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Public investment and the goal of providing universal access to primary education by 2015 in Kenya

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ABSTRACT

The authors use population census data to project school enrolment for Kenya. They also employ current education sector budget and national revenue base statistics to model the sector budget and to forecast the revenue base growth required to sustain universal primary education (UPE). The 2003 fiscal year unit cost of education is used as the base value for computing the budget needed to fund UPE through 2015, the year by which the international community aims to achieve UPE. The authors apply econometric analysis in exploring the policy implications for the education sector budget and capacity for revenue generation that would support the budgetary growth needed.

1. Introduction

Since gaining independence in 1963, Kenya has spent considerable energy designing and implementing public education programmes. The guiding view thereby has been that economic development is highly dependent on the supply of skilled labour and that intensification of growth in the education sector is crucial to improve the well-being of Kenya's population (Republic of Kenya, 1965, p. 22). When African ministers of education met in Addis Ababa in 1961, they stressed that "the key to growth is the rate at which educational investment of a country progresses or regresses" (Bartels, 1983, p. 4). Kenya's programmes thus initially targeted those of its populace who had been denied access to education during the colonial period, while also focusing on training leaders and workers to replace the departing colonial personnel.

Economic performance during the first two decades following independence ranked among the best in sub-Saharan Africa, and brought widespread improvement in households' living standards. This improvement spurred a high rate of population growth, and the large number of children associated with the rapid growth created a powerful demand for expanded educational opportunities. The total primary school enrolment at independence in 1963 was 840,000; a total of 6,259,304 students were enrolled by 2000; and the introduction of the Free Primary Education Policy in 2003 brought in an additional 1.2 million, raising the total student enrolment to 7,404,280 (Somerset, 2007, p. 1; UNESCO, 2007). It should be noted, however, that fluctuations in the percentage of eligible population enrolled have tended to mirror education funding policies in effect at a given time, with enrolment spiking after government announcements that education costs to the consumer would either be eliminated or reduced, as was the case in 1974 and 2003. Fig. 1 shows the trend in primary school gross enrolment ratio from 1960 to 2005.

Contrary to the commitment made at high-level international fora by the government, there has been a general failure to adequately expand education opportunities so as to develop a human resource capacity that would enhance economic development and guarantee a supply of highly skilled labour. While pursuing policies that improve access to education is key to increasing social mobility, political expediency has guided many of the reforms; the government has ultimately failed to guarantee universal access to education that matches both demand and the development needs of the economy. Expansion of education at all levels is driven by a young population structure in a rapidly growing nation and an increasingly informed populace that seeks to demand its rights from the government. The limited labour market opportunities, having been worsened by the 1975 global oil crisis, resulted in school leavers facing higher levels of unemployment as early as the 1970s (Godfrey 1979, p. 191). That the economic conditions shaped back then still prevail is made evident by the fact that although higher education participation rate is less than 5% of the eligible population, the graduate unemployment

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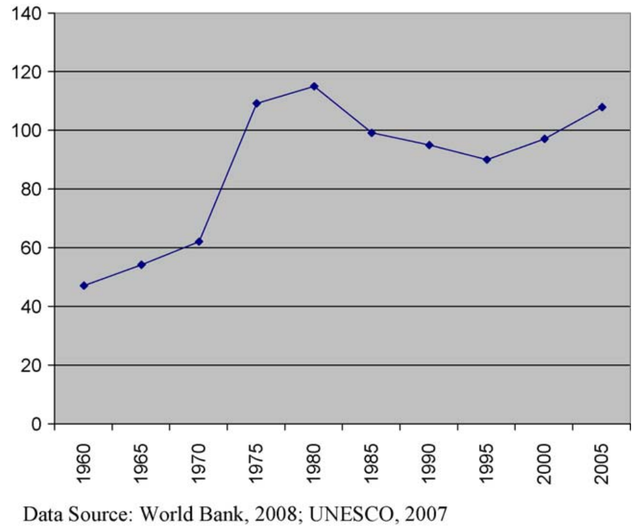

Fig. 1. Primary school enrolment as a percentage of eligible population 1960–2005.Data source: World Bank (2008) and UNESCO (2007).

problem has expanded to plague even those with a higher education certification.

While the government initially was able to meet the rising demand for education, over the years tight budgetary constraints have made the education system increasingly fragile. Moreover, as noted, the imbalance between the demand and supply of skilled labour is due to the failure of the national economy to expand at a rate that is sufficient to generate employment opportunities and high-income employment. Kenya's switch from the British-style 7-6-3 education system to the North American-style 8-4-4 system was a failed attempt to redress the unemployment problem by integrating a skill development component in the curriculum.

The government supported an expansionary public primary education programme from the very beginning, albeit with reservations whenever it experiences fiscal constraints. At first, parents were charged a nominal fee for primary education, and in 1974 the government abolished fees for the first four years to make primary education partially free (Amutabi, 2003, p. 131). From 1980 until 2000, the Kenyan economy experienced a recession that greatly constrained the government's ability to finance primary education. To fight the recession, the government implemented short-term economic management measures as mandated by the World Bank's structural adjustment policies (SAPs), which sought to downsize government spending. The policy of cost-sharing between parents and government led to a restriction of access due to increasing parental contribution and caused a decline in enrolment from the late 1980s through 2000. The previous gains in enrolment (91%) by 1980 had declined to 65% of the cohort eligible for primary school by 1997 (World Bank, 2000/2001, p. 284). In 2003, the government implemented its Free Primary Education Policy, which has reversed the declining trend and resulted in a sharp increase in primary school enrolment even as statistical evidence shows some children remain excluded from schooling (Republic of Kenya, 2008).

Kenya has subscribed to the many UNESCO-sponsored declarations of the need to achieve the goal of Education for All (EFA), including Jomtien Declaration in 1990 (UNESCO, 1992, pp. 17–18) and the Dakar Framework for Action in 2000, where the latter (UNESCO, 2002, p. 7) called for "ensuring that by 2015 all children, particularly children in difficult circumstances and those belonging to ethnic minorities, have access to and complete free and compulsory primary education of good quality." At the 1962 conference of African ministers of education, African governments resolved to work towards the provision of universal primary education (UPE) by 1980 (Obasi, 1997, p. 166). The position has been reiterated at all subsequent EFA conferences, which have been held every decade since. The implementation of Kenya's Free Primary Education Policy in 2003 came in response to the adoption of the Dakar Framework for Action. One of the seminal outcomes of the last EFA conference was a declaration that "no countries seriously committed to education for all will be thwarted in their achievement of this goal [the provision of UPE] by a lack of resources" (UNESCO, 2000, p. 3). The challenge remains one of funding the provision of UPE in keeping with the national budget.

The present study investigates the programming of primary education in Kenya by seeking to answer two related questions: What motivates the public provision of education, and how can funding for the optimum target enrolment be determined? The study examines the economic basis of human capital spending on public education, the influence of projected population dynamics on the formulation of long-term school enrolment goals, and whether a developing country's domestic economy is able to finance universal access to primary education. Researchers in the study sought to model budgetary need against projected enrolment up through the year that Kenya is expected to realize universal access to primary education.

1.1. Should education be expanded?

Research on capital spending on education in developing countries has tended to support two divergent views on what the continued expansion of educational opportunities actually contributes: one view is largely concerned with the impact of education on unemployment (Todaro, 1977, p. 38), whereas the other view emphasizes access to education and reduction in income inequalities (Ahwulia, 1976, p. 130). According to the first view, allowing education as a component of social development to increase more rapidly than economic growth will result in the underutilization of skilled labour. This consequence follows because the rate of expansion of employment opportunities is a function of two key variables: the speed at which the national economy is expanding (the rate of economic growth) and the factor proportions utilized in the growth process (education being a key input when it comes to the application of the classical production function).

The rate of economic growth depends, among other things, on government policy and structures. The three main aspects of government action that affect growth are: the *legal infrastructure*, which influences investors' willingness to undertake many of the investments made in an economy; the *budget*, since its tax rates affect the efficiency of economic activity and the size of its deficit affects the macroeconomic balance (the level of economic activity, the rate of inflation, the balance of payments); and *planning* and other *policies* the government implements to take charge of certain aspects of the economy.

As for the second key variable that influences the demand for education, the factor proportions utilized in the process of economic growth, they depend largely on the choice of development. The choice of technology is subordinate to the choice of development strategy, which may be either inward- or outward-looking. Once a strategy has been chosen, the technology has been largely set. Throughout the 1960s and into the early 1980s, Kenya, like many developing countries, put its faith in a strategy based on import substitution and capital-intensive industrialization. This development strategy failed to utilize as much of its labour force as could have been if the government had adopted an outward-looking strategy. Such a strategy would have enhanced the country's participation in the international economy and improved its standard of living and its rate of economic development.