

## Technical Meeting on National Education Accounts

Thursday, July 28, 2011, 10:00 am – 3:00 pm

Center for Universal Education at Brookings, 1775 Massachusetts Ave NW, Washington, DC

*On July 28, the Center for Universal Education hosted a consultation on the strategies behind, and practical implementation of, national education accounts (NEAs). NEAs are a tool for measuring, analyzing, and reporting expenditures on education from a multitude of sources within a country. They offer powerful information for policymakers and other stakeholders in education, including civil society, and they can enhance transparency and accountability. Representatives from the Education for All-Fast Track Initiative, UNESCO, USAID, World Bank, and implementing partners gave presentations on education financing and Jacques van der Gaag moderated the discussion.*

### **Opening Remarks – Jacques van der Gaag, Brookings and Elizabeth King, World Bank**

- There is a surprising lack of collaboration among countries regarding public and private finance reporting in the education sector
  - Current policies are *ad hoc*, with little effort to make improved financing data an integrative part of education sector development
  - The three decades of experience with reporting and analysis for national health accounts could offer significant insight into the practice and advantages of establishing NEAs
- The new World Bank education strategy stresses the importance of accountability and results; NEAs are a powerful instrument relevant to this strategy
  - Education inputs alone do not explain gaps in cognitive achievement between countries; the education policy framework (as informed by tools like NEAs) and education enabling environment in a country are also crucial
  - NEAs will ultimately be most useful if the resource use can effectively be linked to education (learning) outcomes

### **BOOST – Igor Kheyfets, World Bank**

- BOOST is an initiative run out of the World Bank that offers countries the tools to more efficiently collect, analyze and share public expenditure data
  - BOOST collaborates with the Ministries of Finance in countries that have expressed interest; the program is currently being implemented in 17 countries

- BOOST constructs an easy-to-use Excel database using the specific budget categories used by each country's Ministry of Finance
  - In countries that use a sufficiently detailed budget classification, BOOST is able to offer information about school-by-school expenditures
- BOOST data about expenditures can be linked with other data about education (e.g. school-level data about pupil-teacher ratios, test performance data, etc.)
- BOOST can enable more incisive analysis of public expenditure data and more carefully reasoned policy-making
  - Kenya and Moldova have already chosen to make BOOST data public
  - In countries that have made the information public, BOOST has encouraged the involvement of civil society in analyzing expenditure data
- BOOST's reporting of education spending may not be as reflective of overall education spending in federal systems that do not have strong reporting requirements to the central government.
- BOOST only collects data on public expenditures reported to the Ministry of Finance. Thus there is a potentially significant amount of information about education financing that is not captured
  - In some countries, private sector contributions to education are more than 40% of total spending on education
  - External donor contributions to education systems are not necessarily large, but they are often not reported officially
  - BOOST is generally 'at the mercy' of the quality of expenditure data that is available in the country
- Since BOOST uses country-specific categories of expenditure, it may be difficult to compare spending across countries easily. However, some broad categories of education spending are often very similar across countries (teacher remuneration, capital expenditure, non-personnel expenditure etc.) In most cases, it is possible to translate country-specific budget classification categories to internationally accepted classifications systems, such as COFOG and GFS.
- Implementing a program like BOOST can involve upfront costs in setting up a country-specific database, but its recurrent costs of updating the database in future years become very low

BOOST addresses the challenge of linking data on education spending to data on learning outcomes by bringing together information from a variety of national data sources: Treasury and EMIS systems, national statistical and assessment agencies, etc.

### **Country Status Reports – Laurent Cortese, Education for All-Fast Track Initiative**

- Country Status Reports (CSRs) are complete education sector reviews that offer analysis based on comparative statistics between and within countries
  - These reviews have already been conducted in 35 countries
  - CSRs do not offer an action plan with recommendations for reform. Instead, they are meant to offer direction for the eventual development of a strategy by establishing a starting point for discussions of reform both at the country level and with development partners like FTI
  - FTI conducts CSRs in a participatory way, building local capacity and encouraging national ownership of the process
- CSRs offer data on enrollments, costs, efficiency, equity and management issues within a country's education system
  - Collecting and properly analyzing data about expenditures on teachers can offer particular challenges; some countries list on their payroll 'teachers' who simply perform administrative work
  - CSRs use expenditure data to present estimates of unit costs of education as well as information about disparities in resource allocation to schools
    - CSRs calculate these costs using expenditure data from both public expenditure reviews and household surveys

### **Financing Education in Sub-Saharan Africa – Albert Motivans, UNESCO Institute for Statistics**

- UNESCO recognizes the urgency of improving national statistical capacity in order to ensure the sustainability of reporting finance data as well as its own limits in meeting these needs.
  - Partnerships are essential to move ahead the agenda
- UNESCO collects education finance data from all countries of the world using a single strong conceptual framework, developed together with OECD and Eurostat
  - Countries report finance data according to data collection instruments which vary according to complexity – from more complex - the World Education Indicators, or WEI, instrument for 16 countries (including Brazil, China, India, Indonesia and others) the UNESCO-OECD-Eurostat (or UOE) instrument for 62 countries and the UIS instrument for the rest of the world
- These data collections take into account sources and uses of expenditure. Data on public (state, regional and local) expenditure, private expenditure (households and

other private entities) and international transfers are collected by individual ISCED categories (e.g., primary, secondary, tertiary, etc.).

- Expenditure data are linked to reported numbers of pupils, teachers, etc. thus providing a single consistent source of data
- The UNESCO report on financing education in sub-Saharan Africa highlights some of the obstacles and the steps taken to improve sustainable reporting on finances.
- UNESCO faces various obstacles in collecting data about education financing:
  - Education ministries can often have more limited access to expenditure data which are not always shared by finance ministries
  - It can be difficult to track spending in federal systems, like Nigeria, where the government distributes money and decisions are taken at the state level
  - UNESCO has some statistical analysis capacity at the regional level, but individual country level support is selective and intensive
- Efforts that were taken to overcome these obstacles in sub-Saharan Africa include
  - Working to follow-up World Bank/FTI Country Status Reports (CSR)
  - Created national teams in 10 African countries to sustain the capacity developed to produce analytic indicators for the CSR
  - Developed a tool to transform data collected in the CSR into the UOE international reporting format which helped to improve data coverage
- Sustainability is considered a key issue and efforts are needed to
  - build demand for data use and promote the value of this information for policy and planning
  - It can be difficult to develop in-country capacity to continue more advanced finance reviews over time without sustained external assistance
  - Need to build bridges across political institutions
- More information on UNESCO Education Quality Diagnostic/Analysis and Monitoring Framework:
  - Goal is to strengthen the ministry of education's capacity to analyze, diagnose and monitor the quality of their education systems by adopting a systemic approach to addressing educational quality challenges.
  - Comprised of a set of tool kits on aspects of the education system that need to work in unison to improve quality, e.g. teaching and learning, curriculum, teachers, financing, governance, and others.
  - Each tool kit will be short and succinct (approx. 7-10 pages) and provide a set of key questions, resources, and policy and strategic options to enable

countries to analyze and diagnose the education system to assess the extent to which the system meets the quality goals in order to develop a response.

- The tool kit on financing for quality will provide a set of questions and examples of policy and practice to enable countries to assess the potential strengths and weaknesses of the education finance framework to realize the desired quality goals. It will ask questions such as: What diagnostics/analysis need to be undertaken? What/where are the binding constraints? Where do we need to invest to improve quality? What are the linkages with other parts of the system?
- Will have a finalized version September 29th

### **Public Expenditure Review in Indonesia – *Halsey Rogers, World Bank***

- Indonesia recently conducted a education public expenditure review with the aid of the World Bank
  - Indonesia has a strong federal system where districts run pre-primary and primary education, provinces are responsible for secondary and vocational education, and the federal government is responsible for tertiary education and the overall management of the education system
  - The expenditure review grew out of a constitutional requirement in Indonesia to devote ‘20% of government expenditure’ to financing education
- Researchers chose 10 districts out of more than 500 which were representative of the country’s education system
  - Researchers setting up NEAs must similarly confront the problem of making their data collection representative of the country as a whole
  - The review also included research into private spending patterns
- Results from the survey revealed significant weaknesses in Indonesia’s education system, including poor teacher allocation to remote areas, poor classroom conditions, low literacy rates in some districts, and changing dynamics in financing at the district versus national level
- In some countries, national health accounts created shock when they first revealed large private expenditures on health care. They also provided increased certainty about how public money was being spent
  - Education systems often say that they “have to fight for their budget” and NEAs may offer the evidence to enable ministries of education to better make these arguments

### **El Salvador National Education Account – *Jennifer Spratt, RTI International***

- NEAs describe the basic flow of funds through an education system in a way that offers important insights for policy-making
  - NEAs can help address questions about how education is financed, how much is spent, where the funds go, who benefits and which populations are underserved
  - This information can also help tie education outcomes to inputs and identify lingering barriers to education
- In El Salvador, a research team set up an NEA report by collaborating with several government and civil society organizations
  - It is crucial to find a ‘champion’ who can argue strongly for the policy reform
  - Research found that of the US\$1.3 billion spent on education in 2007 in El Salvador, household contributions comprised 48%, followed by 46% from the central government
- An NEA generally centers around four basic tables:
  1. Funding sources by financing intermediaries
  2. Financing intermediaries by education providers
  3. Financing intermediaries by ‘goods and services’ (transfers, education R & D)
  4. Education providers by ‘goods and services’
- Early discussions about NEAs should focus on bringing together many partners and creating an agreement on objectives and priorities
- An NEA project should eventually focus on developing in-country capacity to continue education accounts with little assistance in the future; while costs for the initial NEA may be high, they decrease significantly over time

### **USAID and NEAs – *Patrick Collins and Sandy Oleksy-Ojikutu, USAID***

- NEAs are a process and not a fixed formula that can be applied automatically across countries
  - A major focus of the work should be building local capacity to continue NEAs in the future; this capacity may be either within the Ministry of Education or other in-country organizations such as universities and NGOs
  - There must also be local demand for an NEA so that the project has momentum
  - Mentors who have experience setting up similar systems are a crucial part of the process of getting NEAs going; NEAs should not be set up through a ‘toolkit’ process alone without the technical advice from a mentor

- Some governments will be weary of releasing data publicly because “all data are political”
  - Organizations assisting in establishing NEAs must respect these tensions around data, but they must also seek to involve as many people as possible and share results widely
  - Information from NEAs can help improve transparency and accountability
  - Although some developing countries have corrupt governments that may be resistant to this approach, they may come to see an NEA as a better way of establishing control over the use of money
  - There may be initial shock over results because hard NEA data often supplants ‘emotional’ data; this change may help create further momentum for reform

### **National Health Accounts – *Mukesh Chawla, World Bank***

- National health accounts have gradually become more common since the 1970s as a means of tracking expenditures on health care
  - Early national health account advocates took inspiration from national income accounts
  - Currently, there are two basic templates for establishing national health accounts (NHAs): the OECD version, which generally mirrors the health sectors of Western European countries; and the World Bank version, which is more commonly used and more easily adaptable to countries with greater variability in health care financing and delivery
- Many countries have done more than one NHA, but the process in some countries has yet to become institutionalized
  - Rwanda has conducted five NHAs since 1998, yet it is reported to not yet have the institutional knowledge to conduct its own NHA without assistance
- The cost of a first NHA can vary from US\$300,000 (Kenya) to US\$800,000 (Turkey), but a second NHA often costs significantly less and, ideally, the third NHA becomes a regular part of government operations
- Researchers supporting NEAs should learn from the difficulties and successes of NHAs
  - ‘De-mystifying NEAs’ and making them as straightforward as possible will increase the possibility that they will have greater staying power

- Promoting intra-government cooperation as well as building training and operational capacity at both administrative and technical levels will further establish NEAs
- Education spending is 'highly political' with teachers frequently a crucial political constituency. Resistance to NEAs from key groups like teachers will hinder scale-up and institutionalization of NEAs, and possibly even their initial introduction
- NEAs need a 'forum' or group of interested parties to promote their use as NHAs have with the various NHA regional collaborations that take place across countries
- NEAs need to link education quality indicators with data about expenditure
  - In Ethiopia, data from NHAs spurred a redirection of resources that dramatically reduced incidence of malaria

#### **National Education Accounts – *Phyllis Forbes, Creative Associates International***

- Creative Associates has completed five NEA/SEA and four sub accounts in the last five years, all funded by USAID. The first NEA was done in Morocco for the 2004/5 schools year and three State Education Accounts have been completed for Kano, Zamfara and Bauchi States in Nigeria where decisions about education financing are made at the State level. Sokoto is conducting an SEA and Bauchi is about to start its second SEA. Four subaccounts on Almajiri informal sector schools have also been conducted in these States.
- Creative's approach to NEA was based on the National Health Accounts (NHA) having designed the first NEA with Abt Associates, a leader in NHA.
  - Like the NHA, the NEA answers four key questions: who funds education, how much do they spend, what do they spend it on and who benefits
  - However, building on the NHA experience, the NEA method fosters sustainability from the beginning principally by supporting ownership in the host country
  - Also, the NEA has developed tools that enable countries to relate expenditures to quality related resources and to conduct forward planning exercises.
- Over the course of conducting these NEA Creative has developed a method that has successfully transferred skills and knowledge to local governments and stakeholders so that NEA studies are completed by local groups with advice from Creative employed technical assistance. In fact, the Sokoto SEA is being conducted solely by Nigeria personnel. The elements of this successful technology transfer are:



- Organizational structure: NEA have relied on three workings groups: one at the senior level that determines policy priorities to be analyzed, one at the department leaders level that determines organizes the studies and within that a smaller core group, more comfortable with data and information technology, that collects and analyzes data.
- The work is divided into five phases: orientation to build support, initial analysis to lay out the blue print, data collection, data analysis and final report
- Training is provided to the appropriate working groups just before work is required and at all times training relates back to overall objectives. This “just-in-time training” assures that local officials are able to complete their work and technical assistance monitors the quality while supporting the local data collectors or analyzers.
- NEA rely extensively on secondary sources. However, primary studies on private education in particular have been necessary. In all cases Creative has worked with local private as well as public stakeholders to gather information.
- In response to a statements that it would take two years to initiate a NEA in Indonesia, Creative responded that if the Minister of Education supports the notion of an NEA it should not take more than three months to complete the initial work which should result in buy in from the Ministry of Education and key education stakeholders. Creative Associates uses this time to convene stakeholders and reach consensus on what people would like to know and helps them to understand what is involved in conducting an NEA. A framework document is prepared in this initial stage that modifies the generic approach to e ‘conditions on the ground’ and enables decision makers to understand the level of effort required and results that will be achieved.
- Again, to facilitate transfer of technology and to reduce the cost for completing NEA, a key feature of Creative Associates’ programs of NEAs has been development of a relational data base that lead to automation of NEA matrices. This data base has been adapted to facilitate forward planning and is now being adjusted to tie resources to quality related expenditures so that budgets can be developed with full knowledge of potential impact on quality. Creative demonstrated that data base for Bauchi State and showed how it was used for planning of services needed to support students in newly constructed secondary schools.
- In Morocco the NEA identified the high financial burden on parents, particularly for poor and rural students (parents contribute 33% of total funding), and the problems in decentralization which helped shape the new reforms. The NEA has been used extensively for budget preparation as well. In Nigeria, the SEA resulted in changes in priorities shifting resources from new construction to maintenance so that many more schools could be covered, reallocation of resources from urban to rural areas and more funding for girl’s schools.
- Areas for progress in the future with NEAs include:

- Conducting second-round NEAs to enable comparisons
- Establishing regional networks of countries interested in NEAs to spread knowledge and expertise across countries. NHAs have pursued a similar strategy by encouraging university/think tank-sponsored regional networks for collaboration on NHA planning
- Better linking of NEAs with education quality indicators
- Further work on automating reports both to improve quality and potential for comparability

### **Next Steps**

- Many organizations and countries are struggling with the same problem of inadequate data regarding spending patterns and their link to outcomes. The causes of this difficulty are worth examining
  - Countries have to actively desire transparency in financing, and there are often substantial start-up costs to starting an NEA
  - NEAs need country success stories with people who are willing to speak for them as a strategy
  - Demystification is crucial; the planning process can seem ‘excruciating’
  - Donors can help encourage better governance practices like NEAs
- While the promotion of NEAs is not explicitly in the mandate of USAID’s new education strategy, they do call for evidence-based analysis of the effectiveness of educational develop and aim to maximize their impact. There is alignment between the goal of the NEAs and USAID’s priorities.
- With respect to whether FTI should encourage the establishment of NEAs in its current or future partner countries, there is some concern for keeping recommendations and requirements for partner countries simple. FTI supports the use of NEAs, and would like to encourage countries to improve upon their already existing budget tools
- Three principles are important in encouraging the use of NEAs: building on country level demand, using an evidence basis for the framework, and building on existing structures
- Researchers should be ‘aggressive’ in promoting NEAs; we must create demand by building a body of literature that makes the strong potential of NEAs clearer and mitigate a sense of “fear” of the data
- Regional networks offer great potential for spreading NEAs – SACMEQ, a regional education assessment collaboration in East Africa, took 9-10 years to gain momentum

- UNESCO Institute for Statistics will support work that improves data collection. A particularly troubling gap exists currently in data about private expenditures on education, and NEAs could help fill that gap
- Potential Steps to Establishing NEAs in partner countries:
  - Researchers should look into existing budgeting and assessment procedures to see whether elements of NEAs or a similar system are already in place
  - UNESCO Institute for Statistics utilizes process for converting CSR data to comparable statistics across countries
  - BOOST may offer a good first step towards collecting better public expenditure data on education, but it needs to be augmented with data on private education spending
  - A country's first NEA may be imperfect, but its execution can be further developed and improved over time
- UNICEF could be brought to work on NEAs
- Brookings is committed to learning for all, and is strongly interested in promoting NEAs to improve data on education financing