

## Education and Health Care in the Caribbean

VINAYA SWAROOP

*The Caribbean countries have achieved impressive levels of public spending on education and health care. But in many countries, the qualitative results have not been encouraging.*

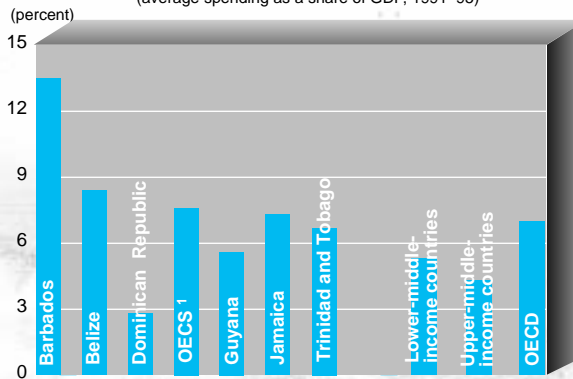
**G**OVERNMENTS have long recognized the importance of primary and secondary education and preventive health care in improving the welfare of the poor. Not only do improvements in education and health directly affect the well-being of the poor, they also promise greater productivity and expanding income opportunities. Countries that have succeeded in providing universal

education and reducing infant mortality rates have been shown to have higher economic growth rates.

The Caribbean countries appear to have made significant progress in education and health, judging from the high level of public spending on these sectors (Chart 1). But a closer look at the numbers reveals that the poor are not always the main beneficiaries of government-subsidized education and

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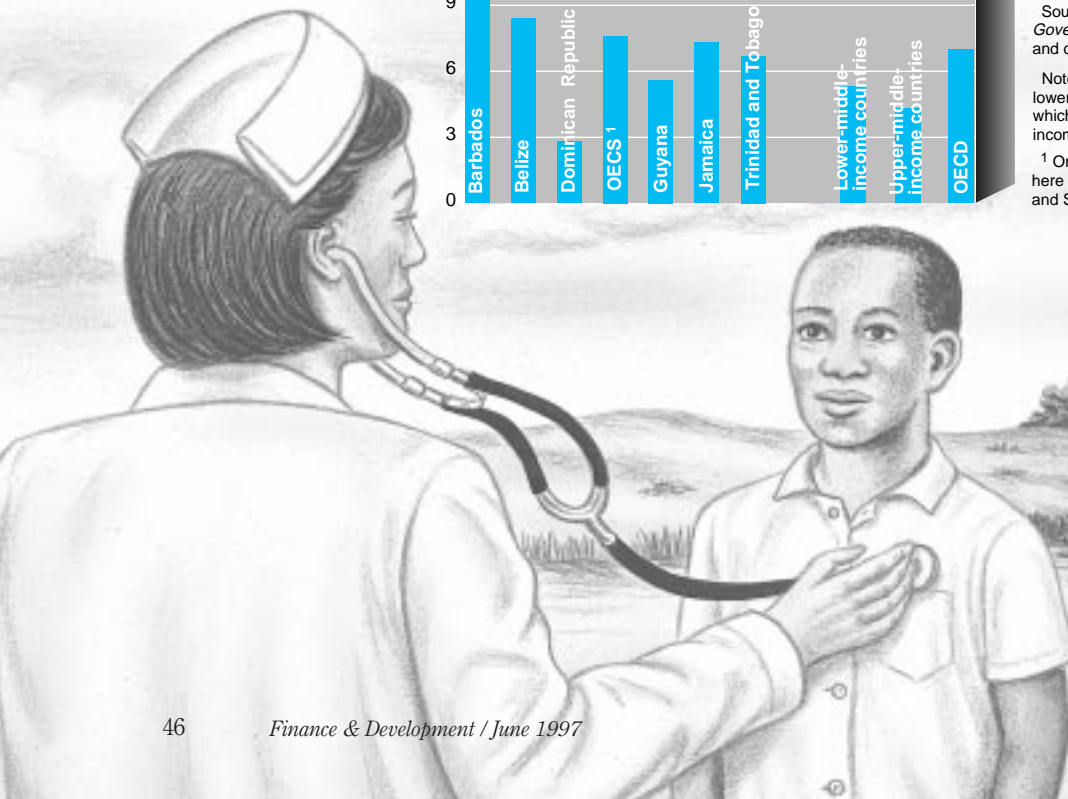
Chart 1  
**Public spending on education and health in the Caribbean is high**  
(average spending as a share of GDP, 1991–95)



Source: Author's calculations using raw data from IMF, *Government Finance Statistics Yearbook*, various years; and country financial and statistical bureaus.

Note: All Caribbean countries in the chart belong to the lower-middle-income grouping except Barbados and Guyana, which have been classified by the World Bank as upper-middle-income and low-income countries, respectively.

<sup>1</sup> Organization of Eastern Caribbean States. The figure shown here is an average for Dominica, Grenada, St. Kitts and Nevis, and St. Vincent and the Grenadines.



health programs; and, in many countries, the quality of education and health care has failed to improve because of a misallocation of resources.

## Social indicators

Most education and health indicators place the Caribbean countries well above the average for developing countries with similar income levels (Chart 2). Throughout the Caribbean, primary schooling is nearly universal; enrollment ratios for secondary education are generally above the average for middle-income countries; and literacy rates are high. Infant mortality rates have declined steadily and consistently, from 56–167 per thousand births in the 1960s to 10–48 by the mid-1990s. Although there are differences between countries, and much remains to be done, the overall picture is one of sustained progress.

The UNDP's *Human Development Report* of 1994 ranked Barbados first among developing countries with respect to human development (measured by combining indicators of life expectancy, educational attainment, and income—see Chart 3). One of the strengths of the Barbados economy has been the high average level of

educational attainment. Primary and secondary education, provided free by the government, has been universal since 1985, and Barbados has the highest literacy rate in the developing world.

## Public sector involvement

Average expenditures on education and health care in the Caribbean countries, as a percentage of GDP, are higher than in other developing countries. Governments are the principal providers of primary and secondary education. The public sector accounts for a substantial proportion of health care spending as well; in 1990, the private sector's share of total health expenditure in the Caribbean countries ranged from a low of 29 percent in Trinidad and Tobago to a high of 53 percent in Suriname and St. Lucia. But are governments getting the best possible returns on their investments?

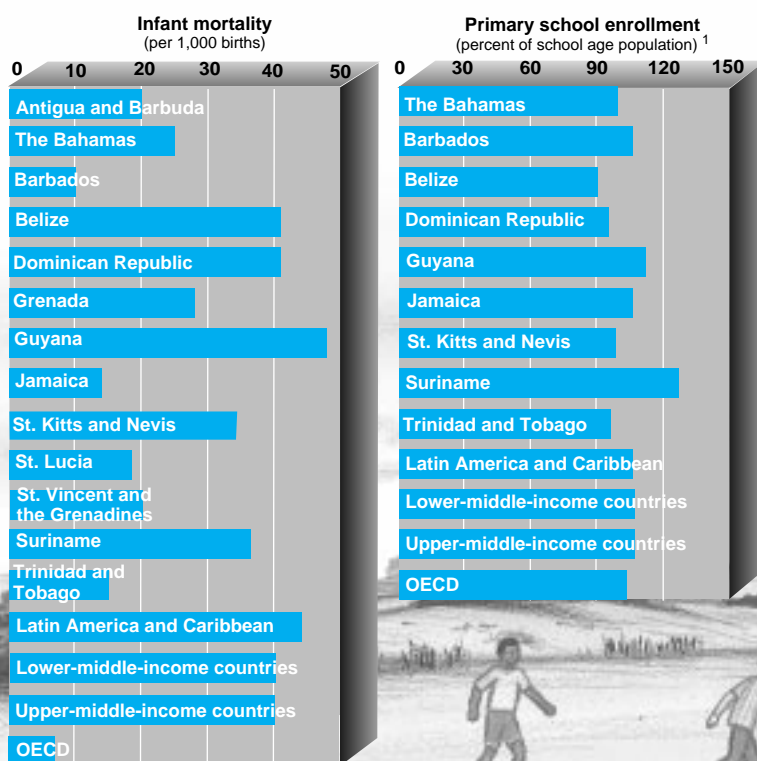
**Allocation of resources.** To assess the quality of publicly provided services, it is necessary to take a more detailed look at the numbers. First, an examination of expenditure allocation between basic and tertiary levels would reveal whether the poor are really benefiting from public

education and health care services. Numerous studies have shown that government subsidies for services at the tertiary level (university education and hospital-based curative care) disproportionately benefit higher-income families who could afford to pay a significant portion—if not all—of the cost of such services. Second, low or declining public spending on education and health care does not necessarily indicate lack of service—it could mean that unit costs are low or that some services are provided by the private sector. In Jamaica, for example, public expenditure on health has stayed roughly the same, as a share of GDP, over the past 15 years, but the share of total expenditure on health—public and private—increased from 5 percent of GDP in 1980 to nearly 9 percent in 1993–94, with the private sector accounting for all of the increase.

There is no single prescription for how a country should allocate its education budget—but putting nearly all of the budget into teacher salaries is clearly not a sound allocation of resources. The evidence from developing countries demonstrates that higher wages do not make for better teachers (Hanushek, 1995). In fact, it has been

Chart 2

### Health and education indicators are high in the Caribbean countries

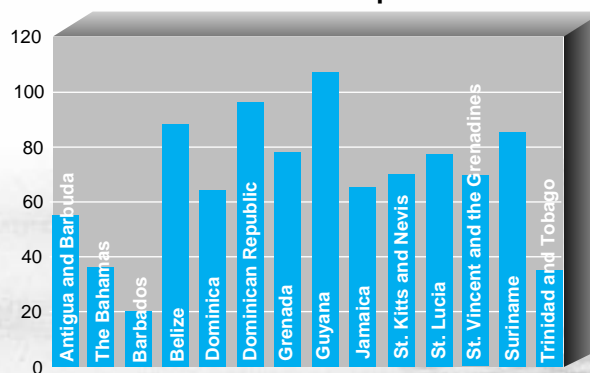


Source: World Bank, 1994, *Social Indicators of Development* (Baltimore, Maryland: Johns Hopkins University Press).

<sup>1</sup> Data not available for Antigua and Barbuda, Grenada, St. Lucia, and St. Vincent and the Grenadines. School enrollment may exceed 100 percent because some pupils are younger or older than the country's standard primary school age.

Chart 3

### Some Caribbean countries rank high in the UNDP's human development index



Source: UNDP, 1994, *Human Development Report* (New York: Oxford University Press).

Note: UNDP's human development index, which is based on adjusted per capita real GDP combined with educational attainment and life expectancy at birth, ranks 173 countries, from the best (1) to the worst (173).

shown that devoting more resources to teacher education has the biggest positive impact on schooling. Yet in many Caribbean countries, the bulk of the recurrent education budget is allocated to wages and salaries; very small sums are budgeted for maintaining facilities and buying supplies. In Jamaica, for example, salaries and other allowances account for nearly 95 percent of the government's budget for primary education. However, facilities are physically run down, and most public schools suffer from a shortage of equipment and teaching aids. Although enrollment is nearly universal, test results show that about half of the students finishing the sixth grade are functionally illiterate. The picture is much the same in St. Vincent and the Grenadines.

Similarly, public health services are not cost effective in some Caribbean countries because of the inefficient allocation of resources. In Trinidad and Tobago, for example, government spending on health services, which are offered free of charge to all individuals, is fairly high. But resources have increasingly been allocated to the hospital sector—the ratio of expenditures for hospitals to expenditures for primary and preventive care rose from 5 to 1 to 10 to 1 during the 1980s. As a result, the quality of basic health care has severely deteriorated. This deterioration has led, in turn, to a growing volume of unnecessary and costly self-referrals to hospitals, which raises health care costs. Other countries—for example, the Dominican Republic and Guyana—show a similar pattern.

While this pattern tends to be the rule in the Caribbean, there are exceptions. In Dominica, for example, primary care is recognized to be one of the most cost-effective approaches to health care. Provision of preventive care (e.g., immunization) and basic health education through health centers has significantly improved the country's health indicators—by 1993, 100 percent of Dominica's children had been immunized against polio, diphtheria, tetanus, and measles.

**Beneficiaries of public spending.** In an equitable society, all income groups have equal access to publicly provided (or funded) social services. Notwithstanding progress on this front, public education and health care remain largely inequitable in the Caribbean. In Guyana, for example, the share of education and health in government spending has increased since 1992, after a sharp decline during 1990–91. But nearly one-third of total public expenditure during 1992–94 was absorbed by the rehabilitation of Georgetown Hospital in the

country's capital. Similarly, subsidies for secondary schools and universities are substantially higher than those for primary schools. Based on student enrollments and spending on education in 1991, educating one student at the tertiary level cost the same as providing a primary school education to 33 children.

Although the objective of most Caribbean countries is to provide universal basic education, the public schooling system tends to favor the nonpoor. For example, in Jamaica, all children have access to public primary schools, but the better-quality publicly funded secondary schools—the “traditional schools”—accept only students who have passed the Caribbean Common Entrance Examination (CEE), a test administered at the end of the primary cycle in all English-speaking Caribbean countries except St. Kitts and Nevis. Many middle- and upper-income families send their children to private primary schools to improve their chances of getting into the traditional high schools. The poor, however, cannot afford private primary schools, so their children are less prepared for the CEE. Children who fail the CEE attend inferior “all-age” or new secondary schools. A similar system exists in Trinidad and Tobago, where few students graduating from public primary schools get high enough grades on the CEE to be accepted into secondary schools with a strong academic curriculum. In Belize, the system is also similar and only 60 percent of primary-school graduates go on to get a higher education.

In Belize, where most health services are publicly provided (public spending on them has been as much as 5 percent of GDP in recent years), access to health care is grossly inadequate for the poor in rural areas. Nearly three-fourths of the resources devoted to public health are absorbed by the country's hospitals (which are located predominantly in urban areas); cost recovery is insignificant; and higher-income people are the main beneficiaries.

**Quality over quantity.** The key to human resource development is not just educating more students but also ensuring that students get a good education. While the number of students enrolled in primary and secondary schools in the Caribbean countries is impressive, instruction, particularly in rural areas, is poor; the curricula are deficient; and schools lack appropriate instruction materials. In Belize, the Dominican Republic, and the countries of the Organization of Eastern Caribbean States (Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts

and Nevis, St. Lucia, and St. Vincent and the Grenadines), learning is hampered by the large number of poorly trained teachers and the paucity of teaching materials, particularly textbooks. Although primary enrollment rates in the Dominican Republic and Guyana are very high, the poor quality of education results in low examination scores, low attendance rates, and high dropout rates.

## Policy implications

Governments in the Caribbean realize that inefficient public social services cannot be sustained and that the public sector's role needs to be more focused. Almost all of the Caribbean countries are taking steps to improve their public sectors, although the pace of reform is slow.

In the areas of education and health, the experiences of the Caribbean countries support the theory that public sector financing should focus on basic services, where the returns to society are likely to be higher. If the public sector is the predominant provider of tertiary services, which tend to benefit the nonpoor, costs can be recovered from high-income users through appropriate charges. Most Caribbean countries urgently need to improve the quality of basic services and to extend the reach of these services to include all who need them.

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*This article is based on the author's paper, 1996, "The Public Sector in the Caribbean: Issues and Reform Options," Policy Research Working Paper 1609 (Washington: World Bank).*

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*The Caribbean countries referred to in this article are those belonging to the Caribbean Group for Cooperation in Economic Development: Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, the Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago.*