

# Foreword

The shortage of resources for educational development is a recurring theme in the history of public education systems. Some countries have enjoyed brief periods of their history when they have been relatively free from such pressures. However, such respites have generally been short-lived, and the majority of countries have had to live with financial constraints preventing them from expanding educational services as rapidly and as extensively as they would wish. Particularly difficult economic conditions in the late 1970s and early 1980s forced governments to pay closer attention than usual to issues arising from inadequate resources. Many countries suffered from the general world-wide economic recession, high inflation, increasing international debt, and drought conditions in some regions. At the same time the effects of earlier expansion of intakes at the lower levels of education have worked their way through the education systems so that today the resource requirements stemming from developments initiated in earlier years, are greater than ever.

Commonwealth Ministers of Education directed their attention to these issues at their Ninth Conference in Nicosia, Cyprus in July 1984. In their communiqué they noted that 'education authorities throughout the Commonwealth were under severe pressure as the recession cut into their budgets and faced acute difficulties in their efforts to raise standards and extend education to growing numbers'. They therefore examined strategies (a) to increase resources for the development of education and (b) to make better use of existing resources, and directed the Commonwealth Secretariat to identify critical resource gaps and methods by which these gaps might be bridged. The Nicosia Conference recommendations also called upon Commonwealth governments and the Secretariat to undertake action that would inform member countries of the range of tested innovations.

The present study has been commissioned in response to those

recommendations, and is one of a range of activities. The major thrust of the programme has been a series of three workshops on 'resources for education and their cost-effective use'. The first of them, held in Botswana in June 1985, discussed community management and financing of schools in less developed countries. It was largely about mobilising alternative sources of funds and commitment within the community. The second and third workshops concentrated more on the cost-effective use of resources, though financing issues, like the capacity of education institutions to generate income for themselves, were also raised. The second workshop was held in Trinidad in June 1986 and discussed the cost-effective provision of practical subjects in the curriculum at secondary level. The third workshop, held in New Zealand in November 1986, focused mainly on the Pacific area and considered ways of operating small schools in a cost-effective manner. Resource books based on each of the three workshops are being published in the same series as this present report.

In inviting Maureen Woodhall to write this study, the Commonwealth Secretariat is not adopting any stance on whether or not student loans are an appropriate mechanism for financing education in any particular member country. It is certainly not aligning itself with the argument of those who passionately advocate loans, which they often link to the desirability of introducing fees or 'user-charges' for education, as a way of financing education in preference to the alternative of 'free' education. But nor, on the other hand, can it be argued that 'lending for learning' should be excluded from consideration as one among other options. Whilst it would be naive to ignore the reality that in many situations the strongest supporters of student loans have been those who want to do away with free education, loans themselves are a politically neutral mechanism for financing education. Thus governments of many Commonwealth developing countries borrow money from the World Bank or regional development banks to finance their long-term educational development. In some countries the local education authorities rely on loans for school construction. Others, such as community groups or private schools, may also borrow money to erect facilities. A great deal of private schooling is financed by parental

borrowing. In many countries of the Commonwealth students and their parents are accustomed to having to meet some of the direct and indirect costs of secondary and higher education, and may well borrow funds from friends or the banking system for accommodation and living costs, intending to repay these loans later out of future income. Public loan systems may well help these individuals to borrow more cheaply than is possible on the open commercial market.

The present study does not set out to argue the case for or against student loans. These arguments and many of the issues of efficiency, equity, equality of opportunity etc. have been discussed more fully in other publications, such as the one Maureen Woodhall herself has written for the World Bank under the title *Student loans as a means of financing higher education*. At the same time the study does stress the point that any government considering introduction of a student loan programme should first be clear in its own mind about what it hopes to achieve. Is the intention to assist needy students who cannot meet their existing obligations? Is it to be linked with the imposition of fees and charges for tuition or other services that students presently receive free? Are loans to be used for manpower direction purposes?

The main intention of this study is to set out in a convenient form some of the practical issues and choices that any authority contemplating setting up a student loan programme would have to face, and to bring to the attention of policy makers the experience with student loan schemes already operating. Inevitably much of the international experience cited is drawn from more developed countries, but Maureen Woodhall has taken special pains to collect data from developing countries wherever she has been able to find it. The result is a useful checklist of considerations, decisions and options which must be addressed by any government setting up a student loan scheme.

We very much hope that this study will prove useful to policy makers and practitioners, and will be glad to receive comments from readers on whether it achieves this purpose. I would particularly like to express our gratitude to Maureen Woodhall herself as the author, to all those who assisted her with case study and other material, and particularly to Dwight Horch of

Educational Testing Service and to John Fielden, John Webb and Sue Brownlow of Peat Marwick for their help in developing computer models of a student loan programme.

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