

**Improving the performance of the
education system**
**A Public Expenditure and Institutional
Review**

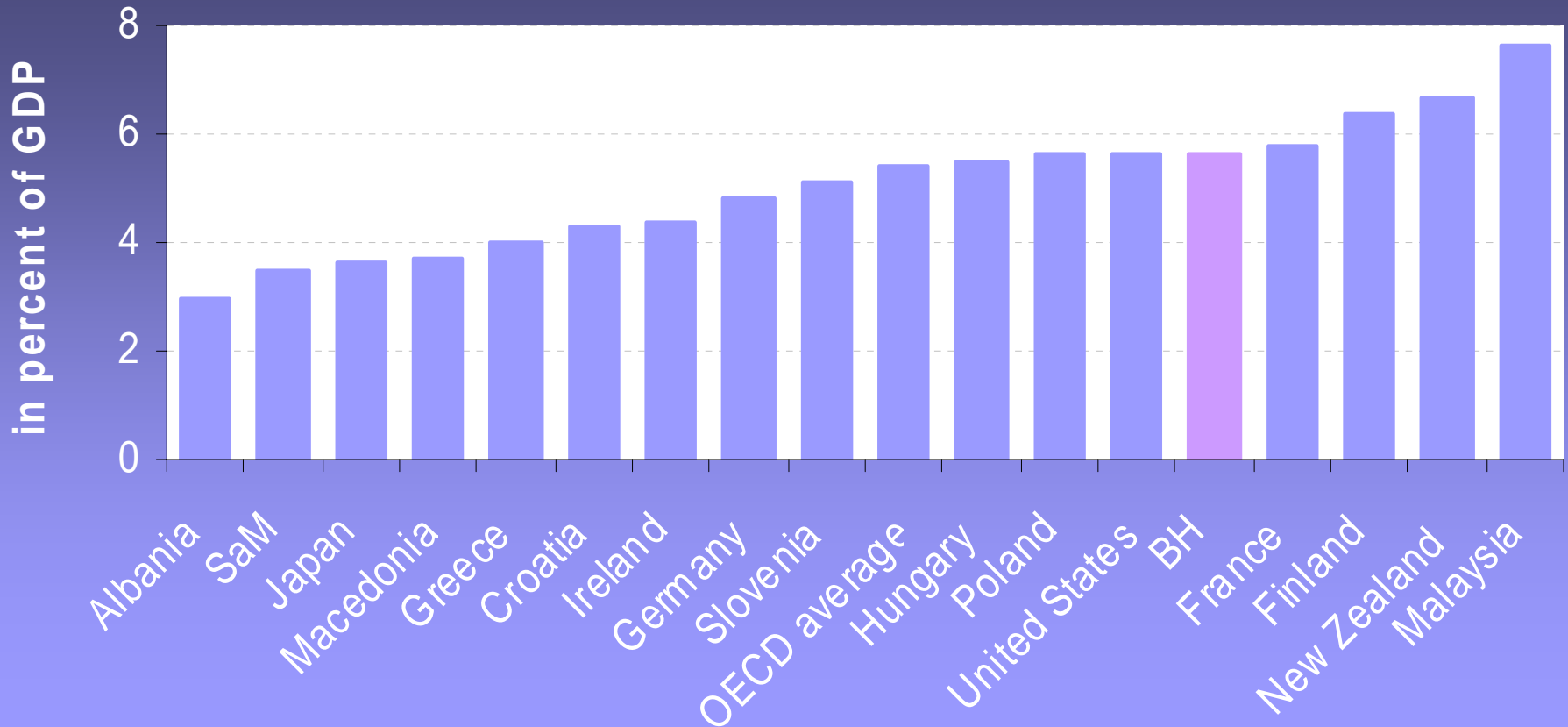
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Summary

- Inefficient education spending within an institutionally complex structure results in unacceptably low education outcomes.
- Meeting the challenges requires tackling of systemic inefficiencies before new resources are dedicated.
- Savings from improving efficiency within the sector could more than finance a package of reforms needed to meet the challenges

Complex, inefficient and inequitable structure results in education spending that is higher than average.

General Government Expenditures on Education



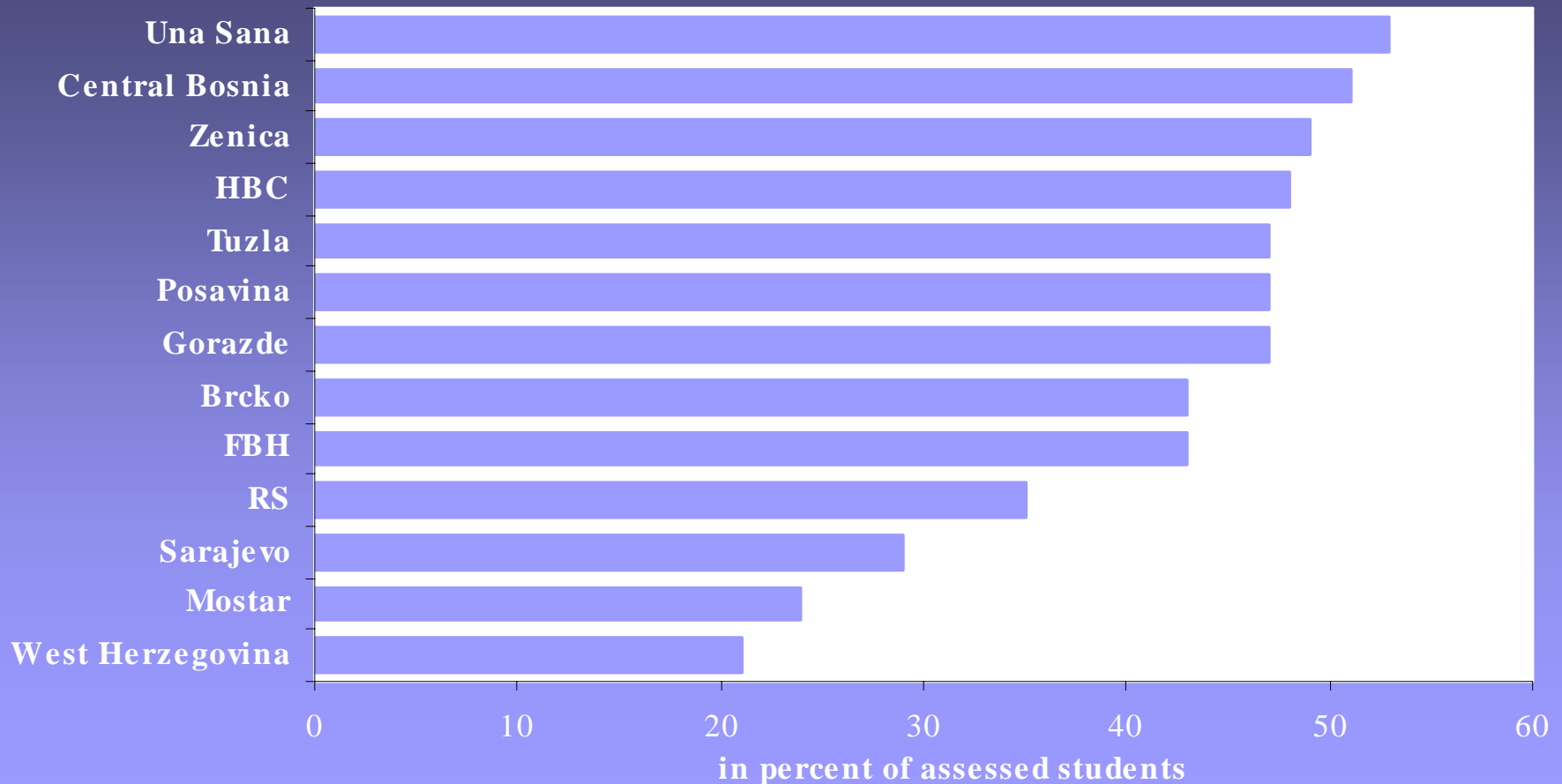
Wage bill takes a large share of overall education spending

Spending on Wages in Education



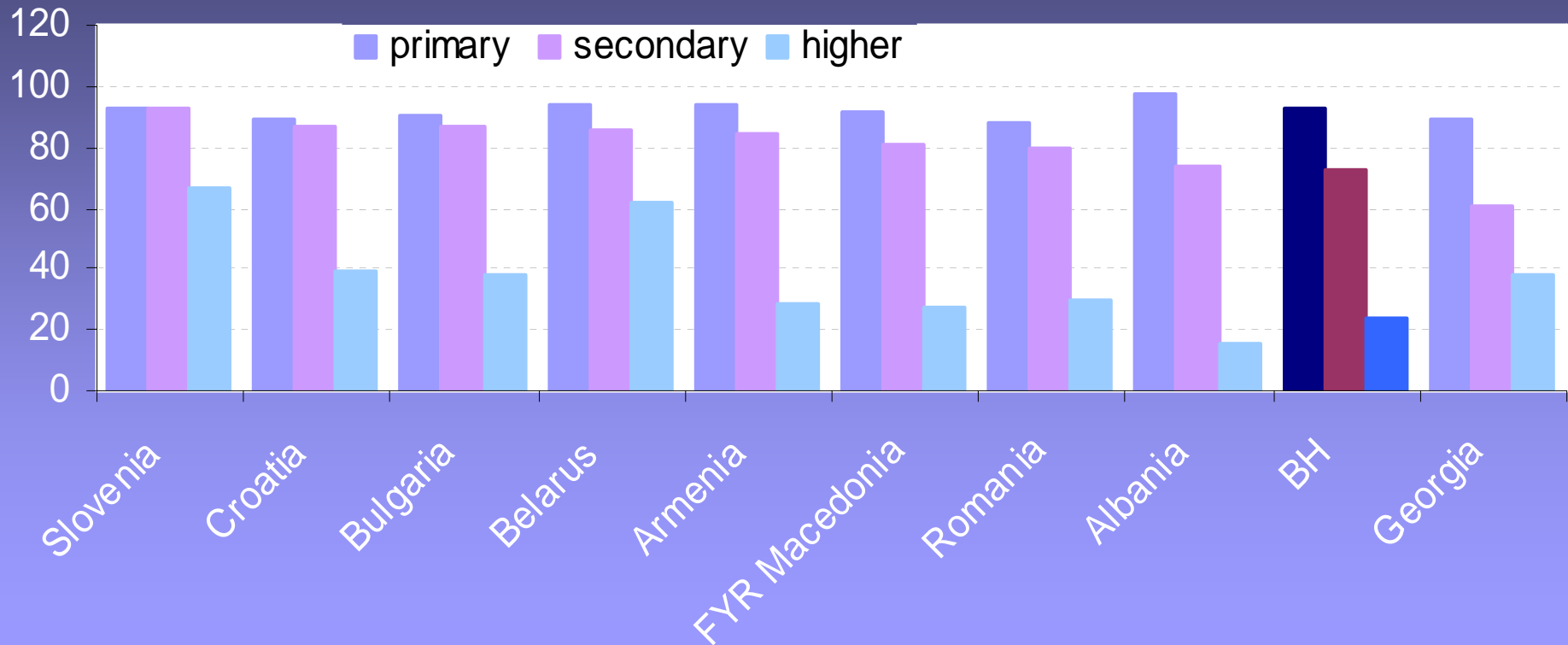
...but student performance is substandard,
with substantial regional disparities.

Percentage of students performing BELOW minimum acceptable standard in 4th
Grade Mathematics, 2003-2004



Secondary and higher education coverage is low...

Net Enrollment Ratios, Selected Countries



Key recommendations (1)

- Generate savings (as much as KM 700m) through:
 - Decrease teacher numbers in line with the decline in enrollments
 - Move to the recommended average class size for primary education
 - Restructure secondary education by increasing general education content, to reduce costs and improve its relevance
 - Implement per-student or capitation financing
 - Unify higher education management and increase fees for students who progress slowly

Key recommendations (2)

- ▣ Use savings to improve education outcomes by:
 - Investment in new learning materials
 - Teacher training, especially in core skills of reading, writing and mathematics
 - Cash incentives for students from poor families to attend school
 - Investment in equipment for secondary schools
- ▣ This package might cost KM 350m