Fast Track Initiative to obtain the advice of advertising professionals on how to communicate the education message is thus very welcome.

Second, the international architecture has to be fixed, in terms of funding mechanisms, access to technical advice, and speaking coherently, consistently and convincingly. As Steer and Baudienville (2010) have noted in their recent ODI brief: "The lack of a strong global coordination mechanism is a particular problem for the education sector. Despite its strong record on monitoring progress towards the EFA goals through its flagship Global Monitoring report, UNESCO has been unable to provide the leadership and global voice needed to raise additional financing for the sector."[12] This analysis may not be entirely correct, however; there is not any one strong global coordination mechanism for health either, but that sector is characterized by more use of common language and common metrics than is education and also by a series of special mechanisms for specific diseases, such as The Global Fund for AIDS, Malaria and Tuberculosis and the Global Alliance for Vaccines and Immunization (GAVI). What is for sure is that uncoordinated decisions by different agencies, each perfectly rational in itself, do not add up to a rational global architecture. Examples include the World Bank's decision not to finance adult literacy, the African and Asian Development Banks' decisions only to finance higher education, all agencies' decisions on the location of their

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[11] I assert this, but in fact it requires empirical verification.

[12] Not just UNESCO but the entire international education community, I might say as a former UNESCO ADG!

field offices and staff, DFID's decision (under the previous government) to commit half of its aid to conflict-affected countries, and so on. The existence of new leadership at the top of the various multilateral agencies and mechanisms concerned with education perhaps provides an opportunity to do this – but at least one of them must take the lead for this to happen.

Third, we have to be clearer on priorities for funding. This may mean recognizing that it makes some sense for bilateral agencies to provide support to higher education in developing countries, since universities and other education institutions in their own countries provide resources that can be effectively twinned and otherwise partnered[13]. Correspondingly, it may mean expecting the multilaterals to shoulder the main burden of international support for basic education, which would, of course, be very compatible with the idea of some sort of Global Fund for Education, an idea that does not currently look very promising.

Recommendations:

a) Improve as a matter of urgency the international coordination of the education sector, including but not limited to aid for basic education;
b) Improve the communications of the international education community with donor agencies in the face of increasing and effective competition from other sectors.
c) Tackle head on the mismatch between donors' stated global priorities (such as the education MDGs and the EFA goals) and where they actually put their money (such as in higher education for France, Germany and Japan).

Making Existing Aid More Effective and Holding Donors to their Commitments

Current aid to education is not as effective as it could be. Reflecting historical patterns and geopolitical considerations, too much goes to middle income countries, compared to needier low income ones, especially those affected by conflict, and too little goes to basic education. This has been extensively documented over the years in the EFA Global Monitoring Report. A high proportion of USAID support for education thus goes to Afghanistan, Iraq and Pakistan while French bilateral aid is mainly focused on francophone African former French colonies. Of the approximately $11 billion in aid for education in 2007, only about $3 billion went for basic education in low income countries, according to the 2010 EFA Global Monitoring Report. In addition, altogether too much aid goes to expensive international technical assistance and to support such things as "sitting fees" for developing country government officials to attend meetings. The same holds true also for non-concessional international financing of education by the World Bank and the regional Banks.

Not so well documented, however, is that aid to education is not necessarily producing results in terms of learning. In part, this is for understandable reasons to do with the prolonged nature of education: results take time. But, in part, it is also because the focus of the EFA and MDG movements, and especially of the northern CSOs that have driven much of the debate, has been on the financing gap in basic education, with insufficient attention to

13 This recognition is not at all the same as recognizing as does the DAC, in my view wrongly, that any expenditure on students from developing countries attending higher education in the donor countries may be counted as ODA.

how the current levels of aid are actually used, quite aside from the sub-sectoral and geographical distribution. Even the EFA focus has not resulted in significant funding for the entire EFA agenda but rather in a concentration on primary education, to the relative exclusion of youth and adult literacy and, at least until recently, of early childhood care and education. The sector has been slow to introduce effective monitoring and collect evidence on what works (see Section 1); this urgently needs to be overcome both in order to improve effectiveness but also to help make the case that aid for education does indeed work.

Aid to education, especially to basic education, is reasonably monitored, due to the DAC data collection effort and the EFA Global Monitoring Report, though there are long delays and the data are normally some two years old before they are released. This is not so, however, for aid from non-DAC sources, which is becoming increasingly important but it not systematically monitored. The actual uses to which both DAC and non-DAC aid is put, directly or through additions to government spending, are insufficiently monitored, however. An extensive analysis of this is needed.

While aid from DAC sources is reasonably monitored, there is no mechanism, other than the DAC itself, for holding donors accountable. The DAC does do this at aggregate level but there is no mechanism for holding donors accountable internationally for the levels and quality of their aid to education. This could be a purpose of the EFA High Level Group meetings or it could be a function of a revamped Fast Track Initiative, if the FTI were to re-seek its roots in terms of aid coordination and mobilization for particular countries. Whatever the mechanism, it needs to be done.

Recommendations:

a) A new analysis is needed of the impact of aid for education – is it going on the right things, in the right countries and producing results?
b) Education aid flow monitoring needs to be made more timely and also to encompass non-DAC donors as much as possible.
c) An accountability mechanism needs to be developed for donors providing aid for education.

Encouraging and Organizing New Donors

Given the coordination problems of existing donors, it would not seem likely that the important emerging new donors for education would necessarily wish simply to copy the activities of the more established donors. Equally, it would be unfortunate if these new donors were each exclusively to follow their separate paths, as they represent the major source of likely future funding for education. Indeed, given the strategic importance of several of the new donors, there is perhaps an opportunity for them to help resolve the problems that currently characterize aid for education. Korea, for example, will host the next G20 meeting in November and is also itself a model for the development that results from investment in education. China has focused much of its African aid program on infrastructure but has important education lessons also to transfer. Russia has already engaged somewhat with the international education community on the quality issue through the Russian Education Trust Fund at the World Bank, particularly but by no means exclusively focused on Central Asian and African countries. Brazil is pioneering support for higher education in lusophone Africa. The Gulf states are supporting education, especially for refugee populations in the Middle East but also in Muslim countries across Asia.

UNESCO had plans for a meeting of the emerging donors, designed to bring them up to speed on international aid issues but also, and more importantly, to enable them to exchange among themselves about their experiences and possibly explore ways of working together. These plans were shelved during the recent transition in UNESCO's leadership but can now be resuscitated by UNESCO or others within the international community, though a neutral UN convener such as UNESCO would seem the most appropriate. In addition, the existing donors must welcome the newcomers and offer as much to learn from them as to inform them on current issues.[14]

Recommendations:

a) Emerging donors in education should convene for frank exchanges and to discuss possible mutual collaboration, among themselves and with existing donors. UNESCO could facilitate this, as once was planned.
b) Existing donors should reach out to emerging donors to the mutual benefit of both.
c) Emerging donors should make data openly available so that their activities can be monitored along with those of DAC countries.

Developing Innovative Financing for Education[15]

Innovative financing is needed for education for at least five reasons, which somewhat straddle the various preceding sections of this essay:

- Resource mobilization: If the financing gap is to be met for basic education and if secondary and higher education are to continue to expand, it will be important to increase total resources for education. It will also be important to examine the scope for resource mobilization at the post-primary levels, which could then permit the reallocation of public spending from these levels towards basic education.
- Raising the profile of education: An important aspect of innovative financing efforts in the health and other sectors has been to raise the profile of health on global and national agendas. Education is currently too low on the global agenda, compared to such issues as climate change, security/terrorism, and public health, even though it is critical to their achievement. There are many reasons for this, including the sector's failure to "market" its case effectively, its lack (compared to health) of a common language and set of common metrics, its sensitivity to national sovereignty, its conservatism and lack of innovation and risk-taking, and its unproductive

14 In this regard it is disappointing that so few emerging donors are taking part in the IWGE meeting for which this essay is written.

15 This section draws heavily on Nicholas Burnett and Desmond Bermingham, *Innovative Financing for Education*, Open Society Institute Education Support Program Working Paper No. 5, 2010; and on Task Force on Education, Leading Group for Education in Development, *2+3=8: Innovating in Financing Education*, September 2010 (http://www.leadinggroup.org/IMG/pdf_Innovating_in_Financing_Education_BAT.pdf).

internal debates at the international level, characterized particularly by the discussion of the FTI.

- Improving the effectiveness, efficiency and equity of educational spending: The large financing needs of the education sector have led to a focus on resource mobilization at the expense of attention to the way in which education funds are spent. The most egregious example of the ineffectiveness of much education spending is the increasingly recognized crisis in actual learning in developing countries. There are other inefficiencies that have long been identified: excessive financial spending on higher education but almost none on adult literacy (allocative efficiency), high levels of repetition and drop-out and of teacher absenteeism (internal efficiency), regressive patterns of spending at secondary and higher levels, and inefficient private spending especially on tutoring.
- Meeting the needs of fragile states (especially those affected by conflict): For several years now, the International Network on Education in Emergencies has been calling for innovative international financing for countries in or emerging from conflict. It is important to note also that over half the children not enrolled in primary school live in such countries. This is a very urgent need but it is not so easy to meet as, say, the food or health needs of people in these countries precisely because education is a key element of national identity and so warring parties take a great interest in controlling it.
- Promoting innovation in education: As noted above, education is widely perceived as a conservative sector. The basic model of service delivery (a teacher talking to a class of students with the aid of a textbook or other learning materials) has remained largely unchanged since the nineteenth century. Most schools in developing countries have remained largely unaffected by the increased availability of new information and communication technologies. In particular, the penetration of mobile technology in poor countries offers opportunities to transform educational delivery by opening up the sector to new delivery mechanisms, including through non-formal flexible education programmes delivered by non-government providers. The health sector has successfully used *innovative finance* to promote *innovative service delivery* – the same could readily be applied in the education sector.

There are several promising ideas already for innovative financing in education, akin to the airline tax and IFFIm mechanisms now in use in the health sector. Most promising among these within the education sector are those connected with the World Cup (which would mainly raise the profile of education internationally), those involving the use of bond financing (with bonds sold to pension funds in developing countries, enhanced with financial guarantee insurance) for sectors of education such as higher education that have future revenue streams and would thereby permit transfers of public resources from higher education to lower levels of education, and the idea already discussed of an Education Innovation Fund. Most promising among ideas outside the education sector are the allocation of some of the proceeds of any future international financial transactions tax to education[16] and the ideas of channeling migrants remittances and/or diaspora bonds more effectively into education. Further work is needed on all these ideas, as is the development of champions for their need.

Recommendations:

a) Work should be accelerated on innovative financing for education, and this will require attention to both domestic and international financing, in contrast to the health sector.
b) Some ideas are already more or less ready for testing and should proceed to early verification while other ideas require more analysis and preparation.

Conclusion

This essay has suggested several key areas where there is now a new opportunity to address the financing of education. Given that its immediate audience is the International Working Group on Education, the paper has concentrated particularly on the international financing of education and on the international mechanisms that could support domestic financing. It does not claim to be comprehensive – topics such as aid dependency have not been addressed, for example, important though it is, because there seems little new opportunity to address the issues it presents. There is an important opportunity to address the seven issues that the paper does present, however, because of the current constellation of forces in the international education community.

A final question is whether this constellation could be enhanced by establishing some sort of high level international commission or task force on the financing of education or, more narrowly, on innovative finance for education. There is an obvious parallel to the very effective task force on innovative finance for health co-chaired by former UK Prime Minister Gordon Brown and World Bank president Robert Zoellick. Not only could such a mechanism generate momentum for particular ideas, it could help to raise the profile of education more generally in the international community and serve to alert finance ministers of both South and North to topics of which they may be insufficiently aware.

[16] Indeed, the two current active task forces of the Leading Group for Innovative Finance on Development are those on such a tax and on education and the Leading Group has pledged to connect the two groups.

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Non-State Providers and Public-Private-Community Partnerships in Education: Contributions Towards Achieving EFA

Opportunities and Challenges*

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Introduction

The World Declaration on Education for All (Jomtien, 1990) emphasized the importance of partnerships *"between government and non-government organisations, the private sector, local communities, religious groups and families"* in ensuring that all children have access to quality educational opportunities. The commitments to creative new partnerships to achieve Education for All (EFA) goals received even stronger emphasis at Dakar (2000). However, in practice, discussion and planning to meet EFA goals has focused almost entirely on government provision.

Interest in non-state provision of education – defined broadly as education services provided by NGOs, faith-based organizations, private for-profit schools, private non-profit schools, community schools and philanthropic schools – has grown as the search for alternative and innovative ways to reach EFA goals becomes more urgent.

This paper is based largely on a longer version written as a background paper for the 2008 Global Monitoring Report. We reflect on some of the issues and debates surrounding non-state provision of education and also examine partnerships between the state and non-state sector. We conclude with a synthesis of observations and recommendations that may help to determine how best to leverage the contributions of the non-state sector towards reaching EFA goals. Particular attention is given to the contributions of the non-state sector (whether through direct provision or partnerships) to reaching marginalized or excluded groups.

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The analysis used in this paper draws heavily on UIS data (1991-2006) and other government data where UIS data was incomplete. UNESCO defines as "private" any educational institute that is controlled and managed by a non-government organization (e.g. religious group, association, enterprise) or if its governing body consists mainly of members not selected by a public agency (UNESCO, 2005). We have assumed that countries use the UNESCO definition of "private education" when they send in data to UIS though we recognise that in practice there is likely to be variation. In this paper, the UNESCO definition is used - private means "non-state" and non-state and private are used interchangeably.

We begin with an analysis of the size and scope of non-state provision of education.

The Numbers

UIS data from 136 developing countries for which enrolment data is available indicates that there are 69 million more children in primary school now than there were in 1991.More than 23 million of them attend non-state schools, representing one-third of the increase.

Between 1991 and 2004 non-state primary school enrolments increased by 58% (from 39 million to 62 million) while public sector enrolments increased by 10% (from 484 million to 530 million) (UIS, 1991-2004). 44 developing countries have shown increases of at least 50% in non-state school enrolments since 1991, as compared to 24 countries with similar percentage increases in government school enrolments (UIS, ibid). There are more than 113 million children enrolled in non-state schools in developing nations – 62 million of them are in primary school (approximately 11% of total developing country primary enrolments), and another 51 million are in secondary school (approximately 24% of the total). In the last few years enrolment rate in private schools has further accelerated.

Part of the dramatic increase that is being seen may be due to better reporting as compared to a few years ago. On the other hand, we believe there is still massive under-reporting. The non-state enrolment figures are significantly higher than they appear, and are probably at least double in some countries due to the many non-state schools which are unregistered.

In India official figures state that more than 23 million children attend non-state primary schools (UIS, 2003) though it is likely these are much higher. Indeed there seems to be a "mushrooming" of unregistered private schools operating (Nambissan 2003 and Aggawal, 2000). Kingdon's study (2005) found that 41% of private schools in the country were unrecognised. Almost 40% of Bangladesh's primary enrolment is in non-state schools, and 96% of its secondary school enrolments are non-state. Overall, at least 18 million Bangladeshi children benefit from non-state education opportunities (UIS, 2003). In Pakistan, 5.8 million children are enrolled in non-state schools, accounting for 36% of the country's total primary enrolments (UIS, 2004). A Ministry of Education national survey puts the figure even higher – 42%. South Asia accounts for over half of all non-state school enrolments at the primary level -- 35 million children. It is often assumed that the vast majority of these schools are in urban areas, but in addition to NGO schools, the signs for private fee-paying schools, often with names like "Little Gems" and "Future Stars", are omnipresent in remote rural areas of Nepal, Pakistan and India. Approximately half of the 8,000 private fee-paying schools, set up since 1999 in Pakistan, are in rural areas of the country (Andrabi, 2006).

Across Africa as a whole, approximately 10% of children are in non-state schools, with substantial variation between countries. In Zimbabwe, non-state provision accounts for 9 out of 10 school children. In many countries, we see pockets with very significant non-state sector presence. Often, these pockets of provision are a response to a sheer lack of access. For example, in Nigeria's Ga District, 64% of school children attend private unaided schools, while in Lagos State, Tooley and Dixon (2005) estimate that 75% of school children are in private schools, with a larger proportion in unregistered private than in government schools.

Free primary education policies in many African countries in the last decade or so have been followed by marked increases in enrolment. While much of the increase is in the public school system, 1 in 5 countries in Africa attribute half or more of the school enrolment increases to non-state schools (UIS data, 1991-2005). In Mali, for example, in the last five years, primary public school enrolments increased by 21% whereas non-state provision more than doubled. Overall, in Africa, between 1991 and 2003, the public sector saw 53% growth in enrolment. In the same period, the non-state sector increased by 106%. In Chad, private provision increased from 6% in 1991 to over 33% in 2004. In Ghana, Gabon, and Togo, it has more than doubled since 1991.

Elsewhere as well, private providers are a growing percentage of total provision. In Nepal, the government sector has increased school enrolment by 20% in the last thirteen years, whereas the share of private enrolment has increased six-fold. In South and West Asia, the part of the non-state sector that is registered has seen four-and-a-half times the growth in enrolment compared to that of the state sector in the last 13 years. Kingdon's review of the non-state sector in India (2005) emphasises the critical point that it is not so much the share of private schools in the overall total enrolment that warrants attention. It is the share of private schooling within the total increases in enrolment at different levels that is significant. In India, Kingdon's analysis shows that 61% of the increase in primary school enrolments over an 8-year period (1986-1993) was in non-state schools. Even in China, where the government has historically been the sole education provider, the establishment of private schools are being encouraged in recent years as a way of stimulating the economy. In 2001, according to official figures, 3.1 million students – just under 1.5% of the country's total student population – were enrolled in non-state primary and secondary schools. Five years before, the figure was just 405,000 (Far Eastern Review, 2001).

Lack of Attention to Non-State Provision

"Those NGOs make a lot of noise, but really they just run a few schools here and there."

"What have private schools got to do with EFA? They are just for the elite."

The major EFA reports are largely silent on the issue of non-state education which is represented by community schools, NGO schools and both for-profit and not-for-profit private schools catering to all income levels. At best, there may be a few tables – often in voluminous appendices.

The 2007 EFA Global Monitoring Report (GMR) (UNESCO, 2006) includes columns giving the per cent of the total pre-primary, primary and secondary enrolments which are "private", but there is no disaggregating within this and, therefore, no way of telling which type of non-state provider is delivering the service. Many countries do not report on private secondary provision although we know from the data that does exist that private provision is highly significant at secondary level. Within the primary enrolment data, what is missing is as telling as what is there (e.g. Pakistan reports private enrolment data only very occasionally and there is no UIS data on private enrolments for Kenya). Still, data on private providers has improved since 1991 when less than half of the countries reported data on per cent provision.

Complexity and the difficulty in obtaining data

Much of the lack of attention to non-state provision stems quite simply from the difficulties of defining the sector and in obtaining data (let alone comparable data). Non-state provision covers a very diverse mix of players, and in many developing countries, a majority of the small private for profit and community schools never gets counted. *In the Public Interest* (Oxfam 2006) highlights this well: "NSPs range from civil society organizations such as NGOs, churches, mosques and community organizations to profit-making companies, and in size from individual street traders to multinational corporations." In addition, inadequate breakdown of urban and rural provision along with the absence of data related to quality complicates matters significantly. It is difficult to gauge how many children are being served, by whom, where, and how well.

Adding to the dilemma, significant numbers of schools in many countries operate across public and private lines, blurring the traditional definitions and categorizations. Where do the schools that have substantial inputs both from government and communities fit and thus get 'counted'? At what stage does a school that starts to obtain government support (e.g. perhaps first for a roof and textbooks and then for some or all teachers' salaries) get included as a government school? The answers to such questions vary greatly from one country to another.

Many schools that are "private" receive government support. In Latin America, for example, the Chilean government runs only about half of the country's schools; the balance are considered private, even though 8 out of 10 of these receive some sort of government aid. This trend is prominent in European countries as well; for example, in Belgium, 54% of the education is considered government-aided private provision (OECD WEI indicators, 2003).

Tensions Regarding Non-State Education: Are Perceptions Accurate and Conclusions Helpful?

The neglect of non-state provision is not simply due to data difficulties and muddled definitions. The role of non-state actors in education is often also limited to discussions about the use of vouchers, subsidies and sub-contracting to NGOs. Philosophical arguments and political views are every bit as important in contributing to the lack of attention to non-state provision.

In the next sections of the paper we examine the accuracy of the various perceptions that have resulted in this neglect, and why we need to pay attention to the contributions of non-state providers.

Rights, a Focus on Government Obligations and the "Public Good"

Education is a "public good" with benefits not only to individuals but also to society at large. It is also a fundamental right as enshrined in various Human Rights Conventions. Nation states are legally bound to ensure rights, as it is they who sign treaties and ratify Conventions. Governments thus have an obligation to ensure that all children have access to education which helps them to develop to their full potential and prepare them to contribute to their families, communities and society as a whole. Article 28 in the UN Convention on the Rights of the Child states that these education opportunities should be free at primary level.

To meet their obligations, governments themselves can play a variety of roles, including directly providing education services; regulating services provided by the non-state sector; entering into funding arrangements with the non-state sector; and providing information to parents on choices of education provision available. Some argue that many developing country governments have focused much of their attention on direct education provision – at the expense of the other roles – but have failed to achieve their objectives in terms of access and quality.

Direct service provision by the state usually takes the form of public schools that are funded, run and managed by the government. There are a number of reasons why governments may choose to provide education services themselves rather than rely on non-state providers. These may include the reasonable assumption that for-profit providers will put profits ahead of quality and access; that NGOs may not have the capacity to work at scale; and that impoverished communities cannot afford to organize education for their children. The difficulties with direct service provision by the state often have to do with the bureaucratic and centralized nature of school systems, which may result in public schools themselves being unable to reach the most marginalized, respond to the needs of communities, be accountable and transparent, or provide a good quality of education.

Wariness around non-state provision remains and stems fundamentally from the fear that "too much" private involvement, whether supported through civil society or business, will result in the state abrogating its responsibilities to the public and abandoning any attempt to reach the poorest of the poor. "Community ownership" can result in government being "let off the hook". The perceived risk is that the non-state sector could counter the efforts that international agencies and in-country civil society groups have made in advocating for greater attention to and finances for public education. Another fear is that if key stakeholders have not "invested" in the system, then quality deteriorates. As one report states, "Targeting essential services at poor people in place of universal public provision, while it might seem cheaper in the short term, often results in wealthier groups withdrawing financial and political support for public services where they see no benefit to themselves" (Oxfam International, 2006, p.81).

Government support and investment to ensure access to decent quality schooling for all children is critical. It is important, however, not to confuse the State meeting its obligations with government running the whole show on its own. What is needed are schools that work for children and the diverse circumstances in which they live. Successful education systems vary widely. Some are centralised and others are decentralized. Some have almost exclusively public schools, while others have large numbers of non-state schools and others include significant government support for non-state providers. This last approach is not a panacea for all ills neither it is the "ideological Trojan horse that would destroy public schooling" (World Bank, 2003, p.127). Equity, quality and efficiency are not always better or worse when government is dominant nor when the non-state sector has a significant role. Reality is more subtle.

Many different approaches have been able to demonstrate success. Highly centralized systems tightly controlled by government can indeed provide excellent learning opportunities for children; Cuba is a prime example of a country whose children outshine those of much richer LAC countries in Spanish and Mathematics at Grade 3, and which produces highly skilled doctors who serve in numerous developing countries. The Netherlands has one of Europe's most successful education systems and takes a very different approach. Even a very small group of parents has the right to set up a private school and receive government funding. 73% of the country's children attend such schools (World Bank, 2003).

The key point, therefore, may be government commitment to education rather than government necessarily doing it all. In other words: it is possible for governments to meet their public obligations (sometimes more effectively) by supporting a system of education provision that engages with a diversity of actors on the ground. Success for all children could be a result of governments providing adequate finance and appropriate policies, enabling regulation and ensuring oversight and accountability by all involved. Non-state provision need not denote government abrogation of responsibility. Rather it is the logical "all hands on deck" response to the education crisis that is an ongoing reality in many countries. A pluralist system, which includes, in addition to government schools, non-state, demand-responsive schools and agencies that deliver quality education could provide significant added value in reaching EFA and MDG targets.

A reality check may be useful here. The countries that are lagging behind in their progress towards EFA goals are characterized by either extreme poverty or lack of political will. In many extremely impoverished countries, poverty levels make the requisite government investments in education a complete impossibility without massive investments from the international community. At present these are nowhere near the levels required to ensure decent learning opportunities for all children, nor will they be in the foreseeable future without a complete turnaround in minority/majority world relations (Global Education Campaign, 2005). Civil society and the private sector offer resources (both human and financial) above and beyond what can be made available through government resources and aid.

Perceptions of who non-state or "private" provision serves

Analysis of non-state roles in education has often been characterized as centring around two very different types of provision: (a) NGOs ensuring education for under-served groups who may be missed by the state system; and (b) elite, high quality private institutions for those who can afford them. While these are indeed two ends of the spectrum, the situation is far more complex.

Private sector provision: One of the most rapidly expanding and contentious sectors across developing countries is the private, for-profit school for poor children. Recognition that low-cost private education is serving large numbers of low-income families in developing countries is very recent. In many instances, it is assumed that non-state provision has arisen in response to state failure to provide services – and is thus the only option for those who cannot get access to public provision. However, more and more poor families appear to be actively choosing private schooling. The number outlined above is testament to this. Families may choose non-state provision as a response to the lack of adequate quality in state services, or because they prefer something that is believed to be more responsive and accountable, or is a better fit with the family's interests or values (e.g., in the case of faith-based schools). In a six-country comparative study on the costs of sending children to school, Boyle et al (2002, p.1) found that, "Despite their poverty, the poorest households are acutely concerned about the quality and relevance of education services. Both the economic and non-economic judgements they make about schooling their children are strongly affected by their perceptions of the quality of services offered. There is a notable willingness amongst the poorest to pay, or make sacrifices for, what they perceive to be good quality education".

The cost of schooling is a real burden on poor families. There are significant costs associated with public and private education alike. Public systems in some countries still rely (sometimes substantially) on household contributions. Such contributions can be of the same order as fees charged by private institutions (Bray, 1999; World Bank, 2003). Recent household surveys in Sub-Saharan Africa shed some light. For primary school, household contributions range from 2% of per capita GDP in Malawi to 14% in Nigeria and Sierra Leone. For secondary school, the contributions jump significantly, ranging from 27% of per capita GDP in Malawi to 83% in Uganda (AED, 2006). Tooley's research in low income private schools in India found that fees were between 4% and 5.5% of the monthly minimum wage. How affordable this is depends on the number of children being sent to school. Some 18% of the places were provided free or at concessionary rates.

In addition to a more generalized discomfort around the charging of fees, the necessity to pay has made many assume that private schools simply cannot reach the poor. Basic economic realities such as high dependency rates (ratio of income-earning adults to dependent children and elders); income distribution; labour market rates to hire teachers; and the necessity for families to use scarce resources to fulfil basic needs, means that if providers depend solely on revenues from households for education provision they may not reach the very poor (Lewin, 2007).

However, as suggested above, many low-cost private schools are reaching disadvantaged groups. As one Oxfam Education Report says," ...the notion that private schools are servicing the needs of a small minority of wealthy parents is misplaced...a lower cost private sector has emerged to meet the demands of poor households" (Watkins, 2000). Many families, including very poor families, are opting out of public schools and choosing alternatives – especially when there are costs associated with participating in the public system.

Civil society organisations are well known for developing models that can be very effective in reaching extremely disadvantaged groups. As Dollar and Pritchett report in *Assessing aid – what works, what doesn't and why* (1998), "Governments in developing countries usually play a major role in the allocation and management of educational resources. This...approach has supported many achievements in education, but it has not always reached groups that have traditionally had low levels of education (the poor and girls, for instance)" (p. 108). It notes that a study in Bangladesh reviewing the NGO-run schools showed that 71% of the children are from families in the bottom two socio-economic quintiles compared to only 34% of children in government schools.

Misgivings remain in some quarters that this sort of NGO provision, which often responds to failures of the state system to reach the most marginalized children, risks diverting attention away from efforts to make the formal system more inclusive and therefore encourages complacency. This paper argues that in order to ensure disadvantaged children's rights now, rather than in some distant future when the public sector reaches all children, a two-pronged strategy used by many NGOs may be most appropriate. This involves NGOs continuing with direct provision for extremely disadvantaged groups, while also working with government schools for mainstreaming.

Bodh Shiksha Samiti and Doctor Reddy's Foundation (DRF) operating in India both illustrate the potential impact of collaborative partnerships between Government and NGOs. Each has established and continues to operate 'alternative' schools for marginalised children (urban slum dwellers, rural and working children) who traditionally have been excluded from 'mainstream' education. Initially the aim was to offer relevant, quality education for their respective target children – through community schools (Bodh) or through short bridge courses (DRF). Over time both NGOs identified avenues to ensure that these children could enter/re-enter the formal government system. Both also began to work directly with government schools - Bodh in over 1,000 rural and urban schools of Rajasthan and DRF in around 100 schools of selected slum areas of Hyderabad. For DRF this was critical for keeping the hundreds of 'mainstreamed' former working children in school – where they previously felt unwelcome if not pushed out. Bodh was requested by Government to expand and replicate their work in traditional government schools in urban and rural areas. Both Bodh and DRF have formal MOUs with State Governments.

Concerns about quality

There is a widespread assumption in some quarters that non-state schools provide a level of quality which is worse than state schools. This is particularly the case where teachers in non-state schools receive limited pre-service training and are paid less than those teaching in government schools. However, this doesn't always translate into poorer student achievement as evidenced in Bangladesh and other countries. Private fee-paying schools serving disadvantaged families have often been dismissed by international agency decision-makers as either irrelevant or a disservice to the poor because they are somehow being duped into paying for low-quality services which they are ill-able to afford. Indeed, in very poor areas, families may prefer government schools over community schools because they perceive them as being better resourced and more affordable (Coulibaly et al, 2007).

On the other hand, the low quality of government schools is cited as the main reason for the mushrooming of private schools (Rose, 2002). Parents cite teacher absenteeism in public schools as their main reason for choosing private ones (UNDP, 2003). In a study conducted by Boyle et al (2002), quality concerns for parents revolved primarily around the availability, competencies and responsiveness of teachers. A UNICEF survey across 8 states in India (Mehrota, 2006) also highlights these issues as well as the fact that the number of working days in government schools were much lower than in the private unaided schools and that other factors such as the availability of toilets for teachers and for girls was better in non-aided private schools. The researchers concluded that the various factors led to better functioning schools despite the fact that teachers in these private schools were paid less, often had temporary contracts and were usually untrained. Tooley and Dixon (2005) argue that fee-paying schools have an inherent accountability mechanism which state schools do not have as government teachers are paid irrespective of their performance or even whether or not they show up.

There is indication that movement towards universal primary education (UPE) has led to deteriorating quality in public schools in some countries. In Uganda, for example, in tests administered to a random sample of third graders, the number of students who achieved a satisfactory score declined from 48% in 1996 to 31% in 1999 in Mathematics, and from 92% to 56% in English oral tests, after the introduction of free primary education (WB, 2002 and Rose, 2006). Tooley and Dixon's research (2005) in the low income areas of India, Ghana and Nigeria found that low-cost "budget" private schools serving disadvantaged families are providing better quality than government schools. Some of these findings have not been well-received since they are not a comfortable fit with donors' overwhelming concentration on public provision. However, a growing number of studies point to the significance of the role of private, unaided schools in providing education opportunities to disadvantaged children. More such studies are needed to establish both the scale and quality of such provision.

There is evidence that the decisions of families around which school to use, or whether to send their children at all, relate to interlinked factors, including perceived relevance of the curriculum and fit with their value systems (Tawhil, 2006; Coulibaly, et al 2007). In East Africa, for instance, the Madrasa Preschool Programme was initiated in the mid-1980s to address local Muslim leaders and parents' desire to ensure their children had access to quality preschools, which also integrated aspects related to Islam and local Swahili culture (Bartlett, 2003). In response to parental demand, the programme has grown to over 200 preschools in 3 countries, despite the fact that it depends heavily on community inputs and fees. Some of the madrasa preschools in Uganda have in recent years added on primary schools that allow for the continuation of an 'integrated' curriculum.

There is insufficient robust data comparing the relative quality of public and private provision for the poor, but it is likely that the range of what is on offer in low-cost private fee-paying schools goes from the remarkable to the horrifying – just as in public or NGO systems.

Research undertaken in India in 1999 (Mehrota, 2006) suggested there was no firm evidence of better learning achievement in private schools, elsewhere various other studies indicate superior quality in some non-state provision. Rose (2002) finds mixed results across different countries: the PROBE Report in India suggests higher quality of education in private schools. Studies by Al-Samarrai (2001) and Lassibille and Tan (1999) in Tanzania all found lower student performance in private schools (along with equity issues).

A comparison of different types of schools across the remote Northern Areas of Pakistan found that significantly more children in the Aga Khan Education Services schools complete primary school: 76% of students as compared to 44% in government schools (Gowani and Arnold, 2006). Many of these schools are located in remote areas and serve populations – especially girls – that government schools do not yet reach. Primary drop-out is also much lower in AKES schools compared to government schools. Other private schools (which have mushroomed in recent years and are often of very poor quality), however, show that drop-out rates are far higher than those in government schools – a clear indication of parents' concern with quality. They may enrol children in private schools in their desire to offer their children a quality education but only keep their children in these schools if they are satisfied with the opportunities provided.

In the EQUIP2 studies by De Stefano et al (2006), nine cases of non-state provision were "examined to see how effectively it provides access for the populations it targets, how well it ensures completion of primary school for the children that do enrol, and, where data permit, whether students demonstrate levels of learning at least commensurate with those achieved in government schools" (p.3). Almost across the board, all programmes seem to have had a significant impact on access goals. Learning data was harder to obtain, but where it existed, it showed that these programmes are producing comparable or better results than regular government schools – despite the fact that they are staffed by teachers who are less qualified than their government counterparts, and are targeting children that are more disadvantaged than public school students (parental education, socio-economic indicators, exclusion from the formal system). In Afghanistan, Bangladesh, Egypt, Ghana, Guatemala and Mali, "the complementary education programmes achieve completion rates that surpass those of the formal public school system in each country" (ibid, p.4). The tools used to compare learning outcomes differed from case to case. In Bangladesh, Egypt and Mali the primary end of cycle competency exam/ pass rates on the primary certification examination were used. In Ghana, data came from a minimum competency test and data compared to national CRT pass rates for public schools. In Zambia, community school and public school student learning was measured by a single minimum competency examination that all students take.

Ignoring the current and potential future contribution of non-state provision to the EFA goal because of perceptions of quality may be a disservice to poor families. Instead, there should be renewed efforts to compare quality across systems, and the call for systems that ensure education is of an acceptable standard is one that must be heeded – for private and public schools alike.

Relations between State/Non-State

Governments take on a range of roles aside from direct provision depending in part on their comfort level and relationship with the non-state sector, particularly with NGOs and private for-profit providers. Batley (2005) points out that there is often incongruence between government policies, which may be supportive of the non-state sector and advocate public-private partnerships, and practice, which may in fact exhibit ambivalence, mistrust, resistance to change, or outright antagonism. This may be particularly the case with NGOs, whose often-troubled relationships with government in general may determine how regulations in the education sector are actually applied.

In many places, relationships between governments and Civil Society Organisations are characterized by tension and distrust, with each party having conflicting views of each other's "legitimate role, rights, capacity, and motivation" (AED, 2003). Government hesitation when confronted with the plethora of non-state players is indeed understandable and may result in governments being reluctant to involve non-state actors in official education plans or programmes or to count them in national statistics. The lack of evidence of impact from some non-state providers does not help matters. Governments and donors have a hard time justifying the allocation of scarce resources without clear documentation of effectiveness. Taking monitoring and evaluation and research more seriously will help to improve the credibility of non-state institutions, and ensure that they make meaningful contributions when provided with opportunities to influence policy or practice.

Parents and communities may be frustrated with the government sector because it fails to deliver on commitments (e.g. when budgeted funds fail to reach schools, resulting in teachers not being paid, insufficient textbooks for children, or other quality-related challenges). At times the non-state sector plays a watchdog role in helping communities point out failures in government systems and strengthening accountability to students and communities rather than simply up the formal system. In some instances, this only serves to worsen tensions between the state and non-state actors.

There may be more political reasons for governments' failure to recognize or value non-state provision. These may be related to fears that (i) recognition of the non-state system might be seen as an admission of government failure to meet its obligations; (ii) donor funding might go to NGOs; and (iii) the teachers' union, an important voting bloc, would withdraw support from the government – e.g., if they recognise 'para-professional' teachers. The latter is a particularly thorny issue. It can be seen as simply turf protection or as undermining the basis of education. Jagannathan (2001) and Mehrotra (2006) point to the current trend in India to save money by hiring under-qualified "para-teachers" (both in non-state and government sponsored education schemes) who earn a fraction of what formal schoolteachers earn. Is it a way to reach more children which responds to the urgent need to expand schooling using low-cost methods or is it an indication of government forsaking their fiscal responsibility for education - diluting funding for schools which target those students and communities who need the most support? (Jagannathan, 2001)

Finally, there may be capacity limitations on beleaguered governments who sometimes have a hard enough time dealing with reforming the state education system, never mind finding the human and financial resources to register and regulate non-state providers. Rose (2002) points out that there is a tension between lighter government regulation to enable the non-state sector to operate easily and tighter regulation to avoid an explosion of low quality private education and to ensure quality standards are met. There are also often significant costs, both official and unofficial (Rose, 2005). All of this can discourage registration on the part of providers, particularly small providers who may have no wish to be registered or controlled.

How governments should go about regulation and provision of oversight is a contentious issue. There is a perceived need to make sure that regulatory efforts do not overburden institutions with cumbersome bureaucratic processes that could cripple, instead of facilitate, progress. Options can include self-regulation through professional bodies (e.g., associations); private accreditation (e.g., through externally vetted voluntary regulation); and the formation of independent bodies (with broad participation from the Ministry of Education, umbrella organizations of NGOs, not-for-profit and for-profit providers) (Batley, 2005). Suggestions have also been made that governments should link the provision of incentives (e.g., access to subsidies, credit, training and other resources) to the non-state sector in exchange for compliance to regulations – although this strategy can only be as effective as the quality of the regulations themselves. For example, if regulations do not call for continuous monitoring of outputs, better compliance to regulations will not help to achieve quality goals.

In the end, it is critical to keep the best interests of children in mind. In addition to focusing on registration of new schools into the education market, there must also be a focus on monitoring the quality of teaching and learning in all schools – community, government, private and other. Further, since many schools may not be able to meet prescribed standards initially – it is important for states to consider how to handle such schools (e.g. close the school down, offer a "probationary" period where schools are provided with supports to meet the requirements, provide direct inputs to improve school capacities).

Non-state Provision and State/Non-State Partnerships

In education systems that are over-taxed, under-resourced, and producing unacceptable results, we must be serious about doing much more to create environments that foster entrepreneurial thinking and innovation, in order to ensure opportunities for children. The emergence and growth of the non-state sector is a significant trend.

It is important to reiterate that the non-state sector is in and of itself very diverse, comprised of myriad entities. While some have demonstrated valuable gains in student achievement and learning, others lag far behind. Discussion of the role of non-state providers, therefore, requires teasing through and engaging with the complexities – despite our tendencies to simplify the discourse into dichotomies (public vs. private, local vs. national, state vs. market, etc.), or to make judgements based on our personal experiences or political persuasions. Additionally, it requires a nuanced understanding of the often blurred boundaries between state and non-state roles covering financing, ownership, management, and regulation.

TABLE 1
Types of Non-State Providers of Education

NSP type	Definition	Access	Funding	Government Recognition and Regulation
Non-Profit				
Community	Schools created and managed by communities, often with support from NGOs and donors Communities may be involved in construction, financing, oversight of schools	Demand-driven provision, often in rural areas	Community NGOs Donors	Often undergo a process of registration to gain government support
	Local, national or international NGOs providing both formal and non-formal education, often using alternative service delivery models and innovative approaches	Focus is usually on reaching marginalised groups	Donors Charities Individual or corporate sponsorship	May or may not be explicitly recognised in government policy. Registration may be with ministries other than MoE, e.g. in Bangladesh, NGOs register with the NGO Affairs Bureau or the Directorate of Social Welfare.

Contd...

NSP type	Definition	Access	Funding	Government Recognition and Regulation
	Local, national or international NGOs providing both formal and non-formal education, often using alternative service delivery models and innovative approaches	Focus is usually on reaching marginalised groups		
Faith-based	Schools established by international private voluntary organisations and foundations; local faith-based NGOs and benevolent associations; and individual religious institutions. Some combine secular and religious education, while others focus only on religious education.	Responsive to differentiated demand and may include moral obligation to cater for the poor	Religious associations or missionaries Individual, congregation, or corporate sponsorship	Some registered (particularly if grant-aided) and recognised in government policy Others choose to avoid government intervention
Philanthropic	Schools established and/or supported by philanthropic individuals or associations	Focus on the poorest	Individual or corporate sponsorship	Often seek government recognition
Private, not-for-profit fee paying schools	Private schools that serve low-income areas. Fees range from low to high	Access for poor students dependent on availability of scholarships	Plus corporate or individual sponsorship Tuition Fees	Some registered, others without formal recognition
For-Profit				
Higher cost, private	Established for the small proportion of the population that can afford their fees. Also includes schools created by international bodies to provide education with internationally recognised qualifications for expatriate children	Targeted at those among the population who are able to afford the fees and children of expatriates	Individual or corporate ownership Tuition Fees	Some registered, others without formal recognition
"Budget" non-state, private	Private schools that serve low-income areas and populations	Demand-driven provision that caters for particular groups of the population e.g. urban poor; remote rural populations and nomadic groups.	Individual or corporate ownership Tuition Fees	Some registered, others without formal recognition

Source: Adapted from Moran and Batley (2004) and Rose (2006)

Table 1 adapted from Moran and Batley (2004) and Rose (2006) – provides an overview of the main types of non-state providers. Broadly speaking, non-state education activities can be divided into two areas: (1) not-for-profit provision and (2) for-profit provision. The rest of this article, rather than looking further into non-state provision per se, will explore state/non-state partnerships.

Partnerships

Government funding for the non-state sector

Significant numbers of non-state schools in many countries receive government funds and some schools obtain very substantial inputs from government even though they are owned and managed by non-state providers and considered private. For instance, in Indonesia, private, for-profit schools receive 70% of their funding from the State (King, 1997 in Moran and Batley, 2004).

Government-aided schools are non-state schools (whether for profit or not-for-profit), which receive support in the form of subsidies, teachers' salaries, and/or other key inputs such as curriculum, examinations and teacher training from the state. Subsidizing non-state education is an avenue for states to: facilitate education provision – expanding access at lower costs than would be incurred for establishing new government schools (Moran and Batley, 2004); ensure parents have a choice of schools (e.g., faith-based); improve access for excluded groups (e.g., for girls or street children); increase efficiency (e.g., by sub-contracting services to those organizations specializing in the job); and improve quality by engendering competition among providers (e.g. schools must attract students in order to access subsidies). There are some who argue for more caution around aid to private fee-paying schools stating that such support can favour families who can pay rather than being directed to the poorest students (Mehrotra, 2006). However many of these non-state schools actually do reach disadvantaged students – some in large numbers.

Different mechanisms are used when states enter into funding arrangements with the non-state sector. These include subsidies, grants, scholarships, loans, vouchers etc. The discussion of vouchers for use in private schools is heavily debated. Some well-designed programmes have shown increases in student enrolment and retention over time, others are more mixed. Another contentious initiative has been contracts for private management of public schools (often for specific agreed timeframes and with agreed quality standards). Government may take advantage of the efficiencies in the private sector for services such as the development and printing of textbooks, canteen services, construction of school buildings, etc. In other cases, the state may take advantage of an NGO or academic institution's core competency, as in the case of a university offering in-service training for teachers or continuing education for school managers.

A more recent and again contentious development is the contracting, at substantial scale, of private schools to provide education for low-income students. Colombia developed the Concession School Programme based on a contract between a group of private schools and the public education system to provide spaces for low-income students. Research in Bogota's Concession schools suggests that drop-out rates are lower in these schools than in similar public schools. Other public schools nearby the concession schools have lower drop-out rates in comparison with public schools outside the area, and test scores from concession schools are higher than scores in similar public schools (Osorio, 2006).

As with regulation, there can be issues around the way the above work in practice, e.g. trade-offs between ease of administration (through supply side financing to institutions, universal vouchers etc.) and more equitable, responsive and accountable mechanisms (through demand side financing targeted to those most in need) (World Bank, 2002).

A great deal has been written about the various public funding arrangements for the non-state sector (World Bank, 2002; Belfield and Levin 2002; Latham 2002; Moran and Batley, 2004; Patrinos, 2005; LaRocque 2005; Mora 2005). Patrinos (2005) concluded that most of the information is concentrated on examples in the United States rather than in developing or transition countries – many of which have interesting examples worth investigating. He also recommends that further research should not only analyze "what works, but rather why it works or not, how and under what circumstances" (p.14).

More Complex Collaborations and Partnerships

Stephen Moseley, President of the Academy for Educational Development (AED), writes in the preface to *The Untapped Opportunity*, "education is not the exclusive territory of any single sector, and can best be advanced through the collaborative efforts of governments, business, and civil society" (AED, 2006, p.1).

Partnerships between state and non-state which are sustainable over the long-term can strengthen government's efforts to realize universal education. They are also a powerful means of achieving collective goals, but only when there is a good strategic fit between collaborators and when the benefits of partnership outweigh individual action. Social science researchers have concluded that there are three essential elements to effective partnership: vision, intimacy and impact (Ruggie and Barrett, 2003, and AED, 2006). *Vision* refers to identifying collective goals, agreeing on targets, clarifying roles and responsibilities of each partner, acknowledging core competencies and developing strategies. *Intimacy* refers to the fact that successful partnerships depend upon trust and open communication, the presence of champions of partnership within each organization, transparency regarding risks and challenges, inclusiveness, sharing of best practices, and mutual accountability. *Impact* signifies the importance of being results-oriented.

The above represents an ideal in which governments, the private sector, and civil society work together seamlessly. Real-life partnerships are by definition less than ideal. Successful partnerships take time to develop and can be undermined by premature expectations of results, incompatible organizational cultures, competition between collaborating agencies, or uncommitted leadership. Organizations partner for a variety of reasons, including the desire to increase scope and scale, mobilize resources, improve quality, or build capacity (Ruggie and Barrett, 2003: p.18). However, what is interesting is that there are increasing numbers of more complex partnerships in the education arena in which attention is given to: (1) a shared vision; (2) recognition of the importance of complementary roles; and (3) creation of a culture of collaboration and joint ownership. In such partnerships, the strengths of all parties are leveraged, creating better opportunities and results for children than if either party worked alone.

Going beyond non-state provision: Working in partnership with public schools and the state system to improve available education opportunities:

An increasing number of NGOs (and the majority of international NGOs) do not operate schools and have no intention of ever doing so. Rather, they work in deliberate partnerships with government in order to strengthen and support state systems. Many NGOs start from a core of their own schools and then start to see the opportunities for wider-scale impact offered by working in partnership with state schools. Sometimes this shift in interest comes as a result of the challenges in integrating children who have been in non-formal schools into the formal system.

Their purpose is to build capacity, draw out lessons from both successes and failures, and influence practice and policy. Their activities may take the form of working with schools to become more inclusive; introducing innovative strategies to bring children into school; providing in-service teacher training often combined with in-school, hands-on mentoring; improving school management and accountability; strengthening community engagement with schools (both in terms of supporting the school and holding it to account); strengthening local data collection and its practical use; providing supports to District and Provincial/State education offices; facilitating research studies; and advocating for better, more equitable policies. In these cases, the non-state sector acts as a catalyst to improve the effectiveness of the government system.

In short, many NGOs focus their efforts on helping to ensure that innovations, many of which have emanated from the non-state sector, are taken up by the state system so that these can go to scale. Their purpose is systemic change. Some of the approaches, once considered "radical" which are now found within regular government plans include innovations that specifically address access issues for marginalized children for example: ensuring that centres are located closer to homes; offering flexibility in the timing of the school day and year; bridge courses; training of para-professional teachers and recruiting teachers locally so that they speak the same language as the students. Others are focused on the quality of the learning opportunities being made available to children: child-centred teaching and learning processes, decentralized training, and in-class mentoring and support. Yet others have been concerned with school management and leadership, financial integrity, school-community partnerships and increased parental engagement with schools. Such public private partnerships can serve as a vehicle for building a stronger 'performance culture' into public sector institutions.

Experienced-based Policy Development: State and Non-State Collaboration

Many NGOs (both international and national) focus part of their efforts on broader policy influence. Lessons from NGOs' work – particularly those based on careful monitoring and research combined with steady and regular interactions with government colleagues have contributed to changes in national policies. The Pakistan NGO Teachers' Resource Centre (TRC) is a good example. Their work from the early 1990s with children in the unrecognised 'kachi' classes (for children 3-6 years old) based in most government primary schools highlighted a series of problems related to their quality. Working with teachers, parents, head teachers and other government officials, TRC developed and piloted training programmes and a locally relevant curriculum framework for the kachi teachers. Dialogue with government officials over time as well as arranging visits for a range of officials to the kachi classes built up interest and momentum and led to the organisation of a national level seminar on early childhood education in Pakistan in 1999. The key results from the seminar and discussions was the adaptation of TRC's curriculum into one that was approved by the Ministry of Education nationally and the recognition by the MoE of TRC as a national resource base for their efforts in early childhood education. (Source: Consultative Group on Early Childhood Care and Development, 2003. Coordinators Notebook, no 27, p 35-40).

More recently an even more important trend may be governments' interest in leveraging the non-state sector for their own goals through a range of contracts and MOUs. In India over the last decade or more, the Government of India (and many of the states) has enabled NGO involvement in education, particularly in terms of their participation in community mobilisation, local level planning and capacity building and development of innovative curricula. The central government has been adopting and scaling a number of NGO experiments focusing on alternative and 'second chance' education (Rifkin et al., 2001). The framework document of Sarva Shiksha Abhiyan (SSA), the national Education for All effort, encourages partnership with NGOs, the private sector and civil society organizations. SSA places special emphasis on girls and children from minority communities. Over 4,000 NGOs are currently participating in the SSA programme for enhancing educational levels for girls, urban children, children with special needs and flexible learning systems (Nair, undated).

Three case examples that illustrate the growing array of 'complex' partnership approaches being tested and scaled-up across a number of countries follow below. Many more exist and more information and analysis of these different forms of collaboration and partnership as well as the range of benefits (e.g. student outcomes, especially for marginalised groups) is needed.

Aga Khan Education Services, Pakistan and government education in the Northern Areas of Pakistan

The Aga Khan Education Services, Pakistan is one of the largest private, non-profit education organizations in Pakistan. It operates 186 schools, supports 200 community-based schools and 75 government schools. When AKES, P first started to work in the remote North of Pakistan, many decades ago, there was a dearth of any schools open to girls. The challenge then was to get them into primary school and AKES,P opened up these opportunities by establishing schools. As time went on more government and other schools started up - the majority at primary level. The critical gap in many areas is middle and high school. AKES, P responded to the demand from the girls and communities themselves by focusing attention on providing opportunities at middle and high school level – 60% of the 96 girls' high schools in the Northern Areas are AKES,P supported institutions.

In addition, AKES,P collaborates closely with the Northern Areas government at different levels:

a) *School level: Both AKES,P and the locally situated Professional Development Centre of the Aga Khan University's Institute for Educational Development provide training for government teachers and work intensively with selected government schools. In addition, AKES,P uses underutilized government school facilities to run secondary classes in communities where students, especially girls, don't have access to middle and high schools. Girls from the community are encouraged to teach, and AKES,P offers extensive teacher training and mentoring. Thus the schools are government schools in the morning and in the afternoon community-based middle and high school sections for girls run with*

AKES and community supports - a cost-efficient use of facilities. This use of government schools and teachers by the community-based schools builds strong links with government increasing the likelihood of government eventually contributing towards salaries, providing free textbooks etc. Government has already provided some teachers, contributed towards the matching grant meant to help ensure long-term sustainability, provided funds for boundary walls, equipment etc.

b) *Other levels of the System: AKES,P supports the government's district education officials with training, improvements to its EMIS etc. Most significant is the MOU with government specifically to assist in the development of an overall Education Strategy for the Northern Areas. This provides tremendous opportunities for the development of a strategy that genuinely brings together all the different players (vital in an area where government accounts for approx. 50% of enrolment) and capitalizes on the contributions of all.*

Bodh Shiksha Samiti's partnership with the State Education department in Rajasthan

Beginning in the slums of Jaipur, Bodh Shiksha Samiti started community primary schools in Rajasthan and developed a model for ensuring that the most disadvantaged of the urban poor receive access to relevant, quality education opportunities. After demonstrating initial success with its non-formal model Bodh worked with government to test a "Mainstream Intervention Programme" in 10 Municipal Schools. In this first 'partnership' with government, Bodh provided resource teachers to support government teachers in the classroom. The government schools, in turn, provided teachers and training aids as required, and maintained a class size of 30 students. Classroom learning environments changed dramatically with teachers interaction with students becoming more positive, engaging children actively in the learning process: Drop out rates fell from 60% to less than 20%, tests of student abilities in Grade 3 provided evidence of significant gains in children's learning and strong links were established between communities and their schools.

Using this success as a base, Bodh has moved onto a series of larger and more complex joint ventures with the State Government. In the joint UN Agencies Initiative it provided technical support while also replicating its model of community schools. Bodh also served as coordinator of the National Core Group for the education of the urban poor, and a member of an NCERT Taskforce for the development of new teaching and learning materials for the early years. Under AKF's school improvement programme in India, Bodh has responded to requests by the Government to further adapt its work to rural and urban areas - including work with other nonformal schools and large numbers of government schools (1100+). Bodh works in the most disadvantaged areas where government schools (if they exist) barely function. In both rural and urban areas 95% are under GoI poverty line or from marginalised, minority groups.

The current MOU with the Government is significantly different than the more contractual agreement when Bodh first worked with government schools. Under the present MOU Bodh now plans the work jointly with Block and District level administrative units – identifying government schools to be strengthened into resource schools as demonstration sites for nearby government schools, organising teacher and other stakeholder training (including locally elected Panchayat members).

Kenya School Improvement Project (KENSIP)

The goal of the Aga Khan Development Network's Kenya School Improvement Project (KENSIP) is to make quality primary education more accessible to children in Coast Province by improving the effectiveness of primary education in public schools in a number of districts. The government seconded a team of Project Officers (generally head teachers or local education officers) to the Project. But their involvement was minimal initially. That changed overnight with the sudden declaration of free primary education (FPE) in 2003 by a newly elected government. Enrolments skyrocketed, resulting in an increased strain on schools and teachers. KENSIP was deluged by requests from non-partner schools in the intervention area to extend the programme.

After much consideration, the programme shifted to a cluster system approach which would draw upon the subject-specialist Key Resource Teachers (KRTs), who had been distance-trained by the Government's national School-based Teacher Development programme as teacher mentors and who were already present in every school. Using the KRTs meant that KENSIP's interventions and approaches became embedded into existing government systems and structures, particularly at the district level. The new approach created Cluster Resource Teams – consisting of KRTs, head teachers, representatives of school management committees, and local education officers. These teams led the planning and implementation of quality improvement interventions across each cluster, and KENSIP's role changed from implementer to facilitator.

The Ministry of Education, Science and Technolgy was very supportive of the changes since they had put significant effort into training the KRTs but they had been unable to undertake their assigned task of peer mentoring due to the lack of a responsive local support system. KENSIP's cluster system began to fill this gap. It also enabled stakeholders – including district level government education offices – to analyze and plan jointly around local needs, thus assisting the process of decentralization. The Ministry's In-service Education and Training Unit became involved in the planning and implementation of the cluster system, as did the district and municipal education offices. Local education officers also saw benefits: KENSIP helped them respond to the multiple requests for help in dealing with the fallout of FPE at the school level and the cluster system began to engender a new enthusiasm among education stakeholders to 'take charge' and address problems at the school level.

The KENSIP cluster approach has attracted considerable interest from the Government. In 2005, AKF and KENSIP, at the invitation of the Ministry, became participants in the development and gradual roll-out of the Kenya Education Sector Support Program (KESSP). What initially had been a partnership on paper evolved into a dynamic and enthusiastic collaboration based on active participation, joint planning and implementation.

Sector-wide Approaches, Budget Support and Civil Society

Unfortunately, the increased enthusiasm of governments to work in partnership with non-state partners in the types of arrangements described above has not always translated into any sort of meaningful engagement with these same partners when it comes to Sector Wide Approaches (SWAps) and other poverty reduction measures. International funding for education and other sectors is increasingly coordinated through SWAps and budget support. The way in which SWAps are currently implemented encourages governments to take leadership for the education agenda in their country and build their own capacity, both of which are vital. However, it doesn't necessarily encourage them or build their capacity to work in partnership with other actors even though NGOs are often viewed as able to reach places or groups which government is unable to.

With international funding for education and other social services increasingly coordinated through SWAps, non-state actors are more likely to be marginalized and have less and less funding translating into fewer opportunities for projects that encourage local innovation (ADEA, 2005). Empirical studies on PRSP processes and SWAps have found that civil society participation is often an afterthought, and sometimes blocked or restricted by government (Tomlinson and Foster, 2004; Gould and Ojanen, 2003; and Brock et al 2002; in Mundy et al, 2006). As one study warns: "There is a tendency for dialogue surrounding the development, implementation and assessment of large-scale programmes of support to basic education to be conducted on a narrow basis, without effective participation by civil society organizations and key stakeholder groups such as teachers. This has the effect of alienating key groups necessary to the success of programmes and may undermine the level of political support and community commitment available to sustain the programme" (Association of Universities and Colleges of Canada, 2003). Consultative fora should not be seen as simply occasions for the sharing of information or government plans but also as occasions for policy input and formulation.

Good governance is fragile or simply non-existent in many countries. While it is vital to invest in these processes and build the capacity of the public sector to be accountable to its citizens, the need to also invest in strong civil society institutions – such as mass media, research and policy institutions, non-governmental and community-based organizations and institutions, professional associations, cultural organizations, and institutions of higher learning – cannot be overstated. Their contributions are needed to achieve the substance of EFA goals. These actors are important not only for their ability to advocate, build capacity and deliver services but also for the part the best of these can play in contributing to good governance and pluralistic values. A dense network of strong civil society institutions can act as a bulwark against unconcerned governments and provide a safety net when governments malfunction.

Conclusion

The 2007 EFA Report estimates that 77 million children of primary school age are out-of-school. Most of them are from rural areas or the poorest households. Much more progress is required to reach *Education for All*. There is not the luxury of time or preferences. To ensure that every child has access to quality educational opportunities requires action on the part of a multitude of actors – state, private enterprise, civil society – all operating within a clear enabling environment to make it happen.

The following are key points for concerned stakeholders

Recognise the complex web of public/private/community supports for education that currently operate in almost all countries, and also create an enabling regulatory environment.

Acknowledge the non-state sector's role in contributing towards meeting EFA goals, in the first instance, through improving data on enrolment and provider. Place non-state efforts clearly within country plans with a negotiated role for each type of provider based on what makes sense in the country context. Value the contributions that all different players offer and capitalize on their relative strengths rather than getting stuck in debates around the merits of public or private provision seen as a dichotomy. Enable students to continue further up the education ladder by creating fair equivalency assessments of learning where they move from non-state provision (especially non-formal education) to the state system. Integrate non-state providers into delivery systems to complement public provision. Address inefficiencies both in government and non-state systems. Update policies and legislation regarding the non-state sector taking into account the range of institutions and organisations involved. This includes clarifying guidelines and registration laws and instituting transparent practices which are clear, manageable and inclusive.

Improve processes and mechanisms within SWAps, FTIs, and other national planning processes to facilitate broader collaborative partnerships between the non-state sector and government.

Use consultative forums as vehicles of partnership and co-ordinating mechanisms focused on planning, analysis and monitoring of progress towards goals. Encourage developing country governments and donors to evaluate all actors – for profit and non-profit – and their collective assets and think critically about how and where each can add value in the particular country context. Ensure that the appropriate actors are included in the design and implementation of sector plans. Use SWAp and other key fora to explore the full range of simple and more complex state/non-state partnerships in order to plan for the most effective ways to reach all. This should include scaling up or mainstreaming of well-tested NSS approaches, using the broader collaborative partnerships outlined in the paper and ensuring support (including financial support) for parts of the non-state sector. Where public finances are made available to private fee-paying institutions this should be linked to specific requirements for actively targeting and including disadvantaged children (at no cost at primary level or affordable costs at secondary). Such support might best be separate from general aid to private schools.

Strengthen research as a solid basis for decision-making

Conduct additional research which will allow: (i) assessment of the contributions of the non-state sector to meeting education goals and particularly the extent to which they reach marginalized children, and (ii) comparison of quality, reach, cost-effectiveness etc. of state and non-state schools. Build capacity in this critical area. Develop case studies that review regulatory systems and identify helpful approaches for establishing an enabling environment with a focus on equity and marginalised populations.

Learn from successful examples and from failures - both simple and more complex state/non-state collaboration. Undertake critical analysis and documentation of the range of existing efforts. Analyze the implications of investment in different parts of the overall system and plan for expansion and improvements accordingly (Examples might be tapping into not-for-profit private schools to address particular quality issues or using NGOs to reach particular excluded groups or as social auditors).

Keep in mind that reaching the most disadvantaged children often requires specific strategies

There needs to be acknowledgement that some children will be much more difficult to get into and keep in school (whether government or non-state provider) – and thus may have higher associated 'costs'. How this is best done - by state systems, by non-state provision or through a combination of providers needs serious attention and reflection.

Non-state education covers many different possibilities - ranging from "first choice" (those catering to the elite) to "only chance" (the many millions not reached by public provision for whom the services of non-state providers are crucial). Moreover, in many places the demarcation between state and non-state institutions is becoming less clear with significant inputs from both and deliberate partnerships developing.

We suggest that it may be useful to think about a public-private spectrum of service delivery, with an increasing number of schools being a mix at different positions along a continuum. Critically, this mix is not static, but rather dynamic, and the relative input from public and private may change from time to time. We should value both ends of the spectrum (fully public and fully private) and the partnerships of government, communities, civil society organizations, and private enterprise in between. A plurality of partnerships and strategies are needed. Most important within this is the need to ensure inclusion of marginalized children – key to the attainment of EFA and Millennium Development Goals. Opportunities for quality learning must not be based on the ability to pay.

The task of government policy-makers is to find the best balance of roles to achieve national education objectives in an inclusive, rational and efficient manner, utilizing all of the resources available, regardless of whether the actual provision of education services is mostly delivered by the state or not. This balance will vary among countries and planning must be based on the specific country context. The balance may change and evolve over time. Standards need to be met in state and non-state schools alike. At the heart of it is the accountability of all stakeholders and the creation of a culture in which all parties are committed to make a difference and identify solutions that work for education systems, families and, most importantly, all children.

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Book Reviews

D. Bruce JOHNSTONE and Pamela N. MARCUCCI: (2010): Financing Higher Education Worldwide: Who Pays? Who Should Pay? The John Hopkins University Press, USA. ISBN: 9780801894589, Pages 336, (Paperback) Price: US $ 60.

The book *Financing Higher Education Worldwide: Who Pays? Who Should Pay?* by D. Bruce Johnstone and Pamela N. Marcucci, published from The Johns Hopkins University Press in 2010, is a welcome addition to recent well-researched literature pertaining to financing of higher education worldwide such as *Financing of Higher Education in Europe, World Bank Report on Main Features of Current Funding Policies and Practices, etc.* This book focuses on the emerging trends in higher education in terms of globalization, liberalization, de-statization, privatization, emergence of corporate and for-profit private sector into the trillion dollar business of higher education in the wake of massification of higher education. Earlier higher education was elitist and it was in the interest of the nation state to support the universities. In the knowledge-based and technology-driven economies today, higher education is seen not only a source of economic growth and national development but also of individual growth, social and international mobility. Hence, it is valid to ask "who pays for higher education?" and also "who should pay?"

For the first time in history, human mind has become the direct source of wealth, but education is such a resource that gets obsolete very soon and needs constant re-furbishing. It is difficult, if not impossible, to provide higher education and technological skills on lifelong basis not only to the youth in the cohort of 18-23 age group but also to the working adults. It requires tremendous human capital, fiscal resources, administrative capabilities and technological know-how. Hence it becomes imperative to raise the issue of cost sharing in terms of rise in tuition fee, user charges for various facilities provided, encouraging students' loans and self-financing wherever feasible besides resorting to economic efficiency, competition and other austerity measures. No wonder, with the rise in costs of higher education through latest technology, the burden has shifted from the government to the household via public-private partnerships or other market mechanisms. To Johnstone and Marcucci, the growing costs of higher education have become unsustainable even for the advanced economies. They have produced rich information on various cost-sharing measures being adopted by economically diverse countries worldwide in support of their arguments.

Bruce Johnstone, a distinguished professor of Higher and Comparative Education at the State University of New York at Buffalo and Pamela Marcucci, the Project Manager on Sharing of Costs of Higher Education, have surveyed the trends towards financing higher education and their implications. They have succeeded in highlighting the prevailing variations and nuances as far as financing higher education is concerned. For instance, in the United States, tuition fee and philanthropy have played a key role, whereas the private sector plays a pivotal role in Japan, Korea, Philippines and most of the South American countries, transitional/post-communist countries as well as Africa. The recovery from tuition fee ranges from 20-40% in most cases. In some countries we find variable fee such as in England and other constituent countries of UK, whereas in other countries, the cost of higher education is deferred as loans such as in Australia, Thailand, Philippines, Korea, Mainland China and India. The shift from government subsidies to student loan can be seen as an outcome of rapidly increasing cost, massification, extensive use of technology, retreat of welfare state and rise of neo-liberalism. Higher education in most countries has to depend both on governmental and non-governmental revenues. The extended mobility both of students and faculty has also escalated the costs of higher education worldwide.

The authors have raised two very relevant questions: (1) *how can the escalating demand for higher/higher quality education be financed in the wake of limited public revenues, political and ideological context?* (2) *How can higher education resist (and possibly reverse) its natural inclination to reproduce and even exacerbate existing social disparities and inequalities, whether by parents' social class, ethnicity or kinship affiliation, region, language or religion?* This is especially true where the capacity is limited and the access is highly competitive as in India, China and Brazil. In these countries, access to higher education is restricted and yet it plays a very vital role in social and international mobility. The authors have made an indepth study of both the economic and financial realities as well as the realities of politics and competing ideologies. They have argued that beside financial austerity and traditional economic measures, it has become imperative to resort to cost sharing among the parents, students and other stakeholders. In the wake of rising per student costs and escalation of tertiary level enrolments, it is no longer possible to rely solely on governmental support. Even the new solutions in terms of radical diversifications, mergers and technologically assisted instructions may not suffice. The move towards cost sharing can also face several roadblocks in terms of ideological, technical or political opposition.

Yet the move towards cost sharing can be justified on several grounds: (1) it can help in saving scarce resources for governmental commitments; (2) It can help in stopping inegalitarian, overuse or misuse of higher education by the affluent or powerful groups. It is based on the idea that those who benefit from higher education and technological skills should share the costs; (3) Cost sharing can make higher education more efficient by making the universities as providers and students as consumers more cost conscious. The notion of cost sharing implies a shift in paradigm by arguing that the costs of higher education be shared among government, taxpayers, parents, students, future employers and philanthropists. This device of cost sharing can prove beneficial in enhancing access to students from marginalized sections of society and raising the quality and standards of the higher education institutions by providing better technology, facilities and infrastructure. It can also help in increasing the quality of faculty by permitting smaller classes or reduction in their workload. Low or no tuition fee in public universities limits both quality and capacity. The appropriate tuition fee can help in covering some of the costs of instruction by shifting the burden from government to the users. In some countries, we find variations in tuition fee.

The students can share some of the costs of higher education and living expenses by working and earning during free time or vacations or by borrowing in the form of student loans. Unlike Asian countries, where parents share most of the costs related to higher education of traditional-age students, in many countries such as the United States, Australia, New Zealand, England, Wales and Scotland, the traditional-age students are themselves expected to pay the tuition fee and other living expenses. There are varieties of student loan schemes. It helps in cost sharing by supplementing rather than supplanting higher education revenues from taxpayers and parents. It can help in the expansion of higher education, on the one hand, and easing financial burden on parents, on the other. It can help in stopping inegalitarian consumption of higher education, on the one hand, and improving equity and access, on the other. It can help in saving scarce national resources for early child care and primary education and inculcating a sense of responsibility amongst the recipient of higher education. It can enhance the utility and relevance of higher education by putting pressures in the form of 'value for money' and/or 'value for time'. It can also help in capacity building at the individual, national and international level.

According to the authors, student loans have the potential to increase higher education accessibility by allowing some portion of costs to be shifted to the students to be repaid when they enter the workforce. Both public and private colleges and universities can benefit in a number of ways from additional net revenue that student loans make possible. They may be resisted by conservative policymakers and politicians for being too risky or administratively costly, but we find more than hundred loan schemes in practice worldwide. They have proved to be an essential ingredient in cost sharing policy and financial assistance. Various countries have devised their own ways and means of operating the loan schemes. In Australia, for instance, the loan recovery is handled through income tax administration. In Namibia, it is handled through the social security system while in India, it is handled through public sector banks. Norway combines loans with grants, whereas in New Zealand, we find a facility of providing loan for 'repayment of student loan'. However, the experience with existing loan schemes in about 50 industrial and developing countries has been quite disappointing according to a World Bank Report in 1994. Because of heavily subsidized interest rates, we may find higher default rates in some countries. But, on the basis of Canadian experience in Quebec, we can say that it is also possible to design and administer financially sustainable recovery programme.

The authors have taken due care in exploring the complexities involved in terms of behavioural responses to policies pertaining to cost sharing, tuition fees and financial assistance. They have put it on record that in certain cultures, we may find people to be more averse to borrowing and loans or more averse to indebtedness for daughters. Surprisingly, in some other cultures, relying on student loans may be seen as a symbol of modernism such as in Norway. Cost sharing has also become acceptable in some of the former socialist and communist countries such as in India and China. In Japan, Korea and Philippines, demand-absorbing private sector has helped in relieving the government from some of the costs by providing extensive higher education facilities. Even the African continent is moving in the direction of cost sharing, despite political ambivalence. The authors have taken pains in providing detailed analysis of cost sharing in advanced industrialized countries, in countries in transition, middle-income countries and low-income countries. They have also drawn comparisons between divergent middle-income and low-income countries. They have also added a chapter on cost sharing in select countries in the appendix.

The book deals with some of the discernible trends worldwide such as attempts to shift some of the costs of higher education from governments and taxpayers to students and their parents. This worldwide surge can be seen as an outcome of increasingly knowledge-based and technology-driven economies. We find a greater willingness to pay for market-oriented education and skills provided by demand-absorbing private higher education. The entry of the corporate and private sector into the realm of higher education has not only helped in meeting the excess demand to some extent but, in fact, they have played a pivotal role in enhancing higher education consumption with a definite goal to reap benefits in a trillion dollar higher education business worldwide. They have resorted to new management techniques to suit neo-liberal philosophy.

However, cost sharing should not be seen as a panacea. Even in highly industrialized world, including the United States, the United Kingdom and Japan, we find intense competition for government funding. In low-income countries such as sub-Sahara Africa, Mainland China and India, all attempts to shift governmental responsibilities towards higher education to the household are politically resisted. In advanced economies, the middle class, once gainers of various welfare measures, are now found reluctant to pay taxes for the advancement of not so affluent sections of society, whereas in most of the emerging and low-income economies, the middle-class is still dependent upon the government largess. They co-relate the development of higher education with economic and national development and resist the idea of the retreat of the welfare state from the social sector, including higher education, public health and transport. They also resist the rise in household expenditure on higher education due to various cost sharing devices, privatization and globalization.

For instance, according to a survey (*The Joong-Ang Daily*, 2001), it was found that the people in the Republic of Korea spent 27.7% of their financial budget on private tutoring and 17.7% on public education, amounting to 45.4%, the largest share as far as the household expenditure on education was concerned. Similarly, after the introduction of exorbitant tuition fees in Mainland China since 1997, the costs of going to a college amount to twice the annual income of an urban resident and five times that of a rural resident. Such higher education reforms can lead to higher costs per student and lesser accessibility. To Jamil Salmi, a World Bank expert, the trick lies in finding 'a balance between providing subsidies to needy students and making loan programme financially sustainable'. Loans may help in dealing with escalation of tuition fees to some extent but they are also liable for putting students and their families in a trap. It is sad to learn that approximately 64% of the American students graduate with a debt ranging from US $ 10,000 to US $ 100,000. The economic recession can add to their woes further!

Sometimes it becomes difficult to distinguish between various cost sharing and commercialization devices. We find extensive use of latest technology by mega/titanic universities (such as the Phoenix University run by Apollo Group), providing higher education and skills online or through distributed learning with the help of part-time faculty. Similarly, we find a trend towards modular and commodification of higher education. Attempts are being made to provide certain skills to their learners to meet the immediate market needs and train their students for seamless path to work at the cost of preparedness for the likely uncertainties and vulnerabilities and preparedness for employability on life term basis rather than immediate market needs. Instead of being the 'temples of learning', the universities are forced by circumstances beyond their control to convert themselves into diploma mills or knowledge factories in order to promote conspicuous consumption of higher education and technological skills. Unless and until the unabated demand for consumption is contained, no amount of cost-sharing devices will suffice in sustaining the very essence of higher education.

This book is a must read for the policy-makers, researchers, educationists, journalists and students of financing higher education worldwide for the theoretical insight and empirical data.

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WORLD BANK (2009): Secondary Education in India: Universalizing Opportunity.
Washington DC, pp: xxxiii+127, price not stated.

Necessity for making provisions for universalisation of secondary education arises when elementary education has been universalized. This is more so for developing countries – both poor and non-poor. This claim, originating from the present document, needs closer probing. Every tier of school education is primarily organized by the state. Incidence of private schools – both recognized and unrecognized – is predominant in urban areas. But roughly three-fourth of the student community stays in rural areas. Thus for a country with more than one billion population, pressure on state exchequer for providing school education is tremendous. There is nothing wrong, if, on the ground of expenditure alone, and not on any other consideration, the state prefers to be choosy in differentiating between different tiers of school education as far as organizing and financing school education are concerned. Secondary education, within the ladder of school education, is surely not in the priority list of the state. It will genuinely be concerned in making successful the objective of universalization of primary education first, followed by elementary education. If any poor state is successful in satisfying these two objectives, there are reasons to be complacent. Thus substantial progress in enrolment and retention in elementary education in India need not necessarily enthuse the state to make provision for universalization of secondary education. Above all, India is yet to achieve universalization of both primary and elementary education. This goes as far as the supply side scenario is concerned.

In the demand side, a large section of the students (or child population in the school going age group) comes from households belonging to poor or middle income groups. It is quite justified for such parents to become eager to see how quickly their wards get associated with income earning activities, of course, after crossing the school going age. Thus number of years spent in schools is important. This is a major reason responsible for secondary education losing its importance to elementary education to a large section of poor parents. The contribution of school education towards developing human capital of a nation does not lose ground if a large section of school going children leave mainstream education after completing elementary education and join skill developing technical or vocational education. The number of students, who complete secondary education within the existing arrangement of school education, could be considered enough (or more than) for superior level of skilled labour force and non-technical work force together. The contemporary job market in India corroborates this proposition. Hence what is wrong for India if secondary education is not universalized even after universalization of elementary education?

The present document believes that sustained economic growth of India has led to increased demand for secondary and higher educated candidates both from the labour market and the household sector. This phenomenon requires close examination. As soon as youths become more educated, in simple term of more number of years spent in schools, they aspire for better paid jobs. Supply of workforce for household jobs, both in urban and rural areas, becomes scarce over time. Sustained economic growth has led to increased incidence of population belonging to well-to-do as also affluent sections, if not rich class, leading to manifold increase in demand for household jobs. Thus, within the household sector, there is an increasing mismatch between demand and supply of labour force. This phenomenon is more prevalent in urban segments. Situation in the labour market is no better. Supply is much larger than demand for high-skill-high-educated labour force. Exactly opposite is the situation for high skilled (or, medium skilled) but low to medium educated labour force. Thus demand for secondary as also higher education has gone up from the labour market, under the influence of sustained economic growth – this proposition is contestable.

The present document claims that economic prosperity through high incidence of secondary education leads to high social benefit and support for democratic system. Quantitative results have gone against this proposition. Correlation coefficients between literacy and human rights (separately civil rights and political rights) for a group of seventy-two nations (poor and non-poor taken together) have been found to be negative but statistically significant. Literacy without any concern for quality cannot generate wisdom (Dasgupta, 2001). Positive externalities, supposed to originate from school education thus, either do not get generated, or are not sustainable even if generated. Simple increase in incidence of literates (or, so to say, school educated population) will be of little use. What is required is concerted effort for improvement in quality of school education, considering all the tiers of school education. For all the last sixty three years, enough emphasis has been laid on quantity dimension without any concern for quality. Now it is high time that quality starts receiving attention without further emphasizing quantity dimension of school education. Increase in the opportunity of secondary education should be selective – say, for example, for girls, for backward communities, for rural areas etc.

In recent times, particularly since globalization of the Indian economy, it is observed that Public-Private Partnership (PPP) has become a favourite prescription/ recommendation, whenever it is observed that state is found to fail in its duties, especially due to resource constraint. For successful implementation of this recommendation, two essentials required are: (a) the concerned economy should have a well-designed regulatory body to oversee operations under PPP; and (b) well-designed legal and/or legislative regulations should be there as checks from the misuse of PPP. Unfortunately, both are severely lacking in India. In the present socio-political environment, implementation of PPP breeds large scale corruption. This has been the reality, particularly in social sector of the economy. Critics thus have serious reservations on beneficial impact of this prescription.

The present document has correctly stated: 'increasing the supply of effective teachers is a major issue'. But from the practical experience it could be emphatically stated that recommendation of 'alternative paths to teacher professional development and certification' is no solution to this issue. Source of the problem lies elsewhere. There is a widespread lack of accountability from a large section of teachers. Still there is no punishment. No scheme - reward for good work and punishment for dereliction of duty - could be made operative. There is an organized protection, if not promotion, of lack of teachers' accountability. Teachers' unions affiliated to ruling parties are more interested in demonstrating their organizational powers by protecting groups of teachers involved largely in organizational activities, even if/though that may be detrimental to teaching activities. Ruling parties indulge indirectly, if not directly, into such activities with their political objective of mobilizing more votes. Almost every year, school teachers (especially of primary schools) are made involved into various socio-political activities like operation of census, revision of voter lists, preparation or revision of voters' identity cards, flood relief, poll campaigns etc. Schools (particularly in rural areas) are prone to every variety of natural calamity. Pratichi Trust (2009) has reported that improvement in accountability of teachers of primary schools in West Bengal is getting witnessed. However, critics have serious doubts about manifestation of this improvement. Teaching is no more a noble profession. It is simply a job (or, more specifically a lucrative job). There is wide-scale practice of private coaching by school teachers. These phenomena are predominant in state-funded schools. Thus it is extremely difficult to improve quality of school education, especially in public schools. There is a serious lack of will on behalf of political parties – both ruling and opposition – to make people educated. These realities compel us to believe that recommendations made in the present concerned document are bound to flop.

Nowhere – within or outside school education - gender equality is maintained. It is of no use to blame secondary education alone. At any level of school education, it will require a few decades of concerted efforts to bring in gender as also social equality. Preserving this equality, once it is achieved, is also not an easy task. Multiple factors, in different combinations, are responsible for both the varieties of inequality. It is these factors again which are responsible for poor quality of learning among girls in comparison to boys. Both for boys and girls from first generation learning households, learning from lectures within the classrooms only is, in general, almost impossible. They require persistent coaching with extraordinary care outside classrooms. For most of the BPL category of households, it is beyond their capacity. Until and unless there is a general uplift in the socio-economic environment within the Indian society, it is no use blaming the state for social and gender inequalities in secondary education as also for poor quality of learning among girls and students from backward communities.

The minister-in-charge of education has within last one year started making series of announcements, both within and outside the parliament, among other things, regarding 'standardization of curriculum and examinations across states'. For a multilingual and multi-ethnic like India, this is a dam difficult task. Each country/state has its own lingual board of secondary education. In addition, there are a number of central boards of schools in India. As expected these attempts have raised serious storm of debates from different corners of the country. Critics have openly started raising aspersions on the motive of the government. In recent past, it appears that the country has been forced to keep these attempts in abeyance, at least for the time being. This reviewer has serious doubt about how many people (at least, whose knowledge matters) are aware of central ministry's 'decision to participate in international assessments of student achievement'. Multinational donor institutions may be happy at such decisions. But there are serious doubts about how far this is implementable. However good it may be, such policies are bound to create one more dimension of social division.

In spite of all these limitations, the concerned document is, alike other documents from the World Bank, is a nice piece of policy report with a clear agenda for international players.

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Tanzeen Saldanha, DENZIL (2010): Civil Society Processes and the State: The Bharat Gyan Vigyan Samiti and the Literacy Campaigns, Rawat Publications, Jaipur, pp. 336, ₹ 725/-, ISBN: 81-316-0352-0.

Basic literacy is essential for eradicating poverty, reducing child mortality, curbing population growth, achieving gender equality and ensuring sustainable development, peace and democracy. Considering the significance of literacy, National Literacy Mission (NLM) was launched in 1988 as a societal and technological mission with the objective of imparting functional literacy to 80 million adult illiterates in the age group of 15-35 years by 1995 and civil society organizations (CSOs) were made active partner in this endeavour. Bharat Gyan Vigyan Samiti (BGVS) is one of the CSOs which have actively participated in the activities of the Mission. The book under review presents the collaboration of Bharat Gyan Vigyan Samiti with the Government of India in the literacy campaign. Contribution of BGVS goes beyond the literacy campaigns as it is actively involved in various social development initiatives in the context of literacy. Being a researcher as well as a member of state and national level committees related to NLM, the author not only presents an account of the activities in which BGVS is involved but also puts forward a theoretical framework on which the activities could be contextualized.

The chapters in this book are systematically organized and are categorized into three parts. The first part, comprising chapter 1 and 2, discusses the background, methodology and detailed presentation of different phases of the literacy campaign. The analysis heavily relies on the official documents, reports, experience of author as a member of various committees and few visits made to have discussion with officials of different districts of various states.

Chapter 2 traces the involvement of BGVS in the literacy campaigns which has been divided into four phases. In the first phase (1989-93), the BGVS was constituted and, mainly focused on strategies for the district level literacy campaigns. It worked towards socio-cultural mobilization to create demand for literacy among the people and to build people's organization for implementation of the literacy campaigns. Jathas were formed across the country and unions, teachers, employees as well as youth were engaged in the campaign. Initially, the campaign concentrated on non-Hindi states but later on spread to states of North India as they required more attention. Different methods like song, drama and dance were used to spread the message of literacy. In the second stage (1994-97), BGVS linked the literacy to other developmental issues as in few states like Uttar Pradesh and Rajasthan the caste and class hierarchy and inequities necessitated not to treat literacy in isolation. Various developmental activities like campaign for literacy, national integration and self-reliance; sustaining natural resources and their equitable use through community participation and programmes concerned with health were initiated.

The author not only discusses the achievement of the literacy campaign but also brings to fore the inadequacies and weaknesses of the programme. The rapid expansion of the programme with insufficient preparation in the low literacy districts of the country, inability to evolve the local context specific strategies led to poor responses from those areas where the inegalitarian structure of caste, class and patriarchy reinforce deprivation. In the third phase (1998-2001), in addition to literacy, equal emphasis was laid on post-literacy and continuing education. The author in detail discusses the significant programmes initiated which basically focused on income generation, quality of life improvement, equivalency of literacy learning with formal schooling etc. Workshops were organized towards capacity building of the activists. Nodal Continuing Education Centres and Continuing Education Centres were established. Due to delay in fund allocation, the progress of the programmes was adversely affected. However few centres were established with the help of community and people's contribution. In Phase 4 (2002 to present), BGVS further extended the scope of its activities and included issues related to basic education, continuing education, creation of Self-Help Groups (SHGs), establishment of libraries and bringing out publications. In this phase, BGVS got involved not only in capacity building and delivery of services but also on the advocacy related to the rights of the marginalized. Though the financial aid from the Central government ceased yet its activities continued as the funding was obtained from Sir Dorabji Tata Trust (SDTT) and by 2008, the presence of BGVS extended to 22 states and 316 districts. It had established linkages with the panchayati raj institutions.

Part II of the book, consisting of 7 chapters, delineates the activities undertaken by BGVS basically focusing on literacy linked to socio-economic development. Chapter 3 focuses on the association of BGVS with community in the natural resource management. The author describes the participatory Resource Mapping Programme (RSP) initiated by BGVS with the aim to 'bring about a grass root level economic regeneration through local level planning and sustainable development'. Two projects known as the Integrated Drinking Water and Sanitation with People's Participation (WATSAN) and Watershed Development were initiated by involving the local people. In both the projects, the villagers were involved in mapping the status of terrain, land use, water resources etc. While WATSAN basically aimed at evolving and implementing participatory planning for drinking water and sanitation, Watershed Development Project emphasized on conservation and development of watershed to improve the ecological well-being. Training progammes were organized for volunteers. Technical manuals, publicity material and handbooks were prepared. Both the programmes could not sustain due to the communication gap between volunteers and community as well as problems faced in dealing with the government officials. BGVS also initiated educational and developmental programmes like Hamara Desh, Desh Ko Jano Desh Ko Badlo which focused on involvement of community as well as local level institutions in micro-finance, livelihood and employment opportunities. The programmes also generated awareness on the promises and realities of education, health, plight of weaker sections of population, people's right to information etc.

Keeping in view the significance of literacy of women and their empowerment, BGVS constituted a jatha called Samatha which organized programmes related to education, equality and peace. Plays/dramas were organized to focus on the plight of women, injustice and violence towards women. Chapter 4 describes the activities of Samatha Self Help Groups and also draws contrasts between official SHGs that confined to micro-credit activities and Samatha SHGs that broadened their activities to include education, health, functioning of panchayati raj institutions, etc.

The scope of the activities of BGVS is wide. It is evident from the fact that, besides literacy, it also concentrated on health related projects, the details for which are discussed in Chapter 5. For propagating health education, activities such as training of health activists, operationalization of Panchayat Level Action Plans, local level monitoring, surveillance of health status was carried out. Workshops were organized and reading material pertaining to health was generated and disseminated in large number of districts of 18 states. The author clearly pinpoints that paucity of funds on account of change in government, administration and their ideologies led to slow implementation of the projects in later stages.

Chapter 6 demonstrates the involvement of BGVS in multifarious educational activities which ranged from generation of instructional material for the formal as well as non-formal schools to opening of schools. Jeevanshala programme was initiated to provide life-base education to out-of-school children. Gyan Vigyan Vidayalays were opened to provide an opportunity to children to learn in fear-free environment with a focus on activity-based learning. Inculcating the value of patriotism, secularism, respect for diversity and pluralism was the main mission of these Vidyalayas. Poor organizational support from BGVS, non-functional school management committee, low and irregular remuneration to the teachers were some of the challenges faced by these Vidayalayas. Another innovative programme known as Jan Vachan Andolan (JVA) was started which focused on developing good, low cost reading material and spreading the culture of reading at the mass level. For this, a large number of publications were brought out in various languages on topics related to science and various natural phenomena. The text of the books was presented in story form and illustrations were provided to sustain the interest of learners.

In Chapter 7, the author talks about involvement of the BGVS in advocacy on the Rights issues like campaign for the Right to Food and Work. It has been instrumental in the enactment of National Rural Employment Guarantee Act (NREGA), Mid-day Meal Scheme in Primary Schools, Universalization of the Integrated Child Development Services for children under the age of six, Revival and Universalization of the Public Distribution System, Equitable Land and Forest Rights. Rallies, marches and workshops were held to involve the activists and to spread the message. BGVS was also involved in the processes of World Social Forums whose primary concern was to spread awareness on the impact of globalization on education, gender, health, and food security. The landmark Act of Right to Free and Compulsory Education Act passed in 2009 is the result of the pressure mounted by various civil society organizations and BGVS played a significant part in this process. Workshops were organized to generate discussions on various clauses of the Act. BGVS members were involved in drafting the Bill. While this chapter deals with the involvement of BGVS in the major campaign and conventions for Human Rights, the next chapter (8) highlights the collaboration of BGVS with the local level organizations and capacity building programmes for the Panchayats. Several documents and manuals were prepared for the trainers and the panchayats were given training about the convergence of various developmental programmes.

Using the illustrative cases of Mandi in Himachal Pradesh, Dhanbad in Jharkhand, Kanyakumari in Tamil Nadu, six districts of Assam, eight districts of Rajasthan, Rae Bareilly district of Uttar Pradesh and Bhind district of Madhya Pradesh, the author provides detailed information in Chapter 9 on different kinds of activities carried out by BGVS in various development projects. It specifically mentions that in few districts, the responses of the government officials were very encouraging. Therefore, the projects could run smoothly. Whereas in some of the districts, prevalence of feudal, caste structures created hurdles to move ahead slickly, the processes could not be made participatory. Schematic presentation of the activities, presented in tables, helps the reader to quickly capture the area and period of involvement of BGVS. Case studies/examples given in boxes are appropriate and support the ideas discussed in the book.

Part III provides theoretical formulation on the basis of the field level experiences and draws implications for functioning of the BGVS and other civil organizations. The author critically reviews the role of State and Civil Society in the ecological and socio-economic context, as well relates it to the culture-specific and political scenario. He argues that in a country like India which embodies diversity and inequalities, the State and civil society have to work in the specific socio-economic and ecological context. Therefore, the strategies to improve the literacy levels need to be different for a state like Kerala with those of the underdeveloped northern states where illiteracy was to be confronted along with major socio-economic transformation such as land reforms, income generation programmes and empowerment of women and socially backward groups.

The book elaborately describes evolution and diversification of BGVS through different stages. Its varied success across states and sectors has been brought succinctly. However, it fails to explain inability of the movement to sustain the initial momentum. The explanations such as resource crunch, both financial and human, or inexperienced volunteers are not of much help to build future movements. The suggestion to create community-based organizations with the involvement of the local stakeholders, instead of creation of institutional structures as has been done, may prove to be useful.

The observation that it becomes difficult for the CSOs to sustain their activities in the absence of political, bureaucratic and financial support may also give some hints at needed steps to sustain the movement.

Overall, the book deals with various issues with much clarity and enlightens the reader with the processes of CSOs involvement in literacy campaigns as well as other related development activities. It is a useful book for the researchers, activists and educational administrators to get insight into the difficulties and constraints in engaging with an alternate agenda.

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J.L. AZAD (In collaboration with Ramesh Chandra) (2008): Financing and Management of Higher Education in India – The Role of the Private Sector. Gyan Publishing House, New Delhi. pp 405+Index; (Hardbound); Price: ₹ 750; ISBN: 978-81-212-1004-1

Last two decades since National Policy on Education (NPE) – 1986 have witnessed the unleashing of forces that are rapidly changing the face and content of higher education in India. A paradigm shift has taken place from the aims and objectives as outlined in NPE-1986, especially, vis-a-vis emphasis on removal of the disparities and widening access of women and backward class students at each stage of education. Report of the CABE (Central Advisory Board on Education) Committee on Financing of Higher and Technical Education, submitted in June 2005, bought out the parasitic nature of private managements and the microscopic investments made by private sector in research and technology. The National Knowledge Commission (NKC) Report on Higher Education was submitted to the Prime Minister of India on 29th November 2006. While the CABE Committee (2005) recommended an allocation of 1 per cent of GDP to higher education and 0.5 per cent to technical education, the NKC has strongly favoured privatization of higher education, the growth of private and foreign universities, and correspondingly and more importantly, a drastically reduced role of the state. The avowed objectives and proposed policies are coming in serious conflict as can be seen in the CABE (2005) and NKC (2006) reports.

This book has come at a time when the policy makers of the country need to reflect on the path charted out in the matter of Higher Education. The author has comprehensively documented the data on financing of higher education, the impact of globalization and the private participation in higher education in India. He has set two main objectives: (a) Examine the role played by private sector in establishment, financing and management of higher education; and (b) Suggest measures for promoting larger partnership of private sector without diluting Universities' autonomy, equity and excellence. The book is organized in 8 chapters. The analysis in Chapters 2 – 5 is based on macro level secondary data obtained from Government documents and Universities, while Chapters 6 and 7 are based on responses/views of a select body of academic scholars and administrators.

The first chapter sets the background which is characterized as worldwide resource crisis in education (pg 18) particularly higher education expansion and enrolments with special reference to commonwealth countries. This resource crunch has existed since 1970s and has led to the proposals of private finance and market oriented approach. The chapter includes a useful review of similar studies.

Part I of second chapter titled 'Financing of Higher Education" highlights expenditures made by Central and State Governments, in particular proportion of total revenue budget in 2004-05 spent on education. While most states spent 14% to 21%, there is considerable variation ranging from 9% in Sikkim to 25% in Maharashtra. The author has analysed the pattern of investment in education in relation to the state incomes, i.e., state domestic product (SDP). A telling figure of the lack of commitment of the state governments is that most states spend between 2 – 5 per cent of their net SDP on education, despite proposals of various education commissions that the Centre and states may spend 6% of their net domestic product on education.

Statistically, the relationship between per capita SDP and per capita expenditure on education is significant and positive but characterized by fluctuations over the years. Analysis of sector-wise (Elementary, Secondary and Higher) distribution of education expenditures shows a disturbing trend of very little expenditure on qualitative development, i.e., for Scholarships, Textbooks, Teacher Training etc.

The author also draws attention to the disparities in educational investment at the global level. The enrolments in developing countries accounted for 73% of world enrolment in 1980 increasing to 77% in 1994. However, their percentage of world expenses on education slipped from 20% to 15.5% during this period.

In Part II of this chapter, the author has focused on the financing of higher education in successive five year plans as well as in terms of sectoral expenditure. The percentage of Plan Outlay provided for education declined from 7.9 in the First Plan to 3.5 in the Seventh Plan. Thereafter, the position has slightly improved with the Ninth Plan providing 6.2%. The inter-sectoral proportions have fluctuated. The position in the first plan was 56% for elementary, 13% for secondary, 9% for higher education and 13% for technical education. The proportion for higher education increased to 25% in the Fourth Plan. Thereafter, there has been a consistent decline, becoming very sharp since the Seventh Plan and crashing to 8% in the Ninth Plan. Proportion provided for technical education has shown sharp swings from initial 13% to 25% in 1966-69, falling to 13% in the Fourth Plan and gradually declining to 9% in the Ninth Plan.

These fluctuations should have been correlated by the author with the growth of higher and technical education in terms of number of universities, colleges and enrolments. It would be worthwhile to examine whether the policy recommendations adopted after the report of Education Commission (1964-66) and National Policy of Education (1986) influenced the inter-sectoral allocation variations.

When real expenditures on education are considered, the picture is even more dismal. The most crucial factor which affects investments is proportion of Gross Domestic Product (GDP) spent on education. This was 3.8% in 1990 and that decreased to 3.7% in 2005. Consequently, proportion of GDP spent on higher education has reduced from 0.77% to 0.66% in this period. However, one cannot agree with the author that it is illogical to insist upon investing an ad-hoc percentage of GDP since the figure of 6% is arrived at by the Education Commissions after assessing the allocations required. One cannot also agree that there is deterioration, despite spending large amounts since one of the factors causing deterioration is reduced spending as described above.

While exploring mobilization of resources, the author has listed arguments for and against hike in fees along with differential fee structures proposed in certain studies. However, he makes a very insightful remark that "Private Investment in higher education alone would be socially sub-optimal" since private agencies as well as households would not invest in non-market oriented courses leading to shortage of teachers/researchers in basic disciplines leading to repercussions on equity and quality of higher education. In the matter of loan schemes, the author has cautioned in the light of world experience that these schemes are insensitive to equity aspects.

Chapter III, on University Finances is the major chapter covering 140 pages. It reviews pattern of financing in respect of 29 universities that responded. These included one central, three deemed and 25 state universities. The information pertains to years 1996-97 and 2001-02. The average income and expenditure have more than doubled during this period.

The classification of the income indicates that, notwithstanding considerable disparities in the funding patterns, proportion of Government grants fell from 61% of the income to 51% and proportion of fees increased from 23% to 30% of the income during the above period for the state universities. For the deemed universities, the fee component of the income jumped from 25% to 43%.

This data contradicts the author's statement "Universities are not transferring part of the financial burden to the students" (page 103). It belies the general perception that fees form a small component of the income in Universities. The tuition fee part may indeed be low (4%) but the item of "fees" has many components.

The expenditure on student welfare has declined from an already low base of 2.5% to a paltry 1.75%. The proportion of income from examinations increased from 11.5% to 14% and the expenditure on the same reduced marginally by 0.2%. The proportion of recurring expenditure has gone up from 90% to 92% (page 154); this implies that a very low proportion of income is spent on upgradation and development – most of the non-recurring expenditure is on construction of buildings.

The author has given a detailed break-up of direct teaching costs. Contrary to popular perception orchestrated by bureaucrats, average expenditure on salaries has come down from 64% in 1996-97 to 58% in 2001-02. Interestingly, while the percentage expenditure on non-teaching staff' salaries in state universities shows a negligible decline from 19.1% to 18.8%, that for the teaching staff shows a sharp fall from 44% to 37% ! In fact this justifies the claim of educationists and teachers' organizations that, across the country, substantial number of teaching posts in universities and colleges are vacant or are not filled on a regular basis.

Chapter 4 is a study of the role of the University Grants Commission (UGC) in maintenance and development of universities, colleges and other institutions of higher learning in the country. This chapter highlights the enhanced role of the UGC in supporting the development of colleges. Over the last two decades, there has been a shift from exclusive focus on universities. The share of Plan grants disbursed to universities has declined from 86% to 71% during 1991-2001. While the amount of Plan grants to universities has risen 4-fold during this period, the same for colleges has risen 10-fold. The author has justified this as a 'welcome departure" since colleges account for 80% of undergraduate enrolments, but a worthwhile exercise would have been to examine the linkage between pattern of grants disbursal and dynamics of the growth of universities and colleges.

The proportion of non-Plan grants has fluctuated around an average of 65% during the period 1991-92 to 2005-06. The pattern of non-Plan grants has also remained consistent with 77% as share of universities and of that 96% as share of Central universities. This is because higher education being on the concurrent list of the Constitution, major financial support for state universities and colleges is from state governments, while that for central universities, it is from the UGC. The author has also examined the regional distribution of grants and scheme-wise allocations.

Chapter 5, titled "Globalization and Higher Education: A Challenge and An Opportunity", takes a brief review of the process of deregulation and liberalization of Indian economy since 1980s and its impact on higher education, especially after inclusion of education as a component of services sector under WTO regime. It lists and briefly discusses various aspects that are likely to be impacted like internationalization of education, marketisation and privatization of education leading to possible neglect of courses in humanities and research in basic disciplines and iniquitous spread of education. It has also highlighted the shortsightedness of the "Rate of Return" approach to deny requisite funding to higher education. In order to meet these challenges various reforms needed to improve the system like curriculum upgradation including skill training, industry-university linkages, emphasis on research, enhancing student and faculty competencies, institutional reforms including university autonomy and accountability have also been discussed.

Chapters 6 and 7 are based on responses and opinions of a sample of academicians/ administrators on 'Internationalization of Higher Education' and 'Private Participation in Higher Education'. One of the weaknesses of this study is the small response rate. Out of 200 academicians/administrators approached, only 41 (University teachers-8, Researchers-8, Educational Administrators-11 and Vice Chancellors-14) responded and out of 25 Industrial/Commercial House representatives, only two gave useful information. As a result, the analysis in Chapters 6 and 7 can at best be considered as some trends though not very representative of the concerned sections. Absence of college teachers is striking.

The responses indicate positive inclination to entry of foreign universities. Significantly, 10 out of 41 have not responded to this question. At the same time, most have insisted that foreign universities should be subject to strict government control and regulatory mechanisms. While complete privatization as a future policy for higher education is not considered desirable, private participation in financing and management of higher education is recommended to improve efficiency and effectiveness. Majority view was to bring about changes in the Acts and statutes of universities to allow representatives of industry on decision making bodies of universities like Academic Council, Executive Council, Boards of Studies etc. Majority view was that industry, being the major beneficiary of research, should contribute towards laboratories, research activities and student scholarships.

Corporatization and commercialization of higher education was not favoured by most. Majority agreed with the system of self-financing courses but also expressed apprehensions about possible neglect of languages and basic disciplines in Science and Social Science. The predominant view was that these courses should get greater financial support from the government, besides other steps. The last chapter summarises the main findings and suggests policy guidelines.

One may not agree with all the recommended policy prescriptions. This is especially so on role of private sector, since many suggestions are arising out of views of a very small group of academicians. Yet, the data provided in the book has made it a very valuable resource material for researchers in economics of education in India.

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Jane KNIGHT (ed.) (2009): Financing Access and Equity in Higher Education. Global Perspectives on Higher Education Vol. 17. Rotterdam/Taipei: Sense Publishers, pages: 218+ index, (paperback); ISBN: 978-908790 766 2

Higher education has been in crisis. One of the most important aspects of this crisis refers to funding. The launching of neo-liberal economic reforms in most developing and developed countries of the world has led to shrinking of the pubic budgets for higher education. The reform policies clearly involved drastic cut in public expenditures across the board, including higher education, necessitating a search for alternative methods of funding higher education. In this background, one notices six major trends in funding higher education, viz., (a) decline in public expenditure on higher education, (b) increase in cost recovery, particularly through student fees, (c) increased level of reliance on student loans, (d) generation of funds from corporate sector and other segments of the society, (e) privatisation of higher education, and (f) internationalisation and adoption of new market modes of higher education. Quite noticeably, one also clearly notices the less attention being given to aspects such as access, equity and quality in funding higher education in many economies.

Given these trends, one would welcome a serious book on financing of higher education of the kind under review that focuses on access, equity and quality aspects. A product of the 2007-08 Fulbright New Century Scholars Program, consisting of 12 chapters prepared by more than a dozen experts in the area of international repute, the book reviews the experiences of quite a few countries in Africa (Kenya, Mozambique, Namibia, South Africa, Morocco, Uganda, Egypt, Oman etc), Asia (Korea, Indonesia, Malaysia, Philippines, Thailand, Vietnam, Hong Kong, China, etc), Europe (England and Poland) and Latin America (Brazil). Some chatpers are country studies and some are regional level ones. But the experience of the most countries, as described in several chapters conform to the general trends described above, particularly increase in cost recovery and privatisation. This is true whether it is the case of Oman or Morocco, Uganda or Poland, Egypt or Vietnam. In a sense, policies on funding of higher education are globalised – uniformly same everywhere. Exceptions are very few.

The book starts with a chapter on the worldwide trends in financing higher education by Bruce Johnstone. Besides providing a conceptual framework for the studies on financing higher education, Johnstone outlines a few measures on financing education such as combination of moderate fees with means-tested grants and subsidised loans, that can help governments pursue provision of affordable quality higher education to the growing number of students. Pundy Pillay reviews with the help of very limited data, the experience of East and Southern African countries and underscores the point that in addition to access and equity, funding mechanisms are especially important in shaping higher education outcomes in areas such as quality, efficiency and system responsiveness. Anthony Welch uses a slightly wider database to show that in South East Asian countries, private higher education was growing swiftly and widening access, although it excludes poor, as the fee levels are very high in private institutions.

The experience of many countries with respect to privatisation is quite rich. Countries like Poland, and countries in South East Asia and Africa have expanded market-driven fee-based private sector and cost recovery measures, including fee-based sections (e.g., self-financing courses) in public sector institutions. The implications of these measures for equitable access to higher education are serious. The several authors in the book provide a scholarly review of country experiences on these aspects.

Many governments, confused with the knowledge of experience of some of these measures, and confronted with increasing costs of higher education on the one hand, and on the other with growing demand for higher education tend to adopt, what is described by Marke Kweik a "policy of non-policy." Rather this absence of clear policies, which can also be described as laissez-faireism, indeed helped the growth of vulgar forms of privatisation and commercialisation of higher education to intolerable levels.

Most studies on financing of higher education in the recent years, begin with an assumption that more resources cannot (or should not) flow from the public exchequer for higher education; taxation system cannot be improved; more tax/non-tax resources cannot be generated by the governments, so that public funds for higher education can be raised; or the mechanism of allocation of recourses to higher education can be improved. Rarely these issues are seriously examined. On the other hand, the studies presume that there are no alternatives to cost recovery and privatisation. The book under review is no exception. However, some authors do argue for rethinking on and caution to be adopted in case of some of the policies being practiced. They stress the need to protect and promote equity in higher education. As Ki-Seok Kim argues, one has to recognise the limits of privatisation. Clarissa Ecker Baeta Neves, while reviewing the policies of Brazil, stresses the need for effective policies of social inclusion in higher education. In a chapter on Asia-Pacific, Knight examines three important questions relating to cross-border education: does cross border education increase access to higher education? Does it improve quality in higher education and does it ease the pressures on public financing. All the three questions are important, and the answers are not always straight forward. While most studies focused on cost recovery, privatisation and similar aspects, the case study of England by Claire Callender is important, as it reviews the bursary system, as a method of widening participation in higher education. It also highlights the point that unless well-intended bursary/scholarship schemes are designed and implemented with utmost care, it is possible that they perpetuate inequalities. Of all, as Kim states, "the most challenging issue ... is the need to restore *public* aspect of public education" (p. 105).

Many issues discussed in the book are not altogether new, but some scholars have provided more recent data and expanded the nature of discussion. Also at the same time the book does provide a very interesting reading of the changing experiences of many countries, how they are struggling or in fact, how they are failing in providing equitable expansion of quality higher education.

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