

Education is Qualitative Growth

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"A stable and democratic society is impossible without a minimum degree of literacy and knowledge on the part of most citizens and without widespread acceptance of some common set of values. Education can contribute to both."

Friedman: "Capitalism and Freedom", 1962

People are the resources who generate qualitative growth and sustainable development. For this reason, a country's education sector – as well as contributing to *sustainable economic, ecological and social progress* – is also an indicator of the qualitative growth of that country.

Education fundamentally influences an economy's growth in the form of human capital

There is a close correlation between a country's level of education and per capita income. Above all, the potential path of economic growth depends on a country's level of education. Human capital influences innovative ability, which is a prerequisite for technical progress. It is not only a question of original innovations, though – human capital also influences the extent to which a country's economy can absorb external innovative stimuli, adapt such stimuli in line with national conditions and thus generate new impetuses for growth.

KfW Entwicklungsbank's involvement in the education sector

KfW Entwicklungsbank is currently running 93 projects in 37 countries worldwide, with a total volume of 1 billion euros. The target group for our education projects consists of more than 10 million children, adolescents and young adults. Around 70% of our promotional volume in the education sector benefits primary and secondary schools. 25% is used for vocational education projects and the remaining 5% is used to support universities.

With this in mind, KfW Entwicklungsbank programmes which support the *vocational education and university sector* typically aim to increase productivity and quality in the relevant commercial sectors. Work in El Salvador, for example, aims to improve the quality of education by providing better premises and technical facilities at an applied university and to make education more practical in nature so that businesses are better equipped to fight international competition with a range of high-quality products. KfW has worked with the German Technical Cooperation (Deutsche Technische Zusammenarbeit GTZ; now part of GIZ), in Uganda for years, with the aim of strengthening the vocational education sector and in particular private educational institutions. The explicit objective, amongst others, is to provide companies with better qualified workers and thus increase their productivity.

The quality of education is enormously important as part of this. How human capital develops (the growth in a country's knowledge) depends on the effectiveness of the education system, including the education infrastructure, quality of teaching and curriculum. As part of investment in construction, KfW uses functional and appealing architectural design to optimise learning conditions for students and teachers and, in many cases, helps to facilitate regulated, year-round teaching for the first time. Furthermore, there are often components for improving teacher training and professional development and creating/providing teaching and learning materials. Many programmes are carried out in cooperation with the GIZ, which helps the involved institutions to better understand their duties.

Education alone is not sufficient for economic progress. The extent to which a rise in the level of education translates into economic growth depends on many factors in the economic environment and in particular on the quality of the institutional framework conditions. Growth in human capital also has a

positive macroeconomic effect, above all in countries in which the economic and institutional incentives mean that human capital is used productively. In this regard, the new forms of joint financing which have arisen as part of international cooperation over the last few years have opened up great possibilities: support from the donor community, which is partly bundled into basket financing, takes the form of comprehensive partner government education programmes and common financing mechanisms with dialogue on structural reforms which are required in order to bring about long-term progress. This programme-based financing is as yet only for primary and secondary school programmes, and its goals are not generally directly geared to increasing productivity and the productive deployment of human capital. Indirectly, though, these programmes provide the basis for achieving such objectives, since without an improved standard of primary and secondary education, the group of people who can complete further education is too small.



Source: KfW image database

Education is social progress

The lack of access to education is a feature of poverty. Millennium Development Goal (MDG) 2 therefore promotes education for all. Investment in education is an investment in a country's overall social progress, and is beneficial both for individuals and for the state. Accordingly, 80% of programmes in KfW Entwicklungsbank's portfolio directly aim to combat poverty. Measures in the field of primary and secondary education are particularly beneficial in regions with inadequate provisions such as rural areas and poor urban areas. Improved income opportunities are frequently stated goals in the results chains of educational projects. These opportunities are enjoyed by individual beneficiaries of projects in the vocational education and university sectors. Often, these people are not particularly poor, but poverty is combated indirectly as a highly aggregative effect.

The education sector plays a central role in almost all other aspects of socially sustainable growth, too.

Education has a decisive impact on political participation and involvement in civil society: more educated people vote more frequently, develop sophisticated political views, are more likely to run for political office and are more likely to get involved in community roles. Again, the quality of teaching is decisive with regard to achieving this. Education is the most important factor of all, alongside other influencing factors such as income, employment, gender and age. All education programmes contribute to this. FC programmes also concentrate on promoting

Poor due to lack of education but too poor to access education

More than 800 million people in the world still have no access to education. Some 775 million adults are illiterate, two-thirds of whom are women. 61 million primary school-age children do not attend school (figures from 2010). 54% of these are girls. In many primarily poor countries, school fees are charged. This is despite the internationally recognised human right which obliges governments to provide compulsory primary education free of charge. Costs are also incurred for books, school uniforms, travel and meals. These expenses are too high for poor families.

participation and social involvement in the primary and secondary school sectors by regularly cooperating with parents' associations and community organisations. Such organisations are involved in planning and frequently assume a role, if not the central role, when it comes to maintaining the infrastructure. This is the case in very poor countries such as Chad.

Education also helps to prevent violence and to reduce crime rates. Now and again, this effect occurs as a direct result of projects: crime, drug dealing and prostitution at a school in one of Nairobi's slums are a thing of the past following the renovation and expansion of the school building as part of FC cooperation with Nairobi's municipal administration. KfW Entwicklungsbank is directly involved in the education sectors of fragile states such as Afghanistan, Yemen, Palestine and Guatemala with the aim of supporting peace education and the prevention of violence.

Education plays a substantial role with regard to health. Longer periods of schooling give rise to a better state of health and healthier behaviour overall. People who have more years of education eat more healthily, seek out appropriate health facilities and are more likely to use preventative services such as vaccinations. Life expectancy is consequently also higher. The role of girls and women is paramount here: a better standard of education for women and girls goes hand-in-hand with lower infant and mother mortality, increased productivity and better treatment of the environment. In addition, secondary school attendance by girls has an extremely positive influence on the demographic trend in the form of a clear drop in the birth rate. Overall, investment in education for women and girls is one of the most recommended and effective investments of all with regard to the meeting of a society's quantitative and qualitative growth targets.

The promotion of primary and secondary school education focuses on the social aspects of qualitative growth, whilst vocational education projects and the promotion of university education are more likely to have objectives relating to the employment market and productivity. The correlations are, however, close: primary and secondary school education forms the basis for effective support at higher levels of education. Experience also shows that support for primary education leads to other changes: many countries which

Unconventional integration of climate goals

An interesting example of the FC's opportunity to contribute to ecological goals through education programs is the combining of the construction of primary schools with provisions for the protection of the population from the consequences of climate change in Bangladesh. Here, primary schools have been constructed so that they can also be used as protection from cyclones. This has primarily benefited women, who perceived the spaces normally used for protection to be "spaces for men" and therefore did not use them, or used them only when it was already too late.

start off investing in primary education subsequently set about a fundamental reform of their overall education sector, with multi-year education programmes.

Education can also contribute to ecological progress

The contribution of education to ecological progress is internationally recognised. Ecologically sustainable behaviour must also be learnt and accordingly must be introduced into the curriculum as educational content. The United Nations has declared 2005 to 2014 to be the global "Decade of Education for Sustainable Development", during which sustainable thought and action will be conveyed to children and adults worldwide. This will surely give rise to a long-term educational impact. German development policy could pay even more attention to the contribution of the education sector to ecological sustainability: the BMZ's 2011 "Green Economy" concept does not mention the tasks of the education sector at all, and although the BMZ's new education strategy uses the term "sustainability", the term "ecological" is completely absent.

KfW Entwicklungsbank's education programmes do not, as a rule, explicitly mention environmental objectives as programme goals. Ecological aspects are, however, naturally incorporated when educational institutions are constructed in a way that keeps operating costs low, for example.

Summary

All in all, education is a central feature of qualitative growth. An increase in global

social prosperity – including in terms of increased distributive justice, equal opportunities and social security in developing countries – is impossible without improvements in the education system. Accordingly, investment in the education systems of partner countries is one of the priorities of the German Development Cooperation and KfW Entwicklungsbank's work.

Further information

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http://www.kfw-entwicklungsbank.de/ebank/EN_Home/Sectors/Education/index.jsp