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**Increasing Foreign Aid for Primary Education:
The Challenge for Donors**

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Summary

This paper discusses how donor assistance for education needs to change during the 1990s in order to effectively help developing countries reach the targets agreed upon for primary education at the World Conference on Education for All (WCEFA) held in Thailand in March 1990.

The most difficult target to achieve is a major improvement in the power of primary schools to retain students. This will require enhancement of student achievements through improved education quality. However, quality-improvement measures are difficult to implement effectively because they often require changes in education and administrative processes.

In reviewing the instruments used for World Bank education lending, the paper argues that assistance to promote the WCEFA targets will be most effectively provided through Sector Investment Loans (SECILs) because such loans ensure close involvement of the beneficiary country in all stages of project identification, preparation, and implementation. However, use of this delivery mode for education assistance will require concomitant donor support to strengthen the capacity of national institutions in the areas of educational research, planning and administration.

The paper concludes with a discussion of some changes required in donors' priorities, attitudes and procedures in order to enhance the effectiveness by which their assistance can promote attainment of the WCEFA targets for primary education.

I. INTRODUCTION

The review of progress in primary education in developing countries over the last three decades at the March 1990 World Conference on Education for All (WCEFA) produced three key conclusions. First, the record is undeniably impressive, whether we refer to enrollment growth or to the benefits that developing countries have derived from this growth in terms of factors such as increased agricultural productivity, higher returns on investments in physical capital, improved health or nutrition levels, reduced fertility, or changes in certain social, political and personal factors that promote development.

Second, during the 1980s, and especially towards the end of the decade, many developing countries saw their expansion of the previous two decades grinding to a halt. Since 1980, enrollment in primary education has declined in about one out of four countries and the primary school enrollment ratio has declined in two out of five countries.

Third, despite the achievements of the last three decades, much remains to be done. Adult literacy rates are still low (52% in low-income countries), the number of primary school-aged children not enrolled at school remains high (more than 100 million), and the share of girls among those enrolled is low (45%). Furthermore, while available data do not allow adequate assessment of changes in education quality, to the extent such changes are caused by the well-documented declining availability of education inputs, or reflected by continued high levels of repetition and dropout, quality has deteriorated in many countries.

In short, while developing nations can take pride in their achievements of the 1960s and 1970s, the sobering trends of the 1980s make it necessary for both national authorities and the international community to take a fresh look at the problems of achieving basic education for all, and to reaffirm their commitment to this goal. This was done at the WCEFA.

To help achieve the goals agreed upon at that conference, major international donors, such as the UNDP, UNICEF and the World Bank, committed

themselves to substantial increases in their assistance to primary education. The main purpose of the present paper is to discuss how this increased commitment can be translated into assistance that will effectively help developing nations renew progress towards universal primary education.

This question is of key importance to the donor community for at least three reasons. First, during the 1980s, less than 5% of international aid for education was allocated to primary education. To increase this share significantly will take more than a decision. It will require that donors are willing to provide the type of assistance needed to develop primary education where, in some low-income countries, the key constraint is the financing of local recurrent costs including teacher salaries.

Second, to reach the WCEFA targets will require major reduction in dropout. In turn, this will require major improvements in student achievements. For reasons discussed in Section II-C, the type of assistance needed to attain such improvements will differ from that typically provided during the last two decades.

Third, how well suited are donors' present modes of aide delivery to providing this new type of assistance effectively? This point is particularly relevant to the World Bank, which is already the largest donor for primary education, and which has pledged to double its lending for education during the fiscal years (FY) 1991-93, to reach US\$1.5 billion annually^{1/}. At present, about one quarter of World Bank lending is for primary education, and the share is expected to increase in the coming years. In addition, Bank projects constitute an important vehicle for assistance provided by other donors.

^{1/} This commitment, made by Mr. Barber Conable, president of the World Bank, at the WCEFA, refers to lending through education projects. This target was almost reached in FY90 when project lending attained US\$1,487 million. When including lending for training components in non-education projects, total World Bank lending for education and training reached US\$2,062 million in FY91. This represented 9.9 percent of total lending for all sectors, and was the largest in Bank history.

Section II of this paper summarizes the WCEFA targets for development of primary education, highlights the magnitude of the challenge of achieving them, and provides information on the World Bank's lending program for education for FY91-93. Section III begins with a description of the four lending instruments used for World Bank education lending. It then argues that if external assistance is to be effective in promoting the process-oriented changes in education systems needed to achieve the WCEFA targets: (a) the assistance must be focused on support for education reforms and policy changes, (b) effective implementation of such assistance requires close involvement of the recipient country in project preparation and implementation, and (c) in most cases, this necessitates reinforcement of national education research, planning and management capabilities. The section concludes that the Sector Investment Loans (SECIL) is the World Bank lending instrument that best responds to all these requirements. Finally, Section IV discusses changes in donors' attitudes and procedures needed for achieving the WCEFA targets.

II. THE CHALLENGE

A. The WCEFA targets for primary education

The ultimate goal affirmed by the World Declaration on Education for All, adopted at the WCEFA, is to meet the basic learning needs of all children, youth and adults. To assist all those committed to Education for All in formulating their own plans for implementing the Declaration, the Conference also adopted the "Framework for Action to meet Basic Learning Needs". As regards primary education, the "Framework" suggests that countries may wish to set their own targets for the 1990s in terms of the following dimensions^{2/}:

- (a) universal access to, and completion of, primary education (or whatever higher level of education is considered "basic") by the year 2000;

^{2/} Cf. Inter-Agency Commission, WCEFA, p. 53.

- (b) improvement in learning achievement such that an agreed percentage of an appropriate age cohort (e.g. 80% of 14 year-olds) attains or surpasses a defined level of necessary learning achievement.

In addition, the "Framework for Action" calls for expansion of early childhood education, adult literacy programs, and programs that provide individuals and families with the knowledge, skills and values required for better living and sound and sustainable development. The discussion during the rest of this paper will focus on primary education.

B. Scope of the problem

To achieve the above targets, all children must enter school and at least 80% must be retained until they have attained the "level of necessary learning achievement". If, for the sake of illustration, we assume that the minimum achievement required is literacy, completion of Grade 4 is often used as a proxy for the minimum level of retention required. In 1985, about 65% of those who entered primary schools in developing countries completed that grade. However, many would argue that completion of Grade 4 is rarely sufficient to ensure, let alone retain literacy, and that pupils need to complete the primary cycle.

Regardless of how the target for "necessary learning achievement" is defined, of the two actions required to attain the WCEFA targets, i.e., improvement in new intake and retention, the latter is by far the more difficult to implement. This is so because most children who fail to meet the WCEFA learning objectives do so because they drop out of school, and because it is more difficult to improve retention than to increase admission.

Table 1 illustrates the impact of dropout on enrollment. Column 1 shows that already in 1980, the existing enrollment capacity in Grade 1 corresponded approximately to the number of children of official entry age in

Africa, and exceeded it by 28% in Asia and by as much as 86% in Latin America^{3/}. However, a considerable share of this capacity was used for repeaters (25% in Latin America, 18% in Africa, and 16% in Asia), and a high proportion of those entering Grade 1 dropped out prior to the final grade of the cycle (45% in Latin America, 40% in Africa, and 35% in Asia excluding China). As a result, enrollment in the final grade of the cycle, excluding repeaters, corresponded to only 47% of the relevant age group in Africa, 53% in Asia (excluding China) and 64% in Latin America (column 7).

The corresponding figures for 1987 show the capacity for new admission to Grade 1 remained well above the size of the population of admission age in Latin America^{4/}, and improved to above 100% in Asia (excluding China). The marked decline for Africa is very disturbing. The 1980s is the first period since independence that the rate of growth in new intake to Grade 1 (0.8% as an annual average for 1980-87) has been well below that of the continent's population of entry age (3.0% annually). The capacity of the final grade of the cycle remained unchanged during this seven-year period in Africa and Latin America, and improved markedly in Asia.

^{3/} The very high ratio in columns (1) - (4) for Latin America is largely caused by Brazil for which evidence suggests that Grade 1 intake is artificially high due to a combination of double counting of new entrants over time and underestimation of the level of repetition, see Schiefelbein and Grossi (1981). Severe underestimation of the level of repetition is a common problem in Latin America, see Cuadra (1989). Similar data problems exist for India and Bangladesh, see Fredriksen (1983).

^{4/} This fact by itself shows that there are serious data problems for this region since it is not possible to maintain a net intake rate, i.e., one that excludes repeaters, of about 140% for a seven year period. The causes for these errors are discussed in the references given in the previous note.

Table 1: Enrollment ratios (including and excluding repeaters) in the first and final grades of primary education, 1980 and 1987. (Percentages)

	<u>Enrollment Ratio Grade 1</u>				<u>Enrollment Ratio Final Grade</u>			
	<u>Including repeaters</u>		<u>Excluding repeaters</u>		<u>Including repeaters</u>		<u>Excluding repeaters</u>	
	<u>1980</u>	<u>1987</u>	<u>1980</u>	<u>1987</u>	<u>1980</u>	<u>1987</u>	<u>1980</u>	<u>1987</u>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Africa	103	89	84	72	58	57	47	47
Asia	128	132	107	110	75	83	69	77
Asia ex. China	118	124	98	103	61	71	53	62
Latin America	186	177	140	138	68	69	64	65

Note: The ratios relate a continent's enrollment in, respectively, Grade 1 and the final grade of primary education (including or excluding repeaters) to the population corresponding to this grade. The ratios for Asia exclude China and Japan.

Source: Calculations made by the author based on data supplied by the UNESCO Office of Statistics.

The development in new intake to Grade 1 resulted in a decline in the gross enrollment ratio for primary education for Africa during the period 1980-87 (from 79% to 75%), and in increases for Latin America (from 105% to 108%) and Asia (from 97% to 105%)^{5/}.

The magnitude of the problem involved in achieving the WCEFA targets is considerable. UNESCO (1989) estimates that in 1987, 124 million children aged 6-11 years were out of school in developing countries -- 39 million in Africa, 8 million in Latin America and 77 million in Asia. The number would decrease to 117 million in year 2000 -- 40 million in Africa, 7 million in Latin

^{5/} As regards development for individual countries, for the 77 developing countries for which data were available, the percentage of repeaters in primary education declined between 1980 and 1985 in 34 countries, remained stable in 21 and increased in 22. Of these 22, 13 were in Africa. For the 57 countries for which data were available on the rate of retention to the final grade of the primary cycle for both 1980 and one year toward the end of the 1980s, the rate declined in 23 countries, remained stable in 16 countries and improved in 18 countries. (Source: UNESCO 1984, 1988 and 1989).

America and 70 million in Asia. These figures include three main categories of children:

- (a) Children aged 6-11 years who never enter school. In addition to those for whom opportunities to enter school are not available, this group includes six year-olds who may enter school later in countries where the official age of admission is seven (e.g., of the 27 million out of school in Asia in 1987, 18 million were six year-olds in China who would enter at the age of seven);
- (b) Children aged 6-11 years who enter primary school but drop out before completing this cycle; and
- (c) Children aged 6-11 years who complete primary education, but are not able to enter secondary school. Although small in most African and Latin American countries, this group is quite important in some populous Asian countries (e.g., Bangladesh, India and Pakistan) which have only five grades of primary education.

While available data do not allow distribution of out-of-school children among these three groups, the data on new admission and dropout suggest that group (b) accounts for the largest share by far.

In conclusion, while the admission capacity of primary education needs to be increased to cater to non-enrolled children and to population growth, the main efforts need to be directed toward retaining students in school and reducing the extent to which existing capacity is used by pupils repeating grades.

C. Problems in reducing repetition and dropout

It might seem that much of the repetition and dropout in primary education could be eliminated by one administrative stroke of the pen, through which repetition would be abolished in favor of automatic promotion and dropout would be restricted by introducing compulsory education. However, the limited

success in reducing the extent of these two phenomena during the last three decades demonstrates well the complexity of the educational, economic, social and cultural factors that cause pupils to repeat grades or leave school prematurely.

A reduction in repetition and dropout will require efforts both to: (a) stimulate demand for education, i.e., encouraging parents to ensure that children admitted to school attend regularly and complete the cycle, and (b) improve supply conditions, i.e., enhancing schools' ability to reduce failure at exams. A particularly important factor intervening on both the supply and demand sides is the quality of education. While it is difficult to assess in quantitative terms the extent to which education quality has deteriorated in recent years, there can be little doubt that the marked decline in many countries in availability of education inputs that are normally expected to affect quality has impacted negatively on quality.

There is little systematic evidence on how demand for education is affected by poor quality, i.e., which attributes of quality affect demand, how strong these effects are, and how amendable they are to policy interventions. However, in many instances "... the near collapse of educational services is so obvious that parents and pupils have no other rational choice than to vote with their feet" (UNESCO 1990). Thus, although hard evidence is scarce, it seems more than likely that reduced demand, caused by declining quality, is one important factor behind the increased dropout observed during the 1980s in many countries^{6/}.

In addition to its effect through demand, quality is a key determinant of student achievement which, in turn, affects students' propensity to fail at examinations. Therefore, to the extent quality has declined, it is likely to

^{6/} Naturally, the economic difficulties of the 1980s have not only affected quality, but have also diminished household income, increased the opportunity costs to families of sending their children to school, and raised unemployment levels, thereby diminishing the perceived benefits from education. Together, these and other factors determine parents willingness and ability to maintain children at school until they complete the primary cycle.

be one cause of the increase in repetition and dropout observed in many countries during the 1980s (cf. footnote 5). Data show that it is especially low-income countries that have experienced increased dropout during this period (Lockheed and Verspoor (1990), p. 7).

Consequently, external assistance designed to promote the WCEFA targets for primary education will need to focus on the demand and supply factors governing the internal efficiency of primary schools, with particular emphasis on improving the quality of education.

Of special interest to the present paper is the point that to effectively improve quality in the 1990s will require changes in both the type of assistance provided and in the mode of delivery. Regarding the former, traditional projects were designed to improve learning conditions mainly through a combination of new hardware (buildings and equipment), and through improved education content designed to enhance education quality and, hence, student achievement.

Support to improve content has been an important part of World Bank projects. Defining "education change" as "planned improvement in the education system aimed at teaching practice, learning resources, or structure and organization with a view to enhancing student achievements", Verspoor (1989) found that during the period 1963-1984, programs to promote such change represented about 60% of the cost of Bank-supported education projects. During the ten-year period 1974-84, nearly 40% of the change components were aimed at primary education and about 15% at adult literacy. This compares with 15% and 7%, respectively, in the preceding ten-year period.

However, evaluations of such content-oriented support have found that it was often unsuccessful because it paid too little attention to the change in the educational and administrative processes required to ensure that the improved content actually resulted in improved student achievement (Verspoor 1989). Broadly speaking, the underlying assumption has been that if a "superior" content (in terms of improved curriculum, teacher training and

pedagogical materials) could be developed, this would result in improved learning in the classroom.

In reality, however, although the content developed may have been appropriate, innovations often failed because insufficient attention was paid to the process by which this content would be implemented at the school level. Whatever strategy of change we may conceive of ultimately has to affect the life of student and teachers. Therefore, the school as an organization becomes the focal point for change. The more successful educational change programs combined a phased implementation strategy -- where content-oriented innovations were experimented and tested -- with interventions designed to strengthen the capabilities of the national institutions responsible for implementing the innovations once they had been adapted to local conditions.

In short, while content-oriented support will need to be continued, "second generation" quality improvement measures must pay much more attention to achieving the changes in education and administrative processes required to ensure effective implementation.

Apart from its content, the way in which external assistance is provided is of key importance to its effectiveness. Assistance aimed at helping countries implement quality-improvement measures that require process-oriented changes will require a delivery mode different from that used for assistance designed to improve quality mainly through improved hardware and content. The latter type was typically provided through projects in which foreign experts and donor agency staff played a key role in project preparation and implementation. At the national level, a limited number of key officials participated in this process. Sometimes the substance of the project was hardly known to those affected by its interventions. This approach was possible because the level of resistance to hardware-induced quality improvement measures from pupils, parents, teachers, and administrators was limited since more and better hardware is generally considered desirable. Such projects could, therefore, be introduced fairly effectively following a "top-down" approach without much consultation, that is, through a largely quantitative and "technocratic" planning approach.

As will be further discussed in Section III, this approach will not be effective for process-oriented assistance because measures that necessitate behavioral changes on the part of the stakeholders in the education process are seldom effectively implemented unless those affected are adequately: (i) consulted during the preparation of the measures, and (ii) motivated to cooperate in their implementation.

D. Increased World Bank support for primary education

In his speech at the WCEFA, Mr. Barber Conable, President of the World Bank, committed the Bank Group to "... double its educational lending over the next three years to an annual figure of more than US\$1.5 billion. Our dominant goal will be to help countries put in place the educational framework and investment program necessary to move toward education for all. Support for basic education will be the dominant priority. We will pay particular attention to developing the national institutions necessary to improve the quality of learning. As part of this emphasis, special care will be taken to ensure that projects and programs funded by the Bank directly improve education of girls".

World Bank lending for education projects averaged US\$755 million annually for the three-year period FY87-89^{2/}. As already indicated (see footnote 1), World Bank commitments for education projects in FY90 amounted to US\$1,487 million. In addition, US\$451 million were committed for project-related training and US\$123 million for education in non-education projects, bringing total commitments for FY90 to US\$2,061 million, or 9.9 percent of total World Bank lending. The projected lending for education projects for FY91-94 average about US\$1,700 million per year. It is expected that the share of this lending devoted to primary education will increase from about 24 percent in FY90 to above 30 percent. The World Bank has thus moved quickly to implement the commitments made by Mr. Conable at the WCEFA.

^{2/} In addition, components on project related training included in non-education projects amounted to US\$286 annually.

III. TOWARDS IMPROVED EFFECTIVENESS IN EXTERNAL ASSISTANCE AIMED AT IMPROVING EDUCATION QUALITY

This section describes the instruments used for World Bank education lending, argues that the need for policy-based lending will increase during the 1990s, explains why effective implementation of such loans requires close involvement of borrowers in project preparation and implementation, stresses that in most cases this necessitates strengthening national institutions, and explains why this is best achieved through Sector Investment Loans.

A. Types of World Bank education loans

Since granting its first education loan in 1963, the Bank's lending instruments have evolved to become more flexible and diversified in order to respond more effectively to the diverse conditions of its member states. While there is no neat distinction between each type of loan, we may distinguish between the following four types, listed chronologically according to when they came into use:

Specific Investment Loans (SILs) are the oldest and still the most used instrument for the Bank's support for education. SILs finance investments designed to create new education and training capacity, and to improve the quality and efficiency of existing programs through, inter alia, strengthening of the sector's planning and management capacity. SILs have gradually evolved from their traditional, almost exclusive, focus on the economic and technical viability of specific investments to often include policy reforms considered essential to ensure such viability. Bank staff are closely involved in the identification and definition of SIL investment priorities, as well as in their preparation, appraisal and supervision. Funds are disbursed against specific works, goods and services over a period of five to seven years.

Sector Investment Loans (SECILs) differ from traditional SILs in that they transfer responsibility for detailed project design, appraisal and

supervision (especially of physical investments) from the Bank to the borrower, and focus more on policy and institutional objectives. Since SILs have gradually evolved to incorporate policy components and as SECALs and Hybrid Loans (see below) have been developed in recent years to support adjustment policies, the transfer of responsibilities traditionally held by the Bank to the borrower -- usually to an intermediary institution -- is the main characteristic distinguishing SECILs from the three other lending instruments used in the education sector. Bank staff focus on appraising the policy reforms supported by the project, the management process in the sector covered by project activities, and the institutional capacity of the intermediary. SECILs typically finance a share of a country's sectoral investment program, and disbursement usually takes place over three to seven years.

Sector Adjustment Loans (SECALs) have recently been introduced in the education sector in support of comprehensive reforms of a country's education system. Such loans are typically extended to countries facing acute macro-economic difficulties as well as severe distortions in the allocation and use of their education resources. The key element of a SECAL is an agreement between the borrower and the Bank on a sectoral adjustment program that normally comprises: (i) reforms designed to promote more efficient and effective allocation and use of sectoral resources; (ii) targets for the share of the government's budget to be allocated to the sector as a whole, to specific sub-sectors (e.g., primary education), and/or to a particular type of expenditures (e.g., pedagogical materials); and (iii) a medium-term investment program for the sector, covering investments financed from all sources. Normally, a SECAL will not directly finance investments in the sector, but will provide general budgetary support for the financing of general imports^{8/}. Disbursements are made over

^{8/} This is the normal procedure for adjustment lending. Nevertheless, among the five SECALs approved until end FY90 for the education sector--Morocco (FY86), Ghana (FY87 and FY90), Nigeria (FY90) and Guinea (FY90)--only the Guinea operation followed this procedure. SECALs financing general imports would benefit the education sector through policy measures designed to ensure adequate budget allocations to this sector, to key sub-sectors (e.g., primary education) and/or for key expenditure items (e.g., pedagogical materials). However,

a two-three year period, and released in two or three tranches against satisfactory progress in the implementation of the adjustment program.

Hybrid Loans are a new instrument that combines the investment features of a SIL or SECIL with the adjustment features of a SECAL. Hybrids are especially designed for poor countries, where prevention of deterioration in already low education coverage and quality is urgent and requires both broad reforms as in SECALs, and investments to support implementations of these reforms. Typically, disbursement against the investment component is as in SILs, and against the adjustment component as in SECALs.

The development of the different lending instruments reflects the stages that the Bank's education lending has gone through during the last 25 years. Initially, lending focused almost exclusively on investment in infrastructure to cater to increased social demand for education as well as to demand for qualified manpower from the public and private sectors. Then, in the 1970s and early 1980s, the Bank's support widened to cover all aspects of education, including the quality of teaching and the effectiveness of education institutions. This move was facilitated by the fact that by then, many borrowers' project implementation capacity had improved^{2/}. The trend toward supporting broad institutional reforms in the education sector was accentuated in the last half of the 1980s in response to the deteriorating economic situation in many countries, and the need to address the increased level of uncertainty as regards the future development of the sector. Thus, about half

disbursement in SECALs has been reserved for imports to the education sector in cases where the value of such imports is sufficiently large to permit efficient use in the sector of all credit funds. This is the case for the Nigeria operation as well as for the quick-disbursing funds in the FY89 Education Sector Consolidation Project in Mali, the only hybrid project approved so far for the education sector. In the case of Morocco and the two Ghana operations, disbursements--while released in tranches subject to satisfactory implementation of the adjustment program--follow procedures similar to those of a traditional SIL.

^{2/} By 1985, The World Bank had approved at least two projects in 75 countries and at least three projects in 54 countries.

of the lending for FY87-88 was in support of significant changes in education policy.

As already mentioned, there is no neat distinction between these four types of loans. In particular, the distinction between SILs and SECILs is often not obvious (cf. Section III-E), and it is best to conceive of them as a continuum of lending instruments with SILs focusing on narrowly defined physical investments at one end of the band and "pure" SECILs at the other. The same applies for the investment component of hybrids. SECALs are designed to help countries address a crisis situation; the same applies for the adjustment component of hybrids. It is expected that the need for adjustment lending will decrease during the next few years. Thus, as we shall argue in Section III-E, SECILs or "partial" SECILs, i.e., SILs that include most of the characteristics of SECILs, are likely to be the instruments most commonly used for education lending during the 1990s. In particular, these will be the instruments most suited to provide the type of assistance required to support the WCEFA targets.

In conclusion, World Bank lending instruments have evolved over time to become sufficiently flexible to respond to a large number of vastly different situations across countries and sectors. This flexibility will help the Bank adapt its assistance along the lines required to support implementation of policies and investments designed to promote the WCEFA targets for primary education. The following sections will suggest direction for further evolution in use of these instruments to ensure effective support in this regard.

B. The need for policy-based lending to improve education quality

The Bank's increased focus during the latter half of the 1980s on policy-based lending, i.e., on targeting its assistance in support of sector-wide education policy and institutional changes, reflects a growing awareness of three factors. First, even the best-designed projects will fail if they do not form an integral part of well-formulated national education policies. Second, given the juxtaposition of stringent budgetary constraints with increasing social demand pressure, fuelled by rapid population growth and raising education expectations, many countries' ability to finance the recurrent

costs associated with enrollment expansion and quality improvements would depend on their capability to make more efficient and effective use of available resources. Third, the mobilization of additional national resources for education can be justified only within the context of policies that promote their efficient use.

Policy and institutional reforms have been supported by the Bank through all lending instruments. Given the prolonged economic difficulties of many countries and the time-consuming process of implementing education reforms, policy-based lending is likely to continue during the 1990s. The original justification for such lending, i.e., the need to ensure that external assistance is integrated in well-formulated national education policies that give adequate attention to quality, efficiency and institution building, will remain the most important rationale for this approach. This is the type of assistance required to improve education quality and, thereby, the holding power of primary schools.

As explained in Section II-C, the type of process-oriented changes required to improve quality are seldom effectively implemented unless those affected are consulted during the preparation of the measures, and motivated to cooperate in their implementation. This need to create national "ownership" of policy reforms has several implications for external assistance aimed at helping countries implement such reforms, all of which boil down to one overriding principle: the responsibility for preparation and implementation of process-related changes has to be with the borrower. The next section explains why this is so.

C. Borrowers' key role in preparation and implementation of external assistance in support of process-related changes

Education systems are rather conservative organizations, and to change their practices and processes is generally difficult, always time- and energy-consuming, and often costly. The key to success is to ensure that the changes advocated can actually be implemented at the classroom level. A review of Bank experience with project components designed to promote such change concludes

that: "... implementation is the phase of the change process that most critically affects project success and should be given top priority" (Verspoor 1989).

How will a more extensive involvement of borrowers in project preparation and implementation facilitate implementation of process-oriented changes? To understand why this is a necessary (but not sufficient) condition for successful implementation, one needs to fully appreciate the technical complexities and political sensitivity of the education sector.

With regard to the former, our knowledge with respect to the most cost-effective way of attaining given objectives is often partial. Solutions found to be effective in one country may not be transferable to other countries. Even within the same country, what seems to function well in one school may make little difference in another and show negative impact in a third setting, depending on factors such as the characteristics of the district in which the school is located, and personal traits of teachers and headmasters. Because of this complexity, it is important both that the borrower have sufficient knowledge of the sector and, to ensure ownership (cf. discussion below), that this knowledge to the extent possible be generated locally.

Added to uncertainties concerning impact is the fact that any major education reform typically has important short- and long-term effects on large segments of the population as well as on the nation's social and economic development process. Consequently, such reforms entail Government decisions that are politically very sensitive, and their implementation needs to be studied in the context of the political, economic and social interests affected. As examples of the political aspect, many reforms impact on the working conditions of teachers, who frequently constitute the largest single group within the civil service (sometimes 30-40%) and form the strongest and most vocal trade union. Others affect the life of students who, especially at the post-secondary level, constitute a very important political force in most

developing countries and may make or break governments^{10/}. Yet other reforms create conflicts of interests between different regions, political parties or ethnic groups.

With regard to the effect on economic and social interests, reforms often implicitly or explicitly change the distribution of education costs and benefits among different population groups. This is a very important aspect since, as modern sector employment is becoming increasingly scarce and dependent on education qualifications, the benefits derived from public spending on education are becoming an even more important determinant of the distribution of influence and wealth in the society. Consequently, factors such as criteria for admission and for allocation of scholarships, reallocation of resources in favor of primary education, and geographical location of education institutions, become major political choices which directly affect the incomes of the populations concerned as well as the equity in distribution of the benefits generated by public spending. As a corollary, it is important, prior to introduction of this type of political changes, to assess their impact on different population groups and, further, to ensure that this impact is properly monitored during implementation.

In short, substantial reduction in repetition and dropout in primary schools is the key to attainment of the WCEFA targets. Most developing countries will not be able to implement the changes in education and administrative processes required to achieve such reduction without significantly strengthening their capacity to: (i) develop the knowledge base needed to prepare viable reforms on which a national consensus can be reached,

^{10/} Many governments' ability to give primary education the budgetary priority required to achieve the WCEFA targets will depend crucially on this factor. For example, efforts to ensure higher budget growth for primary than for higher education, and to improve the effectiveness of public spendings in higher education, have led to student unrest in many African countries. This situation illustrates the conflict of interest that may exist between different population groups with respect to such budgetary reallocations. In particular, in many countries, the influence of a few thousands university students, often benefitting from scholarships although enrolled in fields of study for which there is already unemployment, far exceeds that of several hundreds of thousand of children of primary school age who are unable to attend school.

and (ii) plan and manage the implementation of these reforms. Thus, to be effective, assistance in support of such reforms must be accompanied by support to strengthen the institutional capacity in these two areas. The next section will review some key aspects in this regard.

D. The need to strengthen national institutions

Through its role as guardian of the education of the nation's youth, and manager of a large share of public budgets and employees, the Ministry of Education is probably the organization in a nation that most directly affects the lives of the largest number of people. It is a paradox, therefore, that the research, planning and managerial capabilities of this key ministry often lag behind those of other ministries.

There are many reasons for this. Education research is a relatively young science that only during the last two decades has gained ground even in many industrialized countries^{11/}. Education planning, which became a popular area for donor support in the 1960s and 1970s, lost some of its appeal in the 1980s. Professional managers are often in short supply and Ministries of Education are often run by teachers with little or no management training. Other professional staff (managers, economists) often find it difficult to impose their views within a ministry so dominated by teachers and often leave for other, more prestigious ministries. Finally, it is sometimes difficult to find acceptance within Ministries of Education for the idea that the education system should compete for public resources on the basis of its contribution to social and economic development rather than on the notion that education is an activity largely exempt from economic and effectiveness considerations.

^{11/} One notable exception to this is the United States where applied education research, especially related to the evaluation of schools and of student achievements, has a long tradition. For example, Middleton, Terry and Bloch (1989, p. 13) refers to an 1845 evaluation of Boston schools, and to a study conducted between 1887 and 1898, involving 33,000 students, on the effects of the teaching of spelling.

There are three main reasons why weak education research and planning capacity constitutes a key constraint on countries' ability to implement the type of reforms required to achieve the WCEFA targets. First, as already underlined, the complexity of the education sector is such that a solid country-specific knowledge base is a pre-requisite to the development of implementable reforms. Second, we have already stressed the need for a minimum level of consensus among the main stakeholders in the education sector as a condition for being able to implement process-oriented education reforms. Solid information, derived from analytical work that is "owned" by the country, constitutes a cornerstone in any consensus-building effort. Third, for reforms to be implementable, their preparation needs to proceed beyond technical analysis and diagnosis to the elaboration of policy options to address the key issues identified by research studies. This work, which must be carried out by the borrower, requires well-qualified researchers and planners.

Donor agencies may assist developing countries remedy this situation in three interrelated ways. First, they may help train the staff involved in education research and planning. Upgrading of the qualifications of this staff is in many countries, and especially in Africa, a pre-requisite for development of a national capacity in this area. Apart from increased provision of scholarships, to ensure significant improvement would require a reinforcement of the few regional and international institutions that provide this type of training. In addition to training technicians, a special effort should be made to provide education policy makers with state-of-the-art knowledge on key sectoral issues. Indeed, in many countries, training of the policy makers may be a necessary condition for both production and effective use of local research since one reason for the dearth of such research is the lack of demand from policy makers.

Second, donors may sponsor research by national institutions. This is potentially an effective means of capacity-building. In addition to providing on-the-job training of staff, close national involvement in analytical work related to, for example, project preparation, is the key to helping ensure country ownership of the analyses and their translation into viable reforms. Such ownership is crucial to implementation of most reforms, and to create it

is an important reason why project preparation must largely be done by the borrower. Indeed, as project preparation generally includes elaboration of policy options to address sensitive sector issues, it is very difficult to create ownership if this work is done predominantly by donors or external consultants.

However, while the beneficial impact of nationally-conducted sector work is often recognized in theory, there are many constraints on practical application on both the donors' and borrowers' side. For example, even when donor agencies have a policy favoring use of local consultants (as is the case in the World Bank), in countries with a weak research capacity, agency staff often shy away from this approach because it may be more risky in terms of meeting tight deadlines and as regards analytical rigor of the resulting reports. The latter aspect plays an important role since judgement on quality of project preparation is often based on the quality of the preparation documents rather than on actual project impact during implementation.

Nevertheless, some developing countries have a long tradition of education research, e.g., India. In such countries, there is little excuse for not using this capacity fully. Furthermore, while meeting deadlines and producing good quality analytical work are obviously important, what counts in the end is the development impact of the project. This, in turn, depends crucially on national ownership of, and commitment to, the project. Thus, the incentive for donor agency staff to use local institutions could be increased by employing a longer time perspective for judging whether or not the project was well prepared and by including capacity and consensus-building as additional objectives of sector work.

Among other constraints on the donors' side we mention that agency staff in some cases may not have the expertise required to provide the required technical support for design and implementation of advanced analysis, and it may be difficult for them to hire consultants to help out. Finally, the time-frame of specific project interventions may not be sufficiently long to allow effective support of research activities.

There are also constraints in countries on the use of local consultants. For example, in many African countries, most qualified staff are civil servants^{12/}. Sometimes they try to be recruited as consultants to perform work they should do as part of their regular job. Moreover, the existence of highly paid technical assistance personnel gives little incentive for local staff to perform tasks that they think this better paid staff should perform. Finally, higher education institutions' capacity to do education research is often very low, and has in many cases been declining in recent years, especially in Africa.

These and other problems need to be solved in order to help develop national capacity in this area^{13/}. As regards World Bank financing, it should be noted that project preparation in many low-income countries, especially in Africa, is financed partly through an advance on the proposed future credit through the Project Preparation Facility (PPF) or under an ongoing project. Thus, it is only natural that the country draw the full institution-building benefits from these investments financed under its credit.

^{12/} One example of World Bank action to help strengthen local consultancy capacity is the Africa Region's Program for the Development of Consultant Capacity in Africa. The program covers seven countries: Congo, Cote d'Ivoire, Ghana, Madagascar, Mauritius, Senegal, and Tanzania. It aims at identifying problems affecting the sustainable improvement of local consulting capacity and serving as a catalyst for mobilizing support for the development of such capacity. To this end, program actions include: (a) initial mobilization of support within the World Bank; (b) mobilization of support from Pan-African consulting groups and other donors; (c) preparation of country-level medium-term strategies and associated action plans in the seven countries; and (d) preparation of an Africa Region approach to obtain donor support for local consultancy improvement efforts.

^{13/} Donors clearly recognize the need to find new ways of reinforcing national education and planning capacities, especially in Africa. One indication of this is the newly established Working Group on "Capacity-Building in Education Research and Policy Analysis in Sub-Saharan Africa", one of the working groups established by the Task Force of Donors to African Education. A more general initiative is the "Africa Capacity Building Initiative" co-sponsored by the AfDB, UNDP and the World Bank, with expected future support from other donors. While initially aimed at strengthening local capacities in policy analysis and economic management, it is expected that this initiative will in the future be extended to other sectors, including education.

Third, donors have tried to help developing countries strengthen their planning and research capacity through provision of technical assistance (TA). On average for the three-year period FY87-89, 18.9% (US\$732 million) of the investment costs of World Bank-supported education projects was for TA and training as compared to 7.4% for FY79-81 and 10.3% for FY84-87. The share of this support used for (local and foreign) expert services is particularly high in Africa. For example, measured in terms of staff years, in FY89 the ratio of expert services to fellowships was 1:1 in Africa as compared to 1:8.6 in Asia (World Bank 1989). Measured in monetary terms, in FY90 about 80% of all support under Bank projects under the category "local and foreign training and expert services" was for expert services in Africa. The reverse was the case in Asia where about 80% was for training (World Bank 1990).

While the purpose of most TA programs is to build up local expertise, frequently external experts end up substituting for local staff, leaving little added expertise in the country once they depart. This is particularly the case for the important share of TA used principally for implementing various project components. Provision of TA for such purposes is often rational behavior on part of aid agencies which, in addition to other concerns, need to demonstrate to their constituencies that the aid is used for the purposes intended.

In short, the effectiveness of TA as a means of building local capacity leaves much to be desired, and a rethinking of how to do this more effectively is urgently needed. Over the last few years the World Bank has attempted to identify key issues that hamper the effective utilization, absorption and sustainability of TA. Actions taken to improve the situation include: (a) working closely with UNDP and other donors to improve coordination of TA, (b) helping countries to strengthen their planning and management of TA using local talent where available, (c) stimulating the development and use of local consulting services, to broaden their experience and reduce the cost of TA, (d) promoting the use of more innovative forms of TA, such as twinning arrangements and use of NGOs, and (e) encouraging the use of short-term TA-interventions designed to support local staff on a punctual basis with the technical aspects of their work.

E. How SECILs responds to needs

We have argued that in order to be effective, donor assistance to help developing nations attain the WCEFA targets would need to be based on a delivery mode that transfers the major responsibility for project preparation and implementation to the country. As explained in Section III-A, the World Bank lending instrument that best corresponds to this approach is the Sector Investment Loan (SECIL)^{14/}. This type of lending was introduced in the 1970s mainly in the infrastructure sectors. It was intended to help broaden the developmental impact of Bank lending operations by: (i) encompassing the whole investment program of a sector rather than only the elements financed under the loan; (ii) focusing the attention of the Bank and borrower on key policy issues necessary to achieve sectoral objectives; and (iii) strengthening the borrower's capabilities to plan and manage implementation of sector-wide investments and policies.

As indicated in Section III-A, these three objectives have become fairly standard features of other lending instruments as well. However, what remains specific to SECILs is the more extensive delegation of responsibilities traditionally held by the Bank to the borrower, usually to an intermediary institution which is responsible for appraisal of sub-projects on the basis of criteria agreed upon between the Bank and the borrower during loan appraisal. The concept of sub-projects is not the same as a project component (e.g., textbooks, teacher training) in a traditional project. Rather, sub-projects are mini-investment programs which, in aggregate, represent the total investment program supported by the loan. The scope of sub-projects may vary considerably, from comprising one single school to comprehensive investment packages for geographical groupings of schools. Ideally, the investment program can be broken down into many replicable sub-projects of a single type for which a single set of processing rules suffices.

The process of appraising sub-projects achieves institutional development by operationalizing development planning and strengthening local

^{14/} The following paragraphs draw on Johanson (1985).

decision-making capacity. In reviewing the experience with the eight SECILs approved between 1979 and 1985, Johanson (1985) concluded that: "...the very process of subproject appraisal has been effective in stimulating local initiatives, in spreading the discipline of investment planning, and in propagating the wider use of objective criteria in allocation decisions". For example, in the Colombia Rural Basic Education Project, loan requests at the local level are essentially mini-development plans based on nationally established norms and local analysis of shortages. In the Brazil Urban Primary Project, states prepare annual investment plans for appraisal by the Federal authorities. As an example of how the implementation of SECILs works in practice, Annex 1 describes the procedures followed in the Colombia Second Subsector Project for Primary Education, approved in FY88.

The Bank's role in monitoring and supervising SECILs differs considerably from traditional project lending. Instead of a detailed supervision of physical elements financed directly by the loan -- construction of individual schools, installment of equipment, delivery of textbooks -- Bank supervision is concerned with implementation of the whole action and investment program, whether or not financed under the loan, with particular emphasis on attainment of the various policy and institution-strengthening objectives included in this program. This requires well-defined performance indicators that are reasonable proxies for the key objectives of the action program and that can be quantified in a timely and reliable manner.

Apart from the agreement on policy reforms and institutional reinforcement, selection of the intermediary is the single most important factor determining the success of a SECIL. Based on criteria agreed upon between the Bank and the borrower, this institution bears the main responsibility for managing identification, preparation, appraisal, approval of funds, and supervision of subprojects. Consequently, the management capacity of the intermediary must be strong, as evidenced by a proven record of good performance in policy and project implementation.

In the past it has proven difficult to correctly assess whether the intermediary chosen met the minimum necessary conditions, and some projects have

experienced implementation problems due to insufficiencies in this regard. This underlines the need to pay particular attention to this factor, and to ensure that specialists in institutional analysis be involved in project preparation and appraisal. It also points to the importance of proper testing of the intermediary's capability through its undertaking identification, preparation and appraisal of an initial group of subprojects prior to Bank approval of the loan. This process allows for testing of the feasibility of the criteria and procedures for subproject appraisal, and for building up a pipeline of subprojects for early implementation.

Nevertheless, regardless of how well designed and tested projects may be, many developing countries do not yet have the institutional capacity to implement full-fledged SECILs. This explains why such loans account for a relatively small share of World Bank education loans. For example, of the 21 education projects approved for World Bank financing in FY90, three are Sector Adjustment Loans (SECALs), four are "pure" SECILs, and 14 are Specific Investment Loans (SILs).

However, this does not give a correct impression of the penetration of the thinking behind SECILs in all the Bank's education lending. The focus on global sector policy and investment program is now a common feature of most projects. Even the particular importance given by SECILs to delegation of authority to borrowers plays a key role in most projects, though usually not to the extent of a full-fledged SECIL. This is achieved by delegating implementation responsibility for project components to the administrative services which are normally responsible for the topic covered rather than implementing them through a parallel Project Implementation Unit (PIU). In this way, while still important, the PIU becomes a Project Coordination Unit (PCU), responsible for coordinating and facilitating project implementation -- even to the point of appraising subprojects. It also frequently acts as secretariat for inter-ministerial committees in cases where several ministries are involved, and serves as a liaison between the Government and the donors financing the project. In a way, the PCU acts as the intermediary in a SECIL.

Hence, while full-fledged SECILs are so far not widely used, many recent projects are partial SECILs, offering most of the benefits that SECILs were designed to give. For example, many of the 14 SILs approved in FY90 could be classified as "partial" SECILs because they "...stress the promotion of policy reforms and institution building through delegation of implementation responsibilities to the borrower..." (World Bank 1990).

A couple of examples will illustrate how "partial" SECILs work. As regards primary education, this works in the following way. For example, based on criteria and procedures agreed upon at appraisal, the national service in charge of school construction is responsible for building the classrooms financed under the project. The capacity of this service is assessed at project appraisal, and the project provides the support required to remedy identified weaknesses. The borrower is responsible for all practical steps involved in implementing the construction program, including site selection and supervision and, in many cases, contract payments. The Bank's role is limited to monitoring achievement of the objectives of the program, e.g., rhythm of construction and prices. This approach is followed, for example, in ongoing SILs in the Central African Republic, Mali, Mauritania, Niger and Senegal.

The process is similar for a textbook development and production component. The capacity of the responsible national agency is assessed by the appraisal mission, and the project provides training, equipment, technical assistance, and other support required to enable the agency to implement the component. Furthermore, during appraisal and credit negotiation the Bank and the borrower agree on criteria that will govern the decisions of the national agency, assisted and supervised by the PCU, during project implementation. These criteria cover aspects such as number of textbook titles to be produced; how many of these should be originated, adapted from existing materials in areas where such materials exist and adaptation rights may be acquired, or reissued from among existing titles; technical specifications, price, number of copies to produce, and production schedule for each title; and procurement procedures including criteria for selection of authors for the titles to be originated and for choice of editors and printers. Based on these criteria, the national agency prepares, appraises, and supervises implementation of each subproject

which, in this case, consists of one or more textbook titles. Bank supervision focuses on progress in implementing institutional reinforcements, and on ensuring that textbooks are made available to pupils according to the agreed-upon schedule. Missions will also check that the criteria for subproject appraisal are respected.

In conclusion, full-fledged and partial SECILs will both be suitable vehicles for providing the type of assistance needed to support the WCEFA targets. However, this being said, the scope for use of full-fledged SECILs is greater than revealed by present practices, and the move towards use of this lending instrument should be intensified. This would be an effective way for the World Bank to respond to the WCEFA's call for increased emphasis on institution building and partnership in the education sector. It would also respond to the desire of many donors to rely less on "project" and more on "program" lending, i.e., supporting a country's sector-wide education development program rather discrete projects. This transition would be facilitated by the type of changes in donors' priorities, procedures and attitudes discussed in the next section.

IV. SOME IMPLICATIONS FOR DONORS

We have argued that external assistance aimed at helping developing countries achieve the WCEFA targets for primary education will need to focus on enhancing the holding power of primary schools, principally through measures designed to improve student achievement. We have also argued that to be effective, such assistance will require important changes both in content (focus on changing education and administrative processes to ensure implementation) and in mode of delivery (greater involvement of borrower in project preparation and implementation).

To achieve these changes in content and delivery mode will, in turn, requires changes in donors' priorities, procedures and attitudes. We shall conclude this paper by highlighting some of these changes.

A. The case for increased priority for primary education

Between 1981 and 1986, the total amount of international aid for primary education amounted to only about US\$181 million annually, or a mere 4.3% of the total annual aid to all levels of education, see Lockheed and Verspoor (1990, p. 144). While there were differences between regions (during the period 1981-83, 33% of education aid to Sub-Saharan Africa was for primary education) and between donors (21% of all World Bank aid was for primary education), a major shift in favor of primary education is required for donors to effectively help developing countries reach the WCEFA targets. In FY90, the share of World Bank assistance devoted to primary education had increased to 24% and this share is expected to continue to increase.

Donors' neglect of primary education can be partly explained by their preference for supporting investment projects that are capital and foreign exchange intensive, limited in scope and geographical dispersion so as to facilitate supervision, and fairly heavily dependent on the donors' expertise in terms of technical assistance and training. Support for primary education, on the other hand, would need to be dispersed throughout the country, offers little visibility, and is less dependent on foreign exchange, technical assistance and training abroad.

The current challenge facing educational development and the necessity to build sustainable and good quality primary education suggest that the above patterns of aid may no longer be appropriate and that external donors should increase their support for broad primary education development programs. "The change has to be two-fold. First, it is necessary that aid now concentrate additional resources, both relative to other levels of education and in absolute terms, on primary education. Second, the emphasis should be on sub-sectoral development programs, instead of on individual projects. Mobilizing the resources for the up-front investments required to launch programs of quality improvement and -- especially in low-income countries -- increased access, will require a joint effort of both donors and national governments" (Lockheed and Verspoor 1990, p. 147).

Thus, a reallocation of aid in favor of primary education will require some major changes on the part of donors in terms of what is financed and how the assistance is provided. The need for less importance being attached to technical assistance and other tied aid has already been stressed. It is also necessary to substantially increase the support for inputs that have proven to be cost-effective in improving student achievement, in particular training materials and other non-salary inputs^{15/}. This point is of particular importance in relation to the WCEFA targets.

Finally, recurrent cost financing -- especially the ability to pay teachers -- is often the most serious constraint on future enrollment expansion in those low-income countries that still are far from having attained universal primary education. Providing such support is difficult for many donors. While especially support for teacher salaries raises questions as to modalities and long-term sustainability, it is time to face these questions seriously and imaginatively. In order to be able to respond with flexibility to countries' unique conditions, donors should be more willing to provide such support, which may be decisive as to whether or not many low-income countries will be successful in their efforts to achieve the WCEFA targets. Again, a switch away from traditional project financing toward financing time-slices of sectoral development programs, will facilitate donors ability to provide recurrent cost financing.

B. The need to change donor attitudes and procedures

Effective support for attainment of the WCEFA targets will require changes in donors' attitudes and procedures in many areas. Many of these changes represent a continuation of present trends rather than a radical departure from current practices.

^{15/} Lockheed and Verspoor (1990) provides an extensive discussion of this topic.

As discussed in Section III-D, while the beneficial impact of nationally-conducted sector and project preparation work is recognized in theory, donor agency staff often shy away from this approach because it may be more risky in terms of meeting tight deadlines and standards of analytical rigor. Since success in implementation of policy reforms depends crucially on national ownership of these reforms, there is clearly a trade-off between the building of national consensus and commitment that can take place when reforms are prepared largely by nationals, and the professional security derived from well-written reports prepared by external consultants, but which may not result in reforms that can be implemented. This is an area where donors need to show more flexibility and imagination.

In addition to closer involvement in project preparation, we have already stressed the importance of closer involvement of borrowers in project implementation, and have seen that this is increasingly the case in World Bank lending, especially in Sector Investment Loans. However, this approach requires that donors be willing to delegate a larger part of project supervision work to borrowers than is generally the case at present. One of the main difficulties involved in this approach is to ensure that donor agencies' guidelines for procurement are respected. This is another quite thorny issue where donors have to weight the (sometimes false) security given by rigid procedures against the negative impact this control may have on project impact and on long-term national capacity building.

Another aspect is the need for donors to ensure that they themselves have well-qualified staff in the education sector. While this seems obvious, donors may not always pay sufficient attention to this aspect, particularly as regards the importance of its sector staff being recognized by national authorities as credible interlocutors. To conduct a fruitful sector dialogue on major sector reforms requires both significant breadth and depth of sector knowledge and the capacity to identify and explore policy alternatives in a collaborative fashion with national authorities.

Finally, the donors must better coordinate their interventions in the education sector. The recipient country should bear the main responsibility for

this coordination, assisted by the UNDP as required. For the World Bank, this means that -- as regards sector work and policy dialogue with borrowers to define content of policies and investments to be supported through a project - - it is important to involve other donors, especially potential cofinanciers, early in the process. However, it should be recognized that there are considerable differences among cofinanciers in their desire/capacity to participate actively in the various stages of the project cycle. It should also be recognized that, while indispensable, proper donor coordination is a fairly time-consuming process that requires adequate budgeting.

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Annex 1: Example of implementation arrangements in a Sector Investment Loan
The case of the Second Colombia Subsector Project for Primary Education

As explained in Section III-A of the paper, the transfer of responsibility for detailed project design, appraisal and supervision from the Bank to the borrower is the main factor that distinguishes Sector Investment Loans (SECILs) from other Bank lending instruments. In order for the approach to be successful, strong intermediary organizations must exist or be developed in the borrowing country. These organizations must be capable of performing functions normally performed by the Bank.

The FY89 Columbia Second Subsector Project for Primary Education is a good example of a SECIL. The project supports (1) specific investments in curriculum reform, school furniture, textbooks, teacher training and student assessment systems; (2) policy reforms aimed at raising the share of non-personnel inputs in recurrent expenditures, introducing a new student promotion policy, raising the share of resources devoted to primary education, encouraging local financing, and assessing alternatives for financing higher education; and (3) institutional measures to improve information systems, develop budgeting and financial management skills within the Ministry of Education, and improve technical support capacity, program planning and implementation. The project was prepared by the Ministry of Education (MEN) in collaboration with the National Planning Department.

The Columbia project, like other SECILs, combines elements of traditional Bank investments designed to create new education capacity with policy reform. The bulk of the responsibility for project design, implementation and appraisal lies with intermediary organizations. These responsibilities are split between the Office of the Vice-Minister, the Development Fund of the MEN (FONDO/MEN), and the National Executive Secretariat (NES). The former carry overall responsibility for project management while the NES is in charge of day-to-day coordination of project implementation. The NES also provides planning, monitoring and evaluation for the project. At the

central level, the FONDO/MEN serves as the main financial agent. At the regional level, the Regional Education Funds (FERs) serve as financial agents.

The project makes textbooks, learning materials and teacher training available to all government primary schools not reached through the previous Bank-assisted project or government programs. The NES is responsible for needs assessments, FONDO/MEN for bid preparation and contract payments, and FERs for final distribution.

The implementation of the civil works begins with an invitation to the regions to participate in the sub-component. The invitation includes an instructional manual and is followed by a series of visits by regional coordinators from the NES. In the second phase, implementation agreements for civil works programs are prepared between the FONDO/MEN and the regional School Facilities Department, and between the department and each participating municipality. These include both a description of planned works and a financing (cost-sharing) plan. The financing plan and the implementation procedures for civil works are assessed regularly during implementation and adjusted as warranted. Implementation and financing is administered under a management contract with an experienced public entity, the Secretariats of Education and FERs, or the MEN, depending upon the level of development of the department concerned. The project document stipulates that investments should be concentrated in regions with the highest levels of unmet basic needs, or in marginal and violence prone areas of other regions.

During project appraisal, Bank staff focused on the policy reforms supported by the project, improvement in the management process within the education sector, assessing the institutional capacity of the FONDO/MEN and the NES, and on reaching agreement on the criteria for appraisal of subprojects. Disbursements are made contingent upon evidence that contracts between MEN, participating departments, and municipalities have been completed according to agreed criteria. Agreements cover contract award procedures, implementation schedules and local contributions.

Implementation progress is assessed through joint Bank-Government annual reviews. The reviews cover both quantitative and qualitative aspects of the project, and link these with financial performance. The main indicators for project monitoring are summarized in the project document's plan of action. The government has also agreed to complete a detailed investment program to be submitted annually for Bank approval.

To strengthen program implementation, the project provides support for selected improvements in management. Specifically, consultant services and staff training are provided to MEN technical staff at the central and regional levels; and a long term advisor is assigned to the FONDO/MEN. Training focuses on introduction of a new MEN information system, improved planning, development of budgeting and financial management capacity, and improvements in local implementation capacity.