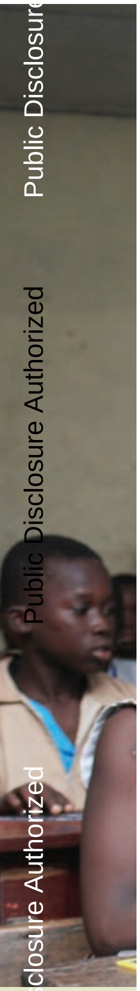
Case Studies of Successful Reforms to Address the Challenges of Financing Education Systems Effectively

Increasing the adequacy of education finance through private sector resource mobilization: the case of Côte d'Ivoire



1. Introduction/motivation

Many low- and middle-income countries in Sub-Saharan Africa face an education financing crisis. Exacerbated by the COVID-19 pandemic, rapid improvements in access place severe pressure on the adequacy of public education expenditure, with average per-student public expenditure in the region being less than one-tenth that in Europe and Central Asia (World Bank, 2022). Some countries have successfully mobilized private sector finance to support education beyond the financing provided by government. These efforts have been particularly common in technical and vocational education and training (TVET), where countries including Tanzania and Zambia have introduced skills levies on businesses, which are channeled into dedicated funds to support TVET (see Box 1).

However, such efforts are much rarer in basic education, which typically relies on conventional taxation, public debt, and development assistance for funding. This case study presents the example of Côte d'Ivoire, where a partnership between the government, private foundations, and the cocoa industry has mobilized significant amounts of finance to support the provision of basic education in cocoa-growing communities.

2. What was the problem?

Prior to 2015, Côte d'Ivoire's education system was growing increasingly financially constrained in the face of rapid enrollment growth. Between 2010 and 2015, public expenditure on education in Côte d'Ivoire averaged 3.3 percent of GDP, in line with the norm for Sub-Saharan Africa though below the average for lower-middle-income countries (UIS, 2023a). Although the country's education system had achieved improvements in access to primary schooling, with gross enrollment rates (GER) at primary level rising from 73 percent in 2008 to 91 percent in 2015 (UIS, 2023a), learning outcomes were poor, and Côte d'Ivoire had among the lowest rates of competency in math and reading in the Education System Performance in Francophone Sub-Saharan Africa (PASEC) assessment 2014 (World Bank, 2022). Partly as a result of these poor learning outcomes, the primary completion

Students in Abobo, Cote d'Ivoire.
Photo by Nguessan Ndri.

BOX 1. SKILLS LEVIES IN SUB-SAHARAN AFRICA

Around the world, it is estimated that at least 100 countries have some kind of skills levy. Within sub-Saharan Africa, at least 22 countries employ a levy system to mobilize finance for skills development.* These levies differ from conventional taxation because they are hypothecated for use specifically for TVET, and the finance collected is typically managed by a dedicated quasi-governmental fund rather than forming part of the mainstream education budget. The value of such levies is typically measured as a share of each company's total payroll (wage) bill,** with the majority of levies in the region requiring employers to pay between 0.5 percent and two percent of payroll into a skills fund. While many high-income countries outside Africa have sector-specific skills funds which support training for particular industries, such funds in Africa are generally national and industry-agnostic in scope (although most exclude public sector employees).***

Skills levies typically fund a range of training providers, including public vocational schools and colleges, as well as supporting training activities by industry itself. In some cases, the funds paid by an employer can be received back as a rebate to fund training provided to employees, though this typically accounts for less than one-third of the money raised. Complexities in the process of applying for finance from the skills funds; restrictions on the types of training supported; and low awareness of the availability of finance from the funds; have all been identified as key challenges limiting the access of employers to finance from skills levies. Industry skills councils and analytical activities such as labor market surveys are also among the activities supported by skills funds; some funds provide specific support to marginalized or disadvantaged groups, including disabled and unemployed people. For example, Cote d'Ivoire's skills fund, the Vocational Training Development Fund (FDFP), established in 1991, although financed by a payroll levy on formal employers, has a dedicated unit for training projects from the informal sector, including the agricultural and rural sector.

While levies are not technically taxation, they are in some cases perceived as such by industry and their value for workforce development is often questioned. One reason for this, and a potential disadvantage of the levy approach, is that the cost and administrative burden of collection can be substantial: administrative costs, including collection costs, range from as low as 4 percent of the total levy revenue in Zambia to as high as 40 percent in Malawi, where the levy is the main source of operating finance for the national body which oversees TVET, the Technical, Entrepreneurial and Vocational Education and Training Authority. In addition, a number of national schemes in Africa have failed to invest all of the income derived from the levy, leading to substantial surpluses, as high as 58 percent in the case of Zambia in 2018.

Mauritius provides an example of a relatively typical skills levy. One of the first to be established in Africa, in 1988, the levy of 1.5 percent of payroll for private sector firms (1 percent for smaller firms) finances the National Training Fund (NTF), managed since 2004 by the Human Resource Development Council, an independent body with representation from government, industry, and trade unions, which oversees and finances workforce development; and the Workfare Programme Fund, managed by government, which provides training and support to unemployed people. The levy is connected through the tax system by the national revenue authority. An average of 38 percent of the levy is typically reimbursed to industry to cover training fees, and administrative costs are relatively low at between 1–1.5 percent in the case of the NTF. However, the NTF had annual surpluses of an average 43 percent of income in the years 2014–18, leading business to express concern that it risked becoming a form of general taxation for discretionary use by government.

Tanzania, by contrast, provides an example of a nominal skills levy, which has historically acted more as a form of taxation. Introduced in 1994, the levy, payable by all companies with ten employees or more, is significantly higher than in other countries at 4.5 percent of payroll, and rather than a dedicated fund, the money raised has been primarily channelled into the national budget as well as supporting the provision of student loans for higher education. In 2018, supported by the World Bank-financed Education and Skills for Productive Jobs Programme, the country introduced its first Skills Development Fund which is intended to gradually become the main channel through which the levy's finance is channelled.

Source: Palmer, 2020

* Algeria, Benin, Botswana, Burkina Faso, Central African Republic, Chad, Côte d'Ivoire, Gambia, Malawi, Mali, Mauritania, Mauritius, Morocco, Namibia, Niger, Nigeria, Senegal, South Africa, Tanzania, Togo, Tunisia, Zambia, Zimbabwe

** Exceptions include Gambia and Botswana, which measure their levy based on company profits and turnover respectively.

****Exceptions* include Malawi, whose levy includes public sector employees; and South Africa, which uses more than 20 distinct sectoral funds as well as a national fund.

rate was 64 percent—well below the average for Sub-Saharan Africa (72 percent) (World Bank, 2022).

The education system was failing to reach rural communities, particularly cocoa-growing communities. Rates of access to school in rural areas were significantly lower than in urban areas at all levels, with preprimary access particularly inequitable at only 5 percent in rural areas versus 30 percent in urban areas (World Bank, 2022). A high prevalence of child labor on cocoa farms exacerbated existing supply-side challenges of access at primary and secondary level. Côte d'Ivoire is the world's leading cocoa producer, with the sector employing more than six million people and generating around 10 percent of GDP (United Nations Development Program, 2022). A report by the United States government in 2013 found that 40 percent of children ages 5–14 engaged in difficult physical labor, primarily on cocoa farms.

In 2015, the Ivorian government introduced compulsory schooling for students ages 6–16, committing to expand the education system to ensure access for all school-age children. In order to achieve this expansion, maintain progress toward universal basic education, and raise learning outcomes, there was an urgent need to mobilize finance, including from the cocoa industry to enable investments in education in rural communities.

3. What has been done to tackle the problem?

Globally, efforts increased around 2007–10 to coordinate action by the cocoa industry to address and prevent child labor, including supporting access to education for children in cocoa-growing communities. In 2007, a Swiss foundation, the International Cocoa Initiative, began working in Cote d'Ivoire and Ghana to identify and provide support to children engaged in labor in cocoa farming to leave work and re-enter schooling. In addition, the World Cocoa Foundation, established in 2001, began forming public-private partnerships in 2009 with the United States Agency for International Development and Bill and Melinda Gates Foundation for activities to address child labor and support cocoa-growing communities. In 2010, the governments of Côte d'Ivoire, the United States, Ghana, and the National Confectioners Association (a US industry body) signed the Declaration of Joint Action to Support Implementation of the Harkin-Engel Protocol, supported by a US$17–20 million public-private partnership with US$10 million from the United States and US$7–10 million from industry to support efforts to remediate children caught in the worst forms of child labor. In 2011, eight major companies in the cocoa industry formed a US$2 million public-private partnership with the International Labor Organization (ILO) to combat child labor in cocoa-growing communities in Côte d'Ivoire and Ghana.

In 2014, building on its previous work, also in Côte d'Ivoire and Ghana, the World Cocoa Foundation launched Cocoa Action, a partnership between nine major cocoa industry companies intended to coordinate and catalyze efforts to make cocoa farming more sustainable. In addition to supporting improved productivity for cocoa farmers, Cocoa Action sought to strengthen farming communities by, among others, ensuring access to basic education and eliminating "the worst forms" of child labor. Participating companies would develop their own strategies to invest in rural communities using an aligned set of principles and monitoring and evaluation indicators.

Beginning in 2015, the cocoa industry's education initiatives in Côte d'Ivoire were supported by an innovative program called Transforming Education in Cocoa Communities (TRECC). Launched by the Jacobs Foundation, a major philanthropic organization,[1] TRECC aimed to leverage funding from the cocoa industry to address lack of access to quality education as one of the root causes of child labor in cocoa communities, and promote alignment with public policies. The Ministry of National Education and Literacy (MNEL, then known as the Ministry of Technical Education and Vocational Training) established and chaired the steering committee of the project.

TRECC engaged the private sector through a grant-matching approach. Companies were invited to co-fund with Jacobs Foundation activities relating to education, vocational training, and women's empowerment. The major international cocoa companies had already begun a process of defining and implementing such activities under the Cocoa Action initiative. In all, four major companies[2] agreed to participate in the grant-matching initiative.

In order to ensure that the initiatives were impactful, financing was tied to results. Companies would pre-finance activities and TRECC would provide matching funding toward projects only when agreed-upon outputs and outcomes were achieved. Independent evaluators[3] were appointed to confirm the achievement of targets, a similar approach to that taken by the World Bank for verification of results-based finance. These initial, small-scale projects included the provision of remedial classes for 1,250 out-of-school children to help them re-enroll in school and the provision of preprimary education for 850

[1] The Jacobs Foundation provided initial funding for TRECC, with two additional private foundations—the UBS Optimus Foundation and the Bernard van Leer Foundation—providing additional finance in 2016.

[2] Barry Callebaut, Mars, Mondelez, and Nestlé.

[3] École Nationale Supérieure de Statistique et d'Économie Appliquée (ENSEA), an educational institution in Abidjan, Côte d'Ivoire.

children, as well as vocational training for 3,455 young people (TRECC, 2021). These projects were completed by 2020.

In 2017, building on some of the lessons learned from the first round of grant matching, TRECC launched a second round. This round took a two-stage approach, financing small-scale pilots at first and then supporting scaling-up for interventions with proven impact. The thematic focus areas of the interventions were quality education, early childhood development, and vocational training. TRECC conducted a global mapping of potential evidence-based solutions that seemed relevant to address the challenges identified in Côte d'Ivoire in these areas. MNEL and other ministries involved were invited to select three to four potential solutions in each thematic area, for adaptation and piloting in Côte d'Ivoire. In all, 12 companies[4] participated in the second-round scheme. Innovations for Poverty Action (IPA) was appointed to evaluate the pilots. They included providing bridge schools to support out-of-school children to catch up learning and enroll or re-enroll in conventional schools; providing preprimary education and nutrition to young children; providing tablet-based teaching in early primary multi-grades; training parents and communities in childcare and support to preprimary learning; and delivering the *Teaching at the Right Level*[5] (TaRL) pedagogy in lower primary. Amongst the solutions piloted by TRECC to enhance the quality of education, IPA found that TaRL was the most promising in terms of prospects for integration and national scale-up, given the positive effects on learning outcomes and the decision of MNEL to introduce TaRL in the National Program for Foundational Learning.[6] In total, TRECC estimates that the projects in this round benefited 54,884 children aged 0–5; 58,135 primary school-age children; 140,000 secondary school children; and 2,820 young people (TRECC, 2021).

Building on the TRECC program, in 2021 the Government of Côte d'Ivoire and the Jacobs Foundation launched the Child Learning and Education Facility (CLEF), with the objective to support the national scaling of TaRL as part of the National Program for Foundational Learning, build school infrastructure, and support out-of-school children. CLEF takes the form of a pooled finance facility with contributions from the Government of Côte d'Ivoire, Jacobs Foundation, UBS Optimus Foundation, and 16 cocoa and chocolate companies.[7] CLEF is open to other donors to join. With the currently available funds, CLEF's planned investments include supporting the scaling of the National Program for Foundational Learning in 4,500 primary school across six regions of the country (representing about 1/3 of the public primary schools in Côte d'Ivoire), setting-up 660 bridging classes to support 19,800 out-of-school children, and building 420 classrooms to increase access to education in remote rural areas. CLEF implementation started in June 2023.

4. What has been the outcome on the adequacy of spending for education?

TRECC and, in particular, CLEF have mobilized a substantial amount of industry finance to support education in Côte d'Ivoire. In total, TRECC mobilized CFAF 44.26 trillion (US$73.2 million) of non-governmental finance from foundations and the cocoa industry.[8] So far, CLEF has leveraged a total of CFAF 35.8 trillion (US$ 58.5 million) of non-governmental finance – CFAF 20.3 trillion (US$ 33.2 million) from philanthropic foundations and CFAF 15.5 trillion (US$25.3 million) from industry, as well as investment of CFAF 17.2 trillion (US$ 28.0 million) from Government. The CFAF 35.7 trillion in private finance mobilized by CLEF is approximately equivalent to 2.5 percent of annual public education expenditure. If it meets its goals for resource mobilization, CLEF will mobilize a further CFAF 25.19 trillion (US$36.7 million) of non-governmental finance by December 2024. The private foundation and private sector contributions made to CLEF so far were used to mobilize CFAF 7.9 trillion (US$13.0 million) in support from the Global Partnership for Education Multiplier, a fund which provides matching finance to extend private and development partner investments in education in low-income countries.

However, despite substantial growth, industry contributions still represent a minority of TRECC/CLEF financing. Of the non-governmental finance mobilized for TRECC, only CFAF 3.0 trillion (US$4.9 million)—7 percent—came from cocoa industry partners. For CLEF, the share is CFAF 15.5 trillion (US$25.3 million)—29 percent—demonstrating the growth in industry contributions, but also the continuing need for support from philanthropic sources (Figure 1).

4 Barry Callebaut, Blommer, Caboz, Cémoi, Cargill, Hershey's, Mars, Mondelez, Nestlé, Olam, Tony's Chocolonely, and Touton.

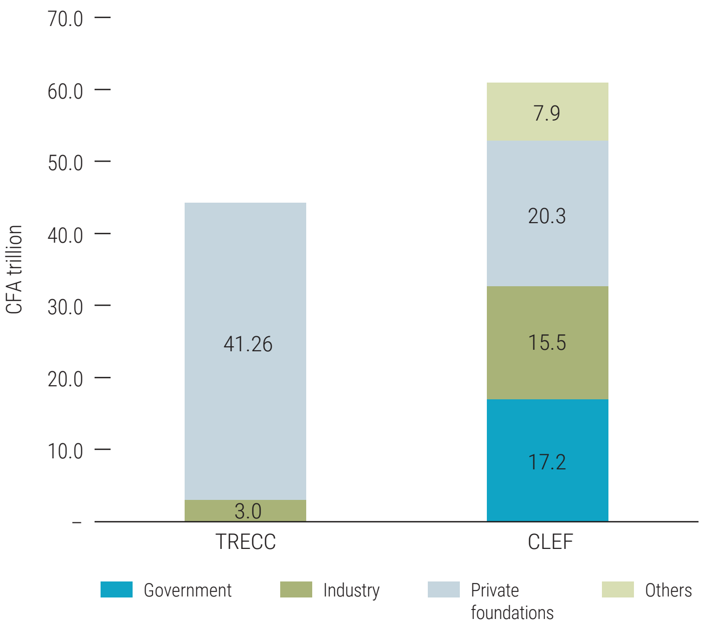
5 Teaching at the Right Level (TaRL) is a learning approach that adapts to each student's skill level, regardless of age or class. The aim is to help children rapidly acquire basic reading and math skills, through interactive and fun activities. The TaRL approach was developed by the Indian NGO Pratham and has been tested and evaluated in several African countries.

6 *Programme National d'Appui aux Premiers Apprentissages Scolaires.*

7 Barry Callebaut, Blommer, Cargill, ECOM, ETG, Ferrero, Guittard, Hershey, Lindt & Sprungli, Mars Wrigley, Mondelez International, Nestlé, Olam Cocoa, Sucden, Tony's Chocoloney, and Touton.

8 Along with a coinvestment of CFAF 4.8 trillion (US$7.8 million) by the Government of Cote d'Ivoire.

FIGURE 1 TRECC and CLEF resource mobilization (to date)



Source: Jacobs Foundation

The TRECC investments have contributed to continued improvement in access and learning, although at limited scale and therefore insufficient to move the needle at national level. The primary GER has continued to increase, reaching 100 percent in 2020 and, despite the COVID-19 pandemic, remaining at 99 percent in 2022 (UIS, 2023a). Primary completion has risen to 78.4 percent, now above the average for Sub-Saharan Africa. These gains in access are primarily the result of the introduction of compulsory schooling, which has been associated with the opening of more than 1,000 new preschools and more than 2,500 new primary schools across the public and private sectors (Oxford Business Group, 2022). These investments have been supported by a slight increase in public education expenditure, from 3.3 percent in 2010–15 to 3.6 percent in 2016–20.

The improvement in access has not yet been associated with gains in learning outcomes. In fact, outcomes have declined in response to the influx of new students. In the PASEC 2019 assessment, only 13 percent of students reached a proficient level in mathematics, down from 27 percent in 2014 (World Bank, 2022).[9] The COVID-19 pandemic, which led to the closure of schools for two months in 2020, is likely to have placed further pressure on learning outcomes. In addition, the COVID-19 pandemic is believed to have reversed progress in Côte d'Ivoire in reducing child labor (Wyss and Robinson, 2021)

5. What are the lessons learned for other countries?

Philanthropic investment can catalyze private sector investment in education. While efforts such as Cocoa Action began the process of mobilizing industry resources for education in Côte d'Ivoire, large-scale industry investment was not forthcoming until catalyzed by philanthropic partnerships. The Jacobs Foundation positioned itself as an appealing partner for the industry: they mobilized significant matching funding, provided expertise and technical support to identify and invest in evidence-based and contextually relevant solutions, and facilitated relationship building and understanding with Government.

Public-private partnerships require the government to play a leading role to ensure alignment with national priorities. Public-private partnerships such as Cocoa Action, with industry and government acting as equal participants, may experience challenges in respect of alignment with national priorities. TRECC adopted a public-first model where the MNEL played a lead role in oversight, selecting interventions to be piloted and helping to ensure that the interventions contributed to national goals and had the potential to be scaled to national level. The commitment by the Government of Côte d'Ivoire to contribute financially to CLEF acted as a powerful incentive for the cocoa industry to invest in the pooled facility.

Grant matching can boost investment, but rigorous evaluation of initiatives is required to ensure impact at scale. In its initial phase, TRECC's grant-matching approach helped accelerate the implementation of existing industry-developed strategies. Its second phase supported newer interventions with rigorous, independent evaluation. Only 3 of 12 pilots supported by the second round were approved for scaling-up, demonstrating the importance of a prudent and evidence-based approach to all innovative interventions, including those financed by the private sector.

Acknowledgements

This study was authored by Ravinder Casley Gera and Bismah Tahir with financial support from the World Bank Education Finance and Reform global team. The authors would like to thank the World Bank team in Cote d'Ivoire, including Ali Coulibaly and Yves Jantzem, for their guidance and inputs; and Samer Al-Samarrai and Pedro Cerdan-Infantes for leadership and oversight.

9 A three-month teacher strike during the 2018/19 school year may have accelerated the decline observed in the PASEC testing.

References

Oxford Business Group. 2022. *The Report: Cote d'Ivoire 2022* (accessed June 26, 2023), https://oxfordbusinessgroup.com/reports/cote-divoire/2022-report.

Palmer, R. 2020. "A Review of Skills Levy Systems in Countries of the Southern African Development Community." Geneva, Switzerland: International Labour Office.

TRECC. 2021. "Transforming Education in Cote d'Ivoire" (accessed June 26, 2023), https://jacobsfoundation.org/wp-content/uploads/2021/12/TRECC-REPORT.pdf.

United Nations Development Program. 2022. "Building a resilient cocoa culture in Côte d'Ivoire." Available at: https://www.adaptation-undp.org/scala-building-a-resilient-cocoa-culture-in-cote-d-ivoire. Accessed: June 26, 2022.

UNESCO Institute for Statistics (UIS). 2023a. School enrollment, primary (% gross) - Cote d'Ivoire." UIS.Stat Bulk Data Download Service (accessed June 23, 2023), https://data.worldbank.org/indicator/SE.PRM.ENRR?locations=CI.

World Bank. 2022a. *Education Finance Watch 2022.* Washington, D.C.: World Bank.

World Bank. 2022b. *International Development Association Program Appraisal Document on a Proposed Credit in the Amount of EUR 352.4 Million (US$350.0 Million Equivalent) and a Grant in the Amount of US$14.7 Million from the Global Partnership for Education to the Republic of Côte D'Ivoire for the Strengthening Primary Education System Operation.* Washington, D.C.: World Bank.

Wyss, M. C. and Robinson, J. P. 2021. "Improving children's reading and math at large scale in Côte d'Ivoire: The story of scaling PEC." Washington, D.C.: Brookings.

WORLD BANK GROUP