

HIGHER EDUCATION FINANCING IN GUINEA



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Abbreviations and Acronyms

CPS	Country Partnership Strategy
DAF	Division of Administrative and Financial Affairs
DNIP	National Directorate of Public Investment
DNPIP	National Directorate of Public Investment Programming
ELEP	Limited Poverty Assessment Survey
GDP	Gross Domestic Product
GNF	Guinean Franc
ICT	Information and Communication Technology
ISMG	Institut Supérieur des Mines et Géologie de Boké
ISSEG	Institut Supérieur des Sciences de l'Éducation de Guinée
MEF	Ministry of Economy and Finance
MESRS	Ministry of Higher Education and Scientific Research
PPP	Public-Private Partnership
PREMA	Program for Reform of the State and Modernization of Administration
PRSP3	Third National Poverty Reduction Strategy Paper
SSA	Sub-Saharan Africa
TVET	Technical and Vocational Education
UGANC	Université Gamal Abdel Nasser de Conakry
UGLCS	Université General Lansana Conté de Sonfonia

Executive Summary

The World Bank's Country Partnership Strategy (CPS) for Guinea in FY 2014–17¹ confirmed the Government's priority to build 21st century skills for improved employability and to implement systemic reforms. Guinea is emerging from years of political and economic isolation and instability. The democratic election of President Alpha Condé has opened the door for the international donor community, including the World Bank, to come forward and support the new government. Its important reform agenda, PREMA,² has helped restore the confidence of the international community. The World Bank will partner with the Government of Guinea to develop systems that will “*improve lagging human development indicators for absolute poverty reduction, through more efficient and transparent allocation of resources, and to build shared prosperity by aligning the business environment and education system with Guinea's economy*” (World Bank, 2013, pp. 1). This is in line with the government's priorities, as per the Third National Poverty Reduction Strategy Paper (PRSP3) approved in 2013. The PRSP3 aims to reduce poverty and to create and sustain a vibrant private economy by maximizing rents from Guinea's substantial mining sector. The Bank supports the Government's agenda on improving human capital by: (a) promoting both the quantity and quality of education and (b) upgrading skills for the needs of emerging and export-oriented sectors such as agriculture, tourism, mining, and telecommunications and Information and Communications Technology (ICT).

The education system has made significant progress, with the primary gross enrollment rate reaching 83 percent as of 2013. However, challenges remain in the areas of coverage, quality, and relevance. Approximately 60 percent of the student population between the ages of 8 and 14 are out of school, and learning assessments conclude that the government must step up its efforts to improve completion rates, gender parity, and learning outcomes. University enrollments have increased tenfold over 10 years, reaching more than 95,000 students in 2012. However, Guinea's higher education coverage rate remains relatively low compared to its neighbors, at 916 students at 100,000 inhabitants. In addition, the traditional opportunities for Guinean graduates on the labor market through the civil service are no longer sufficient. Graduates between the ages of 25 and 35 are facing unemployment rates close to 30 percent, increasing the likelihood of social instability.

All of these goals must be achieved while ensuring that the needs of the labor market are met by the education system.

1 The other two areas are: improving governance and service delivery and stimulating growth and economic diversification (World Bank. 2013. Country Partnership Strategy for Guinea).

2 PREMA stands for Program of Reform of the State and Modernization of the Administration and it has the following items on agenda: organization of the country, management of the human resources available in the public sector, improvement of fiscal and economic governance, and overhaul of the judiciary.

The education system must equip graduates with the skills needed by the emerging export-oriented economy. Developing relevant skills programs that provide students with the competencies in demand and will subsequently enable them to be employed in an economy that values a technological and scientific skill set. Government needs to lay the groundwork to offer training in the relevant fields at the secondary, vocational, and higher education levels.

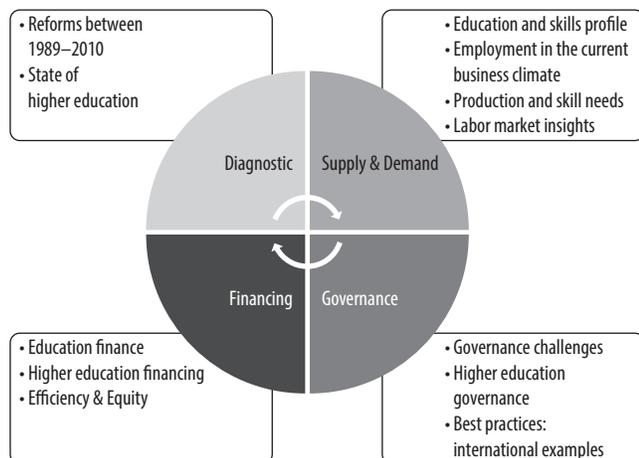
Despite its abundant natural resources, Guinea has struggled to become attractive to investors and entrepreneurs. In the Ease of doing Business report, Guinea ranks 175th out of 189 countries.³ Firms operate in a heavily constrained environment and face frequent power shortages and a slow bureaucracy. All of these factors contribute to poor business policies. This unfavorable business environment is also partly the result of poor governance and petty corruption. The International Finance Corporation is providing substantial support to strengthen Guinea's business environment. Lack of local skills is an important constraint, and in order for jobs in the emerging sectors (mining, construction, hotel industry, banking and finance) to be filled by Guineans rather than foreigners, the Government must equip its youth with the skills required.

In 2012, the Government requested special support from the Bank in the form of technical assistance to conduct an analysis of the higher education system. This analysis would be used to prepare a comprehensive higher education strategy to meet the needs of both the economy and the labor market. Since the early 2000s, the Bank had limited involvement in this critical sub-sector. Per the Government's request, the Bank mobilized resources to engage in policy and analytical work in the areas of governance, financing, and diagnostic of skills demand and supply from a new employer survey prepared specifically under this technical assistance project.

1. Supply and Demand: Higher Education and Skills. This note reviews the current state of education and workforce skills from an employer perspective. It identifies the key bottlenecks faced by firms in hiring qualified workers and provides concrete recommendations to improve workforce quality.
2. Current Outcomes and Challenges: Diagnostic of the Higher Education System. In this note, we trace the evolution of the higher education system. The note shows trends over time, highlights tracer characteristics, and draws comparisons between the public and private provision of education.
3. Governance of Higher Education. The key governance issues faced by the Guinean higher education system are presented. The note delves into the reforms undertaken by the government after 2011 with a focus on the two presidential decrees.

3 World Bank (2014). Doing Business Report.

Conceptual Framework



4. Financing of Higher Education. The note provides a brief overview of education funding and structure; the main focus is on the sources and uses of public and private funds for higher education.

These four distinct policy notes are intended for policy makers and technical staff. They may be read individually or as a series. The results from this work will also form the cornerstone for a new higher education operation in Guinea.

Note 1: Higher Education and Skills: Supply and Demand

Economic development and civic participation in Guinea are hampered by an extremely low literacy rate and a poorly educated working population, especially in rural areas. Nearly 22 percent of youth were either economically inactive or unemployed in 2012, with the highest unemployment rates found among the educated population, pointing to a marked mismatch between the supply and demand of skills.

In general, the education system is neither responsive to nor currently producing graduates equipped to adequately meet the needs of the labor market. Universities offer a predominantly theoretical education, despite the fact that firms value experience and practical skills. The school to work transition offers further insight into the extent of the training-labor market absorption mismatch. Graduates of longer-term programs enter the job market earlier than those completing short programs, but there is no distinction between the different levels of programs. Employers report difficulty finding employees with the skills they require, and the informality of the labor market, aggravated by the preference for hiring through personal networks, has important consequences for equity and efficiency.

Universities offer predominantly theoretical education, when firms value experience and practical skills. For example, in the construction, industry and service sectors, one in five firms state that they cannot find the type of qualifications they need, leading to a substantial proportion of vacancies.

To increase the relevance of the education system to the labor market, the agriculture, construction and mining industries recommend a focus on the entire system.

As Guinea strives to embark on an accelerated development path, its ability to meet the demands of a diversified economy will be partly determined by the quantity and quality of its trained workforce. An emphasis on growing Guinea's Technical and Vocational Education and Training (TVET) sector, adjusting university programs for greater relevance, and developing strategic partnerships with the private sector will gradually close the gap between skills supply and demand.

Note 2: Current Outcomes and Challenges: Diagnostic of the Higher Education System

Human capital is increasingly a key ingredient for economic success: in Guinea, vast mineral reserves paired with a lack of appropriate skills to exploit their potential keeps the country trapped in poverty. Though enrollment rates have significantly improved over the past decade, Guinea has yet to ensure that its education system produces a labor force composed of workers with the low, middle, and high level skills required by high-growth-potential sectors.

Access to higher education remains a more significant barrier for girls. In 2011–12, only one fourth of higher education students were girls, in contrast to high schools where about 40 percent of students were girls.⁴ However, the share of girls by level remains rather stable over time. This implies: girls have as good, if not superior, academic performance as boys, and once they enter higher education, they do not face many constraints in continuing to pursue their education.

Between 1989 and 2010, three major reforms—the transformation of Higher Education Institutions into public administrative institutions, extension and diversification of universities, and transition to the Licence-Master-Doctor-at system—have set the higher education system on a more promising path, though progress remains to be made in the areas of institutional autonomy, access in equity, institutional capacity, and teaching quality.

Higher education receives a disproportionate share of all public education spending, relative to enrollment levels. More troubling is the allocation: nearly half of the budget goes to scholarships, and of that, the majority supports predominantly wealthier students enrolled in private institutions.

With the simultaneous removal of entry requirements and substantial increase in high school graduates, higher education enrollment has soared. Though private institutions are multiplying and thus helping to absorb the surge, Guinea remains below the Sub-Saharan average for private higher education enrollment. It should be noted that while access has expanded, secondary education access, completion, and course selection largely determine the distribution of tertiary education students across program areas, with obvious consequences for subsequent employment opportunities. Furthermore, the current system offers little flexibility and few opportunities

4 ELEP (2012).

for adjustments to labor market needs. High repetition rates throughout primary and secondary education creates delays in university enrollment and thus the entry of the most skilled labor onto the labor market.

Guinea's higher education landscape offers ample public-private partnership possibilities, from forecasting to curriculum development, training, job placement, and equipment provision. Public-private partnerships (PPPs) are the key to developing the healthy, equitable, and high-quality education system that will enable Guinea to develop and sustain a skilled and versatile workforce that will enable Guinea to take advantage of its immense natural resources and achieve economic stability.

Note 3: Governance of Higher Education

Over the past decade, governance reforms, which include increased institutional autonomy, diversification of programs, and additional resources for institutions, have contributed to the re-awakening of the higher education sector in Africa's developing countries. In Guinea, the central government has pursued three decentralization strategies: delegation to (a) a lower level of government, (b) a buffer body, or (c) institutions themselves.

Moving towards a fully autonomous system should be an incremental process. Given the differences in economic conditions and development of the higher education system, this note examines countries on a similar scale, particularly in the Sub-Saharan Africa (SSA) region, namely: Ethiopia, Nigeria, Ghana, and Kenya.

The successful reforms among the ones adopted are highlighted to provide examples of best practices.

Guinean institutions do not have the institutional autonomy to hire and fire permanent teaching staff, and the growth of teaching staff has not kept pace with enrollments. Private institutions "poach" teachers from public institutions, aggravating the shortage, and the low level of international faculty indicates that opportunities for research collaboration and innovation are insufficient. More than one third of qualified teachers will retire within the next two years. Guinea recently adopted and is in the process of adopting Decrees that will change the higher education landscape. This roadmap for a successful transition towards a more decentralized system of higher education should be combined with initiatives to relax the stringent conditions attached to the budget and allow more flexibility in its use; give control to institutions over the recruitment, promotion, and management of their teaching and research staff; and implement adequate accountability and quality assurance mechanisms.

Note 4: Financing of Higher Education

The education sector is supported by three sources of financing: government, household, and donor financing, respectively. Major challenges include highly centralized funding, disconnect between the budget and sectoral goals, fluctuation in expenditures and consequent lack of predictability.

Guinea's suboptimal allocation of resources is among the most important challenges facing the education sector. One-third of total public education funding goes to higher education, even though enrollment accounts for only eight percent of the entire student body, and the subsidies eating up most of the

budget not only prevent better leveraging of public funds; they also remove incentives to develop relevant and innovative higher education programs. Indeed, funding for higher education is neither allocated nor used efficiently: almost half of the higher education funding for operating expenditures is used to support students in public and private universities through stipends and scholarships, regardless of the academic merits of the student and the value of the program in the labor market. Furthermore, evidence shows that this support is both insufficient to cover students' needs, and not allocated to the students most in need.

Improving the effectiveness and efficiency of the sector will require revamping of the scholarship and subsidy payments to higher education students and institutions, greater involvement of the private sector as partners, and the introduction of performance-based contracts for increased accountability of both public and private institutions.

Policy Recommendations

Policy challenge	Recommendations
Skills supply and demand mismatch	<ul style="list-style-type: none"> Develop and improve skills relevant programs aligned with employer demand Involve the private sector as partners in curriculum development, practical training, and financing.
Disconnect between schools/ graduates and potential employers	<ul style="list-style-type: none"> Facilitate intermediaries to link skills profiles with jobs Reform labor market access
Uneven access to relevant training programs	<ul style="list-style-type: none"> Reduce geographical inequities and ensure school and labor market reform and adequate distribution of training programs throughout the country Expand education opportunities for the poor and girls
Lack of autonomy of institutions	<ul style="list-style-type: none"> The government and the higher education institutions need support to facilitate their transition towards a decentralized and more autonomous higher education system Higher education institutions should be given control over the recruitment, promotion, and management of their teaching and research staff. Autonomy with adequate accountability and quality assurance mechanisms.
Inflexible budget	<ul style="list-style-type: none"> Relax the stringent conditions attached to the budget and allow more flexibility in its use
Inefficient and disproportionate spending on student scholarships	<ul style="list-style-type: none"> Revamp the scholarship and subsidy payments to higher education students and institutions
Lack of accountability	<ul style="list-style-type: none"> Introduce performance-based contracts for increased accountability of both public and private institutions.

1. Introduction

Guinea's higher education coverage rate, at 916 students for 100,000 inhabitants, remains relatively low compared to its neighbors. Guinea is behind Ghana, Benin, Cape Verde, and Togo in Western Africa, but ahead of Mali, Burkina Faso, Niger, Senegal, and The Gambia (Figure 1). Universities are concentrated in the capital, with sixty-five percent of all enrolled students studying in Conakry. In total, there are 17 public and 39 private universities. The two largest public universities serve one third of all Guinean higher education students and offer a differentiated set of study programs. The Université Gamal Abdel Nasser de Guinée (UGANC), founded in 1962, focuses on the sciences, including medicine. The relatively new Université Général Lansana Conte de Sonfonia (UGLCS), founded in 2005, primarily offers degrees in law, the social sciences, and literature. By their size, these two institutions constitute the core of public higher education in Guinea. Specialized schools—such as the Institut Supérieur des Sciences de l'Éducation de Guinée (ISSEG) (education) or the Institut Supérieur des Mines et Géologie (ISMG) (geology)—and small higher education institutions outside of Conakry have much lower enrollment.

Guinea's higher education administration has a turbulent history littered with restructurings: management has changed twenty three times since 1957, including ten times since 1991, with the latest in 2010. In just the five years between 2007 and 2011, seven ministers served at the Ministry of Higher Education and Scientific Research (*Ministère de l'Enseignement Supérieur et de la Recherche Scientifique* or MESRS). The MESRS is responsible for the administrative management of universities and other higher-level institutes,

but the Ministry of Economy and Finance (MEF) and the Ministry of Planning, retain control over budget decisions for both current expenditures and capital investments.⁵

One-third of total public education funding goes to higher education, even though enrollment accounts for only eight percent of the entire student body. The higher education sector faces a fundamental funding problem: subsidies have become entitlement programs for students and universities, and removing them will be a political challenge no matter how justified. Expansion of private education is also supported by public funds: almost every student enrolled in a private university receives a government stipend. Higher education also receives the largest share of capital expenditures. Despite this relative advantage, unit costs remain low, suggesting that funding increases are neither meeting the expanding demand nor supporting programs that meet the needs of the economy, either directly or indirectly through student subsidies.

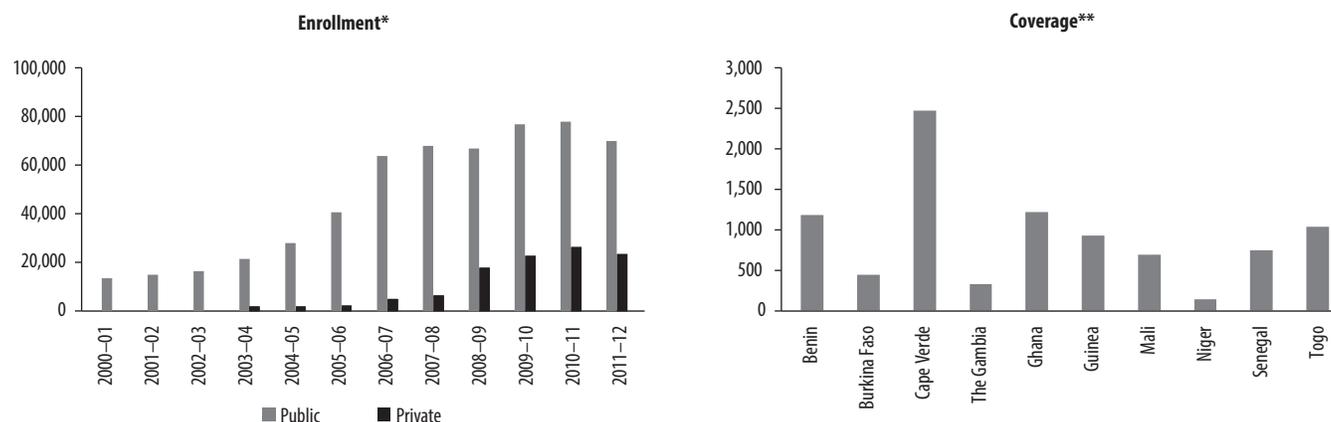
This suboptimal allocation of resources is among the most important challenges facing the education sector in Guinea: not only do these subsidies prevent better leveraging of public funds; they also remove incentives to develop relevant and innovative higher education programs.

This note largely relies on analysis from the recent public expenditure review of the education sector in Guinea. We provide a very brief overview of education funding and the system structure, but primarily focus on the sources and uses of public and private funds for higher education. The data includes detailed information on public expenditures, household spending, and education outcomes.⁶

5 Ministry of Planning's National Directorate of Public Investment Programming (DNPIP) and the MEF's National Directorate of Public Investment (DNIP) have dual control on capital budgeting decisions.

6 The public expenditure data in this section is from the Ministry of Economy and Finance over a period of 5 years from 2008 to 2013. The education statistics have been compiled from various education ministries in Guinea and are primarily for the year 2012. The 2007 and 2012 household surveys provide data on household spending.

Figure 1: Higher Education Enrollment and Coverage



Note: *Ministry of Higher Education and Scientific Research, Annual Statistics 2012.

**UNESCO Institute for Statistics.^a

^a Coverage data is for 2012, except for Benin and The Gambia for which data is for 2011, and for Senegal for which data is from 2010 (likely outdated).

2. Education Finance in Guinea

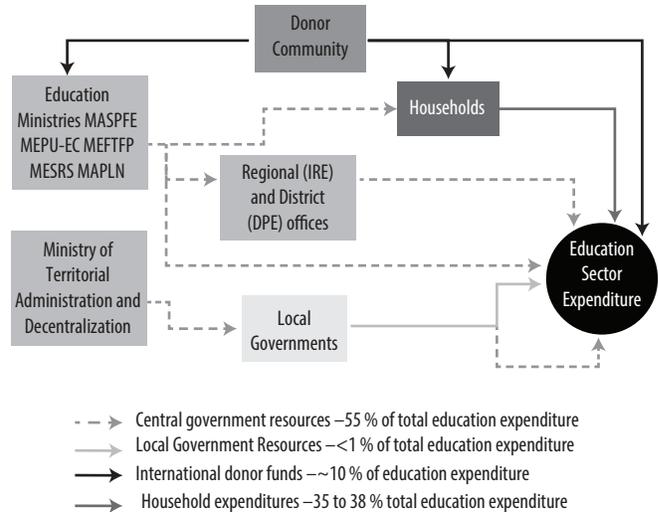
Guinea's education funding is highly centralized, and the budget is disconnected from sectoral goals. Planning and programmatic budgeting begins with the Ministry of Economy and Finance (MEF) and the Ministry of Planning. MESRS, like other sector ministries, only provides feedback. Most planned budgets are incremental changes from the previous year, without any particular focus on any programmatic needs, and the sectoral ministries play only a very minor role in budget preparation. Furthermore jurisdictional conflicts among various stakeholders further weaken the support for sector priorities. In particular, the dual control over the capital budget by the Ministry of Planning's National Directorate of Public Investment Programming (DNPIP) and the MEF's National Directorate of Public Investment (DNIP) leads to duplication and confusion, impeding the sector ministries. Similarly, the Division of Financial Affairs (DAF), the key office that plans and implements the budget, must coordinate with both the school infrastructure entities and the Human Resources Division, which controls the personnel decisions. Human resource management functions lack capacity, especially in personnel projections. DAF lacks access to real-time statistics on their cash positions, and experiences significant procurement delays. As a result, education ministries and decentralized entities lack the financial tools and the political presence necessary to communicate their needs to sector actors at the central level.

Three sources of financing support the education sector: government, household, and donor financing. The central government contributes over fifty-five percent of total education expenditure, whereas household expenditures make up a little less than forty percent (Figure 2). International donors contribute less than 10 percent of total education expenditures, while local government resources constitute less than 1 percent of total expenditures. The combined share of public, private, and international contributions to education add up to approximately 4.3 percent of Guinea's gross domestic product (GDP).

In 2012, Guinea spent approximately GNF 1 trillion (US\$ 142 million) of its public resources (excluding transfers to local governments) on current and capital expenditures in education.⁷ In terms of GDP allowing for cross country comparisons, Guinea's public education expenditures account for only 2.6 percent of GDP, placing it below even the lowest levels of funding observed in many African countries as well as low-income countries. Across the world, the rate of public expenditures on education averages the equivalent of 4.7 percent of GDP; across low-income countries, this rate is 4.2 percent. Currently, the education sector in Guinea receives only 13.3 percent of all public expenditures—once again, lagging behind the seventeen percent generally observed in Sub-Saharan Africa and low-income countries (Figure 3).

7 In this note, we are using the budget commitments as the basis for the expenditure analysis. In 2012, the same year, the appropriations for the education sector were higher—at GNF 1.1 trillion, and the payment orders were slightly lower, at about GNF 960 billion. Usually payments and commitments are relatively close, but both are below appropriated amounts. In 2012, payments were lower than commitments. This might be because the closing of accounts could be continuing. We explore the relation between appropriations, commitments, and actual expenditure in coming pages.

Figure 2: Education Sector Funding Flows, Guinea



Source: Public Expenditure Review.

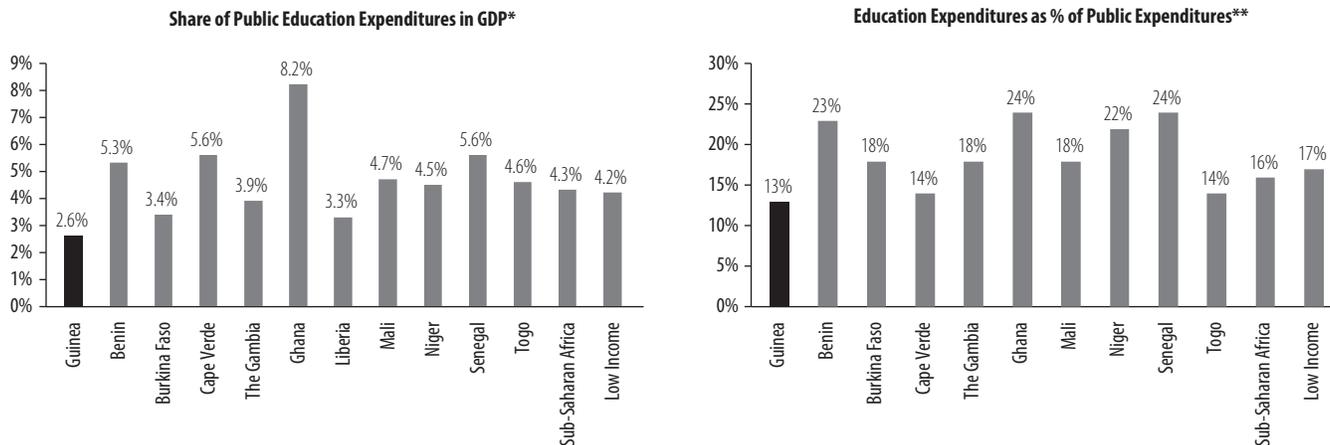
After the Government, households are the second largest source of funding for education. Household data⁸ suggests that households spend approximately GNF 190,000 (US\$ 26) on each child attending primary school, approximately GNF 366,000 (US\$ 51) on each student in middle or high school, GNF 534,100 (US\$ 75) on each student attending technical and vocational education and training (TVET) schools, and GNF 1.1 million (or approximately US\$ 163) on each student attending university. In total, household expenditures are equivalent to 1 percent of Guinea's GDP. To put this number in context, UNESCO Institute of Statistics reports private sources account for 2.4 percent of GDP in Benin, 2 percent in Burkina Faso, 1 percent in Burundi, 0.3 to 0.4 percent in Malawi and Niger, and 0.6 percent in Mali.

Donor funds constitute the third largest source of financing for education in Guinea. Guinea relies heavily on international donors to support education spending, especially for capital investments at the primary level (Figure 4). According to budget records held by MEF, between 2008 and 2012, international development agencies and donors committed GNF 932 billion (US\$ 132.7 million) to support the education sector in Guinea, but only 65 percent of these funds were received.⁹ International donor funds during this four-year period equaled approximately 14 percent of all government expenditures on education. This translates into an average annual commitment of 0.5 percent of Guinea's GDP (but annual flows are uneven). The World Bank is the largest donor in the country, accounting for 53 percent of total international funding. The United Nations Children's Fund and the African Development Bank follow, contributing 12 and 14 percent, respectively.

8 ELEP 2012

9 The discrepancy is largely due to the political turmoil of 2010, when many international donors stopped their investments. These figures are based on the result of a survey undertaken as part of this review; and do not reflect the full extent of external financing presence in Guinea, as they do not include financing from Non-Governmental Organizations.

Figure 3: Comparison of Public Expenditures Across Economic Community of West African States Countries*



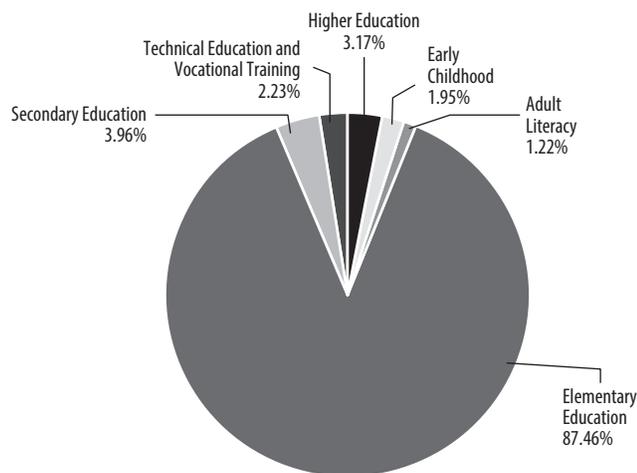
Source: MEF and WDI, 2013.

Note: * For the GDP chart, data for Guinea is from 2012; data for Benin, Cape Verde, Senegal, Sub-Saharan Africa and Low income Countries is from 2010; data for Liberia is from 2008 and data for all other countries is from 2011. For the public expenditure chart, data for Benin, Cape Verde, Ghana, Senegal, Sub-Saharan Africa, and Low income Countries is from 2010. Data for all other countries is from 2011.

** Data for Guinea is from 2012; data for Benin, Cape Verde, Senegal, Sub-Saharan Africa and Low income Countries is from 2010; data for Liberia is from 2008 and data for all other countries is from 2011.

*** Data for Benin, Cape Verde, Ghana, Senegal, Sub-Saharan Africa, and Low income Countries is from 2010. Data for all other countries is from 2011.

Figure 4: External Financing of Education, Use of Funds



Source: Data received from Project Coordination Unit (2013).

Funding for education from local and regional governments, totaling about GNF 26 billion, account for less than 1 percent of education expenditures, and these generally do not finance higher education.

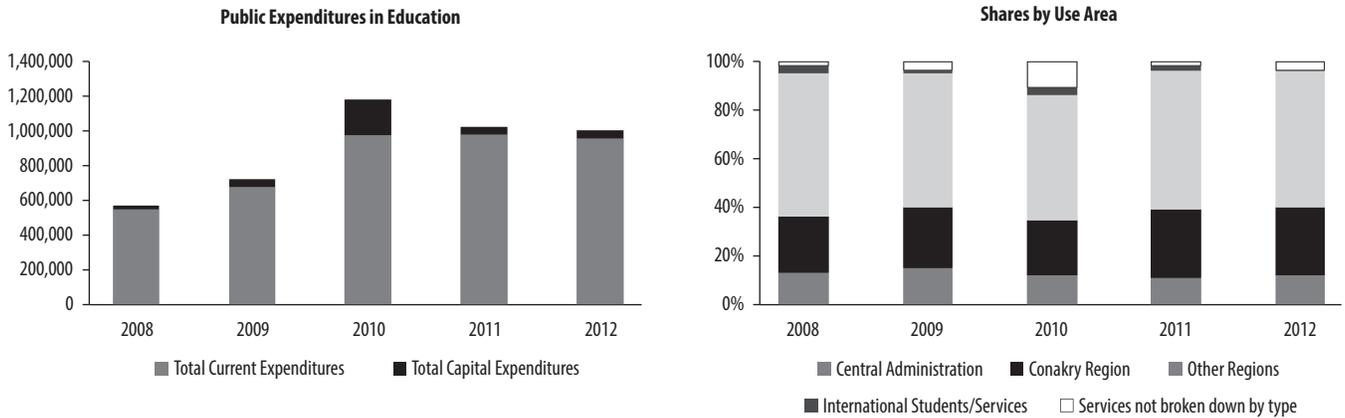
Guinea's public expenditures on education have fluctuated over the years, making predictability in financing very complex. Funding increased by about 76 percent in nominal terms between 2008 and 2012, but experienced a decline following a surge in 2010 when total public expenditures reached GNF 1.18 trillion (Figure 5). This surge resulted from excessive spending across sectors during the period of political instability, and is not a unique phenomenon for the education

sector. However, it shows the change in the government's priorities over time. Capital expenditures accounted for approximately five percent of total public funding in 2012. In the same year, Conakry received nearly 28 percent of all public spending, and the central administration of education accounted for another 12 percent.

While personnel costs account for the bulk of recurrent public expenditures, the share of transfers and subsidies is much larger in Conakry on a per capita basis. This is in spite of the fairly low number of students enrolled in public schools in Conakry, due to a prevalence of private schools. The biggest recipient of public funding is primary education, which accounts for 42 percent of all education spending in 2012. This is a slight decline in share from 45 percent in 2008. Higher education accounted for one third of total expenditures in the 2012 budget, similar to its share in 2008. The share of lower secondary education has varied between fourteen and eighteen percent of total education expenditures, and TVET between 3.5 and 5.5 percent. Pre-primary education and literacy programs are negligible in size compared to the rest of the sub-sectors (Figure 6).

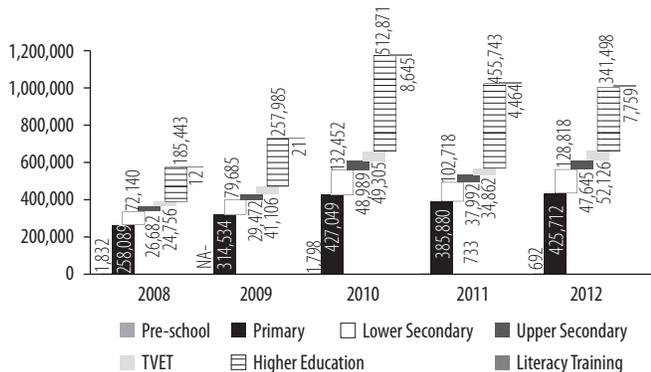
After primary education, higher education has the second highest total current expenditures, despite significantly fewer enrollments than primary education. In 2012, of the GNF 956 billion (US\$70 million) spent on operating activities for the entire education sector, GNF 407 billion (US\$30 million) was spent at the primary level, serving 1.6 million students. GNF 324 billion (US\$23.7 million) was expanded at the higher education level, serving 92,000 students. Since 2008, operating budgets at the secondary level and TVET have nearly doubled, but combined expenditures in these three sectors still lag behind higher education. Although literacy training also got a big boost relative to its dismally low starting point, it remains small. Current expenditures at the pre-primary level

Figure 5: Public Expenditures on Education, 2008 through 2012



Source: MEF.

Figure 6: Total Expenditures by Sub-sector, GNF Million



Source: MEF.

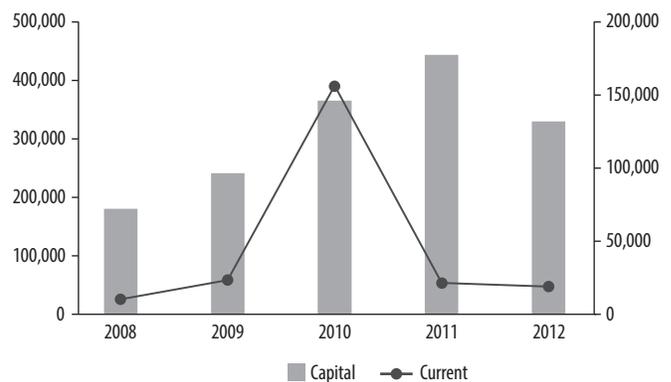
declined between 2008 and 2012, despite an increase in total enrollment. (The share of public institutions in total enrollment stayed constant during this period. Over 80 percent of preschool attendees were served by private child development centers, 96 percent of which are in Conakry).

3. Higher Education Financing

In 2012, higher education in Guinea received GNF 342 billion in public funds—an amount 84 percent higher than the total funding for higher education in 2008, but less than the over half trillion GNF spent on current and capital expenditures in 2010 (Figure 7).

Higher education receives a disproportionately large share of public expenditures because it is funded differently from the rest of the education sector. All students, including those who are in private institutions, receive subsidies or scholarships from the government. This amount, which was approximately GNF185 billion in 2012, accounted for nearly half of current expenditures in higher education. In contrast, scholarships and subsidies are entirely absent from the primary, secondary, and TVET budgets (Figure 8).

Figure 7: Higher Education Current Budget, 2008 through 2012, in GNF Millions



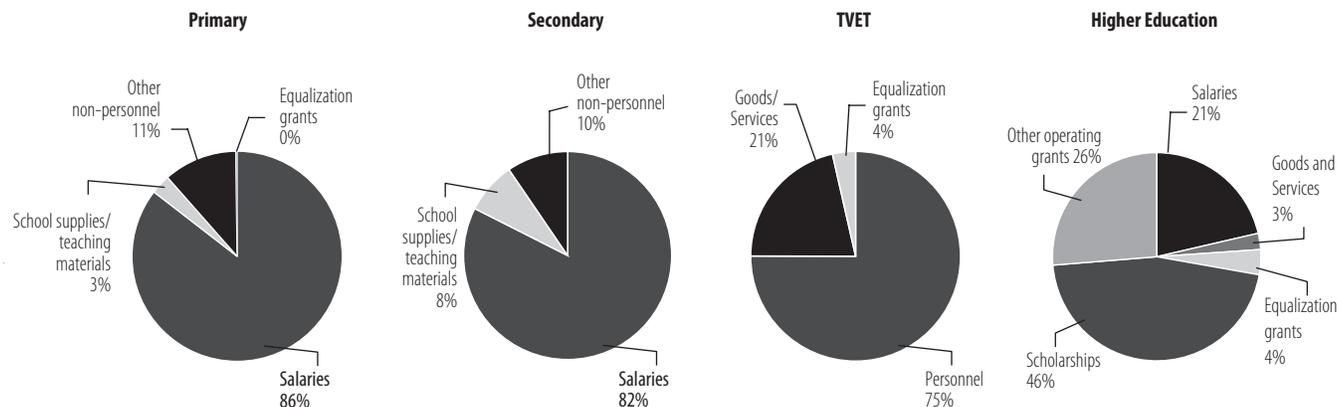
Source: MEF.

The bulk of capital investment was made in 2010, when Guinea intensified its investments in school buildings. This heavy investment was mainly due to political instability, and the surge in spending was not limited to the education sector, but was spread across sectors. Between 2008 and 2012, of the total investment at the higher education level—approximately GNF 350 billion—(i.e. approximately 92 percent) went towards the construction of new school buildings (Figure 9).

In contrast, primary and secondary education received approximately GNF 128 billion in capital expenditures during the same period: 45 percent of capital investment in education in Guinea. Total investment in new primary and secondary school buildings and classrooms was approximately 94 billion, or 72 percent of total investments at these levels, producing approximately 610 new classrooms.¹⁰ Of the GNF 15 billion spent at the TVET level (approximately US\$2 million), approximately 68 percent was spent on new school construction

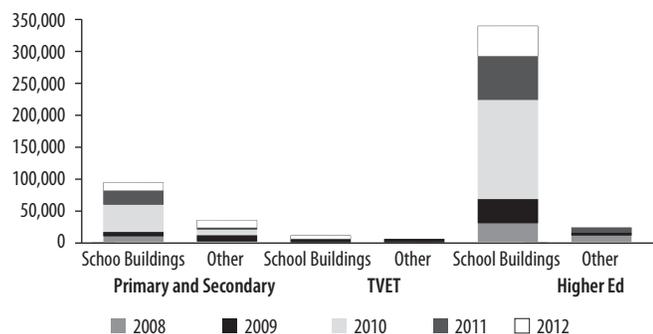
¹⁰ The unit cost of each new classroom at the primary level is estimated at GNF 150 million, and at the secondary level GNF 165 million. The estimated number of classrooms assumes a blended unit cost of GNF 155 million.

Figure 8: Structure of the Current Budget, by Sub-sector, 2012



Source: MEF.

Figure 9: Uses of Capital Expenditures, by Level and Type of Investment, 2008 through 2012 (Current GNF Millions)



Source: MEF (2013).

and another 30 percent on the construction of administrative buildings.¹¹

Per pupil expenditures at higher education institutions have fallen below their 2008 levels (in real terms) after a sharp increase between 2009 and 2011. In 2010 and 2011, unit costs reached 206 percent of GDP per capita, but in 2012, the higher education budget suffered significant expenditures (salary costs declined slightly, but the major reduction hit subsidies in grants due to lower numbers of high school graduates), which reduced unit costs by almost a quarter. At the TVET level, unit costs are about 50 percent of per capita income, but this sector is very small and the high costs reflect not the higher quality of education, but rather higher overheads. Guinea's unit costs at the higher level—130 percent of GDP per capita—is not very high. Across low income countries, even when excluding extremely high-cost countries such as Malawi (where unit costs at the

higher level is 1790 percent of per capita income) or Rwanda (570 percent of per capita income), unit costs are around 100 percent of per capita income.

Tuition payments are the largest source of expenditures for households with students attending university (Table 1). Tuition accounts for over a third of household expenditures for students enrolled in public universities—this share is half the total household expenditures for students enrolled in private universities in Conakry, and over 63 percent for students in private universities outside of Conakry. The share of tuition expenditures is relatively low for private schools at the higher education level. Tuition accounts for 70 percent of household expenditures for primary and secondary school students. After tuition expenses, transportation is the second highest source of expenditures, especially in Conakry—households with students in public higher education institutions spend over one third of their education expenditures on transportation.

4. How Is Funding Determined for Higher Education and What Funding Model Is Used?

Higher education financing is determined on the basis of historical numbers of staff and students. Higher education institutions directly negotiate their budget allocation with the Ministry of Finance, and the amount allocated to the institutions is based on student numbers rather than programs. The evolution of financing to institutions has increased over the years, from 0.34 percent of GDP in 2006 to 1.02 percent in 2012.

The unit cost per student is low compared to other countries in the sub-region, and remains the same across academic programs (GNF 362,090 or US\$51).

In 2012, the higher education recurrent budget reached a total of 393 billion GNF (Table 2).

Financing of Public Institutions

There is wide variation in expenditures per student within the public university sphere (Figure 10).

¹¹ The central budget data does not provide information on the capital investments at the pre-primary level such as the Early Childhood Care and Education centers or adult literacy centers as the construction and the maintenance of these centers are under the responsibility of local governments.

Table 1: Education Expenditures of Household, by Type and Level of Education, in and Outside of Conakry, 2012 (Private Expenditure Per Pupil)

	Primary		Secondary		Higher Education	TVET	
	Public	Private	Public	Private	Public	Private	Public
CONAKRY (total expenditure, in 000)	64	423	231	670	243	560	339
Tuition	0%	70%	26%	70%	36%	49%	32%
Uniforms	51%	10%	22%	8%	8%	4%	2%
Books	3%	1%	2%	1%	3%	3%	3%
School Supplies	56%	10%	19%	7%	13%	11%	1%
Transportation	0%	3%	17%	9%	35%	27%	53%
Room and Board	1%	4%	11%	2%	4%	6%	7%
Other expenses (inc tutoring)	2%	2%	1%	2%	NA	NA	1%
OUTSIDE CONAKRY (total expenditure, in 000)	125	342	153	628	219	987	209
Tuition	16%	68%	13%	74%	33%	63%	51%
Uniforms	47%	16%	44%	11%	5%	9%	14%
Books	2%	1%	2%	1%	3%	1%	0%
School Supplies	33%	15%	33%	12%	21%	9%	18%
Transportation	NA	NA	4%	2%	31%	18%	13%
Room and Board	1%	1%	1%	1%	NA	NA	3%
Other expenses (incl. tutoring)	1%	1%	2%	1%	9%	NA	1%

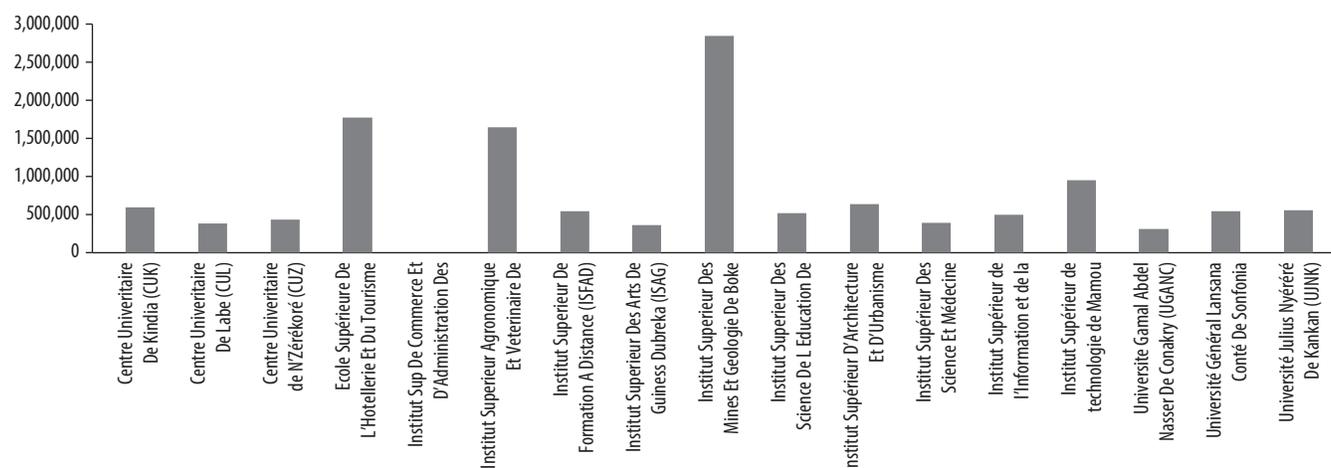
Source: ELEP (2012), statistics computed with less than 20 observations are reported as N/A.

Per-student expenditure is higher in higher education vocational institutions, in particular at the Institute of Agronomy and Veterinary of Faranah (ISAV) and the Boke School of Mining and Geology (ISMG) (4,250,000 GNF and 4,214,000 GNF respectively). These are followed by the Higher Institute of Arts at Dubreka (ISAG) (3,104,578 GNF) and the School of Hospitality and Tourism (ESHT) (2,877,850 GNF). This is explained by the low number of students in professional institutes and the importance of the share of resources devoted to these structures (for example, Boke and Faranah monopolize 15 percent

Table 2: Higher Education Recurrent Budget (2012)

Year 2012	Allocations	Executed amounts
Foreign	27,303,073,000	27,270,077,311
Private institutions	120,676,875,381	111,567,180,000
Public institutions	152,826,455,431	134,455,679,002
Research institutions	10,875,339,801	10,875,330,727
Central administration	81,326,818,942	66,403,167,278
Total	393,008,562,555	350,571,434,318

Figure 10: Current Expenditure by Student in Public Institutions



Source: Ministry of Higher Education and Scientific Research, Annual Statistics (2012).

Table 3: Average Monthly HH income by Level of Education, Youth and Adult, (GNF)

	Youth	Adult
No education	594,114	621,800
Incomplete primary	844,550	843,907
Completed primary	1,125,062	1,110,756
Lower secondary	1,316,509	1,288,089
Upper secondary	1,514,030	1,450,641
TVET	1,625,374	1,652,276
Higher education	1,944,192	1,925,775
Total	884,132	843,101

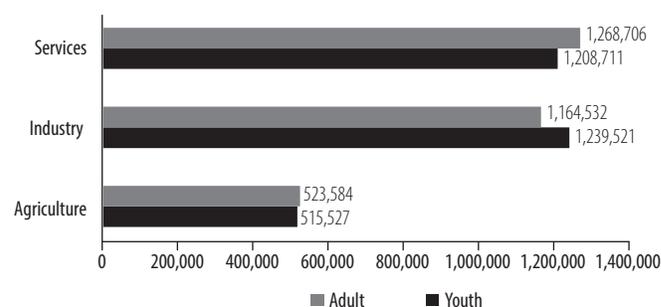
of resources for less than 5 percent of enrollment). However, the available means of these institutes are very low given the high cost of materials and subsequently explains the difficulties of these structures to accommodate additional students.

In contrast, **universities that capitalize more financial resources have lower pupil spending** with about 2,000,000 GNF on average. The majority of students are oriented to institutions with less professional and vocational training such as UGANC, Sonfonia, Nzerekoré, Labe, Julius Niérére in Kanka, and Kindia facing overstaffing (over 50 percent). Despite the significant resources injected (61 percent) in these facilities, student spending remains very low.

In addition, if one considers that these institutions account for most staff and transfer costs which constitute the bulk of the resources involved in the functioning/running of institutions (respectively 30 percent and 28 percent respectively with 20 percent and 21 percent for universities), the problem of how these structures can continue to support their recurrent costs arises with acuity.

Two key recommendations to rebalance the distribution of resources and a more equitable allocation within and between the different institutions are: (1) First, by implementing the appropriate management reforms of staff (status, recruitment criteria allocation, redeployment) and scholarships (criteria for the granting and maintenance of the scholarships);

Figure 11: Average Monthly HH Income, by Sector of Employment, Youth and Adult



Source: ELEP (2012).

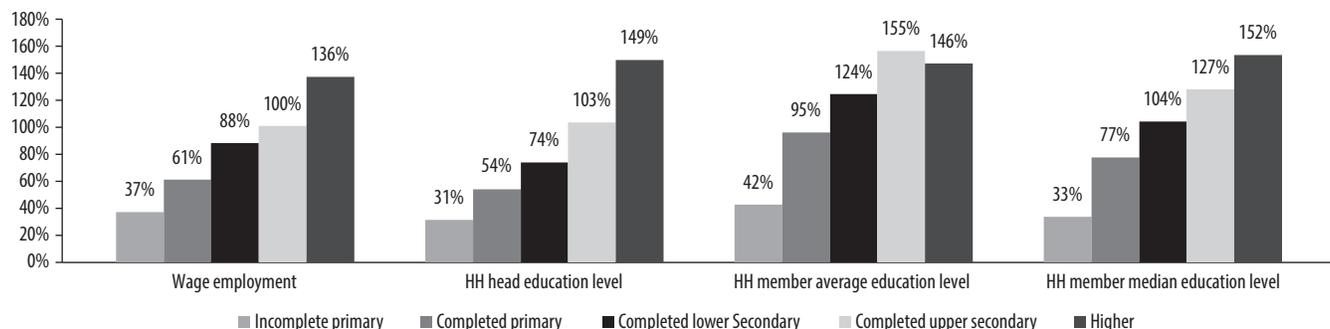
(2) Second, by setting up courses/programs in line with labor market demand and in accordance with internationally recognized standards to improve the employability of graduates.

Is Higher Education Funding in Guinea Efficient?

Funding for higher education is neither allocated nor used efficiently. Adults with primary education generally earn fifty percent more than those with no education (GNF 1,110,756 or \$159 per month, compared to GNF 621,800 or \$88 per month), but the middle-school premium over primary school is only eight percent (Table 3). The highest-paying sector by household income is the service industry for adults, and the industry sector for youth (Figure 11).

Estimates by level of education reveal that a higher level of education is associated with higher earnings at all levels of education, both for wage employment and household income (Figure 12). The other notable aspect regarding education's significant role in poverty reduction is the direct linear relationship between education and earnings. As educational achievement increases, the likelihood of poverty declines. For example, in wage employment compared to no education level, attainment of some primary education increases monthly earnings by 37 percent and the corresponding figures for completed primary, completed lower secondary, completed upper secondary, completed upper

Figure 12: Earning Incremental by Level of Education Compared to no Education Category for Employed Working Age Population (Age 15–64)



Source: Estimates based on ELEP 2012.

Table 4: Social and Private Rates of Return to Schooling

Level of education	Expected life-time earning	Average years of schooling	Difference in average number of years of schooling	Average years of schooling within the school level	Private per student payment	Public per student Payment	Private rate of returns	Social rate of returns
Primary	11.7	2.8	2.8	2.8	605,866	351,222	10.3%	10.0%
Lower Secondary	14.6	8.5	5.7	2.5	932,615	399,367	4.2%	4.1%
Upper Secondary	15.9	11.3	2.8	2.3	1,046,179	429,007	3.2%	3.1%
Higher education	21.3	14.7	3.3	2.7	2,759,649	4,229,922	8.9%	7.5%

Source: Estimate based on ELEP 2012 and Guinea Public Expenditure Review of the Education Sector (2014).

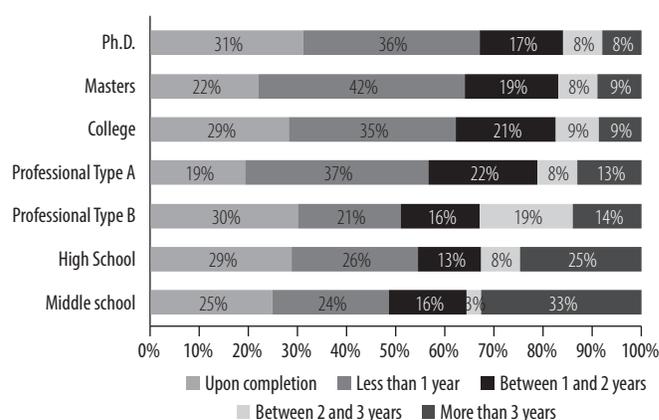
secondary, and post-secondary education are 61 percent, 88 percent, 100 percent and 136 percent, respectively. The patterns based on household income for the other three classifications closely follow the same pattern. Overall, for wage and household head's education, a higher level of education seems to reward the highest incremental yields, while for average and median years of household member's education, primary completion yields high returns. Therefore, education is the most important factor for poverty reduction.

Higher education graduates earn three times more than those who have no education. Primary education has the highest private and social rates of return (Table 4). This is consistent with other findings in developing countries.¹² After primary education, the rates of return for higher education are the most favorable at 8.9 percent, compared to 7.5 percent of social rates of returns.

Most employees work in areas unrelated to their skill levels.¹³ Half of government employees hold technical and professional degrees. Similarly, the distribution of tasks within firms is unrelated to employer credentials, except perhaps for workers who pursued their education beyond high school, again suggesting that specialization at the workplace is not necessarily a continuation of skills learned at school. There is a gap between skills cultivated by education and formal training, and what employers demand from workers. Employers frequently offer and fund further training to close the gap: 70 percent of government workers, 40 percent of construction workers, and 30 percent of workers in manufacturing and commerce participate in training of substantial duration. The average duration of training is 18 months, with little variation across sectors, suggesting that employer-offered training is substantive, and beyond simple orientation sessions.

Educated youth face higher unemployment rates, and the school to work transition can take a long time. Only one-third of the most educated Guinean youth find jobs upon graduation, and for most, finding a job can take years. Household surveys show that (Figure 13) close to half of high school graduates cannot find jobs within one year of graduation. Among workers aged 20 to 24, the share of unemployed is 8.9 percent, indicating that this transition is relatively difficult. Late entry to school and high repetition rates contribute to

Figure 13: Time it Takes to Find Employment upon Graduation, by Level of Education



Source: ELEP 2012.

late entry into the labor market. A quarter of youth between the ages of 20 and 24 are still in secondary school.

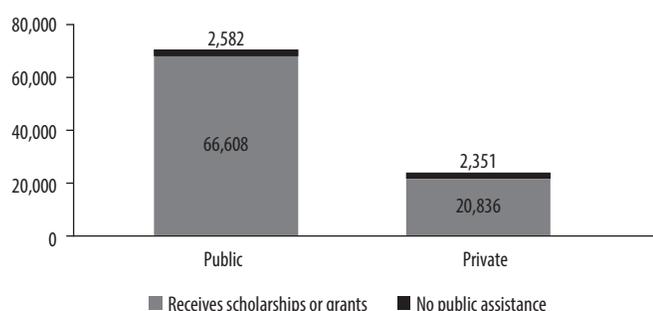
Almost half of the higher education funding for operating expenditures is used to support students in public and private universities through stipends and scholarships, regardless of the academic merits of the student and the value of the program in the labor market. All students who successfully pass the high school exit examinations are eligible for entry into higher education, and subsequently eligible for scholarships (for more in-depth information, see note 2). The current funding structure serves as an entitlement program benefitting students of privileged backgrounds and supporting established programs, which may be following an irrelevant curriculum and taught by faculty with outdated knowledge.

In 2012, the Guinean government allocated GNF 175 billion for scholarships and direct transfers to students in higher education: half of current expenditures for higher education. Over 87,000 students (public and private universities combined) benefited from this type of financial support (Figure 14), equivalent to 95 percent of higher education students (or 96 percent at public universities, and 89 percent in private universities). Although institutions are encouraged to generate their own funding, this amount is in reality very modest: in the range of 1.5 percent in certain institutions. Registration fees for students in public institutions remained constant at GNF15,000 (or US\$2) since 2008.

12 (Lee and Psacharopoulos (1979), Baumol, Blackmann, and Wolff (1989)

13 Employer survey, World Bank, 2013

Figure 14: Number of Students Receiving Higher Education Subsidies, Public and Private, 2012



Source: Annual Statistics.

Funds allocated to scholarships increased rapidly between 2008 and 2010, and have been declining since, though the number of students receiving subsidies has remained stable (Table 3). Direct transfers to private institutions saw a steep increase in 2010, with the funding almost doubling due to increased availability of private institutions and growing student numbers. The student body increased from 8,700 in 2008 to 22,900 in 2010, and 23,187 in 2012. Approximately 13 to 14 percent of scholarships and financial aid support is directed to Guinean students studying outside of Guinea.

The volume of subsidies for private institutions continues to increase rapidly (Table 5). These subsidies, which are paid directly to universities based on enrollments, by offering more enrollment options, are seen as a way to free up space in overcrowded public universities. Monthly scholarships for students in public institutions are very small, ranging from GNF 95,000 (US\$13) and 130,000 (US\$19) and increasing by year of study. Tuition subsidies offered to students in private institutions are more considerable and vary by institution, with an estimated monthly average of GNF 400,000 (US \$55).

Surveys of students and higher education institutions provide further evidence that higher education scholarships and subsidies are neither well targeted nor adequately managed. With the support of the World Bank, the Guinean government undertook a survey¹⁴ to assess the use and management of scholarships and subsidies. The survey had three objectives: first, to assess the leakage incurred in the transfer of funds from central to higher education institutional levels; second, to better understand the procedures and management of scholarships/grants; and third, to collect students' opinions and suggestions on possible scholarship reform. The survey covered twenty-nine institutions, including all seventeen public universities and thirteen of the twenty-nine private institutions. 2,568 students from public institutions and 871 from private institutions were interviewed.

For students enrolled in both public and private institutions, one notes that the expenditures far exceed the financial support received (Table 6). For most, the subsidy amounts are small—among students who attend public schools, average expenditures are around GNF 815,000 per month. This suggests that scholarships can pay for only twelve to sixteen percent of monthly expenditures. Among students enrolled in private institutions, the subsidies account for a quarter of total expenditures, which are, on average, GNF 1.5 million per month. The comparison of expenditures suggests that tuition alone cannot explain the cost differentials—students of private universities have higher expenditures on basic items such as food and clothing, perhaps due to lifestyle differences.

Student responses to survey questions also show that students mostly rely on financial support from their families. Many live with their parents (60 percent across public universities and eighty percent across private) and over two-thirds report receiving additional contributions from their parents. While 40 percent of students report debt of GNF 100,000 or

14 World Bank. 2013. Survey on the Living Conditions of Students in Guinea

Table 5: Evolution of Scholarship Financing Funds Committed and Executed, in GNF Millions

	Budget	Public institutions	Private institutions	Foreign scholarships
2006	Total credits	26,731	0	8,420
	Total executed	26,731	0	8,406
2007	Total credits	40,313	11,639	11,623
	Total executed	40,313	9,540	9,864
2008	Total credits	55,271	20,774	12,788
	Total executed	55,271	20,661	12,857
2009	Total credits	76,554	45,592	14,490
	Total executed	76,554	45,591	6,140
2010	Total credits	95,563	80,338	32,502
	Total executed	95,563	80,153	34,623
2011	Total credits	90,557	113,713	25,401
	Total executed	89,853	87,348	24,720
2012	Total credits	54,720	132,286	27,303
	Total executed	36,910	119,188	27,270

Source: MEF.

more, only fifteen percent of them report having jobs. 40 percent of the students have one business-owning parent, and only fifteen percent report parents with no professional activity. Similarly, students who receive scholarships generally have educated parents—half the students in public universities, and slightly more in private universities, report that their fathers have at least completed high school.

Results from the survey also show that monitoring of students in private and public institutions can be improved. 43 percent of students interviewed reported that they were absent at least once during exams, twenty percent were absent once during exams, 10 percent twice, 5 percent three times and 8 percent four or more times. Attendance should be a determining factor in scholarship renewal. Receiving a scholarship should be an indicator of success, but under the current structure, it is not. Furthermore, the system leaves room for abuse. Focus groups organized as part of this survey indicated that some students receiving a scholarship in a public institution were simultaneously enrolled in another program in a private institution.

Sizable amounts of funds are either lost or not used for the intended purpose. Results from the tracking survey show that the scholarship funds are rarely executed to exhaust all appropriations (Table 7). The leakage rate at public institutions could be as high as 17 percent. This finding is based on the information from fourteen public higher education institutions and 47,039 higher education scholarship holders enrolled in those institutions (69 percent of all public scholarship holders in higher education). The lowest-performing higher education institutions had leakage rates between 13 and 17 percent. Others suffered losses between 0.14 and 7.14 percent. The average loss rate is 6.85 percent or GNF 3.137 billion.

The study could not determine the losses incurred at private institutions or their resource utilization. The lack of analysis is a stark reminder of the lack of accountability, given

Table 6: Monthly Average Student Expenditure by School Type

Type of expenditure	Public	Private
Food	204,972	214,156
Clothing	144,097	209,105
Health	65,403	90,856
Transport	111,711	208,147
Tuition	92,892	481,178
Communication	92,287	156,700
Extra curricula	62,615	103,271
Others	40,788	73,200
Total	814,765	1,536,613

Source: Survey (2012)

the considerable amounting of funding allocated to private institutions. Despite the substantial financing provided for these institutions, they are not required to report on results. While this kind of partnership is certainly very commendable, the opacity of this approach needs to be revised urgently.

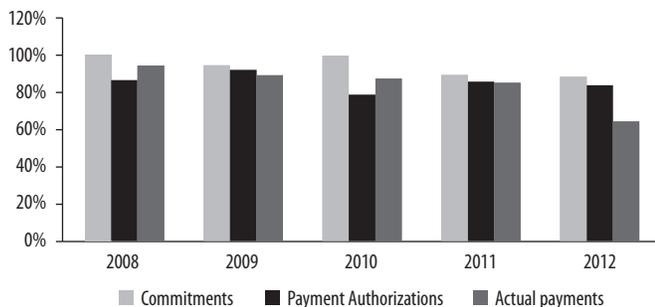
The low execution rates for scholarships and subsidies are partly due to the extremely conservative funding forecasts—the model overestimates the number of beneficiaries, sometimes even double counting them, but must account for lack of financial controls, especially the inadequate criteria for the granting and renewal of scholarships. The Ministerial budget office has also reported that some losses are due to interest rates charged by certain banks: some public universities do not have an account at the Central Bank of the Republic of Guinea and are required, in the interest of safety, to open an account in commercial banks with higher interest rates. It is important to note that the low execution of these funds is also

Table 7: Leakages Suffered by the Public Institutions on Scholarships in 2012

Public Institution	No. of bursaries	Credits (GNF millions)	Amount received (GNF millions)	Loss (GNF millions)	Loss rate
CU Labe	2,003	1,280	1,094	186	14.53%
ISAG Dubreka	2,784	6,936	6,926	10	0.14%
ISSMV Dalaba	1,886	5,828	5,047	781	13.40%
CU Kindia	4,639	6,386	5,332	1,054	16.50%
ISMG Boke	1,542	4,200	3,900	300	7.14%
UDECOM Guinee	414	954	922	32	3.35%
CU Zerekore	1,083	1,059	1,035	24	2.27%
ISAV Faranah	1,523	5,365	5,158	207	3.86%
UJNK Kankan	5,432	5,053	4,750	303	6.00%
URL Conakry	424	1,948	1,900	48	2.46%
UGLC	20,703	2,061	1,951	110	5.34%
IST Mamou	1,685	1,627	1,579	48	2.95%
ESTH	2,357	2,163	2,133	30	1.39%
ISIC Kountia	564	928	918	10	1.08%
Total	47,039	45,786	42,647	3,139	6.86%

Source: tracking survey (2012).

Figure 15: Budget Execution Rates at MESRS

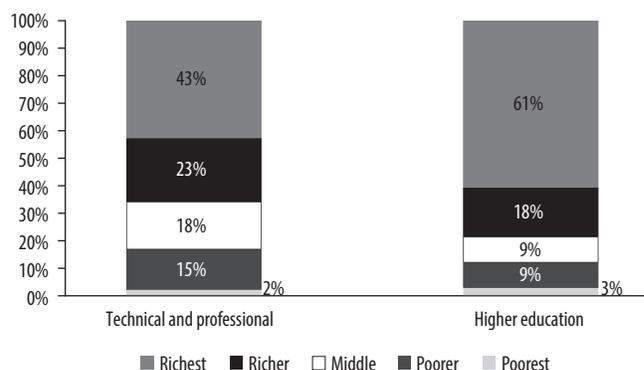


Source: MEF.

apparent in the overall execution of operating expenditures at MESRS. Data from MEF shows that in 2012, the total commitment across all types of operating expenditures was 88 percent of total budget allocations for MESRS, and the actual payments were only 64 percent. This compares poorly not only to the historical execution rates at the Ministry, but also to other Ministries that oversee other education sectors (Figure 15). For example, across all ministries, the actual payments were 74 percent of initial budget allocations.

Delays in disbursement of funds appear to be another important problem. Of the 3,439 students interviewed, ninety-four percent mentioned that they received their scholarships with a delay of more than a month. The average delay in payment of grants is 41 days. Some students have even put the delay at 90 days. Interviewed students cite the complexity of the system, along with the number of administrators involved, as the two main reasons for the delays according to the interviewed students. Due to these delays, students report restricting their spending—over half reported cutting expenses, and nearly seventy percent asked for financial support from their families to cover their expenses. A majority of students (65 percent) favor receiving scholarships through automated banking as a means of curbing delays.

Figure 16: Access to TVET and Higher Education, by Household Income, 2012



Source: ELEP (2012).

Given the inadequacy of the attribution system and excessive proportion of the higher education budget allocated to scholarships, guinea could consider implementing new financing instruments. box 1 describes variable fees and income-contingent loans as a way for the higher education system to increase access while still recovering costs.

5. Is Higher Education Funding in Guinea Equitable?

Students from wealthier households have disproportionately higher access to higher education. ELEP data show that the same holds for TVET as well. Across TVET schools, students from the top two quintiles account for two thirds of the student body (Figure 16). This is a function of where students live and what they can afford to do with their time. Poor, rural students are less likely to live close to a TVET school, and more likely to be required to work to support their families.

Box 1: Variable Fees and Income-Contingent Loans

Variable Fees and Income-Contingent Loans

Variable fees

Variable (or liberalized) fees—set by universities—offer several benefits over a flat fee. They can increase the resources entering the higher education system by being open ended, and they can increase competition among universities, increasing quality and relevance, as well as the efficiency of resource use. And by being akin to income transfers to targeted income groups, they have the potential to be more equitable than other approaches to revenue generation, especially when they are set at higher rates for those who can afford them and are combined with redistributive policies to help poorer students pay those fees.

In most variable fee schemes, the government usually places a ceiling on the maximum and has most students make at least some contribution toward their education, though exempting qualified poor students from fees based on need and equity helps ensure that they are not excluded or sent to low-cost and possibly low-quality institutions. Otherwise, requiring students to pay at least some of the cost generally improves their motivation and performance. Of course, governments will differ in what the variable fee structures and ceilings should be to ensure access, equity, and cost-recovery.

Income-contingent loans

More governments recognize that income-contingent loans are better for access. Repayment is contingent on the future income of the borrower: people with low earnings make low repayments, and people with low lifetime earnings do not repay the loan principal in full. Such a loan protects a student from excessive risk and can promote efficiency (by the protection from risk) and access (fees financed by the loans free resources for access).

Access is even more skewed towards wealthier households at the higher level: Four in five university students come from households from the top two quintiles—these students (approximately 73,000 of them or 2.4 percent of all students in Guinea) are the direct beneficiaries of a quarter of Guinea’s public education expenditures. Students from the poorest households constitute only three percent of university students and two percent of TVET enrollment.

Households carry significant burdens for sending their children to higher education, but compared to lower levels of education, their collective contribution is small. In 2012, households spent approximately GNF 243,000 for each student enrolled in a public university, and approximately GNF 560,000 for each student enrolled in a private school. Given the enrollment figures for this year, one can conclude that households collectively spend GNF30 billion¹⁵ on higher education, which is approximately nine percent of the public expenditures on higher education. In contrast, households contributed approximately GNF 298 billion for the 1.6 million students enrolled in primary schools¹⁶—which is approximately seventy percent of the publicly funded operating expenditures of GNF 407 billion—and households spent approximately GNF 191 billion¹⁷ on 660,000 secondary school students (approximately GNF 289,000 per student or \$41 per student), slightly under thirty percent of whom are enrolled in private schools (Figure 17). These estimates underline the fact that household contributions towards operating expenditures are greater than the public contributions at the higher education level. Even if these estimates were off by a reasonable margin, this exercise still shows us the regressive nature of public funding of education in Guinea, where households carry a much greater burden for lower levels of education.

Enrollment trends suggest that there is also a gender bias: Males enjoy greater access to higher education compared to females, and are therefore more likely to benefit from public funding. The differences in enrollment between males and females are large at higher education institutions compared to TVET (Figure 18). Since the enrollment figures are low, we show the number of students per 100,000 inhabitants. In general, enrollments have been increasing for TVET, whereas for higher education, after a modest increase from 2008 to 2011, enrollments declined for both males and females in 2012.

6. Challenges and Recommendations

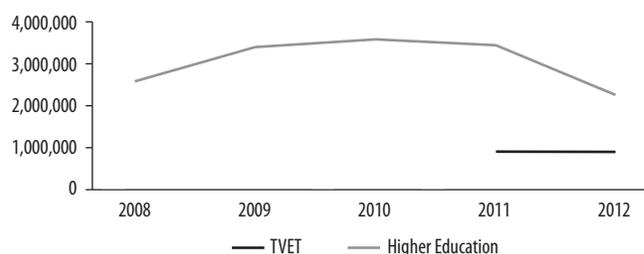
The review of higher education financing reveals that in comparison to the sector as a whole, higher education receives a disproportionate amount of public funds. Households shoulder a much smaller share of funds, compared to lower levels of education. Higher education funding is inefficient in its allocation—not only does it support programs with little value in the labor market, the funds are also spent

¹⁵ This estimate is based on 2012 ELEP data (in Table 1) and enrollment figures for public and private entities. The estimate assumes that 95 percent of higher education enrollment in Conakry.

¹⁶ This estimate assumes that approximately 25 percent of the enrollments are in Conakry for public schools and approximately 90 percent for private schools.

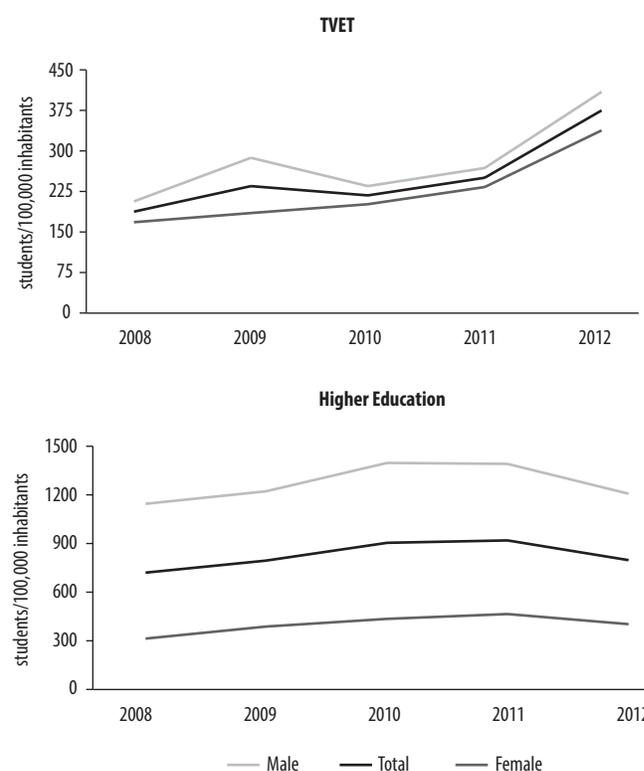
¹⁷ Similar assumptions as the estimate for primary schools.

Figure 17: Per Pupil Costs, TVET and Higher Education by Level, in Constant 2008 GNF



Source: MEF.

Figure 18: Access to TVET and Higher Education, by Gender, 2008–12



Source: Annual enrollment statistics, 2011–2012.

indiscriminately, regardless of a program’s success or the value it adds to labor productivity, and regardless of the merits or needs of the students receiving funds. Finally, management and monitoring of public funds in higher education show important weaknesses.

1. The lowest hanging fruit for efficiency improvements is a revamping of the scholarship and subsidy payments to higher education students and institutions. An important reform would be to link scholarship in particular, and higher education funding in general, to a programs’ demonstrated ability to produce students with high demand skills

in growing sectors. Limiting subsidies to students enrolled in programs in demand by the economy would certainly improve efficiency, but can be difficult politically. There is some evidence that a merit-based scholarship system would receive student support.¹⁸ A combination of merit based and performance-based scholarships would result in a very different student profile and cost structure at the higher education level. Currently, approximately 58 percent of all scholarship funds go to students from the top 20 percent income earning families. Cutting scholarships and subsidies by half to students from the richest households would free up GNF46 billion. Since few students do not receive scholarships and assistance at the higher level, these funds could be used to increase subsidies for students from poorer families (thus reducing some of the barriers such students face). They could also shift the focus to girls, who are disadvantaged in accessing higher education, or quality improvement activities.

2. Involve the private sector as partners in curriculum development, practical training, and financing. By becoming involved in curriculum development and providing practical training opportunities, future employers will have a stake in the development of the higher education

¹⁸ Student surveys suggest that over ninety percent of the students acknowledge that the subsidy system needs some reform, and over two-thirds support a merit based subsidy system.

system and in ensuring its adequacy with labor market demand. The higher education sector has been given administrative and financial autonomy through the recent presidential decrees (063/622), which grants institutions greater freedom to generate their own resources and spend these resources according to their priorities. An important source of funding would be for TVET and higher education institutions to engage in cost-recovery to raise funds directly from the private sector. This could be an important source of funding, especially for TVET and higher education institutions, where there are direct linkages with the business community.

3. Introduce performance-based contracts for increased accountability of both public and private institutions. The government is currently setting up a competitive fund to introduce short-term technical training programs in both higher education and TVET institutions in partnership with the private sector. This is an important first step in innovative financing innovation in financing. As a second step, Government is encouraged to negotiate performance contracts with public and private institutions to link financing to performance. Performance contracts can also be used to encourage public-private partnerships with local businesses.

4. Programmatic budgeting, though already tested in the education sector, will need to be replicated in other sectors as well. However, this approach can only materialize if there is political will to better align financing with sector goals.

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