



Partnership for Educational Revitalization in the Americas  
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# PREAL

Partnership for Educational  
Revitalization in the Americas

## THE FUTURE AT STAKE

Report of the Task Force  
on Education, Equity and  
Economic Competitiveness  
in Latin America and  
the Caribbean



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CINDE





# **THE FUTURE AT STAKE**

Report of the Task Force

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Economic Competitiveness

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the Caribbean

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April 1998



# TABLE OF CONTENTS

<b>The Mission</b> .....	<b>2</b>
<b>Acknowledgements</b> .....	<b>3</b>
<b>Members of the Task Force on Education, Equity and Economic Competitiveness in Latin America and the Caribbean</b> .....	<b>4</b>
<b>Executive Summary</b> .....	<b>5</b>
<b>Report of the Task Force on Education, Equity and Economic Competitiveness in Latin America and the Caribbean</b>	
<b>I. A Region in Peril</b> .....	<b>6</b>
<b>II. Why Education Matters</b> .....	<b>10</b>
<b>III. Diagnosing the Problem</b> .....	<b>11</b>
<b>IV. Recommendations and Implementation</b> .....	<b>15</b>
<b>V. A Call to Action</b> .....	<b>20</b>
<b>Supplemental Comments by Members of the Task Force</b> .....	<b>21</b>
<b>About the Members of the Task Force</b> .....	<b>22</b>
<b>Suggested Readings</b> .....	<b>25</b>

## TABLES

1. Gaps in Education for Latin America and the Caribbean, 1995 .....	6
2. Primary School Repetition and Completion, Latin America and the Caribbean, 1989 .....	8
3. Achievement in Mathematics and Science in Five Countries by Type of School, The TIMSS Pilot Study of Achievement of Thirteen-year-old Students, 1992 .....	9
4. Public Expenditure on Education, Latin America and the Caribbean, 1980-1994 .....	14
5. Annual Spending per Pupil by Level of Education, 1992 .....	14

## FIGURES

1. Educational Level of the Labor Force, Latin America and Southeast Asia, 1950-1990 .....	7
2. Average School Years per Sixth-grade Graduate, 1988-92 .....	7

## BOXES

1. Increasing School Authority: Empowering Local Communities in Minas Gerais .....	12
2. Targeting Schools at Risk: The Use of Assessments in Chile .....	16
3. Demand-based Financing in Chile and Colombia .....	18
4. Improving Teaching in Rural Schools: Colombia's <i>Escuelas Nuevas</i> .....	19

In 1996, the Inter-American Dialogue and the Corporation for Development Research (CINDE) established the Task Force on Education, Equity and Economic Competitiveness in Latin America and the Caribbean.

The Task Force was the central element of a broader program—the Partnership for Educational Revitalization in the Americas (PREAL)—that the Inter-American Dialogue and CINDE established in 1995. The Task Force is composed of distinguished citizens from throughout the region who are concerned about issues of school quality. Its members include leaders in the fields of industry and commerce, government, higher education, law, and religion. Although few of them have previously participated in the education policy debate, all have extensive experience in public policy, and share a strong conviction that schools must be made better.

The Task Force was asked to examine the state of education, and to present its findings and recommendations in a non-technical, policy-oriented report. Task Force members were particularly concerned with reaching leaders from outside the education sector, whose support would be crucial to achieving fundamental institutional change. The Task Force sought to:

**promote consensus among diverse sectors of society regarding the need for fundamental education reform, and to create new alliances in support of that reform;**

**broaden the constituency for reform, by involving leaders from outside the education sector;**

**identify new and modern approaches to education policy emerging in the region and elsewhere;**

**and monitor progress toward improving education policy.**

Task Force members met in Santiago, Chile, in January 1997 to discuss the content and structure of the report and to establish a work plan. Subsequently, staff at the Inter-American Dialogue and CINDE, with the help of several consultants, drafted a report which was discussed and revised at a second meeting in Washington, D.C., in December 1997.

The report that resulted from these deliberations is attached. It reflects the consensus of the members of the Task Force on Education, Equity and Economic Competitiveness. Not every signer agrees fully with every phrase in the text, but—except as noted in individual statements—each of the members endorses the report’s overall content and tone, and supports its principal recommendations. All subscribe as individuals; institutional affiliations are for purposes of identification only.

We are convinced that better schools are crucial to generating economic growth, promoting equity, and sustaining democratic government. The report proposes a series of practical steps for addressing the serious shortcomings we have detected in the region’s schools. We believe that these recommendations provide a firm base for moving forward. We urge every nation in Latin America and the Caribbean to give education reform top priority, to work systematically to develop a broad consensus on the changes needed, and to exercise the political leadership that is essential to achieving fundamental institutional reform.

José Octavio Bordón, co-Chair  
John Petty, co-Chair



# ACKNOWLEDGEMENTS

This report is based on the deliberations of the Task Force on Education, Equity and Economic Competitiveness at its two meetings in 1997. The first was held in Santiago, Chile, under the auspices of the Corporation for Development Research (CINDE). The second was held in Washington, D.C., under the auspices of the Inter-American Dialogue. It draws on documents produced by a variety of education experts. Many people have contributed to the report through informal discussion, commissioned papers, and advice. We particularly want to thank Cecilia Braslavsky, Gloria Calvo, Gustavo Cosse, Cristián Cox, E. Mark Hanson, Nancy Morrison, Robert G. Myers, Diane Ravitch, Robert E. Slavin, and David N. Wilson, all of whom prepared PREAL working papers that informed our deliberations. Michelle Miller played a crucial role in taking the analysis we produced and turning it into a coherent draft report. Patricia Arregui, José Joaquín Brunner, Ernesto Ottone, José Ángel Pescador, and Larry Wolff provided important comments on preliminary versions. Marcela Gajardo and Jeffrey Puryear coordinated the preparation of the report, and revised each draft for submission to the Task Force.

The preparation of the report was a collective effort that involved staff from the Inter-American Dialogue and CINDE. Tamara Ortega Goodspeed, Paul Kantz, Sandra Forero, and Carlos Rosales played important roles in generating information, organizing meetings, and reviewing documents at the Dialogue, as did Ana María Andraca and Nelson Martínez at CINDE.

This report would not have been possible without the sustained support of the Inter-American Development Bank, the Canadian International Development Research Centre, the U.S. Agency for International Development, and the GE Fund. Their willingness to provide steady and flexible funding to the Partnership for Educational Revitalization in the Americas (PREAL) over several years has been crucial in developing the information and institutional networks necessary to the project.

We particularly want to offer a special tribute to Francisco J. Garza, a well-known and respected Mexican business executive, who served on the Task Force until his death in October 1997.

# MEMBERS OF THE TASK FORCE

on Education, Equity and Economic Competitiveness in Latin America and the Caribbean

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No one disputes that education is vital for economic growth, social advance, and democratic progress. Yet most children in Latin America and the Caribbean are today deprived of a decent, high-quality education. Indeed, Latin America's schools are in crisis. They are not educating the region's young. Instead of contributing to progress, they are holding back the region and its people—reinforcing poverty, inequality, and poor economic performance. Students from the region's top private schools perform at levels comparable to schools in the industrialized countries. Public school students, in contrast, perform dismally by any standard. Latin America's future will be bleak until all its children are provided real opportunities for decent education.

Our Task Force offers parents, governments, educators, the business community, political leaders, private citizens, and international financial agencies four key recommendations to make schools better. These recommendations are designed to work together. The problems that plague the region's schools are systemic, and must be addressed along several dimensions at once.

## RECOMMENDATION #1

**Set standards for the education system and measure progress toward meeting them.**

Governments should establish clear education standards, introduce national tests, and use the results to revise programs and reallocate resources. Latin American and Caribbean nations should have their students participate in international tests so they can compare the quality of their schools with those of other countries.

## RECOMMENDATION #2

**Give schools and local communities more control over—and responsibility for—education.**

Centralized education systems deny school principals, teachers, and parents the authority they need to improve school performance. Central governments should develop a new role— withdrawing from directly running schools and concentrating instead on generating funds, setting standards, promoting equity, monitoring progress, and evaluating results. They should give school directors, parents, and local communities greater responsibility for school management, including authority over teachers. Parents should have choices among competing schools.

## RECOMMENDATION #3

**Strengthen the teaching profession, by raising salaries, reforming training, and making teachers more accountable to the communities they serve.**

Teachers in the public schools are often underpaid, underprepared, and poorly managed. Governments should take firm steps to make teaching a stronger and more attractive profession. School principals and the local community should have the authority and resources to reward good teachers.

## RECOMMENDATION #4

**Invest more money per student in preschool, primary and secondary education.**

The changes required in Latin America's schools (as spelled out in recommendations 1-3) cannot be provided at present levels of expenditure. Expenditures per pupil in public schools lag far behind those in private schools, and in the public schools of other regions. Governments will have to invest significantly more if they are to increase the quality and equity of basic education. More money alone, of course, will not solve the problem. New funds will be wasted unless they are coupled with the major institutional reforms we are recommending. Both fundamental change and additional resources are needed.

“All over the world it is taken for granted that educational achievement and economic success are closely linked—that the struggle to raise a nation’s living standards is fought first and foremost in the classroom.”

The Economist,  
March 29, 1997

Education throughout Latin America and the Caribbean is in crisis. Enrollments have expanded rapidly and dramatically over the past three decades, but quality has eroded just as dramatically. Language, mathematics, and science teaching is dismal in most places. Few students develop strong skills in critical thinking, problem-solving, or decision-making. Only the small number of children attending elite private schools get an adequate education. The vast majority attend weak and under-funded public schools, where they fail to acquire the knowledge and skills needed for economic success or active citizenship. At a time when good schools are increasingly crucial to economic growth, Latin America is falling behind.

Indicators of the region’s educational crisis include:

### LOW TEST SCORES.

International comparisons underscore the poor performance of Latin American schools. Only two countries from Latin America chose to participate in a worldwide test of fourth grade math and science skills in 1996. One of them—Colombia—ranked fortieth out of the forty-one countries surveyed, below every participating Asian, Eastern European, and Middle Eastern country. The other—Mexico—refused to allow its scores to be published. An earlier cross-national test of reading ability among nine-year-olds produced no less troubling results. Venezuela—the only Latin American country in the study—scored the lowest of the twenty-seven participating countries, well below Hong Kong, Singapore, and Indonesia. In a 1992 study of math and science skills, Brazilian thirteen-year-olds from Sao Paulo and Fortaleza scored below all but one of the nineteen participating countries. We commend these few countries for making their schools compete internationally, but their performance highlights the educational crisis in Latin America and the Caribbean. The reluctance of most Latin American countries to take part in cross-national testing is a strong indictment of the failure of education in the region.

### POOR EDUCATIONAL ATTAINMENT.

Latin American and Caribbean students enter the labor force with less education than their counterparts in Asia and the Middle East—and the gap is increasing. On average, Latin American workers have nearly two years less schooling than workers in other countries with similar incomes (**Table 1**).

**Table 1.**  
Gaps in Education for Latin America and the Caribbean, 1995

	Latin America	Countries at similar levels of economic development
Percent completing fourth grade	66%	82%
Average years of schooling for labor force	5.2	7.0

Source: Inter-American Development Bank, *Economic and Social Progress in Latin America, 1996 Report* (Washington, DC: Inter-American Development Bank, 1996).

The comparison with the high-growth economies of Southeast Asia is particularly striking. Latin America’s labor force has less education today than any country of that region, and appears to be steadily falling further behind (**Figure 1**).

More Latin American children are entering primary school than ever before, but few get very far. Roughly half of all students fail the first grade. Nearly a third repeat whatever grade they are in. In Honduras, Guatemala, El Salvador, and Nicaragua, the average student takes 10 years to complete six years of primary school (**Figure 2**). High repetition is usually associated with inadequate learning, and the problem is most severe for poor, rural, and indigenous children. As **Table 2** indicates, a few countries do better than the dismal average.

The cost of teaching children who are repeating a grade was recently estimated at \$3.3 billion—nearly one-third of public spending on primary education in the region.

One out of two students in Latin America never finishes the sixth grade (although there are wide variations among countries). The contrast with the newly industrialized countries of East Asia is striking. In Korea and Malaysia, more than 95 percent of students graduate from primary school; in Sri Lanka and Thailand, more than 80 percent; and in China, about 70 percent.

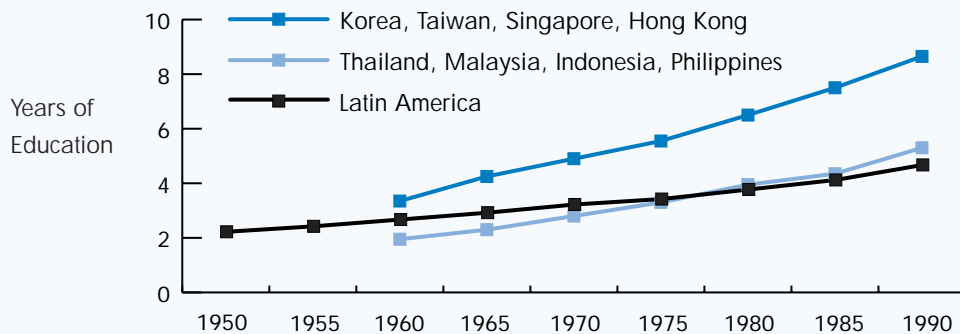
Latin America's record at the secondary level is no better. Only one out of three children attends secondary school, compared to over 80 percent in Southeast Asia. Most of those who enter never graduate. They drop out to take jobs, but they lack the language, math, science, and problem-solving skills necessary for success in modern economies.

The gap in educational attainment between Latin America and East Asia is getting worse. The average East Asian child will soon be going to school for as many years as in Europe, Japan, and the United States. Latin American and Caribbean children are left out of this progress.

## EDUCATIONAL LEVEL OF THE LABOR FORCE

### Latin America and Southeast Asia, 1950-90

Figure 1.

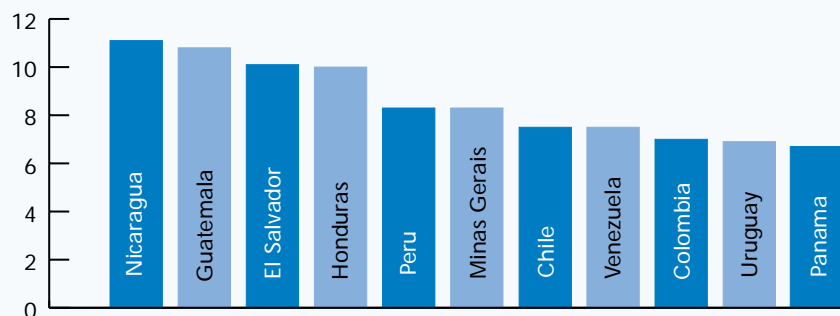


Source: Juan Luis Londoño, *Poverty, Inequality, and Human Capital Development in Latin America, 1950-2025* (Washington, DC: Inter-American Development Bank, 1996).

## AVERAGE SCHOOL YEARS PER SIXTH-GRADE GRADUATE

### 1988-92

Figure 2.



Source: Inter-American Development Bank, *Economic and Social Progress in Latin America, 1996 Report* (Washington, DC: Inter-American Development Bank, 1996).

## PRIMARY SCHOOL REPETITION AND COMPLETION

Latin America and the Caribbean, 1989

Table 2.

	First grade repetition rates	% graduating from 6th grade without repeating any grade
<b>Jamaica</b>	<b>6</b>	<b>52</b>
<b>Chile</b>	<b>10</b>	<b>41</b>
<b>Uruguay</b>	<b>15</b>	<b>54</b>
<b>Costa Rica</b>	<b>22</b>	<b>31</b>
<b>Peru</b>	<b>28</b>	<b>21</b>
<b>Venezuela</b>	<b>28</b>	<b>14</b>
<b>Argentina</b>	<b>31</b>	<b>17</b>
<b>Colombia</b>	<b>31</b>	<b>26</b>
<b>Bolivia</b>	<b>33</b>	<b>9</b>
<b>Ecuador</b>	<b>33</b>	<b>34</b>
<b>Mexico</b>	<b>33</b>	<b>23</b>
<b>Panama</b>	<b>—</b>	<b>33</b>
<b>Paraguay</b>	<b>33</b>	<b>20</b>
<b>Brazil</b>	<b>53</b>	<b>1</b>
<b>Honduras</b>	<b>53</b>	<b>12</b>
<b>El Salvador</b>	<b>54</b>	<b>4</b>
<b>Guatemala</b>	<b>55</b>	<b>9</b>
<b>Dominican Republic</b>	<b>58</b>	<b>3</b>
<b>Haiti</b>	<b>61</b>	<b>1</b>
<b>Weighted average for Latin America/Caribbean</b>	<b>42</b>	<b>10</b>

Source: Laurence Wolff, Ernesto Schiefelbein and Jorge Valenzuela, "Improving the Quality of Primary Education in Latin America and the Caribbean: Toward the 21st Century," World Bank Discussion Paper No. 257 (Washington, DC: The World Bank, 1994).

## INEQUITY.

Education may be the single most important mechanism to reduce income inequality. In Latin America today, however, education is doing just the opposite: it is exacerbating inequality.

Nothing illustrates better the problem of inequity in Latin America than the enormous chasm between private and public schools. Virtually all families with the resources to do so send their children to private primary and secondary schools. Virtually all poor families—by necessity—send their children to public schools. While not all private schools are of high quality, the best schools in the region are private—and many of these are on a par with the best schools worldwide. Most private schools invest significantly more money per pupil, enabling them to pay teachers higher salaries and provide more teaching materials. Private schools, on average, offer 1,000 hours or more of instruction yearly, while public schools offer 500 to 800 hours. Students in private schools routinely cover 100 percent of the official curriculum, while the average public school student covers just 50 percent. Private school students score significantly higher on achievement tests than do those who attend public schools (Table 3). Not surprisingly, the vast majority of repeaters attend public schools.

Rural schools are the most deprived. Teachers have far less training than in urban settings, funding is lower, and fewer grades are offered. Distance makes it even more difficult for children to complete their primary education, and basic materials, such as libraries and textbooks, are often not available.

ACHIEVEMENT IN  
MATHEMATICS AND  
SCIENCE IN FIVE  
COUNTRIES BY TYPE  
OF SCHOOL

The TIMSS Pilot Study  
of Achievement of  
Thirteen-year-old  
Students, 1992

Table 3.

	Elite Private	Lower Class Private or Upper Class Public	Lower Class Public	Rural Public
<b>MATHEMATICS</b>				
Argentina	50	41	33	29
Colombia	66	32	27	35
Costa Rica	72	59	44	43
Dominican Republic	60	41	29	31
Venezuela	44	29	55	33

National Average for Thailand: 50

National Average for USA: 52

**SCIENCE**

Argentina	45	43	37	28
Colombia	47	29	36	37
Costa Rica	66	59	50	50
Dominican Republic	52	38	29	29
Venezuela	55	38	37	35

National Average for Thailand: 55

National Average for USA: 55

Source: Ernesto Schiefelbein, "Education Reform in Latin America and the Caribbean: An Agenda for Action," in *The Major Project of Education in Latin America and the Caribbean* 37 (Santiago, Chile: UNESCO, 1995).

In the important area of gender equality, Latin America and the Caribbean outperform other developing regions. By the early 1980s, in fact, more than 50 percent of all students in the region were female. The challenge now is to treat girls equally once they are in school, by eliminating gender stereotypes and making sure that girls receive the same encouragement to excel in difficult subjects, such as mathematics and science, as do boys.

Latin America has the most unequal distribution of income in the world. Much of that inequality reflects a failure to invest in quality education for its children.

## WHY EDUCATION MATTERS

**H**igh quality education contributes to economic growth, social equity, and democracy. It provides children with skills that are crucial to social and economic success. Education helps reduce fertility and improve health. It makes workers more flexible, better able to learn on the job, and more capable of making good decisions. It encourages entrepreneurial activity. It prepares citizens for responsible participation in the institutions of democracy and civil society.

Historically, education has always gone hand-in-hand with economic growth. No country has made significant economic progress without expanding and improving its schools. Virtually all of the fast-growth economies of East Asia achieved universal primary enrollment by 1965, and then improved school quality by setting high standards and steadily increasing per-pupil investments. Those efforts have endowed East Asian workers with more cognitive skills than workers in Latin America, enabling them to more easily acquire technological capability. Education is estimated to account for nearly 40 percent of the growth differential between East Asia and Latin America. The most important contributor to that difference has been the expansion of high-quality primary schools.

Today, education is more important than ever for the countries of Latin America and the Caribbean. Open economies, global competition, and the shift to technology-based production have expanded the demand for workers who understand mathematics and science, and who can adapt to rapidly changing conditions. Democratic government and state decentralization require citizens who can take on greater responsibility for problem-solving and decision-making. The demand for education is changing rapidly in Latin America and the Caribbean. The supply of education must change as well.



# DIAGNOSING THE PROBLEM

**F**our linked factors explain the region's educational crisis: inadequate evaluation of student learning and school performance, limited school authority and accountability, poor teaching, and too little investment in primary and secondary schools.

## FAILURE TO EVALUATE STUDENT LEARNING AND SCHOOL PERFORMANCE.

The countries of Latin America and the Caribbean seldom evaluate their schools systematically—nor do they set goals against which progress can be measured. Most countries rely on education statistics that emphasize physical inputs, such as spending, enrollment, and the number of teachers and schools. The school's most important output—learning—is not measured in any reliable way. Neither is the availability of textbooks, teaching methods, and libraries. Existing systems of education statistics are unreliable, and fail to incorporate modern indicators that have become common in the industrialized countries.

Most countries refuse to take part in cross-national tests that would compare national performance with schools in other countries. Only a few countries have established national tests designed to measure progress against a clear performance standard, and several others are beginning their own experiments. But resistance—from teachers unions, bureaucrats and even politicians—has been strong.

The absence of system-wide evaluations remains a major obstacle to improving schools. An organization that cannot measure the quantity and quality of its most important product—learning—stands little chance of success.

## SCHOOLS LACK AUTHORITY AND ACCOUNTABILITY.

Genuinely local schools are rare in Latin America and the Caribbean. Education has traditionally been managed centrally, by national ministries or state-level education departments. They make critical decisions about hiring and firing teachers, choosing textbooks, allocating resources, and organizing teacher-training programs. Ministries appoint teachers and principals, whose salaries are determined by rigid formulas related mainly to seniority rather than performance. Teachers unions and ministries negotiate national contracts. School principals have limited authority.

The result is that schools are more likely to serve the interests of those who supply education than those who consume it. Schools are not accountable to their local communities. The consumers of education—students, parents, local communities and employers—have almost no influence.

Many countries have launched innovative decentralization programs designed to redress the balance of power. Most commonly, they have placed authority for school management in the hands of municipal governments. Several countries, notably El Salvador and Nicaragua, have gone further, transferring key management tasks to school principals and local community councils. But few of them have decentralized all the way to the school level. (The promotion of local school autonomy in the Brazilian state of Minas Gerais is discussed in **Box 1**.)

Box 1.

**B**eginning in 1991, the Brazilian state of Minas Gerais decentralized its educational system. Boards made up of teachers, parents, and students over the age of sixteen were elected for each school and were made responsible for financial, administrative, and pedagogical decisions concerning their school. The state provides funds for purposes other than paying salaries; it is up to the board to decide how to spend these resources as well as others raised locally. To overcome the longstanding problem of patronage in appointments, principals are elected by the entire school community. Voting is by secret ballot from among those candidates who scored highest on a series of examinations. The educational reform also includes standardized tests for students and preparation of a development plan by each school. The state government has retained some functions, such as bargaining with the teachers union. The results have been good. Between 1990 and 1994, the percentage of children completing primary school rose from 38 percent to 49 percent, while the percentage of those needing to repeat a grade fell from 29 percent to 19 percent. Officials say they expected the strongest community participation in middle-class areas, but it is in the poorer communities that participation has been greatest. It is also in these schools where students have shown the most improvement.

Source: Adapted from Edward B. Fiske, *Decentralization of Education: Politics and Consensus* (Washington, DC: The World Bank, 1996); Interview with Ana Luiza Machado Pinheiro, *UNICEF Education News* No. 17 and 18 (February 1997); Inter-American Development Bank, *Economic and Social Progress in Latin America, 1996 Report* (Washington, DC: Inter-American Development Bank, 1996).

**TEACHING IS POOR.**

The problem with teaching quality begins outside the classroom. In most countries, the teaching profession has been allowed to decline—the victim of inadequate salaries, low standards, and poor management. These deficiencies have lowered the prestige of teaching, making it difficult to attract top candidates.

Salaries vary widely, but are generally too low to attract, motivate, and maintain a superior teaching corps. Many teachers hold second jobs in order to make ends meet. Research suggests that low salaries translate directly into teacher candidates with weaker qualifications.

More importantly, teachers face few incentives—monetary or non-monetary—to perform at high professional levels. Salaries, promotions, and working conditions are negotiated nationally in most countries, rather than being pegged to

performance. Performance evaluations are uncommon. Teachers have little control over teaching materials and school management. They are not directly accountable to parents and local communities for their work.

Teacher training is deficient. On average, one-quarter of Latin American and Caribbean teachers lack a professional degree or certificate. Training programs do not provide enough subject matter expertise, and stress theory over practice. Their pedagogical methods are out of date. Far too many teachers simply present material for students to memorize—an approach that tends to discourage problem-solving and critical thinking. They do not apply flexible teaching styles, such as personalized instruction and teaching in small groups, that are necessary to help students with different skills. And they fail to teach students how to learn on their own.

The combination of centralized administration, inadequate salaries, and low job satisfaction has made teachers unions one of the dominant forces in Latin American education. They constitute, in many countries, a national monopoly on the supply of teaching, and have power comparable to that of ministries of education. Unfortunately, that power has mainly been mobilized to resist efforts to establish local control, greater accountability, and incentives for performance. Teachers unions have concentrated almost entirely on raising wages. They have not played an important role in efforts to improve learning.

These problems have seriously weakened the profession of teaching in Latin America and the Caribbean, reducing prestige, weakening morale, and generating mediocre performance.

#### **INVESTMENT IN PRIMARY AND SECONDARY EDUCATION IS TOO LOW.**

The crisis of public education in Latin America and the Caribbean is a crisis of investment, at least in part. From one perspective, Latin American governments do well, investing 4.5 percent of GNP in education each year—above the developing country average of 3.9 percent (**Table 4**). But these figures are misleading. Because of Latin America's high fertility and low economic growth, funds invested per student have remained low. By contrast, in East Asia declining fertility and expanding economies have led to steadily increasing public investments per pupil, particularly at the primary level. For example, in 1970 public spending per primary student in Korea was only one-third higher than in Mexico. By 1989 it was nearly four times as high. It is often misleading to report educational investments as a percentage of GNP. What counts are per-student investments. On this score, primary and secondary students in Latin American and Caribbean public schools are being given short shrift.

East Asian countries allocate more of their public education spending to primary and secondary schools. In East Asia only 15 percent of education spending between 1960 and 1990 went to higher education. In Latin America, almost one quarter did. Latin America and the Caribbean spend only 1.1 percent of GDP on primary education, compared to 1.5 percent in the high-growth East Asian economies. For each dollar spent per primary student, Latin American governments spend nearly seven dollars on university students. The ratio in the OECD countries is less than one to three (**Table 5**).

The funding shortfall is damaging in multiple ways. The school day in Latin America and the Caribbean is far shorter, on average, than in other regions of the world. Public schools average between 500 and 800 hours per year, compared with approximately 1,200 hours for private schools and schools in the industrialized countries. Some schools run double or triple shifts because of overcrowding. Schools are poorly built, badly equipped, and often unrepaired. Most governments devote less than five percent of education spending to teaching materials, such as texts, workbooks, and rudimentary school libraries. Many schools have no teaching materials at all. Primary school teachers are usually underpaid. Preschool programs are largely funded by parents, leaving the poor at a significant disadvantage.

## PUBLIC EXPENDITURE ON EDUCATION

Latin America and the Caribbean, 1980-1994

Table 4.

	Year			
	1980	1985	1990	1994
<b>Public Expenditure (Billions of \$US)</b>	<b>33.5</b>	<b>27.9</b>	<b>44.6</b>	<b>72.8</b>
<b>Public Expenditure as % of GNP</b>	<b>3.8</b>	<b>3.9</b>	<b>4.1</b>	<b>4.5</b>
<b>Public Expenditure Per Capita (\$US)</b>	<b>93</b>	<b>70</b>	<b>102</b>	<b>153</b>
<b>Developed Countries: Public Expenditure as % of GNP</b>				<b>5.1</b>
<b>Developing Countries: Public Expenditure as % of GNP</b>				<b>3.9</b>
<b>Developed Countries: Public Expenditure Per Capita (\$US)</b>				<b>1211</b>
<b>Developing Countries: Public Expenditure Per Capita (\$US)</b>				<b>48</b>

Source: United Nations Educational, Scientific and Cultural Organization, *UNESCO Statistical Yearbook 1997* (Paris: UNESCO and Lanham, Maryland: Bernan Press, 1997).

## ANNUAL SPENDING PER PUPIL BY LEVEL OF EDUCATION

1992

Table 5.

	Latin America & Caribbean	OECD Countries
<b>Pre-primary &amp; primary*</b>	<b>\$252</b>	<b>\$4,170</b>
<b>Secondary</b>	<b>\$394</b>	<b>\$5,170</b>
<b>Tertiary</b>	<b>\$1,485</b>	<b>\$10,030</b>

\*primary only for OECD countries

Source: United Nations Educational, Scientific and Cultural Organization, *World Education Report, 1995* (Paris: UNESCO, 1995); Centre for Educational Research and Innovation, *Education at a Glance: OECD Indicators* (Paris: Organization for Economic Cooperation and Development, 1995).

Two recent developments provide some hope, however. First, Latin America and the Caribbean are emerging from the economic crisis of the 1980s with stronger economies and healthier public finances, opening the way for countries to expand primary and secondary education budgets, should they choose to do so. Second, demographic

change in many countries will reduce the number of children reaching school age over the next fifteen years, allowing funds to be used for improving quality rather than for accommodating ever-rising numbers of students.

# RECOMMENDATIONS AND IMPLEMENTATION

The governments of the hemisphere face no more important challenge than improving their nations' educational systems and making them effective contributors to economic growth, social equality, and democracy. Changing just one part of the system will not lead to success, however. The problems that plague the region's schools are systemic, and must be pursued along several dimensions at once. Accordingly, we call on the nations of the hemisphere to embark on a broad and profound reform of their education systems.

The task is immense and will take time. But it must be started now. We offer four inter-linked recommendations on how to begin.

## RECOMMENDATION #1

**Set standards for the education system and measure progress toward meeting them.**

Governments should establish clear education standards, introduce national tests, and use the results to revise programs and reallocate resources. Latin American and Caribbean nations should take part in international tests so they can compare the quality of their schools with those of other countries.

There is no way to know whether schools are improving unless the performance of their students can be measured and analyzed. To accomplish this, governments should:

**Develop a world-class system of education statistics and indicators. The goal should be a system that emphasizes educational outcomes, rather than inputs, and is compatible with the OECD system of international education indicators.**

**Establish national content and performance standards that outline what students should know when they complete each grade. The standards should be keyed to the requirements of the global economy and of democratic citizenship.**

**Establish a national testing system that measures progress toward achieving the new educational standards. The tests should initially be administered to all students at specific points in the primary cycle, and eventually in the secondary cycle.**

Most countries now have some experience with national education assessments, but the level of commitment is weak and few full-blown systems are in place. Governments and leaders from civil society should make a strong political commitment to meaningful measurement and evaluation, and work together to develop a robust system.

The results of national assessments must be made public, so that the consumers of education—parents, local communities, and employers—can evaluate how well their schools are doing. Moreover, results must feed back into educational policy and practice, so that they change what goes on in the classroom for the better.

Assessments can also help target resources to the neediest schools (as was done in Chile; see **Box 2**); identify highly effective schools so that their characteristics can be replicated; and shift the curriculum, textbooks, and teaching practice in the direction of more realistic goals. National assessments also can help parents decide which schools they want their children to attend, thereby increasing school accountability.

Governments, while relinquishing control over school administration, should retain a role in implementing standards and evaluating performance in order to ensure that minimum quality levels are met across the nation.

Box 2.

In Chile, the results of nationwide testing are used in part to target resources to the neediest schools. Each school receives a score based on its students' average performance on Chile's national assessment test, the school's socioeconomic level, whether it is located in a rural or urban location, and the number of grades it offers. On the basis of this score, schools are rated as high, medium, or low risk. More than 90% of the resources available for improving schools go to those in the high- and medium-risk categories. Within each category, schools compete for funds by proposing school improvement activities to be supported. These activities are evaluated to see if they succeed in raising students' test scores.

Source: Adapted from the World Bank, *Priorities and Strategies for Education: A World Bank Review* (Washington, DC: The World Bank, 1995).

## RECOMMENDATION #2

### Give schools and local communities more control over—and responsibility for—education.

Centralized education systems deny school leaders, teachers, and parents the authority they need to improve school performance. Central governments should withdraw from directly running schools and instead concentrate on generating funds, setting standards, promoting equity, monitoring progress, and evaluating results. They should give school directors, parents, and local communities greater responsibility for school management, including authority over teachers in personnel decisions. Parents should have choices among competing schools.

Governments should allow individual schools increasingly to manage their own affairs. They should give principals greater power to determine how resources are allocated, and how classrooms are organized. Governments should give parents and local communities a say in school management and enable them to hold schools accountable for the educational performance of their students. They should establish incentives that reward good professional performance. Experiments in delegating greater authority to schools and local communities are underway in several countries, and initial results are encouraging (Box 1).

National or state-level ministries of education should continue to take principal responsibility for financing education, and should see to it that funds are allocated in ways that address geographic and cultural disparities. But they should withdraw from directly running schools and concentrate instead on developing a new role. They should set goals, generate funds, promote equity, monitor progress, and evaluate educational results. They should adapt salaries and benefits to local circumstances. They should give schools and local communities authority over teachers in personnel decisions, including salaries, evaluations, promotions, hiring and firing. Day-to-day management of schools should be handled by school principals and local communities as much as possible.

Central governments should experiment with new financial arrangements—such as the private management of public schools, financing the demand for education through vouchers or capitation grants, incentives for greater private investment in education, and promoting competition among schools—that give consumers more power and make schools more accountable. Chile and Colombia, for example, have used vouchers to give parents the option of sending their children to private schools (Box 3). Under these systems, schools—public or private—receive government funds based on the actual number of

students who attend. These programs—and others like them—have helped expand the choices facing parents, and have injected an element of healthy competition into the school system. Central governments should also establish incentives for greater private investment, via tuition payments, in education.

### RECOMMENDATION #3

**Strengthen the teaching profession, by raising salaries, reforming training, and making teachers more accountable to the communities they serve.**

Teachers in the public schools are often underpaid, underprepared, and poorly managed.

Governments should take firm steps to make teaching a stronger and more attractive profession. School principals and the local community should have the authority and resources to reward good teachers.

Countries should make a special effort to raise the status of the teaching profession. Governments should provide scholarships and loans to encourage bright students to become teachers.

They should set salaries high enough to give increased prestige to the profession, and to attract and hold teachers with talent. Governments should establish incentives—monetary as well as non-monetary—for good professional conduct. They should tie bonuses, promotions, and public recognition to performance. They should make teachers directly accountable to school directors and parents.

Box 3.

In Chile, public and private schools at both the primary and secondary level have competed since 1980 to attract and keep students. The schools are financed by central government transfers based on the actual number of students who attend. In 1996, 57 percent of students attended municipal schools, 33 percent attended state-funded private schools, and 8 percent attended fee-paying private schools. This financing system has forced public schools to compete with private schools and has given parents the power to choose what school their children will attend. It did not by itself, however, lead to improvements in children's learning. One reason is inadequate funding. Per-pupil spending declined during the 1980s and, in 1990, was only 77 percent of 1982 levels. The government has increased spending since 1990, to the point that per-pupil expenditure now amounts to almost double the level of a decade ago. Much of this increase has gone to higher salaries and better training for teachers. Policymakers hope that higher levels of spending and new incentives for teachers, coupled with school choice, will have positive results in terms of children's learning.

Source: Adapted from Inter-American Development Bank, *Economic and Social Progress in Latin America, 1996 Report* (Washington DC: Inter-American Development Bank, 1996); Cristián Cox, "La Reforma de la Educación Chilena: Contexto, Contenidos, Implementación," PREAL Occasional Paper No. 8 (Washington, DC, and Santiago, Chile: Partnership for Educational Revitalization in the Americas, August 1997).

In 1991, Colombia began an experimental voucher program for secondary education. The program is aimed at low-income families whose children have received their primary education in public schools; the vouchers are used to allow them to attend private secondary schools. The program began with 18,000 vouchers, and by 1995 had grown to 88,000—or about 4 percent of secondary school enrollment.

Source: Adapted from Inter-American Development Bank, *Economic and Social Progress in Latin America, 1996 Report* (Washington, DC: Inter-American Development Bank, 1996).

Teacher training should be fundamentally reorganized, placing greater emphasis on substantive expertise and practical experience. Training should help teachers master techniques that promote critical thinking, problem-solving, and cooperative learning. Special initiatives are needed to improve the quality of teaching in rural areas. Colombia's *Escuela Nueva* program is an example of an initiative started by teachers to increase their ability to handle multi-grade classes at small rural schools (Box 4).

Governments should experiment with different approaches to evaluating performance, and involve local communities in the process. They should also give teachers greater authority and autonomy in determining how and what to teach, and offer them direct participation in education planning.

Teachers should take full advantage of every opportunity to enhance their professional status. They should agree to spend more hours teaching, adopt new methods, and regularly upgrade their skills. They should accept greater accountability to the schools and communities they serve as an essential step in professional advancement.



Box 4.

**T**he Escuela Nueva reform began in the mid-1970s as an experiment by a group of teachers with financial support from NGOs. Since then, it has become an official government program serving 17,000 schools—almost half the rural schools in Colombia. The program objective is to expand access to primary education in Colombia's rural areas and to raise quality. Participating schools seek to provide a complete five-year primary education in areas where there are not enough students to justify a separate teacher for each grade. Most schools operate with only one or two teachers who use a flexible, multi-grade teaching approach. Students complete academic units at their own pace and work individually or in small groups, with older students helping younger students. Self-paced learning guides and accompanying teachers manuals are provided to the schools, along with a small library. An important part of the program is teacher training. Teachers receive in-service training at demonstration schools that are thought to be good examples of the Escuela Nueva approach and at follow-up workshops. Evaluations indicate that Escuela Nueva students do better than those in traditional rural schools, and that the program enjoys the strong support of teachers and the local community.

Source: Adapted from Martin Carnoy and Claudio de Moura Castro, *Improving Education in Latin America: Where to Now?* (Washington, DC: Inter-American Development Bank, 1996).

#### RECOMMENDATION #4

##### Invest more money per student in preschool, primary and secondary education.

Most of the region's future labor force—and nearly all of its poor—are concentrated at the lower levels of the system, and will go no further. Their skills are the foundation for national economic growth. Countries that fail to invest properly in this crucial human resource will not realize their economic potential.

Good public education cannot be provided at present levels of expenditure. Latin America's top private schools perform at levels comparable to schools in the industrialized countries. Public school students, in contrast, perform dismally by any standard. Experimental schools in several countries have demonstrated that the performance of children can be brought up to acceptable

levels—but only by managing schools differently and providing resources that significantly exceed those currently being invested in public schools. The gap between public and private education will only get worse unless more money is invested in public schools.

Accordingly, we urge governments to sharply increase their investment per student in preschool, primary, and secondary education. It doesn't matter whether the funds come from reallocating the education budget, drawing on other areas of government spending, or from new sources. What is important is that additional investment be generated, and deployed in tandem with the major institutional reforms we are recommending. Both fundamental change and additional resources are needed.

**T**he recommendations of this task force pose a challenge to business as usual in the region. Powerful vested interests and bureaucratic inertia have made public schools seem impervious to change. Governments have failed to make education a top political priority and to put political muscle behind reform. Ministries are jealous of their power and patronage. Teachers unions have resisted efforts to make teachers more accountable to the communities they serve. University students have fiercely defended tuition-free higher education. Parents and community leaders have not stepped up to demand higher quality primary and secondary schools.

These are fundamentally political problems. The consensus on education is a false consensus. Everyone favors better schools, but few are willing to make the hard decisions that better schools require. The key actors—ministries, parents, teachers, and employers—disagree on key issues—money, control, accountability, choice, and jobs. Those disagreements are very difficult to resolve.

It is essential, therefore, that the task of improving the quality of education become everybody's business. To date, responsibility for educational reform has been confined to a small group of players. Technocrats have proposed reforms, and governments have attempted to enact them. The key stakeholders in education—parents, teachers, and employers—have not been consulted. That approach does not work. Instead, people from all parts of society must participate in efforts to improve public education. Parents, business leaders, political parties, churches, the media, labor unions, and professional associations should help set goals for the educational system, discuss policy options, and press for change. Teachers, who have long been excluded from reform planning, should play an important role.

The task force calls on individuals throughout Latin America and the Caribbean to recognize their role in educational reform and work to bring it about.

#### **TO POLITICAL LEADERS:**

Many of you have made commitments to improving education. Now is the time to deliver on these promises. Make education a top priority and give it the attention and money it requires. Work to build a multi-party consensus on reform that will shield education from the destructive effects of political patronage and partisan advantage. As your nation's leaders, you are in a position to make the case to the public that a strong education system is essential to economic success, to the functioning of democratic institutions, and to a healthy civil society. And you alone can address the formidable political obstacles to change.

#### **TO BUSINESS LEADERS:**

Throughout the world, business leaders have come to recognize the importance of high-quality primary and secondary schools for productivity, international competitiveness, and economic growth. But these changes will not be made without the help of the business community. You have an important role to play—through your expertise in management and finance, through your seed capital that can support new and innovative programs, and—most of all—through your political backing for reform-minded politicians. Only by intervening now will you have the employees you need to make your businesses competitive in the years to come.

#### TO PARENTS:

Without your attention and support, educational reform is meaningless. It is essential that you become more deeply involved in your children's education. This means working with community leaders, teachers, and schools to demand excellence from the educational system and contributing your own effort and enthusiasm to bring it about.

#### TO TEACHERS:

For too long you have been shut out of efforts to plan and carry out educational reform. You must be brought into the process—but, in exchange, you must take greater responsibility for your performance. We call on you to work with policymakers and local communities to establish a new educational compact that makes schools accountable to the children and families they serve.

## SUPPLEMENTAL COMMENTS

by members of the Task Force

#### José María Dagnino Pastore

I agree with the report in general, but would like to point out what I consider to be omissions and, in some cases, misplaced emphasis.

Education faces two challenges. It is fundamentally inefficient, producing visibly poor results, and its productivity is improving only slowly—which means it is becoming more costly over time. But globalization forces efficiency on governments, which limits the expenditures that they can make, and places serious restrictions on social policies. This in turn means that education will change profoundly—and those changes are already underway. The only question is whether change will come from without, through inadequate financing, segmentation, and de facto privatization, or from within, through proposals that respond to the demands of globalization.

Successful reform must meet the following requirements:

**an emphasis on the successful insertion of individual into society, and society into the world, along with teacher and student evaluations;**

**a “leap” in the productivity of the education sector, correcting the chief inefficiency factors, for example, the low number of school days worked by the teachers, the lack of order in private education;**

**the design, testing and extension of institutional and pedagogical experiments, usually by private, non-profit entities, aimed at improving the cost-benefit ratio of education with funds saved through the above measures; and**

**increased financing based on the above, which improves the relative cost and equity of education.**

# ABOUT THE MEMBERS OF THE TASK FORCE

on Education, Equity and Economic Competitiveness in Latin America and the Caribbean

## CO-CHAIRS

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**The Partnership for Educational Revitalization in the Americas (PREAL)** is a hemispheric partnership of public- and private-sector organizations seeking to promote informed debate on policy alternatives, identify and disseminate best education practices emerging in the region and elsewhere, and monitor progress toward improving education policy. PREAL is jointly managed by the Inter-American Dialogue, based in Washington, D.C., and the Corporation for Development Research (CINDE) in Santiago, Chile. It includes actors from civil society, governments, universities, political leaders, the business community, international organizations, and churches.

**PREAL** is a response to the growing importance of education to economic growth and social development. Open economies, democratic politics, and decentralized government have placed new demands on schools, requiring that they produce a flexible work force, foster technological change, prepare people for democratic citizenship, and expand social opportunities.

**PREAL** seeks to help improve the quality and equity of education in Latin America and the Caribbean by promoting better education policy. It pursues three intermediate objectives:

- 1) **build public- and private-sector support for educational reform;**
- 2) **strengthen public- and private-sector organizations working for educational improvement; and**
- 3) **identify and disseminate best education policies and practices.**

**PREAL** operates through a network of associated centers based in countries throughout Latin America and the Caribbean. They work with key policy and opinion leaders from business, labor, political parties, churches, the media, and government to strengthen public debate on education, and to identify promising policy options for reform.

**PREAL** receives financial support from the U.S. Agency for International Development, the Canadian International Development Research Centre, the Inter-American Development Bank, and the GE Fund. Through its associated centers, PREAL also receives support at the national level from a variety of public and private institutions.





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