

BACKGROUND 1 – November 2007

Extract from Action Aid: *Confronting the Contradictions: The IMF, wage bill caps and the case for teachers*. April 2007 (www.actionaid.org)

Why investing in teachers makes good economic sense

To get high-quality education, the empowerment of women and higher economic growth, it is necessary to invest in the 'full package'. This means an adequate number of female and male teachers, liveable wages, housing and transport allowances, training opportunities, school infrastructure (including toilets) and appropriate teaching materials.



Returns on education depend not just on years of education, but on the actual skills and cognitive abilities acquired. Glewe (2002) finds that measures of cognitive skills are a strong determinant of earnings; while ICRW (2005) finds that a combination of years of schooling and good quality education leads to the empowerment of women and brings about greater returns on education. However, these do not come automatically – the quality of instruction and levels of teacher motivation both affect students' ability and success in school.

Malawi

- The Ministry of Education continues to struggle with the aftermath of the launch of free primary education in 1994. The government initially responded to the huge increase in demand by hiring 22,000 untrained teachers. Only a handful of additional new teachers have been hired since then as there no new teachers have been received pre-service training in the last 10 years.
- Though enrolment rates have continued to rise the quality of education is poor. The PTR remains high at 72:1. Malawi has the lowest completion rate for girls and boys of all three countries studied [Mozambique, Malawi, Sierra Leone]: 27% and 32% respectively. To provide quality primary education, the PTR needs to fall to 40:1 by 2015, which would require government to hire 90,477 teachers. At the moment 45,268 teachers are employed.
- There continues to be a wage bill ceiling at 7.2% of GDP (IMF 2006b); inflation is targeted to decrease to 5% by 2009/10, and the fiscal deficit target is expected to fall to 0% in the same period (Government of Malawi 2005). Ambitiously, the government hopes to meet these targets by limiting the size of government expenditure to 39.5% of GDP (IMF 2006b) This will also have the effect of limiting government expenditure on the wage bill.

In addition to providing adequate pre- and in-service training, it is essential to remove other obstacles that undermine the capacity of teachers – such as low wages, lack of housing and transportation – and support the progression of female teachers. Similarly, it is important to provide an environment that is conducive to learning, by providing materials, teacher aids and smaller class sizes. In particular, increasing the pupil-teacher ratio (PTR) has been shown to have a significant negative effect on attainment, the probability of employment and returns on education for students.

A study in South Africa found that increasing the PTR by five students led to a 1% decrease in pupils' wage-earning potential (Case and Yogo 1999). Evidently the PTR is determined by the number of teachers that are employed. UNESCO's Institute of Statistics (UIS) has estimated that 18 million teachers are needed globally between now and 2015 to achieve acceptable PTRs (UNESCO 2006a).

The impact of wage ceilings in Malawi, Mozambique and Sierra Leone, 2007

Country	No. of teachers	PTR	No. of untrained teachers	Number of teachers needed to achieve UPC by 2015 at PTR 40:1	Ceiling on public sector wage bill (as % of GDP)	% of wage bill going to teachers' salaries	Teacher wage bill as % of 2007 GDP	Is there a specific cap on number of teachers that can be hired?
Malawi	45,268	72:1	0	90,477	7%	37%	2.7%	No
Mozambique	47,193	74:1	38%	109,172	7.5%	35%	2.7%	No
	31% f							
Sierra Leone	18,038	57:1	40%	28,895	6.1%	35%	4.5%	ceiling of 33,122 with a cap on 2000 additional teachers
	32% f							

PTR, pupil-teacher ratio; UPC, universal primary completion; GDP, gross domestic product.