Education sector analysis (Draft)
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Introduction

The purpose of this study is to consider the implications of external influence and PRS (Poverty Reduction Strategy) to the educational service delivery in three East African countries (Tanzania, Ethiopia, and Kenya). In her analysis, the author will mostly focus on the financial aspects of basic education.

Two of the countries visited by the team – Tanzania and Ethiopia – were chosen for the FTI[1] and has education (sub-)sector programs (SWAP). Another country visited – Kenya – is a little different case. Although it is also a heavily indebted poor country (HIPC), because of donors' hesitance to increase their commitment to this country (see earlier chapters), Kenya's education sector has developed with less external influence. Development partners and the Kenyan Ministry of Education, Science, and Technology are currently negotiating to develop an education sector program. Even though the process is slower, in Kenya also, education is given a top priority as a poverty-reduction-related sector. And the "Free Primary Education" program, which was enacted in January 2003, is a kind of a transitional arrangement to the sector program. After all, the education policies of these three countries are more or less heading toward the similar direction: greater emphasis on primary education as the pro-poor sub-sector. At the same time, the framework of education (sub-)sector program is adopted to each country in a different way, given their respective conditions, such as structure of educational administration, government's attitude to development partners, political environment, level of educational development, etc.

In this paper, the author will first overview the education sector programs (in the case of Kenya, a SWAP-preparatory program) of three countries and different modalities of involving development partners. Then, she will consider the effects of increased governmental commitment (especially, financial) to the quality of service delivery in the basic education sub-sector. In her effort to understand the relationship of educational finance to the quality of service, the author will focus on two aspects.

First, the author will look at the linkage between public expenditure on education and educational indices. The gross enrolment rate is one of few indicators which can be increased in a short time with massive investment. In this sense, each country is heading to this goal in a rapid pace. The change is especially dramatic in Ethiopia, whose gross enrolment rate (GER) grew twice in ten years (see Figure 3). However, increase in this indicator sometimes accompanies decrease of indicators of internal efficiency, such as pupil-teacher ratio and cohort transition rate (it is also clear in the case of Ethiopia). And the GER easily drops if there is not continuous investment. Furthermore, a great deal of educational changes takes time and is not always measurable or visible. Therefore, it would be hasty to judge that a country's education sector program was effective because of the increased GER.

Then, the author will consider if the increasing resource allocation to education is likely to contribute to poverty reduction. National development plans are now reshaped to aim at poverty reduction (PRSP) and the resources are allocated according to that plan, giving a priority to the education sector. In such conditions, unless resources are used in a pro-poor way, the educational service cannot be considered effective. Therefore, the author will look at the incidences that poor population benefits from public expenditure on education compared with that of richer population. Another point the author will call attention to is the high ratio of households' cost-sharing even after the abolition of school fees. It implies that even with massive

[1] The Fast Track Initiative (FTI), launched in 2002, is meant to provide targeted assistance to selected countries (18 first group + 5 reserved countries) for the specific purpose of achieving universal access to primary education by year 2015. Out of 18 countries of first group, 16 are HIPC and, in addition, 11 of them are concentrated in Africa.

inflows of foreign assistance and prioritized budgeting by the government, educational services of three countries still rely on private financing to not a small extent.

Given the short time period spent by the team in each country (1 week), the analysis could not avoid depending mostly on secondary sources, except for some interviews. As it takes time for educational changes to be visible, it is too soon to judge the impact of sector program approach and other aid modalities onto the substances of education. Therefore, the analysis presented here is not conclusive but an effort to shed light on the issues which need to be attended in designing education sector programs.

Education sector programs of three countries

1. Tanzania

As shown in the Table 1 below, the second phase of the Primary Education Development Program (PEDP II)(2001-2006) is underway. It is a sub-sectoral program under which development partners and the government are to work in partnership, following the sub-sectoral five-year development plan. The objectives of the PEDP II are to increase access and quality of primary education, capacity building of the MOE to plan, manage and provide educational services.

Tanzania is known for its thoroughness in adopting various public sector reforms and new modalities to deal with development partners. In PEDP II, the seriousness of following the cause of sector program has resulted in the intolerance to the foreign assistance whose procedure is not harmonized with other development partners. Those who provide assistance in the form of stand-alone project or thematic initiative such as UNICEF's global initiative for girls' education tends to be seen uncooperative. Here, the term 'donor coordination' is used almost as the equivalent of harmonization of funding procedure. And those who do not participate in pooled fund or direct budget support face difficulty for their operation to be appreciated. Development partners who signed the Memorandum of Agreement with the government for the PEDP II pooled fund are: CIDA, the Netherlands, NORAD, SIDA, Ireland, Finland, Belgium, France, and EU. DfID's stance is that, by providing the direct budget support to the Ministry of Finance, it supports PRSP priority areas including basic education.

Another sub-sector program, Secondary Education Development Program (SEDP) was going to be started at the time of research, August 2004.

2. Ethiopia

Education Sector Development Program (ESDP) covers, different from Tanzania's PEDP II, the whole education sector. The first phase was started in 1997, before the border conflict with Eritrea (1998-2000). However, during the conflict, many development partners withdrew their assistance. As these development partners come back, the PEDP II was re-launched in 2002. The often-mentioned characteristic of the attitude of Ethiopian government and its officials is their toughness in negotiation. In a way, this toughness is interpreted as the display of strong 'ownership' of Ethiopian government in its policy making. On the other hand, in the interviews, the author heard from staff of development partners that it is sometimes just the stubbornness of the government, which is not ready to listen to the useful advice. The World Bank's review of ESDP also reports some cases of difficult negotiations(World Bank, 2001: 95-106).

Ethiopia's ESDP emphasizes technical and vocational education and training (TVET) and tertiary education, which is marked contrast to Tanzania, whose program is focused exclusively on basic education. Although one of the benchmark suggested by the international aid community to qualify for the FTI-assistance is to allocate 67% of public expenditure on education to primary sub-sector, in Ethiopia, the ratio of allocation to primary education is rather decreasing after ESDP was introduced (see Figure 1) (Actual amount of budget is increasing as the allocation to education sector as a whole is increasing: see Table 2). Generally, investment in TVET is costly and difficult to catch up with the changes in labour market demands. And it is not clear if Ethiopia's focus on TVET and tertiary education is based on the analysis of absorptive capacity of the labour market. That is one of the reasons that the WB and some other development partners were hesitant to support the governmental policy to strengthen TVET and had tough negotiation.

Ethiopia's ESDP accepts foreign assistance through three channels. Channel One is through the Ministry of Finance and Economic Development (MOFED), including both earmarked funds and non-earmarked funds. Channel Two is the assistance directly to the line ministry (incl. Ministry of Education), without going through the budgeting process of MOFED. The third channel is the assistance in the form of project, whose funds are appropriated as the development budget of the government, but handled by independent project implementation bodies. Also, there are projects operated by NGOs, whose budget is not included in the governmental account (off-budget). According to the interview at Oromia Regional Education Bureau, aside from bilateral and multilateral donors, more than 60 NGOs operate projects outside of governmental structure in this region. In the education sector, the Memorandum of Understanding on the pooled fund for teacher education was signed last December between the group of development partners (the Netherlands, Ireland, Belgium, SIDA, Finland, and the DfID) and Ethiopian government (MOFED and MOE). This pooled fund is considered as a support through the Channel One.

3. Kenya

Since the National Conference on Education and Training held in November 2003, Ministry of Education, Science and Technology (MOEST) has been preparing the Kenya Education Sector Support Program (KESSP), in collaboration with development partners. Six taskforces were organized and are working on draft reports on current situations and issues as the bases for the education sector development plan. The six areas studied are: (1) educational statistics, cost and finance; (2) increased access to basic education; (3) education sector management; (4) quality of primary education and improvement of the retention rate; (5) expansion and improvement of secondary education; and (6) preparation for future investment in TVET. In the mid-September, the first Joint Review Mission (JRM) was dispatched with participation of representatives of development partners and MOEST. The purpose of the JRM was to evaluate the Free Primary Education Program – the transitional program to a full SWAP – and to prepare for the KESSP.

The development partners which lead others to develop a SWAP in Kenyan education sector are the World Bank and DfID. They are also planning to start a pooled fund specifically for primary education. Because of corruption, development partners are hesitant to commit to general budget support in Kenya and even those who are oriented toward budget support – the WB and DfID – do not plan a fast transition. Therefore, most of the foreign assistance in Kenyan education sector is in the form of project. More than 90% of development budget of MOEST in 2002 (approx. 8500,000 Ksh.) is foreign assistance in this form. The development partners active in education sector include: the World Bank, WFP, USAID, OPEC, UNICEF, DfID, JICA, EC, Belgium, AfDB, SIDA, CIDA, Italy, and GTZ. JICA has a successful secondary-level teacher in-service training project (SMASSE: Strengthening Math and Science in Secondary Education) and has a large presence. It is co-chairing the donor meeting together with DfID.

Table 1: Comparison of education sector of three countries

	Tanzania	Ethiopia	Kenya
Coverage of Education Sector Program	PEDP (Primary education) (2001-)—harmonization of fund disbursement procedure is advancing rapidly	ESDP (Sector-wide) (2002)	Under preparation
	SEDP (Secondary) —will start within FY2004		
Aid modalities in education sector program	a. General Budget Support b. Pooled Fund (c. Project)	a. General Budget Support b. Pooled Fund c. Project	Under preparation (at this moment almost all the external assistance is in the form of project
Avolition of primary school fees	2002	has always been free	2003
Education expenditure as percentage of GDP	see Table 2		
Share of primary education in the recurrent expenditure on education (FTI benchmark: 67%) (see Figure 1)	60.3%(1999/00)→71%(2002/03)c	66.7%(1996/7)→54.4%(2001/02)h	55.6% (1996/7)→57.76% (2000/01)i
Gross Enrolment Rate (GER)	70% (1990)→70% (2001)b (According to PEDP report, after the avolition of school fee in 2002, GER increased by around 30%) d	33% (1990) →62% (2001)b	95% (1990)b →88% (2000) →104% (2003) e
Percentage of female students in the total enrolment	48.2% (2001) →48.5% (2003)d	39.8% (1990) →40.6% (2000)a	48.7% (1990) →49.5 % (2000)a
Pupil-teacher ratio (PTR)	46 (2001) →57 (2003)c	36 (1990)a →65(2001)f	31 (1990)a →33 (2000) →39 (2003)e
Primary completion rate	54% (2001)g	46% (2001)g	45.8 (1989)→57.0 (2003) (8th grade) e
Japanese assistance in education sector (as of FY2004)	School mapping/micro-planning (Phase II) (JICA-development studies)	Participatory Basic Education Improvement Project (Nonformal education in Oromia region) (JICA-technical cooperation project)(2004-)	Strengthening of Mathematics and Science in Secondary Education Project (SMASSE) (JICA-technical cooperation project) (Phase II underway)
	Education sector coordinator (donor coordination)	Education sector coordinator (donor coordination)	African Institute for Capacity Development (JICA-technical cooperation project and in-kind assistance) (on-going)
	Primary school building construction in Dar es Salaam city (in-kind)(completed)	Equipments for distance learning (In-kind and dispatch of experts)(on going)	Several technical cooperation projects in higher education in the past
		School mapping/micro-planning in Oromia region (Jica-development studies)(agreement signed)	

a - UNESCO, "EFA Global Monitoring Report"2003/4
b - The World Bank "World Development Indicators"
c - United Republic of Tanzania, "Education Sector Public Expenditure Review 2003"
d - "Joint Review of the Primary Education Development Plan (PEDP) Final Report" 2003
e - The World Bank, "Kenya Strengthening the Foundation of Education and Training in Kenya" 2004
f - The World Bank, "Education in Ethiopia: Strengthening the Foundation for Sustainable Progress (draft)" 2004
g- Human Development Indicators 2004
h - Ethiopia Public Expenditure Review 2002
I - Kenya Public Expenditure Review 2003

Educational finance

1. External Influences and priority setting

In Table 2, the difference between the budget deficits before and after grants shows the size of foreign assistance which were spent to cover up the governmental budget deficit. The bigger the difference, the more the government depends on foreign assistance to meet the basic requirement to maintain the governmental structure. Even though there are fluctuations of data from year to year, one can see some characteristic patterns of each country. Kenya has been least aid dependent, probably because of the reluctance of development partners to commit. The gap between before and after grants were less then 1% in 1997, 98, 99, and 2001, with the maximum aid dependence in 2000 of 2.85%. Tanzania is most aid dependent and its dependency is increasing. The budget deficit covered by foreign assistance increased from 2.7% in 1997 to 4.5% in 2002. Ethiopia is also growing to be dependent on external assistance, although to a lesser extent than Tanzania (1.5% (1997)→2.7% (2002)). It is difficult to track the exact amount of foreign assistance directed to education sector, especially as there are lot of off-budget funds flowing into the sector. However, given the fact that education is a priority sector in the PRSPs of Tanzania and Ethiopia, it would be safe to state that general patterns of relationship with external assistance apply to education sector too.

Given such context, Kenya is an interesting outlier. Even though it is least dependent on external finance, it has devoted considerably larger proportion of public expenditure to education than two others. Kenya's allocation of resources among sub-sectors of education has also shown a bit different pattern than other two countries. It has allocated less to primary education and more to TVET and secondary education (see Figure 1). The case of Kenya may indicate the kind of choices a government would make in the education sector, when the government is less interfered by external forces.

Both Tanzania and Ethiopia are increasing their public expenditures on education in the last few years. Within the education sector, the priority is clearly on primary education. In Tanzania, allocation to primary education jumped up from 60.3% to 74.7% between 1999/2000 and 2000/01, and has maintained the level above 70% since then. Ethiopia also allots a large proportion of funds to primary education. The difference of Ethiopia from Tanzania is its recent increase of allotment to tertiary and TVET sectors, accompanied by the decrease in primary education. As mentioned earlier, Ethiopian government demonstrated a strong will to promote TVET and tertiary education, even though it faced rather severe opposition by the World Bank and some other development partners.

In a way, the overall level of aid dependency and prioritization among educational sub-sectors implies the magnitude of external influence behind the decision-making about policy and resource allocation. Tanzania, which is most rapidly increasing its reliance on foreign financial assistance, does not confront external agencies and adopt the prescribed modalities and SWAP most faithfully. Ethiopia, which is said to express strong 'ownership' of their policies and does not easily follow external advice, depends less on foreign assistance than Tanzania. The controversy here is that while international assistance community states its welcome to 'ownership' of the governments of the recipient countries, the expression of 'ownership' may mean the disobedience to the prescriptions of the funders.

Table 3: Foreign assistance and public expenditure on education

		GDP real growth rate	Budget Deficit as % Before grant	After grant	Educational expenditure (as % of public expenditure)	Ed expenditure (as % of GDP)
Kenya	1997	2.4	-2.45	-1.61		
	1998	1.8	-0.15	0.52	36.90	
	1999	1.4	0.43	0.97	37.10	6.2
	2000	-0.2	-4.8	-1.95	29.10	5.8
	2001	1.24	-3.17	-2.43	31.70	6
	2002	1.12	-3.36	-1.75	28.70	6.8

Public Expenditure Review, 2003

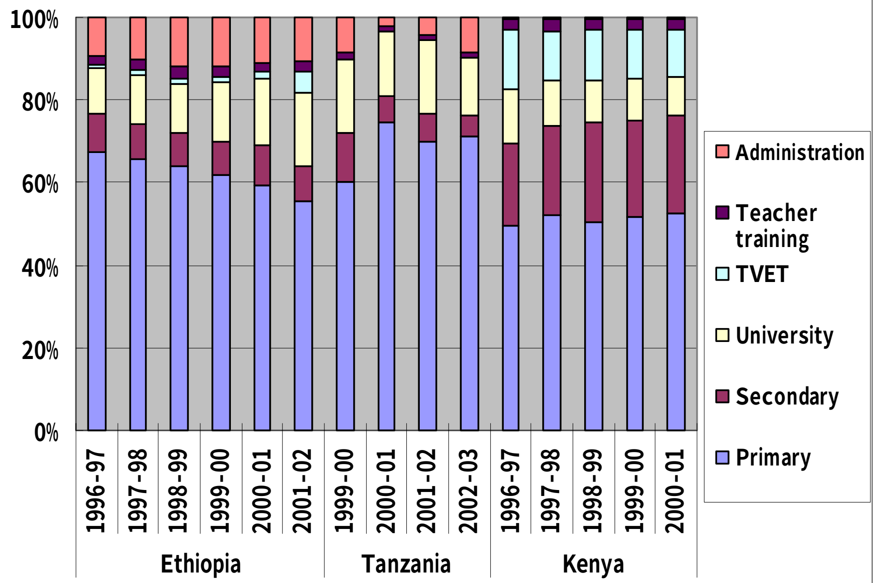
Tanzania	1997	3.3	-1.7	1		
	1998	4	-2.3	0.3		
	1999	4.7	-3.1	-0.9	26.40	3.1
	2000	4.9	-5.8	-1.6	21.60	3.3
	2001	5.7	-4.5	-1	27.02	3.4
	2002	6.2	-4.9	-0.4	28.34	4.4

Public Expenditure Review, 2003
Joint review of the primary education development plan: final report, 2003

Ethiopia	1997		-2.1	-0.6		
	1998		-3.2	-2	11.50	3.5
	1999	0	-6.3	-4.5	9.60	3.2
	2000	2	-7.7	-6	13.90	4
	2001	7.3	-5.6	-3	17.00	5
	2002	5.5	-7.7	-5		

PER2002
GDP real growth rate: from CIA World Factbook

Figure 1: Share of recurrent expenditure by sub-sector



Sources: Public Expenditure Reviews
Education Sector Development Programme (ESDP): Consolidated National Performance Report 2002/3. Ethiopia

2. Financial decentralization

These days, donors push forward the scheme of capitation grants which are disbursed directly to schools for the purchase of textbooks and facility maintenance. Training of school management committees on the financial planning and bookkeeping are provided and the flow of capitation grants is closely monitored. In a way, by shortcutting the financial channel and directly disbursing the capitation grants from the central government to schools, there is a greater potential that schools are empowered and develop capacity of self-planning and managing. But this method of capitation grant is based on the mechanical calculation of unit cost per student and do not necessarily attend to the issue of equity. The schools which have bigger enrolment receive more capitation grants, while small schools or remote areas which do not have schools are supposed to be taken care by the local government. However, when the local government does not have enough development budget, it cannot establish new schools nor extend the services to population which is not currently served.

The issue here is the financing of local administrative structure. The districts have limited budget under their discretion. Salaries take up a great majority of recurrent budget allocated to local government and non-salary recurrent budget, which can be spent for transportation or equipment to monitor and maintain the education service, is marginal. The lack of development budget causes inability of the local government to attend to the educational needs of population which does not have access to school.

So far as the author could locate in a short time period, the data on financial allocation between the central and regional government is not available for all three countries. Only Ethiopia provides the data on central-regional balance. In 2000/01, 76.5% of the total education cost was expended at regions, with 24.4% remaining in the central government. As for the recurrent expenditure, 84.1% was at regional level and 15.9% was at the centre. Development expenditure was more evenly divided, giving regional governments 53.7% of the total. (Public Expenditure Review 2001). Ethiopia has rapidly decentralized the responsibilities and authorities to the regional government, making the central government the federal coordination body. Given its vast territory and diverse population, regional boundaries are drawn to maintain the ethnic unity and some regional governments are of the same scale as many independent nations in Africa. Because of its conscious effort of financial decentralization, Ethiopia has even conducted the public expenditure survey of a region (Oromia region) in 2001.

In the cases like Kenya, even though the data are not available, one can assume that the flow of money through local administrative body is minimal. Given the high wastage rate in the process of financial flow from the centre to the district, there is a deep distrust to the capacity of local government and efforts have been made to avoid channelling funds through the local administrative body as much as possible. Therefore, in the case of education sector, the Ministry of Education, Science, and Technology directly disburses funds to different levels of local education offices (regional, zonal, and district).[2]

The processes and approaches of decentralization are different among three countries visited. And because of the lack of data, it is difficult to make any detailed comparison from the financial aspect.

3. Teachers' salary

In all three countries visited, teachers' salary takes the lion's share in the recurrent expenditure. In both Kenya and Tanzania, it is about 80% of the recurrent expenditure (Kenya: 78% in FY97/8; and Tanzania: 81% in FY03)(No data is available

[2] Interview at the Ministry of Local Government

for Ethiopia)(World Bank (2002) and Lambert and Sahn: 128). Because of the expansion of basic education, gross salary bill is increasing in each country. At the same time, the individual teacher's salary is not low compared to other public servants. For example, in Ethiopia, while the salaries of non-teaching staff of primary education average at 3.7 times of GDP per capita, teachers receive that of 6.8 times and 8 times. At the secondary level, the difference between non-teaching and teaching staff is 4.6/GDP per capita : 11.8/GDP per capita. (see Table 3)

Also, it is well-known that Kenyan teachers' salary is high. According to the World Bank's report (2002), salaries of teachers have tripled in the period between 1995 and 2000, and it is the highest in the ministrial comparison of public servants' salaries.[3]

Table 3: Average annual salaries of teachers (multiple of nominal GDP per capita)*

	First cycle of primary education (grade 1-4)	Second cycle of primary education (grade 5-8)	Secondary education (grade 9-12)
Ethiopia	6.8	8	11.8
Kenya	6		9

*Including basic salaries and allowances
** No comparable data is available for Tanzania.
Sources: Kenya: Strengthening the Foundation of Education and Training in Kenya, the World Bank
Education in Ethiopia: Strengthening the Foundation for Sustainable Progress, the World Bank

The dilemma faced by these countries is that unless they maintain a certain level of salaries, they cannot retain teachers of good quality for a reasonably long period. The major administrative problems on the teaching staff have long been the rapid turn over and lack of teachers who take up the positions in remote areas. To achieve better retention rate of teachers, salary standards should be maintained at the competitive level. Also, the improvement of educational quality is, next to the increased access, a goal of most of basic education programs in many developing countries, including three countries visited. While increasing the absolute number of teachers, there have been efforts to upgrade uncertified teachers or to make the employment criteria stricter so as to improve the quality of education. These efforts of quality assurance are also likely to cause the increase of salary bill. In sum, even though the local educational offices are suffering from the lack of non-salary budget, and even though there is a strong pressure to streamline the educational finance, the governments face other pressures which prevent them to reduce the salary bill.

Internal efficiency and the effects of increased resource allocation to education

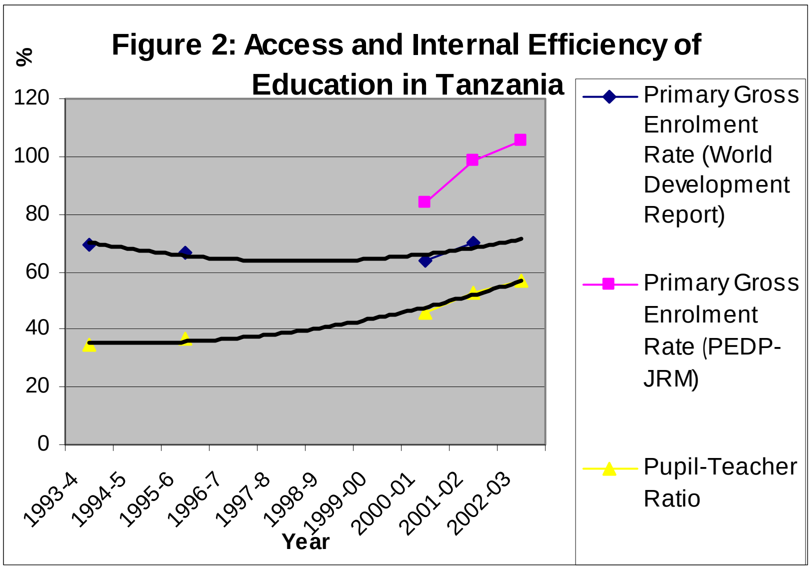
1. Internal efficiency

Internal efficiency shows how efficiently the inputs into the educational system produce outputs (graduates). For example, with fewer dropouts and repeaters, the cost to produce one graduate will be smaller, as there will be less resources wasted for those students who repeat the same grades or who do not complete the education. To be efficient, it is desirable to have an appropriate class size, so that teaching and learning process will be more efficient. Therefore, the increase of pupil-teacher ratio can be considered as an indicator of reduced internal efficiency. Cohort transition rate shows that the ratio that students who entered the first grade of primary education at the standard age (5-7 years old) stays at school without repetition after some years (mostly

[3] Since the data shows the average salaries of professional and clerical staff, if one takes the average of professional staff only, it might be higher than the average of teachers.

5 years). Cohort transition rate, therefore, indicates the likelihood that a student can reach a certain grade (5th grade) without dropping out or repeating.

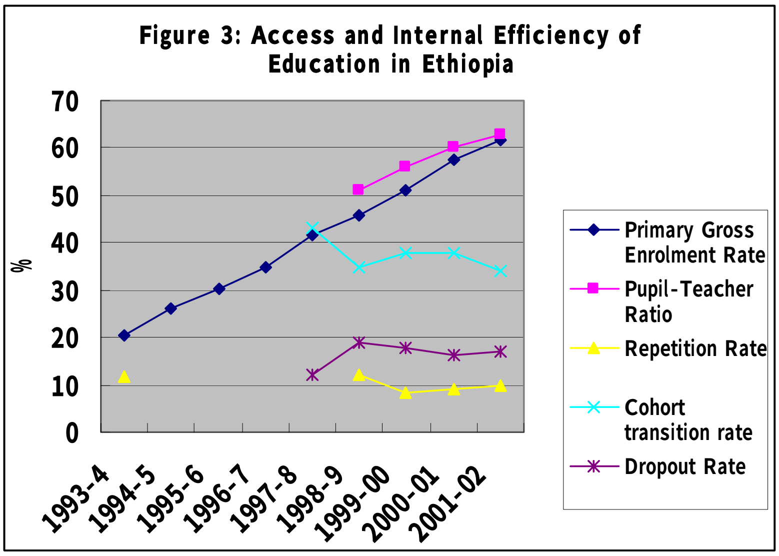
The Figures 2, 3, and 4 show the trends of access indicator (primary gross enrolment rate) and internal efficiency of three countries. The author needs to acquire latest educational statistics especially from Kenya and Tanzania to finalize this section. For these two countries, she hasn't had access to timeline data of repetition and dropout rates. Also, ten years is not long enough for educational indicators to demonstrate dramatic changes. In Figure 2, the author included Gross enrolment rates (GER) from two different sources, because the numbers given are so different to be considered as a measurement error. According to the report of the Joint Review Mission of Primary Education Development Program, Tanzania has achieved 105.3% GER in year 2002/03, while, the World Development Report gives 69.9% as the GER of 2001/2. Anyhow, the GER is increasing and as GER increases, pupil-teacher ratio is increasing too.



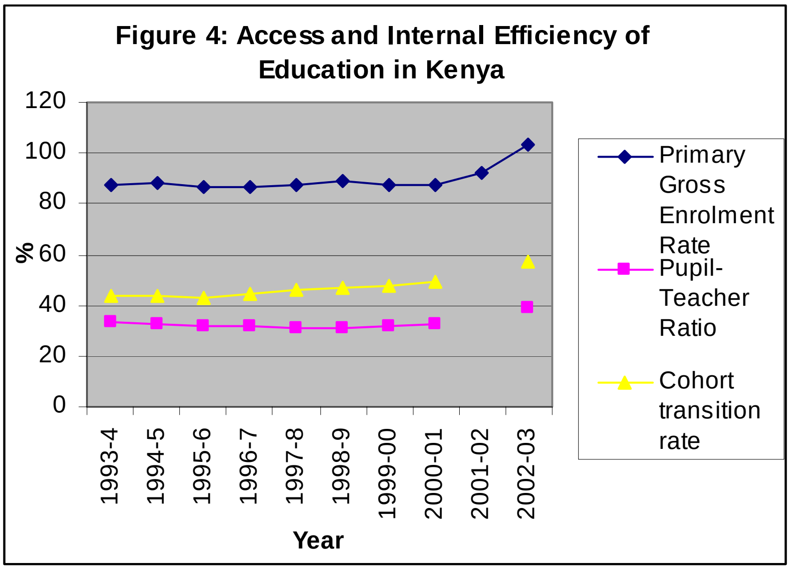
Sources: World Development Report 2004.
Government of Tanzania, Joint Review of the Primary Education Development Plan (PEDP) Final Report. 2003.

Ethiopia shows most visible trend. Its GER increase from 20.5% in 1993/4 to 61.6% in 2001/2. Alongside this steep increase of GER, cohort transition rate has dropped from 43% to 34% between 1997/8 and 2001/2. Also, pupil-teacher ratio is increasing from 51 in 1998/9 to 63 in 2001/2. Ethiopia is a noticeable case that rapid increase of access caused the deterioration of the quality of educational service.

Kenya's characteristic is its consistency of indices over time and high GER. Last two years' increase of GER to exceed 100% can be explained by the commitment of development partners and the "Free Primary Education" program, which was enacted in January 2003. As the author has demonstrated earlier, Kenya has been the least aid dependent among three countries and its resource allocation among educational sub-sectors shows different pattern than other two countries, in which relatively less resources are allocated to primary education and more to TVET and secondary education. The peculiarity of Kenyan education is seen in the indices on access and internal efficiency, too. GER is pretty high and the average class size has been kept low. In Kenya, the issue is more to develop a fine design of pro-poor targeting to ensure equitable access and quality than to increase the GER generally.



Source: Ministry of Education, Government of Ethiopia. Education Management Information System (EMIS), Education Statistics Annual Abstract 2002/3.



Source: Ministry of Education, Science & Technology, Government of Kenya. Report of the Sector Review and Development, 2003

2. Educational expenditure and poverty reduction

The basic assumption of the Poverty Reduction Strategic Paper (PRSP) is that prioritised resource allocation to social sectors, including education, will reduce poverty. This section will investigate if the increased educational expenditure is heading towards that direction. First, the author will look at the relationship between educational expenditure and educational indices, the contribution of public resources to the betterment of educational service per se. Then, she will consider the equity of public resource allocation in education. Unless the resources reach the poor population, however large the gross expenditure becomes, it doesn't guarantee poverty reduction. This last section of the paper utilizes data not only from the three countries visited, but also those from other countries of African continent and developing countries of other parts of the world for the sake of global comparison.

See Table 4, regarding the relationship between public expenditure and educational indices. Figure 5 plotted the relationship between public expenditure and the Education Index[4] taken from Table 4. From Figure 5, it is difficult to tell that there is any clear pattern of relationship between them. Some countries allocate less portion to education and achieve more, whereas, others invest more and achieve less. For example, Ethiopia's educational expenditure shows higher percentage against GDP than Tanzania, but its education index is lower.

Table 4: Education indicators and public expenditure on education in African countries

	GDP per capita (PPP US%) 2002	Education index	Adult Literacy Rate(% ages 15 and above)2002	Net Primary Enrolment Rate 2001/2	Educational expenditure as percentage of GDP1999-2001
Zimbabwe	2400	0.79	90.0	83	10.4
Lesotho	2420	0.76	81.4	84	10.0
Kenya	1020	0.74	84.3	70	6.2
South Africa	10070	0.83	86.0	90	5.7 *
Algeria	5760	0.69	68.9	95	5.1
Egypt	3810	0.62	55.6	90	4.8
Togo	1480	0.62	59.6	95	4.8 *
Ethiopia	780	0.39	41.5	46	4.8
Malawi	580	0.66	61.8	81	4.1
Ghana	2130	0.65	73.8	60	4.1
Tanzania	580	0.62	77.1	54	3.4 *
Angola	2130	0.38	42.0	30	2.8
Uganda	1390	0.70	68.9	n/a	2.5 *
Botswana	8170	0.76	78.9	81	2.1
Zambia	840	0.68	79.9	66	1.9
Sudan	1820	0.52	59.9	46	1.4
Nigeria	860	0.59	66.8	n/a	0.7 *
Lower developing countries average	1307	0.49	52.5	n/a	n/a
Sub-sahara Africa average	1790	0.56	63.2	n/a	n/a

Human Development Indicators 2004

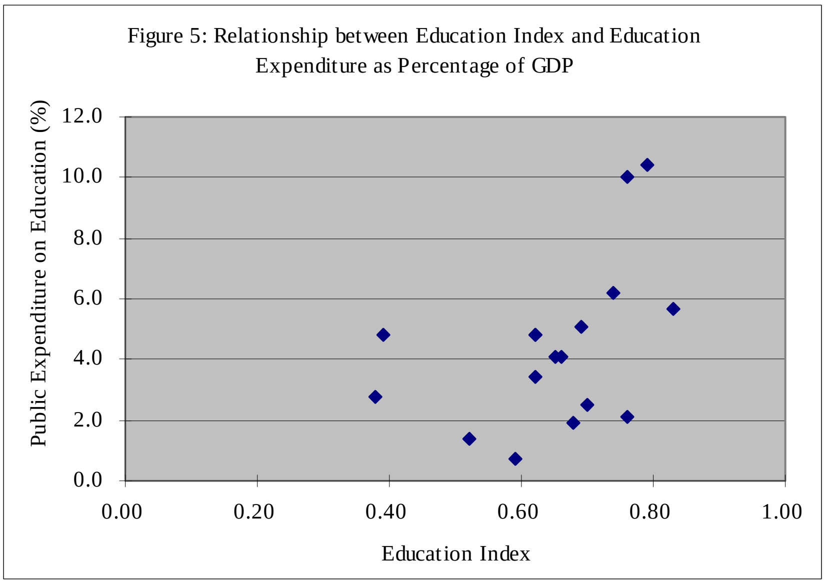
* - Human Development Indicators 2001

Education Index – calculated based on the adult literacy rate and the primary, secondary, and tertiary gross enrolment rate

For a deeper understanding of the relationship between public expenditure and educational outcome, we need more focused research than the current one. But with the overview of existing data, one can safely say that the increased public expenditure on education does not necessarily result in increases in educational indicators. Therefore, the assumption that increased allocation of public resources to basic education will contribute to the betterment of educational services does not hold a universal truth. In the cases that this relationship proves positive, it could be because of other factors (efficient administration, high internal efficiency, etc.) than the direct

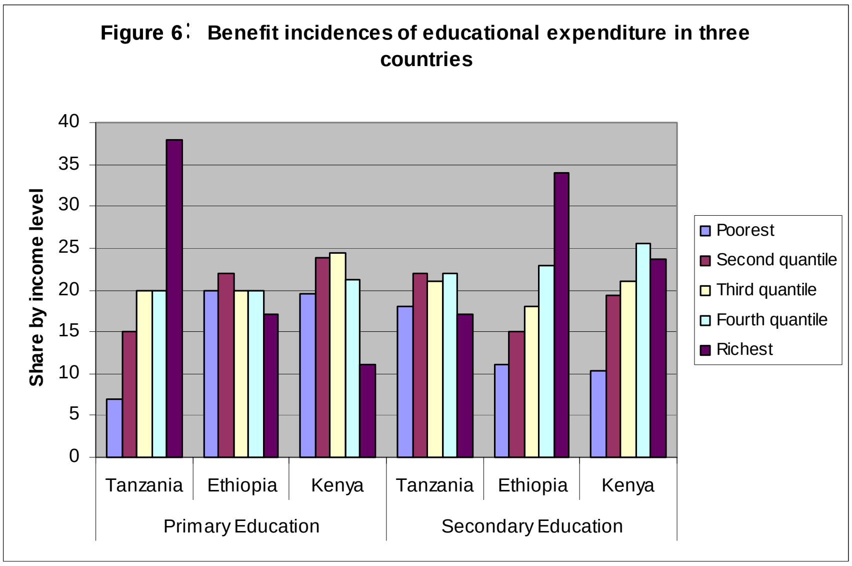
[4] Education Index is an indicator developed as one of UNDP's Human Development Indicators. It is calculated based on the adult literacy rate and the primary, secondary, and tertiary gross enrolment rates.

contribution of increased resource to the outcomes.



Sources: Human Development Indicators 2004, 2001

Now, let's turn to the equity of resource allocation. Figure 6 demonstrates the share of educational expenditure by five income groups from the poorest to the richest in Tanzania, Ethiopia, and Kenya. Nearly 40% of Tanzania's public expenditure on primary education goes to the richest quantile of the population. In Ethiopia, the richest quantile benefits most from the public expenditure on secondary education. The poorest quantile benefits least from the public expenditure on primary education in Tanzania and that on secondary education in Ethiopia and Kenya.



Sources: Sylvie Lambert and David Sahn, "Incidence of Public Spending in the Health and Education Sectors in Tanzania," in Morrisson, Christian (Ed.), Education and Health Expenditure and Poverty Reduction in East Africa. P. 130.
Kenya: Strengthening the Foundation of Education and Training in Kenya, the World Bank. P. 61.
Education in Ethiopia: Strengthening the Foundation for Sustainable Progress, the World Bank, p. 104.

Table 5 provides the readers with a larger picture of benefit incidences by comparing the above three countries with other African countries and low income countries in other parts of the world. It shows the shares by different income groups of public expenditure on the education sector as a whole, instead of dividing to sub-sectors. Among three countries, Tanzania gives biggest share to the richest quantile, the 2.9 time of the poorest, followed by Ethiopia (1.9) and then by Kenya (1.2). Out of African countries listed, Madagascar is the least equitable in its resource allocation (the richest gains 5.1 times more than the poorest). From Table 5, one can tell that there are few countries in which the poorest population benefits more from the public expenditure on education than the richest (exceptions in this table are Uruguay, Columbia, Romania, and Panama). What is clear from these data is that increased allocation of resources does not guarantee that the poorest population will benefit from that.[5]

Table 5: Benefit Incidence of Public Expenditure on Education (all levels)

Country	Year of Survey	Share of Public Expenditure		Share of the richest as the multiple of the poorest
		Poorest quantile	Richest quantile	
Africa				
South Africa	1993	21.1	23.4	1.1
Kenya	1992-3	16.7	20.7	1.2
Ghana	1992	16.4	20.8	1.3
Malawi	1994-5	16	25	1.6
Ethiopia	1999-00	15.2	28.9	1.9
Rwanda	2000	15	28	1.9
Uganda	1992	13	32	2.5
Cote d'Ivoire	1995	13.5	34.8	2.6
Tanzania	1993	13	38	2.9
Guinea	1994	8.5	26.9	3.2
Madagascar	1997	7	36	5.1
Other low income countries				
Uruguay	1998	27.6	14.7	0.5
Columbia	1992	23	14	0.6
Romania	1994	21.5	17.1	0.8
Panama	1997	19.8	17.5	0.9
Jamica	1992	18	21.8	1.2
Peru	1994	14.8	22.1	1.5
Morocco	1991	14.8	22.8	1.5
Ecuador	1994	15	26.8	1.8
Kirghiz	1993	14.1	26.5	1.9
Indonesia	1989	15	29	1.9
Pakistan	1991	14.3	29.1	2.0
Guyana	1993	14.5	32.1	2.2
Laos	1993	12	34	2.8
Vietnam	1991	12.2	35.4	2.9
Kazakhstan	1996	8.4	26	3.1
Armenia	1996	7	29	4.1
Nepal	1996	10.5	46	4.4
Nicaragua	1993	9.1	40.1	4.4

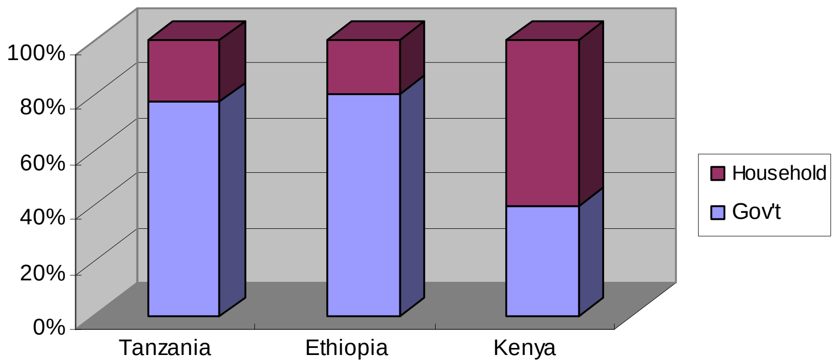
Sources: Education in Ethiopia: Strengthening the Foundation for Sustainable Progress, the World Bank ; World Bank EdStats database

In addition, even though there have been efforts to provide free basic education

[5] If one takes the data specified on primary education, the share of the poorest could be larger.

in many developing countries, abolition of school fee does not mean “free” education. In the three countries visited, educational systems depend heavily on the cost sharing by the household for its maintenance. Figure 7 shows the share of schooling cost between the government and household in three countries. In Kenya, the household’s share is 1.5 times more than the government.[6] The percentage of cost born by households in Tanzania and Ethiopia are 28.2% and 24.5% respectively.[7] To know whether the abolition of school fee actually reduced the financial burden of households, we need more survey. In places where schools face constant lack of resources, abolition of fees without subsidies to compensate for the loss may cause the hidden charges on parents in the name of “contribution”. The psychological effect of fee abolition is not negligible. Partly due to the impression that school is more accessible than before, enrolment after fee abolition tends to jump up. However, this psychological effect should be considered separately from the substantial impact on household expenditure. One should be able to grasp the substantial effects of fee abolition on the households by analyzing the latest household surveys.[8] Another point, which should be pointed out regarding the fee abolition, is that it is not necessarily a pro-poor arrangement in the sense that the rich households also benefit from the universal fee abolition.

Figure 7: Share of schooling cost per student (primary)



Sources: Tanzania: Lambert and Sahn – the data is from the World Bank’s survey in 1998.
Ethiopia: The World Bank (2004) – the sample survey of 11.973 households by the Bank.
Kenya: The World Bank (2002) – original data is from Household survey in 1997.

Conclusion

In this paper the author reviewed the characteristics of education sector programs of three countries and their relationships with external development partners. Based on the review, she pointed out the implications the relationships with external agencies have on the direction of education sector development policies. Then she analysed the effect of political commitment framed by the notion of “poverty reduction” and prioritised resource allocation to social sectors. By examining available data the author pointed out that there is no clear indication that the increased public

[6] This data is from the household survey of 1997, which was before the abolition of school fee. Since the share of school fee was 49% of the total household expense on education, the current ratio of household expenditure is likely to be much lower.

[7] Share of the school fee in Tanzania and Ethiopia were 7% and 20% respectively. In Tanzania, this data was collected before the fee abolition. Ethiopia has not charged school fees for decades according to the official statement.

[8] The latest household surveys were conducted in Tanzania in 2000/01 and in Ethiopia in 2004. Kenya is about to start the new survey.

expenditure of itself contributes either to increased educational outcomes or to benefit the poor. To make sure that the poor population will benefit from the governmental interventions, conscious effort should be made to target the resources to the poor. And to do so, more research on the each country's context is needed, not only the economic aspect of the poverty, but also cultural and social aspects which characterize the nature of poverty in that context.

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