Chapter One

THE EDUCATION SYSTEM: POLICIES, ENROLMENT AND ORGANIZATION

1.0 Introduction

1.1. The Sri Lankan education system has been celebrated in development policy circles and the economic literature for its success in providing widespread access to primary and secondary education and enabling the country to attain comparatively high human development levels for a low income economy. Up to the early 1990s Sri Lanka enjoyed the highest basic social development outcomes relative to per capita income among virtually all developing countries [see Kakwani (1993), UNDP (1998)]. This achievement was the result of strategic public policy decisions, over several successive generations, to invest resources in education, health and other social services.

The Sri Lankan policy makers who designed the basic framework of the education system, in the 1930s and 1940s, were far ahead of their time in viewing human capital as a promising investment with the potential to produce a wide

Figure 1.1. Adult Literacy Rates in Relation to National Income per Capita, 1987-1990

range of important economic and social benefits [see Sumathipala (1968) Jayasuriya (1969)].

1.2. The leading position among developing countries enjoyed by Sri Lanka in education, up to the early 1990s, is illustrated in Figure 1.1, which shows the adult literacy rates of developing economies against their per capita incomes. Actual literacy rates are plotted on the graph, and the predicted literacy rates based on per capita incomes are shown by the regression line. Among all developing countries, as recently as 1987-1990, Sri Lanka had the highest literacy level relative to per capita income, with an actual literacy rate more than two standard deviations above the predicted rate given by the regression line. More recently, however, this advantage in education and literacy has been lost as other countries also invested heavily in basic education and attained high levels of literacy. The lost advantage is illustrated in Figure 1.2, which shows the adult literacy rates of developing economies against their per capita incomes in 2001. At this recent date, there are several countries with higher actual literacy rates relative to their predicted rates than Sri Lanka’s. Sri Lankan policy makers are aware of the country’s lost education advantage, and are in the process of producing a set of wide-ranging policy initiatives to advance and develop the education system to an internationally prominent level again [see NEC (2003)].

1.1 The Policy Framework and Organization of the Education Sector

Overarching policy objectives.

1.3. The education sector has three cardinal policy objectives.

a. Providing universal access to primary and secondary education, combined with full enrolment and completion of the compulsory basic education cycle (grades 1-9).

b. Attaining high levels of education quality, measured in terms of cognitive achievement, subject content mastery, and broader outcomes such as good team work, a disciplined work ethic, a positive, solution oriented approach to problems, ability to take initiative and display dynamism, able leadership, effective communication, and respect for diversity in the context of a multi-ethnic, multi-religious society.

1. Some of the low income countries above Sri Lanka in Figure 1.2 are former planned economies whose per capita income levels fell from much higher levels during their transition to market economies during the 1990s. Hence, the number of countries which have actually overtaken Sri Lanka is overestimated in Figure 1.2. However, the leading position occupied by Sri Lanka up to the early 1990s has indeed been eroded, as other countries have caught up and surpassed Sri Lanka.
c. Producing high quality human capital and human resources capable of making a powerful contribution to human development, economic growth and poverty reduction.

**Organization of the education and training system**

1.4. The education sector is organized into four major stages [see Figure 1.3]. The earliest stage, catering to children aged 3-5, is that of Early Childhood Development. This stage is mainly outside the formal government education system, with virtually all pre-schools, such as nurseries, kindergartens and Montessories being in the private sector. The second stage is that of formal schooling, with primary (grades 1-5), junior secondary (grades 6-9) and senior secondary (grades 10-13) education cycles. Compulsory basic education covers the primary and junior secondary education cycles, grades 1-9. The third stage is that of vocational training and technical education. Entry is open to the vocational and technical levels of the training sector from two points in the formal school system, at grade 9 upon completing basic education and at grade 11 upon passing the GCE O/L examination. The fourth stage is that of tertiary education and training, with entry open to students successfully completing the GCE A/L examination, the highest level of senior secondary education, or graduating from a technical institution. There is considerable horizontal mobility at the tertiary education level, with only entrance to public universities restricted to GCE A/L completers.

1.5. The Sri Lankan education system has followed the classical recipe of development policy in two important respects. First, it has emphasized the importance of public financing and provision of primary and basic education to the entire population. This visionary emphasis, commencing in the 1930s and 1940s, was generations ahead of its time. Second, Sri Lanka limited public resources devoted to tertiary education, awarding emphasis to the primary and basic cycles. The fruits of these policies have been reaped in subsequent generations, with basic education attainment, primary health outcomes and social development indicators close to levels observed in upper-middle income and developed countries.

1.6. Sri Lanka has also deviated from the classical recipe in one important respect. The establishment of private schools from grades 1-9 was legally banned in the early 1960s. This legal prohibition remains in force to date. This has made Sri Lanka one of the few countries in the world to legally forbid the establishment of schools. Other low income countries and states famous for their high basic education attainment levels, such as Costa Rica and the state of Kerala in India, rely heavily on the private sector. In Kerala, for instance, more than half of school enrollment is in private schools. The political economy context of Sri Lanka also makes it impossible to invest in private universities, although there is no explicit legal barrier. However, from the 1990s onwards it has been possible to establish private degree awarding institutions, as long as they do not carry the title “university”. In preventing formal private universities the Sri Lankan education system deviated from the model adopted by some of the highest performing education systems in the world, such as South Korea, which concentrated public resources on primary and basic education, followed by secondary education, while leaving university education largely to the private sector. Recently, however, Sri Lankan education policy makers have recommended amending legislation to allow private schools and private universities to be established [see NEC (2003)].
Figure 1.3. Organizational Structure of the Sri Lankan Education and Training System

Early Childhood Development

- Nursery
- Kindergarten, Montessori

Primary and Secondary Education

- Primary Education
  - Grades 1-5
- Junior Secondary Education
  - Grades 6-9
- Senior Secondary Education
  - GCE O/L Cycle (Grades 10-11)
- Senior Secondary Education
  - GCE A/L Cycle (Grades 12-13)

The Training System

- Vocational Training
- Technical Education

Tertiary Education

- University
  - Undergraduate Education
- Professional and Non-University Tertiary Education
- Advanced Technical Education

Postgraduate Education
1.2 The Education System: Enrolment, Grade Cycle Transition and Completion

The school system

1.7. The public sector dominates primary and secondary education, accounting for 93% of schools and 95% of student enrolment. Overall, approximately 4 million school children are enrolled in about 9,800 public schools, around 97,000 students are enrolled in about 80 private schools, and approximately 55,000 students are enrolled in around 600 state funded *pirivena* (temple) schools. These students follow the national school curriculum and sit national examinations. In addition, about 70,000 students are enrolled in around 150-200 international schools, which offer foreign curricula and prepare students to sit overseas examinations. The main reason for the dominance of the public sector in the school system is the policy framework, with the establishment of new private schools forbidden by law since the early 1960s.

1.8. The network of government schools has been laid to provide universal access to primary and secondary education. This cardinal policy objective has largely been achieved, with a comparatively even distribution of schools and teachers, in relation to student enrolment, across the country [see Table 1.1]. The average student-teacher ratio for the country is low, 21:1, and ranges from 19:1 in the North-Western Province to 23:1 in the Western and North-Eastern Provinces. The average school size in Sri Lanka is about 410 students, with the relatively rural and sparsely populated Sabaragamuwa, North-Eastern and North-Central provinces containing just under 350 students per school, while the largely urban, densely populated Western Province has 627 students per school.

*The compulsory education cycle (grades 1-9)*

1.9. Net enrolment in grade 1 is about 97% for both boys and girls, and nearly all children complete grade 5 [see Figure 1.4]. At the end of the compulsory education cycle, grade 9, completion rates are 81% for boys and 84% for girls. The high primary education (grades 1-5) and junior secondary education (grades 6-9) enrolment rates are the outcome of several complementary and mutually reinforcing policies, such as tuition free schooling, special education programs for disadvantaged students, free textbooks, free uniforms and subsidized transport, and of strong household demand for education.

1.10. The evidence also shows that Sri Lanka has not yet

<table>
<thead>
<tr>
<th>Province</th>
<th>Number of Schools</th>
<th>Number of Students</th>
<th>Number of Teachers</th>
<th>Average School Size</th>
<th>Student Teacher Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western</td>
<td>1,393</td>
<td>873,434</td>
<td>38,187</td>
<td>627</td>
<td>23</td>
</tr>
<tr>
<td>Central</td>
<td>1,483</td>
<td>539,262</td>
<td>27,447</td>
<td>364</td>
<td>20</td>
</tr>
<tr>
<td>Southern</td>
<td>1,151</td>
<td>544,109</td>
<td>26,984</td>
<td>473</td>
<td>20</td>
</tr>
<tr>
<td>North-Eastern</td>
<td>1,802</td>
<td>628,195</td>
<td>27,361</td>
<td>349</td>
<td>23</td>
</tr>
<tr>
<td>North-Western</td>
<td>1,250</td>
<td>481,510</td>
<td>24,839</td>
<td>385</td>
<td>19</td>
</tr>
<tr>
<td>North-Central</td>
<td>783</td>
<td>269,380</td>
<td>13,010</td>
<td>344</td>
<td>21</td>
</tr>
<tr>
<td>Uva</td>
<td>829</td>
<td>299,897</td>
<td>14,464</td>
<td>362</td>
<td>21</td>
</tr>
<tr>
<td>Sabaragamuwa</td>
<td>1,135</td>
<td>391,288</td>
<td>19,520</td>
<td>345</td>
<td>20</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>9,826</td>
<td>4,027,075</td>
<td>191,812</td>
<td>410</td>
<td>21</td>
</tr>
</tbody>
</table>

achieved universal compulsory education, with about 18% of children failing to complete grade 9. Hence, there still exists a considerable challenge to meet the target of providing all children between ages 6-14 with 9 years of schooling. Further, an important equity issue exists, as the 18% of children who fail to complete grade 9 are drawn from poorer homes, economically disadvantaged geographical regions such as the rural hinterland, conflict affected areas and the estate sector, or are disabled and handicapped children. Strong policy action is needed to reach these vulnerable socio-economic groups, and achieve the target of universal enrolment and completion in the compulsory education cycle. In this context, the government's special education programs, non-formal education programs and programs for disabled children are likely to be particularly important.

The senior secondary education, GCE O/L and GCE A/L cycles

1.11 School completion rates are less satisfactory in the senior secondary cycle, with comparatively low examination pass rates at the GCE O/L (grade 11) and GCE A/L (grade 13) examinations [see Table 1.2]. The average pass rate at the GCE O/L examination for the country as a whole is 37%, implying that only about one out of every three candidates successfully completes the GCE O/L examination. Pass rates in the poorer and more disadvantaged areas of the country, such as the North-

Table 1.2. GCE O/L and GCE A/L Examination Pass Rates, by Province, 2002

<table>
<thead>
<tr>
<th>Province</th>
<th>Number of Students Appearing for the GCE O/L Examination</th>
<th>Number of Students Completing the GCE O/L Examination and Qualifying for the GCE A/L Cycle</th>
<th>Proportion of Students Successfully Completing the GCE O/L Examination %</th>
<th>Number of Students Appearing for the GCE A/L Examination</th>
<th>Number of Students Completing the GCE A/L Examination</th>
<th>Proportion of Students Successfully Completing the GCE A/L Examination %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western</td>
<td>78,832</td>
<td>37,674</td>
<td>48</td>
<td>49,051</td>
<td>26,543</td>
<td>54</td>
</tr>
<tr>
<td>Central</td>
<td>48,641</td>
<td>15,757</td>
<td>32</td>
<td>24,564</td>
<td>13,491</td>
<td>55</td>
</tr>
<tr>
<td>Southern</td>
<td>48,390</td>
<td>17,801</td>
<td>37</td>
<td>27,337</td>
<td>15,599</td>
<td>57</td>
</tr>
<tr>
<td>North-Eastern</td>
<td>41,659</td>
<td>13,088</td>
<td>32</td>
<td>28,088</td>
<td>16,254</td>
<td>58</td>
</tr>
<tr>
<td>North-Western</td>
<td>41,609</td>
<td>15,779</td>
<td>38</td>
<td>22,226</td>
<td>12,892</td>
<td>58</td>
</tr>
<tr>
<td>North-Central</td>
<td>22,180</td>
<td>6,769</td>
<td>31</td>
<td>10,305</td>
<td>5,413</td>
<td>53</td>
</tr>
<tr>
<td>Uva</td>
<td>26,262</td>
<td>8,104</td>
<td>31</td>
<td>11,684</td>
<td>6,120</td>
<td>52</td>
</tr>
<tr>
<td>Sabaragamuwa</td>
<td>34,743</td>
<td>11,842</td>
<td>34</td>
<td>18,681</td>
<td>10,597</td>
<td>57</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>342,316</td>
<td>126,814</td>
<td>37</td>
<td>191,936</td>
<td>106,909</td>
<td>56</td>
</tr>
</tbody>
</table>

Source: Ministry of Education, School Censuses, various years.
Eastern, North-Central, Uva and Central Provinces, range from 31%-32%. The prosperous and advanced Western Province alone stands out among the geographical regions, with GCE O/L pass rates of 48%, indicating that about one out of every two candidates in this area successfully completes the GCE O/L examination.

1.12. GCE A/L examination pass rates average about 56% for the country as a whole, suggesting that about one out of every two candidates is successful at this examination. This is on the low side, given that only the best students survive through to the GCE A/L cycle. The pass rates across the provinces are fairly similar, ranging from 52% in the Uva Province to 58% in the North-Western and North-Eastern Provinces. The relatively even distribution of GCE A/L examination pass rates across the country can be attributed to two key factors: (i) policy initiatives to ensure a wide network of good quality secondary schools in all provinces; and (ii) selectivity effects, as students in the GCE A/L cycle are the most able pupils in their age cohorts.

1.13. The time trend of GCE O/L and GCE A/L pass rates shows that, over about the past ten years, there has been improvement in GCE O/L pass rates, but that GCE A/L pass rates have been relatively constant [see Figure 1.5]. GCE O/L pass rates have risen from about 22% in 1993 to 37% in 2002, with much of the improvement occurring in the mid-late 1990s. In the GCE A/L cycle, the

![Figure 1.5. Time Trend of GCE O/L and GCE A/L Pass Rates, 1993-2002](image)


### Table 1.3. Tertiary Education Enrolment Rates, 2002

<table>
<thead>
<tr>
<th>Province</th>
<th>Total Tertiary Enrolment %</th>
<th>University Enrolment %</th>
<th>Professional and Other Courses %</th>
<th>Technical Education %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western</td>
<td>16</td>
<td>5</td>
<td>9</td>
<td>3</td>
</tr>
<tr>
<td>Central</td>
<td>8</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Southern</td>
<td>10</td>
<td>3</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>North-Eastern</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>North-Western</td>
<td>7</td>
<td>2</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>North-Central</td>
<td>6</td>
<td>1</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Uva</td>
<td>7</td>
<td>3</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Sabaragamuva</td>
<td>9</td>
<td>3</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>11</td>
<td>3</td>
<td>6</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: World Bank estimates, based on Department of Census and Statistics Labor Force Survey data. No estimates are presented for the North-Eastern Province as the survey did not cover this region. Note: Numbers may not add up due to rounding.
cycle, pass rates have remained fairly steady between 1994 and 2002, except for one unusually high year, 1995 and one poor year, 1999. Sri Lankan policy makers have recognized that the country faces an important challenge to increase the quality of education and enable students to achieve the standards set for the GCE O/L and GCE A/L examinations [see Wijesuriya (2003), Perera et al (2003), Karunaratne (2003) and Wijeratne et al (2003)].

**Tertiary education enrolment**

1.14. The overall tertiary education enrolment rate is about 11% of the eligible population [see Table 1.3]. This is slightly above the South Asia average (10%), and approximately equal to countries such as India, Morocco, Vietnam and Mauritius. The major proportion of tertiary enrolment, about 6%, is in courses outside the university and formal technical education sector. These students are enrolled in the private sector in a variety of professional courses, such as IT, management, accounting, marketing, law, business and finance. University enrolment is approximately 3%, and advanced technical education enrolment about 2%.

1.15. The majority of university students, about four-fifths of enrolment, attend public universities, while the balance attend private degree awarding institutions. The exact distribution of advanced technical education between the private and public sector is uncertain, but can be assumed to be about evenly shared. On this assumption, about 70% of tertiary education enrolment is in the private sector, and the balance in the public sector. The high proportion of private sector enrolment at the tertiary level, in contrast to the primary and secondary levels, can be attributed to the policy framework, which does not legally prohibit private investment at the tertiary level.

1.16. The regional distribution of overall tertiary education enrolment shows that the Western Province enjoys higher levels than other provinces. This can be attributed to the wealth of the Western Province, which contains a greater number of high income households who can afford to pay for private tertiary education. The Uva Province, which is one of the poorest regions of the country, has the lowest enrolment in professional and other courses, which are mainly supplied by private providers. This is plausible, as private investment is likely to be small in poor regions. The North-Central Province has the lowest enrolment in both university and technical education. This is consistent with other studies which show that the North-Central Province is one of the

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**Box 1.1. Early Childhood Development: a Special Case of Private Service Delivery**

Early childhood development is not formally part of the Sri Lankan education system. However, policy makers have shown interest in integrating early childhood development into the education system and linking it with the primary school curriculum [see NEC (1997), (2003), Ministry of Social Welfare (2003)]. Further, there has been rapid growth of pre-schools and nurseries in the private sector. In the 1970s, there were an estimated 2,000 pre-schools and nurseries. By 2003, this number had increased to be between 11,000 and 12,500, exceeding in quantity the number of schools in the country [see Abhayadeva (2003), Wijetunge and Wickremaratne (2003)]. The participation of children aged 3-5 in pre-school education, estimated to be about 20% in the 1980s, rose to 40% in 1994 and to 60% in 2001. The NEC (2003) recommends connecting learning activities for children aged 3-5 with the more formal school system from age 6 upwards and establishing quality standards. This represents an important area for future analysis and policy development for Sri Lankan education policy makers.

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2. There are over 900 registered private training institutions. While the majority of these institutions specialize in skills development activities for less educated individuals, some offer courses at tertiary level, too.

3. The political economy context has prevented private universities from being established, with violent opposition from some student groups and political forces. However, there is no such opposition to private non-university tertiary education programs.
most educationally disadvantaged regions of the country [see NEC (2003)].

1.17. The time trend of tertiary education enrolment shows that, over the recent past, enrolment has risen from about 8% in 1997 to 11% in 2002 [see Figure 1.6]. The increase has come, over time, from all three components of tertiary education, professional and other courses, universities and technical education. The initial increase, in 2000, came from the university system, mainly due to expansion of public universities and private degree awarding institutions. This was succeeded by an increase in private non-degree tertiary education courses in 2002. Overall, tertiary education enrolment rates have expanded about 38% over the period 1997-2002.

1.3 The Governance Framework of the Education System

1.18. The education sector has a complex governance framework, combining elements of deconcentration, delegation and devolution of functions and powers between the central government and the eight provincial councils. The central government is responsible for national education policy at all levels, covering pre-schools, primary and basic education, secondary education, university education, vocational training and technical education. However, provincial councils play an important role in the flow of public education finances and in the administration of the school system [see Figure 1.7]. In fact, education is the most decentralized sector in the country, with education budgets typically accounting for over half of all provincial expenditures.

1.19. Education policy makers and legislators have sought to combine the advantages of centralized academic systems, which facilitate goals such as nation-building, increasing social cohesion and establishing quality standards, with the advantages of delegated management systems, such as increased proximity of administrative services to beneficiaries, especially students, parents and guardians. Current policy thinking is to further devolve education management down to the level of individual education institutions, especially schools, to empower front line service providers such as principals, section heads and teachers, and involve local communities closely, to increase school effectiveness and performance [See NEC (2003)].

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Figure 1.6. Tertiary Education Enrolment Trends, 1997-2002

![Figure 1.6. Tertiary Education Enrolment Trends, 1997-2002](image)

Source: World Bank estimates, based on Department of Census and Statistics Labor Force Survey data, various years.

4. Tertiary enrolment in the North-Eastern Province can be assumed to be about the same rate or slightly less than the North-Central and Uva Provinces. This region, which has been damaged by over 20 years of secessionist conflict, is the most disadvantaged in the country.

5. Sri Lanka has a long history of school based management and administration, going at least as far back as the Town Schools Ordinance of 1902. Centralization away from schools to higher levels of government, however, took place during the 1950s and 1960s, especially as the public education system became formalized and expanded rapidly.
Central government functions

1.20. Within the school system, central government institutions are responsible for: (i) establishing the school curriculum; (ii) setting the curricula of teacher education institutions; (iii) accrediting textbooks published by private firms, publishing textbooks and supplementary readers, and distributing textbooks; (iv) providing incentives, such as school uniforms and transport subsidies, to increase school attendance; (v) administer professional development programs and courses for principals, section heads and teachers; (vi) conduct examinations; (vii) administer about 360 national schools; and (viii) conduct a range of education development measures and initiatives, such as special education programs, non-formal education programs, adult education programs, and library and reading habits development programs. The actual delivery of these services often combine central government education staff and provincial education staff, with the latter operating within a matrix management structure of central and provincial responsibility.

1.21. Within the university system, the central government is responsible for national policy, financing, allocation of
staff cadre to universities, national level accreditation and standards setting, and placement of students among universities. Within these broad parameters, however, individual universities enjoy considerable autonomy. The universities select and employ academic staff within the approved cadre, produce curricula and design syllabi, accredit courses, deliver degree programs and other tertiary level courses, conduct examinations, certify graduates, and undertake research and consulting activities. In addition, funds raised by universities are used to employ staff, conduct research and engage in academic activities without needing sanction from external government authorities. Essentially, universities operate as highly autonomous agents within a deconcentrated governance system.

1.22. In the vocational training and technical education system the main institutions delivering training services come under the central government. These operate chiefly as government departments, with responsibility for course and program development, curriculum design, standard setting, accreditation and certification under the central authorities. However, as in the case of universities, vocational training and technical education institutions enjoy considerable autonomy over academic activities within institutions, and chiefly operate as semi-autonomous agents within a deconcentrated framework. Provincial councils, too, operate as semi-autonomous agents within a deconcentrated framework. Provincial councils develop education plans and budgets, employ and deploy education administrators, principals and teachers at the provincial level. Zonal education authorities transfer and deploy principals and teachers within zones. Provincial councils also support small vocational training and technical education activities, especially for school completers at grade 9 and grade 11. However, the relationship between the central and provincial authorities in delivering vocational training services tends to be less organized and structured than in the school education system.

*Provincial council functions*

1.23. The provincial councils play an important role within the school system. About 9,500 schools (97% of public schools and 88% of all schools) are administered by eight provincial councils and their intermediary education agencies, 94 zonal education offices and 365 divisional education offices. Provincial councils develop education plans and budgets, employ and deploy education administrators, principals and teachers at the provincial level. Zonal education authorities transfer and deploy principals and teachers within zones. Provincial councils also support small vocational training and technical education activities, especially for school completers at grade 9 and grade 11. However, the relationship between the central and provincial authorities in delivering vocational training services tends to be less organized and structured than in the school education system.

*Performance incentives within the public education system*

1.24. The incentives faced by key agents within this institutional framework, such as central education ministry
officials, provincial and zonal education staff, principals, school teachers, university academics and administrators, are critical factors affecting the performance of the education system. Within government organizations, explicit and implicit performance incentives exist through a reward system, such as appointments to positions of high status, promotions, greater responsibility, job security, more interesting and stimulating work, and decreased supervision. Such performance incentives exist, in principle, at all levels of the Sri Lankan education system. For instance, high performing teachers can become principals, teacher educators or curriculum developers; good school principals can assume responsible positions in zonal education offices or provincial education offices; and provincial and zonal officials can seek positions in the central ministries. University lecturers who acquire postgraduate research degrees can get tenure and promotion as senior lecturers; senior lecturers with good publication and teaching records can be promoted as associate professors and professors; and senior university academics who demonstrate good administration skills can become heads of departments, deans of faculties and vice-chancellors of universities. The actual operation of this incentive system, however, has been weakened by two key factors. First, financial incentives for performance are low within the public service. The government wage and salary structure is highly compressed, with small annual increments. Hence, the opportunity cost of non-performance is low. Second, promotions are mainly seniority based, which further weakens performance incentives. These are system-wide problems within the public service as a whole, and not specific to the education sector.

The institutional foundation for education service delivery

1.25. The basic institutional foundation to deliver public education services exists, in principle, between the central government and provincial councils. Several characteristics of good first stage public service institutions, such as: (i) input-oriented line-item budgeting; (ii) legal cadres of public education officials, like principals, teachers, education administrators, teacher educators and university academics; (iii) opportunities for professional development and career progress of academic and administrative staff; and (iv) cash accounting systems, are already established. In addition, characteristics of good second stage public service institutions, such as institutionalized performance auditing within a supreme audit institution, the Auditor General’s Department, and an internal audit within the education system, also exist. The government is currently in the process of developing further important components of a good quality service delivery framework, such as: (i) a medium-term program budgeting framework with a multi-year planning horizon; and (ii) performance appraisal systems for principals, teachers, university academics and education administrative officials.