

# **THE IMPACT OF EXTERNAL ASSISTANCE PROGRAMMES IN EDUCATION**

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## **Significance of human capital development in Sri Lanka**

The government of Sri Lanka has been investing over two per cent of GDP and around 08 -10 per cent of total government expenditure on education. This level of investment is inadequate to fulfill resource requirements of the education sector as a major percentage of government expenditure on education is incurred on routine administration including staff salaries and wages. The resource gap has been filled by development partners through technical and financial assistance.

## **The presence of development partners**

The presence of development partners in education sector is clearly visible in terms of both financial and non financial contributions. While the World Bank (47%) and the Asian Development Bank (37%) account for a large share of foreign funding several other donors such as the Swedish SIDA, JICA and JBIC from Japan, DFID of the United Kingdom, the UN- agencies (e.g. UNESCO, UNDP, UNICEF) and bi-lateral assistance from Commonwealth countries and Colombo Plan have also been actively promoting development activities of education in Sri Lanka. The education sector in Sri Lanka has received considerable external assistance since 1990 covering 40 different projects.

## **Impact**

The impact of external assistance on the development of education sector is based on two criteria: a) access and b) quality. The second, is defined to include five dimensions of education quality: a) learning outcomes, b) education facilities, c) quality and quantity of teaching workforce, d) research and policy development, and e) external efficiency. With respect to the first, Sri Lanka has nearly achieved providing universal access to primary education Gross Enrollment Rates (GER) in primary cycle by social groups indicates satisfactory performance in

terms of gender and ethnic groups. The GER for the secondary cycle are also close to those in the primary cycle. The Net Enrollment Rates (NER) for primary education however, indicates a downward trend over the past few years. In the case of secondary education, NERs remain constant. However, a comparative assessment of GER and NER as against some other countries indicates outstanding performance of Sri Lanka. For example, NER for primary education in India, Bangladesh and Malaysia for both males and females were lower than that of Sri Lanka in 2004. Similarly GER for secondary education for both males and females were much higher in Sri Lanka as against India, Bangladesh and Malaysia. These achievements indicate the effect of heavy investments in primary and secondary education by the government and the donor community over the past 17 years.

The survival rates and transition rates have also been employed as alternative criteria for analyzing the impact on access to school education. Total survival rate up to Grade 5 is 98.6% at national level and 100.8% in urban sector. With respect to plantation schools however, the survival rate is 91.6%. The transition rates from primary cycle to lower secondary cycle for males and females were 98% and 99 % in 2005 as against 96% and 98% respectively in 2001. The transition rates from lower secondary to senior secondary cycle are slightly lower than that of primary level to lower secondary level. However, an improvement of these rates can be seen between 2001 and 2005. The access to higher education also indicates an upward trend over the past ten years and it needs to be increased over the next seven years particularly in terms of equitable access.

With respect to quality, the evidence from a number of sources, suggests that average learning levels are rising. The National Assessments of Learning Outcomes, conducted by the National Education Research and Evaluation Center (NEREC) of the University of Colombo, show that learning outcomes are raising among primary school children in Mathematics, English and First Language (Sinhalese and Tamil). The internal efficiency of primary schooling (Grades 1-5) and junior secondary schooling (Grades 6-9) measured in terms of flow rates, are high. Repetition rates and drop out rates range from 2% - 7% with slightly higher repetition and drop out rates among boys

than girls. An assessment of key determinants of learning outcomes suggest that the education system, is contributing to cognitive achievement of children after controlling for home and child specific factors.

The time trend of GCE O/L pass rates, is also positive and increasing. In 1996 only twenty-six percent of candidates passed the GCE O/L and by 2002 it increased to forty-two percent, and in 2007 up to forty-nine percent. There may well be very few public sectors institutions in Sri Lanka which can show such an improvement, of nearly ninety percent, during a period of approximately a decade. Overall, the available empirical evidence clearly suggests that learning levels are indeed rising, and that the public education system is making a positive contribution. In addition to continuous upward trend, a remarkable improvement in secondary education across provinces could also be noticed since early 1990s.

Provision of education facilities is a primary requirement for higher learning outcomes. The evidence reveals that in spite of heavy investments by the donor community, many schools lack science labs, libraries and latrine facilities. This is an area which requires further investments particularly in the present context of macro economic problems experienced at national level. Teacher training is also directly linked with higher learning outcomes and several donors have invested heavily on teacher education, and strengthening of teacher training institutions. The total output however, is difficult to estimate and hence the impact of teacher training needs to be assessed in terms of learning outcomes.

The training of university academic staff is an area which requires immediate attention in improving quality of graduate output. At present, of the total academic staff majority (40%) are in lecturer /assistant lecturers grade and only about 12% are professors. In terms of academic qualifications, about 34% are with Masters level qualifications and 27% are with Bachelors degrees.

Research is one of the most important but poorly funded activities in the education sector. The external assistance programmes have supported a large number of research studies in the education sector. For example, the Education Sector Development Project (ESDP) sponsored 30 studies between 2006 and 2008. Several other donors such as the ADB, UNICEF, GTZ, and JICA have also sponsored research studies on learning outcomes and managerial aspects of the education sector. These studies provide very useful information on efficiency of project management, relevance of policy measures and action programmes, absorptive capacity of implementing organizations, impact of project activities and lessons for future development of the education sector. Thus both the government and the donor community need to initiate more research studies on learning outcomes of the entire education system with a view to monitor progress and introduce remedial measures.

Human resource development and economic growth are closely inter-related. Education enhances productivity. It also improves marketability of labour and reduces unemployment. Over the assessment period, the unemployment rate of O/L graduates reduced from 13.6% in 1990 to 8% in 2008; and of A/L graduates from 29% in 1990 to 9% in 2008. Over the same period, share of public sector declined from 14.4% to 13.3%. Thus, project interventions in education have contributed towards overall economic development of the country.

Development of the education sector through external assistance programmes appear to be sustainable primarily due to two factors: a) government commitment and, b) irreversibility of development initiatives started over the past two decades. For example, education reform programs started under external assistance programmes in curriculum development, textbooks production, school rationalization, and education financing are now reflected in the provincial and central level education plans prepared under the Education Sector Development Framework and Program (ESDFP). The continuity of these development programmes would depend on the availability of funds. At national level, however, the government is faced with serious funding constraints and it may affect the education budget especially in allocating funds for quality enhancement. Hence, active involvement of donor community is vital in providing the expected learning outcomes of education.

From the above evidence it is explicit that there has been a continuous and satisfactory

progress in basic education since the early 1990s. In addition to a continuous upward trend, a remarkable improvement across provinces could also be noticed since the early 1990s. These achievements could be attributed to both funding and other knowledge inputs provided by the government of Sri Lanka and external assistance programmes. This progress in fact clearly indicates that the Sri Lankan education system has reached and crossed an important turning point both in terms of access and quality. The heavy concentration of access to education up to the early 1980s and then emphasis on quality has led to “ U “ shaped curve, with learning outcomes decreasing initially with improved access in a resource constrained economy, and then gradually taking an upward trend.

Even though, improved performance of the education sector cannot be entirely attributed to external assistance programmes, one could safely identify external assistance programmes as one of the key determinants of high achievement levels of education over the past 17 years. The consultations with key officials indicated that, had the donor community not provided assistance to the education sector, it would not have been possible to introduce innovative changes particularly with respect to quality enhancement. The development partners’ distinctive contributions to the school education sector have been in (i) policy reforms including sector wide planning (ii) improving learning environment at school level, (iii) improving quality of teaching workforce, (iv) initiating research and development activities, (v) capacity building and (vi) supporting a shift towards ICT oriented and market relevant study programmes.

In overall terms, most of the projects implemented under external assistance have been successful in terms of fulfilling envisaged project objectives. They are also in line with overall development targets set out at national level. Some of the project components however have failed to realize expected objectives .

### **Costs and benefits**

Even though more than 80% of external funding involves loans, the costs are relatively low as against other financing sources. The World Bank provides interest free credit for the education sector repayable over a period of thirty to forty years. These are concessionary loans with a ten year grace period, and subject to an upfront service charge of 0.75 percent. In the

case of ADB, the duration of a loan is normally 32 years, including a grace period of 8 years. They charge interest at 1% per annum during the grace period and at 1.5% per annum thereafter. These loans finance more than 70% of the total project cost and 100% of the foreign exchange cost, and more than 60% of the total local currency cost. Other donors such as JABIC, Indian Credit Line, Government of Australia have also provided funding support under concessionary lending with a grace period varying from 3 to 5 years

The estimated benefits of external assistance programmes in education outweigh the costs. In addition, non-financial benefits of external assistance programmes further enhance benefit streams of external assistance programmes. The economic internal rate of return (EIRR) computed for many projects funded through external assistance range between 25% and 30%. This means investments in education are profitable even at the market rate of 12.5% foreign currency rates. Hence, borrowing from the leading donors at concessionary rates would be economically beneficial to the national economy. If other positive externalities including non-financial benefits are also taken into account, investments in education through external assistance would become even more attractive from long-term development point of view.

### **Key Challenges of the Education Sector**

Although Sri Lanka achieved notable gains in literacy, gender equity in education, universal primary education, and increasing trend of learning outcomes, several gaps still exist in the sector: a) equitable access, b) quality enhancement, c) inadequacy of resources, d) governance and management and e) education sector development needs of North and East. Among these issues, quality enhancement of school education especially at secondary level is very important. For example, the national achievement results at Grade 8 and 10 levels in Mathematics and Science and Technology were found to be unsatisfactory. In Mathematics, a larger percentage of students were found to be in two class intervals (e.g. 30-39 and 40-49) indicating a lower performance level. The performance levels in Science and Technology were average. Across provinces, the average performance of students in Central, Uva, Northern and

Eastern were below the national average. In addition to low cognitive achievements, policy makers and employers have argued that other, non-cognitive dimensions of education quality are also unsatisfactory and need urgent improvement. The employers have stressed the importance of producing characteristics such as a disciplined work ethic, good team work, creativity and initiative, a problem solving skills, effective communication, leadership skills, flexibility, adaptability, initiative, and civic consciousness through the education system.

In view of the present financial crisis at global level and macro-economic problems at domestic level, continued support from the development partners for the development of education sector is needed to realize long-term development goals of the education sector.

*ISBN: 978-955-8514-01-6*

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