PACIFIC ISLANDS FORUM SECRETARIAT

PIFS(02)FEDS.07

FORUM EDUCATION MINISTERS MEETING

Suva, Fiji

11 - 12 December 2002

SESSION 5 BACKGROUND PAPER

AGENDA ITEM 5 : BASIC EDUCATION FINANCE IN PACIFIC FORUM ISLAND COUNTRIES

The attached paper, prepared for the Forum Secretariat by a consultant, Mr Denis J Davis, reviews issues concerning the financing of basic education in the region, for the consideration of Ministers.

BRIEFING PAPER

BASIC EDUCATION FINANCE IN PACIFIC FORUM ISLAND COUNTRIES
[PIFS(02)FEDS.07]

Purpose

This paper presents an overview of the general state of basic education finance in the Forum Island Countries. It discusses possible strategies for raising and managing resources; funding strategies, and the financial impact they would have.

Issues

2. Nearly all member countries need to upgrade the quality and efficiency of their basic education systems, some have further to go than others to achieve universal and equitable access.

3. Most states allocate at least 20 percent of their recurrent expenditure to education, which shows significant commitment. However external economic pressures, the rationalising of the size of the public sector and political instability have reduced some national education budgets.

4. Member countries tend to spend more funds at primary than secondary level. Ministries of Education could use cost-effective management to free funds towards basic education. However, NGO, church and community sector support for education is very significant in most FICs.

5. Despite the strong push for early childhood education in the region, budgets indicate little central government financial support, so most pre-schools must charge fees. Governments need to provide support to the community to encourage them to provide ECE, but given the size of the task and limited funds, it is unlikely government can shoulder the financing responsibility.

6. Budget data does not show a large funding commitment to special education, but a lack of data may conceal significant national commitment.

7. All FICs have state, church and NGO-run vocational training centers for youth. Most charge fees, even when the government employs and trains teachers. Some centers sell their services or products to generate income and overseas agencies also provide support.

8. In a number of systems the government pays the teachers at all registered schools, but the management and raising of further funds may rest with the school management, such as communities or churches. In many FICs salaries comprise up to 93% of total primary expenditures. Salary spending is lower at secondary level due to higher cost residential facilities and travel costs. The effective management of salary costs offers major saving potential. MOEs can reduce the average salary by recruiting staff to the lower rather than the higher-level classifications.

9. MOEs can also reduce the costs of training by confining training to pedagogical skills and depending on trainees acquiring subject content through senior

secondary (if teaching primary) and undergraduate (if teaching secondary); or training teachers with distance learning and summer courses rather than full-time residential. Some countries have 'ghost teachers' on their payrolls, which means they are paying for teachers who are not at their supposed posting. MOEs could decide not to raise salaries at the same rate as inflation as a way of saving money, although this may not be politically viable.

10. Most donor support to education is for development activities. The cost of aid is the requirement of substantial resource commitment from the recipient country, as well as the overload of extra work on staff. Donor aid is most cost-effective when it is provided and received under a strategic sector development plan. The plan must provide focus and include capacity strengthening to receive and coordinate national and donor funding.

11. Central government consolidated revenue is the most common and important source of funds. Although education competes with other portfolios for government funds, various scenarios with resulting outcomes are:

- More effective budget management and redirection of funds into education through reprioritisation.
- Raising taxes (consistent with fairness and equity) or imposing labour market levies.

12. Local communities can be an important source of cash or in-kind resources for infrastructure and maintenance, and very often the provision of classroom sand teacher housing. National government and donor support must complement this funding source.

13. The unit costs of providing secondary education are usually higher than primary unit costs due to higher costs of teachers, textbooks and accommodation. Primary unit costs are higher in some places because schools are small and scattered. This is often reflected in low student-teacher ratios in the number of small schools outside the urban areas, mainly due to the dispersion of the population and separation due to geography. Some schools are separate due to reasons of cultural, religious or community pressure. Roads between schools, clustering infant and lower grade schools with senior 'mother' schools, the development of multi-grade teaching and appointing district level 'master' teachers can counter this.

14. A greater provision of materials can be partly met by parents and governments sharing the expense. However, to minimise the burden on the poorer sections of the community, as much as 90% might need to be carried by government at primary level.

15. Student repetition of classes is still widespread in some FICs. This practice has little educational benefit and causes inefficiency in the system.

16. The responsibility for the provision and maintenance of infrastructure often lies with the local communities. This can be expensive so facilities may not be provided or maintained. When this happens, the national governments and donors have given targeted support to encourage local independence and sustainability. This can be done by:

- finding the most cost-effective strategies for infrastructure development;
- strengthening local level capacity to acquire and manage funds;
- strengthening the capacity of local institutions to do their own building;
- broadening community participation.

17. The curriculum is an instrument for influencing students' life decisions. A 'too narrow' academic curriculum can direct students' ambitions towards the formal sector and put more pressure on accommodating students at upper education levels.

18. For isolated or small communities, distance education, supported by appropriate energy strategies (such as solar power), may be effective substitutes or supplements to formal schooling, when costs of the latter are prohibitive.

19. Key conclusions from the study result in the following guidelines:

Concerning the Raising and Monitoring of Funding

(a) MOEs should ensure they have functioning communication networks with other key government, NGO, and community stakeholders. Education funding is a political process, and the MOE's ability to raise and manage funds depends upon its cooperation with other ministries, including finance, and other education agencies, such as those run by the churches and communities.

(b) MOEs should view the funding of specific projects within a broad funding and management framework, such as that provided within the paper. Programmes such as ECE, can, for example, obtain funds indirectly by more appropriate funding of other programmes and resultant transfer of savings.

(c) MOEs should review the priority of expenditure on tertiary and administrative programs in the light of possible savings and transfer of funds towards basic education and ancillary programs.

(d) MOEs need to ensure their *educational management systems* (EMIS) are adequate for the necessary process of planning, review and monitoring of programmes, and that they have the *institutional capacity* to coordinate planning and funding activities.

(e) Because of cost and equity dilemmas MOEs should be cautious about providing 'free' basic education. A subsidized fee system structured according to needs to be met and ability to pay might be more appropriate. A user-pay policy on higher level education programmes, with large private returns, might also enable transfer of funds from these programmes to others.

(f) MOEs need to provide 'strategic' support to ECE and NFE programs, but in the light of potential funding 'blow-outs' should be cautious about employing teaching staff.

Concerning the Management of Funding

(a) MOEs should ensure trained personnel are facilitating and monitoring cost-efficient procedures for the implementation of access, equity and quality basic education programmes.

(b) The progress and targets of basic education programmes are periodically reviewed in the light of available resources.

(c) Emphasis should be given to ways of raising student/ teacher ratios, including consolidation of schools, and when this is not appropriate, or, in addition, use of 'parent-school' clusters or networking, multi-grade teaching, and information communication technology.
(d) MOEs with major access problems should consider the restructuring of the teacher establishment, to enable employment of lower paid trained teachers at elementary level.
(e) MOEs with a high proportion of untrained teachers should consider the cost-effective methods of on-the-job in-service training, and phasing the upgrading of qualifications in accord with rising student/ teacher ratios.
(f) MOEs should make the provision of non-teaching resources a high priority, but look to ways of funding through cost-savings from other sources, more efficient cost production and cost-sharing strategies, and fee charges.

Recommendations

20. It is recommended that Ministers:

(a) acknowledging the value of regional cooperation, **draw** upon development partner assistance to support planning capacity at national level.

(b) **consider** conducting a review of raising and management of funds for education and the management of schools and MOEs and other strategies set out in the guidelines for incorporation into sectoral planning and actions.

(c) **request** a periodic update of this paper.

(d) **request** that the Forum Secretariat undertake a country and regional stocktake of progress in implementation of the guidelines and these recommendations.

Forum Secretariat, Suva, Fiji
18 November 2002

PACIFIC ISLANDS FORUM SECRETARIAT

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AGENDA ITEM 5 : BASIC EDUCATION FINANCE IN PACIFIC FORUM ISLAND COUNTRIES

A STUDY FOR MEMBER NATIONS OF THE PACIFIC ISLAND FORUM

Commissioned by the Pacific Islands Forum Secretariat for the Forum Education Ministers' Meeting, 11-12 December, 2002

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Abbreviations

ADB	Asian Development Bank
AUD	Australian dollar
AusAID	Australian Agency for International Development
BEICMP	Basic Education Infrastructure and Curriculum Materials Project
BELS	Basic Education and Literacy Support project (previously Basic Education and Life Skills project)
BRAC	Bangladesh Rural Advancement Committee
EFA	Education for All
EMIS	Education Management Information System
ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
EU	European Union
FBEAP	Forum Basic Education Action Plan
FIC	Pacific Forum Island Countries
FMU	Facilitating and Monitoring Unit
FSM	Federated States of Micronesia
GER	Gross Enrolment Ratio
GNP	Gross National Product
HDI	Human Development Index
ISP	Institutional Strengthening Project
MOE	Ministry of Education
NDOE	PNG National Department of Education
NER	Net Enrolment Ratio
NGO	Non Government Organisation
NZAID	New Zealand Agency for International Development
NZODA	New Zealand Overseas Development Assistance
OECD	Organisation for Economic Cooperation and Development
PIFS	Pacific Islands Forum Secretariat
PILL	Pacific Island Literacy Levels
PNG	Papua New Guinea
RTC	Rural Training Centres
SDA	Seventh Day Adventist
SDP	Skills development project
SIL	Summer Institute of Linguistics
SPC	Secretariat of the Pacific Community
STR	Student/ teacher ratio
TSC	Teacher Services Commission
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
USD	United States Dollar
USP	University of the South Pacific
VTC	Vocational Training Centres
WB	World Bank

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Disclaimer

The analysis and interpretation of data, conclusions drawn, and views expressed in this paper are those of the author, and not necessarily those of the Pacific Islands Forum Secretariat, Forum members, donors, or any other parties mentioned in the paper.

Also, although the author endeavored to be as accurate as possible in interpreting the available data, further data might change specific findings concerning countries and events.

Basic Education Finance in
Pacific Forum Island Countries
A Study for Member Nations of the Pacific Island Forum

I. Introduction

A. Purpose and Methodology of the Study

This study, first, provides an overview of the general state of basic education finance in the Pacific Forum Islands Countries (FIC)[1] and then discusses possible strategies for raising and managing resources. As such it is concerned with the sustainability of present and future funding commitments.

This study arose from the first Forum Education Ministers' Meeting in Auckland, New Zealand, 14-15 May 2001,the outcome of which was the Forum Basic Education Action Plan. The tasks from the Terms of Reference for this study are listed in Annex 1[2]. For the purpose of logical discussion and development these have been incorporated into two sections:

- Section A: Expenditure on Education
- Section B: Raising and Managing Resources

The study was commissioned as a desk review of data supplied by the Secretariat. For this purpose the Secretariat, prior to the engagement of the consultant, requested FIC members to supply summaries of their recurrent and development education budget for 2002. The consultant collected the FIC responses and other material from the Secretariat in September. He supplemented these data with data collected on the Internet and other sources, and with his own knowledge acquired through work in the last ten years in Kiribati, Papua New Guinea, the Solomon Islands, Tuvalu and Vanuatu, as well as in the Maldives.

The efforts that officers in the member countries and the Secretariat[3] made in providing data are appreciated and made the review more comprehensive than it would otherwise have been. Nevertheless, regretfully, not sufficient data were available to study all countries equally, as is evident in the gaps in the regional comparative tables.

Although this study concerns basic education, which combines primary and junior secondary schooling, the two still tend to be categorised separately. Therefore this study focuses on financing at both the primary and junior secondary levels.

Although the author endeavored to be as accurate as possible in interpreting the available data, further data might change specific findings concerning countries and events.

B. The funding context

Until recently in several Forum Island Countries (FICs) widespread access to formal education was largely confined to primary or elementary schooling, with selective examinations as well as the high costs acting as barriers to higher levels of education. However, because of the high social demand for education, the extension of basic

[1] The FIC members, for the purpose of the study, are the Cook Islands, Federated States of Micronesia (FSM), Fiji, Kiribati, Nauru, Niue, Palau, Papua New Guinea (PNG), Republic of the Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.
[2] The tasks derive from the *Forum Basic Education Action Plan – 2001*.
[3] The consultant also thanks officers in AusAID and members of the *Basic Education Project Design* team for supplying information they had prepared or collected.

education to junior secondary level, and demand for skilled labour, all FICs have now adopted a policy of providing universal access to primary and junior secondary levels. For some the main issue is still that of accomplishing universal and equitable access. For all another issue, and for some the greater, is of ensuring a quality provision.

The discussion of education funding issues benefits from setting the issues within a framework such as given in Box 1 below.

Box 1: The Funding Context of the Education System

Goals: Human rights (set by international conventions), economic (set by labour force needs), civil responsibilities, religious aims, cultural preservation, and health and environmental needs. The acceptance of these goals either by all or part of the island communities explains why the communities can sometimes draw on support either in cash or in kind for the education system from overseas governments, international agencies, or overseas communities and individuals.

Resources: The resources of the education system, which require direct funding and management, are personnel and materials, and fixed assets.

Stakeholder Interests: Numerous stakeholders will have varying degrees of influence over the provision and deployment of resources. These include:

- In-country groups, such as teacher unions, community and political leaders, parents, students, churches, as well as competing government departments for resources.
- Overseas groups, such as potential donors from overseas governments, international and regional agencies, and NGOs.

Constraints. Demographic factors affecting the number of students, historic factors affecting the number of adults requiring literacy and basic educational services, geographic factors creating remoteness and isolation, smallness of size creating diseconomies of scale, size of the formal economy and aspirations of the parents and students, national and individual wealth of the people.

Optional Systems and Strategies. These include provision of education through alternative systems to formal schooling, and alternative strategies for delivery, such as distance education and use of appropriate technologies, for provision of communication, energy and materials.

With some caveats, mentioned below, this paper assumes the benefits of investing in basic education. The association between education and human resource development, including health, population control and economic well-being, is well documented[4]. Also studies usually show greater returns from investing in basic than higher levels of education. Nevertheless, there are disadvantages and diseconomies, as well as benefits, to take into account, including:

- Raising aspirations of young people to levels leading to frustration and social disruption, and
- Credential 'inflation' in the formal job market.

C. The Nature and the Scale of the Tasks

Nearly all Forum Island Countries (FICs) need to upgrade the quality and efficiency of their basic education systems, but some (see tables 1 and 2) have further to go than others to achieve universal and equitable access.

[4] See WB *Priorities and Strategies for Education*, 1995, for a review of the case for prioritizing basic education, and supporting literature. See also WB. Vocational and Technical Education and Training. 1990: 31. 'Strengthening general education at the primary and secondary levels is the first priority for public policies to improve the productivity and flexibility of the workforce.'

Table 1: Primary Gross Enrolment Ratios[a] (GER) by Gender, 1998

	Females	Males		Females	Males
Cook Islands	100	100	Palau		
FSM	83	82	PNG[b]	78	91
Fiji[b]	111	113	Samoa[b]	102	101
Kiribati	78	76	Solomon Islands	36	41
RMI	79	78	Tonga	91	90
Nauru	95	96	Tuvalu	88	87
Niue			Vanuatu[b]	111	116

Source: Statistics Division, United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) 2001 and Asian Development Bank on line. Total enrolment over school age population. The numerator for GER unlike NER includes population of all ages, thus the figure can be over 100% This also accounts for repeaters [b]Refers to 1999

The figures in Tables 1 and 2, being *gross* and not *net* enrolment rates, need to be interpreted with some caution. High gross enrolment rates (GERs) do not necessarily confirm universal access, as 'repeaters' might take up primary school places in the top forms. That this could well be the case in Vanuatu is evidenced by Vanuatu's very low secondary GER. Similarly, Solomon Islands in spite of having a low GER has a large number of 'out-of-age' students, so that the proportion of the matching age group actually accessing primary education could be worse than the GER suggests.

Up-to-date data on access and equity are not available for every country. Nevertheless, the data in Tables 1 and 2 suggest that those FICs with the greater task are the Solomon Islands, Papua New Guinea (PNG), Federated States of Micronesia (FSM) and the Republic of the Marshall Islands (RMI). PNG has recently made considerable progress, but the situation in the Solomon Islands remains relatively poor. Papua New Guinea, the Solomon Islands and Vanuatu also have to still remove the inequity between males and females.

Table 2: Secondary Gross Enrolment Ratios[a] (GER) by Gender, 1998

	Females	Males		Females	Males
Cook Islands	49	42	Palau		
FSM	43	45	PNG[b]	18	26
Fiji[b]	35	37	Samoa[b]	77	70
Kiribati	47	42	Solomon Islands	18	30
RMI	51	47	Tonga	71	64
Nauru	37	32	Tuvalu	35	31
Niue			Vanuatu[b]	25	21

Source: Statistics Division, United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) 2001 and Asian Development Bank on line. [a]Total enrolment over school age population.
The numerator for GER unlike NER includes population of all ages. [b]Refers to 1999

Table 2 shows the Melanesian states of PNG, Solomon Islands and Vanuatu have the lowest access to the secondary system, with PNG and Solomon Islands having greater access for males.

For a number of states a greater proportion of females than males are accessing secondary education. However, this pattern does not necessarily continue into the most senior secondary and scholarship years, and in some states males might be leaving school because of better job market opportunities.

D. Constraints

Population and Poverty

The shortfall to universal access in three Melanesian states does not necessarily denote unwillingness on their part to devote the necessary resources. For example, in 1990 in PNG, education expenditure was 7.3 and in 1999 6.8 percent of Gross Domestic Product (GDP), the highest levels reported by the Asian Development Bank (ADB) amongst the Forum members. This might suggest inefficiencies in the way PNG uses its education funding. However, whether or not this is the case, these Melanesian states confront major hurdles in respect of the size of the population to be accessed and in respect of the average income available to fund the task (see Tables 3 and 4).

Table 3: Population, Area and Population Density of PIF members, 2000

Country	Population ('000)	Area Km	Persons per Km^2	Country	Population ('000)	Area Km	Persons per Km^2
Cook Islands	19.4	240	80.8	Palau	19.5	487	40.0
FSM	117.6	700	168.0	PNG	5,099.2	462,000	11.0
Fiji	811.9	18,272	44.4	Samoa	169.9	2,934	57.9
Kiribati	86.5	726	119.1	Solomon Islands	416.2	28,000	14.9
RMI	51.7	181	285.6	Tonga	98.8	688	143.6
Nauru	11.5	21	547.6	Tuvalu	9.9	26	380.8
Niue	1.9	259	7.3	Vanuatu	189.7	680,000	0.3

Population source: Secretariat of the Pacific Community *Pacific Population Projections 2000- 2025*

PNG, with a population of more than 5 million, and (after Fiji), the Solomon Islands and Vanuatu have the largest populations in the region for which to provide schooling.

Table 4: Human Development, Poverty and Income Indices for the PIF countries

Country	Human Develop-ment index 1998	Poverty Index, 1998	GDP per capita 2002 US$	Country	Human Develop-ment index 1998	Poverty Index, 1998	GDP per capita 2002 US$
Cook Islands	0.822	6.1	4,355	Palau			
FSM	0.569	26.7	2,110	PNG	0.314	52.2	700
Fiji	0.667	8.5	1,820	Samoa	0.590	8.6	1,450
Kiribati	0.515	12.6	950	Solomon Islands	0.371	49.1	620
RMIl			1,970	Tonga	0.647	5.9	1,660
Nauru	0.663	12.13		Tuvalu	0.583	7.3	1,296
Niue	0.774	4.8		Vanuatu	0.425	46.6	1,150

Secondary Source: HDI and PI, NZAID *Towards a Strategy for the Pacific Islands Region*; Primary Source: UNDP
Primary Source: GDP/ per capita WB World Development Indicators 2002. Cook Islands and Tuvalu, national sources derived by ADB.
The Human Development Index (HDI) is a combination of average life expectancy at birth, adult literacy, gross school enrolments, and adjusted GDP per capita.
The Poverty Index combines the percentages of people with a life expectancy of 40 or below, adults who are illiterate, people without access to safe water or health services, and children under 5 who are underweight.
A GDP per capita of US$755 is considered low.

On the other hand, despite their having significant natural resources PNG, Solomon Islands and Vanuatu have the lowest per capita economic and development levels. Their average human development index (HDI) is lower and their poverty index is higher than that of people in the other countries. Also, Solomon Islands and PNG (and, after Kiribati) Vanuatu have the lowest per capita GDP. Both the Solomon Islands and PNG per capita GDP levels are low by United Nations classifications.

Geography

Nearly all members have geographic constraints, affecting access, quality, economies of delivery, and funding sustainability in regard to education.

PNG has a particular problem in providing access to the highlands, and regions along its coast. But it shares, with several smaller states communication and travel problems arising for remote communities separated by vast expanses of ocean.

Vulnerability to natural hazards such as cyclones, hurricanes, earthquakes, volcanoes, tidal waves, floods and droughts affects all FICs.

Political Structure

Education is inherently an extremely political issue as it affects everyone. The allocation of funds is, therefore, a sensitive area.

Except for the payment of teacher salaries, much funding for schools may depend upon how provincial and local governments, or politicians, allocate funds provided to them by the central government. Corrupt or inefficient management at these levels can mean that services such as education and health are deprived of their appropriate share of central government funding.

Section A: Expenditure on Education

I. The Allocation to the Education Portfolio

Member states have good reason - such as growth of the school age population; policies of expanding access; improving quality; private demand for education – to commit large resources to education. Most allocate at least 20 percent of recurrent expenditure budget (Table 5). Education, with health, tends to be the largest single item in the budget, and teacher salaries tend to be the largest component of public service payrolls.

Table 5: Education as a percentage of central government expenditure

Countries	Recurrent Budget[1]	Actual Expend-iture[2]	Actual Expend-iture[2]	Actual Expend-iture[3]	Countries	Recurrent Budget[1]	Actual Expend-iture[2]	Actual Expend-iture[2]	Actual Expend-iture[3]
	2002	2001	2000	1999		2002	2001	2000	1999
Cook Islands		14.2	10.5	13.1	Palau				20.0
FSM				19.0	PNG[4,5]	20.2			17.5
Fiji	21.8		24.0	19.0	Samoa		22.6	21.9	
Kiribati				17.5	Solomon Islands	20.1			15.4
RMI				30.2	Tonga			12.9	17.8
Nauru				7.0	Tuvalu	28.5			16.8
Niue					Vanuatu	28.2			24.8

[1] Derived from national budgets for 2002.
[2] ADB on-line. Includes combined recurrent and development expenditure.
[3] Secondary source: Supplied by Pacific Islands Forum Secretariat.
[4] Teacher salaries, which are included, are paid through provincial and not National Department of Education (NDOE), allocations.
[5] PNG's education budget for 2002 was extra-ordinary in that fee subsidies, which were substantially increased, were also processed entirely through the NDOE (discussed below).

Nevertheless, in recent years, two factors - the *rationalizing of the size of the public sector* and *falls in staple export prices* - have contributed to reducing the total national and education budgets. Political crises and the subsequent economic downturns in Fiji and Solomon Islands have also had an impact on the education sector.

Examples of the effect, include

- Nauru. Up until the last few years Nauru targeted less than 10%of recurrent expenditure to education, with one-third being directed to overseas scholarship holders. A declining allocation between the mid and late 1990s reflected economic difficulties confronting the country as it readjusts from the loss of phosphate income. The current budget (see Table 5) does not indicate any recovery from that low point.
- The Cook Islands. The education budget was severely affected by the cash crisis in 1996. Ancillary staff was reduced by 54%, MOE administrative staff by 29%, and teaching staff by 17 percent. Teacher salaries were cut by 15% and the teacher training college was temporarily closed (Education for All (EFA) 2000). In spite of recent improvements, the proportion of the 2001 budget allocated to education is still comparatively low.
- PNG. The increase in the PNG education budget in 2002 (through an increase in education subsidies) hides severe cutbacks to the Department of Education (DOE) budget affecting the support it can give to the sector.
- Samoan reports suggest that the system is facing a high turnover and shortage of teachers and central staff because the salaries are relatively low. The faculty of education does not produce enough teachers to meet this shortage (EFA 2000), and the central office does not employ enough to carry out the many tasks required.
- Niue. Its relative budget allocation is not reported above. However, the absolute spending on education has declined because of the fall in population.

II. Allocations within Education

A. The Allocation to Primary (Relative to Secondary and Total Programs)

An indication of the priority given to primary education is given by the ratios of primary education expenditure to secondary and to total education portfolio expenditures.

The ratio of secondary to primary funding is governed by expenditure per student, number of secondary students to primary, as well as variations in the range of grades defined as primary and secondary. The ratio of all programs to primary is affected by the range of responsibilities within the education portfolio, including support for teacher education and other tertiary institutions, scholarships, USP contribution, etc.

Table 6: Ratio of Budgeted Recurrent Expenditure on Secondary and All MOE Programs to Primary Expenditure, 2002

	Ratio				Ratio		
Country	**Primary**	**Secondary**	**All Programs**	**Country**	**Primary**	**Secondary**	**All Programs**
Cook Islands[1]	1.00		1.58	Palau	1.00	0.22	1.23
FSM				PNG[4]	1.00	0.32	1.48
Fiji	1.00	0.81	1.95	Samoa	1.00	0.43	2.38
Kiribati	1.00	1.73	3.66	Solomon Islands	1.00	0.85	4.06
RMI	1.00	0.37	1.98	Tonga	1.00	0.59	2.31
Nauru	1.00	0.23	1.98	Tuvalu	1.00	0.96	5.11
Niue	1.00	0.26	2.92	Vanuatu	1.00	0.58	2.18

Sources: Derived from various national budgets and MOE or DOE reports or responses.

[1] Includes all student learning programs.

The lack of regional standardisation in locating grades 7 to 9 of basic education - either in primary or secondary - restricts the comparability of the *secondary to primary ratios* in Table 6.[8] Nevertheless, the consistency of the data, except for Kiribati[9], indicates that member countries generally spend more funds at primary than at secondary level. Part of the differences in secondary to primary ratios would also reflect differences in:

- The relative unit cost of secondary to primary (see Section B);
- The relative numbers entering the secondary system once full access to primary has been achieved.

The *ratio of all programs to primary* helps indicate the range of expenditure items that come under the education portfolio and therefore the possible potential within the portfolio to redirect funding. Taking the three countries with the largest ratios as examples, it is clear that teacher training and tertiary education take up significant proportions of the MOE budget. Education headings taking up significant proportions of MOE expenditure in these countries are:

- In Tuvalu, with a ratio of 5.11, the pre-service training program;
- In the Solomon Islands, with a ratio of 4.06, tertiary education program (including in particular expenditure on the Solomon Islands College of Higher Education (SICHE) and training fellowships);
- In Kiribati, with a ratio of 3.66, teacher training and to lesser degree, vocational, technical, and non-formal programs.

The expenditure in these particular cases may or may not have greater economic and social returns than further spending on primary and secondary education. However, MOEs with significant funding to areas other than basic education, should examine their priorities and should examine whether more cost-effective management could free funds towards basic education.

[8] Grades 7 to 9 under some systems might be classified as primary under the new reform model or still be part of secondary under the old. Some systems, being in transition, have some Grades 7 and 9 in primary and some in secondary.

[9] In the case of Kiribati, junior secondary, which forms part of basic, has been classified for this paper as secondary.

B. The Allocation to Early Childhood Education

(1) The Level of Central Government Support

Despite the strong educational case for early childhood education mounted in the regional EFA 2000 reports and other studies, national budgets indicate little central government financial support.

Table 7: Percentage of National Education Recurrent Budget on ECE, 2002

Country	Pct.		Pct.
Cook Islands		Palau[a]	0.3
FSM [a]		PNG	
Fiji	0.2	Samoa	0.8
Kiribati		Solomon Islands	0.02
RMI[a]		Tonga	
Nauru[1]	19.7	Tuvalu	1.2
Niue	9.9	Vanuatu	

Source: National budgets

Notes: [a]Funding for an early childhood program was being provided from the USA under the Headstart program.

Of the countries reported, only Nauru (19.7), Niue (9.9) and Tuvalu (1.2) allocate more than one percent of their 2002 budgets to early childhood. By 1998, Nauru had established a two-year program for ages 3-6, and had achieved a 75 percent GER. Niue had achieved 100 percent participation. Tuvalu's allocation possibly reflects a target set for 1998 of nationalizing all pre-schools and providing funding for up to three teachers per school (EFA 2000).

In PNG, a 'preliminary' year has been incorporated into the first year of the elementary and primary education program. Papua New Guinea afforded this by differentiating the elementary and the primary teaching force, and paying the former a lower average salary.

(2) Fees and Community and Parental Support

FIC governments do not usually pay ECE teachers, and most pre-schools in the region need to charge fees, if only for materials - which can be a problem for the poorer communities.[10] Fees are more likely to be higher in urban areas. In the Tonga and Vanuatu urban areas only working parents are likely to afford the fees.

Parents providing services to maintain the school might keep down fee levels. Also parents and others may provide voluntary teaching services. However, voluntary teachers are more likely to be untrained[11] and less likely to afford the fees for training courses, such as those run in USP extension centers.

While community support is vital for ECE, its inconsistency causes the shutdown of centers.

(3) The Likelihood of Increasing Central Government Support

Governments need to give strategic support to communities to encourage them to provide early childhood education. However, given the size of the task and the limited availability of funds it is unlikely that governments can yet take over the payment of ECE teachers. It is possibly not a coincidence that the three countries, shown above with the highest levels of financial commitment, are those with the region's smallest populations.

[10] *Learning Together: Directions for Education in the Fiji Islands*, November 2000. p.122.

[11] For example, in the Solomon Islands, teachers are often voluntary and untrained.

In the light of this, the present consultant, in 1999, felt obliged to advise a Melanesian government that as:

> *Neither the vocational nor the ECE are significant components of the current SIG recurrent expenditures:*
>
> *(a) attempts to upgrade teacher qualifications are educationally desirable, but any attempt to then integrate these teaching forces into the [……] teaching force, would seriously divert funding from basic education.*
>
> *(b) Support, not requiring a significant ongoing financial commitment should be provided.*
>
> (c) *Communities should be encouraged to provide support, and for Rural Training Centres and ECE centers to be self-funding.*

This scenario may well apply to other countries in the region.

C. The Allocation to Special Education

In their 2002 national budget Fiji allocated one and PNG, 0.08 percent, to special education, but other national budgets do not reveal amounts. Nevertheless some FICs may have a significant commitment. In Palau, for example, by law, the MOE provides a special education program wherever there is a need, and this now applies to all schools. Students are mainstreamed as much as possible, but classrooms still have to be provided for special education students staffed by their own teachers. As a result at least one special education teacher is attached to every school.

D. The Allocation to the Non-Formal Sector

The commitment to funding the non-formal sector varies on the bases of:

- What is included in the non-formal sector;
- What is the policy of funding?

(1) Vocational networks

All states have 'vocational' (or equivalent) training centers, run by the state, church and other NGOs, for out-of-school youth.

In PNG, some of the 110 or more vocational training centers could support non-formal education[14]. The government pays the teachers and also provides parents with subsidies to help meet the cost of fees. In Kiribati, the Solomon Islands, and Vanuatu, the state provides grants of varying amounts.

In nearly all member states fees are essential, even when the government employs and trains teachers. Some centers raise revenue through selling their services or products to the community. The churches and overseas agencies also provide some support.

In many FICs, non-formal education is not included under the Ministry of Education, so may not be competing directly for scarce education funding. Non-formal education is, however, generally accorded much lower status than formal education, and subsequently receives lower funding levels.

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[14] Under the ADB/ PNG Employment-Oriented Skills Development Project (SDP) it is hoped that the vocational training centres will be one institution amongst others that will help foster employment-oriented skills projects (funded through a revolving central fund), and encourage the development of literacy levels, small-business management, and basic skills. The project focuses upon the urban and rural unemployed and underemployed, with emphasis upon youth and women.

(2) Literacy and learning networks

Another model of non-formal learning operates through a system of voluntary teachers or community workers, possibly supported by government grants. For instance, Samoa contains a system of Pastor Schools which operate in villages during weekends and after-hours and helps to boost the literacy level of the community for those who have not completed formal schooling (EFA 2000).

Some communities outside the region have developed non-formal networks that might serve as models for the Pacific. These models integrate literacy and basic education programs into rural and urban informal economic development. One of the most renowned is the program run by the Bangladesh Rural Advancement Committee (BRAC).

III. Funding and Management Structure

(1) Division of Responsibility

It is not immediately apparent from simply looking at the public funding of schools, to whom the schools belong or who is responsible for their management. In a number of systems, including Fiji, PNG, Samoa, the Solomon Islands, and Vanuatu, the government pays the teachers of all registered schools, but the management of the schools and the raising of further funds may be partly or wholly the responsibility of communities or churches.

The role of religious bodies has been particularly significant in education in the Pacific. Early missionaries used education as a tool for proselytising. The churches are thus key stakeholders in education in the region.

In PNG, for example, the recurrent funding of schools under non-government agencies is almost fully integrated into the public education system. The church agency schools receive the same staffing and recurrent education grants and subsidies as do the government. In Fiji, 74 percent of primary schools are constructed and run by local community committees, and 18.2 percent by religious bodies. The government runs only two schools. However, as in PNG, the government provides teacher salaries and grants for operating expenses.

The principal difference between the PNG and Fiji systems may lie in the degree of responsibility of the local PNG school boards of management and the local Fiji school committees, with perhaps the latter having more responsibility for managing funds and having to raise funds for expenses such as textbooks which in PNG are officially provided by the central government.

Samoa, like Fiji, has a community-based system. Local village committees manage the primary[15] and junior secondary schools. The government, as in PNG and Fiji, pays teacher salaries, and funds free stationery, curriculum development, and textbook sets, while the village committee levies fees for construction and maintenance of facilities and other operating expenses.

In other FICs, the non-government sector is more obviously juxtaposed to the government, but the government may still pay in whole or partly subsidise teacher salaries and other operational examples.

[15] Except for primary schools in the Malifa compound in Apia.

- In the Cook Islands, private schools enroll 15 percent of school students, and the government meets approximately 25 percent of its costs.
- The Kiribati Government still subsidises the private sector at junior secondary level, although the policy is to make this level, as well as primary exclusively government.
- In Tonga, approximately 93 percent of primary but only 10 percent of secondary enrolments are in government schools. Government support is mainly in the form of tax concessions.
- Private schools play a significant role in the provision of primary education in the Marshall Islands, They charge fees and seek their own source of funding. There is some subsidy support from the MOE.
- In Palau, private schools have 19.4 percent of primary and 37.5 percent of secondary enrolments.
- In FSM, private schools enroll 11.2 percent of primary and secondary students.
- Vanuatu private schools enrolled 23.9 percent of primary and 36.7 percent of junior secondary students (Education Master Plan). In general, the government funds the private sector on the same basis as the public.

(2) Systems in Transition at the Junior Secondary Level

In most FICs the extension of basic education into secondary has been provided in a government-supported community-based system of primary and junior secondary schools. Ideally, as this takes place, the resources of the selective secondary (both church and government) system previously used to provide junior secondary places could now be used for providing senior secondary.

However, until then, FICs could be left with two (dual) systems at junior secondary level creating inequity, wasted resources, and a sub-optimal government-funded community sector. Their government funding reinforces the public perception of the superiority of selective schools over the community at the junior level. Students leaving the community schools for the selective could reduce the size of the community schools to sub-optimal levels, leave them with the weaker students academically, and suggest that they provide a 'dead-end' and 'second-rate' option.[16]

This funding inefficiency is often maintained because of political pressure from churches and because decision-makers are products of the selective schools and do not wish to see the situation of their alma mater compromised.

IV. Bilateral and Multilateral Donor Support

Donor support was, and still is, vital to the development of basic education. Mainly, this support is for development activities, although in the countries under Compact Agreements with the USA, namely, the Federated States of Micronesia (FSM), Marshall Islands, and Palau, subsidies are provided for recurrent expenditures[17] [18]. The Cook Islands and Niue receive significant levels of assistance from New Zealand.

[16] Such a risk was identified for the dual support given by the Kiribati government of levels 7 to 9 in church and government supported schools. (Rawlinson and Davis *World Bank Education Sector Finance Study Report.* Kiribati. 1998).

[17] In 2000, in the Marshall Islands 20 percent of education personnel costs were derived from United States grants (EFA, 2000).

[18] Compact support has been phased down over recent years to encourage self-sustainability. However, US support is likely to continue because of the strategic location of these nations. FSM and the Marshalls are being subsidized up to 2004, with negotiations now underway for extension. Palau's agreement is until 2009.

(1) National Aid[19]

The distribution of aid seems consistent with the scale of the task described in the introduction. Some 52% of total (educational and non-educational) aid to the region during 1999/2000 went to three Melanesian states (PNG receiving 37.3%, Solomon Islands, 8.1, and Vanuatu, 6.3). Another 37.3% went to the Micronesia states (FSM receiving 16%, Marshall Islands, 9.1% and Palau%, 5.2) (Table 8).

Table 8: Distribution of Donor Support (Percentage) 1999/2000 Average

Country	Percent	Country	Percent
Cook Islands	0.8	Palau	5.2
Fiji	4.9	Papua New Guinea	37.3
FSM	16.0	Samoa	3.8
Kiribati	3.1	Solomon Islands	8.4
RMI	9.1	Tonga	3.0
Nauru	0.8	Tuvalu	0.8
Niue	0.5	Vanuatu	6.3

Source: Derived from OECD, World Bank online data

The principal sources were Australia (35.2%), USA (23.5%), Japan (23.1%), European Union (6.3%), New Zealand (5.9%) (OECD, on-line, see Annex D). However, some countries traditionally receive more support from some donors than others. Most aid to the Cook Islands and Niue, for example, comes from New Zealand; most aid to PNG, from Australia; and most aid to the Micronesian states from the USA. Japan has become a significant donor to Fiji, and several countries in the region. During the period, the European Union (EU) was a significant provider to the Solomon Islands, Tonga, Samoa, and Vanuatu. France has been a significant donor to Vanuatu. Taiwan recently provided aid to the Solomon Islands, Nauru and PNG.

Aid has a cost. It usually requires substantial resource commitment from the recipient country, and can create recurrent funding strains as well as overload of extra work on staff. Therefore, donor aid is more cost-effective when it is provided and received under a national development plan. Aid provided in this way has significantly higher national ownership than previous modalities and is thus more likely to have an impact and to be sustainable. National plans need to provide focus and include the strengthening of institutional capacity to receive and coordinate both the national and donor funding.

In spite of having problems, the way PNG set about receiving aid from the early 1990s suggests some logical steps.

- Step One: in the early mid 1990s, PNG supported by AusAID and the ADB developed and costed an education sector plan.
- Step Two: AusAID funded an *institutional strengthening project* (ISP). This project established a *Facilitating and Monitoring Unit* (FMU) within the National Department of Education (NDOE) to plan and monitor the implementation and funding of the reform. It provided training for key personnel in the FMU, the NDOE, and (because responsibility for implementation lay with the provinces) to provincial planners.

[19] See Annex C for more detail.

- Step Three: AusAID and other donors provided funding and technical support for the key elements of the plan in elementary education, teacher education, curriculum development, and materials development.

Similarly, in 1995, in Samoa, the government, supported by NZODA, produced a framework[20] to fund and coordinate subsequent government and donor funding.

Lessons that might be learned from these exercises are the need to plan, to strengthen capacity, and to coordinate efforts of the nation and donors alike. The region's donors have followed these principles in other countries, such as supporting institutional strengthening and planning projects in the Fiji, Kiribati, Samoa, the Solomon Islands, Tuvalu and Vanuatu.

Apart from aid provided by the bilateral and multilateral donors, churches, NGOs, and voluntary organizations also provide assistance to the education sector. Some of the church support is discussed in the section on the private sector. In the case of PNG, important NGOs include the Summer Institute of Linguistics (consisting of volunteers identifying and developing local ethnic languages for use in the schools.

Some member countries also receive significant support from voluntary teachers provided through Peace Corps (United States); Volunteer Service Overseas (Great Britain); Japan Overseas Cooperation Volunteers; Australian Volunteers Abroad; Volunteer Service Abroad (New Zealand) and UN Volunteers.

(2) Regional Aid – the BELS Project

An example of a major donor-supported regional project was the Basic Education and Literacy Support (BELS) project. The BELS project commenced in 1993 funded by UNDP, UNESCO, UNICEF, and AusAID with eleven participating countries – Cook Islands, Fiji, Kiribati, Marshall Islands, Niue, Solomon Islands, Tokelau, Tonga, Vanuatu and Samoa. At the start of Phase III, in 1998, NZODA joined the donors, and Nauru, the participants. Originally, named the Basic Education and Life Skills (BELS) programme, the programme because of a change in structure was in 1998, renamed the Basic Education and Literacy
Support programme.

The programme aimed at raising the quality of basic education, and provided services, such as teacher in-service training, which some member countries because of their small size do not have the capacity to provide themselves.

The BELS programme ended in 2001. Many lessons were learned from BELS, both positive and negative. The potential benefits include the sharing of resources and professional expertise from within the region. A series of studies undertaken towards the end of the programme clearly showed that where literacy resources are put into schools, along with related training, children's literacy improved markedly. Significant progress was made in classroom assessment procedures, PILL testing, supporting Early Childhood Education and Community Support for Education. A strength of the programme was its relatively long life, in that training sessions were repeated and the capacity of national staff in many ministries around the region was enhanced. The downside of regional programmes can be the risk of overspending on management and administration and also spreading resources too thinly to make a substantive impact.

[20] The Education Policy and Planning Development Project, resulting in *Education Policies 1995-2005* and *Education Strategies 1995-2005.*

V. Support from the Non-Government Sector

Although, comprehensive data on the actual amount of support from the non-government sector are not readily available, it can be significant.

For example:

- The fact that so many schools are church or community owned provides strength to the national system during times of financial crisis. Communities and churches that feel they 'own' the local schools are more inclined to find funds for providing and maintaining facilities[21].
- Some churches obtain quite significant funding from their international networks Until, recently, the Church of Seventh Day Adventists (SDA) declined government assistance to help operate its schools in Kiribati, the Solomon Islands and Vanuatu.[22] The Catholic and SDA churches also own regional teacher colleges in Fiji.
- The Summer Institute of Linguistics plays a key role in the development of the vernacular language program for basic education in the Melanesian countries with a diversity of languages

Section B: Raising and Managing Resources

This section discusses some possible strategies for raising and managing of resources for basic education. Obviously, the strategies and case examples given are not equally applicable in every country. Nevertheless, countries share a lot of problems in common, so, hopefully, education ministers and officials will find the discussion useful for conducting their own internal reviews.

I. Raising Funds for Basic Education

The FIC members seek sustainable funding of the public education system from the following sources[23]:

- Government
- Local communities
- Parents and students
- Reallocation within MOE programs

A. Government

The central government consolidated revenue is the most common and important source of funds. Although education is in competition with other portfolios for funds from this source, should gross national product and consolidated revenue grow, the expansion of revenue could fund education without cutting into other programs.

However, even if consolidated revenue is not increasing, education might still receive a greater actual share by more efficient budget management. For instance, if:

- Appropriated funds to intermediary bodies, such as provincial and local governments, are made more accountable to education, or should, the funding of schools from central sources be made more direct[24].

[21] See Fiji EFA2000.
[22] This policy has recently changed.
[23] Donor support and support from the private education sector are not considered in this section. Donor support is more for development than sustainable recurrent funding, and the support of the private sector by the interested stakeholders was noted in the previous section.
[24] The additional funding in the PNG 2002 budget for increased fee subsidies was to be financed primarily by a reduction of the district development funds paid to the national political constituencies.

- Savings be made from non-productive budget commitments[25].
- The issues of accountability and transparency be more stringently addressed, so that funds are more prudently utilised and managed.
- Funds within ministries be reallocated, for example, by reducing expenditure on headquarters.

On the other hand, additional taxes might also be levied on the more prosperous sectors of the community and either be earmarked for, or be used to release consolidated revenue from other programs to basic education. Some examples of these might be:

- Imposition or increase in an indirect tax such as a value-added tax, which could be used for financing by both central and provincial governments[26].
- Special levies placed upon industry, such as an education or training levy[27] or foreign worker permits[28], or 'natural resource' taxes[29].

Political expediency may, however, make some of the above suggestions unacceptable.

B. Local communities

Local communities can be an important source of cash or in-kind resources for infrastructure and maintenance, and very often the provision of classrooms and teacher housing becomes their responsibility. It is important that national government and donor support complements and does not crush this funding source. Accordingly, some donor projects have concentrated on providing materials that cannot be produced locally and have encouraged the donation of local materials and local labour[30].

[25] The PNG increase in school subsidies was also to be funded from reduced interest payments as national debt was reduced. Nevertheless, there was some concern that much of the savings depended on 'once-only' options, such as the sale of government assets, and therefore the increase in education expenditure might not be sustainable.

[26] This can be an important source for provinces or localities with tourist and business activity.

[27] In PNG, there is levy for training imposed on companies over a certain payroll minimum and who do not provide a training program of equivalent or greater amount. One problem with this tax is that it goes into consolidated revenue rather than the education portfolio. Although in member countries it might be difficult to rationalize such a tax for the direct funding of basic education, it might be used to free consolidated revenue funding supporting training and vocational education and divert these released funds to basic education.

[28] An increase in expatriate worker permit funds might, as with a training levy, be used to release consolidated revenue funds supporting tertiary education and divert these to basic education.

[29] Revenue raised by local and provincial governments from mining, timber, oil-palm plantations can be an important source for infrastructure development.

[30] The consultant discovered in a district in PNG the existence of 'community days', when local residents gave up a day (possibly once a month) to work on community projects.

C. Student fees

Although many member countries are signatories to the *Convention to the Rights of the Child*, which aims for the provision of free education, their attitudes on this matter vary because of cost and equity dilemmas.

In regard to the first dilemma, the cost for the state of providing a quality universal basic education system may be simply too great, and in the course of attempting to take over the full cost, the solvency of the state's finances become vulnerable, the acceptance by the community to provide complementary resources is jeopardized, and the system itself is inadequately funded. On the other hand, too great a dependence upon community funding can also lead to inadequate funding. One of the major arguments for governments to provide fee subsidies, was that without the subsidies to support payment, schools did not receive enough revenue from fees anyway[31].

In regard to the second dilemma, the issue arises of who should carry the burden of cost, taxpayers as a whole or the users of the system. Fees can form a barrier for the participation of children from poorer families in education. However, the abolition of fees favours the wealthy as well as the poor, and cuts out a significant source of funding. Furthermore, a 'fee-less' system can still be inequitable, as there are significant costs for schooling, such as books, stationery, uniforms, and perhaps, time (otherwise spent by children in supporting the household), which are easier for the wealthy rather than the poor to carry.

Confronted with these dilemmas, the FIC approaches to fees vary, and perhaps a more economic and equitable policy, other than the abolition of fees, is to have a system that charges fees, but:

- Charge lower fees at lower levels of education;
- Provides higher proportions of government subsidy at lower levels.
- Provides assistance to the poorest community members.

Some states, with existing fees, have, such as PNG introduced a full-fee subsidy, or such as Fiji[33] stated an intention of phasing fees out. Nevertheless, some states without fees state their intention to bring them back in. For instance,

- In the Cook Islands, the government provides free stationery to all established schools from Grade 1 to at least Grade 10 (Form 4) and the payment of fees is not compulsory. Nevertheless, the Early Childhood and Primary Education Improvement Project provides for the phased introduction of user-fees (EFA 2000).
- In the Marshall Islands, fees have been phased in since 1994.
- In Fiji, fees are refunded or exempted to children from low-income families, assessed by an income-related process.

Another implication of making education compulsory is that governments are then obliged to either provide transport to school or boarding facilities. This is beyond the

[31] Provincial education officers in PNG believed that in several districts the percentage of parents paying fees was less than fifty percent. The cause might be the loss of local income, but it could also be the result of varying government policy over whether or not to subsidise fees.

[32] In a cash society, this cost is called income foregone. Of course, it is only when the child reaches 'working-age' that income foregone can become significant. Nevertheless, parents with large families may keep the older children home to help care for the younger, while, at other times, children may be needed for helping with some food planting or gathering activity (see also WB *Priorities and Strategies for Education*, 1995: 114).

[33] Although tuition is free, schools levy fees for other expenses, such as textbooks, building maintenance and construction, and, at primary level, in some schools, boarding expenses.

resources of some FICs. In some countries education is compulsory but school attendance is not monitored.

D. Reallocation of Funding within the Ministry of Education

Reallocation of funding between sections within the Ministry might be more feasible, and worth considering if substantial support is being given to areas with low economic rates of return[34]. Tertiary and scholarship funding sometimes fall into this category[35]. However, there can also be strong political pressure supporting funding in these areas. Therefore the possibility of finding additional funding for tertiary training is noted but not discussed further (See also Section A.II.A. The Allocation to Primary (Relative to Secondary and Total Programs)).

Given the substantial personal benefits that accrue from tertiary education, the case has been made in many countries for advanced education to be funded less from public and more from private sources. Student loans for tertiary education are being trialed in some countries. Mechanisms for recovering loans need to be well established.

II. Management of Resources

The management of resources is discussed from the perspective of the:

(1) Managing the Number of Basic Education Students;
(2) Managing Student Unit Costs

However, prior to the MOE effectively managing resources in the system as a whole, its own capacity to manage resources, along with its relationship with other parties, may need strengthening. The reasons might include;

- No effective educational management information system (EMIS). The MOE may not be fully aware of the size and deployment of the current student and teaching body, let alone the size of the student-age population about to enter the schools or needing to be reached.
- A possible division of responsibility and/or lack of communication between the MOE appointing, and the Treasury/ Department of Finance, paying the teachers.
- Complications caused by differences in responsibilities between different levels of national and provincial government.
- Ineffective control over the number of community-based or private sector schools achieving registration as government-funded or subsidized schools[36].
- Salary and other savings going back into consolidated, rather than MOE, revenue.

A. Managing the Number of Basic Education Students

The size of the basic school population is determined by:

- The size of the school-age population;
- State policy goals for access to education and the length of basic schooling;
- The private demand for schooling;
- The efficiency of moving students through the system.

[34] Some national treasuries might reallocate without MOE consultation. For example, in PNG, the DOE had its funding cut to help afford the increase in school fee subsidies.

[35] Nations sometimes try to cap this expansion, by setting quotas (perhaps based upon labour market projections) of the number of upper secondary places and scholarships that are made available.

[36] This was a problem in the 1990s in the Solomon Islands where the number of community high schools being established exceeded the number recommended by the Ministry's planning unit. A similar problem is reported in Fiji (*Learning Together*, pp 60-61, 169), and in Vanuatu (EFA, 2000).

Once the policy has been adopted of providing full access to education of the school-age population, the number of basic education places the MOE provides is a function of demographic factors, private demand for schooling (if schooling is not compulsory), and the capacity to supply places. The capacity to supply places not only can be adjusted by resources (discussed below), but by the length of schooling to be provided, the timing of implementation, and the auditing of the system to only cater for the appropriate age-group. The latter point is particularly important for planning purposes.

For example, in the Solomon Islands and Vanuatu there has been considerable debate over the feasibility of funding basic education through to Year 10 rather than Year 9[37].

Apart from funding, another restriction on capacity is the proportion of repeaters and of persons of non-school age taking up places. Even when there is a policy of automatic progression through basic education levels, 'bunching' is caused by repeaters competing for places in educational institutions at higher levels.[38] Also early and older age participants might take up places. An efficient management system needs to ensure that repeaters are minimal and the age group for which it is designed is attending the class levels.[39] Research suggests that there is little educational value gained by repetition of classes.

B. Managing Student Unit Costs

Usually, the greatest potential for savings is through the management of unit costs.

(1) Primary and Secondary Unit Costs

The average unit costs (valued in local currencies) are given in Table 9. Normally, as is the case in six of the seven countries with available data, secondary unit costs are higher than primary because of higher costs for teachers, textbooks and accommodation. The higher cost of primary in Palau[40] reflects the diseconomies of scale caused by having small and scattered primary schools providing a full range of grades. Unit costs for the Cook Islands, FSM, Marshall, and Tuvalu – all countries with schools serving isolated communities – might, if made available, show the same feature.

[37] Investing funds in the quality of basic education is an alternative to investing in its length.

[38] For example in Samoa this occurs at Year 8.

[39] Even in a country like the Solomon Islands with Gross Primary Enrolment Rates of 36 for female and 41 for males this is still a problem. Simply by a more efficient management of ages entering and leaving primary schooling, including removal of the examination at the end of Grade 6, planners in the Solomon Islands felt they could significantly expand universal access without a significant increase in costs. However, the cost burden then shifts into junior secondary.

[40] The unit cost for Palau being in US dollars is also very high for the region, and also reflects the services provided for primary students, including special education teachers in every school; free lunches and free transportation by vehicles and speedboats 180 days annually; transportation to the capital for sports and education awareness days; and exchange visits for teachers and students to the USA.

Table 9: Unit Costs at Primary and Secondary Levels (in local currencies)

Country	Primary	Secon-dary	Ratio Secon-dary/ Primary	Country	Primary	Secon-dary	Ratio Secondary/ Primary
Cook Islands				Palau	2,358	1,766	0.7
FSM				PNG3	524	1,212	2.3
Fiji	690	1,213	1.8	Samoa	342	403	1.2
Kiribati1	262	579	2.2	Solomon Islands4	312	1,337	4.3
RMI				Tonga2			
Nauru2				Tuvalu			
Niue	1,703	2660	1.6	Vanuatu5	25,000	78,000	3.1

Sources: Derived from various national budgets and MOE or DOE reports or responses.
1The figures refer to 1997 and were calculated for the Government of Kiribati and WB Education Sector Finance Study. The figure for secondary is a weighted average of JSS unit costs for non-government ($420), government secondary ($2,034), and government upper primary ($295).

[2]Data received from Nauru and Tonga need further verification.
[3]The figures for PNG are derived from estimations of 2002 financial allocations and 2000 enrolments. The ratio of secondary to primary is probably higher than 2.3 as the financial information didn't allow adjustments for differences between elementary/primary and secondary salaries and possible variations in student teacher ratios.
[4]Figures refer to 1999 and secondary to junior secondary only (unit cost for national secondary schools is estimated as $1,989.) The estimates were made for the AusAID Education Sector Review and Identification Study, 1999.
[5]Figures refer to estimates for 1999. Unit cost for senior secondary is 110,000 vatu. Republic of Vanuatu. Education Master Plan. 1999.

(2) The Impact of Teacher Salaries

Tables 10 and 11 clearly demonstrate the impact teacher salaries have upon primary and secondary education costs.

Table 10: Distribution of Primary Recurrent Expenditure between Salaries and Operating Expenditure

	Salaries	Operating	Total		Salaries	Operating	Total
Cook Islands			100.0	Palau			100.0
FSM				PNG[1]	81.2	18.8	100.0
Fiji	92.6	7.4	100.0	Samoa	92.9	7.1	100.0
Kiribati	76.8	23.2	100.0	Solomon Islands	92.3	7.7	100.0
RMI	96.7	3.3	100.0	Tonga	97.6	2.4	100.0
Nauru	93.4	6.6	100.0	Tuvalu	95.5	4.5	100.0
Niue	97.5	2.5	100.0	Vanuatu	88.8	11.2	100.0

Sources: Derived from various national budgets and MOE or DOE reports or responses.

[1]Because of large increase in the budget for school fees subsidies, 2002 is an abnormal year for PNG.

With the exception of Kiribati, PNG and Vanuatu, salaries make up 93%or more of total primary expenditures. In the Kiribati budget, 10% has been allocated to repair and maintenance of schools, about 8% on purchase of goods and services, and about 4% on student travel allowances. In PNG and to a lesser extent in Vanuatu there is a substantial allocation to school fee subsidies.

Table 11: Distribution of Secondary Recurrent Expenditure between Salaries and Operating Expenditure

	Salaries	Operating	Total		Salaries	Operating	Total
Cook Islands				Palau			100.0
FSM				PNG[1]	35.1	64.9	100.0
Fiji	69.2	30.8	100.0	Samoa	80.5	19.5	100.0
Kiribati	61.5	38.5	100.0	Solomon Islands	67.2	32.8	100.0
RMIl	84.1	15.9	100.0	Tonga	79.9	20.1	100.0
Nauru	79.3	20.7	100.0	Tuvalu	59.6	40.4	100.0
Niue	78.6	21.4	100.0	Vanuatu	88.1	11.9	100.0

Sources: Derived from various national budgets and MOE or DOE reports or responses.

[1] Because of large increase in the budget for school fees subsidies, 2002 is an abnormal year for PNG.

The proportion of spending on salaries is lower at secondary than primary level, but except for PNG still tends to be 60% or more. Reasons for the lower level include higher costs for residential facilities (even though some costs are recovered through fees) and costs of travel.

As it has already been demonstrated that the primary and secondary sectors dominate MOE budgets, the effective management of salary costs in these sectors clearly offers the potential for major savings.

(3) The Management of Teacher Personnel Costs

The MOE can exercise some control of the cost of salaries through managing the:

(a) Number of students per teacher (as reflected in the student/ teacher ratio);
(b) Unit cost (average salary) of the teaching force.

(a) Managing the Student/ Teacher Ratio

Table 12 indicates that student teacher ratios in the region are low in terms of World Bank expectations[41] and could offer potential savings.

The student/ teacher ratios vary considerably between the countries with reported data, the highest both in primary and secondary being in PNG, 34.4 and 24.6, and the lowest in Palau, 12.5 and 10.8, respectively. Apart from Nauru, primary student/ teacher ratios are consistently higher than secondary.

Table 12 : Estimated Student Teacher Ratios for Primary and Secondary, 2002

Country	Primary	Secondary	Country	Primary	Secondary
Cook Is	17.1	14.6	Palau	12.5	10.8
FSM			PNG2	34.4	24.6
Fiji	29.0	26.7	Samoa	27.6	19.7
Kiribati	24		Solomon Islands		
RMIl1	20.0		Tonga	20.7	13.2
Nauru	15.4	16.9	Tuvalu	24	
Niue	17.5	11.2	Vanuatu3	24	16.3

Source: DOE responses and reports, EFA Pacific Regional Synthesis

1For 1999. Source Marshall Islands EFA 2000.

2For 1997. Source: *PNG/WB Resource Allocation and Reallocation Study*, 1999

3Primary STR for 1998: Source: Vanuatu *Education Master Plan*, 1999

[41] A World Bank study suggests that savings can be made by increasing STRs in primary to between 40 and 50 students. *WB A Policy Paper on Primary Education*. 1990.

On the basis of global World Bank recommendations, all FICs would have sub-optimal student/ teacher ratios (STRs). Even PNG with the highest ratios has been recommended to raise the primary and secondary ratios to 36.0 and 26.5, respectively, by 2004[43]. In some countries, the ratios may be below the official level[44].

The common factor for the low STRs is the proliferation of very small schools outside the urban areas; the principal underlying cause being the dispersion of population and separation of people into isolated communities separated by water or by largely impassable terrain. The low student-staff ratios in Palau and the Cook Islands in the table above reflect this dispersion and isolation of communities in the small island states. However, proliferation of schools for religious and cultural reasons, as in, for example, Fiji and Vanuatu, may also be a factor.

Small and isolated schools are difficult to support with central services. Economies of scale are difficult, and although there are, and have been, policies of consolidating small schools[45], this is not as easy as it seems. Communities can be isolated from each other even on remote islands, and centralising schools on one island can sometimes place the school beyond the walking distance of a child. In Fiji, for example, this has meant that many children in outer island and isolated areas are required to board at school from a very young age, most often in sub-standard conditions. Community pressure may also resist consolidation.[46]

In such cases, MOEs need to explore alternative options. Some of which are the building of roads between schools, the clustering of infant and lower grade schools with a senior 'mother' school[47], the development of multi-grade teaching[48], and the appointment of district level 'master' teachers[49]. The use of *information communication technology* (see below) offers potential benefits that are already being used in some FICs[50].The geography of FICs is, however, a given and these options may not be universally applicable throughout the region.

[42] A World Bank study suggests that MOEs by increasing STRs in primary to between 40 and 50 students can make savings. *WB A Policy Paper on Primary Education*. 1990.
[43] PNG/ WB *Education Sector Resource Allocation and Reallocation Study*, 1999.
[44] In Vanuatu, the official posting rate for secondary is 17.1.
[45] A number of FICs report the need to consolidate schools, including PNG, Marshall Islands, Palau, Vanuatu, Cook Islands, Samoa, Kiribati. In the Marshall Islands some outer island schools have STRs as low as 3 to 7.
[46] A policy to consolidate primary schools in Kiribati in the 1990s largely failed for these reasons.
[47] PNG is adopting a cluster system, which permits classes to be consolidated into larger schools at Grade 3 level.
[48] In many cases, a policy of supporting single-grade classes in small schools, and staffing schools on the basis of number of classes rather than number of students is not economically viable. Multi-grade teaching can be detrimental when it has been forced upon schools by a lack of teachers. However, providing teachers are properly trained, and multi-grade classes kept to a reasonable size, there should be no adverse pedagogical effects. A policy of introducing mult-grade teaching does have costs, as to be effective, teachers do need special training, and may have to be paid special allowances.
[49] A program, suggested in Kiribati, is to train a teacher in each of the islands to provide in-service training and support to teachers located in the rest of the island.
[50] Federated States of Micronesia is using ICT in Yap. Fiji has had radio broadcasts to schools for many years.

(b) Managing the Unit Costs of the Teaching Force

(i) Structure of the teaching force

As average salaries within teacher classifications vary[51], MOEs can materially reduce the total average salary by recruiting staff to the lower rather than the higher level classifications. PNG's restructuring of the teaching force in this way helped it afford its basic education expansion (see Box 2).

Box 2 :Financing the PNG expansion through Teacher Force Restructuring

Background
At the beginning of the 1990s, PNG, with the largest population of the region, confronted, along with Solomon Islands and Vanuatu, the greatest challenge in providing universal basic education. Not only did it start with one of the lowest levels of enrolment, but it also had a population speaking many different local languages. Consequently, its present participation rates though still less than 100% and still higher for boys than girls, represents a remarkable achievement. The following describes the strategy it used.

Restructuring of the education system
The original formal education system of 6 years primary, 4-7 years secondary is well underway to being transformed into 3 years elementary, 6 years primary (up to class 8), 2 years secondary school, and 2-3 years senior secondary. The old secondary selection examination at Class 6 is being phased out to allow automatic progression to Class 8.

Elementary in the vernacular
Elementary includes a preliminary year and Class 1 and 2. Instruction is in the vernacular.

Transfer of junior secondary school grades to primary
The bottom two years of the old secondary system is being transferred to the top two years of primary.

Principal Savings
Savings to fund the need for increased places have come through:

- The creation of the elementary teacher force, which because it is paid on an hourly part-time basis, and only on partial rates while in training, is considerably less costly than the primary teaching force.
- The introduction of a cluster system of parent primary to elementary and smaller community feeder schools, thereby, permitting consolidation of classes at Class 3 and Class 7 levels.
- Community responsibility for the establishment of the elementary schools.
- Space in the primary school provided by the dropping off of Classes 1 and 2 being freed to accept Classes 7 and 8.
- Provision of education at the Class 7 and 8 levels sometimes moving from a residential secondary to a day-school primary.

[51] The teaching force is usually classified into different divisions, such as permanent and non-permanent; qualified and non-qualified; trained and in-training, elementary, primary and secondary.

Additional Costs

- Although there was a significant drop in the unit cost of basic education, the number of students is now much greater.
- The facilities freed by the loss of elementary classes were not always suitable for older students. Accordingly, extra classrooms are sometimes needed for the 'top-up'.
- The vernacular languages had to be developed in a written form for their use in the schools.
- New primary curricula had to be developed and materials provided.
- A completely new system for the in-service training of elementary teachers and their supervisors had to be developed.
- Primary teachers needed in-service upgrading.
- Primary teacher colleges needed support for the system.
- A new facilitating and monitoring unit was needed in the National Department of Education to plan and coordinate the reform.
- Support had to be given to strengthen the administration of the reform through the Provincial Divisions of Education.

Donor and NGO support

Donors have provided support to PNG to help it meet these additional costs. One of the most important NGOs has been the Summer Institute of Linguistics (SIL) in helping develop vernacular languages materials.

(ii) The Cost Implication of Upgrading Teacher Qualifications

The Forum Education Minister's meeting in May 2001 raised concerns over the high proportion of untrained teachers in the region (Table 13).

Table 13:Percentage of Untrained Primary Teachers

Country	Percentage	Country	Percentage
Cook Islands	12	Palau	
FSM		PNG	
Fiji	2.3	Samoa	23.1
Kiribati	21	Solomon Islands	29
RMI	20	Tonga	2.7
Nauru	22	Tuvalu	Nil
Niue	Nil	Vanuatu	53.5

Source: Forum Secretariat Forum Education Ministers' Meeting, Session Two: Improving Quality in Basic Education

The funding implications of addressing this issue consist, first, of the cost of training and, second, of employing a fully qualified workforce.

This paper has not attempted to assess the first, because of the dependence of cost on the way the training is structured. However, certain strategies can help reduce costs, including:

- confining the training to pedagogical skills and depending upon trainees acquiring subject content through senior secondary (if teaching elementary or primary), and undergraduate (if teaching secondary);
- training teachers with distance learning and summer courses rather than full-time residential.

In regard to the second matter, the cost to employ a fully trained teaching force can be considerable. Teacher salary scales tend to be governed by levels of responsibility and

qualification. Taking for example, just one case, if, on the basis of 1999 figures, the Solomon Islands moved to a fully trained workforce the average unit salary for primary would rise from $SI11,959 to 19,230, a 29.5 percent increase[52].

(iii) Need for vetting the establishment list.

Some countries have 'ghost teachers' on their payroll, which means they are paying for teachers who are not at their supposed posting. 'Ghosting' can occur because of difficulties in keeping track of staffing complements at registered schools. The most effective system is to pay staff salaries through the school principal, who can verify that staff are in place. However, this is not possible in countries without extensive branch banking systems[53]. If no branches are located close to the school for staff to process cheques, then the system has little alternative other than to pay the teacher's salary straight into a nominated bank account in a national or regional centre.

In this case, the only way for the system to know that the staff that it is paying is actually in the school is to contact the principals or to send out inspectors. In the first case there is very often a problem with communication, and in the second, a problem with providing funds for travel.

Moreover, if the Treasury rather than the MOE is in charge of the teacher payroll, the MOE may neither have the capacity at central level to monitor the system, nor the motive, if savings go back into consolidated revenue, to do so.[54]

This is another issue of accountability within MOEs and underlines the importance of sound systems of monitoring and control.

(iv) Salary Levels

Normally, the reduction of average salaries by reducing actual salaries is neither industrially nor politically viable[55]. Usually, teachers form one of the industrially strongest bodies in the country, and, even if their salaries are considered high (as in Vanuatu[56]), it is still difficult to retain them at present levels[57].

However, in spite of this constraint, the containment of teacher salary levels, by not raising them at the same rate as inflation, has been a major way of keeping down education costs[58].

(4) Management of Operating Services and Materials

Providing adequate support services and materials is not only important for providing better education outcomes but for improving the efficiency, and thus the cost of the system[59].

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[52] A study conducted by the consultant.

[53] For example, a number of provinces in PNG might have only one or two bank branches, causing not only a problem with administrating payment, but disruption to school programs when staff need to journey some distance to access funds either for themselves or for the school.

[54] The consultant noticed this when working on staff financing in the Solomon Islands. The Education Department could not provide a copy of the Treasury staffing list.

[55] However, this did happen in the Cook Islands and in Fiji.

[56] As maintained in the Vanuatu Education Sector Master Plan, 1999.

[57] As reports from Samoa and Vanuatu have noted.

[58] See, for instance, PNG Resource Allocation and Reallocation Study 1999:41. Whereas the Consumer Price Index between 1994 and 1998 rose 43 percent, teacher salaries rose no more than half this amount. See also Vanuatu Education Sector Master Plan.

[59] World Bank. *Policy Paper on Primary Education*. 1990. Chapter 4.

(a) Teaching and Learning Curriculum Materials.

Faced with limited funding, the provision of teaching and learning materials tends to be one of the first and easiest items for education systems to ignore or to cut. This may be one reason why donors have been active in supporting this area.

MOE policy may exist to review curriculum and produce new materials every few, say four to five years, but this may not occur in practice. Not only might funds not be available, but also, stocks, initially produced for some years to get economies-of-scale, may still need to be run down.

Costs break down into development, production, purchase and delivery, and storage of materials.

- At development level, some systems have their own curriculum development centers, employing their own subject curriculum officers. There may be ancillary costs associated with workshop development activities, and finally with in-servicing of teachers for the use of the new materials.
- At production level, some systems have their own printeries. However, economies of scale and reduction of cost overheads may make production cheaper outside the centre or outside the country. Small school populations, sometimes further segmented by policies of catering for different language groups, can make the achievement of economies of scale at national level very difficult. Imported raw materials, such as paper, and maintenance of costly equipment by bringing in overseas technicians are also very expensive.
- Purchase and delivery of materials may vary as much because of circumstances as of policy. Systems may bulk purchase or leave purchase to individual schools. The service might be out-sourced to commercial firms. Some schools may not receive supplies until delivery can be 'piggy-backed' on the provision of some other activity, such as a visit by inspectors or head-office personnel.
- Finally there is the cost of providing adequate storage in the schools. Class sets deteriorate very rapidly when exposed to humid tropical conditions, and confronted with no adequate room for a library, books may remain unused in a school cupboard.

A greater provision of materials can be partly met by community groups, churches, parents and government sharing the expense. However, a model such as the 'Community Standard' (see Box 3) needs to be used to minimize the burden upon the poorest sections of the community.

Box 3: The Reform Proposals for the 'Community Standard'.

The Gannicott Study of 1999 highlighted issues of quantity, quality and equity of supply of non-teacher grants in cash and in kind to the Solomon Islands schools.
The essential elements of the Gannicott proposals were:

- Simplification of the grant system by replacing all grants with a set formula;
- Funding to be directly from the national department of education;
- The formula be based upon an annually reviewed 'community standard' of materials provision for each student by level;
- The cost of materials be shared between government and parents, with the government's proportionate responsibility being greater at lower levels. The government would fund 90 percent of the community standard at primary, 70 percent at Forms 1-3 and 50, at Forms 4-6

There is considerable potential for sharing and adaptation of resources within the region, especially with the advent of desktop publishing.

(b) Residential and travel costs.

Some systems, because of geography or because of policy, support residential schools[60]. These schools have high unit costs, because of boarding and transport costs, but on the other hand could be relatively efficient in the provision of teachers, materials and support services. The major cost items for teachers and students are, on the operational side, food supplies and return fare travel from schools to home districts, and, on the capital side, provision of dormitory and other facilities. There could also be an extra staff loading for residential supervision and ancillary health-care costs.

Some residential schools reduce boarding costs by conducting their own farm activities. In such cases, there needs to be a balance between time spent on farm activities and lessons. However, food production is not always sufficient, and food costs, especially if the food staple is a commodity such as imported rice, can cause cost blowouts. It is an all too-frequent event for the residential schools to run out of funds and be forced to prematurely send students home.

(c) Maintenance of facilities and equipment.

Usually, local communities are responsible for maintenance of schools. Some national financial systems make general grants to provincial and local governments, out of which construction and maintenance expenditure on schools, along with needs of other competing social services, are to be met. However, these funds, if actually released by Treasury (and cash-flow problems frequently mean they are not), are sometimes 'intercepted' for other purposes before reaching the schools.

Although donors do not usually provide funds for maintenance, AusAID has recently given support to some PNG provinces in the form of providing maintenance manuals to schools and giving training in maintenance to the members of the school community[61]. It also provided initial maintenance grants as 'seed' to generate a maintenance culture.

C. Provision of Infrastructure

At elementary and primary levels, the responsibility for the provision as well as the maintenance of infrastructure frequently lies with the local communities. However, this can be a heavy burden for some communities, and facilities may not be provided.

When this is the case, the national governments and donors have given targeted support to encourage local independence and sustainability. The means of doing this can include:

- Discovering the most cost-effective strategies for infrastructure development;
- Strengthening local level capacity to acquire and manage funds;
- Strengthening the capacity of local institutions to do their own building;
- Broadening community participation and encouraging an equitable gender representation.

As examples:

- The PNG BEICMP has experimented with the large-scale purchase of timber kit frame structures, erected on-site by local building firms. However, this

[60] It is more usual for governments to support residential facilities at secondary than primary level. In Fiji, there are a significant number of residential primary schools. However, the community and parents have to support these themselves. They are subsequently usually of a very poor standard.

[61] PNG/ AusAID *Basic Education Infrastructure and Curriculum Materials Project* (BEICMP)

model tends to be costly for local funding, especially in the more remote parts of the country.

- Another model, used in Bougainville, provided local builders with 'walk-about' sawmills, corrugated iron roofing and hardware, and used local materials for frames, walls and flooring. This model tends to be cheaper per unit, but negotiations were required with local landholders over purchase of materials, together with close on-site supervision and training[62].

Government and non-government institutions in the local area might also be given strategic funding to build up the local capacity for infrastructure construction. Public works departments and sometimes church missions have personnel with building and supervisory expertise. Local vocational centres could have their training capacity to run and supervise building courses supported. Mining and the armed services might provide transport at low-cost rates. Certain of the local NGOs might also be able to recruit the services of voluntary building teams organized by clubs such as Rotary.

III. Other Strategies

(1) Education curriculum

It will not be discussed further in this paper, but needs to be noted that as more students finish basic education, there will be more pressure to increase education funding at higher levels. However, the pressure upon these sectors is also influenced by how effective the basic education curriculum is in providing students with other choices[63].

By the integration of agriculture, farming and crafts into the curriculum, residential schools can also work towards providing their own food provisions, and achieving greater self-sustainability.

(2) Partnerships for Teaching and for Development

Examples exist of district education systems and school institutions working with others to share facilities. For example, a local vocational or rural training centre may service schools in a district. The centre may provide technical expertise to local schools, mobilize local community skills, and help build classrooms and facilities. Also, it is quite common for schools, lacking their own communication facilities, to use those of nearby missions and health facilities.

Schools can be encouraged to make their buildings multi-purpose so that they can be used for evening classes, non-formal education, church and community activities outside of school hours.

(3) Use of Complementary or Alternative Teaching Strategies and Appropriate Technologies

For isolated or small communities, distance education, supported by appropriate energy strategies, such as solar power, may be effective substitutes or supplements to formal schooling, when costs of the latter are prohibitive. Some systems are experimenting with solar power kits, which are becoming cheaper and easier to maintain, can be used for communication between schools and district offices, and

[62] Problems such as the disappearance of the sawmills and of recruiting community cooperation meant that the managing agent had to be more involved at the grassroots level than anticipated.

[63] For example, the 'mixed' mode curriculum concept in the Solomon Islands originated to orientate students' aspirations towards life in the village, while, at the same time, still giving students the opportunity to continue with higher or further education if they desired.

can provide light for after-hours adult learning. Satellite communication is now another alternative.

(4) Non-educational facility development

Finally, it needs to be noted, but not discussed further (as it is not an education matter), that an alternative to funding the provision of more schools for better access may be to fund better infrastructure, including roads, shipping and telecommunications to existing schools[64]. An analysis in PNG showed that there were reduced levels of literacy, school participation, and availability of teaching staff, the poorer the access within districts by road[65].

Section C: Conclusions and Recommendations

The General Situation

In general, the FIC governments:

a) Vary in tasks before them, some have still to achieve equitable universal access to basic education, but all need to achieve greater quality;
b) Have generally made a strong commitment to education, but vary in respect of the local government and community resources available to fund and sustain basic education;
c) All still depend upon donor funding for development;
d) Have varying structures for the funding and management of the schools, with several governments paying in full or in part the salaries of teachers in the private sectors, and all in general requiring community support for maintenance and construction of schools, and certain operational expenses.
e) Have varying responses to the charging of fees;
f) Have few additional resources available to commit to areas of high priority such as early childhood education, and raising teacher qualifications.

Addressing Funding Problems

All ministries of education should rely more upon better management of resources than upon being provided with additional funds. There are ways that savings might be made for education in existing national budgets, and additional revenue raised and released for education, but these need to be contested politically.

One of the greatest potentials for savings lies in increasing student: teacher ratios, which through teacher salaries substantially impact upon the whole education budget.

PNG's restructuring of the teaching force to lower average teacher salaries, might also be a model for those countries, which still need to provide universal access to basic education.

Inappropriate Funding

The lessons learned from education financing in the Pacific indicate that funding can be inappropriate and counterproductive. The risks include:

- Funding to the government elitist and private sectors, which may reduce the quality and viability of the public mass education sector.
- Funding to the community that destroys the community will to 'own' and support the local system.

[64] For example, a new road in the Babeldaob region, Palau, should assist with the consolidation of schools.

[65] The analysis was conducted by the consultant in 2001 as part of a project design study. Of course, building of roads in many terrains is not possible.

- External donor funding that ties up administrative resources and funds and runs counter to priority goals.

The Need for Continued Planning

The success of countries that have developed operative plans and strengthened their capacity to mobilise and coordinate funding is proof of the value of doing so. The country then controls the acquisition of funds according to its own goals, rather than on an ad-hoc basis, or on the basis of goals presumed to be appropriate by overseas benefactors. However this plan needs to be more than a wish list. It needs to have goals based on agreed and politically committed policy, with targets set within the framework of economic viability[66]. Consequently, the development of the plan needs to go through a consultative process with stakeholders to ensure their sense of ownership, cooperation, and political commitment. The participation of key stakeholders and providers of education, such as churches, is essential in this process. It then needs to be costed and through an iterative process the targets revisited and adjusted until it is a plan, which can identify source of funding and fit within the economic constraints of the nation.

Possibilities for Reviewing National Education Financing

Concerning the Raising and Monitoring of Funding

1. MOEs should ensure they have functioning communication networks with other key government, NGO, and community stakeholders. Education funding is a political process, and the MOE's ability to raise and manage funds depends upon its cooperation with other ministries, including finance, and other education agencies, such as those run by the churches and communities.
2. MOEs should view the funding of specific projects within a broad funding and management framework, such as that provided within the paper. Programmes such as ECE, can, for example, obtain funds indirectly by more appropriate funding of other programmes and resultant transfer of savings.
3. MOEs should review the priority of expenditure on tertiary and administrative programs in the light of possible savings and transfer of funds towards basic education and ancillary programs.
4. MOEs need to ensure their *educational management systems* (EMIS) are adequate for the necessary process of planning, review and monitoring of programmes, and that they have the *institutional capacity* to coordinate planning and funding activities.
5. Because of cost and equity dilemmas MOEs should be cautious about providing 'free' basic education. A subsidized fee system structured according to needs to be met and ability to pay might be more appropriate. A user-pay policy on higher-level education education programmes, with large private returns, might also enable transfer of funds from these programmes to others.
6. MOEs need to provide 'strategic' support to ECE and NFE programs, but in the light of potential funding 'blow-outs' should be cautious about employing teaching staff.
7. MOEs should discourage repetitioin as it causes inefficiencies and has no proven educational disadvantage.

[66] The need for planning is strongly stressed in the ADB *Human Resource Development Small Pacific Island Countries*, 1995 study

Concerning the Management of Funding

1. MOEs should ensure trained personnel are facilitating and monitoring cost-efficient procedures for the implementation of access, equity and quality basic education programmes.
2. The progress and targets of basic education programmes are periodically reviewed in the light of available resources.
3. Emphasis should be given to ways of raising student/ teacher ratios, including consolidation of schools, and when this is not appropriate, or, in addition, use of 'parent-school' clusters or networking, multi-grade teaching, and *information communication technology*.
4. MOEs with major access problems should consider the restructuring of the teacher establishment, to enable employment of lower paid trained teachers at elementary level.
5. MOEs with a high proportion of untrained teachers should consider the cost-effective methods of on-the-job in-service training, and phasing the upgrading of qualifications in accord with rising student/ teacher ratios.
6. MOEs should make the provision of non-teaching resources a high priority, but look to ways of funding through cost-savings from other sources, more efficient cost production and cost-sharing strategies, and fee charges.

The Value of Regional Cooperation

In the past, FICs have drawn upon donor technical assistance for the development of plans. However, while there is still the need for the strengthening of local expertise in planning and the management of data systems, there are local nationals with expertise already working in the region. Therefore, this study recommends that donor support of planning capacity at national level, be supplemented by short-term workshops and courses operating at regional level. Under the supervision of funding and planning experts, these would draw together participants to exchange ideas while analyzing national and education portfolio budgets. To be most effective, participants would need to either be part of or have access to the top management of the ministry.

Next Steps

1. After internal reviews of the paper, MOEs advise their Ministers of their capacity and training requirements to improve the amount, adequacy, and accuracy of data concerning their own countries in later upgrades of the paper.
2. At their next meeting, the Ministers of Education consider the need for:
   - a periodic upgrade of the paper;
   - regional workshops and training of staff in funding and planning.
3. In the interim between the pending and following gathering of Ministers, MOEs conduct a review of raising and management of funds in the light of the paper's framework and recommendations.
4. Information be provided by national MOEs for a regional assessment of resulting progress.

Annex A: Tasks of the Mission – from Terms of Reference

14. To conduct a substantive piece of research on the financing of education in Forum Island Countries. (The Forum Secretariat will provide basic data on education budgets for the Forum Island Countries.)

15. It should be noted that points (a) to (e) in the list below will be analysing data that will be provided by the Forum Secretariat; and (f) to (j) involve considerably more analysis.

16. This paper will be for presentation and discussion at the second Forum Education Ministers Meeting, planned for December 2002.

17. The paper should address the section on financing from the Basic Education Action Plan (Annex 1), and should include:

(a) A review of state expenditure on education for Forum Island Countries, disaggregated to primary, secondary and tertiary; early childhood; technical and vocational education (TVET) and special education.
(b) A review on how recurrent education budgets are spent, i.e. percentage on salaries etc.
(c) An analysis of the cost implications of qualitative improvements to education systems proposed under the FBEAP, for example, increased salaries for teachers with upgraded qualifications.
(d) A review of the level of private sector and NGO involvement in the delivery of basic education in FICs.
(e) A review of donor activity in each Forum Island Country, and a brief review of regional education projects.
(f) A review of the efficiency and equity of expenditure in the provision of education, in terms of provision of access and in improving the quality of education.
(g) Identify sustainable financial strategies that FICs could employ to strengthen the delivery of basic education.
(h) Outline of options for financing of education, including private sector involvement, different taxation options.
(i) Case studies of 'best practices' that could be employed by FICs.
(j) A review and analysis of cost-effective options for qualitative improvements, especially in basic education.

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Annex C: Donor Support

Table C 1: Source of Aid Provided to Pacific Island Forum Countries, (USD million) 1999-2000 average)

Country	Source								Total Aid
	Australian	EU	French	Germany	Japanese	NZ	US	Other Sources[1]	
Cook Islands	0.9		0.1	0.1	0.4	2.6		0.9	5.0
Fiji	10.9	1.8	0.9	0.2	18.0	3.5		-3.3	32.0
FSM	0.7				8.5	0.3	90.0	5.5	105.0
Kirtibati	4.7	0.9			9.9	2.0	0.6	2.4	20.5
Marshall Islands	0.5				6.2	0.1	46.2	7.0	60.0
Nauru	1.9				3.4			0.2	5.5
Niue	0.6				0.1	2.8		0.0	3.5
Palau	0.2				18.1	0.1	15.4	0.2	34.0
Papua New Guinea	177	4		4	59	8		-7.0	245
Samoa	7.0	2.6		0.5	7.0	5.0	0.7	2.2	25.0
Solomon Islands	10.1	25.3			7.5	5.1	0.8	6.2	55.0
Tonga	5.4	2.7	0.2		6.2	4.0		1.5	20.0
Tuvalu	1.6	0.1	0.3		0.7	1.2		1.6	5.5
Vanuatu	9.9	3.7	7.7		7.0	4.1	0.7	8.4	41.5
All countries	231.4	41.1	9.2	4.8	152.0	38.8	154.4	25.8	657.5

[1] Other sources includes aid from multilateral sources, such as the Asian Development Bank, World Bank and United Nations, and aid (including aid from the listed bilateral sources) otherwise unclassified.

Source: Derived from OECD, World Bank online data

Table C 2: Source of Aid Provided to Pacific Island Forum Countries, (percentage from sources 1999-2000 average)

Country	Source								Total Aid
	Australian	EU	French	Germany	Japanese	NZ	US	Other Sources[1]	
Cook Islands	18.0	0.0	2.0	2.0	8.0	52.0	0.0	18.0	100.0
Fiji	34.1	5.6	2.8	0.6	56.3	10.9	0.0	-10.3	100.0
FSM	0.7	0.0	0.0	0.0	8.1	0.3	85.7	5.2	100.0
Kirtibati	22.9	4.4	0.0	0.0	48.3	9.8	2.9	11.7	100.0
Marshall Islands	0.8	0.0	0.0	0.0	10.3	0.2	77.0	11.7	100.0
Nauru	34.5	0.0	0.0	0.0	61.8	0.0	0.0	3.6	100.0
Niue	17.1	0.0	0.0	0.0	2.9	80.0	0.0	0.0	100.0
Palau	0.6	0.0	0.0	0.0	53.2	0.3	45.3	0.6	100.0
Papua New Guinea	72.2	1.6	0.0	1.6	24.1	3.3	0.0	-2.9	100.0
Samoa	28.0	10.4	0.0	2.0	28.0	20.0	2.8	8.8	100.0
Solomon Islands	18.4	46.0	0.0	0.0	13.6	9.3	1.5	11.3	100.0
Tonga	27.0	13.5	1.0	0.0	31.0	20.0	0.0	7.5	100.0
Tuvalu	29.1	1.8	5.5	0.0	12.7	21.8	0.0	29.1	100.0
Vanuatu	23.9	8.9	18.6	0.0	16.9	9.9	1.7	20.2	100.0
All countries	35.2	6.3	1.4	0.7	23.1	5.9	23.5	3.9	100.0

[1] Other sources includes aid from multilateral sources, such as the Asian Development Bank, World Bank and United Nations, and aid (including aid from the listed bilateral sources) otherwise unclassified.

Source: Derived from OECD, World Bank online data

Table C3: Features of Donor Aid relative to GNP in Pacific Island Forum Countries 2000/2001

Country	Percentage of ODA from bilateral	Percentage of ODA on Education[2]	ODA/ GNP[1]	GNP per capita (US$)	Country	Percentage of ODA from bilateral	Percentage of ODA on Education[2]	ODA/ GNP[1]	GNP per capita (US$)
Cook Islands	77	na			Palau	99	na		
Fiji	88	26	2.0	1,830	Papua New Guinea	93	14	7.2	760
FSM	95	na	39.5	2,110	Samoa	59	22	11.6	1,460
Kiribati	83	23	21.8	950	Solomon Islands	33	12	24.0	630
Marshall Islands	82	na	56.6	1,970	Tonga	75	17	12.1	1,660
Nauru	98	20			Tuvalu	95	32		
Niue	94	na			Vanuatu	62	24	20.4	1,140

Source: Derived from OECD, World Bank online data

[1] OECD notation was ODA/GNI. Consultant presumes GNI approximates GNP.

[2] Figures for ODA on education were derived from graphs and therefore are indicative only.

Table C4: On-Going Donor Supported Projects Nominated by Survey Respondents

Country and Project	Donor	Budget	Currency Denomination	Timing
Nauru				
ICT - Computer technology	Republic of China	291,000	AUD	2002
School supplies (MOU through Refugees Agreement	AusAID	150,000	AUD	2002
Support teacher education in Pacific schools - STEPS project	Unesco/ NZODA	In-kind		Annual visits
Niue				
Niue Education Project	NZODA	Not stated	Not stated	2000-2002
Education for All	Unesco	Not stated	Not stated	2005-2015
Study award scholarship	NZODA	520,000	NZD	On-going
Capacity building	NZODA	30,000	NZD	On-going
Private sector	NZODA	30,000	NZD	On-going
In-country training	NZODA	30,000	NZD	On-going
Samoa				
Institutional Strengthening Project (ISP)	AusAID	4,980,000	AUD	1999-2005
Primary Education Materials Project (PEMP II)	AusAID	924,297	AUD	2000-2002
Augmenting Institution for General Attainment	UNDP	757,900	AUD	1999-2003
Secondary Curriculum and Materials Project	NZODA	2,500,000	NZD	2000-2004
CSI Samoa Project	Unesco	20,000	Unesco	1999-2002
Education Sector Project (ESP)	ADB	7,000,000	USD	2000-2004
Solomon Islands				
Technical Assistance to Education	EC	500,000	Not stated	Not stated
SICHE Restructuring Project	EC	5,000,000	Not stated	Not stated
Basic Education Assistance	EC	100,000,000	Not stated	Not stated
Australian Training Awards	AusAID	2,000,000	Not stated	Not stated
Training and Education Awards	NZODA	1,000,000	Not stated	Not stated
In-Country Training and Education Awards	NZODA	600,000	Not stated	Not stated
Young Womens NZ Awards	NZODA	100,000	Not stated	Not stated
Support to SICHE restructuring	Republic of China	5,800,000	Not stated	Not stated
Assistance to Training Awards	Republic of China	2,800,000	Not stated	Not stated
Basic Education and Literacy Support	UNDP/ UNICEF	140,000	Not stated	Not stated
Early Childhood Education	UNICEF	100,000	Not stated	Not stated

Vanuatu				
Junior Secondary Schools Project	EU	1,050,000,000	VUV	Ongoing
Teacher In-Service Training Programme		60,000,000	VUV	Ongoing
Secondary Teacher Education Project	AusAID	634,129,440	VUV	Ongoing
Short Term Training Awards (Dip - TESL)	NZODA	9,273,600	VUV	Ongoing
Senior Secondary School Expansion Programme	AusAID	387,000,000	VUV	Ongoing
Vanuatu Teachers College	France	386,461,620	VUV	Ongoing
Training and Scholarship Award Program	AusAID/ NZODA/ France	194,000,000	VUV	Ongoing
INTV Strengthening Project	AusAID	742,241,006	VUV	Ongoing
CSF-Lycee	France	112,850,000	VUV	Ongoing
Provincial Education Offices Project	UK	53,094,800	VUV	Ongoing
Rural Primary Expansion Programme	NZODA/ Japan	2,684,000,000	VUV	Ongoing
Non-Formal Education Strengthening	UNDP	13,691,000	VUV	Ongoing
Vanuatu Literacy Project	UNDP	13,691,000	VUV	Ongoing
Basic Education Project	UNICEF	19,567,500	VUV	Ongoing
Navutiriki JSS Rehabilitation	AusAID	26,013,120	VUV	Ongoing
Ecole St. Joseph	France	2,020,690	VUV	Ongoing

Source: Surveys from respondent countries. Data have not been checked against other sources for accuracy..

Table C 5 :Selected Donor-Supported Projects in PNG, Recent and Current

Project	Donor	Value	Original Estimated Time
Institutional Strengthening to Department of Education	AusAID	4.6 m AUD	3.5 years
Targeted Training Project (PATTAP)	AusAID	15m AUD	5 years
Elementary Teacher Education Support Project	AusAID	16.5m AUD	2.5 years
Primary and Secondary Teacher Education Project	AusAID	18m AUD	6 years
Curriculum Reform Implementation Project	AusAID	30m AUD	5 years
Upgrading Provincial High Schools	AusAID	4.5m AUD	4 years
Commodity Assistance Program (CASP)	AusAID		
WB Education Development Project	WB		
School journal project	NZODA		
Secondary scholarship project	NZODA		
European Union projects in vocational and basic education	EU		
Employment Oriented Skills Development Project	ADB/ AusAID		

Source: NDOE *The State of Education in Papua New Guinea*, March, 2002

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