

AFRICAN DEVELOPMENT BANK GROUP

INVESTING IN PEOPLE – IN TIMES OF CRISIS

**STATEMENT GIVEN AT
THE CONFERENCE FOR AFRICAN MINISTERS OF FINANCE
AND OF EDUCATION**

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Tunis, Tunisia

15 July 2009

It is a pleasure for me to welcome you to Tunis. I thank the Tunisian authorities and people, for hosting this important gathering. We have been looking forward very much to this Conference. An opportunity to deliberate on how to keep momentum on education, at a time of crisis and tight resources and in addition to give further impetus on the place of higher education and science in lifting Africa's prospects. Indeed I have just flown in from Nigeria to be able to join you. Apologies for my delayed arrival.

We are very honoured, my colleagues and I at the AfDB for your choice of Tunis for this event. Let me therefore join Obi Ezekwesili and the Executive Secretary of ADEA, as well as the Steering Committee for bringing us together in particular the Finance and Education Ministers participating in the fast track initiative. I am encouraged by the participation of so many of you for responding so positively. Let me also say how pleased we are, that our colleague from Singapore is here.

I am not unaware of the demands on your time, and your presence at this Conference truly shows, your attachment and commitment to ensure the global slowdown should not be allowed to erode progress and gains in education over the last few years.

The G8 Summit in L'Acquilla, last week among many other decisions on the global economy, reaffirmed its strong support to the education initiatives. Over the next two days, you will explore challenges of sustaining momentum including in post-primary education for a knowledge based future.

The timing is right. The macroeconomic and distributional impact of the global slowdown on African countries, though initially limited, has in many countries worsened, including economies hitherto considered to be sterling performers.

The threat to the socio economic prospects for many low income countries is quite real; and the need to protect core investment spending in human capital, social safety nets and basic social infrastructures quite acute.

While some African countries have some capacity for counter cyclical spending, the majority, lack the resources needed to mount a substantial fiscal response. The result is erosion in fiscal space, as revenues decline, borrowing costs increase and transfers to maintain expenditures on education shrink.

I fully recognize, that at this time, in all countries of the world, hard choices are being made, in the level, and composition of public expenditures. We ourselves cannot escape such choices. Yet however, much we manage our priorities, domestic efforts will in all probabilities need to be complemented by a sustained push from the International Community for our shared goals to be met.

We are conscious that the economic crisis has indeed affected many donor countries, jobs, homes are lost and budgets are under pressure.

But as the wise African saying goes “in lean times, by the time elephants get thinner, gazelles and antelopes are already dying”. I therefore salute our donor partners to the education initiative, who have been active participants in the preparation of this event. It is a positive signal which is highly appreciated.

For the last three years, at each review of progress on the MDGs we have all, always reached the same conclusion: Some MDG goals have continued to prove elusive – infant mortality is one, maternal mortality is another. But, there was one MDG where, if we all did the right thing, genuine progress was within our reach; that was Universal Primary Education. I believe, despite the crisis, this goal is still within our sight provided we take the quantum leap necessary. The 22 Fast Track Initiative endorsed countries face a collective shortfall of 560 million dollars in 2009. This will rise to 1.4 billion next year as more countries are endorsed.

While substantial progress has been made towards UPE, with support from donors, our enrolment rates and completion are still low by world standards. Enrolment is up from 56% to 70% and completion from 50 to 60% between 2000 and 2008. This is commendable. But we still have 35 million kids out of school, half of whom in fragile states. Furthermore, demographics are not on our side. There will be 15 million more kids of primary age by 2015.

I am not unaware as a former Treasurer of my own country myself, of the challenges we were already facing even before the crisis individually and collectively in financing education sustainably; in particular, on predictable funding for recurrent expenditures such as teachers' salaries, which could be as high as 70% of budgets of outlays.

Last week, I believe July 10, one of the leading publications "Oxford Analytica" published quite a sobering account of such challenges in respect of the Eastern Africa Region. In that part of Africa, the publication says; 'in the last two decades, a remarkable expansion in education opportunities in primary schools public financed donor supported, has taken place.

Countries are spending significant share of budgets, 25-30% on education. And as expected this has contributed to higher levels of literacy, enrolment of girls and other social benefits. But at the same time, it has also raised expectations, and with it issues of sustainability; given the high demographics of between 2% and 3.6% per annum.

As UPE has made inroads it has put enormous pressure for similar opportunities in secondary education which in turn has raised expectations on tertiary education.

Faced with these pressures and given limited public resources; a defacto division of labour, market driven, has come into shape in form of publicly financed UPEs, and private sector financed expansion into the secondary and tertiary sectors.

This of course is a very welcome development, except that affordability by poor parents and learners has led to high rates of drop out for lack of means. Furthermore, we must conjecture that it has been accompanied by probably, a decline in quality.

I however have been cautioned that this was not necessarily the case. I am advised that accreditation mechanisms are increasingly rigorous enough, to assure quality while not discouraging private investment in education.

But the same Oxford Analytica report indicates by way of example, I am sure it is true in other countries as well that Uganda's leading university, which by the way, was a world class university in the 1960s has gone from a student population of 2000 in 1990 to 40,000 in 2008. And concurrently, 15 new private universities have sprung up.

Needless to say, such a rapid expansion has not gone in tandem with increased resources or adequate infrastructure to support such large numbers; and it is improbable that quality could be maintained under such tensions.

I claim no particular expertise in this area and of course the experiences vary from place to place. But whether such issues as sustainability, expectations, imbalance between quality and private investment are fully or partially true, they point to a set of considerations, which we need to bear in mind if we are to make progress on fast tracking education, enabling more skilled population in the context of galloping demography and scarce public resources. We have increased enrolment inputs, but we also see crowded classrooms, shortage of supplies and limited means of evaluating learning outcomes which of course is the ultimate objective.

I have no ready made answers. You probably know more than I, but I believe some of the areas we will have to increasingly look at include:

- Leveraging technology much more effectively at primary and secondary level(s)

- A clearer clarification of the role of the market for education, especially at post primary level where the private sector is the main provider.
- Innovative ways of providing education, irrespective of whether it is public or private, at tertiary level and here I want to refer to regional centers of excellence, networking with foreign universities by providing local learning opportunities but for foreign qualifications of accredited professional schools.

Not long ago, two years ago in fact, I met with Professor Negroponte of MIT. In Davos, we discussed the “one laptop per child, and what the Bank could do to expand the programme. I believe some countries have decided to roll such programmes out. I myself have instructed Bank experts to look into what our role could be in the programme. I do not know whether we get there, but I see a huge opportunity. Think of what the impact could be if every African child had access to a laptop in primary and secondary schools, something which kids in developed countries take for granted.

Equally, our private sector window, in collaboration with the IFC, has been considering investing in equity funds specializing in the education sector. I look forward very much to see how these funds perform in order to determine how far we can go in supporting the private sector with long term finance for quality education.

But, investing in education must be seen in context. We must also bear in mind the other public goods and investment required to support higher level of quality education. Last month, I was participating in a panel deliberating on education for girls in Cape Town at WEF and I was asked what additional special initiatives the Bank can take or consider to increase retention for girls at schools.

This was my response: I referred to our initiatives in the field of water and sanitation, a flagship activity of the Bank and which we have determined is one of the best ways to ensure high levels of retention of girls in schools, especially in rural areas where it is a veritable obstacle. While investing in the education sector per se remains the key, such accompanying investments in other sectors are critical as well.

In an audience of eminent educationists such as yourselves, I would be carrying coal to Newcastle if I tried to elaborate why we at the Bank considered it timely and urgent for a required deliberate effort to rebuild Africa's tertiary and scientific education capabilities. Suffice it to say, It was high time, we know it cannot be done everywhere at the same time, but no nation can, in today's competitive globalized world, break through economically without that capability.

At least we can begin with a few of Africa's universities who have the ability to serve as leading centers of excellence on science and research. Last year 2008, the Bank approved a new Higher Education, Science and Technology Strategy, whose detail colleagues here will share with you. We have so far invested about 150 million dollars – not enough, but we intend to scale up our activities.

I am told outside the Mediterranean region and South Africa, we have only one University which ranks among the top world 500, although I gather the methodology is discussable. Yet in the 1960s, probably a dozen African Universities would have qualified under this category.

But how do we assure that the nation can educate its best, assure scientific, technical literacy and more with the context of tight resources and imperfect markets? I am pleased that the Minister of Education of Singapore is with us and I believe can share the experience of his country which while not transposable is definitely relevant.

Over the last decade, cost sharing in our higher education system has been a major issue. In the context of hard choices, many donor organizations, considered basic education, not tertiary education a social priority. I agree it is more than a priority. It is a human right. I agree too that education is a chain. Good quality tertiary education depends on foundations laid at basic and secondary level. But as the Commission for Africa (The Blair Commission) noted, for Africa at this time, rebuilding our higher education is compelling. I hope here you can exchange on the many models of financing which of course vary everywhere. Even rich countries are still struggling with cost recovery. Since the Bank was established, we have committed about 100 million dollars a year on average. At this point our education portfolio is about 1.2 billion dollars, mostly in support of basic education; our intention now is to increasingly focus on supporting training in the mathematic sciences and technical training, at all levels.

Colleagues, Friends,

Millennium Development Goal 1 is reducing income poverty by half. There are many things to be done to get there. But the real poverty, long term, for an African child born today is to be isolated from the world, yet, which world has become flat! Isolation due to lack of knowledge, access to the internet and hence access to network, to opportunities.

As we all navigate the hard choices of managing short term crisis responses while staying focused on long term structural issues. Our task today and tomorrow is how we strike that balance and make those choices for the future of our generations.

Let me end my remarks by expressing my appreciation to ADEA, to you all, Ministers, our guests, to our partners, the World Bank. I would want to assure you of our continuing support, both AfDB and the World Bank, in our core areas, and in our domains of complimentarity, including the significant budget supports we are providing during this crisis, not to say our initiative in the fragile states where a special effort is clearly needed.

Let me thank you again for coming to Tunis and express my deep appreciation to the Tunisian authorities and people for hosting this important gathering. I wish you successful deliberations.

Thank you for your attention.