



ENSURING EDUCATION FOR ALL BUDGET SUPPORT: BENEFITS & CHALLENGES

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ENSURING EDUCATION FOR ALL BUDGET SUPPORT: BENEFITS & CHALLENGES

- Greetings from CAMPE, Bangladesh
- The Global Dream (to be achieved by 2015):
 - Early Childhood Care and Development
 - Universal Primary Completion
 - Education, Skill and Livelihood for young adults
 - Literacy Skills for adults
 - Gender Equality
 - Basic Education of good quality for All

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We have crossed halfway through 2015, but yet,

- ❑ Millions of infants are deprived of early childhood care let alone education
- ❑ More than 100 million children out of schools, mostly in South Asia and Sub Saharan Africa (at the current rate of progress, at least 75 countries will miss the goal of UPC)
- ❑ Millions of young adults/adolescents are not getting space or scope for meaningful participation neither in education or skill training nor in productive sectors of economy.

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- ❑ Despite massive economic growth, impressive communication technologies and incredible scientific developments, the existence of more than 800 million adult illiterates remains as the " Scandal of the Country".
- ❑ Quality Education remains a far away dream and education, instead of being an "equalizer", is increasingly becoming an "instrument of inequality" because of the " Quality divide" and " Commodification of Education".

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- An additional US\$ 10-12 billion per year, needed to bring each and every child to school, is yet to be ensured by the Global Community who has continuously been failing to deliver on their promises!!

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- Against the backdrop of such a global scenario we have gathered here to discuss whether “ recurrent expenditure in education be supported?” Well, there are *three dimensions* of this issue:
 - Developing countries not only need solid political will, viable national plans and pragmatic strategies to achieve EFA but they also require adequate and timely flow of resources to make it happen.

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- ❑ Donor countries have to demonstrate that their promises are not “rhetoric but a reality” by making conscious effort to reach the 0.7% of ODA.
- ❑ Any financing plan should not only be long term, predictable, responsive and flexible but should also ensure two way accountability mechanisms and inbuilt processes for learning from lessons.

Now, the million dollar question is, “can the support to recurrent expenditure address all the 3 dimensional challenges mentioned before?”

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- **All of us know that support to recurrent expenditure**
 - ❑ Allows more flexibility with overall budgetary management in the hands of the recipient governments providing them with room to maneuver as and when required
 - ❑ Increases allocative efficiency and lowers transaction costs
 - ❑ Improves democratic accountability.
 - ❑ Increases predictability of resources.

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- Increases local ownership by creating space for local and national institutions to work together.
- Creates scope for policy dialogue between recipient government and donors
- Provides the basis and rationale for donor alignment and harmonisation &
- The recipient country does not have to spend its energy on managing the funds from here and there which, in turn, allows it to focus on result based interventions.

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- **However, support to recurrent expenditure may face challenges like**
 - Donor countries may dominate the development agenda and public spending options
 - The national education budget may reflect government priorities , but may not necessarily be pro-poor
 - The recipient government may not have the absorption capacity and the pressure to utilize the funds may tend to promote corruption.

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- Governments may prefer to spend more on the “hardware”(e. g. infrastructure) for making the spending easily visible rather than on “software” (e.g. teacher training, curriculum development etc.) the result of which may be visible only after sometime.
- Recipient countries may become too dependent on aid and may loose interest to pursue a “ sustainability plan”.

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Flow of External Resources The Case of Bangladesh: An Overview

- External assistance is considered a significant factor in the economic development of Bangladesh in order to bridge the gap between savings and investments and balance of payment.
- Up to June 30, 2006 a total of about US\$53.93 billion of external assistance was committed. Of the total amount, 11.82 percent was **food aid**, 20.53 percent was **commodity aid** and 67.65 percent was **project aid**.

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- Over the years significant changes have taken place in the total aid package to the country. The share of grants is declining gradually. **Bilateral aid**, which was 75.4 percent in the total aid in 1973/78, **has decreased** to 43.8 percent in 2004/5. **Multilateral aid**, on the other hand, **has grown** from 24.6 percent to almost 56.2 percent over the same period.

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- The decreasing volume of grants has resulted in the larger proportion of loans in the total aid package. The share of **grants** which was 89.0 percent in 1971/73 **declined** to 53.2 percent in 1979/80, 55.4 percent in 1984/85 and 31.9 percent in 2005/2006. Furthermore, the flow of **food aid** and **commodity aid** showed a *declining trend* while *project aid has increased sharply*.

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- Among the bilateral donors, Japan tops the list in terms of cumulative disbursement followed by USA and Canada. International Development Association (IDA, the soft lending window of the World Bank) is the largest amongst the multilateral development institutions followed by the Asian Development Bank

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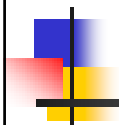
- Coordination with the development partners has an important bearing on the mobilization of economic assistance. It is secured through a variety of means such as holding frequent dialogues with the development partners and inter-ministerial consultations on a regular basis.

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- Project having co-financiers are usually more complex, and demand greater attention than those which are financed from a single source. Sometimes, rigid conditionalities create difficulties in the speedy implementation of projects or utilization of economic assistance.

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Second Primary Education Development Program (PEDP-II), 2004-2009

The first ever (sub) sector-wide Program approach (SWAP) in the education sector of Bangladesh

A Case Study

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PROGRAM FEATURES AND STRATEGIES

- Focus is quality of primary education for all children in Bangladesh
- The Government is in the driver's seat
- 8 development partners pooled their fund and 3 development partners are 'parallel' financiers
- Being implemented by the line divisions of the Department of Primary Education
- Implementation period of 6 (six) years from 2004 to 2009

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KEY OBJECTIVES

- Increase primary school access, participation and completion in accordance with the Government's "Education For All" (EFA), Poverty Reduction Strategy, Millennium Development Goals (MDGs) and other policy commitments.
- Improve the quality of student learning and achievement outcomes to Primary School Quality Levels (PSQL) standard.

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PEDP-II Financing Plan

Total Cost (US \$ 1815 Million)

GOB	:	63.9 %
ADB	:	5.5%
IDA, WB	:	8.3%
DFID	:	8.3%
EC	:	5.5%
NORAD	:	2.2%
SIDA	:	1.6%
CIDA	:	1.1%
JICA	:	0.2%
UNICEF	:	0.7%

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Initial Challenges of PEDP II

Transition from Project Approach to Program Approach:

- Lack of appropriate regulatory frameworks
- Orientation of all stakeholders with the new concept of program approach
- Preparing the institutions for program implementation.

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Initial Challenges of PEDP II

Complexity of financial system of PEDP II

Multiple sources of fund:

- Government of Bangladesh
- Bi-lateral grant
- IDA credit
- ADB loan
- UNICEF parallel fund
- JICA parallel fund

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Initial Challenges of PEDP II

Complexity of financial system of PEDP II

- Complex fund flow mechanism
- TAX and VAT-100% GOB
- Direct funding by DPs for ICB procurement
- Special arrangements for parallel financiers

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Initial Challenges of PEDP II

Coping with new and varied procurement Guidelines

Three different procurement guidelines:

- Public Procurement Regulation 2003 of GOB
- World Bank procurement guidelines
- ADB procurement guidelines

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- However, lessons from countries like Uganda, Afghanistan and Bangladesh, as documented by some donors like DFID and the Dutch government, have demonstrated that

- A careful, unbiased, objective analysis of the country situation particularly focusing on socio-political scenario and institutional strengths and weaknesses is necessary before initiating budget support

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- An environment of mutual understanding and trust should be created for getting maximum benefit out of the collaboration
- Operational tools(e. g. MOU) must reflect a framework of mutual obligations and must allow for two way accountability mechanisms
- Processes and mechanisms must be in place to allow enough scope for learning from lessons, particularly from mistakes made/challenges faced

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- The benefit of budget support/support to recurrent expenditure may be visible only after a long time. Inbuilt monitoring mechanisms are necessary to maximize the benefits.

Are we, the Global community, the donors and the recipient governments, ready to do that?

Otherwise, the EFA goals may remain on elusive dream.

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THANK YOU

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