



Financing the expansion of secondary schools in low income countries

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Key issues

- Some Key Issues for Planning
- What Resources are Needed
- Different Enrolment Challenges
- Meeting Financing Gaps

Key Issues for Financing the Expansion of Secondary Schools

1. Mass access is unavailable at current public cost per pupil
2. Expansion will be limited by direct costs and affordability
3. Rapid unplanned expansion will degrade quality and favour rich urban populations
4. Private for profit providers will be limited by household incomes
5. Non-financial constraints will shape growth
6. Teacher supply will be a serious problem in some countries
7. For much of SSA GER2 > 75% will be difficult to reach and transition rates into secondary may fall in the short term
8. Cost saving reforms are essential for sustainable expansion
9. Schools will need to be fee free for the lowest quintiles

What Determines the Resources Needed?

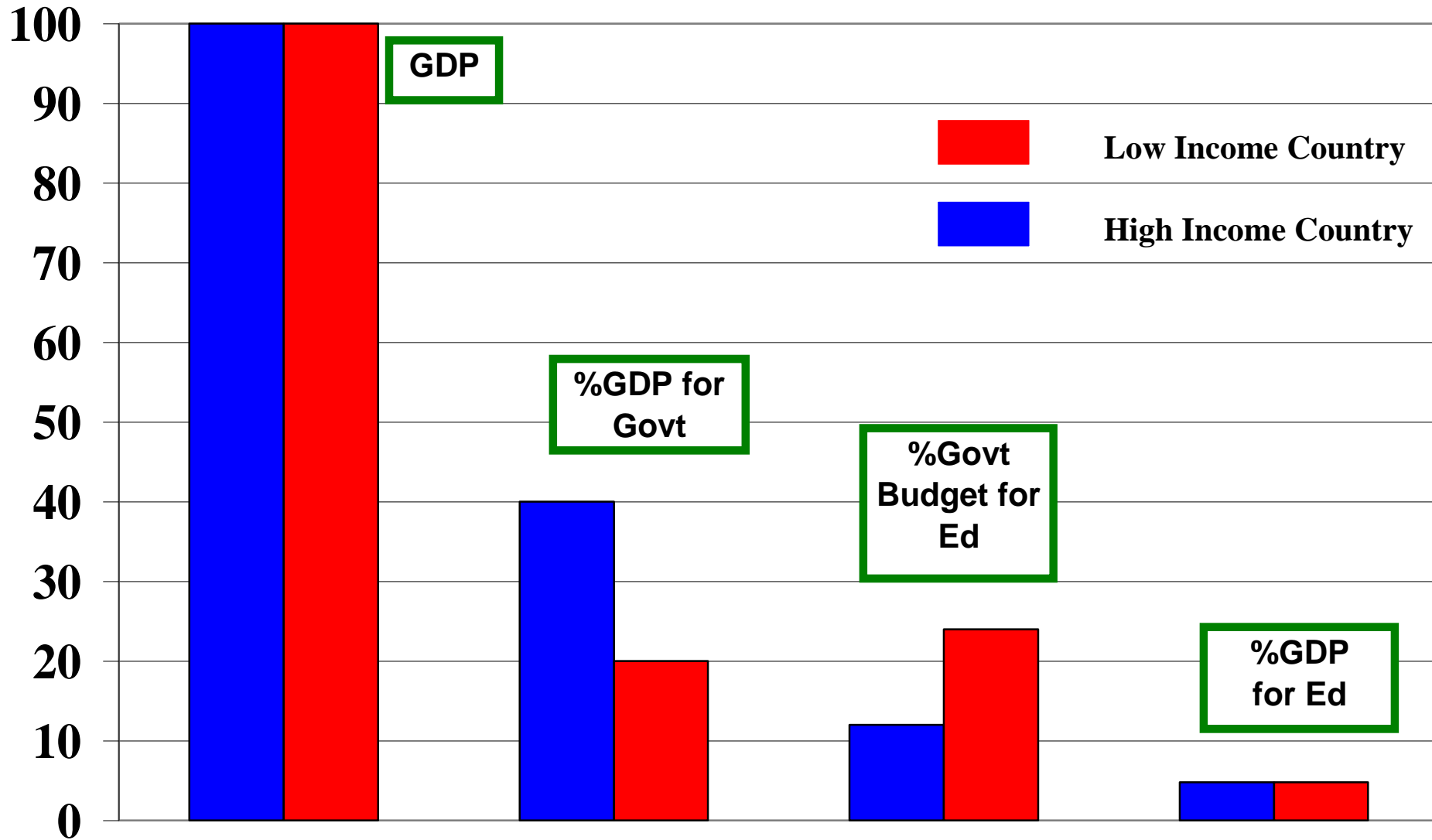
The resources available are determined by:

- the amount of revenue collected
- the proportion of government spending allocated to education
- the proportion allocated to secondary schools
- the private spending of households

What can be delivered in a sustainable way depends on:

- the proportion of children of school age
- the cost per child of a school place
- the proportion of GDP allocated to education
- the amount of private contributions from households
- the costs of providing adequate infrastructure

Allocations to Education



Resource Allocation Formula

$$X = GER * A * C$$

where:

X = Public expenditure on education by level as a % of GDP

GER = Gross Enrolment Rate (primary, lower secondary etc)

A = The proportion of the population of primary/secondary school age

C = Public recurrent expenditure on primary/secondary schooling per student as a % of GDP per Capita

- Quick order of magnitude estimates; Easily understood; Fast; Macro
- Assumes current cost structures; blind to systemic reforms; ignores non-financial constraints and lead times; no development costs

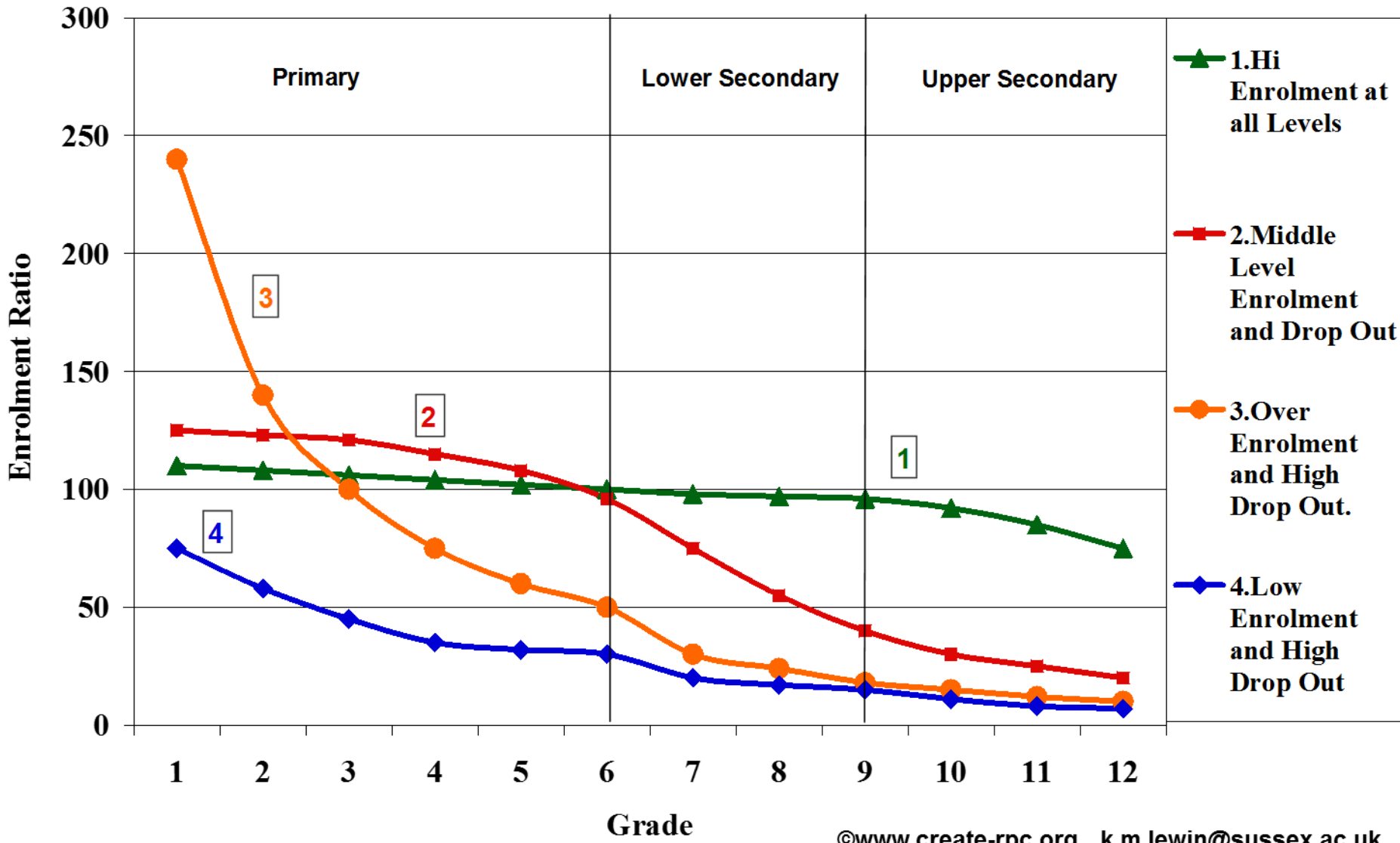
E.G. for GER=100% at lower secondary

$$X = 100\% * 9\% * 30\% = 2.7\% \text{ GDP}$$

Financial Limits to Growth

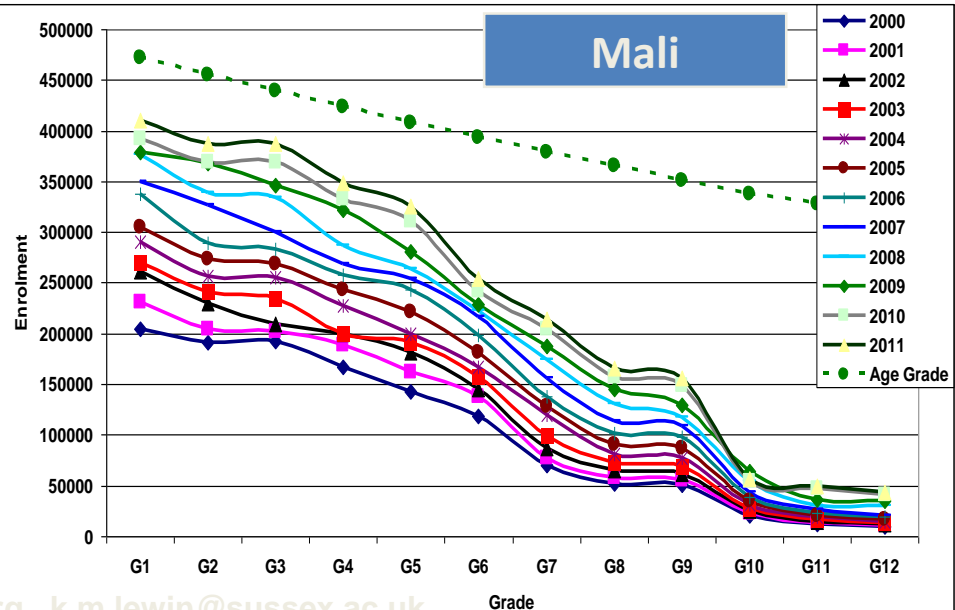
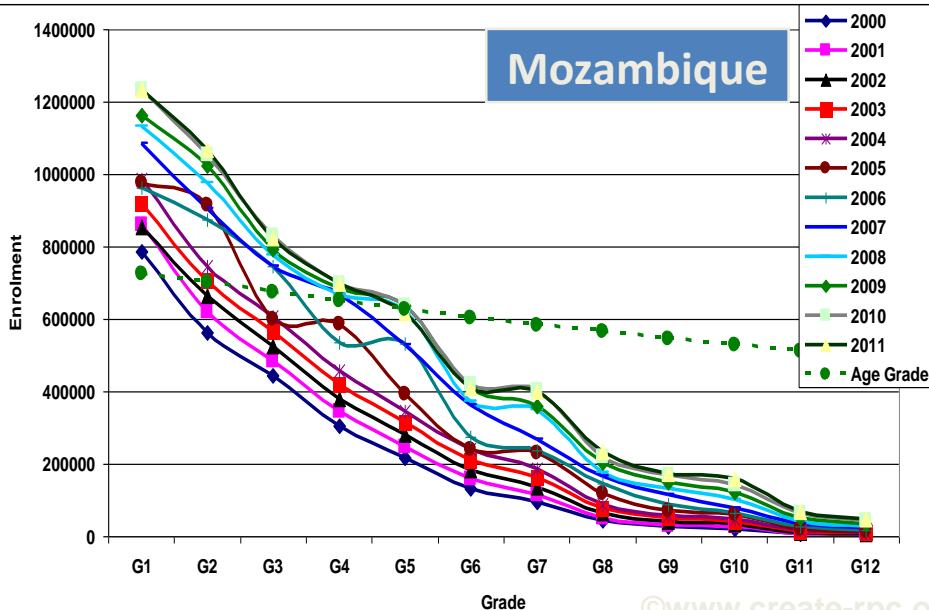
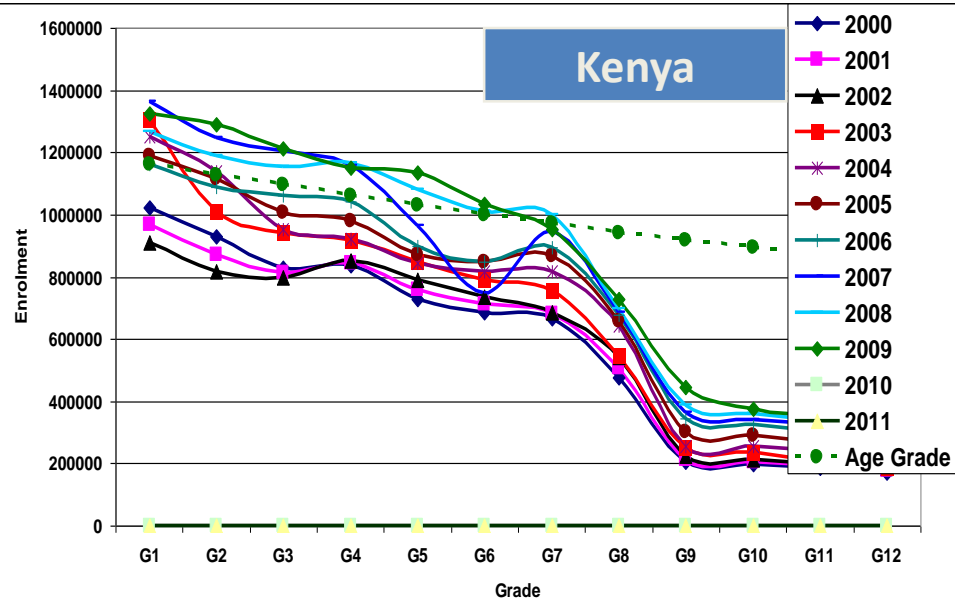
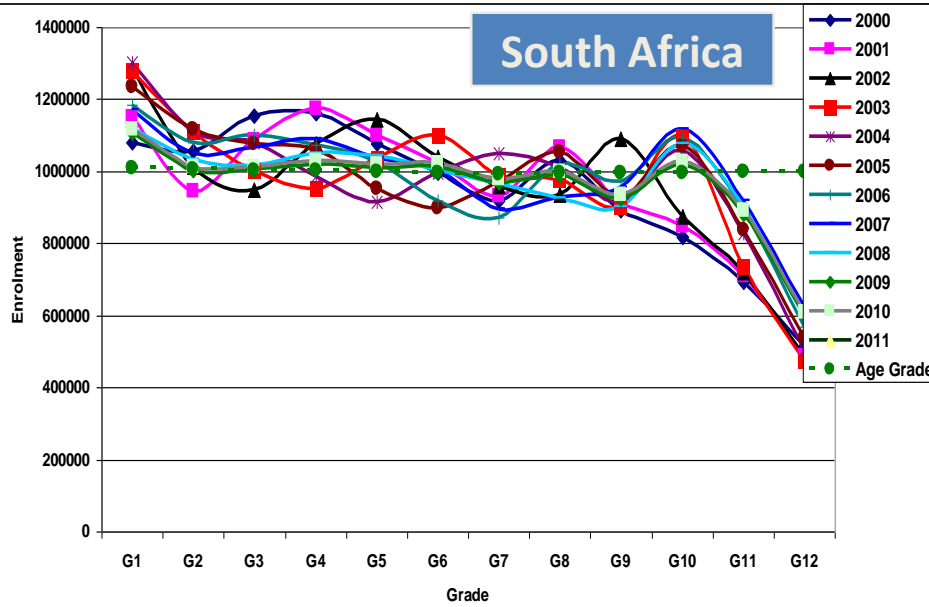
	GER	A (%Pop)	C (Cost)	X (% GDP)
Primary	90%	17%	12%	1.8%
Lower Sec	26%	9%	30%	0.7%
Upper Sec	13%	7%	60%	0.5%
Higher	3%	8%	400%	1.0%
Total				4.0%
Primary	110%	17%	12%	2.2%
Lower Sec	60%	9%	30%	1.6%
Upper Sec	30%	7%	60%	1.3%
Higher	4%	8%	400%	1.3%
Total				6.3%
Primary	110%	17%	12%	2.2%
Lower Sec	100%	9%	30%	2.7%
Upper Sec	50%	7%	60%	2.1%
Higher	5%	8%	400%	1.6%
Total				8.6%
Primary	110%	17%	12%	2.2%
Lower Sec	100%	9%	20%	1.8%
Upper Sec	50%	7%	40%	1.4%
Higher	5%	8%	300%	1.2%
Total				6.6%

Enrolment Patterns Shape the Challenge



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Four Types of Challenge



Rules of Thumb for Financing Greater Participation

- Costs per student as % GDP/capita <15% (primary), 25% (LSec), 40% (USec) GDP/capita
- Cost per secondary school student less than twice primary
- Teacher salaries < 4x (primary), or <5x (secondary) GDP/Capita
- For profit fee paying private schools less than 25% of total
- Teacher class ratios less than 2:1
- Teacher time on task more than 90%
- Cost recovery used with pro-poor subsidies
- Growth rate in participation per year < than GDP growth + 5%

What options are there to meet financing gaps?

The financing gaps for universalising access to secondary schooling in Africa vary and total between 10 and 20 billion dollars annually depending on the assumptions made.

Financing gaps can be addressed by:

- Real economic growth increasing domestic revenues
- Increasing the proportion of GDP allocated to education
- Changing sub-sectoral allocations for secondary schooling
- Capturing more of the costs of provision from the wealthy
- Attracting greater volumes of external assistance