



Association for the
Development of
Education in
Africa



Concept Note

Conference for African Ministers of Finance and Education

Sustaining education gains amidst the global economic crisis

July 15-17, 2009 at Golden Tulip Hotel, in Tunis, Tunisia

Jointly Organized by the Association for the Development of Education in Africa (ADEA), the African Development Bank (AfDB) and the World Bank (WB), with the support of the donor partners of the Education for All Fast Track Initiative (EFA FTI)

This conference will engage African ministers of finance and of education in a dialogue, among themselves and with their external partners, on options to sustain—in the current context of a global economic slowdown—Africa’s achievements in education and economic development over the past decade. Ministers from about 30 countries from Sub-Saharan Africa (SSA) will be invited, among them all those that have received or are expecting to receive support from the Fast Track Initiative’s Catalytic Fund, and all the six most populous African countries, i.e., Nigeria, Ethiopia, Egypt, DRC, South Africa and Sudan. The invitees will also include the countries’ development partners, the African Union and other key regional governmental and non-governmental organizations.

1. Rationale and Objectives

Most African countries and their external partners can take pride today in the unmistakable progress towards the Education for All (EFA) goals for 2015 that were agreed at the Dakar 2000 World Education Forum. The increase in access to primary education has been particularly remarkable. The increase stems largely from a combination of *courageous education reforms, substantially increased public financing of education* (as reflected by a rise in the share of GDP allocated to education)—which was made possible by a *resumption of economic growth and increased political priority for education*—and *greater flows of external aid for education*.

Yet, the momentum of educational and economic progress may be jeopardized by the current worldwide economic downturn. Tightening domestic budgets and external aid could make it more difficult to sustain policy reform and to facilitate strategic investments in the education sector. The impact may well reverse the hard won gains of the last ten years and frustrate attainment of the EFA goals and those of the African Union’s Second Decade for Education in Africa. More worrisome is that these setbacks could undermine the nascent effort underway in many African countries to align the expansion of secondary and tertiary education more closely with the needs of the economy and to equip the workforce with the skills, particularly in science,

technology and innovation, to help businesses compete successfully in the global economy and sustain overall economic growth in the coming years.

Today, SSA countries face a very different set of economic and education challenges than those in the period following the 2000 World Education Forum. The dramatically changed circumstances created by the global economic slowdown are therefore the **main rationale** for the conference. The meeting will bring together senior policy makers from both ministries of finance and of education and representatives of development agencies to explore the nature of the new challenges and their implications for policies to:

- Sustain the momentum towards the 2015 EFA goals as the overarching priority in the coming years and minimize the risk of repeating the education decline experienced by SSA countries during the economic downturns of the 1980s and 1990s; and
- Increase urgent attention to the development of post-primary education to supply the middle and higher-level technical and managerial skills that African countries will need to sustain and accelerate the economic growth achieved over the last decade.

On this background, the **overarching objective** of the conference is to develop a greater understanding of **why** ministers of finance and of education must exercise **joint political leadership** to foster a dynamic alignment between the education sector and national goals for social and economic progress and **how** they can do it. To this end, the conference will focus on:

- (i) The **mutual dependency between education and economic growth**, and the institutional **capacity** required in both education and finance ministries to handle this dependency, build on a shared understanding that:
 - In today's increasingly knowledge-based global economy, the supply and quality of workforce skills that the education sector is able to provide plays a key role in determining countries' ability to compete and achieve sustained economic growth at a level sufficiently high to reduce poverty; and
 - In turn, sustained economic growth is indispensable to make achieving the 2015 EFA goals financially and socially sustainable, not least because growth (a) generates the *funding* needed to maintain EFA once attained and meet the growing demand for post-primary education resulting from UPE, and (b) creates the *jobs* demanded by the graduates;
- (ii) The need for **visionary political leadership** and **close cooperation between the ministries of finance and of education** in ensuring that education policies and programs are aligned with overall national development strategies. This cooperation is essential to achieve a dynamic balance between individuals' educational aspirations and the nation's wider objectives for social, political and economic development.
- (iii) The nature of **education policies needed during the latter half of the 2000-2015 period** to maintain the momentum towards UPE, to galvanize progress toward the other EFA goals

and in post-primary education, and to align the education and training system more closely to national goals for economic growth and competitiveness;

- (iv) The scope for **greater cooperation in the education sector among African countries**. As underlined in African Union's Second Decade for Education in Africa, more needs to be done to harness the potential benefits from such cooperation; and
- (v) The **priorities for education finance and external aid for education**. Particularly important are government policies to foster holistic, efficient and sustainable development of education. Donors' policies with regard to external aid can also make a difference, for example, through *countercyclical support to counteract the potential squeeze on domestic public education funding during the current economic crisis*.

2. Conference program

Details of the proposed Conference program appear in Annex 1. The proposal is to start the conference in the late afternoon of the first day and devote the following one and a half days to discussion organized around the five key themes indicated above. There will be a limited number of presentations so as to allow ample time for interventions by the participating ministers and dialogue among them.

ADEA's Executive Secretary will serve as "master of ceremony" throughout the conference to keep the program on track and to link the various sessions into a coherent dialogue. ADEA will also chair one of the sessions of the conference.

Given the growing importance of the Education for All Fast Track Initiative (EFA FTI) and as the FTI donor partners will provide the bulk of funding for this conference, one session of the conference will be chaired by the chair of FTI.

Two sessions will be chaired by African Ministers, one a Minister of Finance and the other a Minister of Education.

The African Development Bank's President will make a keynote speech during the opening ceremony on "Human Capital for Africa's Long-Term Development: Sustaining Progress in Challenging Times." In addition, the AfDB will make a presentation during one session and also chair two of the sessions of the conference.

The World Bank will make a presentation during one session as well as chair the opening and closing sessions of the conference.

3. Expected outcome

The Conference is expected to increase understanding and consensus among key stakeholders on: (i) the rationale for and capacities needed by ministries of finance and of education to exercise stronger joint political leadership for aligning strategies for educational development with national agendas for economic growth, including through greater pan-African cooperation; (ii) the need for concerted actions to prevent the current economic downturn from repeating the education decline experienced by African countries in the 1980s and 1990s; and (iii) the critical

role of strategic domestic policies, buttressed by a more strategic use of external aid, to help ensure holistic and sustainable development of the education sector amidst the challenges of the current economic downturn. As a result of the discussion, it is expected that the participating Ministers would articulate an agenda of practical actions for collaboration to help ensure continued educational and economic progress in SSA in the coming years.

Annex 1: Background Note on Education in Su-Saharan Africa

(a) **Progress and challenges.** Compared to the 1980s and 1990s, most SSA countries have enjoyed major enrollment growth over the last decade or so. The progress towards UPE has been particularly remarkable. Primary school enrollment grew by 42% (5.2% annually) between 1999 and 2006, boosting the Gross Enrollment Ratio (GER) from 78% to 95%. This level of growth has not been achieved since the 1960s and 1970s when the GER grew from about 40% in 1960 to 80% in 1980 (6.2% annual enrollment growth). However, the growth was not sustained over the next two decades; the GER in fact fell to a low of 72% in 1992 and only regained its 1980 level in 2000. The annual enrollment growth in secondary and higher education during the period 1999-2006 was also high (8.3% and 7.0%, respectively), but from very low initial levels.

Despite this progress, SSA countries face a number of challenges at all levels of education. Given the huge diversity among countries in this vast region, the challenges vary widely between and within countries. Broadly summarized, they include:

- (i) Achievement of EFA: While more than 90% of all children in SSA enter primary school, less than two-thirds of those who enter are likely to complete the cycle, and of these, only half master the skills and knowledge they were expected to acquire. In most countries, the main obstacle to achieving UPE has shifted from general expansion of access to the twin challenges of *ensuring access for the 10%-15% of children who are still out of school* (who are preponderantly poor, rural and girls) and of *enhancing quality* so that primary education becomes truly universal and meets basic quality standards. Moreover, despite the strides made towards UPE, progress has been uneven towards the other five EFA goals¹. The slow progress towards adult literacy, especially for women (only about 50% literacy), is particularly troubling, given the well-known positive impact of female literacy on factors such as family size, health and nutrition as well as on the status and empowerment of women. Finally, even the progress towards UPE has been uneven on the continent, with most countries seriously off track to reach universal primary school completion by 2015.
- (ii) Post-primary education: Several factors combine to make expansion and quality improvement of secondary education in SSA very urgent². First, existing capacity is still low and insufficient to cope with the strong demand arising from rapid increases in the number of primary school leavers (the GER was only 32% in 2006, and only 24% for the upper cycle). If capacity remains limited, it would dampen the demand for primary education, thus hampering attainment of UPE, as well as increase the risk of social unrest. Second, the low skill level of the labor force constraints countries' ability to compete in the global, increasingly skilled-based economy. This constraint is reinforced by low learning outcomes, especially in math and science, and the poor relevance of programs to labor market demands, especially for technical and vocational education and training (TVET). Third, the cost structure and almost exclusive reliance on public funding makes rapid expansion financially unsustainable in most countries. This issue applies especially to the

¹ This uneven progress is stressed in successive EFA Global Monitoring Reports.

² See for example Verspoor (2008) and the SEIA team: *At the Crossroads: Choices for Secondary Education in Sub-Saharan Africa*, Washington, DC: World Bank.

cost structure of lower secondary education (which may need to be included as part of a new basic education cycle), and the need for more effective partnerships with the private sector to foster cost-sharing and to ensure that TVET programs are responsive to labor-market signals.

- (iii) **Higher education:** Africa's stock of human capital with tertiary level skills is very small and of variable quality. The countries' ability to rapidly improve the situation is hampered by a combination of low capacity to provide training of adequate quality, particularly in areas most relevant to the economy, including scientific and technical fields, and by emigration of many of the most talented. On average, in 2006, the GER in higher education was only 5% in SSA, as compared to 11% in South Asia, 25% in East Asia and 32% in Latin America. A wealth of recent research has convincingly demonstrated how human capital through multiple channels interacts with physical capital to stimulate economic growth³. The spread of information and communications technologies is further strengthening the demand for tertiary level skills. In short, increased investment in good quality higher education is an indispensable part of the set of actions needed for the region to reach and sustain the level of economic performance required to generate employment for Africa's rapidly expanding youth population and to attain the MDGs and other development goals.

(b) Sustaining education financing during an economic downturn. Despite last decade's remarkable progress, the education gap between SSA and other developing regions remains considerable. To bridge this gap requires sustained investments combined with continued systemic reforms to improve content and pedagogy and to strengthen management, governance and institutional capacity. If the current economic downturn deepens and persists in the medium term, it could pose a very serious challenge to the ability of SSA countries both to maintain the EFA momentum and to address the other challenges needed to develop their human capital.

A simple comparison of the trends in public education budgets during the economic upturn over the last decade with the pattern during the economic crisis of most of the 1980s and 1990s illustrates well the high risk of a severe negative impact of the current crisis on public resources for education. Public education spending in SSA increased on average by about 9.3% between 1999 and 2006, compared with an increase of only 1.1% between 1980 and 1999. Two factors combine to explain the increased **domestic public education funding** during 1999-2006⁴:

- (i) Increased *political priority for education* as reflected in (a) an increase in public spending on education as a share of GNP, with the share in 2006 about one percentage point higher than the share of 3.6% in 1999; and (b) better prepared education programs which incorporate major reforms to improve the efficiency and effectiveness of resource allocation and use (along with increased financing, the collaboration within the FTI partnership to improve the quality of EFA plans is one important impact of that partnership); and

³ See for example World Bank (2008): *Accelerating Catch-up: Tertiary Education for Growth in Sub-Saharan Africa*, Washington, DC, World Bank.

⁴ All figures referring to GNP and aid excludes South Africa which in 2006 accounted for 38% of SSA's total GNP, but for only 4% of SSA's education aid and 6% of the population.

- (ii) Resumption of *economic growth*. During 1999-2006, the GNP of SSA countries grew at an average rate of 5.2% a year, compared with 2.3% a year during 1980-1999. As a result of the prolonged economic crisis that hit SSA beginning in the mid-1970s, the region's per GDP fell by 36% between 1970 and 1997.

The increase in domestic public education funding was helped by a welcome increase in **external aid earmarked for education** since 1999, especially compared to the marked decline of the 1990s. Measured in constant 2006 US\$, total annual education aid *disbursements* to SSA (excluding South Africa) rose from \$854 million in 1999 to \$2,397⁵ million in 2006, or on average 15.8% annually. This high rate is partly explained by a low disbursement at the start of the period; the annual growth between 2003 and 2006 was only 4.0%.

In short, while the development partners were still struggling to meet the commitments made in Dakar and at subsequent international meetings, there has been a marked, but uneven, increase in aid disbursements. However, given that aid *disbursement* in 2006 was only about 13% of total public education financing in SSA, it is clear that in most countries, *domestic financing is the dominant element in determining the development of total education financing*. This is as it should be. Still, the increase in aid has in many ways helped both to facilitate and to accelerate the education progress achieved by African countries over the last decade. For example:

- (i) In some countries, aid comprises a high share of education budgets. For the 21 SSA countries for which data were available for 2004, the share was more than 20% in five countries, including above 30% in two countries⁶;
 - (ii) In addition to supplementing domestic funding, aid may be used strategically to finance certain high-impact education investments that may not be adequately funded in the absence of aid, e.g., analytical work, capacity-building, innovations, “south-south cooperation”, or more poverty-focused programs. Another example particularly pertinent in the current context would be to use aid counter-cyclically to help smooth the negative impact of the downturn on education budgets; and
 - (iii) Finally, technical cooperation and support associated with financial aid programs help enhance the quality of education policies and programs. This helps, in turn, to improve the effectiveness in use of both domestic and external funding. For example, FTI's stress on performance-based aid in support of high-quality national education development programs has made a major contribution to enhance the quality of such programs.
- (c) **The need for leadership to limit impact of economic downturn on education.** The sharp increase in public education funding over the last decade played an important role in explaining SSA countries' resumed progress towards UPE. For example, many country-specific studies show that this increase in spending made it possible to expand education services to

⁵ These are annual *disbursements*, not annual *commitments* which are disbursed over several years. On average for the five years 2002- 2006, the former corresponded to about 70% of the latter.

⁶ See *EFA Global Monitoring Report 2007*, UNESCO, Paris 2006, p. 95.

under-served areas⁷ and to abolish school fees, leading to increased demand for schooling and sharply increased enrollment⁸. The opposite effect was materialized during the economic crisis of the 1980s when a combination of reduced public funding and rising private costs (including school fees) was a major factor behind the decline in the GER in the 1980s. For example, the number of SSA countries with a GER above 100% declined from 16 in 1980 (accounting for 50% of SSA's school age population) to 7 in 1995 (7% of the population, mostly in South Africa).

Three factors regarding the potential impact of an economic downturn on education budgets are particularly worrisome:

- (i) The crisis of the 1980s and 1990s caused a long-term decline in teacher salaries in most countries. This had major negative impacts on education, including rendering the “political economy” of education reform very complex. Countries are still struggling to address this issue, at a time when there is also an urgent need to recruit more teachers to increase access and reduce class size in primary education and expand post-primary education. An economic downturn could severely constraint countries' ability to continue these efforts and, in the worse cases, start a new downward spiral with stagnating budgets, a freezing of teacher training and recruitment, stagnation of efforts to expand access, etc, the effects of which could take years to turn around again;
- (ii) In statistical terms, about 60% of the growth in domestic public education funding between 1999 and 2006 was explained by economic growth and 40% by a rise in the share of GNP allocated to education. While there is still room in many SSA countries to further increase this share, on average SSA spends as high a share of GDP on education as do Latin America and more than in East and South Asia. Thus, the level of economic growth is likely to be the dominant factor in determining the future development of *public domestic* education funding; and
- (iii) As discussed above, aid has played an important role in sustaining and accelerating the progress achieved over the last decade. If donor countries reduce their education aid budgets as a reaction to the economic slowdown they are currently experiencing, the impact would be to reinforce any negative impact of the crisis on African economies and their ability to mobilize *domestic* funding for education. Proactive use of aid could help mitigate this risk. Donor countries could achieve this by: (a) meeting their past aid commitments, which would mean a sharp increase in aid⁹, and (b) using the aid to smooth out the impact of possible declines in domestic in education financing.

⁷ Country examples include Burkina, Guinea, Ethiopia, Mali, Madagascar, Mozambique and Niger.

⁸ The impact of fees is well illustrated by the strong increase in *total* primary school enrollment from one year to the next in countries which have recently abolished fees, e.g.,: 11% in Lesotho (75% in Grade 1), 12% in Mozambique, 14% in Ghana, 18% in Kenya, 23% in Ethiopia, 23% in Tanzania (43% in Grade 1); 26% in Cameroon (59% in Grade 1), 51% in Malawi and 68% in Uganda.

⁹ This would respond to paragraph 13 of the “Oslo Declaration” agreed at the December 2008 meeting of the “High Level Group on Education for All”: “In a majority of countries, progress towards EFA since 2000 has benefitted from a commendable effort to increase both national and public funding and aid to basic education. However, the recent stagnation in aid commitments and the cut in the share of national income devoted to education in some

In summary, SSA countries face a deepening global economic crisis that put at risk the hard-won gains in educational and economic progress over the past decade. Minimizing its potential adverse impact will require (a) strong political leadership at the national and pan-Africa levels to envision and implement policies that both stimulate economic growth *and* protect strategic public investments in education, and (b) determined effort by donor nations to meet their aid commitments for education *as well as* work with recipient countries to ensure that this aid is used proactively on high-impact tasks, including mitigating the impact of the economic slowdown on education.

countries are causes for serious concern. The global economic slowdown could aggravate this trend. If development partners were simply to fulfill their previous pledges, it would lead to a sharp increase in financing for developing countries, which would in turn mitigate the impact of the global crisis”