

**GRIPS Development Forum
Policy Minutes**

***Policy Minutes No. 22
GRIPS Development Forum***

January 2008

**Seminar on Aid for Self-Reliance and Budget Support
for Educational Development**

Session 1

--- Should the recurrent expenditure in education be supported? ---

Session 2

--- Endogenous educational policy-making and aid for self-reliance ---

————— in Tokyo, Japan (October 18, 2007)



Foreword

The National Graduate Institute for Policy Studies (GRIPS) Development Forum organized a seminar on “Aid for Self-Reliance and Budget Support for Educational Development,” along with Japan NGO Network for Education (JNNE), Nagoya University, and the Foundation for Advanced Studies on International Development (FASID), on 18th October 2007.

Today, the amount of financial aid to developing countries which are having difficulty in achieving global agendas, such as Education For All (EFA) and Millennium Development Goals (MDGs), is increasing rapidly. There is no denial of the importance that the global community gathers its wisdom and resources to guarantee the right of education to everybody in the world. At the same time, there is a growing concern that the concentration of aid to the certain priority areas in education may hamper the self-help and endogenous policy-making and implementation by the governments of developing countries themselves. Therefore, in this seminar, we discussed about “aid for self-reliance,” which is one of the principles of Japanese foreign assistance.

Active discussions took place, and we have greatly benefited from valuable remarks and presentations by distinguished speakers and commentators; Those from Tanzania, Cambodia, and Bangladesh have shared their countries’ perspectives and experiences. Senior British and Japanese aid practitioners have provided donor perspectives, building on their rich experiences in foreign assistance. The organizers sincerely appreciate their cooperation and valuable inputs to the seminar.

This report summarizes the content of the presentations, issues raised by the commentators, and seminar discussions, along with presentations slides. We hope that the seminar will contribute to deepening discussions among recipient countries and donors on how to foster endogenous policy-making and implementation for Education For All EFA.

The presentations from Session 2 were based on the findings of the two research projects focusing on the recipient countries’ side rather than the donors’ side. The one was conducted by Nagoya University, which was named “Political economy of educational reform and capacity development in Asia.” The other is entitled “The local meaning of educating all, and the process of adopting EFA development goals in Kenya, Tanzania, and Ethiopia” by GRIPS, which is compiled as a publication under the same title¹. Both research works aimed at finding processes and issues occurred that take place when developing countries adopt and contextualize EFA development goals into local settings.

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¹ “The local meaning of educating all, and the process of adopting EFA development goals in Kenya, Tanzania, and Ethiopia”

Edited by Shoko Yamada with contribution from: Yacob Arsano, Eustella P. Bhalalusesa, Fatuma N. Chege, Regina M. Karega, Ayalew Shibeshi (July 2007)
http://www.grips.ac.jp/forum-e/pdf_e03/EFA.pdf

About the speakers

Seminar on 18th October 2007

Session 1

- **Ms. Rasheda K. Choudhury:** (a commentators of session 2)
Director of the Campaign for Popular Education (CAMPE),
Board Member of the Global Campaign for Education (GCE), Bangladesh
- **Mr. Peter Colenso:** (a commentator of session 2)
Head of Profession, Education, Human Development Group,
Policy and Research Division, DFID, UK

Session 2

- **Dr. Eustella Bhalalusesa:**
Dean, Faculty of Education, University of Dar es Salaam, Tanzania
- **Dr. Keng Chansopheak:**
Deputy Director, Master of Development Studies Program, Royal University of
Phnom Penh, Cambodia
- **Dr. Donald Holsinger:**
Professor, Brigham Young University, USA
Former President of Comparative and International Education Society

About the commentators

Session 1

- **Mr. Yasushi Onishi:**
Director for Development Issues, International Bureau, Ministry of Finance
- **Mr. Takahiro Kano:**
Senior Coordinator, Global Issues Cooperation Division, International Cooperation
Bureau, Ministry of Foreign Affairs
- **Mr. Takafumi Miyake**
Secretary General, Japan NGO Network for Education (JNNE)

Session 2

- **Dr. Yasushi Hirosato:**
Senior Education Specialist, Social Sectors Division, Southeast Asia Department,
Asia Development Bank

About the moderators

Session 1

- **Mr. Takumo Yamada:**
Advocacy Officer, OXFAM Japan

Session 2

- **Dr. Yuto Kitamura:**
Associate Professor, Nagoya University
- **Dr. Shoko Yamada:**
Associate Professor, GRIPS

GRIPS Development Forum Seminar
Aid for Self-Reliance and Budget Support for Educational Development

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Program

Seminar on Aid for Self-Reliance and Budget Support for Educational Development

■ **Organizers:** National Graduate Institute for Policy Studies (GRIPS), Japan NGO Network for Education (JNNE), Nagoya University, and Foundation for Advanced Studies on International Development (FASID)

■ **Date:** 18th October 2007, 13:00-18:30

■ **Venue:** GRIPS, Tokyo

■ **Program:**

13:00-13:10 Opening by Dr. Shoko Yamada, GRIPS

13:10-15:10 **Session 1 – Should the Recurrent Expenditure in Education be Supported?**

Moderator: Takumo Yamada, OXFAM Japan

Presentations

1. Ensuring education for all, budget support: benefits and challenges
- Ms. Rasheda K. Choudhury, Director of the Campaign for Popular Education (CAMPE), Bangladesh
2. DFID initiative to support recurrent expenditure in education
- Mr. Peter Colenso, Head of Profession, Education, Human Development Group, Policy and Research Division, DFID, UK

Comments

1. Mr. Yasushi Onishi, Director for Development Issues, International Bureau, Ministry of Finance
2. Mr. Takahiro Kano, Senior Coordinator, Global Issues Cooperation Division, International Cooperation Bureau, Ministry of Foreign Affairs
3. Mr. Takafumi Miyake, Secretary General, JNNE

Open discussion

15:10-15:30 Intermission

15:30-18:30 **Session 2 – Endogenous Educational Policy-Making and Aid for Self-Reliance**

Moderators: Dr. Yuto Kitamura, Associate Professor, Nagoya University
Dr. Shoko Yamada, Associate Professor, GRIPS

Presentations

1. The Process of Adopting Education for All in Educational Policy Making in Tanzania
 - Dr. Eustella Bhalalusesa, Dean, Faculty of Education, University of Dar es Salaam, Tanzania
2. Education Policy Making and Implementation in the Aid Dependent Country of Cambodia
 - Dr. Keng Chansopheak, Deputy Director, Master of Development Studies Program, Royal University of Phnom Penh, Cambodia
3. Improving the Distribution of Education for Self Reliance
 - Dr. Donald Holsinger, Professor, Brigham Young University, USA

Comments

1. Dr. Yasushi Hirosato, Senior Education Specialist, Social Sectors Division Southeast Asia Department, Asia Development Bank
2. Mr. Peter Colenso, Head of Profession, Education, Human Development Group, Policy and Research Division, DFID, UK
3. Ms. Rasheda K. Choudhury, Director of the Campaign for Popular Education (CAMPE), Bangladesh

Executive Summary

Today, the amount of financial aid to developing countries which are having difficulty in achieving global agendas, such as EFA and MDGs, is increasing rapidly. There is no denial of the importance that the global community gathers its wisdom and resources to guarantee the right of education to everybody in the world. At the same time, there is a growing concern that the concentration of aid to the certain priority areas in education may hamper the self-help and endogenous policy-making and implementation by the governments of developing countries themselves. Therefore, in this seminar, we discussed about “aid for self-reliance,” which is one of the principles of Japanese foreign assistance. Approximately sixty aid professionals, including ambassadors to Japan from Eritrea and Rwanda, researchers, policymakers, practitioners, NGOs, consultants, and students, participated in the seminar.

The seminar consisted of two sessions.

Session 1 **“Should the Recurrent Expenditure in Education be Supported?”** focused on the issues concerning the budget support, which is increasing among donors supporting the education sector, and to which the Japanese government has also decided to commit, via the EFA-FTI catalytic fund. In most developing countries, 80 to 90 percent of national education expenditure is for recurrent costs, including teachers’ salaries and textbooks cost. Abolishing school fees has caused further burden on the recurrent budget of these governments, which are already suffering from the shortage of resources. In response to this challenge, some donors are shifting their financial aid which has been provided in the form of project support to the sectoral and general budgetary supports, because the funds provided to national treasury will allow the governments to increase allocation to the recurrent budget at their own discretion. On the other hand, there are concerns about external support to recurrent expenditure. Those concerns include the possibility that such aid may increase the dependency of the assisted government to aid, exceed the capacity of the government to absorb and utilize the externally generated funds, and have started without clear strategy about when and how to terminate budgetary support (exit strategy). Therefore, this session has discussed whether or not donors should provide support to recurrent expenditure in education, in addition to capital expenditure in this session.

In this session, an NGO representative from Bangladesh and a DFID senior staff made presentations on the benefits and challenges of support to recurrent costs in education, followed by comments from Japanese policy makers and a representative of NGOs. The open discussion followed by comments focused on (i) rationale for the budgetary support and its complementarity with capacity development, (ii) exit strategy and risks of the budgetary support, and (iii) strategies of apportioning donor resources among different educational sub-sectors and countries.

Session 2 **“Endogenous Educational Policy-Making and Aid for Self-Reliance”** discussed issues that developing countries face in their policy-making. In today’s global society, developing countries cannot help but being affected by global society; they are to

develop labor forces to achieve economic competitiveness of the country or to make efforts to achieve global agendas represented by EFA and MDGs. On the other hand, each country has its unique socio-economic conditions, educational demands, and education system historically constructed, which have to be considered in making and implementing education policies. Given these internal and external factors influencing policy choices, participants discussed about how the governments of developing countries can secure self-reliance and sustainability in the planning and administration of education.

In this session, researchers from Tanzania, Cambodia, and USA made presentations on the realities and issues of education policy-making, based on which commentators and participants discussed about possibilities of aid for endogenous policy-making. Open discussion touched upon issues such as: (i) relations between recipient countries and donors, (ii) social impact of free primary education and community financing, (iii) operational priority given to primary education and issue of addressing all of the six Education For All (EFA) goals, and (iv) equity of educational opportunities and the implication of the education Gini coefficient and its usage for education policy analysis.

Session 1

Should the Recurrent Expenditure in Education be Supported?

Summary of Presentations

(1) Ms. Rasheda K. Choudhury (Director of the Campaign for Popular Education, Bangladesh)

“Ensuring Education for All, Budget Support: Benefits & Challenges”

Based on her rich experience working in the NGO sector, the speaker made the case from the grass-root perspective and introduced a story of community participation and field-oriented and micro-level efforts. She referred to the case of a registered primary school built by young volunteers on their own, without budgetary or administrative support from the government. Then, turning to the broader and macro level of educational administration, the speaker pointed out the importance and difficulty of ensuring good quality and equity of education, and efficient resource flow and political commitment, whatever modality of external support was employed. The speaker explained the ways of external resources flow into education sector of Bangladesh and raised questions on how to tackle the issues and challenges of the budgetary support, referring to the case of the Second Primary Education Development Program (PEDP-II), 2004-2009, which is the sub-sector-wide program for primary education.

Although investment in education has been increasing so as to improve access to and quality of education, still, the amount needed has not been met, and access, quality and equity of education remain problems. The data of Gross Enrollment Ratio and Net Enrollment Ratio are used broadly by the government. However, in south Asia, small number in terms of percentage in non-enrollment actually means millions of children are out of school. Also, the completion rate and the number of people who complete with required competency remain low. Regardless of the large sum of aid inflow, either in the forms of budgetary and project support, in reality, the existing education system is creating, rather than decreasing, inequality among working children, between urban and rural areas, or because of other socio-economic factors such as ethnicity, physical disability and gender. The speaker stressed that it is important to understand that there are multiple layers of stumbling stones in developing countries to achieve equity in education and that the resource gap will continue unless the government recognizes the importance of efficient resource flow and political commitment. It is not enough to merely allocate larger amount of resources to education sector, but the government need to make sure that the resources truly reach and benefit the disadvantaged population, which also requires strong political will.

As for the budgetary support, there are three dimensions of risks; (i) the country level commitment, such as political will, plans and strategies, (ii) the donor level commitment, such as efforts and demonstration of their pledges, and (iii) financing plan which needs to be long term, predictable, responsive and flexible, but to ensure in-built mechanism of

accountability and learning from lessons.

For the economic development of Bangladesh, external assistance has played a significant role. The recent trend shows that the modality of aid which is increasing is project aid instead of budgetary support. At the same time, the funds provided as grants has declined, which has resulted in an increase of loans. While bilateral aid, among which Japan tops the list of donors, has decreased, multilateral aid has grown. Under such circumstances, donor coordination has an important bearing on the mobilization of economic assistance. The more there are co-financed projects, the more implementation with the conditionalities and processes become complex than projects funded by a single source. This is why donor coordination has become important.

The PEDP-II, multi donor projects and SWAP (sector-wide program) started from 2004, declare its focus on improving the quality of primary education in documents. However, how far the quality issues are addressed to the disadvantaged groups, including the poor, has not been evident yet. Regarding the initial challenges of the budgetary or current expenditures support, there are no appropriate regulatory frameworks: all the stakeholders, particularly the government and public sector of all levels are sectionalized and not oriented to the implementation of program; the ownership of the program is not at broadly-based; and institutions are not prepared to implement the program and are still at the stage of learning from the process. The complexity of the financial system of PEDP-II, such as multiple sources of funds, complex procedure of fund disbursement and new procurement guidelines, remains to be a problem that threw into confusion among civil society organizations and consuming much time in delivering services etc.

There should be a mechanism for policy-makers and stakeholders of educational programs to learn from lessons of their own country and others, particularly from mistakes made and challenges faced. It is necessary to share enough and hard evidence of experiences and progress of the aid provided through SWAP and in the form of budgetary support, especially when it was aimed at covering the recurrent expenditure. As each country is unique in social-political context, country-to-country analysis is necessary. The risk of donor dependency should be also discussed based on country analysis. Providing resources is a question of political choice and not Poverty Reduction Strategy Paper (PRSP). The speaker concluded that GCE (Global Campaign for Education) is determined to promote two principles as non-negotiable: education as human rights and basic education for all the citizens. We have many stakeholders, and responsibility should be clearly understood by each stakeholder. The question is not what to do but whether we are going to do that.

[See Annex 1-2 for PPT]

**(2) Mr. Peter Colenso (Head of Profession, Education, Human Development Group,
Policy and Research Division, DFID, UK)
“DFID Initiative to Support Recurrent Expenditure in Education”**

The speaker presented the UK’s financial aid and the viewpoint as a country which promotes budgetary support. The speaker considered that the decision to provide budgetary support should be made based on the consideration on not only if it is technically right or there are needs of such form of assistance on the part of the recipient governments, but also if it is feasible in the politico-economic context of the donor country itself. The presentation touched upon 5 issues; (i) the instruments of financial aid by the UK, (ii) rationale and (iii) risks for financing recurrent expenditures, (iv) evidence on performance of the general budgetary support (GBS), and (v) priorities that global aid community should follow for better aid and what the UK has done to improve its educational assistance.

UK delivers financial aid through different aid instruments with different approaches according to country contexts. The budget support is a primary instrument for DFID in supporting recurrent cost expenditure. DFID categorizes countries to support into three groups: the fragile states affected by civil conflicts; low-income countries; and the middle-income countries. These are categorized based on the level of capacity of governance, management and utilization of public financial and other resources, political will, and plans in managing finance and reducing poverty. DFID considers that low-income countries are most suited for budgetary support.

In the case of last fiscal year (2006/07), 26% of DFID’s bilateral financial aid was provided in the form of budgetary support.

Note: In the context of DFID, “Budget support” means grant aid provided directly to the governments through bilateral programs. “Grants” in Slide 4 (P.33) means grants to third party organizations such as the UN agencies and NGOs. “Loans” are generally not directly provided.

There are four rationales of the DFID’s financial aid which aims at increasing enrollment and raising the quality of education. The speaker pointed out that capital aid would not raise revenue of recipient governments to meet the most needed areas of finance such as teacher salaries and the support of abolishing school fees. And project support tends to have narrow geographic and thematic focus and, thus, lacks the capacity to systematically cover the whole country. It also lacks sustainability as it is off-budget extra fund provided not as a part of government’s regular budget. Meanwhile, budgetary support will involve the whole government structure, even those not directly involved in education, and discussion among wide range of stakeholders will provide opportunities to negotiate and overcome the limitations. Moreover, the project-based assistance tends to restrict the accountability relationship to the one between the donor and the government. Budget support will enable the government to grasp domestic resources and donor resources as a whole. It will also strengthen the relationship between citizens and the government. On the other hand, there are risks, both for the assisted and donor governments, caused by budgetary support. For the assisted governments, policy intrusion, absorptive capacity and aid dependency are the major risks. Donor governments are concerned that fund leakage and corruption in the

process of fund distribution within the government structure of assisted country may reduce the actual amount spent for the beneficiaries. It is also said that budgetary support makes it difficult to demonstrate the impact of the aid and attribute it to specific interventions, which also leads to another concern of acquiring parliamentary and public support.

The speaker also explained the evidence and performance of budgetary support referring to the Joint Evaluation of GBS provided by multiple donors in 7 countries from 1994 to 2004. GBS had positive impacts in 5 of the 7 countries by leading to the better management of government resources and positive effects on other aid. The Net Enrolment Rates of some GBS-recipient countries - Mozambique, Rwanda, Uganda and Vietnam – has increased, which suggest that there could be some positive correlation between GBS and enrolment rate.

At the G8 summit in 2005, G7 donor countries have pledged to increase aid volumes but not all of them have been actualized. The speaker raised four priorities for aid reform if we are to meet the Education MDGs, which are; more in volume of aid, more allocation to low income countries, more amount to basic education and the right kind of support to post-basic education, and more aligned and harmonized quality. According to the Development Assistance Committee (DAC) data on aid to education provided by G7, the International Development Association (IDA), and EC countries, aid of some countries, such as Japan, Germany, France, and EU, tend to go to middle income countries rather than low income countries and, at the same time, to post-basic education rather than to basic education. The speaker also pointed out that a large part of the aid for higher education is expended for scholarships and other things that are considered not higher priorities. Therefore, he advised that global aid to education was not well aligned with the goal of meeting the Education MDGs or even the broader EFA Goals. Then, the speaker reported on what the UK is doing in its educational aid based on the rationales and issues discussed earlier.

The speaker concluded that in order to achieve aid reform and improve the quality of aid, consideration of the domestic political economy on the part of donor country is significant. DFID believes that one of the major aid instruments is budgetary support. UK is fortunate to have had supportive political environment, such as the legislative base for poverty reduction by International Development Act (2001), Prime Minister's support, cross-party and parliamentary support, including the National Audit Office, and public support. To sustain such potentially fragile consensus, DFID spends time and energy to achieve results on the ground and communicate the results back home. To continue the effort toward better educational aid, the international community should establish a broad and deep coalition among donors, private sector, and NGOs for cross financing.

[See Annex 1-3 for PPT]

Comments from the Panelists

(1) Mr. Yasushi Onishi (Director for Development Issues, International Bureau, Ministry of Finance)

A major role of Ministry of Finance (MoF) in development aid is support through multi-lateral channels, or MDBs. The international schemes of financing aid to education consists of three categories: namely, (i) grants; (ii) loans to low income countries provided through the International Development Association (IDA) without interests (so called ‘soft loans’), to which Japan is a big contributor, followed by UK; and (iii) loans with interests through MDBs such as the World Bank or Asian Development Bank.

Regarding grants, one of important schemes is the Fast Track Initiative (FTI), which was established in 2002 to provide focused assistance to countries which are facing difficulty in achieving Universal Primary Education (UPE). The FTI has demonstrated good results so far. However, in order to achieve the MDGs’ targets related to education, more has to be done.

Regarding budgetary support to cover recurrent expenditure, the speaker considers it definitely necessary on the ground that it will enable a government to pay teachers’ salaries in timely and appropriate manners. The question is how to design an exit policy and strategy so as to avoid continuous dependency of a government on external aid for recurrent expenditure. With respect to an exit policy of budgetary support to cover recurrent expenditure, there are not some orthodox best practices. So, it would be useful for us to share the speaker’s view of Bangladesh’s experience in terms of an exit policy as well as best practices, or if any, failure cases of the UK’s policy.

(2) Mr. Takehiro Kano (Senior Coordinator, Global Issues Cooperation Division, International Cooperation Bureau, Ministry of Foreign Affairs)

Japan is hosting the TICAD IV and G8 summit in 2008. It is still not decided how much weight will be placed on education in these conferences, but the effort is being made to put it into the agenda, since there is a need to talk of this issue with G8 and global partners.

Regarding recurrent budget support and self-reliance, if the country is self-reliant, the country would not need aid at all. It is always necessary to consider the domestic capacity to stand up on its own, and it is risky for a country to be dependent on the aid. Even the amount of Japan’s ODA is not predictable, as even Ministry of Foreign Affairs (MoFA) staff were surprised that the ODA budget has declined so sharply since 1999 - Japan had been the largest ODA donor for a decade. The recipient countries cannot count on the aid and should develop their own capacity. One of the keys to the success for present industrialized countries was to generate their own resources and costs on education. Like the story of “spirits of 100 sacks of rice²” introduced by Mr. Koizumi at the G8 summit in 2002, Japan

² At the beginning of the Meiji period, the desperately impoverished Nagaoka fiefdom received one hundred sacks of rice as relief aid. One of the leaders of the clan, Torasaburo Kobayashi, counseled that if they just distributed the

has long been invested in education and it even invited external experts to learn advanced knowledge in key areas at its own expense. To conclude, it is not of prime necessity to think about modality of aid, budget support or project support. The more important thing is to think about the best way to create results.

(3) Mr. Takafumi Miyake (Secretary General, Japan NGO Network for Education)

The speaker began by stating that this issue should not be considered as a dichotomy between project support and budget support, and that we would agree that a modality mix is necessary, depending on the recipient country context. Then, the question is how Japan can provide support to recurrent costs in education - to which countries, with what aid programs, and who should implement them.

Regarding which countries Japan should provide support to recurrent costs in education for, the speaker proposed that the FTI endorsement mechanism, namely the indicative framework, can be utilized to select the countries, as, at present, this is the only set of indicators that donor community has agreed to. There are two major concerns related to exit strategies: (i) until which year we should provide support, and (ii) what will happen after 2015. He recommended Japan to take the lead to initiate the empirical study on this issue of exit strategy, which would be a contribution to the donor community. The budgetary support has risks of misuse of funds and corruption. In order to reduce or avoid such risks and ensure transparency and accountability, civil society organizations (CSOs) are engaged in monitoring and budget/aid money tracking. In fact, UK and Dutch governments are funding CSOs' national coalitions to promote EFA in developing countries.

For the second point that with what aid programs Japan should provide support to recurrent costs, it is recommended to MoF and MoFA to expand budget or non-project type support within grant aid programs, because 88% of Japan's grant aid programs are project support, and only 12% of this can be categorized as budget support. NGOs welcome the government initiative to launch Grant Aid Poverty Reduction Strategy in 2007. However, from the viewpoint of Japanese taxpayers, the government should make it clear that Japan's budget support money is to be used for basic education and health. Then, sector wide support for education and health would be an option for improving the Japanese aid modality before jumping to the GBS.

As for the last point, who will be responsible for aid for recurrent costs in education, the implementation of major aid schemes, Japanese yen loans, technical assistance and grant aid, will be unified under Japan International Cooperation Agency (JICA) after ODA institution reform in 2008, which is a chance for improving aid efficiency and effectiveness. However, it is not clear how far JICA will have control over the usage of ODA money and whether JICA will be given authority to make decision about grant aid provided in the form of budget support, in addition to project-type grant aid which is currently under JICA's

rice to the fiefdom's samurai and residents, the rice would be gone in a few days. Instead he proposed to use the rice to secure funds to build a school, and thus to increase one hundred sacks of rice to thousands or tens of thousands of sacks of rice in the future. The plan was carried out, and as a result, a steady stream of valuable human resources was produced by the school. This foresight is called the "spirit of the one hundred sacks of rice" in Japan, and it emphasizes that investment in education is one of the most vital investments for nation-building.

control. JICA should be delegated more power to be able to be responsible for all aid modalities, including budget support, which will increase complementarity between technical support for governmental capacity development and budgetary support.

[See Annex 1-4 for PPT]

Main Points Discussed (Open Discussion and Q & A Session)

With the guidance of the moderator, the open discussion focused on the following three issues: (i) rationale for budgetary support and complementarities with capacity development, (ii) exit strategy and risks of budgetary support, and (iii) sub-sectoral and country allocation of education aid.

(1) Rationale for budgetary support and complementarities with capacity development

One of the participants mentioned that it might be advisable to discuss the modality issue looking at not only from positive aspect of the budgetary support, but also the other side of the coin. While the OECD DAC report said that budgetary support is successful in raising health and education spending, the World Bank report in 2006 said that support to infrastructure in Africa has fallen dramatically during the last few decades and needs to be supported as well.

Another participant pointed out that the OECD DAC report examined the successful cases of the GBS, however, the other side of the coin is the challenges for the future. As to increase public expenditure for the poor in the areas of health and education, in some countries, it is difficult to observe of the GBS has any effect on increasing resource allocation to specific areas within a sector like education. Because sub-sectoral allocation is under discretion of Ministry of Education, GBS does not have an exact instrument to assure that the desired amount is dedicated to a specific sub-sector. When recurrent cost support is discussed, Japan should be very cautious. It would be better also to discuss the negative implications of GBS.

When the modes of education support, from project support to the sector-wide approach or budget support, is discussed, from the time of structural adjustment, the point of focus always goes to the fact that success depends on institutional capacity and ownership of the government. However, as Mr. Kano said, the results on the ground seem to be more important. Particularly, in order to advance decentralization, local-level policy ownership and community participation, it is necessary to know how that can be consistent with the current trends on management at the macro level, how to ensure providing the same levels of support both at the central and ground level, and how we can ensure consistency between the technical input on the ground and the budgetary support. This is also the issue of the complementarity of project support and budgetary support.

One of the participants stated that the common concerns of participants here seem to be the effectiveness and risks of the budget support, the complementarities between the budget support and capacity development (project support). The sector-wide approach is the holistic approach of strengthening education system of a country; namely, policy, finance and service delivery at the school level. To achieve this, money is important, but this is not all. At the school level, qualified teachers and the appropriate number of the textbooks and teaching materials are indispensable. In the case of Bangladesh, because of complex bureaucracy and financial arrangement the Primary Education Development Program II

(PEDP-II) progressed very slowly. On the other hand, JICA has been supporting the “Teacher education program.” In cooperation with Bangladesh government, an institution developed teacher guidelines and built an in-service teacher training system. Now, through PEDP-II, the teachers’ guide developed under JICA-funded program will be printed and distributed nationwide to all the schools in the framework of the PEDP-II.

As for complementarities, budget and adequate policy are both important, but we need to think about service delivery at school level as well. In order to improve field-level interventions, some concrete measures are necessary. In this case, measures can be teachers’ guidelines and in-service teacher’s training. The question is how this complementarity can strengthen sector-wide achievement. We have not gotten an answer for the exit strategy or aid dependency yet. Another question is whether such matters should be solved within the education sector only or beyond it. It is necessary to scrutinize this matter more in depth and in relation to specific needs in different country contexts.

(2) Exit strategy and risks of budgetary support

Ms. Choudhury stated four points regarding the exit strategy. First, as Mr. Miyake mentioned, policy coherence is necessary for recipient countries to design an exit strategy. Second, in the political context of ODA, the exit strategy or contents cannot be designed or visualized if it is short-term (6-7 years) planning, but long-term contextualized planning is necessary. Third, in designing the sector-wide program and budgetary support, it would be desirable to include the components of institutional capacity building, which will help to push forward the exit strategy. The other important aspect is that, a governmental reform, particularly a financial reform which aims at expanding the tax basis and enhancing government financial capacity, can contribute to decrease dependency on aid and donor support. As an example of other important efforts, the speaker touched on the role played by CSOs in Bangladesh which started to voice the social responsibility of the private sector companies to support education and the government is encouraging it with the first tax rebate policy for the companies funding education. A long-term policy commitment will be needed. Finally, she argued that these reforms also have some effect of reducing corruption.

Mr. Colenso responded to the questions about DFID’s good practice in budgetary support and suggested cooperation with JICA. (i) It is possible for DFID and JICA to plan long-term collaboration strategy using the same criteria to start budgetary support in a country where project support has been implemented by both and will be continued in the long term. (ii) The World Bank’s fiscal sustainability analysis which has served information for decision-making about the Bank’s poverty reduction support credits and the grants can be used as a technical tool for the criteria. DFID is using it to see fiscal sustainability and other aspects of the governments’ managerial capacity. (iii) An intervention like budgetary support should be accompanied by complementary measures to support the recipient governments in generating domestic revenues. In the case of Uganda, complementary TA (technical assistance) to the revenue authority has been implemented and the volume of domestic revenues has dramatically increased. (iv) The most important long-term exit strategy is economic growth. DFID currently provides budgetary support to Vietnam and India but will end them in the near future, when these countries become middle-income

countries, as the country's growth will make their public finance sustainable. DFID made a new ministerial team on the issue of budgetary support and gives emphasis on long-term strategy. But it is necessary to work with the international community and not only DFID.

A participant from the floor raised the issue of the conditions for a donor country to start the budgetary or sector-wide approach. For budgetary support to be effective, it is necessary to consider the organizational structure and staffing. EFA-GMR (Global Monitoring Report) 2007 and other documents have alarmed that staff in charge of education have decreased in DFID and some other donor organizations which provide budgetary support and support to SWAP. In such a situation, when they commit to budgetary support and SWAP, these donor organizations have to coordinate and implement with line ministries and ministry of Finance of developing countries with fewer staff. If it is always the case, for the new JICA, reform of the organizational structure and staff profiles would be the issue to be dealt with.

Another participant from the floor pointed out that since the Dakar Declaration, some of the risks of budgetary support have become realities and no longer risks. What are the DFID's preventive measures to, in particular, policy intrusion, absorptive capacity, and leakage or corruption?

Ms. Choudhury responded to the questions referring to the case of Bangladesh. Although the PEDP-II, which JICA also supported, has seemed to made extensive impact, it is still difficult to determine the impact of budgetary support, as it is still new. It can be said that the levels of local ownership and community participation have been raised. However, it is not certain if there is an impact on the whole hierarchical, centralized institution of educational administration in Bangladesh, as the challenges of the institutional orientation toward implementing PEDP-II had been mentioned in the presentation. What is significant is that, at the local level, and even in the very poor areas, demand for education has been created. That is something which even India has not achieved. The government has enforced policy to promote girls' education and made necessary institutional arrangement for that. On the other hand, the quality of education issues has not yet been attended well and the data of the PEDP-II and EMIS show high dropout rates. After PEDP-II, access, equity and quality are hoped to be improved.

Mr. Colenso explained that the UK agrees on conditions and measures for budgetary support with the government it will provide aid. Major ones are commitment to poverty reduction, commitment to international human rights and other international conventions, and the strengthening of public financial management mechanisms against corruption. Once the conditions are met, dialogue with the government to launch an aid program will be started. As for implementation and the partner government's ability to handle it, several stages of dialogue are made, at the sector and national levels. As for the staffing of donors, the division of labor among the donor countries should be carried out. For instance, not all the donors sit for the sectoral meetings and some represent other donors. If some organizations do not have enough financial or human resources, such as sector advisor, and if it is required, they should be provided by others.

Regarding the risks to budget support, UK has a policy on conditionalities, which shows

how DFID uses the conditions, and clearly is not in the position of imposing any policy. It always gives priority to negotiation at the national level. Concerning the absorptive capacity, CSOs have been provided support by DFID for broader engagement in the policy and aid management process of the country level and regions. As for corruption, based on the conditions DFID agrees on with the assisted government as mentioned, there is a routine monitoring procedure in budgetary support operation using the World Bank assessment tools, and there is a no-tolerance attitude to corruption.

(3) Sub-sectoral and country allocation of education aid

A participant raised an issue regarding Slide 11 and 12 of Mr. Colenso's presentation (P34), which emphasized the importance of support to the low income countries and basic education. According to him, there is an increasing consensus in the international community that the shift to secondary and higher levels of education is necessary today in order to achieve the global goals, as without an comprehensive approach to upgrade the entire education system, efforts would stop short and fail to sustain. Therefore, it is not immediately wrong not focusing on basic education, but the attention to it should be adequately given in the reform process as a whole. But for the sake of knowing the purposes of donor countries to provide aid money, namely, whether to invest in short-term economic development or to ensuring equitable access to education, the charts provided by Mr. Colenso will be more useful.

Mr. Kano stated that it can be said that the two charts might indicate a link between the performance of the recipient countries and the emphasis on the post-primary education. When people are more educated, they become more sensitive to education. If you need good teachers to basic and primary education, they are to be better trained. Thus, the investment in higher education can be the results of public awareness and preparedness of the government to commit to post-primary education.

Session 2

Endogenous Educational Policy-Making and Aid for Self-Reliance

Summary of Presentations

(1) Dr. Eustella Bhalalusesa (Dean, Faculty of Education, University of Dar es Salaam, Tanzania)

“The Process of Adopting Education for All in Educational Policy Making in Tanzania”

The speaker shared research findings on conceptualization of EFA, priority areas of EFA goals, and integration and adoption processes of EFA in Tanzania. The main research methodology was in-depth interviews to key stakeholders of EFA, including policy makers, aid officials, teachers and civil society organizations advocates. The research found that “Education for All” is conceived as (i) inclusive education that must be made available to all specific groups including minority groups, girls, senior citizens and the disabled. (ii) a human right, (iii) basic education, particularly primary schooling, and (iv) lifelong learning, at a conceptual level in Tanzania.

The research also found that the degree of knowledge on EFA six goals varies depending on the positions of interviewees. However, in general, operational priority is given to primary education and gender equity among EFA six goals, and other aspects such as Early Childhood Care and Education (ECCE) and adult education remain marginalized. This might be one of the reasons why Tanzania does not have any policy document on ECCE. The less priority given to adult literacy and ECCE can be attributed to two reasons. One is a lack of political will, which is often contrasted with circumstances in the 1970s, when one of the major contributing factors to great achievements in the eradication of illiteracy made at that time was the strong political will within government and political leaders. The second reason would be the position of development partners such as the World Bank. The Bank’s emphasis is the universalization of primary schooling, which implicitly has greater say in determining priority of the government.

For Tanzania, EFA goals were not new, except for goals on quality of education and social and life skills. For example, in 1978, the National Education Act No.25 was passed in an attempt to consolidate universal primary education, which requires compulsory primary school attendance of every child aged 7-13. At the present time, on the surface, all of the six EFA goals have been integrated into education policy such as Education Training Policy, Education Sector Development Programme and PRSP. The study identified two factors for integration and adoption. The first one is the global movement toward EFA, to which Tanzania conforms as a member of the global community. The second factor is financial dependency on donors. As a rule, developing partners take part in meetings and they can

influence decisions.

Finally, the speaker concluded that three notable issues have emerged from the study: (i) lack of policy continuity in the history of education development caused by drastic changes of regime, (ii) human and structural complications in the process of decision-making, and (iii) difficulty of conceptualizing EFA and its effect on prioritization and translation of policies into practice. The speaker also recommended that Tanzanian government ensures that resources are equally distributed to encompass all segments of the population and all six EFA goals.

[See Annex 2-1 for PPT]

(2) Dr. Keng Chansopheak (Deputy Director, Masters of Development Studies Program, Royal University of Phnom Penh, Cambodia)
“Education Policy Making and Implementation in the Aid Dependent Country of Cambodia”

The speaker started with her own experience of being reliant on a scholarship from Japan for completing her Ph.D. in Japan, and now being independent and able to contribute to the development of her nation, suggesting that being reliant itself for some years is not bad. However, countries such as Cambodia became more and more dependent and reliant on external aid instead of being self-reliant, even though almost two decades have passed since the end of the civil war. For example, 50 percent of operational costs of the Cambodian government are from external aid. She argued that aid ineffectiveness stems from not only lack of absorptive capacity of recipient countries but also from domination and influence by donor agencies over recipient countries, which results in the failure for local knowledge to grow.

Cambodia has four education plans: (i) National EFA Plan (10 years long-term), (ii) Education Strategic Plan (5 years medium term), (iii) Education Sector Support Program (annually reviewed short-term), and (iv) Priority Action Programs (implementation measures of plans). These plans focus on primary education with abolishing school fees and providing operational budgets to schools, which, in her view, undermined the community initiatives and involvement in school management.

The speaker presented data on the impact of these policies on access and efficiency. Both gross and net enrolment rates improved after implementation of the new free primary education policy. However, survival rate remains at 65 percent, and repetition and dropout rate have not dropped, indicating that new policies have not improved the efficiency of primary education.

Based on the research findings, the speaker presented two reasons for inefficiency. First, the quality issue is not addressed. Actual learning time of children, particularly in rural areas, is only two hours due to teachers' unpunctuality, absenteeism and carelessness, in spite of the fact that official instructional hours are four hours a day. Second, school management reform measures require too much change in too short time. School principals and education officers have to comply with a complicated and unfamiliar management system, which imposes a heavy workload on them.

Lastly, the speaker concluded that these issues could be attributed to centralized and top-down policy making and lack of dialogue with local implementers, including the District Office of Education, school principals, teachers and parents. She reiterated that local people and local knowledge should be appreciated and employed in the policy-making processes rather than relying on technical assistance from donors in order to foster self-reliance and to mitigate aid dependency.

[See Annex 2-2 for PPT]

(3) Dr. Donald Holsinger (Professor, Brigham Young University, USA)
“Improving the Distribution of Education for Self Reliance”

The speaker first explained the concept of Gini coefficients, a distributional statistic that is usually used to measure inequality in income, but unfortunately almost never used to measure inequality in education, neither by donor agencies and governments nor also by academics. He recommended that the education Gini coefficient should be used to analyze education policies affecting the distribution of opportunities including new investments meant to expand coverage in education. The Lorenze Curve is used to present the Gini coefficient graphically. The Lorenz Curve has two axes of which the y-axis shows the cumulative proportion of educational attainment instead of total income as in the case of the Lorenze Curve depicting inequality of income. The higher the education Gini coefficient, the more education is unequally distributed. The education Gini coefficient of Japan is 0.25, which is slightly worse than Vietnam’s Gini of 0.24, whereas the education Gini coefficient of Cambodia is 0.51, which reflect the fact that 35% of population has no education, a lingering consequence of the massive genocide of the Pol Pot era, one of the world’s worst cases of systematic destruction of human capital.

The speaker argued that the reason for the high performance in economic growth and poverty reduction in Vietnam is because an investment in education and education policy have combined to result in a relatively equal distribution of education. In other words, investments in education have failed in many cases around the world to produce planned economic growth because the distribution of human capital was unequal. He also argued that exclusive reliance on enrollment rates as a measure of quantitative expansion or system coverage has desensitized planners to the issue of inequality and its deleterious effects on growth.

Furthermore, past research shows a weak relation between public spending on education and outcomes, such as student learning performance, due to two reasons. The first is that public resources often end up subsidizing education for the wealthy group. The second is that the conventional view on the expansion of education has masked the issue of the distribution of education.

Finally, the speaker stressed that planners and policy makers need to look at internal variation in the distribution of education within the country. His study in Vietnam using data from the latest national census in 1999 revealed the fact that the education Gini coefficient varies from province to province, indicating that there exists inequality among provinces and ethnic groups even though the mean value of the education Gini coefficient of Vietnam is very low compared to other developing countries. He also showed convincing evidence that low learning achievement scores are systematically found in provinces with more unequal distributions of education attainment. He concluded that education policy should ensure not only access to education but also equal distribution of education investment at sub-unit levels, which lead to economic growth and self-reliance.

[See Annex 2-3 for PPT and Handout]

Comments from Panelists

The moderator highlighted issues raised by presentations. First, how can we solve the gap between central level and local level in the process of policy formulation and implementation? Second, how can we ensure the quality of education? Third, how can we ensure equal distribution of education investment within a country? Fourthly, how do we look at the linkage between education services and academic performance of students? Lastly, what are the policy implications to be extracted from presentations?

(1) Dr. Yasushi Hirosato (Senior Education Specialist, Social Sectors Division, Southeast Asia Department, Asia Development Bank)

Dr. Hirosato started with explaining the motivation for initiating the research on political economy and capacity development in Asia while he was with Nagoya University (from 2004 to August 2007). When he used to engage in education sector operations, he saw lots of cases whereby donors took over the role of recipient countries. For example, policy documents were prepared by foreign consultants in the name of technical assistance, rather than by the government people. This made him believe the necessity of capacity development of local experts who can engineer education reform by themselves through policy analysis, planning, management, delivery, monitoring and evaluation, in other words, the necessity of “indigenizing” education reform capacity.

In Cambodia, the education sector program support using the sector-wide approach has been implemented, which resulted in reforms at national and provincial levels. However, as illustrated by Dr. Chansopheak’s presentation, reforms do not seem to reach at school levels. He stressed that the goal of education reform is not to promote the sector-wide approach itself or donor coordination and harmonization, but to realize sustainable improvement of learning and teaching environments with acceptable quality. Coherent and consistent capacity development efforts at the school levels are of critical importance in ensuring education reform and solving issues at school levels.

He requested one correction in the presentation by Dr. Holsinger, mentioning that the education Gini coefficient was actually used by ADB in a lower secondary education development project in Vietnam to identify the target areas for the project’s component of equitable access to lower secondary education. He also raised two questions: (1) what will be the results of estimating the education Gini coefficient if we use data from lower secondary education in Vietnam?; and (2) would any measures to mitigate the pressure of exams and increasing private tutoring be examined?

(2) Mr. Peter Colenso (Head of Profession, Education, Human Development Group, Policy and Research Division, DFID, UK)

Mr. Colenso raised a question to Dr. Holsinger that equal investment in education requires higher unit costs for those hard to reach, which might be problematic from a public policy point of view. Might government be reluctant to invest in education for the populations

which incur higher costs?

Regarding the issue of influence by donors through technical assistance and aid money, he argued that we need to trust national capacity and staff, but in the short term we have to accept the influence of expatriates. He added that we need to ensure a high level of policy dialogue for policy making and reform, which is the part of the compact in providing budgetary support.

He agreed that EFA agenda is distorted, emphasizing access to primary schooling rather than other levels of education. However, if we compare the level of investment with the level of education, we see the opposite phenomena. One example is that Rwanda spends 93 times more on university than primary education in terms of unit costs although it has a lot of problems at the level of primary education. He also commented that part of the reasons for emphasis on access rather than quality is that improving access is potentially easier through abolishing user fees and targeted investment than improving quality, which requires long-term processes.

Lastly, he raised the risk of replicating the western education system, which might mismatch the economic and social needs of the recipient countries, particularly to post-colonial countries through aid programs by donors, which requires fundamental restructuring of the management of education assistance.

(3) Ms. Rasheda K. Choudhury (Director of the Campaign for Popular Education, Bangladesh)

The speaker shared the results of a recent survey by the Education Watch group in Bangladesh which shows that improvement in primary education significantly contributed to an increase in the level of adult literacy, indicating that primary education is important. She also emphasized that education services should be equally distributed to all segments of the population.

In terms of the quality of education, she argued that we need to look at not only teachers, but also other factors, including curriculum, textbooks, learning environment, monitoring, management and governance. The survey results of Education Watch group shows that only 2 percent of grade 5 students acquire basic competences expected at their grade. The survey also suggests that the issue of the quality divide is emerging in Bangladesh, meaning that those who can afford to pay for better quality schools learn more than the poor. We have a quality gap not only between rural and urban areas, but also within urban communities. The education Gini coefficient is important for civil society organizations to analyze how and to whom money is going to. She also emphasized that we should not rely on the national level aggregated data and should take a careful look at the reality on the ground.

Main Points Discussed (Open Discussion and Q and A session)

The discussion focused on the following four issues: (i) priority on primary education among six EFA goals, (ii) the relationship between recipient governments and donors, (iii) the concept of the education Gini coefficient and its relations with economic growth, and (iv) free primary education and community participation.

(1) Priority on primary education among six EFA goals

In response to Dr. Bhalalusesa's finding in Tanzania that priority is given to primary education rather than addressing six EFA goals or other levels of education, particularly secondary education, Dr. Holsinger argued that the popularized study on the rate of return to education by George Psacharopoulos, a Greek economist at the World Bank, had been highly influential on the World Bank policy for education lending, which, in turn, also influenced other donors' education assistance policy. The Psacharopoulos' studies showed that the rate of return to investment in primary education was higher than that of any other levels of education, which led to the Bank's policy not to invest in any other levels of education for many years. However, this policy created an enormous unmet demand for secondary education, for which donors are now scrambling to catch up.

The Ambassador of Rwanda to Japan, who used to be a president of National University of Rwanda, shared the situation in Rwanda where only 18 percent of primary graduates are able to proceed to secondary schools due to lack of resources for secondary education, even though the gross enrollment rate for primary education is 95 percent. This is partly due to the donors' focus on primary education. He also emphasized the importance of higher education in Rwanda to develop professionals such as lawyers, doctors and teachers, as the country experienced a tragic massacre that resulted in the loss of human capital.

Dr. Bhalalusesa reiterated that we need to have a holistic view of the education sector. Priority on primary education provides pressure on secondary education, which requires an increase in the number of teachers of secondary schools, leading to the demands on teacher training colleges.

(2) The relationship between recipient governments and donors

The Ambassador of Eritrea to Japan reflected on the colonial times of Africa and proposed that education assistance should take strategic partnership between donor countries and African countries into account, which promotes private sector development and international trade. For example, in the past, Japanese assistance to Asian countries promoted strategic business partnership, which contributed to economic growth in the region.

The Ambassador of Rwanda to Japan argued that governments should have the capacity to own the processes of policy-making and implementation, which is the challenge of his government as well. He also suggested that the capacity of local governments is important

in the education sector because they can fill the gap between policy and practice at the school and community levels.

Dr. Chansopheak gave an example from Cambodia that young professionals who studied abroad are making efforts to compete with international consultants, even though it is not easy to win the competition. They meet regularly to discuss the development of Cambodia, including the issue of international assistance. It is a new trend that young professionals themselves are aware of ownership of the country. The other positive sign to show the national ownership is that a national strategic plan of Cambodia mentions the reduction of technical assistance.

Dr. Hirosato added that in order to address this issue, we also need to discuss how to strengthen links among national government, local government, communities, and schools in a sustainable manner. He stated that Dr. Chansopheak's diagram in her presentation showing the relationship among these stakeholders would be helpful for the purpose of identifying the way to reduce coordination or transaction cost of interactions among stakeholders.

(3) The concept of the education Gini coefficient and its relations with economic growth

Participants showed lots of interest in applying the education Gini coefficient for the analysis of Vietnam presented by Dr. Holsinger. A participant argued that the education Gini coefficient is a stock concept, whereas the income Gini coefficient is a flow concept, because asking the question to senior adults about the years of schooling implies the past stock of human capital of the respondents. Therefore, the rapid increase in the enrollment rate of higher education after 2000 is not captured by the education Gini coefficient due to the stock feature of the concept. He also argued that ensuring equality in higher education is not necessary because not everyone needs to go to university. This also implies that even though the education Gini coefficient of Vietnam is almost the same as Japan, the meaning of the coefficient is quite different. He proposed that future research is needed to find out why the education Gini coefficient is small in Hanoi, a northern city, whereas it is large in Ho Chi Minh, a southern city, even though the income level of Ho Chi Minh is higher than Hanoi.

Dr. Holsinger responded that one difference between the income Gini coefficient and the education Gini coefficient is that there is no upper limit in income, while there is an upper limit in the number of years of education. The implication of this fact is the need to monitor periodically changes in the distribution of education which can occur quite quickly, especially with massive infusion of funds brought on by EFA and other "fast track" initiatives of major donor agencies. In the U.S. and Canada, a significant proportion of total population has already received higher education, which results in stability of the American education Gini coefficient. However, the Vietnamese education Gini coefficient has changed quickly, so we need to continue to look at it.

Mr. Yamada of OXFAM Japan pointed out that we also needed to consider and deal with

other factors affecting economic growth, such as international trade and investment regimes, in order to be able to explain why in some cases equal distribution of education investment did not result in actual economic growth as expected. Dr. Holsinger referred to the human capital theory that education makes labor more productive in all sectors. Farmers with basic literacy and numeracy produce more kilos of rice per hector than farmers without them. This positive correlation between human capital and economic growth has been proved over and over by economists, with no exceptions.

(4) Free primary education and community participation

Another participant agreed with Dr. Chansopheak in that free primary education would sacrifice the tradition of community financing and participation at school levels not only in Cambodia, but also in other countries, while recognizing that free primary education is a human right as stipulated in the Universal Declaration of Human Rights. He asked Mr. Colenso for DFIF's view on this.

Mr. Colenso responded that there were lots of internal debates on the DFID position on user fees for primary health services, but not so much debate was there on formulating policy on free primary education. He stressed that DFID's policy paper on free primary education is a powerful political statement, while he admits that there may be counter examples. He added that implementing free primary education is much more complex and difficult to manage than it appears on the surface. If we abolish fees overnight, the education system will collapse. Therefore, donors need to support the government to prepare the sequences of implementing free primary education.

Mr. Yamada of OXFAM Japan argued that there is a risk of idealizing community financing as a panacea for bottom-up approach, because there are cases where only those who can afford to pay have a say about how the school should be run, which he considered as a form of inequality that should not influence primary education. Instead, he reiterated the importance of free primary education as the state's responsibility to guarantee its citizens' basic human rights, and proposed a different kind of bottom-up approach, in which people and communities are not only empowered enough to understand policy papers written by the elites, but also to actively identify and express their own needs and hold their governments to account for the quality of education. From this perspective, he proposed a redefinition of the concept of community participation, from one achieved through financial contribution to one achieved through participation in school management.

Dr. Chansopheak responded that even though it is true that some local people who could contribute to the school influenced schools before, nobody could influence schools now because they do not finance schools after introduction of the free primary education policy.

Dr. Bhalalusesa stated that even though we abolished school fees in Tanzania, we cannot say that Tanzania has achieved free primary education, because parents and households still have to pay for textbooks, pens and so on. In urban areas, some better-off parents pay for private tutoring, which results in the increased gap in student achievement between the rich and the poor.

Ms. Choudhury agreed with Dr. Bhalalusesa in that education is not free even under the free primary education policy. A recent study on the financing of primary and secondary education in Bangladesh found that communities, particularly parents, contribute more than the government does. The community contributes to the school in hiring more teachers and buying supplementary materials. She added that what we have to ensure is community participation in decision-making processes, rather than community financing. She argued that basic education is a human right, so it has to be free, but at the same time, we need to encourage, mobilize and allow the local community to participate.

Dr. Holsinger stated that Americans find it difficult to distinguish between public education and community education, although privately funded education is clearly understood. In the U.S., communities had been, from the beginning, granted the right to establish school districts with taxing authority. Hence the schools of these communities were both public (i.e., financed from tax revenues) and community based. Political movements elsewhere to decentralize education funding and decision making are irrelevant to the U.S. case because the U.S. was never centralized and hence cannot decentralize. However, decentralization might be difficult for other countries. Indonesia is trying to radically decentralize its education system, which is a great experiment because no country that big in size has ever attempted to do so.

ANNEXES

Annex 1-1
Dr. Yamada's PPT

Slide 1

Seminar on Aid for Self-Reliance and Budget Support for Educational Development

October 18, 2007

GRIPS, JNNE, Nagoya University, and FASID

Slide 2

Dilemmas we face toward achieving educational development

- 1. Do global agendas and national priorities always match?**
 - Potential fields of conflict in prioritization:
 - Universal primary education for school-aged children - Inclusive education (adult literacy, special education, mobile school, etc.)
 - Quality vs. quantity
 - Tertiary and Technical Vocational vs. Primary Education (Trickle-down or Bottom-up)

Slide 3

- 2. Will everything mentioned in the policy be implemented?**
 - Lack of resources (control over resource)
 - Lack of implementation capacity
 - Lack of operational programmes
 - Lack of leadership/commitment
- 3. Do all stakeholders participate in decision-making equally?**
 - "Partnership" among government, donors, civil society organization, etc.
 - Aid dependence?

Slide 4

Questions

Does budget support promote effective and self-reliant educational development?


What is needed to foster endogenous policy-making and implementation?

Slide 5

International goals in the field of education

"Education for All"	Millennium Development Goals (MDGs) on education
1. Expansion of Early Childhood Care	1. Universal primary education
2. Universal free compulsory primary education by 2015	2. Gender equity
3. Expanded access to adult education	
4. 50% improvement of adult literacy rate by 2015	
5. Eliminating gender disparities by 2005	
6. Improvement of quality of education	

Slide 1




**ENSURING EDUCATION FOR ALL
BUDGET SUPPORT: BENEFITS & CHALLENGES**

Presented by:
Rasheda K. Choudhury
Director
Campaign For Popular Education (CAMPE)
Dhaka, Bangladesh
October 2007

1

Slide 2




**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

2

Slide 3




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.

3


Slide 4



- 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”.

4


Slide 5



- 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!!

5


Slide 6



- 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.

6

Slide 7




- 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?"

7


Slide 8



- **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.

8


Slide 9



- 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.

9


Slide 10



- **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.

10


Slide 11



- 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".

11

Slide 12




**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**.

12


Slide 13



- 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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Slide 16



- 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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Slide 17



- 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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Slide 18



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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Slide 19

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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Slide 21

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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Slide 23

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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Slide 24


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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Slide 25



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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Slide 26



- 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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Slide 29



THANK YOU

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Slide 30



References:

- Flow of External Resources in to Bangladesh (as of 30 June 2006), Economic Relations Division, Ministry of Finance, Government of the People's Republic of Bangladesh, Dhaka 23 April 2007
- The Millennium Development Goals Report 2007, United Nations, New York, 2007.
- Bangladesh Economic Outlook, Vol.-1 No-1 September 2007 published by SHAMUNNAY, edited by Atiur Rahman
- Second Primary Education Development Program (PEDP-II), Directorate of Primary Education, September 2007

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Slide 1

DFID Department for International Development

'Should recurrent expenditure in education be supported?'

Peter Colenso
Head of Profession, Education
UK Department for International Development (DFID)

GRIPS, Tokyo, 18th October 2007




Slide 2

DFID Department for International Development

Structure of the presentation

1. How the UK delivers financial aid
2. Rationale for financing recurrent costs
3. Risks
4. Evidence on performance
5. The bigger picture on aid reform

Page 2




Slide 3

DFID Department for International Development

1. How the UK delivers financial aid

- using different instruments & approaches in different country contexts
- DFID's use of budget support

Page 3



Slide 4

DFID Department for International Development

Different instruments for different contexts

Budget support if possible (plus TA and grants)


Can support recurrent costs (e.g. ARTF), but mostly projects

Some budget support and other financial aid (e.g. India)

Greater use of UN and civil society, including humanitarian aid

Mostly influencing domestic policies and international footprint

Page 4




Slide 5

DFID Department for International Development

DFID's use of budget support

- £551m provided in budget support to 16 countries in 2006/07
- over half of our financial aid and 26% of total bilateral expenditure
- 56% GBS; 44% SBS; in some countries both GBS & SBS (e.g. Ghana, Vietnam)

Page 5




Slide 6

DFID Department for International Development

2. Rationale

- **to finance the costs that most need financing (e.g. teacher salaries; supporting abolition of user fees)**
- support to the budget enables a dialogue on inter- and intra-sectoral budget allocation & execution, leading to improved allocative and operational efficiency
- institutional strengthening
- domestic accountability

Page 6



Slide 7

3. Risks

- Partner governments
 - policy intrusion
 - absorptive capacity
 - aid dependency
- Donor governments
 - leakage / corruption
 - demonstrating and attributing impact
 - parliamentary and public support

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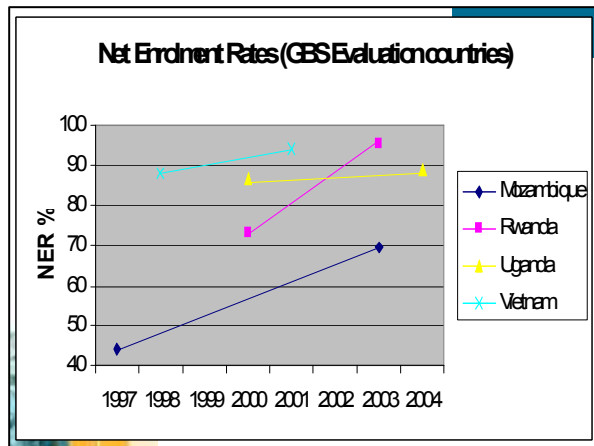
4. Evidence on performance

- 'Joint Evaluation of GBS' found that GBS:
 - is effective, efficient way to deliver aid & had significant impact in 5 of the 7 countries
 - increased expenditure on the poor, including more health & education services;
 - made aid more predictable & better aligned with govt priorities & systems;
 - empowered public bodies to strengthen policy development and policy coherence;
 - helped ensure public expenditure was more efficiently delivered and public financial management systems were strengthened, meaning all govt resources are better managed; and positive effects on other aid
- Impact (e.g. Tanzania: 25% more teachers over 5 yrs, 3m more children enrolled)

DFID Department for International Development

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Slide 10

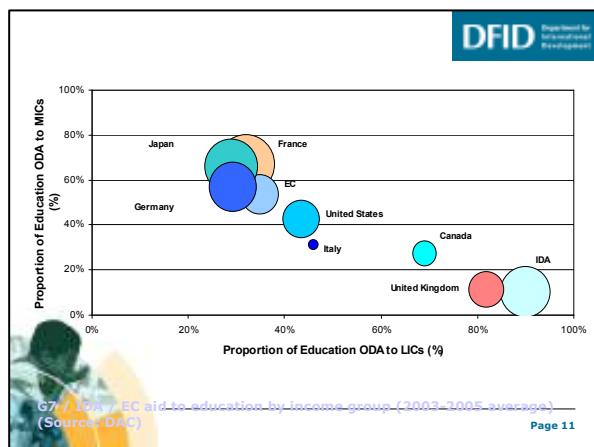
5. The bigger picture on aid reform

- 4 priorities for aid reform
 - volume: more aid
 - allocation: more to low income countries, including to fragile states
 - composition: more to basic education; the right kind of support for post-basic education
 - quality: more aligned and harmonised e.g. more budget support & recurrent cost financing, more pooling, more PBAs; longer term; less tied aid
- aid is 1 instrument in development

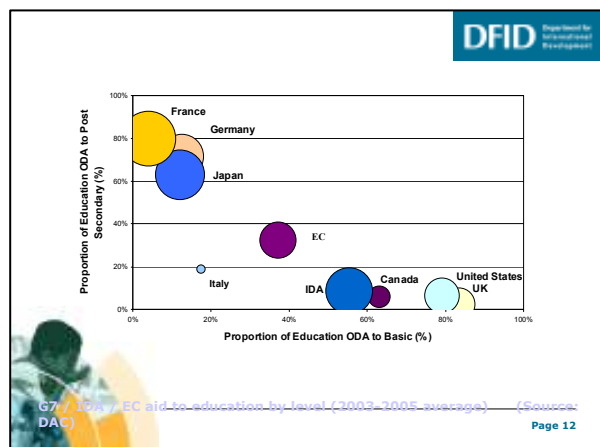
DFID Department for International Development

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What the UK is doing

- volume: 0.7% ODA/GNI trajectory; second largest donor; US\$15 billion to education over 10 yrs to 2015
- allocation: at least 90% total bilateral aid to LICs
- composition: 84% of education aid to basic education (2003-05); more sector-wide financing
- quality: 28% of total aid as budget support in 2006/07; 52% of total aid delivered through programme-based approaches; aid untied since 2001




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Slide 14



Where good practice and good politics meet

- DFID believes in providing more and longer-term aid, flexibly delivered, and targeted where it will impact the poorest
- legislative base for poverty reduction
- Prime Minister support
- cross-party and parliamentary support (including National Audit Office)
- UK public support (?)
- need to deliver and communicate results, to sustain this potentially fragile consensus
- need a broad and deep coalition to deliver



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Slide 1

How can Japan support recurrent cost in education?

Which countries?
What programs?
Who?

Takafumi Miyake
Japan NGO Network for Education (JNNE)

Slide 2

1. Which countries?
Utilize FTI mechanism

- Criteria of FTI endorsement
 - a poverty reduction strategy or equivalent, and
 - a sound education sector plan with indicative framework, endorsed by in-country donors
- 32 countries endorsed
- Exit strategy: Study needed
- Support to CSOs engagement in monitoring and budget/aid money tracking.

Slide 3

FTI Indicative Framework

Suggested benchmarks (not targets) drawn from analysis of successful countries. Crucial for long-term sustainability of MDG progress.

Indicators

- 1) Government spending on education - about 20% of budget
- 2) Spending on primary education - about 50% of education budget
- 3) Teacher salary - about 3.5 times GDP per capita
- 4) Pupil-teacher ratio - about 40:1
- 5) Non-teacher salary spending - 33% of recurrent spending
- 6) Average repetition rate - 10% or lower
- 7) Annual hours of instruction - 850 or more

Source: FTI Secretariat (2007)

Slide 4

2. With what aid programs?
Expand budget support type grant aid and earmark them to basic education

Grant Aid budget in FY 2007

Modality	Name of the Schemes	FY 2007 budget in Billion Yen	Share in Grant Aid
Project Support	Grant Aid for General Projects which include school construction, Emergency Grant Aid, Food Aid, Grant Aid for Grassroots Human Security Projects, etc.	143.6	88%
Budget Support	Grant Aid for Conflict Prevention and Peace Building (BY12.8), Grant Aid for Sector Programs (BY5), Grant Aid for Poverty Reduction Strategy (BYO.6)	20.0	12%
Total		163.6	100

Slide 5

3. Who?
Streamline grant aid delivery mechanism, more power to JICA

Source: Japan's Official Development Assistance White Paper 2006, MOFA

To strengthen complementarity among project, technical cooperation and budget support, all the grant aid programs including budget support type aid should be planned and implemented by new JICA.

Slide 6

Lastly,

- “Classrooms do not teach. Teachers do.”
- UNESCO estimates that by 2015, 18 million new teachers will be needed globally –4 million in Africa alone.

Slide 1

THE PROCESS OF ADOPTING EDUCATION FOR ALL (EFA) IN EDUCATIONAL POLICY MAKING IN TANZANIA
18th October, 2007

Slide 2

Prof E.P Bhalalusesa
University of Dar es Salaam
Tanzania

Slide 3

Introduction

Background to the study
A comparative study of three countries

1. Tanzania
2. Kenya
3. Ethiopia

In collaboration with:
National Graduate Institute for Policy Studies (GRIPS Japan)

Slide 4

EMERGING THEMES

1. Conceptualisation of Education For All: Definitional issues

No universal or standardized definition of the term existed. EFA is variously conceived as:

- inclusive education that must be made available to all specific groups
- a right

Slide 5

Conceptualisation of EFA Cont.

- basic education: narrowly taken to mean primary education and/or basic literacy skills for adults
- an education fundamental to one's life that more or less resembles lifelong learning

Slide 6

2. Knowledge of EFA goals: Who knows what and why?

- ✚ The degree of knowledge varied depending on the position
- ✚ Not all of the six goals receive equal attention
- ✚ Priority is on primary education

Slide 7

EFA goals: Where is the priority Cont.

- ✚ **The aspect of gender equity is also being effectively brought to the fore**
- ✚ **Other aspects like early childhood care and adult education are mentioned but remain marginalised**

Slide 8

3.EFA goals: Where is the priority and Why? Cont.3.

Contributing reasons:

- ✚ **Consciously and/or unconsciously**
- ✚ **Lack of strong political will?**
- ✚ **Conflict of interest/power?**

(“Who pays the piper also calls the tune”).

Slide 9

4. EFA goals: Are they new?

- EFA goals were not new (just re-affirmed) except**
- ✓ **the specific articulated concept of EFA and collective global effort to fight ignorance**
- ✓ **Goal on quality ed. and social and life skills**

Slide 10

EFA goals: Old wine in new bottles?

- **Examples of efforts before 1990**
- ✚ **Plans to fight ignorance just after independence**
- ✚ **Adult literacy campaign in 1970**
- ✚ **UPE in 1974**
- ✚ **The 1978 National Education Act No. 25 to consolidate UPE efforts.**

Slide 11

5. Integration and adoption of EFA goals

- ✚ **At surface level EFA goals have been integrated into educational policies**
- ✓ **Education and Training Policy (ETP) 1995**
- ✓ **Tanzania Development Vision 2025 which accords high priority to education.**
- ✓ **The Poverty Reduction Strategy Paper (PRSP) MKUKUTA**
- ✓ **The Primary Education Development**

Slide 12

6. What influences adoption and integration?

Factors:

- The global movement.**
Tanzania is part of the world - logical that it conforms to global movements
- Financial/donor dependency**
Developing partners take part in meetings and influence decisions

Slide 13

Conclusion: What big picture can we draw?

1. Education For All is not something entirely new in Tanzania.

Although, the concept is associated with the 1990 Jomtien Conference and the later 2000 Dakar Framework For Action, the mission of achieving education for all has long existed

Slide 14

Conclusion cont.

Therefore, the current global movement is indeed a renewal of these early initiatives

Slide 15

Conclusion cont.

■ **Regardless of this, three notable issues have also emerged:**

1. Lack of policy continuity in the history of education development which necessitated changes to government policy and/or shifts in emphasis.

Slide 16

Conclusion Cont.

2. Human and structural complications in the process of decision-making

The practice of EFA is not value-free, natural concept, but rather a construction through struggle for and conflict of power/interest

Slide 17

Conclusion Cont.

3. Difficulty of conceptualizing EFA and its effect on prioritization and translation of policies into practice.

Slide 18

Conclusion Cont.

□ **What is the way Forward?**

□ **It is recommended that to achieve EFA goals, Tanzania has to ensure that resources are equally distributed to encompass ALL segments of the population. Otherwise, educating all will remain to be a vision than reality if other segments of the population are left on the periphery.**

Slide 19



Slide 1

Education Policy Making and Implementation in the Aid Dependent Country of Cambodia

Keng Chansopheak, Ph.D.
Royal University of Phnom Penh

Slide 2

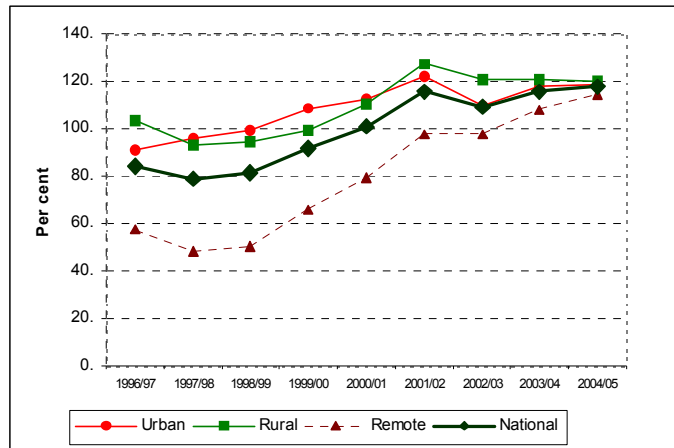
Policy Papers

- National EFA Plan
- ESP
- ESSP
- PAP
- Features: Focus on primary education; Fee abolition, provision of operational budget to schools

Slide 3

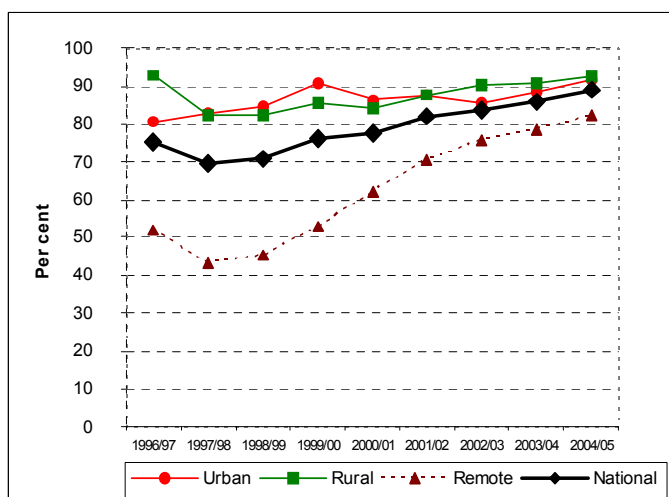
Impact: On Access to Primary Education

Figure 5.1: Gross Enrolment Rates from 1996/97 to 2004/05 by Geographical Settings



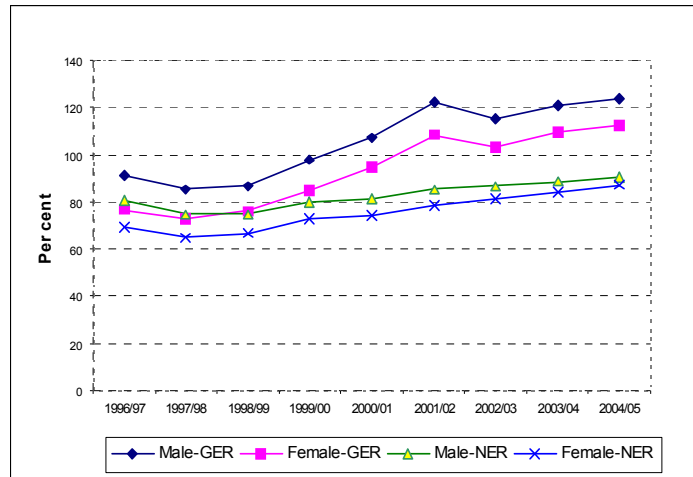
Slide 4

Figure 5.2: Net Enrolment Rates from 1996/07 to 2004/05 by Geographical Settings



Slide 5

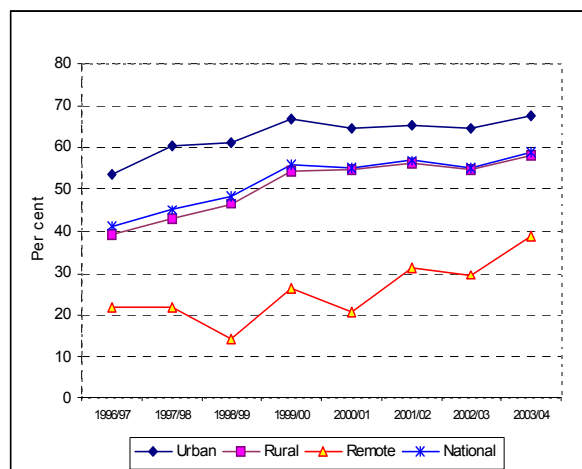
Figure 5.3 Gross and Net Enrolment Rate from 1996/7 to 2004/05 by Gender



Slide 6

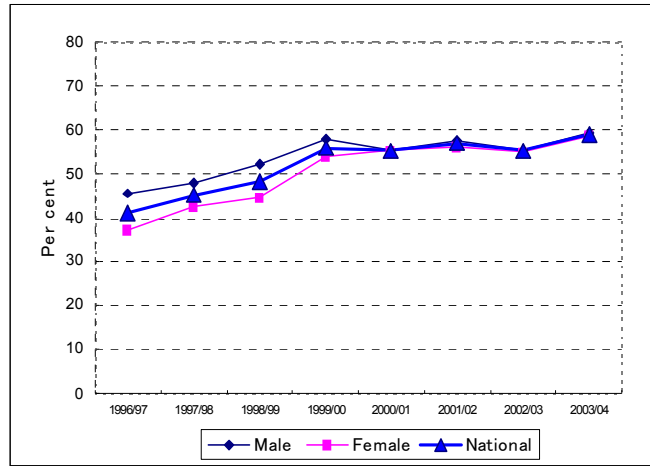
On Efficiency of Primary Education

Figure 5.4 Grade 5 Survival Rate from 1996/7 to 2004/05 by Urban/rural/remote settings



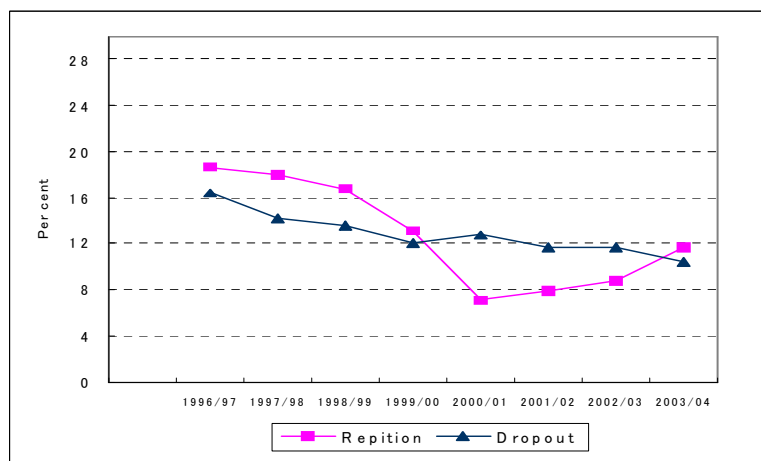
Slide 7

Figure 5.4 Grade 5 Survival Rate from 1996-7 to 2003-04 by Gender



Slide 8

Figure 5.6: Repetition and Dropout Rate 1996/97 to 2003/04



Slide 9

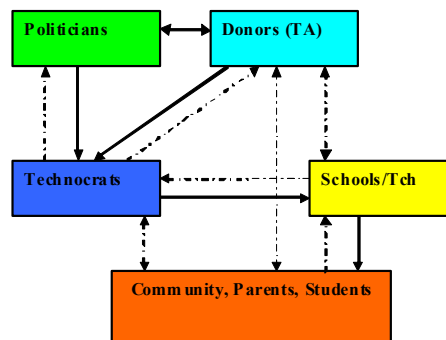
Problems in Reform Implementation

- Real quality issue is not addressed (Teachers)
 - Instructional hours lost to teachers' unpunctuality, extended holiday, seasonal absence, teachers' carelessness,
 - Little innovation in teaching
 - Low remuneration for teachers
 - Low teachers' commitment to change
 - Lack of motivation
 - Low commitment to professionalism
- Too much too soon (school management)
 - Complicated and unfamiliar financial management system
 - Heavy workload
 - Lack of attention to teaching and learning
 - Lack of Ownership, Schools continue to perceive PAP as foreign aid programs
 - Rigid guidelines
- Unable to hold schools accountable (Community)
 - Lack of capacity to understand the government policy
 - Culture of "teachers are always right"

Slide 10

Why???

- Top-down policy making
- Lack of dialogue with local implementers (DOEs, Principals, Teachers, Parents)
- Ignoring local knowledge, not encouraging innovation



Slide 1



Improving the Distribution of Education for Self Reliance



Dr. Donald Holsinger
Professor Emeritus

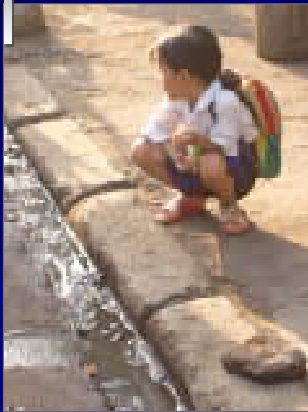
BYU

October 18, 2007

Slide 2


Human Capital

- The main asset of most poor people is their **knowledge** and **skills**. This we call **human capital**.
- Investing in the human capital of the poor is an effective way to help them and reduce poverty.



Slide 3

Distribution



- For economic growth to have an impact on poverty the principal asset, human capital, needs to be distributed equally
- To be sustained, development must be equitable and inclusive.

Slide 4

Our view

We believe that inadequate attention has been given to the distributive effect of public investments in education.



Slide 5

Where has all the education gone?


Research shows a weak relation between public spending on education and outcomes such as student learning or mastery of the curriculum. (Filmer and Pritchett 1999)

Why is this?

Slide 6


Reasons

1. Public resources subsidize education for the comparatively wealthy.
2. The way we have looked at the quantitative expansion of education has masked the distribution of education.



Slide 7


Why do the better off capture the resources aimed at the poor?



1. Public resources subsidize education for the wealthy.

Slide 8

Reasons



- Vietnamese demand higher quality education and are willing to pay for it.
- Money begins to pour into physical capital—e.g. the construction of new universities and schools in urban centers. This works against primary and lower secondary education of the poor in rural areas.

Slide 9

Gini Coefficients

- Enter the education Gini—a superior measure of quantitative coverage.
 - ◆ Gini coefficients are familiar measures of income inequality.
 - ◆ Within a given population, Gini coefficients indicate the distribution of a particular characteristic.
 - ◆ Gini coefficients vary from 0 (total equality) to 1 (total inequality).

Slide 10

Lorenz Curves

- Gini coefficients can be understood graphically by reference to the Lorenz curve.
- The **Lorenz curve** displays a diagonal representing perfect equality.
 - The closer the curve is to the diagonal, the more equally the characteristic is distributed in the population. The further the curve from the diagonal, the larger the inequality in the population.

Slide 11

The Gini Coefficient

- The **Gini coefficient** is the area between the curve and the diagonal as a percentage of the triangular area below the diagonal.

$$E_{gini} = \left(\frac{1}{\mu} \right) \sum_{a=1}^9 \sum_{b=1}^{a-1} x_a |z_a - z_b| x_b$$

- The higher the Gini, the more unequal the distribution.

Slide 12

The Education Gini Coefficient

- Acknowledged as the best distributive measure of education.
- Makes explicit both absolute coverage and the distribution.
- Is negatively correlated with mean years of schooling at -.84
- Does not tell us where (at what education level) inequality is located.
- Does not tell us about the *quality* of education.

Slide 13

The Education Gini Coefficient

- The total number of years of education in the labor force and the equality of distribution of education in the labor force are highly related, but not identical.
- Although the education Gini coefficient may be used for children of school age we believe it is most appropriate as a measure of the quality of the labor force.

Slide 14

Conclusions

- Investments in education have failed in many cases to produce planned economic growth because the distribution of human capital was unequal.
- Exclusive reliance on enrollment rates as a measure of quantitative expansion or system coverage has desensitized planners to the issue of inequality.



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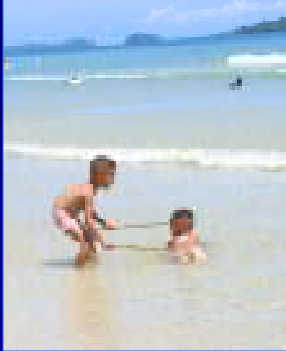
Conclusions

- The education Gini coefficient is a useful tool for examining the distribution of education in the labor force (or in student-age populations).

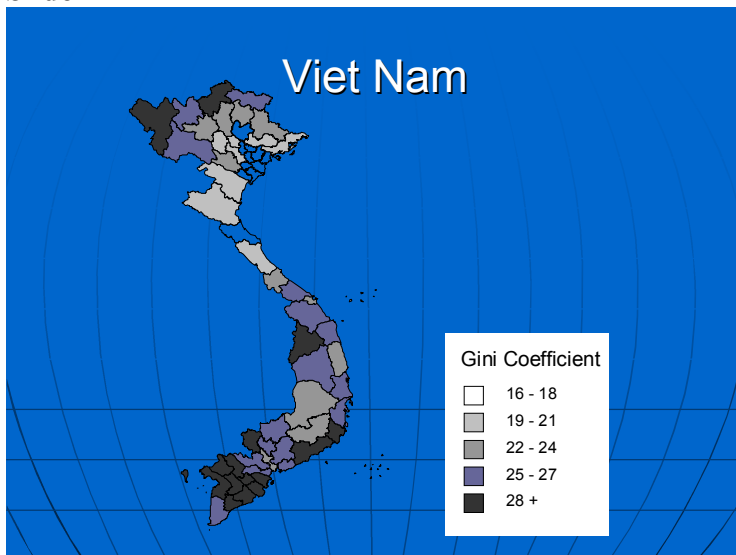
Slide 16

Conclusions

■ Public policy for education should make use of the education Gini for planning and progress evaluation purposes.



Slide 17

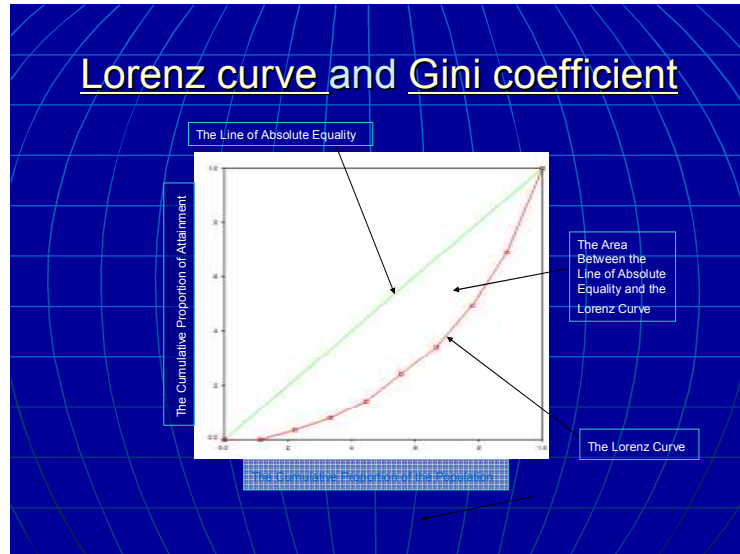


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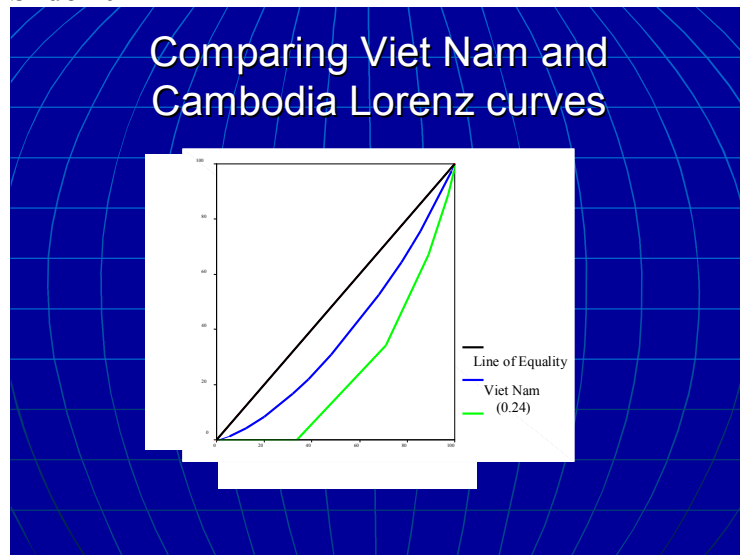
The Distribution of Education in Southeast Asia and GDP per capita.

Country Name	Mean Years Schooling	Gini Coefficient	GDP per capita
Cambodia*1	3.29	0.51	253
Hong Kong	8.86	0.32	23095.38
Indonesia	4.6	0.41	979.86
Japan	8.98	0.25	43817.87
Korea	10.04	0.22	12174.05
Malaysia	6	0.42	4540.67
Philippines	6.93	0.33	1132.93
Singapore	5.64	0.44	26294.36
Thailand	5.48	0.39	2720.76
Viet Nam*2	7.34	0.24	211.18
Mean	6.716	0.353	11522.01

Slide 19



Slide 20



Slide 21

- ### Education Inequality and Academic Achievement
- What impact do efforts to achieve an equal distribution of primary school completion rates have on student learning?
 - This question has rarely been asked and never satisfactorily answered.

Slide 22

Evidence from Viet Nam

- Viet Nam presents an unusual opportunity to examine the relationship between education inequality and student learning.
- Data for the education Gini were calculated by Holsinger and students
- Achievement data came from a World Bank supported study of fifth grade math and science achievement.

Slide 23

Theoretical Considerations

- If by a theory we mean, for every X, if Y, then Z, we would have for every Vietnamese fifth grade student, if s/he lives in a province with an equal distribution of education, then her/his score will be higher.
- There is very little analytical work in support of this proposition.

Slide 24

A moderately strong relationship

- The simple bi-variate correlation is $r = -.54$
- It has a negative sign because of the way inequality is measured ("0" is equal and "1" is unequal)
- The correlation of $-.54$ means that Vietnamese provinces with high equality also have students who achieve higher exam scores.

Slide 25

Compare this correlation to the Human Development Index (HDI)

- The Human Development Index (HDI) is a comparative measure of life expectancy, literacy, education, and standards of living for countries worldwide. It is a standard means of measuring well-being, especially child welfare.
- A rival or alternative explanation is that provinces with high education equality are also high on the broader HDI and that this fact, not equality of the distribution of education attainment, is behind the relationship with learning achievement.

Slide 26

Education Gini and 5th grade achievement controlling for HDI level

Variable	Combined score	Education Gini	HDI rank province	Math score	Reading score
Combined Reading and Math Benchmark	1	-.54	-.46	1	.92
Education Gini (inequality score)	-.54	1	.40	-.54	-.62
Human Development Index provincial score	-.46	.40	1	-.46	-.48
Math Independent Benchmark	1	-.54	-.46	1	.92
Reading Independent Benchmark	.92	-.62	-.48	.92	1

Slide 27

Equality Promotes Learning

- The results for Viet Nam are promising but we need to compare them to other countries.
- Equality of the distribution of education appears to be related to student achievement but the reasons for that relationship are still unclear.

Slide 28

Equality and Social Justice

- Traditionally we have argued that equal access to education opportunity is an inherent good.
- The demands of social justice, as a development objective, require efforts to equalize completion rates at the basic education level.
- Completion rates are much superior to enrollment ratios.

Slide 29

Education Gini

- But even primary school completion rates are averages at the country or provincial levels.
- All statistical measures of central tendency have an inherent weakness in that they cover or hide variation.
- The education Gini exposes variation in the distribution and should be routinely used to measure progress in education.

Is the Distribution of Education in Vietnam a Significant Policy Tool for Self Reliance?³

Donald B. Holsinger⁴

October 18, 2007

Abstract

Vietnam's economy over the past decade grew at one of the highest rates in the world. The broadly based nature of this growth sent tumbling by over 20 percentage points the proportion of the population falling under an internationally comparable poverty line. Yet this growth has also generated increases in income inequality which, by some measures, threaten to give Vietnam one of the most unequal income distributions (highest income Gini coefficients) in Southeast Asia within 10 years. Paradoxically the growth experienced the Vietnamese economy may have been caused, in large measure, by its relatively equal distribution of education attainment at the time of its economic transition from central planning to a market economy (with socialist characteristics). This paper examines the dynamic interconnections between growth and education attainment inequality. It argues that the remarkable levels of education equality achieved at the time of reunification may not be sustainable and that increasing levels of income inequality may jeopardize Vietnam's efforts to reduce poverty, by undermining pro-poor policies in the short to medium term. Finally the paper presents new evidence that education inequality perversely affects learning achievement and, ultimately, human capital formation. Efforts by Japanese (development donors and development agencies) to build and sustain in low income countries a network of high quality schools that equalize education attainment (low education Gini coefficients) levels is a sound policy for assuring self-reliance.

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Is the Distribution of Education in Vietnam a Significant Policy Tool for Self Reliance?

Donald B. Holsinger

Introduction

After seemingly interminable decades lost to war and later isolation and economic mismanagement, the closing decade of the 20th century was, in development terms, perhaps the greatest in its history. Vietnam enjoyed an average rate of economic growth of 7.6 percent over the decade, placing it among the fastest growing countries in the world, alongside its neighbor China. Less remarked upon is the burst of poverty reduction Vietnam experienced over this period, one that would, if sustained a further 10 or 15 years, move it from the ranks of the poorest populations in the world to one with negligible levels of absolute poverty. In part because of these numbers, and the textbook fashion in which the Vietnamese economy responded to market-oriented reforms, the World Bank has described Vietnam as a case study of the promise of economic integration or 'globalization' for poor countries.⁵

Today, however, a growing number of observers at the multi-lateral and regional development banks are worried about another phenomenon—one too common in the era of unbridled capitalism and globalization—income inequality. Before turning to the question of education equality in Vietnam and its effects over this same period, I will take a few minutes to analyze recent evidence from Vietnam on the distribution of wealth, that is, per capita income. Inequality of wealth appears to be growing in Vietnam and this may have far reaching repercussions for self reliance in that nation.

The increasing geographical concentration of poverty is striking, with the Northern Uplands, Mekong Delta and North Central Coast regions holding over 67 percent of Vietnam's poor in 1998, from 55 percent in 1993.⁶ While in the aggregate, Vietnamese income/expenditure inequality is still moderate by international standards, a focal point of contention is the pace at which income inequality has been growing. Two recent estimates made from the aforementioned VLSS for 1993 to 1998⁷, and another appearing in the UNDP-sponsored Country Human Development Report reach significantly different conclusions. The VNLSS data showed Vietnam's income Gini coefficient to have increased only marginally, while the UNDP-backed study reports a large increase, from 35.6 to 40.7. It is this latter estimate that is striking. If true, it suggests Vietnamese inequality is growing at one of the fastest rates recorded in the world in recent years, and has reached the same level as China much faster, and at a much lower income level.⁸

Poverty in Vietnam

Poverty in Vietnam is arguably the most momentous socioeconomic issue facing that country over the medium-term, for a number of reasons. First, however defined, the sheer number of

⁵ World Bank, *Globalization, growth and poverty: building an inclusive world economy*. New York: Oxford University Press and the World Bank.

⁶ World Bank (1999). *Vietnam: preparing for take-off?* Hanoi. World Bank.

⁷ The Viet Nam Living Standards Survey is a publication of the Government Statistics Office.

⁸ For details and data presentation see National Center for Social Sciences and Humanities (NCSSH), 2001, *National human development report 2001: doi moi and human development in Vietnam*, Hanoi: The Political Publishing House.

people living in poverty is still high in Vietnam. Approximately one-third of the population, or some 25 million people, fall below the international poverty line. Thus, how Vietnam deals with the question of poverty and inequality will define the type of society it will become. Will it be able to emulate the long-term relative success of the East Asian "tigers" in generating broadly based affluence and reducing poverty? Or will Vietnam ultimately resemble countries like the Philippines or Sri Lanka, which, despite better-than-average social indicators in some areas, have lost the momentum of growth and poverty reduction. A worst case scenario in which Vietnam drifts towards some unstable combination of accelerating inequality, low economic growth and institutional dysfunction should not be ignored.

Income inequality, poverty and economic growth

Although there is disagreement among macroeconomists about the relationship between inequality and poverty reduction, a few general conclusions appear to be accepted by almost everyone and are offered here by way of review for our subsequent discussion of education for self-reliance.

- *There is a necessary relationship between growth and poverty reduction.* Even critics of development theory acknowledge the role of economic growth in sustainable poverty reduction.
- *"High quality" growth is necessary to maximize poverty reduction.* Economic growth, demystified, is merely the average income per person this year compared to last year. But average income masks the distributional characteristics. If growth is achieved only in certain sectors of the economy or in certain regions of the geography (for example urban wage sector) many people are left out of the benefits of growth.
- *No necessary relationship between growth and inequality.* Studies of this relationship have found inequality to slightly rise with greater rates of economic growth in some countries whereas in others inequality fell. But even if growth could always be achieved through policies resulting in inequality, there is certainly a political and moral question of whether it is good to achieve growth that way. Brazil and Mexico, for example, have made good progress toward growth but still have very high levels of inequality of income and, of course, many very poor citizens.

The case of China reveals the complex interplay of the three variables: growth, inequality and poverty reduction. It plays an important role in interpreting the Vietnamese experience, since it does not obviously fall into the East Asian 'miracle' or 'Latin American' categories. The poor have benefited greatly from Chinese growth over the previous 20 years, with poverty estimated to have fallen by over 50 percent between 1981 and 1995, regardless of the poverty line used. But China has experienced a high degree of inequality generation, as measured, for instance, by a Gini coefficient which increased from 28.8 in 1981 to 38.8 over the same period.⁹

The scope of Vietnam's *doi moi* ('renovation') reforms stretching over the past 15 years is striking. Vietnam's economy has grown and very quickly whereas many, if not most, other former command-and-control economies have stagnated. Of 28 transition economies from Albania to Uzbekistan had negative growth rates of GDP in 1992, for instance. But China and Vietnam were the 'stars', with sustained growth rates over 7 percent through much of the 1990s. Even the comparison with China is sobering. Unlike China, Vietnam began its reforms in macroeconomic crisis; it also began its most far-reaching reforms nearly a decade later

⁹ The Gini coefficient is calculated in such a way that "zero" represents perfect equality and "one" is indicative of perfect inequality

than China.

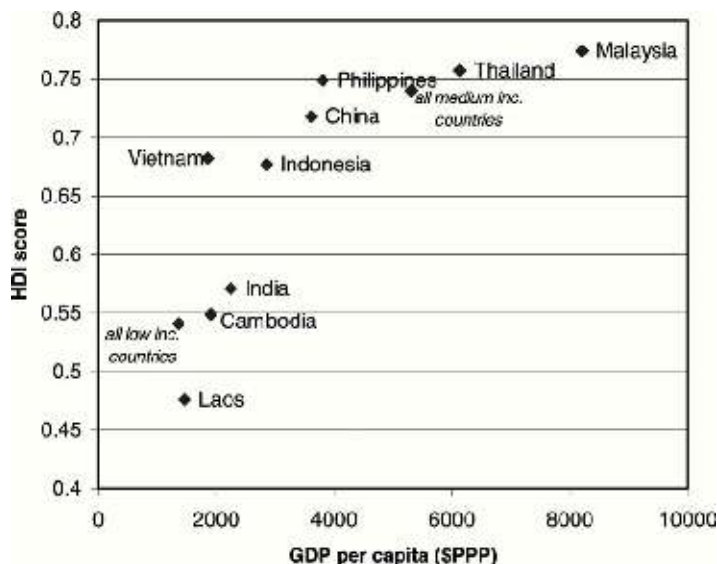
What were the conditions from which Vietnam began this economic ascent? Following reunification of the country in 1975, the North pressed ahead with its model of a top-heavy, centralized economy, which had been consolidated in the North for some decades. An attempt was made to collectivize agriculture in the South where it was fiercely resisted and generally unsuccessful. Private trading of any kind was banned, as the service sector was viewed as non-productive. The results of this experiment were dire. Per capita growth was negative throughout the late 1970s, including in the state-owned heavy industrial sector, which was intended to be the leading engine of growth. By 1979 call for reform were heard. By the 1990's Vietnam was set for several decades of strong economic growth.

Education, Growth and Development in Vietnam

But the usual recounting of the relationship between income inequality and economic growth, which I have just reviewed albeit briefly, largely ignores Vietnam's unusual investment in education and the equality with which investments were made across all provinces of the country.

Vietnam does not closely resemble any of its Asian neighbors when comparing its relative wealth to its education and other human development indicators to those of its neighbors. The World Bank places Vietnam 157 out of 207 countries in terms of GNP per individual. But when examining the position of Vietnam simultaneously on wealth and human development (see Figure 1 below), it is somewhat puzzling to see that whereas it is close to the bottom of the distribution in terms of wealth per capita, it is located in the top third in relation to the HDI¹⁰ index, just a little below the average for medium income countries.

Figure 1: HDI score and GDP per capita (\$PPP)



Source UNDP (2001)¹¹

¹⁰ The Human Development Index or HDI is a composite indicator that is heavily weighted toward literacy and education attainment. It is useful for broad, cross-country comparisons even though it yields little specific information about each country. The HDI was first used in the United Nations Development Program's 1990 Human Development Report.

¹¹ United Nations Development Program (UNDP). Human Development Report 2001: making technologies work

Typically macroeconomists have concluded that Vietnam's rapid growth in the post *Doi Moi* years generated rapid reductions in poverty; the period between 1993 and 1998 saw a 20.8 percent decline in the head-count index of poverty. Vietnam's poverty reduction experience over the 1990s was among the fastest ever recorded. All provinces and most sub-populations (such as ethnic minorities) have seen absolute incomes rise and well-being increase. These same economists will also draw attention to the fact that key social indicators such as life expectancy, infant mortality, and literacy have almost uniformly improved during the transition.

What is often not mentioned is that most of the uniqueness of Vietnam's relatively good social indicators given its income level was evident prior to the *doi moi* reforms, not as a direct result of them. Overall, education coverage as well as other social service delivery networks were well entrenched at the time of the transition. Not only did education and other social services not decline during the economic transition from central planning to markets, but rather have stabilized and marginally improved, particularly since the mid-1990s. Given appalling declines in income distribution and social services seen in some transition contexts (e.g., Russia), that is no small achievement. But what I want to emphasize here is that the human capital context, especially the relatively equal distribution of education, was already in place and, in my mind, contributed to the economic growth picture. There are, of course, education disparities, particularly in relation to ethnic minorities. Low HDI provinces are also those with large shares of ethnic minorities. Such disparities in human capital also reinforce economic inequalities.

Inequality of Education Attainment and Development

Development, when measured exclusively in terms of economic growth, has not been advanced by investments in schooling to the degree anticipated. Following a period in which the accumulation of physical capital was regarded as the only productive asset, developing countries, eager to improve their growth prospects, invested increasing percentages of government expenditures in schooling with expectations of amassing an educated and productive labor force earning higher wages and stimulating economic growth. But it has not turned out this way for many countries.¹² It is now clear that education at all levels contributes to economic growth but cannot alone generate it. There is also considerable evidence that the mere accumulation of seat time in school does not mean that human capital is increased.

But there has emerged a third challenge to the assumed economic benefits of investments in education. This is not so much a challenge as a warning that when education is unequally distributed in a society, economic growth almost never occurs and human talent is wasted—that is, a poor country's most valuable asset remains unproductive.

Education Inequality in Vietnam

Education inequality is and has been low in Vietnam for a several decades. A probably outcome of the socialist ideology, Vietnam has paid close attention to the needs of its female, ethnic minority and rural populations, the usual culprits when accounting for high levels of inequality in the distribution of education attainment.

Not only has Vietnam steadily increased overall amounts and budget share to education at the primary and secondary levels but it has perhaps the highest level of equality in the

for human development. New York: Oxford University Press.

¹² Lant Pritchett, *Where Has All the Education Gone?* World Bank Policy Research Working Paper 1581, March 1996.

distribution of education attainment in the developing world. Like other socialist-orientated societies, Vietnam has attempted to provide an equal distribution of education attainment and succeeded to a remarkable degree. Nonetheless, substantial variation exists within the country.

The decade of the nineties saw a substantial push toward universal coverage at the primary level. That this has been achieved attests to the tenacity of government and the common thirst for education. It also reflects the unwavering support of the World Bank for primary-level schooling principally on the basis that primary schooling is a public good with high private and social rates of return.

The figures for enrollment change for the period 1994 to 2000 are presented in Table 2. I use 1994 as the base comparison because of the World Bank's foundational study on education finance of that year.

Table 1. Secondary Enrollment Changes between 1994 and 2000

Year	Lower Secondary	Upper Secondary
1994	3,679,104	727,435
2000	5,918,049	2,194,933
Growth	2,239,049	1,467,498
Percent change	60.8	201.7

Source: Ministry of Education and Training

As in other developing countries, lower secondary education in Vietnam increasingly has become aligned with primary schooling in a continuous cycle of compulsory or basic schooling. In part owing to its alignment with primary schooling, enrollments at the LS level have risen remarkably. With a 61 percent increase since 1994, I can conclude with some finality that Vietnam is on its way toward achieving universal basic education that includes lower secondary in that definition.

But it is at the upper secondary level where the most surprising change occurred. Dramatic would certainly not be an overstated description of a 202 percent increase in enrollments in just six years. Indeed this may be the most spectacular increase in secondary enrollments in modern history. As has been said elsewhere, at its level of GDP per capita, Vietnam's levels of school enrollment are high.

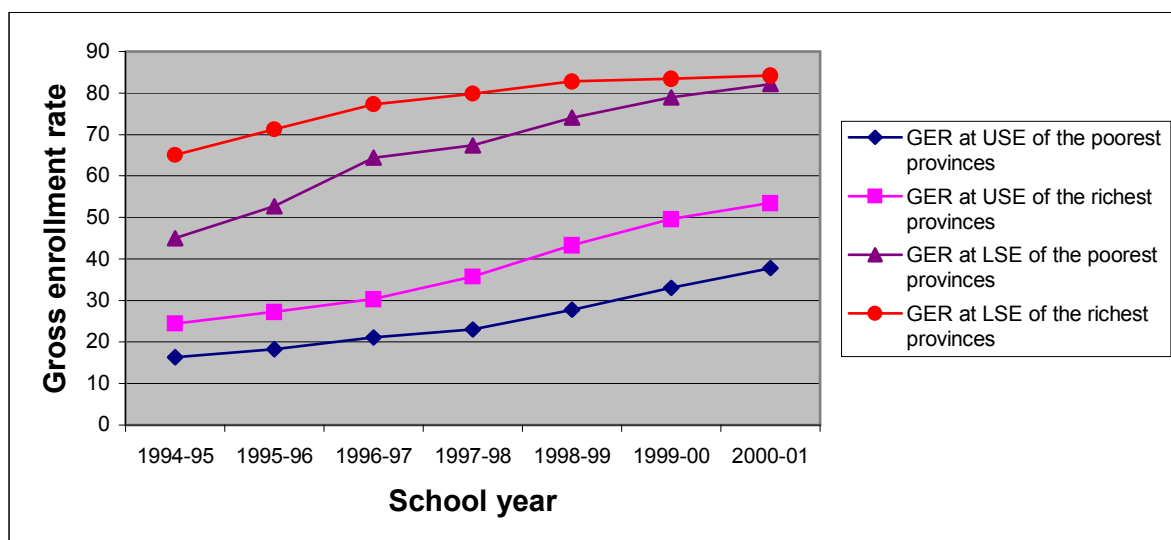
Whereas upper secondary school GERs are lagging behind progress at this level elsewhere (except in sub-Saharan Africa), the lower secondary expansion has been impressive. In the next decade enrollment increases at this level should bring Vietnam to parity with other countries of East and Southeast Asia. Clearly Vietnam is doing well in terms of student enrollments at all levels. When considering its GDP rank (101 of 161) among all nations according to UNDP statistics, the enrollment performance of Vietnam is nothing short of phenomenal.

Enrollment trends in poor and rich provinces

In a system so thoroughly dominated by the state sector it is legitimate to ask whether or not government spending is equitable or even pro-poor. Were a larger share of schools owned or operated by the private sector, as is increasingly the case in many developing countries, we might expect to see wealthier provinces pull substantially ahead in their ability to enroll students. But this is not the case in Vietnam except at the upper secondary (US) level and the growing spread between rich and poor provinces is very slight indeed.

For our look at enrollment trends by income levels, I divided the 61 provinces into four groups of approximately similar levels of GDP per capita. I then plotted gross enrollment rates (GER) for each quartile at each year between 1994 and 2000. The results, presented in Figure 2, show a rather unanticipated convergence of lower secondary (LS) enrollment rates between the poorest quartile and the richest quartile. Indeed, at the present time there is almost no difference between the rich and poor provinces—a noteworthy accomplishment.

Figure 2. Enrollment Trends between Rich and Poor Provinces, 1994 to 2000.



Source: MOET data, author calculations

Distribution of education attainment as a policy tool

Despite widely and justifiably acknowledged success of Vietnam, the quantitative expansion of education has obscured the question of the equal distribution of education attainment among and within the 61 provinces. Considerable variation exists among the sixty one provinces in terms of geography, economic performance, average wealth, the socioeconomic status of individuals, and the proportion and concentration of ethnic and religious minorities. The education attainment for ethnic minorities is substantially lower than that of the ethnic majority. Additionally, the difference in education attainment between these groups is due to the fact that the minorities live in less productive areas, with difficult terrain, poor infrastructure, and lower accessibility to the market economy.¹³

¹³ Belanger, D., and J. Liu. 2004. Social Policy Reforms and Daughters' Schooling in Vietnam. *International Journal of Educational Development* 24 : 23-38., p.18

Knowledge of the actual distribution of education attainment is important for several reasons. First, the equitable distribution of education attainment is itself an important education policy objective for the government of Vietnam. Second, despite the laudable effort to extend full access equitably to all children, there is still a long way to go; the absence of reliable information on the distribution of education in Vietnam is therefore significant. Third, the recent effort to move toward a 'market-oriented socialist economy' has made the distribution of education attainment and the quality of education in the labor force an item of paramount importance.¹⁴ Fourth, with the increase in both the privatization and de-regulation of the economic system, the national government has begun to shift the locus of education decision making authority to the provincial and district levels of government. Provincial governments have inherited the principal burden from the education decentralization movement with both increased responsibility and influence. Provinces are held accountable for policies and programs that target minorities and other underserved populations in their respective districts and communes.

Table 2. Provincial education attainment data for the labor force

Province Name	Total Labor Force Population	Mean	Years	Gini Coefficient
An Giang	1184075	5.47		0.30
Ba Ria-Vung Tau	477403	7.30		0.25
Bac Giang	907988	7.53		0.19
Bac Kan	149332	7.21		0.22
Bac Lieu	434456	5.78		0.29
Bac Ninh	579361	7.83		0.18
Ben Tre	837219	6.16		0.28
Binh Dinh	888146	6.91		0.24
Binh Duong	470795	7.06		0.26
Binh Phuoc	355528	6.71		0.25
Binh Thuan	570021	6.24		0.28
Ca Mau	667736	5.75		0.27
Can Tho	1110058	6.12		0.28
Cao Bang	233002	7.45		0.25
Da Nang City	413629	8.35		0.22
Dak lak	900124	7.30		0.23
Dong Nai	1203838	7.29		0.25
Dong Thap	922323	5.89		0.29
Gia Lai	414424	7.07		0.25
Ha Giang	218608	6.00		0.31
Ha Nam	509006	7.91		0.17
Ha Noi City	1599722	9.32		0.17
Ha Tay	1487666	8.06		0.19
Ha Tinh	756530	8.06		0.17
Hai Duong	1069035	8.21		0.16
Hai Phong City	1079079	8.55		0.17
Ho Chi Minh City	3323950	8.03		0.23
Hoa Binh	458055	7.45		0.23
Hung Yen	681682	8.20		0.17
Khanh Hoa	611511	7.25		0.25
Kien Giang	838986	5.69		0.29
Kon Tum	434456	5.78		0.28
Lai Chau	175147	6.40		0.28
Lam Dong	545851	7.61		0.23

¹⁴ The economic performance of market economies is highly influenced by the distribution of education in the labor force.

Lang Son	402184	7.02	0.24
Lao Cai	225898	6.86	0.27
Long An	827563	6.30	0.27
Nam Dinh	1210485	8.03	0.17
Nghe An	1649848	8.04	0.19
Ninh Binh	550377	8.10	0.18
Ninh Thuan	246730	6.46	0.28
Phu Tho	793641	8.12	0.19
Phu Yen	452078	6.74	0.26
Quang Binh	454417	7.91	0.19
Quang Nam	824945	7.00	0.25
Quang Ngai	683595	7.03	0.25
Quang Ninh	617814	8.34	0.20
Quang Tri	309684	7.56	0.22
Soc Trang	672885	5.57	0.28
Son La	360201	6.36	0.27
Tay Ninh	470831	6.15	0.29
Thai Binh	1216271	8.16	0.16
Thai Nyugen	654806	8.11	0.19
Thanh Hoa	2060376	7.88	0.19
Thua Thien-Hue	550531	6.84	0.27
Tien Giang	1024638	6.41	0.27
Tra Vinh	544618	5.77	0.29
Tuyen Quang	381674	7.29	0.22
Vinh Long	650138	6.41	0.28
Vinh Phuc	674300	7.90	0.19
Yen Bai	354436	7.44	0.23
Mean			0.23
Standard Deviation			0.04
Range			0.15
Vietnam	45194762	7.34	0.24

Source: Vietnam Housing and Population Census 1999; Author's calculations.
Data represent individuals with 15 or more years of age for the year 1999.

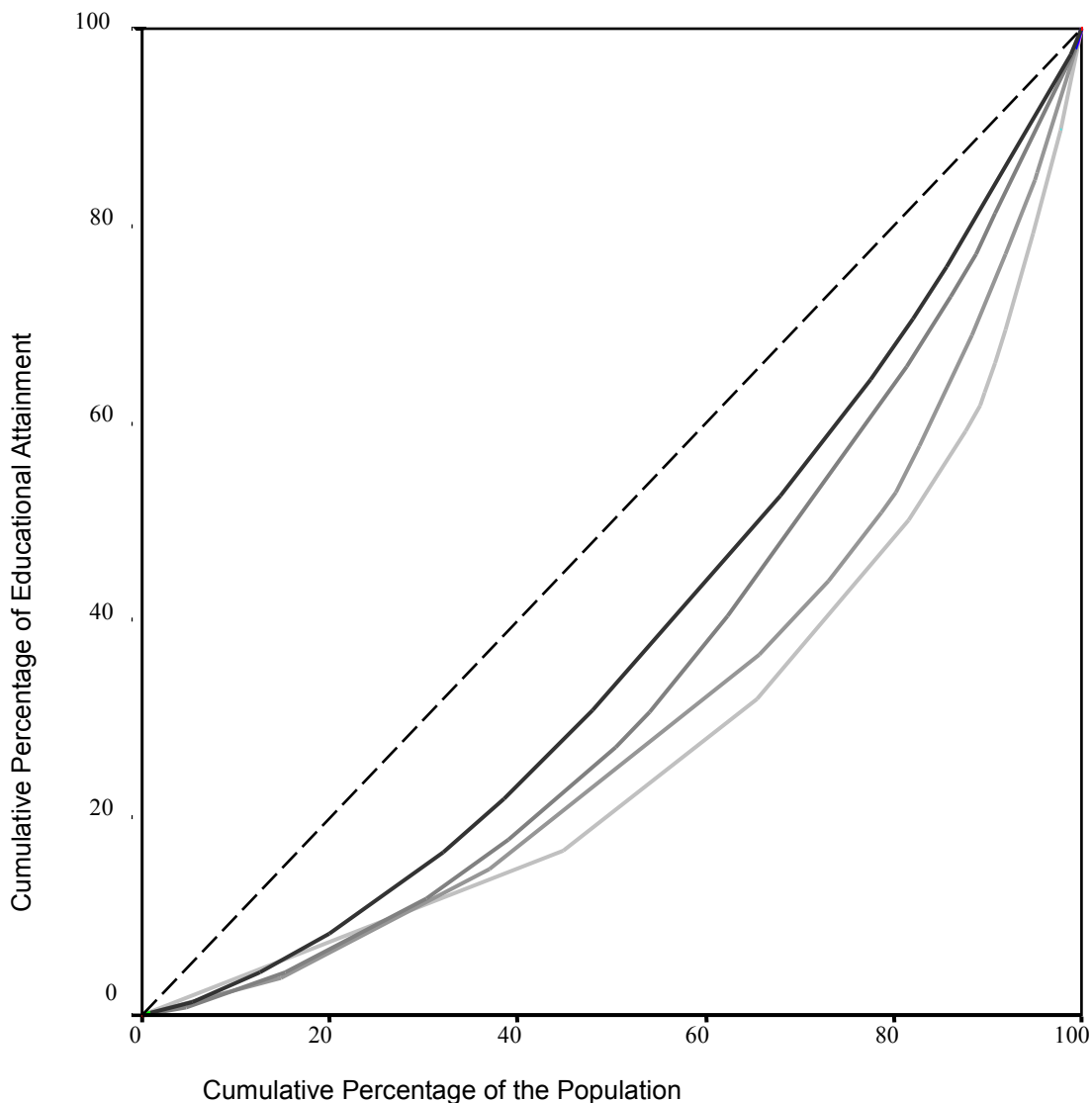
Initial findings from Table 2 indicate several important descriptive features. First, the education Gini coefficient of Vietnam is 0.23. This coefficient represents the distribution of education attainment in the labor force. A Gini coefficient of 0.23 is considered relatively equal. Regional countries with similar Gini coefficients as Vietnam are the Republic of Korea with 0.22, Japan with 0.25, and New Zealand with 0.25. Second, turning to the provincial level analysis, the province of Vietnam with the most unequal distribution of education attainment is Ha Giang with a Gini coefficient of 0.31. This coefficient is still considered reasonably equal. Regional countries with similar Gini coefficients equivalent to that of Ha Giang province are Hong Kong with 0.32 and the Philippines with 0.33.¹⁵ Third, the province with the most equal distribution of education attainment is Thai Binh with a Gini coefficient of 0.16. This coefficient is considered exceptionally equal. No regional countries have a Gini coefficient as low as Thai Binh province. However, countries with similar Gini coefficients as Thai Binh province are Canada with 0.16, USA with 0.14, and Poland with 0.14.

While the analysis is at this juncture largely descriptive, two important trends are visible with respect to the level or unit of analysis. The first trend is that higher or aggregated levels of

¹⁵ Education Ginis for this section are from: Measuring Education Inequality: Gini Coefficients of Education, Vinod Thomas, World Bank Brazil, Wang Yan, World Bank Institute and Xibo Fan, JP Morgan Chase, January 2001, World Bank Policy Research Working Paper no. 2525.

analysis obscure the inequality of education attainment that becomes visible at disaggregated levels of analysis. This is evident through analysis of the increasing range of Gini coefficients at disaggregated levels. In addition, the differences between the national level and the communal level mean and maximum Gini coefficients are 0.11 and 0.21. Figure 3 provides an effective portrayal of the increase in education attainment inequality with the Lorenz curves for Vietnam, Ha Giang province, Dong Van district, and Ho Quang Phin. The difference between Vietnam and Ho Quang Phin commune in terms of education attainment is 17 percent; Ho Quang Phin commune is substantially more unequal than Vietnam as a whole.

Figure 3. Lorenz curves and Gini coefficients for Vietnam, Ha Giang Province, Dong Van District, and Ho Quang Phin Commune



Source: Vietnam H
Data represents individuals with 15 or more years of age for the year 1999.

- Vietnam (0.24)
- Ha Giang Province (0.31)
- Dong Van District (0.39)
- Ho Quang Phin Commune (0.44)

Education inequality in the quest for growth

Poor countries have invested massively in education with the expectation of a population with higher mean education attainment levels, higher earnings, and stimulated economic growth. Yet in several instances economic growth has not materialized at the envisaged rate probably because education attainment was not distributed equitably within the population. As a result, some developing countries, having followed the conventional human capital policy advice, were left with a skewed distribution of education attainment and slow economic growth. According to Thomas,¹⁶ a skewed distribution of education attainment has a deleterious effect on economic growth.

A common finding among those countries experiencing slow economic growth due to an unequal distribution of education attainment is that an elite minority has captured a majority share of public expenditures for schooling. As a result, this population, usually consisting of high-income, urban, or dominant tribal or religious groups, has benefited more than others. In addition, poor countries with slow economic growth have often invested disproportionately in tertiary education. Higher education investments typically display lower economic returns than result from investments at the primary and secondary levels. A pattern of public spending, which provides large amounts of support to a narrow group of beneficiaries rather than broad equality of opportunity at a basic level, does not constitute a prudent use of scarce public resources.

Typically, when a minority proportion of the population has the majority share of education attainment, this same minority proportion of the population also has the majority share of income. Inequities in education attainment and income inequality are positively correlated. The inequality of education attainment reinforces income disparities. Similarly, the way in which education is distributed will have a profound impact on the distribution of income and the nature of growth. Education attainment inequality generates income inequality, and income inequality impedes economic growth. Equalizing the distribution of education attainment and income produces a larger and more diversified population participating in the economy with access to a larger share of the total wealth of the country. Mass participation in education is requisite for economic growth, at least of the sustainable variety. In my view, economic development of the self-reliant sort occurs via equitable investment in education, and educational expansion coverage should include an equal distribution of education attainment in order to contribute to economic development.

Inequality and human capital formation

A persistent but heretofore unanswered question in the study of education inequality pertains to its relationship with student learning. What impact, if any, do costly efforts to achieve an equal distribution of primary school completion rates have on student learning as measured by standardized achievement tests? This is a question that, up to now, has not been satisfactorily answered due primarily to data limitations. Achievement data, of course, are commonplace in this era of preoccupation with human capital formation through schooling. But similar measures of education attainment equality (or, conversely, inequality) do not exist for most countries; at least not at the sub-national level.¹⁷

This investigation drew on standardized achievement test data from Vietnam disaggregated

¹⁶ Vinod Thomas, Director of the World Bank Institute, when his book, *The Quality of Growth*, was published in 2000. This book, particularly Chapter 4 on education, was a rich source of inspiration for this author's work.

¹⁷ Inequality in education attainment means variation among members of a population in the number of years of formal schooling completed. While such estimates, called education Gini coefficients, exist at the national level (for whole countries) they do not exist at the level of individual provinces. Vietnam is an exception.

by provinces. It is a correlational analysis and therefore some caution must be observed in drawing causal relationships. The education Gini coefficients are based on work done under my guidance by several graduate students at Brigham Young University. The national test scores based on a national sample of Vietnamese primary school students has not been available until recently. But rarely if ever do such tests purport to be representative of the entire school age population. In many country cases only a small fraction of school children attend school thus casting considerable doubt on the meaning of a comparison between a measure of the distribution of education attainment based on an entire age group and a test score based on a subset of a national age cohort.

Vietnam represents an exceptional opportunity to examine the relationship between inequality of education attainment and overall student achievement. This opportunity is the result of the publication of the World Bank supported Reading and Mathematics Assessment Study (December, 2004) that reports fifth grade achievement test scores for robust representative samples of Vietnamese schools.¹⁸ The resulting data permit generalization at the provincial level. At about the same time Holsinger published education Gini coefficients for Vietnam covering all sixty one provinces, thus setting the stage for a rare look at the inter relationship between the two largely independent characteristics of schooling. We are now able to provide preliminary estimates of the possible effect size and direction of influence between these two variables.

The correlation matrix below presents correlations between a number of variables of interest. We will pay particular attention here to the Combined Reading and Math Benchmark that shows a moderate to strong and significant relationship to the education Gini of $r=-.54$. There is little room for doubt that the more equal the distribution of education attainment in a Vietnamese province the higher are the average fifth grade test scores on this carefully constructed examination of math and reading. The Education Gini coefficient is slightly higher than is the Human Development Index relationship to test score performance ($r=.4$).

Table 3: Correlation between Education Gini and Achievement Scores

Variable	Combined score	Education Gini	HDI rank province	Math score	Reading score
Combined Reading and Math Benchmark	1	-.54	-.46	1	.92
Education Gini (inequality score)	-.54	1	.40	-.54	-.62
Human Development Index provincial score	-.46	.40	1	-.46	-.48
Math Independent Benchmark	1	-.54	-.46	1	.92
Reading Independent Benchmark	.92	-.62	-.48	.92	1

Notes on variable coding: Education Gini index is calculated such that "0" is perfect equality and "1" is total inequality so the higher the score, the more inequality. This produces a negative correlation of .54 with the combined math and reading assessment score. The interpretation is that the more inequality exists in the distribution of education in a province, the lower is the fifth grade learning achievement score. The relationship is slightly stronger (-.62) for reading than for mathematics (-.54).

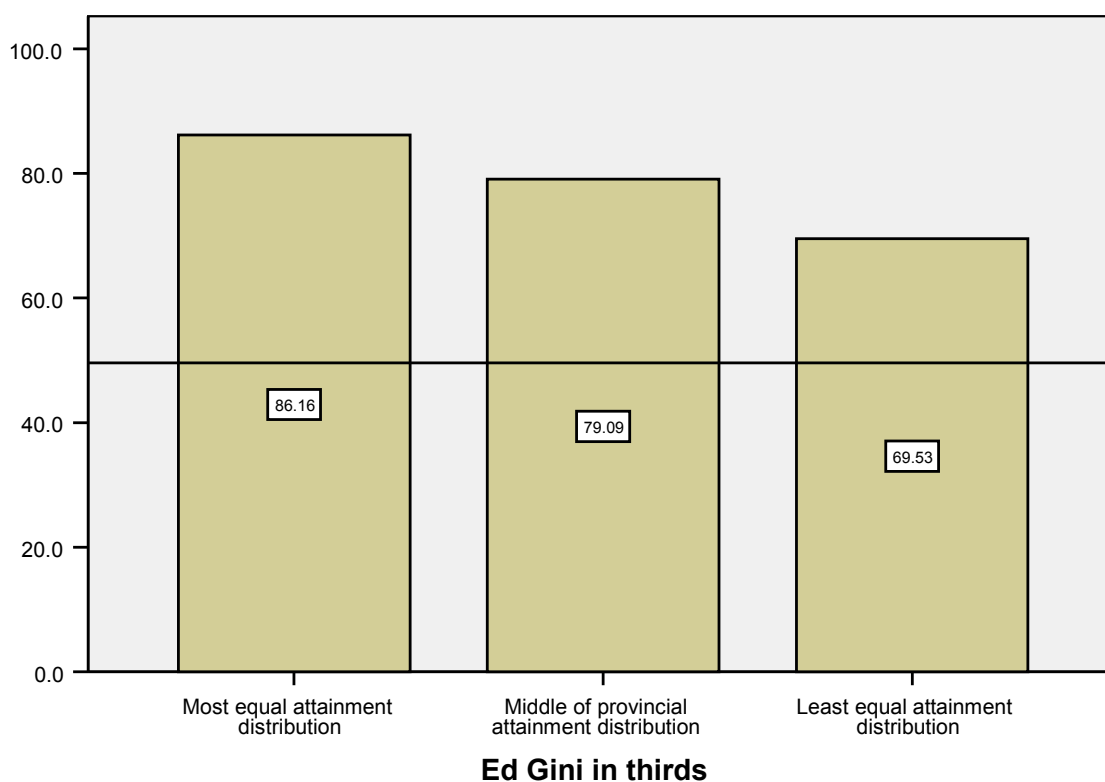
This same relationship can be visualized graphically in the following figure. Here we have divided the provinces of Viet Nam into three groups, each represented by one bar of the graph.

¹⁸ Vietnam: Reading and Mathematics Assessment Study, three volumes, The World Bank, August 2004

The first bar represents the twenty provinces with the most equal distribution of education attainment, the second bar represents the provinces with education attainment roughly in the middle of the distribution and the final bar represents provinces with the most unequal attainment. Inside each bar is a little box that contains the mean combined math and reading score for fifth grade students in the same provinces. As can be clearly seen as the inequality of attainment increases the average student achievement score decreases. The results could not be clearer.

Table 4: Student learning achievement scores by provincial inequality

Mean Combined Reading & Math Benchmark



Alternative explanations for the observed relationship

Critics might claim that the relationship between attainment inequality and student learning achievement is spurious. Some scholars who are skeptical of our findings argue that the reason behind the highly significant correlations is because in Vietnam the provinces with more equal distributions of number of years of schooling completed are also the same provinces with vastly improved socioeconomic conditions. They maintain that it is these conditions rather than equality or inequality that causes the variability in achievement scores. This is a reasonable hypothesis and should be carefully examined. However our initial efforts to control for a wide range of positive social contextual variables (summarized here by the HDI) did not confirm this suspicion. This fact can be clearly seen in the table below and in the

partial correlation coefficient¹⁹ between the Education Gini and the Combined Achievement score controlling for HDI of $r = -.44$, still significant at the .001 level.

In the table below, the provincial Combined Fifth Grade Reading and Math test score is presented in the right hand column. Each row represents one level of the provincial HDI score. The top row is contains the achievement scores for provinces at the highest (best) level of HDI. We took this one additional step by breaking down the provinces showing the highest HDI scores into two parts: first, on the top line are the provinces with the highest HDI score and also above average equality. The next line or row also has the provinces with high average HDI scores but less equal education Gini coefficients.

Table 5: Controlling for the HDI level

HDI Level	Education Inequality Index	5 th Grade Combined Achievement Mean
Highest Third	More equal	88.8
	Less equal	76.6
Middle Third	More equal	83.5
	Less equal	69.8
Lowest Third	More equal	83.1
	Less equal	63.5

Conclusions

While more study using advanced statistical methods needs to be conducted, our preliminary investigation of the relationship between attainment inequality and student academic or learning achievement presents what we believe to be convincing results: inequality is bad of student learning.

Summary and recommendations

The inequality in the distribution of education in numerous countries is staggering. If people's abilities are normally distributed across income levels, such skewed distribution of education would seem to represent some of the largest welfare losses to society. Awareness of education attainment inequality at all levels of system administration has significant education policy relevance for self reliance in Vietnam as elsewhere in the developing world. As national, provincial and district education authorities attempt to formulate education policies targeted at marginalized and underserved groups, it should prove helpful to identify specific locations according to the size of their respective education Gini coefficients. By establishing baseline inequality measures, governments at all levels will be able to demonstrate empirically the

¹⁹ A partial correlation coefficient is a variant of the simple two variable or bi-variate statistic. It introduces a third variable as a control. The interpretation is the relationship between two variables controlling for or eliminating the influence of a third variable.

progress their education policies and investments have produced Effective education policies, where the measure of effect is economic growth, will be aided by the systematic use of the education Gini coefficient, a powerful tool to measure the current status of and improvements in the quality of the Vietnamese or any other country's labor force.

Education investments that improve the distribution of education attainment in the labor force will in all likelihood be a major factor in Vietnam's regional competitiveness in the future, as economic development generally depends on more than increasing education expenditures or on decentralization. The contention that education spending of governments is biased toward the rich is hardly a novel idea. There is also a large literature providing ample evidence that such bias is ultimately a political decision. A political bias in favor of factors contributing to income inequality is frequently masked as meritocratic especially where access to successive levels of schooling is determined through high stakes examinations. In the past two decades the rise of equity as an explicit objective of development assistance to education has become a ubiquitous feature. In practice, however, the policy focus has been on parity of subgroups within populations, most particularly gender and ethnicity. But the distribution of education attainment or education learning achievement has rarely been measured, in part because there was little understanding of the use of the Gini coefficient as an indicator that could be used to examine this dimension. My contention is that the systematic inclusion of the education Gini coefficient as a standard policy instrument will help focus attention clearly and more precisely on one of the largest remaining problems in the public provision of education among the poor of the world.

We should all care about the unequal distribution of education because its causes and consequences are detrimental to human well being and to economic self reliance. Poor children who leave school prematurely become unproductive, dissatisfied adults. Highly unequal distributions of education are associated with low per capita wealth and perpetual dependence on external aid.

So what can be done? Concentrating public spending on primary and lower secondary education improves the chances that the poor will benefit, and hence will improve the distribution of education in a country. But experience has shown that efforts to target the poor in this way have not made much difference to the distribution as measured by the education Gini coefficient. There are several reasons for this.

For many years the World Bank signaled its strong preference for financing education investments for quality enhancement and enrollment expansion at the level of the primary school. At the same time it aggressively discouraged projects related to secondary education. Many client countries, benefiting from the Bank's primary education-only policy, redirected their own resources toward secondary education and erected barriers to entry at that level in the form of high stakes entrance examinations.

The unanticipated result has been that relatively wealthy households increase the probability that their children will succeed in this examination by hiring tutors. Underpaid school teachers are happy to offer their services as after-hours tutors. Thus, a parallel private system operates in such a way as to ensure that at each successive level of schooling the children of comparatively wealthy households capture the education spending of the government. The same pernicious arrangement may exist in the transition between lower and upper secondary and between secondary and tertiary levels.

Vietnam's approach is worth considering. It has attempted and largely succeeded in providing schooling through lower secondary to all children equally. It has invested heavily in provinces that are disadvantaged, mountainous or populated by non-Vietnamese speaking minorities. The government of Vietnam has for many years explicitly encouraged the education of girls and is one of the few countries at its income per capita level that has equal enrollments

between boys and girls. Vietnam has concentrated government expenditure on primary and lower secondary, and has expanded upper secondary through the use of school fees. By concentrating spending at lower levels, it has achieved a remarkable level of equality. But Vietnam has not been able to eliminate the examination and its ubiquitous partner, private tutoring. Further reduction of the education Gini may be difficult to achieve for that reason.