HakiElimu
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The Capitation Grant for Primary Education

Challenges and Recommendations for Improvement

Background
The capitation grant for primary education is meant to provide money for teaching materials and learning materials for students enrolled in Government schools. This fund has made a tremendous difference at the school level.

The Primary Education Development Plan (PEDP) sets the capitation grant at USD 10 (approximately Shs 12,500/= using current exchange rates) per pupil.[i]

What Does the Capitation Grant Fund?

- Facility repairs
- Textbooks, teaching guides, supplementary reading materials
- Chalk, exercise books, pens, pencils
- Administration materials
- Examination paper, purchase and printing

Capitation Grant funds are transferred from the Central Government to each Local Government Authority (LGA), which then sends money to school bank accounts.[ii] Three separate ministries – the Ministry of Finance, the Ministry of Education and Vocational Training (MOEVT), and the Prime Minister's Office – Regional Administration and Local Government (PMO-RALG) – are involved, as the capitation grant is funded in part by the Education Block Grant, and in part by a transfer from MoEVT. The regions are also involved, creating a highly complex system of disbursement.[iii]

Challenges
Since the inception of PEDP, capitation grants have enhanced the quality of instruction, by providing needed resources to schools. However, some clear challenges remain.

1. Capitation Grant has been underfunded
The full amount of capitation grant funds have not been reaching schools on time. A 2004 public expenditure tracking study (PETS) administered by REPOA found that 40% of capitation grant resources did not reach the school level on time. The most recent Government Progress Report states that between July 2005 and June 2006, 92% of the targeted amount was disbursed to schools.

2. Disbursements have been unpredictable and variable.
The 2004 PETS noted large variations among sampled schools, with some schools receiving almost three times as much per pupil as others. In addition, different formulae are applied to calculate the separate components of the capitation grant. The Education Block Grant allocation for each district is calculated on the basis of number of school-aged children in the district, but districts are instructed by PMO-RALG to distribute additional school level resources based on the number of enrolled pupils in each school (based on estimates prepared by MOEVT).[iv]

3. Complex system of disbursement
The involvement of three different ministries and the lack of a transparent reporting mechanism make it extremely difficult to track capitation grant funds and determine whether they are actually reaching schools.

A recent example illustrates these interrelated challenges. In February 2007, MOEVT published information in national newspapers on the PEDP capitation grant amounts they had sent to each district for '2006/7'. The newspaper advert did not state whether this is the first, second, third or only disbursement for the financial year, whether others will follow, or provide any further explanation. The published data showed a wide variation among the per pupil amounts, which followed no discernible pattern.

The average amount sent through this disbursement was only Shs 2,705/= per student or about 21% of the full capitation grant. In addition, the newspaper advert specified the exact amounts (based on a straight formula) that were to be spent on different categories (books, pencils, repairs, examinations, etc). In effect, this determined at the central level the specific priorities for the district and school levels – rather than enabling schools themselves to decide. This appears to be contrary to the intent of PEDP and the devolution principles of the ongoing decentralization program.

Finally, the fact that funds were sent by MOEVT, and not PMO-RALG, highlights a potential lack of coordination among the various ministries responsible for education financing.

What Should Be Done?

Addressing these challenges is not as daunting a task as it may appear. The four recommendations below are feasible strategies for guaranteeing full and predictable disbursement of capitation grant funds, which will serve to enhance the quality of education.

1. The full capitation grant amount should be prioritized in the budget

This level of funding – Shs 12,500/= per primary school student – is possible within projected budget levels. Savings can be made from other less important areas, like allowances, conferences or cars. Enrolment data from 2007 should be used for calculating the amount to be sent to each district.

2. Funds should be all sent from one ministry only.

This way, responsibility and accountability will be clear. Since primary education is meant to be the responsibility of local government under the decentralisation-by-devolution policy, all capitation grant funds should come directly from PMO-RALG.

3. The disbursement amount and schedule should be clear, announced and followed.

Funds should be sent twice a year - Shs 6,250/= first sent in September, and the same amount sent again in February. Reducing disbursement to two times per year would save a significant amount of money in transaction costs. These amounts and the transfer schedule should be announced in the education budget speech to Parliament. That way, MPs, parents, teachers and other concerned citizens can be aware of their entitlements and subsequently follow up when the money is not there.

4. Transparency requirements should be clear at all levels.

As at present, transfers from the central government to districts should be published in major newspapers and on the government website. Disbursements from districts to schools should also be made available in all districts as well as on the PMO-RALG website. Finally, each school should be required to post the total amount received against enrolled pupils or commitment on a public noticeboard or on the door of the staffroom. At the end of the year, the same noticeboard should contain information on how funds were actually spent. At all levels, a single contact address should be given for people to follow up if they do not receive the funds.

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[i] *Primary Education Development Plan*

[ii] *Each Government primary school is meant to have two bank accounts - a Capitation Grant Account and a Development Grant Account (Study on Local Level Service Delivery, Decentralisation and Governance for JICA 2007, DEGE Consult)*

[iii] *This system is in contradiction with the rules and regulations set in the PEDP Financial and Management Accounting Manual, in which the Basic Education Development Committee (BEDC) is given the responsibility to pool government and donors' resources, and the Accountant General is to instruct the Bank of Tanzania to transfer funds to schools and Councils upon request from PMO-RALG.*

[iv] *2007/08 Local Government Budget Guidelines*

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