

*DIRECTIONS IN EDUCATIONAL PLANNING: SYMPOSIUM TO HONOUR  
THE WORK OF FRANÇOISE CAILLODS*

*LES ORIENTATIONS DE LA PLANIFICATION DE L'ÉDUCATION: SYMPOSIUM  
EN L'HONNEUR DU TRAVAIL ACCOMPLI PAR FRANÇOISE CAILLODS*

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## Financing education in developing countries: New modalities, new approaches

### Examples from Rwanda

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## **Contents table**

List of abbreviations	p.3
<b>Introduction</b>	<b>p.4</b>
<b>Part 1: New trends in education financing</b>	<b>p.5</b>
1. Towards more and better delivered aid	p.5
2. New aid modalities and their effectiveness	p.5
3. Complementary provision and funding mechanisms	p.7
4. The quest for cost efficiencies	p.8
<b>Part 2: Examples from Rwanda</b>	<b>p.8</b>
1. Situational context	p.8
2. Financing of education	p.9
3. SWAP and the Joint Education Sector Support Programme	p.10
4. Public-private partnerships for education	p.12
5. Cost efficiency reforms	p.12
<b>Part 3: Conclusions</b>	<b>p.14</b>
<b>Bibliography</b>	<b>p.15</b>

## List of abbreviations

ADB	African Development Bank
CF	Catalytic Fund
DFID	Department for International Development
EDPRS	Economic Development and Poverty Reduction Strategy
EFA	Education for All
EMIS	Education Management Information System
EPDF	Education Programme Development Fund
ESCBPF	Education Sector Capacity Building Pooled Fund
ESSP	Education Sector Strategic Plan
FTI	Fast Track Initiative
GBS	General Budget Support
GEA	Global Education Alliance
GoR	Government of Rwanda
ICT	Information Communication Technology
IIEP	International Institute for Educational Planning
JESS	Joint Education Sector Support
JRES	Joint Review of the Education Sector
LTSFF	Long Term Strategic Financial Framework
MDG	Millennium Development Goal
MINEDUC	Ministry of Education
MTEF	Medium Term Expenditure Framework
NGO	Non-Governmental Organization
PCR	Pupil per Classroom Ratio
PFM	Public Finance Management
PGBS	Partnership General Budget Support
PPP	Public-Private Partnerships
PRSP	Poverty Reduction Strategy Paper
PTA	Parent Teacher Association
PTR	Pupil per Teacher Ratio
SBS	Sector Budget Support
SWAP	Sector-wide Approach Programming
TVET	Technical and Vocational Education and Training
UK	United Kingdom
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
WBI	World Bank Institute
WEF	World Economic Forum

## Introduction

Achieving Education for All and the Millennium Development Goals for education by 2015 requires much more resources and a much more efficient allocation and use of limited resources. Current efforts from governments in developing countries and donor countries do not sufficiently close the global funding gap: estimates indicate that achieving the education MDGs will require an additional \$10 billion per year in aid by 2010<sup>1</sup>. But increasing resources is not enough; resources have to be committed over a longer period. Their delivery is to be improved along the principles of the Paris Declaration on aid effectiveness. Aid should come alongside support to the development of capacities of governments to absorb increased resources and to use them more effectively. Recent progress indicates that aid has had a positive impact. Acceleration of the MDG and EFA goals is deemed possible if donors step up resources and allocate and use them effectively. On the other hand governments should target best use of resources through improving governance, introducing cost efficiencies and involving non-state actors.

Increased allocation of finances to primary education has contributed to successful progress in primary enrolment rates. With numbers of primary school leavers growing, countries are faced with the ordeal of expanding secondary and tertiary level. There has been increasing acknowledgement that post-primary education is crucial to skills development for growth, poverty reduction and reaching the MDGs. Both governments and donors are increasingly arguing that this level is not to be neglected. This has raised the important issue of balancing intra-sectoral allocations. The primary level requires increased and/or sustained financing to address equitable access, quality and efficiency. For that reason, its share of the government budget should not have to compete with the higher levels. Innovative financing solutions and efficiency gains are required to improve affordable access to post-primary levels.

This paper aims to elaborate on new modalities for better delivered aid as well as some of the new approaches for sustainable financing. The first chapter will present some of the major new aid modalities that have seen an increase over the past decade and introduce a preliminary overall assessment on their effectiveness. This chapter will also briefly introduce alternative partners for providing and financing education, as well as potential efficiency gains. It will thereby draw upon examples from secondary education levels, although lessons are deemed to be useful for other levels of education as well. The second chapter will explore practical applications of some of these new modalities and approaches to the financing of education in Rwanda. At a relatively early stage of post-conflict development, it will be difficult to make any general conclusions. However; the paper attempts to share some of the initial successes and challenges ahead.

In conclusion, the effective and efficient financing of education is complex, and there are many contributing factors to be considered. Recipient governments and their donors have to make the right choice and mix of aid instruments depending on the specific context and policy framework. Governments are recommended to invest in attracting complementary provision and funding partners, whilst reinforcing alignment and harmonization as much as possible. Governments must also build in cost efficiency reforms towards providing equitable access to good quality education.

The paper would like to make a case for more research into different financing mechanisms and further analysis of their effectiveness and efficiency, to help both countries and donors move beyond the stage of experimentation. Lessons learned from experiments are hoped to advise the choice of

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<sup>1</sup> DFID Core script on Education for All, Cross-Whitehall narrative, 2008. The 2008 EFA Global Monitoring Report estimates a need for an additional \$11 billion increase per year.

the “best mix of complementary aid modalities”, the “best mix of complementary providing and funding mechanisms”, and the “best mix of cost efficiency reforms”.

## Part 1

### Financing education: new modalities and approaches

*This chapter introduces the major new aid modalities that have seen an increase over the past decade. It attempts a modest preliminary overall assessment on the effectiveness of some of these new aid modalities. We also briefly introduce alternative partners for providing and financing education, and briefly touch upon potential efficiency gains. The paper will thereby draw upon examples from secondary education levels, although lessons are deemed to be useful for other levels of education as well.*

#### 1. Towards more and better delivered aid

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Different high-level forums over the past decade have called upon governments and donors to accelerate EFA and the MDGs through increased long-term commitments and more efficiency in the delivery and use of resources. The World Education Forum in Dakar, 2000, adopted a Framework for Action for achieving EFA, reaffirming the crucial roles of national governments, international donors and civil society. In Gleneagles, 2005, the G8 and other donors promised to provide considerable additional resources. But promises have not sufficiently been adhered to, and some concern exists over a decline in aid to education in the latter half of the decade. The MDG Call to Action launched in 2007, reiterated the need for stepping up resources and multilateral partnerships.

The High Level Forum on Aid effectiveness in Paris, March 2005, resulted in a commitment to basic principles such as country ownership of the development agenda, alignment of all aid with national strategies and procedures, donor harmonization and division of labour, results-based management and mutual accountability.<sup>2</sup> This Declaration promoted the channelling of aid through new modalities and mechanisms such as sector-wide approach programming and budget support. The Fast Track Initiative embraces the aid effectiveness agenda through seeking endorsement of country plans by the local donor group.

In this new era, recipient governments are increasingly judged on their ownership and political will, quality and credibility of sector-wide policies and planning, the transparency and accountability of management, and their consultation with civil society. Donors are encouraged not only to align and harmonize their interventions to country plans and procedures, but also to build capacities of committed governments to better absorb aid and scale up their efforts.

#### 2. New aid modalities and their effectiveness

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The major new aid modalities that have seen an increase over the decade are debt-relief schemes, partnership general budget support (PGBS)<sup>3</sup>, sector budget support and pooled funds. Projects are increasingly using government rather than parallel systems. Traditional technical assistance is making space for institutional capacity development initiatives. An important global initiative is the Fast Track Initiative (FTI). Launched at the 2000 World Education Forum, the FTI-partnership mobilizes large volumes of resources from FTI partners into the Education Program Development Fund (EPDF) and the Catalytic Fund (CF). The former facilitates support to low income countries to prepare a sound national education sector plan and thus help gain access to CF; the latter aims to provide

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<sup>2</sup> Paris Declaration on Aid Effectiveness, High Level Forum, Paris, 28 February – 2 March 2008

<sup>3</sup> As opposed to the earlier structural adjustment schemes that imposed conditionalities. PGBS supports the partner country's poverty reduction strategies through channeling funds through national systems.

transitional short-term funding to help close the financing gap for countries with too few donors.<sup>4</sup> Recent initiatives that aim to improve predictability and long-term commitments are the MDG contracts of the European Commission, UK support to 10-year education plans, and the conceptualization of expanded Catalytic Funding from the FTI.

Different institutions have made different categorizations of aid modalities and approaches. The table below sums up some of the major trends and forms<sup>5</sup>. It does not attempt to be comprehensive.

Aid form	Aim	Accountability
Sector Wide Approaches (SWAP) <i>Embracing 1 or more of the aid modalities listed below</i>	To support a single comprehensive programme and budget framework; To coordinate, harmonize and align donor efforts in support of 1 single country-led programme and with increasing use of government systems	Increasing use of government systems
General budget support (GBS)	To provide incentives for pro-poor reforms with provision of adequate safeguards (nominal earmarking)	Government systems
Sector budget support (SBS)	To support progressive sectors as a possible transition to GBS; To facilitate sector dialogue to address concerns over service delivery	Government systems
Pooled funds: common baskets and multi-donor trust funds	To support specific budget lines and programmes	Government or parallel systems or a combination of both
Projects using government systems	To focus on development of pooled support; To reform public sector and PFM; To support civil society and private sector; To develop innovative pro-poor pilot projects	Government systems
Global Funds (e.g. FTI) and Partnerships	To contribute to MDGs and related targets; To scale up aid	Government or parallel systems or a combination of both

The biggest challenge is to choose the right mix of instruments to support education programmes in the most effective and efficient ways. The ideal mix depends on a combination of factors, such as the country context, policy framework, the quality of policy dialogue, governance, public financial management and service delivery. Reviews of impact of external assistance have inspired guidance and methodologies upon which donors can base their decisions<sup>6</sup>. The countries emerging from post-conflict situations such as Burundi, the Democratic Republic of Congo and Sudan provide particular challenges in terms of mixed modalities.

Below is a synthesis of the assessments by the 2008 EFA Global Monitoring Report<sup>7</sup> and the Joint Evaluation of General Budget Support 1994-2004<sup>8</sup>. Whilst the former deals with overall not further specified sector programmes in the education sector, the latter focuses on the effect of only general budget support on the delivery of both health and education. Rather than summarizing each assessment separately, this paper picks up major common findings and recommendations.

### *Strong effects of budget support*

<sup>4</sup> Education for All – Fast Track Initiative, Fact sheet, updated January 17, 2008

<sup>5</sup> Adapted from Guidance on Aid Instruments, a DFID practice paper, DFID, July 2006; and Tracking Financial Flow to Education for All, synthesis report, ECORYS-NEI, 2004

<sup>6</sup> E.g. Guidance on Aid Instruments, a DFID practice paper, DFID, July 2006

<sup>7</sup> Education for All by 2015, Will we make it?, EFA Global Monitoring Report 2008, UNESCO, 2007

<sup>8</sup> Does General Budget Support help deliver effective services, DFID Briefing, March 2007

- Increased funds have resulted in a higher share of government resources allocated to education
- Increased resources for education have led to expanded access to education

*Weaker, not yet embedded effects of budget support*

- Improved capacities for managing education finances
- Improved accountability
- More coherent donor support and policy dialogue
- Incentives for designing pro-poor policies such as fee-free education

*Challenges for budget support*

- Improving and maintaining quality of education especially in a context of rapid expansion
- Promoting equity and pro-poor policies
- Ensuring sustainability and long-term scaling-up

*Recommendations for budget support*

- Invest in strategic development of institutional capacities including policy analysis, financial management and decentralization
- Strengthen monitoring and policy dialogue
- Consider a mixed portfolio of aid modalities adapted to the country and context
- Design predictable long-term financing strategies

### **3. Complementary provision and funding mechanisms**

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The new aid modalities described above primarily aim to support public funding to the education sector. The largest share of government budgets for education is mostly allocated to primary education. Donor dependency may set a strong orientation towards achieving UPE. FTI, mostly representing a large volume of resources, essentially targets primary education. The secondary level is often the “forgotten middle”. Given the high unit cost of secondary education, government budgets are mostly insufficient to expand the “middle” in an equitable and sustainable way. Especially to address the challenge of financing the expansion of secondary education, governments are recommended to find allies among non-state actors<sup>9</sup>.

Below is a simple overview of models of financing and provision that was presented at a recent WBI / DFID course on post-primary education reform in Africa<sup>10</sup>. These models apply in varying degrees to all levels of education.

	Public financing	Private financing
Public provision	Free government schools	User fees complementing public financing
Private provision	Public subsidies complementing or replacing payment of tuition and other charges	Pure private schooling, including unsubsidized community schools

Public-private partnerships for education may take many forms depending on the country policies, specific context, and the level of education. Common practices are, for example, community

<sup>9</sup> Adapted from Strategies for sustainable financing of secondary education in Sub-Saharan Africa, Keith Lewin, 2008

<sup>10</sup> Copied from: At the crossroads, choice for secondary education in Sub-Saharan Africa, Adriaan Verspoor, World Bank, presentation at “Post-primary education reform in Africa”, Johannesburg, May 2008, World Bank Institute / DFID

financing, school grants and/or capitation grants for public and private schools, targeted pro-poor subsidies, licensing and subsidization of private schools, matching grants, bursaries,...

“Multi-stakeholder partnerships for education” require a separate reference. This concept refers to the pooling and management of resources and mobilization of competences and commitments from the public and private sector, the business community and civil society towards achieving good quality education for all<sup>11</sup>. One example of a global multi-stakeholder partnership for education is the Global Education Alliance, launched by the World Economic Forum in the footsteps of the Global Education Initiative. The GEA assembles business companies worldwide to collaborate with governments and the donor community in an aligned and harmonised fashion to support the implementation of education sector plans<sup>12</sup>.

Research will likely shed more light on the relevance, efficiency and effectiveness of the multitude of initiatives, and thus support policy decisions in context. There are mixed views over private providers of education. On the one hand, whilst private providers have often been considered to be effectively and efficiently responding to increasing demand, there are issues over high cost and equity<sup>13</sup>. Some non-state providers such as community schools, on the other hand, have been found to be effectively targeting underserved populations, thus providing complementary models for achieving EFA<sup>14</sup>. Again, more analysis would be welcome to advise the best “mix of complementary approaches”.

Recent literature often links the significance of public-private partnerships to secondary and higher education and TVET. In the author’s view, it would be worthwhile to further explore their relevance not only for these levels, but also for primary and pre-primary levels, and for non-formal and adult literacy initiatives.

As a very preliminary conclusion, public-private partnerships may have potential to address some of the challenges that new aid mechanisms for fuelling the government budget have been facing. However, it is important that they should not be working against the basic principles underlying the new aid modalities. In other words, it is advisable that private partners are aligned as much as possible to government plans and procedures, that they are well co-ordinated and harmonized, and that they respect transparency and mutual accountability. This implies that they have to be invited as partners in the policy dialogue.

#### **4. The quest for cost efficiencies**

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The huge cost of secondary expansion in developing countries will not be met without reforms that aim at increasing cost efficiency and effectiveness of the programme. Keith Lewin’s “Strategies for Sustainable Financing of Secondary Education in Sub-Saharan Africa” sums up a comprehensive range of relevant “affordable options” that will guide governments when planning and costing secondary expansion – but many of these options are relevant to other levels of education as well. A summary of major options<sup>15</sup> are given below:

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<sup>11</sup> New partnerships for EFA: building on experience, Alexandra Draxler, IIEP / WEF, 2008

<sup>12</sup> Rwanda has recently been selected as a pilot country for the GEA, see chapter 2.

<sup>13</sup> Limits to growth of Private Secondary Schooling, Keith M. Lewin, University of Sussex, presentation at “Post-primary education reform in Africa”, Johannesburg, May 2008, World Bank Institute / DFID

<sup>14</sup> Meeting EFA: lessons from complementary approaches (draft), Equip 2 Technical Paper, Joseph DeStefano, 2004

<sup>15</sup> Strategies for sustainable financing of secondary education in Sub-Saharan Africa, Keith Lewin, 2008; and Expanding access to secondary schooling in Sub-Saharan Africa: Key planning and finance issues, DFID briefing 2006

- Re-allocation of resources
- Reducing recurrent costs (salary, non-salary)
- Structural changes (e.g. withdraw boarding subsidies, double-shifting,...)
- Better management of flow of students (addressing dropout and repetition, cost barriers, examination policy,...)
- Improved teacher deployment and utilization (addressing PTR and PCR; reconsider mode of delivering teacher training,...)
- Better school management (incl. enhanced school financing)
- Curriculum and textbook reforms (core curricula, textbook provision,...)
- Improved planning for physical capacity needs
- Increase cost-sharing and cost recovery
- PPP (see also 1.4)

The choice of options will eventually depend on a country's specific situation, its targets, patterns of enrolment, and constraints to growth. Policy dialogue with partners and looking into best practices will help make the best choices.

## Part 2

### Examples from Rwanda

*This chapter explores practical applications of some of the new modalities and approaches to the financing of education in Rwanda. After the genocide in 1994, Rwanda gradually moved from an emergency and reconstruction agenda towards a post-conflict development agenda. Having progressed fast on laying the foundations for a stable society and establishing strong state institutions, it has increasingly attracted aid and become a showcase for many of the new trends in education financing. As these new modalities and approaches are fairly recent, it will be difficult to make firm conclusions. However, the paper attempts to share some of the initial successes and the challenges ahead.*

#### 1. Situational context

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Rwanda's education policy framework is guided by a long-term vision called "Vision 2020" and the national Poverty Reduction Strategy<sup>16</sup>, which has been inspired by the MDGs. Rwanda sets ambitious development targets and strives to become the knowledge hub of the region, thereby giving special attention to science and technology and the development of human capital. In 2003, the Rwandese Ministry of Education (MINEDUC) finalised its first version of the Education Sector Strategic Plan (ESSP). This is a sector-wide medium-term annual rolling plan linked to the 2002 Education Sector Policy and the Medium-Term Expenditure Framework (MTEF). MINEDUC is now finalising its ESSP 2008-2012, which adapts the plan to the EDPRS and thus shifts focus more on the development of education towards skills development for the labour market and economic growth. In 2006, MINEDUC produced a Long Term Strategic Financial Framework (LTSFF) 2006-2015, a long-term plan that was the basis for FTI-endorsement. An updated version will be produced in 2009.

Recent developments in the Rwandan education system have to be understood against the background of the 1994 events and its consequences to the country's human resources and the government institutions. The genocide initially flung the country into an emergency situation. It gradually moved towards a post-conflict development situation.

Post-genocide educational reforms aimed at reconstructing a ravaged system through mobilizing resources and re-opening primary schools as quickly as possible. Primary school enrolments grew considerably through expanding and rehabilitating classrooms, double-shifting, distributing school supplies and the abolition of school fees in 2003. Official figures report over 95% enrolment in primary school in 2007 with an equal share for girls. While enrolment may be significant, the system suffers from inefficiency: many primary pupils repeat grades or drop out of school before completion, which compromises participation in higher levels. The Nine Years Basic Education Policy is expected to reduce repetition and dropout and thus boost the growth of the secondary sector with a view of eventually achieving universal 9 years education. Soon after the 1994 events, the GoR prioritized higher education in order to accelerate the development of human resources and the economy. Until today, higher education consumes a relatively large share of the education budget, although cost-sharing measures are expected to rebalance allocations in favour of secondary education. A post-basic education strategy is to be developed in the year to come.

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<sup>16</sup> Late 2007, a second PRSP was produced: the Economic Development and Poverty Reduction Strategy (EDPRS) 2008-2012.

The following table gives an overview of a selection of indicators<sup>17</sup>. Whilst reliability of data is questionable in the absence of a single Education Management Information System<sup>18</sup>, the available data are considered to indicate trends over time.

Indicator	Status 2005	Status 2007	Remarks
Enrolment number - Primary - Secondary	1,857,841 218,517	2,150,430 266,518	UPE virtually achieved: very high enrolment in primary, with gender parity. Enrolment is however concentrated in lower primary grades. There is low transition to secondary school. There is no more gender parity at lower secondary.
Gross enrolment rate - Primary - Secondary	137.3 16.6	151.9 20.5	
Net enrolment rate - Primary - Secondary	93.5 9.0	95.8 13.1	
Transition rate Primary to lower secondary	58.8	59 (2006)	
Primary dropout rate	14.6	14.3 (2006)	
Primary repetition rate	15.8	18.1 (2006)	Urgent need for improving quality and completion in primary.
Primary completion rate	46.7	52.0	
Pupil : teacher ratio - Primary - Secondary	69:1 29.6	74:1 22.2	Access shock in primary is challenging teacher and classroom provision.
Pupil : classroom ratio	62:1 (2004)	69:5	Urgent need to increase teacher and classroom numbers at primary level and careful planning for expansion at secondary.

## 2. Financing for education

Domestic resources for education are mainly created through collection of revenues. Rwanda has an Aid Policy that clearly states its preference for budget support and aligned and harmonized aid mechanisms. The education sector today receives the major bulk of its external resources through general and sector budget support, including FTI. These are fungible with the government's domestic resources and are completely accounted for through government procedures.

The following table gives an overview of financial indicators for 2007<sup>19</sup>.

Indicator	2007	Remarks
Education expenditure	Budget: RWF 94.92 bn \$ 175.7 m Expenditure: 96%	Good budget execution, especially for primary (99.6%)
As % of GDP	n/a	4.9% of GDP in 2006
As % of total budget	23.7 %	Up from 16.3 % in 2006
% of budget share to primary (incl. pre-primary)	44.9 %	Nearing the target of 50% by 2012
% of budget share to secondary	20.7 %	The "orphaned middle"

<sup>17</sup> Source: Ministry of Education, Rwanda, Joint Review of the Education Sector, June 2008

<sup>18</sup> Development of EMIS was delayed by procurement issues. It is now ongoing and first data are expected to be engendered through the system in 2009.

<sup>19</sup> Sources: Ministry of Education Rwanda, Joint Budget Support Review, April 2008

% of budget share to higher	23.8 %	Share for higher education is greater than for secondary. Need to rebalance towards 2012 target 22% for each sub-sector: secondary and higher.
Unit cost per pupil in \$ per year	Primary: 36.70 Secondary: 136.52 Higher: 950.80	Huge disparities in unit cost per pupil between education levels. Need for capping and balancing ratio's at more reasonable levels.
Proportion secondary : primary pupil	3.7:1	
Proportion higher : primary pupil	25.9:1	
Proportion higher : secondary pupil	7:1	
Estimation of GBS and SBS attribution to education budget	±40 %	Theoretical attribution of GBS 2008 = 17%; SBS contribution 2007 represents 25% of total 2007 education budget

Additional external resources come through projects, which are increasingly captured on the development budget. Rwanda provides in a monitoring and reporting system of external development projects. Notwithstanding the government's aid policy, there is off-budget support to education especially from non-government state actors. These will be partially dealt with under part 4 of this chapter.

### 3. SWAP and the Joint Education Sector Support Programme (JESS)

The education sector in Rwanda was the first to launch a SWAP in the first half of the decade. Whilst initially focused on preparing credible strategic plans and budgets, the SWAP evolved into the Joint Education Sector Support Programme (JESS). The purpose of JESS is to support the implementation of the ESSP 2006-2010 through two components: 1) the sector budget support programme, and 2) the capacity building pooled fund. Below is a brief elaboration for each of these programme components.

#### *Sector Budget Support*

The SBS programme aims to channel donor funds to support the government budget for education over the targeted period 2006-2010. The SBS-modality intends to provide a transitional mechanism towards potential expansion of general budget support.

The table below gives an overview of major sector budget support donors and their commitments:

Donor	2006-2010	\$ (at 2008 ER)	2006 \$	2007 \$	2008 \$	2009 \$	2010 \$
DFID	10,000,000 £	19,000,000	2,850,000	4,940,000	3,724,000	3,762,000	3,724,000
Belgium	11,546,810 €	17,320,214	0	5,320,214	3,000,000	4,500,000	4,500,000
Netherlands	29,960,000 €	44,940,000	0	2,100,000	8,550,000	17,145,000	17,145,000
ADB	15,000,000 A	24,158,250	0	4,831,650	8,052,750	6,442,200	4,831,668
FTI/CF	70,000,000 \$	70,000,000	0	26,000,000	44,000,000	0	0
<b>TOTAL</b>		175,418,464	2,850,000	43,191,864	67,326,750	31,849,200	30,200,668

Source: update by SBS donors March 2008 (DFID)

Interestingly, FTI Catalytic Funding is channelled through the sector budget support mechanism. The generous FTI funding helps to close the funding gap for 2007 and 2008.

From 2009 onwards, however, a big funding gap looms again, and more resources have to be mobilised urgently. Government is looking into potential new donors. Some donors consider increasing their contributions and expanded catalytic funding from the FTI<sup>20</sup>. However, preparing for grants takes time and 2009 is close in administrative terms. There is a relative risk that the funding gap affects 2009 planning and thus the implementation of the plan.

*Education Sector Capacity Building Pooled Fund (ESCBPF)*

The Fund pools donations from the UK and UNICEF into a special account that is managed by MINEDUC. The Fund helps MINEDUC build capacities for planning, implementing, monitoring and evaluating their ESSP. The arrangement was meant to have a 3-year duration, after which it is to be integrated into the recurrent budget.

The JESS programme promotes a better co-ordination of all support to the education sector, regardless of the financing mechanism used. To that end the Government and development partners have signed a memorandum of Understanding setting out partnership principles. JESS is reviewed annually through the Joint Review of the Education Sector.

What has been the initial assessment of JESS and does it reinforce the overall assessment of budget support described under chapter 1? Below is an attempt to assess JESS along the overall budget support assessment made earlier.

<i>Effects of budget support</i>	<i>Effects of SWAP and JESS (+ GBS attribution to education budget)<sup>21</sup></i>	
Increased funds have resulted in a higher share of government resources allocated to education (strong)	V strong	JESS has mobilized an important volume of resources to support the government budget and plans. SBS contributed 25% of the education budget in 2007 (40% if adding theoretical attribution from GBS).
Increased resources for education have led to expanded access to education (strong)	V strong	SBS is helping to finance the big spending blocks of education: teacher salaries, capitation grants for basic education (replacing school fees, including teacher bonuses and contract teachers), construction and textbooks. It can be therefore deducted that SBS contributes to both access and quality of education.
More coherent donor support and policy dialogue (weak)	V relatively strong, not weak	<ul style="list-style-type: none"> <li>• SWAP has resulted in better policy dialogue through regular donor and cluster meetings and the annual joint review of education sector.</li> <li>• SBS strengthens donor position in policy dialogue.</li> <li>• Partnership further strengthened through FTI requirement for endorsement of local donor group of plans and reports.</li> <li>• JESS has been promoting involvement of non-state actors in an aligned and harmonized fashion (NGOs, private sector).</li> </ul>
Improved capacities for managing education finances (weak)	V weak	Weak impact partially explained by weak donor capacities in this area. To be improved over time to come through the proposal for the establishment of a Joint Budget Working Group.
Improved accountability (weak)	V weak	<ul style="list-style-type: none"> <li>• JESS has promoted the execution of a Sector Public Expenditure Review in 2007, which addressed issues of accountability especially under a decentralized system. Follow-up on recommendations of the report, however, is weak.</li> <li>• JESS will be promoting a Public Expenditure Tracking Survey on capitation grants in 2008-09.</li> </ul>
Incentives for designing pro-poor policies such as fee-free education (weak)	V strong	SWAP has promoted the abolition of school fees for basic education through the introduction of capitation grants.
<i>Challenges</i>	<i>Challenges for SWAP and JESS (+ GBS attribution to education budget)</i>	
Improving and maintaining quality of education especially in a context of rapid expansion	V	<ul style="list-style-type: none"> <li>• These challenges also apply to budget support to education in Rwanda. However, current shift of focus in policy dialogue from good plans to impact and results helps prioritize quality and equity as major issues.</li> </ul>
Promoting equity and pro-poor policies	V	
Ensuring sustainability and long-term scaling-up	V	

<sup>20</sup> FTI Secretariat produced a concept note on expanded catalytic funding.

<sup>21</sup> Personal assessment based on cluster meetings, FTI-related meetings and Joint Annual Review 2008.

		<ul style="list-style-type: none"> <li>The long-term scaling-up is a big issue indeed, for which JESS will have to find creative solutions. JESS is now looking into expanded CF.</li> </ul>
<i>Recommendations for budget support</i>	<i>Challenges for SWAP and JESS (+ GBS attribution to education budget)</i>	
Invest in strategic development of institutional capacities including policy analysis, financial management and decentralization	V	This is undertaken through the Capacity Building Pooled Fund. A current review of this Fund advised to re-address strategic priorities.
Strengthen monitoring and policy dialogue	V	Whilst policy dialogue is considered quite strong, there is room for improvement. An overall monitoring framework and EMIS are in the process of development with support from the Capacity Building Pooled Fund.
Consider a mixed portfolio of aid modalities adapted to the country and context	V	There is a mixed portfolio of GBS, SBS, pooled funding for capacity building and projects.
Design predictable long-term financing strategies	V	More work needs to be done to address the funding gap from next year onwards. Cost efficiencies and alternative partnerships have to be considered in addition to domestic resources and donor funding to the public budget.

#### **4. Public-private partnerships for education**

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Even if basic education is made fee-free through capitation grants, public schools tend to raise modest fees to cover e.g. bonuses for teachers and other costs. In addition to small financial contributions, these schools will benefit from community labour<sup>22</sup> and contributions in kind. At private subsidized schools, parental fees can represent up to 50 per cent of the school annual budget.

Churches have been an important provider of education alongside the public system for ages. Even if today many of these schools receive government subsidies, co-ordination has not been straightforward. Whilst MINEDUC has recently been establishing formal co-ordination with many of the NGOs through thematic cluster groups, the co-ordination with faith-based organisations is yet to be optimized. Faith-based schools are generally acknowledged to provide better quality education, but this comes at a higher cost which is largely paid by parents. They cater mostly for well to do students, but tend to operate solidarity funds for orphans and vulnerable children. The schools are mostly well-managed and have well-functioning parent committees, which may very well be the result of their relative autonomy. Many of them have succeeded in finding access to support from NGOs and projects in addition to government subsidies and parental fees. They also have found innovative ways for generating income and saving costs.

Private schools operate at the post-primary level (in 2007, 40% of secondary schools were private). In recent years, the number of private higher education providers has sprung up, and they are now being subjected to national quality standards.

Under pressure to balance allocations between the sectors, government is increasingly asking both public and private subsidized higher learning institutions to reduce costs in various ways: through establishing linkages with the private sector and foreign institutions and through cost-sharing schemes. Technical colleges are equally encouraged to establish better linkages with the private sector, with the aim of sharing costs in addition to developing and delivering a training that meets market demands.

NGOs provide important inputs into the education system. Much of this support goes uncaptured as yet. Recent initiatives have been taken to establish an NGO coalition and map interventions. It is expected that better co-ordination will result in better alignment and higher efficiency.

The Global Education Alliance, with backing of the World Economic Forum, has chosen Rwanda as a pilot country. This Alliance, comprising a number of international ICT and investment companies, has been collaborating with MINEDUC, the local donor group and the Private Sector Federation in Rwanda to explore ways of co-operation that will best serve the country's educational objectives and their own private interests. It is expected to back especially the development of ICT capacities at central levels, in teacher training institutions and higher levels of education.

#### **5. Cost efficiency reforms**

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In the face of rapid growth of primary enrolment and the ordeal to step up expansion of the secondary education level, Rwanda will have to explore ways of reducing costs in addition to making optimal use of PPPs. Below is a sample of options Rwanda has taken, presented against the recommended options presented in chapter 1.

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<sup>22</sup> Rwanda implements a community labour scheme, called "Umuganda", whereby every last Saturday of the month; the community contributes labour to national development.

Affordable options for expanding secondary education	Some options taken in Rwanda (not limited to secondary education)
Re-allocation of resources	Rwanda has increasingly reduced the share of the budget allocated to higher education. Initially the reallocation fuelled the primary education share and neglected the secondary education share. Since the primary education share has now almost reached its target, the rebalancing will be done between secondary and higher education.
Reducing recurrent costs (salary, non-salary)	<ul style="list-style-type: none"> <li>• With the support of the lead donor, MINEDUC will be conducting a study into teacher salaries and incentives in late 2008, thereby looking at best practices in the region, and expected to make recommendations to a more effective and cost-efficient management of teachers.</li> <li>• Over the past year, over 1,600 contract teachers were hired through the capitation grant. Whilst they meet the urgent demand for more teachers, there are issues over their quality and the efficiency and sustainability of the initiative.</li> </ul>
Structural changes (e.g. withdraw boarding subsidies, double-shifting,...)	<ul style="list-style-type: none"> <li>• Rwanda operates double shift schools in many areas of the country to cope with the pressure of growing enrolment.</li> <li>• A number of primary schools are increasingly extended to provide 9 years basic education.</li> <li>• Boarding at secondary schools is still heavily subsidised, however.</li> </ul>
Better management of flow of students (addressing dropout and repetition, cost barriers, examination policy,...)	<ul style="list-style-type: none"> <li>• PTAs were established in the beginning of the decade and have been found to have a positive impact on enrolment, attendance, dropout and addressing cost barriers for the poor.</li> <li>• MINEDUC plans a study into dropout in 2008. The World Bank Country Status report, due early 2009, will also be addressing dropout and cost barriers. These studies are expected to come up with useful recommendations for reforms.</li> <li>• The examinations policy does not favour 9 years basic education. There have been recommendations towards cancelling the P6 leaving examination, but this has not yet been enacted upon.</li> </ul>
Improved teacher deployment and utilization (addressing PTR and PCR; reconsider mode of delivering teacher training,...)	<ul style="list-style-type: none"> <li>• A Teacher Service Commission was set up in 2007 with a mandate of teacher management, looking into better deployment of teachers in addition to recruitments.</li> <li>• In terms of teacher training, studies have made recommendations towards more efficient options of delivery, including school-based training and distance training, but these have yet to be elaborated into strategic planning.</li> </ul>
Better school management (incl. enhanced school financing)	<ul style="list-style-type: none"> <li>• Rwanda provided in-service training in school management for all primary head teachers in 2007. The programme is now being officialised into an accredited modular programme that will be delivered at the Kigali Institute of Education.</li> <li>• In 2008, Rwanda has been training secondary school heads and administrative personnel.</li> <li>• 2007 guidelines from MINEDUC have increased PTA involvement in financial management of the school, which has contributed to better transparency, accountability, mobilization and utilization of resources.</li> </ul>
Curriculum and textbook reforms (core curricula, textbook provision,...)	<ul style="list-style-type: none"> <li>• A 2007-2008 consultancy on textbooks made important recommendations towards a fundamental reform of the textbook provision system, promoting the private sector to increase quality whilst reducing costs. Given the fact that textbooks have been the virtual monopoly of MINEDUC so far, and because of the changes in procurement procedures involved, the reform is a daunting one, but expected to yield positive results and important efficiencies over the long term.</li> <li>• Ongoing curriculum reviews focus on the delivery of more relevant and efficient curricula that better meet the needs of learners, socio-cultural values and the demands of the labour market.</li> </ul>
Improved planning for physical capacity needs	<ul style="list-style-type: none"> <li>• Classroom construction accounts for a high share of the development budget, but developing cost efficiency reforms seem more difficult over the short term because of the dependency on imported materials and environmental restrictions. UNICEF is now collaborating with MINEDUC to develop a standard child-friendly model that guarantees quality and longevity.</li> <li>• School planning and construction has now been decentralised, but capacities at district levels for planning and procurement are questionable. This may have to be addressed over time to come.</li> </ul>
Increase cost-sharing and cost recovery	<ul style="list-style-type: none"> <li>• As stated in 2.4, parents make contributions either in kind (especially at primary public schools) and/or in cash (especially in private and private subsidized secondary schools).</li> <li>• In higher education, a student loan recovery scheme was launched late 2007. The new system introduces merit-based grants and merit- and means-based loans. Loans are recovered through employer deduction.</li> </ul>
PPP (see also 1.4)	See 2.4

More reforms are to be expected over time to come. Policy dialogue may play an important role in advising the necessary reforms.

## **Part 3**

### **Conclusion**

In conclusion, the effective and efficient financing of education is complex, and many factors are contributing. Recipient governments and donors have to make the right choice and mix of aid instruments depending on the specific context and policy framework. Governments are recommended to invest in attracting complementary provision and funding partners, even if this may pose problems of alignment and harmonization. Governments must also build in cost efficiency reforms towards providing equitable access to good quality education at all levels.

The paper would like to make a case for more research into different financing mechanisms and further analysis of their effectiveness and efficiency, to help both countries and donors move beyond the stage of experimentation. Lessons learned from experiments are hoped to advise the choice of the “best mix of complementary aid modalities”, the “best mix of complementary providing and funding mechanisms”, and the “best mix of cost efficiency reforms”.

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