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## **FINANCING AND MANAGEMENT OF EDUCATION IN LATIN AMERICA AND THE CARIBBEAN**

### **SUMMARY**

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## I. THE CURRENT SITUATION AND ITS CHALLENGES

### A. THE STATE OF EDUCATION AND COUNTRY EFFORTS

Education contributes to development in many ways, including ethical, social, economic, cultural, and political dimensions. For more than a decade, ECLAC and UNESCO have argued that education is the key to assuring economic dynamism with social justice, to strengthen democracy through fostering the wide-based exercise of citizenship, to move at a faster pace within an information and knowledge society, and to enrich dialogue between people of different cultures and world-views.

Consensus regarding this diversified and strategic impact of education contrasts with the difficulty of Latin American and Caribbean countries in making significant improvements in the quality, equity, and efficiency of their education systems. The situation by education level varies between countries. Net enrolment rates for primary education in the region increased from 89% in 1990 to 94% in 2001 (World Bank),<sup>1</sup> which shows that we are approaching universal coverage at this level. Student progress between the first and fifth grades is in many cases markedly uneven, revealing high rates of grade repetition and of drop-out. Indicators of access to and permanence in primary education within countries vary greatly as well, depending upon rural or urban domicile, social-economic level, and ethnic group. There is a need, therefore, to move forward on these fronts, to revise current education models, and to add new resources to those to which countries currently have access.

Rates for participation in and graduation from the secondary education level, where the skills that are most vital for the workplace are developed, are very low. For this level, net enrolment rates for 2000/2001 varied between 26% in Guatemala and 36% in Nicaragua (percentages which mark the lowest levels in the region) to levels near or above 70-80% in Barbados, Cuba, and Jamaica in the Caribbean and Argentina, Chile, Mexico, Peru, and Uruguay in South America. Moreover, countries face a serious problem of school drop-out during secondary schooling.

This is even more serious if we consider that in terms of the relation between education and well-being, ÉCLAT has indicated for more than a decade that between 11 and 12 years of study are required if a person is to have a clear possibility of either escaping from or not falling into poverty through access to employment which provides sufficient income. Between 72% and 96% of poor households are headed by persons with less than 9 years of formal education. At the same time, 80% of urban youth have parents who have less than 10 years of formal education. This makes these young people likely to not attain the education level required to escape poverty (ÉCLAT, 2000).

Furthermore, the schooling gap between the lowest and highest income quartiles (the 25% poorest and the 25% wealthiest) increased in most countries of the region during the past decade. This can lead to the reproduction of inequalities from one generation to the next. It should be noted in this sense that the average Latin American adult who is among the wealthiest 10% in terms of income distribution possesses 7 more years of education than the adult situated among the 30% poorest group (Houseman and Sleekly, 1999).

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<sup>1</sup> Available at: <http://devdata.worldbank.org/edstats/cd5.asp>.

Besides the question of schooling rates by income level, the region also faces the question of the deficient quality standards that are reflected in learning levels. The following table shows the results of tests that measure learning in language and in mathematics, eloquently illustrating the alarming situation in Latin American education compared to averages in OECD and Southeast Asian countries. Closing this gap is even more difficult considering that the industrialized countries—which possess 25% of all students in the world— spend six times more per capita to train human capital than do the developing countries in which the remaining 75% of students live (Brunner, 1999, p. 2).

Table 1  
**RELATIVE POSITION OF LATIN AMERICAN COUNTRIES IN INTERNATIONAL STUDIES OF THE QUALITY OF EDUCATION**

Study	Participating countries	Iberia-American countries	Relative ranking
L.A. Laboratory 1997	13	13	Average scores for the top-ranked country between 1.5 and 2.0 standard deviations from the other 12 countries
TIMES 1996	41	3	31, 37, & 40
TIMES 1999	38	1	35
AILS 1998	22	2	19 & 22
PISA 2000	41	5	33, 35, 36, 37, & 41

**Source:** Latin American Laboratory for Assessment of the Quality of Education, LACE, ORDEAL/UNESCO Santiago), International Association for the Evaluation of Educational Achievement (IEA), The Third International Mathematics and Science Study of TIMSS (Trends in International Mathematics and Science Study), Organization for Economic Cooperation and Development (OECD), "International Survey of Adult Education", and OECD, "PISA, Program for International Student Assessment".

Although there is a very close relationship between learning results and amount invested per student, there are also exceptions. Countries outside the region which have per student spending figures similar to those of some countries within the region have, nevertheless, significantly higher scores. Hence, the correlation between investment and learning is strong, but not absolute. Things can be done to optimize available resources. Hence, the importance of improving the management of education systems and not just of injecting additional resources.

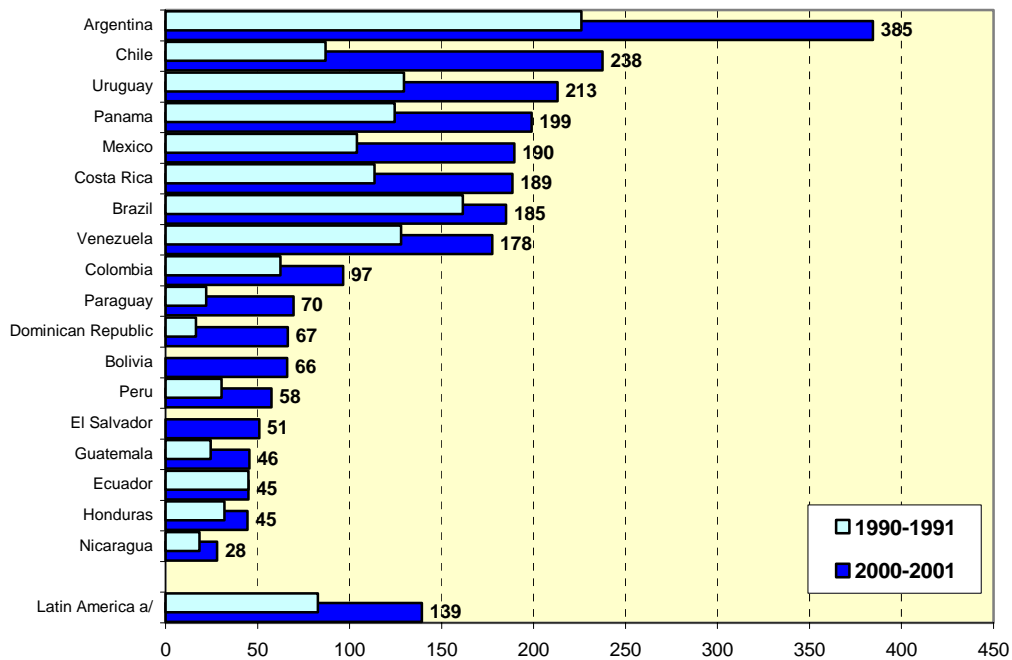
Undoubtedly, it is important to rank education changes according to their impacts on achievement. Doing so makes it possible to re-direct investments in education in order to optimize their impacts. But it is equally important to emphasize that it is not sufficient to make spending for education more efficient and more effective. As countries in the region showed during their education reform efforts in the 1990s, it is also essential to obtain government commitments to increase public investment in education, both in absolute terms and as percentages of GDP, as well as to improve and increase other national private and external funding sources.

In regard to the financial efforts of countries of the region, data produced by the Education Indicators Regional Project —PRIE— the technical aspect of which is coordinated by UNESCO, show that the 15 countries of the region for which data is available spend between 12% and 22% of their total public spending on education, and that they spend an average of 4% of GDP on education.

During the 1990s, countries increased their spending on education. For the region as a whole, this relative increase was approximately 1.1% of GDP, going from 3.0% in 1990 to 4.1% in 1999. In 1998-99, per capita public spending on education taken as an average for the region and calculated in 1997 dollars was \$ 137, which represents a US\$ 51 increase compared to 1990-91. This increase is high when compared with spending on health (US\$ 28 per capita during the same period). But it is clearly insufficient when compared both in absolute terms with investment in education of OECD countries as well as with what is required in order to attain the levels and achievement in education necessary in order to move energetically toward greater equality of opportunities, to satisfy human capital needs, and to achieve greater citizen participation.

During the last decade, the countries of the region have made considerable efforts to achieve goals in education and to improve the quality of their education systems. This is clearly attested by the reforms currently in progress as well as in the systematic increases in public spending on education. As can be seen in figures 1 and 2, measured in absolute terms and as a proportion of GDP, this spending increased at different rates in all countries during the past decade. In four cases it exceeded the average of 5.5% of GDP invested by OECD countries. There is, however, a large gap in spending per student when we compare the Latin American and OECD regions. It should be noted as well that in almost all of the countries of the region spending on personnel represents between 70%-90% of total public spending on education and between 90%-95% of total current spending. The rest is spent principally on maintenance costs. Therefore, additional financing —or marginal increases— are needed that can be used for special programs to improve the quality, equity, and efficiency of education.

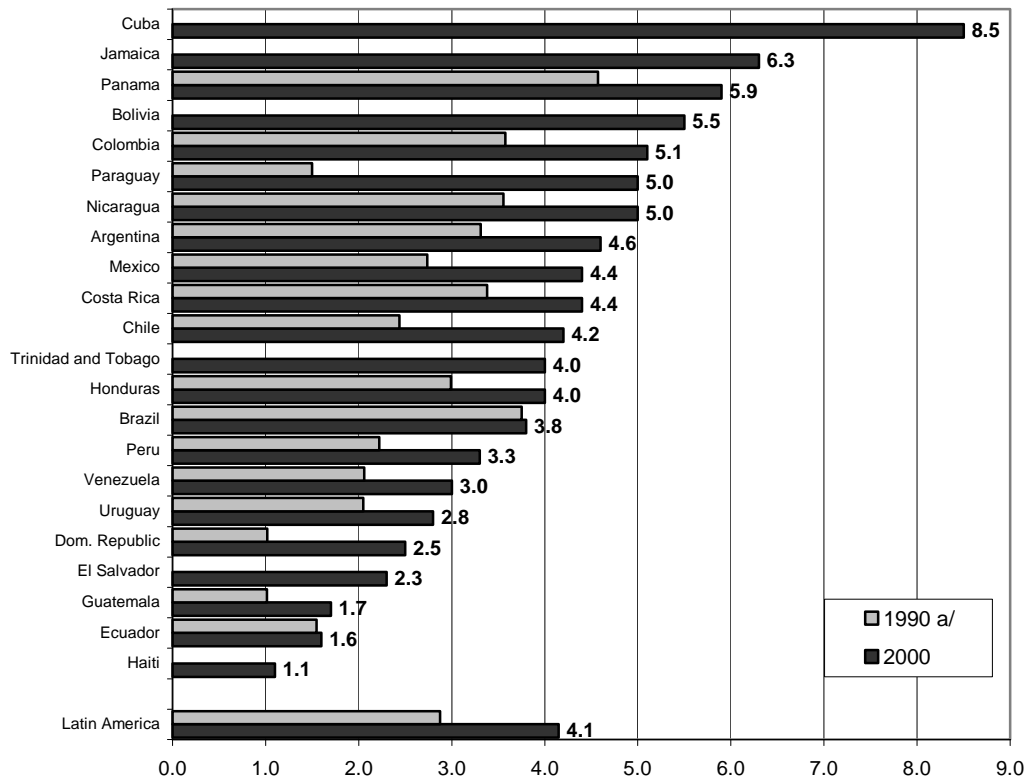
Figure 1  
**LATIN AMERICA (18 COUNTRIES): CHANGES OVER TIME IN PER CAPITA PUBLIC SPENDING ON EDUCATION**  
*(In 1997 dollars)*



Source: ECLAC, Social Development Division, Data base on public spending.

<sup>a</sup> Corresponds to the 16 country average, excluding Bolivia and El Salvador.

Figure 2  
**LATIN AMERICA (22 COUNTRIES): CHANGES THROUGH TIME OF PUBLIC SPENDING ON EDUCATION AS A PROPORTION OF GDP**  
*(Percentages)*



**Source:** "Compendio Mundial de la Educación 2003. Comparación de las Estadísticas de Educación en el Mundo", Montreal 2003, Instituto de Estadística de la UNESCO (UIS).

<sup>a</sup> Estimate based on changes through time of public spending on education during the 1990s reported by ECLAC.

Education reforms in the region have instigated a process of changes with varied emphases and which in general are directed at transforming different parts of the system, e.g.: contents and processes of teaching and of learning; financing of the system and resource allocation mechanisms; the distribution of functions between the government and the private sector; decentralization of management and, in some cases education planning; monitoring of education quality through revision of teaching practices and achievement assessment; and the beginning of adapting curricula to the social and cultural conditions of students and to the demands of the workplace.

All of these elements of reform are aimed at improving the quality of learning processes in primary and secondary education, at increasing the efficiency and efficacy of resource use in education, and, in various ways, at achieving more equitable access to quality education and improved achievement results. The latter objectives, as well as the emphasis on the above-cited reforms are of increasing relevance and become even more necessary as public awareness grows in respect to the right to education. Moreover, in spite of the fact that the reforms have not yet produced the hoped for results in terms of quality, equity, and efficiency, it is vital that they be assessed in order to distinguish both successes and failures in order to make corrections and thus optimize the impact of additional resources. It is not only a question of investing more resources, but also to invest them better.

## **B. INTERNATIONAL COMMITMENTS TO EDUCATION**

The international community has continually reiterated its commitment to education. This is seen in the World Declaration on Education for All (Jomtien, Thailand, 1990), the World Education Forum (Dakar, 2000), and within the region the regional preparatory meeting for the Dakar Conference (Santo Domingo, 2000) in which the countries of Latin America, the Caribbean, and North America adopted the Regional Framework of Action of Education for All. These commitments were strengthened in the year 2000 when 147 countries signed the Millennium Declaration in which they established a set of "Millennium Development Goals" (MDGs) to be achieved by the year 2015. Of great importance among these were those referring to education, which included assuring that by 2015 all children of the world complete courses of primary education, achieving equal access for young people to all levels of education, and eliminating, hopefully by 2015, gender disparities in primary and secondary education. Moreover, the Summit of the Americas held in Santiago in 1998, set the goal of achieving 75% coverage for secondary education by the end of the first decade of this century.

Finally, and with the participation of 34 countries, meeting in Havana, Cuba, November 14-16, 2002, the region's Ministers of Education approved the Regional Project for Latin America and the Caribbean - PRELAC 2002-2017. PRELAC defined five strategic focuses for joint action of countries in the region in order to achieve the goals of Education for All. These focuses are:

- The contents and practices of education in order to build meanings regarding ourselves, others, and the world in which we live;
- Teachers and strengthening their active participation in education change, so they may meet the needs of their students;
- The culture of schools, so they may become learning and participatory communities;
- The management and increased flexibility of education systems, in order to offer effective, life-long learning opportunities; and
- Social responsibility for education, in order to generate commitments to its development and outcomes.

## **C. CHALLENGES**

Although the region has recorded important progress within a single generation in terms of the average number of years of formal education, and in spite of the fact that education reforms have involved enormous efforts to improve education systems, remaining challenges oblige us to assess what has been accomplished and to re-direct and increase efforts in order to produce even more meaningful results. Access to education —along with permanence in and conclusion of studies - quality, equity, and efficiency— are the four key areas that must be consolidated in the future in order to significantly improve the efficacy and social impact of education.

In terms of increasing access to education, permanence in the system, and course conclusion, current schooling rates show that significant progress has been achieved within a generation. Four important challenges remain: to achieve universal access of children from 3 to 5 years of age to quality pre-school education; universal coverage of primary education while drastically reducing grade repetition and drop out; permanent access of adolescents to secondary education so they may complete 12 years of schooling; and making education services more flexible in order to provide services to young people and adults within a perspective of life-long education, including literacy training.

In terms of quality education with a greater social impact, current reforms seek to increase the diversification of education services, closer linkages between education and employment, more global education focuses, a strong emphasis on inputs, the dissemination of new information and communication technologies, and the participation of new actors, although with little effective participation of teachers in its definition. The challenge is for countries to carry out broad-based reforms in structural factors that limit the quality of teaching services and to design, with effective participation of teachers and communities, strategies to improve the cultural pertinence of learning and to develop the skills necessary for living in an increasingly complex world.

In order to achieve equity in education, the challenge is to assure that education opportunities are distributed equitably to the entire population and at all school levels, and to prevent the expansion of the higher levels of education from hindering the development of high-quality primary education. The achievement of equity continues to be a pending challenge. There is an enormous social gap in terms of the provision of education, in participation, completion, and learning results. The contribution of education to social equity involves more than improving access opportunities to the system. It also involves developing within children, young people, and adults attitudes of solidarity with and responsibility for others.

Finally, improving the efficiency of education systems means drastically reducing high rates of grade repetition and school drop-out. Among 15 Latin American and Caribbean countries which account for more than 90% of grade repetition in the region, the annual cost is estimated to be nearly US\$ 11 billion (Bruneforth, Motivans, and Zhang, 2003). It is therefore vital to reduce the rate of students who fail the 1st grade, correct the problem of over-age students, and ease the flow of students in the different grades. To this end, new pedagogical strategies must be examined that differ from that of automatic grade promotion, the effects of which mask the real situation of low achievement in primary school.



## **II. THE FINANCING OF EDUCATION: COSTS AND OPTIONS**

### **A. EDUCATION GOALS AND THE RESOURCES NECESSARY TO ACHIEVE THEM**

There are multiple reasons to strengthen the role of education in the development in the region. We have here stated the need to improve access, permanence, and completion of education while emphasizing quality, equity and efficiency. Although achievements in coverage and completion rates do not necessarily imply quality, equity, and efficiency, the latter are closely related to the former.

The commitments assumed by the governments of Latin America and the Caribbean in the Millennium Declaration, EFA, PRELAC, and the Summit of the Americas of 1998 make up a broad set of objectives and goals for education. Considering efforts made, the decided progress toward the achievement by 2015 of a set of agreed upon basic goals contained in the above-cited commitments involves for most of the countries in the region a financial burden that many are not in conditions to resolve with their own resources alone. For this reason —and this is the principal corollary of the estimates we present here— it is necessary to explore mechanisms that make it possible to complement these resources with alternative sources of financing, both foreign and domestic.

In order to examine different financing alternatives for the investments needed to fulfil the objectives of the different international commitments cited above, we here present current cost and investment estimates. The goals selected refer to achievements in the areas of pre-primary, primary, secondary education, and adult literacy training. All are meant to generate significant progress that represents a progressive leap forward in the continuity of education for Latin American and Caribbean children and young people, as well as providing a basic mechanism for social and economic integration for illiterate adults (providing them with reading and writing skills). Thus, the goals to be considered are the following:

1. Universal access to pre-primary education, that is, raising the net enrolment rate of children between 3 and 5 years of age to 100% in all countries of the region by 2015.
2. Assure universal completion of primary education, considering that the obtaining the goal of 5 years of primary education for all can be obtained by increasing to 100% net enrolment rates of children from 6-12 years of age, and simultaneously reducing grade repetition rates to very low levels.
3. Increase the coverage of secondary education to 75%, taking as an established goal to achieve a net enrolment rate of not less than 75% for the 13-18 year old population by 2015.
4. Eradicate adult illiteracy; that is, to offer literacy training to the illiterate population 15 years of age and over and to those who will reach that age by 2015. From that year forward, fulfilment of this goal will be assured to the extent that the second goal is achieved.

These goals are based on the results of analyses and diagnoses of the current state of education in the region which have emphasized the need to rapidly raise the coverage of pre-school and secondary education, to guarantee completion of primary school, increase the efficiency of education systems, reduce grade repetition and school drop-out, improve education quality at all levels, and completely eradicate adult illiteracy.

As can be seen in table 2, the additional resources needed to fulfil these education goals by 2015 total, according to estimates, US\$ 149 billion. This figure represents nearly 7.5% of the year 2000 GDP of the 22 countries of the region examined, and 20% of the GDP of Brazil for the same year. If the set of countries considered wish to accomplish the four goals, they will need to spend nearly US\$ 13.5 billion additional dollars per year (between 2005 and 2015). As a point of reference, note that total public spending for education in the region in the year 2000 was US\$ 81.9 billion. Therefore, the additional financial effort amounts to 16.6% compared to what the countries of the region spent at the beginning of the decade. It should also be noted that the figures refer to the total amount of public resources that each one of the countries require in order to achieve the goals by 2015.

We present below the regional situation for each of the goals.

Table 2  
**LATIN AMERICA (22 COUNTRIES): OVERALL ESTIMATE OF TOTAL AND ADDITIONAL COSTS INVOLVED  
 IN ORDER TO ACHIEVE THE FOUR EDUCATION GOALS BY 2015**  
*(In percentages of GDP and in millions of 1995 dollars)*

Goal	Year 2000		Year 2005		Year 2010		Year 2015		Total additional resources required for attainment (US\$ mill.) <sup>b</sup>	Total additional resources required for attainment without increasing quality <sup>d</sup>		
	Net enrolment rate	Cost per capita <sup>a</sup>	Total cost (US\$ mill.) <sup>b</sup>	Total cost as % of 2000 GDP	Total annual cost as % of GDP <sup>c</sup>	Additional resources needed in the year (US\$ mill.) <sup>b</sup>	Total annual cost as % of GDP <sup>c</sup>	Additional resources needed in the year (US\$ mill.) <sup>b</sup>				
<b>Total goals</b>	...	...	61121	3.06	2.95	6169	2.83	12381	2.71	18965	149931	125003
1. Universal coverage of pre-school education	51	483	5973	0.30	0.38	2641	0.44	5381	0.48	8195	64602	62441
2. Assure universal completion of primary education	93	445	27215	1.36	1.23	778	1.11	1581	1.01	2443	19082	12322
3. Raise coverage of secondary education to 75%	62	784	27933	1.40	1.35	2331	1.28	4934	1.22	7781	59314	43306
4. Eradicate adult illiteracy	11	160	...	...	--	420	--	485	--	547	6933	6933

**Source:** ECLAC, Estimates based upon "World Education Compendium, 2003. Comparison of World Education Statistics", Montreal 2003, UNESCO Institute of Statistics (UIS).

<sup>a</sup> Costs per enrollee in public schools

<sup>b</sup> Additional cost in each year indicated in order to achieve coverage consistent with achievement of the goal in relation to what it would cost to maintain the year 2000 coverage rate. The figures are expressed in millions of 1995 dollars.

<sup>c</sup> Historic growth hypothesis (average annual rate 1990-2002 of 2.6)

<sup>d</sup> Reference here is to the adult illiteracy rate.

--: The figure is near to zero (0).

## **B. ABILITY OF COUNTRIES TO SELF-FINANCE PROGRESS TOWARD EDUCATION GOALS**

The countries of the region vary in their abilities to utilize public budgetary funds to finance the recently-created goals. Such ability depends, naturally, on the degree of coverage and current achievements at each level of education, on the level and trend of GDP, and on proportion of GDP that the country in question invests in education.

Table 3 illustrates the enormous differences that exist within the region. While some countries are able to finance the education goals using budgetary funds, others, who are in the majority, will be unlikely to attain the goals without resorting to other sources of financing that can complement the resources that the State dedicates to this end, whether coming from outside the government—for example, greater private participation in the financing of education—or from outside the country—such as various alternatives for obtaining resources through development funds.

Thus, we may distinguish a first group of countries (Argentina, Brazil, Cuba, Jamaica, Mexico, Panama, Trinidad and Tobago, and Uruguay) the first two of which have the largest populations in the region. This group, given the hypothesis of moderate GDP growth (2.6%) up to the target year, will not require extra-budgetary funds in order to put themselves on a course to achieve the goals in the coming years and to achieve them by 2015. In these eight countries, public spending on education is likely to expand at an annual rate of less than 2.0%. Chile and Costa Rica, although their spending on education as a percentage of GDP (4.2% and 4.4%) is higher than the regional average, projections show slight deficits in budgetary funds up to the year 2010. They should therefore increase public funding to approximately 2.6%, which is slightly higher than projected trends for expansion of GDP.

The majority of the countries in the region (12 of the 22 considered) will not be able to provide sufficient financing to reach the goals using public resources alone unless they make efforts to raise education budgets to very high levels. The deficit of resources will be the most serious in countries that have lower levels of education and which at the same time have the lowest GDP per capita figures in the region. Such is the case for Bolivia, Ecuador, El Salvador, Guatemala, Haiti, Honduras, and Nicaragua. In the year 2000, three of the seven countries listed already spent a quite high proportion of GDP on education (Bolivia 5.5%, Honduras 4.0%, and Nicaragua 5.0%). In this sense, these three countries as well as Ecuador, Guatemala, and Haiti (which dedicate a very small portion of their GDPs (1.6%, 2.3%, 1.7%, and 1.1% respectively) to education will require that considerable complementary resources be added to their own efforts in order to move toward fulfilling the goals by 2015.

Compared to these 5 countries, the cases of Colombia, Paraguay, Peru, the Dominican Republic, and Venezuela are different, since they will need to make relatively small increases in education budgets. In effect, they will need to expand such spending by less than 5% per year, a rate which in any case is much smaller than the ones they were able to maintain during the 1990s. Three of these five countries spend proportions of their GDPs on education (Peru 3.3%, the Dominican Republic 2.5%, and Venezuela 3.0%) which are decidedly less than the regional average of 4.1%.

Table 3  
**LATIN AMERICA AND THE CARIBBEAN (22 COUNTRIES): TOTAL RESOURCES NECESSARY IN ORDER TO REACH THE FOUR EDUCATION GOALS BY 2015 AND BUDGETARY DEFICIT RESULTING FROM MAINTAINING THE MACROECONOMIC PRIORITY OF PUBLIC SPENDING ON EDUCATION<sup>a</sup>**

Country	Total public spending for education as % of GDP	Costs for pre-school, primary, & secondary education <sup>b</sup> , year 2000		Year 2005			Year 2010			Year 2015		
		as % of 2000 GDP	(US\$ mill.) <sup>a</sup>	Total annual cost as % of GDP <sup>a</sup>	Additional resources necessary (US\$ mill.) <sup>c</sup>	Budget deficit (US\$ mill.)	Total annual cost as % of GDP <sup>a</sup>	Additional necessary resources (US\$ mill.) <sup>c</sup>	Budget deficit (US\$ mill.)	Total annual cost as % of GDP <sup>a</sup>	Additional necessary resources (US\$ mill.) <sup>c</sup>	Budget deficit (US\$ mill.)
Argentina	4.6	3.65	9838.1	3.41	388.6	...	3.17	768.2	...	2.92	1115.5	...
Bolivia	5.5	3.85	305.2	5.34	152.5	-201.6	6.72	338.5	-432.2	7.84	549.7	-677.9
Brazil	3.8	2.98	21989.5	2.71	1547.0	...	2.50	3003.9	...	2.35	4511.3	...
Chile	4.2	3.66	3221.9	3.79	481.5	-157.7	3.62	840.6	...	3.45	1216.0	...
Colombia	5.1	3.58	3462.4	3.91	690.5	-543.6	4.07	1377.2	-909.5	4.05	2036.4	-999.1
Costa Rica	4.4	3.51	520.2	3.55	60.2	-10.3	3.51	120.1	-1.0	3.46	184.7	...
Cuba	8.5	7.08	3061.7	6.07	18.3	...	4.83	31.3	...	4.00	43.8	...
Ecuador	1.6	1.47	313.4	1.99	167.5	-144.2	2.49	364.7	-311.3	2.90	587.6	-494.0
El Salvador	2.3	2.09	230.6	3.52	206.3	-206.4	4.87	442.4	-445.6	5.88	692.7	-685.2
Guatemala	1.7	1.70	302.4	2.80	252.7	-244.6	4.11	604.0	-581.2	5.52	1077.6	-1027.9
Haiti	1.1	1.09	39.8	4.90	191.8	-189.0	9.55	441.5	-434.1	15.48	819.5	-810.3
Honduras	4.0	4.00	185.1	6.27	138.0	-129.7	8.55	309.8	-284.3	10.57	512.9	-460.7
Jamaica	6.3	4.39	227.6	3.84	5.9	...	3.36	9.4	...	2.91	12.6	...
Mexico	4.4	2.72	12955.6	2.60	930.8	...	2.42	1798.2	...	2.21	2605.2	...
Nicaragua	5.0	5.00	202.8	6.72	99.0	-91.3	8.57	220.7	-200.6	10.12	364.8	-320.1
Panama	5.9	4.37	412.5	4.15	26.7	...	3.82	50.6	...	3.48	73.0	...
Paraguay	5.0	3.49	297.4	3.99	68.3	-73.6	4.46	150.3	-158.0	4.89	247.8	-256.6
Peru	3.3	2.24	1356.0	2.39	258.1	-175.6	2.46	530.2	-280.1	2.45	806.2	-313.7

**Source:** ECLAC, based upon "World Education Compendium, 2003. Comparison of World Education Statistics", Montreal, 2003, UNESCO Institute of Statistics (UIS).

<sup>a</sup> Given a hypothesis of historic growth rates (average annual rate, 1990-2002 of 2.6%).

<sup>b</sup> Does not include adult education programmes.

<sup>c</sup> Additional cost for each year indicated in order to attain coverage consistent with achievement of the goal in relation to the spending required to maintain the coverage rate of the year 2000. The figures are expressed in millions of 1995 dollars.

### **C. MOBILIZATION OF ADDITIONAL RESOURCES TO MOVE TOWARD FULFILMENT OF EDUCATION GOALS**

Although private sector contributions, particularly from families, is on the increase, most investment and current spending on education comes from government budgets. Current expenditures account for approximately 90% of government spending for education. This is primarily composed of teacher and school staff salaries and, to a much lesser extent, of maintenance of education infrastructure. Therefore, one of the advantages of diversifying sources of financing is to achieve greater spending flexibility in order to invest in areas that governments have been chosen as priorities and thus contribute to making progress in achieving established goals. "New" resources may be used to finance programs that are designed, for example, to improve continuity within the education system, above all for sectors that are at-risk and have fewer resources. They may also be used to improve management of the education system so that current expenditures have more impact on its equity, quality, and efficiency. Within this context, we shall consider below some possible sources for increasing or improving investments in education. We will also present options for diversifying sources of financing.

#### **1. Domestic public resources**

As we have noted, countries of the region have made enormous efforts to continually increase public spending for education, both in absolute terms, as a percentage of GDP, and of government spending in general. It is important that this effort be continued in the mid-term, avoiding cyclical changes in the supply of government resources in order to guarantee the continuity of national and local education projects. At the same time, it is essential that available resources be used more efficiently and to thus free badly-spent funds and use them in order to have the intended impact.

##### **(a) Efficiency and efficacy: new mechanisms used in reforms**

The efficiency and efficacy of government spending have been the subjects of much discussion and innovation in the reforms carried out in the region during the last two decades. There does not appear to be any single solution for improving resource use. Among innovative mechanisms utilized by reforms to improve system efficiency and efficacy are:

- Demand subsidies or supply subsidies with demand criteria ("funds follow students") that make use of market mechanisms in order to finance schools in proportion to the number of students that they are able to attract and maintain, thus stimulating the ability of the system to optimize efficiency.
- Allocation of awards based upon standardized assessments that measure the progress of schools in terms of student learning achievement in basic language and math skills, and which stimulate school management and staff to emphasize effective student learning.
- Reallocation of spending by education level, given the fact that higher education presents per student costs up to eight times more than those for primary education. Moreover, the university level is made up principally of individuals who come from families who have the financial means to contribute to the education of their sons and daughters.
- Targeting resources using the criterion of equity.

- Direct cash transfers to low-income families with school-age children in order to prevent families from withdrawing their children from school due to inability to deal with opportunity costs or other additional costs involved in transportation and the acquisition of materials. Such transfer programs result in greater education system efficiency due to lower grade repetition, late age entry, and school drop-out.
- The establishment of small-scale and low-cost projects offered by Ministries of Education and for which schools compete. Such projects include management and execution of special support programs for the actors themselves (school management and staff).

Measurement of the efficiency of education systems is not an easy task. The most commonly used indicators are the timely entry rate of students, expected time through the system, and the grade repetition rate. The cost caused by inefficiencies differ between countries, but in all of them it is considerable in terms of GDP. With 27% of students behind grade, it is estimated that the region loses some US\$ 12 billion annually.

Reduction of internal inefficiencies of education systems is particularly urgent within the current situation of scarcity of resources. It is vital that countries with high rates of late-age entry and of grade repetition carefully identify the causes of these losses of resources and that they develop cost-effective policies that increase efficiency of the education systems of the region. In most countries, given the savings involved in reducing inefficiencies in the system, it is good business to invest in achieving timely entry and to improve the progress of students through the systems.

**(b) Tax policy, targeted tax funds, and tax incentives**

Given the fact that tax loads are relatively light in many countries of Latin America and the Caribbean, tax systems have the potential for collect additional resources that could support the attainment of the proposed education goals.

In industrialized countries, tax loads vary between 20% and 35% (both figures without considering social security taxes). Average tax collection rates in Latin America and the Caribbean are very low, with many countries having a figure of less than 15%. This presents limitations for establishing a solid social policy for meeting the enormous challenges the area faces in education. Therefore, in many countries of the region urgently need to review the current tax loads placed on their citizens. It is important that tax systems in the region be consolidated and that they establish reasonable tax loads which, without significantly changing the decisions of economic actors, raise tax loads to above 15%.

On the other hand, given the fact that national efforts to improve education have resulted in a consensus among a broad spectrum of the population, including business people, discussions could be carried out for the allocation of special taxes to be invested specifically in programs aimed at improving education levels of the population. This is not a simple task. When it comes to defining social priorities, many advocates appear, all with convincing arguments. Nevertheless, special efforts in education can be convincingly defended because potential effects are so varied, with positive impacts on child and adolescent health, social and occupational mobility, access to networks, greater integration into cultural and communication processes, among others.

## **2. Domestic private resources**

In Latin America and the Caribbean the contribution of the private sector to education, as a percentage of GDP, varies greatly between countries. In the year 2000, while in Jamaica the figure was 3.3% and in Chile 3.2%, in Uruguay it represented only 0.1% and in Mexico 0.2% (1999). Whereas the regional average for public spending on education as a proportion of GDP was slightly below the average of the OECD countries, private spending as a percentage of GDP in many countries in the region was higher than in most of the OECD countries.

### **(a) Families**

Families provide financing for education with expenses associated with the provision of books, transportation, uniforms, etc., opportunity costs of children and young people who do not provide income to the family due to their enrolment in school, tuition payments, and in rural communities through voluntary provision of inputs such as school construction, and providing school lunches. In order provide for the expansion of family support to education recorded during the last decade, countries should increase their levels of economic development with greater social equity. In the long run, this permits a larger number of families to possess resources to provide monetary support for the education of their children.

Options are available for channeling family spending in alternative ways that make possible a more progressive distribution of such resources. For example, there is the possibility of introducing private savings mechanisms or incentives for education, creating family savings channels for education similar to those that exist for other sectors (health and social security), in which State regulation can assure positive effects in terms of equity.

### **(b) The business sector and Corporate Social Responsibility**

The involvement of the business sector is vital when collecting funds, carrying out improvement projects, supporting implementation of curricular reforms, and supporting vocational and technical-professional education programs. There are few examples in the region of businesses collaborating with Ministries of Education in order to provide school infrastructure or technology. This kind of cooperation can be very useful because it can make use of economies of scale, the availability of materials and technologies already existing in the country.

In addition, framework agreements may be designed between schools and the private sector, with agreements for carrying them out, such as the provision of matching funds that complement resources obtained by the schools themselves. In order that this kind of support does not have a regressive impact, the State can play a compensatory role, intervening to complement resources obtained by each school with the value being inversely proportional to the social and economic level of the community in question.

An emerging and fruitful field is related to corporate social responsibility, with the involvement of diverse pressure groups —stockholders, investors, workers and unions, consumers, NGOs, and actors from civil society as a whole. Within the framework of corporate social responsibility, companies increasingly come to view their social investment activities from a strategic perspective, taking advantage of their skills and taking into account client expectations. A growing number of companies currently invest in skill-building activities and contribute to solved social and economic problems that have been identified and defined by the community itself. It is therefore very important to bring the business sector in closer contact with education systems. Association of the concept of corporate social responsibility with fulfilment of education goals represents and opportunity to bring more resources to meeting these objectives.



### 3. External resources

#### (a) Foreign debt and education

An increasingly frequent suggestion regarding possible sources of external financing is the possibility of converting part of the service of government debt into investment in education. This idea grows in attraction when one compares the weight of foreign debt servicing with the efforts made by governments in the region to increase their investments in education. Recently, some governments in the region have proposed in international forums that part of the servicing of foreign debt be re-converted into investments in education that can have a strong impact in terms of the achievement, efficiency, and equity of education. A forerunner of this concept is that of "debt for nature swaps" used to protect the environment, and forgiving the debts of highly indebted poor countries.

Undoubtedly, this kind of proposal is extremely complex and it is necessary to consider alternatives and mechanisms in terms of their mid and long-term systemic impacts, seeking to control undesirable effects and non-viable proposals.

Table 4 shows that, in general, the countries with lower education levels in the region are those that dedicate the lowest percentages of GDP for interest payments of national government debt. The exception is Chile, which pays the lowest proportion of its GDP (0.4%) to cover interest on its debt and is among the countries with the highest educational achievement. From this one may infer that in the countries with the lowest per capita income, forgiveness of debt interest payments would not be sufficient to finance the additional resources that they require to meet the education goals. These resources can contribute to finance additional public spending in the education sector —and in some cases in an important way, as in Nicaragua and Paraguay. But they represent only a fraction of the financing required in the rest of the low GDP per capita countries. This is the situation of Bolivia, El Salvador, Guatemala, Haiti, Honduras, and the Dominican Republic. Thus, we must explore other sources of financing in order to complement those that can come from the re-conversion of service of foreign debts.

Debt-for-education conversion is a possible, but limited path, and one which needs to be re-thought. The discount rates granted by the financial market to some Latin American debt instruments should be the bases of any additional effort in this matter. The challenge is how to link these resources to education. A distributive criterion should also be employed, giving priority as receivers of debt forgiveness or conversion programs those countries which require more resources in relation to their levels of GDP in order to attain the proposed goals.

Table 4

**LATIN AMERICA AND THE CARIBBEAN (22 COUNTRIES): PUBLIC EXPENDITURES FOR EDUCATION AND PUBLIC DEBT SERVICING, 2000**

Country	GDP per capita (1995 US\$)	Combined enrolment rates in pre-school, primary and secondary schools <sup>a</sup>	Total public spending for education as % of GDP	Public spending for pre- school, primary and secondary education as % of GDP	Annual interest payments on public debt <sup>b</sup>	
					% of GDP	(US\$ mill.) <sup>c</sup>
Argentina	7283	79	4.6	3.65	3.4	9124.3
Bolivia	941	63	5.5	3.85	1.9	147.3
Brazil	4324	72	3.8	2.98	3.9	28839.7
Chile	5790	68	4.2	3.66	0.4	368.0
Colombia	2285	60	5.1	3.58	3.9	3765.0
Costa Rica	3775	66	4.4	3.51	3.7	551.4
Cuba	3861	92	8.5	7.08	...	...
Ecuador	1682	68	1.6	1.47	5.9	1255.2
El Salvador	1756	49	2.3	2.09	1.3	141.6
Guatemala	1562	49	1.7	1.70	1.3	232.9
Haiti	436	38	1.1	1.09	0.5	18.8
Honduras	714	45	4.0	4.00	2.0	91.4
Jamaica	2009	84	6.3	4.39	...	...
Mexico	4811	75	4.4	2.72	3.0	14306.3
Nicaragua	800	48	5.0	5.00	3.3	134.7
Panama	3205	69	5.9	4.37	4.2	400.7
Paraguay	1552	65	5.0	3.49	1.1	95.1
Peru	2333	73	3.3	2.24	2.1	1285.8
Dom. Republic	2052	55	2.5	2.48	0.7	117.0
Trinidad and Tobago	5584	72	4.0	3.68	...	...
Uruguay	5826	68	2.8	2.23	2.1	403.6
Venezuela	3082	61	3.0	1.44	2.6	1965.4
Latin America and the Caribbean <sup>d/</sup>	3938	69	4.1	3.06	3.2	63244.3

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), based upon "World Education Compendium, 2003. Comparison of World Education Statistics", Montreal, 2003, UNESCO Institute of Statistics (UIS).

<sup>a</sup> Average net school enrolment rates at their respective levels.

<sup>b</sup> Average annual expenditures for interest on public debt, 1999-2001

<sup>c</sup> Figures are expressed in millions of 1995 dollars.

<sup>d</sup> Corresponds to country weighted averages.

It remains to be seen what institutional structure would be appropriate for managing debt conversion resources. One option that has been offered by the government of Brazil is to emulate the AIDS prevention program model, with an international deliberative council (with representatives of governments of some countries, international organizations, and of civil society), to which projects would be submitted. Within countries, it will be necessary to institutionalize a mechanism that could serve as a bridge between public authorities in education, finance, and foreign relations, maintaining substantive responsibilities for education authorities.

**(b) International cooperation**

International cooperation funds represent only a small portion of total expenditures on education within the countries that receive such benefits, considering the and private public expenditures of these countries. For the region as a whole, such cooperation represents between 2% to 3% of total expenditures for education. However, given the fact that national funds are used principally for salary payments and current costs, international cooperation offers practically the only source of resources for innovations and activities dedicated to improving education.

The member countries of the Organization for Economic Cooperation and Development (OECD) supply a large part of bilateral cooperation for education (that is, country-to-country flows), and the total amount of this source fluctuated on a global scale from US\$ 300 million to US\$ 450 million per year from 1997-2001. Of this total, bilateral aid from OECD member countries has made up more than 80%. In terms of multi-lateral cooperation, monetary support from international cooperation organizations for the development of education systems in the region has come from, among others, from international finance organizations such as the World Bank, the Inter-American Development Bank, the Japanese International Aid Agency, and the United States AID.

Due to the modest results obtained in education compared to those projected in a number of international cooperation plans that have been implemented within the last 40 years, there is a growing recognition on the part of various actors of the need to assess and to modify traditional cooperation structures. In order to carry out significant changes in regard to donating countries and their partners in order to optimize the impact of financial and technical flows, the following suggestions should be considered:

- Efforts should be based on realities within the receiving countries. The idea that "one size fits all" does not produce the desired results.
- A change is needed in the attitudes of donating countries and international cooperation agencies in order to move away from vertical imposition and toward a more horizontal relation of partnership.
- In order for cooperation to be effective, it should respect the priorities of the receiving country to the extent that they are compatible to international goals and policies. One should not insist on delivering international technical assistance through projects that are not integrated in the development plans of receiving countries.
- The donor-partner relation should be built on a predictable basis; one in which the commitment of the partner country is as important as the external assistance of the donor. Partnership relations should be developed that contain mechanisms for mutual accountability.

**(c) Greater use of international philanthropy**

Moreover, governments of the region can encourage the governments of developed countries to offer tax incentives to corporations, private individuals, or organizations that are disposed to donate resources through philanthropic channels. Among the OECD countries, there is a common practice of donating resources in such a manner. In the United States alone, it is estimated that in 2003, people donated nearly US\$ 250 billion through various initiatives. In public primary and secondary education alone it is estimated that in the last few years nearly US\$ 30 billion has been donated. A very small share of these resources reach Latin America and the Caribbean through philanthropic organizations that finance specific projects in the region.

Obtaining a greater proportion of such funds could be a diplomatic objective of Latin American and Caribbean countries. The region should make a sustained effort to increase its participation in these resources in order to meet education goals. To this end, institutions and private individuals in industrialized countries could be requested to donate directly to education programs aimed at meeting the education goals that have been set in the region. Such a proposal should be structured in such a way as to authorize tax benefits equivalent to or greater than those that education donors receive in their own countries. Implementation of such a policy would require appropriate institutionalization in order to offer guarantees that resources obtained in this manner would be channeled toward fulfilling the region's education goals. It is important that such institutionalization offer guarantees in regard to the proper use of the funds in order to support the poorest countries in the region or those which have the largest gaps between achievement and resources in regard to the agreed-upon goals.

### **III. MAJOR CHANGES IN EDUCATION MANAGEMENT**

#### **A. MANAGEMENT ASSESSMENT: WHY AND WHAT FOR?**

The better the management, the more financing can be attracted. In order to diversify sources of financing, funds must be efficiently managed and must produce the intended impact on society. It is therefore vital that the countries of the region significantly improve the management of their education systems.

Effective management of the sector does not involve concentrating responsibility in a single institution. On the contrary, the outcomes of education are the responsibility of society as a whole. Therefore, governments must have the political will necessary in order to generate the conditions and the mechanisms for direct citizen participation in all decision levels of management, from the national to the school level, from conception and design, through development and assessment. It is therefore important to assess education management in the region from a perspective that is learning and participation-centered, considering successes and failures of ongoing reforms in order to make corrections for the future.

For this assessment and management proposals we have taken four of the five strategic focuses of the Regional Education Project for Latin America and the Caribbean - PRELAC - placing emphasis on : school management at the service of effective learning of all students; social responsibility for education; schools as learning and participatory communities; and teachers and their active participation in changes in education. The synergies between these dimensions act to make school system management more effective in view of the achievement of the goals set for attainment by 2015.

#### **B. SCHOOL MANAGEMENT AT THE SERVICE OF EFFECTIVE LEARNING**

With comparable investments, some countries do more than others in managing educational processes and achieve better outcomes. In order to enhance efficiency and efficacy in the use of resources, school management must be improved. This involves the following challenges:

##### **1. Reorganization of the sector**

Efforts carried out to modernize government, or to "re-engineer" public administration, confront ministries of education and teacher unions that are resistant to change, made rigid by their own bureaucratic or corporative traditions. To this is added high turnover of individuals in decision-making and planning positions, thus limiting education policy continuity. In some Latin American countries, the average mandate of a minister of education is between one and two years. Frequent changes in leadership produce confusion and discontinuity in regard to goals and priorities. This, together with low salaries of education ministry permanent staff seriously hinders the attainment of quality institutional management.

There is therefore a need to move toward broad-based re-organization of the sector in order to make it flexible and open and able to manage and guide changes in a complex education system during a time of rapid changes in the forms and content of knowledge.

## 2. Opportune use of time and resources

Current spending used principally for the payment of salaries consume almost all of the resources of the education sector. In general, countries have only 5% to 10% of their budgets available for capital spending. Of this, most is spent on school infrastructure, including installations and basic equipment.<sup>2</sup> For this reason, in considering infrastructure supply, one should carefully assess and predict the proper number of schools for a given population, according to its territorial and age distribution. This demands using micro-planning mechanisms that take into account past trends and that is able to foresee localized growth of the population, providing stimuli for the efficient placement of community schools.

Although material resources and their management undoubtedly are important in the balance between the quality, equity, and efficiency of education, these matters have been little discussed and there is a lack of both pertinent information and rational allocation criteria. Current pedagogical models contain underlying assumptions that are not questioned. It is largely ignored that they determine, for example the design of school buildings and the choice of basic equipment.

Time in class is a key to learning. In most countries in the region, the school day and school year are too short. Moreover, the latter is interrupted by excessively long annual vacation periods. While private schools are increasing their number of class hours, public schools follow suite in very few countries, while in others, in-class time is reduced by time spent by teachers on necessary social assistance tasks with consequently less time available to concentrate on the learning process.

For these reasons, objective criteria and instruments must be used to the timely allocation and efficient use of human resources, infrastructure, and learning materials. It is also necessary to optimize time dedicated to the educational process in order to improve student achievement.

## 3. Decentralization and its impacts on learning

During the last two decades, many countries in the region have associated their education reforms with decentralization of management. Very few rigorous assessments have been carried out on the impact of such decentralization measures on student learning, and even these have in general arrived at disparate conclusions. It is considerably easier to measure the impacts of decentralization on intermediate phenomena such as the participation of parents in school-based activities, absenteeism of teachers and students, and resource allocation indicators than it is to measure impacts on learning. But it is on the latter that education system decentralization is justified.

Decentralization should aid in improving learning outcomes, add innovations, encourage parent participation in the education of their children, and increase accountability at various levels—for families, the extended community, as well as for the higher levels of ministries of education. However, such positive benefits have not yet occurred— or at least not with the magnitude necessary to influence student learning.

If the appearance of innovations is one of the potential benefits of the decentralization of education, ministries of education should formulate policies and programs designed to stimulate, award, and disseminate them. Various ministries have adopted policies that facilitate the support of education projects within schools (the so-called School Education Projects). These policies, which tend to be of limited duration, should allow for broader time frames, and should be

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<sup>2</sup> This refers to school building costs (construction, maintenance, and services), and their basic equipment (tables and chairs). Laboratories, books, and computer equipment are considered learning resources and are not treated here.

accompanied by technical assistance to schools in order to stimulate the creation of new approaches that schools can use to solve their problems.

#### **4. Resource allocation using criteria of quality, equity, and achievement**

Lessons learned through resource allocation experiences offer criteria regarding how and on what resources should be expended in order to have the greatest impact on the most at-risk groups and on effective learning.<sup>3</sup> First, it is necessary that the objective to be obtained with such policies be very clear —both in terms of group objectives as well as the estimated before/after impact. Second, it is not sufficient to increase resources; it is also necessary to change the institutional structure and the incentives offered to teachers and to schools. Third, all available resources should be used, particularly parents, students themselves, and the community. Fourth, it is important to remember that target programs designed at the central level are useful when one wishes to impact a relatively homogeneous student population that shares the same kinds of problems, but such programs do not allow us to establish differences between children or schools that face different types of problems or relative disadvantages.<sup>4</sup> Fifth, the most important priorities should be to improve the quality of teachers and to generate incentives so that the best teachers work in schools that have the students with the lowest achievement levels. Moreover, different pedagogical alternatives and technical assistance should be available to teachers. Sixth, it is important to implement periodic assessment systems that provide feedback regarding different strategies utilized so that they may be corrected and improved.

Current discussions reveal a disassociation with clear implications for the role of management in regard to cost-effectiveness and cost-efficacy of resources and for the distributive impact of investments. On the one hand, such discussions defend targeting resources on specific programs aimed at the most vulnerable groups; on the other, it is argued that it is necessary to revise education policies and resource allocation in order to bring the issue of equity with quality into the entire education system. An optimum solution probably lies in a combination of both criteria. Whatever the case, it is important to encourage discussion regarding the participation of schools which implement the policies.

#### **5. Information and knowledge for assessing processes and to monitoring changes**

One cannot efficiently manage a situation with which one is not familiar. In this regard, the region faces a lack of information and knowledge regarding key issues that influence managerial decisions. Many countries do not have an accurate count of their teachers. Often, enrolment statistics are only approximations, and there is no standardized system for collecting results and achievement. In some cases, key questions that effect the quality and pertinence of educational services are approached or discussed without the use of reliable and timely information. As long as information is spotty and unconsolidated, the quality of management will suffer. There will be no access to adequate diagnoses of critical aspects of education. Assessment will not be based on needs, and there will not be adequate knowledge available for developing long-term strategies.

In order to foster proper use of timely information that can be used to improve system management at various levels, each country must have possess the ability to collect statistics, carry out assessments, and do educational research. They must have access to a body of research on their respective school systems that allows them to guide changes and interventions.

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<sup>3</sup> See Pablo González, Alejandra Mizala, Pilar Romaguera, 2002.

<sup>4</sup> In this sense the participation of schools is important in the implementation of these policies when the student population is heterogeneous.

Advances in information and communication technologies, above all the internet, facilitate the production and dissemination of knowledge. They make such production and dissemination technically viable and economically feasible. Making information available to planners, administrators, and executors of the education system does not require large investments nor excessive training. It does require making sure that everyone has access to such information.

### **C. SOCIAL RESPONSIBILITY FOR EDUCATION**

The way in which public education systems in Latin America and the Caribbean were created has limited the participatory role of civil society. Although this question is mentioned in discussions regarding education reform in the region, to date such reforms have not succeeded in clearly defining the allocation of responsibilities in the management of education.

For this reason, it is necessary that social responsibility for education be fostered on the part of a broad set of actors—including parents, the education community, universities in education research and teacher training, ministries of finance, and legislatures in defining laws, norms, and education budgets, teachers and their unions, and especially ministries of education. Strategic efforts and mechanisms fostered by governments must be greater or more effective in order to produce real social responsibility for education outcomes.

#### **1. Participation of parents and the education community**

Community participation plays a very special role in education, since parents have an overwhelming role and interest in the education of their children. There is much information on the impacts that communities and parents who are involved with the education of their children can have on the teaching and learning process. Nevertheless, it is common that teachers and school administrators do not know how or do not wish to bring parents into the life of the school. It is necessary that parents possess mechanisms for effectively expressing their demands, inform themselves regarding the functioning of the school, have redress for grievances regarding the schools in which their children study (problematic school environments, teacher absenteeism, and others), be consulted regarding school planning and changes, and have tools available to support the class achievement of their children. Programs and activities must be adopted that are designed to attract parents to schools.

#### **2. The concept and application of accountability**

Greater school autonomy recognizes the importance of accountability, the object of which is to provide information that allows the community, authorities, and society in general to know if the school is fulfilling agreed-upon goals and functions. The system of accountability is associated to improvement in student achievement not only because it affords actors outside of the school—from parents to central planning and assessment agencies to demand pertinent and quality teaching, but also because it introduces into the school standards of commitment and monitoring that bring with them a greater sense of responsibility for school functioning and learning outcomes.

One of the major mechanisms used to establish accountability and responsibility for results is the provision of information on school achievement, measured through standardized tests. In this sense, many countries of the region have recorded considerable progress, allowing them to compare learning improvements through time. These tests have not yet been established



throughout the region. Information regarding achievement needs to be disaggregated by school. In so doing, the most successful schools in terms of pedagogical results (where factors such as student training are controlled) can be identified as well as factors associated with achievement.

### **3. Responsibility of ministries of education for results achieved in education**

Ministries of education within countries have the responsibility of assuring that the education sector and system can provide educational services with efficiency, quality, and equity. They should be accountable to society, strengthening quality assessment systems and the public dissemination of results, together with the communication media.

Beginning in the 1990s, various systems were created in Latin America aimed at carrying out this function. In the 1990s, various Caribbean countries began to put national assessment strategies into place. Assessment reports from 10 countries in the region (Argentina, Bolivia, Brazil, Costa Rica, Chile, Ecuador, Mexico, Paraguay, Peru, and Uruguay), show that most of these systems do not have direct consequences for schools. Besides offering information to the public, most assessment systems take as their primary mission the provision of relevant information to three specific publics to that it may be used in order to improve the quality of education. These public are: education authorities and decision-makers, school principals and school teachers; and families of students.

### **4. Social responsibility of universities for changes in education**

The goal of improving the quality of learning is intimately linked to improving the quality of teachers. This requires that teacher candidates receive up-to-date and pertinent university training. In this, the situation in most of the countries of the region is far from ideal. Universities should assume a key social responsibility in the training of trainers and in providing knowledge to the education system. This often involves a profound change in pedagogy courses and in the development of research activities for the production of knowledge.

Various studies show that initial teacher training has more impact than does in-service training. However, teachers are still trained using old curricular models. This results in the need to soon provide them with additional training once they begin their careers - something which is difficult due to the demands of their teaching loads. This leads to problems of the low impact of activities and an increase in costs. A pending challenge in the region is to establish effective mechanisms for universities to assume the social responsibility for the results of teacher training courses and for developing research aimed at meeting challenges related to student learning.

### **5. Social responsibility of finance ministries and legislatures for providing resources to improve education**

Finance ministries and legislatures are key public actors in the process of the allocation of resources to education through national budgets and in the assessment of their use. Programming and negotiation processes —within the framework of national fiscal policies— are complex and not always successful for the sector, given frameworks established in economic and monetary policies. Experience shows that the dynamic between the demands of the education sector and those of economic and finance sectors does not always move in the same direction, given the fact, moreover, that there is competition with other sectors that are also part of national development priorities that depend on receiving government funds.

In democratic processes, legislatures continue to assume greater responsibilities in the legal, normative, and budgetary design of public sectors. Education is not an exception to this process, and therefore requires a broad sense of social responsibility so that decisions taken in the legislative area contribute to the development of education within the framework of the commitments of EFA, Millennium Goals, and the focuses of PRELAC.

## **6. Social responsibility of teachers and their unions**

The traditional priority of teacher unions in the region has been salary demands. The most frequent issues in dispute between teachers and governments are related almost exclusively to salaries and working conditions, education budgets, teacher-related legislation —collective agreements of the sector— and other issues that regulate work within schools, training, and professional career enhancement.

The challenge is to foster greater dialogue among teachers and between them and their unions in order to promote cultural changes that result in a more holistic focus, including teacher training, the development of effective proposals for education that is renewed and eventually to assume responsibility for the results of education. On the other hand, ministries of education have the responsibility to design comprehensive policies for education professionals in close cooperation with teachers and their unions, assuring greater shared social responsibility for education.

At the same time, negotiation processes with teaching personnel must be linked to the commitment of the latter to the effective learning of their students. Social responsibility of teachers lies first of all in transforming classroom practices, since it is in the classroom, in the last analysis, that learning is at stake.

## **D. SCHOOLS AS LEARNING AND PARTICIPATORY COMMUNITIES**

Schools are where the formal education process occurs and where the greatest efforts of education management should be directed. Three basic processes are involved: those of teaching and learning; relations between different actors (teachers, students, parents, and school principals), and structure and functioning. These in turn are conditioned by the culture of each individual school; that is, the set of meanings, principles, values, and beliefs shared by the members of the organization that lends them a unique identity and determines and explains the behavior of the individuals that make it up and the behavior of the institution itself.

### **1. School management**

PRELAC recognizes that, "changes coming from above and from outside schools do not achieve substantive changes in student learning" in that "education practice is only weakly linked to the decisions of planners because it depends much more on the concepts, decisions, expectations, and practices of multiple actors within the school and the community". For this reason, the challenge is to foster flexible, democratic, and community-linked school autonomy.

It thus behooves us to concentrate greater efforts on management at the service of schools in order to transform into learning and participatory communities. There is growing evidence regarding the value added by schools in the sense that they can change —to a greater or smaller measure— variables associated with learning results by utilizing their own projects and the performance of their members.

The presence of parents as significant actors within the school system, together with the active and growing role of students and with learning processes strongly directed toward working in groups, produces meaningful and less hierarchical relations between parents, teachers, and school principals. This change occurs in schools that provide opportunities for new programs, whether received from the central level or created by through the initiative of the school community itself. In general, these are schools with a low turnover of principals and teachers who in turn possess leadership abilities and where both academic and administrative decisions are made with the full participation of different actors in the education system. They are institutions with an organizational culture in which the search for resources is constant and innovative, bringing together in an organized and harmonious fashion plans, vision, resources and communication between the actors.

## **2. Regarding school principals**

The role of the school principal is crucial. He or she should assume the post not only as one more professional career step, but as an ethical, intellectual, and functional challenge while being granted the opportunity to lead an institution and give it a direction. Most principals do not currently possess the preparation that will allow them to assume leadership, stimulate teachers, and open the school to the community. Nor do they have the necessary organizational skills. It is therefore necessary to strengthen their leadership and managerial capacity in order to effectively transform the culture and organizational climate of their schools.

## **3. Public/private combinations**

Frequently, the term "private education" is used to differentiate private financing from public financing. However for schools, the sources of public and private education are increasingly intertwined. In most of the countries of Latin America and the Caribbean, a proportion of tax funds are directed to private schools, while at the same time, public schools receive significant contributions from the private sector. It is possible, however, to make other distinctions, such as the public or private character of the land on which schools are built, public or private control over curricula, over admission requirements, or the degree to which the contracting and pay of teachers is determined in a public or private manner.

One may ask if private schools are better prepared to supply the demand for quality education, if they are more efficient, and if they contribute to strengthening the goals of equity. International assessments indicate some differences between public and private school in terms of academic achievement, although a more detailed analysis of national assessments should be a priority for research.

In general, there is no single recipe in regard to the participation of private financing in national education systems. There are, however, two important areas that invite more intervention on the part of the private sector. These are higher secondary and university education.

At the other extreme of the education system, if one wishes to assure universal coverage of pre-school education in Latin America and the Caribbean by 2015, together with strengthening the participation of women in the labor market, one way would be to provide stimuli by companies to the development of private pre-schools accompanied by a system of certification of quality of services and results, similar to the process recently begun in Chile.

A key element in regard to the public-private dynamic for financing is its impact on equity; that is, on equal opportunities for access and continuation within the education system for

boys and girls of different social and economic groups, ethnic origin, and geographical location. If the increase of private financing is made principally by families and this has a direct impact on the quality of education received by their children, the risk of the gap in educational achievement by social stratum growing instead of decreasing is clear.

### **E. TEACHERS AND THEIR ACTIVE PARTICIPATION IN CHANGES IN EDUCATION**

Experience in most Latin American countries as well as the results of various studies show that the individual teacher is one of the most important factors for education reforms to produce positive results in student learning and in the way the education is managed in systems, schools, and in classrooms. If on the one hand without good teachers change is not possible, on the other the professional and social situation of teachers is one of the critical points of education. Teachers are one of the most important causes of the problem; but they can also be the starting point of the most effective strategies for transforming education.

Although this recognition of the importance of teachers is heartening, there is also a persistent and simplistic attitude that sees improvement of the teaching profession only in terms of training or of higher salaries. Certainly, both of these are necessary. But by themselves they will not improve the quality of teacher performance nor the quality of life of teachers in a significant way. The teacher question demands a comprehensive understanding and approach involving fostering professional and human development as public and education policies of countries and to be reflected in strategies, programs, projects, and actions assumed as a social responsibility and sustained through time. Only good teachers, dedicated to the task of education, committed to their work and satisfied with their professional and personal achievements can guarantee that the efforts of social and financial investment are successful and that the entire population has access to a quality education.

Countries face the challenge of understanding professional and human development as the major pillar of education policy. It is necessary to foster on-going training of teachers in order to strengthen their craft and so they may possess the skills and conditions necessary for exercising their profession. We must bring the professional teacher back into the center of education. To do so, investment in the teacher question should be carried out in a systematic and comprehensive manner within a set of policies that bring together initial education, in-service training, salary policy (which includes salaries and incentives within a context of rights and obligations), participation, teacher performance, opportunities to demand and render accountability, teacher health, social well-being, cultural development, and other areas linked to their professional and personal satisfaction.

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