

Financing Education in Africa: Need for Improved Aid Coordination

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Résumé: *Le financement de l'éducation en tant que sujet de recherche n'a pas fait l'objet de suffisamment d'attention. Cependant la crise multiforme que traverse l'Afrique subsaharienne actuellement et qui a également affecté le système éducatif a révélé l'importance d'une recherche plus systématique sur la gestion de l'éducation en général et de son financement en particulier. En effet, dans cette sous-région comme dans la plupart des pays africains, le secteur de l'éducation fait parti intégrante du secteur public et en tant que tel il a subi les mesures mises en place par les programmes d'ajustement structurel. L'application de ces mesures a révélé les problèmes fondamentaux auxquels ce secteur faisait face à savoir une baisse généralisée des ressources financières disponibles aggravée par une augmentation du taux réel des dépenses, une gestion plutôt laxiste fondée sur une absence totale de maîtrise des paramètres devant servir à l'analyse du secteur et sur des ressources humaines mal formées à assumer leur tâche. Pour améliorer cette situation, il est important d'associer les communautés plus étroitement qu'on ne le faisait à l'élaboration des politiques en matière d'éducation, de renforcer les capacités d'analyse et de gestion du personnel technique, de mieux coordonner la contribution des organismes de financement et des organismes privés et de mieux gérer les données concernant ce secteur.*

Introduction

Improving the duality of education, reversing falling primary school enrolment rates and implementing the universal education goals, as announced after the Jomtien Conference, will require significantly increased resources for primary education and a better use of resources currently allocated to education. While governments, donors and researchers identify under-financing as a major constraint inhibiting all aspects of education, the issue of educational financing has not received enough attention like other issues in education.

The purpose of this paper is to outline some of the major issues facing Ministries of Education and donors in the area of financing education in Africa as we prepare for the year 2000. The first section of the paper will summarise the changes which have occurred in the macroeconomic environment in sub-Saharan Africa over the 1980s and the implications these have had for education. The second section will examine some major issues currently confronting donors and African ministries, in particular issues associated with the financing of recurrent costs, the technical capacity of

ministries of education to manage resources, the role of government, the private sector and donors. The final section proposes activities that donors in the field of education in Africa could undertake. The following major policy issues will be examined:

1. how to improve the current mix of resources going to education in order to obtain better educational results;
2. building the managerial and budgeting capacity in the education sector; improving aid coordination, and
3. the role of government vis-à-vis other actors in the budgeting and delivery of education services.

Financing Education: The Background

Structural adjustment became the main focus of economic policy in Africa during the 1980s. Currently, most countries are still in the midst of restructuring the base and evolution of their economies with donor support. Evidence to date on the progress of these transformations has been equivocal. Improvements in performance as measured by macroeconomic indicators such as current account and fiscal deficits and levels of investment and employment have been mixed. With a few exceptions, stabilisation has been accompanied by declines in per capita GDP and, frequently, falling consumption. Adjustment has been relatively more successful in middle-income countries than in low-income countries.

Fiscal policy adjustment is at the core of most adjustment programmes in sub-Saharan African countries; the size, allocation and management of public expenditures are at the centre of fiscal policy. Typically, fiscal policy measures have focused on reducing public expenditures and improving their allocation and management. Very few structural adjustment programmes have successfully increased tax revenues as a means to finance public expenditures, with the most notable exceptions of Ghana and Botswana.

Much of the current debate and concern about economic policy changes has focused on families' and governments' abilities to maintain and improve levels of education, health and nutrition in sub-Saharan Africa over the past decade. Available indicators on education achievements show that (World Bank 1992, Jespersen 1994) repetition rates are worst in Africa, (Stewart 1991) drop-out rates have been increasing (Heller 1979), and between 1982 and 1988, primary school enrolment rates have worsened in the majority of countries. This has provoked concern that expenditures on education and health have been especially vulnerable to cutbacks. Whether available resources have been allocated as effectively as possible has received relatively less attention.

Education is overwhelmingly a public sector endeavour in sub-Saharan Africa. Expenditures on education constitute a significant proportion of total

public expenditure averaging about 15% of total discretionary expenditures. The sector is one of the most labour intensive public service sectors and often accounts for the largest number of public sector employees. As well, investment in this sector generates very large incremental recurrent financing needs partly because wages are relatively high in the total input mix. Passing on the costs of operation and maintenance expenditures is often justified in sectors like transportation or agriculture where most of the benefits are captured directly by the user. The same is not true of primary education, where the benefits are significant for society as a whole.

Economy-wide public expenditure changes, particularly with respect to levels of funding and employment policies, may have a greater impact on the education sector than on other sectors; small increases in the education budget can have a big impact on the fiscal framework and thus on macroeconomic performance; government wage and salary policies can impact significantly on the quality of education; the efficiency with which education expenditures are used significantly affects the development impact of total expenditures.

Donors and academics are suggesting more frequently that social conditionality be applied to structural adjustment programmes to ensure that primary education and (primary health) receive relatively more resources than is currently the case (Stewart 1991). However, calls for increased expansion of education systems and/or improved quality of existing systems fail to acknowledge the financing implications of education. And, most importantly the recurrent cost implications of education investments are more often than not completely ignored.

Public Expenditures and Education

The under-financing of the recurrent costs of education investments has been a chronic problem for some time in sub-Saharan Africa, undermining the returns on large amounts of both previous and new capital investment. Even in the early 1980s, it was generally accepted that there were serious problems in the funding of African education either with respect to the efficiency of spending or on equity grounds.

A number of recent studies have examined the implications for education during the 1980s as governments have tried to restrain public spending. While some efforts have been made to protect levels of education spending during the 1980s, the general conclusion is that governments have not made concerted attempts to reallocate recurrent budgets in favour of primary education nor to provide countercyclical funding to the education sector as a whole. There have not been substantial improvements either in the wage/non-wage expenditure ratios within recurrent budgets. Recent studies (Cornia and Stewart 1990, Sahn 1992, Ogbu and Gallagher 1992, World Bank 1990, Berstecher and Carr-Hill 1990) indicate that:

- On average, for all of sub-Saharan Africa, levels of real education expenditures increased despite a temporary decline in the mid-1980s. At the country level, whether for adjusting or non-adjusting countries, there is much variation in performance. Significantly, for low-income countries real education expenditures were lower at the end of the decade than at the beginning, while for middle-income countries there was an improvement.
- In terms of the share of central government expenditures allocated to education, it seems that education maintained its share of discretionary expenditures, that is net of interest payments, at about 15% over the 1980s. However, when interest payments are included in total expenditures, the share of education falls to around 13%. Once again, the performance of low-income countries is weaker than that of the middle income countries.
- Overall, per capita spending by governments on education was approximately 15% lower at the end of the decade than in 1980 (with notable exceptions such as Botswana and Ghana). Rapid population growth has eroded the value of government spending, especially for low-income countries.

The level and share of spending allocated by governments to education are not, however, adequate indicators of the quality and efficiency of education expenditures and thus of the performance of the education system. To make these kinds of judgements, information is needed on the composition of expenditures, on the distribution of expenditures between primary, secondary and tertiary levels of education and on the total value of all resources going to the sector from the investment budget, the recurrent budget, other levels of government and households. Ultimately, expenditures need to be linked to performance criteria so that scarce budget resources are allocated in a way to obtain better pedagogical results.

The quality of education expenditures is largely determined by the composition of expenditures, that is the mix between investment expenditures (construction of schools) and recurrent expenditures (wages and other non-wage expenditures such as textbooks, teaching materials, maintenance of buildings and equipment) and within the recurrent budget, the ratio of wage to non-wage expenditures. While disaggregated information on the composition of expenditures at the country level is difficult to obtain, country specific data for Niger, Rwanda, Senegal and Kenya show that non-wage recurrent expenditures per student have deteriorated at almost all levels of education but especially for primary education. Governments, in adjusting to tighter budget constraints, have opted to cut operations and maintenance expenditures rather than staff. Consequently, for some countries, the share of wages in recurrent

expenditures accounts for almost all of recurrent expenditures at the primary level. For example wages, accounted for 98% of primary education recurrent expenditures in Rwanda, 97% in Zambia, 94% in Niger and 99% in Guinea. While politically more palatable, these actions have meant that investments are not properly funded with the resources required to run and maintain them (SPA 1991, CIDA 1992).

The efficiency of education expenditures is greatly influenced by its intrasectoral allocation. While comparable country data is scarce, intrasectoral imbalances remain a major impediment to increasing the efficiency of public expenditures. Budgetary costs per student at the university level are over 26 times that at the primary level in Kenya, 15 times for Niger and 62 times in Uganda.¹ A large share of public expenditures is often used to support scholarships and living expenses of secondary and post-secondary education which have lower social rates of return than has support to primary education. The inability or unwillingness of governments to reduce resource transfers to higher education and to shift them to primary education has exacerbated the poor, composition of expenditures and weakened delivery systems at this level and reinforced inequity.

It is generally assumed that declining public sector expenditures will lead to decreased delivery of education since private and community resources will not augment public resources. It is not clear how the family, communities and private systems, have reacted to the changing economic situation in the 1980s. Anecdotal evidence suggests that parents and communities have taken on more of the funding responsibility for primary and secondary education during the last ten years and that this share is a large part of the total spent on education. Some countries have responded to the financial crisis by increasing primary school fees (Rwanda, Burundi, Guinea Bissau) or introducing charges for textbooks and other equipment (Benin, Mali, Sierra Leone, Togo, Zambia, Nigeria). The impact of increased user costs on enrolment rates and the poor is not fully understood. There is evidence of some expansion of private services especially at the

1 Berstecher and Carr-Hill, 1990, conclude that the share of primary education in the total of government expenditure increased between 1980 and 1987 in 15 of 22 countries in sub-Saharan countries; declined in 5 and remained constant in 1. However, this analysis is not based on expenditures per student and is very tentative given the fragmentary nature of the data available. Using the same data, Jespersen's (1994) analysis indicates that in low-income countries between 1980 and 1988 the share of primary education in total education expenditure rose from 40% to 46%. For middle income countries over the same period, the share declined from 50 to 42%. Given that real levels of education expenditure decreased in most low income countries this shift probably resulted in increasing the wage/non wage ratio of recurrent costs.

secondary level, but these have been hindered by government regulation. More needs to be known about how to shift resources into primary levels on a politically sustainable basis so that the poor already in school are protected and to enhance the accessibility of those who do not go to school, particularly in rural areas.

Botswana and Ghana are notable exceptions to the trend of declining per capita expenditures and non-wage to wage ratios in sub-Saharan Africa. Ghana's success is partly due to increasing tax revenues and the use of these resources do not only reduce the fiscal deficit but also to improve the quality of expenditures by substantially increasing the level and share going to primary education. Another important element contributing to Ghana's success in this area was the fact that the Ministry of Education established the recurrent cost norms needed to estimate budget allocations and improve budgetary management systems. Consequently, the Ministry of Finance had much more confidence in its ability to manage an increased budget.

Capacity to Budget

One of the major policy issues facing Ministries of Education is how to justify increased resources to education given the current and likely continued budget constraints facing African governments. A consensus has emerged on the unlikelihood of additional public resources becoming available for higher education, on the need to increase the private costs of higher education, on the necessity to make efficient use of existing resources by transferring savings to primary education and to improve the management of these resources. In countries where budget systems are strengthening (Ghana) or quite strong (Kenya), it would be useful to know whether budget allocations have led to desired levels of expenditures and if these expenditures have led to better quality education.

Given the large impact that education expenditures can have on the fiscal framework, an increasing share of a stagnating (or even growing) budget would have to be justifiable to central ministries on efficiency as well as equity grounds. Ministries of Education will need to demonstrate that increased budget allocations lead to improved pedagogical outputs. They need to develop policies which adjust to current demographic and fiscal realities and to revitalise the existing educational infrastructure to restore quality coupled with selective expansion to meet further demands. But, in addition they have to demonstrate an ability to define, estimate, prioritise and monitor budgets. Unfortunately, much discussion of education policy and programmes is undertaken by planners with no concern for the budget constraint, without questioning whether or not it can be afforded.

The lack of technical capacity to prepare budgetary estimates, implement budgets and monitor expenditures — some Education ministries do not even have budget offices or internal audits — has undermined their ability to

negotiate adequate budget ceilings with the central ministries. To a large extent, Ministries of Education have not adapted to today's radically different budgetary situation where government resources are controlled more directly by Ministries of Finance and Treasury. They still often view their role as one of a project implementator with strong links to the Planning Ministry and to donors rather than one of negotiating budgets with central ministries (Lister and Stevens 1992).

If education resources are to be efficiently used and if primary education is to receive relatively more resources than in the past, more attention must be paid to determining the recurrent budgets needed to improve the quality of the existing school systems as well as the necessary increases in investment and recurrent budgets needed to expand systems. Reliable estimates of how many pieces of chalk are necessary for a teacher, how many pieces of paper or textbooks for a student, or how many visits per year for an inspector are not readily available although some initial work has been done in the cases of Ghana, Uganda, Mozambique and Rwanda. What is needed for all countries are the recurrent cost norms, that is quantities and per unit costs per student, for a basic core budget consisting of estimated expenditures for teachers, classroom maintenance, instructional materials, administrative support and textbooks.

The lack of this kind of essential information on which budgets are constructed, reflects the laxity of budgetary systems in many countries. Not only are unit recurrent costs not used to estimate expenditure needs but other essential budget information is often not available. Thus, the reliability of budget estimates, particularly with respect to the wage bill which is such a significant part of total expenditures, can be seriously questioned. For example, information about the number of students in the system, the number of teachers and where they are teaching, the breakdown of recurrent expenditures between primary, secondary and tertiary levels and the relationship between the investment budget and the recurrent budget are not clearly linked to budget estimates. There are also gross discrepancies between budgetary estimates, allocations and expenditures. Reliable information on expenditures is, when available, two or more years out of date.

Budget management problems in the education sector are part of a much larger government-wide problem. In many cases, the capacity to budget has become weakened because of a breakdown in the budget process itself. For example, Finance Ministries often make severe budget cuts by authorising expenditure levels well below those provided for in the budgetary estimates, by delays in authorisation releases, by releasing insufficient cash flows to Ministry bank accounts and by allowing the accumulation of arrears to suppliers. Details such as definitions of expenditure categories, procedures for committing resources, for procuring goods and services, etc. play important roles in determining how efficiently budgetary resources can be

executed. Necessarily adjunct to accessing resources is the reliable accounting for or tracking of expenditures. Detailed accounting of resources use at central and decentralised levels by nature and category of expenditure as well as by level of education is a basic element of responsible management.

Improving the budgeting capacity of government and thus the basis for making rational allocative decisions cannot occur outside the political context of decision-making. There is no substitute for political will to improve education systems. Governments need to want to have reliable information systems so that educational planners feel they can improve the education system by being more involved in the budget system, enhancing their budgeting abilities, developing new and innovative ways to increase resources devoted to the education system and introducing market forces into the education system.

Role of Government

The public good nature of education, especially at the primary level argues for an important role for government. If education is left entirely up to the private sector then the distributional effects will be worse. This does not deny the role of the communities and the private sector. There is a need to look carefully at the relationship of government to the private sector and non-government activities in the delivery of services and in the development of education policies.

Continuing tight budgetary constraints and limits on management capacity means that governments cannot do everything — even in the education sector where the public good nature of services supplied are so very high. Does it make sense to expand education in Africa if the quality which is being offered today is not improved? At the primary level, the most important level in terms of social rates of return and in terms of determining the future education success of a child, expenditures per student are already so incredibly low that it is unrealistic to pretend that quality can be enhanced without improvements in the intrasectoral allocation of education resources. Is there a fundamental choice between improving what exists or creating more of what exists? A more relaxed vision of the role of the private sector in relationship with the public sector is necessary. Restrictions on private sector activities need to be lifted particularly in the areas of construction, textbook production and in secondary and post secondary levels of education (Ogbu and Gallagher 1992).

The degree of subsidisation to secondary and post-secondary sectors (as in the case for recurrent costs) needs to be carefully calculated. Reducing subsidies from higher levels to primary levels needs strong management systems, as well as the political commitment, to ensure that savings are reallocated and a political commitment to see it through (Jiminez 1989).

More needs to be known about sub-Saharan African experiences with private education systems and the implications of fee and other expenditure increases, enrolment rates and poverty.

It is widely perceived that centralised planning has thoroughly demonstrated its shortcomings. It is possible that a lot more can be delivered if the current partnership between the central government and the communities is re-directed. More realistic budgeting can be attained with transfers from the central government to provincial and local governments coupled with improved local taxation capacity (Bahl and Linn n.d.). USAID experience in decentralisation shows the need for a transitional phase during which authority over resource planning and management are progressively delegated to deconcentrated entities.

Public Expenditure and Donor Assistance

While the financing of education expenditures in sub-Saharan Africa has been exacerbated by current budgetary difficulties as well as management problems, it is widely perceived that donors have contributed to the problem in a variety of ways:

- Failing to take into consideration the recurrent cost implications of investments, and thus recurrent budgets in future years, has thus contributed to current fiscal pressures. This situation has arisen partly because recurrent costs have never been properly estimated but also because donors have been reluctant to finance recurrent costs which tend to be local costs and prefer to finance the foreign exchange part of investments. However, given the investment nature of many recurrent expenditures (e.g., textbooks, teacher training) and the complementarity of recurrent expenditures and capital investments (schools are no good without teachers and teachers are no good without books), the distinction between an investment and a recurrent cost should be re-examined by donors.
- In many countries the investment budget is mostly financed by donors. Often, however, these investments reflect donor priorities and not the sectoral priorities of the country. Improving the management of recurrent budgets will not be sustainable without a concomitant improvement in the management of investment budgets.
- Budget management problems in the education sector are often compounded by the multiplicity of donor disbursement procedures for the investment.
- The breakdown of budgeting systems has reduced government counterpart funding for investment projects to such an extent that in some cases, donors have started to manage and finance the totality of projects, often from units outside the government budget system.

- The earmarking of counterpart funds generated by balance of payments support and the financing of projects outside the national budget process has also contributed to weakening the budget process, particularly the establishment of priorities and budget transparency.

The donor response to the financing of education in sub-Saharan Africa is not clear. In the early 1980s, 96.7% of donor aid to education was allocated to secondary and tertiary levels. Jespersen points out that donors were investing 500 times more per student in higher education than they were in primary education. While ODA resource flows and net transfers have increased to sub-Saharan Africa over the past decade, this increase has been accompanied by a shift to non-project financing. The impact that this kind of assistance has had on the education sector has not been fully examined: for example, has the education sector increased its share of resources, has there been a shift towards primary education, how much of donor assistance is financing investment and how much recurrent expenditures? The DAC is currently undertaking a study to determine how donor assistance is being allocated (DAC 1992, Jespersen 1994).²

Donors in a number of cases (Sweden, the World Bank, and Netherlands) have directly financed recurrent costs and to a certain extent many donors are indirectly financing the recurrent costs of education through the investment budget. Integrating the investment budget which is mostly comprised of donor projects, with the recurrent budget is a necessary first step in estimating the resource availability to the education sector. In most countries, it is not generally known what percentage of investment projects in the education sector finance transportation, textbooks, training and other recurrent expenditures. Improving the management of investments will require the development of standards for apportioning recurrent and investment components of projects, the development of long-term investment strategies and the implementation of mechanisms for coordinating donor contributions to those strategies.

The DAC suggests that the share of education in aid flows should increase from the current 12.5% of aid flows to at least 16.7%. If donors are to take a more active role in providing budgetary support, they will have to consider changing aid mechanisms from stand-alone investment projects to sectoral initiatives and budgetary support. Before this can happen, though, improvements in budget systems are needed to ensure that expenditures are

2 Preliminary data show that the major donors increased aid flows to the education sector between the early 1980s and 1990 by 27% in real terms and by 236% over the same period for primary education. There has been a significant shift towards primary education which accounted for approximately 7.5% of education aid flows in 1983 and 19.7% in 1990.

being allocated according to budget estimates. Rather than arguing for increased aid flows, it would appear useful at this stage for governments and donors to work together to establish and improve sectoral investments. Over time donors will need to rely more on national capacities for planning and budgeting and for greater accountability. As pressures build to change aid mechanisms towards budgetary support, governments will have to increasingly demonstrate that there is improved learning taking place. Put bluntly, it makes little sense to support recurrent costs in the absence of an educational strategy aimed at improving educational performance.

Conclusions and Suggestions for Governments and Donors

Given the tight budget situation which will continue to confront African governments, public resources to education will have to be carefully managed if the goals of the Education For All Conference are to be implemented. Strengthening education sector management requires better information about current resource allocation and indicators on which to guide policy choices and funding decisions. This means a more efficient, transparent and equitable use of resources than is now the case in many countries. Ministers of Finance cannot justify increased budget allocations unless demonstrated efforts are made to improve the development impact of public expenditures. Donors cannot provide more recurrent funding unless costs are well defined and expenditures accurately monitored.

This paper has attempted to provide an overview of the issues confronting policy makers in the area of public expenditure management in the education sector. It has tried to highlight those issues which are of particular importance to improving aid coordination and the sustainability of the budget process. While there are many issues that donors could undertake, the choices should focus on improving the weaknesses outlined in the paper. The suggested activities aim at:

- 1) building the capacity to manage budgets;
- 2) making available the information necessary on which to build budgets;
- 3) improving aid coordination between donors and Ministries of Education;
and
- 4) making available information and experiences about community involvement in the budgeting and planning exercise and the private sector in the delivery of education services.

Benefits from the activities of donors should not be limited to education alone and could be applied probably quite easily to other social sectors and indeed even other economic sectors. Many public expenditure issues in the education sector are common to other social sectors such as the importance of recurrent spending, the necessity to improve budgeting techniques, the

role of the private sector vis-à-vis the public sector, the decentralisation of service delivery and the universality of social services. In sum, public finance issues touch on a number of policy areas very closely linked with the proposals in this paper.

Within the consortium of the Donors to African Education (DAE) efforts have been made to address several education issues; these include activities of (1) the Working Group on Indicators (linking and measuring outputs with inputs is necessary in order to evaluate the efficiency of resource allocation and to make knowledgeable policy choices), (2) the Working Group on Higher Learning (determining the level of public subsidy to universities), and (3) the Working Group on Capacity Building in Education research and Policy Analysis (using analysis to establish policy priorities and make choices). Working closely with other donors will avoid duplication, ensure complementarity of efforts and keep costs down.

Suggestion 1 - Capacity Building

Enhancing the capacity of Ministries of Education to prepare budgets, collect data and implement and monitor expenditures will improve their ability to negotiate resource allocations from central ministries. The current lack of reliable data on which to build budgetary estimates and the link to performance criteria jeopardises the development of sustainable budgets necessary for improving education services over the long-run. These activities should be closely linked to the working group on indicators.

Possible activities include:

1. Establishing recurrent cost norms and defining a core budget for primary education. Agreement on the level and composition of recurrent expenditures will help determine the expenditure needs and macro-economic implications of improving education services. This kind of activity would build on preliminary work done by the World Bank and UNESCO.
2. Developing a handbook on how to produce an education budget, strengthening budget management could also facilitate donor support of recurrent expenditures if improvements were part of a broader programme of economic reform. Such a handbook could be useful not only for Ministries of Education but also for training institutions such as the Institut International de Planification de l'éducation of UNESCO and the EDI of the World Bank. A handbook could also provide direction to technical assistance provided by donors to Ministries of Education.
3. Compile an inventory of financial simulation models developed for education ministries and determine which are the most useful. Promoting the use of these models could be one way to help officials and donors

recognise that resource constraints are a policy issue that cannot be ignored.

4. Provide specific training programmes and workshops for Ministry of Education officials aimed at improving knowledge of the macroeconomic issues and the link to sector spending, budgeting techniques, and financing issues and negotiating. Training will strengthen the capacity of Ministries of Education officials to budget, and may be cheaper, more effective and more sustainable than traditional technical assistance programmes. Ministries of Finance may be another target group for these kinds of workshops. Sensitising them to budget requirements of the education sector (e.g. complementarity of recurrent and investment budgets) may be just as important as training education officials on preparing, implementing and monitoring budgets.

Suggestion 2 - Policy Dialogue and Aid Coordination

With growing emphasis on social conditionality, Ministries of Education should play a pivotal role in aid coordination in order to participate in discussions on macroeconomic policy issues, to justify budgets from central ministries and to manage aid flows from donors. The coordination of policies, approaches and coverage of education financing can be enhanced through more active participation and closer collaboration of Ministries of Education, Finance and Planning and donors in public expenditure reviews (PER). Donors are becoming more involved in the process through an initiative of the Special Programme for Assistance to Africa (SPA). These reviews, currently led by the World Bank, could be a vehicle for providing the necessary information to construct budget estimates and coordinate approaches for the education sector at the country level. Current approaches tend to be haphazard and uncoordinated. Efforts should be made to assist Ministries of Education to be central in the preparation and discussion of the results of these reviews which in turn, would build their capacity to participate meaningfully in the budget process.

Donors could help improve public expenditure reviews by supporting more active involvement of education officials and researchers in the process. This could be accomplished by:

- Providing seminars to Ministries of Education and Finance in advance of PER missions to prepare ministry staff for active and enhanced participation.
- Establishing guidelines on the content of expenditure reviews for education in order to ensure that relevant information is collected on which to base policy choices. These guidelines would improve the quality of PERs and enhance donor collaboration

- Identify and possibly train local consultants in the area of public finance and education to participate in the PER process. This would build local expertise and reduce enormously the cost of PER missions.

Suggestion 3 - Role of Government, Community and Private Sectors

Related to the question of sustainability and to the issue of realistic estimates of resource requirements for education sectors, is the issue of private contribution to education's resource base. This issue covers at least two aspects, the role of private schools and the quantification of parental and other contributions to the cost of public schooling. Areas in which the working group could consider doing research are:

1. Obtaining more information and analysis on how the private sector can be developed more effectively in the education sector. It would be useful to gain a better understanding of best practices and experiences of the private sector at the secondary and post secondary levels in a variety of countries such as Kenya and South Africa. Determining appropriate levels to post-primary education provides donors with a rationale in assessing their support to these levels.
2. Compiling data to accurately determine the share of public education's costs covered by private contributions.
3. In addition to quantifying existing contributions, we need to embark on an analysis of private capacity and/or willingness to pay for education at different levels of the system. Developing guidelines for ministries to account for private contributions to the cost of education in examining sectoral resource needs could be useful.

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