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**How to address the issue of dwindling financial resources
to education especially in the context of the current
financial and economic crisis:
A plea for mobilizing latent resources**

*Policy brief prepared by
The ADEA Working Group on Education Management and Policy Support*

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Returns on investment in education take time to be visible as compared to other infrastructure projects. It might therefore be easier for governments to shift budgetary provisions from education to other sectors of the economy especially in this era of global financial and economic crisis. The crisis must not serve as an excuse for reducing spending on education. Any decrease in investment now will be difficult to make up for later on. If all our children have to be in primary schools by 2015 we must act urgently. Education is not a quick fix but is a long-term investment. It remains at the engine for development and concrete actions are required to enhance equity and increase. The economic recession is not the time to cut spending but rather step up investment in human capacity as vital for sustaining poverty reduction efforts and spurring economic growth.

The challenges for policymakers with respect to education financing especially in this era of financial crisis are numerous and can be captured in the following eight questions:

1. How can Ministries of Education develop a strong case to Ministries of Finance about the importance of investment in education for economic and broader social development?
2. How can Ministries of education understand the priority of investment in education for sustained economic development?
3. How do Ministries of Education and education institutions make the best possible and most efficient use of current limited resources?
4. What is the most appropriate planning and budgeting framework necessary to enhance the case for more funding and to promote more effective utilization of current funding?
5. What alternative funding mechanisms are possible in SSA states?
6. How can Ministries of Education ensure greater equity in the system?
7. How to devise an appropriate funding formula for education financing?
8. How can education financing be used to “steer” the system to meet governments’ objectives?

In the context of the above and with a view to address the issues of dwindling financial resources (which is being aggravated by the current financial and economic crisis) and the ever-growing demand for education, a policy brief is being proposed to help policy makers to answer the questions raised as follows:

Despite the financial and economic crisis, SSA countries should continue and even increase investments in education which will have direct sustained benefits on earnings, productivity, socio-economic growth and development..

1. There is an urgent need to develop capacity and new skills and techniques to ensure that existing funds are efficient and effectively managed and to explore previously untapped resources including equitable cost sharing mechanisms.
2. There is need to strengthen education governance and to improve efficiency and effectiveness of management and use of existing resources allocated to education, including aid effectiveness, strengthening country ownership, building more effective partnerships and accounting for development results.
3. Stakeholders, including Ministries of Finance and the Development partners, should be involved at all levels through regular meetings and policy dialogue, amongst other things.

In order to attain the above, four major strategic directions are identified hereunder.

1. **Improvement of the Management of the Educational systems:** The purpose of this strategy is to build individual and institutional capacity to improve management in African educational systems and at the levels of the MoE's and MoF's. Such interventions should aim at backing MoEs put in place or strengthen the EMIS at national and regional levels in Africa, conducting training seminar on various educational topics, sharing experiences and capitalizing on the best practices and use of modern tools and techniques related to all aspects of educational planning and management, financing and budgeting, leadership, monitoring and evaluation, university management and policy dialogue
2. **Educational policy analysis:** Major systemic and policy changes are taking place in African education. A repertoire of successful educational policies should be prepared through an observatory on educational policy analysis based on the information gathered in EMIS to underscore the trends of new educational policies formulated and implemented in numerous African. This analysis may cover various aspects of education policy including teacher training, learning materials, curriculum design and implementation and the use of national languages as medium of instruction.
3. **Promoting the understanding of the relationship between education and economic development:** Policy makers, stakeholders and major actors (including officials of the MoE's and MoF's) should understand relationships between education and economic development with a special focus on aspects related to skills' development, socio-economic growth, productivity, promotion of peace and harmony labour market indicators and employment. These could be attained through policy dialogues, regional and national seminars, workshops and conferences and through regular dissemination and publication of research findings.
4. **Ensuring commitment of stakeholders:** SSA countries should ensure commitment of all stakeholders in their education systems. Various mechanisms can be set up to identify opportunities for the involvement of stakeholders and Public Private Partnerships (PPP) including Built Operate and Own (BOO) and Built Operate and Transfer (BOT) agreements for capital projects

The experience gained by the former ADEA Working Group on Finance and Education (WGFE) in the area of portfolio management, situational analysis, strategic alliances, training materials development, networking and follow-up will be invaluable for SSA countries to face the challenges posed by dwindling financial resources to education and the ever increasing demand for education. Furthermore, the quality and professional experience of the teams of trainers, the in-depth knowledge of African educational systems and the savoir-faire and the adaptability of the program coordination team will be an asset and a definite plus on which countries can capitalize on. The considerable know-how acquired in research and the network of specialists and officials in the Ministries of Education and of Finance around Africa, the WGFE has gradually built over its lifespan, would also be helpful. A list of financing options which have come to light during the literature review conducted by the WGFE, training seminars, policy dialogues and interaction with trainees are at appendix 1 and can be explored as to their applicability to specific countries. ■

Appendix 1

Some Financing Options

Some financing options (or combination of some of the options) are mentioned hereunder and may provide framework for actions by the programme:

A: Restructure allocation of public spending on education.

1. Re-adjust spending on a particular level of education (primary, secondary, tertiary and TVET).
2. Optimise allocations per category of expenditure (salaries and benefits, non-salary and investment).
3. Invite regional authorities to finance some of the costs.
4. Earmark specific government revenue/taxes to be allocated exclusively to the education sector.
5. Shift some expenditure from the education budget to other Ministries (housing, ICT).

B: Increase efficiency and reduce unit costs through better spending

Increasing efficiency and reducing unit costs through better spending enable better use of available resources, improved management of the system and achievement of more with the same means.

Primary and secondary levels

1. Increase learner/teacher ratio
2. Reduce drop-out rates
3. Reduce repetition rates.
4. Use of double -shifts and multi grade teaching
5. Increase average class size and school size
6. Provide incentives to increase efficiency of school management
7. Review average teachers' salaries
8. Reduce teacher absenteeism
9. Increase work load per teacher
10. Implement teacher performance appraisal system and staffing norms
11. Localise Examinations
12. Reduce non-essential boarding
13. Improve expenditure management
14. Review subsidies to private schools
15. Provide adequate conditions and facilities for teachers in remote areas
16. Using less expensive technologies and local materials
17. Textbook policy and management
18. Reduce cost through decentralisation
19. Restrict subject option choice at upper secondary
20. Lower unit costs of by combining lower secondary and primary school
21. Use of distance education and mixed-mode delivery – open Schooling

22. Make more use of human resources from the “Voluntary National Youth Service” in the education sector.

Tertiary and TVET levels

1. Improve quality of outcomes for employability
2. Review subsidies to publicly funded institutions.
3. Tertiary and TVET institutions to generate more resources
4. Offer demand driven programmes
5. Autonomous units – Research and consultancy, Business schools, private faculties/ departments, chairs for professorships, etc.

C: Cost sharing and mobilisation of extra-budgetary resources

Primary and secondary

1. Introduce tuition fees at non compulsory levels
2. Introduce other fees: learning materials, etc.
3. Schools development fund
5. Sales of goods and services
6. Revenue from service providing
7. Renting of facilities
8. Community contributions in cash, labour and kind – Parental involvement
9. Fund-raising initiatives
10. Revenue from advertising

Tertiary and TVET

1. Student loan schemes – cover full cost – effective recovery
2. Graduate tax
3. Research and consultancy
4. Business enterprise
5. Donations and endowments – laws
6. Employers contribution

These can take several forms:

- (a) Vocational Training
- (b) Apprenticeship Schemes
- (c) Legislations for industry-wide training levies - which can be used to reimburse the firms that provide the training and also to finance industrial training centres
- (d) Grants to educational institutions
- (e) Scholarships to selected individuals (or to groups of students through schools) to further their education
- (f) Financial Aid Schemes
7. Training levy

8. Alumni support
9. Continuing Education Programs

All sectors

1. Privatisation of education- incentives- PPP, Private schools, VTC, Colleges, Universities, etc.
2. Sponsorship- students, schools, specialist rooms, etc
3. Civil society and Non Governmental Organisations – CSR, patriotic duty
4. Educational tax

External sources

Foreign grants, donations, soft loans, and technical assistance can be other sources for financing education. Notwithstanding, the benefits of foreign contributions could be maximized if they are allocated within a framework that coordinates among the needs of different education sectors. Borrowing from local or from foreign sources can also provide additional funding for the education and training sector. Borrowing however, will depend on the fiscal policy of the country as it has several macro-economic implications. It should be an option of last resort.