

The Road Ahead

It is time to discuss the title of this report: “The Road Not Traveled.” This is obviously a provocative description that may elicit some protest. Is it meant to assert that little educational development has occurred in the region? That the region has not done any education reform? That graduates have not been put to productive uses to any degree? Or that the expansion of education has not had any social impact? These would be inaccurate statements. The report demonstrates that tremendous gains in education have been realized: most children benefit from compulsory schooling; quite a few have opportunities to continue their formal education; and learning outcomes are relatively adequate. The report also documents numerous past and ongoing education reform attempts, from pedagogical reform to decentralization and community participation. Furthermore, the report points out that accumulated human capital has served economic development to some extent: the region experienced periods of rapid economic growth and improved Total Factor Productivity (TFP), and was able, through migration, to generate substantial benefits from investment in education to the individuals and countries involved. Finally, fertility rates and a host of other social indicators have improved as education expanded, especially among women.

In short, past achievements are impressive, particularly if one considers the starting point of most mass national education systems in the region during the 1950s and 1960s. However, the report has also established that:

- An important gap exists between what education systems currently produce and what the region needs to achieve its development objectives. The region has produced fewer educational outcomes than many competitors, as measured by years of educational attainment in the adult population. The educational achievements to date are in part compromised by high dropout rates, and relatively low scores on international tests. Literacy rates are still low and the education systems produce more graduates in humanities than in science.

- Past and ongoing education reforms tend to focus too much on engineering education and too little on motivating the actors involved and enhancing public accountability. This deficiency threatens the future competitiveness of the region, which requires a different and continuously changing set of educational outcomes for a wider group of individuals.
- Finally, part of the human capital accumulated in the region is either wasted, in the form of high unemployment among graduates, or underutilized, mostly in government jobs. The region can no longer afford such a disconnect between education outcomes and labor-market demands.

Thus, the road not traveled in this report refers to the rest of the journey the region needs to make. This journey is a continuation in part of past reform efforts, but it is also in part a significant departure from past practices. It has two features: one is a new approach to education reform, and the other emphasizes closing the gap between the supply of educated individuals and labor demand.

The proposed approach to education reform has three components: (i) *engineering*, which ensures that the right technical inputs are in place and are used efficiently; (ii) *incentives* to promote better performance and responsiveness from those providing educational services; and (iii) *public accountability* to make certain that education, as a public good, serves the interests of the widest range of citizens. These three components, if well formulated and implemented, could take on the roughest terrain and permit the education systems in the region to meet the *new challenges and diverse demands* that they face. This approach is supported by the findings of chapter 6, which suggests that the countries within the MENA region that have made the most progress on all three components of the approach are also the countries that have been able to achieve better education outcomes.

Historically, most MENA countries, as explained in chapter 5, have placed greater emphasis on *engineering*, which served them well during earlier periods of educational development. Furthermore, the configuration of *incentives* and *public accountability* measures were specifically geared to the task of creating and maintaining a national mass education system. Most MENA countries adopted a command-and-control education management structure to establish, expand, and maintain schools, training centers, and universities. Such structures rarely established results-based incentives to service providers or created links of accountability to beneficiaries. As time went by, some countries realized the limits of this approach and began experimenting with new pedagogical innovations, private provision of education, decentralization, etc. How-

ever, the bulk of reform measures in the region have continued to be focused on engineering education, with little real change in the incentive structures or public accountability.

Today, these education systems must adjust from an environment where they can select their clientele to one where the clientele selects them—and this clientele has grown in size and diversity, has continually changing educational needs, and has become increasingly discerning. Moreover, the region faces a new set of challenges, as detailed in chapter 3. Knowledge is becoming the key to competitiveness, and the region has a “youth bulge” of a magnitude never seen before. Both factors are likely to place pressure on government resources to provide quality education to a large number of youth at the post-compulsory level of education. Meeting these new demands and successfully addressing these challenges require a new configuration of education engineering, performance-based incentive schemes, and avenues for public accountability that the region does not currently possess.

Fixing the education system is not enough, however, if investment in education is to contribute significantly to economic growth, better income distribution, and poverty reduction. This is why the second pillar is important. As explained in chapters 7 and 8, this pillar has two complementary components: (i) *domestic labor markets*, where most educational rewards are determined, and (ii) *external labor markets*, which can balance excess supply of human capital in labor-abundant countries with excess demand in labor-scarce countries. The outcomes in both markets ultimately depend on the overall economic and policy environment in which the economic actors operate.

Historically, the region relied on public sector employment as a way of absorbing the increasing level of educated citizens. Public sector employment was seen in some countries as a way of equalizing income, and in others as a mechanism for redistributing natural wealth. Meanwhile, the state played a significant role in the productive sector, leaving the private sector with very limited opportunities to innovate and flourish. Cumbersome and costly regulations were put in place, and most MENA economies were insulated from international competition. As a result, the region did not generate sufficient growth to create enough productive jobs for its growing and increasingly educated population. We argue that reforms in these areas are critical if MENA countries are to reap the full benefits of investing in education.

A similar observation holds with respect to external labor markets. Although the size of migration in the region has been relatively high, accounting for 6 percent of migration worldwide, this level of migration occurred despite significant market imperfections. Leaving political factors aside, migration has been hindered by widespread market failures

(e.g., information asymmetry, poor intermediation mechanisms, and imperfect contract enforcement) and national migration policies at both ends of the exchange. We argue that the governments of the region can play an important role in resolving these problems, with potentially large benefits to the collaborating parties.

In sum, although the MENA region has made impressive progress in the past few decades, the world has changed, and so have our expectations from the education systems. Today, it is no longer sufficient to simply enroll eligible children in schools; issues of quality and efficiency constitute pressing challenges for the education systems, including those in MENA. To meet these challenges, a new road must be traveled.

From Engineering Inputs to Engineering for Results

Engineering in earlier phases of reform was a relatively straightforward activity. Establishing equitable access required an accurate mapping of educational demand and the installation of buildings, teachers, and pedagogical materials. Demand was simple, predictable, and stable. Education systems were geared to ensure that everyone received the same educational service, and thus education management was essentially an exercise in ensuring that all component inputs remained in place and met uniform standards. Now education is supposed to meet the challenges of producing appropriate skills for global competition and a growing demand for post-compulsory education, which requires a shift from “command and control” to “coordinate and evaluate” management style. This in turn leads education authorities to develop new functions to manage and regulate partnerships, to diversify resources, and to ensure quality control of service providers (both public and nonpublic).

From Monopoly to Partnership

If educational authorities are not the only providers of educational services, then the management of education services becomes, in part, one of managing relationships with partners. This may constitute one of the most difficult considerations for educational authorities, who are used to having control over all inputs of education development. Whether it is through contracting with other parties (e.g., using private publishers to print and distribute textbooks) or through complementary provision of inputs (e.g., communities building schools and educational authorities providing personnel), education authorities must learn to *negotiate* the terms of partnership rather than *impose* them. This requires a different set of planning and implementation tools. Planning must be done in a

flexible manner that takes into consideration the priorities of potential partners. Partners can come in three forms: potential contractors, alternative providers, and complementary sponsors of educational activities.

Educational authorities in MENA are adopting new partnership strategies in a wide array of domains, but with a relatively limited scope. Contracting to other parties has been the most developed in the areas of textbook publishing and distribution and the provision of nonformal education. However, even in these areas, there are possibilities for considerably more experimentation. Furthermore, although private education has begun to develop throughout the region, the authorities responsible for accreditation and promotion do not always play the role of promoters and effective regulators. Many countries have been experimenting with the use of NGOs in the education sector, but, again, on a relatively experimental basis.

Diversifying the Revenue Base of Public Education

One of the more delicate aspects of mature education systems is that traditional sources of funding become insufficient. All education systems must eventually consider new ways of diversifying their revenue base. Fees for specific services (e.g., in-service training), co-financing arrangements (local government), and tuition may become necessary evils. If and when governments do decide to go that route, it is important that they have a clear strategy for dealing with equity concerns. It is also important to develop a different strategy for involving the private sector at each level of education.

Some MENA countries have allowed private sector provision of education without differentiating between levels of education. Moreover, many of those that introduced school tuition have not devised a system that ensures equitable access for qualified students who cannot afford private schools. On both counts, while resource diversification is important, it is equally important that these concerns be addressed.

In contrast to the private-tuition option, co-financing arrangements are relatively rare. For example, few countries mobilize resources from private sector actors, philanthropists, or local governments, although all could be convinced that their contribution would serve a variety of interests. There is room also for cost savings, for example, by competitively contracting certain activities, including the publication of textbooks and school maintenance, to the private sector.

Overall, the region faces a trade-off. To meet the expansion in demand for higher education and maintain quality, the easy way out for policy makers would be to continue to make no change in the current funding strategy of reliance on government. However, this option would

impose a burden on public finance and might be a detriment to the quality of education and its contribution to economic development. Alternatively, meeting the increase in demand, especially at the tertiary level, could be accomplished by mobilizing private funding while ensuring that those who are qualified but cannot afford tertiary education have access to government funding. Such a strategy would be consistent with international trends.

From Service Provision to Quality Control

Moving to incentive-based management of the education system, as will be discussed below, does not mean that the central educational authorities no longer have jobs. In fact, they would have the very complex task of ensuring that contracts are honored, results are attained, and quality is ensured. This requires establishing monitoring systems, evaluation capacity, and licensing and regulatory authorities.

With respect to *quality assurance*, many MENA countries have recently put in place mechanisms for universities, both public and private. This is a very promising development, as it provides the quality control framework necessary for countries to allow public and private universities to broaden the types of training and academic fields they can provide. Most countries are in the process of establishing this capacity, and thus it would be overly optimistic to indicate that such monitoring and accreditation capacity is truly in place.

As mentioned above, quality assurance of primary and secondary schools has essentially been provided through inspectorates. However, inspectorates were initially established to ensure that standards were met rather than to ascertain that outcomes were achieved. If performance-based grants, flexible teacher support services, and school accreditation are to become the additional responsibilities of existing monitoring services, inspectorates (or like organizations) will need to undergo a fundamental change in capacity, expertise, tools, and institutional culture.

From Hierarchical Control to Incentive-Compatible Contracts

In the face of the challenges of globalization, the increasing emphasis on the knowledge economy, and a significant increase in demand for post-compulsory education, education systems worldwide have depended more and more on *incentives* to educators, educational institutions, and other education-related service providers to improve the flexibility and performance of the services rendered. This evolution reflects the con-

clusion of the principal-agent literature, which suggests that managing results is usually more effective than managing inputs, and that this can best be achieved by aligning the interest of the agent with that of the principal. It also reflects the observation that the quality of instruction and the pertinence of what is taught depend more on the behavior and management of educators and managers than on any particular mix of inputs. In a world where the kind of knowledge and skills desired by citizens (and needed by the economy) is constantly changing, and where students come to school with an increasingly varied array of initial abilities and expectations, managing inputs to produce results increasingly becomes a logistical challenge.

Using *incentives* to change the behavior of educators, schools, or providers of other education services is not new in the region. The principal instruments used in most MENA countries to hold educational institutions responsible for results have been the inspectorate and hierarchical control. Also, many countries have put in place special incentives to attract and deploy qualified teachers to schools, particularly in geographic areas that are hard to service. Although these mechanisms continue to be important, they have also reached their limits. To promote the flexibility and performance of education actors, we argue that there are three areas where MENA countries can further improve incentive structures: (i) additional promotion of nonpublic provision of instruction and education-related services; (ii) greater autonomy and accountability of public education institutions; and (iii) the professionalization of teachers.

Promoting More and “Smarter” Nonpublic Provision of Education in the MENA Region

The principal criticism of any suggestion to promote nonpublic provision of education services is that it will be inequitable: only the rich will be able to afford good education and the rest will be deprived of a basic human right. But private education has one clear advantage: private schools can be more easily held accountable for results because the “client” (student, parent, education authority) usually has a choice. As long as the “client” has some way of measuring the relative worth of the education service (a big “if” in many education circles), then providers will be motivated to respond. Thus, private provision of education has its merits and demerits. Policy makers need to weigh the relative cost of making private schooling available to those who can’t afford it and the benefits that competition may provide, in terms of the quality, diversity, and responsiveness of instruction. Below, we discuss the potential for private providers in the MENA to improve educational outcomes.

Private schools. Private schooling in the MENA region is undergoing a clear boom. Until recently, MENA had some of the lowest rates of private schooling in the world. Except for some outliers (Lebanon, Jordan, and Kuwait), few countries had a large private formal schooling sector across all levels of instruction.

This is quickly changing. Throughout the region, private universities, professional schools, and specialized post-compulsory schools and training centers (e.g., language instruction, computers and information sciences, business, and accounting) are opening in virtually all MENA countries at a quickening pace. Also, many countries have passed new laws to make it relatively easier to open and operate private schools. The problem is that the expansion of education in the MENA region seems to be across all levels of education in the countries that opted for that strategy. This trend stands in contrast to the experience of East Asia, where governments committed themselves to basic education and encouraged private sector provision in tertiary education.

Also, in some countries in the MENA region, suspicion concerning private institutions of instruction, particularly those with international links, remains. This reluctance to allow these schools to flourish comes with a clear cost, particularly with regard to the development of post-compulsory levels of instruction where competition and accountability are easier to establish (through, for example, employment rates of graduates, earning capacity of graduates, acquisition of specific skills, etc.).¹

Furthermore, these institutions are often more flexible than publicly run schools, as they are able to change structures, programs, staffing, and pedagogical approaches more easily as demand evolves. This is particularly important for post-compulsory levels of instruction, which are required to adapt quickly to labor-market signals.

Other nonpublic providers of education services. MENA has had considerable experience with nonpublic providers of educational services aside from private formal schools: textbook production by private publishers; nonformal education provided through NGOs and associations; and nonpublic providers of both pre-service and in-service vocational training.² It has long been recognized throughout the region that these types of providers are more nimble, particularly as the beneficiaries are often more difficult to reach or mobilize, or the product (such as schoolbooks) needs to be quickly modified and distributed. Our survey of programs to reach out-of-school youth, for example, has indicated that nonpublic providers are more effective at reaching this population.

One area where the promotion of nonpublic provision has particular promise, and where many MENA countries have still done little, is vocational education and training. Currently, pre-service VET has a relatively negative reputation in the region, because vocational schools tend

to receive lower-performing students and rarely do much to increase employability. However, VET has a very important place within a lifelong learning framework, particularly when the objective is to further integrate into the global knowledge economy. In many countries worldwide, VET status, attraction, and impact have improved when there has been a clear demarcation of responsibilities, with training provision essentially the domain of the private sector. This is a model that more MENA countries should consider as they address the changing demands for human capital in their labor force.

As demand for services becomes more diverse and dynamic, the comparative advantage of nonpublic providers can be expected to increase. Providing instruction to out-of-school youth, unemployed graduates, adult workers requiring new skills and competencies, and specific populations that, for whatever reason, have had little opportunity to pursue formal compulsory schooling constitutes a massive clientele with a daunting array of needs. It would be useful for MENA education authorities to look first to the nonpublic sector to address these various needs.

BOX 9.1

Learning from Successful Private Schools: The Case of Fe y Alegria in Venezuela

This example highlights the effectiveness of private provision of education through school decentralization, school autonomy, and flexibility of teacher contracts. It also suggests that school climate is important for achieving good results.

Originally started as a Christian educational institution to reach out to disadvantaged youth, Fe y Alegria has grown rapidly and now covers 1.2 million students in 15 Latin American countries. While this private school does not have higher per-pupil spending than public schools in Venezuela, students in Fe y Alegria perform significantly better than students in other schools. Students at Fe y Alegria score higher on both math and verbal exams in the Prueba de Aptitud Académica (PAA), the secondary education exit exam, which is essentially the same as the SAT in the United States.

Research attributes this success to: (1) the school management structure (characterized by decentralized fund management and higher autonomy practiced at schools); (2) labor contract flexibility in teacher employment; and (3) a positive school climate described as “family feeling,” a strong sense of belonging, which was reported by students, teachers, and administrative personnel (Allcott and Ortega 2007). Although wages are relatively low in Fe y Alegria schools, teachers seem to have higher incentives and a commitment to teaching.

Source: Allcott, H., and Ortega, D. 2007. “The Performance of Decentralized School Systems: Evidence from Fe y Alegria in Venezuela.” Washington, D.C.: World Bank.

Incentives to Improve the Performance of Public Education Institutions in MENA: Greater School Autonomy and Accountability Are the Answer

Throughout the world, education authorities are increasingly delegating more responsibilities to schools, universities, and training centers to mobilize and manage the inputs necessary to address local circumstances and changing demand for education services. There is obviously a wide range of experiences and configurations in this regard. However, the consensus is clear: the best place to decide how to meet the needs of students is within the school itself. This is increasingly the case when it comes to complex demand. More autonomous public schools have three features of note: (i) greater use of performance-based agreements tied to resource allocations; (ii) the possibility of diversifying sources of revenue; and (iii) the margin of freedom of schools to acquire and manage resources as they see fit to meet expected results.

Some MENA countries have begun experimenting with public school autonomy through performance-based grants and providing school directors more decision-making power in the areas of pedagogy, student promotion, and school finance. However, most initiatives are quite recent and timid, with few schools yet given much real freedom of action. Often, these programs only concern a relatively circumscribed number of schools. Egypt, for example, is often praised because of its community school experiment; however, only a small number of Egyptian schools have participated as of today. The area where schools and school directors continue to have the least prerogative is teacher management. Teacher careers continue to be determined for the most part through standard civil servant regulations, with little regard to actual classroom performance. This often undermines the management authority of school directors and even district or regional authorities. It also limits the potential autonomy provided in other domains, as teachers may not be required to follow school directors' initiatives to change pedagogical approaches, implement new programs, or react to indications that performance is weak in specific areas.

The reluctance to establish fees for public basic education is a common and understandable position held by most MENA countries. However, there are other ways to diversify revenues for primary and secondary schools: partnerships with the private sector, local associations, and local interests (including local government, chambers of commerce, etc.) are increasingly common ways of providing schools with a greater margin of maneuver. As discussed in previous sections, local partnerships have contributed greatly to increasing enrollment in rural areas and reducing the gender gap. However, here too, MENA education authorities

have been quite tentative, with partnership experiences usually limited to school construction in rural areas or pilot projects.

University autonomy is on everyone's agenda in MENA. However, few MENA countries have in fact gone far in turning public universities into more autonomous institutions. The examples of Morocco and Tunisia are telling: the new laws give a wide range of responsibilities to universities to charge fees, sell services, organize new fields of study, and manage resources autonomously. There has yet to be much movement in operationalizing these new opportunities for autonomy, however.

Some countries are starting to establish grant mechanisms to support efforts of universities to improve the relevance and quality of instruction. These grants pay for the establishment of new programs, staff upgrading, new equipment, etc. However, these initiatives have also just started to be implemented.

At this level of instruction, several MENA countries have introduced fees and tuition, thus broadening the revenue base of their universities. In these cases, the universities have had more opportunities to develop new programs and reinforce the quality of existing ones. However, other forms of resource diversification, such as partnerships with industry, local government, and contribution of philanthropists, are relatively rare in the MENA region.

Incentives to Improve the Performance of MENA Teachers: Turning Civil Servants into Professionals

Teachers are at the center of education systems. Rather than simply present a standard set of materials to a group of students, teachers are now expected to continuously evaluate the learning needs of all their students and adapt appropriate methods accordingly. To meet demand in the past, they functioned much like factory workers along a production chain, delivering a range of skills and knowledge to a homogeneous group of students. To meet the new demands on education, teachers are now expected to function more like physicians or lawyers, applying diagnostics and crafting responses according to the specific needs of the students and the environment.

If the onus of responsibility now lies with the teacher, how can we ensure that teachers have the right tools and incentives to produce the best outcomes? The use of incentives for individual teachers based on student outcomes is controversial worldwide. The difficulties of linking the average performance of students within a classroom to a particular teacher are legendary. However, many countries throughout the world are experimenting with incentives to teachers to work more effectively as professionals in two ways, both of which could be of interest to MENA authorities.

First, incentives have been given for teaching teams (sometimes school-wide, sometimes to a specific department) to work together to improve quality outcomes in their schools. Usually via school-based grants, the teams are expected to work together to meet certain agreed-to objectives. Second, incentives have been provided for teachers to continuously upgrade their skills and competencies, as part of requirements for continued accreditation and promotion. Rather than depend on seniority alone to determine promotion, teachers are expected to participate in programs that address skill needs identified on an individual basis.

Neither approach is applied in the MENA region, except through individual pilot experiments found in some countries. This is perhaps the one area where there is the greatest potential for growth and change. Turning teachers into professionals, rather than workers, will be the biggest challenge facing MENA countries as they attempt to meet more complex demands for education.

Accountability to the State versus Accountability to the Public: Education Has a New Boss

As argued in chapters 4 and 6, the potential for *public accountability* in the education sector is determined to a great extent by the overall governance environment within a country. If there is a general culture of and mechanisms for accountability of public officials and public services, these are often adapted to the education context. For example, overall opportunities for public debate will allow reform advocates to place education reform on the public agenda; and more judicial oversight will provide avenues for individuals and communities to obtain their deserved educational opportunities. Also, with a more general environment of public accountability, it will be less likely that disagreements over education policy or the functioning of education systems will need to be addressed through extra-institutional means (such as favoritism, student and teacher strikes, or avoidance of public schools by certain populations).

More specific to the education sector, *public accountability* can be approached along three dimensions. First, institutional mechanisms can be put in place to ensure a more “level playing field” for stakeholders to influence educational policy, resource allocation, and service delivery. These mechanisms can be developed by government or by civil society. Second, public accountability mechanisms can be developed at either national levels or at points of service delivery (schools and universities). A third and critical element is information, without which public accountability cannot effectively be practiced.

Institutionalizing “Voice” in the Education Sector: From the Government’s Perspective

Vehicles of public accountability put in place by government are usually of three types. First, agencies or fora can be created by government to debate and monitor education policies and priorities (these usually have a wide participation of civil society, government, and sector representatives). As discussed in chapter 6, these can take different forms, such as consultative events, parliamentary oversight committees, advisory committees, etc. These fora may have the mandate to elaborate, propose, and/or endorse policy options. Second, there are agencies or organizations whose job is to ensure quality control, through the setting of standards, monitoring, evaluation, and/or the treatment of grievances, which also include the participation of non-governmental stakeholders. Finally, there are public affairs offices of education ministries that disseminate information to the public or respond to public requests. These vehicles can exist at national levels (national advisory boards) or the level of the establishment (university councils, parents’ associations).

MENA has had considerable experience with these types of institutions, which have tended to include wider stakeholder representation over time. Also, many MENA governments have become increasingly sensitive to the need to communicate with education stakeholders (teachers, students, parents, employers) to explain reform efforts and collect feedback, thus creating public affairs bureaus and investing in public information campaigns.

However, one of the main shortcomings of these types of institutions is that they are essentially *government*-sponsored spaces for the public to contribute to the education reform process. Parents’ associations are regulated by the ministry of education; conventions are attended by invitees of the minister; public affairs offices are housed in government offices. This does not mean that they are necessarily unrepresentative or unable to confront education authorities or service providers; however, it does indicate one of the potential weaknesses of this type of approach.

Institutionalizing “Voice” in the Education Sector: From Civil Society’s Perspective

Independent from government sponsorship or support, civil society can also put in place vehicles of public accountability. These usually serve the functions of advocate of certain education policies or priorities and/or “watchdogs” over implementation and compliance. In both cases, they are usually fiercely independent from government and some of their legitimacy can in fact stem from this status. As discussed above, recent re-

form efforts in many countries outside the MENA region have been spearheaded by civil society organizations, networks, and “champions.” At national levels, they can take the form of professional associations (of educators, for instances), nongovernment research institutes, and organizations spearheading the interests of certain stakeholders who have a common education interest or agenda (a particular minority group, business interests, “concerned citizens,” etc.).

MENA does not have a strong tradition of this type of public accountability in the education sector. Independent education-research institutions, stakeholder associations (e.g., professional educators, parents, employers, etc.), and networks promoting certain educational agendas (e.g., lifelong learning, opportunities for dropouts, changes in curricula) are quite rare in the region. Such entities have proven essential for the success of educational reforms in many other developing and developed countries, particularly as they address complex demands for education.

Information, Information, Information

An accurate, credible, regularly updated, and detailed information system is required to effectively use incentives to improve educational outcomes, as well as to ensure that all vehicles of public accountability function on the basis of a firm foundation. Equally important is the capacity to transform, analyze, disseminate, and use education information effectively.

Education information systems tend to be weak in the MENA region, as demonstrated by the many gaps in basic educational data available to the public. Even simple information on student outcomes, attendance, dropout rates, teacher absenteeism, teacher training, and qualification needs is not readily available to school, district, and national education managers on a timely basis. Also, even when available, the information is not always used to correct the distribution of inputs or to change the content of programs.

In addition to more standard information on education inputs, information on educational outcomes is particularly absent. Counting students is not the same thing as assessing results, both within schools and after graduation. In the education sector worldwide, impact evaluation generally remains an infant industry and this is no exception in MENA. We note one area where there is important progress in this regard: MENA country participation in TIMSS and PIRLS. Greater use of the information generated by these exercises by planners and managers in the sector would be a natural next step for those countries that have been involved in these endeavors.

However, even the best information is useless if it is not made available. First, availability creates avenues of verification and correction.

Second, it is the basis of public accountability. When the public is not informed of educational outcomes, they do not have the basis for judging the effect of reforms or the performance of their schools. Not only does this curb the effectiveness of vehicles of public accountability, it also undermines a government's own credibility with regard to its education agenda. Information is the fuel of all education systems; improving its accuracy and availability will make for a sector that performs much better.

BOX 9.2

Information is a Key to Promoting Accountability in Education: The Case of Uganda

As part of Uganda's Public Expenditure Tracking Survey (PETS), the media played a critical role in raising public awareness about accountability in education. In the mid-1990s, PETS data proved that only 20 percent of central government spending actually reached the schools. It also revealed that local government officials and some politicians in charge of disbursing school grants captured a large amount of these grants.

To combat this resource leakage and corruption at the local level, the central government launched an information campaign using newspapers. Information on school grants (details of the grant program, the timing and the amount of monthly transfers to local governments, etc.) were published and became widely available to teachers, parents, and community members. As a consequence, the public became highly aware of local government activities and more involved in monitoring education resource distribution (Reinikka and Svensson 2004a).

After the initial PETS, the Ministry of Education expanded the information campaign to promote accountability in public fund management. Through this movement, accurate and detailed information became available to the public, both at the local and school levels. This resulted in a significant reduction of corruption as shown in data from a successive PETS conducted in 2002, which revealed that schools received an average of 80 percent of their annual entitlements (Reinikka and Svensson 2004b).

This case from Uganda is a good example of how improved access to information plays a key role in improving transparency and accountability in education. Providing information to teachers, parents, and community members strengthened their voice and involvement in monitoring public expenditures. A follow-up study found a strong correlation between proximity to a newspaper outlet and a reduction in the diversion of school funds (Reinikka and Svensson 2004b). It provides firm evidence that improved access to information significantly reduces local capture.

Source: Reinikka and Svensson (2006a, b).

Synchronizing Human Capital Accumulation with Labor Demand

The accumulation of human capital is expected to contribute to faster economic growth and, under certain conditions, to better income distribution and lower poverty. A positive relationship between these variables is not assured, however. The breakdown occurs when labor market outcomes are characterized by high unemployment and/or under employment, leading to low productivity and low rates of return to education.

The analysis of chapter 2 shows that the MENA region has not been able to fully capitalize on the progress made in increasing the level of human capital in the labor force over time. Acquiring more education has not always been translated into higher standards of living for the individuals who invested in education, nor to the economy at large. Indeed, the region is characterized by two separate but mutually reinforcing labor-market features that have lowered the economic returns to investment in education: rising unemployment has meant that fewer (than potentially employable) workers are contributing to productive activities, and the lower (than average) productivity of those employed has meant further reduction in the productive capacity of the labor force. We argue that domestic labor markets and migration policies are responsible for this outcome. A policy shift on both fronts is therefore necessary.³

From Government Employment to Employment in Dynamic Private Sector Led Activities

Several policies have contributed to poor labor-market outcomes and low returns to investment in education. Employment policy in government is one, which has led to a suboptimal use of labor and created expectations that could not be fulfilled. This policy was coupled with relatively low levels of job creation by the private sector in new and dynamic activities. In turn, limited private sector activities were essentially the product of excessive and costly regulations, limited openness, and low confidence in macroeconomic policies. These policies collectively meant that those who could not afford to be unemployed or to wait for a government job, even if well-educated, had to seek jobs in the informal sector. These jobs tend to be low productivity–low income jobs.

Recognizing the above constraints, many countries in the MENA region have abolished the policy of job guarantees in government. They have initiated far-reaching economic reforms to improve the investment climate for the private sector. They have made significant progress on opening up their economies. And they have embarked on reforms to make the labor market more flexible. Nevertheless, the reform agenda is

far from completed, especially in comparison with the dynamic economies of East Asia and Latin America (see for example the *Doing Business* report 2006). One important implication of all of this for the education sector is that, until sufficient progress is made to create productive jobs in the dynamic sectors of the economy, further expanding the education systems in the region may be counterproductive.

From Migration by Default to Coordinated Migration

Labor mobility in the MENA region has served both the hosting and exporting countries reasonably well in the past. Without labor mobility, unemployment in the region would have been higher and the returns to education would have been lower than observed. Yet, this positive outcome was possible despite an array of migration policies and practices that do not encourage migration. Beyond restrictive migration policies in both the hosting and sending countries, cross-border labor markets fail because of severe problems with information asymmetry, weak intermediation, and poor contract enforcement, all of which are exacerbated by concern for national sovereignty and high transportation and transaction costs.

The above problems cannot be resolved by market forces alone, nor can they be addressed fully by the private sector. Collectively, governments of both the hosting and home countries could benefit from concluding bilateral or multilateral agreements on an orderly migration and return migration of workers. They could further coordinate their education systems in such a way as to ensure that the graduates of the exporting countries have the skills most in demand in the host country markets. Third, they could reform their migration policies internally, to make it easier, less costly, and safer to migrate.

Getting Started Down the Road of Reform

The modern history of education reform in MENA is a tale of brazen ambition, struggle against internal and external odds, unintended consequence, tactical error and success, accomplishment, and unfinished business. It is also the story of the interaction of competing visions of the purpose and ends of education, pitching global trends in education strategy and content against age-old education traditions. Along this tumultuous path, the region should indeed be proud of its accomplishments.

However, all over the world, the organization of education systems is changing on pedagogical (student-centered and competency-based learning), structural (lifelong learning), financing (diversification of funding), and managerial (decentralization and coordination) fronts to

keep pace with the changing place of human capital in the development equation. Hence, the success of future education reform programs will require a change in tack. It will require a sharing of responsibility among sector authorities, potential service providers, and civil society. In other terms, it will require a new balance of *engineering*, *incentives*, and *public accountability*.

Experience also shows that the returns to education can be compromised if the system continues to produce graduates that are not in demand. No matter how qualified these graduates may be, the real returns they make on their investment in education and the contribution they make to the economy depend on the employment opportunities they have, either locally or abroad. In turn, job opportunities are a function of what policy makers do or do not do to promote growth, trade openness, and labor mobility across nations.

On both fronts, education and economic reforms, most MENA countries have initiated significant reforms. However, innovative education reforms remain partial and timid. Compared to other regions in the world, MENA has generally not been as willing to “let go” of education-development strategies based on command and control, which have proven both their worth and their limits. Also in comparison with the same set of countries, economic reforms in MENA continue to lag behind. In a world where what matters is not only what a country does, but also what its competitors do, a more rapid pace of reform is a must.

The above generalizations obviously do not apply equally to all countries in the MENA region. Indeed, the analysis of chapter 6 illustrates that some countries have carried out more education reforms and achieved better results than others. A similar statement can be made about the magnitude and nature of economic reforms. Thus, the reform agenda for each country is likely to differ, depending on these initial conditions. However, the broad point and principal message of this report is that MENA has yet to fully embark on the road of reforming its education systems to satisfy its development needs. It also has yet to catch up with the more dynamic economies of the newly industrialized world. The purpose of this report is to provide input to policy makers to consider in traveling that journey.

Endnotes

1. One of the legendary ironies in many countries of the region (Egypt, Morocco, Tunisia, and Algeria, for example) is that parents are willing to spend generously for private tutoring of their children but not for private post-compulsory education.

2. This does not count private tutoring, which is quite prevalent in the region.

3. Clearly, the focus here is on the factors that most immediately impact the returns to education, namely labor markets. However, the outcomes in the labor markets also depend on the broader policy and institutional environment in which economic agents operate. Thus, macroeconomic policies, industrial policy, and policy stability and credibility are all important determinants of labor-market outcomes.

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