

EFA FTI Global and Regional Activities Program Comments on Education Financing Issue Paper

Introduction

This issue paper, in my view, documents important issues and suggests relevant activities in the area of education financing that are relevant for all countries but particularly so for developing countries which operate with serious budgetary constraints. The following comments reflect my general understanding of some theories of education financing but they are also strongly influenced by the Guyana experience.

Background

Paragraph 2: I agree strongly with the basic premise expressed in this paragraph and I believe that it is particularly useful to highlight the relationship between effectiveness (achieving results) and efficiency. It is of course possible to be effective without being efficient. In other words it is possible for a country to achieve its educational objectives but to do so at a much higher cost than is necessary. There are also instances where the local/cultural values may result in resistance to the most effective strategy. For example, it is quite clear that in terms of both the quality of education offered and the efficiency of expenditure, it is better to have larger secondary schools in Guyana; however because of resistance by some groups to sending their children to residential schools, smaller secondary schools are opened or children remain in secondary departments of primary schools. I believe the methodology proposed in Activity 1 makes it possible to develop a methodology to ensure efficiency and effectiveness but any research that is done should consider factors such as this.

Paragraphs 3 and 4 both speak to inequities in one form or another and in Guyana there is certainly a situation of geographic disparities in the proportion of **trained** teachers (not teachers in general so there is not a large student teacher ratio) which stems from the lack of amenities etc. in remote often sparsely populated hinterland locations. The point needs to be made however that there are much higher costs associated with trying to provide equal education opportunities in more remote and less well developed regions which may have a relatively small proportion of the student population. In some countries, e.g. Guyana, a large proportion of the indigenous population live in these regions. The adoption of this policy usually means much higher unit costs per student in these regions but the future development of these areas may justify these costs. Initially however there could be some conflict between removing geographic resource disparities in a country and equity of public expenditure.

On the issue of External funding (paragraph 6) support may still be unpredictable but is it true that it is disconnected from budget planning? In my experience most donor agencies are now keen to support activities in an education plan which is of course connected with budget planning. I would be interested in other views on this. It might also be interesting to consider the impact of donor agencies adopting a regional approach to funding which requires countries in a region e.g. the Caribbean having to collaborate to decide on

regional priorities and programmes and any proposals for assistance have to fall within these agreed priorities though there is some scope for varying activities for different countries. The Canadian International Development Agency (CIDA), the United Kingdom Department for International Development (DFID) are among the bilateral agencies which have adopted this approach in the Caribbean.

Knowledge and Activities Gaps

I support the development of a methodology to improve national reporting systems on financing flows and the suggested activities outlined in the paper. I believe that some countries have already started work in this regard but there is still a lot to be done. Guyana has introduced program budgeting and a computerised Integrated Management Finance and Accounting System (IFMAS) for all government ministries. The Ministry of Finance is also working with sector ministries such as Education and providing some training to assist in the development of a Medium Term Expenditure Framework (MTEF). The most challenging area, in my view, is doing the projections for this type of framework or indeed for the education plan. A number of countries have used simulation models to project costs for the medium term but these models require careful collection of considerable data, analysis of policies, and in fact the existence of these policies in the first place, in order to estimate future budgetary needs. UNESCO has a model for education but there are others such as "I think" which was used by Guyana with technical support from the World Bank. These are key areas for technical assistance and technical workshops and knowledge dissemination.

Assessments of fiduciary risks at national and sector levels are carried out by agencies like the World Bank as a matter of course when countries request loans. This agency is therefore a possible source of information and technical assistance. In fact this type of technical assistance might be better suited to an agency like the World Bank. It is not clear to me whether activity 2 is to involve the education sectors or whether it is aimed at Ministries of Finance with a subsidiary role for Ministries of Education. A review of some of the work done by UNESCO in Africa and Asia and the Pacific suggests that in this area as well as in the development of MTEF there needs to be collaboration between these two agencies. The proposed approach under Activity#1 should help with this activity as well.

Some comments have already been made with respect to financing initiatives connecting resources to results. Obviously no country wants to keep on funding failure but poor results can lead to changes in strategies, personnel etc. it may not and perhaps should not lead to abandonment of a project that a country considers key and critical.

Finally although there may be a gap in knowledge and practice on innovative financing some amount of work has been done recently by UNESCO's International Institute for Educational Planning. Their first news letter in 2011 focuses on issues in education financing and there are two articles on innovative financing.

