DESIGNING AND IMPLEMENTING A SCHOOL GRANT POLICY

Technical guide

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AECO	*Asociación Educativa Comunitaria,* community educational association, Honduras
BOS	*Biaya operasional sekolah*, school operational assistance programme, Indonesia
CE	*Caisse école*, school fund, Madagascar
COGEP	*Comité de gestion des écoles primaires*, primary school management committee, Togo
DBO	*Dana Bantuan Operasional*, operational assistance fund, Indonesia
DEO	district education office
DRC	Democratic Republic of Congo
EMIS	education management information system
ESP	education sector plan
FEFFI	school management committee, Madagascar
GAEA	Government-Assisted Education Authorities, Vanuatu
GPA	general purpose account, Kenya
GPE	Global Partnership for Education
OECD	Organisation for Economic Co-operation and Development
PROHECO	*Programa Hondureo de Educacion Comunitaria*, Honduran community education programme, Honduras
PSUGO	*Programme de scolarisation universelle, gratuite et obligatoir*e, universal, free and compulsory schooling programme, Haiti
PTA	parent-teacher association
SEP	*Subvención Escolar Preferencial*, preferential school subsidy, Chile
SFC	school finance committee*,* Uganda
SG	school grant
SIG	school improvement grant*,* Malawi
SIMBA	School Instructional Materials Account Grant, Kenya
SIMSC	School Instructional Materials Selection Committee, Kenya
SIP	school improvement plan
SMC	school management committee
UPE	universal primary education, Uganda

INTRODUCTION

The aim of this technical guide is to help countries design and implement school grant (SG) policies. Intended for policy-makers and planners, it presents the main challenges and strategic options to consider when planning and formulating policies at the central level through to actual implementation in schools.

1. What is the purpose of having a technical guide to the design and implementation of a school grant policy?

In a growing number of countries, significant reforms in the management of education are taking place: many schools that previously played no role in managing their own finances now have access to funds allocated by the central government.

In certain countries, this practice is integrated into the context of policies of school autonomy, introduced in the 1980s in OECD countries and in the 1990s in the majority of Latin American countries. However, in many developing countries this reform is still very recent and is linked to the introduction of fee-free schooling in the early 2000s. As schools were no longer authorized to collect fees from parents, they received grants to make up the shortfall in their income.

In addition to compensating for loss of fee income and/or income managed and dispensed by regional or district education authorities, these grants are intended to offer at least five advantages:

◆ **Less bureaucracy**: Reducing delays in obtaining school materials and funding from higher administrative levels.

◆ **More informed spending**: Relevant decisions are taken by school actors at the operational level rather than by central bodies which may be less aware of a school's needs and priorities.

◆ **Direct transfers to schools**: Schools receive the funds without any 'loss' to various administrative levels (e.g. region and district).

◆ **Greater equity**: Higher amounts can be allocated to disadvantaged schools, for example those located in poor and remote areas, or characterized by high numbers of orphans, pupils with special needs, or significant gender disparities.

◆ **Enhanced school functioning**: Implementing a participatory process within the school involving the community to ensure a more productive collaboration.

However, the availability of these grants does not guarantee their effective use by the schools or their usefulness in terms of the quality of education and their impact on equity. In this respect, special attention must be paid to the design and implementation of SG policies.

2. A technical guide based on the results of global research on the use and usefulness of school grants

In 2010, IIEP-UNESCO launched a large-scale study on the design and implementation of SG policies and how they are subsequently used by schools. This research highlights the reality of these education policies by attempting to find out how they are perceived, interpreted, and implemented in schools by concerned stakeholders in different contexts, and whether or not they achieve their objectives.

Four criteria were taken into account to determine whether to include an SG grant policy in the research:

◆ Funding must be provided by the central government as part of a systematic approach.

◆ The school must be the recipient of this funding.

◆ Grants must arrive in the form of actual funding (e.g. money or an authorization to spend it) and not material resources.

◆ The school must have a certain amount of autonomy on how it uses this funding.

Several desk reviews on school grant policies have already been conducted by IIEP-UNESCO and the Centre for Education Policy Development in South Africa to identify the main issues related to the design and implementation of this type of policy, and to guide the preparation of an analytical framework for research in the field (Deffous, De Grauwe, and Lugaz, 2011; Prew, Msimango and Chaka, 2011; Chimier and Lugaz, 2015).

The research was then conducted in four regions around the world. After covering, with support from UNICEF, five countries in Eastern and Southern Africa (Ethiopia, Kenya, Lesotho, Malawi, and Uganda) from 2010 to 2012, and four countries in East Asia and the Pacific (Indonesia, Mongolia, Timor-Leste, and Vanuatu) from 2012 to 2014, IIEP-UNESCO received support from the Global Partnership for Education (GPE) to extend the research to five countries in two new regions from 2013 to 2016: Latin America and the Caribbean (Honduras and Haiti) and Francophone Africa (Madagascar, the Democratic Republic of Congo, and Togo).

This mainly qualitative research, enhanced with quantitative data, was conducted in collaboration with national teams who carried out the field research (researchers and representatives of ministries of education and finance). A total of 195 schools were studied. Interviews with head teachers, teachers, parents, students, members of school management committees (SMC), and actors from district education offices (DEO) were conducted. Regional and then national dissemination of the research results were carried out after completion of each section of the programme through policy seminars, national workshops, and the publication of national and regional summary documents.

This technical guide draws on the wealth of conclusions of this research with the aim of supporting interested countries in the design and implementation of SG policies[1].

3. Analytical framework

IIEP's research focused on the design and implementation of SG policies in order to achieve the defined objectives. Two approaches structured this analysis and are reflected in this guide:

- How are grants allocated to schools? Do the grant allocation criteria and distribution mechanisms meet the objectives of the national policy?

- How are the grants used by the schools? How can the central government guide and control their use at the local level?

These questions underpin the design and implementation of a policy as shown in *Figure 1.1.*

The first premise focuses on three technical aspects:

- The relationship between the policy's declared objectives and the criteria retained for the funding formula: Do these criteria meet the countries' policy objectives? Is the funding allocated on a per-student basis or does it take into account the needs of the school, certain characteristics specific to the environment, and the needs of the students (e.g. the existence of disadvantaged groups)?

- The objectives also have an impact on the total amount of the grants. In order to calculate the amount of the grant, it is essential to estimate the school's total running costs and what proportion of the grant will be earmarked for this purpose.

- Grant-distribution mechanisms: Are the funds paid directly into the schools' bank accounts or do they pass through intermediaries?

The second area focuses on the decision-making and control procedures that condition the use of SG policies, the quality of policy dissemination, and the level of schools actors' knowledge and capacity in this respect. Four aspects were studied:

- The actors in the decision-making process on the use of the grants: What is the role of the head teacher, teachers, parents, SMC, and the students? Does the provision of these grants lead to a participatory decision-making process involving all these actors? Does the process improve relations within the school community?

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1. The summary documents of the findings from the research conducted in the various regions are available from IIEP-UNESCO: www.iiep.unesco.org/en/our-expertise/school-grants

◆ The **use of grants by schools**: Must the funds be used for specific purchases or are the schools free to use the funds as they see fit? At what level are schools capped or limited in this respect? Are these funds used for the purchase of materials or for funding activities such as teacher training? Do the funds tend to favour the teachers, students, or both these groups? Are the specific needs of disadvantaged groups in the schools, for example orphans and poor children, taken into account?

◆ **Monitoring and control mechanisms for managing grants**: Which actors are involved in this process inside and outside the school? Which tools are used: Simplified financial reports or in-depth controls that include an impact study? In terms of information exchanges, what information is sent to the schools about using the grant following monitoring and control? What measures and sanctions are taken in the event of ineffective, incomplete, or unjustified use of the grant?

◆ **Policy dissemination and capacity-development** can have an impact on the policy's effectiveness: Do the stakeholders have the necessary knowledge and capacity to identify the school's needs, and can they effectively fulfil their grant and school management role?

Each of these factors has an impact on the relevance, effectiveness, and equity of an SG policy. All these themes are addressed in this publication.

Figure 1.1. Analytical framework of the research
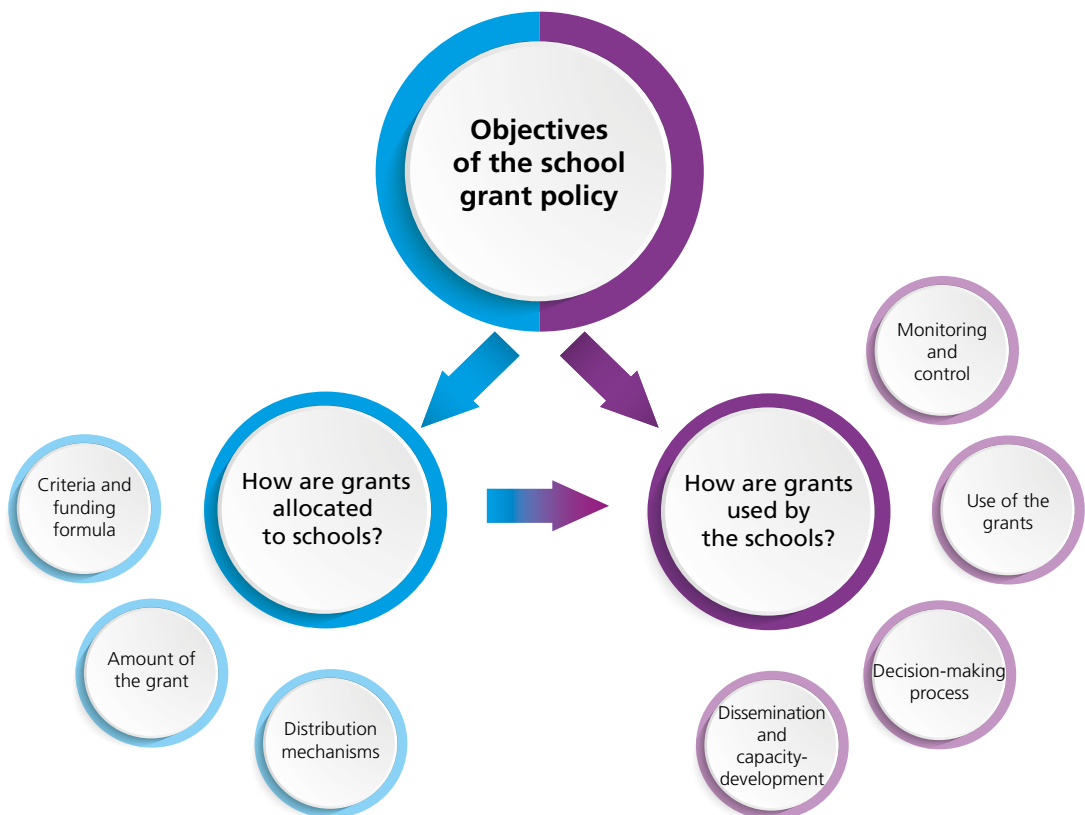
4. Objectives of the technical guide

Based on in-depth research conducted by IIEP between 2010 and 2016, in collaboration with its partners, and an analysis of other experiences, this guide provides a framework to support and assist policy-makers in the design and implementation of an SG policy. It explores the issues and constraints surrounding the design and implementation of these policies, and presents potential options and approaches.

This guide is chiefly intended for planners and administrators (working in ministries in charge of education), policy-makers, and technical and financial partners.

5. Structure and approach

The practical purpose of this guide is to help planners and policy-makers make choices. It comprises two sections and seven chapters, which closely follow the analytical framework that structured the research conducted by IIEP-UNESCO. Each chapter contains an introduction to the theme covered, a presentation of the points addressed, an analysis of the issues and possible planning options illustrated by the experiences of the countries studied in the context of the research, and a conclusion box highlighting the key practical issues to bear in mind.

Part I of the guide, consisting of three chapters, presents the various options for programming and formulating an SG policy in line with the desired policy objectives.

Part II, consisting of four chapters, provides practical insights into the issues to be considered to support the implementation of the policy in schools.

Part I

Programming and formulating a school grant policy

Defining clear school grant policy objectives

This chapter contains:

- ◆ *a presentation of useful information for defining school grant (SG) policy objectives;*
- ◆ *a presentation of the advantages and benefits of each objective, as well as the constraints associated with their combination and implementation.*

The first step in designing an SG policy is to clearly define its objectives. What problems in the education system does this policy seek to address? What can it achieve? This is an essential step insofar as the choice of the objectives will have an impact on the grant-allocation criteria, the size of grant, and the way that it is used, managed, and administered in schools.

Defining SG policy objectives must involve addressing the issues that were highlighted in a sectoral analysis developed under government supervision, and reflected in an education sector plan (ESP), which previously identified feasible strategies designed to achieve the stated objectives and overcome difficulties encountered by the education system.

This chapter first examines the importance of defining policy objectives based on a country's sectoral strategy. It then provides a definition of potential objectives that may be targeted in SG policies, and the implications and constraints related to their implementation.

1.1   Designing an SG policy: What are the prerequisites?

1.1.1   Analysing the school situation

An in-depth analysis of the school situation must precede and inform the policy. This analysis must be based on empirical data and identify the problems encountered by schools. What kind of material and pedagogical challenges do they face? The design of a grant policy must integrate an in-depth diagnosis upstream in order to take into account the actual needs of schools. This step is essential for defining the policy objectives and guaranteeing their successful implementation. Diagnosis can include data from the sectoral analysis (where one exists) conducted to develop the ESP, but only if it provides sufficient information about the situation of the schools. Consulting actors in the field, such as district education offices (DEO), can also enhance the diagnosis as they often have a better understanding of what schools need than do actors at the central level.

1.1.2   Linking the SG policy to sectoral strategy

It is essential to link data from sectoral analysis to the SG policy in addition to other national education strategies with similar objectives. Sectoral analysis aims to provide a description of the education system based on data and indicators to identify success and failure factors, and any difficulties encountered. It can also ascertain the main challenges faced by the education system. Strategic objectives are defined on this basis.[2]

To summarize, SG policy objectives are determined through an arbitration process based on a sectoral strategy. It is important to determine:

◆ whether the SG policy is the most appropriate method for achieving certain objectives;

◆ how it links to other complementary policies (*Box 1.1*).

Box 1.1.   Linking SG policies to other complementary programmes – The case of Indonesia

As other types of equity programmes had already been implemented in the country, Indonesia chose to focus its SG policy on improving access. The school operational assistance (*Biaya operasional sekolah,* BOS) programme was introduced in 2005 alongside the operational assistance fund (*Dana Bantuan Operasional*, DBO), which was created in 1998 to mitigate the effects of the Asian financial crisis. The DBO specifically aims to:

◆ support schools in poor regions;

◆ help poor communities purchase fuel in a context of rising fuel prices;

◆ strengthen the health offer for poor communities;

◆ create rural infrastructures;

◆ set up direct and unconditional monetary payments for poor populations.

DBOs already contain an education component designed to support schools in poor regions; the BOS programme aims to improve access to education in all public schools. Funds are allocated on a per-student basis and do not take into account any specific characteristics.

Source: Febriany *et al.*, 2014.

1.1.3   A realistic policy with clear objectives

At the goal-setting stage it is essential to adopt a realistic approach to the material and financial feasibility of the policy.

The institutional and organizational aspects of the education sector in each country determine the policy's successful implementation (*chapters 4, 5, 6,* and *7*). In particular, the definition of the objectives must take into account schools' capacity to manage new functions, for example drawing up a spending plan that reflects a school's needs yet remains within budget. The introduction of an SG policy leads to important changes in the way in which school resources are managed and the skills required by the various actors for its implementation. These challenges need to be addressed specifically through capacity-development activities (*Chapter 7*), as schools' planning and budget implementation skills have an impact on their ability to achieve the policy objectives.

It is also essential to define policy objectives in line with budgetary feasibility. For example, several countries have designed an SG policy as a mechanism to support fee-free education; however, this policy has sometimes failed owing to the inadequacy of allocated funds. This has led to misunderstandings on the part of schools and households, as in the case of Togo (*Box 1.2*).

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2.   Guidelines for Education Sector Plan Preparation (2015), jointly authored by IIEP, UNESCO, and the Global Partnership for Education, can be used as a reference.

To guarantee the effectiveness of the policy, it is important that the objectives, the total available amount, and the school allocation criteria are defined through an iterative process as outlined in *Chapter 2* (*Section 2.2*).

Regardless of which objectives are finally retained, it is advisable to avoid formulating objectives that may give rise to conflicting interpretations in the future. Framing clear and transparent objectives will facilitate policy implementation at the local level by ensuring that education personnel and the beneficiaries take ownership of, and understand, the policy.

Box 1.2. The importance of having a practicable objective – The SG policy in Togo

Togo launched its SG policy during the 2008/2009 school year. Its main aim was to improve access to education. In particular, the policy was designed as a mechanism to support fee-free primary schooling, school grants replacing parental contributions to pay for the functioning of the school.

In practice, lack of credited funds means that the grants have not not been able to completely replace parental contributions. Although the introduction of fee-free education formally prohibits it, the schools studied feel compelled to ask parents for financial contributions to cover their needs. In certain schools, where the parents refuse to provide financial support, some head teachers have been forced to use their own savings to ensure a minimum level of functioning. In schools where parents still make financial contributions to the school budget, a climate of suspicion and misunderstanding can arise between the head teacher, the parents, and the teachers.

Source: Akakpo-Numado and Yabouri, 2016.

1.1.4 Is it necessary to hold a specific consultation on SG policy?

Developing an ESP usually relies on a consultative process involving ministries (particularly the ministry of finance), various education administration levels, civil society actors, private educational organizations, and international partners. Indeed, a wide range of groups can be consulted. This process provides a wealth of information on the challenges and the institutional and administrative realities of the education system upon which the design of the school grant policy can be based. This consultation, which continues throughout the process of defining the sectoral strategy, can also help build consensus around a future SG policy and guarantee its legitimacy.

In addition to the consultation process carried out in the context of preparing the ESP, a second and more specific round of consultation can then be implemented when designing the SG policy. This specific type of consultation has a dual objective: to better identify the needs, capacities, and constraints of the schools; and to jointly develop the constituent elements of the policy. While this process has its advantages, it is not without certain drawbacks.

Why? Advantages and disadvantages

The need to consult education actors on the SG policy depends on the amount of information available at the central level, but also on the amount of time and financial resources available for the design stage.

The first advantage of having a specific consultation process, especially one involving local actors (local authorities, districts, departments, DEOs, and head teachers) is the opportunity to identify the needs of schools and students accurately. This process can also identify schools' capacities to manage the funds, as well as any constraints that must be considered prior to implementing the policy. This is an important step when designing objectives, funding formulas, and distribution mechanisms that are adapted to the schools' situations.

The second advantage of holding this type of consultative process is the opportunity it provides to disseminate information about the characteristics and challenges of an SG policy among local actors, thus guaranteeing better-informed and, possibly, more committed ownership.

In brief, adopting a consultative approach when drawing up an SG policy can improve its quality and credibility, as well as legitimizing its implementation conditions.

However, a poorly conceived or managed consultation process may result in potentially disabling delays in the design and/or implementation of the policy. It may also create expectations that public authorities will not be able to honour, or pose obstacles if all the legitimate parties are not consulted.

The following sections give practical information about organizing a consultation process.

Who should be consulted?

While a needs analysis is undoubtedly necessary, the involvement of local actors in policy formulation needs to be weighed carefully. Policy-makers must identify which stakeholders should play key a role in its implementation at the local level and who should be consulted (*Box 1.3*). It may also be useful to assess the dynamics of the various groups affected by the SG policy to determine whether its introduction might undermine existing remits or prerogatives or, conversely, create new areas of action for certain actors. Four categories of actors may be involved in the consultative process:

◆ technical personnel from central levels of the ministry of education, ministry of finance, and other relevant ministries;

◆ departmental inspectorates and the DEO;

◆ head teachers;

◆ beneficiaries: teachers, parents, students, and the community.

Box 1.3. Launching a consultation process – The case of Mongolia

Based on documented IIEP research, the consultative process used to develop Mongolia's school grant policy was the most successful. The reform of the SG policy was debated while drafting an education finance law. The reform was drafted by a joint working group comprising representatives from the ministries of education and finance. Prior to being referred to advisers from the ministry of education, the proposal was first submitted to concerned professional organizations and bodies, as well as head teachers, school accountants, teachers and DEO personnel. An iterative process was then launched through a parliamentary shuttle procedure. The entire preparation phase took almost one year. Finally, various departments of the ministries of education and finance became involved in developing the application mechanism, in consultation with the stakeholders. Certain aspects of the mechanism, including those involving cross-ministerial competencies, required more than a year of deliberation before being enacted.

Source: Sid, Bazarsuren and Ukhnaa, 2014.

How?

The consultation process adopted depends on human, financial, and material resources, and on how much time the ministry has to formulate the SG policy. Depending on the desired level of interaction between the central level and the stakeholders, three approaches can be adopted *(Table 1.1)*:

◆ **Consultation**: obtaining opinions from various actors to enhance information (surveys, investigations, public hearings, and workshops with target groups).

◆ **Deliberation**: seeking to create a given group's adherence to the policy (workshops with target groups, consensus conferences, etc.).

◆ **Formulation**: involving all actors engaged operationally in the design of the policy. A more in-depth approach consists of securing the active participation of the stakeholders and engaging them in a structured debate to identify and develop relevant components of the policy (working seminars, round tables, defining guidelines, etc.).

It would be advisable to combine these approaches.

Table 1.1.   Different approaches to stakeholder consultation for SG policy design

Approach	Consultation	Deliberation	Formulation
Objective	To obtain opinions and information from key actors to design the policy objectives.	To garner support from intermediary and local-level education actors. To present the policy as it was designed at the central level to improve it and facilitate ownership.	To unite all actors (from the central, intermediary, and local levels) in the operational formulation of the policy. To identify policy guidelines based on needs.
Possible tools	• call for suggestions, • surveys, • public information meetings, • sharing draft documents.	• discussion days, • workshops.	• themed working groups, • discussion seminars to create consensus on objectives, distribution criteria, and implementation of the policy.
Limitations	• little interaction with local stakeholders, • risk of low adherence to the policy, • risk of poor ownership during the implementation phase.	• risk linked to the representativeness of the group (legitimacy), • risk of counter-productiveness if the groups' suggestions are not taken into account, • apathy of the participants.	

1.2   Presentation of the objectives and implications for the design and implementation of SG policies

Various objectives can be included in SG policies. This section aims to define them while also considering their implications in terms of subsequent design and implementation. Whereas the first three objectives (access, equity, and quality) can be adopted independently of one another – or indeed be combined – the last two (administrative efficiency and school autonomy) are inherent in any SG policy.

1.2.1   Access

The aim of an SG policy may be to improve **access to education**. There are two possible approaches:

◆ To **reduce the cost of schooling** by endeavouring to remove the main barriers to education (e.g. school fees, the purchase of uniforms, textbooks and materials, canteen fees, etc.).

◆ To **abolish school fees paid by parents**.

In all cases, it is necessary to inquire about the resources the ministry of education can mobilize. If the aim of the grant is to support fee-free education, the amount of the grant must match parents' former financial contributions. In this case, is the ministry of finance able to allocate sufficient amounts to make up this shortfall? Can support from technical and financial partners constitute a sustainable option for the draft policy?

In terms of design and implementation, the implications of the access objective are as follows:

◆ The central government must identify any barriers to schooling that could be removed by the grant (school fees, school materials, uniforms, canteen fees, and transport);

◆ Depending on what the grant covers, its amount must be calculated on the basis of a fair estimate of the educational costs (school fees and other costs) borne by the parents and in line with the context of the schools. It also involves studying the actual funding needs of schools in terms of their socio-economic and geographical characteristics (enrolment numbers, location, needs, etc.).

1.2.2 Equity

The equity objective aims to reduce existing disparities between schools and students. An equity objective can provide additional resources in two ways:

◆ By targeting students based on their characteristics to identify which students are encountering the most obstacles in terms of accessing education, for example girls, poor and marginalized children, those living in remote areas, victims of social bias (e.g. belonging to a certain ethnic group or children of immigrants), orphans, and children with disabilities. For each student profile, it is important to characterize accurately the obstacles linked to access, retention, learning, and completing study cycles (school fees, purchasing school materials, not being able to afford to eat in the school canteen, loss of household resources when a child is involved in income-generating activities, etc.).

◆ By targeting the most disadvantaged schools (rural, remote, and overcrowded schools, as well as schools lacking the most materials, teaching resources, and well-trained teachers).

In terms of design and implementation, the implications of an equity objective relate to the degree of complexity of targeting schools or students in line with the adopted strategy:

◆ If students are targeted on the basis of their characteristics, there are two related challenges: the process of identifying vulnerable students; defining the level of vulnerability justifying the allocation of a grant. This type of targeting requires an accurate and up-to-date education management information system (EMIS) that includes detailed information about the profiles of students enrolled in each school, and the school's environment.

◆ Schools can be targeted in relation to their location. This type of targeting is easy to carry out but the impact on equity is relatively low.

1.2.3 Quality

An SG policy can also support the functioning of schools and improve student learning. To improve quality, one may intervene in different areas:

◆ material resources: pedagogical materials, school supplies, and infrastructures.

◆ human resources: number of teachers and their professional development (recruiting temporary teachers, training sessions, and allocating grants to schools with the lowest teacher educational levels).

◆ school-level management process: greater involvement of all personnel (the head teacher, teachers, and administrative staff) and the community (parents, students, and representatives) in the management of the grant.

For design and implementation, the implications of the quality objective are as follows:

◆ While respecting schools' autonomy in expenditure choices (*Chapter 4*), central government must guide schools on the use of their grant, so that they channel their spending towards a quality-improvement purpose.

◆ Central government must determine whether all schools receive a grant, and whether a higher amount should be allocated to schools with poorer results, where teaching teams are less well trained, or where pupil–teacher ratios are the highest.

Making the grant conditional on the school's performance to ensure a quality objective should be considered with caution. The study conducted by IIEP-UNESCO revealed that simple financial support is not sufficient to change the dynamics of a school; and secondly, that a school cannot be held solely responsible for poor results. For example, the level of teachers' qualifications can also be a contributing factor. Consequently, financial support provided through the SG policy may need to be accompanied by other types of assistance and interventions, particularly technical and pedagogical, to support schools that achieve poor results.

When an SG policy aims to improve learning outcomes, the central level can grant schools the freedom to decide which aspects to focus on in line with their needs. Allocating grants based on a needs analysis and integrating them into a school improvement plan (SIP) (*Chapter 5*, *Section 5.2*) may be a promising option.

1.2.4 Improving administrative efficiency

Improving the administrative efficiency of an education system is generally associated with SG policies. There are several advantages to transferring funds from the central level directly to schools to cover their running costs:

◆ less bureaucracy: reducing delays in obtaining school materials or funding from higher administrative levels;

◆ more informed spending: relevant decisions are taken by school actors at the operational level rather than by central agencies, which are less aware of the school's needs and priorities;

◆ direct transfers to schools: schools receive the funds without any losses to the various administrative levels (e.g. region and district).

In terms of design and implementation, the implications of the administrative efficiency objective are as follows:

◆ direct transfer of funds from the central level to schools without going through an intermediary;

◆ implementing reliable allocation mechanisms so schools can receive the funds in a timely manner without any losses.

These implications are explored more fully in *Chapter 3*.

Box 1.7. The administrative efficiency objective in SG policy – The case of Timor-Leste

Improving the management and administration of schools is an explicit objective in Timor-Leste's SG policy. The policy seeks to organize schools into clusters to allow institutions to decide how to use the amounts granted – within the remit of authorized expenses. Since 2012, the grant has been transferred directly into the bank account of the lead school in the cluster. All the cluster's operational plans are consolidated at this level, and purchasing, logistics, financial management, and report writing are also carried out here. This approach provides an opportunity for schools in the cluster to participate in the planning and implementation of its expenditure.

Source: Martins *et al.*, 2014.

1.2.5 Strengthening school autonomy

School grant policies may also include an objective of strengthening school autonomy to:

◆ enable schools to identify and cover their specific needs in the most relevant manner,

◆ better promote participation and collaboration between school actors (administrative and teaching staff) thus creating conditions that result in better functioning.

For design and implementation, the implications of a school autonomy objective are as follows:

◆ the central government must first define the authorized expenditure framework to enable schools to commit spending based on needs (*Chapter 4*);

◆ it must put in place inclusive spending decision-making and control mechanisms within schools. School autonomy can be based on creating or strengthening effective representative structures, as well as professionalizing and capacity-development of school actors to identify needs, as well as managing, monitoring, and controlling expenditures (*Chapters 5* and *7*).

1.2.6 Combining several objectives

Identifying a sole objective may be seen as the simplest option for implementing an SG policy. Where several objectives are combined, the planner must evaluate the implications for policy design and implementation. Technical balances must be put in place to achieve several objectives at the same time.

Generally speaking, school autonomy and administrative efficiency objectives are cross-cutting and can be easily added to access, equity, and quality objectives, but only if the policy provides for a direct cash-transfer mechanism, a framework for the use of grants, and the development of participatory processes within schools.

Access and equity are related objectives. While the access objective does not explicitly aim to reduce disparities between schools and students, it may have an impact on the most vulnerable categories of children among the beneficiaries by eliminating or reducing certain barriers to schooling. Access and equity objectives can be more precisely implemented when the amount of grant is sufficient to address the barriers to schooling of all children, including the most vulnerable groups, by giving more to them or the schools that need it.

Access and quality objectives are also compatible so long as the grant amount is sufficient to have a positive impact on barriers to schooling and allows the schools to earmark a budget for the purpose of a stated goal (*Box 1.8*).

Equity and quality can also be associated with certain conditions. If the quality objective is seen in a meritocratic perspective (only schools with good results receive the grant), the contribution to the equity objective is thus compromised. However, there are options that serve both the equity and quality goals, for instance allocating larger funds and additional pedagogical support to schools in difficult situations and those attaining poor results.

Finally, it should be noted that an objective that aims to strengthen school autonomy may not be compatible with equity and quality objectives. This is because the autonomy objective implies that schools can spend the grant as they see fit, whereas the equity and quality objectives imply that the central level favours or imposes certain types of expenditure (*Chapter 4*).

Box 1.8. Combining an access and quality objective – The case of Kenya

In 2003, the Kenyan government introduced the Free Primary Education programme to address the challenges of primary education in the country. In the past, lack of access and poor retention had kept millions of pupils out of school. Therefore, an SG policy was designed with the aim of improving access to and the quality of education.

School grants in the Kenyan context have two components:

◆ a grant for predefined pedagogical materials as set out in the School Instructional Materials Account Grant (SIMBA);

◆ an access grant called the General Purpose Account Grant (GPA).

The amount of this two-part grant is based on the number of students enrolled in the beneficiary school. Ordinarily, the school receives three disbursements of each of these two grants in a school year. The grants are paid into two separate bank accounts held by the school. This means that schools manage a budget that focuses on the learning environment, and a budget that targets the schooling of all children.

Source: Njihia and Kiruru Nderitu, 2014.

Key points

A key condition for the successful design and implementation of an SG policy consists of **clearly identifying and formulating the objectives** it aims to contribute to, based on an analysis of schools' situations and sectoral policy. Three questions should be posed at this stage:

◆ How does SG policy address problems encountered in schools?

◆ How does SG policy tally with the objectives of sectoral policy and the national budget?

◆ What is the best way to design a specific consultation process for the actors involved in developing SG policy?

SG policies can achieve different sole objectives or can be combined to:

◆ reduce or eliminate the need for parental contributions,

◆ reduce existing disparities between schools and students,

◆ improve the quality of the school environment and learning conditions,

◆ improve administrative efficiency in the education system,

◆ strengthen school autonomy.

This chapter highlights the importance of accurately defining the stated objectives and taking into account all the **implications in regard to their implementation**. This is particularity relevant when the grant aims to support the introduction of fee-free primary or secondary education. In this specific case, the planner must ensure that the amount of the grant covers all the costs required for the proper functioning of the school and completely replaces parental contributions.

Delivering school grant policy objectives by adapting the funding formula and the amount of the grant

This chapter addresses:

◆ *the factors to take into account when fixing the amount of the grant;*

◆ *options for defining grant-allocation criteria and a funding formula;*

◆ *the advantages and disadvantages linked to the design and implementation of each option.*

The second key decision when designing a school grant (SG) policy concerns the choice of the amount and the allocation criteria on which the funding formula will be based. The policy is largely informed by allocation criteria. Several factors can be considered in line with the SG policy objectives. The planner can also opt to:

◆ employ simple formulas based on enrolment figures or schools' fixed costs;

◆ more complex formulas based on the needs of students or schools which take into account their specific needs.

Deciding on a funding formula based solely on the enrolment band or a formula comprising additional criteria depends on the policy objective, the capacity to implement and manage the funding formula, and estimates of available and forecast budgetary resources at the central level.

This chapter presents key factors to take into account when fixing the amount of the grant. Different allocation criteria options are then presented in relation to the objectives that may be included in an SG policy.

2.1 Choosing the amount of the grant

The amount of the grant allocated to the school must be based on:

◆ Its **budgetary feasibility**. Defining the amount depends on the estimate of available and forecast budgetary resources at the central level. It is important that the amount announced at the central level is respected so that schools can plan their expenditure accordingly. Therefore, it must be realistic.

◆ Its relevance to the objectives. The amount must be used to achieve the stated policy objectives. For example, if the aim of the grant is to support fee-free education, then the amount must match parental contributions. Estimating these costs is important to understand the composition and relative weight of household education expenditures.

As indicated in *Chapter 1*, when defining policy objectives, the total amount required to achieve these objectives and the most appropriate funding formula must be part of an iterative process (*Figure 2.1*). These three elements must be mutually adjusted while taking into consideration their budgetary feasibility in order to guarantee the design of a realistic policy.

Figure 2.1. Defining SG objectives, the total amount required and the funding formula: An iterative process
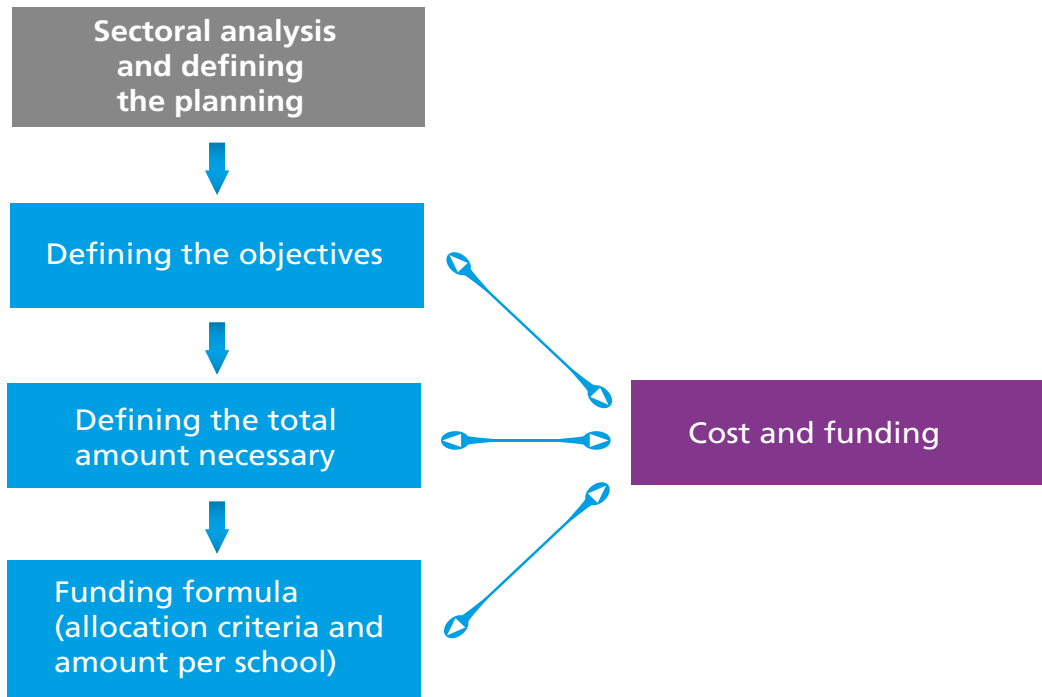
2.2 Defining coverage and SG allocation criteria

2.2.1   What coverage should an SG policy provide?

A key step in developing an SG policy is defining the extent of its coverage. At the national level, which areas and schools will be covered? In principle, a public grant policy should cover all public schools. However, the national cases studied demonstrate several possible options:

◆ universal coverage (private schools generally do not receive parental contributions);

◆ only certain schools receive the grant based on pre-defined criteria;

◆ priority regional coverage or restricted coverage in the context of a pilot policy phase.

It should be noted that some countries are also introducing conditional cash transfers to encourage access to education for certain categories of children. However, those programmes differ from the SG policies defined in this publication.

Table 2.1. School grant-allocation criteria: Implementation options, advantages, and disadvantages

Criteria	Options	Funding formula	Implementation advantages	Implementation disadvantages
Based on enrolment	Allocation per-student	[Number of students] × [Chosen amount]	A simple formula to calculate and explain to actors.	• Risk of inflation of enrolment figures. • This formula does not take into account socio-economic, spatial, and structural disparities, which may characterize a school. It may increase existing disparities between schools.
	Allocation by enrolment band (school size)	[Enrolment band] × [Chosen amount]	A simple formula to calculate and explain to actors.	• Risk of inflation of enrolment numbers. • Disadvantage for schools nearing the next enrolment band.
	Allocation per number of classes	[Number of classes in the school] × [Chosen amount]	A simple formula to calculate and explain to actors.	• Disadvantage for classes that are overstaffed or overcrowded.
Based on students' needs	Targeting students based on their gender or socio-economic characteristics (poor and marginalized children living in remote areas, victims of social bias, e.g. students belonging to certain ethnic groups, children of immigrants, etc.), orphans, and children living with disabilities.	[Number of students in the target category] × [Chosen amount]	Formula which takes into account disparities between students and which helps to reduce barriers to schooling for certain categories of vulnerable children.	• Identifying the most vulnerable students requires an accurate and up-to-date education management information system (EMIS). • However, there is no guarantee that the additional funds obtained for these students will be used for their well-being and in line with their needs.
Based on schools' needs	Proportional amount based on the types of identified needs (improving the quality of learning, reducing repetition and drop-out rates, taking into account students' socio-economic characteristics, and the location of schools).	[Schools' needs] × [Chosen amount] Each school receives an amount commensurate with its needs. All schools receive something; certain schools receive more.	Formula which takes into account the disparities between schools.	• Difficulty in identifying which factors to take into account: – the quality of the learning, – repetition and drop-out rates, – students' socio-economic characteristics and the school's location. • Difficulty in designing an adapted amount based on the significance and types of school needs. • Instability of the amounts. • Difficulty translating the grant into school improvement strategies.

2.2.2 What allocation criteria should be applied?

After defining the coverage of the policy, the planner may choose to take into account various criteria for the allocation of the grant:

◆ **enrolment**;

◆ **student needs** (targeting girls, poor and marginalized children, those living in remote areas, victims of social bias, e.g. children belonging to certain ethnic groups or children of immigrants), orphans, and children with physical or mental disabilities;

◆ **school needs** (based on their location and the profiles of the students attending the school, the quantity and quality of human resources, necessary materials and teaching materials, etc.).

Table 2.1 summarizes the three types of allocation criteria options, as well as outlining the advantages and disadvantages in terms of implementation.

2.2.3 Which funding formula should be used to achieve the desired policy objective?

Another step consists of defining a funding formula that meets the objectives of the SG policy by taking into account pre-defined accounting, budgetary, and technical constraints. *Table 2.2* presents different allocation criteria based on the policy objectives.

It should be noted that the funding formula can also function on a simple basis (allocating the same amount to all schools) with a fixed amount corresponding to the schools' fixed costs (water, electricity, rent) plus a variable amount based on a range of factors, e.g. annual state budgetary margin, price fluctuations, level of education, the number of students and teachers, the location of school, the needs of children living with disabilities, etc. *Box 2.1* illustrates various SG allocation options adopted by the countries studied in the framework of the research conducted by IIEP.

Table 2.2. Which allocation criteria should be used to improve access, equity, and the quality of education?

Objectives	Expected impacts	Allocation criteria	Implications for policy implementation
Access	Supporting the expansion of the education offer by: • reducing the amount of parental contributions, • eliminating parental contributions, • overcoming certain barriers to schooling (purchasing uniforms, textbooks and school supplies, canteen fees, transport costs, etc.).	Based on enrolment figures: allocation based on the number of students.	Providing a sufficient amount in the funding formula to significantly reduce or replace parental contributions, and address barriers to schooling.
		Based on enrolment figures: allocation based on enrolment bands.	
		Based on enrolment figures: allocation based on the number of classes.	
Equity	Supporting the expansion of education provision for children facing the most barriers to accessing schooling (girls, poor children, children living in remote areas, victims of social bias, for example students belonging to certain ethnic groups, children of immigrants, etc.), orphans, and children living with disabilities.	Based on students' needs.	Targeting categories of students experiencing the most difficulties or the most vulnerable students (based on data).
	By supporting the most disadvantaged schools (rural and remote schools, those in a precarious social context, and schools lacking the most materials, teaching resources and well-trained teachers).	Based on schools' needs.	Targeting schools in the most difficulty based on their characteristics: location, level of qualification of the teachers, socio-economic context, school environment, and students' results.
Quality	Improving the quality of students' learning by focusing on the following factors: • the quality and availability of human resources, • the quality and availability of material resources, • the quality of the management and learning processes.	Based on schools' needs.	Choosing a range of options based on available data: • identifying whether all schools are eligible for the same amount of funding or targeting schools based on their characteristics: level of teachers' qualifications, school environment, and student outcomes; • defining a significant basic amount depending on the size of the school to enable it to acquire new materials, recruit and train teachers, improve the school environment, etc.; • guiding schools on the use of the grant for a qualitative aim.

Box 2.1.   Examples of funding formulas used in the countries studied by IIEP

Allocation based on enrolment - Several national cases

The simplest funding formula consists of allocating an amount for each student enrolled in the school. In the geographical zones studied by IIEP and its partners, this formula has been adopted in seven countries: **Ethiopia**, **Haiti**, **Indonesia**, **Kenya**, **Lesotho**, **Timor-Leste**, and **Vanuatu**. The choice of this formula is justified by various factors: the simplicity of its calculation (lack of data on schools' and students' needs prevents the application of a more complex funding formula), its predictability, and ease of understanding and ownership by all the actors.

Allocation based on enrolment and the school's location – The case of Madagascar

The SG programme supported by technical and financial partners in **Madagascar** combines an enrolment with a school location criterion. Thus, schools are classified according to six enrolment categories (from fewer than 50 to over 800 students) and according to their location, i.e. rural or urban. Therefore, the annual amount received is proportional to the number of students; schools in rural areas receive a supplementary allowance of MGA 50,000 (a sum of between 12.5 per cent for schools with fewer than 50 pupils and 3.5 per cent for those with over 800 students). While simple, this funding formula is able to integrate an equity dimension by taking into account the geographical situation of schools. Rural schools, owing to their distance from economic centres and district education offices (DEO), incur significant travel costs that constitute an important share of spending. The research also shows that teaching and learning conditions are more precarious than in urban areas, thus justifying the provision of additional financial resources.

Per-pupil allocation combined with other criteria – The case of Uganda

In **Uganda**, from 1997 to 2008, the Universal Primary Education (UPE) grant was allocated based on the number of students. The formula has become more complex; it now integrates a fixed and a variable component:

◆ the fixed grant is not based on the number of enrolments and is the same for all schools;

◆ the variable grant is calculated on a per-student basis but the amount is not predetermined. The variable grant depends on the resources available at the central level for the UPE grant and the total number of enrolments in the district.

The adoption of this new funding formula has a dual objective: to make grant allocation dependent on resources available at the central level and to allow small schools to receive a fairly large additional amount through the fixed grant.

Allocation based on enrolment and students' needs – The case of Malawi

In **Malawi,** the School Improvement Grant (SIG) was introduced by the government in the framework of a project funded by USAID - the Education Decentralization Support Activity project. The SIG comprises three funding categories: (i) support to school improvement plans; (ii) support to orphans and vulnerable children; (iii) support to children living with HIV and AIDS.

The SIG is allocated on the basis of enrolment numbers. Depending on enrolment figures and additional criteria such as the pupil/qualified teacher ratio and the distance from the DEO, schools are placed into grant disbursement clusters. The aim is to better reflect schools' individual needs. Funds allocated to orphans and vulnerable children, and students living with HIV and AIDS are based on the number of children in these categories in the selected schools.

Sources: Febriany *et al.*, 2014; Niroa *et al.*, 2014; Jean Jacques *et al.*, 2016; Kayabwe and Nabacwa, 2014; Kedir Kelil, Chalchisa, and Dufera, 2014; Njihia and Kiruru Nderitu, 2014; Lefoka and Deffous, 2014; Martins *et al.*, 2014; Nampota and Chiwaula, 2014; Rakotoson and Rasolofoniaina, 2016.

Key points

The funding formula is defined through an **iterative process** that takes into account the SG policy **objectives**, the **total amount required** to achieve them, and the available and forecast budgetary resources at the central level. The grant-allocation criteria must be based on an EMIS, as well as the management, monitoring, and administrative capacity of the education system actors.

Schematically, there are three types of funding formulas:

◆ a formula based on **enrolment**,

◆ a formula based on **students' needs**,

◆ a formula based on **schools' needs**.

A formula based on enrolment data has the advantage of **simplicity** and being understood by all school-level actors and beneficiaries. However, it can create or increase disparities between schools. For example, small schools have the same fixed costs as larger ones.

A funding formula that is **commensurate with the needs of schools or students** may be more appropriate depending on the purpose. This type of funding formula takes into account variables such as the location of the school, the socio-economic and demographic characteristics of their environment, the students' profiles, and the amount of financial resources required by schools to properly fulfil their education mission.

Regardless of the retained funding formula, establishing allocation criteria requires **the making of a thorough assessment** of educational needs at the local level. In particular, the central level may draw on information sources at its disposal (EMIS, household surveys, demographic and socio-economic statistics, etc.).

Planners are advised to consider the importance of the funding formula's **transparency** and its comprehension by school-level actors to facilitate ownership of the policy and its implementation at the local level.

CHAPTER 3

Developing mechanisms for the efficient distribution of grants

This chapter presents options concerning:

◆ *potential distribution mechanisms;*

◆ *conditions enabling schools to access grants.*

After choosing a funding formula and the amount of the school grant (SG), planners should consider another technical aspect when formulating the policy: transferring funds directly from the central level to the schools. To guarantee the proper functioning of schools, it is important they receive the funds on time and without any losses. The choice of distribution mechanism largely depends on the context and degree of autonomy enjoyed by the schools. Consequently, what effective transfer mechanisms options are available?

In this chapter, SG distribution mechanisms are discussed through three interrelated themes:

◆ direct and indirect grant transfer options;

◆ grant distribution mechanisms;

◆ conditions enabling schools to access grants.

3.1   What options are available for transferring funds to schools?

In principle, the simplest option is to transfer funds directly to schools' bank accounts. Therefore, having a school bank account is a key condition for the successful implementation of the policy, as it guarantees the direct and complete transfer of the funds. Direct transfers contribute both to administrative efficiency – by reducing the number of actors and structures involved in the transfer, thereby limiting losses – and school autonomy – by guaranteeing schools' independence when withdrawing the funds.

However, there are three related issues that may make it complicated for schools to open a bank account:

◆ the extent of the banking network and the absence of banks in certain regions,

◆ access to banks by schools,

◆ bank charges associated with opening and holding a bank account.

Opening a bank account may also make it more difficult to control how schools use these funds in school districts.

Depending on the context, funds may be passed on by the government via the regional and/or local levels. This option can be justified by the resulting economies of scale brought about by grouped grant transfers for a number of schools at the district education office (DEO) level. Additionally, and owing to their supervisory role and knowledge of an educational zone, DEOs may be well placed to judge what

expenditure is necessary. This strategy can be relevant in relatively exceptional cases, for example linked to the construction of school buildings or providing in-service teacher training. However, it should be pointed out that any transfer of funds via an intermediary may disadvantage schools by creating delays in the availability of funds and losses at the various transfer levels. Therefore, this strategy should not be promoted in the context of an SG policy.

Thus, when choosing a distribution mechanism, the following factors should be examined:

◆ the nature and progress of the decentralization process and the institutional culture,

◆ the ability of schools to open a bank account and access it easily,

◆ confidence in schools' capacity to manage funds appropriately.

Countries can face multiple challenges in the implementation and optimal transfer of funds. The chosen option must result in safe, high-quality, and efficient transactions, as well as preventing losses due to operating costs (bank charges) and losses of funds at the various levels. The central government will be able to assess which is the most realistic scenario based on the advantages and feasibility criteria of the two possible options as illustrated in *Table 3.1*. *Box 3.1* provides two examples of direct and indirect fund transfer mechanisms in Vanuatu and Timor-Leste.

Table 3.1. Grant transfer options: Implementation advantages and disadvantages

Option	Advantages	Feasibility criteria	Disadvantages
Main option: Direct transfers from the central level to the schools	Administrative efficiency: • Reduces the number of actions required to send and receive the funds. • In theory, it reduces the number of people needed to spend time implementing the mechanism. • Limits possible losses.	• State of the banking network. • Schools must have a bank account. • School actors must be authorized to withdraw and manage the funds. • Effective internal and external control mechanisms.	• Banking charges. • Absence of banking services in certain areas.
Alternative option: Transfers to schools via intermediaries (devolved and decentralized education offices, local inspectorate representatives, the administrative centre's paying agent, and even local communities).	This option is especially recommended when: • the central government has not negotiated bank charges, • the banking network is limited, • the administration wishes to have greater control over the management and use of the grant.	• Effective decentralization and devolution: the intermediary body (inspectorate, DEO, district paying agent, etc.) must be on hand to disburse the funds and provide financial monitoring in schools.	• Limits school autonomy. • The school-level actor(s) responsible for withdrawing funds is/are sometimes required to undertake long and costly journeys, often in unsafe conditions. • Risk of losses of funds in the administrative system.

3.2 What distribution mechanism should be chosen?

Should schools receive a cash transfer, a cheque or use an authorization for spending? The response to this question depends on what is feasible and most traceable based on the context.

Box 3.1. Direct and indirect fund transfer mechanisms – The cases of Vanuatu and Timor-Leste

Example of a direct transfer mechanism: The case of Vanuatu

The framework agreement signed by the Vanuatu Ministry of Education and the Central Bank (and where necessary with assistance from the finance agent at the provincial education office level) enables all schools covered by the grant scheme to open a bank account.

Schools receive two transfers, one representing 60 per cent of the grant at the start of the year and the second for the remaining 40 per cent in the middle of the year. In the past, funds were routed through provincial education offices for public schools or through local Government-Assisted Education Authorities in charge of supervising subsidized faith schools (GAEAs).

According to school actors, this revised mechanism allows them to better manage the resources allocated to them by the central government. In the previous mechanism, certain GAEAs sent materials and supplies to schools in place of the financial package. Furthermore, certain schools did not receive the in-kind equivalent of their grant, which was retained by the school appointed by the DEO for top-down distribution.

Example of an indirect transfer mechanism: The case of Timor-Leste

In Timor-Leste, the grant transfer mechanism relies on the education system creating a school cluster comprising a central school and filial schools. Since 2012, school grants have been transferred directly by the ministry of education to central schools, each of which is responsible for transferring the grant to their filial schools upon submission of a purchase plan. The ministry then informs the district education office (DEO) that the funds have been transferred. The DEOs send a letter to the directors of the central schools to inform them. The central schools must provide three signatures to withdraw funds from the bank – those of the head teacher, the head of the technical support office (GAT), and the head of the DEO.

The research found that each central school decides how to distribute the grants to its filial schools – in other words, in cash or material resources. The situation varied between the two districts: in one district, the central schools spent money on behalf of its filial schools based on the submitted purchase plan; in the other, a few filial schools received the grant in cash. The filial schools complained that the materials they received did not correspond to what they had requested in the purchase plan. Some filial schools also doubt the central school's transparency in the grant-management process. Others emphasized that they would be best placed to spend the grant as they are better acquainted with their own school's needs.

Sources: Niroa, J. *et al*., 2014 ; Martins *et al*., 2014.

3.2.1 Bank transfers

When the bank transfer option is chosen:

◆ The central administration must ensure that any applied bank charges and fees do not reduce the amount of the grant. Negotiations between the central administration and banking sector representatives may be necessary.

◆ A mechanism must be put in place to ensure that those authorized to use the account are informed of the arrival of the funds in a timely manner. This can be done in two stages: the central administration (or local representation) informs the schools that the disbursement has been made. The bank then notifies the persons authorized to access the account.

3.2.2 Payments by cheque

In this case, the cheque must be made out to at least two authorized persons (who have a relationship with the school), and, where possible, do not have a hierarchical relationship. These two individuals could be the head teacher and/or the chair of the school management committee (SMC), a parent or a teacher.

3.2.3 Cash payments

Generally, it is best to avoid cash payments as traceability can be more difficult, in addition to placing the holder (of the cash) in a vulnerable position, especially when travelling long distances. However, in certain countries and regions this option is the most practical since not all head teachers have a school credit card or cheque book, or local suppliers of school materials only accept cash. The risks can be limited when effective control mechanisms are put in place; each item of expenditure must be budgeted, approved, and checked via an in-school participatory management process and external actors.

Mobile telephones can also be used to transfer funds, although this was not observed in the cases studied by IIEP. However, this is more difficult to implement in the context of an SG policy owing to the risks of certain actors having sole access to this information.

3.3 What distribution schedule should be chosen?

How should the transfer dates be defined? The key point to bear in mind is that schools must receive an initial payment at the beginning of the year or before the start of the school year to carry out the necessary expenditure. Monthly transfers may pose logistical and financial problems for schools as illustrated in the examples of Mongolia and the Democratic Republic of Congo (DRC) (see *Box 3.2*).

Box 3.2. Transferring grants to schools: Examples of payment schedules and instalments

Various options can be envisaged when defining a grant's schedule and instalments, from transferring the entire amount at the start of the year to paying it at fixed intervals, or every month. It is important to study the implications related to these options to ensure that schools can function.

In **Ethiopia**, school grants are generally paid to the school in two transfers: the first in November and the second in January. To receive the first payment, schools are required to submit a use plan. For the second payment, they must submit the use plan and a financial report on how they used the first instalment.

In **Mongolia,** the grant is paid on a monthly basis, which creates logistical and financial constraints for schools. This is because the grant schedule and instalments do not meet schools' needs. Monthly payments do not provide schools with any flexibility in their financial management. This means that head teachers are not able to buy and store the 30 per cent of fuel supplies required by the regulations to ready the school for winter. The closing period of the financial year also disrupts the disbursement in January. Consequently, schools often find themselves in debt and school facilities are not always heated.

In **Indonesia,** the grant is paid in accordance with a disbursement schedule that takes into account the schools' geographical locations. Remote and isolated schools receive the grant in two disbursements, one for each semester. Payments are made on a quarterly basis in other cases.

In **DRC,** the grant is paid to schools each month at the same time as the teachers' salaries. The aim is to ensure a regular flow of funds to schools. It is more manageable for the public treasury to allocate small amounts on a monthly basis than a larger amount paid as a lump sum. While this transfer option enables schools to receive funds on a regular basis, the actors pointed out that it prevents schools from making large investments (e.g. at the beginning of the school year).

Sources: Kedir Kelil, Chalchisa, and Dufera, 2014*;* Febriany *et al.*, 2014; Sid, Bazarsuren, and Ukhnaa, 2014*;* Mabika, 2016.

3.3.1 Respecting the payment schedule

Schools need a reliable payment schedule stating the date when the funds will be received. Inappropriate payment instalments and/or untimely payments hinder the proper functioning of schools. The announced payment schedule must be respected. Where this is not the case, head teachers faced with the need to keep their school running may be forced to continue collecting parental contributions

or get the school – or indeed themselves – into debt to cover the costs of teachers, supplies, utility bills, etc. Failure to follow a payment schedule and a lack of information on instalment dates and the availability of funds can lead to misunderstandings, tension, and suspicion among school-level actors vis-a-vis the central administration and its local representatives.

3.4 What are the grant access conditions?

Schools must fulfil a certain number of conditions, which may be more or less restrictive depending on the policy. These conditions depend on the chosen grant-transfer mechanism and the funding formula but also on the context and degree of school autonomy. The conditions may be as follows:

◆ **Sharing data on enrolment, class numbers, and school needs.** The central level must receive key information at the start of the school year to calculate the amount of the grant. As several weeks are required to obtain the exact enrolment figures, certain countries use the previous year's data to unblock the funds and then adjust the amounts when the enrolment figures stabilize.

◆ **Setting up an SMC.** In many countries, having an SMC is an access condition. It plays a key role in managing and monitoring the grants, as shown in *Chapters 5* and *6*. The presence of an observer may be another condition for obtaining funds. This can be the chair and/or treasurer of the SMC or even a parent working with the head teacher.

◆ **Preparing a financial report for the previous year** may also be an access condition. Preparing and sending the previous year's financial report to the central level enables schools to prove their ability to manage the grant. However, this prerequisite assumes that head teachers have the necessary time and skills, and receive the necessary technical support, to prepare this type of report effectively.

◆ **Preparing a budget or use programme.** Providing supporting documentation on the use of the funds may be required before the funds can be transferred. Schools can submit a use programme or an estimated budget (*Chapter 4).*

The example of Togo (see *Box 3.3)* illustrates certain realities to take into account when defining disbursement conditions.

Box 3.3. Disbursement conditions: Factors to take into account – The case of Togo

In Togo, the head teacher, who is normally provided with a budget approved by the inspectorate, goes with the SMC's treasurer to withdraw the state grant directly from the prefecture's paying agent at the beginning of the year after declaring the number of classes. The funds are withdrawn in a single lump sum and deposited into the school's bank account. However, the research conducted by IIEP found that the disbursement conditions are often negotiated in an informal manner and the procedures do not always take into account certain realities on the ground. In several cases, the disbursement of funds can be further complicated when:

◆ The SMC does not have a treasurer, or no parent is available to act as an authorized fund withdrawal agent.

◆ It is not posssible to present an identity card to the paying agent to receive the disbursement (not everyone has an identity card).

◆ The school is located far from the prefecture and the head teacher's travel expenses exceed the amount of compensation provided for in the state operating grant.

Source: Akakpo-Numado and Yabouri, 2016.

Key points

The choice of the SG transfer mechanism depends largely on the **context** and, in particular, relates to the following points: The extent of the decentralization progress in the education system, administrative traditions, willingness to confer management autonomy to schools, the state of the banking network, management capacity at the various administrative levels, and the quality of financial control and information systems.

The main challenge when choosing a grant-distribution mechanism is to define an efficient procedure. The most appropriate mechanism will be one where:

◆ The circuit is as **short** as possible by prioritizing the opening of a **bank account** for each school.

◆ The transfer payment dates take into account the **budgetary realities of the schools**.

◆ The implemented disbursement conditions are **practical** and **safe**.

◆ Schools are allowed to receive the **total amount** of their allocated grant and the **announced payment schedule** is respected.

◆ **Adequate control mechanisms** are provided to ensure that the grant arrives at the beneficiary schools.

Part II

Implementing
a school grant policy
in schools

Guidance on the use of school grants

This chapter presents a range of options to:

◆ *define areas of expenditure in line with school grant (SG) policy objectives;*

◆ *determine the level of school autonomy in the use of grants.*

For what purposes should schools use grants? This is a key question when implementing an SG policy. How a grant is used will determine its utility and ability to meet stated policy objectives. The policy can be developed to give schools greater autonomy in the use of funds or be limited to certain defined areas of expenditure. In this chapter, two questions will be discussed:

◆ What guidelines can or must guide the use of the grant by schools?

◆ How much autonomy should schools be given? What are the advantages and disadvantages of schools having greater or lesser autonomy?

By studying examples from countries in the research, this chapter shows how grants can be used. It then suggests options to monitor grant use and define the level of autonomy envisaged for schools. It also explores the option of authorizing schools to save or use the grant to cover the cost of non-civil servant teachers' salaries.

4.1 How best to define the school grant's areas of use

The planner must decide what the grant can and cannot be used for. Depending on whether the policy aims to achieve quality or equity, schools will be encouraged to orient their spending to specific budget lines. The contextual analyses carried out during the diagnosis must define the areas of investment most likely to achieve the policy objectives.

Table 4.1 indicates which expenditure items should be prioritized in accordance with the stated objectives. *Box 4.1* gives examples of the use of grants based on objectives in several countries.

It is important to point out that SG policies are often introduced to replace parental contributions, and so SGs should not be seen as an additional resource. Consequently, the guidelines developed must take into account the fact that part of the grant is intended to cover running costs such as electricity, water, heating fuel, etc. and only the remaining part of the grant can be used for other areas of expenditure. Such areas of expenditure may be authorized or prohibited in the official guidelines.

In addition, it may be useful to reflect in the guidelines any costs related to managing the grant, such as the transport costs required to collect the grant from the bank, as well as those related to opening and holding a bank account. Part of the grant could be used to cover these expenses.

Table 4.1. Which expenditure items should be prioritized and for what purpose?

Objective	Possible areas of expenditure
Access	• The school's running costs (if this is permitted under the grant rules, it is possible to reduce or even eliminate parental contributions). • Other barriers to schooling (uniforms, school materials, canteen fees, food rations, transport, etc.). • School environment (furniture, etc.). • The number of teachers (this option is discussed in *Section 4.2.3*): Non-civil servant teachers' salaries, compensation to cover teachers' transport costs, etc.
Equity	School fees, teaching and learning materials, extra classes, transport, etc. for disadvantaged groups (girls, orphans, children with disabilities, etc.).
Quality	• Teaching and learning materials (manuals, office supplies, maps, books, rulers, squares, etc.). • School environment (furniture, etc.). • Teachers' performance (this option is discussed in *Section 4.2.3)*: Professional development, incentive bonus, etc.

Box 4.1. The use of grants to achieve stated objectives

Improving access to education – The case of the Democratic Republic of Congo (DRC)

In **DRC**, SG policies were introduced in 2010 against the backdrop of a government strategy aimed at introducing free and universal primary schooling over 10 years. The central government drew up a list of priority areas of expenditure to ensure schools' proper functioning, and schools must refer to it when developing action plans and budgets. The list includes the following areas of expenditure: blackboards, benches, supplies, learning materials, and first aid kits.

Promoting equity – The case of Mongolia

In **Mongolia**, in line with the country's equity policy objectives, schools can use grants for disadvantaged groups (poor and disabled students). Additional grants can be allocated to schools with disabled children: an extra 30 per cent allowance is paid to teachers working with disabled children on top of their usual salary.

Improving quality of education – The case of Ethiopia

Since 2009, in **Ethiopia** school grants have been allocated to all public primary and secondary schools, and alternative basic education centres (ABEC). This grant was introduced to cover schools' running costs and improve the quality of education. In schools, the emphasis is placed on inputs that serve the quality of education objective, such as teaching and learning materials, paying for temporary teachers, and maintaining and renovating school facilities.

Improving equity and quality of education – The case of Kenya

In **Kenya**, the grant is divided into two components: one to improve access (General Purpose Account Grant, GPA) and the other to improve the quality of education (School Instructional Materials Account Grant, SIMBA). The GPA grant is used to cover schools' fixed costs (water, electricity), salaries, minor renovations and maintenance of the school facilities, telephone subscriptions, postage, travel, and organizing examinations. The SIMBA grant is used for instructional materials (textbooks, exercise books, pencils, chalk, wall charts, and maps).

Improving access to and quality of education – The case of Vanuatu

In **Vanuatu**, the school grant policy was introduced in 2010 to coincide with the abolition of school fees. In schools, the grant is mainly used to improve the teaching and learning environment but also to cover internships and students' meal rations.

Sources: Kedir Kelil, Chalchisa and Dufera, 2014; Njihia and Kiruru Nderitu, 2014; Sid, Bazarsuren and Ukhnaa, 2014; Niroa *et al.*, 2014; Mabika, 2016.

4.2 How to monitor the use of the school grant

4.2.1 Determining the level of school autonomy in the use of school grants.

This level of autonomy is defined by two factors:

1. The institutional framework: the SG policy objectives and the regulatory framework that defines school autonomy.
2. The implementation framework: restrictions concerning the use of the grant by schools and associated control procedures.

From the point of view of the central level, poorly managed autonomy (due to a lack of skills) can introduce weaknesses in the management of the grant even at the budget preparation stage. Restricting or prohibiting certain areas of expenditure can reassure the central government that the funds allocated are being used to achieve the policy objectives.

From the schools' point of view, spending monitoring controls can be too restrictive. If schools' needs, specificities, and constraints have not been properly taken into account upstream, restricting authorized expenditure can be counter-productive by introducing a lack of flexibility.

There are four spending monitoring options:

◆ defining possible use categories with fixed budget lines,
◆ defining possible use categories without fixed budget lines,
◆ making available a lump sum with a list of prohibited areas of expenditure,
◆ making available a lump sum that schools can use as they see fit.

Table 4.2 summarizes the level of autonomy and the advantages and risks for each monitoring method.

Table 4.2. Advantages and risks of SG use monitoring methods

Monitoring method	Level of autonomy	Advantages	Risks
Defining possible use categories with fixed budget lines	Very low	Ex-ante spending controls.	The grant does not take into account the school's real needs. Spending may be inefficient.
Defining possible use categories without fixed budget lines	Low	• Ex-ante spending controls. • Relative autonomy thanks to the fungibility of funds.	The grant does not take into account the school's actual needs.
Making available a lump sum with a list of prohibited areas of expenditure	Medium	Balance between autonomy and orienting the guidelines (at the central level) to prevent spending that is unnecessary or fails to meet the desired policy objectives.	Spending that fails to meet the policy objectives.
Making available a lump sum that schools can use as they see fit	High	• Strengthening autonomy. • Better match between the expenditure and actual needs.	Spending that fails to meet the policy objectives. Risk of using funds for personal ends.

Box 4.2. Framework for the use of school grants: National examples

Defining possible use categories with fixed budget lines

In **Kenya**, while school actors generally appreciate the existence of the guidelines, they are deemed to be too inflexible. Kenyan schools have little leeway in the use of the two grants they receive (the General Purpose Account, GPA; and the School Instructional Material Bank Account, SIMBA): Not only are areas of expenditure standardized but their allocation is prescribed. This results in overspending within certain budget lines and reduces efficiency. The mandatory allocation of grants to prescribed expenditure items forces schools to mobilize additional resources for over-utilized budget lines (e.g. blackboard dusters, chalk). Moreover, the recurrence of certain budget lines such as maps, allowances for postage (which schools do not require) or electricity (when certain schools do not have electricity) are symptomatic of the gap between the central vision of schools' needs and the reality of running schools. To overcome these shortfalls, some schools make readjustments (permitted with authorization) prior to receiving – or without having received – prior authorization from the district education office (DEO); this can lead to disciplinary sanctions.

In **Uganda**, according to the guidelines, the UPE (Universal Primary Education) grant must be used in four spending categories: school materials, school activities, administration, and management. Initially, specific percentages were allocated to each of the four spending categories. The 2007 guidelines maintained these categories, but percentages were no longer imposed. In principle, DEOs, municipal offices, and schools jointly decide how the grant will be distributed across the different budget lines.

Defining possible use categories without fixed budget lines

In **Indonesia**, a certain amount of flexibility has been accorded to schools in respect of the BOS (*Biaya operasional sekolah*) programme guidelines. The study found that schools can use the grant for purposes other than those set out in the guidelines provided they submit receipts and can justify the expenditure.

In **Mongolia**, schools must submit spending requests each month in line with the approved plan and budget. However, as the research revealed, in certain circumstances it is possible to switch an allocated sum from one budget line to another as along as all the categories are covered. Under the policy, schools are able to switch money from one budget line to another for fixed-cost items, namely heating, electricity, and water bills.

Making available a lump sum with a list of prohibited areas of expenditure

In **Vanuatu**, guidelines on the use of the grant take the form of a list detailing the prohibited areas of expenditure:

- loans, advances, or gifts;
- wages or salaries for non-certified and/or non-qualified teaching staff;
- maintenance of school houses;
- major expenditure of over VUV 500,000 (equivalent to USD 4,814 per item) – for example, new permanent classrooms, large generators, etc.) unless approved in writing by the ministry of education;
- daily transport to or from the school for students and staff;
- entertainment, gifts, hospitality alcoholic beverages or kava;
- subsidies to establish commercial activities within the school.

Sources: Njihia and Kiruru Nderitu, 2014; Kayabwe and Nabacwa, 2014; Sid, Bazarsuren and Ukhnaa, 2014; Niroa *et al.*, 2014.

4.2.2 Saving a portion of the school grant

It may be necessary to discuss the possibility of schools saving a portion of their allocated funds, though it should be noted that the lack of funds prevents this in many countries. The method chosen to monitor the use of the grant can provide greater or lesser flexibility to schools in terms of their financial management. Savings can enable schools to make larger investments later on to purchase what they actually need. The option to save implies that the allocation of the grant is not conditional on spending the total amount of the previously received grant, which is the case in certain countries.

However, saving is not without risk. It must be supervised and monitored to ensure these funds are spent prudently at a later date. The risk is that certain costly purchases are made to the detriment of necessary spending. These risks need to be offset by a guided and controlled use of the grant as shown in *Chapters 5* and *6*.

Box 4.2 presents national examples of the three types of monitoring methods. The last option (making available a lump sum that schools can use as they see fit) is an exceptional case that requires very high levels of skills at the school level; there are no examples among the countries studied by IIEP.

Box 4.3 shows the case of Vanuatu where the regulatory framework authorizes schools to save a portion of their grant.

Box 4.3. Saving school grants – The case of Vanuatu

In Vanuatu, the use of the grant is restricted by a list outlining the prohibited areas of expenditure. The research found that the type of spending and its importance varied significantly from one school to another. This seems to prove that, thanks to the high degree of autonomy they enjoy, schools use the grant in line with their needs. Although the guidelines do not encourage schools to unnecessarily save funds, they do authorize schools to keep small amounts of money in the school account from one year to the next, if there is cause to do so. This means they do not have to spend the whole grant if they do not immediately benefit from it and can save a small portion for a larger investment, which many schools do. Another advantage of saving is that schools can keep back a sum of money for the start of the following school year. To facilitate this practice, all schools hold a current account and a savings account.

Source: Niroa *et al.*, 2014.

4.2.3 Using the school grant for teachers

It should be noted that the government must ensure a fair allocation of teachers in schools. In cases where all the teachers are civil servants it is very unusual for their wages to be included in the grants. However, in many national cases, using grants to cover the cost of contract or voluntary teaching staff is necessary. The central level must decide whether to authorize this category of spending and for what purpose, and how to control it.

Two types of misuse must be prevented in all circumstances:

◆ The government does not guarantee the fair distribution of teaching posts (civil servants and others), which forces some schools to use grants to pay the salaries of additional teachers, while other schools receiving the same grants use them for other purposes.

◆ The grant is used to recruit additional teachers to facilitate and lighten the workload even though this is not justified by the pupil–teacher ratio. In other words, the grant is used to make up for a shortfall in teachers to the detriment of the students' well-being. A strict management framework is required.

Three categories of grant use for teachers can be envisaged:

1. **Paying salaries.** The grant may be used to recruit temporary teachers or to cover teacher absences. The school may need to recruit contract teachers (to improve the pupil–teacher ratio) or replace an absent teacher quickly (this can be particularly challenging in remote rural areas). Moreover, if the school covers the salaries of non-civil servant teachers, and voluntary and temporary teachers, this may help alleviate households' financial burdens by reducing or even eliminating parental contributions.

2. **Training and professional development.** In order to improve the quality of education, part of the grant could be used to cover the costs of in-service teacher training for civil servant and non-civil servant teachers, in particular by covering transport costs to and from the teacher training centre.

3. **Associated services.** The grant can be used to cover teachers' travel costs to and from the school and thus tackle a form of absenteeism linked to geographical constraints.

Box 4.4 gives national examples where the use of the grant for teachers was discussed.

Box 4.4. Using school grants to pay teacher salaries – National examples

In **Mongolia,** around 70 per cent of school budgets are used to pay teachers' salaries. Consequently, schools have very little leeway to use the funds for other purposes. Some head teachers and accountants complain about the lack of money to support capacity-development for educational personnel. Overall, school actors deem that public funds are not sufficient to cover all of a school's needs.

In **Timor-Leste and Vanuatu,** the most contentious point concerns the prohibition (set out in the guidelines) to use the grant to pay the salaries of temporary teachers. However, the research found significant differences in terms of how this rule is followed, based on the locations of schools. Aware of this sensitive issue, the governments of Timor-Leste and Vanuatu paid special attention to this area, notably by modifying the rules in this respect and by according more flexibility on the use of the grants. In Timor-Leste, to prevent grant money from being used to cover salary costs, the ministry of education changed the status of volunteer teachers to temporary teachers, thus allowing them to be included in the government's payroll system as of the 2014 school year. In Vanuatu, since 2011, an official circular indicates that schools can seek consent from the ministry of education to spend part of their grant on temporary teachers' salaries, if they have a very low proportion of government-paid teachers.

In **Honduras**, grants allocated in the context of the Honduran community educational programme (PROHECO) are mainly intended to cover the costs of teachers' salaries. Introduced in 1990, the aim of PROHECO is to create schools in rural areas that are managed by local communities in the form of community educational associations (AECO). AECOs are responsible for recruiting and paying teachers with whom they sign a one-year contract. The research revealed that teachers selected and paid in this way are less experienced and qualified than teachers working in rural public schools. Moreover, teacher turnover is very high owing to the lack of job security, lower salaries than in the public school system, and interference from local authorities in terms of their selection. This has negative consequences on the quality of teaching received by the students enrolled in PROHECO schools. They progress more slowly and drop out more often than students attending rural public schools

Sources: Sid, Bazarsuren, and Ukhnaa, 2014; Martins *et al.*, 2014; Niroa *et al.*, 2014; Souto Simão, Pinkasz and Sourrouille, 2015.

Key points

Guidelines on the use of grants must be based on a preliminary investigation (at the central level) into **schools' actual needs** and be **informed by the policy objectives**.

It is possible to orient expenditure based on achieving an objective:

- ◆ access (purchasing/renovating furniture, extending classrooms, etc.);
- ◆ quality (purchasing manuals, teaching materials, supplies, teacher training, bonus for teachers);
- ◆ equity (material and/or financial support for the most disadvantaged students, food rations, bonuses for teachers working with disabled students, etc.).

Depending on the degree of autonomy that the government wishes to confer to schools on the use of the grant, various monitoring methods can be chosen:

- ◆ making available a lump sum that schools can use as they see fit,
- ◆ defining possible use categories without fixed budget lines,
- ◆ defining possible use categories with fixed budget lines,
- ◆ making available a lump sum with a list of prohibited areas of expenditure.

The choice between allowing schools to decide how they use the grant, or prescribing its use upstream, must be considered carefully. If the guidelines are too rigid, or indeed too flexible, and are not coupled with sound downstream management capacities, they may hinder the effective use and usefulness of the grant.

It is important for the central and intermediary authorities to ensure that the actors involved in budget preparation and monitoring are provided with a minimum level of **budgetary and management skills**. **Monitoring and control mechanisms** must be put in place to check that schools are using the grant in a relevant and useful manner in line with the guidelines as will be shown in *Chapters 5* and *6*.

Guiding the decision-making process on the use of grants at the school level

This chapter will discuss the following questions:

◆ *Who decides how the grant should be used at the school level?*

◆ *How should the decision–making process be organized? What participatory processes can be implemented within the school?*

Putting in place a more or less extended participatory decision-making process within the school can have three advantages:

◆ more targeted use of the grant based on the school's actual needs;

◆ transparency in the use of the grant and the control mechanism, and sharing information to prevent the risk of abuse of power and corruption;

◆ building confidence among all school actors, contributing to better overall functioning.

After defining the legal framework for the use of the grant, and determining areas of expenditure (*Chapter 4*), the next step is to examine the decision-making process in which school actors define and implement a spending plan. Depending on the context and level of school autonomy, various school actors can help identify the school's needs and monitor the resulting expenditure. Among these actors (head teacher, accountant, teachers, students, parents, and the community), who takes decisions within the school? Who should be consulted? Who should take the lead role? How can the level of autonomy be linked to decision-making processes within schools?

This chapter first identifies which actors can be involved in taking decisions on grant use. Secondly, it shows how the decision-making process can be organized.

5.1 Which local actors are best placed to make decisions on the use of grants?

The central level must first identify the most appropriate people to participate in the decision-making process from actors in and around the school, including parents and the community. Each of these groups has its own characteristics, skills, and views on the school. Therefore, the roles and responsibilities of each of these groups need to be defined.

5.1.1   The head teacher

Head teachers are primarily responsible for managing the grant. By virtue of their position, they have thorough knowledge of the school and its agents, students, and environment. Their standing gives them a positive image in the community. Moreover, head teachers are often the driving force behind participatory processes; this is key to creating a climate of trust within the school. **Therefore, head teachers play a key role in identifying needs and preparing a spending plan.**

However, this privileged position should not give the head teacher sole authority to take decisions on the use of the grant. A participatory process involving the school management committee (SMC) and parents helps to balance out the head teacher's authority. *Box 5.1* illustrates the risk of a head teacher having sole authority in the management of school grants as shown in the case of Haiti.

Box 5.1.   The risk of a head teacher having sole authority in the management of school grants – The case of Haiti

In Haiti, the SMC and the head teacher are involved in the management of grants as set out in the contract signed between the school and the ministry for national education and vocational training. However, certain school actors, interviewed in the course of the research, confirmed that their head teacher controls the process by taking an autocratic approach and that members of the SMC should be more involved in the decision-making process. In their opinion, this would result in a more targeted and transparent use of the grant.

Source: Jean Jacques *et al.*, 2016.

5.1.2   Teachers

Teachers are best placed to assess the needs of students and the school in terms of materials and pedagogy. They also have a good understanding of their students' characteristics and the difficulties they face. **Therefore, they can help identify needs, prepare a spending plan, and approve expenditure made.**

5.1.3   School management committee

The **SMC** is a representative body comprising members elected from within the school. Depending on the importance of the role it is given, the committee can identify needs and guide the planning and management of financial and material resources. Many countries deem the existence of an SMC to be essential in monitoring grant use. The effective functioning of this committee can guarantee that:

- more representative decisions based on needs expressed by the community are taken,
- a spending plan is prepared prior to any purchasing commitments.

Therefore, the committee plays a key role in taking decisions on the use of the grant through its involvement in identifying needs, preparing the budget and action plan, identifying expenditure items, and preparing the financial report for approval.

Who sits on the SMC can vary depending on the context and the school level (e.g. students can be represented on an SMC in secondary schools, or invited to attend meetings in primary schools). The head teacher is usually a member of the SMC and sometimes acts as the chair. However, measures should be put in place to prevent head teachers from having sole authority.

Depending on the context, the SMC can include different categories of elected key actors:

- a chair, whose role is to unite committee members,
- a treasurer or accountant qualified to keep the school accounts,
- a teacher representative aware of the needs of the school and its students,
- a parent representative who may also be a member of the parent–teacher association (PTA),

◆ a local authority or community representative who can share the community's and parents' views, as well as oversee the head teacher's actions.

The size of the committee must remain manageable (around 10 members) to ensure proper deliberation; its members should be renewed regularly via elections, which can be the responsibility of the parents' general assembly. *Box 5.2* gives an example of the role the SMC can play in the case of primary school management committees (COGEP) in Togo. The various bodies that make up COGEPs provide an example of a management committee structure.

Box 5.2. The role of the primary school management committee (COGEP) in Togo

Primary school management committees (COGEP) in Togo are recognized in law as 'orientation, planning and decision-making body(ies) for the management of the financial and material resources of public primary schools and local initiative schools'. COGEPS comprise three bodies: the executive office; the auditor; and three specialized committees for buildings and facilities, manuals and school supplies, and finance. Members of the three committees are elected by parents, community leaders, and teachers working at the school.

For grant-management purposes, the COGEP finance committee must:
◆ identify which goods and services to purchase from the official list;
◆ in collaboration with the technical departments and the beneficiaries, prepare requests for quotes for minor works and goods;
◆ identify service providers and suppliers, and verify they perform their work in the respective field;
◆ help select service providers and suppliers;
◆ draft contracts to be signed by the chair and the contractor;
◆ assist the specialized committee responsible for the technical monitoring of contracts;
◆ assist the specialized committee responsible for signing off works, goods and services with the COGEP office.

Source: *Manuel des procédures de gestion financière et de passation des marchés*, 'La subvention PERI', Vol. 2, cited in: Akakpo-Numado and Yabouri, 2016.

5.1.4 Parents and the community

Arbitration can help define the role parents and the community play in monitoring and managing the grants. Given their good knowledge of the school's needs, their vested interest in its functioning and performance, and their various contributions, they can actively participate in identifying students' needs and developing the spending plan. The research found that involving communities in the management of the school may have an impact on improving the quality of learning. Parents and the community can be involved in the management of grants through representative structures (SMC and PTA), but also through deliberative general meetings involving the whole school community.

While parents and the community can play an important role in identifying the needs of schools and students and controlling the use the grant, their effective participation in the management of the funds is not always feasible. Moreover, they are often more concerned with the management of their own financial contributions to the functioning of the school rather than the grants themselves, especially when they are for a low amount. In the case of Honduras, *Box 5.3* illustrates a situation where key grant management responsibilities were transferred to the community and the limitations this may entail.

5.2 How can the decision-making process be organized?

Having a participatory decision-making process on the use of grants guarantees the successful implementation of policy. It ensures that schools' actual needs, as expressed by all school actors, are taken into account. The research found that when a participatory process involving the greatest number of actors is put in place, the identification of needs and areas of expenditure is more relevant.

Therefore, the central level must define the extent and type of participation that it wishes to have while also taking into account the capacity of the actors, the level of school autonomy, and the policy objectives. The following aspects should also be considered:

- ◆ Who identifies school needs and prepares the spending plan?
- ◆ Who approves the spending plan?
- ◆ Who controls the spending?

Two scenarios are possible for taking decisions within the school:

1. Passive participation, characterized by a consultative process focused on transparency. This consists of obtaining the opinions of certain actors, as well as the information they have on the school's needs, in order to design a spending plan. The final decision will be taken by a few individuals, generally the SMC and its chair.

2. Active participation characterized by a deliberative process or even the joint development of a collective project (e.g. preparing a school improvement plan) focused on the school actors' skills, who are stakeholders. The actors, who are the real decision-makers, reach decisions through deliberation based on the information they possess.

Parents can take part in making decisions during general meetings. General meetings can be consultative when used to approve the head teacher's and SMC's decisions, or deliberative when used to discuss the required expenditure with the head teacher, teachers, and SMC.

Box 5.4 gives four country examples (Ethiopia, Indonesia, Kenya, and Uganda) where decision-making is based on broad participation and deliberation involving all relevant actors (SMC, PTA), and a country case (Madagascar) where decisions are taken by the head teacher following consultation with members of the SMC and parents.

When the participatory process is particularly active, the use of the grant can be included in a school improvement plan (SIP). This is particularly relevant in the case of a quality objective, although certain conditions must be in place, as explained in *Box 5.5*.

It should be noted that the grant's objective, amount, delivery mechanism, and level of school autonomy are also factors likely to influence the role played by these actors. Therefore, a grant whose sole purpose is to cover the school's running costs (water, electricity, etc.) will tend to limit the SMC's role to monitoring and recording (*Chapter 6*). When a grant covers other aspects, it may involve a more deliberative and decision-making role for the SMC, teachers, PTA, and community.

Box 5.4. Various decision-making scenarios for school grant use

The case of Ethiopia

In **Ethiopia**, decisions on the use of the grant are the result of deliberations between the teachers, the SMC, and the PTA. The process is as follows:

- ◆ The teaching staff draw up a list of priorities, which they forward to the school improvement committee.
- ◆ This committee discusses the list of priorities, either with the SMC or the PTA (depending on the school), to decide which areas to prioritize.
- ◆ The action plan resulting from this process must then be sent to the district education office (DEO) to access the grant.

The case of Indonesia

In **Indonesia**, decisions on the use of grants are taken by the head teacher, school accountants, the SMC, which includes local community representatives, PTA, and teachers. This reflects a trend towards school self-management and participatory decision-making processes in the East Asian and Pacific countries studied. The representative bodies (SMC and PTA) play a role in identifying the school's needs, deliberating with the head teacher and school accountants to reach consensus, and preparing budgets and pedagogical activity plans.

The case of Kenya

In **Kenya**, the School Instructional Materials Account Grant (SIMBA) is managed by the School Instructional Materials Selection Committee (SIMSC), which was created for this purpose. It comprises 13 to 15 members including the head teacher, deputy head teacher, several teachers with differing levels of seniority, the chair of the SMC, and two elected parents. Teachers are in the majority as they are considered best placed to select the instructional materials. Parents do not help in the selection of the textbooks as they are not qualified to do so. However, they ensure there is a budget for textbooks and that they are fairly distributed across all classes.

The case of Uganda

In **Uganda**, the head teacher does not play a central role. Decisions are generally taken by the SMC and the school finance committee (SFC), which is made up of heads of department; it is chaired by the deputy head teacher. By and large, the head teacher acts as an accountant and has no direct influence on the decisions taken by the committees. At the start of the school year, the SFC prepares a school plan and budget based on the needs expressed by the teachers. The needs are then examined and approved by the SMC prior to being sent to the district. Once the grant has been received, the SFC asks the teachers to re-identify their priority needs in order to update the budget. This is then presented to the SMC for final approval. Cheques are made out and the funds are withdrawn by the chair or the treasurer of the SMC and the head teacher. Once the funds have been withdrawn, the head teacher can proceed with the planned expenditure in accordance with the assigned budget lines.

The case of Madagascar

In **Madagascar**, the head teacher and teachers first identify the school's needs, which they pass on to the SMC (called FEFFI in Madagascar) before sharing them verbally with parents at general meetings. FEFFI members and parents are consulted but do not take decisions. FEFFI's role is to check and approve the use plan at the general meeting.

Sources: Kedir Kelil, Chalchisa, and Dufera, 2014; Febriany *et al.*, 2014; Njihia and Kiruru Nderitu, 2014; Kayabwe and Nabacwa, 2014; Rakotoson and Rasolofoniaina, 2016. National studies and regional summaries.

Box 5.5. Linking the use of the school grant to a school improvement plan

A school grant (SG) policy can give schools the power to make decisions about which areas to target based on their needs and enable them to use the grants are used in more relevant ways. In this case, a suitable decision-making mechanism may consist of an allocation based on a needs assessment integrated into an SIP. However, this assumes that schools are able to undertake a self-assessment process, hence external training and support programmes may be required.

Such an exercise can become a source of frustration if the grant does not meet all the school's needs. This approach assumes that the grant is not limited solely to covering running costs and that the available amount justifies embarking on this type of process. Predefined approval criteria for school finance plans and eligible amounts must be identified in this respect. Including the use of the grant in the framework of an SIP enables the school, parents, and community to envisage how it will develop over time. It can structure the discussion and action processes on various subjects, such as learning outcomes and the specific resources required to improve them, support students in difficulty, and the school environment. Therefore, it provides a coherent approach on the use of the grant and other school resources, whether financial or in-kind. Its development will further strengthen cooperation between the school and the community by bringing together actors around a shared goal: the improvement of the learning conditions and outcomes of children in the community.

The case of Chile

In Chile, the preferential school subsidy (SEP) has been used since 2008 to allocate additional financial resources to schools enrolling students from the lowest rung of the socio-economic ladder. The use of this grant is linked to the implementation of an SIP. The SIP is developed through a participatory diagnosis involving the school community. It sets out learning objectives and strategies tailored to each school over a four-year period. Based on schools' capacities to achieve their objectives, they are divided into three categories: In recovery, Emerging, or Autonomous. Schools receive educational technical assistance from experts and institutions (universities, foundations, companies, etc.) based on their needs.

The SEP was designed on two key principles: school actors are best placed to define the most appropriate improvement strategies in their context, and schools must receive different allowances based on their capacity to achieve the stated objectives. The research highlighted the importance of having an effective support system that enables schools to implement SIPs. It would appear that the most disadvantaged and isolated schools do not always have the necessary human and technical resources to manage the SEP effectively, and do not always receive the long-term high-quality technical assistance they require. To overcome this problem, some municipal authorities created an 'SEP manager' role to help schools manage and use grants.

Source: Souto Simão *et al.*, 2016.

Similarly, if a school has a high level of autonomy, it is important to ensure that participation within the school is both effective and wide-ranging as this helps to reduce the risks of the grant being used poorly. To ensure this, the ministry must:

◆ design and disseminate to schools a user manual which describes the decision-making processes;

◆ regularly train key actors (head teacher, teachers, SMC members) on their roles and responsibilities in terms of taking decisions and managing the grant;

◆ strengthen the skills of the head teacher and train the SMC on management and monitoring tools, and report writing;

◆ raise the awareness of parents and the community (*Chapter 7*).

Key points

Granting schools a share of responsibility and autonomy on how they manage themselves is part of an ongoing trend towards decentralization and greater administrative efficiency, which usually accompanies the introduction of SG policies. The risk is that such levels of autonomy can lead to empowering a relatively small number of actors, as well as decisions that serve purely personal interests. To pre-empt this risk, the central level can put in place:

1. a **pre-defined regulatory framework** to check the level of school autonomy through **ex-ante controls** on the use of the grant (*Chapter 4*);

2. a **participatory approach** within schools to guarantee that the needs and expenditures are relevant (*Chapter 5*), and that the controls in schools following spending are effective (*Chapter 6*);

3. **external controls** (*Chapter 6*).

    There are several arguments in favour of having **open and participatory processes within a school**:

    ◆ **more targeted use** of the grant based on the school's actual needs,

    ◆ **transparency** and **control** over the use of the grant,

    ◆ **confidence** in all school actors to contribute to better functioning.

There are two forms of participation:

    ◆ a **consultative** approach focused on **transparency,**

    ◆ a **deliberative** approach, or even joint development of a collective project (e.g. preparing an SIP), focused on the competence of the school actors who are stakeholders.

The central government should encourage the formation of **SMCs** and **include parents** to ensure **collective decisions** are taken to counterbalance the head teacher's authority. It is important that **teachers** take part in the decision-making process as they are best able to identify material and educational needs.

    ◆ To ensure the proper functioning of the management structures and the effectiveness of all the stakeholders, it is necessary to:

    ◆ **clarify the roles** of the various actors (head teacher, teachers, PTA, parents, students, and the intermediary/local administrative and political authorities);

    ◆ **strengthen the capacity of the various actors** through regular awareness-raising and training activities;

    ◆ provide **guides** and planning, management, accounting and control **tools** to facilitate the work of the management structures.

Finally, the **objective**, **amount**, and **delivery mechanism** of the grant, and the **level of autonomy** accorded to schools on its use are factors which must be taken into account when defining the responsibilities of the management structures. In fact, when a large degree of autonomy is accorded to a school, a **high level of participation** makes it possible to **reduce the risks** of grant misuse.

C H A P T E R 6

Controlling the use of school grants

This chapter presents:

◆ *various options for setting up internal controls within schools, the role each actor can play, possible tools, and prerequisites;*

◆ *various external control options, external actors able to implement them, possible tools, and prerequisites.*

A key step when developing a school grant (SG) policy involves the implementation of control mechanisms to govern the transfer of funds. An effective control system must take into consideration two factors:

◆ **Conformity of expenditure**: compliance with the rules and procedures defined by the central level;

◆ **Efficiency of expenditure**: the impact of using the grant for the functioning of the school and the school environment, and more broadly, its effectiveness in relation to the stated policy objectives.

Ideally, controls on the use of the grant can involve a range of actors inside and outside the school. The actors in charge of control can work at the school or in the higher administrative levels. Monitoring school-level actors on the use of grants can potentially be undertaken at different stages:

◆ **Ex-ante controls** to identify the school's needs and prepare a plan, retrieve funds from the bank following the signatures of different actors, and participate in spending decisions;

◆ **Ex-post controls** carried out by internal and external actors once expenditures have been made.

Ex-ante controls were discussed previously (*Chapters 4* and *5*). This chapter focuses on ex-post controls. The main question concerns internal compliance controls, the efficiency of expenditure carried out in the schools, and external controls.

6.1   Internal controls

Setting up an internal control system in the school first involves identifying who:

◆ carries out the spending to be controlled;

◆ checks spending compliance and efficiency.

To be effective, control measures must:

◆ guarantee that the actors and the structure responsible for the controls do not act as judge and jury;

◆ be able to reflect any changes and transformations to which schools are subject (norms, rules, allowances, personnel, etc.);

◆ reflect the nature and volume of school activities;

◆ be carried out by actors aware of the control procedures.

Several scenarios can be envisaged for internal controls depending on the context and capacity of the various categories of actors. According to the research, spending can be carried out by the head teacher, the accountant, or the chair of the school management committee (SMC). These actors must be supervised by another category of actors (SMC, parent–teacher association [PTA], teachers).

There are two types of internal control:

1. **Limited internal controls based on checking expenditure compliance** based on supporting documentation related to spending on goods and services. This type of control relies on the technical competency of the controllers: it is carried out by the SMC and/or the PTA working with a school accountant trained to carry out budgetary controls.

2. **Extended internal controls based on checking the opportunity and effectiveness of the expenditure.** This is carried out by all school actors including parents and local actors (communities) by monitoring whether the funds are effectively used to purchase goods and services that contribute to the proper functioning of the school. This type of control is based on transparency and involves all school actors.

Ideally, both types of control should be combined, taking into account the division of roles within the school and the community.

6.1.1 Limited internal controls

Once the expenditure has been checked by the SMC and/or PTA, a financial report can be prepared. This report should be posted in the school or shared with other actors (SMC, teachers, PTA, parents) during school meetings or general meetings. It can then be sent to the relevant external actors. *Table 6.1* shows the implications of implementing a limited internal control mechanism based on the verification of incurred expenditure.

Table 6.1.   Limited internal controls: What are the implementation implications?

Control tools	Frequency of controls	Prerequisite	Risks
• Displaying the spending plan in the school. • Displaying the incurred expenditure. • Preparing a financial report and having it verified by school actors (SMC, teachers, PTA, parents).	Depending on the funding schedule and the sequencing of expenditures, but also the timetable imposed by the district education office (DEO) to submit the financial report. A biannual, quarterly or annual control (as a minimum) is recommended.	• The SMC and PTA must be apprised of the content of the report prior to its being signed and submitted. To do this, they must receive training. • Parents and teachers must be informed of the amount received.	• Lack of training for actors. • Complicity between actors.

6.1.2 Extended internal controls

As part of a broader, transparent internal control mechanism, all school actors check both the compliance and effectiveness of expenditures. Depending on the desired level of transparency, this control mechanism can also involve parents who are not members of the PTA, a community representative (village head, district head, local person with recognized authority), and the students. These actors have significant potential for social control. Owing to their proximity and legitimacy as beneficiaries, they can see if the grant is used to purchase the goods or services the school actually needs and whether these goods or services are available in the school. In the event that they do not observe the expected effects of the SG policy, or in the case of an anomaly, they can **question the head teacher or alert the school authorities**. They can also take part in monitoring the management of the grant by acting as a deterrent to the head teacher or anyone who has sole authority for managing the funds, or who misappropriates them for personal gain. *Box 6.1* gives an illustration in Togo.

An extended internal control mechanism requires that teachers, parents, and the community have a good level of information about the amount of the grant, as well as guidelines on its use. Parents and the community must undergo regular awareness-raising to help them see the benefit of participation in school affairs. **General meetings** should be held in their presence. They provide an opportunity to evaluate the management practices of the head teacher (and the SMC) and raise parents' awareness. *Table 6.2* looks at the implications of implementing an extended internal control mechanism. *Box 6.2* shows the objectives and limitations of a frequently used internal control tool: posting budgets on school notice boards.

Box 6.1. The social control role provided by the community – The case of Togo

In Togo, financial reports and supporting documentation are required to check compliance and the level of expenditure, although they are not always prepared. However, the research highlighted that a form of social control was exercised by the parents, teachers, and members of the community. Certain schools implement participatory management processes involving the head teacher, teachers, the primary school management committee (COGEP), and PTA. The head teacher and the teachers identify needs and submit them to the COGEP and PTA, who are responsible for taking the final decision. Decisions are often taken in the presence of all the parents during general meetings.

In certain cases, this type of social control can be more effective than procedural institutional control mechanisms. In schools where PTA members, parents, and teachers feel relatively comfortable ensuring that the head teacher and COGEP act correctly, they tend to function better. A head teacher interviewed as part of the research said, 'This way of making decisions is good as everyone keeps an eye on how the money is spent' *(Togo national summary, 2016)*.

The research also revealed that when district heads are involved in school management by attending general meetings about expenditure planning, there is greater control over the head teacher's actions by the education community.

Source: Akakpo-Numado and Yabouri, 2016.

Table 6.2. Extended internal controls: What are the implementation implications?

Control tools	Frequency of the controls	Prerequisite	Risks
• Displaying the spending plan in the school. • Displaying the incurred expenditures. • Regular general meetings with parents (and the PTA), teachers, and the SMC.	An extended internal control mechanism is ongoing. It can be scaled up when expenditure is incurred.	• Regularly raising the awareness of parents and the community so they can better comprehend the benefit of taking part in the life of the school. • Ensuring that they know they amount of the grant, when it will be received, and the grant use guidelines. • Encouraging the formation of a PTA.	• Parents may not have the required capacity. • Schools' lack of openness to involve other school actors (parents, communities).

Whatever approach is chosen, two challenges must be considered when implementing effective internal controls:

◆ The actors responsible for financial management – generally the head teacher, the school accountant, and even the SMC – are sometimes reluctant to involve other actors whom they perceive as a threat to their authority.

◆ Parents and PTA members do not always dare question the authority of the head teacher about the management of the grant as they do not necessarily feel concerned or competent. They are often more interested in the use of parental contributions, where this practice is maintained.

Moreover, it should be noted that the role of teachers in managing and controlling the grant is often overlooked in this process of accountability at the school level. In principle, they are among the actors best placed to identify the school's actual needs and observe the head teacher's work. They can judge the quality of the management process. However, in certain cases, the research found that teachers sometimes encourage spending that serves their own interests to the detriment of what benefits students. *Box 6.3* presents different internal control scenarios in three national cases.

6.2 External controls

Initially, questions should be asked about the need for an external control mechanism. If the grant amount is low and the participatory processes within the school can guarantee effective management and internal controls, the external control component can be extremely limited. An external control mechanism can be costly as it involves different actors and its usefulness should be appraised in respect to the nature and context of the grants.

If an external control mechanism is deemed necessary, the extent of this control must be designed in relation to the degree of autonomy accorded to the school on the use of the grant, and the significance of the amount. Making schools more autonomous implies building a relationship based on trust. Therefore, management by the central level can be defined as creating a balance between support and control. If the controls are too heavy-handed, the actors will lose agency. However, if no controls are implemented, the balance will be destroyed, and the risk of poor management practices may increase. Any identified irregularities must be accompanied by sanctions. If all local actors are aware of the existence of properly applied sanctions, they will be dissuaded from using the grant for personal gain.

Controls by the intermediary and central authorities can have two objectives:

◆ to control the school's spending by sanctioning cases of poor management;

◆ to evaluate the relevance and effectiveness of the control mechanism and, where necessary, amend the policy or offer support to schools to improve how they use the grant.

Box 6.3. Internal control processes in schools: National scenarios

In **Ethiopia**, not all schools employ the same practices. While some have staff dedicated to accounting and finance functions, others assign these tasks to teachers. Teachers are supervised by the head teacher, the head of the PTA, and the school improvement committee (made up of teachers), which is responsible for the school improvement plan (SIP). Any expenditure involving the use of the grant requires the school improvement committee to apply for an authorization of expenditure. This is then approved by the head teacher and the head of the PTA after its compliance with the grant use guide has been confirmed. This guide also requires schools to post the amount of the grant and the associated financial report. In practice, this requirement is not always followed. However, the information is discussed in school meetings.

In **Lesotho**, SMCs are responsible for checking whether the head teacher and staff spend the funds in accordance with the budget. Reports are prepared by the head teacher and are then approved by the SMC before sending them to the district education office (DEO). They must be signed by the head teacher and two members of the SMC. Generally, parents and teachers are not able to control the use of the grant.

In **Indonesia**, in principle grant management and control is the responsibility of SMCs, PTAs, and teachers who must be informed of the content of the financial report prepared by the head teacher and have it signed it before it is submitted to the DEO. However, in most cases, their participation rate is low and limited to signing these reports. The role of PTAs tends to be limited to formal validation on the grounds that the educational personnel know the schools better; parents are more concerned with controlling the use of the funds and their own contributions; they do not control the scope of the grant (PTAs are excluded from annual briefings); and that the PTA only meets at the request of the school.

Sources: Kedir Kelil, Chalchisa and Dufera, 2014; Lefoka and Deffous, 2014; Febriany *et al.*, 2014.

6.2.1 External control actors and responsibilities

Identifying responsible external control actors depends on the administrative bodies in the education system. At the intermediary administrative levels, several scenarios are possible:

◆ DEOs employ competent accounting and auditing staff who are responsible for monitoring and controlling schools.

◆ DEOs delegate monitoring of grant use to a contact point who liaises with the schools.

◆ Pedagogical inspectors control the use of the grant in addition to their normal duties.

◆ Delegations from the ministry of finance and DEOs share monitoring and control duties.

Where possible, it is advisable to allocate responsibility to agents whose qualifications and skills correspond to the required duties.

6.2.2 Two external control options

Two external control options may be chosen and may also be combined:

◆ **Sending the school's financial report** to the decentralized education bodies and then to the central level. This report can be a condition for receiving the next transfer.

◆ **A visit from the DEO** (inspector, accountant, contact point, etc.) to check schools' accounts and their proper functioning.

It should be pointed out that this control mechanism is most effective when data collected from reports and visits are entered into an integrated financial information management system.

Sending a financial report and supporting documentation (invoices) can be used as a basis for compliance checks carried out by the DEO. The aim of this control is to check whether the guidelines set out in the grant use manual have been followed. In the event of a problem or misuse, the identification of anomalies should lead to sanctions or additional support for schools to help them improve their management practices. However, these reports are worthless if they are not analysed by the DEOs. *Box 6.4* gives an example of this in the case of the Democratic Republic of Congo (DRC).

Box 6.4. (Un)used financial reports – The case of DRC

In DRC, in theory, financial reports are examined by inspectors. The research discovered that 40 per cent of these reports are rejected as they do not comply with the template or the information is incorrect. The administrators interviewed confirmed that the reports are rarely investigated more thoroughly. Some schools keep copies of the financial reports submitted to external actors. The inspector carries out regular visits to schools to check the supporting documentation on the use of the grants. However, the financial reports are not well used by the decentralized departments. The research found that stacks of reports are discarded without being used after a certain amount of time – they are not used to sanction schools or indeed improve schools' management practices.

Source: Mabika, 2016.

Moreover, school visits ought to be be organized at least once a year to check compliance with grant spending rules and their usefulness. To do this, DEOs in charge of arranging visits must have the necessary financial and human resources to cover at least a representative sample of the school network, and be able to cover the transport costs of these visits. The central government must determine which agents are in charge of carrying out the controls. Owing to their proximity to the schools, delegating the control function to pedagogical inspectors would ostensibly appear to be good option. However, this can lead to overwork and threaten the quality of inspectors' usual assignments, which involve carrying out assessments and providing pedagogical support to schools. *Table 6.3* shows the implications for each external control mechanism option.

Box 6.5. External control mechanisms – The cases of Kenya and Lesotho

In **Kenya**, schools receive several visits from district education offices (DEOs):

◆ DEOs visit schools twice a year. The purpose of these visits is to control all transactions and activities. In theory, these missions rely on the combined specialized skills of both education and audit experts. In practice, auditors only visit schools when an incident has been reported.

◆ Teacher advisory centres inspect the school's finances at the same time they conduct their educational advisory duties.

◆ District auditors inspect the school's accounts every year.

In **Lesotho**, monitoring and control is the sole responsibility of education specialists from the (DEO). Every quarter, three members of the SMC submit a financial report. Unless discrepancies are found, these reports remain at the DEO level. Even when financial reports do raise doubts about veracity and completeness, internal audits are rarely triggered, if at all. An accounting unit exists within the DEO but the office manager has never called upon its expertise in terms of financial reporting or management.

Sources: Njihia and Kiruru Nderitu, 2014; Lefoka and Deffous, 2014.

Table 6.3.   External control mechanism options: What are the implementation implications?

Type of external control	Frequency	Prerequisite	Risks
Sending the financial report (by the schools) to the intermediary level and then to the central level.	In relation to the fund transfer schedule. An annual financial report must be a minimum condition to trigger the next year's fund transfer.	Availability of DEOs to analyse the reports and act accordingly (sanctions, support).	• Reports do not include everything about the quality of the school's functioning and educational service. • The financial reports are not systematically used, hence do not always contribute to improving school management procedures, or sanction schools in the event of poor management practices. • Reports can also be falsified to reflect the expectations of the hierarchy.
Visits from DEO agents	At least once a year.	Lack of availability of inspectors or another competent authority to visit schools annually.	• Cost of travel. • Irregular visits when human and financial resources are lacking. • Work overload for pedagogical inspectors if they are charged with the financial control of schools in addition to their usual duties.

The ministry must train DEO agents to:

◆ directly support school actors involved in the preparation of financial reports;

◆ support parents and the community in monitoring and controlling the grant;

◆ use judgement in the decision to trigger established sanctions in the event that grant use irregularities are found;

◆ create mechanisms (experts, processes) enabling parents and the community to refer to the intermediary authority (inspectorate or DEO) in the event of disputes or difficulties with the school's management team.

Box 6.5 gives examples of external control mechanisms in Kenya and Lesotho.

Key points

Control mechanisms involve a range of actions that go beyond simple administrative controls over the use of the grant: they also contribute to the functioning of the school when properly carried out. The choice of control mechanism must take into account the **capacities of the actors**, the **risks inherent** in each type of control mechanism, and the **degree of autonomy** desired for the schools.

There are two types of complementary internal control mechanisms:

1. a **limited control** mechanism, based on checking spending compliance and the technical skills of those in charge of performing the controls;

2. an **extended control** mechanism involving parents and the community, based on transparency.

Different actors can play a monitoring and control role (SMC, parents, teachers, community, etc.). To design an effective internal control mechanism, the central government must ascertain the skills of these actors. The immediate beneficiaries of the grants – students and parents – all have great potential for exercising **social control** owing to their proximity and vested interest. However, even if they do possess legitimacy in this respect, they do not always have the necessary know-how to perform this role.

There are several **external control** options, which can also be combined:

1. **Sending the school's financial report** to the decentralized education bodies and then to the central level. Submission of this report can be a condition of receiving the next transfer.

2. **A visit** from the DEO agent (inspector, accountant, contact point, etc.) to check schools' accounts and their proper functioning. It is important that inspectors visit all the schools once a year and have sufficient human and financial resources to make these visits.

When properly designed, the **external control mechanism** should enable:

◆ Schools to obtain information enabling them to better manage the grants. **Feedback from the DEO** is essential to achieving this.

◆ DEO agents to obtain the **information** they need to control the use of the grant by schools and have the **power to intervene** accordingly at the school level should the need arise.

◆ Agents in charge of managing the grant policy at the ministry to receive information that allows them to assess the **effectiveness of the implemented processes** in terms of policy objectives and capacities on the ground.

CHAPTER 7

Supporting policy implementation through dissemination and capacity-development

This chapter gives information on the:

◆ *options for disseminating the grant policy to schools;*

◆ *challenges related to developing the capacity of the actors involved in managing the grant;*

◆ *importance of district education offices (DEO) providing regular support to schools.*

To create successful implementation conditions for the school grant (SG) policy, it is essential that the actors are informed and trained in this respect. Firstly, this involves organizing briefing sessions especially for parents and members of the community who are rarely involved in decision-making and control processes.

Secondly, the SG policy relies on delegating authority (more or less supervised) and introducing new accountability frameworks. It assumes that the actors – DEOs, head teachers, school management committees (SMCs) – not only have the skills required to fulfil their usual functions but have also acquired new grant management skills. As such, developing the capacity of actors at various levels is one of the key factors of success for policy implementation. This is achieved by adjusting skill sets and regular training initiatives.

This chapter focuses on the challenges related to disseminating policy information, building the capacity of the actors, and providing regular support to schools through DEOs. These three factors are key to successful policy ownership and implementation. *Figure 7.1* presents three key conditions.

Figure 7.1. Keys factors for successful policy ownership and implementation
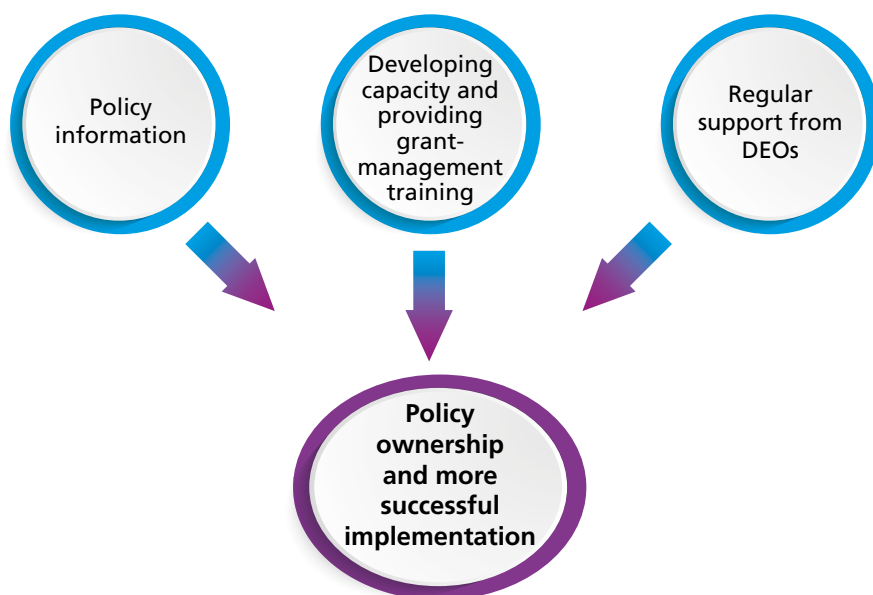
7.1   Policy dissemination

7.1.1   Making information accessible and easy to understand

The aim of policy dissemination is to make:

◆ **Information accessible.** Each group of actors must be able to access information about the policy's characteristics (objectives, amount, distribution conditions, use). This means using all relevant communication channels, depending on the context: traditional media, social media networks, travelling campaigns, one-off events, posters, etc. *Box 7.1* gives an example in the case of Haiti.

◆ **Understandable information.** The choice of media and the content of awareness campaigns must match the target audience's capacities. The information should be technical yet readily understood by the agents responsible for implementation. It should also be tailored to the general public (e.g. parents and communities) and account for the possibility that some audience members may be illiterate.

Box 7.1.   Media awareness campaigns – The case of Haiti

In **Haiti**, SG polices are associated with the introduction of fee-free education as provided through the universal, free and compulsory schooling programme (PSUGO). Information was shared via awareness campaigns on the radio and television. These campaigns made it possible to share information with personnel working in DEOs and schools, and the community. These communication channels are able to access large audiences even in the most hard-to-reach areas. This quote from a teacher is a good illustration of the extensive coverage of the PSUGO awareness campaign: *'There were adverts about the PSUGO programme on almost every radio station. I think information about this programme was broadcast all over the country. All Haitians know about it'*.

Source: Jean Jacques *et al.*, 2016.

7.1.2 Providing regular policy information

Dissemination must go beyond simply announcing the existence of an SG policy. How the grant is to be used must be set out in law and clearly explained to the school actors involved in its management. They must be able to refer easily to the guidelines issued by the central government. To ensure this, it is advisable to publish a practical guide explaining:

◆ policy objectives;

◆ allocation criteria and grant-calculation methods;

◆ access terms and conditions;

◆ fund-distribution mechanisms, and information about the transfer schedule and disbursement conditions;

◆ rules of grant use;

◆ control mechanisms and account-preparation rules,

◆ the role of each actor.

This practical guide should be updated regularly and made available to all actors involved in managing the funds.

The process of providing information must be seen as ongoing. If members of the various representative bodies are re-elected every year then school authorities must provide proper training on an annual basis. *Table 7.1* shows awareness-raising options for school actors who may not have received the necessary training.

Table 7.1. Awareness-raising options for school actors who may not have received the necessary training

Who?	Why?	How?
Parents and the community	• To participate actively in the management of the grant (monitoring and control). • To understand the policy. • To understand the relationship between the grant and the goal of providing fee-free education, or the rationale behind gradually eliminating or reducing parental contributions (depending on the context).	• Awareness-raising campaigns in the media. • Information booklets. • Public meetings.
Teachers and the SMC/ parent–teacher association (PTA)	• To implement the policy in line with stated objectives and the regulatory framework. • To understand the policy and management implications.	• Use manuals. • Information meetings.

7.2 Strengthening stakeholders' capacities: A key condition for the successful implementation of an SG policy

When introducing an SG policy, it is necessary to develop the capacity of the actors involved in managing the funds. This can be carried out at two levels:

◆ adjusting the competency framework of actors required to take on new responsibilities,

◆ training the various actors involved in managing the SG policy.

7.2.1 What is the best way to implement a new accountability framework?

The trend towards decentralization and school autonomy that includes SG policies has led to changes in the roles of actors working in **DEOs** and schools, and the role of the **head teacher** in particular. In

addition to their education missions, head teachers now have a managerial role that they have not necessarily prepared or trained for. They are now required to monitor compliance with instructions and procedures while also maintaining a position of leadership by managing and supporting their staff. They must make the best use of the human resources at their disposal (teachers, administrative staff, etc.), as well as being able to communicate and listen effectively. They must be capable of instigating a participatory approach within the school, as well as liaising directly with local communities.

Therefore, actors involved in the management of grants must have the requisite budgetary, accounting, information technology, and leadership skills. It is also important that the agents fully understand the regulatory framework, and how it is implemented and developed.

In this context, it is not only necessary to review the professional competency framework of the affected jobs but also to rethink the positions of actors playing a lead role in the management of the grant – in particular, that of the head teacher – by adapting recruitment and evaluation processes, conditions, and working tools developed to meet these new requirements.

7.2.2 How should the training be organized?

Training should be provided to all actors involved in the management of the grant and not solely to the head teacher. It should enhance the capacity of DEOs responsible for monitoring and supporting schools, but also the capacity of representative bodies within the school (SMC, PTA), which are sometimes called upon to manage and control the use of the grant. Three training stages should be planned in order to create new skills sets for the SG policy:

- ◆ pre-service training for educational actors as they embark upon their professional careers,
- ◆ in-service training throughout the actors' careers,
- ◆ school grant orientation training, specially designed to train professionals and school representative bodies in grant-management practices.

Capacity-development is a long-term undertaking, which involves taking into account:

- ◆ new target audiences each school year,
- ◆ changes in the implementation mechanism,
- ◆ continuous improvement of the SG policy implementation mechanism.

This is why it is important to develop regular and comprehensive training activities, which must be integrated into training plans budgeted for by the ministry(ies) of education. *Table 7.2* gives an example of how training sessions can be organized for these actors.

A commonly used option involves organizing training sessions employing the **cascade** model (*Box 7.2*). The advantage of this training model is that it allows the central government to make savings by training DEO staff, who then train head teachers who, in turn, raise the awareness of other school actors (SMC, teachers, PTA, parents).

The research revealed the limited effectiveness of the cascade training model. Notably, this model is associated with a major risk whereby the actors at the very end of the training chain – the direct beneficiaries of the SG policy – are less informed and often less well trained. Moreover, district education officers may see the training sessions as an opportunity for them to increase their control over schools.

Mobilizing DEO personnel and school inspectors to act as trainers seems an obvious choice as they are closest to the schools, and are already responsible for providing them with support and advice. However, the institutional culture and the nature of control relationships between districts and schools can influence the character of the training provision. Planners must investigate the legitimacy of the training body it plans to appoint. In this respect, it is important to consider forming partnerships with different education system actors able to carry out this task competently.

Table 7.2.   Training conditions for school actors involved in managing grants

Who	Pre-service teacher training	In-service teacher training	School grant orientation training
Head teachers and school accountants	Applicable	Applicable	Applicable
Why?	The SG policy is likely to change the nature of their duties permanently.	The processes, authorized areas of expenditure, and tools are likely to change over time.	To enable the actors to be operational as soon as the policy is launched.
How?	• Adapting and developing their competency framework. • Updating and improving knowledge. • Providing training in accounting, management, IT, leadership, and regulatory frameworks.	It is advisable to update and improve knowledge in the context of in-service teacher training (where this exists) by: • designing training modules in line with the actors' levels of knowledge; • creating conditions which promote dialogue and the sharing of experiences in dedicated peer-to-peer sessions, or in the school with other stakeholders; • focusing on specific issues in key areas, for example prioritizing actions, applying guidelines, improving monitoring and control mechanisms, and preparing reports.	The training activities will be based on the grant implementation guide and will focus on helping the actors take ownership of the tool and its various components.

Who	Pre-service teacher training	In-service teacher training	School grant orientation training
SMC/PTA	**N/A**	**Applicable**	**Applicable**
Why?	N/A	To focus on specific issues in key areas, for example prioritizing actions, applying the guidelines, improving monitoring and control mechanisms, and preparing reports.	To enable the actors to be operational as soon as the policy is launched and the funds arrive.
How? Where and when?	N/A	In dedicated sessions held at the start of each school year with other stakeholders in the school.	The training activities will be based on the grant implementation guide and will focus on helping the actors take ownership of the tool and its components.
District education office managers	**Applicable**	**Applicable**	**Applicable**
Why?	To enable actors to support, monitor, and control the use of grants by schools.	To enable actors to support, monitor, and control the use of grants by schools.	To enable actors to be operational as soon as the policy is launched and the funds arrive.
How?	In dedicated peer-to-peer sessions aimed at building predefined capacities and/or fully understanding the internal control mechanism.	In dedicated peer-to-peer sessions aimed at building predefined capacities and/or fully understanding the internal control mechanism.	The training activities will be based on the grant implementation guide and will focus on helping the actors take ownership of the tool and its components.

Box 7.2. Providing school grant training – The case of Indonesia

In **Indonesia**, school operational assistance programme (biaya operasional sekolah, BOS) training sessions are organized regularly for the main actors in charge of grant implementation. Briefing sessions take place at least once a year, in particular to discuss any changes in the guidelines. The training sessions employ the cascade model. The central government trains BOS management teams at the provincial level, these units then train district management teams, which in turn train actors at the school level. Only head teachers, BOS treasurers, BOS computer clerks, some administrative staff members, and SMC members attend annual BOS briefing sessions at the school level. Teachers are not invited to attend these sessions, leading them complain about their lack of involvement. Such sessions may be organized at the regional level to reach a larger number of schools – up to about 200 in some cases. They provide advice and information on how to prepare a school and budget plan (*rencana kerja dan anggaran sekolak*, RKAS), authorized and prohibited areas of expenditure, and any changes to the previous guidelines.

Overall, the school-level actors interviewed appreciated the existence of such briefings and their regularity. However, they lamented the fact that too many people were sometimes involved in organizing them. They also stressed the learning benefits of informal personal consultations with the BOS manager at the district level, whose role it is to guide schools on using and managing the school grant. It was also reported that some head teachers benefited from extra training on taxation or reporting.

Source: Febriany *et al.,* 2014.

7.3   Providing regular support to schools

Particular attention must be given to the role of DEOs in supporting schools on the use of the grant, as well as the support tools that can be put in place. DEOs are often limited to controlling the use of grants even though their support role is equally important.

7.3.1   Identifying a contact point for schools

One promising option to support the training of head teachers, SMCs, and PTAs is to set up a system of contact points within the DEO. An individual can be appointed to act as contact point to monitor the implementation of the SG policy and act as resource-person for actors involved in the management of the grant.

This option has the following advantages:

◆ There is a clearly defined contact person.

◆ Since their time is earmarked, it provides better control in terms of processing reports, triggering payments, and addressing issues school actors might encounter in the context of using the grant.

◆ Owing to their position, contact points can provide an overview of all the internal control mechanisms and are better able to share relevant information where appropriate.

Setting up a contact point system is costly and requires organizational changes (allocating a full-time position, redistributing tasks and duties). However, this type of system can streamline the flow of information and the work of actors involved in implementing, monitoring, and controlling the SG policy. However, it must be ensured that the role of these actors does not encroach on the schools' autonomy.

Box 7.3 gives examples of countries where contact points have been deployed to help schools manage SG policies.

Box 7.3. Appointing a contact point to address grant questions – The cases of Ethiopia, Indonesia, and Honduras

In **Ethiopia**, the Oromia NRS district selected individuals specifically assigned to support, coordinate, monitor, and analyse the financial reports that schools prepare for the grant implementation framework. It is an initiative by the DEO head that schools appreciate and they underscore its key role in control and monitoring operations.

In **Indonesia**, BOS programme managers are appointed at the district level. Their role is to guide schools on the use and management of the school grant. School-level actors seem to appreciate the appointment of this contact person from whom they learn much through informal consultations and the training they receive.

In **Honduras**, the implementation of the Honduran community educational programme (PROHECO) is supported by a national office, and departmental units comprising a coordinator and a team of promoters. These promoters have four main functions: to supervise the creation and functioning of community educational associations (AECO); to disseminate grant information; to arrange training sessions and provide technical support to AECOs; and to liaise with DEOs. The research revealed that the promoters' level of involvement in AECO decisions varies depending on their level of autonomy. In communities where AECOs are functional and able to carry out their duties, the role of the promoters is limited to supporting and supervising the management process. However, when illiteracy levels are high and the AECOs do not have the capacity to carry out their functions, the promoters have a very strong influence and can become involved in appointing members of the AECO management team, recruiting teachers, and grant use. These teams of promoters are affiliated with local political networks and tend to constitute a parallel structure within the ministry and DEOs.

Sources: Souto Simão *et al.*, 2016; Febriany *et al.*, 2014; Kedir Kelil, Chalchisa and Dufera, 2014.

Key points

Dissemination and **developing the capacities of actors involved** in managing grants are key for ensuring **high levels of ownership** and the **successful implementation of the policy**.

All SG policy actors must:

◆ **be aware of the policy details** (objectives, amounts, distribution mechanisms, use, control mechanisms);

◆ know **which role** they play in managing the grant.

This requires launching **awareness campaigns** and planning a **capacity-development** programme for local education actors.

In particular, awareness campaigns should target parents and members of the community. A lack of information about grant objectives and amounts can prevent the development of a climate of trust, which is essential for having a participatory approach within the schools.

It may be necessary to **review the competency framework of the jobs affected by** the introduction of grants (e.g. head teachers), and ensure that training initiatives are included in the relevant ministry's approach (where this exists) for budget purposes. Training should be recurring to develop the skills of key policy implementation actors over time: head teachers and members of the SMC or PTA (depending on the context and assigned responsibilities), including agents in charge of managing and controlling the grant at the DEO level.

It is also important to create favourable conditions which allow DEOs to provide regular assistance and support to schools through the provision of resources and support tools.

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Implementing a school grant policy is a promising strategy for improving education access, equity, and quality. Whereas schools previously had no say in their financial management, central governments in a growing number of developing countries are now allocating funds to them directly.

How can we ensure schools are actually using the grants for their students' well-being? What is the best way to design policy objectives, allocation criteria, and grant transfer mechanisms? What is the best way to effectively manage and control the use of funds? What roles can actors in and around schools play?

Based on intensive research carried out by IIEP and its partners in 14 countries, and almost 200 schools, this technical guide provides a practical framework for discussion, as well as strategic options for decision-makers and planners responsible for designing and implementing school grant policies.